



# Aligning IT to Business Needs through IT Governance

**Robert (Bob) Nelson**

IT Domain Specialist  
SAS Institute Inc.

# Agenda

- IT Objectives and Challenges
  - Within IT and with the Business Units
- Understanding Your Business Issues
- Three Areas of IT Governance
- Solving Business Issues with Governance
- Questions & Answers

# Poll Question 1

- Which of the following is the top IT issues your company faces:
  - Improve service
  - Contain costs and improve transparency
  - Better IT / business alignment
  - Reduce firefighting
  - Better infrastructure metrics
  - All the above.....

“ Companies invest great sums managing business-driving applications. IT governance is a proactive way for CIO's to engage with the business, providing IT executives with the visibility they need to ensure that these technology investments achieve tangible business results. Clearly, CIO's could greatly benefit from an IT governance solution that helps them enhance the effectiveness of their organization across the application lifecycle.”

**Theresa Lanowitz, Research Director**

Gartner Inc.



“ The greatest IT risk facing most companies today is overspending. IT may be a commodity but the very fact that it is entwined with so many business functions means that it will continue to consume a large portion of corporate spending.”

**Nicholas Carr**

Harvard Business Review, May 2003 “IT Doesn’t Matter Anymore”



# Objective of IT Management.....

The objective is to *outthink* your competition...

...rather than *outspend* them !!!

# The Business View of IT . . .

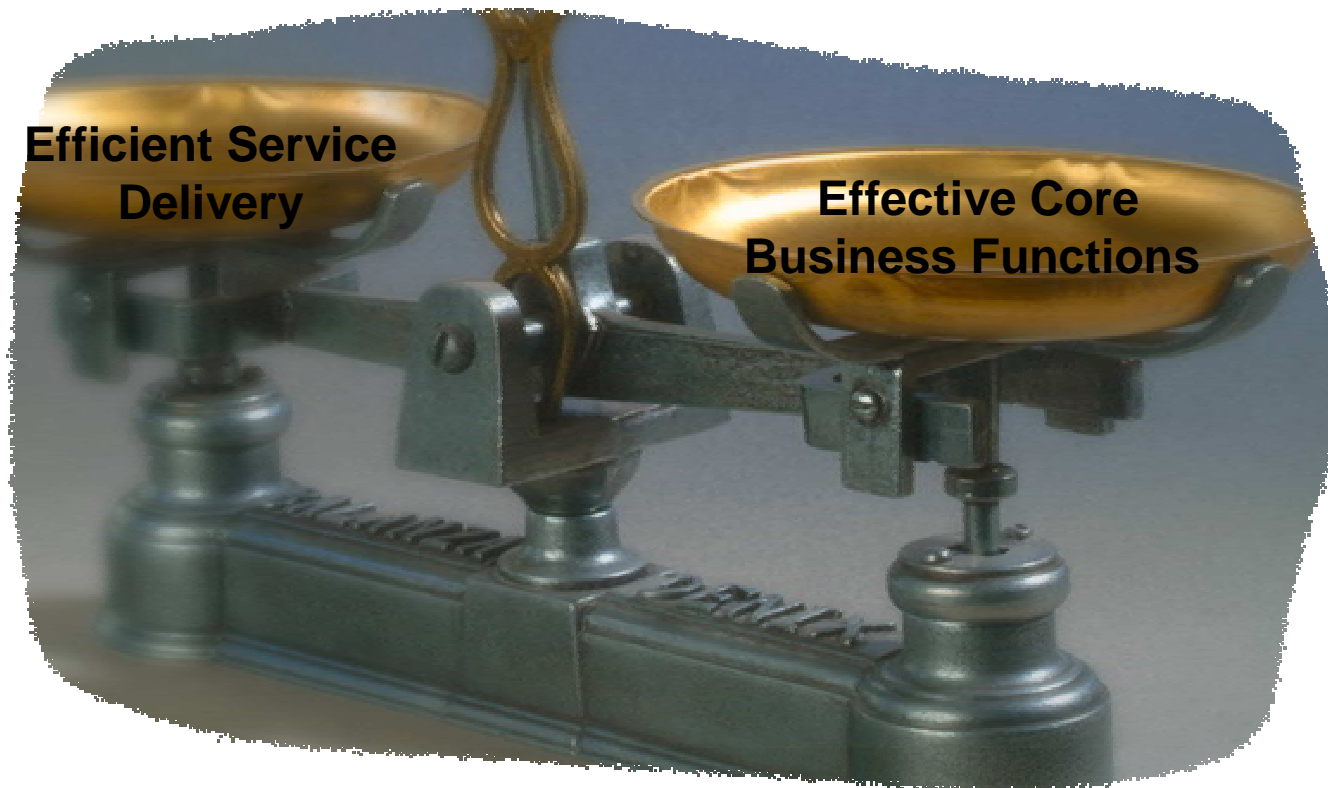
IT *must* provide ...

*profitable transactions* from IT enabled core  
Vital Business Functions ...

... at *service levels acceptable* to the business.

# The IT and Business Objectives . . .

## IT Efficiency and Effectiveness





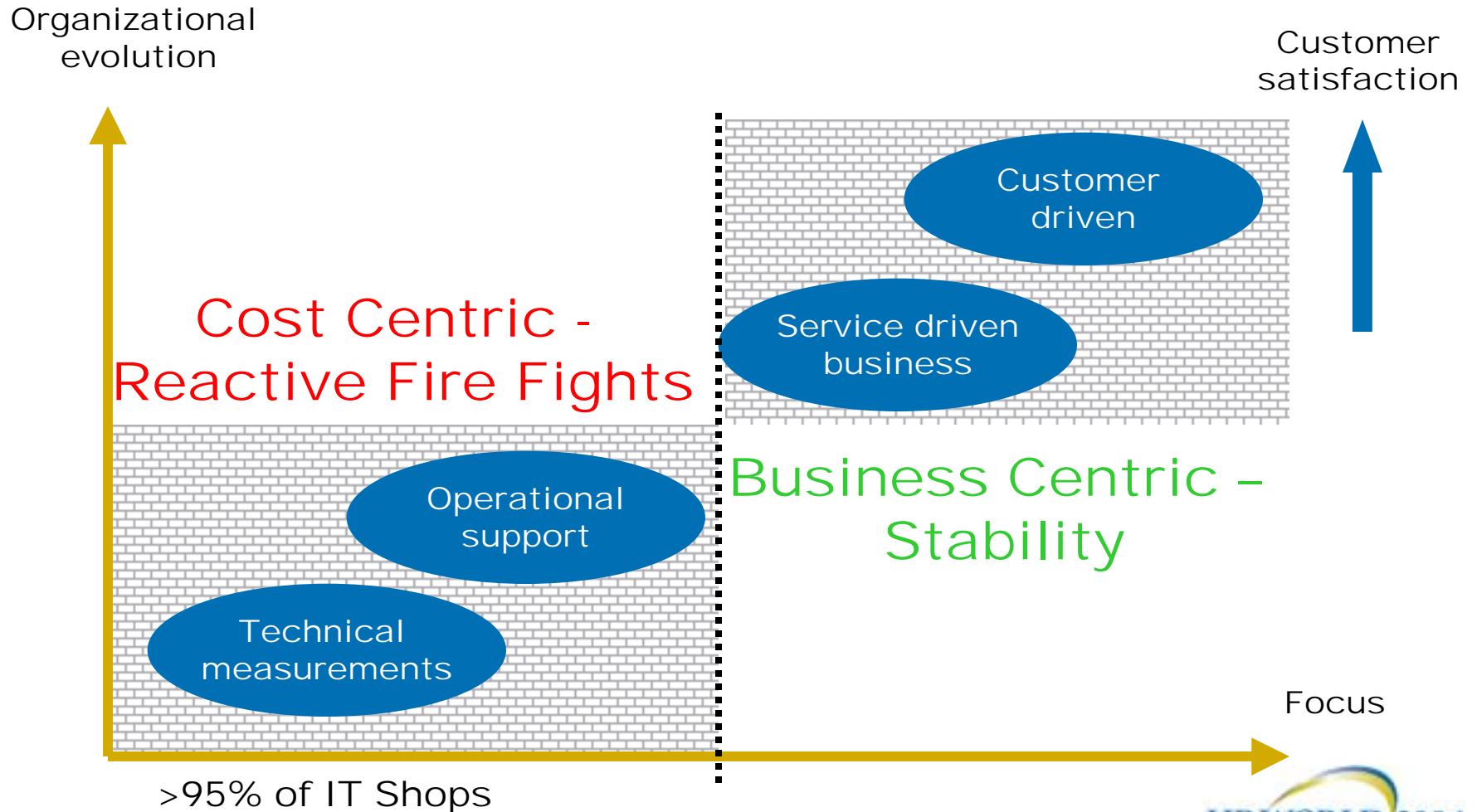
# Corporate Management Challenges

- Growing dependency on IT resources
- Limited resources to service customer demand
- Untimely and inaccurate information delivery to support corporate goals and strategies
- Increasing cost for services
- Inefficient and unprofitable IT infrastructure

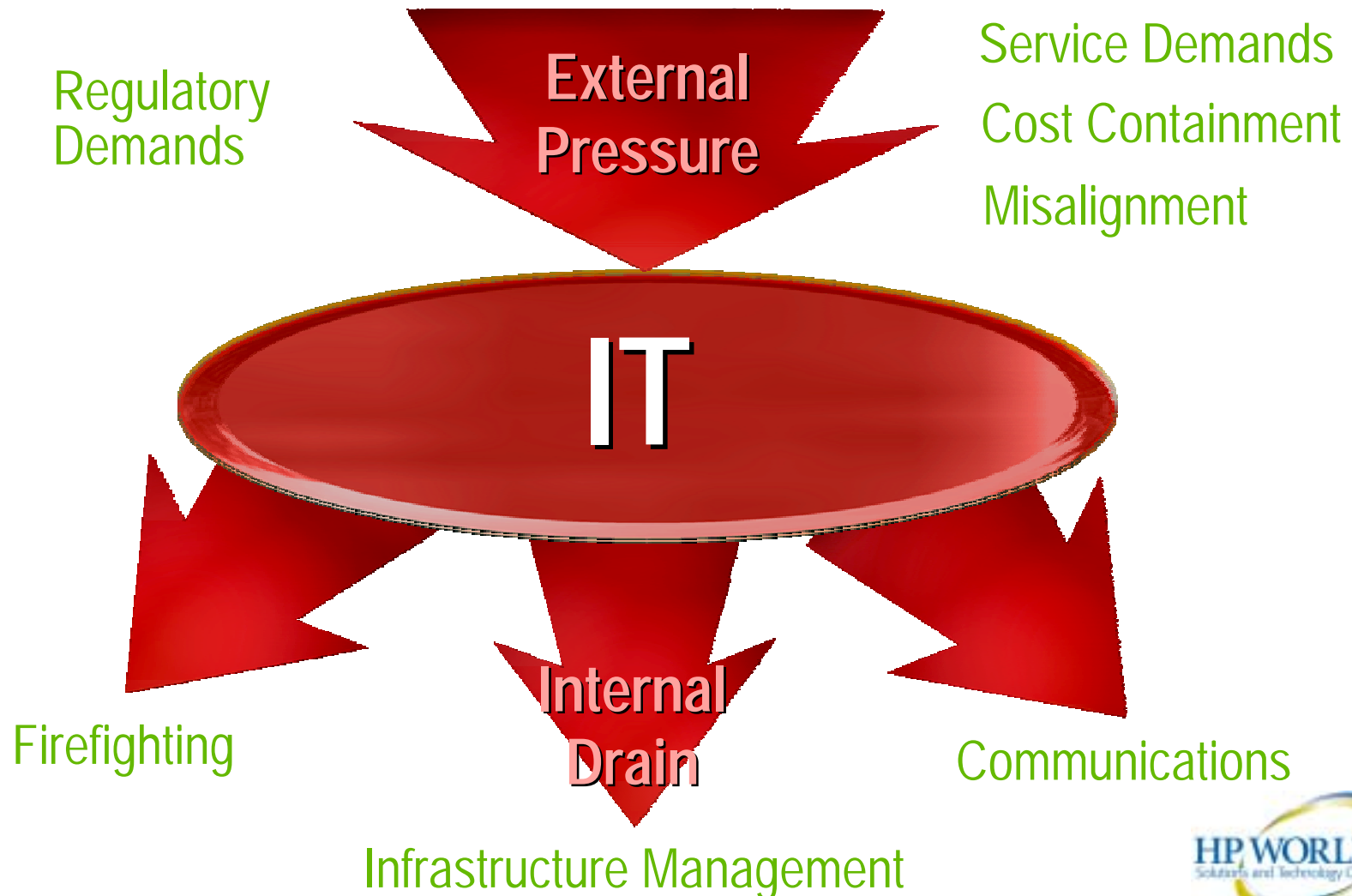
# IT Organizational Challenges

- No direct correlation between IT products/ services and operating activities of the organization
- IT component costs are falling, but demand for and the cost of services are increasing
- Increase in business user complaints
- Ineffective methods to measure customer satisfaction and “value” to the organization

# IT Fire Fighting Brick Wall:

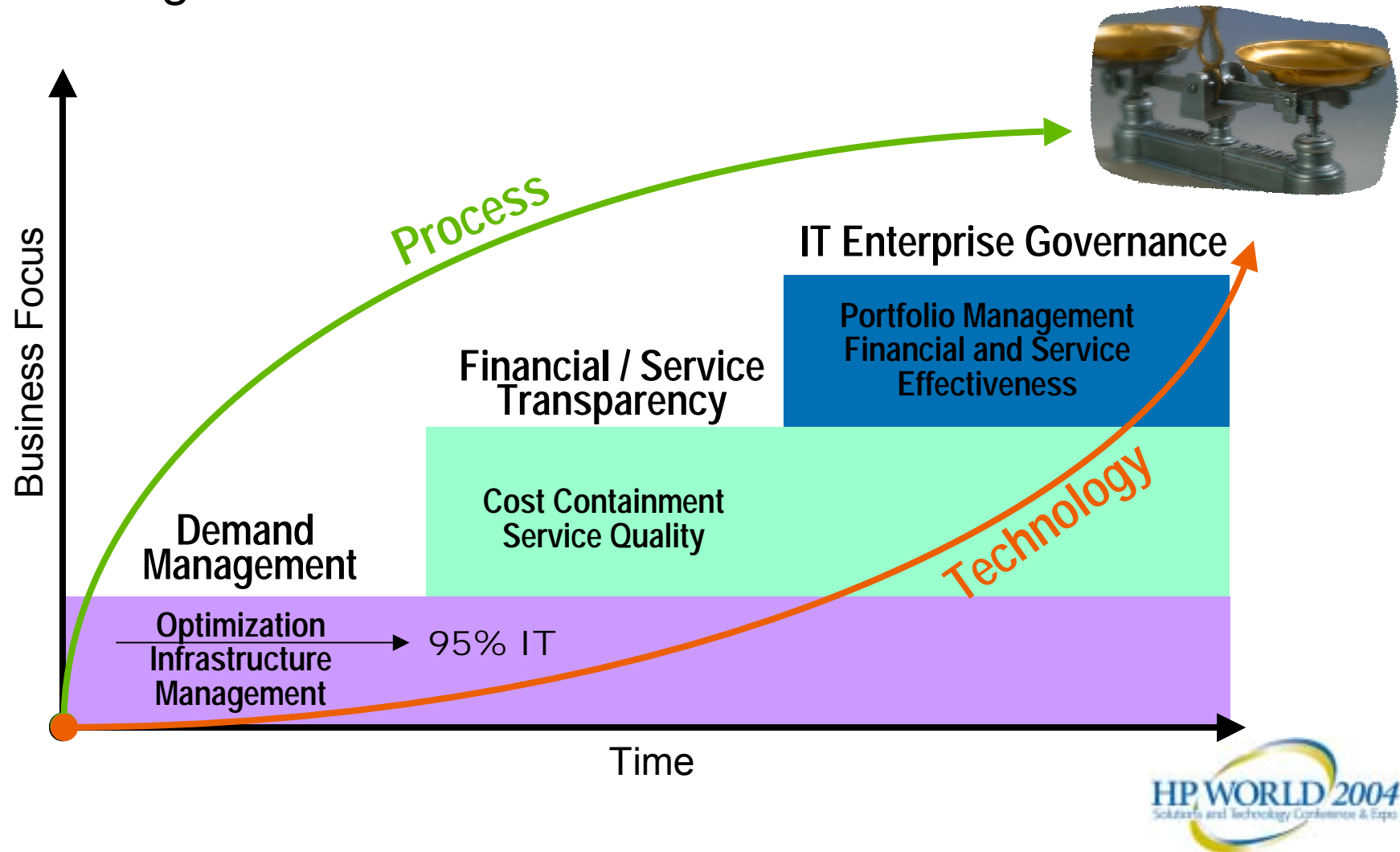


# The Strain on IT... Why IT Feels Pressure:



# Releasing the Pressure

Building the Foundations to IT Effectiveness



# Knocking Down the Brick Wall:

## The Road to Solving Business Issues with IT Governance

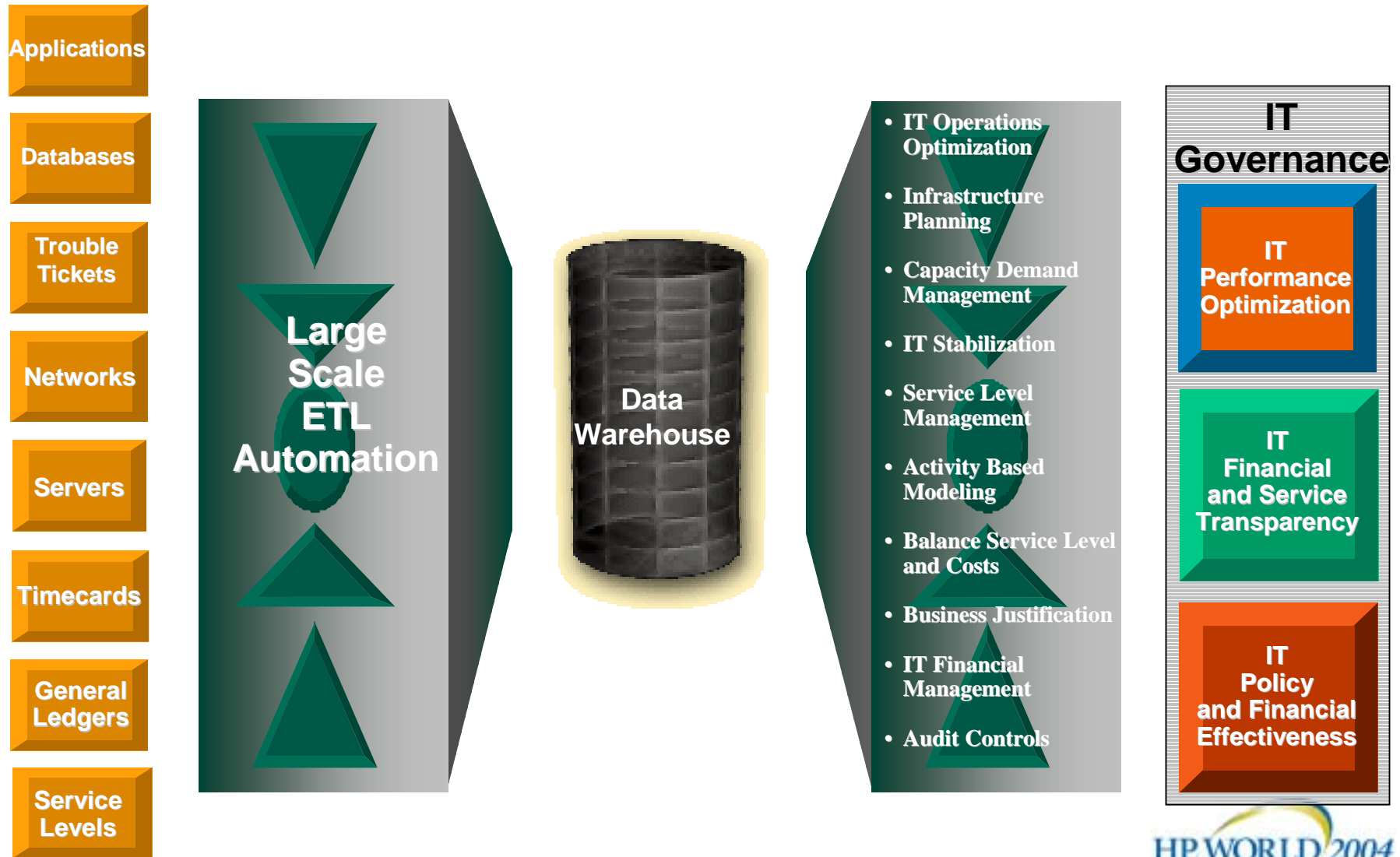
Provide an overall framework for greater governance, understanding, and performance measurement for the IT organization while solving day to day IT management issues



## Poll Question 2:

- Which of the following is the focus of IT Governance in your company?
  - Financial Effectiveness
  - Financial and Service Transparency
  - Performance / Infrastructure Optimization
  - Portfolio Management
  - None

# End-to-End IT Governance



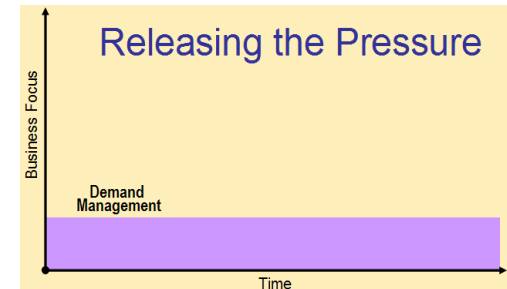


# The Supporting Premise for IT Enterprise Governance

- Demand Management
  - **Measure** and **manage** the operational efficiency of IT.
- Financial/Service Transparency
  - The value of IT must be **financially transparent** and **justified** to the business users who consume IT services.
  - The **cost of IT** vs. **the benefit** to the business needs to be readily visible.
  - The contribution of IT services and the quality of those services must be governed and aligned with each line of business.
- IT Enterprise Governance
  - The cornerstone to **develop** policies and procedures to enable **enforcement** of policy compliance resulting in financial effectiveness

# Demand Management

- Stabilize Environment
  - Decrease fire-fighting endeavors
  - Optimization of resources
  - Need to stabilize infrastructure environment
- Process optimization
  - Improve effectiveness of infrastructure
- Rationalize Demand
  - Forecast capacity
  - Increase efficiency of performance utilization

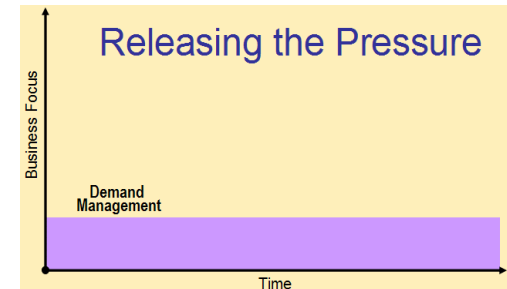


# Demand Management

Measure and manage infrastructure

- Benefits

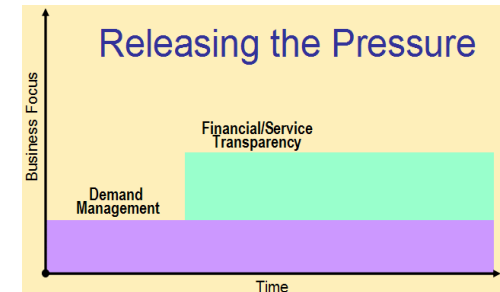
- Decreased downtime improves service levels
- Decreased firefighting cuts costs
- Increased IT efficiency and effectiveness
- Foundation for transparency



# Financial Transparency

The intersection of IT and business

- The REAL product of IT
  - Enterprise Applications
    - Transactions costs
    - Service consumption metrics
- Creates a common language for Line-of-Business and IT
- Enable financial effectiveness for business users to make their own value decisions

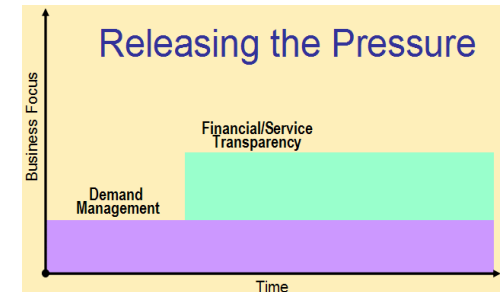


# Service Transparency

Measuring service effectiveness

- Service Level Management

- The primary goal is to **define**, **calculate**, and **report** on Service Level Objectives for:
  - Availability
  - Response Time
  - Throughput
- Service Contracts
- Service Level Agreements (SLAs) within Contracts
- Services within SLAs
- Components within Services

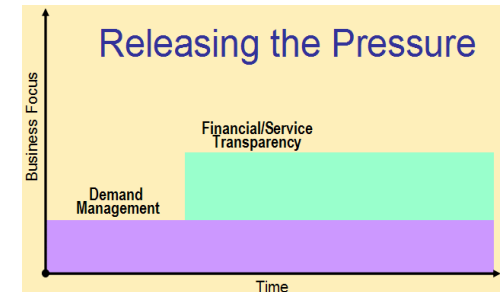


# Financial and Service Transparency

Providing visibility into IT

- Benefits

- Fully automated analysis
- Enables accurate decisions
- Communicates results of infrastructure contracts
- Fulcrum to balance service (effectiveness) and costs (efficiency)



# IT Enterprise Governance

## The IT Governance Cornerstone

- Governance Affects Everyone
  - Good or bad
- Policy & Procedures Discipline
  - Transparency
  - Compliance
  - Enforce
    - Financial effectiveness
    - Policy compliance
- Govern on many levels:
  - Service level outcomes
  - Enterprise-wide



# IT Enterprise Governance

## The IT Governance Cornerstone

- Benefits
  - Manage entire IT portfolio
  - Provides consistency and rational processes
  - IT performance optimization effectiveness
  - IT aligned with corporate goals





## Poll Question 3

- How would rate your company's IT Governance efforts?
  - Effective
  - Could be improved
  - Not satisfactory
  - Have no idea!

# IT Enterprise Governance Summary

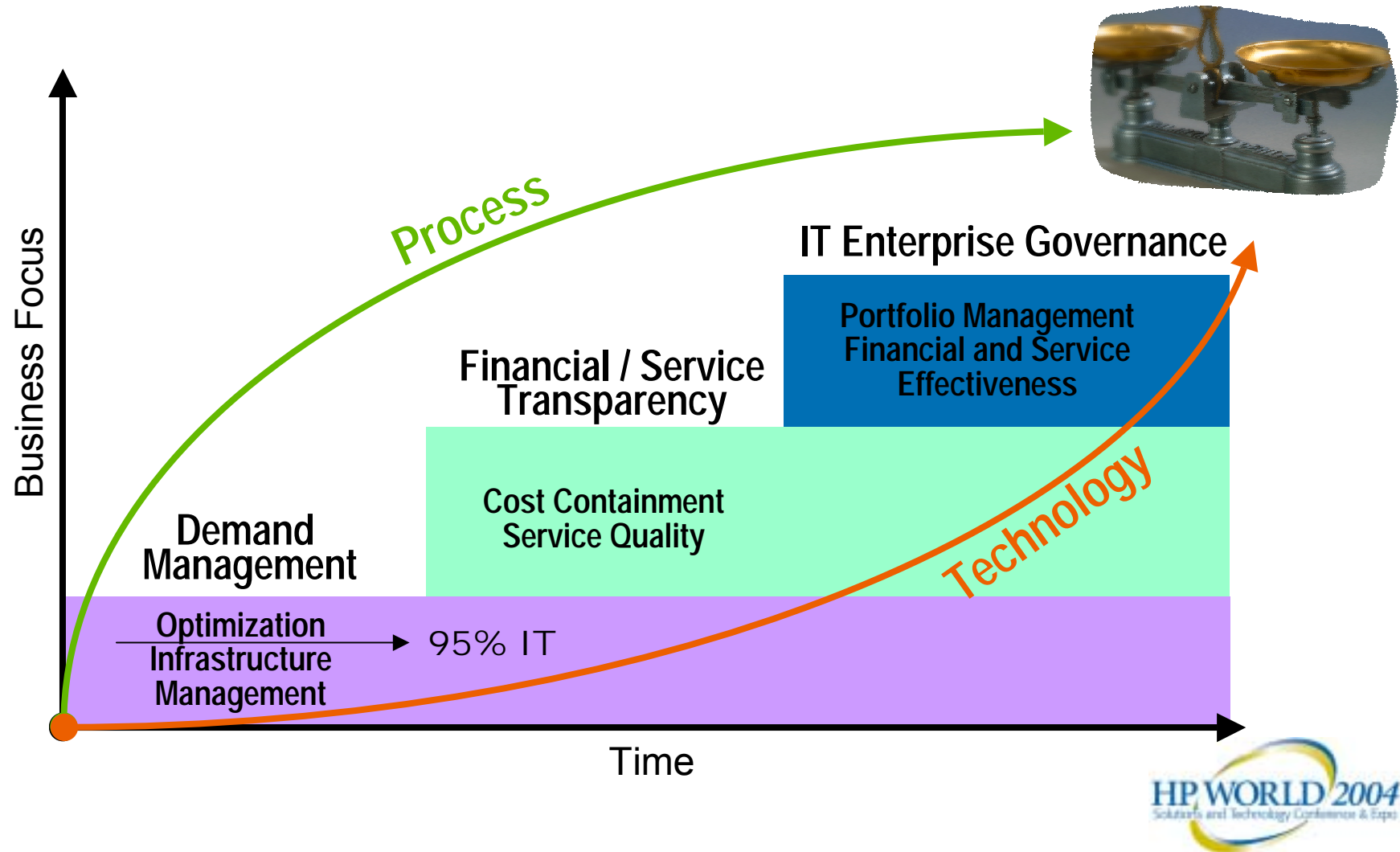
- Understand the building of the IT Governance foundation
- Rationalization of IT infrastructure is key
  - Optimization and stabilization to enhance effectiveness
- Financial and service transparency
  - Consumption based analysis for cost efficiencies
  - Automatic data feed of disparate data sources
- IT Enterprise Governance
  - Consistent and enforceable
  - Repeatable procedures and policies

# The Road to Solving Business Issues with IT Governance

Provide an overall framework for greater governance, understanding, and performance measurement for the IT organization while solving day to day IT management issues



# Building the Foundations to IT Effectiveness



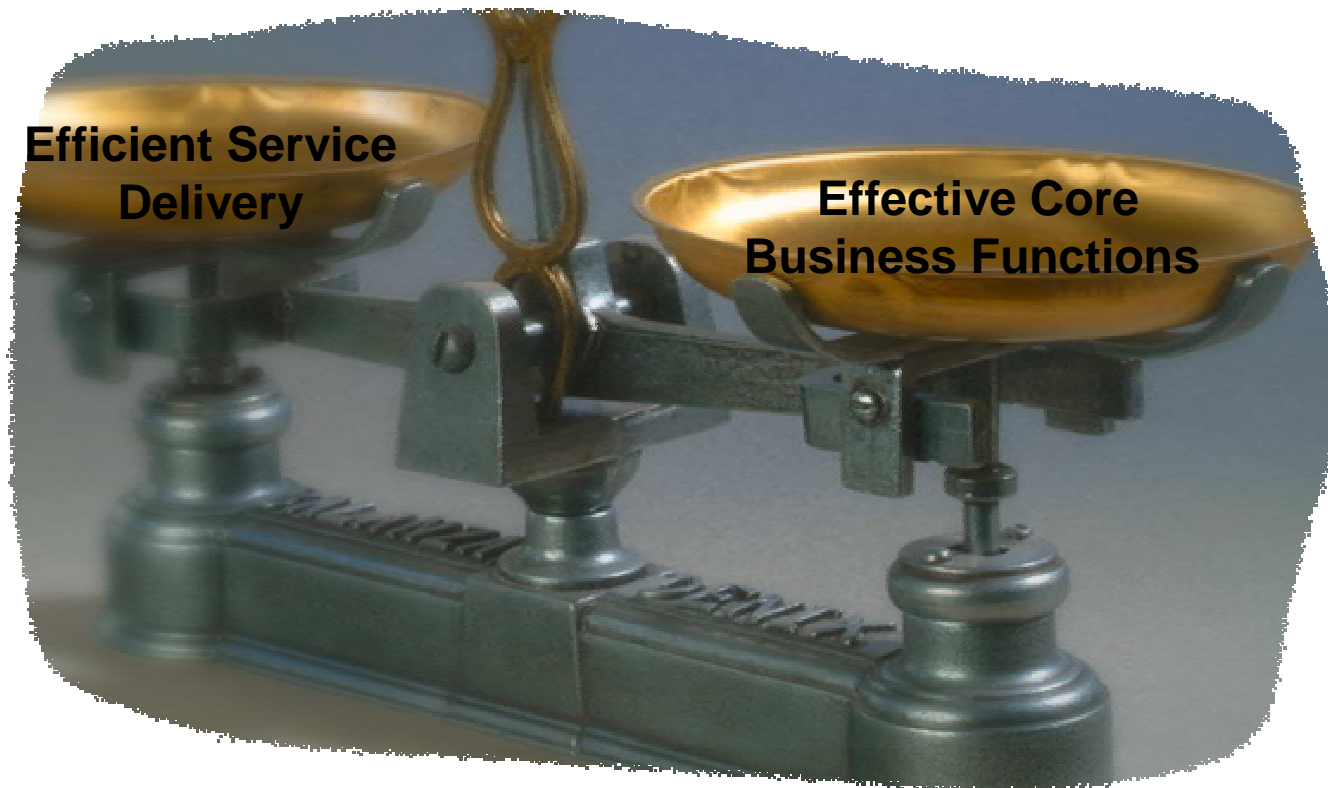
# Remember: What is the Objective of IT Management?

The objective is to *outthink* your competition...

...rather than *outspend* them !!!

# And the IT and Business Objectives . . .

IT Efficiency and Effectiveness



# Questions / Answers.....

## Thanks.....

Bob Nelson  
SAS Institute  
bob.nelson@sas.com  
303/290-9112





# HP WORLD 2004

Solutions and Technology Conference & Expo

Co-produced by:

