

IT: A Strategic Business Unit

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Agenda

- ▶ Why is IT managed as a service?
- ▶ Why does IT have a credibility problem?
- ▶ Customers and Value
 - ▶ Are all customers the same?
 - ▶ Is all value the same?
 - ▶ How should value be measured?
 - ▶ Can a customer ever be wrong?
- ▶ How does Service Strategy help IT to answer these questions?



Some Basic Principles

Customers

- ▶ Different types of customer:
 - ▶ **Internal**
 - ▶ Same business objectives
 - ▶ IT is involved in their decision-making
 - ▶ We work together to achieve common outcomes

 - ▶ **External**
 - ▶ Different business objectives
 - ▶ IT is involved in understanding their requirements
 - ▶ We enable their outcomes so that we keep their business

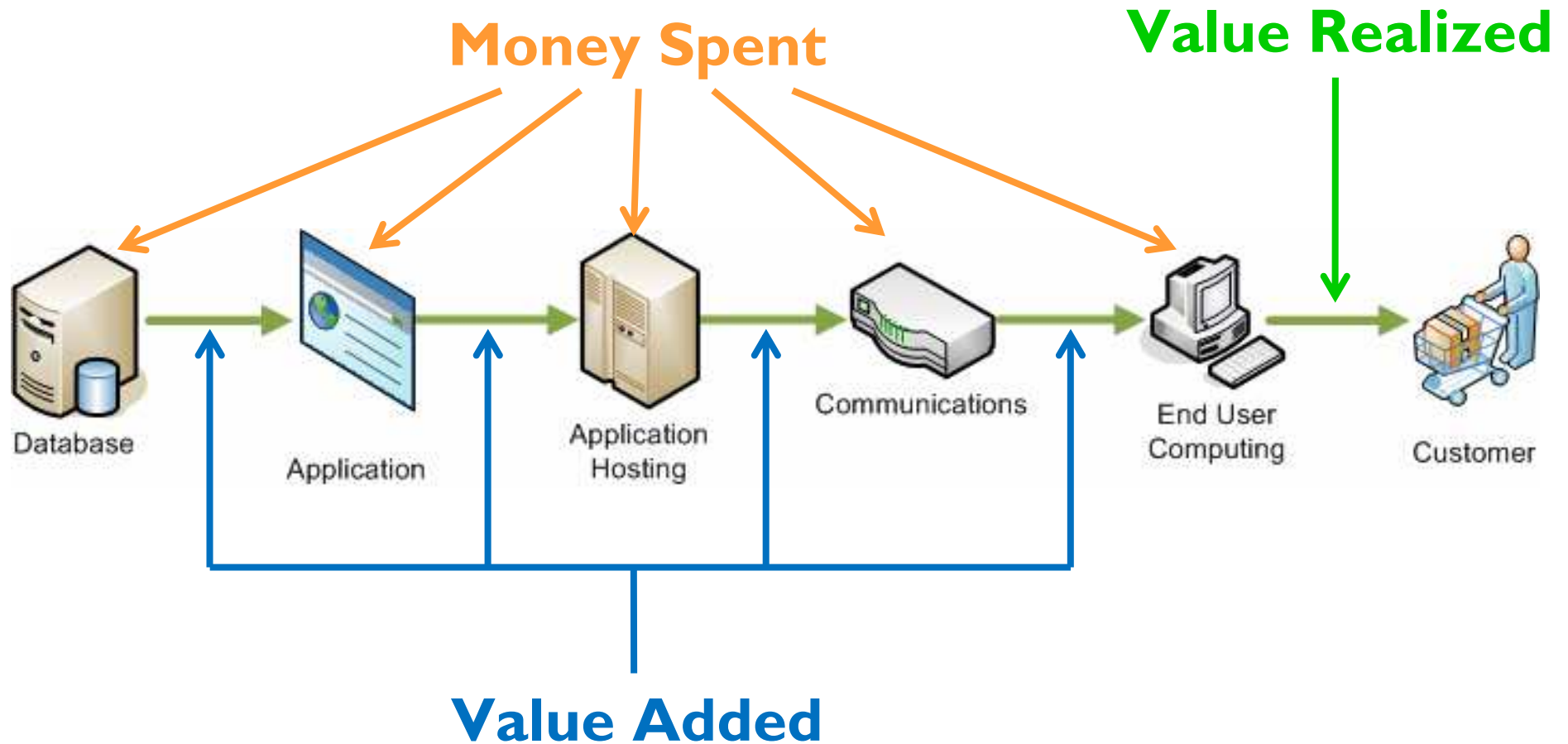
Definition of Service

A 'service' is a means of **delivering value** to customers by **facilitating outcomes** customers want to achieve **without** the ownership of **specific costs and risks**

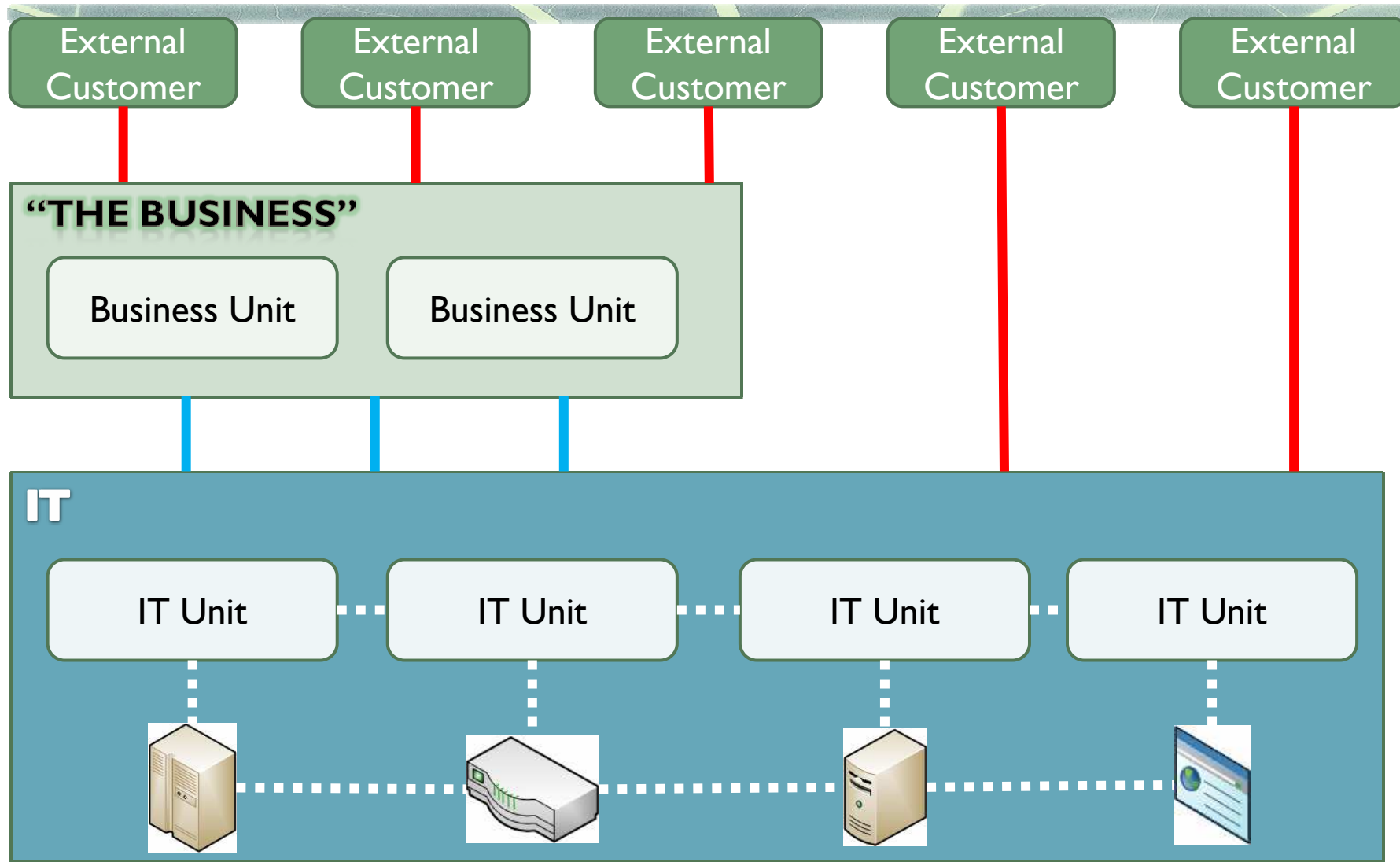
What is the Traditional Value Add of IT Operations?



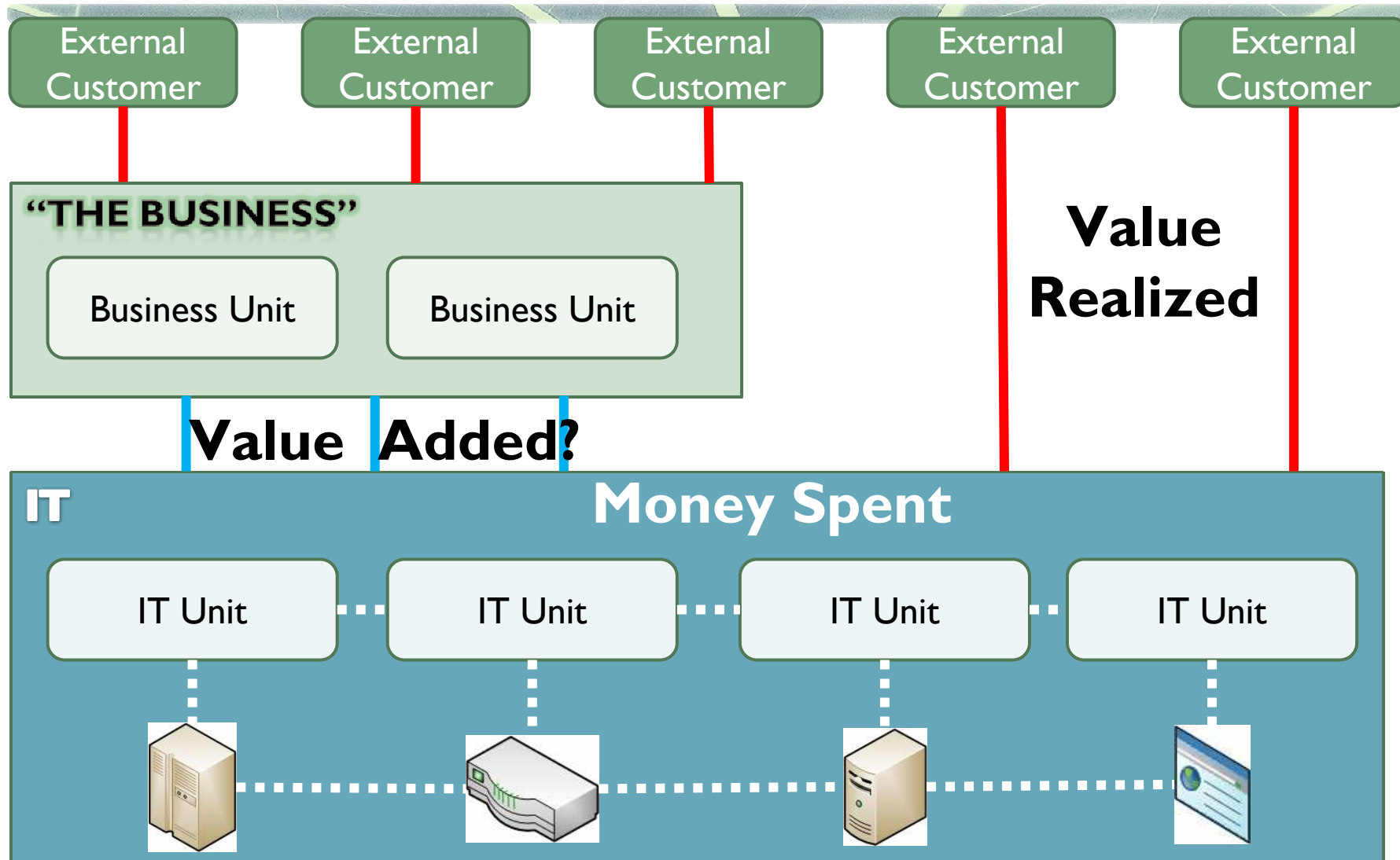
Value



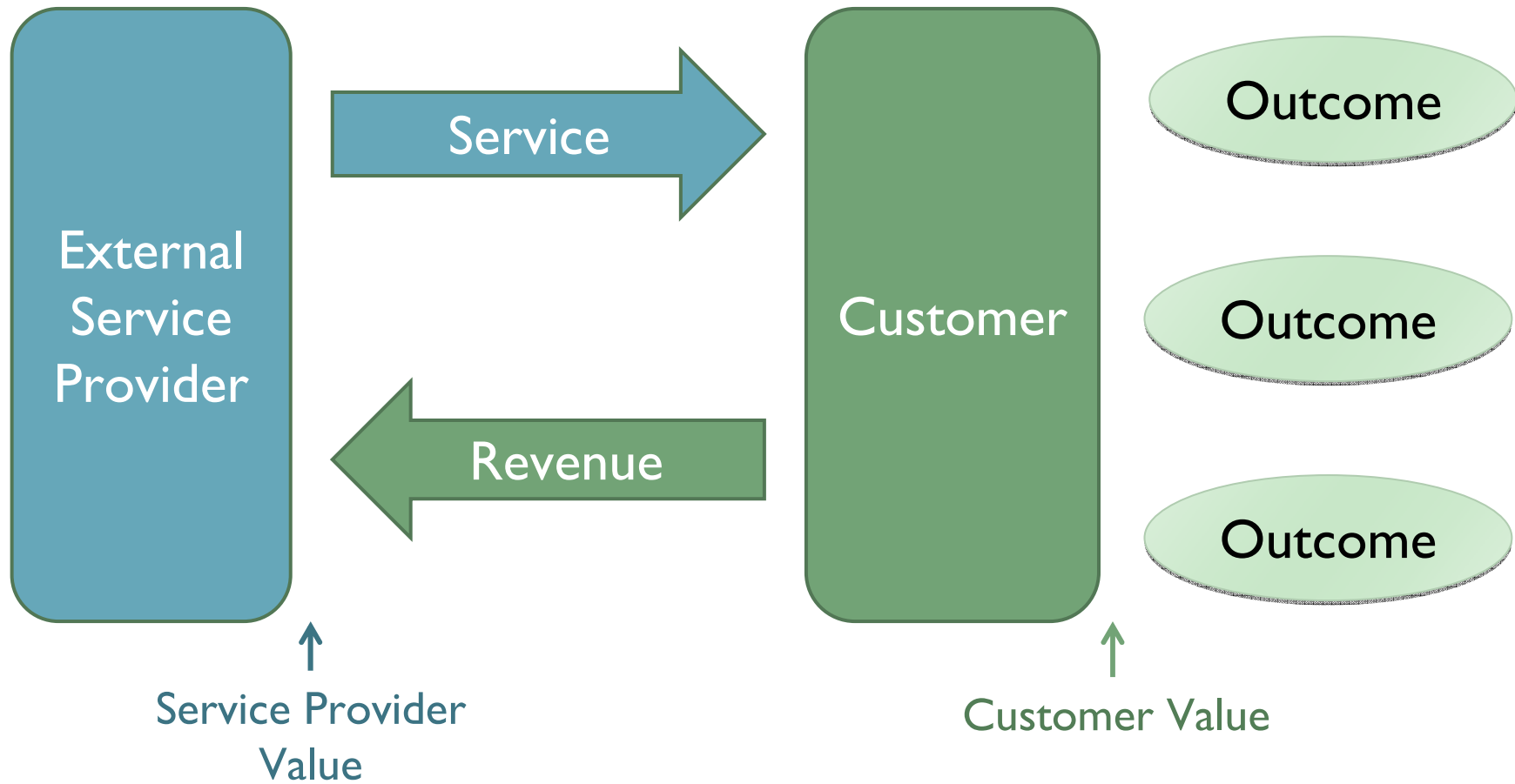
Customers and Services



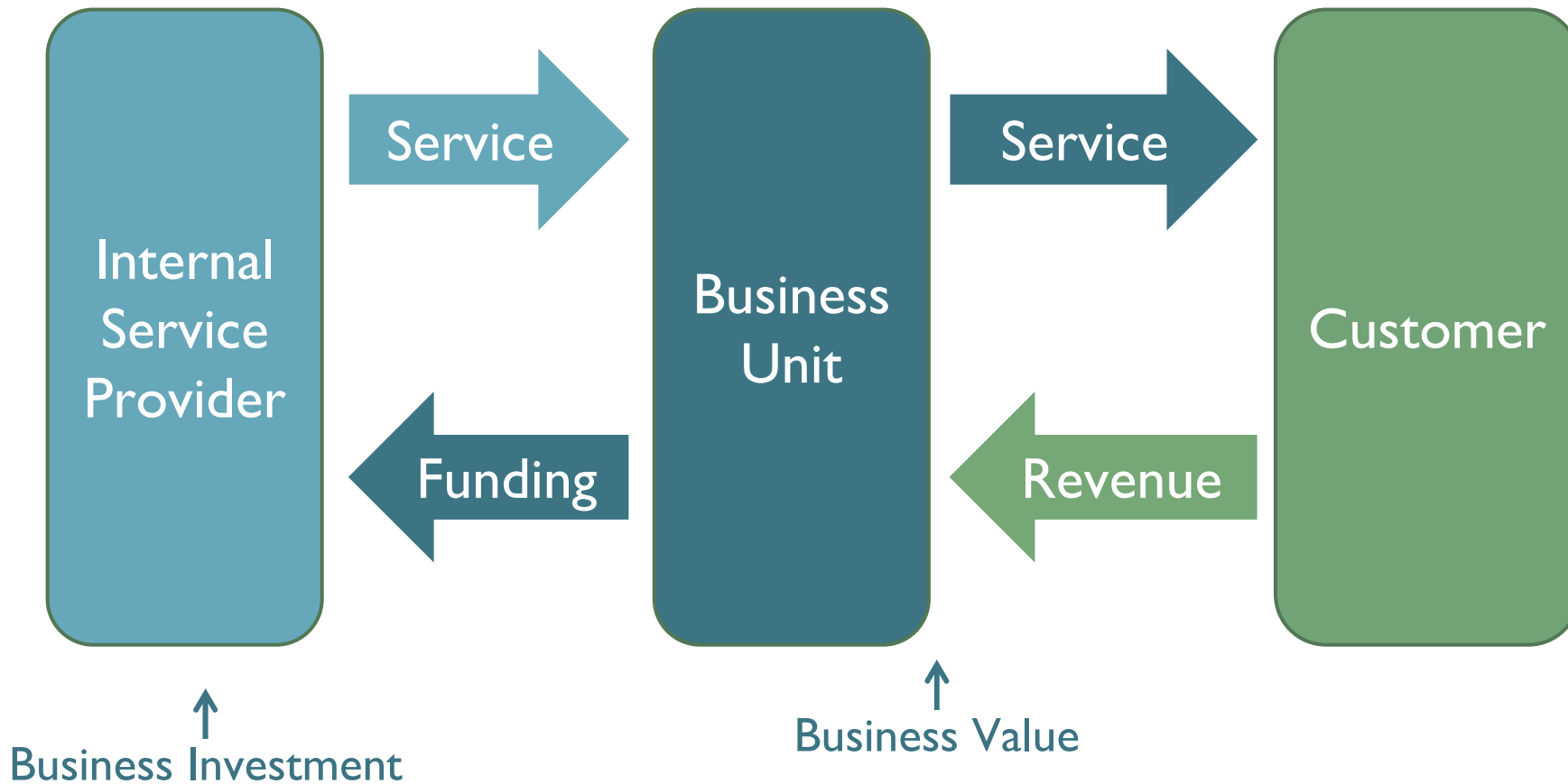
Services and Value



Measuring ROI



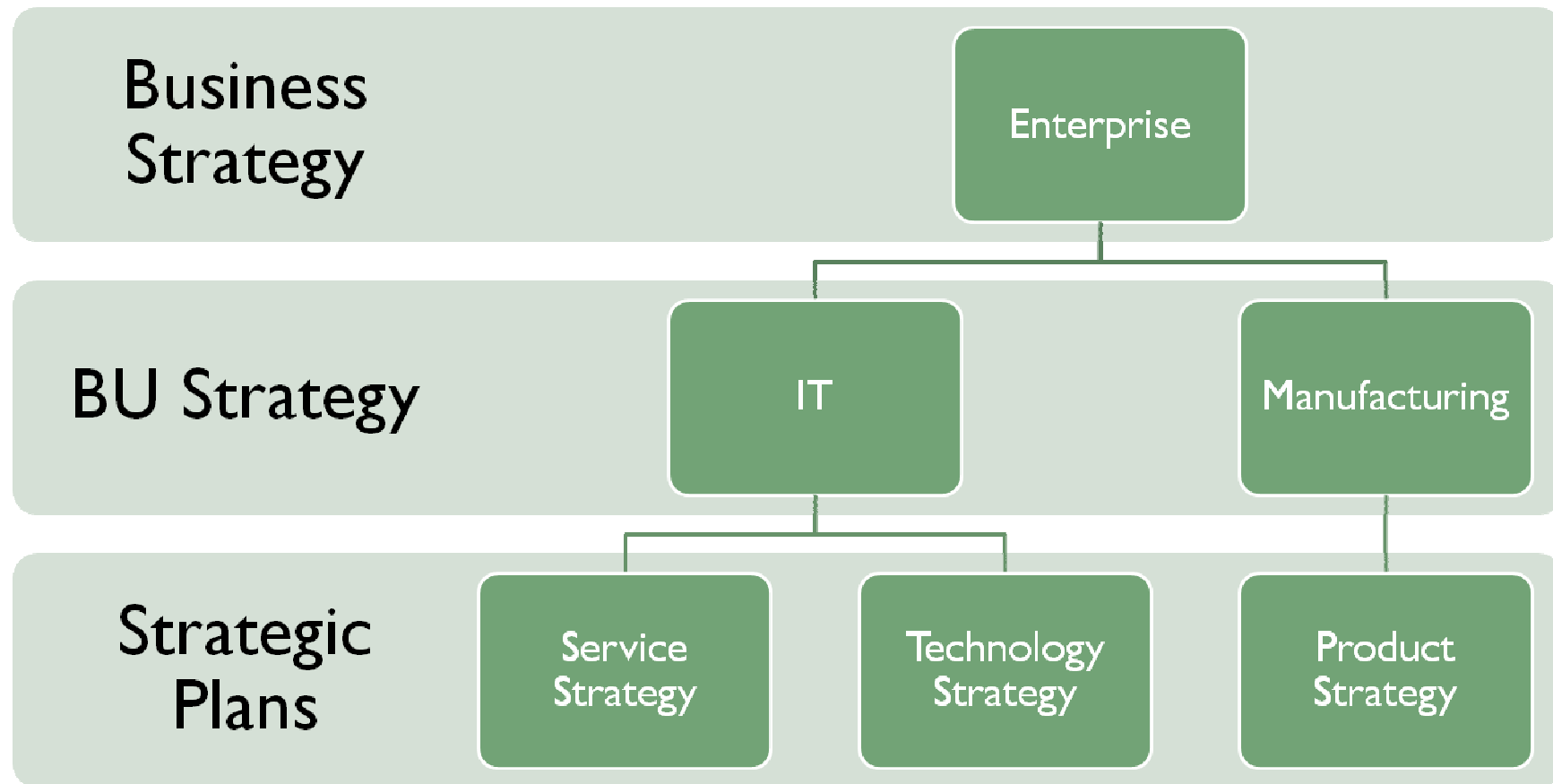
Measuring ROI





Processes

Strategy Management for IT Services



Other Processes

- ▶ **Service Portfolio Management**
 - ▶ The Gatekeeper of IT
 - ▶ Quantify and protect IT investment and value
- ▶ **Financial Management**
 - ▶ Accounting, budgeting and charging
 - ▶ The language of business
- ▶ **Demand Management**
 - ▶ Understanding the customers' demand for services
 - ▶ Ensuring Service Provider's ability to supply services that meet the demand
- ▶ **Business Relationship Management**
 - ▶ A process in line with ISO/IEC 20000
 - ▶ Supports the BRM role

Conclusion

- ▶ IT is a business unit if it supports the realization of value
- ▶ IT has to be able to quantify its contribution to value
- ▶ IT needs the right mix and quality of services to deliver business value
- ▶ When it does this, IT plays a strategic role, and will be viewed as a strategic business unit