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GLOBAL BEST PRACTICES

Collector's Edition

IT Service Management Global Best Practices

Volume 1

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The IT Service Management Forum

IT Service Management Global Best Practices, Volume 1

IT Service Management Global Best Practices

Volume 1

Colophon

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Foreword

The IT service management community is fast becoming *the* authoritative body of knowledge and practical advice for businesses wishing to make the best and most efficient use of their IT systems and implementation. For many companies this is an entirely new field of management science that needs careful exploration and exploitation. Other companies have been successfully implementing excellent IT service management for longer periods but their level of expertise varies tremendously.

The Publisher sees the promotion of best practice and the production of case studies highlighting best practice as a way of leveling the playing field and making sure that, as a fledgling industry, the movement goes forward united. We believe that a project such as this book and future variations which are being planned help organizations to understand what good IT service management practice is all about and to achieve more from their operations. Greater efficiency means greater profitability.

This particular book started out as an idea in the Netherlands. The Dutch ITSM community agreed that there was a need for a community-based project, a library of case-studies that would allow pioneering organizations to share their knowledge and experience with those that were still struggling to find their way. That project started out in 1996 and its first output was a collection of best practices developed from organizations, educational programs, and many other sources. This became formalized through time and in 1997 it was finally published. In each of the following years a further edition was added to this series, and more and more authors joined the program. After 11 years, the suite of case studies and best practices weighed over 15 kilos, covered over 5,000 pages, and had involved more than 500 authors. Its content covered almost every ITSM topic, and the series was used as a major guidance tool for ITSM practitioners of all levels.

The last four editions of the annual series were published within the ITSM Library. This library has now been acquired on behalf of the ITSM community by itSMF International. ItSMF International hopes that this pilot edition of an expanded series of best practices will become the forerunner of a truly global Best Practice book series to be published regularly, thus opening up to the world what has hitherto been available only to those in the Netherlands.

Jan van Bon
Chief Editor, Inform-IT

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Acknowledgements

This annual title, “IT Service Management, Global Best Practices”, is the result of the efforts of a large number of subject experts, co-operating in the development of a shared source of best practice guidance. Each year, moving forwards, experts from many disciplines and from countries all over the world will co-create a new volume in this series, accumulating their shared knowledge and experience. A knowledge library like this would be impossible without the contributions of so many experts, and their willingness to share what they’ve learned.

More than 60 **authors** contributed to this first pilot edition. And the number of authors willing to share their knowledge in this title was even much higher: the majority of proposals sadly couldn’t be added to this first book due to limited space. The selected authors have all had to work hard in 2007 to deliver their contributions in time to meet our deadlines. Many of them had to endure thorough and detailed discussions with their editors on the structure and content of their topic, responding to all editorial issues in January 2008. We are very grateful for the significant efforts made by all these experts who, whilst balancing this project with their busy day-jobs, proved to have the drive to bring this project to a successful conclusion. With authors from the UK, Spain, Ireland, Italy, Taiwan, Australia, the USA, Canada, Argentina, Brazil, Belgium, and the Netherlands, the book reflects many key developments in the ITSM market and also raises some key questions.

Before the authors could start their work, the **members of the Editorial Board** of this publication had to work their way through a huge pile of anonymous proposals, assessing and commenting on the suggested topics from all possible angles, to ensure the best selection possible. Despite some lively discussions, the Board succeeded in selecting 33 articles from over 100 proposals. The Board included a mix of respected experts from various disciplines, and from all corners of the world, to reflect the diverse nature of the IT service management community.

A crucial role was played by the **expert editors** of this guide. It was only because of the skills and the dedication of these expert editors that a result such as this could be achieved. Many hundreds of hours were spent in supporting both the authors and the Editorial Board, creating a coherent book from all the single contributions delivered.

We are grateful also to the **itSMF International** organization for supporting us in pulling this work together.

And finally - without a **publisher** willing to invest in the development of this product, it would never have been possible to bring it to the market.

All in all, a hundred people have worked on this book. I should like to personally thank them for their contributions, for sharing their knowledge and experience, and for working with me on this great source of global best practice guidance.

Jan van Bon,
Chief Editor, Inform-IT

The Team

The editorial team that manages the “IT Service Management Global Best Practices” series totals 25 individuals. This section explains who they are and the roles they fulfill.

EDITORIAL BOARD

The Editorial Board was composed of respected experts from all over the world, covering various relevant disciplines, to reflect the broad community of IT service management experts. The board was built around a team of experts, who were involved in the same role for the preceding Dutch best practice publication that has been published since 1997. The governance structure developed with that team was used as the basis for this pilot edition of “IT Service Management Global Best Practices”.

The members of the Editorial Board, and their base country, that also contributed to the selection of articles and to the development of this guide were as follows:

R. (Ron) F.C.H. Feijten RE RA (The Netherlands) is a Partner IT Audit for Ernst & Young and a board member of NOREA, the organization for IT auditors in the Netherlands. Ron is particularly interested in control issues and the use of control standards in IT service management.

Troy DuMoulin (Canada) is a leading ITIL and IT governance authority, with a solid and rich background in executive IT management consulting. He has extensive experience in leading service management programs with a regional and global scope, and is a frequent speaker at ITSM events. Troy is a contributing author to multiple ITSM books and papers, including ITIL’s “Planning to Implement IT Service Management” and has worked with ISACA on CobiT v4 development and alignment with ITIL.

Steven De Haes, PhD, (Belgium) is responsible for the Information Systems Management executive programs and research at the University of Antwerp Management School (UAMS). He is managing director of the Information Technology and Alignment (ITAG) Research Institute and is actively involved in the development of best practices frameworks CobiT and VALIT.

Peter O’Neill (based in Germany) is a Principal Analyst for Forrester Research and has a deep knowledge of IT management software technologies and vendors. Peter’s research covers topics such as IT and business service management, with a focus on how to benefit from IT infrastructure management technology and processes. He has written Forrester Wave reports on both IT asset management and business service management. Based in Germany, he advises Forrester clients worldwide.

Peter H.M. Brooks (South Africa) B.Sc. FISM is an independent consultant, delivering consultancy and training in service management. He is the author of the ITSM Library book “Metrics for IT Service Management”, serves on the Cape Town Committee of the itSMF South Africa, and is a director of the itSMF International Executive Board.

Dr. Marcel Spruit (The Netherlands) has the Chair of Information Security at The Hague University. He is responsible for education and research in information security. He is also management consultant at Het Expertise Centrum, a Dutch organization for management consultancy. He advises on information management and information security in the Dutch public sector.

Maxime Sottini (Italy) is chief executive officer for iCONS - Innovative Consulting S.r.l. and iSYS – Innovative Systems S.r.l. being still very active as a consultant and advisor. He is experienced in ICT best practices and governance, with extended knowledge of CobiT, ITIL, CMMI and several other popular frameworks.

Robert E. Matthews (USA), MBA, ITIL Masters, CISA, CIA, COP, is a principal consultant for Siemens IT Solutions and Services, and has an executive management background in IT, operations, internal and external consulting, and specializes in IT service management and IT sourcing consulting.
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Matiss Horodishtiano (Israel) is chair of Content & Publication Committee, itSMF Israel. He is an IT veteran, working in the field for more than 30 years. As a senior manager, he has restructured IT organizations to be service-oriented and implemented clear procedures, based on best practice, to ensure customers' and users' satisfaction. He has participated in numerous ITSM review projects including ITIL V3, and takes special interest in certification at large.

Rudolf Liefers MIM (The Netherlands) is executive business consultant for Atos Consulting, and his key areas of interest are IT governance, IT service management and regulatory compliance. He is also a board member of the IT Service Management Chapter of the Dutch Computer Society and has been a member of the Editorial Board of the "IT Service Management Best Practices" series for several years.

Rob England (New Zealand) is an IT consultant, writer and entrepreneur, and owner of Two Hills Ltd. His interests include IT service management, governance, internet communities and commerce, and professional development. He is best known as The IT Skeptic, a critical voice in the ITSM community.

Takashi Yagi (Japan) is a senior manager for Hitachi, Ltd. He manages IT service management solutions and is specialized in business incubation. Takashi Yagi manages IT service management publications for itSMF Japan.

Kevin Holland is the Head of Service Quality Improvement for NHS Connecting for Health in the UK, with over 10 years hands-on experience in all areas of IT service management. His background is in world class IT and manufacturing companies, and he has particular interest in Service Transition and Continual Service Improvement. He is a member of the ITSM examination boards for APMG and ISEB.

Ton van den Hoogen (The Netherlands) is a trainer / consultant for Tot Z Diensten BV and is specialized in service management and business-IT alignment. He is a frequent reviewer of IT service management publications and has been a member of the Editorial Board for parts 1 – 4 of the Dutch "IT Service Management Best Practices" series.

Jan Boogers RE (The Netherlands) has been a registered IT auditor since 1991, and has been working for EDS since 1995. As a quality manager he was responsible for implementing ISO/IEC 20000-1:2005 as an extension to the ISO 9001:2000 certificate. He is responsible for auditing within EDS: Internal Quality and Security auditing, and support of external audits performed by third parties on behalf of the clients of EDS. He also facilitates the annual SAS 70 audits that are performed in the Netherlands at EDS for various computer platforms.

Lex Hendriks (The Netherlands) is a portfolio manager for EXIN. He manages the EXIN portfolio of certification and associated services, including the I-Tracks program, certification for ITIL, project management, procurement management and service quality management (ISO 20000). He contributed to the development and management of the ITIL certification program, in co-operation with ISEB, and was involved in the update of the ITIL books as a member of the ITIL Advisory Group. Lex was co-founder and first chair of itSMF-NL. He is a member of the Editorial Board of the itSMF series “IT Service Management Best Practices” and contributed to several ITSM Library publications as reviewer or co-author.

Drs. Ing. H.(Harry) T.M. Boonen RE (The Netherlands) is Director and Principle Consultant of Boonen Consultancy & Auditing, a firm that is specialised in Enterprise - & IT Governance, business process improvements, business – IT Alignment and Risk Management. He has extensive experience with CoBiT and is co-author of the book “IT Governance – based on CoBiT 4.1”. He is a founding member of the IT Governance Network, which is active in IT Governance Consultancy and Trainings. He is past President of the ISACA Netherlands Chapter, served in several international ISACA Boards and was member and Chair of CACS conference committees. He has been a member of the Editorial Board of the Dutch IT Service Management Best Practices series for several years.

The Editorial Board is chaired by the **Chief Editor**. The members of the board decide on the selection of articles for each volume of this series, after a thorough analysis and discussion. In this way they are responsible for the accumulating content of the series, as it will develop over the coming years. All proposals were assessed anonymously, to prevent the selection process from being influenced by anything other than the quality of the content.

EXPERT EDITORS

The Editorial Team is responsible for the preparation of the project, the pre-editing of proposals (making sure that they are all of sufficient basic quality and anonymously submitted), the support of the selected co-authors in the authoring process, the editing of drafts, and the creation of the final chapters in the book. Their broad understanding of IT service management has been crucial for the development of this global best practices guide.

The editors for this pilot edition were:
Arjen de Jong
Mike Pieper
Ruby Tjassing
Tieneke Verheijen
Annelies van der Veen (managing editor)

All of the editors work for Inform-IT, the editorial body that also works on the ITSM Library titles, in coöperation with Van Haren Publishing and ITSM Library “owner”, itSMF International. Managing editor Annelies van der Veen was in charge of the entire production process, spent countless hours on the whole project, and did a great job in keeping all of the involved board members, editors and co-authors on track.

CHIEF EDITOR

The Chief Editor of the “IT Service Management Global Best Practices” series is Jan van Bon. He has been involved in the development of more than 50 IT (service) management publications, in up to 14 language versions, in the last decade. He was co-founder and first secretary of itSMF-NL, organized dozens of itSMF events, and is the initiator and managing editor of the ITSM Library.

PUBLISHER

Van Haren Publishing is the Publisher of this title. Without the dedication and continual investment of this publisher this guide wouldn’t have been possible. Ivo van Haren, Annelise Savill, Bart Verbrugge, and all of their colleagues, have done an excellent job in getting the initial manuscript to the format of this great hard-cover guide.

OWNER

The publication “IT Service Management Global Best Practices” is owned by itSMF International, the organization acting on behalf of the Chapter community. The IPR of the publication is held in common ownership for and on behalf of the Chapters.

The Process

How is this annual guide produced?

In Spring, a Call for Chapters is sent out through many channels, reaching an immense number of experts, and inviting them to share their knowledge with their peers. The first step on this road has to be the construction of a proposal, covering the ideas of the paper to be written. A proposal needs to be limited to two pages of text, and requires a specific structure, to support an efficient selection process.

Once the proposals have been received, the editors make sure that they are all of good quality; the editors also support the contributors in adjusting any flaws in the initial proposals, and in re-formatting them in a uniform layout. The editors also anonymize the proposals, to avoid any influence from commercial interests, and to enable a selection process that is purely focused on the quality of the content.

The resulting set of proposals is then forwarded to the Editorial Board, for comment and assessment. The members of the board process the immense list of proposals, without having any knowledge of the authors, and forward their findings to the editors. Based on these preliminary results, a first selection is made, strictly determined by the marks awarded to the proposals.

The resulting ranking of the complete list of proposals is then submitted to a decision meeting with the members of the board. The board members discuss the marks and the accompanying comments, and may adjust their opinions to make a final decision. At the end of this meeting, a final selection is made, supported by the Editorial Board.

Once this final selection has been made, the proposal authors are informed of the outcome of the selection, and the editors start work with the selected co-authors. Significant comments made during the selection process are exchanged, conditions are discussed, and each co-author receives a set of instructions, including a style guide and anything else that is required for a proper authoring process. The co-authors then write their contributions.

Once a contribution has been received, it is edited by one of the expert editors. A list of issues that require additional work is returned to the co-author, and they respond to all issues in an iterative process, until the manuscript has been completely approved. The result is then copy-edited by a native speaking English translator to ensure that the text meets all the necessary requirements.

The editors create the chapters according to the structure of this guide, writing chapter introductions and introductions on all accepted papers, to produce a coherent publication.

At the end of this project - which takes almost a year - the result of a huge co-creation process lies on the table: an annual publication of global best practices, covering a selection of the most interesting topics and developments in the market, produced by the best knowledge workers we could find - a set of global best practices for IT service management.

Introduction

The series “IT Service Management Global Best Practices” differs from many books in this field, in that it doesn’t deal with just one specific ITSM subject, but instead is a broad collection of best practices straight from the field.

No single framework can be found to cover all the articles in this series. Subjects range from IT governance and control issues at the one end, to elementary service management issues at the other end. But all articles have one thing in common: they all handle a topic that is important for managing IT services. And they all are based on the specific knowledge and experience of a field expert.

It’s up to the Editorial Board to select the best contributions from a huge pile of proposals. Many of these proposals cover very interesting subjects, but only a limited number can be selected. This selection should not only cover the best quality proposals, but it should also provide a balanced distribution over the various attention areas in IT service management. Consequently, a large number of high-quality proposals on a subject such as portfolio management will still only deliver a limited number of selected papers on that specific topic.

For the purpose of creating this balance between topics, the board applies a domain approach, based on figure 1. For each of these domains a dedicated chapter is constructed, and at least two articles will have to be written for each chapter, provided that proposals of sufficient quality are available. Most articles are not completely focused at their domain, but also cover broader aspects. Nevertheless, each article is allocated to one of these domain chapters.

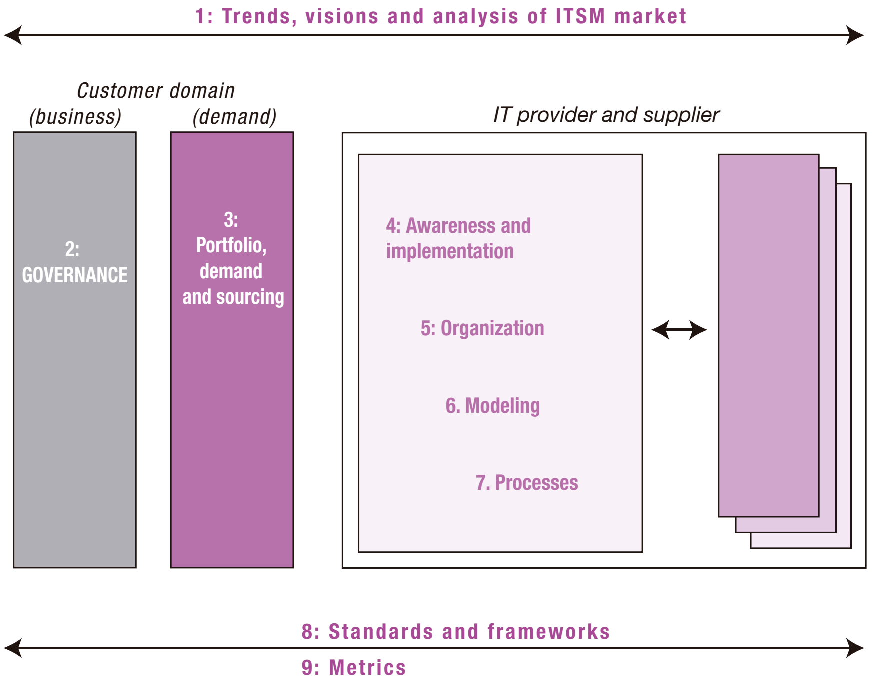

1: Trends, visions and analysis of ITSM market
Customer domain
(business)
(demand)
IT provider and supplier
2: GOVERNANCE
3: Portfolio, demand and sourcing
4: Awareness and implementation
5: Organization
6. Modeling
7. Processes
8: Standards and frameworks
9: Metrics

Figure 1 Domains for structuring Volume 1

Volume 1 covers the following chapters.

Chapter 1 – Trends, visions and analysis of ITSM market. This chapter starts with an introduction to the current state of IT service management: what is the situation, what major developments have we seen in the last year, and what is coming up? This overview is followed by a number of invited vision papers, written by members of the Editorial Board.

Chapter 2 – Governance. The demand for strategy and control of IT is growing, so IT governance is an area that will be high on many agendas. But what *is* IT governance? The contributions in this chapter illustrate various lines of thinking, but have one thing in common: they are all concerned with the question “how to get in control”.

Chapter 3 – Portfolio, demand and sourcing. This chapter focuses on the specification and management of service, from the business’ point of view. It includes demand management, service portfolio management, business service management, performance management, and sourcing of IT services.

Chapter 4 – Awareness and implementation. Simulation games, attitude, behavior, culture, learning. These aspects all relate to the “soft” side of IT service management, involving the “people factor”. The acknowledgement of this factor, as a core aspect of the required management of change, is inevitable.

Chapter 5 – Organization. Although organizations are always different, there are plenty of useful guidelines to be used, and indeed, re-organizing often seems to be a national sport. This chapter provides elementary guidance, to be used for the optimization of an organization.

Chapter 6 – Modeling. Setting up a structure for the management of IT services requires a good design. This chapter provides models that can be used when designing your IT service management system.

Chapter 7 - Processes. A number of processes and entities have beenare recognized to be common to all service providers. This chapter deals with some of the latest processes, but also addresses process management issues that have been concerning service providers for a long time.

Chapter 8 - Standards and frameworks. The field of IT service management is confronted with an overwhelming number of management frameworks, methods and methodologies – making it difficult to “see the wood for the trees”. This chapter deals with some of the latest developments.

Chapter 9 – Metrics. Managing high-quality services, and achieving high customer satisfaction scores, requires that we are able to measure performance, and investigate customer needs. This chapter provides practical guidance on how to approach this.

At the end of the book, you’ll find **indexes on titles and authors**.

Anywhere in this book where you read “he”, you may also read “she”. And you may replace “IT” with “ICT”; the choice of these terms is determined by the preference of the respective author, but in practice, the integration of voice and data has left little difference.

Trends, visions and analysis of ITSM market

Chapter 1

1.1 Introduction

Before we start with the chapters that provide you with the practical guidance on IT service management, we'll take a look at the state of IT service management discipline and market. The most striking matters of the last year are discussed shortly.

The Editorial Board is composed of experts on IT service management, representing various sectors of the ITSM industry, ranging from vendors to user organizations, and from government to itSMF chapters. The members of the Editorial Board were invited to present their individual vision on an aspect of IT service management that attracted their specific interest. The visions and comments presented in this chapter represent the ideas of the individual authors and not necessarily of the organizations in which they work. Due to time constraints, not all board members have been able to respond to this request, but we're happy to be able to present half a dozen vision papers in Volume 1 of this global best practices publication:

- **Whose service is it anyway?**
  Author: Peter O'Neill (Forrester Research)
- **The next ROI frontier – The IT service lifecycle (ITIL V3)**
  Author: Ken Hamilton (HP)
- **Integrate project and IT service management for better quality of IT services**
  Author: Maxime Sottini (Innovative Consulting, itSMF Italy)
- **IT service management certification and standardization**
  Author: Matiss Horodishtiano (Amdocs, itSMF Israel)
- **IT and business misalignment – A cure**
  Author: Bob Matthews (Siemens, USA)
- **How will the relevance and importance of IT service management change over the next five years?**
  Author: Kevin Holland (NHS Connecting for Health, UK)
- **Visions of the future: The IT Swami's seven visions of the future of ITIL**
  Author: Rob England (IT Skeptic, New Zealand)
- **How might our best practice evolve?**
  Author: Ivor Macfarlane (IBM Global Technology Services, United Kingdom)
- **Improved governance must deliver value from IT**
  Author: Peter Brooks (Director itSMF International, South Africa)

The itSMF International Director of Publications was invited to add a vision paper on ITIL. This paper is added in section 10 of this chapter.

1.2 Topics and trends in ITSM

ITIL

First of all, the most striking thing to occur in the IT service management arena was, of course, the launch of ITIL® V3. After a long development process, involving hundreds of experts all over the world, a significant update was released in June 2007. The main characteristic of the new version of ITIL is the service lifecycle, bringing more coherence to the complete set. The best practices continue to build on process awareness, and many new processes and functions were added to the existing set.

ISO/IEC 20000

The acceptance of ISO/IEC 20000 is growing steadily, albeit slowly. The complexity of fully achieving all of the requirements appears to be quite a challenge, but the first hundred certificates were awarded in 2007. The ISO organization discussed an option to make the certification incremental: supporting organizations to grow gradually into the full certificate. New parts of ISO/IEC 20000 are in development, to support specific activities such as scoping, practical guidance on the certification, and maturity approaches. itSMF International developed two books on ISO/IEC 20000 in their ITSM Library: “ISO/IEC 20000, An Introduction”, supporting the detailed study of the standard and the preparation for the first set of exams published by EXIN, and “Implementing ISO/IEC 20000 Certification: A Roadmap”, covering very practical guidance on the certifications project, including a number of detailed case studies. Both books were published in early 2008. Three parties now offer ISO/IEC 20000 exams: itSMF-UK, IRCA, and EXIN with TÜV SÜD Akademie. ISEB is also expected to publish an exam in 2008.

Other frameworks and standards

Several other frameworks have received growing attention. **CobiT®** quickly emerged as a relevant governance-related framework for IT management, and CobiT 4 was released in 2007. Microsoft has worked hard on their new version of **MOF**, to be published in 2008. In the Netherlands, **ASL** and **BiSL** has gathered growing international interest. The new version of **PRINCE2™** has gained traction, although its dominance seems to be limited to Europe, with **PMBOK®** still the most used project management framework in the Americas. Interest in **Six Sigma**, specifically related to ITSM, has grown, and the itSMF publication on how Six Sigma can be combined with IT Management has been in great demand. **TOGAF** version 8 came into the picture for Architecture, and AS 8015, the Australian standard for IT Governance has been fast-tracked to become an ISO standard for IT Governance: **ISO/IEC 29382**, launched in early 2008. Security has been supported with the **ISO/IEC 27001**, for information security management systems (ISMS) requirements.

CMDB and configuration management

Discussion of the CMDB is cropping up on a regular basis. Views differ from “unrealistic techies approach” to “keep it simple to make it work”. Initiatives, to stimulate an industry standard for the exchange of information between databases and products, may lead to some market consolidation and better interfacing; and the further integration of IT databases in a Configuration Management System, as described in ITIL, will probably support this trend.

Service catalog and ABC

Service catalogs are perceived as the center of the IT universe. Formal SLAs, OLAs, and Underpinning Contracts are criticized as being too instrumental, disregarding the most important process in IT service management: business relationship management, communication, and people relationships. The ABC of management: Attitude, Behavior, and Culture, is acknowledged as being critical to the success of the business-IT relationship.

Benchmarking

itSMF Netherlands initiated a project on ITSM benchmarking, and the first practical results became available in 2007. The benchmark is available in English and Dutch, and covers ISO/IEC 20000, cost, and ITIL maturity, and makes use of the set of metrics published in the itSMF publication “Metrics for IT Service Management”.

Software as a Service (SaaS)

Service management models such as Software as a Service (SaaS) and Multi-Client came up, as the next step after ASP. Based on the growing availability of broadband high-speed connection over the internet, more and more companies jump to this model. This seems to illustrate the evolution towards the old expression “apps from the taps”. Trust, as the most important prerequisite for this model, has obviously grown enough to make this kind of service available on a large scale.

Sourcing

All kinds of sourcing trends kept on attracting attention, putting the IT at a distance. Outsourcing to far away countries (offshoring) became a serious trend. India still represents one of the biggest markets, but Eastern European countries, China, and several other low-cost/high-development countries are stepping into this business, making IT service management a truly global business.

Functional management

In the Netherlands, the discipline of functional management is developing. It also illustrates a next step in the evolution towards better performance in information management. Functional management is the domain where the specifications and decisions on information services are made, and where the supply is managed and controlled. Gartner recognized this when they announced their view that the rest of this decade will show a further separation between technology management and information management, integrating the control over information services with business processes.

Games

Simulation games stress the fact that people are crucial for successful management of change. Games like Apollo 13, Polestar and McKinley, are increasingly used to stimulate awareness and mutual understanding in the IT organization.

Education

Higher education in IT service management is growing. More and more universities and higher education institutes offer serious programs focused on ITSM. Many of these use ITIL as a core element in their curricula.

itSMF

The number of itSMF chapters has grown fast. At the start of 2008, the number of official chapters had grown to 43, with several more underway.

Skeptic

Not everything was well received. Platforms such as The IT Skeptic attracted traffic with their critical analysis of developments, and provided forums for criticism.

Business Service Management

In the meantime, IT is growing closer and closer to the business. Companies are getting more and more aware of the supporting nature of IT, and the fact that customers and business should have a central position in the IT organization. This is confirmed with the rise of terms that relate to this move, such as “business service management” and “service orchestration”.

1.3 Whose service is it anyway?

IT is now so pervasive in enterprises that Forrester has proposed that IT changes its name to BT, Business Technology, signifying a full alignment to the business imperative. The challenge for IT organizations is then to establish the ability to base operational IT decisions on business priorities and to report service quality in business metrics. The way to achieve this? Introduce this standard mantra into IT: whose service is it anyway?

I am one of a team of analysts at Forrester Research who covers the general topic of IT service management (ITSM); we all advise clients around the world, sometimes individually, sometimes together. We also meet and write together regularly so that we can leverage each other's experience.

My impression is that the topic of ITSM is now dealt with quite differently than it was a few years ago. Previously, IT shops were very reactive and focused initially on improving their bad customer satisfaction ratings by working on the incident and problem management processes, before instilling similar improvements in other processes like change and configuration management. I now see an increasing number of ITSM projects that are much more proactive; many companies approach their IT service management projects from the service catalog side. They perform an objective demand analysis and consider which services they should offer in detail and then, using their intranet or paper reports, present that service catalog to their customers. In a later phase, they also engineer the services by defining and establishing repeatable workflows behind an offered service, in order to be consistent and industrial. Forrester feels that this more holistic approach to service management will gather even more momentum in enterprises as the influence of ITIL V3 spreads around the world.

However, I would like to raise one important question that should be considered in these projects. Whose services are we talking about? Do people – especially our customers on the business side – really care about how well we perform in IT and in our IT services, such as fixing incidents, making configuration changes, provisioning server environments? Is it not much more relevant to discuss and measure the performance of the services that the business cares about – such as processing orders, dealing with customers, and making and shipping products?

The context of this discussion is the realization that the role of IT itself is currently undergoing a dramatic change. I know that people have been telling you this for thirty years now. But here is the sort of change I am talking about today. The role of IT operations, or engineering in particular, is changing. Instead of being responsible for monitoring hardware and networks, and then fixing problems when they occur, the emphasis is now on managing the applications. To be honest, systems and even networks are now extremely reliable. But managing the applications portfolio is becoming increasingly difficult, with an equally increasing complexity of end users, inside and outside the enterprise, running their applications on different devices and over different networks. The only real monitoring information that is important to the business is the end user experience – from outside of IT looking in – not individual servers or network components.

Business users' expectations of IT have also matured over time. Users understand the details much better – but also expect IT to measure and report service quality using *their* metrics. They see IT as simply enabling business processes, and will increasingly measure IT on how well it directly supports the business process on *their* terms. Some business users even expect IT to provide feedback about their process efficiency (i.e., the business process) based on IT's operations data. A CIO of an engineering company tells me that he no longer receives any calls about a server going down or how much storage he can provide. People call him asking where the engine is or why two engines were built although only one was commissioned. Another client is a European telco: one of their important business services is the activation of new mobile phone accounts, which (IT guarantees to Marketing) will be completed 10 minutes after a customer application is submitted. This is a complex business service that touches nearly 80 separate applications and uses both internal and external systems.

My observation is that IT service management still focuses too often on IT engineering metrics like downtime, response rate, and CPU or disk usage, and these serve as the basis for many existing service level agreements (SLAs) and quality of service (QoS) reporting. The services are still IT-centric, however, and relate to system availability and the time taken to fix issues and implement changes. That is all about the IT service. This leads me to the difference between the terms and strategies: IT service management and business service management.

Forrester sees the two terms and their underlying change management challenges as two distinct movements. ITSM supports the change of an IT organization from a support group into a service group; it includes the introduction of ITIL®, the re-organization of IT operations into process groups (as opposed to the technology silos they manage), and the introduction of account management and even marketing concepts within the IT organization. This is all fine, but it only indicates how well the IT shop is being run. It does not satisfy the business user's need to know how well their business is being run. That is *business service management* – when the IT service management information, while still important for measuring the performance of the IT organization, becomes no more than a layer supplying reports and measurement about the performance of the business services or applications themselves. This involves the application of new metrics that IT organizations must first obtain from the business users, such as what keeps them awake at night and what will deliver their bonuses.

There is a logical progression between systems management, IT service management, and business service management. This takes the form of a pyramid. Why? Because, while it may be critical to monitor all infrastructure components, it is probably not going to be realistic to measure all business services. Business people have a knack of applying 80:20 ratios, and selecting the business-critical processes and measures that they care about the most.

In recent years, ITIL documentation has focused largely on the single aspect of IT service management as I have just described it: what goes on within the IT operations group and how it executes its job. Two major books covered IT service delivery and IT service management, and ITIL V3 is that content – refreshed – plus much more. It better reflects the business aspect of the services, and the importance of business and IT alignment. The CMDB is now defined as much more than a database of the individual configuration items of the infrastructure; it also contains the definitions of the business services supported, and even the service catalog definitions. And the services themselves are managed much more holistically, through a complete lifecycle, from initial service design (covering demand management and service request management) through to service obsolescence and/or improvement. In a way, one could say that ITIL has now got a definite BSM flavor.

So, when planning a service catalog or discussing a new QoS report, Forrester recommends that IT should consider the services at the business level – measure and talk about business service management, not IT service management. Here are the four characteristics that Forrester sees as necessary to support a BSM strategy:

- The ability to map business processes. This is often done on a manual basis, but there are now technology solutions available to streamline this analysis.
- The ability to map all the infrastructure resources. Again, the advent of discovery technologies in recent years has made this task much easier. If anything, there is probably a multitude of discovery tools already in your organization, and your challenge will be to consolidate the varying data that is collected and agree upon the “single source of truth”.
- Being able to dynamically link the processes to the infrastructure components. BSM then maps the business service metrics to the infrastructure resources. This is not a one-time creation of a dependency map; the mapping has to be updated in near-real time to be relevant. A complete BSM strategy includes fully federated configuration management database (CMDB) solutions to support this process.
- The provision of true end-to-end management capabilities. Online monitoring of business process health with periodic SLA reporting is also a must. The system should be able to support analysis of the root causes of outages and, more importantly for your business customer, report the business impact of infrastructure resource failures – ideally, this would be proactive reporting, done before rather than after the event – so that prioritization decisions can be made about configurations changes and/or incident closures.

IT organizations that consider their service management projects only at the IT service level will continue to disappoint their business users in the longer term, and the age-old CIO problem, of being equipped to demonstrate value to the business will prevail. If ITSM has taught IT Operations to consider users to be customers, and themselves to be a services organization, then the logical consequence in the future should be a continual examination of “WHOSE SERVICE IS IT ANYWAY?”

*Author: **Peter O’Neill**, Principal Analyst, Forrester Research, based in Germany. He is a member of the Editorial Board.*

1.4 The next ROI frontier - The IT service lifecycle (ITIL V3)

This vision paper proposes that business and IT professionals must re-focus on building business cases to address strategic gaps in overall IT service delivery improvement. We need a financial model that addresses true service lifecycle costs and benefits, to break through the traditional IT silos of Strategy, Development and Operations. While much progress has been made addressing discrete IT process improvements and subsequent return on investment (ROI), little has been done to address IT service collaboration and investment across the broader IT organization including Strategy, Development and Operations. ITIL V3 now provides a broader framework to begin addressing full IT service lifecycle and infrastructure improvements, yet it needs a next generation ROI model to help quantify and communicate the specific benefits of this lifecycle approach.

ITIL® V2's older process centric framework has well proven metrics for demonstrating ROI in discrete areas such as incident, problem or change management. Typical cost savings of 15% to 20% for these Service Support processes are well documented, and hundreds of companies have benefited from these "tactical" improvements. Yet many IT organizations are struggling with how to raise the bar to the next level, and address more strategic investment in improvements and their related benefits. Most organizations have fragmented ad-hoc approaches to managing their IT service lifecycle and the results are not good. Industry analysts state that:

- nearly 70% of IT projects fail to meet defined objectives (Standish)
- 50% of applications are rolled-back out of production (Gartner)
- 40% of problems are found by end users (Gartner)
- 25-40% of all spending on IT projects is wasted as result of rework (Carnegie-Mellon)

An all-too-common scenario is to see an IT strategy group set architecture policies which are resisted or delayed by application teams due to short-term impact, and application teams emphasizing speed and cost of delivery while sacrificing reliability and/or performance in operations. A recurring result is for organizations to have fragmented and redundant application portfolios requiring high volumes of, often invisible, but costly support. On average more than 70% of IT budgets are spent maintaining and running these systems, leaving less than 30% for new capability investment. Further, as much as 50% of operational incidents have their root cause in the application design or development phase of the lifecycle, resulting in 10 to 40 times the cost to fix these errors in production versus development. Yet siloed or organizationally based and fragmented metrics often overlook these costs.

A new ROI model is needed to address true service lifecycle costs and benefits across these organizational IT silos, from Strategy to Development and Operations. Business expects

IT service to be responsive, cost effective and reliable. As indicated above, all too often IT results do not meet those expectations.

Application of ITIL V3 practices can significantly improve the cross functional throughput required to make Strategy, Development and Operations more effective. By taking a business-aligned service approach with shared responsibility for business outcomes we have the opportunity to achieve improvements similar to the benefits realized from supply chain innovations. This includes better fixed asset and HR utilization, organizational alignment, reduced errors, and streamlined information flow among others.

ITIL V3 has aligned with complementary frameworks such as CMMI, COBIT and PMBOK, along with a strong service focus. This combination of IT service delivery capabilities has the following important attributes:

- business centred
- composed of services
- process oriented
- architecture based
- designed to change
- loosely coupled agile and adaptive
- interactive and iterative development capability
- heterogeneous technology support

Yet to realize the benefits of an IT service lifecycle or ITIL V3 approach, we must be able to demonstrate the unique benefits this way of thinking provides. An effective IT service lifecycle ROI model can help engage key management and staff across the often fragmented IT service chain.

The diagram at figure 1 depicts key areas of opportunity for improving the IT service lifecycle to demonstrate improved business outcomes and a more strategic ROI approach.

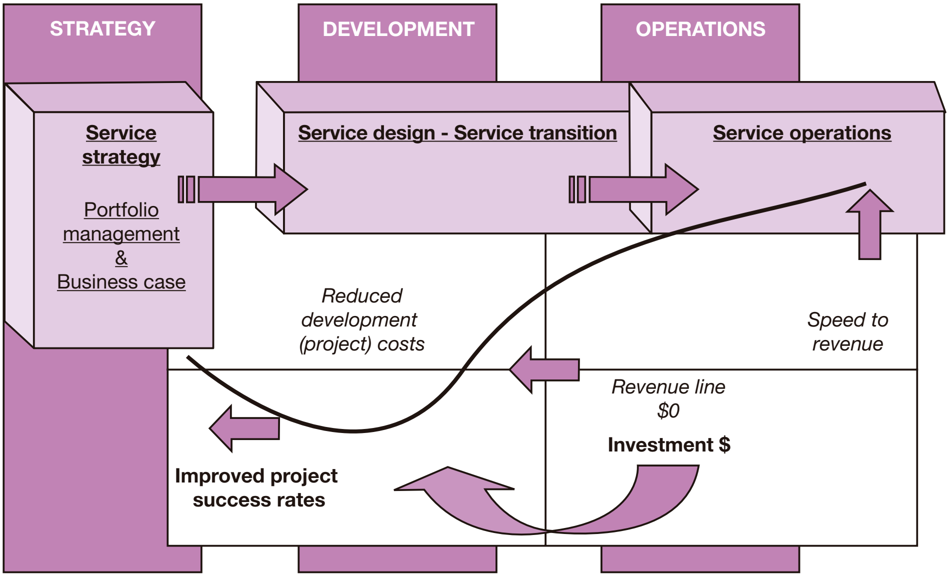

STRATEGY
DEVELOPMENT
OPERATIONS
Service strategy
Portfolio management & Business case
Service design - Service transition
Service operations
Reduced development (project) costs
Speed to revenue
Revenue line $0
Investment $
Improved project success rates

Figure 1 Improving the IT service lifecycle

By taking a lifecycle approach to IT process improvement programs organizations can be significantly more responsive and cost effective in delivering business outcomes. Some key metrics to include in a service lifecycle ROI analysis include:

- time to market with new service capability
- improved time to revenue
- reduced risk
- regulatory compliance and cost
- increased funds to invest in new capabilities
- ratio of operations to new capabilities costs
- project success rates
- optimal automation investment
- service portfolio redundancy/effectiveness
- time to deploy changes
- shared metrics for functionality, cost, time to deliver and reliability

ITIL V3 is a major leap forward in defining true end-to-end service delivery capability, but we must be able to demonstrate the economic benefits of this new approach. And now we have.

Author Ken Hamilton was invited by Hans Bestebreurtje (member of the Editorial Board) to provide this vision paper on behalf of HP.

***Ken Hamilton** is founder and Past-Chairman of itSMF USA, and currently a Director with HP Education. Ken was awarded the 2004 itSMF USA Life-time Achievement award for his contributions to the ITIL community. He was founder and President of ManageOne, a leading ITIL and IT service management training and consulting company acquired by HP in May 2004. Ken Hamilton has over 20 years of experience in IT, is a certified IT Service Manager and has led the development of IT Service Management methods and ITIL/MOF best practices in the US.*

1.5 Integrate project and IT service management for better quality of IT services

Project management brings major changes and innovation. IT service management promises quality and the fulfillment of needs. Their interactions are not always properly addressed - often leading to issues, conflicts and risks affecting the final quality of services. Integrate them to improve it!

Projects are the most common way to drive the introduction of major innovation and changes in the organizations. Project management is a mature discipline, adopted in many organizations in all domains, IT included. Here, in IT, it has evolved with the creation of one or more interacting Project Management Offices (often one for each major department). The project, through its leading roles (e.g. Project Board and Project Manager), is responsible for achieving the objective included in its scope and drives activities accordingly.

IT service management is the accepted discipline adopted to assure the alignment of IT services to their clients' needs and the quality of services. With ITIL® V3 and the introduction of the service lifecycle, service management deals more and more with service innovation and large scale changes: not only day-to-day activities but also important tasks such as new service creation become core parts of the model. Service management requires many roles to be established, often leading to the creation of specific functions, such as the Service Desk or the Change and Configuration Management Unit.

The introduction and growth of service management, with the establishment of the related new roles, may generate conflicts with the existing project management units. Some typical situations occurring are: the project ignores the service management processes and service operational requirements; it does not involve service management roles and functions from the beginning and it does not properly manage their contribution and communication. As a result, when the output of the project is passed to service management it is rejected or poorly managed with service quality issues. An alternative scenario is the "never ending project" where dedicated project teams continue operating the released systems after go-live, not aligned with service management practices. In this case you in fact see two separate service management domains, acting alongside each other.

A typical situation deriving from immature and/or poorly integrated processes is the following: the IT management has two independent views, *status of projects* and *status of services*, but the overall view of the IT situation is impossible or difficult and time consuming to build. For example, the total workload of resources is difficult to evaluate, and there are rumors and staff complaints about the fact that insufficient time is available to perform service management tasks, as well as insufficient time to perform project management activities, and for management it is difficult to understand the truth.

With the introduction of ITIL V3 and the service lifecycle concept, the importance of project management for the discipline has grown tremendously. In the framework, it is now recognised that project management is responsible for the creation of new services or for important changes to them. In the figure below, taken from the Service Design book, we see that the project is actually performing many important steps of the service lifecycle, e.g. design, transition.

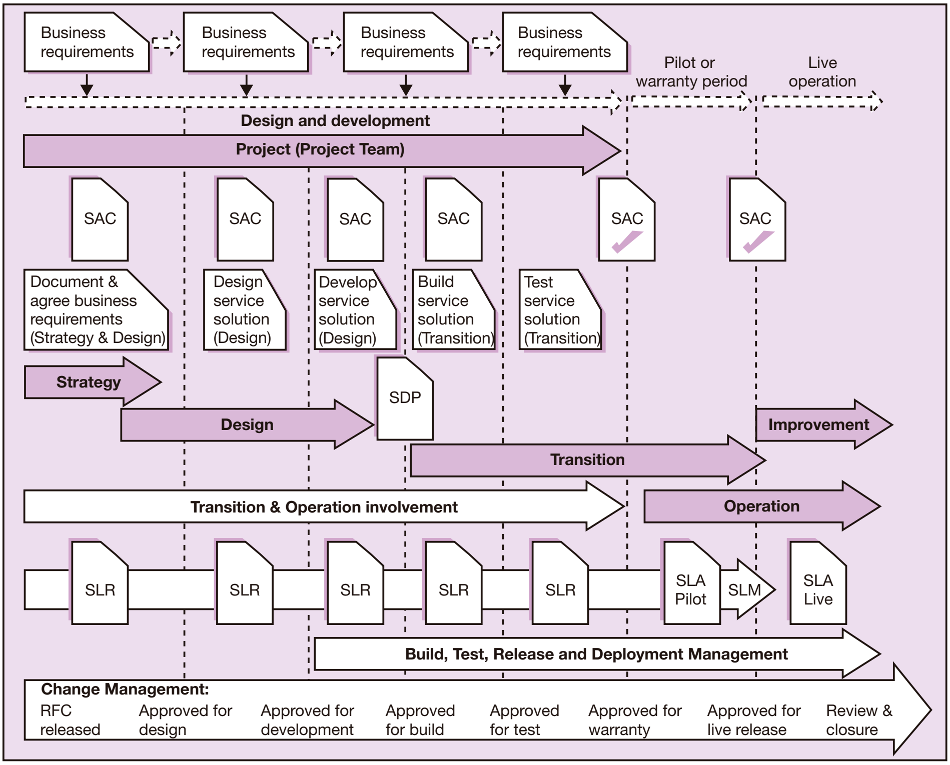

Business requirements
Business requirements
Business requirements
Business requirements
Pilot or warranty period
Live operation
Design and development
Project (Project Team)
SAC
SAC
SAC
SAC
SAC
SAC
Document & agree business requirements (Strategy & Design)
Design service solution (Design)
Develop service solution (Design)
Build service solution (Transition)
Test service solution (Transition)
Strategy
SDP
Design
Improvement
Transition
Transition & Operation involvement
Operation
SLR
SLR
SLR
SLR
SLR
SLA Pilot
SLM
SLA Live
Build, Test, Release and Deployment Management
Change Management:
RFC released
Approved for design
Approved for development
Approved for build
Approved for test
Approved for warranty
Approved for live release
Review & closure

Figure 2 Relationships between project management and service lifecycle phases (Source: OGC, ITIL V3)

At the same time, service management defines principles, roles, processes and rules for such activities. These are deeply and carefully described in the new ITIL V3 books. For example, service acceptance criteria are well illustrated, and they should influence the structure of project phases and the definition of their project acceptance criteria.

In other words, service management not only claims to be involved as early as possible in project management, and to be continuously informed and contributing to it, but it also claims to influence project structure, management processes, such as decision-making, acceptance rules and criteria, etc. at least for IT projects. This may generate several conflicts. For example, the Project Management Office may resist accepting these changes, which are probably going to reduce project performances (costs and time), at least in their initial introduction phase and for on-going initiatives. The root cause of this is that the traditional project responsibilities (to deliver) and service management responsibilities (to manage) often have different owners. This is, for example, the typical case of application development projects. The Project Management Office of the Application Development Unit will probably interact with the Service Management Team, mainly composed of Operations Department resources, having very different aims. Effectively, all that is not done at project time and with project budget shall be done later as a service management issue.

The power of the Project Management Office structure and its strength, to influence customers, is another element driving the conflicts too. The more it is relevant, the less the Project Management Office will be willing to accept external constraints affecting promises already given to the customers and changing behaviors.

As project management and service management are both important but different disciplines playing a significant role to improve the quality of IT services, what can be done to avoid or minimize the potential issues and conflict described?
The first action is to contaminate the different cultures. The Project Management Office team shall learn about service management and vice versa (service management staff shall learn about project management according to roles and responsibilities).
But this will not be enough. A main shift shall be defined in project management so that projects are including, as internal objective, the service management objectives. This means, for example, that the aim of a project should be to have a release running according to agreed availability or other agreed service levels, and not only to meeting original release schedules. Of course, the release shall also include all requested functional improvements, which is a traditional but important objective. This shift will also leverage all parties to define better communication channels and detailed interfaces between service management and project management activities, especially if economical reward is recognized to project teams based on these objectives.
A further effort should be to integrate supporting and reporting tools to supply IT higher management with comprehensive information and integrated functionalities. After all, the vast majority of IT activities can be referred either to service management or to project management tasks. Having the opportunity to plan resources on both types of activities with an integrated approach, checking their workload and having a complete overview of the results achieved (both quality of project and services) is the basis to establish the correct balance between the needed responsiveness and stability of the IT services.

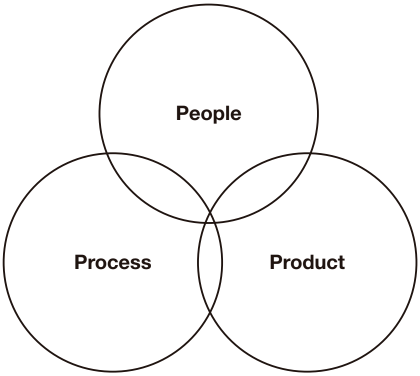
It is difficult to imagine all projects under the responsibility of service management; it is also not desirable to have projects ignoring service management objectives. What *is* sure is that integrating the two disciplines, organizations, processes, activities and tools will be an important driver to increase the quality of IT services in the future and a major issue for those willing to introduce the service lifecycle. In conclusion, in the next couple of years, I expect that IT organizations will better integrate service management objectives and culture with those of traditional project management, to obtain better results and achieve superior quality of services.

*Author: **Maxime Sottini** (Italy), Chief Executive Office for iCONS - Innovative Consulting S.r.l. and iSYS – Innovative Systems S.r.l., member of the itSMF Italy Publications Committee. Member of the Editorial Board.*

1.6 IT service management certification and standardization

In my view, the growth engines for ITSM at large, and ITIL in particular, are its certification programs. We enjoy today elaborate certification for People and Processes. It is time to tap on the power of a Product certification.

IT service management is about managing the provision of IT services to meet customer expectations. Its objective is to continually improve the quality of the services provided, in alignment to business requirements, ensuring effectiveness and efficiency.
The objective of improvement is achieved by considering and managing the three organizational P's: People, Processes and Products. (In some cases another P is mentioned – Partners; however, for the purpose of this article, the set is limited to the basic set of 3 P's).



People

In order to ensure that People have the right qualifications and skills, there are clear paths of training and certifications for individuals. The qualification and certification scheme is renowned worldwide and any firm can become a training and/or certification institute, as long as it meets the rigorous requirements for such service provision.

The qualification scheme for ITIL® V3 has four levels:
- Foundation Level (currently no accreditation required)
- Intermediate Level (Lifecycle Stream & Capability Stream)
- ITIL Diploma in IT Service Management
- Advanced Service Management Professional Diploma

Process

A thorough and widely accepted certification scheme for organizations was put together by itSMF in co-operation with the British Standards Institution. Its initial success triggered its adoption as an international standard - ISO/IEC 20000. The standard is (unofficially) based on ITIL V2, but plans exist to align it with ITIL V3.

The certification scheme allows any organization to obtain independent verification that its ITSM processes are compliant with the standard. While the standard insists that all processes must be included, it allows for outsourcing of some processes, as long as the organization has proof of management control on those processes. The certification can be achieved for a well defined (sub)set of services, customers or sites. In 2007, the ISO development team issued plans allowing for incremental conformity based on ISO/IEC 20000.

Product

The area of Product was not addressed by the leaders in the ITSM area, and thus was left for entrepreneurial initiatives. Nowadays, we witness a number of separate efforts in this area:

- *A consultancy company can provide its own certification*. At least two companies have created verification services aimed at ITSM tools. These services differentiate between single processes, or rate a tool according to the number of processes it supports. The services are commercial, yet claimed to be independent.
- *A consortium can try to set an industry standard*. An effort to define a standard for configuration management products is led by the CMDB consortium. The consortium is composed of a number of leading vendors in the CMDB space. The consortium has published documents that describe how data from multiple sources will be federated into a CMDB. The intention of the consortium is that this document will provide the basis for an industry-wide specification that subsequently can become a formal standard.

Summary & conclusion

Certifications for People and Process are enjoying an industry-wide acceptance and recognition. In my opinion, those certifications were the growth engines for the ITSM industry, as they have clearly spelled out what is expected from a skilled professional and how the processes should work, alongside the vast collection of published best practices.

While ITIL V2 has briefly touched upon the Products, mainly in vague terms, ITIL V3 includes many references to the supporting technology (Product). The reference is mainly included in chapters 7 of each book – “Technology Considerations”. The references include various advices, checklists and blueprints for the required technology. However, it is not detailed enough and it is not in a format that allows direct verification.

In my view, the blueprint laid out in ITIL V3 for the supporting technology, as part of chapters 7, will become the basis for the next aspect of ITSM certification – the Product Certification. It is laying there ready for the ITSM community to pick up and define.

*Author: **Matiss Horodishtiano** (Israel), chair of Content & Publication Committee, itSMF Israel. Member of the Editorial Board.*

1.7 IT and business misalignment – A cure

In the latest "State of the CIO" study by CIO magazine[1], aligning IT and business goals was rated as the number one IT management priority. IBM's most recent Global CEO Study[2] indicated nearly 80% of CEOs rated business and IT integration of "great importance", while less than half felt their firms were "integrated to a large extent". Is there a cure for this problem in the future?

If the goal of achieving alignment of IT and business is so important that it has occupied the top ten objectives of CIOs and CEOs for years, why has it not been widely achieved? And where that "alignment" has supposedly been achieved, why have results not been headlined? Could it be that the goal has not been defined correctly, or there is another goal that supersedes the goal of alignment? The fact that this goal has not been widely achieved does not necessarily reflect that the goal is less critical, but rather, in this author's opinion, reflects that the goal has been misstated, ill defined and not understood. This lack of clarity, understanding and definition makes the attainment of this goal relatively impossible. A much larger issue than improving the specificity of the goal statement should be addressed – "Is this the correct goal?" Another relevant question is "where is IT along the path to becoming an integral component of the enterprise?"

In this brief paper, a goal more consistent with an enterprise perspective will be defined. A goal when accomplished will put IT on a par with other business units that supply goods and services for internal and external consumption, and are an integral component of the enterprise. In addition to defining the goal, a path to the full inclusion of IT in the enterprise portfolio of functions will be outlined. The path will be defined in terms of maturity along a linear scale. Resources and activities required to accomplish the goal will be identified and criteria to identify goal attainment established.

The goal can be stated as - *Achieving a state of functional, organizational, financial and cultural evolution, whereby all strategic and tactical IT and business initiatives are executed and managed from a singular enterprise perspective, delivering services and products resulting from the fusion of all the enterprise's resources and energy*.

The goal, in essence, is to have IT considered in the same enterprise perspective as the functions of finance, marketing, sales, operations and human resources. Admittedly, IT may have a larger budget than all the other enterprise functions combined, but that should not impede the functional inclusion of IT as a peer function in the enterprise. Articulating the goal is challenging in and of itself, but measuring the level of inclusiveness, maturity stage and quantifiable key performance indicators is even more challenging.

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[1] *State of the CIO 2008 Overview, Findings and Editorial Analysis, CIO Magazine December 2007 Page 9*

[2] *The Global CEO Study 2006 Expanding the Innovation Horizon, March 2006, Page 32*

The ideal IT and business relationship has been defined in numerous ways and along differing paths. The following is my perspective of the maturity path to the ultimate IT business relationship.

Maturity Levels

- Informed – IT and business have a common awareness of each other, but no formal relationship exists.
- Interfaced – IT and business have defined roles and responsibilities with set boundaries, but ad hoc situational driven relationships.
- Alignment - IT and business functions operate separately in parallel, periodically in peer-to-peer fashion with established gateways for service delivery and linked major goals.
- Integration – IT and business execute selected cross-functional activities harmoniously with joint responsibility for the delivery of services.
- Convergence – IT and business functions execute seamlessly to deliver services evolved to the point of resource and effort transparency with joint management responsibility and accountability.
- Fusion – All IT and business strategic and tactical initiatives within the enterprise operate as one entity regardless of functional attributes. Each participant in the initiative being fully aware of each other's contribution, capabilities and role, managed from a single enterprise perspective. The delivered service or product is the result of a melding of resources, ideas and energy, resulting in a totally new enterprise creation.

Determining where one is on the maturity path is an opportunity for an assessment to be developed which is structured along the lines of the path described above.

What are some of the characteristics associated with being on the low end of the maturity scale?

- no involvement or visibility into the business strategic planning
- CIO not reporting to the CEO
- budgeting controlled by non IT management
- all metrics reflected in IT terms
- no IT members of or participants in executive management committees
- little IT understanding of business and industry markets and trends
- controlling IT costs is the highest IT and business priority

What are the actions that need to take place to ensure goal attainment, or at least positive movement up the maturity scale, assuming that the enterprise is a relatively low level of maturity?

Understand

A familiar quote is – "in order to be understood, one must first understand". In this context, IT must understand the business side of the enterprise and business must understand the IT side of the enterprise. Given prevailing enterprise political landscape, it will be incumbent on IT to take the lead in this effort. IT management must view the enterprise from a CXO perspective and understand the business' industry, markets, finances and competition. The level of understanding need not be down to the tactical detail level, but should offer sufficient insight to appreciate and contribute to strategic decision-making. This understanding can be gained by virtue of having a background and experience in the business prior to becoming an IT leader. Reading industry publications, attending industry business conferences, calling on business customers and involvement in cross-functional enterprise studies are but a few of the ways in which IT leaders can develop an understanding of the business side of the enterprise. Understanding the business should not be limited to IT leadership. Cross-functional assignments, job rotations, as well as exposure to the same business awareness opportunities as to IT leadership, should be considered a requirement for advancement in IT. A course in enterprise-specific core business fundamentals should be a mandatory element in IT staff orientation.

Business will need to develop a basic understanding of IT services, functions, processes and technologies. The key to success in achieving that understanding will be determined by the ability of IT to create a business-oriented, easily digestible program for business leaders and their subordinates. Relating IT services, functions, processes and technologies to business initiatives in business related terms will be essential.

Communicate

Once an understanding of IT and the business is achieved, communication channels must be in place, in order for the realization of enterprise benefits to continue and expand. A key to successful communication is using a common language. ITIL®, especially version 3, and CobiT® are examples of frameworks that provide an international language that, at a basic level, can facilitate communications. Channels of communication can range from executive committee membership and participation to establishing a corps of IT – business liaisons under the leadership of a relationship manager.

Commit

Progressing along the relationship maturity path will not occur without the explicit, obvert, and dedicated commitment to this progressing on the part of all of the enterprise leadership.

How will you know when you have achieved the goal?

There are, no doubt, those who can develop a maturity index to measure the relative position along the maturity path. There seems to be phobic desire to reduce everything to a single number. A less quantifiable approach is to consider the opposite of the characteristics of the low maturity characteristics noted above:

- extensive involvement or visibility into the business strategic planning
- CIO reporting to the CEO
- budgeting controlled by IT management
- all metrics are in business terms
- IT membership and participation in executive management committees
- full understanding of business and industry markets and trends
- accomplishing enterprise goals is the highest IT and business priority

What are the benefits of achieving the goal?

A study by the BTM Institute[3] of 2000 global corporations across 50 industries revealed that those firms that were more mature in their IT and business relationships had better growth and margin performance than their peers.

- 12% average annual revenue growth vs. 4% for their industry groups
- 36% average annual earnings per share growth vs. 7% for their industry groups
- 6% higher EBITD[4] margins than those delivered by their industry groups

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[3] *An Institute of the Business Technology Management Corporation (BTM Corporation), launched in 2003.*

[4] *Earnings Before Interest, Tax and Depreciation*

- 4% average higher return on equity
- 8% average higher return on assets
- 14% higher return on investments

Similar to nuclear fusion, the two enterprise components of IT and business can come together in the future, to create a new amalgamated force of energy. Enterprise management, which is committed to understanding and communicating with each other, can exploit the energy created by this fusion to generate enormous enterprise benefits. Through this understanding, communications and commitment an IT and business relationship that is operationally indivisible can be created.

Author: ***Robert E. Matthews*** *(USA), Principal Consultant, Siemens IT Solutions and Services, Inc. Member of the Editorial Board.*

1.8 How will the relevance and importance of IT service management change over the next five years?

Today, IT service management (ITSM) has made its way onto the agendas of a large number of organizations, yet there are many companies who still do not fully understand what service management is all about, and what it can deliver to the business. The following vision paper will explore what the future holds for the positioning, relevance, and importance of ITSM.

Where have we come from, and where are we today?

Before we look into the future, we need to look back to establish where we have come from. If we look back at the last five years, IT service management has come a long way.
Five years ago service management was viewed by many to be a fringe activity, carried out by people that talked a strange language, with little relevance to day-to-day IT operations, and only relevant for very large organizations. Even for those organizations, very few of them had implemented all of the service management processes available in ITIL®.
Today, ITSM is recognized, as something that you need to have in place, by all large and medium organizations, and a growing number of small ones. This is evidenced by an increasing number of itSMF members from organizations with small IT functions, such as legal firms, hospitals, local authorities and schools. There are also an increasing number of such small organizations striving for and achieving ISO/IEC 20000 certification. Over the next five years this trend will only continue.

Unfortunately, many of the organizations today who claim who have embraced ITSM have not implemented all of the processes – they pretend to adopt best practice service management, but in reality have only adopted the service desk, basic incident management, and service level management. This is not ITSM, and severely limits the achievement of the potential benefits. As an example, how many organizations do you know of who have a fully implemented CMDB, or who are using all aspects of capacity management, integrated with the rest of ITSM?

The cost of IT support is high, with organizations investing heavily in re-active areas such as service desks and IT support (sometimes outsourcing in an often misguided attempt to reduce costs), yet neglecting investment in pro-active areas that can readily prevent incidents happening.

ITIL tells us that service management should be involved in the design of services, using processes from disciplines such as availability, service continuity, and capacity management. In reality, however, this rarely occurs. Despite what ITIL says, systems are still designed with a focus on technology, too often little consideration is given to service management requirements, and service management is not involved until just before service go-live.

Positioning of ITSM against the business and IT

ITIL V2 positioned ITSM as the bridge between IT and the business. ITIL V3 strengthens this position, by making ITSM responsible for providing IT value to the business. Yet today, how many organizations have a Director of IT service management? For many, ITSM reports into an IT Director, but does this truly reflect the importance of service management to the business? This is compounded by the type of training that is given to workers in IT, who are rarely trained in service management.

Is it any wonder then that today many CIOs believe that service management is just about service desks, or that IT architects, developers, testers and technicians frequently believe that service management is “nothing to do with them”?

All of this perpetuates the lack of ability for ITSM to truly deliver the benefits that fully integrated service management can bring both to the business and to IT.

The future – take-up of service management in the next five years

The future will be different if everyone currently involved in IT service management concentrates on adopting all areas of ITSM, and not just the re-active areas of service desk, incident management, and service level management. The real benefits will be attained by all organizations adopting the full range of service management processes, all working together to achieve value.

ITIL V3, which re-positions service management as a discipline of business, not IT, as part of the full service lifecycle, will support and drive this expansion in the adoption of the lesser used areas of ITSM. The publication of books about ITIL, but written for business users, will be a key factor, by raising the awareness of the potential improvements available from adopting service management at senior business levels. This will enable the necessary investment to introduce the full range of IT service management processes.

Therefore, over the next five years we will see a rapidly increasing number of organizations adopting and integrating all of the core ITIL processes. In particular, more and more will implement the pro-active processes to reduce the high costs of operating service desks and to provide stable services.

Service management will be seen as an essential part of IT delivery in the design, testing and implementation of services, not just in live operations. Service management will, at last, be involved all the way from the initial ideas through to retirement, driving major reductions in the total lifecycle costs of IT services by providing services that are both fit-for-purpose and fit-for-use.

This will drive the following:

- a dramatic improvement in the quality of IT services experienced by users
- major reductions in the total lifecycle costs of IT services
- service management being recognized as essential to delivering the value of IT to the business
- a convergence between technical IT and IT service management

All organizations, of all sizes, will use all areas of service management. These will be supported by readily available, fully integrated, service management tools supporting all aspects of the service lifecycle, including design, application development, testing and operations.

The majority of organizations will strive for and achieve ISO/IEC 20000 certification, which will become a standard quality system that everyone has, very much as ISO 9000 is today.

The future – positioning of service management

The recognition of service management's ability to deliver business value will raise its profile at Board level. We will increasingly see IT service management representation on the Board, even resulting in a new acronym, the CISO – "Chief Information Service Officer".

Instead of service management reporting into IT, we will see a complete turnaround, where IT will report to the CISO. This will re-enforce the use of service management processes throughout all of IT, and will underline the principle that the key focus of IT is on the business, not just on the technology. It will also ensure that information technology is seen as supporting the delivery of services, instead of driving it.

Service management will therefore become one of the supportive functions that every business expects to have in place, alongside finance and purchasing. This will mean that all areas of service management, including the IT elements, will be managed and governed just like any other part of the business. This will require actions to be done in a controlled, auditable way, supported by measurements and continual improvement. All of these elements are, of course, fully supported by ITIL, so will become the standard way of working for all.

The future – a new name

The importance of focusing on services will be truly recognised by a re-naming of service management to "ISM" – Information Service Management. This will at last remove the inference that service management is about technology and infrastructure. And, of course, ITIL will be renamed ISIL! (Information Services Information Library).

Coupled with this will be an increase in the number of people working in service management who do not come from an IT background. We may even see service management managing the delivery of other services into the business, such as office services and any outsourced business functions.

A summary

So in summary, in the future:

- Most organizations will have adopted all processes of IT service management.
- IT will add true value to these organizations.
- Services will provide what the users want.
- The Chief Information Services Officer will be a key member of the Board of directors, with responsibility for both service management and IT.
- The total lifecycle cost of IT will be substantially lower than it is today.
- ITIL will be a distant memory.
- ISIL (formerly known as ITIL!) will be essential reading for everyone working in IT.

Is this all a dream? I do not believe that it is, provided that the readers of this paper believe that they can change the future by embracing, promoting and adopting the concepts of IT service management!

*Author: **Kevin Holland**, Head of Service Quality Improvement, National Health Service (United Kingdom). Member of the Editorial Board.*

1.9 Visions of the future: The IT Swami's seven visions of the future of ITIL

On a freezing Southern midwinter solstice night in July 2007, beside a driftwood bonfire on wild Pukerua Bay beach, New Zealand, the IT Swami gazed into the future to give us his "Southern New Year" predictions for the IT Infrastructure Library. I was shivering as I wrote, so some of my notes are a little illegible, but here are his visions that I recorded, followed by my interpretation.

First vision

***Swami**: Let us consider what is to be coming for the ITIL® on the endless wheel of life: for now, at the end and what will come after. Firstly, there are those present earthly perturbances that cloud the future view, second, we are looking at the most likely end that will come for the ITIL in this life, and at the last, we will be looking into the further distances of time to be seeing what will rise up for all the nice people of service management.*
*So to begin, I must clear my sight of the visions that arise from today. I see **a crowd in a desert, wandering lost.** There is a city but it is not for them.*

Some itSMF members are dissatisfied. Some practitioners do not join and vendors do not sponsor. In the USA, participation and dues payment are low (7000 out of 350 million is woeful and do not ask how many of those 7000 actually pay up or show up).
The IT Service Management Forum (itSMF) exists to advance service management, a function it performs well. It **does not exist as a professional body to represent its members**, though most of those members labor under such an illusion, hence the dissatisfaction.
The Institute of Service Management (IoSM) fulfils this role in the UK, but is struggling to establish in the USA, and will continue to do so until the role of itSMF USA is clear to the general population. Worldwide, the IT Skeptic believes that having two organizations will only cause confusion.
The professional body should be itSMF by broadening the organization's aims or having two arms. That is what most members think it is for and they stand ready to make it so globally overnight. itSMF International just has to say the word, but of course, they cannot now as they have given IoSM the franchise. Overall the constituency's need for representation is not being addressed.

Second vision

***Swami**: I am seeing … oh most unpleasant! … a gorilla strangling a pig. This tells to me there is a powerful, greedy force overpowering a better cause. The pig speaks to me of digging truffles of knowledge but the gorilla roars "gold". In other lands I see pigs and monkeys foraging together, but here in the largest area I see a killing.*

Not that I want to call vendors monkeys - except the vendor who once called me that on the IT Skeptic blog - but the delicate balance between the interests of **those who practice ITIL** (foraging, digging for truffles of knowledge) and **those who commercialize ITIL** (hunting and gathering) is one that requires constant vigilance, else the forces of commerce will grow too powerful and kill the very industry that feeds them.

The **bigger vendors (the gorillas)** wield enormous power that must be carefully policed, else they could easily (and even accidentally) crush the very industry that feeds them by forcing it to serve their own interests instead of those of all members of the ITIL community. There are those who think this is happening in "the largest area" now, the USA. There are strong signs of it happening in ITIL V3 certification.

Actually the two visions link up, because **if the monkeys rule the farm** (getting all Orwellian now) they have no interest in representation for the pigs. That is, if itSMF dances to the vendors' tune, then promotion of ITIL will only increase in emphasis, and services to members will decline further. Actual representation of members would be counter to their aims.

As an aside, one can enhance the metaphor to explain what the pigs do to produce gold as by-product for the monkeys, but it would be in bad taste.

Third vision

***Swami**: There is a king who does not reign, a castle closed and dark. Rogue knights roam the countryside, pillaging and brawling. The roads are unsafe, boundaries undefined. Dukes and princes levy their own taxes. The people cry out for law and order, guidance, and unity.*

One group of knights from all corners of the kingdom has formed a Round Table. It is not the King's table – they answer to no-one. They ride up and down the highways levying their own taxes and feasting in far away towns. They govern nowhere and defend no-one, but they ride on in the morning before the people can rise up and lynch them.

The rightful ruler of ITIL is the UK Office of Government Commerce (OGC), but it either outsources or abdicates authority over most parts of the ITIL domain, choosing to be heard only in the areas of the brand and the books. Even then, most proclamations are delivered by its lieutenants: the itSMF, TSO and recently APMG. When was the last time the king appeared in public, let alone toured the kingdom? Do you know the king's or queen's name, i.e. the ultimate "boss" of ITIL at OGC? A king can neglect his kingdom only so long and then one day the people will rise up.

In the meantime, power structures rise and fall all over the place, unmitigated by any central authority. I leave it to readers to guess who "the Round Table" is referring to ... and no it's not Rotary :-).

Fourth vision

***Swami**: These then are my visions of today: the crowd in the desert, the gorilla and the pig, and the closed castle. Now that I have freed my mind of them, and with some difficulty restored my inner balance, let us be examining the fate of the ITIL ...*

Goodness gracious! This current agitation is making it very difficult to find only one vision of the future, so I can see three fates awaiting the ITIL: one pleasant, two not so.

First fate: the ITIL walks the road of knowledge, seeking enlightenment. I see the ITIL achieving that and rising up into the light to be born again as something better, fuller, more powerful. Many similar bodies rise together and whirl around to become one, the One that comes after. I see it doing greater good for greater numbers. Crowds come to its doors begging for help and many are healed. How great is the joy and the glory!

Certainly the potential is there for a synthesis or at least a greater consistency and synergy of ITIL®, ISO20000, CobiT®, CMMI, Six Sigma, PMBOK®, PRINCE2™, ASL, ISO27001 and/or many other bodies of knowledge. Much is the waving of hands and nodding of heads. Little is the progress.

Fifth vision

Swami: *But there is a second outcome: a stubborn ITIL, fighting those it meets on the road. It refuses to see the greater vision, remains locked within its earthly self, brawling and bickering with others on the same path. In the end, the ITIL is dying, quickly and brutally, slain by one that is stronger, kicked into the ditch.*

Certainly ITIL should not get too confident about being top of the heap. ITIL V3 is cause for some concern, with the way it makes only token acknowledgement of others such as ISO20000 and COBIT, and then ignores them throughout the V3 core books.

Sixth vision

Swami: *There is a third fate coming to me, of an ITIL that settles, living quietly where it has always been. It renovates the house for a second time, into five nice new rooms. It grows old slowly. At first it has many friends, but the crowd moves away and soon it is alone in the silence. It dies slowly, lonely, embittered, ignored and forgotten.*

It would be easy for those who control ITIL to see version 3 as the last word, the ultimate investment in the framework. They can settle back now and cash the cheques for many a year.

Seventh and final vision

Swami: *Goodness me! These are chilling me, the three deaths of the ITIL: one a glorious fusion with similar seekers; one a quick and violent casting aside; and one a slow decay. Let us be moving on. I must seek deep within for the final prophesy: That Which Is To Come.*
I see … I see … I see … oh well actually I see an office chair.
But wait! There are words emblazoned on it. They say um "RollaSeat®".
I must see deeper!
There are three castors, yes, three castors and ***The …Three …Castors …Of …The …Seat …Of …IT's …Future …are …are …Governance, Service and Compliance!!***

He then fainted.
The IT Swami's final prophesy shows us the way the IT world is heading. IT will roll on governance, service and compliance: these will be the main demands on IT from the business we serve. First, we must deliver governance of the business: visibility, accountability, control of risk. Second, we must manage and deliver services to enable the business. Lastly, we must ensure compliance with external requirements through standardisation, audit, and reporting.
ITSM supports one third of the chair. We in IT need to lift our sights and see the other two thirds as well. We must integrate The Three Castors - Governance, Service and Compliance - else we will end up sitting on our … er … floor.

*Author: **Rob England** (New Zealand), owner of Two Hills Ltd. Also known as The IT Skeptic. Member of the Editorial Board.*

This vision paper is based on a personal blog by the IT Skeptic. The blog is designed to provide personal information, views and commentary about information technology. The opinions expressed on the blog are solely those of the authors and contributors and not those of any organization.

10.1

How might our best practice evolve?

Since the introduction of ITIL, a wide range of best practices have been developed in and for the IT services industry. This vision paper explores the origins, role and future of best practices for IT service management.

What is different about best practice in the 21st century? Even more interestingly -what is going to be different? Certainly in the field of IT service management the twenty years since the introduction of ITIL has seen vast changes to the world in general, service management and the range of best practices. Indeed even the term "service management" didn't exist twenty years ago – hence the name "IT Infrastructure Library". In the first ITIL books, the term "infrastructure" was defined:

"The hardware, software and computer related communications that support the ongoing provision of an organization's IT service."

If we applied our interpretation of that today, we would view it as conveying a much more restricted scope. During the last ten years of ITIL, the title of the practices has in large part contributed to a lack of acceptance that it offers more than "infrastructure" management practices and until the 21st century, ITIL was consumed predominantly by main stream operations. Until now.

Whatever happened in the past we now have a lot of "best practice" in our industry, and an obsessively literal devotion to it in some places. For many of us who spend their working days helping customers to get better at the broader service management issues facing them, one thing that casts a shadow on your day is discovering an "best practice zealot" lurking in the ranks. Too many people – service management experts too – view "best practice" as some silver-bullet that will deliver magic, a special thing that we use in our high energy work environment.

No magic here. "Best practice" is as old as time – or certainly as old as mothers and daughters. For example, when we cook – then we refer to "best practice" in the form of cook books, just as we refer to relevant books when we contemplate doing IT service management. And before there were books, we asked people who had done similar things before – and in both cases what you get is information on what someone else did that seemed to work for them. So when you call your mother for recipe advice, or open a cook book, this is basically the same technique you are using as when you open an ITIL or ITSM library book.
Our service management species has therefore evolved (in only about 20.000 years) from asking our mothers (or big sisters, fathers, peers, heroes) for best practice towards documenting it and then referring to the books. The pace of change – as you may have noticed – has accelerated, and continues to accelerate further - and I suspect the next big changes will take place in years, not in millennia.

It seems we are on the crest of an opportunity for vast improvement, because the communication possibilities opening up will allow a much wider range of targeted, flexible and useable guidance – and that will be available for those who wish to help themselves (what we have often called user organisations), and those whose job is helping others (the vendors). Those who care about IT service management guidance will have the opportunity for a much more involved role in the future.

It used to be considered proper for a captain to go down with his ship – The captain reputedly made no attempt to save himself, but having taken responsibility for the service that failed he chose to fail with it. The captain was considered to have demonstrated total commitment – being tied to the service and failing with it if it failed. For many year's we considered it best practice to demonstrate that the more irrevocable our commitment, the better.

That service that the captain took responsibility for was not to sail a ship but to get a group of people from one side of the ocean to the other. It really belonged to the cruise line, not just the captain. That same service, without a sinking captain, thankfully, is very much in demand today. What's different is our plain and simple common sense - you can't learn from your mistakes if you let them destroy you.

Instead we want our captains to deliver feedback, and to work on ensuring mistakes can not repeat themselves. The involvement of those who have tried and failed – is part of the real life service experience because improvement is always possible and we have embedded improvement into our thinking.

Let's relate that to best practice in the IT service management space. In the past we produced closed and complete products, although we worked very hard and did the very best we could, the results were set and delivered. As it happens I think we produced some good products over the last twenty years – but occasionally and – looking back – on rather a "take it or leave it" basis. At first sight it might seem that ITIL V3 is just more of the same – another finished set of best practice, but this time there is – when you look properly and take the time to see the bigger picture – much more of our new adaptability about it.

What has been stated – but not perhaps fully believed yet – is that the latest ITIL set – of five books - is just the kernel of a bigger set of guidance. What we – as practitioners, customers and users of that guidance – have to do is to play our part in taking it forward to be a new generation of guidance. We have all seen the publicity and fine words – how ITIL will be living breathing things because:

- the complementary portfolio will expand its usability and relevance
- it is integrated with other relevant best practice
- there is a facility for change and update – with a request for change facility and change log
- supporting interactive facilities that will mould its application and understanding

Clearly our new electronic world will ensure a change to the way best practice is created and maintained – and also perhaps in how it used? It seems that the guidance will become less esoteric[1] and much more accessible. And because it will be seen – correctly – as less special, it will be easier to apply and to recognise that best results are achieved by treating it is the advice it is, not as the dogma it never was.

This all means that the future of ITSM best practice can – and should - move nearer to the hands of the people who need it, but the future rests on all of us to use the guidance, give constructive feedback and be involved in building that future. While most people have an initial rejection of change to our lives – we all know that change will come and that effort is required to get change right – and also that change is multi-faceted and never ends.

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[1] *For those like me who need to look up these fancy words (just to check and be* absolutely certain *you got it spot on of course) it means "meaningful to those already in the know".*

So where might we see the guidance taking IT service management? Some personal thoughts:

- People will realise that the range of guidance is not competitive and will generate good case studies on taking the right mix for an organisation's particular situation and requirements
- ISO/IEC 20000 will continue to fill the role of the overarching indication of the requirements for effective IT service management, with a range of good guidance helping organisations achieve that measure of conformance
- The mechanisms for updating, extending and focusing the guidance will be recognised as the leading of edge of ITSM, recognising that the core guidance – ITIL lifecycle books, COBIT – are there to be built on, like a common foundation that can support a range of different buildings
- We will see a rise in the construction, availability and use of other supporting guidance including
    - Wikis - some of these will be good, some will be unduly influenced by vested interest and – inevitably – some will reflect old-fashioned perspectives.
    - Explorations and deeper analysis supported by research, of the ideas contained in the best practice kernels – with companies and other. organisations regularly using their own products built upon the common base
    - The ITIL complementary portfolio – some of the content has been set, but the real value of this will come from industry input, both to titles required and to the content itself.

So … what are we expecting from you – the ordinary ITSM enthusiast? First and foremost, get involved, question things and be constructive. There are few things more depressing[2] than seeing a group that you felt were thought-leaders in your industry responding to innovations with negative and destructive feedback, rather than thought (let alone leadership). Criticism can be a catalyst for innovation and improvement, but it can also be a vested interest masquerading as a moral principle. It is up to us all to see the kernels of criticism for what they are and are not.

It has sometimes needed a degree of effort and courage to get noticed and have one's ideas publicly aired – this will become much easier as the technological opportunities for comment, update and improvement develop. There are already considerable mechanisms available – forums – official and freelance, serious and humorous – and am encouraged by their use – not just by the ever increasing range of people who post questions but the amazing quantity and quality of high class answers that are being posted – by consultants, practitioners and others. There is a quite stunning amount of free consultancy flying across the internet for those who wish to trawl and catch it.

And all this feedback is there to be questioned and refined – in the sheer quantity of informed input is invaluable in progressing.

And the number of contributors and ease of doing so, coupled with the expanding market – allows issues that had been ignored before to be addressed now. This can be seen in the proposed range of the ITIL complementary portfolio – with industry vertical topics – such as ITSM in the finance sector being tackled as well as the old perennials like "small scale".

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[2] *Actually there are quite a few – nuclear war, famine, pestilence, plagues of locusts etc – but they are all much less common than negativity where one expected at least an argued alternative proposal.*

But there will be new – and revitalised – sets of publication pushing the ITSM barriers, not only, but also not least, via the itSMF. Some might say “better late than never”, but itSMF seems set to deliver a channel that offers a genuine platform for innovative thought and original guidance. This book is proof of that – a collection of articles that range from serious to irreverent, from solid case study to blue-sky thinking, through to just plain opinion – informed and otherwise. The success that this book has already demonstrated will be a trigger for means that deliver easy access for authors and readers: a journal focusing on informative, discussive, experimental and entertaining viewpoints on our subject.

There has also been an altogether encouraging addition of variety to our staple best practice diet too. ITSM is a range of global and multicultural products – we need different means in different places – and vanilla ITIL, COBIT, ISO won’t apply everywhere, so we need those who understand the differences to be louder and productive.

So, whether you agree with my views or not – whether you are certain where the future lies or willing to go along for the ride anyway – get involved. Post your views, document your needs and desires, give feedback – praise where it is deserved, encouragement where it is needed – and your own efforts where they will help.
Some places to look for ideas. This is an itSMF-I book, and so I make no apologies for suggesting you start your journey of contribution at our web site www.itsmf.com – there you will find multi-faceted discussion forums, and more information on the proposed itSMF-I journal, and the route to the 2009 version of this annual. There are other forums, other groups, other means to be part of our community. But at the very least, do your part. Get up and get into that community.

Author: ***Ivor Macfarlane*** *(UK), IBM Global Technology Services, Chair ITSMF IPESC.*

1.11 Improved governance must deliver value from IT

We live in interesting times. The oil price has hit 100 million US dollars a barrel, banks have not worked out the extent of their debts and house prices are crashing.
Recessions change the relationship between Boards of Directors and Operations. IT, through governance, will have to demonstrate and deliver genuine value to the business.

Introduction

In times of recession, questions become much more direct and it is harder to fob them off with vague assurances. The comfortable feeling that, despite some problems, the business is still improving its profits with an increasing share price disappears. The cold wind of financial restrictions blows through all parts of the business. To survive and, potentially thrive, IT must become more visible to the Board as a supplier of valuable business assets.

The job

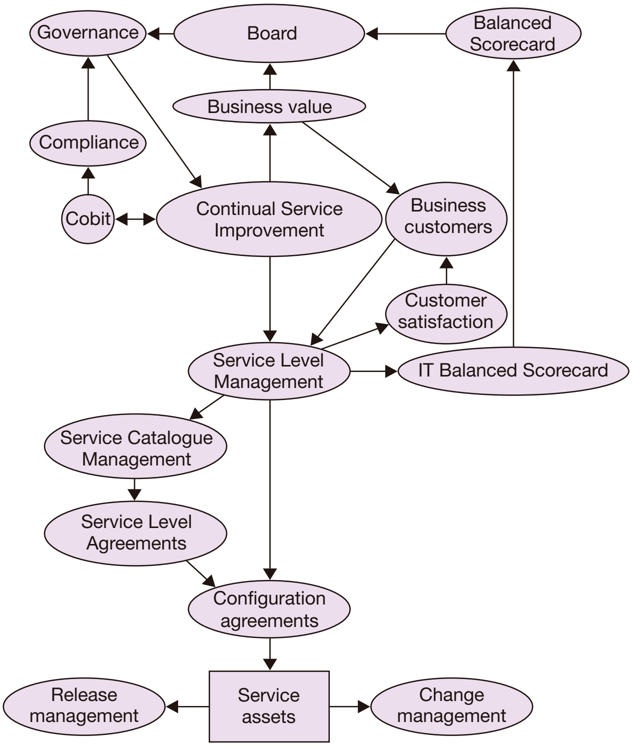
Those of us who have been through previous recessions know pretty well how it will play out. There will be expenses restrictions. Projects will be stopped or rationalized. Companies will go through acquisitions and mergers and there will be job losses.
There is a temptation, in difficult times, to make lots of changes to give the impression that everything is being done to improve matters. Lots of activity with people working even longer hours can give the feeling that things must improve because of the effort expended to make it so. In hard economic times this illusion is eventually shattered.

It is a bleak outlook, but we are fortunate that there is something that can be done. IT can help the business to make the difficult decisions and work within the realities of the situation as they are.
It is important to take decisive action, even if it looks dangerous; being hesitant and over-cautious in difficult times can end up being much more dangerous. Before things get really bad, IT must work with the Board to gain a mutual understanding of what the business priorities are to deliver the services required. The Board can then see how IT services, when treated as assets, can be given the same treatment as any other asset and considered for the value that they deliver to the business.

This means that IT management have to come to grips with the ITIL® service strategy model and make it a priority to understand, define and measure the utility of services that exist and are planned and communicate this to the Board, and learn from the Board what its strategic requirements are for these services.
The Board must then be convinced that the governance exists to turn these plans into visible and understandable results.

Clearly this will not be enough. The required services must be implemented and those not required retired with all that that implies. However, with a clearly communicated plan, aligned with genuine business realities, IT can be transformed from an “operational problem” into a valued business partner.

Practically, this will require a task force approach for IT management to build a plan to realign all current operations into a tractable form. If ITIL has already been implemented in many areas, this will be easier. If not, then much of the service culture will need to be built over a short time period through tailored training and communication. The CIO will need to help this task force to deliver a plan that has enough detail to be workable, enough clarity so that it can be properly communicated and enough detail so that it reflects reality. It is a tall order. The diagram below shows how service assets deliver value to the Board through the governance of the service improvement process.


Governance
Board
Balanced Scorecard
Business value
Compliance
Cobit
Continual Service Improvement
Business customers
Customer satisfaction
Service Level Management
IT Balanced Scorecard
Service Catalogue Management
Service Level Agreements
Configuration agreements
Release management
Service assets
Change management

Governance delivers Board value 1

If a clear structure can be established, with service assets that are recognizable to the Board, then decisions on how to reorganize after mergers, acquisitions or de-mergers can be made to reduce the negative impact on business delivery.

Conclusion

If IT can implement a working structure to govern service assets and can report this to the Board effectively, then decisions to redeploy resources can be taken in a climate of informed collaboration.

If not, then the decisions will be taken, but the Board will be unable to be as effective. The result will be poor, both for the business and for IT.

The ITIL Service Strategy book can be used as a blueprint to getting the structures right. However the job itself will require concerted management effort. This effort needs to be closely coordinated to deliver the goals that have been defined.
This will require strong CIO leadership and a commitment from IT management to work as a team to achieve the results.

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