

REAP

**greater business returns from
your technology investments.**

HP IT Service Management solution

Business white paper





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Executive summary

As organizations around the world recover from the economic downturn and prepare to thrive in an unpredictable future, they share one mission—do more with less. A competitive advantage rests with those who can create world-class services while countering cost constraints. Responding to this criterion for success, businesses are adopting innovative technology approaches that can help IT departments function with fewer resources and at lower costs while improving service delivery.

For these approaches to work smoothly and deliver on promised outcomes, it is crucial to focus on effective service management. This paper discusses how proven service management practices, when combined with well thought out technical and sourcing innovations, can result in substantial cost savings and improved business services.

Service management—The difference between falling short of expectations and exceeding them

Most organizations are well on their way to economic recovery. Yet, budgets are cut, jobs are eliminated, and the pressure on IT to contribute to business growth continues unabated. This is prompting many IT departments to move activities from expensive locations to cheaper offshore facilities, as well as to invest in technology and sourcing innovations—such as virtualization and cloud computing—that can help consolidate IT resources and operate at lower costs.

It is important to complement these investments with effective service management—without which the technology innovations may fail to deliver the expected benefits to the business. The reason: how efficiently you deploy, control, and manage resources determines the business value of your IT services. While many service providers use similar resources—including servers, storage, networks, software, and facilities—not all of them deliver the same service quality or have the same costs for similar services. These differences are due to their individual service management capabilities.

Service management can help you gain greater returns from your investments by controlling the complete lifecycle of creating, operating, and improving IT services. Consciously or otherwise, you may be using service management to some extent, but an effective IT service management framework must cover all of these:

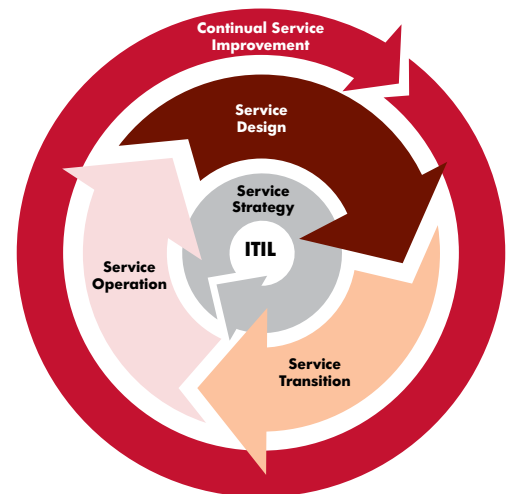
- Management—including leadership, administration, and performance measures and incentives
- Processes—such as change management and incident management that create repeatable and effective results

- Organizational designs—including roles and responsibilities (for functions such as technical management and application management) that provide a structure within which people can work effectively
- Knowledge sharing—for drawing on reusable knowledge to help avoid waste, prevent duplicate effort, and work effectively and efficiently
- People—including their skills and experience

HP can help you implement such a framework. Our Information Security Service Management (ISSM) Reference Model is based on one of the most widely adopted approaches—Information Technology Infrastructure Library (ITIL). It describes good practices for the entire service lifecycle from strategy through design and transition to operations and continual improvement. The non-proprietary set of good practices is supported by training, products, and tools from many different organizations, as well as a comprehensive qualification system.

There are more than 30 processes and functions described in ITIL, with as many methodologies, techniques, and activities. Every one of these can help you reduce complexity and costs, enable sustainability, and align the efforts to your business objectives. In due course, these combined outcomes help build the IT organization's relationship with the business and its customers.

Figure 1:
ITIL lifecycle



ITIL V2 or V3?

ITIL has evolved over the years from the late 1980s, when the first ITIL books were published. Subsequently, ITIL V2 was released in 2000/2001 and ITIL V3 was published in 2007. As publications and exams for ITIL V2 are available until June 2011, organizations may be unsure about which version is most appropriate for their needs.

- **ITIL V2:** This focuses on the processes needed to deliver IT services. Though service providers that adopted this version made significant improvements in the way they operated and managed their IT services, there was still room for improvement. This is because ITIL V2 concentrated on how they operated internally to deliver services.
- **ITIL V3:** This has a much more business-oriented focus. The key focus is no longer the processes used to manage the services. It is how the services create value for the business and how the service provider manages the entire IT service lifecycle from strategy through to improvement.

All of the processes that were present in ITIL V2 are also included in ITIL V3, but they are now organized in terms of how they support the service lifecycle and how they create business value. While the difference is subtle for many processes, the changed mindset is vital to realize the true potential of ITIL.

ITIL V3 also includes many new processes that help extend the scope, value, and relevance of ITIL to the whole of the IT organization. For example, ITIL V3 places greater emphasis on continual service improvement through a structured approach that involves:

- Monitoring and reporting key aspects of your technology, processes, and IT services
- Analyzing the collected data and information to identify opportunities to improve the effectiveness, efficiency, and cost-effectiveness of the technology, processes, and IT services
- Reassessing your service portfolio to improve the value it creates for your business and its customers

This approach of continually measuring, reporting, and improving everything that the IT department does can be a significant cultural change for some organizations. But, it can lead to enormous benefits.

The processes described in ITIL V2 are still as relevant today as they ever were. However, the added value of ITIL V3 means that these processes can be exploited in a more business-focused context to enhance the value they help create. For this reason, it makes sense for any new or updated implementation to be based on ITIL V3 rather than V2.

Service management that goes beyond ITIL

ITIL considers all stages of the lifecycle of an IT service. But, it helps to include other sources of good practices—so that new IT services, major changes, or the implementation of service management practices deliver more than the expected value. That is why, in addition to ITIL, HP ISSM also covers:

- **Business analysis:** The most common cause of failure for IT projects is incorrect identification of the real business needs. The solution to this problem is business analysis, which is the set of practices to help ensure correct and complete identification and documentation of needs. This not only increases the chance of success, but it also leads to substantial cost reductions.
- **Project management:** This is the capability for planning, organizing, and managing resources to achieve a goal. It complements the “Service Design” and “Service Transition” stages of the ITIL lifecycle by verifying that projects adhere to the timelines, costs, and scope.

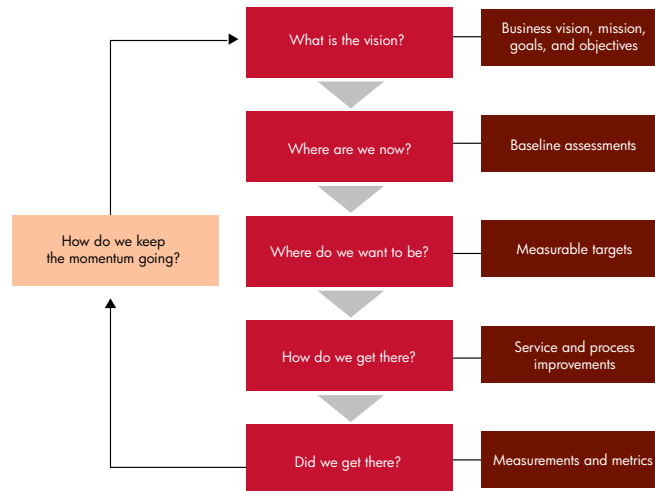
Case studies show that organizations that adopt ITIL can further enhance the ability of their IT initiatives to boost business growth when they also implement improved business analysis and project management.

Do all service management projects succeed?

When good service management has such huge potential for improving IT and business outcomes, why aren't more organizations implementing it? What can we learn from failed service management efforts?

Many organizations believe that they have fully implemented service management. They often misjudge the completeness of their service management approach and see no need for further improvement and investment. When faced with a need to reduce headcount, the quality of services that they deliver is reduced, as they are unable to improve efficiency to compensate.

Figure 2:
Continual service improvement model



There are many pieces you need to get right when you run a project to improve service management. Even a very simple project must document and implement:

- Policies and plans
- Processes, procedures, and work instructions
- Integration of inputs and outputs for each process and activity
- Organization design
- Roles and responsibilities
- Tools and templates
- Metrics and reporting

The most important, and hardest, part of any service management project is helping people with change. But when you do it right, you can deliver high-quality services at low costs to the business. So, if you have decided to adopt ITIL, the next step is planning how to do it. This starts with finding answers to these questions:

- **What is the vision?**
This includes creating a vision that takes into account the roles of all the stakeholders who will be affected by the project. It is equally important to communicate the vision to everyone involved in a way that enables each of them to identify how it affects them individually.
- **Where are we now?**
This includes thoroughly assessing your existing capabilities and identifying existing good practices that can you can build upon.

- **Where do we want to be?**

This is about focusing on the factors that really have an impact on business outcomes, not just on factors that are easy to measure. Though not necessarily an enormous effort, it is essential to identify and manage small improvements that can benefit the business.

- **How do we get there?**

This includes designing and implementing new tools and capabilities, as well as managing the organizational changes needed to make these effective.

- **Did we get there?**

This is to verify you actually realize the planned benefits.

- **How do we keep the momentum going?**

This is to embed changes in the organization and provide a new baseline upon which you can build future improvements.

The first three steps of this model are critically important to any successful project, but are often the most poorly executed. ITIL's continual service improvement model recognizes the importance of starting with the business vision and understanding the importance of moving forward from "Where are we now," rather than simply imposing a new approach. With the HP IT Service Management (ITSM) solution, you can use the expertise of experienced service management resources to guide you through each stage of the model.

The other important aspects of the overall project are communication, training, and measurement of outcomes. These areas should most likely use as much of the available time and resources as the tools and processes where most of the investment is usually directed.

Attenda case study

Challenge:

- Attenda Ltd. is one of Europe's leading operators of enterprise and Internet application infrastructures. The business needed to reduce its operational costs to stay ahead of the competition.

Approach:

- Engaged HP Services to help develop a common operational and process framework compliant with ITIL best practices
- Enabled the fast-growing business to develop a standards-based environment using HP consulting, training, and assessment services based on a comprehensive approach to service assurance

Outcomes:

- Reduced IT operational costs by 25 to 40% while consistently meeting service level requirements

DHL case study

Challenge:

- DHL has about 170,000 employees and 3.5 million customers in 220 countries. The IT department takes about 112,000 calls per month. DHL needed to replace an array of disparate tools by a single, coherent ITSM solution.
- This involved migrating massive amounts of data and bringing together more than 4000 IT professionals from a number of organizations. And they had to do it without impairing business operations.

Approach:

- Defined and implemented processes and migrated data using 30 HP consultants
- Educated 4000 people in 3 months using 16 HP trainers

Outcomes:

- Reduced costs by 20%
- Enhanced call resolution efficiency
- Enabled greater responsiveness

Alcatel/Lucent case study

Challenge:

- Alcatel-Lucent in the U.S. recognized that addressing Sarbanes-Oxley represented an opportunity for a comprehensive implementation of IT best practices.

Approach:

- Consolidated 14 separate helpdesks to a single global helpdesk built on HP Service Desk Software and ITSM processes
- Retired or decommissioned less efficient helpdesk systems

Outcomes:

- Lowered the cost of operating the helpdesks by 50%
- Saved approximately \$50,000 annually
- Gained the ability to close high-priority trouble tickets within eight hours in almost all cases—which is a 67% improvement over the 24 hours previously required
- Reduced misrouted tickets by more than 50%
- Built the capacity to manage proactively and with greater efficiency to improve business operations—with all IT assets, incidents, and trouble tickets centrally tracked

Disney case study

Challenge:

- The Walt Disney Internet Group provides centralized strategic leadership, business execution support, and a world-class technology platform for all of the Internet properties of The Walt Disney Company. The organization needed to improve its service management capabilities to operate more efficiently.

Approach:

- Worked with HP to assess the organization's specific needs and design a solution to fit its unique situation and goals
- Established metrics on incident resolution
- Enabled staff members to spend more of their time on proactive service activities

Outcomes:

- Reduced the overall resources needed to manage incidents by 70%
- Improved the organization's average time to resolve issues (Even when The Walt Disney Internet Group experiences a higher volume of incidents, the average resolution time does not increase proportionally and, in fact, barely rises above the now-normal levels.)
- Reduced downtime, increased revenue for all groups, and enabled an improved online user experience
- Increased The Walt Disney Internet Group's visibility across all of The Walt Disney Company divisions, better demonstrating the value it provides

Queensland Telecom case study

Challenge:

- Queensland Transport is the lead government agency responsible for developing and managing the land, air, and sea transport environments in Queensland, Australia. The organization needed to streamline its operations.

Approach:

- Delivered ITIL-aligned procedures and a central point of contact for all IT-related issues
- Consolidated and integrated multiple environments
- Routed calls to a single service desk support
- Implemented better tools for problem resolution
- Improved productivity and efficiency

Outcomes:

- Reduced IT complexity and costs
- Facilitated 60% problem resolution on the first call (previously, the relevant percentage was zero)
- Reduced the procurement staff by 80% (from 10 to 2)
- Enabled the number of IT employees to remain the same, even while the number of supported desktops increased by 110% (from 4000 to 8400 desktops)
- Promoted customer and employee satisfaction
- Gained the ability to deliver timely information to executive management
- Achieved 396% return on investment in five years

The results of service management done the right way

Some IT organizations have very mature service management. Even during the economic downturn, they continued to measure and improve their service management to stay efficient, effective, and agile. As a result, they were able to deliver high-quality services unaffected by compulsions to reduce headcount. Not surprisingly, these organizations are now in an ideal position to take advantage of increased opportunities and expand their service offerings as the economy improves—while others have failed to understand why the upturn has not improved their results.

Your organization can also gain the benefits that are realized by many HP customers. Starting with an assessment can help you identify and bridge gaps in your IT service management. As you embark on this initiative to improve business services radically and lower operational costs, HP can partner with you at every step of the journey to help you avoid pitfalls and produce predictable outcomes.

Make the first move to drive more business value from your technology investments by visiting www.hp.com/learn/itsm

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