

SSI

DRIVING INFRASTRUCTURE VALUE
THROUGH IT OPTIMIZATION

AN EXECUTIVE SUMMARY



Abstract

How do you achieve a successful balance between strategic Information technology (IT) initiatives such as IT business alignment, IT automation, and compliance, and ongoing business outcomes such as improved customer satisfaction and increased revenue? Business technology is so important that keeping systems running is just part of what you do. At the same time, you are still accountable for driving IT innovation that increases efficiency and keeps costs down. The balance between these challenges is delicate and too many CIOs choose only to address one side or the other—driving business value through strategic initiatives such as business application and technology upgrades or increase efficiency with tactics such as IT automation and consolidation.

At least two significant obstacles often stand in the way of a successful balance. First, even though IT leaders recognize the importance of aligning IT efforts with business goals, most IT organizations have a legacy of managing technology rather than driving business results. And second, IT organizations tend to operate in silos, each with its own agenda, leading to redundant effort and wasted work.

Optimistic predictions of corporate growth in 2008 and beyond reflect executive aspirations to increase top-line revenue while driving down operational costs. IT leaders are charged with directly supporting this balanced growth strategy, facing pressure to expand the volume and breadth of services while simultaneously reducing costs. Given the dramatic impact of IT infrastructure spending on the corporate bottom line—a five percent reduction in the typical infrastructure budget can generate up to a one percent increase in net income—the need for effective optimization of infrastructure management has never been more acute. Three key trends have heightened the urgency for IT organizations to shift from their traditional technical focus, to one that delivers services optimally to its business customers:

- Increased scrutiny of IT value as business executives focus on IT as a budget area for company financial savings
- Heightened visibility of external IT service alternatives as outsourcing offerings mature and third-party providers promise higher service levels
- Increased scope of responsibility as the per hour cost to the business of IT downtime increases

As a result, IT executives are facing previously unseen and conflicting mandates to satisfy the unrelenting business demand for new services. These services including adherence to regulatory requirements such as Sarbanes-Oxley, support for higher levels of business resiliency, and management of larger transaction volumes.

Operational Efficiency: squeezing every last dollar. Despite returning economic optimism in 2007, many businesses continue to pursue aggressive cost-containment initiatives to improve profitability. While recent focus on reducing IT costs has yielded substantial unit cost reductions, unchecked business demand for increased service quality, volume, and functionality has driven total infrastructure spending upward. In order to deliver additional cost-savings, IT will need to truly collaborate with business customers and proactively manage demand growth while simultaneously identifying unexploited savings opportunities.

Business Resiliency: no time for downtime. With increasing reliance on IT-enabled solutions to support core business functions, IT faces tremendous pressure to improve systems availability and service resilience. While not new, this mandate stems from the flood of new security threats, highlighting the inadequacy of current risk management strategies, and from the rapid increase in the scale and scope of infrastructure services, exposing the shortcomings of non-standard or ad hoc operational processes.

Technology Portfolio Agility: size without scale. IT organizations with complex technology infrastructures comprise numerous legacy platforms connected by a network of middleware and point-to-point solutions. Such technology heterogeneity thwarts IT's ability to rapidly provision new services. With business aspirations for growth in 2008 and beyond, IT faces pressure to simplify the existing infrastructure while creating a services portfolio that can quickly adapt to changing business and technology conditions.

From e-mail to product development to customer relationship management, IT is now critical to virtually every aspect of the modern corporation. Moreover, business leaders are emphasizing top-line growth initiatives and are relying on their Chief Information Officers (CIOs) to rapidly provide the supporting technologies to enable such objectives. As digitization of the business continues to expand and as company revenues and reputation become increasingly dependent on IT, a fundamental reliance on the IT infrastructure — servers, networks and applications, web sites (internet and intranet), security features and e-mail solutions, plus data centers and storage sites — is emerging. Just as a manufacturer or retailer focuses on improving operations efficiency, improving customer satisfaction and launching new products, IT must also focus on improving its vital infrastructure management capabilities.

The new mandates call for going beyond reducing infrastructure costs through consolidation, standardization, and improved asset management. IT exemplars are aspiring to transform their organizations into true service management functions by better aligning delivered services with business needs, while simultaneously increasing the productivity of infrastructure operations. Achieving this goal requires more than simply optimizing the efficiency of technology silos and individual services, it requires an optimization approach that looks at the entire infrastructure with a business lens.

An early step toward IT optimization is one of simple but crucial evaluation: In what ways could your company streamline and advance its position? In what areas — technology infrastructure, organization or process — could your business effect such transformation? Only by evaluating and understanding what your business wants to accomplish as an enterprise can you effectively work with IT to achieve your goals.

An IT infrastructure consists of both management and technical components. These components can be further segmented into discrete but interrelated areas that collectively define the potential areas of analysis and improvement. Management focus areas, including Strategic Alignment, Process, Organization, and Finance and Environment, are those that apply to the structure and decision-making processes of the IT organization. Technical focus areas, including Infrastructure, Network and Applications and Data, are those that apply to the physical and logical elements of the infrastructure itself.

The Management Domains - Strategic Alignment

- Establish an understanding of your current and prospective business drivers
- Document the alignment between business and IT strategies
- Create the basis for optimization design and investment priorities
- Provide the foundation for the Balanced Scorecard Process
- Analyze the extent to which the management system is formally defined and measured
- Assess the effectiveness of the management system; examine process ownership, efficiency, effectiveness and consistency determine your preparedness for implementation

Organization

- Establish an understanding of the current organization structure
- Provide a foundation for change management
- Examine roles, responsibilities, skills and change readiness

Finance/Environment

- Identify financial management system improvement opportunities and validate or refute the optimization financial justification
- Establish cost and benefit business case
- Examine IT general ledger, budgeting and procurement policies, data center placement, and regulatory issues

The Technical Domains Infrastructure

- Inventory and assess the mainframe, server and other technology platforms, as well as the overall management system for the data center environment
- Examine architectures, hardware, and system software

About Scenario Systems International

Scenario Systems International delivers the breakthrough technology you need to transform the way you do business. Our solutions provide a single integrated process for analyzing business information from every source and delivering an actionable roadmap to drive change at every level. Our vision is to deliver strategic value throughout your organization. Our proven integration management process provides speed of delivery in a repeatable and sustainable process. This includes best practice tools and methodology, as well as resource readiness and the program management office process and structure to ensure successful roll-out.

The logo consists of the letters 'SSi' in a bold, white, sans-serif font. The 'i' is lowercase and has a dot. The letters are set against a solid black rectangular background.

**Scenario Systems International
27 N. Wacker Drive
Suite 517
Chicago, IL 60606**

www.ssccorporation.com

**312.895.4566 (Direct)
800.975.9413 (Toll-Free)**