IT Service Management on a Shoestring

itSMF USA
Higher Education SIG
Agenda

- Some Rules
- Value v Cost
- Planning ITSM Initiatives
Some Rules for Cost Effective ITSM
Rule #1

You must know what you’re doing – and it’s not ITSM!
What are your Priorities?

- Reducing Cost
- Improving service quality
- Introducing new services
- Supporting a new direction in the business
- Replacing old technology
- Better quality applications

What about IT Service Management?
Drivers for Service Management

Figure 5 Drivers for a SIP

“What were/are your main drivers for investing in service management?”

- Quality of service/user satisfaction: 69% in 2005, 77% in 2006
- Transforming IT into a business services unit: 32% in 2005, 45% in 2006
- Cost issues: 32% in 2005, 44% in 2006
- Compliance (external): 35% in 2005, 41% in 2006
- Compliance (internal): 37% in 2005, 41% in 2006
- Filling gaps in ITSM standards: 27% in 2005, 34% in 2006
- External competitive pressures (e.g., outsourcing vendors): 25% in 2005, 25% in 2006
- Tracking ROI on IT investment: 16% in 2005, 24% in 2006
- External pressures (e.g., readying for outsourcing management): 12% in 2005, 15% in 2006
- Legacy initiative already started: 13% in 2005, 11% in 2006
- Don’t know: 7% in 2005, 6% in 2006

Base: 674 respondents (multiple responses accepted)

Source: Forrester Research, Inc.
Rule #2

IT Service Management is not an Objective – it is an Approach.

The day you finish implementing it is the day that it has failed!
The Evolution of IT Service Management

Role of IT

Strategic Partner

Service Provider

Technology Provider

Focus: Quality and Efficiency of IT Processes
- IT is a service provider
- IT is separable from business
- IT budgets as expenses to control

Focus: Business-IT Alignment & Integration
- Service Mgmt for Business & Technology
- Automated and Integrated Operations
- Strategy and Portfolio Governance
- Continuous Improvement

ITIL v1
Focus: Stability and Control of the Infrastructure
- IT are technical experts
- IT concerned with minimizing business disruption
- IT budgets are driven by external benchmarks

ITIL v2

ITIL v3

Time
What are we trying to achieve?

1. **Strategic Initiative**
   - Defines Integration and standardization requirements
   - Defines core capabilities
   - Updates and evolves architecture

2. **Operating Model**
   - Defines strategic limits
   - Updates and evolves architecture

3. **Enterprise Architecture**
   - Establish Priorities
   - Establish Priorities

4. **Engagement Model**
   - Defines Integration and standardization requirements
   - Defines core capabilities

5. **Foundation for Execution**
   - Core Business Processes
   - IT Infrastructure

Source: Ross, Weill, Robertson. *Enterprise Architecture as Strategy*
The Lifecycle
Rule #3

Service Management is about People above everything else
What people bring....

- Politics
- Personalities
- Misunderstandings
- Conflict and resistance
- Relationships

- But above all – they are the reason we’re doing this
Rule #4

There is no short cut to Service Management – but you can leverage experience
Rethink Short Cuts

- Templates are not solutions
- “Out of the box” are sometimes better when left “in the box”
- Tools don’t save money on their own
- Cost saving technologies don’t always do so
- If you spend money, there must be a direct and tangible value
Rule #5

IT Service Management always costs money – you decide how much
Benefits – Some hard Figures

- Cost savings (up to 20% in year 1 and anywhere from 15% to 5% each year after that)
  - Eliminate duplication and loss
  - Optimize expenditure (i.e. spend money where it’s really needed, reduce where it’s not)
  - Licensing and maintenance reduction
  - Delay capital expenditure
  - Technical support costs (through more effective problem resolution)
Benefits – Some hard Figures

- Incident Reduction (up to 25%)
- Increase in successful releases (50% - 65% in year 1 measured by # incidents and rollbacks)
- Faster, more effective build and test (reduction in time to users by 15% – 25%)
- System Availability (increases by 0.5% to 5%)
- Service Availability (increases by 5% to 15%)
ITSM and Cost Savings

EXHIBIT 2
Demand managers make a difference

Demand for IT help desk for financial-services firm (disguised), number of calls resolved

By deferring resolution of low-priority calls until later in day...

...demand manager reduced staffing levels, thus lowering help desk expenses 25%
Rule #6

Service Management must be owned by you. It can never be outsourced and it can never be controlled by a vendor.
Who Gains?

Outsourcer 1

Other Suppliers

Vendor A

Dept A

Dept B

Enterprise IT

Dept C

Dept D

BU1 IT

BU2 IT

Business Unit 1

Business Unit 2

Commodities

Money Spent

Value Added?
So what can vendors do?

- Advise
- Provide subject matter expertise
- Provide people to do some specialized work
- Sell tools and solutions
- Give you what you need to be successful
So what about the shoestring?
Strategies for Cost Effective ITSM

- Start small
- Start with things that you can do yourself
- Re-deploy rather than reduce workforce
- Only spend money when there is direct, tangible benefit
- Use functionality to sell ITSM projects, not manageability
Changing Cost Saving to Value Add
Using Services to Achieve Business Outcomes
Value in Supply Chains

Value Realized

Money Spent

Engineer -> Manufacture -> Assemble -> Market and Sell

Value Added
Value in Supply Chains

Lessons Learned

1. If value is not realized, ‘value added’ is equal to ‘money spent’

2. Value Realized must be greater than money spent

3. Value added internally is not value until it is realized
What does this mean for IT?

- If IT wants to demonstrate value it has to link its services to where value is realized, not where value is added.

- If IT cannot do this it will always be viewed as ‘money spent’ not ‘value added’.
Supporting Business Outcomes

Product Manager

Productive capacity

Popular services

Viable services

Services to phase out

Service Catalogue

Business outcomes

Well-served demand

Underserved demand

Unserved demand
Implementation Strategies
Even Keel

Source: Miller, Heiman
Performance Growth

Source: Miller, Heiman
Repeated Trouble
Strategy – Repeated Trouble