

Strategic Objectives for IT Operations

By Craig McQueen

Introduction

Information Technology is a core platform and competitive advantage for organizations. There are diverse and complex roles within an IT organization from help desk through to application development. Aligning an IT organization through metrics can help ensure the different roles are driving towards the same strategic objectives.

Different metrics apply to different parts of the IT management cycle. IT organizations follow a cycle of working with their business customers to decide which projects provide the most business value, implementing the projects and then operating them in an efficient way.

A previous article, Performance Management for the Project Management Office, discussed metrics for the Implement portion of the cycle. Following the implementation of a project the next stage is Operate.



From an operational point of view, IT is responsible for providing a suite of Services that were originally defined in a business case in the Planning phase.

What is a Service?

An IT Service supports a business function which may be internal or external. Ultimately someone (the customer) is paying to have this business function available to them. A customer purchases the service because it provides them business value beyond what they are paying. In order for them to realize that business value the service must meet their expectations. The contract in place between the service provider and the customer is the Service Level Agreement.

Example IT Services:

- Email
- Online Banking
- Bill Processing
- Cable TV Service
- Credit card services

Strategic objectives

The overall goal for IT in operating a Service is to meet the service level agreements while controlling costs. To meet this goal, there are some specific Strategic Objectives and supporting metrics that are general to all IT organizations.

1. Meet service level objectives agreed on with customers

The service level agreement is the fundamental contract between a service provider and the customer. Therefore, it is important to measure and monitor those concepts that make up the service level agreement. Meeting service level agreements leads to strong customer retention and thus long term shareholder value.

Some example metrics for an Online Banking application could include:

AVAILABILITY	<i>Number of unscheduled downtime minutes in a month</i>
SECURITY	<i>Number of unauthorized logons in a month</i>
PERFORMANCE	<i>Time to retrieve account activity list</i>
USABILITY	<i>Number of inquires to a call centre related to questions of how to use the application</i>
SUPPORT	<i>Average time to resolve a customer inquiry</i>



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2. Deliver IT services cost effectively

The cost to deliver an IT service includes both upfront purchase or development costs as well as ongoing support and maintenance costs. The profitability of a business is directly impacted by the effective control of these costs. Often these costs are defined on a utility basis such as per transaction or per user. These provide easier alignment and comparison with what the customer is being charged.

Some example metrics for providing email to an Enterprise could include:

- Cost per mailbox
- Cost per GB storage
- Help desk support cost per user

3. Realize cost savings through ongoing investment in the technology platform

The previous objective focuses on controlling costs for the solution that the service was originally deployed on. While the application may not change the technology environment invariably does. There may reach a point where it is more cost effective to replace some or all of the technology platform with new technology. This concept is more fully explored in the accompanying article on Application Portfolio Management.

There are cases where the cost basis of an application can actually increase over time. Software licenses if not upgraded may fall out of regular support thus incurring premiums. The skills required to maintain a service may become scarce thus increasing the cost of labour to support the service. Legacy COBOL on a mainframe is an example of this.

Some example metrics for a technology platform includes:

- Number of weeks until software license expiration
- Number of applications running on a legacy platform
- Support costs by platform

4. Ongoing process improvement

Similar to changing technology platforms, there may be new processes that can be provided or existing ones improved thus reducing costs and improving service levels (thus customer retention).

For example, an aspect of service levels is the time to address an incident. Tracking the various metrics with respect to incidents helps target areas for improvement. These could include:

- % incidents resolved within target
- Number of dropped calls
- Cost per incident
- Incident handling time

Recommendation how to start

Trying to review and align metrics for an entire IT organization can seem overwhelming. Where we have seen success is to start with a slice of an organization and focus on a small number of key strategic objectives. A single day workshop can be very productive for defining a couple of key objectives with stakeholders, the metrics by organizational role supporting those objectives and the data sources supporting those metrics. Mocking up a dashboard utilizing the objectives and metrics is a fun way to conclude a day and it provides a nice summarization of the efforts.

Microsoft currently supports a Business Intelligence program for Partners like Agora to sponsor a one-day workshop. Send me an email and I can discuss the details with you.

For more information on this subject, please visit our website at www.agorainc.com/business_intelligence

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