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This guide helps you develop a business case for leveraging AIOps to more fully automate your SAP operations. It assumes that you have already:

1 **Identified the problems** that are negatively impacting IT operations performance metrics and need to be addressed. These may include reducing alert fatigue, making sense of your performance data, and dealing with your trial and error remediation approach.

2 **Educated yourself** on approaches or best practices that can be deployed to address these challenges, such as AI-guided anomaly detection, incident contextualization, and proactive resolution.

3 **Performed a self-assessment** so stakeholders can get a good early read on the likelihood of success before investing too much time and effort in an AIOps initiative. This should cover topics such as problem identification, high-level strategy fit, business case viability, and ability to execute.

Now you are ready to build a business case for investing in an AI-powered solution to address your pain points. Your goal in developing this business case is to quantify your expected return on an AIOps investment. You can leverage this document to get started. Then you will be ready to move on to the next step in your buying process: *Selecting the Right Partner*.

BUSINESS CASE OVERVIEW & APPROACH

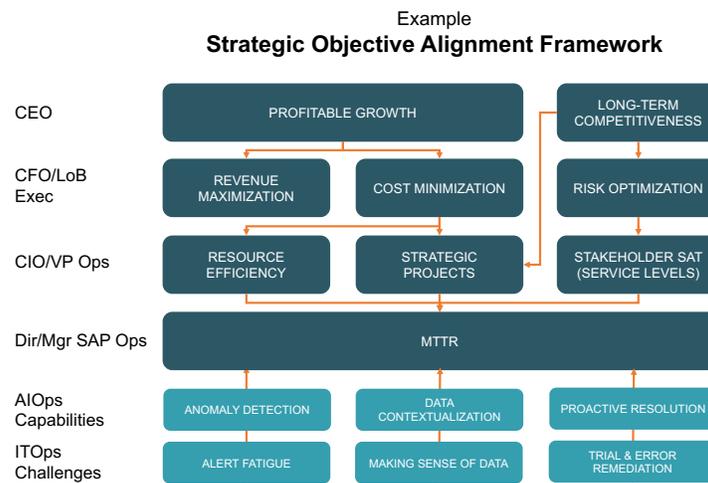This business case guide consists of three key components:

1 **Strategic Alignment.** As with any significant technology solution initiative, your business case must start by establishing a clear line of sight with high-level business objectives, priorities, and success metrics.

2 **Financial Justification.** You will need a straightforward and credible model for estimating financial value. Ideally, you should be able to make the case based on hard values, rather than relying on soft benefits.

3 **Objection Handling.** You should anticipate that objections will surface throughout your journey from the early stages to deployment and beyond. While you don't necessarily need to address every objection from every constituent, you should aim to (1) proactively address common objections and significant risks that may be raised by key stakeholders and (2) mitigate potential barriers to gaining approval for launching a formal evaluation.

THE CASE FOR STRATEGIC ALIGNMENT

Without executive-level IT support it will be difficult, if not impossible, to successfully introduce transformative IT solutions into your mission-critical IT operations. And, you will not achieve executive-level support without establishing a clear link between company priorities and AIOps goals and benefits. You can use this graphic as a general framework to get started in your strategic alignment exercise (See also **"Are Your Ready for AIOps? Guide to Self-Assessment"**).

Example
Strategic Objective Alignment Framework

CEO	PROFITABLE GROWTH		LONG-TERM COMPETITIVENESS
CFO/LoB Exec	REVENUE MAXIMIZATION	COST MINIMIZATION	RISK OPTIMIZATION
CIO/VP Ops	RESOURCE EFFICIENCY	STRATEGIC PROJECTS	STAKEHOLDER SAT (SERVICE LEVELS)
Dir/Mgr SAP Ops	MTTR		
AIOps Capabilities	ANOMALY DETECTION	DATA CONTEXTUALIZATION	PROACTIVE RESOLUTION
ITOps Challenges	ALERT FATIGUE	MAKING SENSE OF DATA	TRIAL & ERROR REMEDIATION

You should try to personalize your strategy alignment map based on validated and credible connections between your company's (or your CIO's) business priorities – like resource utilization efficiency, service-level improvements or strategic projects like Cloud/HANA migrations or M&A integrations – with improvements in IT Operations metrics that can be enabled by AIOps. The graphic below provides three example "personalized" strategic alignment "stacks."

Example Chain of Command
Strategic Objective Alignments

CEO	PROFITABLE GROWTH	LONG-TERM COMPETITIVENESS	COST COMPETITIVESS/ RISK OPTIMIZATION
CFO/LoB Exec	COST MINIMIZATION		
CIO/VP Ops	RESOURCE EFFICIENCY	STRATEGIC PROJECT: DIGITALIZATON	STRATEGIC PROJECT: CLOUD MIGRATION
Dir/Mgr SAP Ops	MTTR	MAINTAING SERVICE-LEVELS	MAINTAING SERVICE-LEVELS
AIOps Capabilities	DATA CONTEXTUALIZATION	BEFORE/AFTER SERVICE-LEVEL BENCHMARKING & PROACTIVE INCIDENT RESOLUTION	BEFORE/AFTER SERVICE-LEVEL BENCHMARKING & TRIAL & ERROR REMEDIATION
ITOps Challenges	MAKING SENSE OF DATA		

FINANCIAL JUSTIFICATION

The best approach to justify your initiative is to build a "hard" business case with conservative estimates and assumptions. In the case of AIOps, you can estimate hard savings from resource efficiency and productivity improvement with the following simple process:

1. Determine the productivity improvements you expect by moving from your current IT Operations setup to an AIOps approach.

2. Quantify the aggregate annual financial value of these improvements.

DETERMINING YOUR PRODUCTIVITY IMPROVEMENT

Efficiency and productivity are good candidates for quantifying financial value because they can be expressed as cost savings or avoidance, and because cost metrics are relatively easy to benchmark and monetize.

Here is a representative template for determining performance improvement in your IT Operations workflow. The pain points map to your processes for performance monitoring and problem detection, incident contextualization, and problem resolution/remediation. You should be able to reliably estimate achievable time savings from automating the manual tasks associated with these workflows.

NOTE

You can use industry performance benchmarks for typical or "best-in-class" deployments, or aspirational goals, to estimate your target performance improvement. The estimates below are conservative placeholders based on FogLogic's experience working with customers.

Current Pain Points	Desired State	BASELINE Productivity Loss per Person Month (Hours)	TARGET % Improvement via AIOps	SAVINGS Hours/Year per Person
Problem Detection/Alert Fatigue · Productivity loss from reacting to and prioritizing alerts (too many false positives and false negatives) · Ratio of total alerts to actual threats is 110:1 [451research.com, 2018]	**Problem Detection/Alert Fatigue** · Productivity loss from reacting to and prioritizing alerts (too many false positives and false negatives) · Only valid anomalies escalated via dynamic thresholds and AI-guided scoring allows management by exception	22.5	15%	40.5
Making Sense of Data · Difficulty understanding where to start and who to involve (too many specialists with tribal knowledge required, yet no holistic view) · Time-consuming and inconsistent Root Cause Analysis due to inability to readily access and analyze relevant historical data · Poring through volumes of non-standard system logs	**Automated Incident Contextualization** · Policy-based escalation and AI-powered contextualization (log analysis, seasonality, metric correlation, and incident co-occurrence) · Automated context-sensitive insights and recommended curated remediation actions	80.0	25%	240
Manual Trial & Error Remediation · Inconsistent remediation workflow, driven by individuals working on a case-by-case basis · No formal process for capturing historical context, resolutions, and notes · Inefficient trial and error approach resulting in repeat issues	**Proactive Resolution with Closed-Loop Learning** · Automated routing of remediation actions based on rules-driven policies · Remediation workflow with standardized communication across teams – leveraging integrations with collaboration and ITSM tools · Information about what worked and what didn't is fed back into the knowledge base	67.5	15%	121.5
Protracted Time to Decision with Confidence · Time-consuming "Before & After" performance comparisons for key IT initiatives (e.g. HANA/Cloud migrations) · Inability to confidently project resource requirements · Time lost manually generating/accessing general reports or responding to IT audits	**Data Driven Decisions** Speed and confidence in decisions due to instant access to data and reports (e.g. before/after analysis projecting resource consumption requirements, auditing, etc.)	16.0	20%	38.4
Slow system response times and unplanned downtime	**AI-Enhanced Service Levels** Improved productivity due to minimized downtime, faster system response, proactive prevention and rapid incident resolution	2.7	20%	6.4

IT Operations Team (rows 1–3) · *IT Management* (row 4) · *Business Users* (row 5)

Once you complete the exercise above, quantifying the annual financial value is a simple matter of multiplying the time savings per person, by the number of people impacted, by the average cost per person. Here is an example that rolls up the total (hard) annual cost savings that accrue from improving efficiency and productivity in typical small, medium, and large IT environments.

	Desired State	SAVINGS Hourly/Yr per Resource	Small Env		Medium Env		Large Env	
			# Impacted Resources	Savings	# Impacted Resources	Savings	# Impacted Resources	Savings
Ops Team	Drive Toward Zero Alert Noise	40.5	8	$ 16,200	15	$ 30,375	25	$ 50,625
	Automated Incident Contextualization	240.0	15	$ 180,000	22	$ 264,000	30	$360,000
	Proactive Resolution with Closed-Loop Learning	121.5	15	$ 91,125	20	$121,500	50	$303,750
IT Management	Modern Decision Support Experience	38.4	5	$ 28,800	10	$ 57,600	25	$ 144
Business Users	AI-Enhanced Servie levels	6.4	250	$ 119,700	500	$ 239,400	800	$383,040
				$ 419,625		$ 682,500		$1,190,790

Ops Team Hourly Rate	$ 50.00
Mgmt Team Hourly Rate	$ 150.00
Business User Hourly Rate	$ 75.00

FACTORING SOFT OR DIFFICULT TO QUANTIFY BENEFITS

Justifying your AIOps initiative based on hard efficiency and productivity improvement avoids getting bogged down or distracted by objections about benefits that can't be quantified.

However, this does not imply that "soft" benefits are less important. In many cases with AIOps, the soft or difficult to quantify benefits can be among the most compelling or promising drivers of interest in AIOps.

The following table describes five potential unquantified benefit categories that you may wish to highlight in your business case, to the extent they are relevant.

REVENUE IMPACT

AIOps solutions are designed to anticipate and resolve incidents that impair application availability and performance (e.g. reduction in downtime through improved MTTR and MTBF). For customer-facing applications (e.g. ecommerce, online banking, order processing), AIOps will directly help revenue. Depending on the nature of your business, revenue impact can easily dwarf efficiency or productivity-based cost savings but is often difficult to model and project with confidence. Amazon, nevertheless, estimates that "every 100ms delay costs 1% of sales." One hour of downtime on Prime Day cost Amazon ~$100 million.

BRAND IMPACT

AIOps may positively impact customer experiences due to improvements in availability and performance for their digital services. For organizations whose online/digital brand is an existential matter, brand impact may be a key driver for AIOps.

RISK IMPACT

There are various scenarios where AIOps can be connected to business and IT risk mitigation. For example, AIOps can benchmark and measure service levels before and after SAP migrations to the Cloud or HANA, or M&A integrations, which helps manage and mitigate the risk of service-level degradations.

COMPETITIVENESS IMPACT

Digital business is increasingly an imperative for long-term competitiveness and depends on innovative technologies like AI and machine learning. For companies driving to become digital enterprises, AIOps may be viewed as table stakes.

MORALE IMPACT

Another key benefit that's difficult to measure in dollar terms is the morale improvement from providing employees with tools that make their jobs easier, less frustrating, and more productive. Even greater morale improvement can result from up-skilling people by re-focusing them on innovation efforts and value-add tasks. According to 451research.com, "organizations can achieve a 33-50% increase in value-added work if just 10% of the IT budget is shifted away from time-intensive incident management and remediation."

OBJECTION HANDLING

You should create your own objection handling Q&A so you are ready to proactively address concerns, build credibility, and maintain momentum for your AIOps initiative. Here are some common objections and risk areas that may surface, and suggested responses.

WHY CAN'T WE USE SAP SOLUTION MANAGER TO ADDRESS THIS?

✔ Legacy tools cannot keep pace with modern approaches like AIOps. Because they do little more than capture and make data available for viewing, they are inherently time consuming to use. That's why IT Operations teams must rely so much on tribal knowledge, manual correlation, and trial & error remediation. Legacy tools are simply not conducive to a predictive process. Legacy tools are also generally complex to implement, maintain, and upgrade.

✔ AIOps is the future. The use of AI techniques like machine learning and natural language processing enables cutting-edge approaches to isolating signals from noise, and replaces guesswork with mathematical predictability, intelligent guidance, and collaborative data-driven decisions. Rather than being reactive and flying blind, AIOps allows us to always operate in a "**Known Good State**" and drive towards a vision of zero incidents.

✔ Further, modern AIOps solutions are cloud based. As such, they are simple to deploy, maintenance free, infinitely scalable, and can support non-SAP environments. Cloud based solutions also grow continually in functionality without having to be upgraded, so we can easily take advantage of the newest AI and other innovations.

✔ Generally, business application vendors that offer monitoring tools do so as an afterthought. Because their primary focus is on improving the capabilities of their business applications, they are unlikely to provide adequate R&D funding to improve their monitoring tools. AIOps vendors are 100% focused on applying AI/ML to IT Operations.

SHOULDN'T WE GO WITH A SINGLE PLATFORM FOR ALL OUR SYSTEMS?

✔ If we can find a single solution that meets the breadth of requirements for our entire IT landscape, we should of course take that approach.

✔ The problem is that there isn't a single AIOps vendor today that can address all our needs and taking a "least common denominator" approach isn't advisable. We should be wary about vendors who claim their solution is appropriate for managing all our systems. Gartner recommends working with best-of-breed solutions since no AIOps vendor comprehensively covers everything.

✔ We shouldn't compromise on a solution to optimize the performance of our mission-critical SAP applications just to achieve single-vendor solution convenience. Recognizing that "global optimization" is a pipedream today and that our business stakeholders depend on SAP, we should look for a solution that takes an SAP-centric AIOps approach.

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OBJECTION HANDLING

WE'RE BUSY WITH SEVERAL THINGS AND CAN'T GET TO THIS UNTIL WE'VE ADDRESSED THOSE PRIORITIES

✔ It's important to focus on priorities and avoid the distraction and resource consumption of managing yet another initiative. However, AIOps can be deployed in less than a day, and as a fully managed service it requires virtually no resources.

✔ In addition, AIOps insights can help us achieve and support many of our other IT priorities – digital transformation, workforce efficiency, HANA/Cloud migrations, etc. in the following ways:

- A good AIOps solution will allow us to set benchmark performance goals for the new initiative and compare "Before & After" performance as well as performance against those benchmarks.

- AIOps, combined with an AIOps managed service, will also be useful in monitoring our current systems and accelerating incident diagnosis and resolution. This will allow our teams to focus on these new initiatives by reducing the inevitable distractions from dealing with incidents.

WE HAVE NO NEED FOR AIOPS BECAUSE WE OUTSOURCE OUR OPERATIONS AND OUR OUTSOURCING PARTNER IS HELD TO SLAs.

✔ Often when we deal with a production issue, we are somewhat in the dark because we are completely reliant on our outsourcing partner to provide answers. SLAs are little more than legal constructs. The reality is that all outsourcing firms will negotiate them in a way that minimizes their risk. AIOps insights will help us take a "trust but verify" approach and gain control of stakeholder demands, while leaving the day-to-day operational details to our partner.

✔ Without the use of intelligent tools, our partner is in no better position to deal with incidents than we were before we outsourced. We end up bearing the hidden costs of a legacy approach no matter who is nominally responsible. We can use AIOps to help our outsourcing partner become more productive and focus on priorities. This will put us on the road to fewer incidents and faster MTTR.

✔ Eventually, empowering our partner with AIOps will position us to renegotiate terms and realize lower outsourcing costs.

OBJECTION HANDLING

OUR OUTSOURCING PARTNER DECIDES WHAT TOOLS TO USE.

✔ All outsourcing firms claim to have special tools that differentiate them from their competitors. Whatever an outsourcing vendor claims about their own tools, we must recognize that their success depends on maintaining account control, while maximizing ongoing revenue and margins.

✔ An outsourcing firm simply cannot invest in R&D to the same extent as a software vendor whose sole focus is building AIOps software. They also rarely have the internal DNA to build innovative software because they tend to focus on service-model innovation.

✔ It's not in our best interest to be locked in to an outsourcing vendor's proprietary tools. Not only are those tools unlikely to be as powerful, they lock us in and make it harder to switch outsourcing partners. We are better off controlling the choice of tools, as that will give us outsourcing portability and at the same time empower us and our outsourcing partner with AI-powered insights.

THERE WILL BE RESISTANCE FROM STAKEHOLDERS THAT FEAR AI WILL TAKE OVER THEIR JOBS.

✔ Automation as a replacement for manual work has been a constant fear from the days of the industrial revolution. History has shown that every major technical advance has created a greater number and variety of jobs even as it has obsoleted some jobs.

✔ The reality is that our service-level expectations are increasing, and our IT Operations demands are accelerating due to the growth of IT complexity, digitalization, and other strategic initiatives such as Cloud/HANA migrations and M&A integrations. Our IT resources cannot keep growing to keep pace with demand.[1] We need AI-driven insights and automation both to meet rising stakeholder expectations and to be able to do so within our budget and headcount constraints.

✔ Our IT Operations staff will welcome anything that makes their lives easier. AIOps will help them address the specific day-to-day frustrations associated with alert fatigue, making sense of a deluge of APM data, and trial and error remediation. Moreover, because the parts of the IT operations processes that can be fully automated[2] are the most routine and mundane, AIOps will give them more bandwidth to focus on higher value-add functions like planning and innovation, which will enrich their job satisfaction.

✔ Forward looking IT leaders welcome and embrace innovative technologies like AIOps because they recognize the opportunity to deliver better outcomes with existing resources.[3]

✔ The reality is that 70-80% of most IT budgets go to running and maintaining the environment. To remain competitive, we must find ways to pay down that technical debt so that more of our IT budget can be applied to innovation and digitalization. AIOps kills two birds with one stone – we gain experience and show the way by digitalizing our own IT operations process, and free up our resources to support innovation and digitalization initiatives for our business stakeholders.

[1] IT infrastructure teams are seeing a 64% increase in work with no change in the number of staff. [451research.com, 2018]
[2] Less than 5 percent of occupations consist of activities that can be fully automated. [McKinsey, 2018]
[3] Global IT leaders responding to a survey on application performance monitoring and AIOps, identified automation as essential to their go-forward strategy. [Cisco, 2018]

> It is feasible to make a hard business case for leveraging AI for digitalization of your IT Operations process. The first step is to ensure there is a strong link between your AIOps initiative's benefits and key executive-level objectives and strategic priorities.

> You can easily measure and quantify potential performance improvements via automation/digitalization of your IT Operations processes by comparing your current performance with targets based on best-in-class benchmarks or your own aspirational goals. As a result, it is a relatively simple and straightforward exercise to justify an AIOps investment through these efficiency/cost-related gains.

> You can, and should, augment your business case with soft and other unquantified, but often compelling and strategic benefits, not included in the financial justification.

> Anticipating and being prepared to address common objections will build confidence in your leadership and help generate momentum for your journey.

With a straightforward framework for making a credible case for AIOps, you are ready to customize your business case with your organization's data and estimates. You can roll this into a more granular ROI and break-even model when needed.

Once your business case has been approved, you are ready for the next stage of your buying journey

Selecting the Right Partner ⟩

CONTACT
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FOR HELP
GETTING STARTED