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IT BENCHMARKING

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INTRODUCTION

IT infrastructure hardware and software technology is becoming faster, better and cheaper — even after the onslaught of COVID-19. Cloud computing is forcing a change of thinking when it comes to the IT service delivery model.

Enabled mostly by advances in automation and virtualization technologies, cloud computing offers the promise of allowing business users to request and receive IT resources on-demand, as needed, and paid for based on what is used. On-demand computing is very important in a pandemic, where most businesses are struggling financially.

Cloud computing impacts how internal and external IT services organizations provide, manage and charge for their services. In any case, the business objective is continuous service improvement. So, how do you know if you are doing a good job or is there room for improvement?

The first step is to build your IT infrastructure services baseline. Your IT services baseline defines your current IT infrastructure service cost and output. Your baseline serves as a measurement tool for continuous improvement, as well as the base case for TCO (Total Cost of Ownership) and ROI (Return on Investment) analyses.

CHARACTERISTICS OF THE BASELINE

A services-based IT infrastructure baseline must include organizational, financial, and technical data. The ability to correlate and evaluate such information objectively requires a broad base of IT infrastructure support and operations experience augmented by knowledge of industry standards and marketplace solutions. To create the baseline in 2021, the following skill sets are required:

- IT Financial Management
- IT Service Delivery Management Best Practices
- It Operations and Technical Support Management
- Hardware, Software, and Services Vendor Procurement and Management
- Data Center Management
- IT Services Industry Awareness

Your baseline should include the entire IT infrastructure services budget, including costs outside the IT budget, such as data center facilities costs, to create a true Total Cost analysis. The IT Infrastructure budget includes mainframes, servers, storage, database, data and voice network infrastructure, data center facilities, disaster recovery, technical and operations support, help desk, desktop services, as well as general support functions such as facilities and process management.

The baseline will define your service cost and output of your staff and budget allocation to service areas that can be evaluated and compared to the industry. It should organize your infrastructure services by hardware platform (mainframe, servers, storage) and key infrastructure services areas (network, help desk, desktop). Costs per service area will be defined to include labor, hardware, software, network, facilities and outside services. Service units per service area (MIPS, images, GB used, calls and users) will be defined, resulting in a per-unit cost by area. Your organization can uniquely define service areas as a unit of measure for further evaluation. For example, you may want to define your per-unit cost to support your email service, database environment, or a specific application process.

BASELINE AND BENCHMARK ARTIFACTS

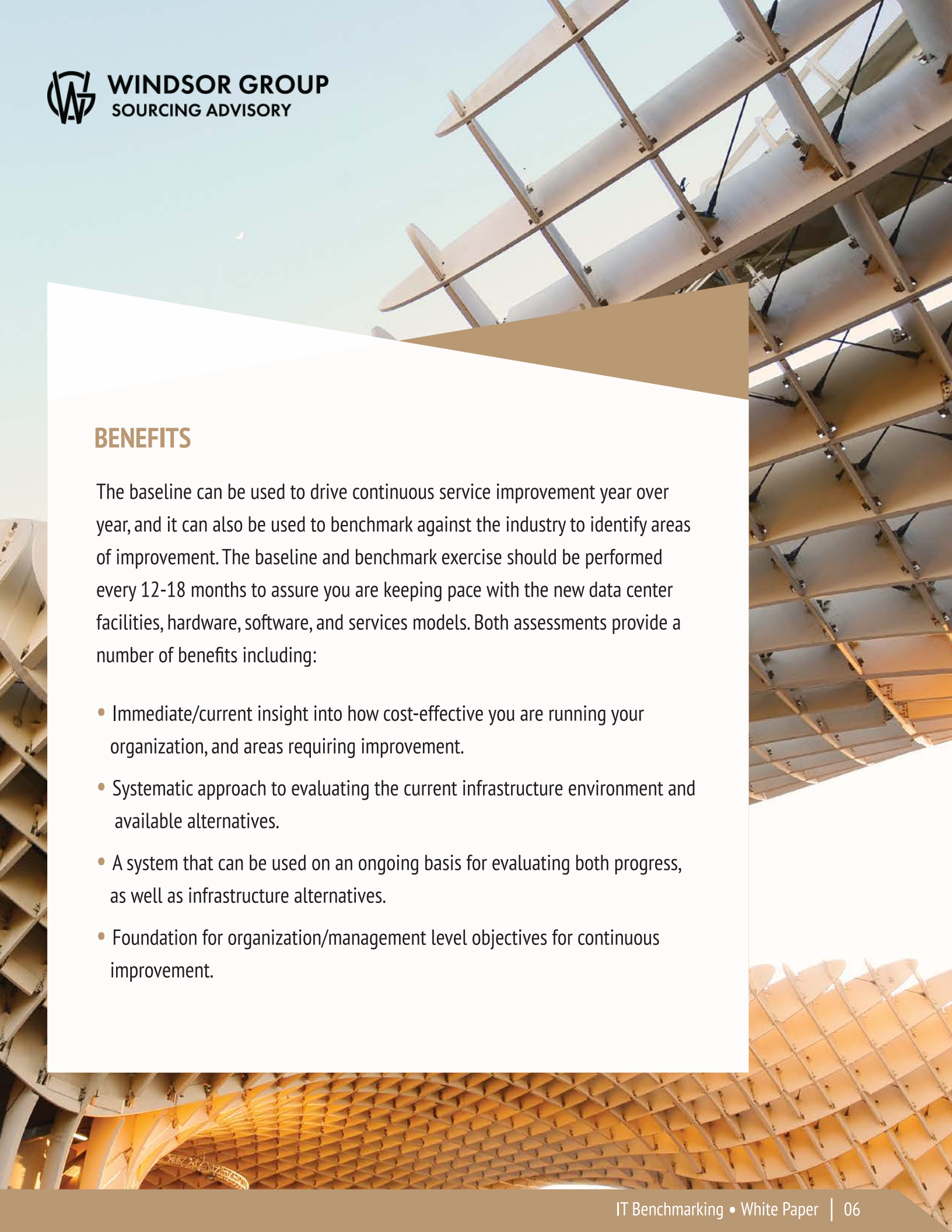
To gain the maximum value from your baseline and benchmarking exercise, the following three deliverables are recommended:-

- IT Infrastructure Service Expense Worksheet
- IT Infrastructure Service Profile
- Infrastructure Analysis for Areas of Improvement

First, the IT Service Expense Dashboard (ITX) is a Microsoft Excel worksheet that will define your IT service profile and expense data in a worksheet format. The worksheet provides a service unit-based financial summary of your IT infrastructure staff, hardware, software, outside services and facilities. It will drive a dashboard that defines the number of units by service area to calculate per unit metrics. The dashboard provides a one-page summary showing several categories of costs for each service tower, culminating in various unit cost and productivity metrics for comparisons to industry standards and marketplace solutions. Behind the dashboard are multiple sources of information, including, hardware and software inventories, staff lists, volumes and capacity data, asset lists, and budgets. The per-unit costs will be defined for comparison to industry-standard benchmark data for similar services.

Second, the IT Infrastructure Service Profile (ITIP) will summarize the ITX data in a Word Document. This document will include service descriptions, service levels, a summary of the hardware/software configuration per operating system platforms, and descriptions of staff functions, emphasizing the technical and operations support services. The ITIP will also document current usage, projected growth, standards, strategies, and business drivers, to provide an overall picture of both the current and future direction.

The third Deliverable is an Executive PowerPoint Presentation that summarizes the ITX and ITIP, plus a comparison of your Baseline to Benchmark Data, concluding with identification of Target Areas for Improvement. For example, cost and productivity metrics as noted below would be compared to the most recent benchmark data to identify areas of improvement.



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BENEFITS

The baseline can be used to drive continuous service improvement year over year, and it can also be used to benchmark against the industry to identify areas of improvement. The baseline and benchmark exercise should be performed every 12-18 months to assure you are keeping pace with the new data center facilities, hardware, software, and services models. Both assessments provide a number of benefits including:

- Immediate/current insight into how cost-effective you are running your organization, and areas requiring improvement.
- Systematic approach to evaluating the current infrastructure environment and available alternatives.
- A system that can be used on an ongoing basis for evaluating both progress, as well as infrastructure alternatives.
- Foundation for organization/management level objectives for continuous improvement.

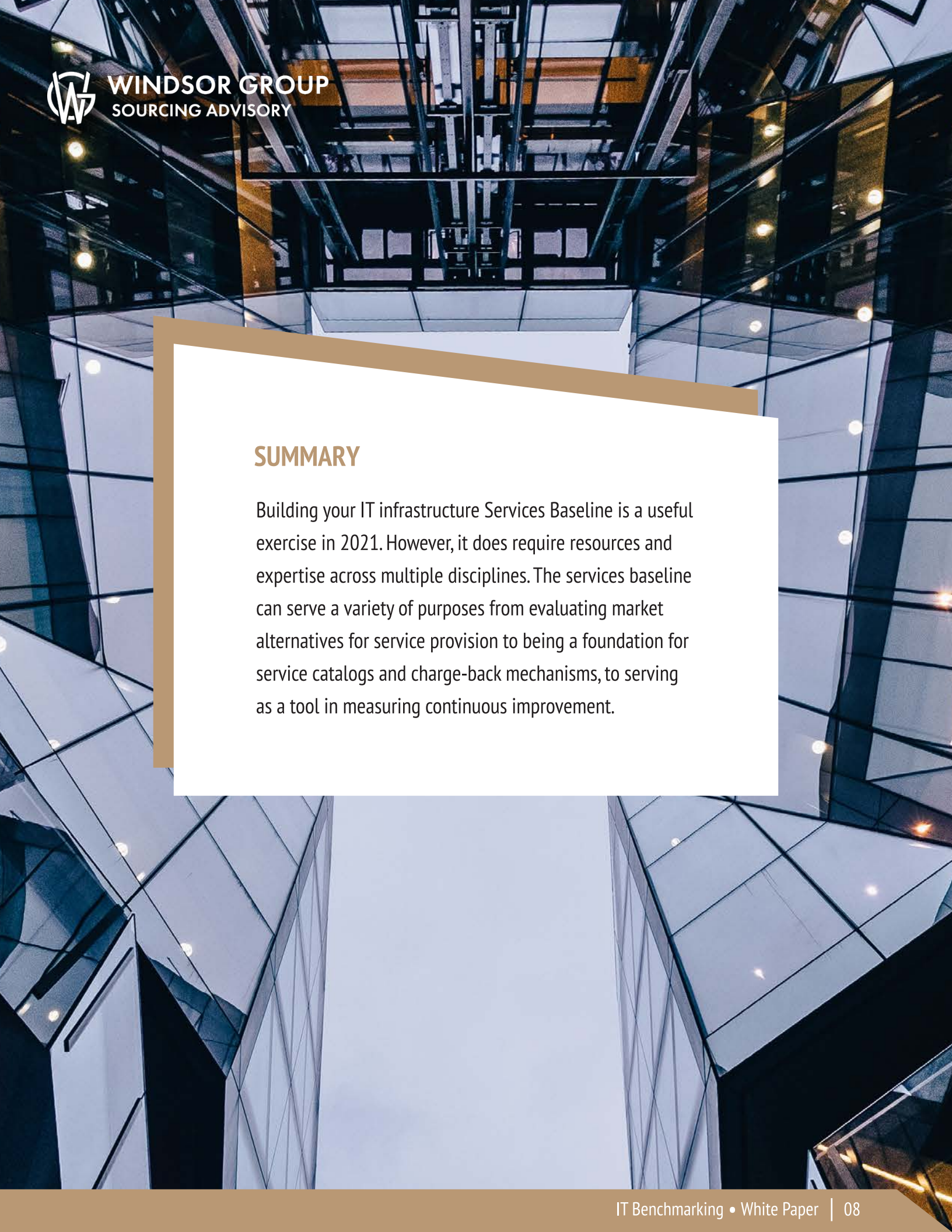
CHALLENGES AND SUCCESS FACTORS

For any gaps, make assumptions based on the available data and industry norms, including infrastructure financial or technical data. Clearly define your assumptions and assure they do not represent a significant portion of the overall budget or service output. Work to close your data gaps in subsequent iterations of your baseline. Remember, don't stop, make assumptions and move on.

As data is collected and analyzed, new versions of the ITX and ITIP should be delivered to assure you are creating a solid foundation. There are rules and assumptions that must be made and clearly defined along the way so you can make progress in a short period of time. You will not recognize or understand the results unless you know the source of the service baseline and have clearly defined your assumptions.

As you produce the other versions of the ITIP and ITX, collaborate and gain consensus with your team and senior management. Key data requirements noted in this table:

The timeframe for this exercise can be organized into three periods of performance (PoP), prioritizing the data collection and new releases as follows. With the right skill sets, using readily available data, this exercise can be performed in 3 months. As noted previously, frequent iterations of your baseline deliverables are important to validate the source data as mapped in the services baseline.



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SUMMARY

Building your IT infrastructure Services Baseline is a useful exercise in 2021. However, it does require resources and expertise across multiple disciplines. The services baseline can serve a variety of purposes from evaluating market alternatives for service provision to being a foundation for service catalogs and charge-back mechanisms, to serving as a tool in measuring continuous improvement.