

# Developing a Service Led “Build and Run” IT Organisation to Optimise IT Governance and Performance

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## Introduction

Traditionally “Build and Run” represent different sides of the IT shop, i.e. Development and Infrastructure/Operations. This siloed thinking and action has led to significant technical issues for IT and service issues for the business.

This white paper aims to demonstrate how an integrated Service led approach to the “building” and “running” of IT Services leads to a better outcome for both IT and the business.

## The “Build Vs Run” IT Management Challenge

In the consulting engagements Lucid IT has with its clients, and in the many IT management courses we run, there are regular stories highlighting the schism between the development and operations sides of IT. You may recognise symptoms such as the following:

- Users are unable to efficiently harness the benefits of new releases owing to poorly conceived training and lack of Service/Help Desk support,
- Competing priorities between projects, support and operations mean that either projects *or* support are inadequately resourced,
- Projects attempt to release changes without sufficient consideration of Architecture, Security, or Service Continuity,
- Projects arrive at pre-production without clear testing or deployment requirements,
- Development projects come to the Infrastructure team very late in the development cycle with the expectation that their infrastructure needs can be met,
- The business makes uninformed decisions to “just do it”, i.e. implement the project solution regardless of risk considerations, and
- Projects get “canned” after significant investment because the system cannot be effectively implemented or supported in production.

The above can be summarised into the conclusion:

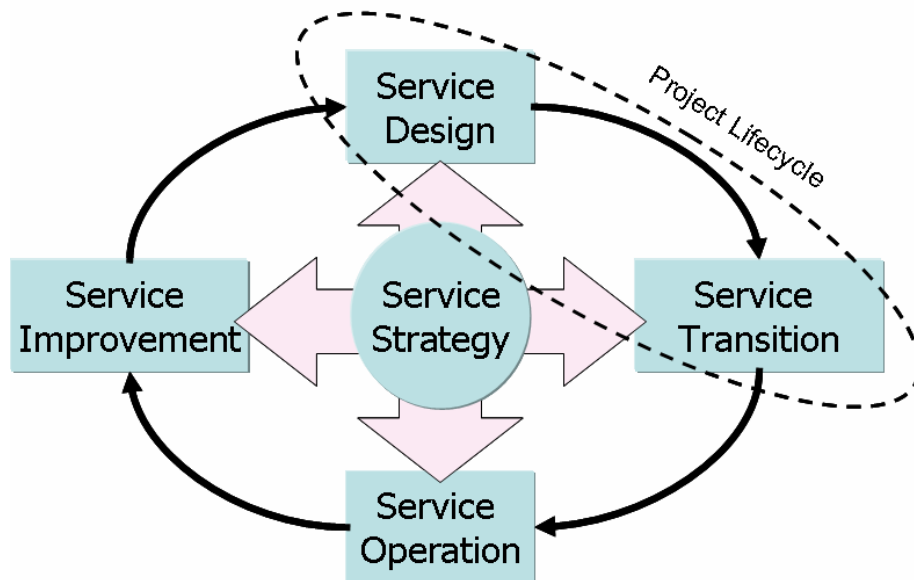
*Projects deliver technology solutions without  
encompassing the full scope of Business Service requirements  
and  
Infrastructure/operations don't sufficiently articulate to projects  
the requirements for an optimal Service lifecycle.*

**The resolution of this issue is of strategic value to IT and the business.**



## How can we resolve this?

Quite simply, the concept of IT Service must lead all aspects of the IT shop. It must be acknowledged that every project contributes to IT services or *becomes* an IT service. In fact, most projects are initiated to replace or optimise existing IT services. Having accepted this reality, we can envisage and develop a lifecycle approach that sees the project lifecycle as a short but significant activity within the overall IT Service lifecycle. This is illustrated in the diagram below (adapted from the yet to be released ITIL 3 due early to mid-2007).



**Figure 1 - ITIL 3 – Service Lifecycle Concept combined with the Project Lifecycle**

If we accept that IT Service should lead our thinking, we can also begin to integrate a number of other Service-led concepts into a holistic approach, including:

- IT Service Management processes – to ensure that the service offerings address the on going support and delivery requirements of the business. These processes must interface to the appropriate touch points of Project Management and Application Development.
- Service Portfolio Management – to ensure that we understand the costs and benefits of each service to appropriately drive innovation and optimisation to give the best value to the business.
- Integrated Service Management and Project Management methods – to ensure that the Projects have Service deliverables budgeted and built in such as training, documentation, IT knowledge base, user Performance Support Systems (PSS), Operational Level Agreements (OLAs), and Underpinning Contracts (UCs).



- Service Oriented Architecture – to ensure that applications and infrastructure are built with re-usability and scalability to maximise service outcomes and value. This architecture will guide the PMO and SMO in their work with Service development projects.
- Service Management Office (SMO) – to facilitate the integration of new or updated services into the Service Catalogue and Service reporting. This function is an enabler for Business Relationship Management and Supplier Management and is emerging in some of our larger and more mature ITSM clients . The SMO works with the Project Management Office (PMO) to provide templates to projects such as Service Level Requirements (SLRs), UCs and Service Level reports. The SMO will advise projects on current support and delivery capabilities and broker the OLAs with the internal IT teams and UCs with the contracted Service providers. The SMO carries out the Project Assurance for Service Deliverables under the direction of the PMO.

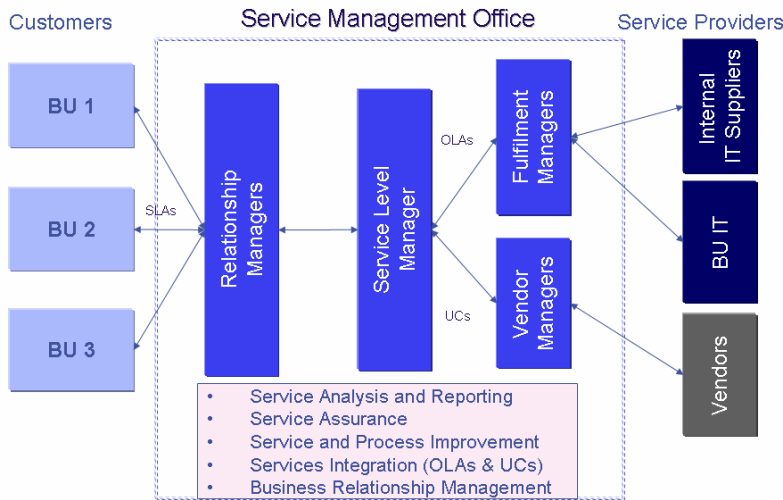


Figure 2 – The Service Management Office – A Service Management Enabler

## How do Best Practices Contribute?

In adopting a Service led approach, we can harness the value of a number of non-proprietary best practices. These offer very helpful guidance if used as descriptive frameworks to develop an aligned and holistic framework.

Best practices that should be considered include:

- “Build” – MSP, Prince2, PMBOK, CMM, SEIR, ITIL Application Management and ICT Infrastructure Management;
- “Run” – ITIL Service Support and Delivery, ISO 20000; eSCMM, and
- Governance and Performance Management – COBIT 4.0, Val-IT, Balanced Scorecard, ISO 27001, ISO 20000, AS 8015 and AS8016.

The important thing to remember is that these are a means to an end and should therefore be used as a resource to align with your business requirements.



It must also be recognised that the best practices have not evolved from a Service led initiative. They have emerged from various sources which results in the following limitations:

- Lack of integration between the best practices. They were not built “top down”.
- Project Management methods are generic and don’t address IT service outcomes.
- IT Service Support and Delivery give little guidance as to how to integrate with Application Development projects.
- ITIL Application Management is useful but is very high level. There is still a lot of work to integrate between build and run.
- The frameworks tend to fall into the same camps as the build and run “schism” and in some cases contribute to the politics.

So what should you do about it? The best approach is to take stock of your business requirements, your current maturity and look at how the best practices can be “cherry picked” to enable improvement at *your* organisation’s appropriate pace (more about the maturity path later...).

### PMO and SMO Governance and Integration Role

To ensure governance and optimisation of IT Services, Lucid IT suggests that the Program Management Office (PMO) and Service Management Office (SMO) functions be given accountability for facilitating the integration of Project and Service Management activity. The SMO and PMO have accountability for governance and integration of processes on the build and run sides of the organisation.

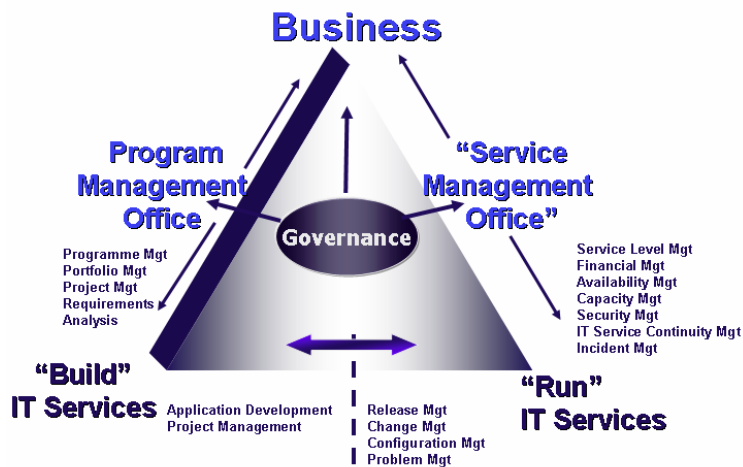


Figure 3 - SMO and PMO – Enabling Service, Project & Process Governance

As can be seen from the above diagram, integration of processes for Application Management, Project Management, Change Management and Release Management are key.



## The Roadmap to aligned “Build and Run” for IT Services

To achieve a Service-led organisation is a long term proposition. A certain level of control and process capability needs to be established within the build and run teams before full integration is possible. Implementation of “better practices” also creates the efficiency necessary to resource higher value roles without resorting to increased headcount.

A roadmap approach is recommended. Typically an organisation needs to do an assessment to determine “where are we now?” and then develop a roadmap incorporating a target state and staged or “time-boxed” approach to getting there.

The diagram below shows a generic maturity path toward an integrated Service Lifecycle Management approach. Organisations should plot their position on this maturity map and build the roadmap appropriate for their organisation.

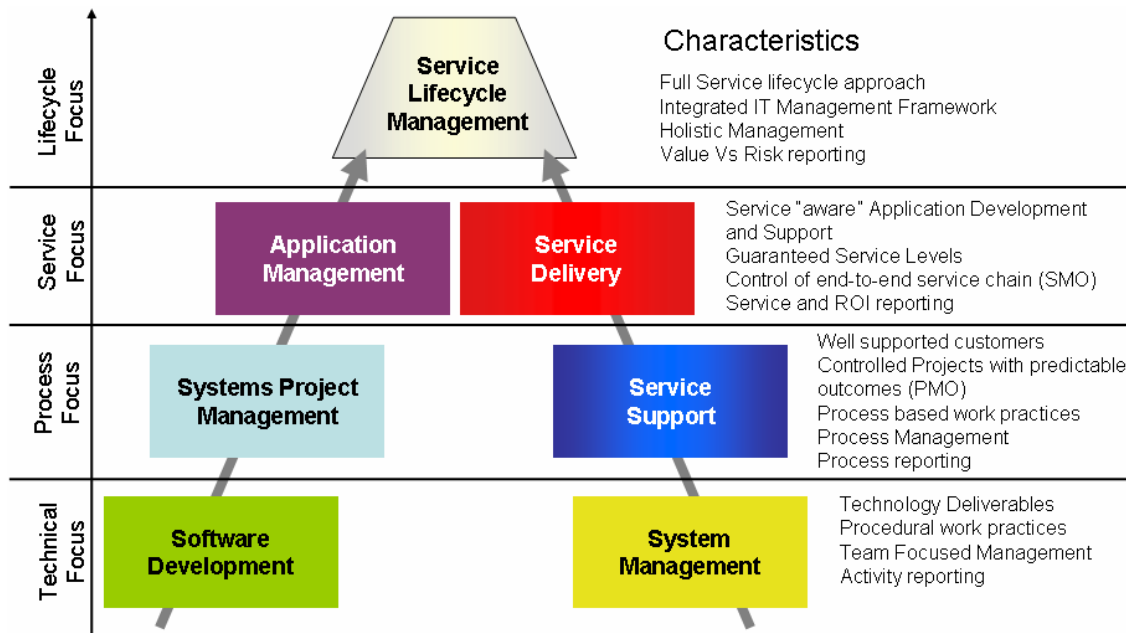


Figure 4 - Maturity Path Toward Build & Run Integration

One of the most important learnings Lucid IT has had is to be realistic about the pace of change. If the situation is “desperate” a transformational program may suit. However, if this change must be managed alongside other major IT initiatives, then a number of incremental improvement cycles may be best.



## Measuring Performance and Driving Improvement

Without measurement there can be no quantitative demonstration of the value of your improvement efforts. Whilst the dollar cost of these projects may be relatively low, the majority of organisations still want measurable outcomes rather than a “leap of faith” and “fluffy” qualitative success measures.

The following should be considered when setting up your measures:

- Ensure that process goals are business driven - COBIT is helpful for this using it's Key Goal Areas and KPIs,
- Choose KPIs to drive improvements with demonstrable business benefits, and
- Consider a dashboard of performance, process and risk.

We have found a dashboard approach to be a useful way of governing and driving performance in areas that add value to the business. A dashboard needs to incorporate the following:

- Metrics from both IT Service Management and Projects;
- Metrics based on business value including:
  - Requests in backlog/demand pipeline
  - Customer Satisfaction
  - Service and project costs - actual Vs planned
  - Benefits realisation – actual Vs planned
  - SLA compliance
- Current risks; and
- Process performance.

The dashboard should be created by both the SMO and PMO who are responsible for preparation of monthly reports and facilitation of exception management based on agreed tolerances and procedures.

## Summary

This whitepaper has covered a lot of territory, however the main pillars of creating a Service led integrate IT department are:

- Create and communicate a vision for an integrated service led, process enabled IT organisation,
- Assess where you are now and create a roadmap that suits your business requirements,
- Cherry Pick best practices to meet your requirements, and
- Measure and report to drive improvement and manage risk.



## How Lucid IT works with its clients to: *Optimise the Build-Run Roadmap*

A holistic approach to IT Management recognises the need to integrate the build and run capabilities of an organisation.

Lucid IT's Service Portfolio encompasses these two capabilities to assist organisations to deliver stable, highly available services and develop new service capabilities through well managed projects.

### **Strategic Services**

Facilitation of IT Services Strategy  
Holistic IT Management Assessment  
Improvement Roadmap

### **Build Services**

Project Management Assessment  
Project Health Check  
Project Management Tool Selection  
Program and Project Management implementation  
Project Prioritisation  
Setting up a PMO  
PRINCE2 Foundations and Practitioners  
Application Management Training

### **Run Services**

Lucid IT Assessment Service - LITMAS  
Process Implementation Services  
Tool Selection  
Effective Outsourcing Engagements  
Coaching and mentoring  
ITSM training: Overview, Foundations, Practitioners, Masters  
ICT Infrastructure Management Training

