



# Achieving Business and IT Value Through Service Management

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IBM Software

**PCTY2010** 

Pulse Comes to You

**13 April Singapore**



# Agenda

- Today's Landscape
- Actions to Take In Today's Environment
- IBM Direction



# Today's economic turmoil is challenging CIOs to rethink how to best support their businesses

PERELANDRA TIMES

DATE: MARCH 11, 2008

## PERELANDRA TIMES

Media Center for the Performing Arts, 27519

Economic uncertainty - changes to IT p

Unprecedented drop in housing prices in the USA

New data drives Dow stocks down

Asian economies feeling the pinch— Japan rescue package proposed

Doubters question EU's economic stimulus plan

From bad to worse latest economic news roils markets

News of the

ertainty

"Credit Squeeze Ren

Takes Hold in Europe" follo

"Financial crisis: Japan un

launches rescue package

as Asian economies The

struggle" "Inflation Data that

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sales plunge 2.7% in Dec, the

sink 0.1% for all of '08" beh

"U.K., Germany try to spur of a

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Brothers filed for

bankruptcy protection"

"Markets Plummet

Worldwide" "Nordic

Banking Crisis" "It's

Raining Bailouts In

Europe" "It Couldn't Get

Worse But It Did..."

"Global Financial Crisis

Hits South Korea" "Dow

plunges 733 on new

disheartening economic



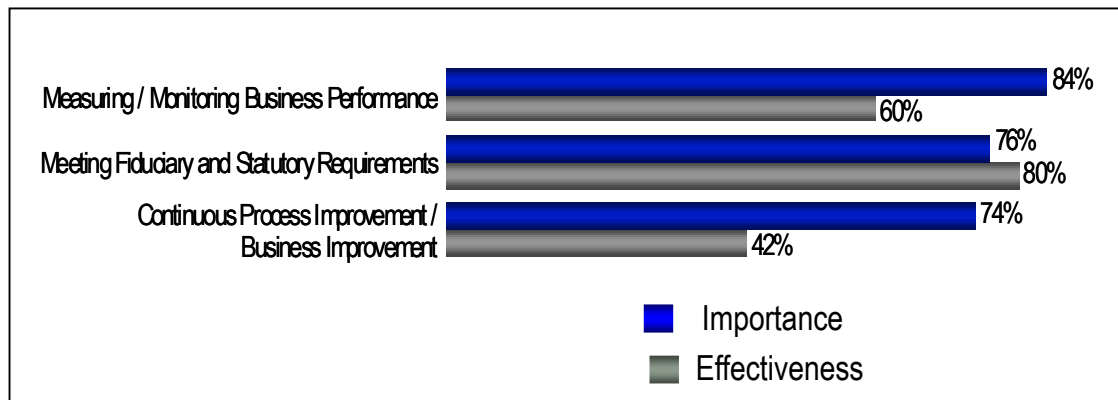
## What your CEOs and CFOs are thinking

### 8 of 10 CEOs expect substantial change ...

... however, on 6 of 10 believe that they have changed successfully in the past

### CFOs are struggling with top priorities

How important are each of the following areas of responsibility and how effectively does your organization perform them?

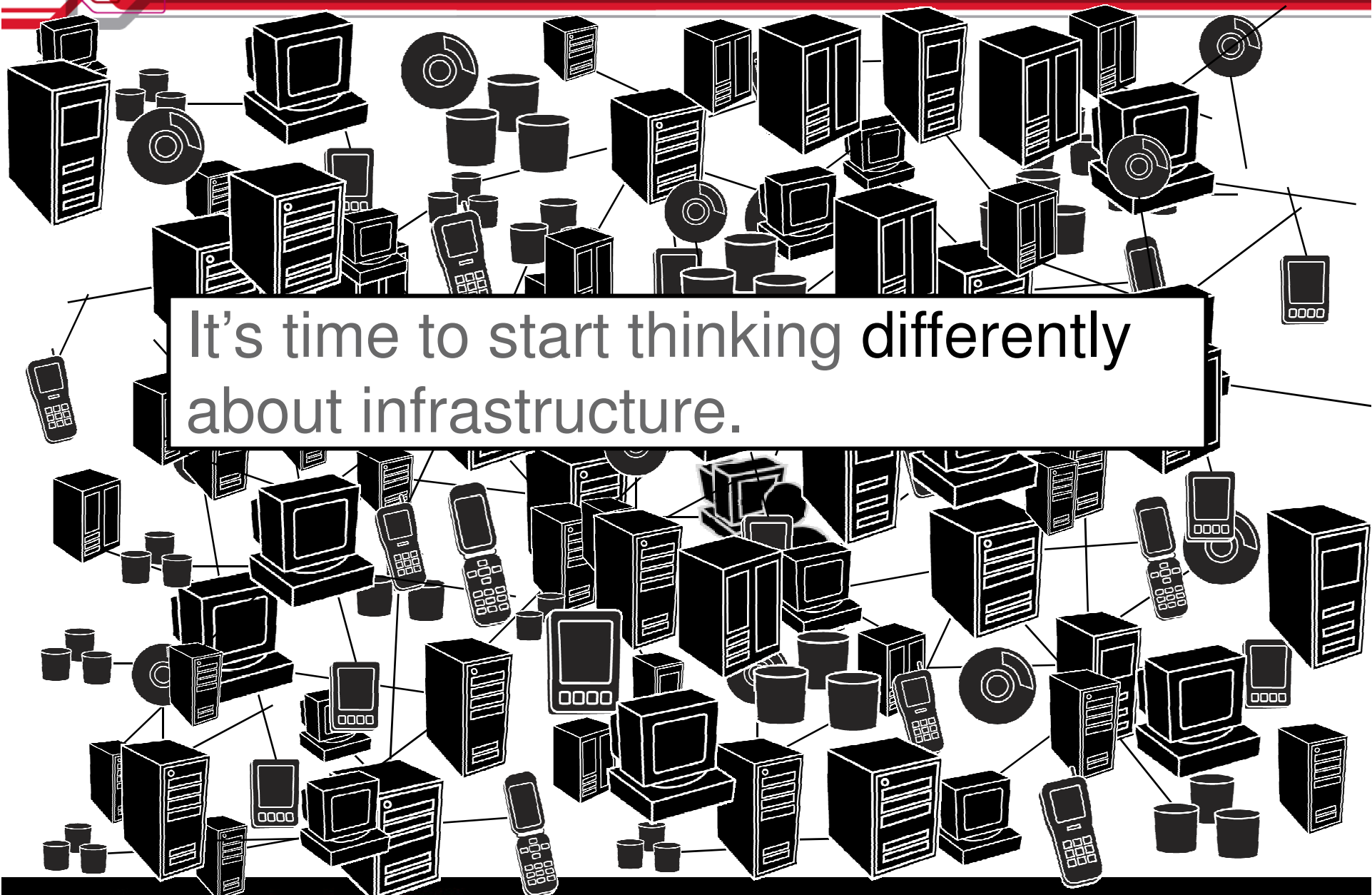


- Focus on value
- Exploit Opportunities
- Act with speed

Source: IBM, The Global CEO Study, 2008

Source: IBM, The Global CFO Study 2008

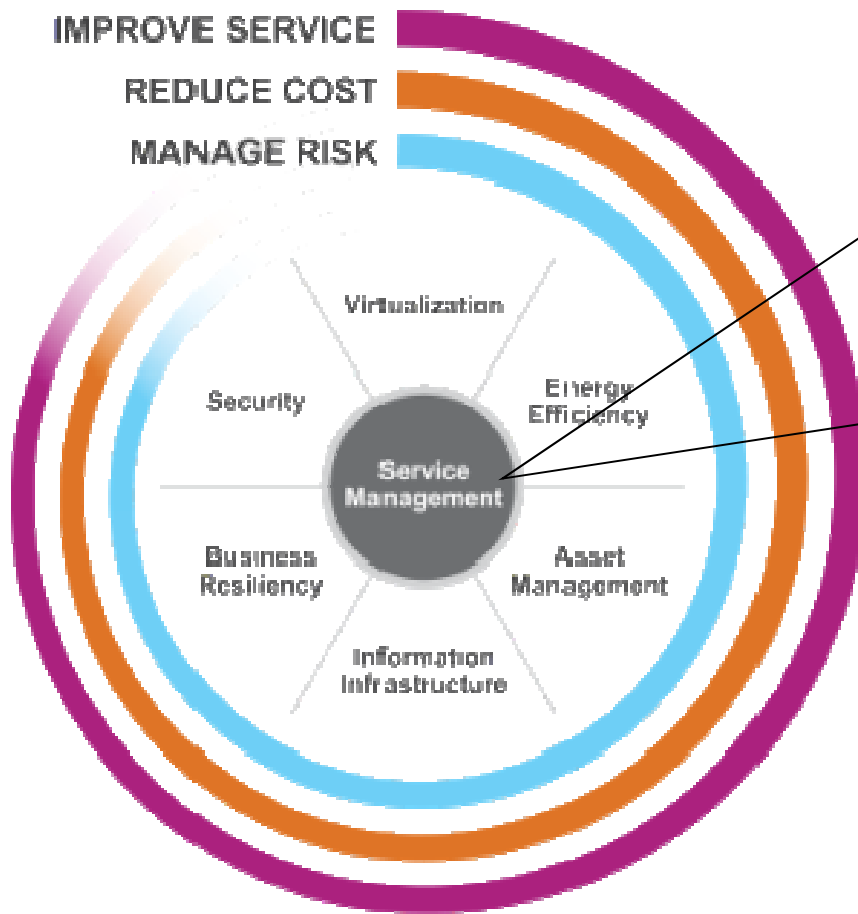




It's time to start thinking differently about infrastructure.



## Building a dynamic infrastructure has Service Management at the center



### What is Service Management?

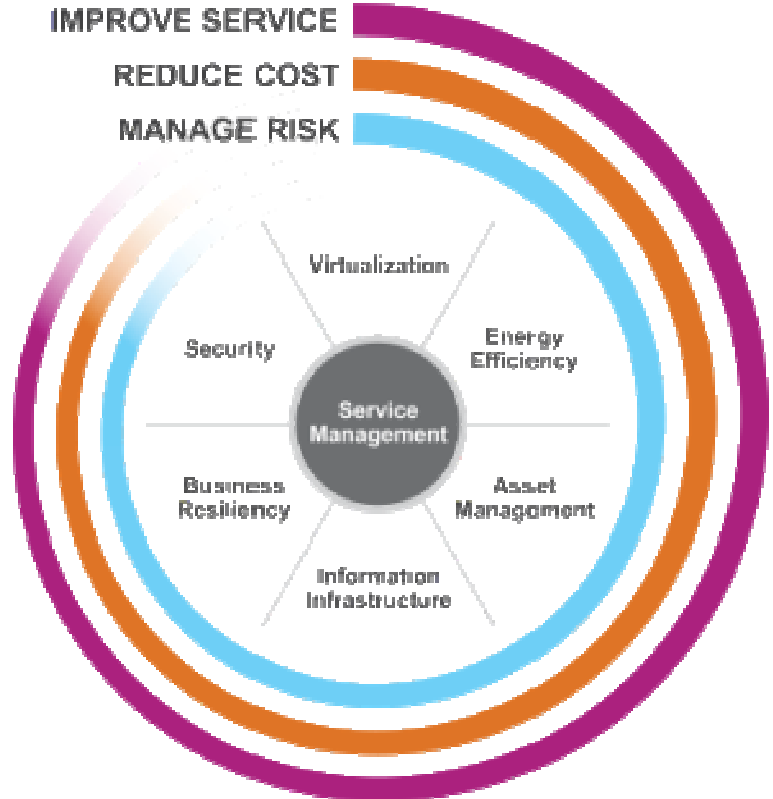
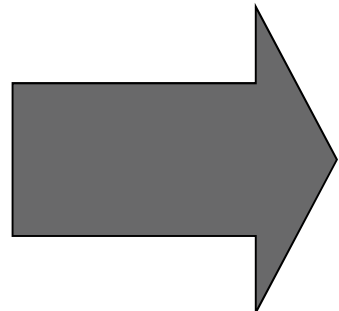
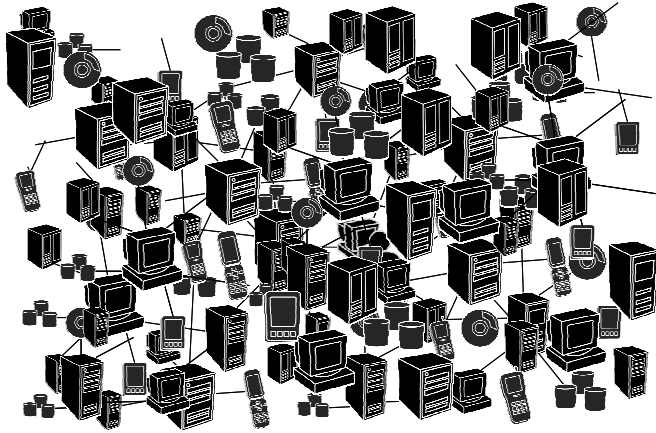
Service Management is the integrated management of the people, processes, technologies and information required to ensure the cost and quality of IT services valued by the business

### What is Service Management important?

Provide visibility, control and automation across all the business and IT assets to deliver higher value services.



# IT Service Management is critical to transition from a fixed high cost infrastructure to a dynamic infrastructure to align for value





**In today's environment, a Service Management strategy and plan must address efficiency and value**

## IT Service Management

“IT Service Management is the integrated management of the people, processes, technologies and information required to ensure the cost and quality of IT services valued by the customer.”

Enterprise Systems Management

*20% budget reduction*  
provide a resilient infrastructure with less

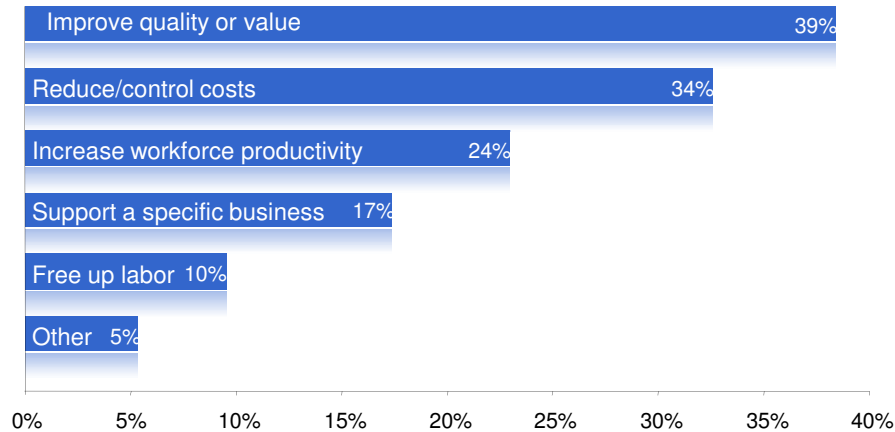
IT Service Management

*All Hands on Deck*  
how will IT services support the business strategy  
how will we manage those IT services



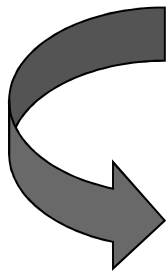
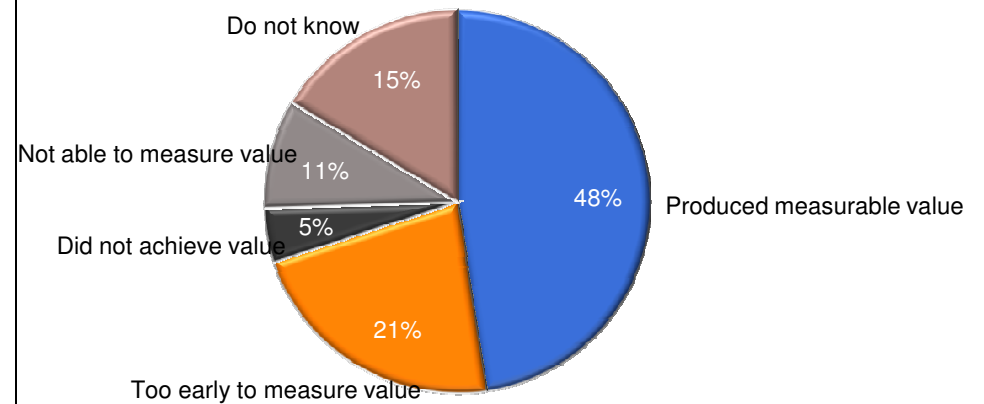
## Companies are realizing value from Service Management projects

Business objectives for **service management** programs and projects that have been continued, expanded or newly initiated



Percent selected (Note: Respondents could select multiple objectives.)

Breakdown of service management projects



- Quick hits <realized return in less than 12 months
- Incident, problem and/or service desk
  - Event management and monitoring
  - Performance and capacity management
  - Service level management
  - Asset and configuration/change mgmt
  - IT services strategy and IT service portfolio
  - Improving IT governance





## Client Example: Sisters of Mercy Health System



### Business challenge

- A managed healthcare organization that serves over 27 hospitals.
- Needed to implement a new clinical information system to better manage patient healthcare records
- Had 7 different IT delivery centers supporting these hospitals across 8 business units.
- Operated a very siloed organization

### Solution

- Implemented Service Management Strategy and Planning services
- Prioritize and automate most critical processes, like service request, incident and problem management
- Used a Service Management and ITIL standards as the model for how they wanted the processes to change
- Implemented and provided comprehensive support for IBM Tivoli® Service Request Manager V6.2 and IBM Tivoli Application Dependency Discovery Manager software with plans to expand into other process areas with IBM.

### Benefits

- Implemented the clinical information system in 6 months rather than the planned 2 years.
- Decreased call abandonment by 15%
- Increase in first call resolution by 10%
- Brought ITIL-based consolidated management processes to unify it's integrated delivery systems

*Client name: Sisters of Mercy Health System*

*Industry: Healthcare*

*Profile: A Catholic Health Care*

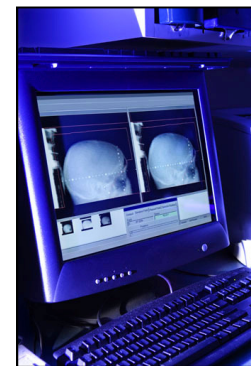
*Organization that provides quality healthcare and charity care and accepts Medicaid benefits*

*Categories: IT strategy and architecture services, middleware services*

*'Only IBM had the capability to optimize their own products as well as the ITIL implementation expertise to integrate our disparate systems'*

*Will Showalter*

*Chief Operating Officer*



[www.mercy.net](http://www.mercy.net)





## Yet, many have reached a “pain threshold”, recognizing the need for a good service management strategy and plan

- What are the services IT provides and how do they support the critical business activities and objectives?
- How do I put this all together? ITIL, ISO, COBIT...
- How do we start an IT service management program?
- We embrace the service management concept – what will it really take to realize it?
- We want to be “ITIL compliant”. How do you do that? How do you integrated COBIT and International Standards?
- Our ITIL experience is more like the “Goldilocks Syndrome”. How do we just do this right?
- How do we best plan, design and implement IT service management best practices in my organization?



*A good service management strategy and plan addresses these issues.*



## **Actions To Take in Today's Environment**



# 1. Create a Service Management Strategy and Plan for services value and systems efficiency

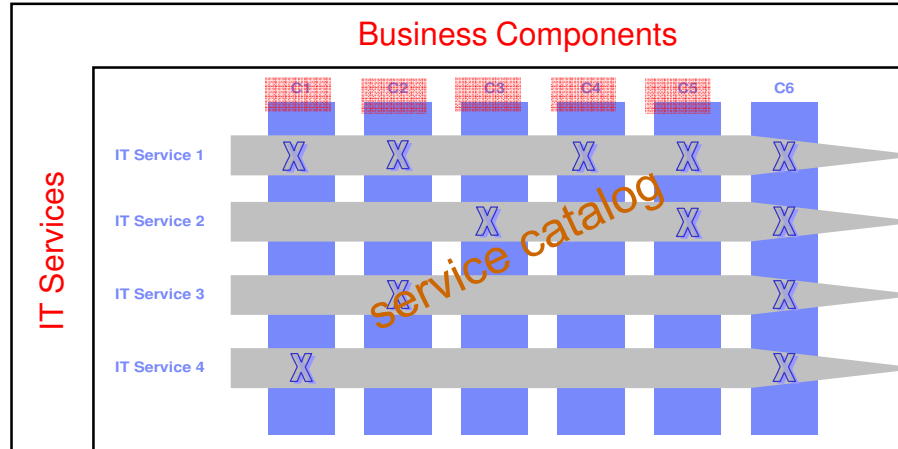
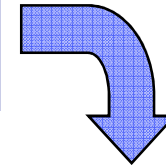
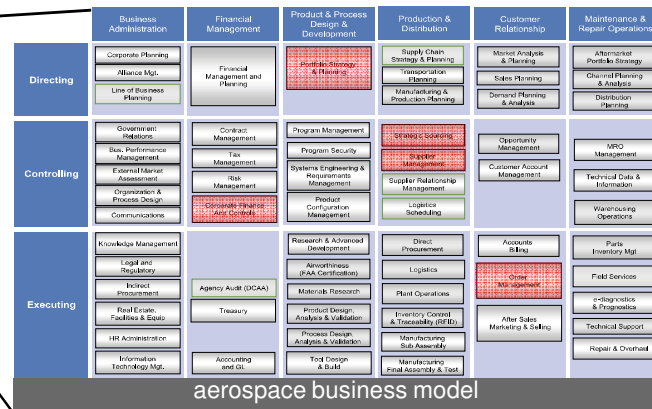
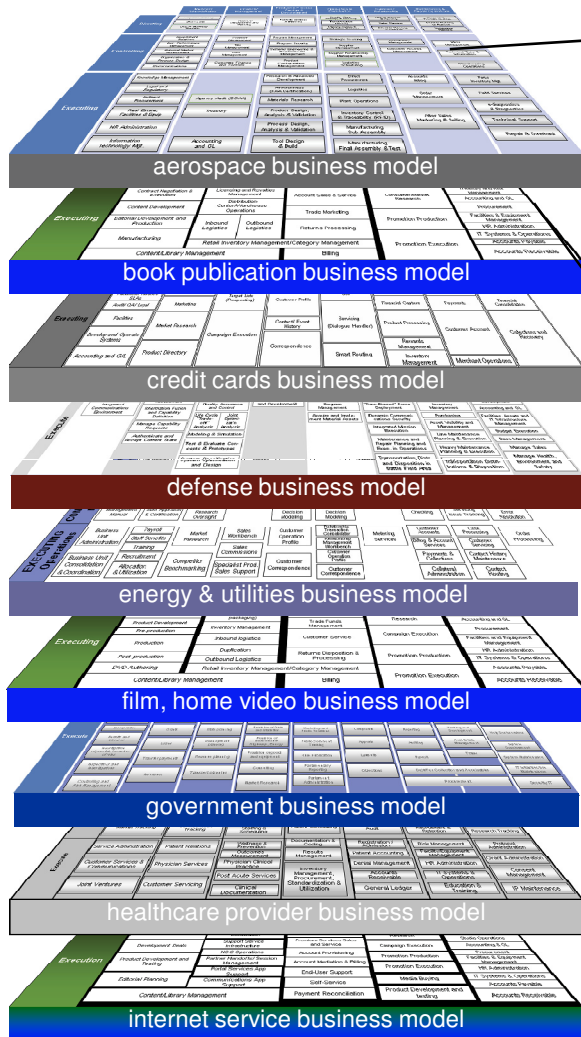
## IT Service Management Strategy & Plan

- ✓ Identify the critical business services and processes
- ✓ Identify the IT services that support and enable those business services
- ✓ Identify the gaps
- ✓ Develop an IT Service Management Strategy and Plan that includes;
  - ✓ people, management process, architecture, information, governance related to those critical IT services.
- ✓ Make the IT service management strategy and plan visible and integrated with the business plan





# 1. Create a plan for services value and systems efficiency (continued)



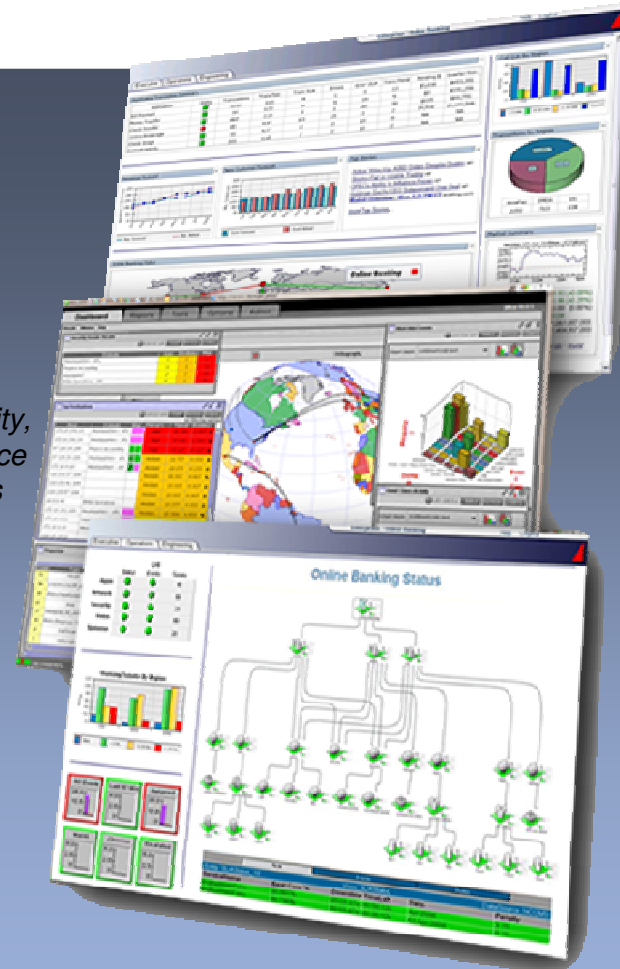
What IT services are needed to support, enable or automate critical complements of the business strategy?

## 2. Measure beyond IT indicators – measure business outcomes

### Measurements

- ✓ Make a shift from system management orientation to a service management and business performance orientation
- ✓ Define clear business objectives, not just IT performance indicators; e.g., “we will train everyone on ITIL” – but to what end? What outcome is desired?
- ✓ Measure both cost and quality metrics
- ✓ Measure Key Goal Indicators (KGIs), not just IT Key Performance Indicators (KPIs)

*Risk, Security,  
& Compliance  
Dashboards*

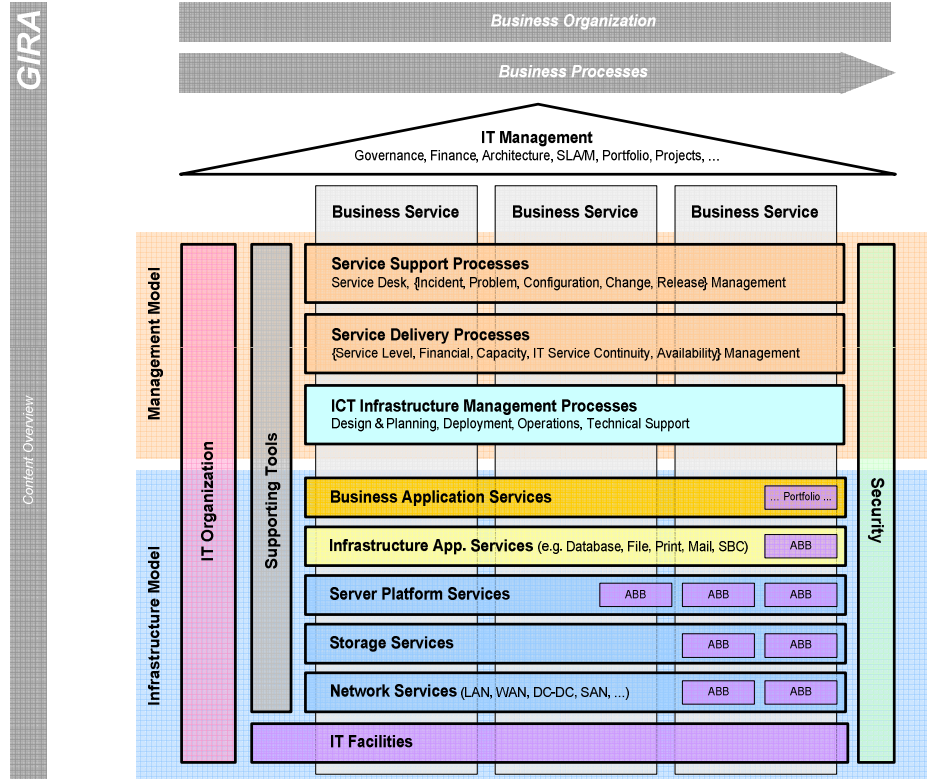




### 3. Begin with the services, then integrate tools

#### Technology

- ✓ Begin with the service and process, not the tools
- ✓ Use integrated technologies and tools – integration is the key to value
- ✓ Establish the blueprint architecture based on the services and desired outcomes
- ✓ Use the design as you introduce changes
- ✓ Don't assume out of box tool functionality and a person with an ITIL Foundation exam is all you need
- ✓ Manage the end-to-end architecture, not just the tooling





## 4. Drive collaborative behaviors and improved decision making

### Collaboration and Influence

- ✓ Remember – its not just tools and architecture – but decision rights and accountability chains that drive the behavior of “*the people in the process.*”
- ✓ Clarify decision rights and accountability chains for directing and controlling each critical process and service
- ✓ Breakdown silos and drive collaboration across boundaries
- ✓ Proactively manage the changes that will be required to change behavior
- ✓ Re-evaluate measurements and incentives around business outcomes
- ✓ Consider changes to governance required to get this kind of change in behavior.



70% of management system implementations fail, because the process and the organization were not given the proper importance.

### “The Goldilocks Syndrome”

- CRM – Implementation failures... imagine a company implementing CRM a second or third time... 65% (Gartner), 60-70% (Giga), 67% (Insight Technology)
- BPR – 50-70% failure to deliver value (Minnesota State University)
- ERP – “public flame outs... failures... negative business impact”

*The Prime Solution*, Jeff Thule



## There are several factors that enable delivering excellence in customer service

To Deliver Excellence in Customer Service, You need to have ...

1. Strong stakeholder *communications and collaboration*
2. Detailed *project plans and business cases*
3. Clear *roles, skills and staffing*
4. Selection and pilot of *appropriate software tools*
5. Cultural *change management plans*



Source: IBM Market Intelligence, *Service Management In an Uncertain Economy*, January 2009.



# IBM Direction

# Services best practices are based on the optimal intersection of people, process, information and technology

## Overall Best Practices

### People

- Fit to the business governance
- Establish governance for services, architecture, and investments

### Processes

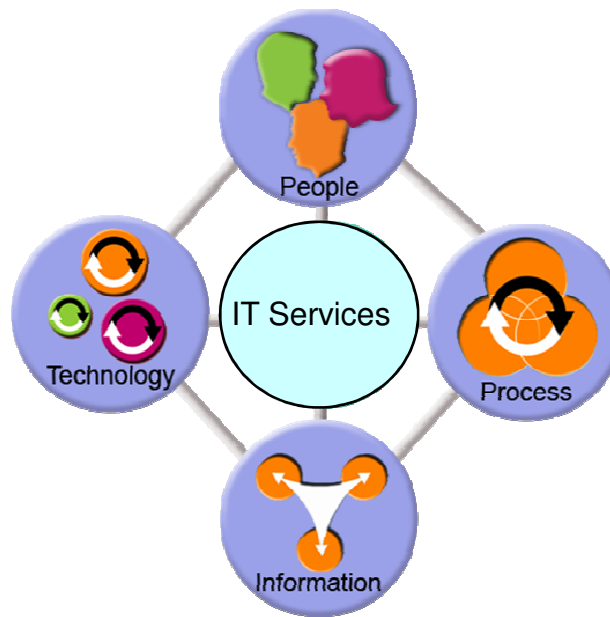
- Implement standardized processes – differentiate through services
- Architect around the service

### Technology

- Avoid software customization
- Drive technology integration
- Pilot and study usage patterns, learn, and recalibrate

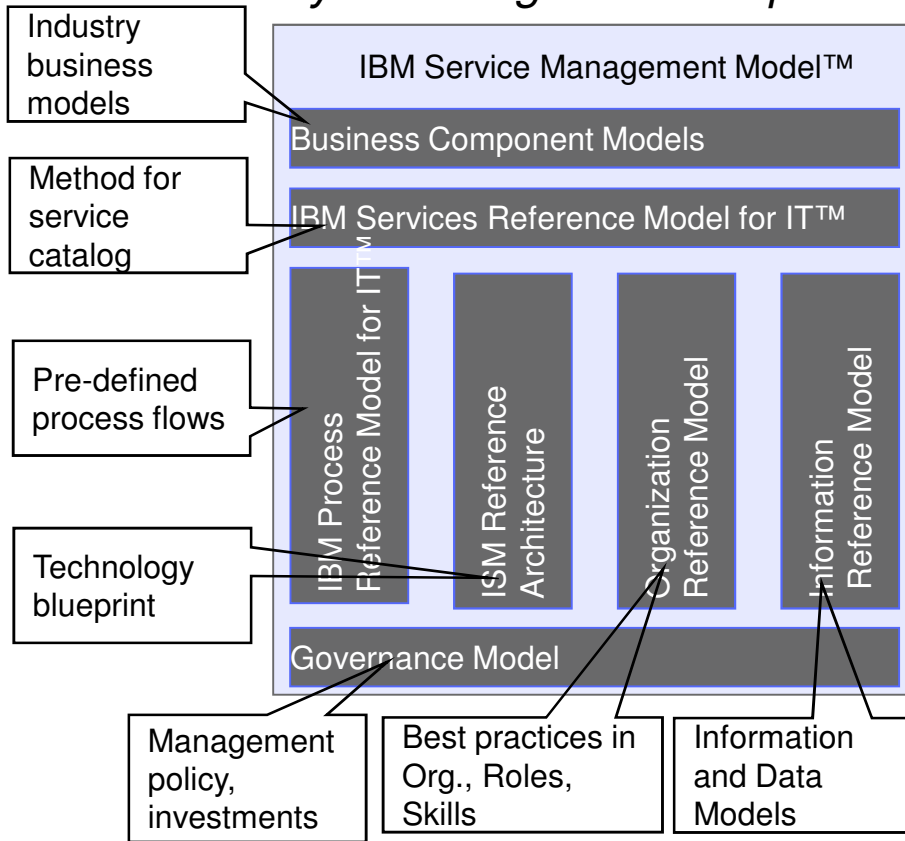
### Information

- Measure both business and IT outcome
- Deliver visibility of KPIs that promotes credibility

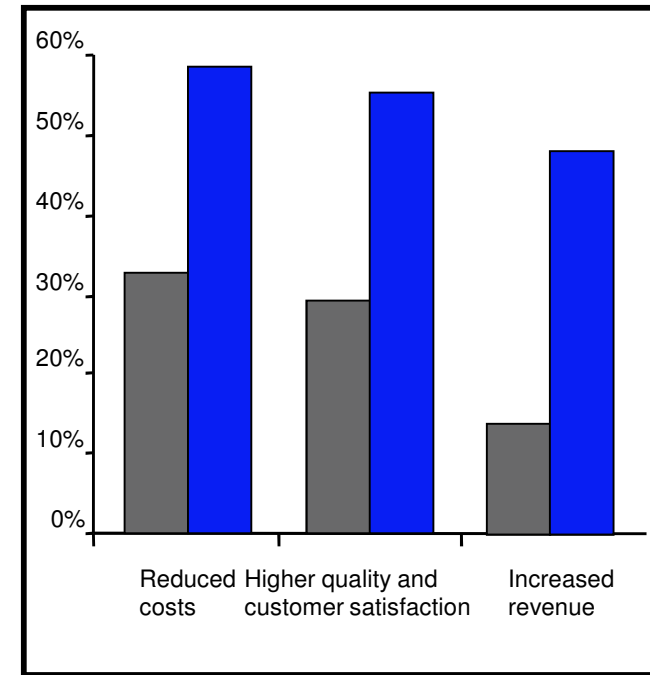


# We leverage an integrated IBM Service Management Model to accelerate time-to-value through best practices

Why use integrated best practices?



Because value is realized faster



■ Limited integrators ■ Extensive integrators

Source: IBM Global CEO Study 2006

- Up 2 times as successful in reducing costs
- Up to 2 times as successful in increasing quality and customer satisfaction
- Up to 3 times as successful in increasing revenue

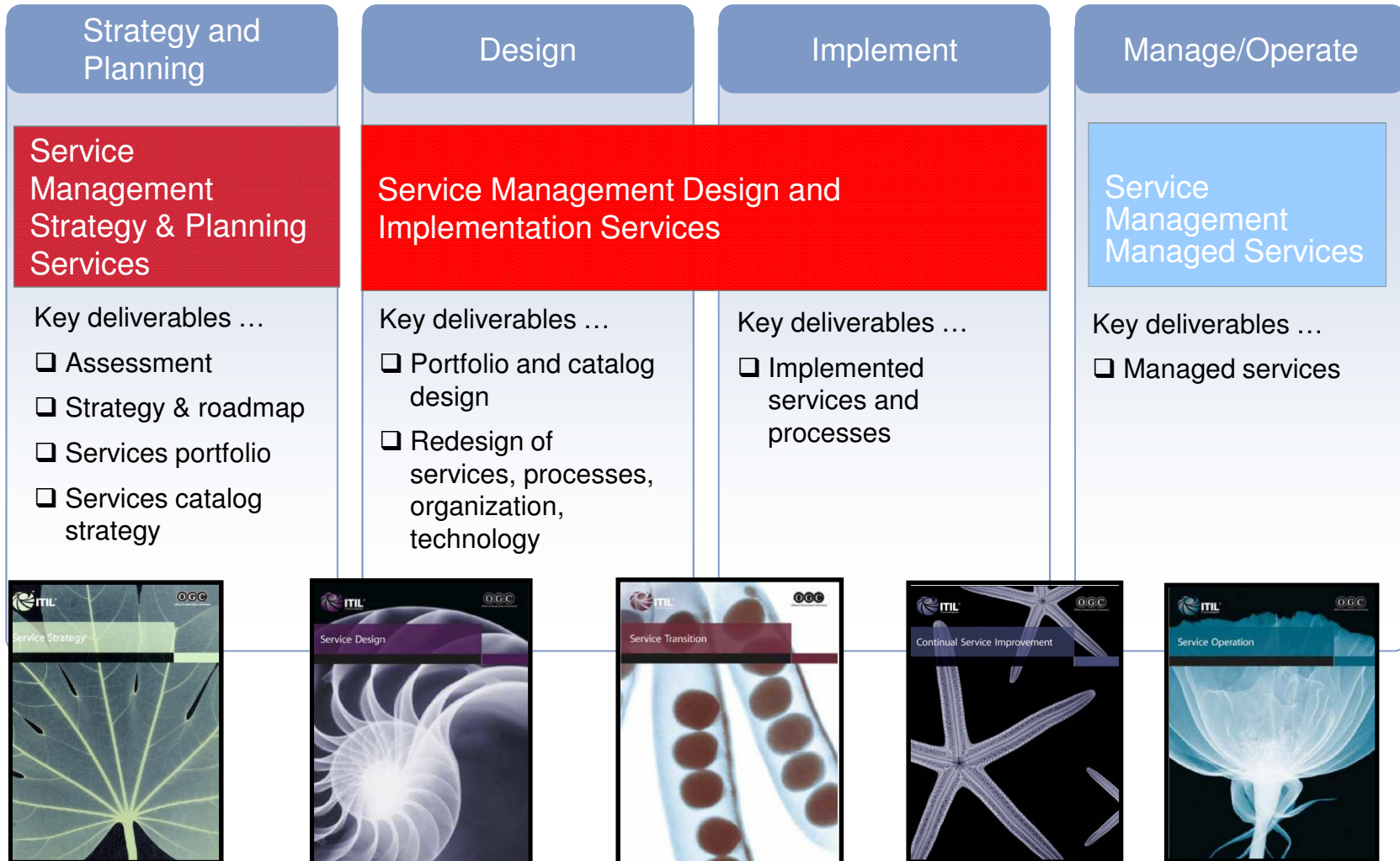


# IBM integrates and delivers best practices through a full set of services

Start with...

or...

to drive...







## Service Management Strategy & Planning Services

### *Pain Points*

- Lack of realized value from investments
- Poor customer service
- Lack of integrated IT processes, organization, technology, governance

### *How to Get Started*

- Workshop (1 – 5 days)
- Readiness Assessment (4-6 weeks)
- Full Service Engagement (8 -12 weeks)

### *Best Practices Methods, Frameworks, Tools*

- IBM IT Service Reference Model™
- IBM IT Service Management Strategy & Catalog Services
- IBM Process Reference Model-IT (PRM-IT)
- IBM Capability Maturity Assessment for ITIL® & PRM-IT
- IBM ITSM Adoption Model and IBM Flash Assessment
- IBM Service Management Model™

### *Financial Benefits*

Through our recommendations, clients have;

- Reduced management costs *15-30%*
- Increased client satisfaction by *30%*
- Reduced service disruptions by *20-25%*
- Increased staff productivity by *25%*
- Cut service request costs by *50%*
- Increased availability by *50%*

### *Sample Client References*

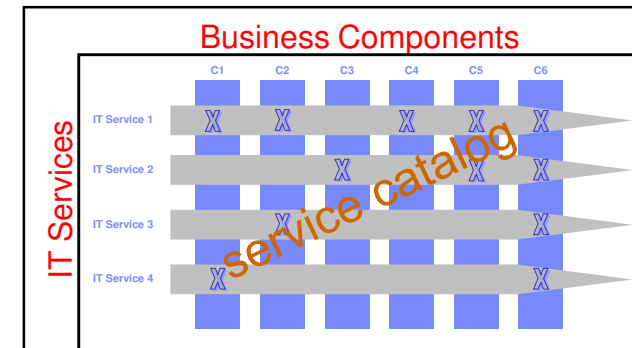
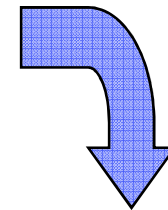
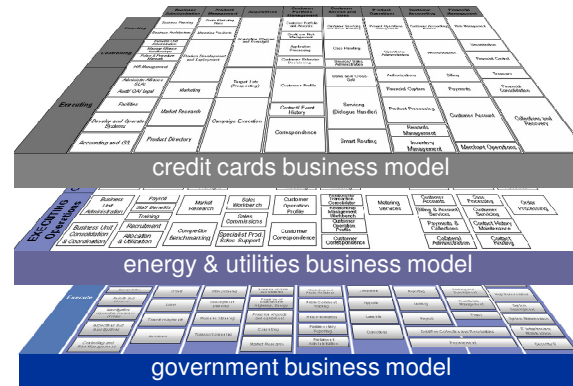




# Start with an IT Service Management strategy and plan that enables critical business services

## BEST PRACTICES

- ❑ Determine what is the business value to be created
- ❑ Gain agreement on the value
- ❑ Begin with critical business services
- ❑ Identify the assets that will generate that value
- ❑ Establish accessible services catalog
- ❑ Measure outcomes, usage, satisfaction



Gartner

15% of companies are organized through a service catalog today...  
 ...As a result they expected a 30% increase in customer satisfaction

# Service Management Design and Implementation Services

## Pain Points

- High IT cost structure and poor service levels
- Lack of integrated processes; silo processes
- Lack of quality IT processes and performance

## How to Get Started

- Workshop (1 – 5 days)
- Readiness Assessment (4-6 weeks)
- Full Service Design Engagement (8 -12weeks)
- Full Implementation Engagement (12 weeks +)

## Best Practices Methods, Frameworks, Tools

- IBM Service Management Model™
- IT Service Management Design and Implementation Services
- IBM Tivoli® Process Automation Engine (TPAE) Design Workshop, Implementation Best Practices, Accelerators
- ITIL, Process Reference Model-IT (PRM-IT)

## Financial Benefits

- Leverage rapid and integrated process software implementation
  - Decrease in expected implementation time by 50%
  - Reduced service disruptions by 30%

## Sample Client References





## Launch IT process automation in areas that provide a quick ROI and breakdown silos

### BEST PRACTICES

- ❑ Begin with services/processes that drive quick ROI (cost, quality, risk changes)
- ❑ Use Process Automation Engine to accelerate implementation
- ❑ Pilot a manageable set of ITIL processes from start to finish
- ❑ Learn and understand usage patterns
- ❑ Establish continuous improvement cycle


Quick hits <realized return in less than 12 months


- Incident, problem and/or service desk
- Event management and monitoring
- Performance and capacity management
- Service level management
- Asset and configuration/change mgmt


Tivoli Process Automation Engine (TPAE) packages best practices to acceleration time-to-value


- Process and Software Design Workshop
- Software Implementation Service - installation, integration, configuration, and customization
- Software Implementation best practices – process workflows, documentation


IBM's value proposition is in our experience, IP, and innovation delivered to the client to achieve results.


**HSBC**  *Reduced rates charged to internal server users 7% to 10%. Eliminated non-value-added activities and leading to faster processing of service requests*

**JAL**  *In the first year, dramatically improved overall quality of service by *reducing system failures 58 percent, IT interruptions 39 percent, and downtime 80 percent**

 *Saved the company US\$250,000 annually through streamlined business processes. Gained a 33% increase in end-user satisfaction.*

**ING**  *Will enable a savings of €15 million per year through automation. Reduced help-desk costs by 25 percent through self-service features.*

**vic roads**  *Improved IT availability and lower management costs. 30% increase in number of IT issues resolved within 4 hours*

 *Standardized processes across 27 facilities in seven states, on time and within budget.*

## IBM Leadership and Value

### Experience

- 30+ years industry leadership and thousands of client engagements
- Nearly 5,000 ITIL Certified and experienced resources

### Intellectual Property

- Services intellectual property
- IBM Service Management Model, and other assets based on IBM best practices
- Reference architectures and implementation accelerators based on IBM software

### Innovation

- IBM Service Science leadership with universities
- Partnership with IBM Research to develop standardized assets (e.g., SM Dashboard)

### Market

- #1 in Performance & Availability – IDC
- #1 in Event Automation – IDC
- #1 in Performance Management Software- IDC
- #1 in System Management- IDC
- #2 in Mobile Device Management- IDC
- #2 in Operating Systems and Subsystems- IDC
- #2 in Distributed Performance & Availability Management- IDC



Thank  
YOU



Questions?

