

IT PARADIGM SHIFT: ITSM



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Ten years ago, IT was behind the scenes at most companies, providing support and technology for new business applications. Like dedicated stage-hands at a movie company, IT built the underlying infrastructure and kept all the servers running and available. In Hollywood, visibility is largely with the movie stars, likewise, high profile, revenue-generating applications have been getting all the glory in IT. Most IT professionals were relegated to the backroom and IT generally was considered a black hole for investments.

Today, the role of IT is changing. Just as movies are becoming increasingly reliant on special effects, not only for scenic backgrounds and at times as the stars of the show, enterprises are relying on IT to provide services that ten years ago seemed like science fiction. IT is generating profits for companies, and its services are providing compelling competitive advantages. Just like the movie studios that lagged behind in adopting new techniques of filmmaking, companies failing to capitalize on the value of their IT investments will find themselves struggling to keep up as the rate of technology changes continues to accelerate.

This evolution represents a paradigm shift that can be characterized as IT Service Management (ITSM). It is the shift away from managing technology for its own sake and a movement towards managing technology as a vital contributor to strategic business initiatives. No longer is it appropriate to separate IT according to its functional disciplines. Instead, IT executives must look holistically across disciplines to meet business objectives. ITSM encompasses the service desk, service level management, process development, and standardization such as ITIL, as well as the integration of staff and application deployment supportive of services management. Successful IT shops will transition to this model and begin to operate as a services organization and strategic partner with business-line decision makers. This forum is designed to discuss and consider the evolution and definition of successful ITSM initiatives.



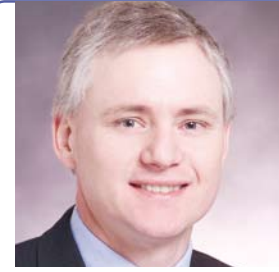
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Has it been your experience that many, if not most, large IT shops continue to be managed from a technology silo basis?

KW: There is substantial empirical evidence that IT shops have traditionally been, and still are, largely organized around technology. That's not necessarily a bad thing, as long as each organization understands its role in the delivery of IT services and has strong operational relationships with the others. After all, symphony orchestras are organized in "silos." Each understands its unique role and is conducted in a way to create something of beauty. ITSM isn't about eliminating silos; it's about orchestrating the IT organization to deliver quality IT services across silos.

CI: The quick answer is yes. Five9's experience is focused within Fortune 500 clients and we still see the legacy silos and cost center mentality prevailing. The most effective companies, however, are the ones leveraging customer engagement and satisfaction models to drive the organizational changes within their IT departments.

- Most organizations focus on functional technical activities, which lack the understanding and breadth of effective IT Services. Because of this view, IT has not been able to ensure strong service and process-oriented leadership. Selective outsourcing is moving ahead at a strong pace due to commoditization of previously highly paid resources like network and server engineering. As a result, IT departments and their siloed organizational structures will have to shift toward a shared service and process orientation. This in turn will drive the value that corporate CEOs now require from one of their highest fixed capital investments. Currently, IT

does not invest in the skill sets, career path, and workforce development plans necessary to cross-train highly skilled technicians to leverage more "soft" process and service-oriented skill sets to achieve organizational success.

- This is a legacy of traditional IT executive leadership moving up from the technology ranks rather than from other business leadership positions. As more CIO roles are being filled by business executives and the tenure of CIOs is increasing, more strategic shifts will become the norm.

SM: To a large degree, this does indeed remain the case. However, we do see most large IT shops thinking about, planning for, or having begun implementations of more comprehensive IT service management initiatives within their operations. The challenge to doing so, however, is that effective ITSM transcends technology, process, and organization – it is truly a paradigm shift in approach and is frequently resisted. Accordingly, ITSM adoption as an answer to technology silo style management occurs more as an extended, evolutionary process – and we see this in practice. The companies we work with have long since learned their lessons from trying to implement large framework management solutions. They are approaching it more on a project-by-project, if not process-by-process basis, building incrementally on each success. That said, many of these projects are business critical, having to do with service provisioning or service management, leveraging workflow automation to prioritize and resolve systems problems based on business priorities. In the meantime, the requirement still exists to manage IT resources in support of applications and business processes that remain outside the

service realm, so you have this duality that will continue for quite awhile.

RS: With the proliferation of hardware and software, the ensuing complexity, mergers, acquisitions, and reorganizations, even the best planned IT shops became home to multiple technology silos. Fortunately, the walls between silos are giving way. Technology has become increasingly integrated with the delivery of services to the business so silos of technology must come together to meet the needs of the business. The reduction of IT budgets and the growing concern for IT governance has fueled the requirement to integrate systems and streamline operations. Many IT organizations realize that significant efficiencies are available to them with the move from technology silos, and we are seeing many forward thinking IT organizations move to integrated platforms using best practices such as ITSM

In organizations that are moving towards ITSM, who is most often the champion?

KW: First of all, I truly believe that a champion or champions are needed. They help provide the energy needed to build the necessary momentum. However, if the question is, "What department or role typically initiates or promotes ITSM within an organization," that's a bit harder to pinpoint. In many organizations, a lot of ITSM promotion has come from within the IT support staff; a help desk or service desk manager, for example, who wants to be more responsive to customers, or who realizes that it would make sense to proactively prevent incoming calls. Many ITSM initiatives begin from within a network operations center that wants to put more process consistency in their operations to minimize downtime or avoid getting calls in the middle of the night because a scheduled change didn't work properly. The person or persons who are most often the champions in organizations which are moving toward ITSM are those individuals who have a team mentality and realize that "we're in this together," and work to bring more of a service orientation to their organizations. Ideally, it should be the CIO or head of the IT organization.

CI: Within the Five9 client base, we see the main lead and champion of ITSM initiatives as the head of infrastructure and operations within the IT department. In general, any department responsible for availability, performance, and predictability within the production environment has the most to gain by effectively implementing ITSM best practices. However, we have seen governance and process leaders, Chief Compliance Officers, and other IT executive management roles lead IT Service Management initiatives based on their roles and objectives within the organization. Where we do see executive business management and line business executives leading these initiatives are in the service provider/outsourcing industry or "pure play" IT companies – eBay or Amazon.com. In these organizations, IT service availability and performance are more critical business objectives, on which the Chief Executive or Chief Marketing Officers would place more focus. These organizations will leverage ITSM in more strategic ways in order to increase efficiency.

SM: Typically, the champion behind an ITSM initiative is someone within IT at a fairly senior level, if not the CIO or CTO himself. The champion must be a person that clearly understands the role of IT as it relates to supporting business goals. The person must also be knowledgeable about both

technology and business strategies. The role is challenging, because this person must help the organization overcome its natural resistance to change, and therefore must have some authority to drive change. Key to this is the ability to effectively communicate business goals to technologists and technological capabilities to business leaders. The champion will likely have to cross business unit boundaries as well, since consolidation of resources is one of the benefits of implementing ITSM. The champion recognizes that success requires changes in people, process, and technology; and therefore, is not a short-term project, but a long-term investment by IT and the business.

RS: The ITSM champion varies from organization to organization, but the initial growth of ITSM has typically grown out of the service desk function, with the Service Desk Manager looking to deliver enhanced services and drive customer satisfaction. With the acceptance of frameworks such as ITIL, we have witnessed many IT organizations drive ITSM from the director or VP level with CIO support. In our experience, the higher the support in the organization, the faster the ITSM journey progresses.

What can organizations do to ease the cultural change that must take place within IT to support ITSM?

KW: First of all, it's important for IT organizations to realize there will likely be some cultural changes associated with an ITSM initiative. An important first step is to understand the "why" behind ITSM. Part of this is to realize that, even though it has an undeniable impact on IT and how it will operate, ITSM is not about IT. It's about the business, company, or agency the IT organization supports. The "cultural change" is not so much about, "now we are an ITSM organization and we have to do all these processes, and I have to change as a result," it's more about, "we are changing to become more customer focused and more business-aligned so we can deliver and demonstrate more value to the business." In some cases, it may be about survival. I've said for a number of years that, "Like it or not, believe it or not, IT is now in the IT Service Delivery business. If you don't get good at it, someone else will."

CI: Critical success factors to effectively planning for and managing organizational change can be broken down into five main areas: understanding corporate values, culture, and DNA to design effective motivators; keen focus on workforce development and career paths; effective communications and management of expectations; enabling a holistic "change program" approach; and a shift in IT investment and funding priorities. Based on Five9's experience, a major key to success is to proactively create, enable, and staff full-time resources dedicated to organizational change and business process reengineering as well as the traditional technology implementation and integration roles within the IT organization. Well-respected employees within the IT department not only add credibility to an ITSM initiative, they also drive accountability for overall program success if these roles are properly "banded and graded" to attract key. Additionally, most professionals skilled in ITSM implementations know that technology is rarely, if ever, a barrier to success within an ITSM initiative. Industry research shows that the metrics for investment and success are falsely based on only the technology implementation that automates any new organizational process. To better enable a new or reengineered technology solution, however, the people

and process aspects need to be managed appropriately, or the tool will only better automate a flawed and inefficient process.

SM: In short, a commitment by the highest levels of management to support the implementation and see it through to the end is a critical first step. Beyond this, workforce education and proactive communication to the organization is probably the next single most important factor to easing cultural change. Helping the organization understand what is coming will go a long way to helping people understand how they, as individuals, will fit in this new paradigm. ITSM is as much a cultural change as anything, and it will require people to adapt. Some will and some will not, and that has to be accepted and dealt with. Organizations must adapt as well. Many companies are in the mode of rewarding heroic recovery instead of proactive planning. When decisions are made to alter this type of organizational behavior, and are followed through, most people will sign on to the plan. Once you have their buy-in, then the productive discussions about process and technology implementation can take place. Avoiding the big bang approach will also smooth the transition to a service focused organization.

RS: Cultural change is one of the most difficult aspects of any ITSM implementation and should be approached and executed with careful planning. This includes a program of education and marketing, including awareness training, education, and communication of organizational benefits – including, “what’s in it for me?” I’ve been involved with successful programs that have included team building exercises and workshops, such as the Apollo 13 simulation game and interactive lunch-and-learn sessions where the benefits of the changed processes to the individual and the organization were clearly articulated.

Would you say that the service desk is the cornerstone for ITSM?

KW: Although some might say it is, I would not. However, this is not to minimize the importance or value of the service desk. The best customer service is the call which is not taken because the issue was avoided. The “ounce of prevention” is as important as the “pound of cure.” There are two major components which make up the core of ITSM: Service Delivery and Service Support, and both “parts” are important in successful, effective ITSM. The better one does at Service Delivery, the less dependent they become on Service Support. There are now IT organizations which measure the number of days where there are “zero incidents,” called “Zero Defect Service Delivery.”

CI: I don’t know if I would choose the word “cornerstone” to describe the service desk function relative to ITSM, but I feel that as the most customer-facing function within the IT department from a volume perspective, its success is critical to the perceived abilities of IT. As the communication hub with both customers and internal IT support staff, enabling a best-in-class service desk should be a main priority of any CIO looking to embrace ITSM. Service desks, from an ITIL perspective, are joined to the configuration management process or its supporting technology, the Configuration Management Database (CMDB). CMDB provides the “backbone” of information to better enable all ITIL and IT Asset Management process areas, and a foundation to drastically improve IT service provision. Our lessons learned

within F500 clients show that a keen focus on the front end service desk function and back end CMDB are critical success factors to not only ITSM initiatives, but also overall governance, selective outsourcing, or regulatory compliance initiatives.

SM: I would have to qualify this response and say it would really depend on the level of implementation of the service desk. But if we go beyond a basic help desk level implementation to one that operates as a hub for information about incidents, problems, and resolutions, then clearly the service desk is the cornerstone. When users access the service desk, either electronically or through human interaction, they expect to receive the most current information regarding their issue, in the most understandable terms. Depending on the sophistication level of the user, they may expect the service desk to execute troubleshooting processes and deliver near immediate feedback. As the primary interface to end business users and IT’s customer base, the efficiency and quality of the service desk will determine how well ITSM is received.

RS: The service desk in many organizations provides the basis of communication with all internal and external customers, and is the focus for the delivery of services. As the communications hub of the IT organization for incidents and requests for change, the service desk has visibility of business services, the elements involved in these services, and the criticality of the services based on business priorities. Organizations that are receiving maximum benefit have reviewed their processes, agreed to service levels with the business, documented processes and outcomes, and have looked to leverage automation using tools to ensure that the service desk staff can deliver value to the organization. The delivery of ITSM will bring benefits to the organization in the form of enhanced availability of systems, reduced time to resolve incidents, the ability to prioritize resources, and ultimately improve customer satisfaction.

Characterize the type of organization that is likely to gain the most return on its investment in ITSM.

KW: Sadly, the organization that is likely to gain the most return on its investment in ITSM is the one which simply doesn’t have a clue. If an IT organization is constantly fighting fires, is reactive, inconsistent, non-customer focused, has no service levels in place, is constantly “reinventing the wheel,” and would disintegrate in the event of a disaster, the return on investment would be off the charts. Fortunately, most IT organizations are more stable, but many can benefit substantially by adopting a Service Management approach.

CI: From our experience, there are four major types of organizations that will benefit the most and realize the highest ROI from ITSM initiatives: 1) large, multi-national organizations relying heavily on IT capabilities where the laws of economies of scale prevail; 2) organizations that have grown mainly through mergers and acquisitions where standardization and centralization can drive significant synergy; 3) IT service and outsourcing firms relying on efficient, high quality IT service provision to differentiate them in a sometimes commoditized marketplace, and to drive higher operating margins; and 4) “pure play” IT companies where IT services and applications are the business.

SM: Organizations that understand ITSM is more than just cost cutting, that it can and should be viewed as a catalyst for business growth, will in the end see better results from

ITSM adoption. Furthermore, organizations that leverage ITSM as the basis for driving broad-based automation are ultimately the type of organizations that will reap the greatest benefit. Key business considerations that fuel ITSM and automation initiatives extend well beyond mere cost cutting, although that is clearly one of the chief benefits associated with them. End-to-end procedural definition and automation produces faster, more consistent and less error-prone results. Thus, ITSM can serve to drive service enhancement and overall improvements in responsiveness to business users, especially when coupled with automation. Further, ITSM and process automation can facilitate dramatic improvements in relation to compliance management, auditing, and overall reporting. Typical ROI analysis includes consideration around the substantial cost savings attributable with staff efficiencies, but should also include considerations for these other benefits and drivers such as improvements in availability of the IT services to “end users,” or mitigating risk associated with service failure. In this way, ROI/TCO calculations associated with ITSM and automation are no different from the considerations of designing resiliency and failover measures into IT infrastructure, or deploying disaster recovery measures proactively to prepare for a catastrophic failure that may never materialize. Such come at a hard, real cost to the business, but are considered greater value in terms of service availability and risk mitigation, such that the associated cost is warranted. All such considerations should be made when evaluating an automation initiative.

RS: ITIL provides a framework for a service management strategy and was developed by ITSM practitioners who have leveraged their experience to streamline the delivery of IT. ITIL is not a panacea, but it is the basis for an excellent ecosystem of education, training, and practitioners that can assist organizations on their ITSM journeys. Vendors, such as CA, provide not only the education, experience, tools, assessments, and services, but have also leveraged years of experience to deliver prescriptive knowledge of ITIL to reduce time to value.

Must an organization deploy ITIL to implement an ITSM strategy?

KW: Several years ago, I was in the audience of a panel discussion on ITSM. The panel was made up of representatives of various well-known industry consulting firms. After 45 minutes into the hour-long panel discussion, no mention whatsoever had been made of ITIL, so I raised my hand and asked why. A panel member’s response was, “You can do ITSM without ITIL.” My reply to this was, “Yes, but why would you want to?” There are two major problems with ITIL: 1) it’s not as good as some want to believe, and 2) it’s not as bad as others may contend. ITIL is exactly what it is: very good raw material in executing an ITSM strategy, nothing more and nothing less. Why not build on accepted best practices and enhance where needed?

CI: I think “deploy ITIL” is a misnomer in that an organization would not implement ITIL, but rather leverage its best practices in order to drive an organizational, process, or technology change to provide business value. ITIL is a major process-oriented guidance component within the broader discipline of ITSM, but not necessarily imperative for implementing ITSM. Additionally, ITIL has some gaps, many of which are being addressed in the upcoming formal version 3, but others like those within the IT Asset Management lifecycle

still have limited guidance. That said, Five9’s experience is that the majority of IT departments today lack overall process maturity as well as the appropriate business process reengineering acumen to effectively leverage the best practices within the ITIL framework. With these factors in mind, the best practice process guidance within the ITIL framework becomes that much more valuable for IT organizations to leverage and provide tangible results and measurable value to the business.

SM: ITIL is certainly a proven framework – used successfully by many companies either on its own or in conjunction with other standards such as COBIT or eTOM. But in the end, ITIL is simply one path to facilitate ITSM adoption. Ultimately, ITSM is about the implementation of best practices. Best practices are important in delivering IT services for two fundamental reasons. First, best practices provide a synthesis of leading edge thought and practice to common, real world problems, representing a collection of leading thought to a specific area or topic. This then provides for the reuse by lesser-experienced organizations, which saves organizations time, money, and potential disaster in attempting to “reinvent the wheel” and having to learn from their own mistakes. And second, such as with the case of ITIL, best practices become common standards utilized by all (or many), which makes the skills associated with them far more transferable and available in the marketplace. This is economically valuable to both IT professionals and to the companies they deliver services for.

RS: Effective delivery of ITSM is based on leveraging of people, process, and technology. Although the starting place will vary by organization, most organizations initially look to bring control and structure to their change processes to reduce system downtime due to poor or non-existent change control. Many organizations I have worked with will start with education, including simulations, workshops, and training of the initial core team. To progress, I recommend that organizations agree at a high level to the objectives of the ITSM initiative. Initial assessments of current and desired states are invaluable to establish where the project focus will be. In my experience, many organizations start the journey with change management, as this process fosters communication across all areas of IT and many areas of the business. Experience has shown that well implemented change equates to enhanced service availability and satisfied customers.

What is the best place to begin moving towards ITSM in the enterprise?

KW: You can’t really answer that question until you know where you are, right now. It’s been said that ITSM is a journey, not a destination. It’s not a question as to whether IT organizations are doing IT Service Management; it’s a question of how well they are doing it. In that sense, an ITSM implementation is more of a process or service improvement program than an implementation from scratch. Step 1: “What is the vision? What does ITSM mean to your organization? What high level business objectives need to be fulfilled?” Step 2: “Where are we now?” It’s important to take the time and effort to figure out the level of service management maturity in your processes and in your organization. Do a self assessment or hire a reputable organization to provide you with one. It’s important to assess your organization’s strengths and weaknesses. You may find out you’re better than you think are. Step 3: “Where do we want to be?” Determine what levels of maturity you want to reach in the various areas related to ITSM

and define your measurable targets. Step 4: "How do we get there?" Start building a road map for process improvement. Plan! Step 5: "How do we know we've arrived?" Check your progress against your measurements and metrics, then keep it going, build momentum, and make IT service improvement part of the fabric of your organization.

CI: IT organizations are generally accountable for enabling ITSM capabilities within the enterprise. Therefore, a healthy self-realization of current ITSM challenges and dedicated focus toward managing internal change should begin within the IT department and be focused on both strategic and tactical objectives aligned with those of the overall business. Our opinion is that, if a line of business has to initiate an ITSM initiative, it may be too late for IT to maintain its credibility, and could be an opportunity for the business to better understand IT capabilities, or lack thereof, in order to make a more informed IT investment and outsourcing decisions.

SM: There is no one best place to begin ITSM adoption for each and every enterprise in the market. The best place to begin should ultimately be driven by the area of greatest need within that organization, as the underlying goal of ITSM adoption should always remain rooted in achieving real, tangible value for the business. In most cases, adoption will be slow and each step will be predicated on the success of the previous step. So working with a business organization with a high value, low risk project would be the best place to begin, but for many companies, ITSM will simply start with an evaluation of existing manual processes. Many data centers today enlist a heavy reliance on people, with fragmented systems and processes that produce challenges in terms of staffing efficiencies and consistent service results. Therefore, look at processes in the data center that can significantly benefit from standardized processes and embedded automation, freeing up HR more exclusively for engineering oriented functions. Even the core triage and diagnostic functions for HR need to be considered for automation once they are procedurally defined, allowing operators, technicians, and engineers to focus on the analytics and "push button" remediation. Consider whether service activation can be completely automated, from bare metal provisioning to enabling value-added services.

How can enterprises effectively budget for an ITSM implementation?

KW: There is no simple answer to this. However, much of this actually falls out from going through the steps outlined in the previous question. By defining the vision, determining where you are, and where you want to go, you approach your service improvement program as a journey, not just a "project." Some organizations fund their Service Improvement Program within their normal operating budget, using existing tools. Others have incorporated it into an ITSM "tool" implementation project. Either way, it's always important to keep in mind the business reason for the effort. Remember, it's not about IT; it's about the business or organization supported and enabled by IT.

CI: A concise understanding of the upcoming challenges and keys to success is critical to more effectively budgeting for ITSM implementation.

Five9 believes the people, process, and technology aspects of the implementation are inversely prioritized and funded in many organizations. This incorrect prioritization is a

contributing factor to those ITSM programs that fail or end up being a large certification training effort or individual tool implementation. Our experience has taught us that the technology rarely is the cause of ITSM failure. The people, organizational change, process, and overall project management aspects of the initiative are the greatest challenges and the ones that have the least investment from an implementation budget perspective. Even with these critical success factors in mind, data shows that between 70-85 percent of ITSM implementation budgets are set aside for technology and related implementation services. Additionally, the number of dedicated process roles within many IT organizations is rarely in line with those focused on technology implementation, integration, and ongoing management. I view ITSM as a change in the way IT does business as well as a paradigm shift or way of life that IT will adopt. Too many organizations focus on "implementing ITS" in the traditional IT project-orientation perspective without keeping this key tenet in mind. Knowing that critical success factors are around people and process, both an implementation and ongoing management focus toward funding dedicated, internal resources is inherent to the ongoing success of ensuring organizational adoption of the "IT lifestyle change."

SM: Unfortunately, there is no easy answer or "silver bullet" to the challenge of planning or budgeting for ITSM adoption. The same can be said with respect to ROI analysis of ITSM implementations, yet both must be done. Ultimately, the best method begins with an identification of the operational disciplines that will be the center of focus. You can then begin to look at the processes that will be in play, which in turn will help map out the technologies and system gaps, along with the organizations that will likely be impacted as a result of the effort.

Likewise, the most straightforward means of measuring ROI is to perform benchmarking and apply efficiency measurements to target process areas, which are then garnered through HR or technology consumption savings. But this does not adequately account for ITSM initiatives designed to enhance service quality, which may be more effectively measured through customer retention rates or online sales figures. This can become very murky when analyzed in light of additional service enhancement or lead and revenue generation initiatives. Ultimately, it is the CIO's job to socialize and evangelize the critical importance of a comprehensive ITSM strategy and the ROI benefits to the business associated with such a program, which in turn set the path for budgetary approvals.

RS: An ITSM implementation should be addressed in the same manner as any other project in the organization including a feasibility study, costs and benefits analysis, and ultimately leading to a budget that will support the implementation. As with any other project, costs will be incurred for assessments, people, education, technology, etc., and these need to be balanced against benefits to be derived. I recommend that organizations considering ITSM should actively leverage the experiences of those that have already started down this journey. Every organization is subtly different and ultimately, there is no replacement for sound project development and management that understands the requirements, deliverables, and benefits using a sound project management methodology that drives out the appropriate business case, including the budget for the journey.