ITIL: THE LATEST WAVE IN SERVICE MANAGEMENT
by Matt Villano

The IT Infrastructure Library framework is all the rage in the enterprise, but many midsized companies aren't ready for its implementation challenges.

A few years ago, CIO Barry Paxman of <u>Cascade Designs Inc.,</u> a Seattle-based maker of camping equipment, began investigating ways to improve how his group developed solutions and handled service calls. His efforts led him to the <u>IT Infrastructure Library,</u> or ITIL -- a kind of CIO playbook.

After further study, Paxman concluded that his 11-person staff couldn't handle the sweeping changes that ITIL would require. "The real turnoff for me was the overload of information and the feeling that it was going to be overwhelming for my developers," he says. And so he opted to stick with regular meetings and informal responses to help desk incidents. "Although ITIL has a lot of good ideas, we simply didn't have the time or resources to put them into practice."

Some 300 miles east in Coeur d'Alene, Idaho, Mike Carper, divisional vice president of technology and operations for <u>Coldwater Creek Inc.,</u> a women's apparel company with $780 million in revenue, faced a similar challenge. Help desk incidents would go days without being resolved; nothing was tracked; staffers fixed problems without taking credit.

In a couple of months, Carper adopted ITIL's methods and launched a new system using service management products from BMC Software. The result: a stronger help desk. "Following these best practices has made this department more responsive, efficient and accountable," Carper says. "I am not exaggerating when I say it is like a different place, and I think our users would agree."

Coldwater Creek and Cascade Designs exemplify the great opportunity and special challenges of ITIL adoption in the midmarket. While hardly anyone disputes the value of embracing these best practices -- over the past few years, firms like General Motors and Pfizer Inc. have adopted ITIL -- anecdotal evidence shows that midmarket firms don't always have the wherewithal to do so.

Philosophizing about improvements in service management is fine; implementing them is another story. There are several reasons for this reticence. For starters, making changes in conjunction with ITIL can be expensive and time-consuming. There are also dozens of other IT management methodologies on the market today (see "Alternate Frameworks," at right).

Still, some consultants say ITIL is worthwhile. Chip Gliedman, VP of customer service at research firm Forrester Research Inc., says that getting acquainted with these service management guidelines will ultimately make IT services among midmarket firms more efficient. What ITIL does for a midmarket company, says Gliedman, "is create a sense of

regular behaviors." That standardization can be the difference between a company "that's losing money due to waste" and one "that's doing everything in its power to make IT a profit source."

Seven Books to Success
No discussion of ITIL can begin without an explanation of what precisely it is. Some refer to it as a religion, but it isn't. The best analogy is that ITIL is a general roadmap of best practices that helps IT departments adopt more efficient service management yet gives them flexibility on how they get there.

The L in ITIL stands for library, and this library comprises seven books. Each book is about 200 pages long and costs about $115. The books cover seven distinct practice areas: service support, service delivery, planning to implement service management, security management, information and communications technology (ICT) -- the European equivalent of IT -- infrastructure management, application management, and the business perspective. (For more, see "ITIL's 'Other' Books," at right.)

Though IBM claims that its Yellow Books were precursors to ITIL, most experts agree that the framework was developed in the late 1980s by the Central Computer and Telecommunications Agency (CCTA), a branch of the British government. (The agency has since merged with the U.K.'s Office of Government Commerce, or OGC.) CCTA was charged with developing a catalog of best practices for government IT departments. The resulting catalog quickly grew to include more than 30 separate volumes.

Brian Johnson was a member of the six-person team that wrote the ITIL playbook. Johnson later went on to found the IT Service Management Forum, a professional organization focused on IT service management. Today, he is the ITIL worldwide practice manager at CA Inc. Johnson describes the greatest benefit of ITIL in two words: maximizing productivity. He says that with the rise of governance issues, having a way to automate IT services is appealing to companies of all sizes.

"It's all about IT aligning in such a way to deliver the best service possible," he says, noting that the business world's constant push to make IT more efficient and cut costs sparked mainstream interest in ITIL. Because every department is different, ITIL offers "best practices for everyone to follow."

During the 1990s, Johnson says, ITIL caught on in the U.S. The second iteration of the framework was released, offering a more accessible version that consolidated the publications into seven books and grouped process guidelines into different aspects of management, applications and services. Today many IT leaders use this version, though a new one is due out this spring.

In the Real World
In the midmarket, however, the problem is that ITIL implementation can be pricey and has no definitive end point. So companies can't achieve "compliance" with ITIL as they can with, say, Sarbanes-Oxley or Gramm-Leach-Bliley (although critics counter that they

are moving targets as well). This means the cost of ITIL efforts can skyrocket from a hundred thousand dollars to tens of millions, especially when changes require investments in new technology or the redistribution of existing equipment.

For some CIOs, the specter of high-priced expenditures goes hand in hand with a need for consulting firms to manage expectations. Service management-specific solution providers such as Pink Elephant, Service-now.com, Getronics and TraverseIT LLC all help companies implement ITIL.

"Until recently, there were few companies in the midmarket [that] thought about ITIL or even knew what it meant," says Frank Guerino, TraverseIT's CEO and founder. "Before we even get into specifics of how and why this might work, we spend a lot of time explaining the possibilities."

Most of these possibilities begin with service support and delivery -- the two most popular of the seven books. It should be noted that ITIL books are not sequential, so potential users can pick and choose which aspects they implement. The service support book focuses on five processes: incident management, problem management, change management, configuration management and release management.

Steve Bajada, senior ITIL consultant at Getronics, says that by mastering all five of these processes, companies can minimize the time to identify and resolve service incidents. "While most companies approach service in silos, ITIL enables you to handle it horizontally" across the entire enterprise, he says. "No matter how you look at it, this kind of broader approach is a better way to go."

Specifically, the service support book focuses on users of IT services. Companies can track incidents using a configuration management database (CMDB), which reports on incidents as well as the time it takes to respond to each one.

The book also advises that companies create a single point of contact -- known as a "service desk" -- between users and service management personnel. A service desk differs from a help desk in that the former not only handles incidents and questions but also provides an interface for other activities, such as change requests and software licenses.

A Service-Oriented Mantra
CIO Phil Bertolini runs IT for the county government in Oakland County, Mich., where the help desk wasn't always very helpful. Back in 2002, Oakland County users -- municipal employees from 61 villages and townships -- had various numbers to call and were never quite sure which one to use. On the back end, the county was so short-staffed that IT managers were recruiting programmers to staff the phone lines.

Bertolini turned to ITIL, which provided a blueprint for a new service center with designated phone lines and staffers specifically trained in a series of protocols to resolve incidents as quickly and painlessly as possible. Among other steps (see "An ITIL

Checklist," at right), Bertolini created a series of metrics designed to measure the rates of problem resolution, internal transfer and overall support time.

"Our people are better trained, our processes are more responsive and our incidents are manageable," Bertolini says. "It has changed the entire way we do business -- for the better."

While the service support book highlights users of IT services, the service delivery book emphasizes the business as a customer. This book discusses the best practices a business requires of its IT provider to deliver adequate support. The discipline consists of five processes: service-level management, capacity management, IT service continuity management, availability management and financial management.

The service-level management portion of the book recommends that businesses identify, monitor and review the levels of IT services specified in service-level agreements (SLAs) and provides a framework to set them up. It also suggests questions companies should ask of vendors before they enter into such agreements.

Behind the Savings: Downsizing
Of course, ITIL implementations take considerable time. Tracy Schroeder, VP for IT at the University of San Francisco, implemented ITIL's service support a year ago and is only now considering service delivery. Schroeder says she assigned a team from her 63 IT staffers to calculate high-level metrics, such as downtime and bandwidth drain, so the department can get a better sense of what to expect.

"I don't want to write any checks I can't cash," Schroeder says. Having the right SLAs in place, she says, will make it easier to identify what IT can deliver to users, what to watch for from providers and when to raise the alarm that service isn't up to par.

And then there's the potential cost weighing on every ITIL implementation. Overruns stem from the fact that while the framework describes best practices, it fails to prescribe suggestions on how to implement them. At even the most efficient institutions, quantifiable results can take years.

Some CIOs, however, have been able to fight through initial expenditures to save money with ITIL. Coldwater Creek's Carper says that since his 100-person department began using ITIL, he has saved big bucks through a 50% reduction in hiring. With fewer employees, IT has saved $500,000 over three years on software licensing agreements since it doesn't need the number of seats it had previously. "We're leaner and meaner," Carper says.

Michele Hudnall, director of service management for Managed Objects Inc., a business service management company, says companies that have realized the biggest financial gain from ITIL have emerged from the implementation with fewer full-time employees than they had when they went in. "The truth is that a CIO will never save hard dollars with process improvements unless he or she reduces staff," Hudnall says. "Unless you're

willing to cut people, if you want to use the process to save money, there's almost no reason to go through ITIL at all."

ITIL 3.0: Coming Soon
In December 2005, the OGC issued notice of a third refresh, known commonly as ITIL 3.0. This version will likely include five core subjects, not seven: service design, service introduction, service operations, service improvement and service strategies.

This new version won't eliminate anything; rather, it reorganizes material into supposedly more accessible formats. According to ITIL pioneer Johnson, version 3.0 will update ITIL's second iteration by reflecting the major changes in the way businesses buy and utilize IT services today.

Specifically, the new version will integrate Web services. There will be free material for current ITIL subscribers to address issues specific to vertical markets, such as financial services. And there will be more references to return on investment, Johnson adds.

As his team continues to sharpen its approach to services, Bertolini of Oakland County is eager to see the new iteration. Since implementing ITIL earlier this decade, the department has pulled out service desk software from Datawatch Corp. and re-engineered processes with Unicenter software from CA related to incident management.

When the new ITIL comes out, Bertolini and his IT project manager, Norma Miller, say they plan to tweak their service strategies accordingly. Miller, who is in charge of the ITIL effort, says the county will hold periodic workshops and make announcements on the intranet about how the new iteration will affect process management and beyond.

"That's the thing about service; it's always changing," Miller says. "Now that we've got the best practices in place, it's up to us to make sure that our people continue to use them and stay ahead of whatever other changes we need to make."