

# Link services to outcomes

Get engaged with business outcomes  
service management



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### **Business outcomes service management approach**

- Helps reduce costs, accelerate time-to-market, improve quality, and drive innovations
- Provides greater insights into solutions— creating simplicity and efficiencies and meeting ambitious service expectations— to keep you informed, productive, and one step ahead of the competition

What's more important? The small-bore capacity and availability metrics of a specific manufacturing and distribution application? Or understanding how that application translates into more efficient order processing, faster shipments, and happier customers? The latter— higher-level focus—is the true benefit of an outcomes-based approach to service management

### **Refocus on outcomes**

Enterprises of all kinds—from companies across the industrial spectrum, to governments, IT service providers, and other organizations—are seeking more positive and productive bottomline outcomes. They are looking beyond operational metrics from IT to drive better business value from their IT spend. They understand that IT operational metrics such as server and application availability are simply enablers and do not explicitly deliver business value.

The nucleus of IT spend is shifting due to disruptive technologies and BPO-type arrangements. And, the CIO is not always the buyer anymore. It may well be the business unit leadership and they, naturally, ask how this investment in IT will impact their business unit performance. Combined, these signals from organizations are driving the shift to business outcomes service management.

Two major communities demand the value business outcomes service management can provide. First, organizations want IT services that help them reduce costs, accelerate time-to-market, improve quality, and drive innovations. Second, business-level users want greater insights into the solutions that create simplicity and efficiencies and meet ambitious service expectations that keep them informed, productive, and one step ahead of the competition.

The differentiator provided by it is a service management approach that drives real business outcomes. The most fundamental shift is one of perspective—away from the traditional operational perspective on service management toward a focus on bottom-line business outcomes.

### **Understand business outcomes service management**

A core principle of an effective business outcomes service management model is to link a specific business outcome to a specific activity within the IT stack. Organizations must have visibility into and control over the entire stack linking key performance indicators (KPIs) to business processes and metered down to the infrastructure layer with real-time metrics and predictive analytics.

As a result, this approach can measure far more than just operational measures. It tracks and analyzes physical- and process-based performance, enabling organizations to see and understand which cost-, process-, and physically oriented levers must be adjusted to improve specific business-level outcomes.

This is a paradigm shift. The mindset of the organization and IT provider must be one where success is measured by how business value is enabled and not on IT project implementation completion.

It is important to note, however, that a business outcomes service management approach does not require any one source or vendor to control the entire stack. However, it does require the organization to gain visibility into and control over all layers in the stack via KPIs. This ensures metrics and insights are valid and meaningful across the full environment. If one vendor is running one layer and another vendor is managing a separate layer, those partners must be closely integrated to gain the very real benefits of the results-oriented business outcomes service management approach.

A workable business outcomes service management approach framework must rest on an application lifecycle management (ALM) model that spans the entire IT stack.

Business outcomes service management leverages predictive technology at the appliance and application layers, and is supported by advanced development tools, methods, and accelerators. Its framework should use common industry standards such as the Information Technology

Infrastructure Library (ITIL), International Organization for Standardization (ISO), Capability Maturity Model for Integration (CMMI), and Control Objectives for Information and Related Technology (COBIT).

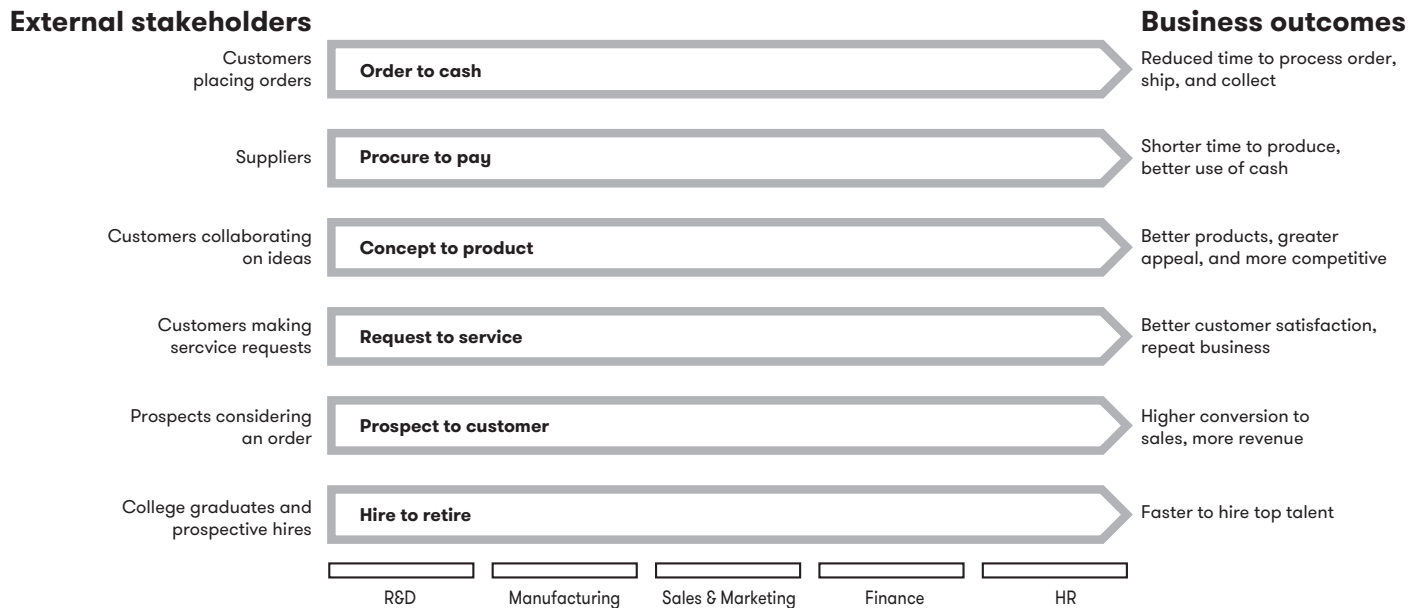
To realize the very real advantages of business outcomes service management, organizations need a rational approach to implementation, and the right tools and capabilities. An expert assessment may also be needed to determine if it's the right model for your company.

### **Leverage the business of IT**

Business outcomes service management also enables a better focused IT investment. Not only does it provide transparency on where IT spend is currently expended, it highlights what business areas are supported by that spend. This provides the data that enables decisions to shift dollars from one area to another or IT maintenance to IT transformation.

Figure 1 illustrates how business outcomes service management can be used to deliver sustainable, solution-aligned engineer-to-engineer (E2E) business processes for customers, suppliers, and employees. The business outcomes shown on the right are just examples, and any active organization might aspire to achieve scores or even hundreds of specific positive results.

In this depiction, just keeping a manufacturing distribution application up and available may constitute the delivery of a traditional service-level agreement (SLA). But to ensure positive business outcomes, KPIs must be seen, measured, understood, and acted on across a range of (vertical) broad functional areas, and innumerable (horizontal) process sets.



**Figure 1.** Manage business outcomes

To function correctly, business outcomes service management must be a gradual buildout. It starts from the technical processing environment to applications measurements, an amalgamation of KPIs at the business-model level, and finally enterprise-specific metrics, which may be reported out to investors, regulators, Wall Street, or other stakeholders. Obviously, a working process environment is essential, so that process metrics make sense and can be rolled up to business metrics, and eventually market-level metrics.

As mentioned earlier, some service providers will address infrastructure-level metrics such as availability and performance-to-schedule and incorrectly describe those as business-level insights. Real business-oriented outcomes, however, are determined by operational SLAs depicted in the E2E business process layer.

By monitoring the tasks related directly to these desired outcomes, and ensuring those tasks happen more efficiently and reliably, organizations can improve those specific processes—and the outcomes dependent on them.

Given the complexities of this challenge in most enterprise settings, many now acknowledge the advantages of working with a partner capable of managing and integrating a world-class business outcomes service management environment. They can participate from an advisory and consultative perspective to build a business outcomes service management environment plan and roadmap of transformational services and construct and implement the environment. At the very least, organizations should gain a solid understanding of the business of IT in a business outcomes service management context before embarking on implementation.

## Business outcomes service management readiness questions

### Is your organization:

- Mature enough to deploy and fully use an outcomes-oriented service environment?
- Willing to invest the time and resources needed to align IT and the business model?
- Able to create and continually use the necessary metrics, thresholds, and reporting systems?
- Ready for an expert assessment?

## See how it's done

Business outcomes are the end-result of a building process. The process starts by tracking lifecycle services at the technical infrastructure level, and then monitors and reports on business process metrics at the platform applications level. Using operational analytics, those capabilities can then be extended to keep track of outcomes at the business model and market metric levels via KPIs.

### Pathway to business outcomes service management

The first key step requires organizations to address and assess ALM/ITIL process metrics, and deploy toolsets to fill any identifiable gaps. Rapid assessment tools can be used to evaluate ALM readiness. The result of this foundational phase should be a robust and comprehensive technical monitoring capability across all processing environments.

Next, to establish solution-oriented business process modeling, organizations must have or create and document a comprehensive taxonomy of documented business processes, related KPIs, and integrate the two. This enables your organization to effectively monitor business operational outcomes by creating the engines needed to drive business outcomes service management.

We recommend a proven four-stage approach to creating an effective business process monitoring environment.

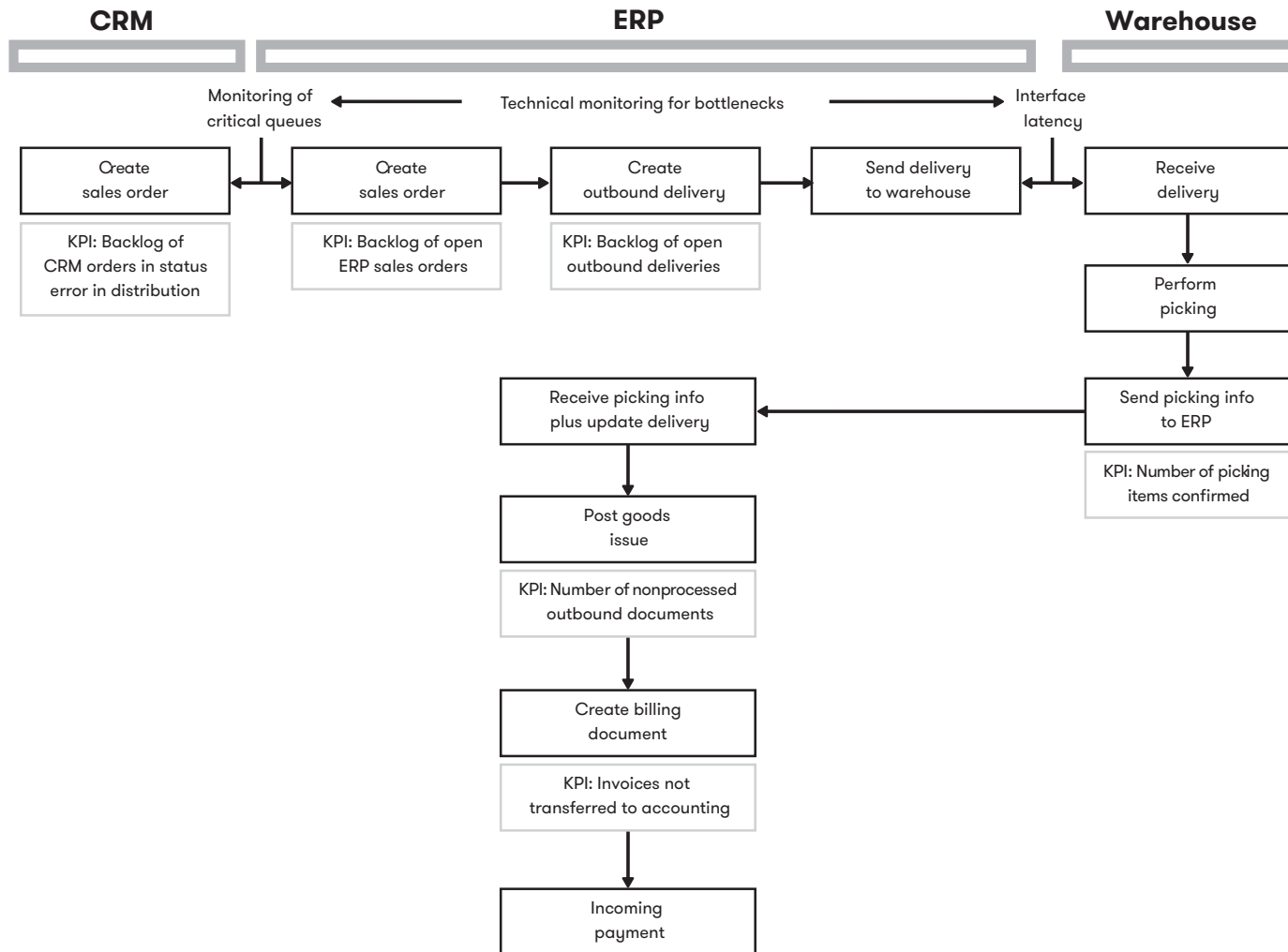
1. The initial design stage identifies critical business processes and confirms the appropriate metrics to measure those processes.
2. The development stage aligns monitoring methods and operational metrics, sets alerts and notifications, and coordinates SLAs with higher-level business service-level agreements (BSLAs).
3. The deployment stage activates the business process-oriented elements, including alerts and monitoring dashboards.
4. The ongoing improvement stage continually assesses process performance to validate and fine-tune the business process environment.

Figure 2 shows how business process-level monitoring can be used to measure technical and application performance for a specific activity: Order to Cash—from the creation of a sales order through to delivery, shipping, billing, and payment. Relevant KPIs are depicted at crucial junctures in this business process.

A truly robust business outcomes service management approach should be capable of using inputs from leading enterprise resource planning (ERP) systems, legacy customer relationship management (CRM), warehouse, or other systems. The ability of a single toolset to link across multiple application layers and various enterprise- or vendor-sourced systems is critical.

Business outcomes service management can be commercialized by any number of pricing models between the IT vendor and organization as long as they are driven by actual business outcomes, measured by tangible and documented results, and share risks with all relevant stakeholders. However, joint governance is critical to the program's success. It better engages and positions the organization's IT team, whose roles greatly change in a business outcomes service management model, and reports the value derived to the business unit clients.

An organization must engage an ongoing focused effort to optimize and improve the overall business outcomes service management environment. Organizations should examine whether they are getting reliable metrics and information that is relevant to driving process changes that yield strategic business outcomes.



**Figure 2.** Business outcomes service management tracks and acts on operational outcomes Process details: order to cash — current status

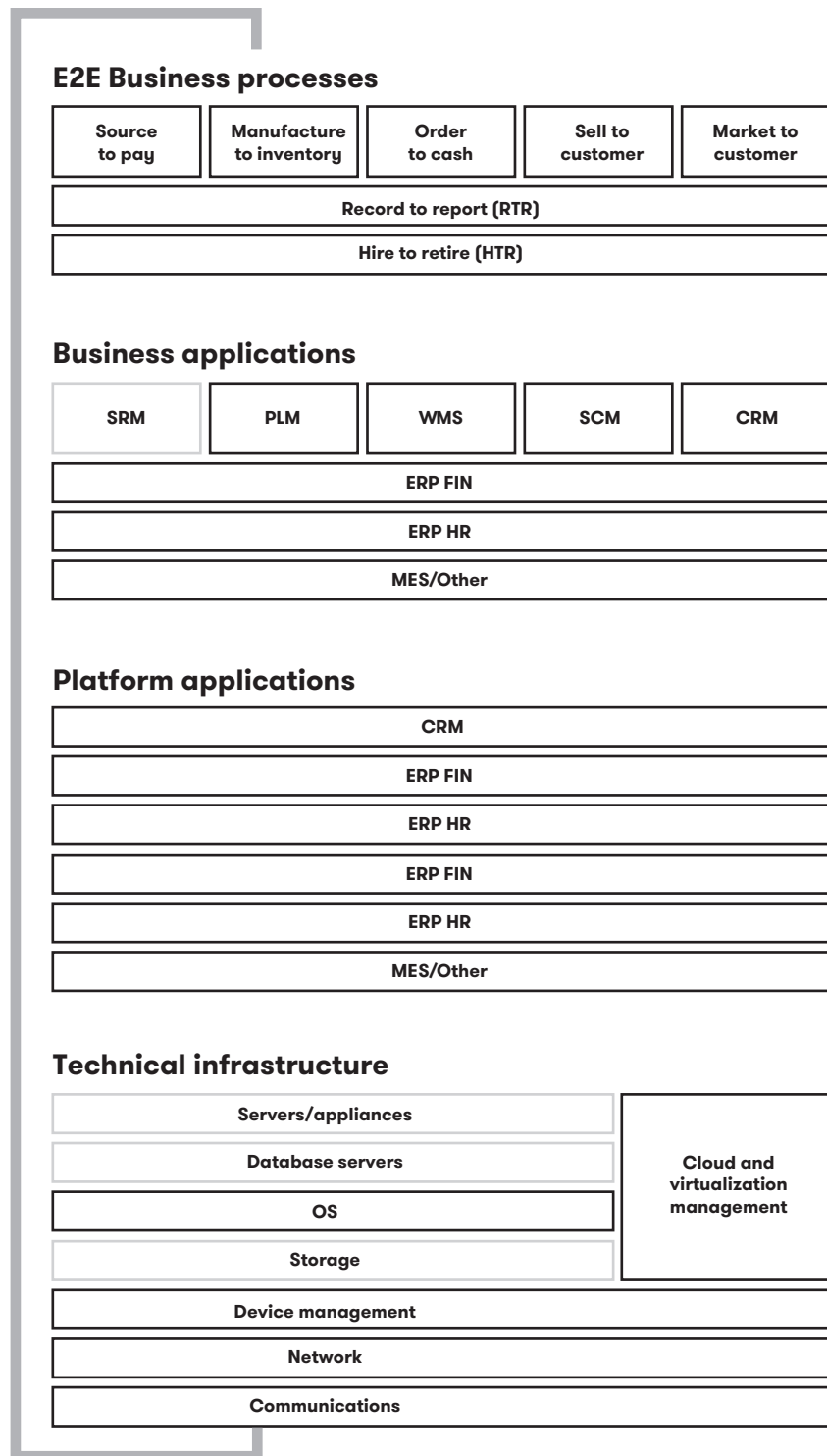
This optimization step is typically a learning process, which may involve assessing data sources from various organizations, and determining the relevant type and volumes of various performance indicators.

During this step, obsolete artifacts should be identified and removed. Thresholds and alerts can be established that link directly to business process outcomes.

Indicative of the final outputs of the process, Figure 3 shows an example of end-to-end business outcomes service management capabilities across the full IT stack. As shown, infrastructure-level monitoring is focused on availability, use, capacity, reliability, and other technical performance measures. Platform application-level measurements track platform availability, reliability, serviceability, and other business processes.

At the business-model level, business applications are also monitored for availability, reliability, and performance to schedule. However, more specific business SLAs, such as goods receipt quality, number of overdue purchase requisition items, or quantity of purchase requisitions in approval, are addressed at the E2E business process level.

Figure 3. Align services to business outcomes



**P2P E2E BSLAs**

**Business process operations SLAs**  
(For example, for source to pay):

- Number of purchase requisition items overdue
- Number of purchase requisitions in approval
- Number of PR overdue for PO creation
- Number of items with invoice receipt quantity
- Goods receipt quantity

**Application SLAs:**

- Availability (> = 99.4%)
- Reliability (<.18%)
- Serviceability (> = 90%)
- Performance to schedule

**Platform SLAs:**

- Platform availability
- Platform reliability
- Platform serviceability

**Infrastructure SLAs:**

- Availability/utilization
- Reliability
- Capacity

**P2P E2E BSLAs**



## Framework tools

Any successful business outcomes service management framework should encompass tools to meter, monitor, and measure the technical process layer and solution-enabled business process layer.

At the technical process level, any successful organization must have the ability to track and analyze the environmental performance that impacts KPI-level metrics. To realize the full potential of this approach, a framework should have the ability to use input from various software and ERP systems, and be capable of handling technical-, code-, and project-oriented documentation.

A robust business outcomes service management solution should use the inherent capabilities built within the industry's leading ERP systems and have the flexibility to monitor legacy application environments, and should leverage standardized and proprietary toolsets.

For business outcomes service management to work, organizations must also pay close attention to the business process layer. They also need a formally established business taxonomy that maps business processes, and links those processes to cause-and-effect KPIs in an integrated and effective way. Some organizations have already spent considerable time and effort to map business models to KPIs, and those collaterals can seed the business outcomes service management process. Others may need to go through this mapping, which is an absolutely essential step in creating the improvement loop needed to enhance business outcomes.

We recommend a framework model that leverages experienced-based knowledge and proven references for industry process standards.

Once business outcomes service management is implemented, application change can be managed on a case-by-case basis, with documented return on investment (ROI) and validated against the established KPIs and process taxonomy. As organizations move toward an outcome-based service management model, business processes can be managed using advanced quality control and operational management tools.

## Implementation competencies

To fully realize the promise of business outcomes service management, organizations must integrate very specific competencies for technical and business processes, and business models.

At the technical process layer, business outcomes service management implementation requires proven expertise in all aspects of operational service delivery and ALM, including the measurement of technical performance, data accuracy, integration, automation, and other activities.

The business process layer calls for unique skillsets across business functions such as manufacturing, sales, purchasing, replenishment, and other application-specific process settings.

To implement it at the business-model level, your organization must have access to industry-specific expertise in the performance requirements for business functions such as cost and payables, revenue, receivables, inventory, capital investment, and other mission-critical activities.

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**Learn why partnering makes sense**

Managing services to achieve strategic business outcomes requires real-time metrics, predictive analytic capabilities, and the ability to visualize and manage the entire technology stack. That’s why a growing number of forward-looking organizations choose to work with experienced and specialized business outcomes service management partners.

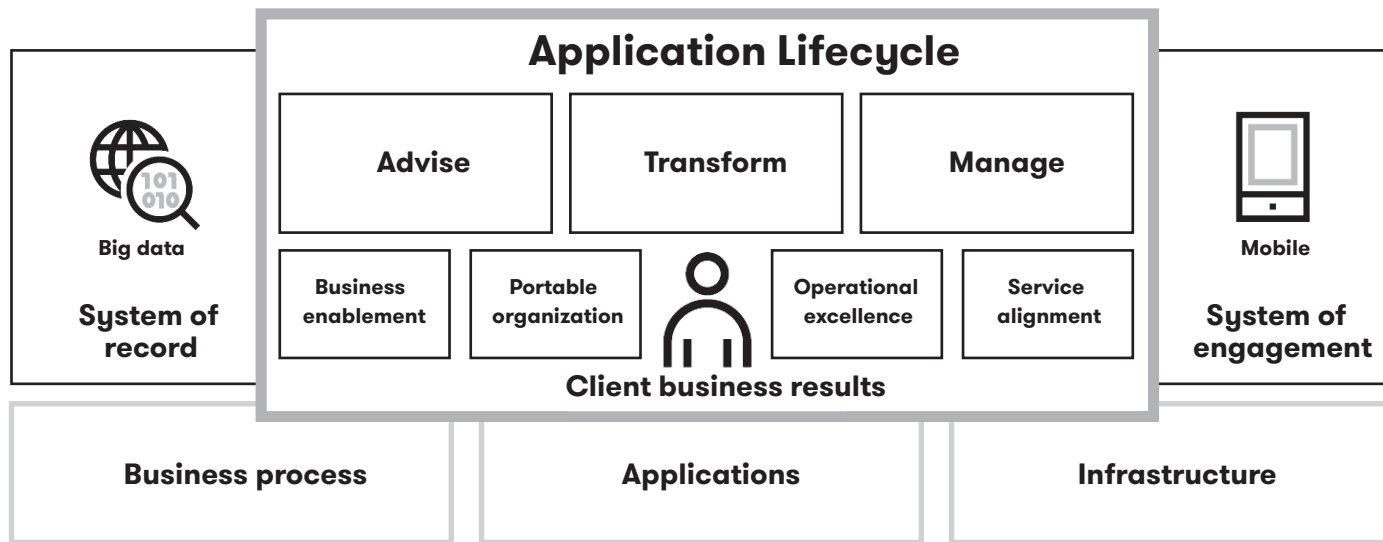


Figure 4. DXC Technology supports the New Style of IT

Finding a partner who offers a proven approach to business outcomes service management instrumentation and deployment, and has a proven framework, toolsets, and engagement experience is essential. Organizations can build on an established taxonomy for business outcomes service management, or leverage their own enterprise structure.

Being tuned to support the New Style of IT, which fully leverages the infrastructure, applications, and business process environments, enables positive business outcomes.

### **Gain strategic service management**

Forward-looking organizations now seek IT service management that delivers positive business outcomes. To meet those needs, a new results-oriented approach to service management has emerged.

Business outcomes service management leverages real-time, cross-stack metrics and robust analytics to link specific business outcomes to precise activities within the IT stack.

At the most basic level, business outcomes service management represents a fundamental change in how organizations think about IT service management, from traditional operations-based expectations to a demand for IT services that deliver real and measurable business outcomes.

By moving beyond technical monitoring to embrace a strategic model for service management, your organization can realize a New Style of IT—one that produces measurable and positive business results.

**Learn more at  
[www.dxc.technology  
/applications](http://www.dxc.technology/applications)**

**About DXC**

DXC Technology (NYSE: DXC) is the world's leading independent, end-to-end IT services company, helping clients harness the power of innovation to thrive on change. Created by the merger of CSC and the Enterprise Services business of Hewlett Packard Enterprise, DXC Technology serves nearly 6,000 private and public sector clients across 70 countries. The company's technology independence, global talent and extensive partner alliance combine to deliver powerful next-generation IT services and solutions. DXC Technology is recognized among the best corporate citizens globally. For more information, visit [www.dxc.technology](http://www.dxc.technology).