

The Value of Business Service Management

Introduction

Proving and communicating the business value of IT services and investments is a constant challenge for CIOs. Since IT enables critical business processes, understanding and improving IT service delivery become even more crucial. Improving IT service quality improves the quality of the business. To achieve this, leading IT organizations have adopted Business Service Management (BSM) as a key part of their IT management practices.

This paper provides an overview of BSM for IT professionals and business people, to show how BSM can improve operational efficiency and reduce decision-making latency and costs.

Today, business just doesn't happen without IT. This immediately raises questions about accountability. Is the IT service provider or the business process owner ultimately accountable for the success or failure of the business process? The correct answer is "both!"

For those responsible for keeping IT systems running, this creates a significant challenge. IT systems management is by no means an easy task. IT management resources are never enough, forcing IT to provide better service while minimizing cost. To achieve more with less, many organizations are putting BSM solutions in place.

BSM solutions analyze system quality, report on service as experienced by users and then provide the data to initiate improvement activities where service levels fall short of business requirements. A vital byproduct of this process is the alignment

of IT services with the business processes they enable, allowing IT managers to make service decisions in the context of the business. The result: reduced cost from poor quality in critical business areas.

Real-time dashboards communicate information about business status, including IT service quality. The dashboards provide real-time and historical information intended to help operational business and IT managers achieve their objectives. Although the term "dashboard" is used consistently throughout the IT industry to mean a real-time information display, the subject matter of these dashboards varies greatly.

Compuware designed the Vantage Service Manager dashboards to improve the operational efficiency of critical IT-dependent business processes. The dashboards provide insight into how well the technology enabling the business is running, together with status information about the business processes themselves—creating an unbreakable link between IT and business processes. Clearly, it makes sense to use a single management solution to address this problem in its entirety, at the same time being careful not to force technical information on business managers. The strength of Vantage Service Manager is its ability to correlate technical and business information, report exceptions and then identify the root cause of the problem.

This paper describes the Business Service Management capabilities of Vantage Service Manager. It then describes how dashboards are implemented to improve operational efficiency on a tactical basis and how Six Sigma is used to bring process improvement on a more strategic level.

Managing electronic business processes

Business Service Management helps align IT services with the business processes they enable and then manages these services in a way that is consistent with business priorities, with numerous resulting benefits:

- Investment in service delivery is appropriate to business benefit, avoiding over-capitalization.
- Problem resolution is prioritized based on business requirements.
- Service improvement programs are initiated where there is a real payback to the business.
- Operational business managers are aware of service disruption and can take action to mitigate the consequences to the business.

As organizations increase their dependence on IT, BSM becomes more critical.

The role of dashboards

Vantage Service Manager provides a real-time business service dashboard, embracing both IT service-level management and Business Service Management. Although the dashboard appears to be a simple representation of business services—and this is very much its strength—it provides data that has been processed by a sophisticated behind-the-scenes data collection and correlation operation. The data that determines the state of the business service will have many sources and typically includes:

- event and performance data gathered from infrastructure management tools that are monitoring IT infrastructure components (i.e., servers, databases, network connections)
- operational performance indicators gathered from applications themselves
- service desk data
- end-user experience data
- business data.

Vantage Service Manager correlates the data gathered and then presents information in a meaningful context. Operational business and IT managers have instant access to operational performance indicators and are alerted when preset thresholds are breached. Data about IT systems supporting the business is then further analyzed and correlated to show overall service levels. Because an IT service is comprised of many components—databases, network connections, web servers, etc.—service levels are satisfactory only when all of these components operate in harmony. The dashboard must show this correlation.

In addition to real-time data about current service levels, the dashboard also contains historic information about Service-level Agreement (SLA) breaches. If a breach occurs within an application, the dashboard shows the history of the “failure mode” causing the service breach, how the IT department handled the problem and the estimated cost to the business. Operational managers get the necessary information to manage IT problems, and they no longer have to fly blind at the mercy of IT problems.



Figure 1: IT executives gain a summarized view of key business services and their business impact.

Although a dashboard provides a valuable means of communicating IT service levels with operational business managers, its value greatly increases when it is part of an overall service improvement program that allows practitioners to measure service, identify problem areas and find the best way of removing defects from an IT service—defects that currently inhibit business success.

Armed with the dashboard, operational business managers can deal with both the cause and effect of IT problems and are in control of the business processes for which they are responsible. Clearly, the value of the dashboard increases the more the business process depends on IT, but in today's modern organizations most, if not all, critical business processes are supported by IT.

Implementing Business Service Management

Compuware's Vantage Service Manager equips an IT organization to take steps to minimize risk from IT service shortfalls and establish a process of business service improvement. The steps are:

1. Understand the current operational risk.
2. Manage risk on a day-to-day basis and improve business decisions.
3. Initiate service improvement activities to minimize long-term risk.

Step 1: Understand the current operational risk

Vantage Service Manager initially allows the CIO to understand the current situation in terms of risk and exposure from any problems that occur with IT service. The IT services that support critical-to-quality (CTQ) business processes are measured over a short period of time to assess compliance with agreed-upon service levels. Associated with each IT service is a measure of the cost of poor quality (COPQ)—the cost to the business arising from each service breach.

This immediately presents the big picture of the current status of IT operations and highlights areas of high risk that require attention. Because this risk is calculated in pure cost terms, IT managers can make rational decisions about how much investment is required and the priority for such expenditure. No longer is the IT department reacting to problems logged by field staff and allocating resources to address these problems on an ad-hoc basis.

Step 2: Manage risk on a day-to-day basis/improve business decisions

Since the data collected to establish the current risk is meaningful to all operational business managers affected by the IT services, it makes sense to share this information with them on an ongoing basis. The Vantage Service Manager dashboard presents real-time views of current IT service levels. This information can also be combined with operational

performance indicators to present a more meaningful view of a business process. Although balanced scorecards have been used for many years with varying degrees of success, the overriding value of the BSM solution is automatic data collection, correlation and dissemination. Eliminating manual data collection significantly reduces the cost and time of making this available as well as increasing the accuracy of the information presented. Thus, operational business managers are able to make informed decisions and take immediate actions when problems occur. This will have a measurable impact on the operational risk of IT and the business processes that depend on IT for their execution.

Step 3: Initiate service improvement activities

At this point, the organization has a clear understanding of the current risk, expressed in terms of business cost. A real-time balanced scorecard has been set up to improve decision making and reduce the time required for these decisions so that their impact is quickly seen. This dashboard will have two distinct types of users: operational business managers and IT operations/support staff. Reports can be created to show recurring problem areas, thus suggesting the scope, priority and objectives of service improvement programs—the objectives being defined in cost reduction and business improvement terms.

Vantage Service Manager uses the Six Sigma quality management method—fast becoming a standard in successful organizations—to bring necessary improvements and eliminate recurring defects from IT and business services. Six Sigma provides a standardized measure and target for quality, a management process of improvement (called DMAIC), and a series of techniques that help practitioners isolate problems and investigate solutions.

By supporting Six Sigma, Vantage Service Manager addresses both strategic improvement and tactical problem resolution. Other systems management products provide a solution to tactical problem solving only. They identify a problem, bring it to the attention of the appropriate personnel and provide information that will help them quickly effect a repair. Although this significantly reduces the mean time to repair, the root cause of the problem is often missed and the repair is only temporary. This scenario leads to dissatisfied users finding they are experiencing the same problem again and again.

Summary

Organizations are becoming increasingly dependent on IT. To realize ROI and achieve business goals, a CIO must ensure adequate tools and procedures are in place to:

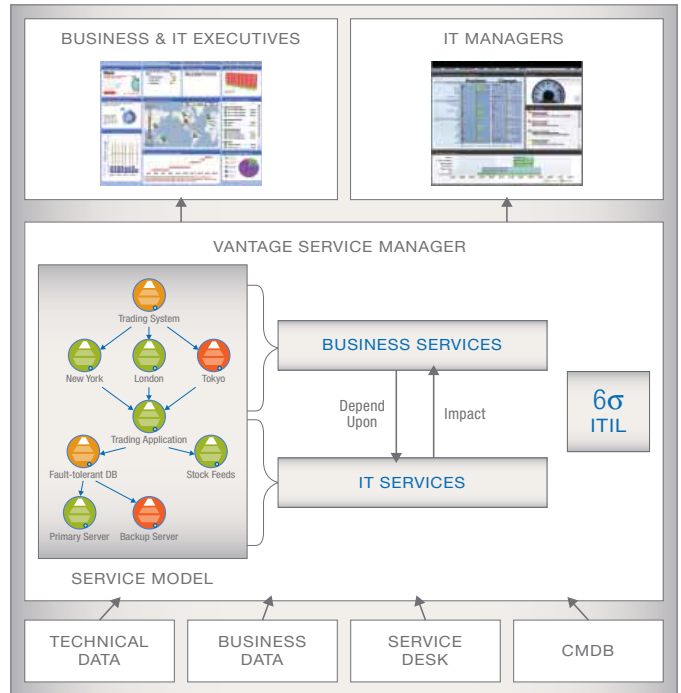
- identify technical problems affecting service and provide information to allow technicians to deal with them quickly and efficiently
- measure IT service and highlight defects that cause service degradation, leading to unacceptable risk to the business
- support a process of ongoing service improvement.

Apart from the benefits of automation, an upside of this dependence on IT is that organizations have a wealth of data at their fingertips in a form that can be retrieved, analyzed and used to improve the quality, speed and effectiveness of business operations.

Compuware Vantage Service Manager provides a solution that retrieves and analyzes data from disparate data sources and systems management applications to:

1. Ensure service levels are adequate.
2. Provide meaningful business and IT information to executives that aids their decision-making process.
3. Enable quality improvement measures that lead to greater business efficiencies.

In short, Vantage Service Manager helps organizations achieve IT/business alignment, ensuring IT's value is effectively communicated to the business and prioritizing every IT activity based on business impact—and those are benefits that translate directly to the bottom line.



Vantage presents the right information to the right people at the right time. Critical business service dashboards are tailored to the targeted audience with drill down capability to the underlying IT infrastructure components as mapped in the Service Model.

To learn more about Vantage, visit www.compuware.com/vantage

Compuware products and professional services—delivering IT value

Compuware Corporation (NASDAQ: CPWR) maximizes the value IT brings to the business by helping CIOs more effectively manage the business of IT. Compuware solutions accelerate the development, improve the quality and enhance the performance of critical business systems while enabling CIOs to align and govern the entire IT portfolio, increasing efficiency, cost control and employee productivity throughout the IT organization. Founded in 1973, Compuware serves the world's leading IT organizations, including 95 percent of the Fortune 100 companies. Learn more about Compuware at www.compuware.com.

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