ANTERUS

Capacity Planning & Capital Effectiveness:
Beyond Basic Capacity Planning

Introduction

One of the principal challenges faced in understanding corporate effectiveness has been the disassociation between the overall goals of a business and the way to effectively meet those goals. Since it was understood that computer systems were critical to meet the demands of a 24x7x365 business, the task fell to the Information Technology department to manage the capacity of current systems as well as predict what would be needed to meet the demands created by future growth. Yet, without a cohesive and in-depth understanding of the relationship between business processes, business goals, resource allocation, and the amount of product or service produced, there has been no way to determine if the business is operating effectively.

The Capacity Planning Problem

The problem with current capacity planning solutions is that they provide only the most basic of answers to the questions on managing and maintaining your business. Most current solutions focus only on individual resources without understanding their interaction. In addition, most solutions ignore the amount of product or service generated by these resources. Capacity Planning is not useful or effective when measuring the usage of resources without taking into account the amount of product or service generated by these resources.

In today's environment, most areas of a business operate by taking a collection of resources and processing them to generate a product or provide a service. This means that a business must answer three critical capacity planning questions:.

1) Do I have sufficient resources to produce enough product, or service, to satisfy the demand of my customers?

2) Will I have enough resources to satisfy future demand?

3) What is the most cost-effective way to satisfy present and future demand?

Answering these questions only addresses the basics of helping business improve over time. These questions fall on the IT department, which can only address them from a technology resource perspective. They also fall on the business analyst who must forecast future demand, without regard to resource availability. The problem with this independent, two-track approach is that there is no way to know if the

businesses is delivering the necessary amount of product or service to meet customer demands in the most cost-effective manner.

The Strategic Goals

Every business has two goals: raise revenue and lower costs. To raise revenue, a business must gain and retain a profitable customer base while managing the relationship with those customers to create new sales opportunities into that customer base. To lower costs, a business must utilize its resources in the most efficient and cost-effective fashion. In order to meet these goals, business processes are created and resources are allotted to produce the products and services demanded by customers. These business processes must be as efficient as possible, and resources must be used in the most cost-effective manner possible. Only by understanding the relationship between these two are you able to answer the overriding question faced by your business: "How do I grow my top line without adversely impacting my bottom line? "

The Anterus Solution

Anterus Cpacity Planning & Capital Effectiveness software answers these questions. Anterus starts with the basics of capacity planning. "Can our systems meet the current demand?" "Will they meet future demand?" and "How can I do this most cost effectively?" The answers to these questions are then mapped to actual business processes to show, in context, what is happening within the company. This provides answers to critical business questions, such as "I need to grow my sales by 30% next year. Can my order operations systems meet this demand and what does it mean to my company? Should I consolidate the number of servers used to run my business processes?"

How is this accomplished?

By modeling the critical components of a business environment, Anterus helps the company understand IT issues regarding the capacity of systems along with business issues regarding customer demand. Benefits resulting from this understanding include an increase in the top line by more accurately forecasting and meeting demand while decreasing the bottom line by increased capital effectiveness.

By understanding the complete environment of customer requirements and the IT resources required to meet those requirements, it becomes possible to configure the business to increase the top line. With this implementation the business increases customer satisfaction, gains new customers, and sells more into the customer base.

While working to increase the top line, it is necessary to reduce and focus on the most efficient use of the bottom line. The IT department is often seen strictly as a cost center with no understanding of how its role ties into the overall goals of the business. By mapping IT resources with business processes using Anterus models, a company can make efficient use of these often unmanageable resources, making IT an investment with a known and quantifiable return, in the same way as the areas of the business that produce a product or service.

The process to address the problem

In order to address the problem, three things are required:
1) Understand where the data is located
2) Collate and correlate data
3) Build a model

First one must analyze where the data is located, understand the format of the current data, and convert the data into a usable format for the next steps. The Anterus solution makes this easy by providing a mechanism to map your data into the correct format and link the data source with the modeling engine. No custom configuration is required on your part to begin working with the data, and see a return on investment.

Second, the data is calibrated and correlated to detect the patterns and relationships within the data that will be needed for the model.

Based on the information gathered and then analyzed, a capacity planning and capital effectiveness model is created to model the behavior of critical resources. This provides a view of resource utilization in the context of product or service delivery; a critical step to fully understanding resource requirements. The next step is to model the ecosystems that relate the resources to production.

By modeling the ecosystem and understanding the relationships of resources to production, a business moves from basic capacity questions to questions that relate to the goals that impact you're the whole business, such as:

If sales commits to sell 30% more product, what does that mean to my order operations system?
Can I support that increase?
Do I have the resources for 30% more throughput?
If not, what does it cost?
Should I consolidate my resources to be more productive?

To answer the above questions, the capacity planning capital effectiveness model would link the machines and processes involved in sales, analyze the metrics of the systems currently involved in these processes,

and determine the affect an increase of 30% would have on those processes. Additionally, it evaluates the most efficient way to meet the demands that a 30% increase will make on the company's computer systems systems.

The key to successful and complete capacity planning is bringing all of the data together. A company must understand the relationship between its computer systems, business processes, production goals, and system resources to create a full picture of current capacity, what is needed for future growth, and how to use resources most effectively to meet corporate goals.

By modeling systems information in relation to business processes, the company gains the ability to fully analyze the implementation of its Lines of Business such as corporate web presence.

Corporate web presence is a critical part of business and provides a good example of disassociation within the corporation. Marketing wants the website to be effective. The website needs to help the company with customer retention and in many cases needs to actually increase sales. IT often views web effectiveness as availability. If the site is available, it is effective. The IT department frequently implements systems management solutions to provide availability and may even add response time monitoring to ensure that transactions don't take too long for visitors to the site.

Building a model that analyzes disparate data such as systems management information concerning site availability and response times, patterns of customers using the site, and sales from the site, the capacity planning capital effectiveness model can fully answer the question is the website effective? Answers will include:

Is site availability satisfactory to meet the demands of customers?
Does the website currently have the capacity needed to support customers and what will it need to support future growth.
Is the website helping retain customers?
Is the website gaining new customers?
Is the website helping sell more to current customers?
Should servers be consolidated to provide a more cost-effective service?

As the answers to questions such as these are answered, the company develops a complete view of website effectiveness. This moves beyond the common capacity, availability, and performance metrics to a understanding of how the site affects top line concerns such as customer retention, and sales along with how the site can be used most efficiently to reduce bottom line expenses.

Conclusion

By adopting a capacity planning and capital effectiveness model, the corporation moves beyond the realm of systems management and capacity planning to a complete understanding of how business processes, goals for future growth, and IT relate to manage the business most effectively.

Anterus transforms a company's systems management and capacity planning efforts into a complete understanding of how to manage the business most effectively in order to reach the corporate goals of increasing the top line while decreasing the bottom line. Using Anterus to increase customer satisfaction, gain new customers, and sell more into the customer base while realizing a quantifiable return on its IT investment the company realizes the ability to remain profitable and build market share in today's competitive marketplace.