

TRENDS

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Implementing BSM

Keep The Big Picture In Mind If You Want To Reap The Full Benefits

This is the second document in the "Business Service Management" series.

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EXECUTIVE SUMMARY

More and more IT organizations are beginning to develop true business service management (BSM) systems by doing two things: Understanding the metrics their business users employ to decide if IT is providing value, and linking these metrics and their associated business services to IT infrastructure components. BSM is, essentially, a journey involving: the introduction of automation through software; using service improvement initiatives to support process disciplines; and sometimes even reorganizing IT departments. Forrester has identified the most common stages of a BSM strategy and the varying stages of adoption for each stage and technology: IT asset management; ITIL processes; service-level management; auto-discovery and the CMDB; and business process mapping.

BSM DOES NOT EXIST IN A VACUUM ...

Discussions with clients over the past 12 months clearly indicate that business service management (BSM) has become the primary means for IT shops to move toward the goal of running IT more like a business. However, there is ongoing confusion about what BSM really means, what it includes, and how companies should go about implementing it. Forrester defines BSM as follows:

Business service management dynamically links business-focused IT services to the underlying IT infrastructure.

Therefore, a complete BSM system maps business processes and infrastructure resources, dynamically links the two together, and provides end-to-end management for the whole system.¹

BSM is much more than just the icing on the infrastructure management cake. In order for companies to get to BSM, they must tie together a number of infrastructure management capabilities. Forrester believes that the BSM maturity S-curve represents the most logical sequence of events that companies should follow (see Figure 1).²

... AND GUESS WHAT? IT'S ALL CONNECTED

Based on conversations with clients and assessments of actual BSM implementations, Forrester believes that the following six components are the essential stepping stones toward BSM:³

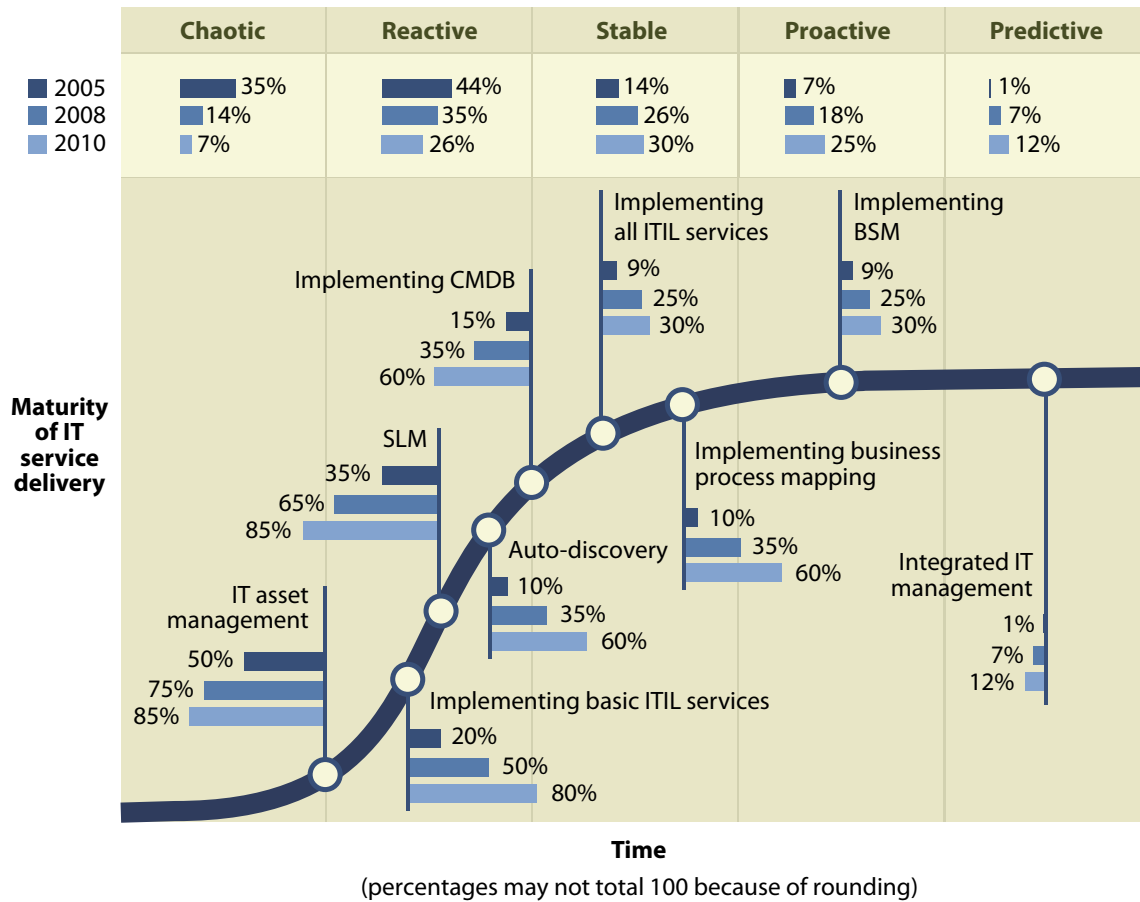
- **IT asset management.** This is necessary to gain a basic understanding of infrastructure components like servers, routers, and clients.⁴



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Figure 1 Estimated BSM Adoption Rates In \$1 Billion-Plus Companies, 2005 To 2010



Source: Forrester Research, Inc.

- **The IT Infrastructure Library (ITIL).** This is needed to establish more rigorous processes for internal IT service delivery processes.⁵
- **Service-level management (SLM).** SLM includes end user response time measurement; this allows internal IT shops to measure whether the services they offer comply with their service-level agreements (SLAs).⁶
- **Auto-discovery and application to infrastructure dependency mapping.** This is the key link between business processes and IT components.⁷
- **The configuration management database (CMDB).** A CMDB stores information on IT assets as well as applications and services — and the dynamic relationships between them.⁸

- **Business process mapping.** This is essential for a fully-fledged BSM implementation because it defines in business terms the key quality metrics needed to measure the performance of a BSM system.

Forrester's vision of the BSM maturity S-curve includes the estimated adoption rates in \$1 billion-plus companies for 2005, as well as our forecast for 2008 and 2010.⁹

Companies will progress through the five stages of the BSM maturity S-curve:

- **Stage one: chaotic.** The firm has limited formal processes for managing IT. As a result, IT operations are constantly in firefighting mode and there are no real-time SLA compliance measurements.
- **Stage two: reactive.** The firm performs basic IT inventory management on a project-by-project basis and implements some of the basic ITIL processes.
- **Stage three: stable.** The firm understands which services IT provides to the business and how the basic services associated with operational processes like install, move, and change are constructed. It uses ITIL as the basis for optimizing service delivery and integrates IT asset management with ITIL processes. In this stage, companies typically also implement end user response time and SLM capabilities.
- **Stage four: proactive.** The firm implements a business services framework and moves beyond ITIL toward a true understanding of the dependencies between IT operations and business needs.
- **Stage five: predictive.** Stages one through four deal primarily with the 76% of the IT budget dedicated to keeping things running.¹⁰ Stage five is all about the remaining 24% — the projects — and is still very much bleeding edge. In this stage, a firm implements a set of tools and process that: present dashboard-level views of all IT activity — investments, projects, operations, and maintenance; centralize the collection and distribution of work requests; and enable resource allocation according to business needs to reduce much of the financial waste in IT today.¹¹

By hitting all the stepping stones toward BSM, Forrester estimates that companies can save as much as a third of their IT operations budget.¹² As 76% of the IT budget goes to operations, firms that implement BSM can potentially save 25% of their overall IT budget.

WHAT IT MEANS

IMPLEMENTING BSM IS TOUGHER THAN YOU THINK — BUT THE REWARDS ARE GREAT

Although the BSM maturity S-curve implies a sequential process, companies will typically initiate and implement more than one of these phases in parallel depending on business requirements. It is therefore important to keep the relationships between the projects in mind and to ensure that project members communicate about the technologies they employ and the organizational changes they make — or plan to make — in order to avoid work duplication and/or prevent conflicts along the way. Once at the CMDB stage, clever companies will augment the bottom-up process starting with asset management with a top-down process that starts mapping a few critical business processes — culminating in what Forrester calls the “just enough” CMDB.

ENDNOTES

- ¹ As more and more IT organizations improve their service delivery, they are turning their focus to presenting their business value more positively. These organizations are beginning to develop true business service management (BSM) systems by doing two things: understanding the metrics their business users employ to decide if IT is providing value, and linking these metrics and associated business services to IT infrastructure components. Vendors have been using — and abusing — the term BSM for a couple of years now, so clients are understandably confused about the inconsistent messages they receive from vendors. To cut through the confusion, Forrester now proposes a definition of BSM based on observations of many of our clients’ BSM projects. See the February 1, 2006, Market Overview [“BSM Is Coming Of Age: Time To Define What It Is.”](#)
- ² The journey toward running IT more like a business through business service management (BSM) requires the data feeds and processes that enable BSM — IT asset management data, ITIL processes, and application dependency auto-discovery technologies that populate configuration management databases. It also requires an understanding of the journey that organizations must make to improve infrastructure management. BSM initiatives will fail if organizations skip investing in building blocks like the development of an accurate IT asset management system. Organizations embarking on the journey to BSM should ensure that they take manageable steps, with clear ROI targets and cyclical measurement intervals along the way. See the October 24, 2005, Trends [“IT Asset Management, ITIL, And The CMDB: Paving The Way For BSM.”](#)
- ³ Over the past 12 months, Forrester has interviewed more than 50 companies that have either already completed BSM projects or are currently implementing them.
- ⁴ IT asset management is the portfolio approach to measuring the technical, financial, and service condition of an organization’s IT infrastructure. IT asset management leverages the physical attributes of an asset with services and financial data that support the management of the asset.
- ⁵ The Information Technology Infrastructure Library (ITIL) is a set of standard IT terminologies — such as a high-level definition of a change request — that the United Kingdom Central Computer and

Telecommunication Agency developed in the late 1980s and early 1990s to address the IT service support and delivery issues faced by IT infrastructure organizations. ITIL standards were designed to establish guidelines and a common language for operational processes, such as change management, problem resolution, service delivery, and resolution of customer inquiries. ITIL is a registered trademark and a registered community trademark of the UK Office of Government Commerce and is registered in the US Patent and Trademark Office. In 2001, the United Kingdom Central Computer and Telecommunication Agency was absorbed into the Office of Government Commerce, which now owns ITIL. See www.ogc.gov.uk/index.asp?id=2261.

- ⁶ A service is defined as a discrete offering from an IT department or external service provider. A service-level agreement is a contract between a business and an IT service provider, internal or external. Service-level management is the process of measuring service quality, reporting results, and taking action to ensure that quality stays within agreed parameters. See the October 24, 2005, Trends [“IT Asset Management, ITIL, And The CMDB: Paving The Way For BSM.”](#)
- ⁷ Forrester evaluated the strengths and weaknesses of eight vendors that brought an original technology for automated application to infrastructure dependency mapping to market across 63 criteria. Application to infrastructure dependency mapping bridges the gap between business user value, application performance, and what the IT specialist sees — essentially, infrastructure component availability. This, combined with the ITIL CMDB concept, lays the foundation for radical changes in the way IT operations manage resources. All products performed strongly; we favored those that can produce results in real time, though this may not be everyone’s choice. nLayers and Relicore emerged as the overall leaders, followed by BMC, Tideway, and Collation/IBM. In a very close race, the strong contenders are: Mercury, which continues to revamp its technology and product integration; Cendura, which offers highly detailed data-center-oriented information; and Computer Associates (CA), which is just entering the field. This order will almost certainly change considerably over the next 12 to 18 months, with HP being the next likely heavyweight entrant. Forrester will continue to analyze acquisitions and product updates in this dynamic market on an ongoing basis. See the February 27, 2006, Tech Choices [“The Forrester Wave”: Application Mapping For The CMDB, Q1 2006.”](#)
- ⁸ A configuration management database (CMDB) is a unified repository of information related to all the components of the information system. It helps an organization to understand the relationships between these components and modify their configuration. The CMDB is a fundamental component of an ITIL framework. The CMDB records configuration items (CI) and details about the important relationships between CIs. A configuration item is an instance of an entity that has configurable attributes: for example a computer, a process or an employee. A key success factor in implementing a CMDB is the ability to automatically discover information about the CIs: auto-discovery. See en.wikipedia.org/wiki/CMDB.
- ⁹ We have based these adoption estimates on conversations with vendors, other supply-side information, publicly available as well as Forrester surveys, and conversations with our clients.

This view of the dynamics of market adoption are based on the evolution of the supply side: 1) innovators enter the market on faith; 2) new vendors join the market and legitimize the innovation concept and its market potential; 3) the number of vendors build up: as the supply side increases, the technology improves

and starts pulling the demand side; and 4) larger vendors enter the market and some consolidation takes place. Technology improvement becomes process improvement — either technology manufacturing or the capability to satisfy criteria 3 and 4. Process improvement leads to cost decrease and quality increase. Larger vendors build market infrastructure and solution awareness. At this point, the conditions of large diffusion are met. See the April 12, 2005, Forrester Big Idea “[How to Predict Which IT Innovations Will Succeed](#).”

- ¹⁰ On average, 76% of firms’ IT budgets go to ongoing operations and maintenance, as opposed to new investments. See the December 15, 2004, Data Overview “[2005 Enterprise IT Outlook: Business Technographics North America](#).”
- ¹¹ Dashboard-type views permit business managers and executives to see business events, to understand their subsequent impact, and to take corrective action. It is ironic, then, that IT — the enabler of many dashboard views — lacks any comprehensive view across the existing applications, infrastructure, and planned projects that encompass its sphere of responsibility. Infrastructure-monitoring software like BMC Software’s PATROL or IBM Tivoli has existed for a decade or more, and two emerging disciplines — application portfolio management (APM) and project portfolio management (PPM) — provide visibility within their individual domains. However, these colloquial views — where they exist — are insufficient. Forrester believes that convergence across these three areas in the next 24 to 36 months will culminate in integrated IT management (IIM) dashboards, which will enable IT management to reduce IT budgets by as much as 30% while realizing value increases of 10% to 15% in the first year. CIOs and their direct reports have a wake-up call: Organize for visibility and manageability or be replaced by someone who understands the value that this emerging technology represents. See the February 2, 2005, Forrester Big Idea “[Integrated IT Management Drives Efficiency](#).”
- ¹² We based these adoption estimates on conversations with vendors, conversations with our clients, and other supply-side information — both publicly available and obtained via Forrester surveys.