ORGANIZED FOR BUSINESS: BUILDING A CONTEMPORARY IT OPERATING MODEL

Time is running out for the traditional, monopolistic IT model now that users have so many alternatives readily available. Today's enterprises demand greater agility and responsiveness from their IT organization. IT's ability to deliver IT as a service and compete with external service providers requires changes—not just to the technology infrastructure—but also to the people and processes supporting it.

This paper illustrates why Dell EMC IT made the decision to transform and how Dell EMC Services helped the organization begin the transition from a traditional to a contemporary IT model by realigning to proactively serve the business.

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THE END OF THE IT MONOPOLY

Over the past several years, Dell EMC IT has transformed the corporation's underlying technology infrastructure, dramatically driving down costs. But implementing new technology solutions didn't solve the business problem: business users were increasingly looking to outside providers to meet their needs—marking the end of IT's monopoly as a service provider to the business.

Dell EMC IT found that quickly responding to, or even anticipating the needs of business stakeholders was no longer a "nice to have." It has become a question of "do or die" in terms of long-term viability—especially now that IT is competing with external service providers like Amazon, Dropbox, and Google for business attention and funding.

THE ROAD TO ORGANIZATIONAL CHANGE

It turns out that technology is not the key barrier to offering IT as a service (ITaaS) and becoming a business enabler. It's the people, processes, and organizational structures that tend to inhibit the realization of those goals.

When Dell EMC IT committed to taking the next step in their transformation, they had to take a staff that had, for decades, operated as a single source for IT services and reinvent them as entrepreneurs in the new "open market" IT model. That required not only creating a new, more service-oriented business model, but changing the very DNA and culture of the IT organization (see Figure 1). That's when they turned to Dell EMC's own professional services organization for help.
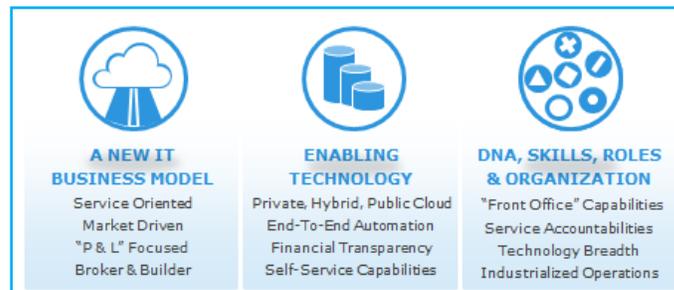

Figure 1: A new approach to IT

MOVING TO ITAAS

Whether it's called "Contemporary IT" or ITaaS, its emergence signifies that the "business as usual" IT model is rapidly becoming obsolete. A new model is inevitable if IT is to spend more time delivering needed services and ensuring that the business is able to consume them more easily.

ITaaS is not just a platform for delivery of services. It is a new IT business and operating model that requires that IT become a strategic partner and service provider—developing, brokering, and orchestrating IT services aligned to business needs, rather than being aligned to technology silos.

THE CHALLENGES IN MATURING THE ORGANIZATION

Although Dell EMC IT had already virtualized the technology infrastructure, the organization was still largely set up to support a legacy IT environment.

The Dell EMC Services consulting team began with a current-state assessment of Dell EMC IT across seven levels of maturity (Figure 2) that were measured across five distinct areas—environment, organization, processes, service offerings, and infrastructure/administration.

Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7
Initial Stage	Supply Focused	Service Focused	Demand Focused	Market Focused	External Customers	Separate Company
Specific to customer	Segregate Supply/Demand Organization	Service Centers Operational	Demand & Service Mgt Functions Operational	Professional Services Org (PSO) Model	PSO + Business Development (BD)	PSO + BD + Corporate Functions

Figure 2: ITaaS Maturity Level Index

After a systematic review, the team presented their findings and worked with Dell EMC IT leadership to accelerate their transformation from a supply-focused organization to the ultimate goal of a more market-focused delivery model (level 5). The next step in achieving that goal was to launch an ambitious program to quickly move to a higher level of service to the business.

DELL EMC'S HUMAN CHANGE MANAGEMENT FRAMEWORK

The Human Change Management Framework—developed by Dell EMC Services— defines the iterative process that Dell EMC IT is following across the four stages of the ongoing journey to organizational change: planning, transformation, evaluation, and refinement.

Figure 3: Human Change Management Framework

The **planning stage** for the Dell EMC IT program began with a series of workshops that focused on quantitative and qualitative reviews of the current state and defining the scope of the change required. One notable thing that the team found was that Dell EMC IT had, over time, purchased a number of different application packages to address the same business requirement—they were solving the same problem over and over, because each time the business required a service, a new package was acquired. The solution was to institute comprehensive service portfolio management and to streamline the service catalog.

Facilitated sessions helped drive consensus on the desired future state, and the team conducted a gap analysis. A number of whiteboard sessions took place as the plan was formulated and next steps were agreed upon. The joint working group created a roadmap, depicted in Figure 4, along with a summary of the initiatives to be undertaken

Figure 4: Transformation Roadmap

During **transformation phase**, Dell EMC IT rolled out a comprehensive communications plan and engaged the workforce, while refining the change management plan. As part of this phase in the overall transformation program, Dell EMC IT identified and articulated eight core organizational values: OneIT, Customer Quality, Respect, People, Innovation, Agility, Accountability, and Integrity. These newly articulated values provided the foundation for the changes to come and helped to shape them.

The change management workstream articulated and communicated the new organizational values, providing opportunities for staff to actively participate through employee roundtables and redesign of work processes. During this phase new organizational structures—service centers, demand centers, and enablement centers—were also developed to support the ITaaS operating model.

During the **evaluation phase**, the consultants assessed progress against plan and made necessary adjustments to the support systems, while analyzing the impact of the change. To validate assumptions, they conducted surveys across the organization.

In all of their IT engagements, the team continually refined the work processes required to support the ITaaS model, understanding that the organizational model will continue to evolve as the changes are implemented and assessed.

During the **refinement phase**, the consultants looked for opportunities to optimize results, apply lessons learned, and seek ways to sustain the changes made. Moving forward throughout the Dell EMC IT transformation, the consulting team will continue to make necessary course corrections, work with Dell EMC IT to optimize results, and iterate process adoption across the newly created service centers, refining processes and organization definition to ensure success.

THE HUMAN CHANGE MANAGEMENT METHODOLOGY

The consulting team leveraged their proven human change management (HCM) methodology, which is derived from the framework just discussed, to identify the activities necessary to execute an end-to-end change management plan:

- Set up a human change management workstream, with representation from HR, IT staff, and the consulting team

- Conduct workshops to facilitate collaboration and to create the comprehensive human change management plan and begin to assess the timeline for full implementation

- Define a new set of core values (like innovation and agility) necessary to support the change

- Identify the internal "value champions" among the staff and leadership

New ITaaS Organizational Structures:

- Service Centers are focused on defining and delivering complete services, rather than delivering just individual services components as the IT technology silos had done.

- Demand centers are responsible for managing IT's relationship with the business units and functional organizations and for mapping business demand to existing or new service catalog entries.

- Enablement centers support shared services, such as finance, HR, and marketing communications.

- Determine which individuals and IT groups would be impacted and the extent of that impact

- Conduct a gap analysis of current capabilities and new roles/skills required to achieve the desired future state

- Redefine roles and identify necessary new roles

- Pinpoint skills training requirements

- Formulate an ongoing communications plan to ensure internal buy-in by staff during a period of disruptive change

MANAGING CHANGE: THE HCM METHODOLOGY AT WORK

In the following sections, we will look in greater detail at how Dell EMC Services applied this proven framework, methodology, and best practices to facilitate the Dell EMC IT transformation.

Operational Model Transformation

Organizational realignment might seem simple, but it's something with which most IT shops struggle. Going from a siloed mentality where each group is responsible for a small component of a higher-level service to an integrated, horizontal model enables more efficient development and deployment of services across multiple business units with common needs. It does, however, require substantial changes to the organizational model.

Measuring Success

The Dell EMC IT legacy organizational model (Figure 5) comprised numerous siloed functions. In this organizational model of a decade ago, provisioning a new service took weeks or months. Figure 5 depicts the original starting point, but Dell EMC IT has gone through at least four organizational transformations over the past ten years that brought it closer to the new organizational structure approach to ITaaS described in Figure 6.
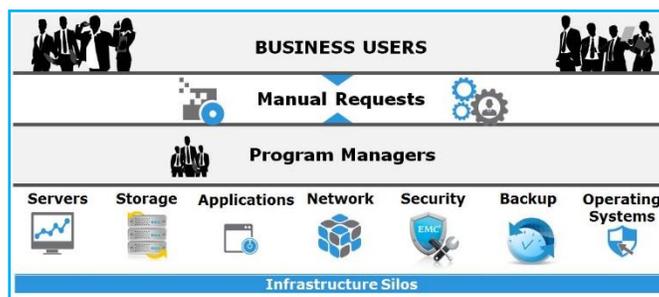

Figure 5: BEFORE. The legacy Dell EMC IT organizational model

The new organizational structure is designed to address both the internal and external customers that Dell EMC IT serves. With the new ITaaS model, provisioning a new service is much faster and can often be accomplished in less than one hour through orchestration and automation. The first step in the process was to rid Dell EMC IT of the technology silos under which it was organized. That reorganization evolved over a period of time, culminating in the current model (Figure 6). The silos were ultimately replaced with the seven service centers.
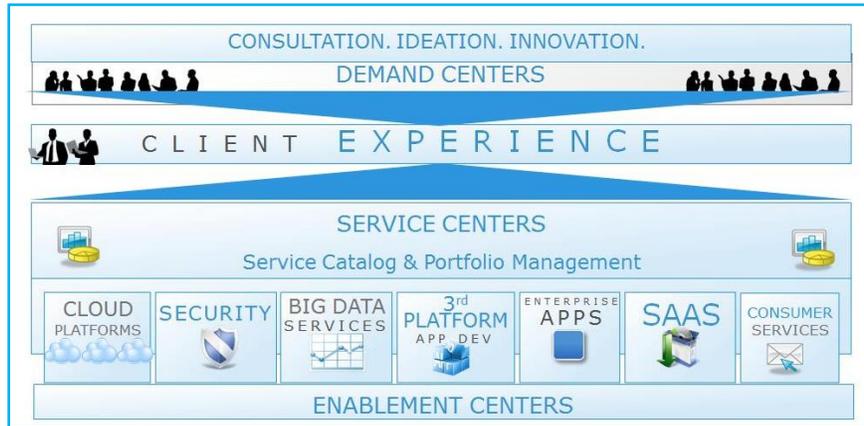
Figure 6: AFTER. The new ITaaS organizational structure

Each service center has a suite of services offerings that comprise multiple technology components. Now, when the business users request a new service, the portfolio management team defines the service in the service catalog and makes it visible in the portal, where users can easily access it and self-provision. To achieve all the changes required, Dell EMC IT is redefining current roles and creating new roles (product managers, marketing managers, and service portfolio managers, to name a few) to fulfill the full promise of the new ITaaS model.

Roles and Skills Transformation

The move to ITaaS had significant implications for roles and skills needed within Dell EMC IT. Some new roles may need to be created, while some may be redefined and expanded, and still others may become obsolete.

Defining Roles

Defining roles, creating job descriptions, laying out career paths in the new structure is critically important—enabling Dell EMC IT to compete more effectively with external providers. The Dell EMC consultants and the Human Change Management workstream teams defined the new roles that are needed to complete the transformation of the service centers that provide the foundation of Dell EMC IT's ITaaS model.
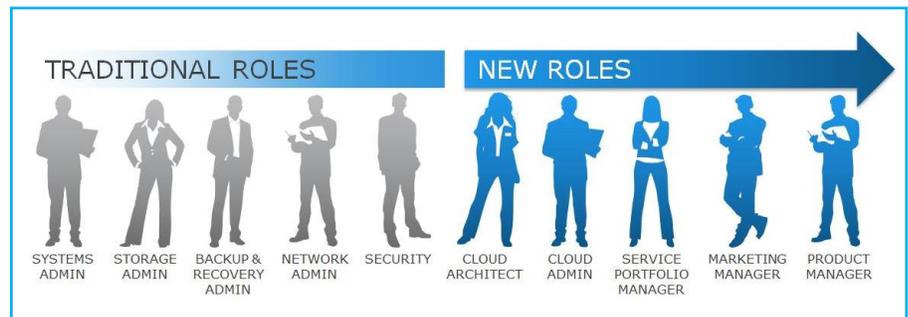

Figure 7: Defining new roles and responsibilities

It was critical to achieving the desired end state that skills and experience broaden and become more cross-functional, spanning a wider range of technologies, more service components, more use cases, and more parts of the business.

As ITaaS roles are more cross-functional in nature Dell EMC IT staff has found that it's necessary to communicate and collaborate across the entire enterprise and maintain an understanding of the business needs in order to be able to lead discussions with the business and anticipate, not just respond to the services needs of their stakeholders.

Ensuring Open Communications

Retaining, developing, and attracting top IT talent can also be challenging in times of change, as roles evolve to meet the needs of the new organizational structure. Ensuring that the Dell EMC IT communications lines were open as the changes occurred was critical to the program's success, as were coaching, development, and education.

It all came down to the commitment, development, and talent that enable the agile contemporary IT model.

PROCESS AND GOVERNANCE TRANSFORMATION

Dell EMC IT has followed best practices for process and orchestration changes over the course of the initiative:

- Put in place the right processes and systems

- Align them with the core Dell EMC IT values

- Adapt key ITIL processes to support ITaaS

- Eliminate IT "silos" and realign the IT structure to services instead of technologies

- Create a governance superstructure that enables IT to manage the interactions among the service centers and address regulatory and compliance issues

CREATING GREATER VALUE FOR THE BUSINESS

Dell EMC IT originally adopted ITIL processes in a limited way, simply because they were considered best practices. However, until there was a real driving force—like the current organizational change initiative—implementing those processes by themselves did not have a meaningful impact. IT staff couldn't see how ITIL fit into the bigger picture.

While ITIL plays a part of the transformation framework, it does not define the transformation as a whole. The consulting team leveraged ITIL in the core framework to support IT process transformation to support ITaaS. This also served to ensure that Dell EMC IT was focusing more on creating business value than on creating value for IT.

The following section summarizes the eight key ITIL processes that the consulting team adapts in these transformational engagements and that they incorporate into the Human Change Management Framework:

- **Business Relationship Management**. Business relationship managers partner with the business to identify demand and plan services, evolving from a reactive, account management-type role to trusted advisor status.

- **Demand Management**. Insight into future service demand is invaluable in accurately planning for elastic ITaaS service delivery.

- **Service Portfolio Management**. This function ensures that services are aligned with ITaaS strategy, developed according to ITaaS principles, and delivered by the most appropriate provider.

- **Financial Management**. Visibility into cost of service is needed to enable benchmarking against industry costs and to help regulate demand.

- **Capacity Management**. In organizations that leverage cloud, it is critical that proactive capacity management be linked to demand management and executed well.

- **Service Catalog Management**. In the ITaaS model, the emphasis is on transforming from a catalog of IT "things" to a catalog of user-focused consumable services.

- **Supplier Management**. This function enables the "IT as a broker of services" model by providing proactive, repeatable, and agile methods for service provider selection and management.

- **Request Fulfillment**. This is the "face of ITaaS" that connects the integrated demand portal with the service catalog and the orchestration and provisioning functions that support it.

While these processes and roles are uniform across all engagements, they are customized for each customer. For example, which tools are used and how each of the functions interacts with the business will vary from customer to customer.

Dell EMC IT "silos" were eliminated during the engagement in order to realign the IT structure to seamlessly span multiple consumable IT service areas and better serve the needs of diverse stakeholders: external customers, the enterprise, the business units, and the employees in IT and throughout the company.

Finally, the consulting team worked with Dell EMC IT to create an ITaaS governance model that managed the boundaries and interactions of the newly created service centers and the performance measurements being applied. The team also addressed best practices for handling process compliance issues that arise over time.

Dell EMC IT created two governing bodies. The first is a steering committee, called the transformation management organization (TMO), comprising 4 decision-makers: a member of the leadership team, a senior consulting partner, a human resources executive, and a back-office IT systems and process leader.

The TMO oversees the overall transformation initiative and meets frequently to ensure that the operating model in place will be supportable and maintainable moving forward. The consulting team and Dell EMC IT determined that any proposed changes to the model will be reviewed by that steering committee, which will determine whether any given change should be adopted and ensure that any approved changes can be implemented consistently throughout the organization.

Dell EMC IT also created an IT governance council which meets weekly on overall process governance. Senior team members from the service centers and the service portfolio management team are involved in this effort.

CONCLUSION

Dell EMC Services employs a holistic approach to managing the people, process, and technology transformation that must occur as IT moves to a relevant, contemporary model that meets the needs of today's fast-moving business. The demand-supply model is one of the key best practices that Dell EMC has refined over the course of thousands of engagements. Leading IT organizations around the world are embracing this approach to accelerate their org shift to a business-oriented operating model.

During the initial IT transformation phases from 2004 to 2013, Dell EMC IT realized impressive results—including maintaining a flat infrastructure headcount and flat labor costs while providing services for an additional 36,000 users over that period. Equally significant benefits are already beginning to be seen from the organizational transformation that is currently underway.
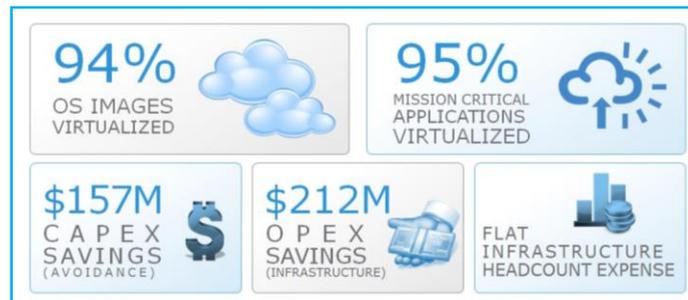

Figure 8: 2004 – 2013 Results

The latest wave of organizational transformation that fully embodies the ITaaS operating model across the entire IT organization started at the beginning of 2014 and has already had an impact across the entire enterprise. It has simplified creation and consumption of services.

At the same time, IT has become more agile in responding to the business—through the creation of service centers that have replaced the siloed approach of years past and of demand centers that have enabled IT to more closely align services to meet the demands of the business.

The incidence of shadow IT is also decreasing in direct proportion to the rising level of satisfaction that business units have experienced under the new organizational model.

KEYS TO SUCCESS

In the final analysis, it was all about creating greater value for the business and a better user experience across the enterprise by:

- Leading change
- Articulating organizational values
- Establishing new measures of success aligned to the revised vision
- Clearly defining roles and responsibilities
- Establishing accountability
- Empowering employees
- Ensuring ongoing communications