

IT service management: jumping on a moving train

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Information technology has always been about service management. Ever since companies started using computers to automate their accounting and record-keeping, IT Operations has been striving to meet service criteria set by the business. 1970s computer bureaux were required by contract to meet specified service levels; in the 1980s, IT organisations conducted service level agreement (SLA) workshops; in the 1990s, they were deploying enterprise IT management frameworks to support service delivery.

Today's IT organisations face the growing pressure to connect in-house and outsourced people, information and processes together in more flexible ways to enable business growth, all the while having to deal with the accretion of 40 years' worth of technology. Ask a CIO whether he is expected to deliver a service to his business and the answer will be yes. However, just when IT organisations should be playing core roles in the development of business strategies, a great many find themselves viewed as cost centres which drain resources rather than add business value.

All the while, the principles of service delivery have never gone away, and interest in frameworks such as ITIL are once more pushing IT service management higher in the industry's consciousness. The challenge is to understand how such principles map onto today's environments, so that they can profit from more efficient, effective use of technology that relates to, and changes with, how they operate. This report explains how things stand and provides a starting point that any business can follow, to address these challenges and create appropriate environments for IT operations, now and in the future.

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Summary

IT service management is on the rise

The theories behind IT service management are not new. Rather, we are seeing a return to the principles and practice of IT service management as organisations mature in their use of IT; as standards such as ITIL become more widely adopted; and as compliance pressures increase.

IT service management needs a platform of tools and technologies

IT service management is not possible without a comprehensive technology framework incorporating a shared, federated store of management information (in ITIL parlance, the Configuration Management Database - CMDB), a suitable platform for the automation and monitoring of management processes, and a facility for the discovery and mapping of relationships between IT assets.

ITIL is a good basis for improving the efficiency of IT service management processes

Enterprise organisations should be looking to improve their operational IT processes, and using ITIL as a basis for doing so. It's not enough, however, to think that following ITIL necessarily results in good service. ITIL is a framework for good practice, and not a guarantee.

Organisations should follow a maturity-based path towards IT service management

IT service management is a key enabler of IT-business alignment, as it enables IT service delivery to be related to business requirements. Organisations should consider the path to IT service management as a maturity model. They should start by understanding where they are and then determine the steps required to achieve the next level of maturity.

Organisations need to build different strategies for managing IT services of different types

In mapping IT service delivery to business requirements it often becomes apparent that there are multiple IT "domains" within organisations which have particular characteristics. In some domains stability and cost-efficiency are key; in others flexibility is most important. Only by treating such domains separately and tuning strategies accordingly, can organisations create balanced, business-driven portfolios of IT services.

What is IT service management?

Over the past decades, organisations have made significant bets on specific technologies such as Enterprise Resource Planning applications or the Internet: trying to derive business advantage or keep up with the competition based on technology capabilities. But in running projects to implement these technologies, organisations have tended to take suppliers at their word that their technologies would deliver value “out of the box” – and as a result have focused primarily on the “what”, with less emphasis on the services which would ultimately be provided from the technologies’ use – the “how”. If anyone worried about such things, it was the people in IT operations, but they were rarely asked for their opinions – until it was time to deploy the technology. More recently, however, the concept of “service” has become common in many aspects of IT and the industry is slowly but surely moving to a consolidated understanding that “how” is at least as important as “what”.

The return to IT service management

The bursting of the Internet bubble and subsequent downturn in the fortunes of the IT industry has resulted in time to reflect, for IT vendors and end user companies alike. There is a far greater requirement to cost-justify IT purchases than there was six or seven years ago, when “e-business or no business” was the mantra. Much focus has been put on consolidation of base technologies, such as storage and servers, and this has yielded a drive towards software that can help manage the consolidated environments that result.

Meanwhile, businesses are continuing to seek to innovate, to grow market share and reach new customers with new and improved products and services. More and more they are realising that these innovations rely on IT. As a result we can see a move away from the “efficiency” phase of IT spending of the last few years, when companies wanted to spend less on technology to achieve what were well-defined goals; and towards more of an “effectiveness” phase, in which IT projects are targeted at new goals for business growth. This is hugely difficult: at the same time as IT budgets are experiencing continued downward pressure, organisations are still spending the majority of their budgets on maintaining existing systems. To free up funding for new projects, CIOs have to make the maintenance of their existing IT even more efficient.

It is unsurprising, then, that we are seeing increasing demand for a return to the principles of “service” in large organisations, where IT departments make and deliver on clear operational commitments related to particular projects, technologies, or areas of the business. At the same time, three trends in particular are now intersecting to increase the demand for this focus on service delivery:

- **Standardisation.** The continued drive towards the homogeneity of IT brings with it a number of standardisation efforts. More importantly, it results in increased pressure for organisations to accept and adopt those standards. In IT service management, for example, the Information Technology Infrastructure Library (ITIL) framework for operational management of IT has existed for over ten years, but it is only in the last couple that it has been adopted as a “norm”. ITIL’s growing popularity has made it possible for organisations to think about, talk about and pursue IT service management initiatives using a common language, not just within an organisation, but across organisations and with management technology vendors. We shall look at ITIL in more depth below
- **Compliance and governance.** The need for transparency of corporate operations – whether for regulatory or voluntary (for example, “corporate social responsibility” initiatives) reasons – is driving organisations to put support for compliance at the heart of their IT strategies, now that business and IT are so intimately intertwined. This means organisations must demonstrate that they are managing their IT in a way that conforms to the requirements of the business and its auditors – which in turn drives requirements for repeatable, structured management processes. It also requires that organisations can easily access the data they need to prove that they meet their regulatory requirements, for example by providing an audit trail that systems have been managed appropriately

- **IT maturity.** As organisations have become more familiar with IT and its benefits, business stakeholders have become increasingly aware of the crucial role that IT plays in supporting their activities. The highly distributed, large-scale deployments of enterprise applications and Web-based client delivery mechanisms have tied business and IT closer than ever before, and yet the underlying systems are sometimes still managed in the same way as the closed, proprietary, monolithic applications they replaced. The combination of heightened business awareness and old-fashioned responsiveness results in an element of exasperation because so many IT organisations struggle to engage in a way that is directly meaningful to the business.

What's new? Managing in the context of business priorities

This last trend is illustrated in figure 1, which highlights a key finding from research recently carried out by our research partner Freeform Dynamics. As shown, there is a groundswell of desire from business stakeholders for the IT organisation to communicate and engage more effectively, in order to satisfy the requirements of new business initiatives.

Figure 1: Business management personnel want more from IT	
Business management wish that IT would...	TOTAL
Deliver more quickly, reliably and at a lower cost	48%
Communicate and engage with the business more effectively	45%
Generate more value in line with business needs and priorities	42%
<i>Source: Freeform Dynamics survey of 100 financial services companies, 2006</i>	

Nobody set out to manage technology badly; indeed, many a grey haired IT operations manager harks back to the golden years of the Seventies, when (supposedly) everything just worked. But today things are undoubtedly more complex. Not only is the technology environment more complicated: but also, crucially, it is not enough to manage it in isolation. Instead, it must be managed in the context of the uses it is being put to within the organisation. Different priorities and strategies have to be attached to different technology and information assets: there is no other way to balance the books when budgets are constrained if the business demands effective support for innovation.

Benjamin Franklin defined insanity thus: "*Insanity is doing the same thing over and over, and expecting different results.*" IT organisations need to get a better handle on the relationship between IT investments and the business activities they support, and use that knowledge change the way they deliver IT services so that it make sense to the business. This concept is at the heart of what IT service management should be about.

Defining IT service management

We define IT service management as follows:

IT service management is a collection of management processes and practices, together with supporting technologies, which enable IT organisations to deliver technology capabilities in a way that maximises the value the business gets from its IT investments.

Doesn't that just mean, "everything to do with IT"? Well, in some ways, yes it does, but with a specific goal, relating to how the operational aspects of the IT function aligns with business priorities. IT service management is an essential element of IT-business alignment: indeed, it is difficult to justify the existence of IT service management, without recognising that it is a means to this end.

As we shall see later, while current best practice in IT service management is a good start, this definition means that it does not go far enough. ITIL concepts, for example, do not focus directly on the non-operational aspects of IT-business alignment, such as investment decisions or billing for services, nor does it have much bearing during the development of IT services. Most of all, it has little to offer when it comes to dealing with business change.

As we discuss in our report "Business Process Management: a holistic view", business processes are not fixed in stone: they are subject to change as new business needs arise. In the report, we say:

"Business processes are "born"; they mature; and eventually, a great many of them die. A business process which is "being born" is likely to have very particular support requirements, which will be different from a business process which is already mature."

For IT to align with such change in business processes and activities, it is imperative that its management can evolve according to the changes in support requirements as they occur. To do so, IT service management needs to use a combination of three key concepts – service contracts (or agreements), structured processes and practices, and a focus on policy – to organise and align IT management knowledge and effort in support of business needs.

High-quality IT service management initiatives:

- Organise knowledge and effort into **structured, repeatable processes** which are themselves automated, monitored and optimised through use of IT
- Use **service contracts** to make clear commitments to business stakeholders about service expectations and obligations; and to influence differentiated management strategies for business function and infrastructure services and their respective lifecycles.
- Consider the linkage between business **policy** (as characterised by business rules) and IT policy, to enable transparency of IT management and to support compliance and governance activities.

It is worth explaining what we mean by this last point, by way of an example. Some healthcare legislation specifies what can be done with patient records, for example the duration that personal information can be kept – often beyond the lifetime of the patient. Such rules are not specifically directed at IT, since they apply equally to paper records and digital information. However, organisations need to ensure that such rules are correctly and transparently implemented in the IT systems they use through appropriate IT policies.

All of these concepts – contracts, processes and policy – need to evolve in line with the business and provide a balance between maximum flexibility and minimum risk. We shall discuss this more later; for now, let us look at how IT service management can help align IT delivery with business need.

The value of IT service management

The best-practice implementation of IT service management creates solid relationships between IT and the business, by encoding operational knowledge, tasks and outcomes within structured, repeatable processes that focus on delivering against clear guarantees. When executed with the right supporting technology, IT service management should also aggregate and abstract management information so that both line-of-business and IT managers can measure and optimise behaviour in the context of business experience and expectations. Such a view enables IT managers to operate in more of a proactive mode, anticipating IT requirements based on business priorities, rather than the reactive mode that is traditional in many data centres.

There are a number of direct benefits to be achieved through IT service management. If done well, it can:

- Support the efficient running of IT, helping to reduce the operational costs of managing existing IT and freeing up money and resources to work on new IT deployments
- Enable the linkages between IT service delivery and business processes to be better understood, which helps ensure that IT resources are available and appropriate for business needs
- Improve the speed at which problems in IT can be diagnosed and resolved, by providing a coherent view of what IT exists and how it is being used
- Enable the impact of new IT deployments and changes to the existing infrastructure to be assessed, and such changes to be prioritised to maximise their value to the business
- Improve the performance of the IT support function, from the perspective of business users. Studies conducted by Freeform Dynamics have shown up to a 35% increase in perceived performance, in larger organisations.

Successful IT service management initiatives help IT organisations demonstrate the value they deliver, in terms which make sense to the business community. At the heart of the IT-business alignment challenge is the need to have a “continuity of relationship” between IT and business managers – all the way from IT investment discussions, through IT service delivery, to the management of change in business function and infrastructure services. By being able to discuss, manage and report on the health and performance of IT services in a way that makes sense at the business level, IT organisations can facilitate this relationship, growing confidence and trust.

IT service management frameworks and tools

IT service management is about more than ITIL

So far, we have discussed IT service management with only a passing reference to the IT Infrastructure Library (ITIL). The ITIL service management framework was originally created in the late 1980's, as a series of books published by the Central Computer and Communications agency (CCTA), now known as the Office of Government Commerce (OGC). More a set of guidelines than a standard, the books were designed to summarise best practice in IT operations, so that this could be spread across other government departments and, indeed, to outside organisations.

The ITIL framework defines service management as comprising two main groups of IT management processes, namely service delivery and service support, as shown in figure 2. The service delivery group of processes aims to maximise the quality of the services delivered by IT elements, while the service support group of processes is intended to maximise the quality of "customer interfaces" between IT services and the "outside world".

Figure 2: ITIL management processes	
Service Delivery	Service Support
Service Level Management – the creation and implementation of service level agreements	Service Desk – implementation of customer contact and help desk facilities
Financial Management for IT Services – measurement and control of the total cost of IT ownership	Incident management – fault diagnosis and restoration of service following an unplanned incident
Capacity Management – matching of IT resources to the needs of the business	Problem Management – resolution of known issues with the existing environment (which may cause "incidents")
Availability Management – availability of service, in terms of uptime and scheduled maintenance	Configuration Management – tracking the location and state of IT elements, hardware and software
Continuity Management – service restoration following an unplanned major incident (fire, flood etc)	Change Management – prioritisation and impact handling of planned changes to the IT environment
	Release Management – deployment of new or changed software, and related hardware
Source: Office of Government Commerce	

The global adoption of the ITIL framework was never a given. By the 1990's however, many UK organisations had decided to adopt ITIL best practices. In the mid-1990's the ITIL users' group, the IT Infrastructure Management Forum, changed its name to the IT Service Management Forum (itSMF) and a number of international chapters were set up, starting in Holland but expanding to other countries, led largely by proactive consultants that wanted to "spread the word". At this point some IT vendors (including IBM, which had been involved in defining the handbooks, and notably Microsoft with its Microsoft Operations Framework, MOF) selected ITIL process support to guide the development of their management tools. It was following the IT industry downturn in 2001 that attention swung towards the adoption of best practice processes in the data centre, and the logical choice was the ITIL framework. The growth of interest from IT vendors and end-user organisation alike has led to a "virtuous circle" which has further fed the interest levels, and resulted in an increasing availability of software tools that support ITIL best practice.

ITIL is not enough, but it's a good foundation

The ITIL framework is not perfect, nor is it a silver bullet – the best operational processes in the world can be adversely impacted by issues such as the capabilities of personnel. Nor is the framework enough by itself to get IT organisations to a position where IT is aligned with business needs. The ITIL community, while global, has until recently been highly fragmented, a symptom of the bottom-up approach to ITIL adoption. Today's ITIL provides excellent guidance on optimising services at the infrastructure level; but it says very little about how to optimise IT services in the context of business tasks, processes, priorities and strategies. The OGC is currently undertaking a refresh of the ITIL framework designed to more effectively address IT-business alignment: the resulting version 3 of the framework is scheduled to be published in late 2006.

IT service management practice does not have to be based entirely on the ITIL framework: there are other standards, such as COBIT (Control Objectives for Information and Related Technology, which defines governance objectives for IT management). All the same, we recommend that larger organisations in particular follow an ITIL-based approach. There is little point in reinventing the wheel – ITIL offers a checklist of tried and tested best practices for the efficient operational management of IT. Just as importantly, ITIL's general acceptance by both technology adopters and the management tool vendors is resulting in the adoption of a common language for IT service management. For example, ITIL uses the term “configuration management” rather than the term “asset management”: by standardising terminology, there is less likelihood of confusion. ITIL-aware organisations that deploy tools which are aligned with the ITIL framework will know what to expect from the tools, and ITIL-trained staff will find it easier to move between organisations that have adopted ITIL terminology, to the benefit of all parties.

ITIL adoption is likely to be reinforced by the recently released ISO 20000 standard, which offers a specification for IT service management and a code of practice for its implementation. Though it can support other best practice frameworks, ISO 20000 is “fully compatible and supportive” of ITIL. We expect that ISO 20000 will be adopted as a certification standard for IT service management, in the same way that ISO 9000 was adopted for quality management. For major organisations and IT service providers at least, ITIL will be the de facto framework for many years to come.

The IT service management toolkit: realising the relationships between IT assets and business activities

As with any other type of discipline that is dependent on information, IT service management can benefit from the use of tools to automate key tasks and to manage key data. Indeed, without such tools it would be very difficult to keep on top of today's complex IT environments: most, if not all organisations have already made some investment in helpdesk software or infrastructure management tools. In the context of IT service management however, by themselves these technologies can only provide partial support for what's required.

While infrastructure management tools and helpdesk software provide important elements of a sound IT service management implementation, what's also needed is a complete, consistent understanding of the relationships between infrastructure and application elements, and the business tasks and processes they support. This understanding is essential in providing an overall decision-making framework that can help IT organisations to, among other things:

- Drive triage in IT problem-solving, based on business priorities
- Understand IT and business risks associated with potential problems in the existing environment
- Understand the true impact of changes to the IT environment on the business, in terms of their costs, benefits and risks
- Tune the management of new deployments to fit with organisational requirements
- Offer more flexible services on the basis of a better understanding of the real business need, not just who is shouting loudest.

To achieve these objectives several technologies are key additions to this helpdesk and management tool foundation:

- **An accessible, shared store of management information.** In ITIL parlance, this is referred to as the Configuration Management Database (CMDB). To provide a suitable basis for IT service management, what's important is a database which doesn't just store details of hardware and software assets (ITIL calls these Configuration Items, or CI's), but which also stores and manages information about a broad range of infrastructure and application assets - and equally importantly, the relationships between them. Given most companies' existing investments, it's important that such a store can present a federated, unified view of existing information held in multiple separate databases from different vendors, and present them in terms of a service catalogue
- **A process automation and monitoring platform.** To deliver services efficiently, it makes sense to automate the structured processes that you create to organise IT management knowledge and activities. It also makes sense to invest in a platform that won't just automate workflows and tasks; but which can also monitor, report on and analyse the progress and performance of process instances (for example, incident or release management) over time. Monitoring can take several forms, from performance and response time measurement of individual technologies and applications, to capturing specific information about what activities are being undertaken (for example, in a call centre, the number of calls handled per hour). The different types of information can be analysed to report on the current state of a service and to predict how the service will perform in the future
- **A relationship discovery and mapping facility.** This capability is central to the ability to create strong links between infrastructure and application elements, and business tasks and processes. The facility you invest in should work seamlessly with your management information store, so that discovered relationships are available to, and browse-able by, multiple IT management processes and tools. It should be possible to follow changes in relationships and dependencies, for example as new technology is installed and configured, which may impact on the relationships between existing hardware and software assets, or between these assets and business processes
- **A sophisticated change impact analysis tool.** In order to deliver IT service management which can address all aspects of the kinds of contract which should exist between IT and business (namely - not just performance and availability measures, but also change cost, benefit and risk measures) the ability to accurately analyse the impact of potential changes across widely distributed, heterogeneous IT environments is essential. To deliver real value, this tool also has to work seamlessly with your management information store and the other facilities described here.

Without such capabilities in place, infrastructure management tools can only help you deliver infrastructure services; and although helpdesk tools can capture and manage issues expressed by the business community, they will do so without vital contextual information. Equally important is the fact that a variety of tools must work together to provide comprehensive IT service management. Federation is the key, for example to link, monitor and analyse management information from multiple CMDBs, discovery and monitoring tools and so provide a single view across the IT environment.

ITSM vs BSM and infrastructure management

Tools such as these are essential; however, the vendors of such tools have not always helped the understanding of what we now refer to as "IT service management". Notably there is a terminological conflict between what vendors refer to as "Business Service Management" (BSM) and IT service management. "BSM vendors" see BSM and IT service management as different layers of an overall IT management solution: where BSM provides the interface between IT service management and business users, for example by reporting on IT performance in business terms.

Beware of the company that says one term is right and any other is wrong – these are just terms, and this will be more to do with brand and product differentiation than any real dispute over meaning.



Realistically, and despite the adoption of the term “IT service management” several years ago by the ITSMF, this is an evolving area and the terminology is still not completely pinned down. Some tools vendors (IBM) have adopted the term “IT service management” wholesale; others (BMC, HP) use both terms IT service management and BSM; while others are still using their own terminology (in CA's case, Enterprise IT Management, or EITM).

Equally, there is an evolving set of standards in this area, for example the agreement between HP, IBM, Fujitsu, BMC and CA to standardise mechanisms for information sharing between different CMDB repositories. While a comprehensive set of standards is not yet available across all functional areas of such tools, the arrival of such standards is very welcome, not least as it will result in a standardisation of terminology. Indeed, it is difficult to see how service management tools will ever fully succeed in delivering a federated management capability, without such standards in place.

Delivering IT service management

IT service management is not an easy option: if it was, everyone would be doing it already. Here we look at the reasons for this: there are a number of challenges around complexity and change, not least the fact that no company has the wherewithal to stop operations for the weeks or months it would take to get a “big bang” change project moving. We need to look for ways to implement IT service management that fit with the practical needs and realities of organisations.

The challenges of IT service management

IT is serving an ever-changing master

Business is a moving target. Despite huge advances in IT, retail is still about selling, the pharmaceutical industry still involves laboratory chemists concocting potential drugs, and manufacturing will always be about making things. From a business perspective, organisations are having to address the traditional challenges of growth and competitive advantage, against a fast-changing backdrop of globalisation and fragmenting service industries. Faced with the continued drive toward globalisation of operations, companies are increasingly looking to outsourcing and offshoring of non-core activities to one or more service providers.

This trend towards multisourcing is equally true in the IT department, which is seeing major transitions in how IT is architected and delivered. As the distribution of software and human resources increases, so does the complexity, number and opacity of the interdependencies between application components and infrastructure elements. It is no surprise then, that IT service management is complicated.

Today, delivery of software as a service (SaaS), and service-oriented architecture (SOA) initiatives offer opportunities to deliver IT more flexibly and more dynamically than ever before. However such initiatives are often hampered by the effects of legacy equipment and applications. It has become apparent that despite the best of intentions, old technologies in production have not been displaced by new ones – newer technologies have just been added to the mix. Meanwhile, new applications and technologies have been implemented and re-implemented with far too little attention paid to the resultant business services that they would deliver. Like a blunt set of carpentry tools, poorly deployed and managed IT makes life harder for those who have to use it.

There are a number of reasons why IT is managed sub-optimally:

- Bottlenecks in existing IT management processes mean that IT is configured and operated inefficiently, with more attention directed to higher profile, tactical requirements than to more strategic needs – we call this “fire fighting”
- Business stakeholders don’t always have the time or the inclination to engage with IT in a way that their priorities can be understood and acted upon – due to a combination of bad experiences in the past, coupled with the fact that many business people do not see IT as their business
- There just isn’t enough time, capability or budget to take the necessary steps, or even to kick off the process of moving towards a more service-based approach.

IT service management is a journey

Any change in IT management practice is the equivalent of jumping on a moving train: whether it is moving slowly or more quickly it has a momentum of its own, It is therefore better to see IT service management as a journey: a series of small, manageable steps that lead to IT service management as a goal, rather than a one-off activity.

Each journey starts with a single step; in the context of IT service management the first step is deciding you want to get there. After that, we see there are three pre-requisites for getting off to a good start with IT service management. These are:

- Understanding where you are in terms of IT service management maturity
- Creating a business case that the business can buy into
- Creating the right team for service management success.

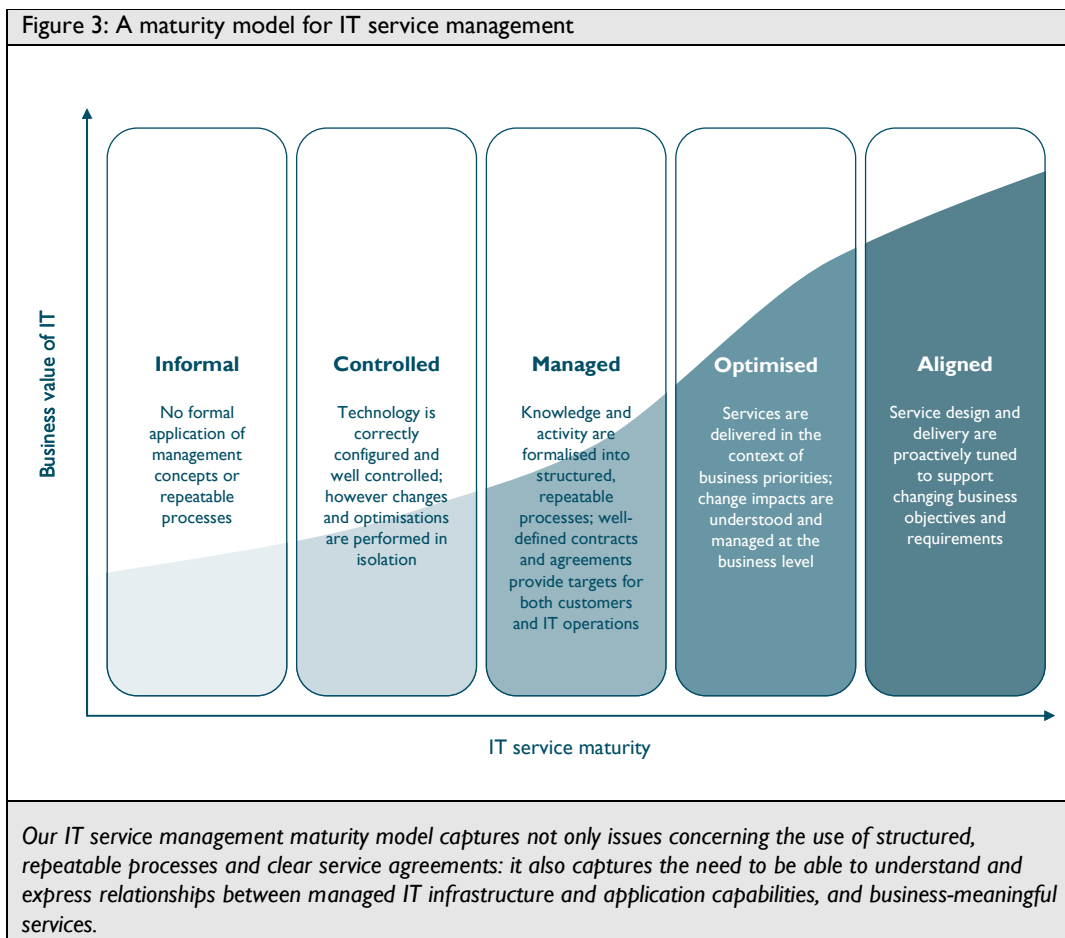
These steps are not mutually exclusive, nor should they be followed sequentially – each organisation should be able to define for itself, what works best for its own needs.

The path to service management maturity

Some companies will already have progressed further along the IT service management journey than others. We define five levels of IT service management maturity, as follows:

- **Informal.** The company has not implemented any formal processes or commonly agreed IT service management concepts with the business. Note that this does not necessarily mean that a poor level of service is being provided, however it will be difficult to measure, and it will be unclear whether IT would react correctly in case of a major issue, or efficiently if a major change was required.
- **Controlled.** Applications and services are managed correctly, but in isolation: there does not tend to be much co-ordination between operational areas, to ensure that the combined business service is adequate. For example, applications management staff may work in isolation from storage management staff, though both are providing a combined service to, say, the accounts department or sales teams. Each operations department could be functioning efficiently, but the overall service would be less efficient than it could be.
- **Managed.** IT services are provided according to appropriately formalised processes that are based on service level targets. However, this is done more from the perspective of IT service delivery, than business service receipt - in contrast to the “controlled” state, these services may span a number of operational areas. Service level agreements define metrics such as response times and data access requirements, but without any real understanding of how the business is run. In traditional service level management, this would be as far as IT would go in satisfying its “customers”.
- **Optimised.** Services are defined from a business perspective and managed accordingly. For example, IT will have an understanding of call centre management processes, and will co-ordinate all elements of IT used by the call centre to ensure that its business needs are met. This can also incorporate managing resource levels, for example to ensure sufficient processor capacity is available during periods of heavy load.
- **Aligned.** IT has a thorough understanding of the changing nature of the business it serves. By means of an ongoing, high level dialogue with the business, IT services can be delivered in a way that closely matches the peaks and troughs of demand across the business. IT services are tuned on an ongoing basis to ensure they reflect changing business requirements, run at peak efficiency, and such that business risk is minimised. We discuss this in more detail in the next section.

These maturity levels are shown in Figure 3 below.



The key is knowing where you are

To achieve the goals of IT service management and reap its rewards, it is important to establish where your organisation is. With this understanding it is possible to define practical steps to refine and improve your IT service management implementation in a way that fits with your organisation's strategic needs and tactical realities, so that the IT services you deliver become closer to the optimum, "business-aligned" state.

No organisation will be able to comfortably say that it covers all the bases. Rather than being despondent about somehow failing to achieve the highest levels of service management excellence, it is far more practical and realistic to have an understanding of where you can *comfortably* go next, taking into account your organisational priorities and budgetary constraints. Rather than overstressing resources and corporate goodwill by trying to do everything at once, you can look to achieve the next level of maturity. Most likely, some parts of the IT function will be operating at a higher level of maturity than others. You can therefore consider the delivery of IT service management as a process of levelling, which identifies applications and services that are a higher priority to the business, and which ensures that these benefit from a suitable level of IT service management.

As we have already mentioned, this model is not purely about IT service management as defined in ITIL: it explicitly acknowledges the value of an approach which links low-level IT services delivered by infrastructure and application elements to high-level, business-meaningful services. Maturing your

service management initiative towards the “aligned” level involves not only the formalisation of management processes, contracts and agreements: in order to get to the “optimised” and “aligned” levels your initiative has to take account of those relationships between IT and business, in order to drive IT management priorities from business priorities.

The “aligned” phase represents the ultimate goal: an IT service management practice that will proactively seek out optimisations and changes to support planned changes to business objectives and requirements.

Developing a business case for IT service management

It's difficult to dispute the theoretical benefits of IT service management. But IT service management is not a product you can buy – it is a combination of practices and supporting tools which has to be embedded in your organisation's culture if it is to succeed. It takes significant effort to build a sound IT service management practice which really helps align IT with business.

A woolly definition of IT service management will result in woolly results, with the risk that IT service management becomes just one more quality improvement initiative without a tangible start or end. By putting together a business case for IT service management, an organisation can look at the practical steps it needs to take, and work on getting that all-important business buy-in right from the start. Importantly, this will involve iterative development in collaboration with business stakeholders. It isn't easy to deliver a service to business users who can't, or won't tell you what they need.

Although it is incumbent on the business to engage with IT at the highest level for IT service management to succeed, IT must first articulate what services it offers, how the business can benefit and what the impacts will be, positive and negative. We have already listed some of the theoretical benefits, but these must be translated into real benefits against real costs, as a business case. Some questions to ask in building a business case are:

- What are the most important services that the IT department provides to the business today, to which areas of the business?
- How will these be improved through the delivery of IT service management?
- What will be the impact on the company's sourcing strategy (outsourcing and in-house sourcing of resources) and plans?
- What ongoing projects can be used to facilitate the delivery of IT service management?
- How are implementation risks to be minimised, and what is their probability and impact?
- What are the costs of implementing IT service management, in terms of technology, resourcing and training?
- What will be required from the business users, in terms of time and effort? This includes both business decision makers who will influence the project, and end-users of the IT service.
- When will business users start to see benefits of IT service management, and how will these be measured?
- What are the risks of not implementing IT service management?

As we discussed when referring to maturity models, it is important to know where you are, and that the steps you plan are feasible. You may choose to arrive at the next level of maturity or to leapfrog to a further level; in either case, you should be clear about what you are trying to do and why.

The principles and practice of IT service management can benefit many types and sizes of organisation. Ultimately, just as you should consider creating a business case as the starting point for any IT service management initiative, its impact should be measured in terms of business value.

Teaming IT with the business: a critical success factor

IT service management cannot work without active engagement from business stakeholders. The term “stakeholders” is more than just biz-speak – you need to engage people with an appropriate stake in the running of the business, who can tell you what their priorities are, such that you can focus on the right areas of service delivery.

Engaging with the business is not an easy task. In general, business people are getting on with their jobs, and even if they have the inclination, they may not have the time to spend helping out the IT department. It may not always be clear exactly what the business priorities are, and frequently, the subset of business users that are best able to articulate those priorities are the ones under the most pressure to deliver within their own business units.

All the same, it is of primary importance to involve business users at all levels in the development of an IT service management strategy. Indeed, the probability of success increases based on the seniority of business users that are actively involved. At earlier levels of maturity, the primary benefit comes from understanding business priorities, so that service delivery can be prioritised according to business need. As you move up the levels of maturity however, it becomes more and more important to gain a fuller understanding of how the business operates, for example in terms of its policy rules.

In many organisations, the relationships between IT investments and business processes and practices are poorly understood. IT “services”, where they are defined, are often measured and optimised in terms of the operation of individual technology elements, rather than in terms of the overall behaviour of the groups of systems which might support a business task or process. Only with a full understanding of both, and the relationships between them, can you hope to achieve alignment between IT services and the business they support.

Raising the bar of IT service management

The value of IT service management does not increase linearly according to the maturity level that a company has reached. As indicated in Figure 3, progress can be slow during earlier stages of improvement, but there is a period of accelerated growth during the middle stages, which tends to level off as the higher levels are attained.

While this may give the impression that progress can stall, it is in fact because IT service management can only go so far. In reality, IT can only reach a certain level of efficiency: the best run operational processes, managing an optimally configured hardware platform, will still have a tangible, minimal cost. This is subject to the law of diminishing returns: as this “minimal cost” is approached, it becomes harder (or more expensive) to improve on what is already there.

The starting point for ITIL and other such frameworks is in improving the efficiency of IT management. By efficiency we mean saving money – reducing overheads and strengthening the bottom line of the annual accounts. What can be done to improve its effectiveness, that is, how can IT management be proactive and help organisations respond to business change more effectively?

IT service management helps companies differentiate

In our report on business process management, we explained how there were two kinds of business processes:

- Non-differentiating, in which the focus should be on efficiency
- Differentiating, in which the focus should be on flexibility and effectiveness.

As a general rule, companies place less strategic focus on non-differentiating processes than they do on differentiating processes. One oil company, for example, will get its raw materials from the ground in much the same way as any other oil company. The processes and technologies it uses to *find* those raw materials are part of what will make it a great success, and it is in these areas where it will expend a lot of management energy. As another example, a lot of how manufacturer Toyota makes cars is much the same as any other car manufacturer elsewhere in the world; it is the level of customer involvement in the manufacturing process that distinguishes it from its competitors.

What does this mean for IT service management? Clearly there is benefit in maximising the operational efficiency of IT to support non-differentiating business processes (indeed, these are elements that a company may outsource, but this is outside the scope of this report). Even if the company considers specific processes to be part of what differentiates itself from its competition, there is still a place for their efficient management. In both cases, companies should be looking to management frameworks such as ITIL, and supporting technologies, to help them maintain service levels and keep costs down.

It is on the right hand side of the graph in Figure 3 where things become more complex. The more we lock down our IT, the harder it becomes for IT to respond to business change or to deliver new applications, as anyone who has been told that they will have to wait several months before a new application can be considered “under management” knows. This presents a dilemma to businesses – how can IT be both highly managed and highly responsive?

A company’s ability to respond to market demands can make a great deal of difference to its profits. When an insurance company, for example, brings out insurance products based on new legislation, its ability to release such products faster than the competition will have a direct impact on sales. Indeed, some companies often choose not to play at all, if their IT systems cannot be changed sufficiently quickly or cost-effectively to respond to the new demands. In the recent switch in the UK from BACSTEL to BACSTEL-IP for automatic payment clearing services, many service companies simply chose to withdraw from the market altogether rather than update their systems.

While it is important that IT service management is in place, it is imperative that it does not stymie a company's capability to change. To help companies differentiate, we must deliver IT service management for both efficiency and effectiveness.

Towards extreme management of IT

Efficiency and effectiveness are polar opposites – one is trying to limit change and minimise risk, while the other is trying to encourage change, and maximise reward. We are certainly not advocating a free-for-all approach to managing any IT; however, in the context of IT service management there is a case for each.

There are distinct parallels with the changes that have occurred in application development, as companies have moved towards a more service oriented architecture (SOA) approach to applications. Traditionally, each application was built as a tightly-coupled silo with its own data store, its own business logic and its own user interface. In SOA thinking, data stores and business logic can be delivered as loosely-coupled networks of shared services for increased responsiveness and flexibility. Similarly, in IT service management organisations need to manage the core IT services as efficiently as possible, and at the same time need to ensure they can deliver new combinations of those services without being held back by operational legacy.

There is a need to recognise that this will drive two different types of IT service management strategy which need to be pursued concurrently. There are many challenges in this, not least:

- In business things are not as clear cut as “fast” and slow”
- There is no hard boundary between IT that needs to be managed for efficiency and for effectiveness
- Any separation between the two would result in a level of friction, as flighty effectiveness comes up against sober efficiency
- Standards, frameworks, tools and technologies for IT service management are not yet mature enough to handle the “effectiveness” side of the equation
- Current research indicates that the majority of organisations are only just starting out on a path towards IT service management

This last point is especially important. While we might compare IT service management to SOA in theory, in practical terms IT service management is lagging behind SOA – by years, if not decades. It would be folly to expect organisations to balance efficiency- and effectiveness-focused IT service management strategies, when they do not yet have appropriate processes in place for either. All the same it is still important to recognise that the attainment of this balance is the ultimate goal of IT service management. Without it, IT organisations will find it difficult to reach the “optimised” level of maturity, and can never become fully aligned with their ever-changing business needs.

The standards, frameworks, tools and technologies available for IT service management are not yet perfect, but they are sufficient for most organisations that wish to start down this path. Perhaps one day we shall be able to talk about “extreme management” – in which IT service management decisions can be made on the fly, to match business decisions as they happen – but for now, organisations already have plenty to be getting on with in identifying where they stand, and working towards achieving higher levels of maturity. For most, this will be more than enough; for now, let us remember the adage:

“Give me the strength to change the things I can change, the courage to accept the things I cannot, and the wisdom to know the difference.”