IBM Integrated Service Management: Helping CIOs transform their business

Today's CIOs strive to make innovation real, increase the ROI of IT and expand its business impact

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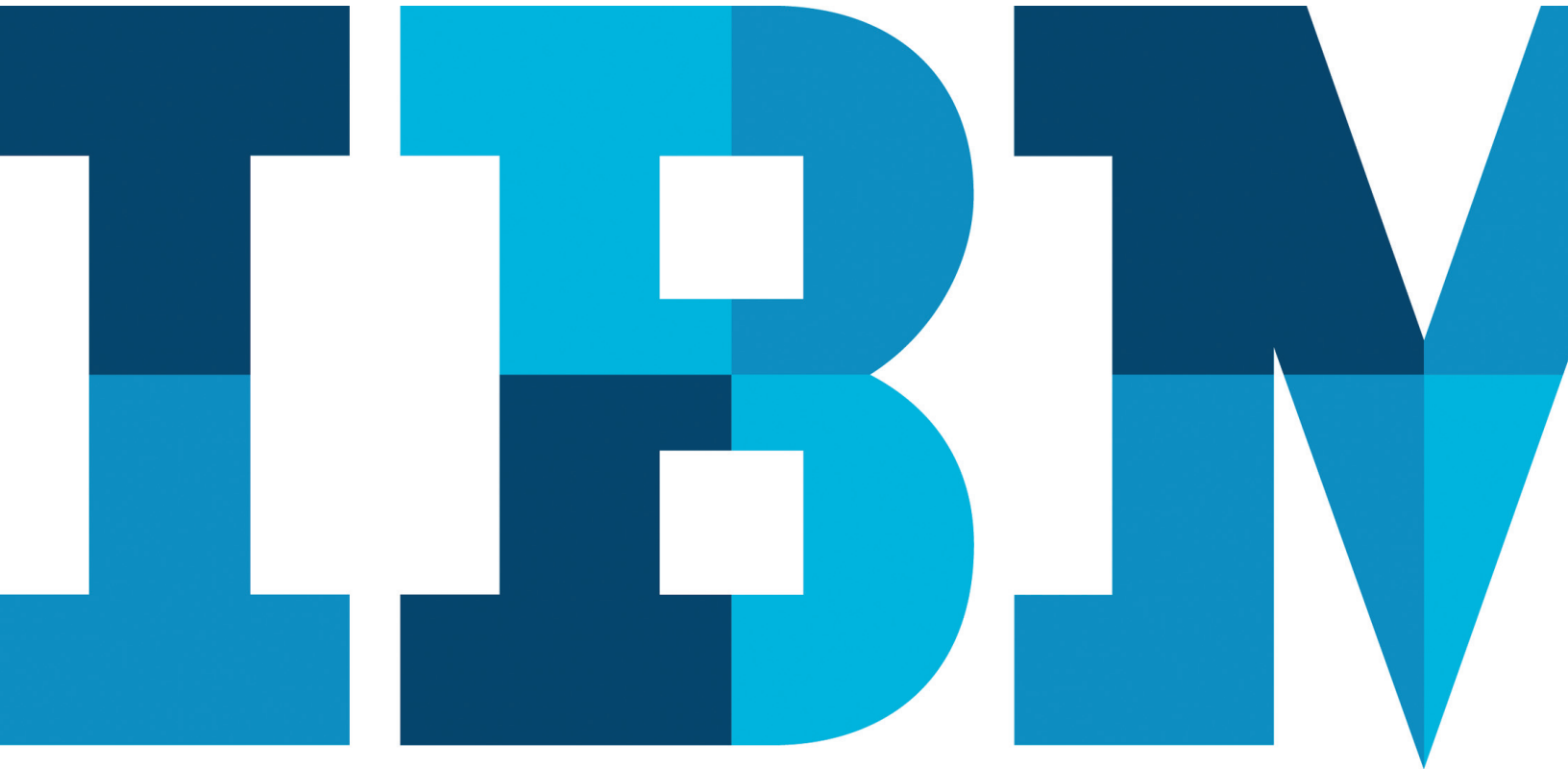
CIO Study underscores need for integrated approach to service management

Driven by the need for service transformation—from faster service delivery and process efficiencies to service-level compliance, today's enterprises place a high priority on service management. The most successful CIOs—those at the helm of the most profitable companies—strive to elevate service management within their organizations, using it to improve existing services and deliver new ones—to foster customer loyalty. Today's successful CIOs recognize that service management is the key that unlocks the door to innovation and superior service delivery for the business.

This focus on innovation was born out in the responses of 2,500 CIOs surveyed in the IBM 2009 Global CIO Study. The survey results confirmed that the chief information officer's job continues to evolve to a dual focus on IT and the business. In fact, while this transition began several years ago, CIOs revealed that it has taken on heightened importance and an accelerated pace. We also learned that those who successfully balance IT and the business focus on three overarching objectives: Making innovation real, increasing the ROI of IT and expanding the business impact of IT. In short, they seek innovation within IT and across the entire enterprise. Innovation through smart grids and traffic systems. Through flexible delivery models like cloud computing. And through improved efficiencies, via virtualization and automation.

The most successful CIOs also recognize that this innovation is only possible by implementing an integrated service management capability. Today's more intelligent, interconnected environments demand visibility for greater service insight, control to manage services securely and effectively, and automation to streamline service delivery. This brochure details how IBM Integrated Service Management delivers the framework to support the goals of successful CIOs, including real-world examples of how organizations around the globe have leveraged IBM Integrated Service Management to achieve business transformation.

What is the CIO Study?

Conducted between January and April of 2009, the IBM CIO Study summarizes the results of more than 2,500 face-to-face interviews of CIOs representing organizations from small- to large-sized in 78 countries and 19 industries. The objective of the study was to better understand the challenges facing CIOs, their goals, and how they deploy IT to make the most significant contribution to their enterprises. The IBM analysis used the companies' 2004 - 2007 profit before tax (PBT) growth, relative to peers in their industries, to associate organizations with one of three growth levels: High, medium or low. Our focus in this brochure is on how IBM Integrated Service Management supports many of the goals cited by CIOs working in high-growth PBT companies. For more information on the IBM CIO Study, please visit **ibm.com**/ciostudy

Successful CIOs embrace dual focus on the innovative and the pragmatic

Rather than being content as consummate IT experts, today's CIOs of high-growth companies told us they are business leaders who not only provide sound IT services but also assume leadership roles to tackle strategic, nontechnological issues within the company. In fact, CIOs said they spend an impressive 55 percent of their time on activities that spur innovation: Helping to set business strategy, or using IT to enable business flexibility, for example. The remaining 45 percent of their time is spent on essential, more traditional CIO tasks related to managing the ongoing technology environment. It is this dual focus—on the innovative and the pragmatic—that is shaping the goals of successful CIOs, and that IBM Integrated Service Management is uniquely positioned to support.

Often that support comes in the form of reducing complexity. The fact is that everything we come into contact with is infused with information, so we are experiencing a

proliferation of smart assets that are more complex, more difficult to manage, and consequently more prone to risk. For instance, the digitization of health records will significantly increase storage requirements in this decade—as well as the challenges associated with managing the storage infrastructure. Capabilities such as automation, a cornerstone of IBM Integrated Service Management, can help reduce complexity and risk by simplifying the management of assets across the enterprise.

Integrated Service Management

IBM Integrated Service Management provides the software, systems, best practices and expertise needed to manage infrastructure, people and processes—throughout the entire service chain—in the data center, across design and delivery, and within a broad range of industries.

IBM enables transformation across data centers, service design and delivery and industries

IBM Integrated Service Management provides the visibility, control and automation—across both business and technology infrastructures, people and processes—needed to deliver quality services, manage risk and compliance and accelerate business growth, by offering:

- Integrated systems, service and energy management for data center transformation through initiatives like asset virtualization
- Modular solutions that integrate the design, delivery and management of software into intelligent services and devices, such as today's breakthrough handhelds
- Integrated solutions for the delivery of innovative, industry specific services, such as fleet optimization for transportation

Through these capabilities, IBM Integrated Service Management can help CIOs achieve their dual focus on innovation and traditional IT—supporting and reinforcing their role as business leaders.

The importance of service delivery to today's CIO

As the artificial lines between the business and traditional IT blur, successful CIOs recognize that service delivery not only plays a critical role in how companies do business and generate revenue—it is also integral to maintaining a competitive advantage. Indeed, as our world becomes more instrumented, interconnected and intelligent, people, systems and objects interact with each other in entirely new ways. Smart power grids are reducing energy loss and CO_2 emissions. In smarter cities, technology helps ease traffic congestion and reduce water waste. Today, opportunities for delivering new, differentiated services abound.

Yet with these opportunities comes a new set of challenges. Our new, more digitized world requires changes in the ways we think about, design, deliver and manage business services and products. Successful CIOs indicated they are doing just

that—by blending three pairs of roles that seem contradictory, but are actually complementary. At any given time, a CIO strives to:
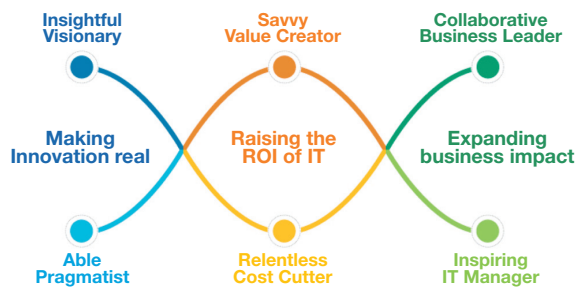
Make innovation real—by assuming the role of the Insightful Visionary, who strives to harness technology to drive innovation, and the Able Pragmatist, whose focus is delivering on existing IT commitments.

Increase the ROI of IT—requiring the CIO to be both a Savvy Value Creator, who must use technology to transform data into information, and a Relentless Cost Cutter, whose job is savings-driven.

Expand the business impact of IT—which demands the dual role of a Collaborative Business Leader, who seeks to participate in business strategy, and an Inspiring IT Manager, whose focus is on innovation within the IT organization.

Across each of the role sets, we found that IBM Integrated Service Management supports the goals cited by CIOs from the most successful, high-growth companies.

A CIO's Three Pairs of Roles

Source = IBM CIO Study 2009

CIOs from high-growth PBT companies, while laboring to fulfill all six job roles shown here, often pay particular attention to those listed at the top.

Making innovation real with IBM Integrated Service Management

Visionary CIOs recognize that successful innovation requires deep involvement within the business. In fact, CIOs from high-growth companies are 94 percent more likely than low-growth companies' CIOs to integrate business and technology to spur innovation, proactively suggesting better ways to leverage data and encouraging a culture of innovation through awards and recognition—all with a clear view of the top technological priorities and choices that will enhance competitiveness.

CIO as Insightful Visionary

IBM Integrated Service Management supports the Insightful Visionary by supporting transformative industry models for smarter services, such as intelligent energy grids, food supply chains and road traffic management. For example, Texas-based utility Austin Energy partnered with IBM to create one of the United States' first intelligent utility networks (IUNs), which has yielded remarkable efficiencies by providing an unprecedented ability to centrally manage, monitor and control the grid. The IUN directly monitors more than 500,000 devices, providing a wealth of data to the utility. Today, many service orders are closed in hours instead of days or weeks. What's more, through demand management initiatives Austin Energy has been able to save more than 660 megawatts of electricity.

CIO as Able Pragmatist

While playing the role of Insightful Visionary, CIOs must also be Able Pragmatists who recognize that addressing existing IT commitments lies at the heart of every successful IT organization. Deploying new delivery models will support growth, while automation improves operational efficiency and allows more time and budget for innovation. For example, the Able Pragmatist can employ IBM Integrated Service Management to deliver product and service innovation faster through integration of silos across the service life cycle and the enterprise infrastructure, as was the case at leading defense manufacturer

Lockheed Martin, which used IBM Integrated Service Management to create an SOA competency center that provides tried and tested design patterns for developing mission-focused, SOA-based solutions.

Importantly, CIOs in the study made it clear that they can only provide increased attention to innovation after they have addressed current IT needs. One of the essential steps in achieving this is through the proper alignment of people, technology, processes and assets, each of which is a critical component of a service. This alignment has to occur across IT silos—the data center, security, network and development operations—as well as business silos—lines of business, partners, customer relations, facilities and production. IBM Integrated Service Management enables this alignment, helping CIOs address the pressing IT issues of today—and freeing them to focus on developing the intelligent infrastructures of tomorrow.

Raising the ROI of IT with IBM Integrated Service Management

Information-based value creation is a critical objective for today's successful CIOs—especially where it concerns customer interactions. According to the CIO Study, in the next five years 87 percent of CIOs from high-growth companies expect to seek customers' active input and interaction. The fact is that turning this information into insight about customer needs provides a real competitive advantage for the business—and raises the return on investment of the IT organization.

Successful CIOs know that while customer insight is key to generating business revenue, IT must also enable new service development and delivery in a way that does not strain the budget. This is why, according to the study, today's CIOs

spend about 14 percent of their time looking for ways to reduce costs. CIOs that are looking to raise the ROI of IT often play a dual role of Savvy Value Creator and Relentless Cost Cutter. The Savvy Value Creator focuses on devising solutions to fit customer needs, while the Cost Cutter aims for completely standardized, low-cost business processes.

IBM Integrated Service Management can help CIOs elevate the ROI of IT by providing visibility into key performance indicators (KPIs) and data and use it for the benefit of the business, to develop an infrastructure capable of accommodating—and capitalizing on—rapid market changes. It can also help CIOs focus on cost-containment, through technology like automation and usage and accounting data capabilities, that enables high-value IT experts to focus on business-critical tasks.

CIO as Savvy Value Creator

The Savvy Value Creator can look to IBM Integrated Service Management to offer technology that can transform data into information, such as targeted, role-based dashboards that reveal business activities, the impact of IT on the business and KPIs that enable the business to be more responsive to customer needs.

One company that benefited from this capability is U.S.-based Rohm and Haas, technology provider to the specialty materials industry, which uses SAP enterprise resource planning (ERP) applications to deliver detailed financial data and KPIs to executives via dashboards—which they call "The Pulse"—twice daily. Dashboards that provide easy access to valuable business information have transformed Rohm and Haas from a diverse company with multiple data sources to an integrated operation.

"The Pulse has been exceptionally successful. There is not an executive in the business that does not like the dashboards. They say things like: 'I don't know what we did before this' and 'The dashboards have been the best investment decision we ever made.' "

—Anne Wilms, Executive Vice President and Chief Information Officer at Rohm and Haas

CIO as Relentless Cost Cutter

In the wake of global economic turbulence, perhaps no other CIO role has come under more pressure than that of the Relentless Cost Cutter—a responsibility CIOs take just as seriously as value creation. IBM Integrated Service Management helped NetworkIP achieve tremendous cost savings by implementing high availability data replication (HDR), which enables automated data recovery, as well as a server consolidation, helping the company reduce lengthy manual processes while realizing improved performance, superior disk management and enhanced Internet options. By employing IBM Integrated Service Management, NetworkIP has achieved US$180,000 in savings and reduced operations man-hours by a striking 75 percent. In addition, outage recovery time is down by 90 percent, and storage capacity has increased by 50 percent—without additional infrastructure or licensing costs.

By making service data more visible via dashboards, essential stakeholders can speak to business-critical questions: Are we making the most of our IT assets? Are we processing transactions as quickly as possible? In addition, using configurations like HDR helps to increase data availability and accessibility and streamline performance via automation. IBM Integrated Service management can help you achieve all this. The result is a savvy, smart, cost-efficient IT infrastructure.

Expanding business impact with IBM Integrated Service Management

Respondents to the IBM Global CIO study made it clear that now, more than ever, they have taken a "seat at the table," playing an instrumental part in developing business strategy. In fact, 62 percent of CIOs from high-growth companies are members of the senior management team. Clearly, collaboration is an essential part of developing an IT-enabled business strategy, and high-growth CIOs told us they make this a priority.

CIO as Collaborative Business Leader

As CIOs seek to expand the business impact of IT, they often find themselves playing the role of both a Collaborative Business Leader, who aims to participate in strategy alongside other senior executives, and an Inspiring IT Manager, who strives to actively promote business and technology innovation within their own organization.

IBM Integrated Service Management supports the Collaborative Business Leader by enabling alignment between IT and other business units through integration of business process management, enterprise asset management and business service management. In fact, asset management software

played an essential role for an oil refining company, which was burdened with a 42-week procurement cycle for its US$50 million parts inventory. IBM asset management software has enabled the company to reduce the procurement cycle by more than 75 percent to just 10 weeks, saving millions of dollars.

CIO as Inspiring IT Manager

Meanwhile, IBM Integrated Service Management also supports the objectives of the Inspiring IT Manager, by offering automation capabilities and best practices based on the IT Infrastructure Library® (ITIL) to create IT centers of excellence that include SOA, integrated development, test, and operations, IT operations management and security.

In fact, security was the primary focus for Iceland-based genetic research firm deCODE Genetics, which used IBM Integrated Service Management to better control system accessibility. Now, when employees leave the company, the IT team can instantly revoke their access to all systems, increasing security and facilitating compliance with Sarbanes-Oxley regulations. In addition, deCode's IT team can enable new users to access numerous systems from a single point of control, which helps users gain access to the systems they need more quickly—and keeps business productivity at peak performance.

CIOs can use IBM Integrated Service Management capabilities to expand the business impact of technology and reinforce the business strategy—to uncover and share performance data or improve energy efficiency, for example. It also helps CIOs take an active role in infusing state-of-the art technology into the IT infrastructure to build in flexibility, with designs such as SOA, and rapid service delivery, with technologies like virtualization and cloud computing. IBM Integrated Service Management can help CIOs address business strategy today—and prepare for the strategic initiatives of the future.

IBM Integrated Service Management supports business transformation

The results of the CIO Study make it clear that successful CIOs have embraced their new role as leaders of both business and IT. They continually strive to reduce complexity by managing physical and virtual infrastructures, people, and processes to be continually poised for business transformation. IBM Integrated Service Management supports business transformation by providing integrated service management capabilities that help streamline data center and business operations, design and deliver breakthrough products and services, and implement transformative industry models as the foundation for today's smarter, integrated infrastructures. By fully leveraging capabilities for visibility, control and automation across the enterprise, IBM Integrated Service Management can help CIOs make innovation real, increase the return on investment of IT and expand IT's business impact.

Visibility. Control. Automation.™

For more information

For help in determining how IBM Integrated Service
Management can help you transform your business,
please contact your IBM marketing representative or
IBM Business Partner, or visit the following website:
ibm.com/servicemanagement

To learn more about the CIO Study, visit: **ibm.com**/ciostudy

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