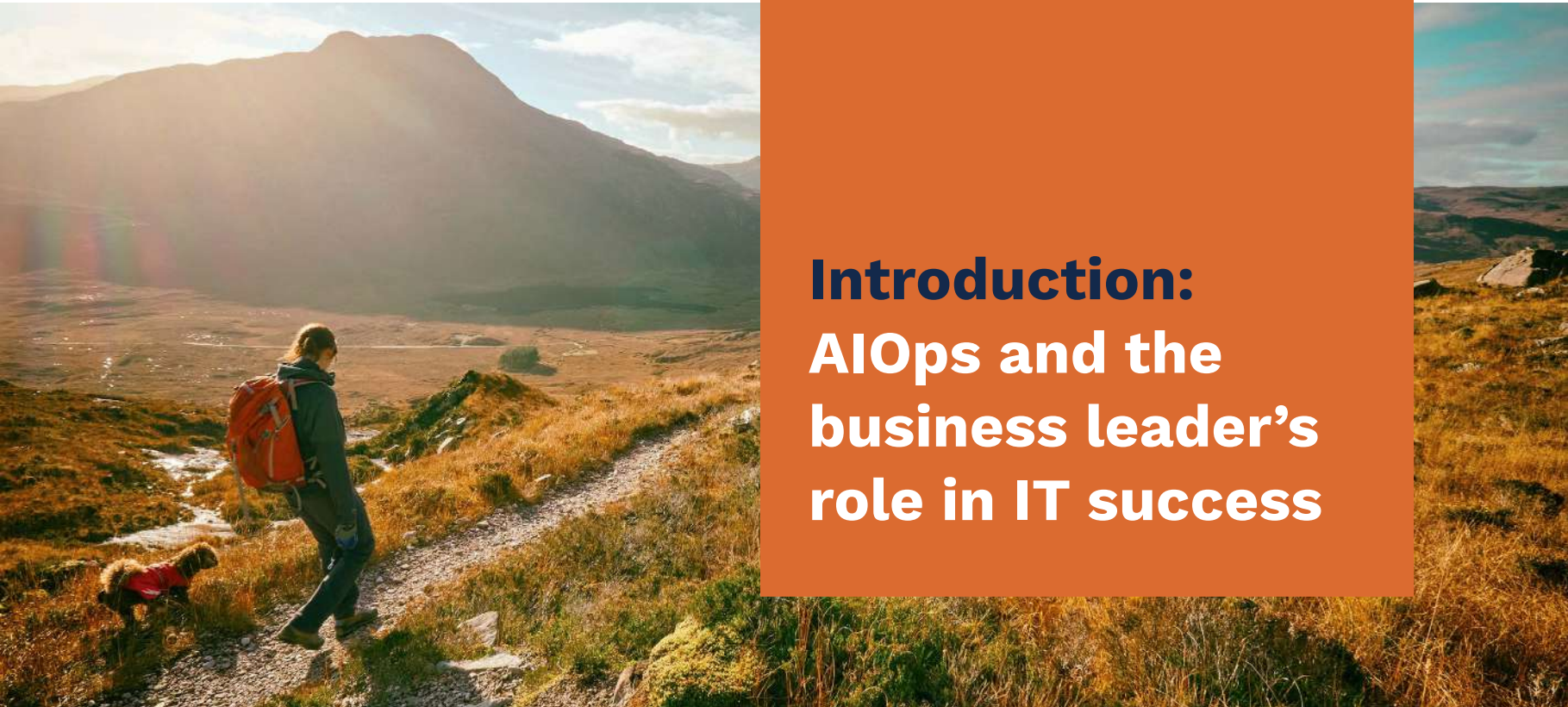




The road to business success and AIOps: Why business leaders should care

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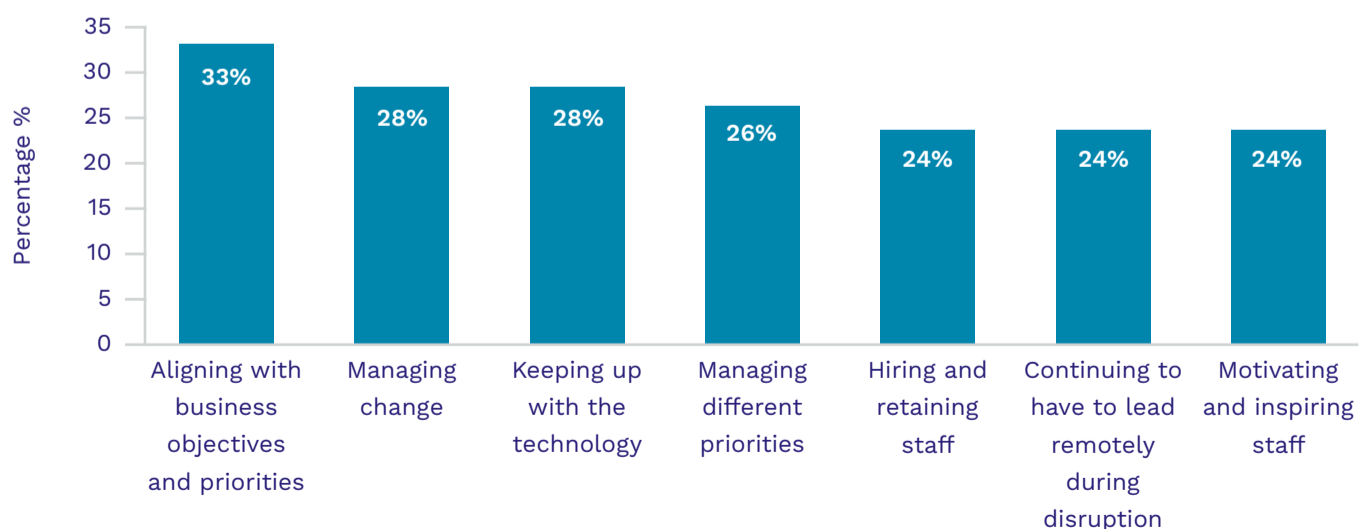


Introduction: AIOps and the business leader's role in IT success


Among the biggest, and most problematic, barriers that exist in today's modern enterprise is the separation between business operations and the IT department. In the not-too-distant past, how a company ran its core processes at the people level and how those processes were developed and supported by enterprise software were distinct from one another. And while more and more IT executives understand the importance of their role in business success (see Figure 1), and more and more business leaders look to IT for help in translating business objectives into reliable, efficient business processes, in most companies the work of aligning IT and the objectives of the different lines of business is far from finished.

Indeed, forward-looking IT leaders have increasingly understood the importance of working with their business counterparts, and software companies' marketing strategies often address this emergent understanding of the role of the CIO in business operations success. But what about the other side of this new partnership? How well do line of business (LOB) leaders understand the importance of working more closely with their IT partners? What does breaking down these particular silos look like?

Figure 1: Alignment with business objective is the top priority of CIOs



(Source: 2021 CIO Perspectives: Strategic Business Priorities and the SAP Agenda, SAPInsider)



One of the most important areas in which the line of business executive can play a greater role in IT success is to understand what success means in the operation of an efficient IT infrastructure and how that pertains to LOB success. That understanding doesn't require a computer science degree or an intimate understanding of IT operations, on the contrary. Many of the key performance indicators and other metrics that measure business success can be directly tied to the KPIs that the IT department tracks. Understanding how business KPIs are influenced by IT operations' KPIs can help business leaders understand the direct impact IT success can have on their business KPIs.

AIOps – artificial intelligence for IT operations – is one of the important new technologies that IT departments are using to optimize their infrastructures and improve the KPIS that ultimately drive business success. Using technology based on modern AI and machine learning techniques, AIOps can automate the support of critical business operations underlying ERP systems as well as dramatically improve the functionality and cost-effectiveness of traditional IT operations, asset, and systems management – IT support functions better known by the alphabet soup combination of ITOM, ITAM, and ITSM.

This report will describe how AIOps offerings, such as those from Avanza, can have a direct impact on the outcomes that matter most to business leaders. Armed with that knowledge, those leaders can move from passive consumers of IT to partners and influencers in IT success, thereby driving greater overall business success.



Defining business success through the lens of AIOps

The separation of how IT views infrastructure optimization and how LOB leaders view business success is an artifact of an earlier era, when the data center was effectively a black box that processed the transactions needed to run the business. Many business leaders understood little and cared even less about how the data center was run, and IT leaders had limited interest in truly understanding the inner workings of a company's core business processes. The era that spawned the misguided concept of "technology for technology's sake" also allowed – or forced – IT departments to function under a "throughput for throughput's sake" paradigm. Reinforcing this was a paucity of tools that "understood" the correlation between IT operations and business process success.

The transition from a data center model to a hybrid of cloud and on-premise systems only exacerbated this divide. The new complexity – with processes potentially traversing multiple applications running both online and in the cloud – meant that without new ways to understand IT operations, the disconnect between IT and business operations would only get worse.

Avantra's AIOps offerings are designed specifically to bridge that divide by adding two important components to the more conventional world of IT operations. By using AI and machine learning to underlie IT systems monitoring and remediation, AIOps can automate IT operations functions that used to be dominated by brute force methodologies. That automation in turn allows companies to streamline their IT operations and better manage the complexities of hybrid environments. This is particularly useful as companies upgrade and migrate critical IT systems to the cloud. AIOps tools can also drill deeply into the functions that underly core business processes, and in doing so proactively ensure they are running optimally. As such customers using these tools are able to effectively meet their IT KPIs and drive business KPI success as well.



“One of the most important areas in which the line of business executive can play a greater role in IT success is to understand what success means in the operation of an efficient IT infrastructure...”

Here's some examples of this interaction from the domains of supply chain management, customer experience, and employee productivity.

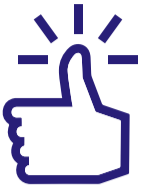


Keeping the supply chain flowing: Ensuring availability and optimizing inventory turns

Long before the COVID-19 pandemic made supply chain disruptions a point of casual conversation, supply chain professionals have played a crucial role in cost containment and maintaining the operating margins for their companies. CFOs count on efficient supply chains to lower core KPIs like day sales outstanding (DSO) as well as limit the carrying costs of over-large inventories. In manufacturing companies, the finance department's quest for high-margin operations depends heavily on an efficient supply chain to produce revenue-generating products while keeping costs down.

While the supply chain disruptions of the last year are largely the result of external factors from the fallout of the pandemic, internal IT disruption in supply chain and inventory management can be as impactful to a company's top and bottom lines. This is even more critical in regulated industries that have strict compliance requirements: how direct materials are handled and accounted for can make all the difference between a factory that is up and running and one that has a chain and padlock on the door.

Importantly, inventory and supply chain management systems, and the manufacturing processes they support, are often extremely complex and interdependent. That interdependency becomes a critical point of failure, and being able to monitor those dependencies at the systems level can ensure that these critical business processes are running as designed, therefore ensuring that revenue and profit goals are on target. AIOps can monitor the underlying systems in a complex supply chain process and then detect and remediate anomalies as they occur, allowing companies to plan production runs and logistics with confidence. That in turn allows them to weather unexpected external factors without worrying that the underlying IT systems are not functioning as needed. As any supply chain professional can testify, knowing that both the underlying assumptions in the model and the plans that emerge can be trusted is the ultimate goal for any supply chain planning and execution process.



Ensuring that customer experience is up to the job:
Customer acquisition and retention

As a sales leader, ensuring that the customer experience is as seamless and efficient as possible is a core capability that influences a host of important KPIs, among them customer turnover or churn rate. This KPI is an important bellwether of the overall sales process, and of course influences other KPIs like customer lifetime value and experience, acquisition cost, and net promoter score (NPS.)

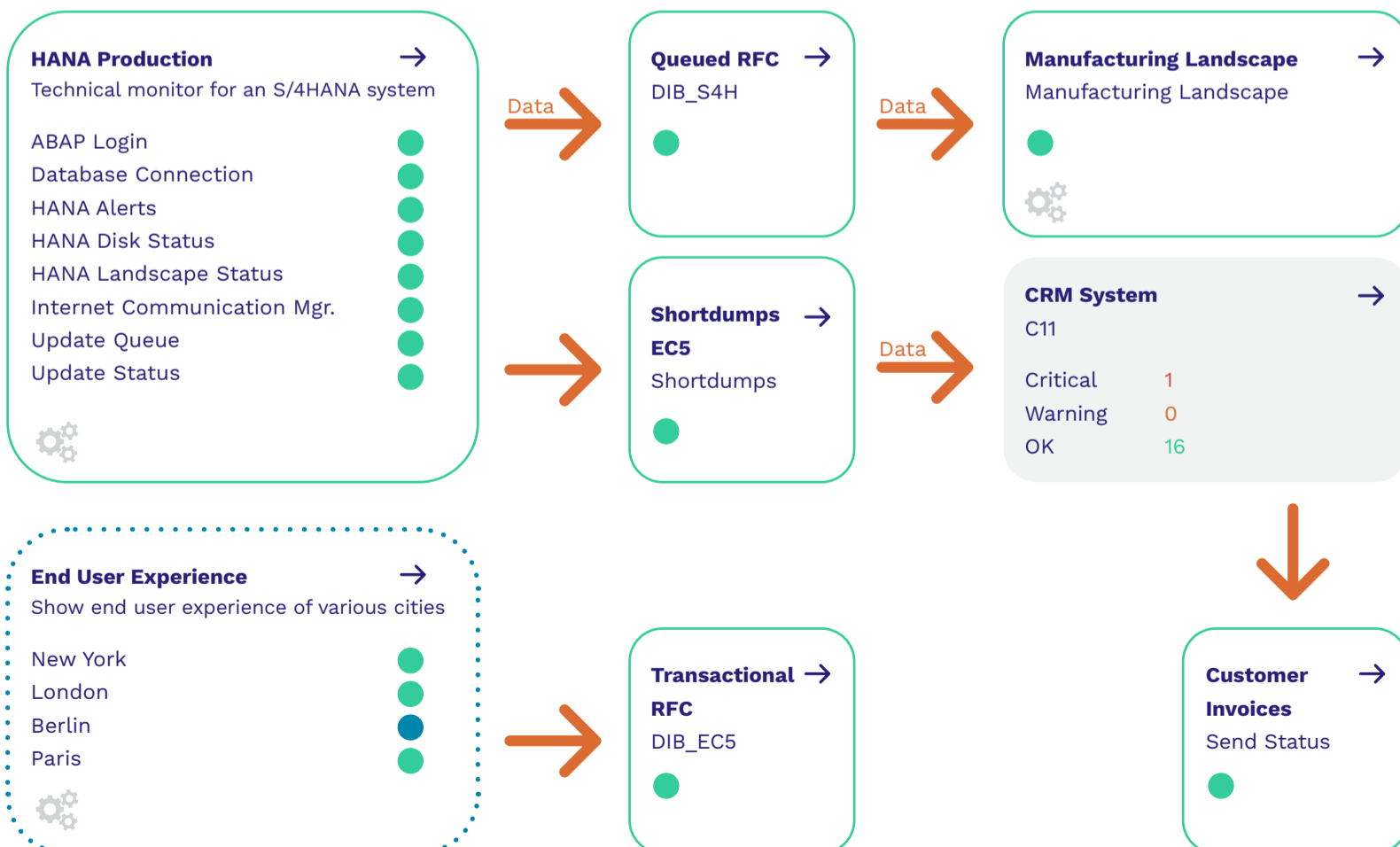
As businesses ramp up the automation of critical components of their sales processes in an always on, 24/7 economy, ensuring that a core process like available-to-promise or configure-price-

quote works efficiently has a direct impact on customer acquisition and retention. Being able to monitor the systems that underlie core manufacturing, assembly, and inventory processes to ensure they're running effectively makes it possible to provide customers, as well as internal stakeholders, with the functionality and throughput that's needed to convert a new prospect into a customer or support an existing customer's new product requirements.

A complex sales process that involves linking front-end sales functionality to backend manufacturing and assembly

functionality has many moving parts. If any single component isn't working correctly, the entire value chain is impacted. The manufacturing side of the process could be running at full steam, but if there's a problem with CRM throughput the result is a frustrated customer or prospect who is always one click away from a competitor's website. Being able to have a bird's-eye view of the entire process ensures that internal business processes are enabling sales instead of preventing them. (See figure 2.)

Figure 2: End to end business process visibility



(Source: Avantra)



Ensuring the workplace supports the business: Employee productivity and satisfaction

Companies that wish to thrive in the fast-paced global economy are realizing that there is a direct link from employee satisfaction to customer satisfaction, and therefore to profitability. Employee salaries notwithstanding, a customer-facing employee that has the right tools to assist the customer in an efficient manner is a much more satisfied employee than one who has to contend with balky software systems that are slow or prone to failure. Even a delay in response of a few seconds can make all the difference between a satisfied customer and a dissatisfied one – and that dissatisfaction can be highly contagious, leaving both customer and employee unhappy and unfulfilled.

What human resources managers often don't realize is there's also a direct link from efficient IT operations to employee satisfaction. In many companies this connection can be seen daily in how efficiently a company processes customer service calls or any of the other myriad processes that underlie a customer's interactions with the business: invoice reconciliation, inventory and supply chain lookup, and field service scheduling are among the many critical processes that help

drive customer success. A glitch in a process that the employee is using to service a customer makes that job all the more difficult, and that difficulty ultimately impacts both the customer and employee. (While not directly tied to customer satisfaction, payroll is another core process that obviously drives employee satisfaction. Needless to say, an error in an internal payroll system spells disaster for employee satisfaction.)

The bottom line is that how well processes that underlie the employee experience are running can ultimately become a key factor in how well the overall company is performing. Which of course means that the act of monitoring and remediating the processes that contribute to employee success and satisfaction are essential. While functionality deep in an ERP, CRM, or payroll system may seem far from being a proximate determinant of employee satisfaction – much less customer satisfaction – the interconnectedness of business processes means that keeping these systems up and running has a direct impact on employee success, and therefore business success.

Using AIOps to bring IT and line of business together: A call to action



The challenge of ensuring that core business processes run smoothly is a burden that clearly lies in the lap of the CIO. But, as these processes directly impact the KPIs that measure LOB success, it's time for business leaders to proactively recognize and support the requirement for highly-functional IT systems managed by their IT counterparts. This doesn't mean that LOB leaders need to or should take the lead in choosing the technology needed to support the IT systems that in turn support business functionality. But being able to see and understand the direct connections between LOB performance and IT maintenance and support strengthens both sides of an increasingly important relationship.

For the LOB executive, the call to action is simple: be involved in understanding what it takes to make sure your business processes are running as smoothly as possible. And don't wait until something goes wrong just as you're trying to close the quarter or get a major customer's order through - get involved now. As the SAPInsider survey shows, CIOs are prioritizing their ability to serve the business side of the company. As they reach across the former silos that divided IT and business, being a LOB leader who understands the challenges - and solutions like AIOps - and can therefore reach back will help ensure that the days of "black box" IT are over.

For the CIO, the call to action is similar: look for the connections between the KPIs enabled by AIOps and the KPIs that matter to the business, and frame your conversations in these terms when looking to enlist the support of your LOB counterparts. Many CIOs are already well on the way to that understanding, but LOB executives may need help seeing the connections and appreciating the need to forestall outages instead of just fixing them when they take place.

The pace of change in the global economy - those changes we can predict as well as those that we can't - is relentlessly accelerating. Which means this partnership will continue to grow in importance, and AIOps can be an important factor in supporting that growth and the mutual business success such partnerships can help ensure.



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