

ITIL v3—what have we learned in one year?

White paper

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IT—surrounded by alligators

There's a well-known business proverb that when you're surrounded by alligators, it's hard to remember your initial objective was to drain the swamp. That's the situation IT executives have faced for a number of years. While analysts, vendors and the trade press touted "business-IT alignment," IT operations executives have been pressed to deliver acceptable service levels for basic applications, and they have had to focus their attention on the mundane, though critical, task of containing costs by squeezing more productivity out of IT operations and support staff. This need was reflected in the widespread adoption in the 1990s of the IT Infrastructure Library (ITIL) as a set of best practices designed to help IT deliver quality services and to increase operational efficiency.

But progress has been made. While IT maturity varies, most IT organizations have now implemented the fundamental processes needed to deliver basic services and to do it efficiently, and IT executives are now beginning to seek a more equal partnership with business managers as providers of business value. According to a survey by CIO Insight, 60 percent of CIOs say improving alignment with business objectives is their top management priority for 2008. And just as ITIL played a key role in helping IT solve the quality of service and operational efficiency problems of the 1990s and early 2000s, ITIL v3, released in 2007, offers IT a set of practices for better matching investments and activities with business priorities. ITIL v3 is a prescription for business-IT alignment.

Awareness and adoption of ITIL v3 varies widely. But for enterprises taking the first steps, how is it working? What do the early returns say? This paper presents our findings and experiences working with IT operations organizations as they evaluate ITIL v3, develop implementation strategies and begin to implement the expanded new processes.

Learning in year one

It has only been one year, but IT organizations committed to ITIL are moving. According to IDC, a total of 28.3 percent of respondents (companies with 10,000 employees or more) are planning on moving to ITIL version 3 with at least one workflow within the next 18 months.¹ What else have we learned? Here are some of the trends and truths we have seen emerge as enterprises evaluate and begin to implement elements of ITIL v3.

ITIL has changed as IT has changed.

With v3, the authors of ITIL have shown us that they understand the changing dynamics that affect IT. Earlier versions of ITIL helped IT improve operational efficiency by implementing effective and efficient processes for deploying, changing and managing services—the things IT delivers to the business so business users can do their jobs. ITIL v3 retains and improves these previously defined processes. According to ITIL authors, approximately 95 percent of ITIL v2 remains and is still applicable. What ITIL v3 adds is a mandate for IT to view IT services in the context of the business goals they support.

¹ IDC, ITIL Adoption Continues: What's Next on the Maturity Horizon, Document #211340, April 2008

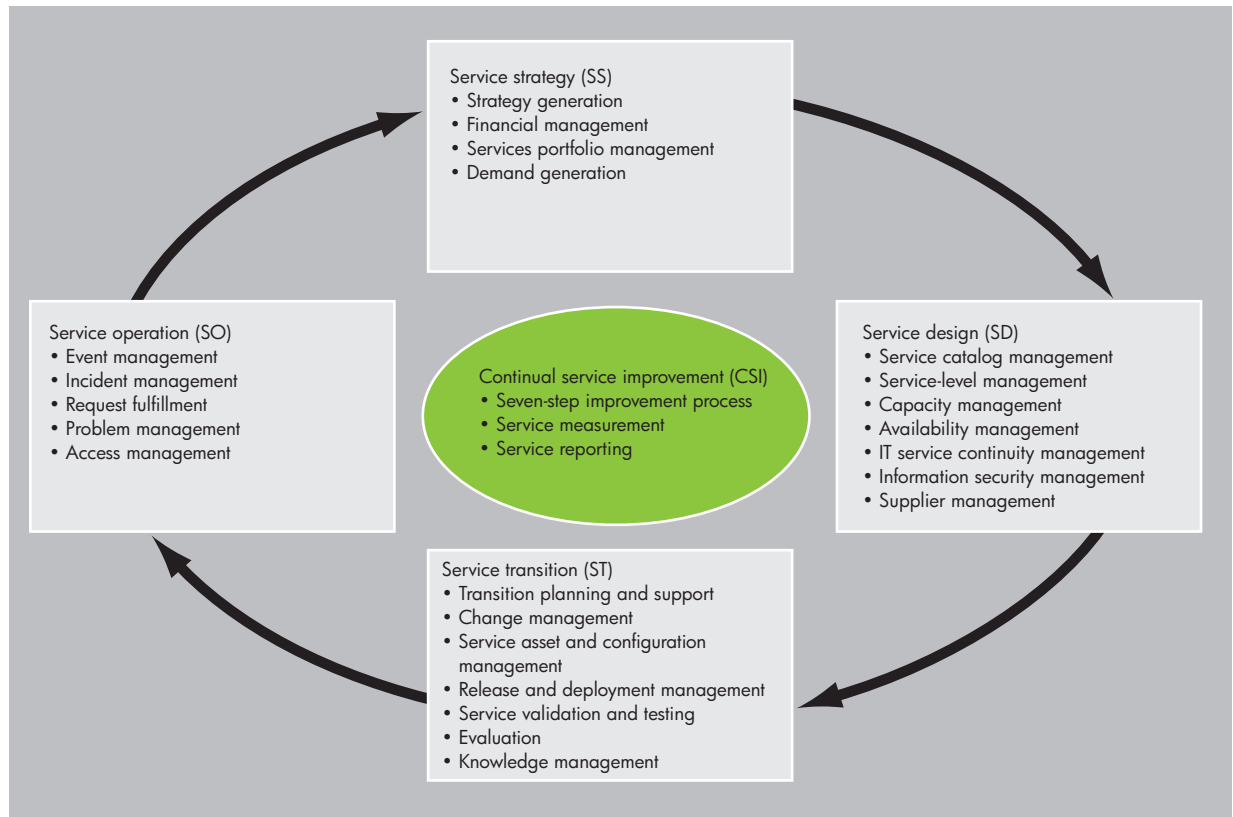
To illustrate, suppose the IT organization in a large corporation provides a remote access system—based on Citrix Presentation Server or Microsoft® Terminal Services—so remote users can access data center applications. IT managers would view this as an IT service and would say the goal of the service is to provide remote access to data center applications, and further, that the business need fulfilled is remote access to data center applications. To measure the success of the service, IT operations would measure the conformance of factors like availability and response time to established service level agreements. This is not wrong; it's just an IT-centric rather than a business-centric way to view the service.

ITIL v3 prompts IT to examine the actual business needs driving the need for a service. Business managers might say an objective of the remote access service was to increase repeat orders by enabling field sales people to look up the status of an order and place follow-on orders while in the customer's office. The support organization might view it as enabling support personnel to access repair parts inventory and order parts from on site so that support commitments of the business can be fulfilled while operating within the efficiency parameters underlying the organization's profitability model. Viewing services in the context of the actual business needs they fulfill also leads us to measure their effectiveness differently. Measurement of our remote access service might now focus on the actual use of the service by sales people while on their customer's site and on the measured improvement in the time it takes to get a repair part to the customer. If such approaches do not appear to measure something IT can directly affect (i.e., "My job is to make sure the service is available; I can't make them use it."), they at least engage IT in the decision-making process with business managers, and they provide IT a business vocabulary to use in discussions rather than "IT-speak."

The business-IT alignment thrust of ITIL v3 also leads to its most obvious external change—management of IT services across the span of a defined service lifecycle. The ITIL v3 books are "Service Strategy," "Service Design," "Service Transition," "Service Operation" and "Continual Service Improvement" (Figure 1). Most of the ITIL v2 processes for service delivery and service support (capacity management, availability management, incident management, problem management, change management, etc.) have been updated and improved and are now found in the ITIL v3 "Service Operations," "Service Design" and "Service Transition" volumes. The ITIL v3 "Service Strategy" and "Continual Service Improvement" volumes are based largely on new content. Another new concept in ITIL v3 is the Configuration Management System (CMS) extending the original Configuration Management Database (CMDB) to become a more federated data system.

Anyone who has managed products for a company recognizes the lifecycle: identify a market need, evaluate the financial opportunity, design a product to fulfill the need, develop the product, etc. That's the position proposed for IT by ITIL v3 as it helps IT identify, quantify and deliver the most value to the business. In ITIL v3 "Service Strategy," IT must become very specific about what the service does (Service Utility) and how to know whether it is meeting its requirements (Service Warranty). Further, the new volume on "Continual Service Improvement" underscores the lifecycle approach and provides IT a set of best practices designed to continually assess the success of the service in the "marketplace" and to identify and implement the changes needed. A lifecycle approach and the concept of continual service improvement allow an IT organization to get a service to the market early to meet pressing needs and then expand

Figure 1. ITIL v3 volumes



and improve it over time in a planned and structured manner. This is an important concept which HP has been using to deliver HP Mission Critical and Proactive Services for more than four years.

ITIL is needed more than ever.

It is not coincidental that this major ITIL refresh came at a time when IT is challenged more than ever to both add business value and maintain operational efficiency. There are several factors that are increasing pressure on IT.

The first is growth. Demand for IT services continues to grow as business managers use automation to improve their own productivity and, increasingly, to reach new customers and offer new services. While IT once served the needs of internal users to process business transactions, now services extend to customers and prospective customers. And as enterprises begin to apply Web 2.0 concepts to reach out and engage more people, the stakes—and corresponding quality of service goals—are higher.

The need for business agility also drives IT. Businesses strive to respond quickly to market opportunities, and they seek to improve their market and operating positions through mergers, acquisitions and consolidations. IT must expand and change services rapidly as the organization changes. For example, blade servers and virtualization have enhanced flexibility and lowered hardware acquisition costs. But these new techniques for hardware

efficiency are not accompanied by a corresponding increase in management and administration efficiency. In fact, they introduce additional administrative tasks, they impose new training needs and they stress IT processes for change and release management. Surveys of CIOs consistently show that up to 80 percent of IT budgets go to operations and maintenance. And the cost of server management and administration—already twice the acquisition cost—is increasing while acquisition cost declines.

New application architectures increase the operational burden for IT. Service-oriented architecture (SOA), for example, promises agility and software reuse by creating modular business services that can be more easily linked into new “composite” applications by multiple development teams and even multiple business organizations. One result is that the large, but predictable, application updates that IT previously rolled out are replaced by the almost continual release of modified service modules. Change becomes constant, and change in SOA services can ripple through many applications and many business units.

For IT, these factors not only up the ante for operational efficiency, they put a spotlight on business value. IT organizations that continue to view themselves as internal cost centers can actually impede the achievement of business goals; whereas, IT organizations that position

themselves as service providers to the business—and recognize that they may compete with external service providers for their role in the enterprise—can come to the table as true business partners.

ITIL serves a variety of IT needs.

ITIL is clear about one thing—if you don't need ITIL v3, if it doesn't fit your business or if you're not ready for that step, don't do it. Each enterprise is unique, and each must steer a course that best matches its situation and tracks its business strategy. While some enterprises HP works with are planning full rollouts, most IT organizations are initially looking for the low-hanging fruit in ITIL v3—the few basic practices that promise to solve pressing problems or create quick wins. They are investigating where they will get the most return on their investment, and they are planning an incremental implementation designed to capture the most value early.

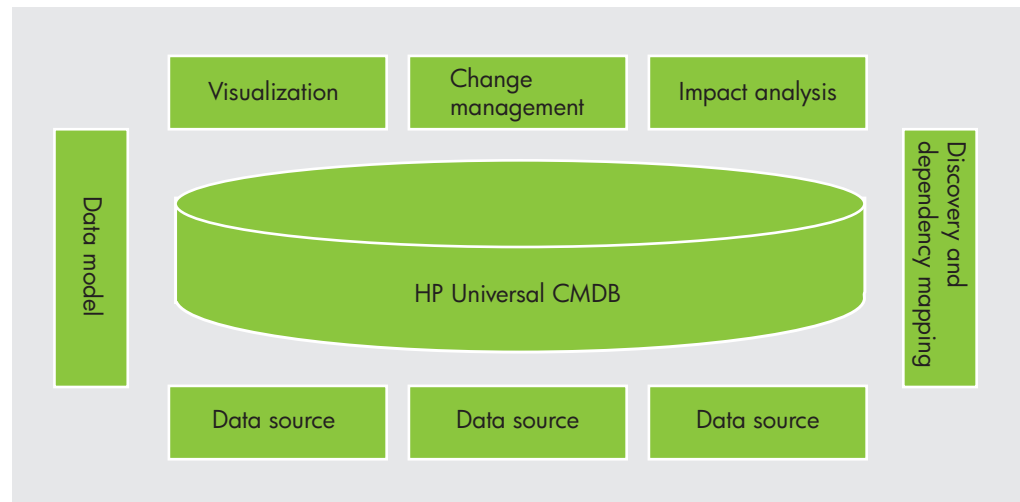
IT maturity varies across industries, companies and even within divisions of a company. (And the alligators must still be held at bay.) IT organizations must achieve control of fundamental processes to prevent firefighting so they can develop the time and resources to improve processes and add new ones. Many organizations are at this stage and still have basic quality of service and operational efficiency objectives to achieve. Many are in the midst of implementing the processes defined in ITIL v2. Clearly they should continue the course. Overall, IDC expects that within four years, penetration of ITIL within IT departments may increase to about 60 percent or more, given vendor efforts to market ITIL-based or supported solutions as well.²

And it is not just a matter of IT maturity. Different enterprises have different focuses depending on their strategy for being successful in the markets they serve. Many businesses seek new markets and new business models. For them, investments will be measured carefully on the extent to which they further the business plan. However, the bread-and-butter of many enterprises is delivering commodity goods and services into established markets, and the objective here is to squeeze out every bit of cost that is possible. For these companies, improving IT operational efficiency *is* business-IT alignment.

ITIL v3 offers value for both business models and everything in between. Even IT organizations for which operational efficiency is the watchword must arrive at this conclusion through thoughtful strategy planning with business users. Each existing and potential IT service must be evaluated on how it enhances the operational effectiveness of business users compared to the cost to develop, deliver, support and maintain the service. In ITIL v3, this is service strategy. If our remote access service is really just a convenience for users, then service strategy processes help IT and business managers understand this, quantify the business value and make decisions based on it.

² IDC, ITIL Adoption Continues: What's Next on the Maturity Horizon, Document #211340, April 2008

Figure 2. HP Universal CMDB enables the ITIL v3 Configuration Management System (CMS).



In a similar way, the ITIL v3 processes for continual service improvement offer value for every business. Continual service improvement prompts IT to establish a seven-step improvement process as a systematic way to establish service goals, measure progress and identify steps for improvement. Underlying the seven-step improvement process are procedures for service monitoring and reporting. This recognizes the fact that things change—both IT services and the business needs prompting their creation. Continual service improvement helps IT identify and track changes and determine when to intervene by changing the service. HP has found service improvement initiatives to be so beneficial that we offer consulting services, embodying continual service improvement processes and tools, specifically designed to help enterprises improve services and service management.

IT initiatives provide opportunities for ITIL v3 adoption. SOA initiatives and other significant projects like the deployment of new infrastructure and major enterprise resource planning (ERP) updates can serve as catalysts for the implementation of improved processes. Planning for these activities provides an opportunity to consider what improvements in processes will be required to support them and how those new processes can be leveraged across existing operations.

We see many enterprises implementing ITIL v3 practices using this opportunistic approach. When the project involves rolling out new services, for example, that is the ideal time to establish new lifecycle management processes and bring the service under lifecycle management. Once processes for service lifecycle management are established, they can more easily be applied to existing services.

The galloping rate of change in IT hardware and software and the interdependency of services enabled by SOA also drive a need for IT to implement effective change and configuration management processes. And it presents an opportunity to implement a federated configuration management database (CMDB). A CMDB provides a single version of truth that all teams can use for decision-making, and it lets IT see the impact of change before the trigger is pulled. Because CMDBs are supported by automatic discovery tools, and because a federated CMDB enables linking to other data sources, CMDBs—once implemented in support of major initiatives—can be easily extended to other services and facilities. This extended view of data sources is reflected in the ITIL v3 Configuration Management System (CMS).

CMDBs and configuration management are examples of improving IT processes through automation. And since initiatives and new programs force IT to re-examine and improve fundamental processes, they often create the opportunity to introduce automation. Automation can make processes like incident management, problem management, release and deployment management, and service validation and testing more efficient and more reliable. When important new systems roll out, this can be as important as system reliability and acquisition cost.

Why choose HP for IT service management?

HP provides products and services to help enterprises use IT service management to get the most out of their investments in IT people and infrastructure. Why turn to HP?

We have the people.

HP has over 7000 ITIL-skilled professionals in more than 170 countries. Twenty-four HP professionals participate in the Institute for Service Management including six fellows and six luminaries. Five HP consultants authored portions of ITIL v3.

To help HP consultants deliver consistent and positive results working with enterprises, we have developed the HP Service Management Framework—a holistic approach for enterprise IT organizations that want to build and run an effective service management system. The framework organizes people, processes and technology within the service management system based on related international standards like International Organization for Standardization/International Electrotechnical Commission (ISO/IEC) 20000 and industry best practices including ITIL v3, Control Objectives for Information and related Technology (COBIT) and Capability Maturity Model Integration (CMMI).

We have the experience.

HP has helped enterprises accomplish over 1,000 successful ITIL implementations and transformation projects. More than 80 HP Education Centers have trained more than 100,000 IT professionals in ITIL, ITSM and HP software.

We have the technology.

HP Business Technology Optimization (BTO) software solutions—built around HP Universal Configuration Management Database software—span the ITIL v3 service lifecycle and help IT automate and integrate the processes that make IT work. HP BTO software enables predictable and reliable business outcomes, and the modular HP approach lets you solve your biggest problem or capitalize on your biggest opportunity first, then grow the solution to meet your full set of needs.

Learn more.

To learn more about HP products and services for IT Service Management, visit

www.hp.com/go/servicemanagement and www.hp.com/go/itsm.

To learn more, visit hp.com/go/btsoftware

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