Head in the Cloud?
What you Need to Know to Avoid getting caught in the Storm

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Agenda

- Let’s agree what definition we’ll use
- How do we manage IT?
- The two most important factors in managing cloud
  - Value
  - Relationships
- Another look at the Service Portfolio
- Some things to think about
- Q&A
Towards a Definition

- **Characteristics**
  - On demand
  - Ubiquitous access
  - Resource pooling
  - Rapid elasticity
  - Measured services

- **Different types of Cloud** (Private, Community, Public, Hybrid)

- **Different types of Cloud Service** (SaaS, PaaS, IaaS)
How do we manage IT?
Why not Production Management?

- Fixed output
- Unvarying route through the factory
- Repeatable, predictable actions
- Raw materials converted to physical products
- Value is created and realized whenever the product changes hands
- Value is carried in the product
Why **Service Management**?

- Dynamic, real-time demand
- Variable output
- Changeable routing
- Dynamic components
- Output less important than outcome
- Value only exists when used by the consumer
- Value is carried in the relationship
The two most important principles

Value and Relationships
Customers

Different types of customer:

Internal
- Same business objectives
- IT is involved in their decision-making
- We work together to achieve common outcomes

External
- Different business objectives
- IT is involved in understanding their requirements
- We enable their outcomes so that we keep their business
Definition of Service

A ‘service’ is a means of delivering value to customers by facilitating outcomes customers want to achieve without the ownership of specific costs and risks.
What is the Traditional Value Add of IT Operations?

“I’m gonna make him an offer he can’t refuse.”
Value

Money Spent

Value Added

Value Realized

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Value in Supply Chains

Lessons Learned

1. If value is not realized, ‘value added’ is equal to ‘money spent’

2. Value Realized must be greater than money spent

3. Value added internally is not value until it is realized
What does this mean for IT?

- If IT wants to demonstrate value it has to link its services to where value is realized, not where value is added.

- If IT cannot do this it will always be viewed as ‘money spent’ not ‘value added’
Customers and Services

“THE BUSINESS”

Business Unit  Business Unit

IT

IT Unit  IT Unit  IT Unit  IT Unit

External Customer  External Customer  External Customer  External Customer  External Customer  External Customer

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Services and Value

Value Added?

IT

Money Spent

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How Should Value be Measured?
Measuring ROI

External Service Provider → Service → Customer → Outcome

Revenue → Service Provider Value → Customer Value
Measuring ROI

Internal Service Provider

Service

Funding

Business Unit

Service

Revenue

Customer

Business Investment

Business Value

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Another look at the Service Portfolio
What is a Service Portfolio?

- In Cloud-speak this has been reduced to an interactive catalog of services

But

- A portfolio is about investment and returns
- A service portfolio is about investment and returns through the service lifecycle
- Strategy – Design – Transition – Operation - Improvement
Service Portfolio

Service Portfolio

Service Pipeline

Service Catalogue

Retired Services

Supplier & Contract Management

CMS

Customer Portfolio

Customer Agreement Portfolio

Application Portfolio

Project Portfolio

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SPM Process

Define

Analyze

Approve

Charter
Define

New

Define Service, Customers, Business Outcomes

Portfolios

Define Impact on Service Portfolio

Define Impact on Service Model

Define Service, Model

Existing

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Analyze Investment, Value and Priorities → Articulate Value Proposition → Business Case

Service Portfolio Review
Approve

Service Feasible?

- Y: Change Proposal
- N: Notify Stakeholders, Update Portfolio

Change Proposal

Change Management

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Charter

- Charter
- Notify Stakeholders
- Service Design and Transition
- Track Progress, Update Portfolio

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Service Portfolio Management

Service Portfolio
- Service Pipeline
- Service Catalogue
- Retired Services

Supplier & Contract Management

Customer Portfolio

Customer Agreement Portfolio

Application Portfolio

Project Portfolio

CMDB

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Some Things to Think About
## Two Types of Cloud?

<table>
<thead>
<tr>
<th>Supplier Based Cloud</th>
<th>Consumer Based Cloud</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Standard services are offered to a range of customers</td>
<td>• Services are designed for a specific customer or a specific type of customer</td>
</tr>
<tr>
<td>• Customers have to know how to manage the services to achieve their outcomes</td>
<td>• Services are designed to meet specific types of customer outcome</td>
</tr>
<tr>
<td>• Customers define usage policies</td>
<td>• Functionality is standard, but can be customized by the customer</td>
</tr>
<tr>
<td>• Most management tasks are performed by the customer</td>
<td>• Customers manage the content, but not the service</td>
</tr>
<tr>
<td>• The supplier will offer a range of standard administrative options (e.g. Backups) for an extra fee</td>
<td>• Customers do not have any idea of the infrastructure or applications that support their services</td>
</tr>
<tr>
<td>• The customer has no control over how the actual resources are managed – although they may access them directly</td>
<td>• The supplier defines and executes all management policies and procedures</td>
</tr>
</tbody>
</table>
Some Questions

- Is Operations Management fundamentally different in the Cloud?
- How are questions about outsourcing different than questions about cloud?
- Is “Converged Infrastructure” the same as Cloud?
- Is commoditized (grid or utility) processing the same as Cloud?
- What skills are going to be most important for IT managers in the Cloud?
Conclusion

- Cloud is a significant leap in technology’s ability to enable customers
- The model of Service Management remains the correct model, but technologists must change their way of thinking
- Cloud decisions must be strategic
- Governance is key
- IT is business, cloud implementations are business projects
Questions?

Answer known?

Answer

Thank Audience

State that time has run out

Comment on Great Question Quality

State that you are available after the session

Leave

Leave

Thank Audience

Leave

RUN

Fast!

End