IT4IT™: the new enterprise architecture framework

Tony Price WW Director IT4IT Strategic Consulting

19th October 2016
Agenda

– Introducing IT4IT™
  – Why was IT4IT required
    – Industry positioning
    – The specific challenges it seeks to address

– What is IT4IT
  – Industry adoption
  – How IT4IT is being used

– IT4IT and ITIL®
  – Dispelling some myths and rumours

– Recommendations

– Questions
It is all about accelerating outcomes
Common asks - better, faster, cheaper and safer

- 60% Reduction in budget overruns
- 50% Faster application release
- $1m Savings on efficiency
- 30% Availability improvements
Digital business transformation is happening now …

… and it is driving IT transformation

50% of CEOs say their industry will be digitally transformed by 2020

46% of product value will be digital by 2020

30% reduction in cost for business operations driven by smart machines by 2018

84% of CEOs expect digital to increase profit margin

Source: Gartner, Best Practices for Implementing Automation in Data Centers With Cloud and Virtualized Environments, 2013
Source: Gartner, 2016 CEO Survey: The Year of Digital Tenacity
Consumer demands are rapidly changing; on-demand
Again common asks - **better, faster, cheaper and safer**
IT can no longer manage all services the same way

One IT, two mission statements

Lower cost
IT outcome-centric
Conventional workloads & apps
Longer cycle times

Greater agility
Business outcome-centric
New workloads, apps, and experiences
Shorter cycle times

How can we get the best of both worlds?
The Problem

Business models are changing, and IT services must adapt! But…The IT Value chain is broken

- Lack of cooperation across all IT leads to sub-optimality
- Insufficiently integrated IT Management toolsets, lack of prescriptive guidance
- Inability to gain true insight in order to make good decisions
- Immaturity makes it virtually impossible to tackle complexities like cloud, agility, mobility, BYOD to maximize value

- Lack of value chain focus in IT is driving up cost and sub optimising resources
- The IT Value Chain is not a differentiator, but a required foundation for increasing business innovation velocity
- There is a need to level the playing field on the Reference Architecture: this requires standardization
From initiatives to value
“There is more value created with overall alignment than local excellence” (*)

Examples of today's challenges

<table>
<thead>
<tr>
<th>Context / use case</th>
<th>Process</th>
<th>Tool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core IT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cloud</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DevOps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi Supplier</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobility</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) Don Reinertsen, *The Principles of Product Development Flow*
So what is IT4IT ?
What is IT4IT

A prescriptive reference architecture for running the business of IT owned by The Open Group®

Value Chains – Porter
- Competitive Analysis
- Strategic Concepts
- Value Creation
- Activity cost to profit margin analysis

Value Streams – Martin
- Lean / 6-sigma concepts
- Multi-Process Oriented
- Customer focused results
The IT Value Chain has 4 IT Value Streams

as in a stream of activities delivering value

Strategy to Portfolio
Drive IT portfolio to business innovation

Requirement to Deploy
Build what the business wants, when it wants it

Request to Fulfill
Catalog, fulfill & manage service usage

Detect to Correct
Anticipate & resolve production issues

The IT Value Chain has 4 IT Value Streams

Efficiency
Finance & Assets
Sourcing & Vendor
Intelligence & Reporting
Resource & Project
Governance, Risk & Compliance

Reference Architecture

IT Value Chain

Plan Build Deliver Run

IT Value Stream Activities:
- Strategy to Portfolio
- Requirement to Deploy
- Request to Fulfill
- Detect to Correct

Support Activities:
- Efficiency
- Agility

Hewlett Packard Enterprise
General approach to the IT4IT Reference Architecture

User is the north star, therefore start with IT use cases

- **Functional Model**
  - High level definition of all functional areas for IT
  - Based on customer use case analysis

- **Service Model**
  - Based on ITIL, service lifecycle and high level grouping of: Continuous Assessment, Continuous Integration, and Continuous Delivery – and later into Value Streams

- **Information Model**
  - Identification of key controlling IT artifacts
  - Definition of artifact lifecycles according to lifecycle model

- **Foundation Integration**
  - Defines key control points for integration, based on artifact
  - Link Information model with lifecycle model
IT4IT™ reference Architecture V2.0

Strategy to Portfolio

Requirement to Deploy

Request to Fulfill

Detect to Correct
**IT4IT: an Open Group standard for running the business of IT**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shell</td>
<td></td>
<td></td>
<td>Value Chain</td>
<td>RA 1.0</td>
<td>RA 1.3</td>
<td>IT4IT 2.0 Std.</td>
</tr>
<tr>
<td>Hewlett-Packard (IT &amp; SW)</td>
<td></td>
<td></td>
<td>9/2011</td>
<td>(level 2)</td>
<td>(level 3)</td>
<td>10/2015</td>
</tr>
<tr>
<td>Achmea</td>
<td></td>
<td></td>
<td></td>
<td>1/2013</td>
<td>10/2014</td>
<td></td>
</tr>
<tr>
<td>MunichRe</td>
<td></td>
<td></td>
<td>RA 0.5</td>
<td>RA 1.2</td>
<td>RA 2.0</td>
<td></td>
</tr>
<tr>
<td>Accenture</td>
<td></td>
<td></td>
<td>(level 1)</td>
<td>(level 3)</td>
<td>(level 3)</td>
<td></td>
</tr>
<tr>
<td>Pricewaterhouse Coopers</td>
<td></td>
<td></td>
<td>8/2012</td>
<td>3/2014</td>
<td>7/2015</td>
<td></td>
</tr>
<tr>
<td>University of South Florida</td>
<td>9/2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AT&amp;T</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Value Chain**: 9/2011
- **RA 1.0**: (level 2) 1/2013
- **RA 1.3**: (level 3) 10/2014
- **RA 0.5**: (level 1) 8/2012
- **RA 1.2**: (level 3) 3/2014
- **RA 2.0**: (level 3) 7/2015
- **IT4IT 2.0 Std.**: 10/2015

**Original Consortium**
- Shell
- Hewlett-Packard (IT & SW)
- Achmea
- MunichRe
- Accenture
- Pricewaterhouse Coopers
- University of South Florida
- AT&T

**2011**
- Value Chain 9/2011
- RA 1.0 (level 2) 1/2013

**2012**
- RA 0.5 (level 1) 8/2012

**2013**
- RA 1.2 (level 3) 3/2014

**2014**
- RA 1.3 (level 3) 10/2014

**2015**
- IT4IT 2.0 Std. 10/2015

**Technical Standard**
- > 10,000 downloads
- > 1100 organizations
- > 100 countries
- Pocket Guide “Hot Seller”
- > 1200 downloads

**IT Operating Model**
*Describes* the structure of IT management

**IT Reference Architecture**
*Prescribes* the functional & information architecture

**Consumer-centric service model**
Looking at IT4IT through the Value Chain lens
A single prescriptive architecture – Making IT Flow!

Multiple parallel projects / conflicting resource requirements
Escalating cost
Almost impossible to control
A CIO nightmare

A single landscape view to align all projects and delivery
Cost reduction
Control
A CIO dream

Core IT
Cloud
DevOps
Security
Multi Supplier
Mobility

P T P T P T P T
IT4IT value chain solution supporting the digital enterprise

Customers

Strategy to Portfolio
Requirement to Deploy
Request to Fulfill
Detect to Correct

Service broker

Service developer

Service provider

IT Management software solutions

Traditional IT

Provide
Business Service
Consume

Provide
IT Service
Consume

Provide
Application Service
Consume

Provide
Platform Service
Consume

Provide
Infrastructure Service
Consume
HPE IT value chain lens changes how you execute

Service
Broker

Service
Developer

Service
Provider

I want to decide between build, buy or broker to deliver services

I want to aggregate services from suppliers into my catalog

I want to provide a service marketplace and track usage

I want to manage suppliers to deliver rapid & effective resolution

I want to build a new service or enhance an existing one

I want to incrementally build and release new features

I want to publish my enhanced services in a service marketplace

I want to quickly identify and fix problems and defects

I want to maximize efficiency across my service portfolio

I want to prepare patches for updates to my running services

I want automatic request fulfilment and offer pay-on-use pricing

I want to predict events and automatically remediate incidents

Provide
Business Service

Consume

Provide
IT Service

Consume

Provide
Application Service

Consume

Provide
Platform Service

Consume

Provide
Infrastructure Service

Consume
Stronger business through rock-solid IT
Rabobank

<table>
<thead>
<tr>
<th>Customer need</th>
<th>Solution</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Complying with tough new market regulations and improving business responsiveness and continuity</td>
<td>– IT4IT™ framework to maximize innovation and business value from IT</td>
<td>– A platform for innovation</td>
</tr>
<tr>
<td></td>
<td>– Implementation of Detect-to-Correct value stream</td>
<td>– Problem detection in minutes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Cost reduction through automation</td>
</tr>
</tbody>
</table>

“We saw the appeal of the Hewlett Packard Enterprise approach immediately. The HPE IT4IT solution shows how to fit the different software tools together and how they work collectively while bringing in different stakeholders from across the business. The solution also shows us how the steps connect and how these are linked to the future of the business. HPE has been a key innovation partner during the implementation of the framework.”

– Jeroen Bijl, manager of monitoring, Rabobank
IT Service Management modernization
Huntington Ingles Industries

Customer need
– Introduced large number of new tools and new capabilities in the last 2-3 years
– Struggling to find a roadmap that aligns to new capabilities fixes past issues and get the most improvements the workflow lifecycle of their processes
– Needed to standardize and automate to gain efficiencies

Solution
– IT4IT™ gap analysis
– IT4IT™ roadmap planning
– Implementation of Detect-to-Correct value stream
  – Modelling
  – Configuration Management

Outcome
– Achieved maturity levels of 3 to 4 on most of ITSM processes
– Framework for on-boarding new ITSM capabilities
– Foundation for increased levels of standardization and automation
“Gartner research suggests that many IT functions are struggling to contain IT cost. Many companies see base cost (run and maintain of the estate) going up, leaving less funds available for innovation and new business applications. The insights that IT4IT promises to deliver will enable opportunities for cost reduction to be identified, freeing up funding for innovation. Gartner estimates that for a $1B per annum IT function, this benefit could be 5%-20% of total budget.”

Val Sribar, Group Vice President
Gartner Enterprise Software Research Group
IT4IT and ITIL
Myths and rumours

IT4IT will replace ITIL
IT4IT will replace COBIT
IT4IT is competitive to ITIL
If you use IT4IT you have to start again with ITSM
IT4IT used out of date manufacturing concepts
Only one value stream of IT4IT applies to DevOps
IT4IT is just about tooling simplification
IT4IT is dominated by a single vendor
IT4IT is only focused on IT
IT4IT does not apply in my organisation
IT4IT will not deliver value
IT4IT is just another consultancy gimmick
Myths and rumours

- IT4IT will replace ITIL
- IT4IT is competitive to ITIL
- If you use IT4IT you have to start again with ITSM
- IT4IT is only focused on IT
- IT4IT will replace COBIT
- IT4IT used out of date manufacturing concepts
- IT4IT is just about tooling simplification
- IT4IT is dominated by a single vendor
- IT4IT does not apply in my organisation
- IT4IT will not deliver value
- IT4IT is just another consultancy gimmick
The IT4IT Reference Architecture should be used together with other standards and frameworks such as PMBOK Guide, COBIT and ITIL.

The IT Value Chain based IT operating model complements these existing standards and process best practices by combining them into an overarching blueprint, in which enterprise architecture, portfolio management, project management and service development are integrated with IT Service Management, enabling the IT function to be managed from and end to end perspective.

The IT4IT Reference Architecture’s Service Model, Information Model, Functional Model, and Integration Model add a layer of prescriptive detail to COBIT and ITIL based processes, providing the IT function with requirements for selecting and implementing interoperable IT solutions that support and automate activities with the IT function.

This includes developing more flexible IT processes and IT management solutions and building stronger, more fluid connections among employees and with customers and vendors.
Recommendations
Recommendations (continued)

Think Big

- Value Stream optimisation
- Formal IT4IT education is valuable
- At last we have a reference architecture for running the business of IT
- Start to have conversations with your vendors about IT4IT
- Start thinking value and avoid pure IT Technical “speak”

Start Small

- Remember over optimisation leads to systemic waste
- We do not need to train the world in IT4IT
- But keep it in context
- Remember the standard was only released in October 2015
- The business will always listen when you talk value
Questions ?
Thank You
Why HPE Software Services

Outcome focused
Proven, value-driven Agile methodology delivers incremental outcomes in alignment with long term vision

Expertise
Unique IT Value Chain lens
An IT4IT founder
Dedicated IT4IT teams
Thought leadership

Reduce risk and cost
Leverage existing technology
Easy to adopt incremental improvements

Flexibility
Multiple delivery models and pricing options:
• As-a-Service
• Managed
• On premise