



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 organization'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 organizations are reprioritizing 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 organizations worldwide highlighted the impact the current economic downturn is having on organizations. Sixty-one 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 5 percent said their budgets will actually increase significantly. IBM believes this reflects a major evolution in IT's role from merely a cost center to an enabler of key business processes. Organizations 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 organization 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 organization. We need fewer service disruptions to our key business processes, and when there is a disruption, we need a faster resolution.

Reprioritizing for success

To meet these expectations, most IT organizations are reprioritizing investments in their funded programs and projects. CIOs, IT directors, 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 organizations, they need to map those activities to the IT services that support, enable or automate them. At this point, they can begin to reprioritize 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, virtualization and convergence projects.

Smarter management for an uncertain economy

Smarter infrastructure management is service management. Organizations 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 organizations today:

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

In today's uncertain economy, it's no longer about optimizing 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 chief information officer: service management Web site:

ibm.com/services/us/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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