Where is the IT value? Maximize your impact with IT4IT, Lean, and Disruptive Technology

Thom Farrell  
Founder and Principal, Value Ecosystem Syndicate  
upbeat@gmail.com

Session Description

In this session, HPE Chief Technologist Thomas Farrell will explore how the Open Group’s IT4IT standard compliments Agile and DevOps methods to drive faster, better, cheaper, and safer outcomes. Discover how you can Plan, Build, Run, and Deliver your service management outcomes in a manner that differentiates your business and IT. The session will cover the fundamentals of IT4IT business value, and will conclude with real life applications and case studies of the principles in action.

Speaker Background

Thom Farrell is the founder and principal of Value Ecosystem Syndicate and an experienced professional in leading practices for operational efficiency and building software services organizations competencies. Thom has been responsible for supporting software and services sales as well as delivery and his role includes defining enterprise roadmaps and services across IT including Service Management strategies for customers incorporating Strategy and Governance, Service Design, Transition and Service Operations Management and Big Data in traditional IT, system integrator, and cloud based models.
Where is the IT Value?

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thom@value-ecosystem.com

thom_farrell

thom_farrell
Digital Disruption introduces new journeys to incumbent

Disruption is...
- Detectable: Faint signals with lots of noise
- Clear: Emergence of a validated model
- Inevitable: Critical mass of adoption achieved
- New Normal: At Scale and Mature

Incumbent’s Move
- Acuity
- Action
- Acceleration
- Adoption

Common Barrier
- Myopia
- Avoid Pain
- Inertia
- Fit

Digital Transformation Technologies

- Big Data & Analytics
- Internet of Things
- Cloud
- Containerization
- Mobility
- Cyber-Security
- Social Media
Fourth Industrial Revolution (4IR)

For further information, see World Economic Forum Center for the 4IR

Fourth Industrial Revolution Technologies

- 3-D printing
- Artificial intelligence
- Cloud Native - IOT
- Nanotechnology - Biotechnology
- Quantum computing
- Autonomous vehicles
- Robotic automation

Hand Crafted
- The pre-industrial age
- Agricultural, hand-crafted, tools and household products
- Domesticated animals, information within communities

End of the 18th Century
- Mechanical Production, factory system
- Use of power, mechanized, productivity
- Steam power, reduced time of transport and communication

End of the 19th Century
- Standard parts, move to electrical, automated
- Factory system, line shafts & belts, central power
- Motoring, railway, electrical power and the telegraph

1970s Onwards
- Microprocessors, digital logic circuits, automation
- Automated robots, control systems, CAD, digital
- Computer networking, mobile phones, etc.
- Reduced time and increased volume of information

Tomorrow
- Cyber networks, physical networks, autonomous systems
- Sensors, New products & process, integration.
- Autonomous communication, supply chain, tracking of assets
- Integrated business planning and production.
Priorities for Growth and Operational Improvement

**GROWTH DRIVERS**
- Demand Generation
- Reach & Selection
- Customer Purchase Process
- Customer Experience

**OPERATIONAL IMPROVEMENT**
- Process Efficiency
- Asset Utilization
- Agility
- New Business Models

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**What is Lean?**

**Objective**
Lean is a **management philosophy** based on the Toyota Production System (TPS)
Eliminate everything that does not add value (waste) in the **customer’s eyes**

**Focus**
- **Value streams** or processes
  Focused on improving process performance, clear view of **end state**

**Approach**
- Wide range of Lean techniques & tools are available
- Learn-by-doing approach, culture of continuous improvement
How to Apply Lean Thinking

Large batches → Small batches
Low Unit Costs → Total System Cost
Work at Full Capacity → Work at needed Capacity
Tight schedules → Flexible schedules
High Inventories → Low Inventories
Specialization → Cross-Training
Long Cycle Times → Short Cycle Times

Benefits
• Improved internal satisfaction
• Improved customer satisfaction
• Improved Quality of Products and Services
• Reduced manual effort and paperwork
• Reduced Meta, searching for information
• Improved employee engagement

On DevOps Initiatives

Culture: Why DevOps efforts fail

Why DevOps Initiatives Fail
• Lack of connectivity in the DevOps toolchain
• Lack of test automation
• Brownfield environments
• Cultural problems
• Limited access to self-service infrastructure and environments
Demand to Retire

Copyright © 2011 Charles Betz, *Ongoing Confusion of Process and Function*

The Five Ways of the Business Architecture Practice

*O-BA5*

- **Way of Thinking**
  - Resolves challenges of continuous change

- **Way of Working**
  - Assures leadership communication

- **Way of Supporting**
  - Common language and techniques enable the role

- **Way of Modeling**
  - Assures alignment and integration of strategy, structure, and operations

- **Way of Organizing**
  - Assures the business architect acts at the right time
IT Capability Maturity Framework (IT-CMF)

Managing IT like a business
Managing the IT Budget
Managing the IT Capability
Managing IT for Business Value

Helpful
IT-CMF helps organizations to develop enduring IT capabilities.

Coherent
It is underpinned by coherent concepts and principles that help stakeholders to agree strategic goals, implement planned actions and evaluate performance.

Complementary
It complements other, domain-specific frameworks already in use in the organization and fills in gaps in coverage.

Scaleable
It can be used to guide performance improvement in organizations of any size and in any sector.
### Why should you apply IT4IT value streams?

**Source**

> "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 $10 per annum IT function, this benefit could be $5\%\text{-}20\%\text{ of total budget.}"

<table>
<thead>
<tr>
<th>Benefits of using IT4IT</th>
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<tbody>
<tr>
<td>• Optimized cost of services</td>
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<tr>
<td>• Improved service availability</td>
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<tr>
<td>• Reduced Incident resolution times</td>
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<tr>
<td>• More efficient usage of technology</td>
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<tr>
<td>• Reduced transactional friction</td>
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<tr>
<td>• More effective and Agile results</td>
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<td>• Increased customer satisfaction</td>
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IT4IT Success Stories

- **Shell**
  - Simplified complex IT process and tool landscape
  - Improved governance
  - Reduced number of IT vendors

- **Rabobank**
  - Bridged both IT and business silos
  - Enabled genuine collaboration on business function automation
  - Better time to market

- **Exxon Mobil**
  - Applied Value Chain thinking to IT management.
  - Increased automation in IT operations

- **Safeway**
  - Cut vendor management overhead
  - Reduced IT spend
  - Retired ~130 applications

- **FedEx**
  - Moved to shorter planning cycles
  - Introduced continuous build and deploy
  - Managing and controlling service consumption

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An integrated Service Model Backbone

A Central Repository for IT4IT

Orbus iServer for IT4IT™

- **Heatmaps**
- **Bubble Charts**
- **Impact Analysis**
- **Matrices**
- **Dashboards**

IT4IT Value Chain & ArchiMate 2.1

Notation and Framework Support

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IT4IT, the Service Model Backbone, and Orbus iServer
How IT4IT Value Stream Thinking is applied

Enablement, Application, Adoption
- Event Driven
- Program & Planning Driven
- Embedded in Growth or Operational Efficiency programs (recall levers)
- B2B2C to describe strategic implications of an organizational capabilities
- Domain Models such DevOps, Multi-Supplier, Process maps, etc.
- ITFM, Total Cost of Service Performance (TCSP), and Total Cost of Contribution (TCC)

Open Group Resources
- Case Studies
- Guides
- Information Sheets
- Standards
- Study Materials
- Webinars
- White Papers
- Reference Implementations

Cloud Native Landscape – Cloud Native Computing
Application Definition and Development
Cloud Native Computing

- Database and Data Analytics
- Streaming
- Source Control Management
- Registry Services
- Application Definition
- Continuous Integration & Continuous Deployment

Orchestration and Management
Cloud Native Computing

- Scheduling & Orchestration
- Coordination & Service Discovery
- Service Management
Value Ecosystem Syndicate Workshop Capabilities

Assess: “What is currently being delivered and how?”
Explore: “What can we do together?”
Elaborate: “What should we do together?”
Execute: “How can we do it together?”

Focusing the conversation
Inflection points

Business results
Accelerated alignment and buy-in

Structured frameworks
Strategic business conversations

Integrated teams
Multi-disciplinary groups

Design Thinking mindset
Visualization

Transformational thinking
Actionable insights and creativity

Specify value received by Customer
Identify the Value Streams
Flow
Pull
Perfection

• Specify what does and does not provide value from the perspective of the customer, not the firm, function, or department.
• Identify all the steps needed to design, order, and produce the product across the whole value stream to highlight waste.
• Actions that create customer value should flow without interruption, detours, backflows, waiting or scrap.
• Only produce customer value
• Strive for perfection by continuously removing layers of waste as they are uncovered

Lean Thinking
An interpretation of the lean thinking as described by James P. Womack and Daniel T. Jones in *Lean Thinking*
Questions?

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Appendix

Additional Reference Material
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Runtime

- Cloud-Native Storage
- Container Runtime
- Cloud-Native Network
Observability and Analysis

- Monitoring
- Logging
- Tracing

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