# MARKET OVERVIEW

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## BSM Is Coming Of Age: Time To Define What It Is

### Business Service Management Is Leaving The Buzzword Stage

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

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## EXECUTIVE SUMMARY

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.

## FROM INFRASTRUCTURE THROUGH SERVICE LEVEL TO BUSINESS SERVICE MANAGEMENT

Almost every IT organization now has enough IT infrastructure management tools to be able to efficiently monitor and document failures of systems and their components. The resulting engineering metrics like downtime, response rate, and CPU and disk usage provide important information to the operators who are concerned with infrastructure management.

Many IT organizations have also developed service catalogs and service-level agreements (SLAs) and provide feedback to their users about their quality of service against these SLAs. The services are still IT-centric, however, and relate to system availability and the time taken to fix issues and implement changes.

However, business users' expectations of IT have also matured over time. Users understand the details much better — but also expect IT to measure and report service quality using their metrics. They see IT as simply enabling business processes and will increasingly measure IT on how well it directly supports the business process on their terms. Some business users even expect IT to provide feedback about the process efficiency based on IT's operations data. *This* is business service management, and it has three main drivers:

- **Service guarantees across the whole enterprise.** Business processes that an organization regards as critical to its success and that receive the most user attention almost always cross existing business application boundaries. They cover more than one application and concern more than one business department. For example, activating a new mobile phone account triggered by a specific marketing campaign involves over 80 process steps and several separate business applications. Business expects IT to be able to mirror this perspective and understand the impact of their IT infrastructure on this kind of process definition.

- **IT quality of service in business user terms.** The user experience counts. The ability to report on how IT maintains its own inventory is no longer remarkable; it's expected — but it isn't relevant to business users, who require information directly in their business process terms (see Figure 1).

- **Mapping business to the IT infrastructure.** New technologies that have hit the market over the past 24 months have made it possible to directly associate business services with the behavior and performance of IT infrastructure components.[1] The tools can even monitor these associations on a dynamic basis — which is important when the data center encompasses dynamic provisioning and virtualization technologies. The technology itself supports application mapping, but business users can define the linkage between apps and enterprisewide business services themselves.

## BSM DYNAMICALLY LINKS SERVICES TO INFRASTRUCTURE

More than 100 vendors use BSM in their marketing message — but they do not leverage it consistently and always relate it to the strengths of their own solution. Users find it difficult to separate the offerings and decide on the right solutions for their scenario. Forrester defines BSM as follows:

> *Business service management dynamically links business-focused IT services to the underlying IT infrastructure. A business-focused IT service may be a specific IT service or part of a business process, but it must support a significant, visible business metric for a business owner.*

In the context of BSM, an IT service is not a business service if it is not visible to a business user or stakeholder outside of IT. Therefore, a complete BSM system:

- **Maps business processes.** The system needs to discover and describe business processes in a meaningful way. It's important to focus on the key metrics of the business process, not mapping the entire business process.

- **Maps infrastructure resources.** The system needs to discover and handle all infrastructure resources. This requires a coherent view across all providers of resources — both internal and external — as well as the formerly distinct layers of IT and telecom functionality.

- **Dynamically links processes to infrastructure.** BSM then maps these business service metrics to the infrastructure resources. This is not a one-time creation of a dependency map; the mapping has to be updated in near-real time to be relevant. Therefore, fully federated configuration management database (CMDB) solutions are a must.[2]

- **Provides end-to-end management.** Online monitoring of business process health with periodic SLA reporting is a must. The system also needs to analyze the root causes of outages and the business impact of infrastructure resource failures.

**Figure 1** From IT Infrastructure To Service Level To Business Service Management

| | Reporting Metrics | Reporting Line |
|---|---|---|
| Business service management | • Time to process<br>• Processing backlog volume<br>• State of business service<br>• Business transaction volume | Business executives; CIO or IT service managers report on metrics |
| IT service management | • Service availability<br>• Incident closure rate<br>• Frequency of changes | CFO; CIO reports on metrics |
| Infrastructure management | • Server availablity<br>• CPU utilization<br>• Disk space | CIO; IT operations reports on metrics |

Source: Forrester Research, Inc.

WHAT IT MEANS

## BSM BEGINS WITH PROCESS IMPROVEMENT AND CONFIGURATION MANAGEMENT

Forrester believes that the adoption of a process improvement methodology like ITIL is a necessary prerequisite for establishing a BSM initiative. Some IT organizations will define and adopt their own process definitions, but ITIL has now become a widely accepted best practice and there is little justification for investing in a homegrown library. A configuration management strategy is also central for all BSM initiatives, with the objective being a fully federated CMDB.[3] However, users should not focus on CMDB as the basis for a BSM project — they should plan for "just enough" CMDB as they embark on the BSM journey. Ultimately, BSM will also require defining business-focused key performance indicators (KPIs) for the IT organization and integration into reporting and portfolio management dashboards.

## ENDNOTES

[1] Service-level management/business service management (SLM/BSM) technologies represented one of the two fastest-growing submarkets of the infrastructure management technologies market in 2004 — and will continue to do so through 2006. Adoption of these types of technologies will increase steadily, pushing the SLM market into the mainstream. This goes hand in hand with ITIL's success in becoming the de facto standard for enterprise service delivery processes. At the higher end of the market, however, the gap in sophistication between mainstream SLM techwnologies and cutting-edge BSM technologies continues to widen. As a result, traditional infrastructure tool vendors will increasingly dominate the SLM market, whereas the BSM side of the market will continue to be a dynamic area of high innovation — better defining business processes, mapping business needs to IT services in a more automated and dynamic fashion, and enabling true end-to-end service delivery chains for the extended enterprise. See the November 9, 2004, Market Overview "Market Update: SLM/BSM Technologies."

[2] The journey toward running IT more like a business through 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] Interest in ITIL from $1 billion-plus companies is spreading like wildfire. At the heart of ITIL lies the configuration management database (CMDB). However, it is unrealistic to expect the feasibility of a centralized CMDB for larger corporations anytime soon. Vendor promises along those lines are essentially misguided and doomed to failure. Forrester believes that the only sensible way to implement CMDB architectures is to use a federated approach, enabling companies to construct different views of the data for different purposes while at the same time storing and updating the data in local data stores. See the March 16, 2005, Quick Take "Centralized CMDBs: Don't Buy Into The Hype."