

Under pressure to bring IT infrastructure in line with strategic goals, more banks are opting for managed IT services. Competitive advantage can be gained, but much depends on choosing the right partners and methodologies.

# THE CASE FOR BSM

Retail banks are facing unprecedented levels of competition, with products becoming increasingly commoditised and new entrants trying to capture market share. Consolidation in the banking sector, typified by the many mergers and acquisitions in recent years, poses significant integration challenges.

These factors, along with regulatory changes, are putting great pressure on banks' IT infrastructures. As a result, many banks are looking to manage IT from the perspective of the business to reduce costs, lower the risk of business disruption and benefit from an IT infrastructure built to support business growth and flexibility.

## Aligning IT with business

Bernd Much, director of competence centre business service management for BMC Software, explains: 'Compliance, operational risk and continuous improvement – this is where we offer benefits from IT services. Compliance is a major driver for the renewal of IT, with the implementation of Basel II and Sarbanes-Oxley.

'Continuous process improvement is needed because of tougher competition for banks, and with mergers and acquisitions it is important to have enterprise architecture projects that improve post-merger integration.'

BMC is a leading provider of enterprise management solutions that empower companies to manage IT from a business perspective. Delivering Business Service Management (BSM), BMC solutions span enterprise systems, applications, databases and service management.

Experienced in many industry sectors, BMC has been developing its BSM portfolio to align more closely with the needs of the financial services market. Its goal is to enable banks to invest in areas that generate the most value, while addressing banks' key concerns about technology and the transition to a new IT environment.

A priority is the increased availability of systems to reduce downtime. Security and access control are also key concerns, and BMC feels these are best addressed through its configuration management database (CMDB), which is part of its suite of enabling technologies.



Banks need to manage their IT services, says Bernd Much.

The BMC Atrium CMDB is an intelligent data repository that helps align disparate IT functions to common business priorities. 'It is the kernel of BSM,' notes Much. 'We use it to build service models that represent the value of functions and the relevant IT infrastructure. It contains every business process and enables IT processes to generate more valuable information, which helps reduce downtime.'

## Building competitive advantage

Banks are aware of the potential advantages of managed IT services, but the pain of transition may delay investment. That is why vendors such as BMC are keen to establish a strong track record.

'Banks must carefully analyse the situation in which they now find themselves and then look at their desired future situation,' says Much. 'We have a methodology for this that gives us a good estimate of the return on investment. We can support this with many practical examples.'

A Spanish bank, for instance, has chosen BSM solutions from BMC to align IT with corporate strategy, which resulted in a streamlined set of IT processes and improved management of its office and ATM networks. Bottlenecks became easier to spot and the bank was able to adopt a more proactive approach to monitoring and managing its IT systems.

More will follow as BMC expands its library of reference models for the banking sector.

By using industry-specific models from its partner IDS Scheer, BMC aims to lower the initial investment cost for BSM. Successful case studies and cost reduction are both vital in countering the reluctance to spend on transition the management of IT services.

'We must improve service to get a competitive advantage for our clients, but analyst Forrester<sup>1</sup> acknowledges that business management services can allow firms to save 20–25% on their IT costs,' remarks Much.

Such savings, and the other efficiencies offered by BSM, cannot be ignored for long. <sup>FBA</sup>

## Reference

<sup>1</sup> Mendel T and O'Neill P, with Garbani JP and Iqbal R. 'Implementing BSM: keep the big picture in mind if you want to reap the full benefits'. Forrester Research Inc. April 2006.

## Further information

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