



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

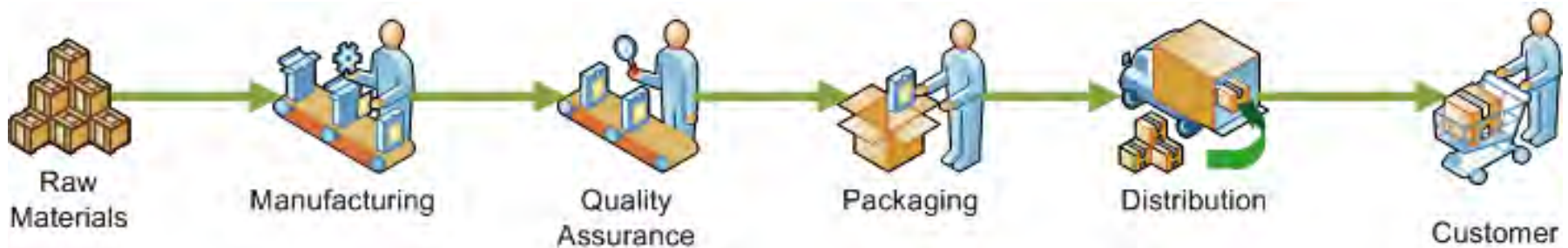
- ▶ **Characteristics**
 - ▶ On demand
 - ▶ Ubiquitous access
 - ▶ Resource pooling
 - ▶ Rapid elasticity
 - ▶ Measured services
- ▶ Different types of Cloud (Private, Community, Public, Hybrid)
- ▶ Different types of Cloud Service (SaaS, PaaS, IaaS)



How do we manage IT?

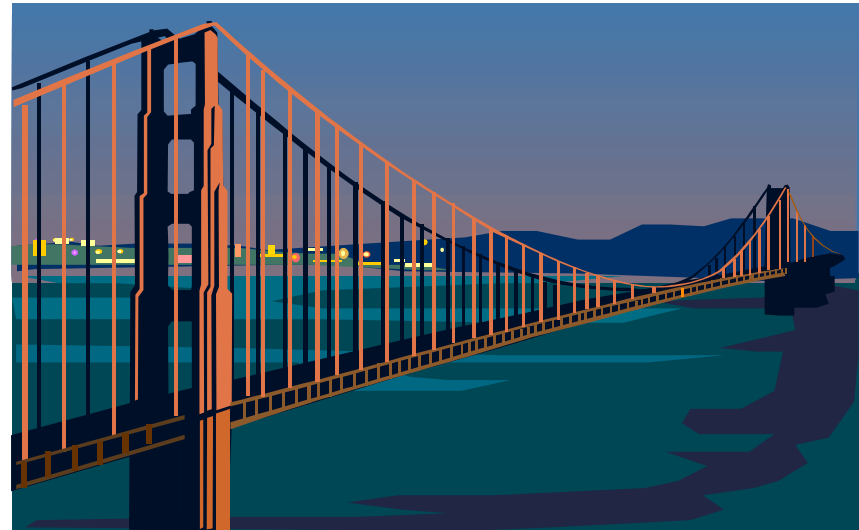
Why not Production Management?

- ▶ 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

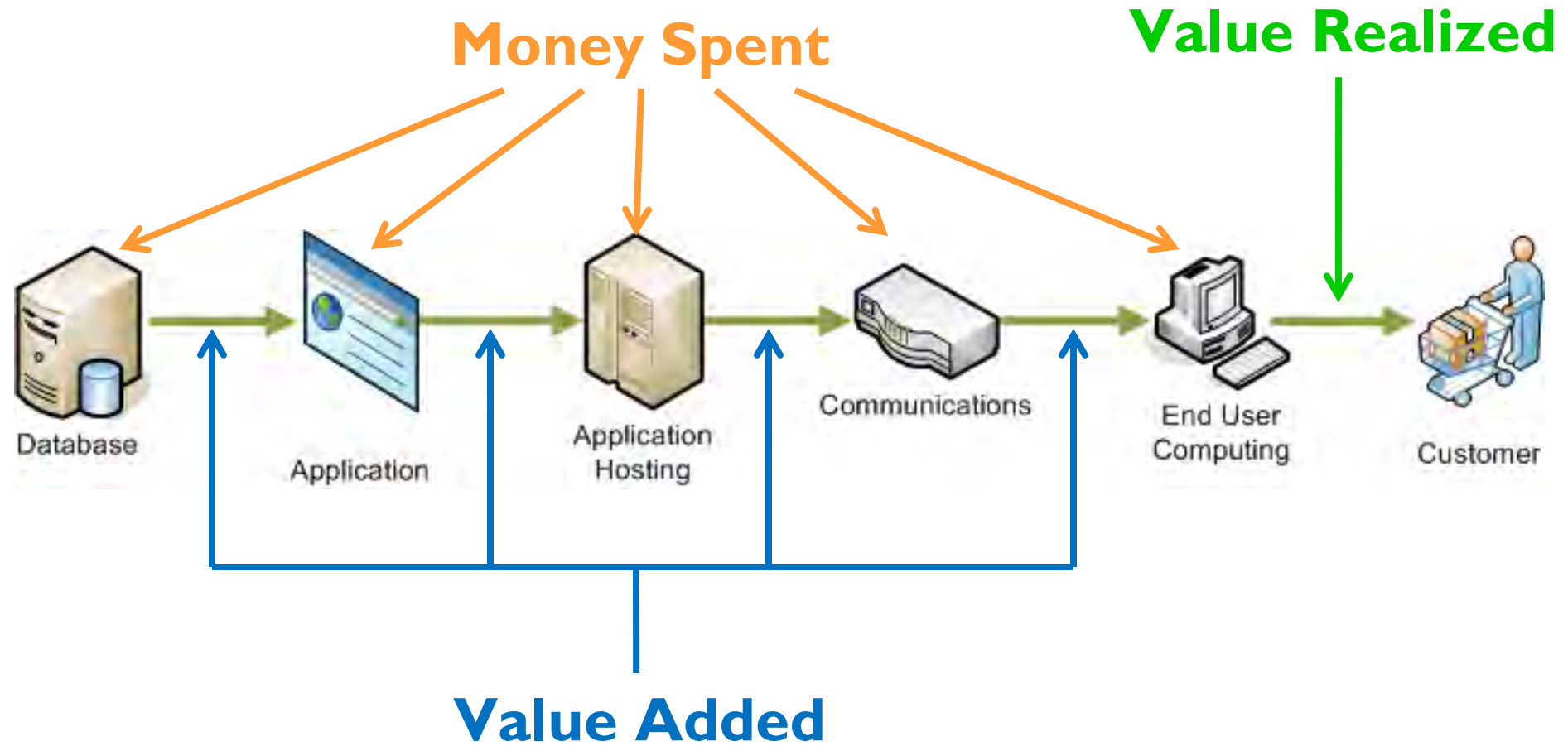
Definition of Service

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?



Value



Value in Supply Chains

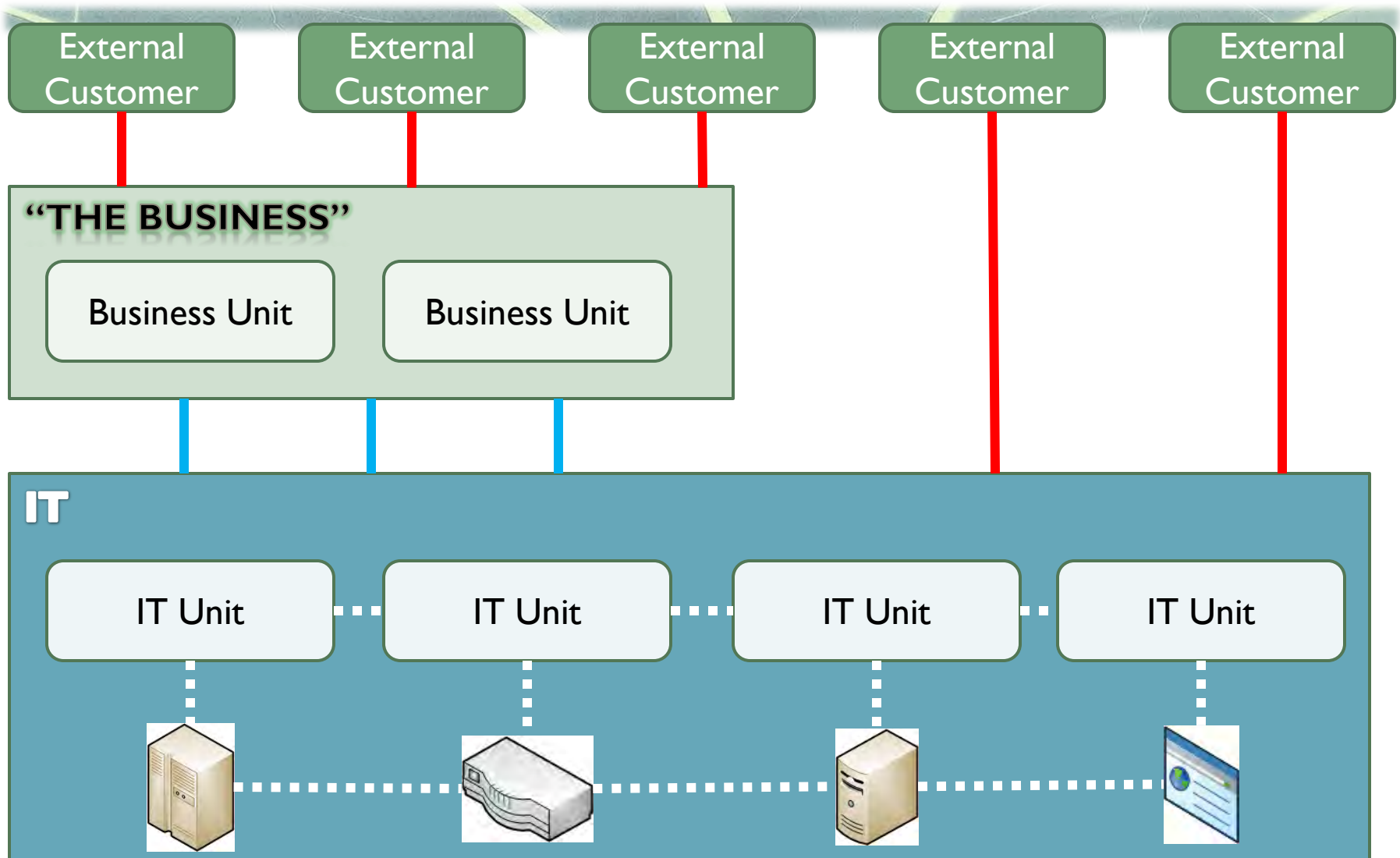
▶ Lessons Learned

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**

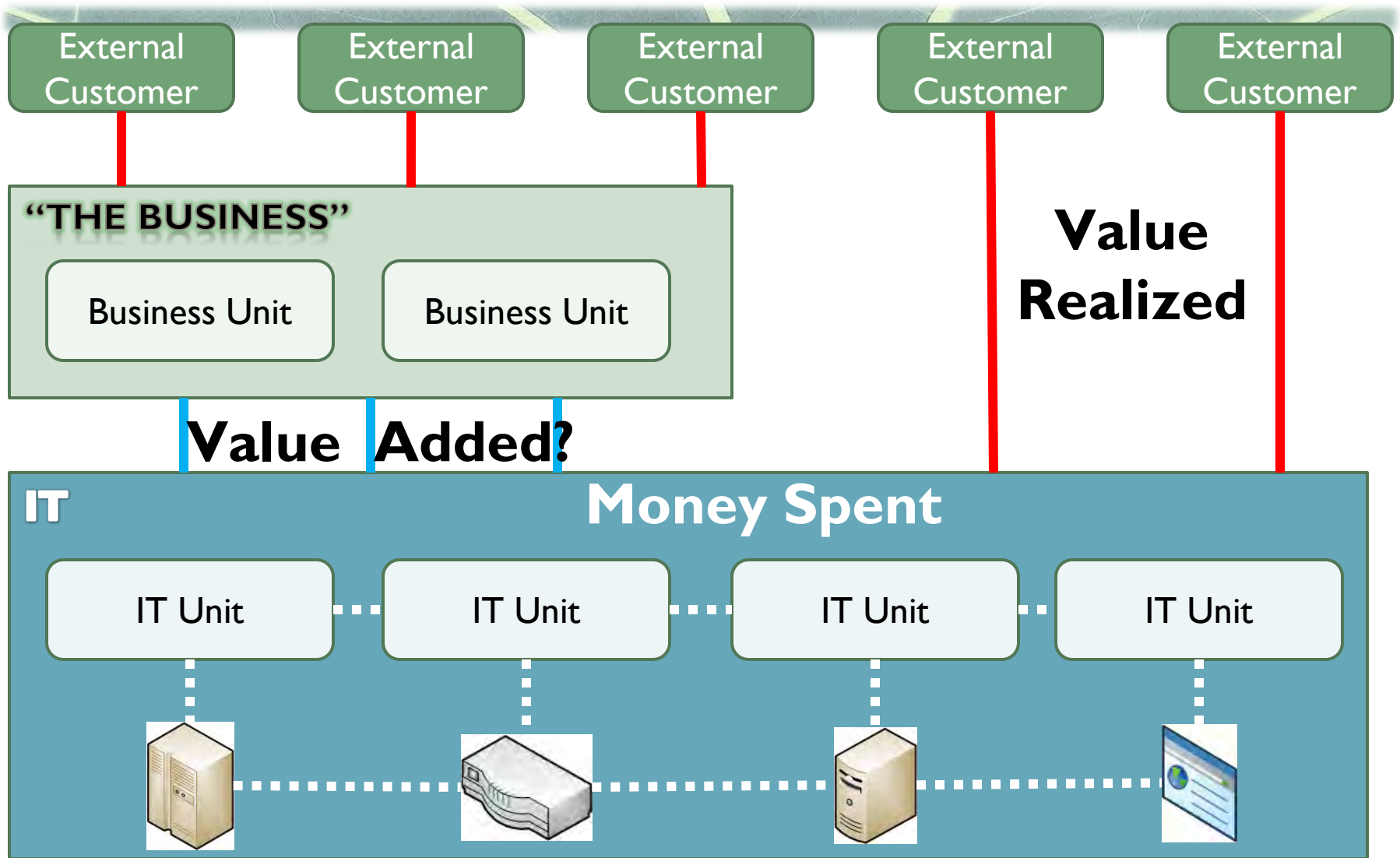
What does this mean for IT?

- ▶ If IT wants to demonstrate value it has to link its services to where **value is realized**, not where **value is added**
- ▶ If IT can not do this it will always be viewed as **'money spent'** not **'value added'**

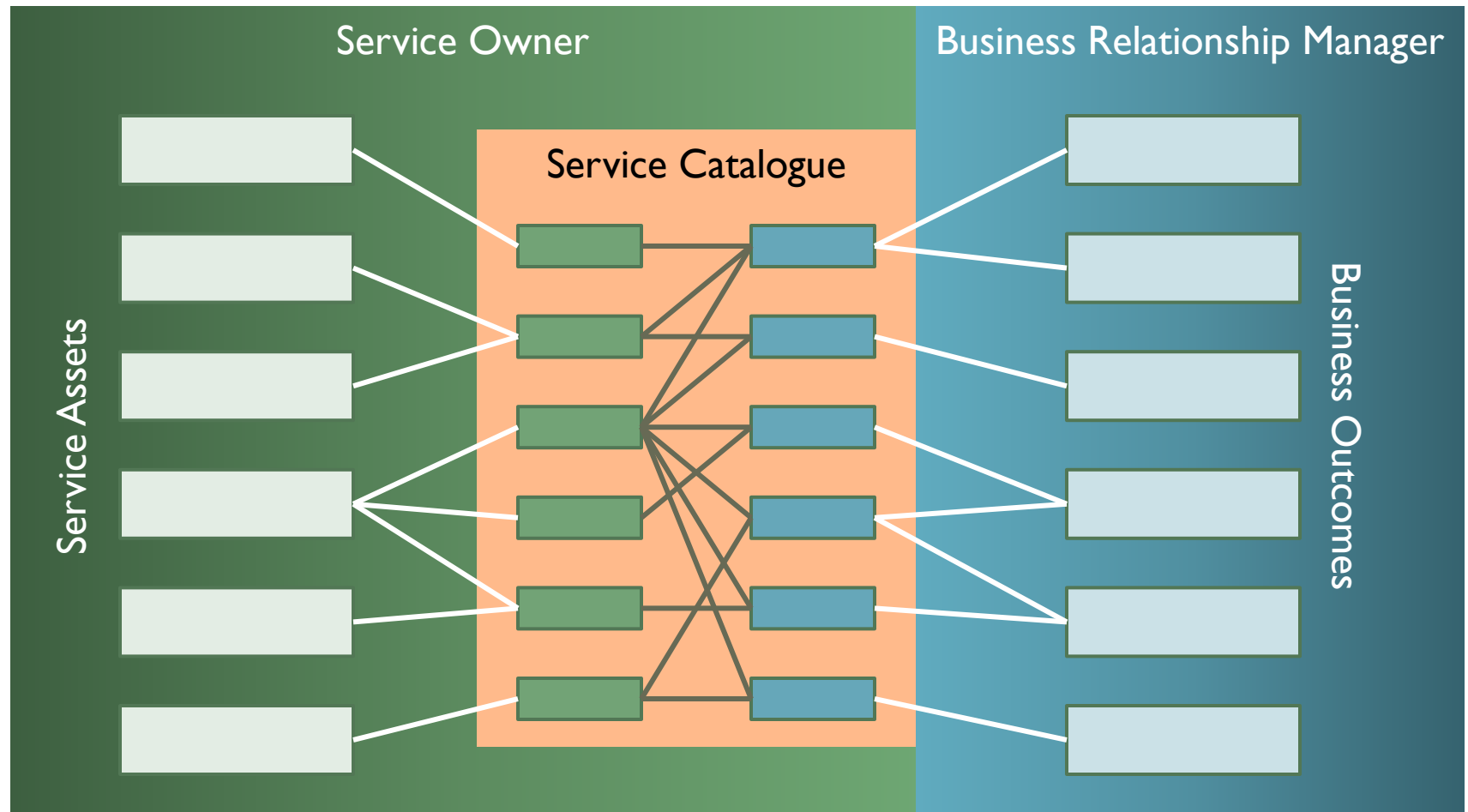
Customers and Services



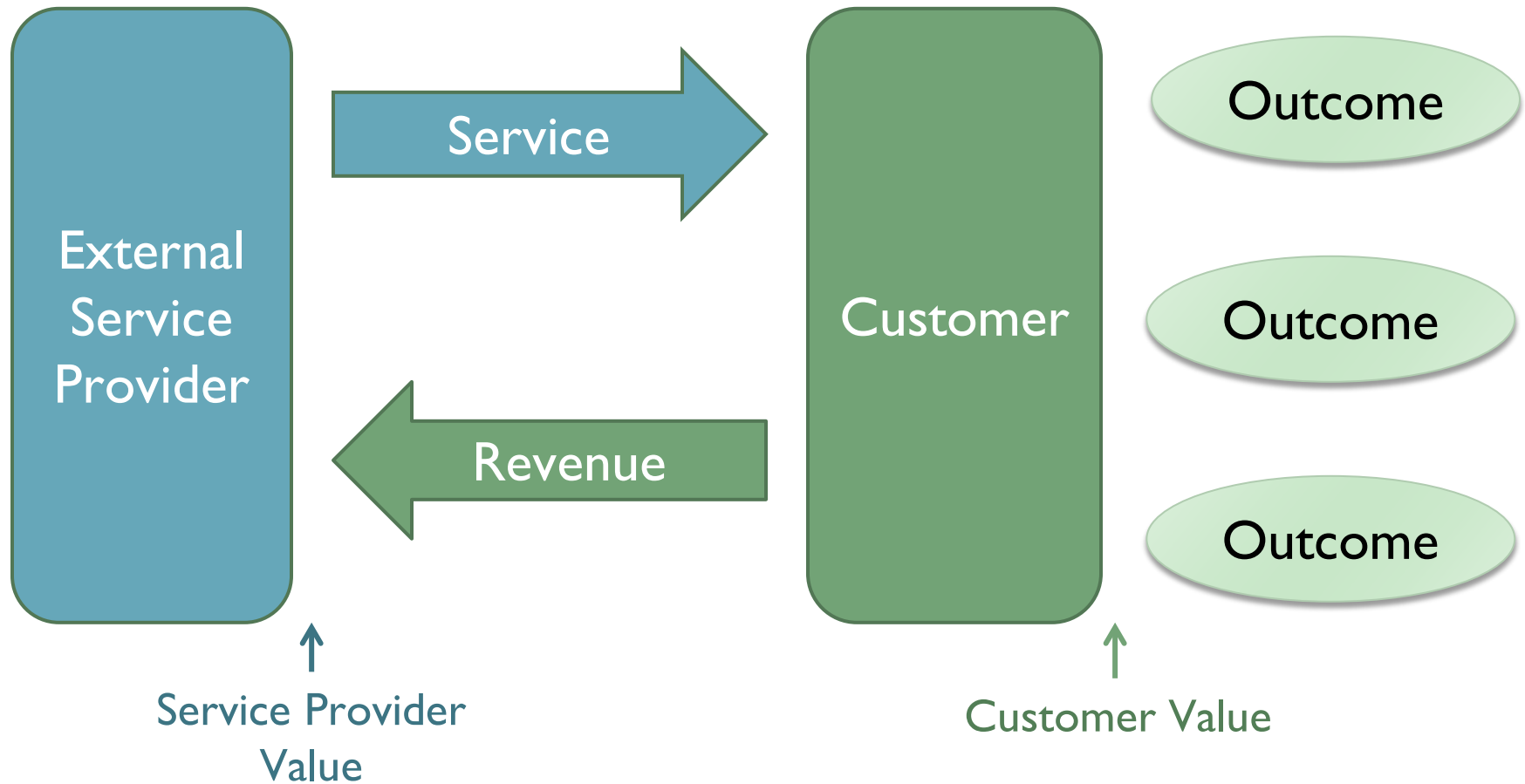
Services and Value



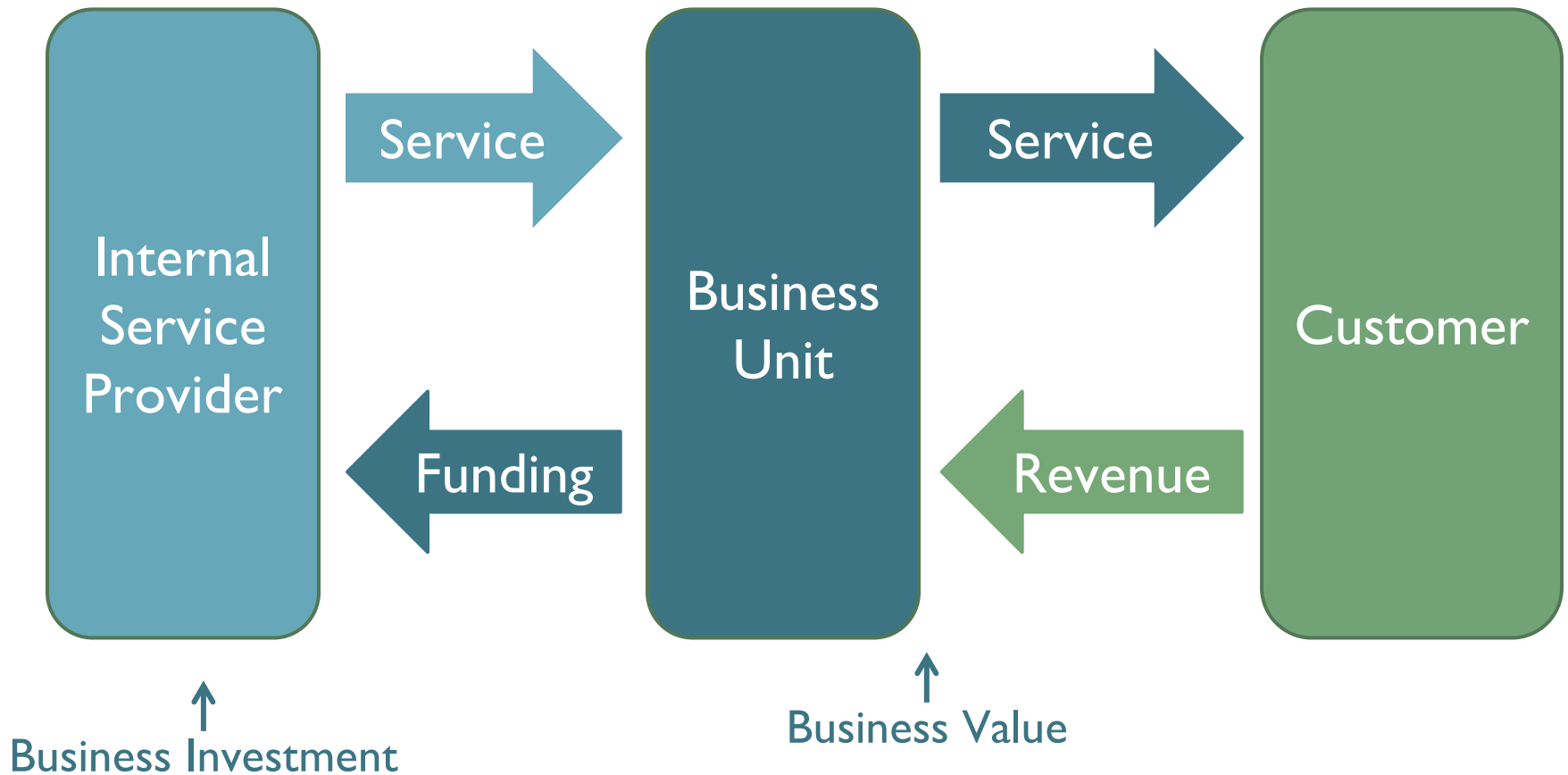
How Should Value be Measured?



Measuring ROI



Measuring ROI





Another look at the Service Portfolio

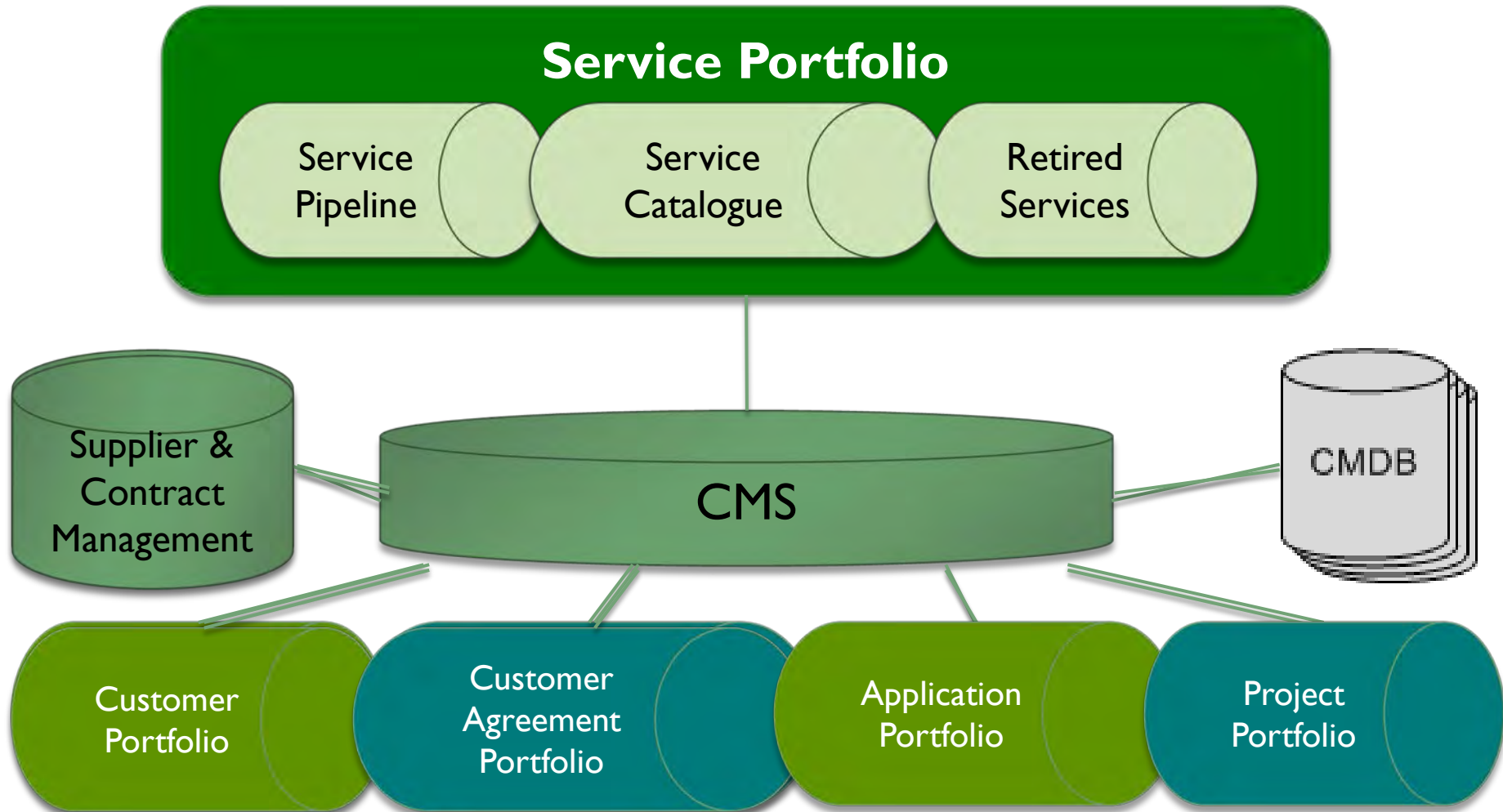
What is a Service Portfolio?

- ▶ 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



SPM Process

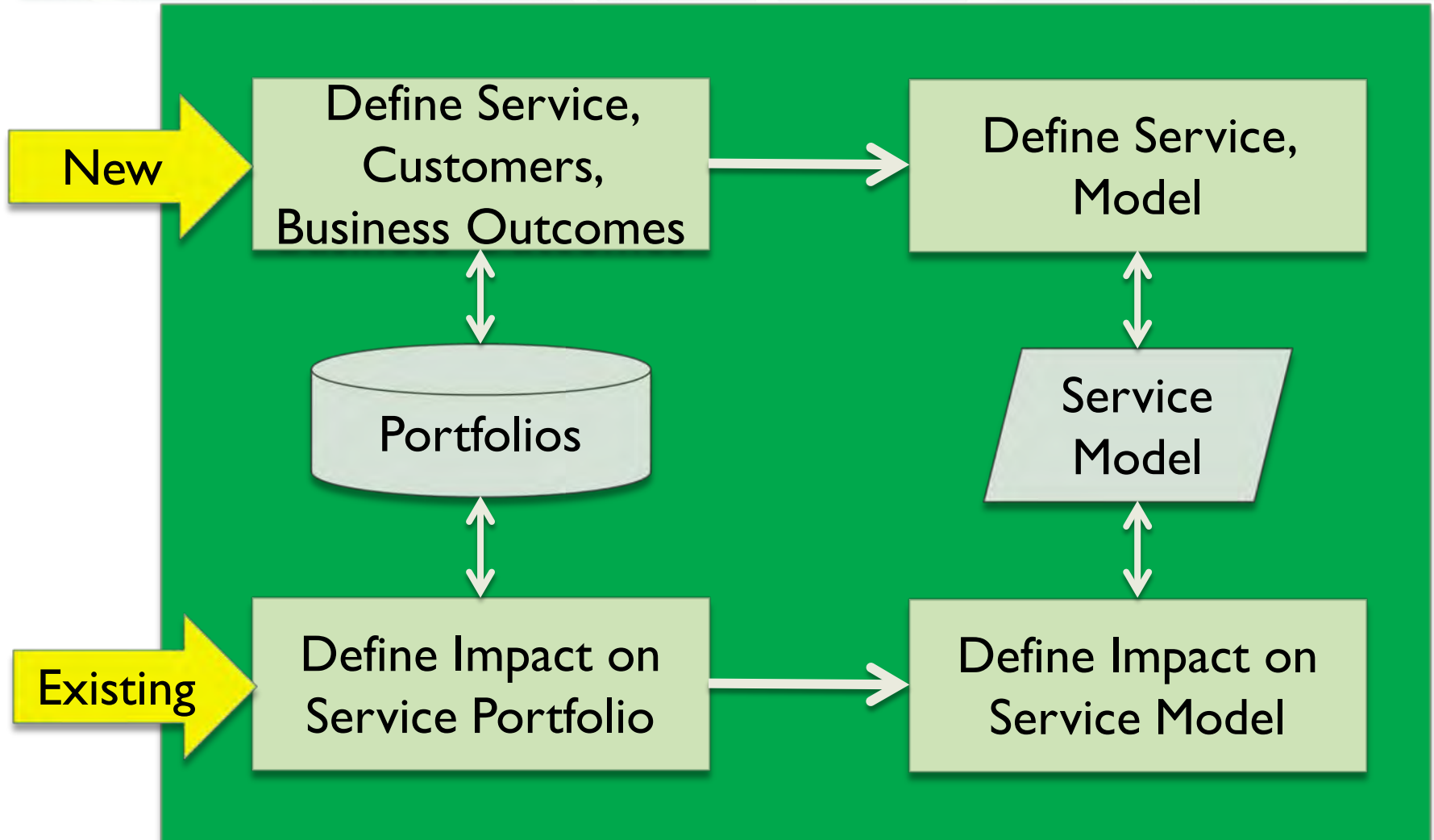
Define

Analyze

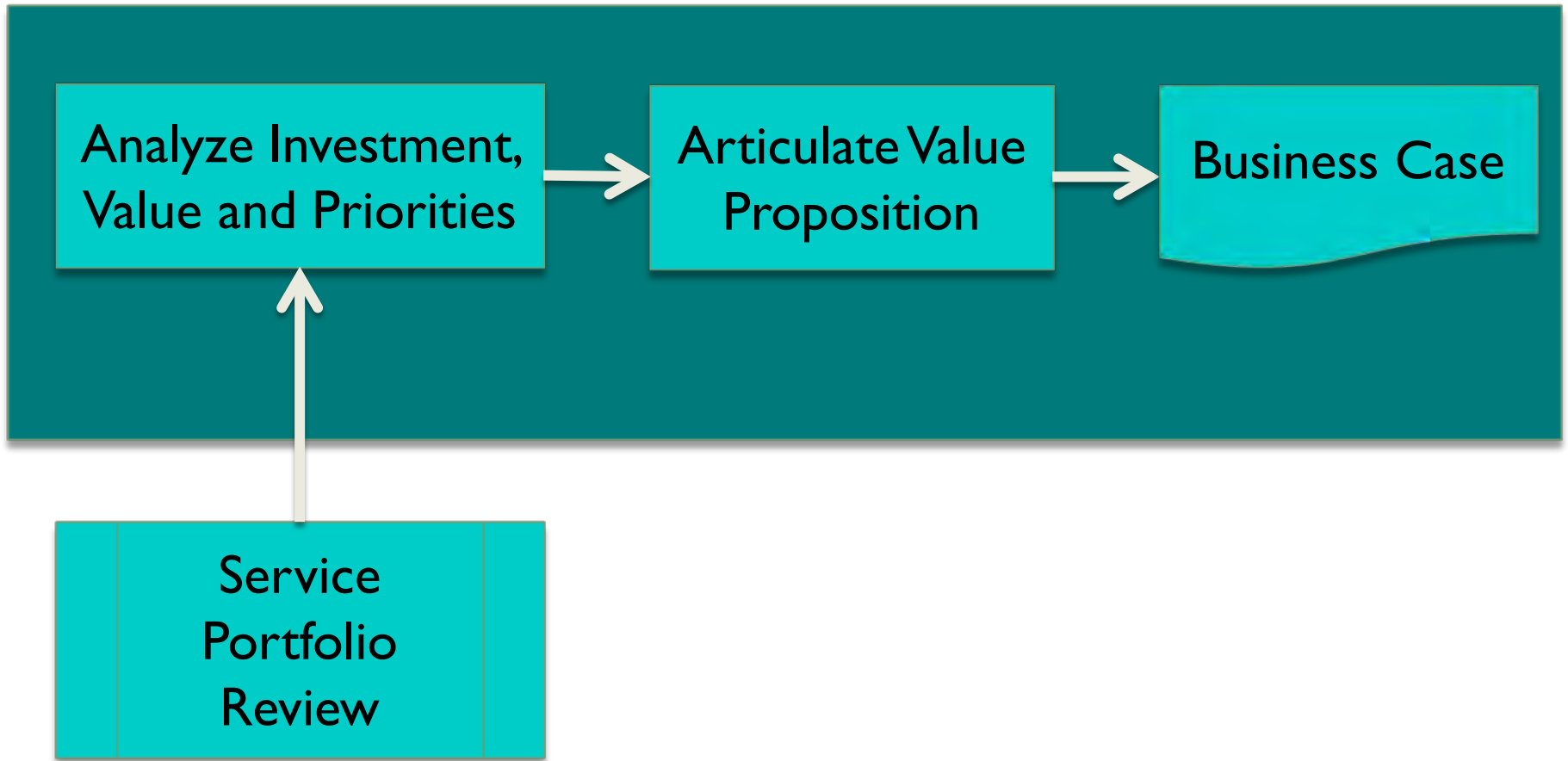
Approve

Charter

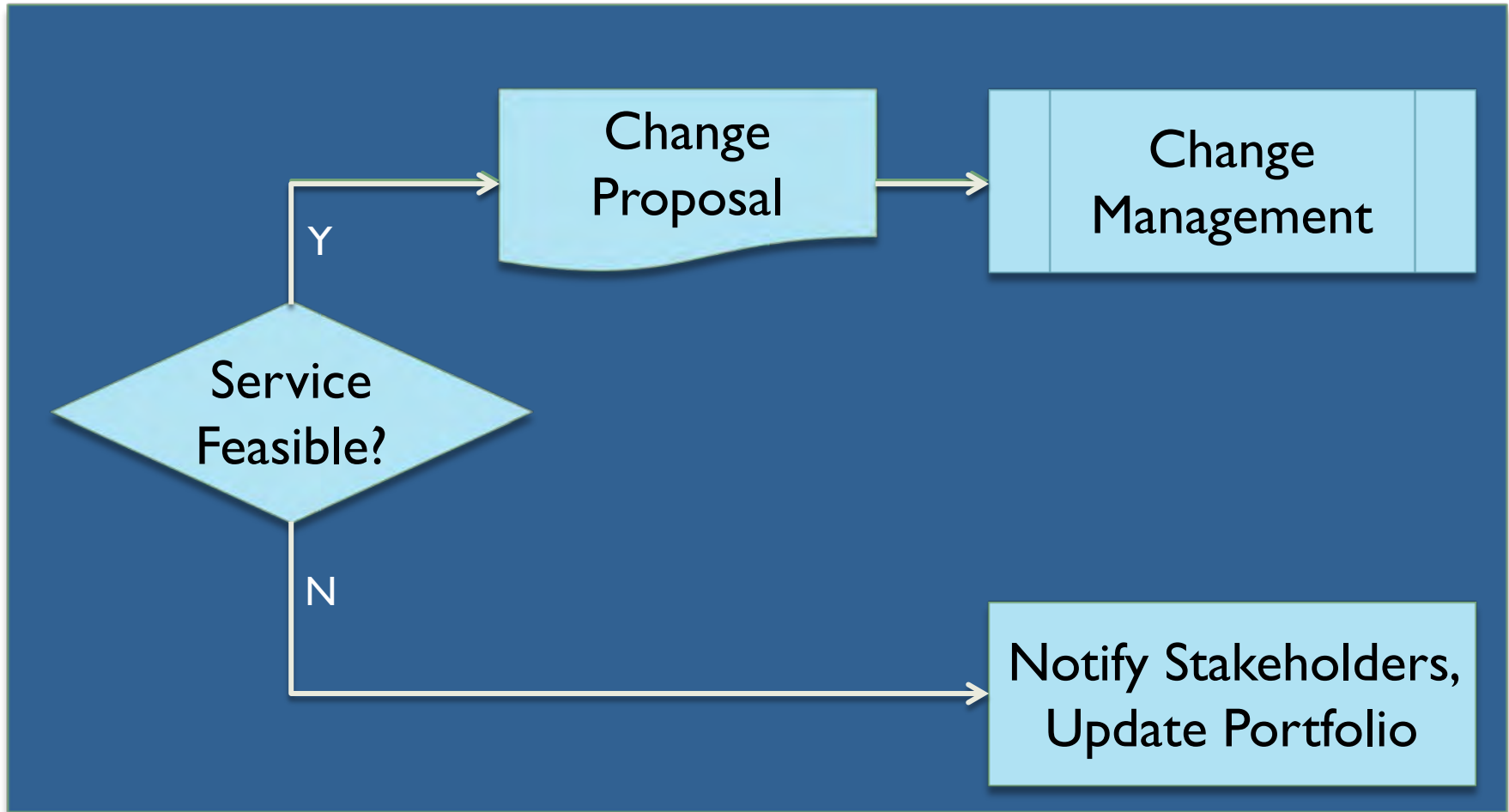
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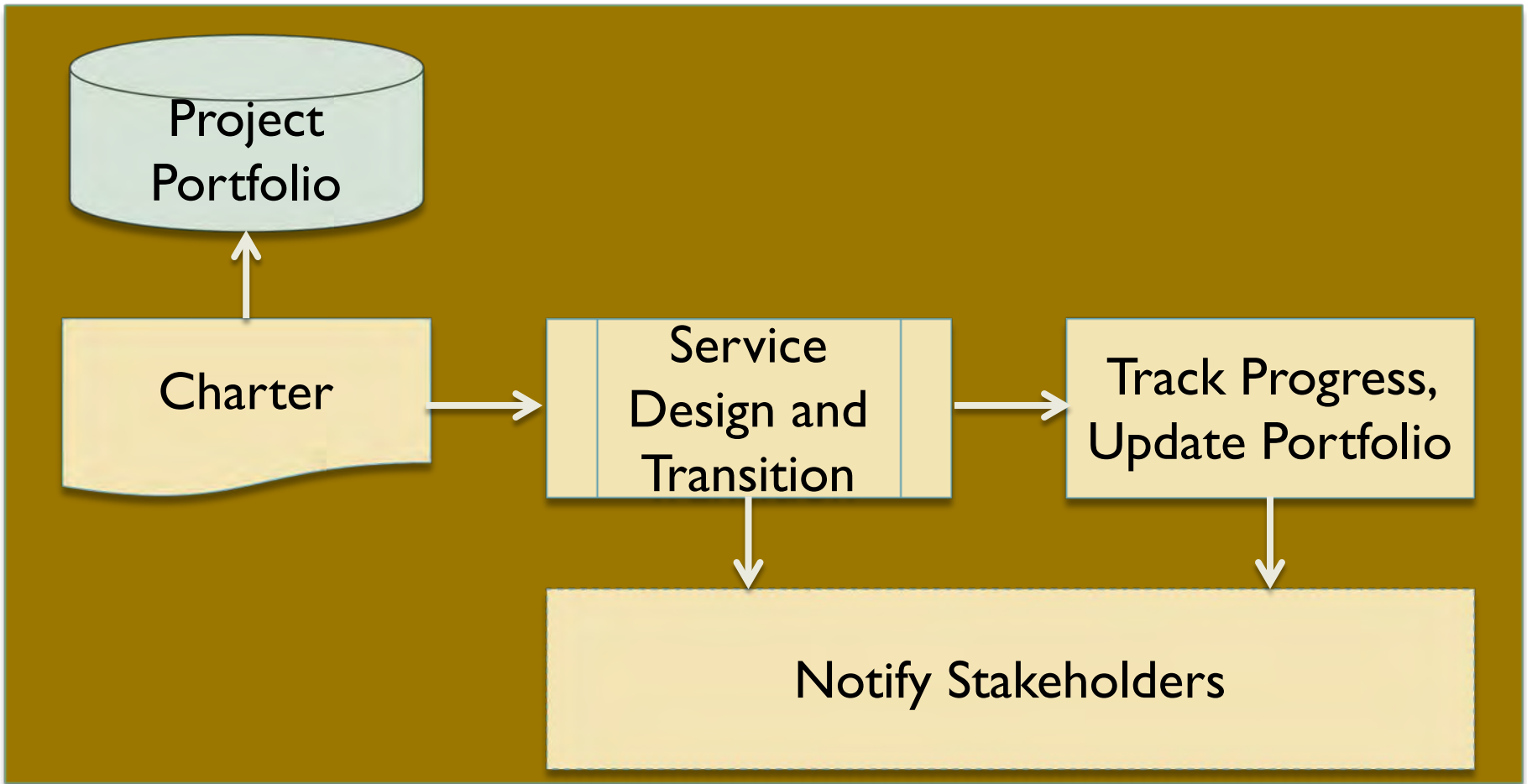
Analyze



Approve

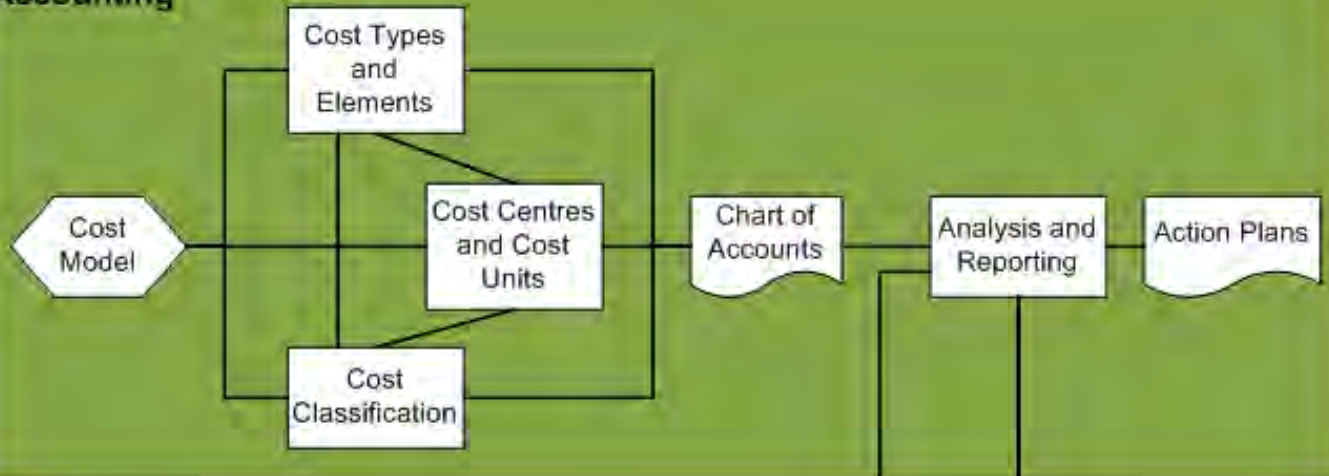


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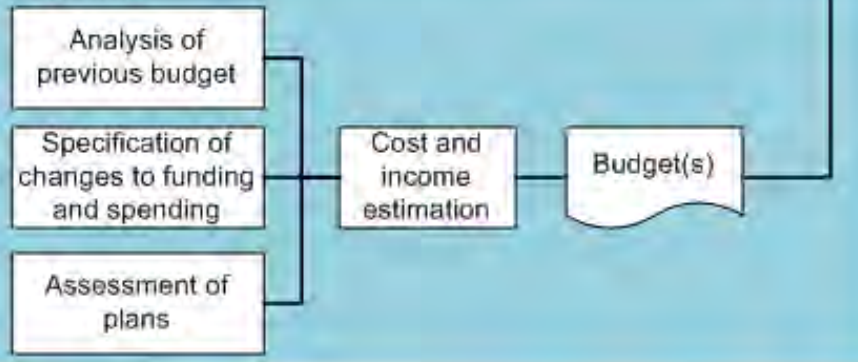


Financial Management Activities

Accounting



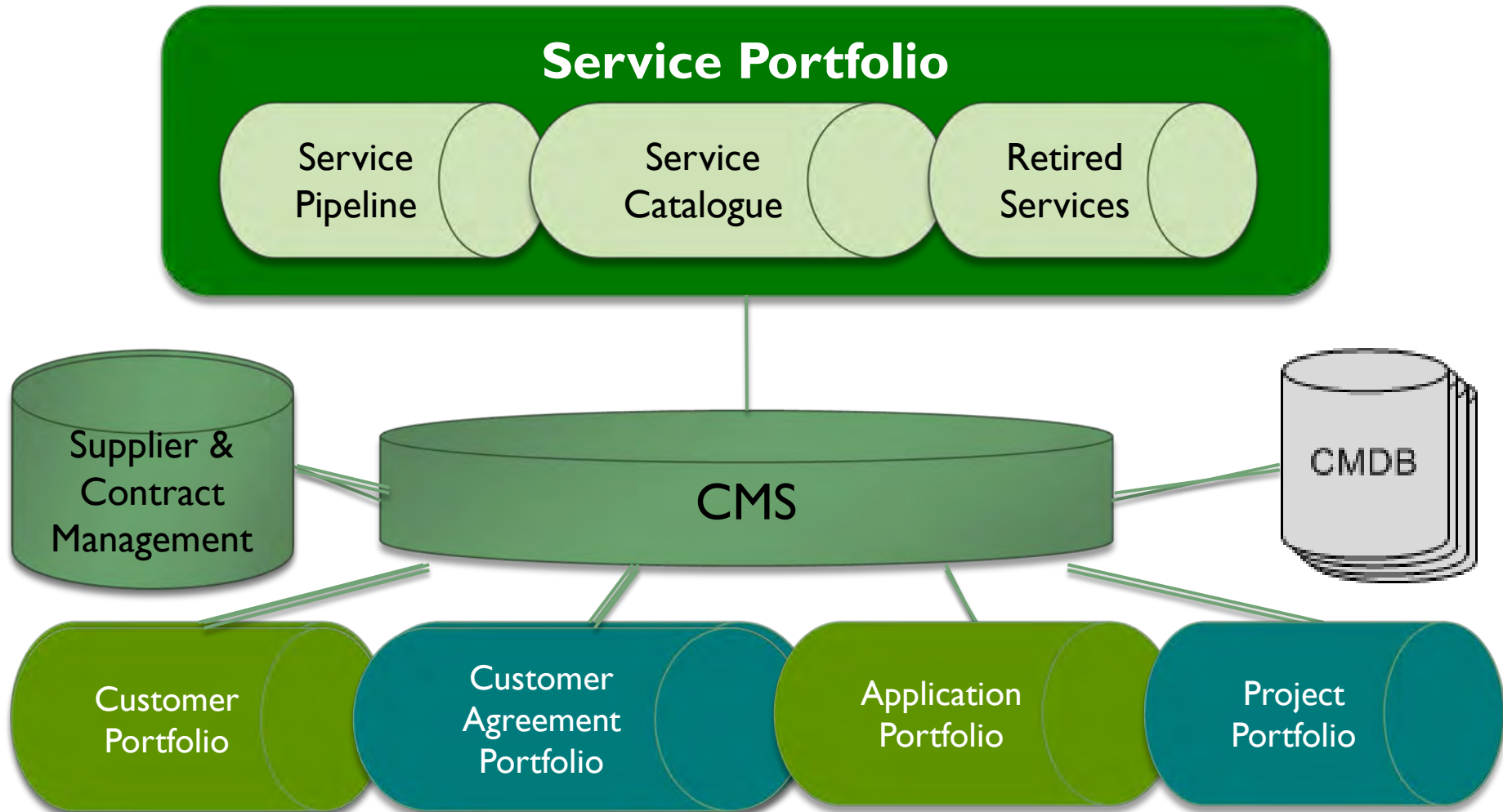
Budgeting



Charging



Service Portfolio Management





Some Things to Think About

Two Types of Cloud?

Supplier Based Cloud

- Standard services are offered to a range of customers
- Customers have to know how to manage the services to achieve their outcomes
- Customers define usage policies
- Most management tasks are performed by the customer
- The supplier will offer a range of standard administrative options (e.g. Backups) for an extra fee
- The customer has no control over how the actual resources are managed – although they may access them directly

Consumer Based Cloud

- Services are designed for a specific customer or a specific type of customer
- Services are designed to meet specific types of customer outcome
- Functionality is standard, but can be customized by the customer
- Customers manage the content, but not the service
- Customers do not have any idea of the infrastructure or applications that support their services
- The supplier defines and executes all management policies and procedures

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

