

Gartner Consulting

IT Service Management Process Refinement

June 2006



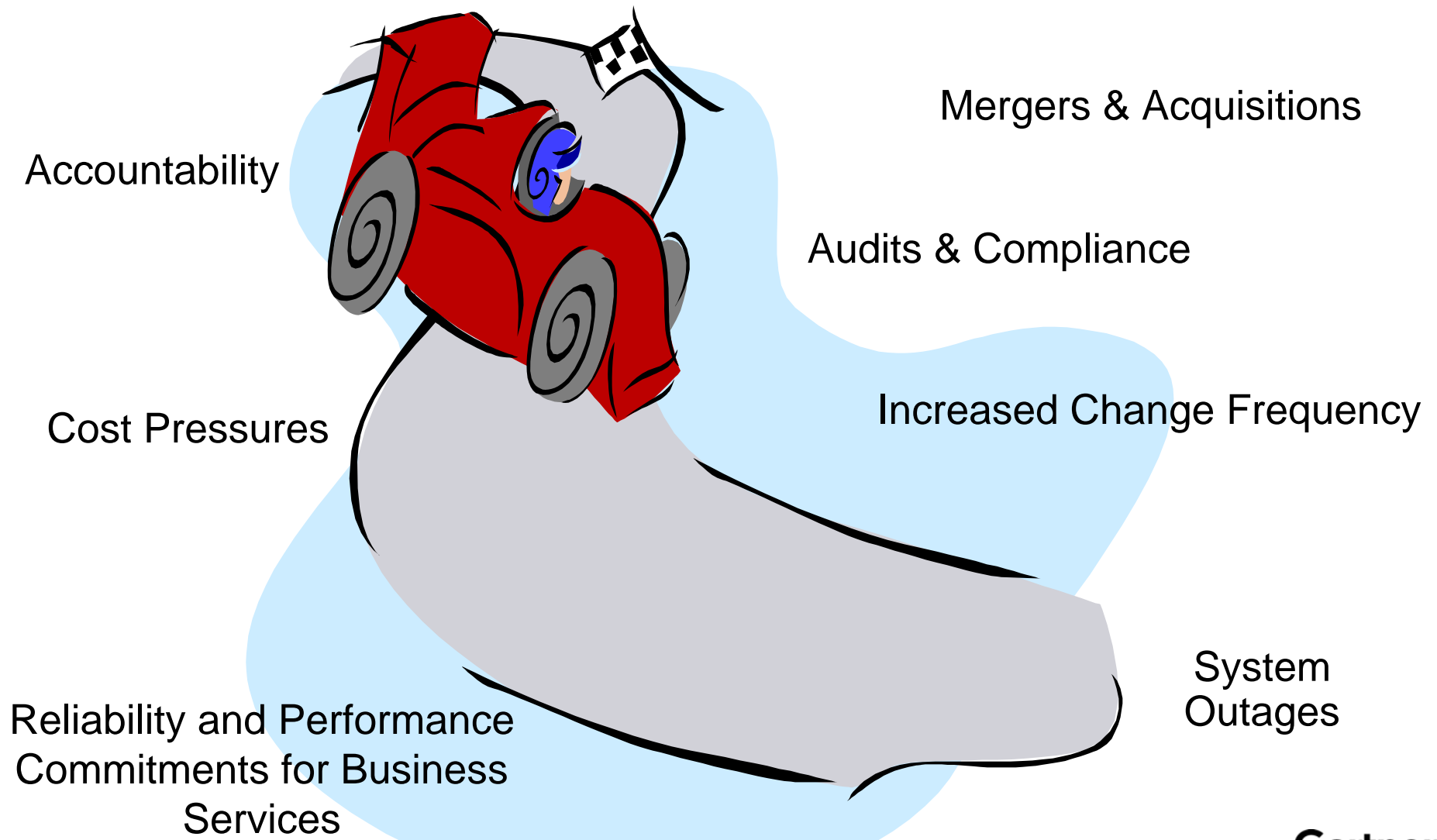
Shafqat Azim, Managing Vice President, Gartner

Today's Discussion Topics

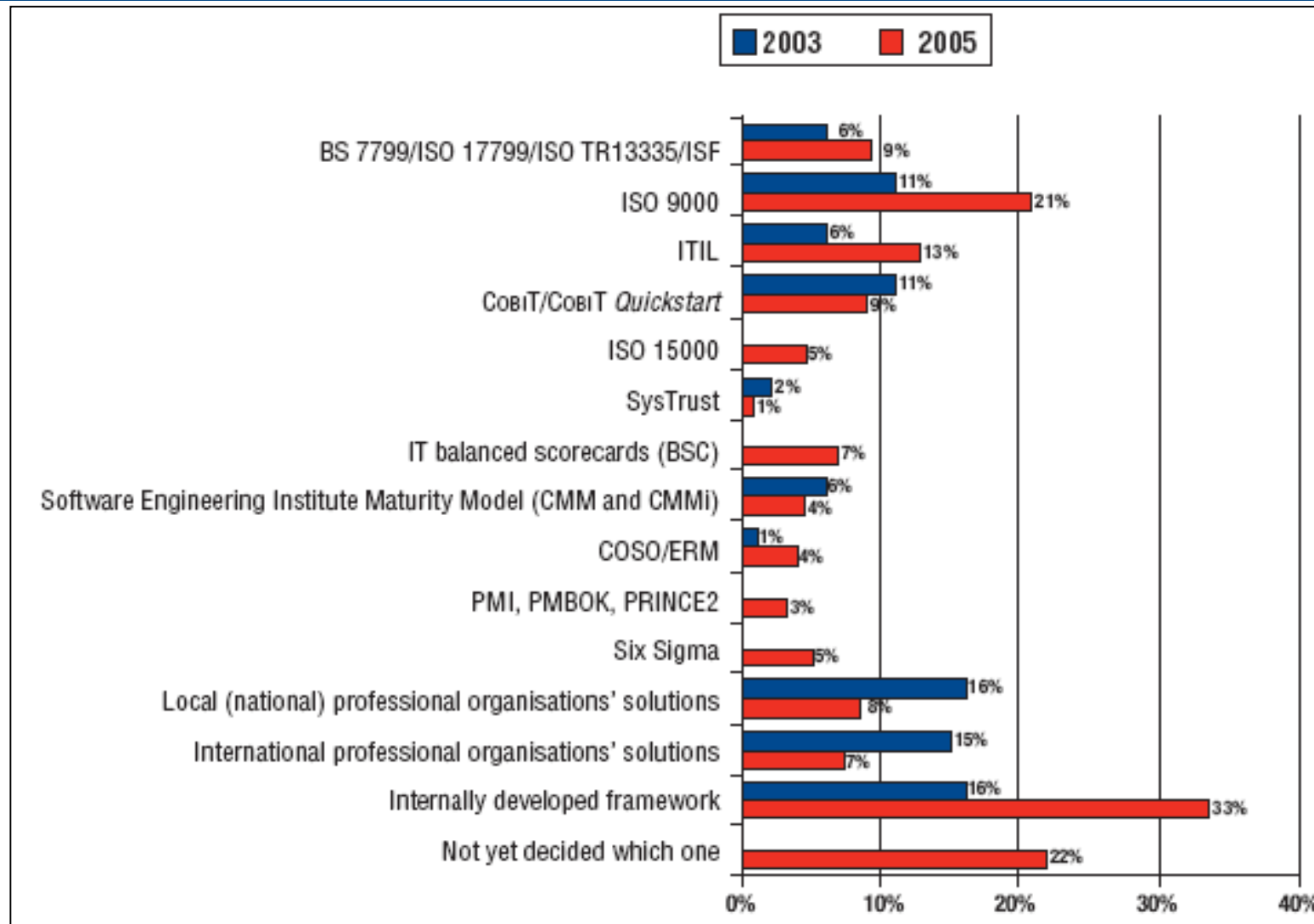
Part 1 (50 minutes): Process Refinement Best Practices

- **Process Refinement Frameworks and Standards Review**
- **Service Management Process Refinement Best Practices**
- **Service Management Case Studies (Benefits, Risks and Costs)**
- **Best Practice Approach for Service Management Process Refinement**
- **Open Discussion / Q&A**

Many Business Drivers Fueling the ITIL Flame



Many Industry Standard Process Models with varying levels of penetration!



Source: ITGI – IT Governance Global Status report -2006, 440 respondents

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April 2006 Page 4

It's easy to get lost in the standards maze

■ Standards are not 'a silver bullet'

- No standard covers every area of the enterprise
- Many of the standards overlap
- Standards do not cover all needs, e.g. in governance

■ Standards can be used in multiple ways

- Some are assessment tools, some are guidelines, some are prescriptive/template-based
- No standard is completely prescriptive, there is a lot of room to implement well or badly

■ Many of the standards come from a specific 'angle', e.g. audit/risk control

■ Standards are evolving significantly

- (e.g. COBIT 3->4, ITIL v2, BS20K)

What Is ITIL?

- Initiated by CCTA (UK's government Central Computing and Telecommunication Agency). CCTA is merged into OGC (Office of Government Commerce).
- The IT Infrastructure Library (ITIL) is a conceptual process refinement framework.
- “The models show the goals, general activities, major inputs and outputs of the various processes, which can be incorporated within IT organizations. ITIL does not cast in stone every action you should do on a day-to-day basis because that is something which will differ from organization to organization. *Instead it focuses on best practices that can be utilized in different ways according to need.*”

The “Most Notable” ITIL Disciplines

■ Service delivery

- ❑ Service-level management
- ❑ Financial management
- ❑ Capacity management
- ❑ IT service continuity
- ❑ Availability management

■ Service support

- ❑ Configuration management
- ❑ Incident management
- ❑ Change management
- ❑ Problem management
- ❑ Release management
- ❑ Service desk

Other ITIL Disciplines Include:

- ICT Infrastructure Management
- Security
- Business Perspective Management
- IT Application Management
- *Software Asset management*

ITIL: The Good and the Bad

■ The Good

- ❑ Helps provide a standardize process context
- ❑ Highlights the importance of process
- ❑ Identifies the core activities for its processes
- ❑ Increases process development confidence
- ❑ Somewhat “Public domain”!

■ The Bad

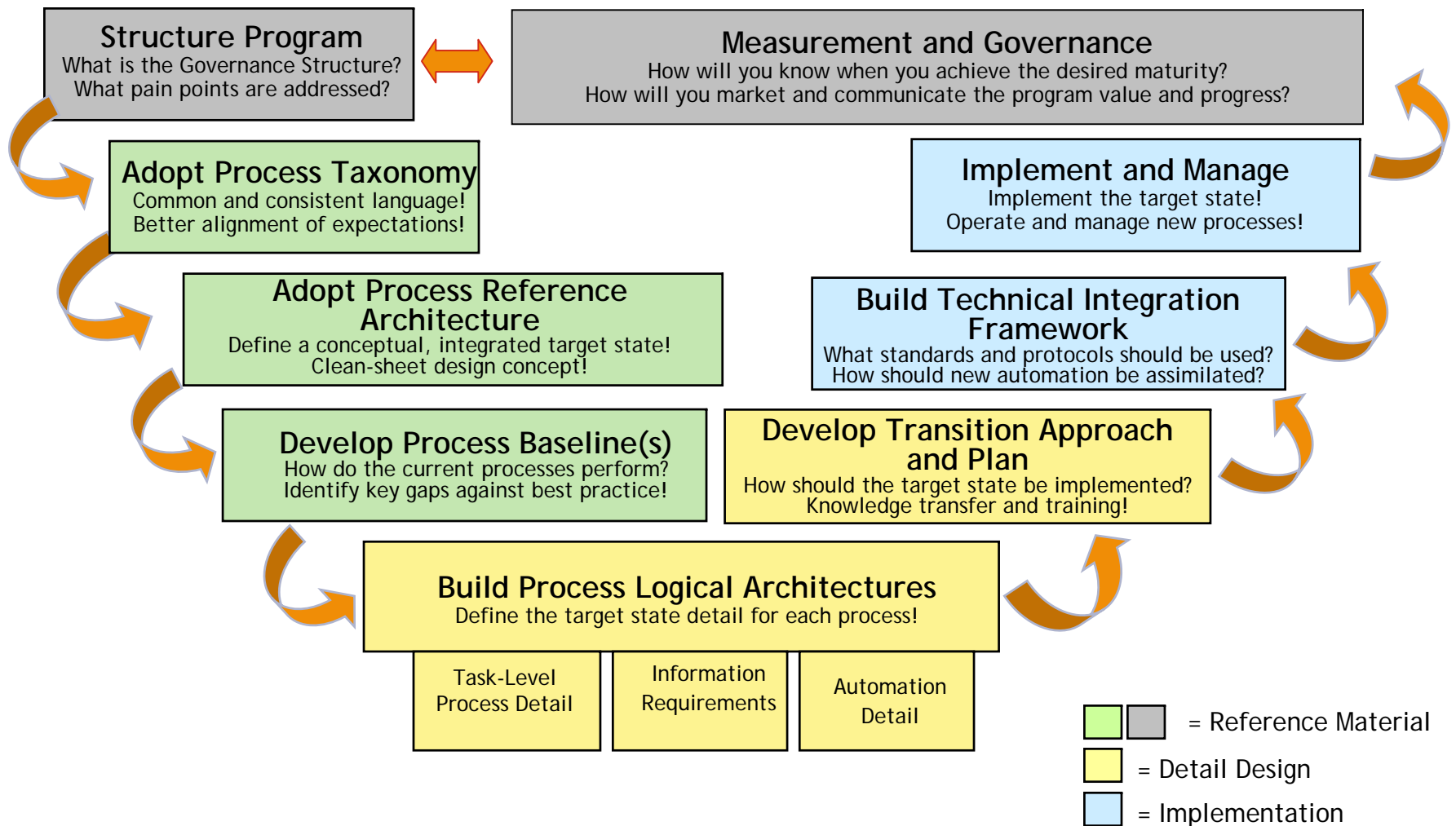
- ❑ Your process implementations will still be only as good as the people leading the work
- ❑ Not all IT processes are covered by ITIL
- ❑ ITIL does not cover related organizational issues
- ❑ IT operational performance is not limited to processes
- ❑ Weak measurement and governance

Process Refinement Best Practices

- Your process implementations will be only as good as the experience of those doing the work
- **Effective Governance is critical for success**
- Tools enable processes, but are not a substitute for good process
- Set attainable process improvement/measurement targets with appropriate governance to ensure success
- ITSM requires an enterprise-wide goal, but an iterative, step-wise implementation approach; **Try not to implement the “perfect” process framework in *one go*; business climate changes over time, which might make the perceived “perfect” solution unsuitable over time**
- Do not try to refine a single process or a subset of processes without establishing an overall IT frame of reference of how the refined process will fit in the target operating environment;
- Take into account your organization’s culture and ability to assimilate change
- Strong Processes in an outsourced environment is critical to controlling costs

Overview of Gartner's Approach

Gartner's Process Architecture Framework



Process Template

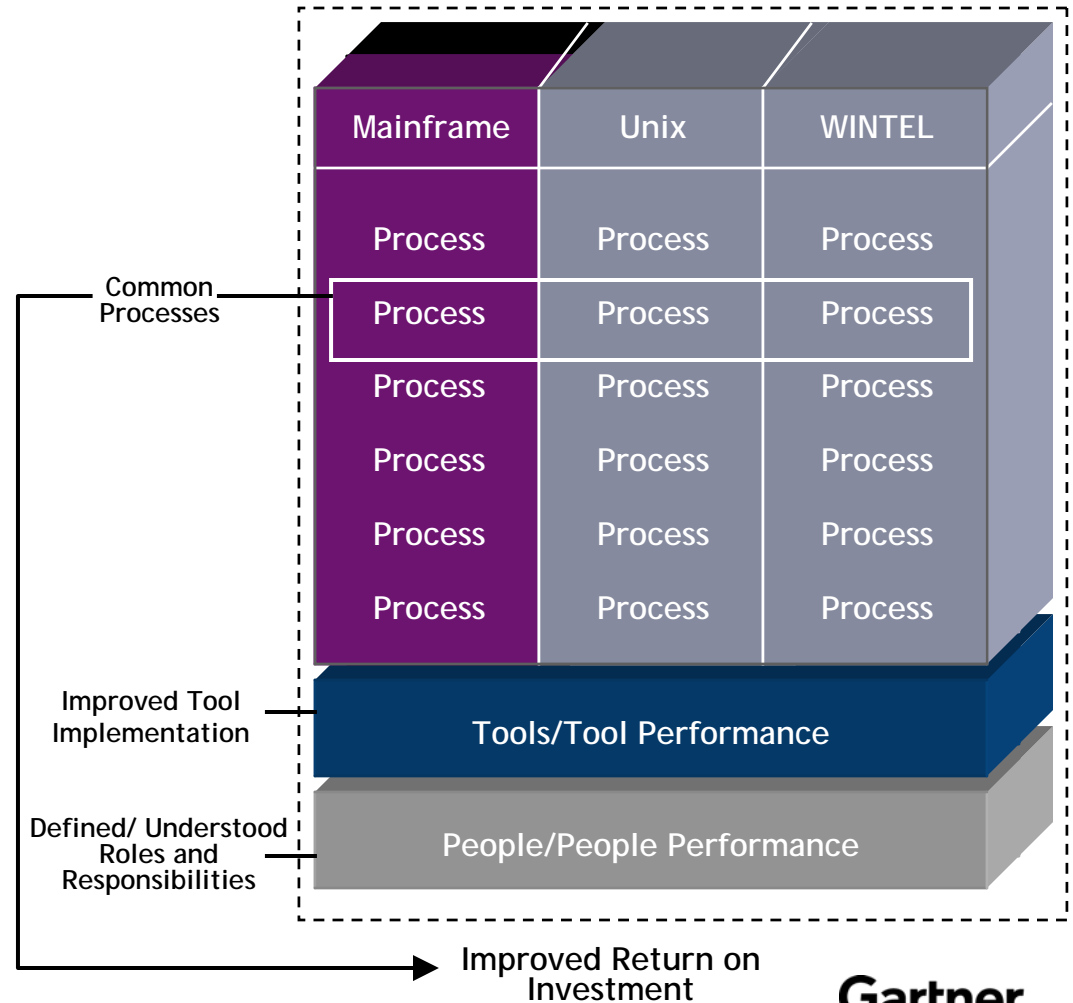
■ Description

- ❑ Tasks and flow
- ❑ Automation balance
- ❑ Stability
- ❑ Maturity

■ Cross-process Integration (inputs/outputs)

- Services Supported
- Skills & staffing needs
- Automation
- Technology
- Best practices
- Measurement & governance
- Futures

The IT Operations Portfolio



A Support Organization for Process Development/Refinement

■ Roles

- Project management
- Technical writing
- Quality assurance
- Process Modeling
- Subject-matter/technical experts

■ Process training

■ Business relationship management

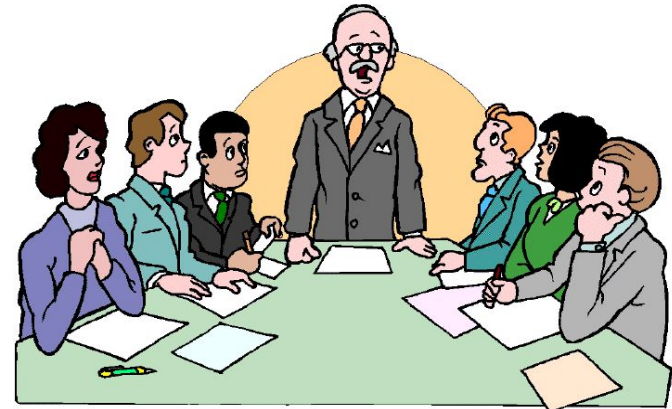
■ Location-specific knowledge workers

■ Understanding of any virtual organization issues (if applicable)

Governance via Stakeholder Collaboration

Steering Committee Responsibilities

- Service Management vision
- Project management and process prioritization
- Funding and infrastructure investment
- Technical architecture
- Standards, tools and vendor criteria
- Measurement criteria
- Reporting to management



Stakeholders

- IT operations and production engineering
- Architecture and standards
- IT Controller
- IT service desk
- Security and compliance
- Business applications

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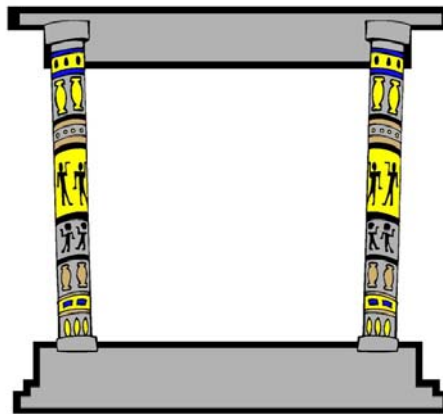
Organizational Alignment

Who has control?



Process Management

- Process design
- Auditing



Architecture

- Standards
- Scope and level of detail
- Tool selection



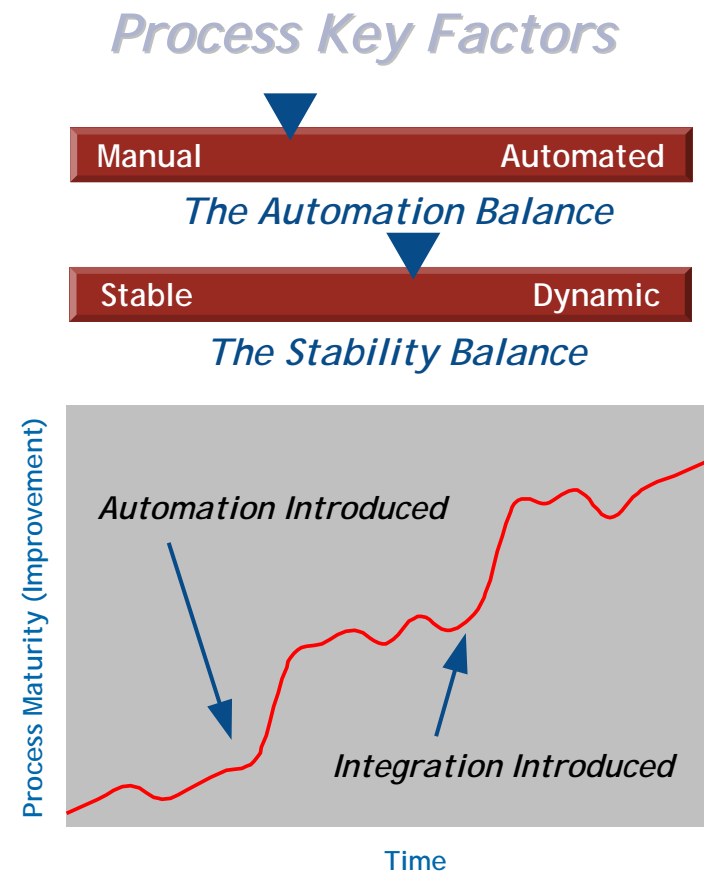
Systems Administrators

- Impact analysis
- Implementation
- Withdraw

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Process Automation and Integration

- Processes are a balance of manual and automated tasks
- As processes become stable or “commoditized,” they introduce opportunities for automation
- Automation and integration trigger “stepwise” process improvements
- The level of automation is an early indicator of where investments should be focused



Automation is the linchpin of every service provider's business model

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April 2006 Page 15

Gartner's Hype Cycle



Plateau will be reached in:

- less than 2 years
- 2 to 5 years
- 5 to 10 years
- ▲ more than 10 years
- ⊗ obsolete before plateau

What Next — Typical Prioritization of Process Refinement Efforts

- **Gartner typically finds the process refinement sequence listed below to be most common within our Global 2000 client base:**
 - **Iteration One (8- to 12-month period):** Foundational Processes — Change management, configuration management, problem management and incident management;
 - **Iteration Two: (8- to 12-month period):** Availability Focused — Capacity management, Availability management (performance management + monitoring), Service Continuity, Service Level Management;
 - **Iteration Three: (8- to 12-month period):** Financially Focused — Financial Management, Business relationship management, IT Asset Management;
 - **Iteration Four: (8- to 12-month period):** Remaining Processes — Facilities management, task management etc.
- **Once the foundational processes have achieved a “level 3” of maturity, other processes can be mixed and matched for refinement prioritization**

Benefits and ROI for refining core “spanning” processes

Task	Improvement	CASE STUDY VISA
Time: For Infrastructure Management Tasks reduced by	<u>54%</u>	<ul style="list-style-type: none"> ▪ VisaNet: \$1.7T settled annually for 20,000 banks, 20M merchants globally. ▪ Visa Handles 100M transactions per day – expect 160M in 5 yrs. ▪ Have reduced time to repair from 14hrs to 6hours. ▪ Reduced time to detect problem from 20m to 60s. ▪ Reduced network system alerts from 500,000 per day to <u>60</u>. ▪ Now resolve 92% of level 1 incidents without escalation.
To identify cause and fix downtime incidents reduced by	<u>49%</u>	
to bring new system into Production reduced by	<u>39%</u>	
Costs & Staff: Overall cost to manage workload reduced by	<u>28%</u>	
Increase in Productivity per staff by	<u>26%</u>	
Availability: Server Downtime reduced by	<u>79%</u>	
Network Downtime reduced by	<u>74%</u>	
Overall System downtime reduced by	<u>76%</u>	
Customer Satisfaction: LOB Dis-satisfaction with IT reduced by	<u>82%</u>	

Process, service and quality improvement are not a one-off activity. Investments in fundamental improvements will pay off many times over

The value from Service Management is not small in scope or scale

- **Implementing Service Management (ala. ITIL practices) can generate value in all aspects of business and IS operations:**
 - Efficiency: reduced effort and cost through well-designed process and less uncertainty e.g. Yell.com (U.K Yellow Pages) reducing IT cost at a rate of 6-8% YoY
 - Effectiveness: better service quality resulting in better performance, e.g. Visa – 150% increase in proactive outbound calls from call center,
 - Integrity: reduced risk, better compliance, e.g. DuPont COBIT and ITIL for SOX,
 - Agility: ability to change more quickly with managed cost and risk. E.g. Yell supporting scalable growth – multiple acquisitions, and doubled revenues in last 6 yrs, while maintaining margins
- **Costs of standards are not insignificant**
 - Direct cost of implementing standards is ~ **3 - 4%** of the IT budget annually for 2 – 3 yrs
 - Direct costs include external consultants/ experts/ auditors fees, and training
 - Indirect costs include increased effort in some processes, and mindshare/ distraction effects
 - To keep processes improving, there must be continual investment

What to Look for in a Partner that Will Assist You in ITSM Implementations:

- A process refinement approach that leverages the strengths of multiple industry standard process frameworks such as ITIL, COBIT, and SEI's CMM.
- Client advocate — No hidden bias toward optimizing a process for a specific tool solution or expectation of back-end tool “integration” work.
- Process maturity measurement and benchmarking capabilities.
- Knowledgeable, experienced and certified analysts and consultants with hands-on experience in IT operations and infrastructure management – BEWARE of the “text-book” experts
- Experience, Experience and Experience – Ask for references and validate the partner's involvement in refining processes at their reference client – Experience in implementing a process automation tool, or teaching about a process in a classroom setting is NOT the same as on-the-ground experience in engineering the “right” process.



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Questions!

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April 2005— Page 21

Appendix: About Gartner Consulting



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April 2006 Page 22

What Does Gartner bring to the table?

- A unique process refinement approach that leverages the strengths of multiple industry standard process frameworks such as ITIL, CoBIT and SEI's CMM.
- Over 350 of the Fortune 1000 firms, and many mid-sized organizations are using Gartner's process architecture framework – successfully!
- Client Advocate - No hidden bias for optimizing a process towards a specific tool solution or expectations of back-end tool “integration” work.
- Unique process maturity measurement and benchmarking capability based on a database of over 500 process maturity observations from large global firms.
- Senior Consultants with hands on experience in IT Operations and Infrastructure Management (Average 15 year experience).
- Gartner's process consultants and Analysts are ITIL Certified, and have certifications and experience in many other industry process modeling frameworks.
- Gartner uses industry standard process modeling techniques (such as IDEF0, IDEF3 etc.). All Gartner related IP, models and methods are left behind for client to adopt and use iteratively over time.
- Gartner's infuses process refinement best practices into an organization rapidly – inmost cases reducing the time it takes to architect and implement a robust process framework by more than 50%.