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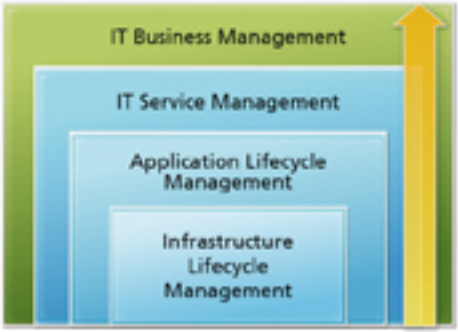
IT Business Management

Solutions from SAP

A Pocket Guide

Managing the Business of IT



Managing IT Components

Swen Conrad
David Pultorak

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COLOFON

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FOREWORD

When SAP started 35 years ago, IT was a back-office function aimed more at efficiency than transformation. Compared to today, systems were straightforward and self-contained, and IT management was focused inwardly on programming and maintenance.

Over the years, our industry has increased the scope of its focus, maturity, and capability to manage complex applications, infrastructure, and IT services. We work hard to meet expanding expectations and escalating constraints with innovative technologies and rigorous approaches to managing enterprise architecture, customer demand, project and service portfolios, solution development, and operations.

Ultimately, we try to run our IT organization like a real business – to drive business results and create business value with IT functionality. But we are often challenged because our IT management solutions don't provide the kind of insight needed to drive decisions that cut cost, streamline operations, control risk and improve our understanding of IT performance.

Managing IT like a business demands integrated and systematic business and IT insight – the kind of integration and systematic insight that SAP has spent the last 35 years helping the world's leading companies achieve. Best-run businesses use SAP® solutions to automate key business processes so they can close the gap between strategy and execution. Best-run businesses drive clarity into their organizations by gaining insight for improved performance, efficiency for optimized operations, and flexibility to adapt quickly to changing circumstances.

Like best-run businesses, best-run IT organizations are able to optimize operations, maximize innovation, and adjust rapidly to evolving business needs. Their IT management solutions help them better understand

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themselves and their customers and make the best decisions in the face of challenging expectations and constraints.

SAP can help you become a best-run IT organization. We offer robust software tools, best-practice guidance, expert services, and predefined key performance indicators spanning IT performance and governance, portfolio and project management, resource management, IT service management, application lifecycle management, and more. Our toolset is flexible and powerful, so you can progress incrementally and achieve a unique level of integration between business processes and IT capability.

This book outlines SAP's view on best-run IT. It will help orient you to our related solutions and provide you with ideas for driving clarity and business value in your IT organization. On behalf of myself and all my colleagues across the SAP organization who contributed to this book and are driving the topic of IT business management at SAP forward, I welcome all our fellow IT professionals to join us on our journey toward integrated IT management. Our mutual goal is to drive enterprise performance and business value for our valued customers.

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1. BUSINESS VALUE AND THE IT ORGANIZATION

1.1 Where We are Today

In the 1980s, businesses everywhere moved to information technology (IT) as a way to do more work with greater speed at lower risk. In those days, companies made IT investments with considerable caution, focusing largely on the issues of efficiency and control.

IT became a force in business in the 1990s when companies used it to transform how they worked and interacted with customers. Investments in IT were liberal, buoyed by a healthy economy and concerns about lagging behind the competition. IT management focused on nimble implementations of new software to support new capabilities.

Today, IT reflects aspects of both eras, with companies aiming to improve efficiency and reduce cost while enabling transformative innovation at the same time. Unfortunately, technology alone is not the difference-maker it once was. As IT has become increasingly commoditized on various fronts, companies have fewer opportunities to lap competitors purely on the basis of the solutions they decide to implement.

At the same time, organizations face greater regulatory hurdles than ever before, many of which intersect with how they manage their IT environments. Complying with these regulations requires companies to execute business processes and track information in ways that often impede flexibility and escalate operating costs while also adding risks of noncompliance.

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