



Connecting the Dual Paths of Optimization: Business and Technology

by Diane Hage
Software Specialist
Datatrend Technologies

How flexible and able to meet changing business demands is your company? When adding a project to an environment, many companies respond by assuming the only option is to bring in new hardware resulting in more and more applications with dedicated resources, each being used inefficiently. Analyzing their business environment, these companies soon find “pockets of processing power” within both the Windows and UNIX servers. By immediately jumping to buy new servers, they miss the opportunity to evaluate their current environment and learn what is on their servers and how efficient or inefficient they are in their current configuration.

Today’s business needs to be dynamic, responsive, and able to create an on demand operating environment. What exactly is on demand? In one IBM report, an on demand business was defined as “an enterprise whose business processes – integrated end-to-end across the company and with key partners, suppliers and customers – can respond with speed to any customer demand, market opportunity or external threat¹.”

Business Service Management

IT optimization has grown in conjunction with business optimization, each using sets of tools inherently appropriate for their own environment. Business managers have used tools to automate and process business intelligence. IT managers look at the performance and availability of IT components and the applications they run. Recently, there has been a growing need to merge business performance with IT optimization, creating the process named Business Service Management (BSM).

Business managers have been working over the past decade to leverage information in order to better optimize their processes. When done effectively, they have found benefits in business cost savings, improved product/service delivery, and increased customer satisfaction. Throughout the evolution of business process optimization, companies have grown from simple application integration to automating the business processes to managing the business intelligence and analyzing what components of the business were proceeding most effectively. This final step of integration of intelligence and automation is the one which provides the ability to optimize the business itself.

While business managers have been focusing on their optimizations, the IT managers have been working in parallel to integrate management access to information and automation of IT operations across the enterprise. Integration of the business service management approach with the orchestrating IT resources, over time, results in optimization to meet business goals.

Transformation to an Optimized Company

As IT promotes their final stage of optimization, the business and IT goals will start to come together to provide a true end-to-end view of the business using real data relevant to business needs.

What drives business managers in these times of competitive and economic pressures?

Slowness to recognize or detect new opportunities, competition, or responsiveness to regulatory rules due to:

1. Inability to see what is happening across the complete business.
2. Inability to put current business conditions and events in an historical context.
3. Inability to relate to the company’s goals and objectives.

In the end, even if the business recognizes the highest priority, some companies cannot make the needed



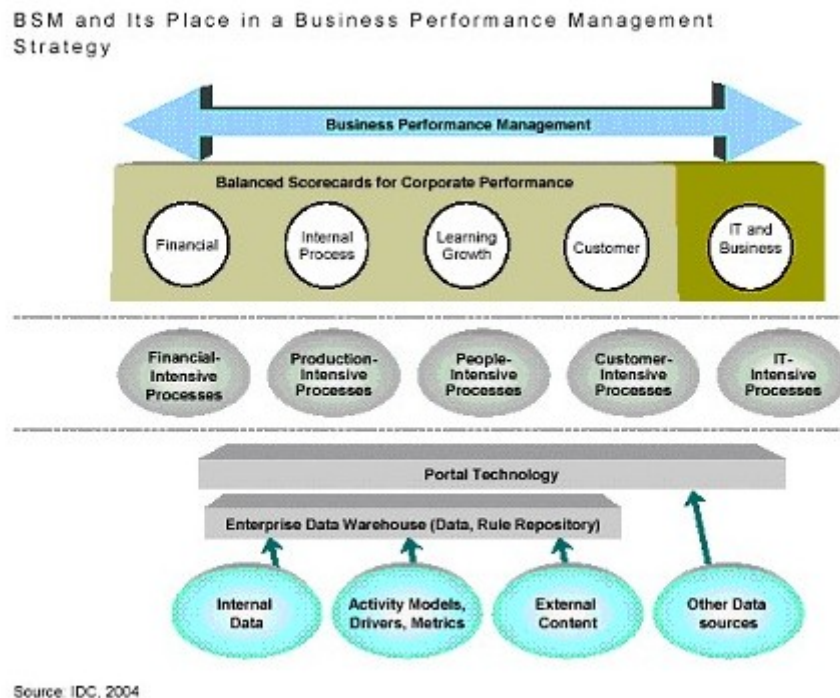
changes because:

- The company is working in a reactive mode and not predicting problems early enough.
- Trends are not identified and tied directly to change vehicles to enable action to be taken.

Clearly, business agility goes through integration and automation, and in order to manage the interoperation of applications, it would be necessary to create a tool to:

1. Model business processes end-to-end
2. Set measures to track
3. Generate code to automate processing
4. Monitor what is happening against set measures
5. Improve models using real, accurate data to make informed decisions

The next step after business application integration is to collect data, mine that information, and work to manage the effectiveness of internal processes. All this falls under the name of business intelligence, which is then managed against strategic goals and business strategies. This results in a layered business performance management strategy. In the example below, the bottom layer is the foundational layer (infrastructure for collecting, warehousing and presenting the information), followed by the process-specific operational level (where the various business processes are managed), and then the strategic layer (where the corporate performance is managed).



All together, Business Performance Management (BPM) is a business transformation geared to enhance efficiency, integration of processes, and the management and delivery of information, resulting in the following benefits:

- Visibility into the complete end-to-end business processes and the infrastructure which supports it.
- Ability to analyze performance against trends, goals, and performance indicators to assess progress.
- Ability to understand and model the impact of changes in processes and to dynamically reallocate resources in order to optimize execution.

The ability for IT professionals and business managers to coordinate and optimize their processes results in significant improvements throughout departments. A well-organized, concerted effort will truly transform a company.

Footnotes:

¹ Source: "Orchestration for OnDemand Business Centers." IBM White Paper, May 2004. Click here to download: <http://www-306.ibm.com/software/tivoli/resource-center/orchestration-provisioning-management/wp-orch-ondemand.jsp>.

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