Driving Business Alignment Through IT Transformation

By Kevin Lees
Global Principal Architect, Operations Transformation Practice, VMware
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Look Back Provides Fresh Insights for Moving Forward</td>
<td>2</td>
</tr>
<tr>
<td>Overcoming Trust Debt: Starting Point and First Steps</td>
<td>3</td>
</tr>
<tr>
<td>Adding Business Value: Tactics for IT</td>
<td>6</td>
</tr>
<tr>
<td>Service Catalog: Critical Element of Business and IT Alignment</td>
<td>9</td>
</tr>
<tr>
<td>Conclusion</td>
<td>11</td>
</tr>
</tbody>
</table>
The IT transformation movement is in full swing, with enterprises of all types and sizes executing on a wide range of transformation initiatives. The vision and the goals vary from one company to another, but the overarching purpose is largely the same: tighter alignment between business objectives and IT capabilities. According to a recent CIO paper, “Instead of cost centers that provide capabilities, IT organizations must become internal service providers supplying business-enabling solutions that drive innovation and deliver value...true business partners rather than increasingly irrelevant, cost-centric technology suppliers.”

So all IT has to do is become an internal service provider and deliver business-enabling solutions, and then the business will regard IT as a true partner? If only it were that simple.

**IT must overcome this trust debt to gain true business alignment.**

But an ancillary problem has been largely overlooked and must be addressed: the “trust debt” that has built up between IT and its business customers.

Comparable to the phrase “technical debt,” coined by Ward Cunningham of Agile Manifesto fame, trust debt is meant to convey that IT organizations have incurred serious trust liabilities as a result of the way they have operated in the past.² IT must overcome this trust debt to gain true business alignment.

Business alignment must be achieved before the optimal “business-enabling solutions” can be designed, developed, and deployed to meet business users’ needs.

And, as is the case with a financial debt, IT must make interest payments on its trust debt. IT must go above and beyond expectations to prove its willingness and ability to align with the business. These payments can take several forms, such as implementing new technology that delivers new capabilities, or demonstrating a service-oriented mindset, becoming truly transparent in dealings with the business.

**A Look Back Provides Fresh Insights for Moving Forward**

There has always been tension between IT teams and the business. Unfortunately it hasn’t always been the good kind, like creative tension. Rather, it is often the contentious kind that rarely ends with a

---

positive result. IT leaders often feel they are not given enough time, resources, or money. They think the business doesn’t really understand what the business wants—either because business leaders can’t articulate what they want or because IT managers simply think they know better.

Lines of business (LOBs) are rarely happy with IT, often with good reason. IT may not respond fast enough, or provide the capabilities and sustained quality of service the LOB needs, or it may charge too much for services.

This ever-present tension can lead to dissatisfaction and, ultimately, lost opportunities for the business. Whether that translates to a delay in getting to market, an inability to leapfrog the competition, or general inertia in moving ahead with innovative new initiatives and strategies, the net result is a lack of business alignment.

**Overcoming Trust Debt: Starting Point and First Steps**

To become a true business partner, it is incumbent upon IT to take the lead in addressing trust debt. But how? Let’s start the journey in IT’s comfort zone, with enabling technology.

Ask yourself: What is IT “enabling” with technology? It is enabling the ability to meet the needs of the business at the speed business requires.

This demands greater agility, which is enabled by the ability to offer cloud-computing capabilities on top of a software-defined data center.

To be agile, the technology stack must be dynamic, which can only be achieved in software; hardware is too static and difficult to change. A software-defined data center uses a fully virtualized stack that IT can quickly and dynamically change to meet the needs of the business.
Does the business need to quickly stand up a demo of a new consumer product with external access while maintaining the required levels of security? No problem. With a software-defined data center, the network and firewalls are dynamically created based on the supplied policy, without requiring the weeks of development time previously needed to manually set up the network and configure the firewalls (assuming the ports were even available).

As stated by Frost & Sullivan,

“As VMware’s customers become more mature in their use of virtualization and adopt an IT as a Service model for IT, they are able to more rapidly deliver new applications and services for the business, increase line of business satisfaction with IT, and more directly impact the ability of the business to generate new revenue through applications and services that drive business goals.”

—“Journey to IT as a Service Powered by Software-Defined Data Centers Stratecast,” Frost & Sullivan, 2013.
The software-defined data center is driven by automation, coupled with a key cloud capability: self-service, on-demand provisioning. This is the capability that, in my experience, really draws business to cloud. Huge wins for eradicating trust debt might include empowering business constituents to select the service offering to deploy, along with the level of service they desire, and then quickly loading the virtual server with that service (a marketing demo, for example), or providing a ready-to-use development environment or perhaps even deploying a full, multi-tier application.

On-demand provisioning alone can become IT’s calling card. The marketing demo example mentioned earlier is not hypothetical—I saw this recently at a large financial institution. A marketing team needed to stand up a demo that customers could access externally, so they could beat the competition to market. Traditional IT said that the demo could be available in about six weeks. But the marketing person driving the initiative contacted the IT team responsible for a cloud-based initiative, who gave her access. Within 24 hours, she had her demo up in the cloud with customers actively using it.

This chance occurrence launched the company’s cloud initiative. Word spread like wildfire, and demand ramped so quickly that IT had to gate it to bring on more infrastructure (if they’d only had a hybrid cloud!).

Simply put, agility sold the cloud. What better way to regain trust and create new opportunities to drive business alignment.

The lesson: An enabling technology such as software-defined data center (SDDC) supporting cloud computing capabilities is
one way to start overcoming the business’s mistrust. Another is for IT to adopt a service-oriented mindset.

A key to displaying the characteristics of a true service provider—and a powerful force multiplier—is being transparent with the business. Developing a service-oriented mindset lets IT be perceived as delivering services that add value to the business; adding transparency allows IT to begin relieving the trust debt. The two go hand-in-hand.

The first opportunity comes when IT defines the services it offers. IT leaders have to stop taking the inside-out approach of defining the services they think their business stakeholders need and, instead, start taking an outside-in approach that involves stakeholders in the service-definition process. Make no mistake about it, IT professionals understand what a service should provide—but they often approach it from a pure IT perspective, focusing on performance, security, resiliency, and compliance. This traditional focus alone will not provide the level of value the business needs. Value is in the eye of the beholder, and that beholder is the business.

**Adding Business Value: Tactics for IT**

Defining the service with the business, transparently, allows IT to see the service through the lens of business stakeholders, and it allows the business to unequivocally know IT is listening.

This approach, if all the technical capabilities are in place, comes close to guaranteeing value to the business, right from the start. Practicing operational transparency as early in the process as possible reinforces business alignment from the start.

A second aspect to service quality and overcoming trust debt is offering high-quality services consistently. IT can ensure consistency through taking a blueprint- and policy-based approach to defining how a service is automatically provisioned, dynamically constructed, and deployed in an on-demand, self-service,
catalog-based cloud environment. A blueprint defines the components of a service and how it is constructed, while a policy can be used to provide need-based placement options. For example, a blueprint can determine service components at the time the service is selected for provisioning by the business user. By taking a blueprint- and policy-based approach to defining the virtual container, as well as the contents that comprise the services, and providing placement options, IT helps ensure the quality of the initial composition of the service at runtime—consistently and predictably. These characteristics are highly valued by the business.

This capability has had a dramatic impact for users of VMware’s internal cloud, especially for development and test teams. They now know exactly what to expect when they deploy their development and test environments. No more having to spend time building and verifying their environment; they can get right down to coding and testing. Taking the blueprint-based approach, coupled with automated provisioning, has resulted in a 20 percent productivity gain across a pool of heavy-use developers. And it doesn’t only apply to development and testing. The same is true when VMware deploys applications within the cloud. By focusing on policy and blueprint development and management, VMware IT can deliver services that are consistently high-quality and on-target from a business perspective.

In addition to being able to depend on consistent quality when specific services are selected, the business has to be able to trust that the ongoing quality of the service will be

---

4 VMware internal research.
predictable once deployed. A key component of defining the service is agreeing on what levels of performance or provisioning times the business can expect, and at what cost. This agreement drives the business stakeholder’s trust in IT.

IT provides consistency and predictability via service level agreements (SLAs). These will be a critical differentiator for IT as it becomes a service provider—for the business. And by becoming a service broker, IT becomes the central authority for SLAs regardless of whether they’re for the enterprise private cloud, the hybrid cloud, or for an external cloud provider.

Providing and reporting on SLAs is one of the most impactful ways IT can practice operational transparency. An SLA for provisioning time and regular reports on the provisioning times delivered—perhaps through a real-time dashboard—reminds the business that IT is aligned with business needs and is bringing value to the business. By consistently meeting those SLAs, IT gains the trust of the business.

But defining SLAs is one thing; meeting them consistently is another. Today, one way IT can consistently and efficiently meet SLAs is to deploy management tools that support predictive analytics. Predictive analytics support a degree of proactive operations not previously available. Through the use of predictive analytics, IT can identify and resolve issues before they affect services,
increasing the probability that IT will consistently meet SLAs. This is especially true if all IT data is leveraged, including performance statistics and log data from every IT function realm—from physical and virtual infrastructure to apps, storage, and network devices.

To overcome mistrust and drive business alignment, IT must also address cost—specifically, determining and transparently sharing with the business the cost of providing a service.

A major change companies struggle with when adopting a service-oriented mindset is moving to a service-based costing model. If IT can’t arrive at the cost to deliver a service within a business context, the business can’t adequately assess the economics or see what value it’s receiving—whether actually charged by IT or not.

Reporting value is important, yet often overlooked. VMware has worked with IT organizations that are able to run very efficiently, at costs comparable with popular cloud providers, while still offering higher value-add services. They know this because they’ve moved to a service-based costing model using tools to automate the dynamic collection of service costs. This is one way to prove IT’s value to the business and mitigate the risk of business-based shadow IT.

Additionally, providing the resulting service cost information transparently to the business can help break down mistrust and facilitate business alignment.

**Service Catalog: Critical Element of Business and IT Alignment**

A final area to address ties together the three elements previously discussed—enabling technology, service-oriented mindset, and transparency—namely the online service catalog through which the business user selects services and behind which the service is automatically provisioned.
The service catalog should serve as the single point of entry for provisioning a service, whether that service is provisioned to an internal, private cloud, hybrid cloud, or external cloud provider.

For the online service catalog to be successful, it’s critical that all of the information related to the service be available and clear. But most importantly, it has to be complete. Simply presenting a service offering the customer can provision is not enough.

This is an exercise in communication more than technology. Service catalogs are the first place to provide service cost transparency. What is the cost to provision this service to the enterprise private cloud versus a public cloud versus a hybrid cloud? What do I get as a business user at that cost? What are my options? What are the SLAs?

The service catalog becomes a visible, tangible gauge of IT’s alignment with the business. Is IT truly providing the services the business needs? (It should be, if the business stakeholders were involved in the service definition.) Is IT providing the business with service-level options for specific services—perhaps even with operational transparency showing how IT has performed against the service levels over time? And is IT transparently providing accurate service costing information for that service at that service level?

It’s great to have choice, but only if there is enough information to make an informed choice. As IT evolves from simply providing technology that satisfies the needs of a project to delivering services across multiple environments, this level of clear communication becomes increasingly essential.

The service catalog becomes a visible, tangible gauge of IT’s alignment with the business.
Conclusion

IDC recently predicted that “In the next two years, over 70 percent of CIOs will change their primary role from directly managing IT to become innovation partners who deliver information insights and value-added services to the enterprise.” To become an innovative business partner, IT cannot just see its role as deploying technology and offering services in a vacuum.

To be truly successful, IT must add real business value, which requires alignment between IT and the business.

This in turn requires a lot of interaction, listening, discussing, and agreeing. And there will be trial and error. Fortunately, one of the big benefits of dynamic capabilities provided by the software-defined data center with cloud computing capabilities is that, when done right, it provides agility—the ability to fail fast, fail often, and then try something else.

With true business alignment and the clear communications required to achieve it:

- IT can provide solutions and services that add value to the business and meet business needs, because the business is involved in the service definition.
- LOB stakeholders can have a much better idea of what they’re getting and know it will meet their needs with a degree of cost predictability, curtailing their need to pursue shadow IT options.

The ultimate result will be a reduction in trust debt and actual achievement of that most elusive IT goal: true alignment between business goals and IT capabilities.

---
