IT Service Management (ITSM) Reference Model for Business & IT Alignment

An itSM Solutions® LLC White Paper™

Today's multi-faceted business world demands that Information Technology provide its services in the context of a fully integrated corporate strategic model. This transformation becomes possible when IT evolves from its technological heritage into a Business Technical Organization, or an "internal service provider." This paper describes how the itSM Solutions reference model integrates five widely used service management domains to create a powerful model to guide IT in its journey into the business leadership circle.

By

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Two things are certain: first, IT is now at the center of most businesses; second, business is a moving target. The demand for coordination across value chains, functions, markets, and geographies will continue to accelerate, and it will be impossible to respond to this challenge without driving new ways of thinking through corporate ranks.

Information technology is fundamental to corporate success, and IT decisions, like all other business decisions, must consider the value of its contribution to the business. In light of this, a solid, sound business case for IT investments requires mature IT and business judgment. Unfortunately, there are no shortcuts to developing maturity or to developing judgment - both take time and experience. There is only one way to gain traction in these circumstances and that is to apply the collective experience of both IT and business people to the pursuit and execution of a single corporate strategy. In this case the integrated whole is definitely much greater than the sum of the two parts.

Successful IT/business alignment means developing and sustaining a symbiotic relationship between IT and business – a relationship that benefits both parties. This requires that the business recognize IT executives as essential to the development of credible business strategies and operations, and that IT consider non-IT executives equally essential to the development of credible IT strategies and operations.

In order to support this new IT/business model, IT needs to transform the traditional Business - IT paradigm from one focused on technological value to one focused on service value. This service provider paradigm encompasses IT best practices using the perspectives of people, process,

technology, organization, and integration. The following attributes depict the transformation of a traditional "business - IT paradigm":

Traditional I/T	becomes	Service Focused - IT
Technology Focus	➔	Process Focus
"Fire-Fighting"	➔	Preventative
Reactive	➔	Proactive
Users	➔	Customers
Centralized, Done In-House	➔	Multi-Sourced
Isolated, Silos	➔	Integrated, Enterprise-Wide
"One Off", Ad Hoc	➔	Repeatable, Accountable
Informal Processes	➔	Formal Best Practices
IT Internal Perspective	➔	Business Perspective
Operational Specific	➔	Service Orientation

Table 1

Transforming to What?

One of the definitions of **transformation** is "…a change in form, appearance, nature or character"; a synonym is **renewal**. This begs the question, "How does one achieve fundamental renewal in the absence of a crisis? What crisis is both the enterprise and IT facing today? In other words, what is driving this transformation?

In 2004, Dave Nichols presented "The Internal Outsourcer" at the IT Service Management Forum's US conference in Long Beach, CA. The presentation provided an executive's view of how the ubiquitous use of technology along with the enterprise's demand for focused IT investment and accountability was creating the "perfect storm" that would force IT to transform itself into a service provider integrated into the enterprise or mission value chain.

He introduced the concept of the "internal outsourcer" to illustrate how a technology-focused organization could, through the adoption of well-accepted best practices and standards, become an internal service provider responsible for maintaining sourcing relationships, both internal and external. The presentation went on to position IT Service Management (ITSM) as the descriptive framework that would enable IT to begin the transformation into an internal service provider.

A recent Gartner report examined long-term trends in IT. It concluded that over the next five years IT would transform itself into a business focused, process-oriented organization delivering the agility and innovation enterprises need to maintain their competitive advantage in the marketplace. In effect, IT would be delivering Business Technology solutions that would exploit technology in support of business objectives.

When examined in detail, the Gartner report predicts that IT as we know it will evolve into a Business Technology organization (BTO), integrating itself into the enterprise or mission value chain. The enterprise's focus will shift from Return-On-Investment (ROI) on technology projects to total business value delivered to the enterprise or mission. In turn, IT will shift its focus from the internal delivery of technology to the brokering of services in a multi-source environment. To support this transformation, Gartner is also predicting that the IT profession itself will split into four domains; technology, information, process and relationships.

Whether IT evolves into a BTO or into an "internal outsourcer" is more a matter of semantics than a critical differentiator. The fact of the matter is that the convergence of several external forces are creating an environment

that is forcing IT to change the way it does business with its clients and the value it needs to deliver to the enterprise going forward.

Charles Darwin astounded the world when he theorized, in his book "The Origins of Species," that species evolved over time in response to their environment through the process of natural selection. Only those organisms that successfully adapt to the environment survive and pass their genes onto the next generation. One could argue the point that natural selection is at work in the business and information technology worlds. History is littered with the bones of successful businesses that failed to adapt to changing marketplaces. IT organizations have shared a similar fate. If IT is going to survive and "pass on its genes," it needs to adapt to this new ecological niche before the one it currently occupies closes up.

Shaping the Future – The Business Technology Ecosystem

Before IT can adapt and transform itself to support this new business technology ecosystem it must rationalize the predictions Gartner is forecasting with something that is actionable.

In order to operate as a service provider, organizations must demonstrate three main characteristics; an unambiguous understanding of their customer's need, repeatable processes to ensure consistency of execution, and the ability to innovate in a structured manner. In effect this becomes the model for the delivery of business aligned-processes and technology.

In order to achieve an unambiguous understanding of the customer's needs, the service provider must, in a structured repeatable manner, define and categorize the enterprise process, technology and capability

requirements. The next step is to compare these requirements to the existing environment to understand what it will take to achieve and manage the required capability. The provider must do this in the context of governance based on enterprise goals and achievement measured against expected outcomes.

Repeatable processes are required to ensure consistency of execution. This is critical because day-to-day business processes rely so much on embedded technology that failure to execute consistently directly impacts the enterprise's ability to deliver its product or service.

Finally, the service provider must develop a utility grade delivery platform and process management model that is capable of supporting emerging utility based architectures and applications such as Real Time Infrastructure (RTI), Service Oriented Architecture (SOA) and Software as a Service (SaaS). A service provider provides the portal through which the enterprise receives its enabling business technology. The service provider brokers those services irrespective of their source, internal or external. Therefore, the provider can deliver utility grade, enterprise-aligned services as needed, and manage technology investments and innovation in a structured manner.

Underpinning all of this is the need for a model that helps identify what services need to be sourced internally and what services can be sourced externally. This model will provide the guidance the enterprise needs to classify the services and processes that are critical to quality service delivery and differentiation in the marketplace (See Figure 1). The internally sourced services are prime candidates for investment, as they are critical to the success of the business. The business may source other activities according to

the capability of the enterprise using established sourcing policies and guidelines (using Carnegie-Mellon's eSCM – capability model).
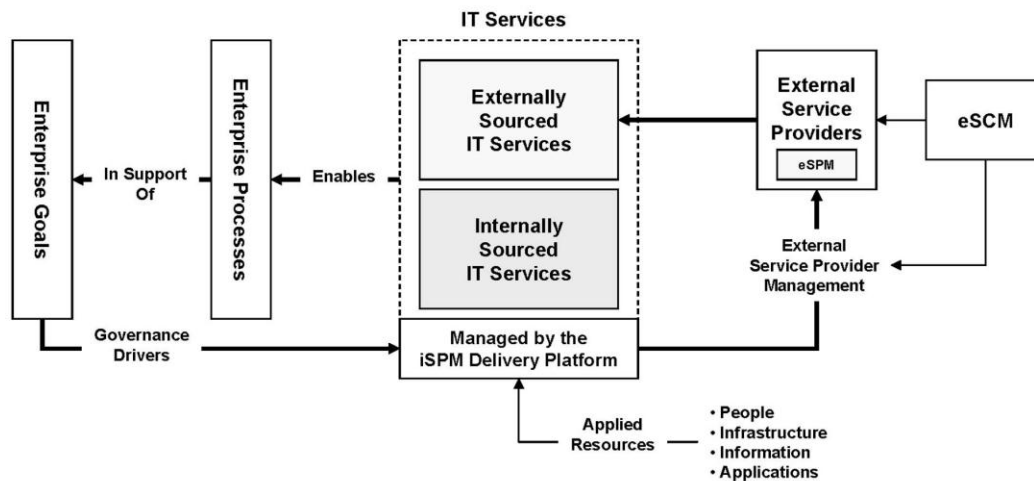

Figure 1

Frameworks, Methods & Standards

In order to support this new BTO model, IT needs to transform the traditional Business – IT paradigm from one focused on technological value to one focused on service value. This service provider paradigm encompasses widely accepted IT best practices models and standards using the perspectives of people, process, technology, organization, and integration.

IT Service Management (ITSM), as we know it, is more than just the processes described within the IT Infrastructure Library (ITIL). ITSM requires the coordinated design and management of several widely accepted frameworks, standards and methods as part of the enterprise value chain.

Today, IT executives are presented with a wide variety of service management options (See Figure 2) each being promoted as the "silver bullet" to IT's transformation problem. Over the years, frameworks such as ITIL, CobiT and methods and standards like PMI, Lean Six Sigma, ISO17799, and ISO20000 have come into being as the solution to the problems facing modern IT.

Why are there so many frameworks, methods and models? Good question; and the only answer that makes sense is that each addresses a particular set of problems from the viewpoint of its creator. In other words, each of these is a nail to someone's hammer.

When examined carefully, one discovers that there is significant overlap between these frameworks, models and standards. So, while created from different viewpoints, they all address a similar set of IT problems. The end result is a mish-mash of frameworks, models and standards with limited guidance on how to bring them together to support the end game of Business/IT alignment.

The itSM Solutions Reference Model and Training Services Portfolio

Today's multi-faceted business world demands that Information Technology provide its services in the context of a fully integrated corporate strategic model. This transformation becomes possible when IT evolves from its technological heritage into a Business Technical Organization, or an "internal service provider."

The itSM Solutions reference model integrates five domains in support of its internal service provider model (See Figure 2):

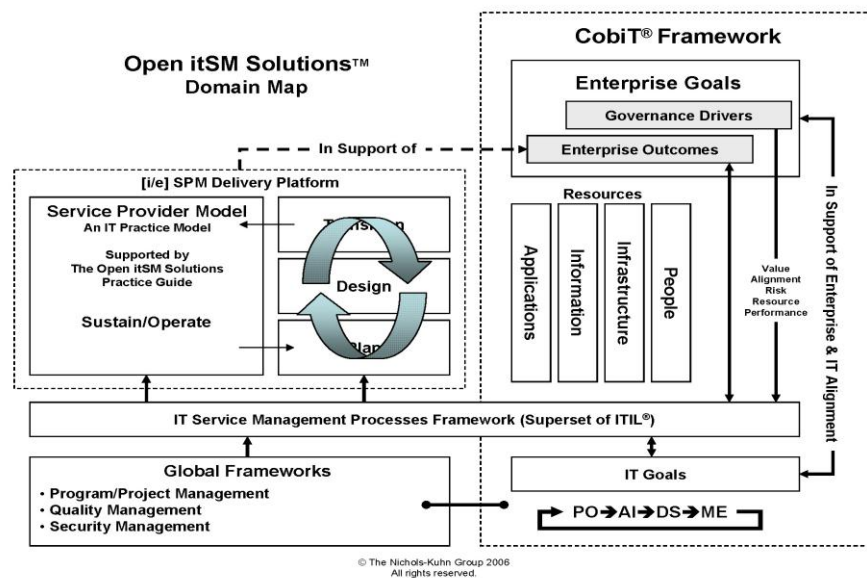| Domain	Framework, Method or Standard
IT Governance	CobiT Process Framework
IT Service Management	ITIL Process Framework
IT Resource Management	Project Management Methods
IT Quality Management	Quality Improvement Methods
IT Security Management	Business Aligned Security Standards

Figure 2

CobiT provides the context for the reference model integration. Its 34 IT processes provide the high-level framework to:

- Govern the planning and organization of IT resources in support of business goals

- Acquire the resources to implement the IT services in support of these goals,
- Deliver and support these services
- Monitor and evaluate compliance with the control requirements.

The IT Infrastructure Library (ITIL) provides a lower level framework describing what an IT organization needs to do to support the process controls and monitoring required for IT and business alignment.

When combined, CobiT and ITIL should be viewed as descriptive frameworks that address what an IT organization should be doing to align IT with the needs of the business. CobiT and ITIL also provide guidance on the selection of quality improvement, resource management and security methods to fill in the remaining pieces of an enterprise ITSM continuous service improvement program.

While both CobiT and ITIL provide guidance on "what" IT organizations should be doing to govern and deliver optimized IT services, both offer limited guidance on "how to" get it done.

The itSM Solutions™ reference model & training services portfolio enables IT organizations to: adopt a systemic structure for thinking and planning and the skills to:

- Create actionable ITSM plans using well accepted frameworks methods and standards
- Integrate these plans into a multi-source IT service delivery environment.
- Operate as a service provider integrated into the enterprise or mission value chain.

Summary

Gartner predicts the market for IT infrastructure support services is a US$130B a year market with hardware maintenance and support services accounting for 61% and software services accounting for 39%. Internal organization spending for IT infrastructure support is not included in this number.

In turn, demand for ITSM consulting and educational services will increase dramatically over the next five years as more and more companies begin to ramp up their internal service provider teams and as external service providers begin to offer ITSM as part of their standard outsourcing product suite. Gartner advises the selected and focused use of consultants on ITSM implementations. They recommend not using consultants to "do" ITSM but to use them as mentors providing assistance in the following areas:

- Helping create ITSM awareness throughout the enterprise
- Mentoring key members of the planning, design, project/program management, implementation, operations and tool selection teams.
- Delivering the certification and skills training IT organizations need to operate as service providers integrated into the enterprise or mission value chain.

The itSM Solutions reference model and training service portfolio provides the missing link to ITSM success by documenting the integration points between the frameworks, standards and methodologies and then offering a full suite of classroom, online classroom (webex) and self-paced training & mentoring solutions that enable IT organizations to learn the skills on how to plan, design, implement, operate and optimize an ITSM program.

About itSM Solutions LLC

Founded in 2002, itSM Solutions LLC is the creator of Open itSM Solutions, a unique and effective approach for the integration and operation of well accepted ITSM frameworks, methods, and standards as part of the enterprise or mission value chain. The Open itSM Solutions suite of training, certification, mentoring and staffing solutions provide a prescriptive approach for the adoption of ITSM best practices by helping organizations adopt a systemic structure for thinking when planning, designing and deploying IT Services and the skills and staffing to operate as an IT service provider integrated into the enterprise value chain.

About the Authors

David Nichols is the President and CEO of itSM Solutions LLC, an ITSM consulting and training company. He has over 25 years experience in Information Technology. As an early adopter of the IT Service Management processes as described in the IT Infrastructure Library (ITIL), he has utilized his hardware and software engineering background as a foundation for implementing sweeping changes in how IT Services are delivered at several fortune 100 companies in the US. Working closely with the executive management teams, David has helped the strategic goals of the IT organization with those of the company and develop a more effective IT Strategy. Strategies that are customer focused, process-oriented and cost/performance optimized, and help business and IT organization establish the value of IT Services. David holds ITSM Service Manager certification.

Rick Lemieux is a managing partner and the Vice President of Business Development. He is responsible for overseeing the company's Sales & Business Development programs. Rick has been involved in selling ITSM/ITIL software and training solutions for the past six years. Prior to ITSM Solutions, Rick, an early proponent of ITSM and ITIL, led the Sales and Business Development efforts at software companies focused on automating the service delivery best practices expressed in ITIL. Prior to that, Rick co-founded an IT Certification and training company focused on delivering cost-effective solutions for students seeking Microsoft, Cisco and CompTIA (A+, Network+, etc.) certifications. Rick holds a Foundation Certificate in IT Service Management.