IT Management Maturity: Linking Service, Asset and IT Financials

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Next-Generation Asset Management (NGAM) was conceived around the idea that IT needs to adopt business practices for its own management.

The central concept of NGAM's vision is a simple one. IT services are its "products" and so all capital and operating assets associated with IT are investments made to support the creation, provisioning, management, optimization and retirement of these services. Mature IT shops have begun the move towards NGAM and will realize the value of its multi-dimensionality, serving technology and business needs as one.

The management paradigm for IT has changed and is now clearly more oriented to business requirements. Corporate IT within the enterprise is at every stage along the IT maturity path—many are managing to the business and others are silo-based, but marching in that direction.

Looking at the dimensions of IT asset management, financial management and services as one will help IT executives to understand the varying layers of technology that are needed to support the business and how they work together to do so.

NGAM is made up of many disciplines—each serving its own function—yet they provide greater value to IT and the enterprise when brought together to manage the business and financial aspects of IT services.

EMA has defined NGAM as inclusive of the following:

Figure One: NGAM Functional Disciplines

The role of each NGAM function is discussed below:

- **Service Value Management including Service Level Management (SLM) and (BSM)** – Service value management is the process of managing and monitoring the relative priority and "value" of services required to support the business. It includes service levels, contracts and service impact to the business.
- **Service Catalog/Portfolio** – The Service Catalog and Portfolio provides a storefront for IT services and a back-end for automating the service provisioning process. It is a central link connecting service costs and asset requirements.
- **Enterprise and Project Portfolio Management** – Managing the project and enterprise portfolio is essential for planning investments, balancing priorities and ensuring that IT initiatives remain within budget and are supported by available assets.

- **Financial Planning, Risk Management and Advanced Analytics** – Advanced planning and analytics are used to take a long-range view both forward in predicting investment needs and managing associated risks.
- **Procurement/Contract Management** - Establishing asset contracts and procuring the physical component is at the heart of traditional IT asset management. Typically handled by financial procurement solutions, this discipline needs to be brought into alignment with operational aspects of asset management.
- **Incident and Problem Management** – A lifecycle approach to asset management requires associating Incident and Problem Management with specific assets for ongoing maintenance and support. There needs to be a solid link between the Service desk and bigger vision of NGAM.
- **S/W License Management** – Software Asset Management (SAM) is the process of managing and accounting for software license assets for compliance and budgetary maximization.
- **Chargeback, Demand Management and Usage Analysis** – Chargeback and Demand Management are domains used to understand service value and cost of delivery. Some organizations are now choosing to "showback," rather than chargeback for services delivered.
- **Change and Configuration Management** – Change and Configuration Management is a critical component of IT Service Management (ITSM) and central to asset lifecycle management. To avoid and minimize service failure, managing change adequately is a must.
- **Domain-Specific, Silo-Based Management** – Traditional management technologies focused on the specifics of the silo—of value when combined with other technology silos.
- **Capacity Management and Infrastructure Optimization** – Capacity Management fits into the NGAM mosaic as a tool for anticipating capacity requirements and hence investments and optimization of existing assets.
- **Inventory and Discovery** – Inventory and discovery tools are used to build the underpinnings of the Configuration Management Database (CMDB) and Configuration Management System (CMS). To achieve this adequately, multiple tools are needed across technology silo categories.
- **CMDB/CMS** – The foundational data structure needed for intricate cross-domain dependencies and effective integration.

Each of these NGAM domains can be addressed independently. However, the benefit to the organization comes from the edges or points of intersection that allow companies to leverage the work being done in multiple disciplines for more effective business management.

For instance, ensuring that inventory systems are in place across all major technology silos and storing that inventory detail in a CMDB/CMS enables the deployment of a Service Catalog that is truly linked to the asset via a CMDB/CMS service model. This integration can then be extended to tie together the financial needs of service delivery. This results in a more streamlined operational process and a place where additional technologies can be leveraged as the organization matures.

Moving Ahead with NGAM

While the discussion thus far has been a discussion of the critical aspects of NGAM, IT leaders will need to pay attention to process and organizational dynamics in order to advance this strategic vision. Software solutions to address the major disciplines are important. Yet, many solutions can adequately do the job. Solid communication across IT and the company, support from the corporate executive team and process owners that recognize the value in connecting disciplines all trump the ultimate choice in software solution.

The maturity curve for IT is also very important when considering how to move forward. Enterprise Management Associates (EMA) has defined an IT maturity model that involves four stages of maturity, moving from very reactive to business proactive. Migrating from a reactive and silo-driven organization to a business-focused perspective looking at services and finance will take time.

Some considerations for each stage of maturity include:

- *Reactive Infrastructure* – Enterprises at this maturity level are primarily reactive and operating in a silo-based management mode. Basic asset management needs to be put into place before NGAM can take flight. IT adopters should look for effective inventory and discovery capabilities to establish what assets are "out there," where they are, and who owns them in terms of maintenance and contractual requirements. Other asset lifecycle management workflow and processes will also be needed.
- *Active Operational* – In the active operational stage of maturity, IT planners can begin to link some of the NGAM

domains. One example is to continue with the discovery process by making it more dynamic and then sharing that information with the Service Desk and operational teams. Service levels can begin to be understood.

- *Proactive Service-Driven* – As IT becomes more proactive and service-aware, the NGAM model can become a reality. Some activities at this maturity level include establishing a CMDB/CMS that incorporates the service model for the organization. This will unite assets and services, making them a useful resource for other disciplines that depend on this data. It is here that the parent-child relationship between services and the assets supporting them kicks in across multiple domains setting the stage for demand profiling and service accounting.
- *Dynamic Business Driven* – This level of maturity is one of aspiration rather than reality. The industry as a whole is working to get to this stage. Toolsets are also still evolving to meet its requirements. Once organizations and toolsets come together, business process management and business service management will be connected at this phase. Business intelligence systems and the CMS may overlap in sharing some of the same data. Asset management will have gone beyond IT to support business infrastructures of all kinds related to the vertical line of business.

Summary

NGAM is a strategic vision that can provide significant results. Organizations that move to adopt it, will realize the benefits of understanding the business side of asset management and its financial implications putting it in a better position to negotiate with vendors and make wise purchasing decisions.

Similarly, it will have the tools in hand to assess the real cost of service value, its delivery and business impact when critical services become unavailable. The resources and transparency that evolve out of an NGAM strategy support IT as a business partner and the growing expectations from CXX-level executives of business-responsible practices for IT.