

How Do I Master E-Business Operations? How-To Teleconference — January 9, 2001



How Do I Master E-Business Operations?

**An Operations Excellence
How-To Teleconference**

January 9, 2001

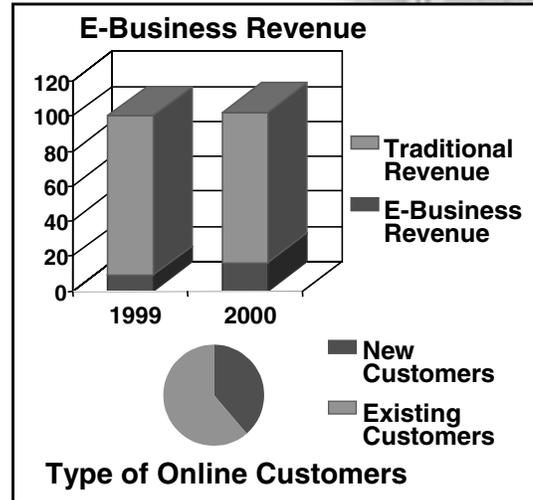
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Businesses Morphing to E-Business



- ▲ **New (external) customers**
- ▲ **Outages directly impact “brand perception,” making Operations strategically important**
- ▲ **Increased use of third-party providers (e.g., ISPs, ASPs) complicates the equation**
- ▲ **Priority for operations groups is to leverage and extend existing support processes**

Impact of Business Online



Shifting (e-)business models result in a higher dependency on technology

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Abbreviations — ISP: Internet Service Provider; ASP: Application Service Provider

- ▲ Increased Web-based transaction processing will materially change the way that IT operations groups support businesses — unique service requirements, rapid deployment, rapid change, short life cycles, and unit-cost focus are among the key e-business challenges.
- ▲ **Workshop exercises:**
 - How much staff and resource is dedicated to e-business workloads?
 - How are e-business workloads handled?
 - Separate “fast-path” processes
 - Unique staff dedicated to e-business support
 - E-business project teams
 - Outsourced (and forgotten)
 - Defined special procedures
 - Integrated support within core work teams

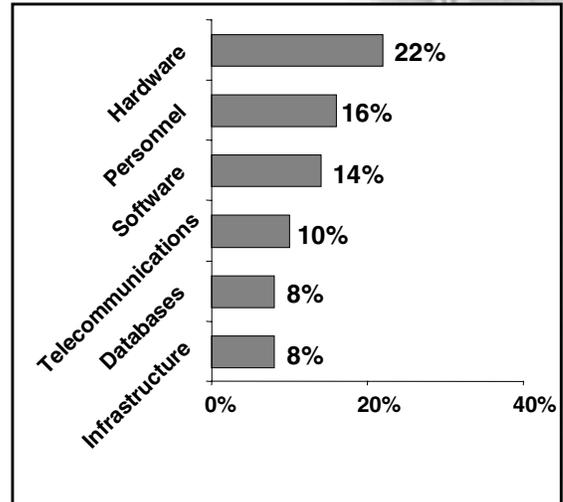
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E-Business Technology Challenges



- ▲ Increasing complexity of e-service provisioning
- ▲ Managing service among ISPs, XSPs, et al.
- ▲ Managing “on the fly” changes (e.g., content)
- ▲ New tools/technologies
- ▲ Integration of old and new applications/systems

E-Business Spending Increases



Operations groups must improve “time to execute” by 3x-10x to meet the pace of business change

- ▲ The complexity of e-business applications is much greater than that of client/server applications, often crossing organizational boundaries.
- ▲ Critical to success is having strong service-level agreements (SLAs) with service providers — Internet service providers (ISPs), application service providers (ASPs), etc. — which provide detailed performance requirements and penalties for failure to meet them.
- ▲ Because of the 24x7 nature of e-business applications, changes must be applied and maintenance performed “on the fly.” Selecting best-of-breed utilities that ensure data/information integrity is a critical requirement.
- ▲ While there is much marketing hype from vendors regarding their e-business abilities, the reality is that tools and technologies (not to mention service providers) have a long way to go.
- ▲ In-house integration of tools and support processes will be required to achieve operations excellence.
- ▲ **Workshop exercises:**
 - What is the best way to tackle the challenges of e-business support?
 - What are the appropriate phases, activities, and tasks?
 - Who is accountable? What are the major milestones and deadlines?
 - What deliverables do I expect my people to create?
 - What communication plans are required?
- ▲ **Survey question:**
 - Is IT Operations considered a bottleneck in the deployment of e-business systems?
A) Yes B) No C) Not a major issue

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Seeing Through the E-Veil



- ▲ “E” should be treated as “just another workload”
- ▲ Processes for existing support must be leveraged
 - Gap analyses
 - Process improvement
- ▲ Operational impact assessments (OIAs) are key to consistent performance



The key to e-business operations — leveraging and extending traditional operational processes

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Abbreviation — OIA: Operations Impact Assessment

- ▲ Using a process-based approach to achieve excellence, analysis of process “gaps” will reveal the weak spots and provide a focus on the right areas that will be critical to e-business excellence.
- ▲ Infrastructures have common characteristics (patterns) from a technological perspective, and can be matched to the operational processes required to support the varying infrastructure patterns.
- ▲ **Workshop exercises:**
 - How much does production acceptance need to be sped up in support of e-business?
 - How often do e-initiatives circumvent production acceptance?
 - What risk mitigation techniques does IT Operations provide when time constraints do not allow full production acceptance?
 - Over design
 - Crisis management (for when the “blow-ups” happen)
 - Which processes are the most critical to e-business support?

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What Are the Critical E-Processes?



- ▲ Application optimization
 - Asset management
 - ▲ Budget management
 - Business continuity
 - Business relationship management
 - Capacity management
 - Change management
 - Configuration management
 - ▲ Contract management
 - Contractor management
 - ▲ Cost recovery management
 - ▲ Database administration
 - ▲ Disk storage management
 - ▲ Facilities management
 - ▲ Hardware support
 - Infrastructure planning
 - ▲ Inventory management
 - ▲ Job scheduling
 - Middleware management
 - ▲ Negotiation management
 - ▲ Network monitoring
 - ▲ Output management
 - Performance management
 - ▲ Physical database management
 - Problem management
 - ▲ Production acceptance
 - ▲ Production control
 - ▲ Quality assurance
 - Security management
 - ▲ Service-level management
 - Service-level agreement management
 - ▲ Service request management
 - Software distribution
 - Software management
 - ▲ Systems monitoring
 - ▲ Tape management
 - Test lab management
 - ▲ Workload monitoring
- = 1st-level priority
▲ = 3rd-level priority
□ = 2nd-level priority

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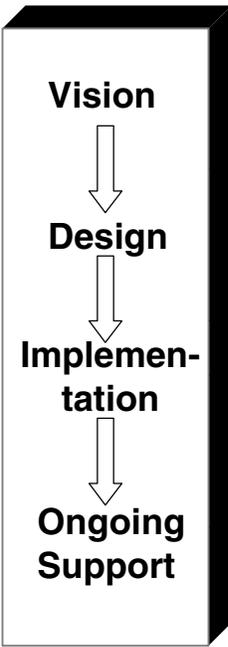
- ▲ The most problematic operational support processes among G2000 companies during the past 18 months are change, security, capacity, and service-level agreement management.
- ▲ While considered nice to have by some business areas when weighing the delays associated, processes such as business continuity, software distribution, test lab management, etc. are also critical to e-business success, though often dealt with after implementation has already occurred.
- ▲ **Workshop exercises:**
 - Do I have a list of the processes inherent in operational support?
 - Do I have definitions that include key elements such as best practices and metrics for each?
 - Do I understand the current maturity level in relation to the support being provided today?
 - How can I prioritize the process improvements necessary to support e-business?
 - Assess current requirements to ensure the ability to perform while transforming
 - Develop assessment techniques to measure process maturity
 - Define requirements for each process to enable e-business support
 - Prioritize efforts to ensure that critical processes (e.g., change management) are addressed
- ▲ **Survey question:**
 - Which of the following is the most critical operational process that your organization needs to improve to support e-business initiatives?
 - A) Capacity management
 - B) Change management
 - C) Security management
 - D) Service-level agreement management
 - E) None of the above

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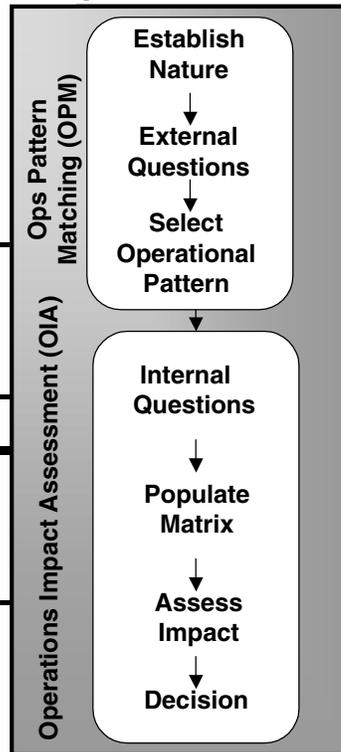
Rapid Assimilation



Application Life Cycle



Rapid Assimilation



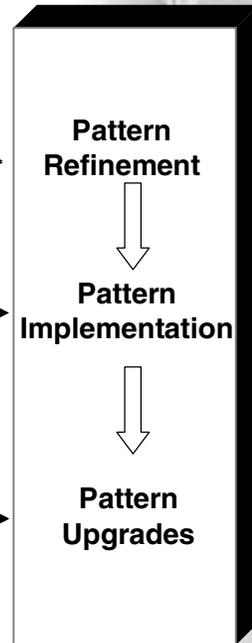
Operations Impact Assessment (OIA)

Planning for Impact

Preparing for Impact

Capturing Impact

Operations Development (OD)



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- ▲ Standard process execution will not be fast enough to support many new e-business initiatives, and will require deployment of a rapid response team to address requirements in an abbreviated context.
- ▲ Success requires earlier involvement in the application life cycle, and will necessarily mean changing the way that information is gathered — using business terminology and translating into infrastructure terms.
- ▲ Infrastructure patterns and operations processes are mapped to understand where the key service points will be, but well in advance of deployment.
- ▲ Defined technology and support for common patterns will mean immediate support for new systems that are “standard.”
- ▲ **Survey question:**
 - Is your operations group prepared to address fast-track deployment for e-business systems?
 - A) Yes
 - B) No

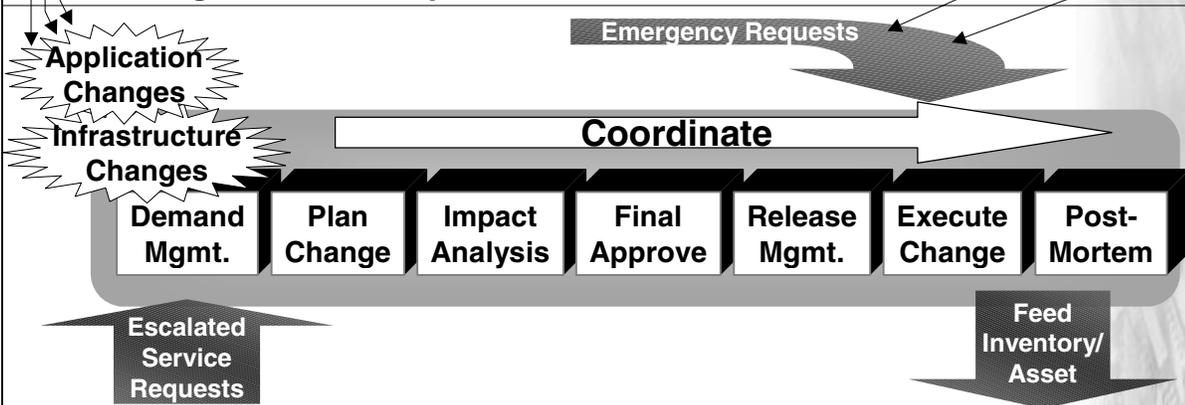
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Change Management: E-Impacts



- Day-to-day changes
- Larger impact IT changes (e.g., CRM)
- Content/business drivers:
 - Traditional financial
 - Business alternative
 - High business impact
- Standard change process
- IT advisory board
- Overview committee



Change management will take on an additional criticality based on content and exposure

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Abbreviation — CRM: Customer Relationship Management

- ▲ Rapid assimilation is different from change management, in that change management is the global process for all infrastructure and application changes. Thus, the two efforts must be synchronized to ensure effectiveness.
- ▲ Many customers have decided to add special categories of change to reflect e-business applications, ensuring that the proper focus and speed are applied.
- ▲ Development of deployment status codes for “disconnected” (i.e., not connected to any other systems) vs. “integrated” deployments (i.e., accessing data and/or application logic from other connected systems) enables fast-path implementations for systems that are not connected and thus not risking other systems.
- ▲ **Workshop exercises:**
 - How well defined is my change management process?
 - Is it the vehicle for implementing e-business systems/workloads?
 - How much of the rigor of risk assessment and contingency planning is applied to e-business changes?
 - What is the right balance of speed and risk?
 - Get change management process tied into external providers (e.g., ISPs, ASPs)
 - Develop awareness program to emphasize the “need for speed” in handling e-changes
 - Augment emergency handling procedures to address fast-track e-business changes

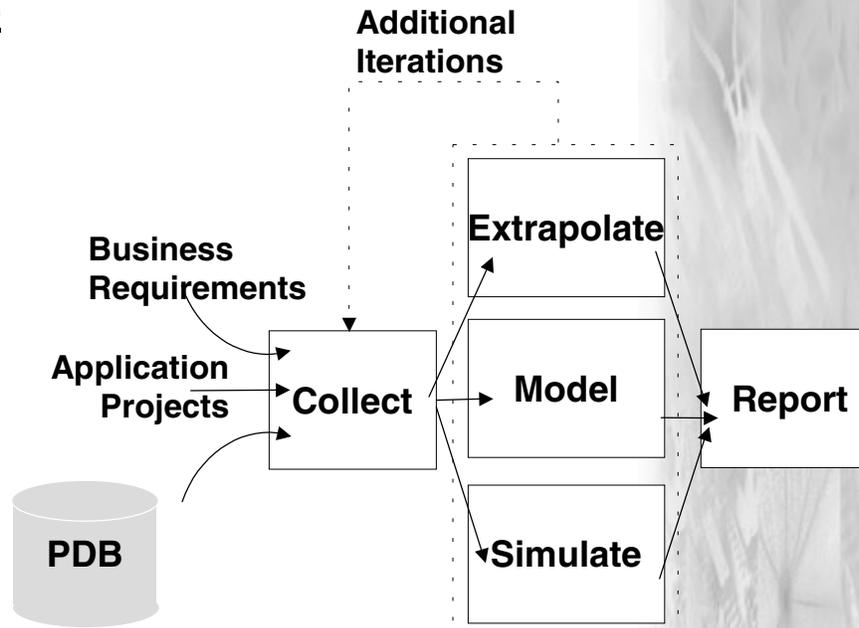
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Capacity Management: Lacking E-Experience



Sources of Experience

- Performance DB
- Existing resources
- Current workloads
- Peak load analysis
- Service-level mgmt.
- Configuration mgmt.
- Schedules
- Forecasts
- Vendors
- Peers
- Best guess



Users will overbuild as one of the only defenses to a lack of historical information

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Abbreviation — PDB: Performance Database

- ▲ Capacity planning will be significantly affected by vendor “capacity on demand” offerings
- ▲ Implementation of e-business systems often requires 2x-5x configurations based on unplanned growth
- ▲ Defined capacity modeling techniques are difficult to apply due to the lack of resource information that can be mapped to the business transactions being processed, which will not be alleviated for 18-36 months
- ▲ **Workshop exercises:**
 - Are current server and storage utilization statistics available within the e-business infrastructure?
 - Have configuration upgrade options been documented for each environment?
 - How (and when) does capacity planning staff get involved in new initiatives?
 - How is the projection of new workloads retrofitted to the baseline model of capacity and utilizations?
 - What is the right level of capacity planning as opposed to overconfiguring?
 - Give the customer the option to overconfigure to ensure that adequate capacity exists
 - Develop upgrade service levels that reflect timing based on customer willingness to pay
 - Define parameters for when additional servers (vs. fewer, larger servers) will be deployed
 - Implement capacity-on-demand options when economically attractive

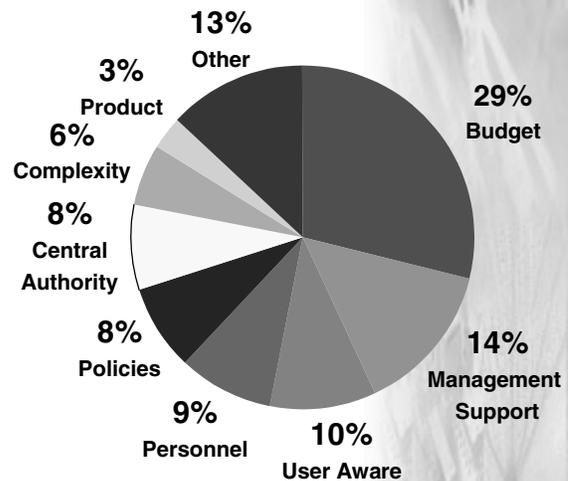
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Understanding the Business of Security



- ▲ **Establishing policies and procedures**
 - Intra- and inter-business
 - Interaction & management
- ▲ **Justifying security \$\$**
 - Opportunity perspective
- ▲ **Understanding the business impact of a security breach**
 - Defensive perspective

● *Single Greatest Obstacle to Effective Security*



An ill-defined interaction model, or inability to justify security investments, will stall an e-business

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- ▲ With the exception of "Complexity," the labels refer to a "lack" of the indicated item (e.g., lack of budget)
- ▲ Security is everyone's business, but is often handled in a one-off fashion
- ▲ Long-term security fixes will necessarily be connected across the enterprise, just as management will be
- ▲ Defined policies are the key to success

Research Reference — GNS Delta 707, 30 Sep 1999: "Best Practices in Enterprise Security: Staffing, Marketing, and Justification"

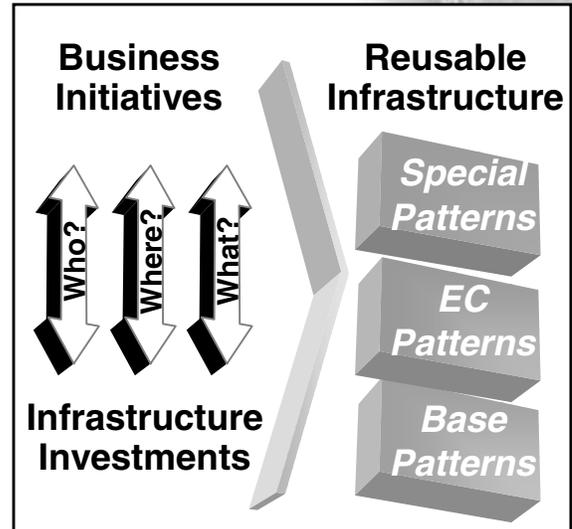
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Infrastructure Planning: Patterns . . .



- ▲ No single infrastructure technology solution — ever!
- ▲ Implementation speed more important than technical sophistication/elegance
- ▲ Managing infrastructure assets requires a service orientation
- ▲ Infrastructure complexities must be communicated to business, but “in context”

Infrastructure Pattern Matching



By 2003, IT infrastructure operations will be more important to e-brands than marketing operations!

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Abbreviation — EC: Electronic Commerce

- ▲ Simple, “conversational-style” (i.e., not architectural diagrams!) tools must be employed to engage business leaders in infrastructure decisions. Infrastructure Pattern Matching (IPM) captures business system information essential to infrastructure design and budgeting work. Multiple levels of reusable infrastructure patterns must be defined by IT organizations to speed budget estimating and infrastructure development/delivery processes.
- ▲ Scarce IT personnel must be devoted to activities that generate differentiating business system capabilities (e.g., planning, application integration, CRM); infrastructure activities must be kept simple to maximize the value of business, supplier, and partner relationships.
- ▲ **Survey question:**
 - Have projects ever been delayed because application/infrastructure requirements were not communicated early enough to operations?
 - A) Yes
 - B) No

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E-Management Foundation



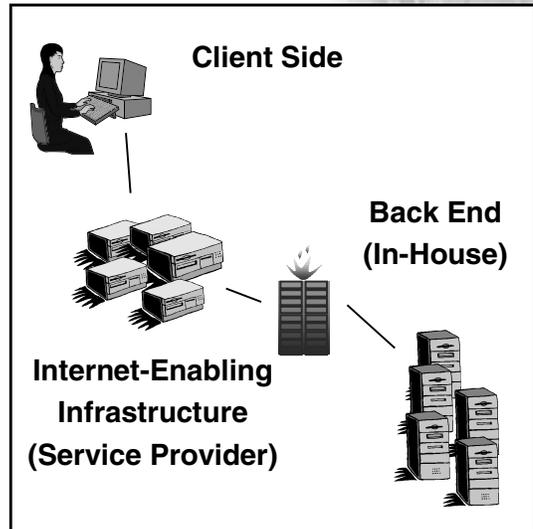
▲ Focus on:

- ▶ Client side
- ▶ Internet-enabling infrastructure
- ▶ Back end

▲ Critical ESM processes:

- ▶ Capacity management
- ▶ Change management (includes content)
- ▶ Security management
- ▶ Service-level management
- ▶ Infrastructure planning

● *Breaking Down Applications*



***Primarily apply existing ESM processes,
with alterations focused on new technology***

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Abbreviation — ESM: Enterprise Systems Management

- ▲ Rather than start over with e-business support, using the existing set of staff, tools, and personnel will go a long way toward providing the needed support, using a “leverage and extend” approach to existing support processes
- ▲ Focus on change, security, service-level agreement, and infrastructure planning processes should be the top priority, with emphasis on integrating the support among existing staff
- ▲ **Workshop exercises:**
 - Learn new requirements by assessing manageability of each process
 - Define requirements in RFPs to ensure that vendors address management needs
 - Develop parameters for integration of systems management tools to enable end-to-end management

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Bottom Line



Summary

- ▲ **Augment and adapt existing operational processes for e-business applications**
- ▲ **Get your operational process catalog in order first (identify standard and critical processes)**
- ▲ **Create detailed service-level agreements with business partners and service providers**
- ▲ **Plan for immature tool market, resulting in continual change, frequent upgrades, evolving business models, and numerous new entrants**

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Next Steps

- ▲ **METAmorphosis 2001 — metagroup.com/mm2001**
“Transforming While Performing: The E-Business Odyssey”
 - ▶ METAmorphosis East — February 6-8, 2001; Orlando, Florida
 - ▶ METAmorphosis Central — February 12-14, 2001; New Orleans, Louisiana
 - ▶ METAmorphosis West — February 26-28, 2001; San Diego, California
 - ▶ METAmorphosis Israel — March 5-6, 2001; Tel Aviv, Israel
 - ▶ METAmorphosis South Africa — March 13-14, 2001; Pretoria, South Africa
 - ▶ METAmorphosis Europe — March 19-21, 2001; Barcelona, Spain
 - ▶ METAmorphosis Asia Pacific — March 28-30, 2001; Sydney, Australia
- ▲ **META Group’s 2nd Annual Operations Excellence Conference**
“Jazzing IT Operations: Transforming in the Key of ‘E’”
 - ▶ May 16-18, 2001; New Orleans, Louisiana • metagroup.com/oe01conf
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- ▲ Connect with metagroup.com for More Information on All of Our Upcoming Events
- ▲ **Survey question:**
 - Was this teleconference valuable?
 - A) Yes
 - B) No