Business Results Drive Business - IT Alignment

Contents

Abstract

Fundamentally, IT underpins business, but does it always meet business expectations? Does IT make a quantifiable contribution towards achieving business results?

To align IT with strategic business objectives, service levels should be tied to business results. IT capabilities, specifically the underlying architecture of application, database and infrastructure, must be considered. Vendor contribution to business results is also a key factor.

This paper recommends a model for defining IT service levels based on desired results that are imperative to business success. A business result captures the primary objective of a service and is used to define Key Performance Indicators (KPIs), which measure the extent, to which business and IT processes are successful in achieving the business results. Ultimately, this model will assist IT in identifying areas where it can provide greater value to the business.

About the Author

Anusha Raju is an experienced IT Service Management (ITSM) professional with more than 12 years' experience in the IT services and consulting industry. Her corporate experience spans the markets of UK, Europe, APAC and U.S, across Banking & Financial Services, Insurance, Telecom and Oil & Energy sectors. Her expertise covers all facets of IT Operations and Delivery, Customer Relationship Management, Sales support, and Consulting using ITIL, CMMI, Lean, Six Sigma, and COBIT.

Business Results Model

Every service has an associated business result, business process, IT process and business success metrics. IT performance metrics are different to business metrics. What is important to IT may not be important to business. Business metrics will eventually replace traditional IT SLAs. This reduces cost and saves effort involved in processing large volumes of IT SLA reporting.

There are several challenges in defining how IT can help to achieve business objectives. Defining a single IT approach that includes all IT service providers is difficult. Other issues include how IT should collaborate with the business to help support achievement of key business goals. Eventually, every organization should define an end-to-end view of services, combining business and IT.

These challenges can be overcome by aligning business with IT using the Business Results Model. This model enables organizations to move away from operational IT Service Level Agreements (SLAs) and metrics such as availability, and replaces them with more business relevant metrics.

The end goal is to enable reporting based on business results for all services. This will assist IT in determining the manner in which it can provide the greatest value to business and continually improving its services.
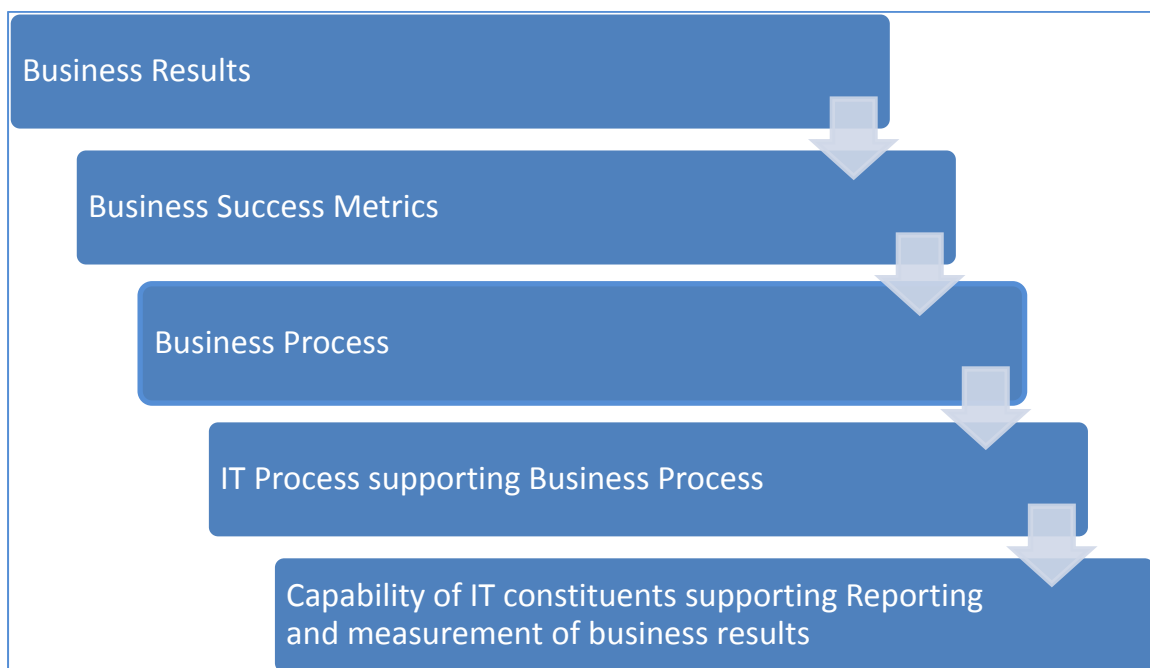

Figure 1 illustrates the components of a Business Results Model

Application of the Business Results Model – A Case Study

Figure 2 illustrates how each component of the model can be defined for the digital check-in facility provided to airline passengers. This helps in overcoming the challenges listed in the above section.

Figure 2: Business Results Model for digital check-in

Business Results

The primary business objective is to provide digital check-in facility to passengers so they are able to check-in through their digital devices and obtain their boarding pass prior to departure of their flights. This saves time for passenger check-in and avoids passenger queuing at check-in counters.

Business Success Metrics

These metrics are key performance indicators for the business. They support the business results and enable business to evaluate service performance and make key decisions. The business success metrics identified for digital check-in are:

- % Passengers checked in through digital devices – this metric enables business to get an understanding of customer acceptance and usage of digital check-in facility. An increase in percentage indicates a positive trend

- % Errors processing SMS – this metric gives an understanding of system user error responses while processing messages for digital check-in. A decrease in percentage indicates stability of IT systems and collaborative external factors such as broadband network

- Time taken to process SMS & generate boarding pass - this metric measures the time in seconds for the passenger to click on the SMS received, processing of SMS and generation of a boarding pass, indicating completion

of check-in. A lower time taken to process SMS is preferential to business as it indicates lower wait time for passengers

Business Process

Processes supporting digital check-in of passengers:

- Checking passenger eligibility based on flights & frequent flyers
- Updating flights & booking information into digital check-in systems
- Sending SMS to passengers
- Processing SMS & Generation of boarding pass

IT Process and IT Constituents

The underlying IT configuration items (software, hardware, database, infrastructure), must be monitored for their service levels, incident response time, incident resolution time, and IT metrics such as availability. The combined performance of all these configuration items enables IT processes to support business processes, which in turn favours business results.

Implementation Approach

A phased approach, starting with a pilot of chosen business areas, is recommended for defining business results. The lessons learnt during the pilot will be used in subsequent phases for identifying the right business areas, early mitigation of known risks and in ensuring that deployment of business results is a robust and replicable activity.

Selecting a Pilot

The pilot will act as a feasibility check for identification, development, and implementation of business results for selected business areas. It will include identification of IT capabilities, limitations, associated tools, processes, business functions, frequency, metrics, data needs, reporting, dashboards, and formulae for arriving at and continual management of business success metrics.

The following criteria may be used to identify pilot:

- Criticality of the business area
- Current reporting maturity
- Business and IT readiness to move towards a business results model
- Availability of tools to collect, report, and monitor business success metrics
- Implementation cost, timelines and the cost and availability of tools

Detailed Methodology

Figure 3 illustrates the methodology for implementing the Business Results Model in the pilot phase.

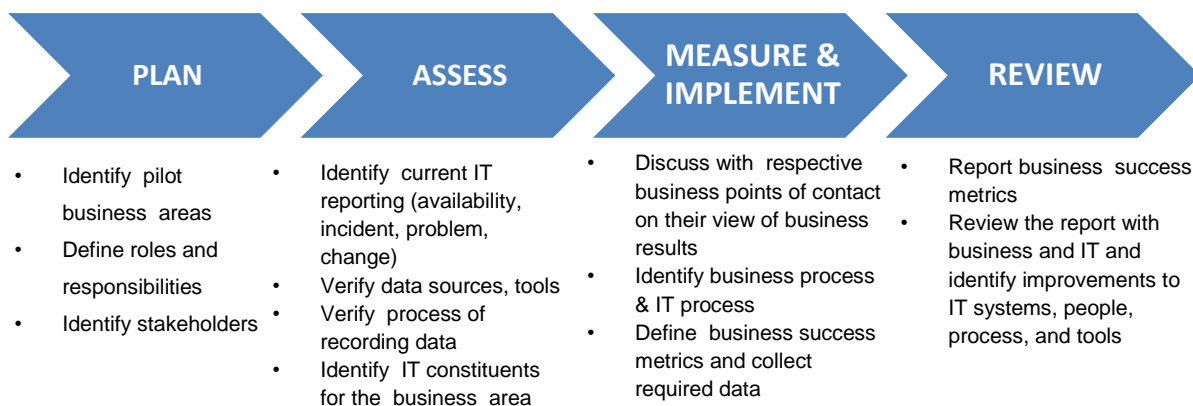| PLAN	ASSESS	MEASURE & IMPLEMENT	REVIEW
• Identify pilot business areas • Define roles and responsibilities • Identify stakeholders	• Identify current IT reporting (availability, incident, problem, change) • Verify data sources, tools • Verify process of recording data • Identify IT constituents for the business area	• Discuss with respective business points of contact on their view of business results • Identify business process & IT process • Define business success metrics and collect required data	• Report business success metrics • Review the report with business and IT and identify improvements to IT systems, people, process, and tools

Figure 3: Implementation Methodology for Pilot

Prerequisites to Pilot implementation

It is important to verify the availability of key IT and business stakeholders, such as business owners, and service owners in the required timeframe for pilot implementation. Data collected and reported during the pilot should be treated as baseline. Communications and actions related to Organization Change Management (OCM) must be determined to review output. OCM includes activities such as stakeholder management and regular updates on progress, which include highlighting issues/ risks.

Reporting

Data for business success metrics will be collected on a monthly basis and reported using a dashboard. The metrics will be reviewed with business & IT to identify key pain points, business impacts, and holistic service improvements that will assist in meeting the business results.

Leveraging ITIL

'Demand Management' process defined in ITIL® V3 Service Strategy is also a useful tool in understanding customer requirements for services and their variation over business cycles. 'Patterns of Business Activity' help in identifying user profiles, user demands and changing business demands.

Going back to the example of airlines, online ticket bookings vary during peak and off-peak hours over weekdays and weekends, with maximum bookings before midnight on weekdays and minimum over weekends. This translates into a business result of 'passengers being able to book tickets during peak hours', which in turn means that the IT support (involving IT systems and people resources) to achieving business results should be maximum during peak hours. Consequently, IT systems not performing to their fullest during off-peak hours, may still be acceptable.

Conclusion

The key objective is to focus on business value by differentiating the service characteristics, such as additional IT support during peak business hours. IT certainly supports business but in order to do so effectively, it has to clearly understand business results and contribute to key business success metrics. The Business Results Model is an approach that helps align IT performance to business metrics. This will enable both IT and business to work collaboratively to provide business services and strive for improvement. All in all, alignment to business enables the overall IT strategy of an organisation to deliver business results and value to customers.