

SERVICE MANAGEMENT: MEASURING THE RETURN ON INVESTMENT



INITIAL REACTIONS TO ITIL 2011
MANAGING RISK IN THE CLOUD
FULL CONFERENCE PREVIEW
ITIL QUALIFICATIONS: IS IT
TIME FOR A SHAKE-UP?



METRICS: YOUR REAL LINK TO THE BUSINESS



ROBERT STROUD DISCUSSES METRICS AND HOW THEY CAN BE USED TO DRIVE BUSINESS VALUE FROM IT.



Recently I was with the CIO of a large financial organisation, discussing the value of service level metrics. The CIO shared with me their monthly report, an impressive document which included a large number of graphs showing the company's performance over the past month, three months and twelve months, supported by accompanying trends and a cover page that delivered a nice summary. An impressive document on the surface, but as I dug into the detail I discovered that it was all performance information for their systems. The CIO's question was one that I have been hearing more and more over the past twelve months: how do we develop these IT metrics into something that provides business value?

So how indeed do we move from being 'data junkies' to delivering value to the organisation – let me start with a few basic guidelines.

HOW DO I MANAGE ALL THE METRICS I HAVE TODAY?

There is no doubt that you are being inundated with metrics today from your systems, hardware, applications and so on, most of which is excellent and valuable to the performance of each individual component. These are not service level metrics, and if you are presenting any of these statistics to senior managers, you need to consider whether they are of any value to the business and to your reputation within it. Presenting the business with multiple metrics that all show high or 100% availability when staff are actually experiencing poor delivery of service simply damages your credibility. Rather than presenting all the metrics, we need to identify which ones are suitable for aggregating and exposing to the business, and remove the remainder and leverage them for the purpose for which they were designed.

IT in many organisations suffers from inconsistency, one day being very dependable and the next a nightmare. It is certainly not through lack of effort that this happens; in fact it is often because we want to fulfil every wish of the business. This intent needs to be moderated with consistency.

Imagine for a moment that you catch a train to work every day. If you know that the train will be five minutes early or five minutes late consistently, this allows you to adjust your behavior to ensure that you can make the train. If the train is 20 minutes late one day and 7 minutes early the next, the variance is not only unpredictable, it is totally frustrating. This pattern is often typical of IT operations that focus on technical metrics rather than business-driven information. IT must focus on business metrics in order to achieve the consistency that will allow it to support the organisation effectively.

And don't forget – with the growing emergence of third parties, outsourcers and cloud providers who are delivering part of your service value chain, you must include appropriate metrics that allow you to ensure you meet your service levels. These will need to be negotiated as part of the contract with your suppliers, and need to be measurable and relevant and reported in a timely manner to allow you to communicate with the business.

HOW DO I SHOW METRICS THAT LINK TO THE BUSINESS?

Last weekend I was attempting to pay my bills using my online bank account and I was shocked to find out that the banking system was unavailable. As a customer of the bank I expect the service to be available 24x7, and I also expect my transactions to be processed correctly. Should there be any challenges or issues I expect to be informed. In fact I place a higher priority on the accuracy of the bill payment process than on the 100% availability of the system. Although the bill payment system functions completely on technology I really am not concerned about it; to me as a consumer it is completely irrelevant. This is a good guide for the appropriate development of metrics that make sense and are meaningful; you need to start with the business.

To get started it is important to understand the business you are in, the critical business offerings that are delivered, and what the relevant business measures are. In my example about the bill payment service, availability of the service would be an important metric but more important are the metrics used to report on the success of each transaction that is scheduled, along with the value through the system, fees charged and the total cost of the service. This data allows business management to determine whether the appropriate value is being offered, at the same time understanding the contribution made by information technology.

So moving forward your metrics must be Business Based, Specific, Measurable, Attainable, Relevant and Time Bound, in short 'SMART'. B-SMART metrics are business derived and driven, and by implication should be agreed with the business.

The other thing to bear in mind is that metrics need to be reviewed on a regular basis: outcomes and performance should be reviewed monthly with business management.

So B-SMART and get started with metrics that drive business value!

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