



IT service management: resetting priorities for an uncertain economy.

How is the current environment of economic uncertainty and turmoil affecting investments in IT? To find out, IBM conducted a global survey of business and IT leaders who manage their organisation's IT investments, asking them how recent economic events are affecting their plans. Results show that the current economic realities are indeed driving changes to enterprise priorities, which, in turn, are changing IT priorities. The study found that organisations are reprioritising their IT programs and projects to survive and thrive in the new economy – and they are leveraging service management best practices to do it.

Deriving greater value from IT investments

Conducted during December 2008 and January 2009, blind interviews with IT investment owners in 421 organisations worldwide highlighted the impact the current economic downturn is having on organisations. 61 percent said economic uncertainty is the number one business issue affecting IT investment priorities.

Yet surprisingly, while the current economic climate is significantly impacting business budgets, 85 percent of these IT decision makers reported that their budgets are remaining relatively flat. Only 10 percent reported significant budget reductions from 2008 to 2009, while another five percent said their budgets will actually increase significantly. IBM believes this reflects a major evolution in IT's role from merely a cost centre to an enabler of key business processes. Organisations no longer view IT as a commodity that makes technology systems available but rather as a service provider for IT-enabled business processes. Because IT services enable every other part of the enterprise to be effective and efficient, IT investments are being maintained while other budgets are being reduced.

Essentially, businesses are saying to IT:

We need you to help us succeed – especially when we have to reduce our workforce. So even though our organisation as a whole has to cut costs, we are keeping your budget relatively flat because we are expecting you to

make improvements to the quality and reliability of IT services that can enable improvements in the rest of the organisation. We need fewer service disruptions to our key business processes and when there is a disruption, we need a faster resolution.

Reprioritising for success

To meet these expectations, most IT organisations are reprioritising investments in their funded programmes and projects. Chief Information Officers (CIOs), IT directors, Chief Finance Officers (CFOs) and other business managers directing IT investments are taking a business-driven approach – as opposed to a technology systems-driven approach. They begin by understanding the enterprise's priorities.

Once CIOs know which business activities are most dependent on improved quality and reliability of IT services in their organisations, they need to map those activities to the IT services that support, enable or automate them. At this point, they can begin to reprioritise their IT project investments. In any constrained budget situation, mandatory areas such as security and compliance usually come first. Smarter management of IT services and systems comes next, followed by smarter approaches to technology, including consolidation, virtualisation and convergence projects.



Smarter management for an uncertain economy

Smarter infrastructure management is service management. Organisations are leveraging service management best practices to improve the quality of key IT services and reduce the cost of IT-enabled business activities in an effort to get more value from the capabilities and resources that are already in place.

The results of the IBM study point to key recommendations that can benefit most organisations today:

- Improve the quality and reliability of IT services that enable workforce productivity
- Prioritise smarter ways of doing things, including technology consolidation
- Change the focus from technology and optimised subsystems to optimisation of the IT-enabled business activity.

In today's uncertain economy, it's no longer about optimising technology or process subsystems. It's about improving IT-enabled business activities through smarter management and improved measurement practices that focus on IT service quality and business outcomes.

For more information

For more service management information and resources, please visit the CIO: service management Web site:

ibm.com/services/uk/cio/optimize

For more information about tools and support that can help advance the CIO profession, please visit the Center for CIO Leadership:

www.cioleadershipcenter.com

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