ITIL V3 - Where's the value?

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Introduction

The much anticipated ITIL V3 was released to the IT Service Management market on 30 May 2007. Whilst ITIL's history goes back some 20 years, this newest version is perhaps more significant than the previous because of the exponential global uptake of ITIL over the past 5 years since the release of the ITIL V2 IT Service Support and Delivery books.

Those of us involved in ITIL in the 1990s were relieved when the readily digestible ITIL V2 came along. Some of you may remember how little knowledge of ITIL V1 there was back then and how inaccessible it was, spread over some 45+ books. In most respects ITIL V2 was an incremental change from a content perspective and resulted in minimal or no practical impacts. The later ITIL V2 books such as Application Management, ICT Infrastructure Management and the Business Perspective were released much later and have failed to make significant impact.

With the strong global uptake of ITIL Service Support processes, there is now a strong ITIL community of interest and a significant ITIL market who rely on the survival of "*ITIL as we knew it*" to protect the significant investment in Intellectual Property, toolsets, training and IT-business relationships.

As a training and consulting organisation that has built its business in the ITIL market, Lucid IT is intimate with the challenges faced by IT organisations in implementing the ITIL best practices. Many of us have worked with the two previous ITIL versions and we know the efforts and achievements that many have made to date. Therefore we understand the potential impacts and benefits that ITIL V3 can bring.

So far, there have been a number of whitepapers, blogs and press releases about ITIL V3 i.e. the **what**. However, at this early stage in the life of ITIL V3 there has been a dearth of information or guidance on the *why, how* and *when* questions.

This whitepaper will give Lucid IT's "early read" on ITIL V3 gained as reviewers of the books to give some guidance on the value of ITIL V3 especially compared to ITIL V2, will do some "so what" analysis on the impact of ITIL V3 and how to go about assessing its value to your organisation.

Market Readiness for ITIL V3

To date most organisations that would consider themselves an "ITIL shop", are still working on consolidation of IT Service Support processes. Many are yet to fully implement the more challenging processes such as Configuration Management and Release Management. And whilst many organisations have implemented elements of Service Level Management and IT Service Continuity Management (usually under the auspices of Business Continuity Planning), very few have undertaken Availability Management, Capacity Management and service-based Financial Management.

It is fair to ask *why so little penetration?* Given that these are supposedly best practices from industry, why didn't the market just adopt the ITIL guidance?

Perhaps the answers are among the following:

1. Many customers are still struggling to get out of reactive mode and cannot find time to advance past the ITIL Service Support processes. And quite seriously, they are often swamped by business change coupled with the rapid pace of technology development i.e. supply ≠ demand. To be fair, many have only begun the ITIL journey in the last 2 to 3 years and could not yet be expected to have attempted the more complex Service Delivery processes.

2. The mature planning and cross-functional management approaches required to effectively execute the Service Delivery processes illuminates internal IT silos and the lack of well structured engagement with the business. Many organisations baulk at the challenge of resolving this or simply don't have the organisational wherewithal to evolve to a service based structure and culture. The tools to measure and report end-to-end service delivery can also be prohibitively expensive for many organisations.

3. Unfortunately the ITIL V2 guidance gives piecemeal or unclear IT Service Delivery process guidance and leaves many questions unanswered. How many people *really* understand the significance of Availability Management's Vital Business Functions (VBFs) to Service Level Management? There is a lot of work to do to come up with a connected service delivery model that enables end-to-end services commencing with business requirements flowing through to eventually the daily management of IT Infrastructure components. In summary, the ITIL V2 Service Delivery process guidance falls short of user requirements. The theory is good but the practical guidance is missing or ambiguous.

4. The ITIL V2 books arrived over a 5 year period so there was no cohesive guidance for integrating the IT Service Management concepts into Application Management and ICT Infrastructure Management. In most people's view ITIL is Service Support and Delivery. The value of the other books has been lost owing to their late arrival.

5. IT Service Management skills are in scarce supply in the recruitment market. Few people have the mix of IT Service Management, infrastructure expertise, tools expertise and process management to drive the tactical and strategic concepts forward.

6. And finally, perhaps organisations find it hard to develop a business case for the more abstract Service Delivery processes given that the benefits realisation process (or lack thereof) failed to show sufficient business outcomes to warrant further investment in best practices. As a leading retailer once said to me "we'd have to sell a lot of couches to pay for those best practices".

Given the above, ITIL V3 comes along at an interesting time, a time where businesses continue to demand more of IT and where IT struggles to keep pace with the continuing requirement to transform itself, and its services whilst grappling with how to harness the opportunities offered from the external technology and sourcing markets.

ITIL V3 – A Summary

Before dealing with the questions of *whether ITIL V3 hits the mark* and *how to use it,* we should firstly take a look at the changes that the new version brings.

Firstly, the much vaunted Service Lifecycle model. Figure 1 below shows the 5 phases of the Service Lifecycle. Each phase has an associated ITIL book which describes the principles, functions and processes required for its execution. Each book/phase also describes its relationship to the other books/phases.

The books have been written as a set and as such have many cross references and interrelationships. Organisations are encouraged to take the full lifecycle view rather than separating the books out as this could dilute the value significantly since many of the processes are distributed across multiple books. Service Level Management is the best example of this as it is heavily referenced in 3 of the 5 books and is integrated to a lesser extent in the other 2 books.
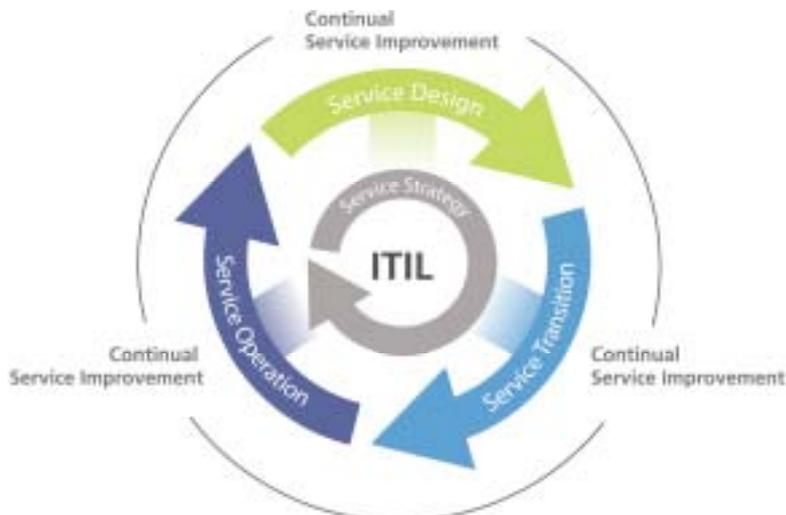

Figure 1 – The ITIL V3 Service Lifecycle

Service Strategy (SS)

This content is largely new for ITIL (contains some similar concepts as the ITIL V2 Business Perspective book) and draws on general Service Management concepts from outside the IT domain - for the Strategists among you, check out the references.

This phase of the lifecycle takes a strategic view of IT as a service and seeks to give IT organisations strategies to effectively compete for the IT Service provider role by setting up the IT organisation to successfully deliver value to the business. It presents models for deriving your IT strategy (excluding the technology component) and gives service economics (financial) models for understanding the commercial realities of your service costs and charging mechanisms. Not surprisingly, the familiar process of IT Financial Management from ITIL V2 is in this book. New ITIL processes such as Demand Management, and Service Portfolio Management, (whilst somewhat conceptual) now provide good guidance for the longer cycle management processes.

Guidance is given on how to design, develop and implement Service Management:

- As an organisational capability
- As a strategic asset
- To manage a portfolio of IT Services

Opinion: This book brings together a strong conceptual view of the strategic choices IT Service providers need to be aware of. However, the book does *not* come with practical strategy development processes and needs to be complemented with a good strategic planning model.

Service Design (SD)

The Service Design phase contains most of what ITIL V2 calls the Service Delivery processes (bar Financial Management). The Service Delivery processes have been refined and linked together to form an integrated design model for conversion of strategic objectives into portfolios of services and service assets.

The design book draws upon concepts from the ITIL V2 Application Management book to present a high level design model (analyse, design, evaluate, procure, develop) that interfaces with the underpinning processes (Service Level, Availability, Capacity, ITSCM, Security and Supplier Management).

Guidance on the design & development of:

- Services and service models
- Sourcing models
- Service Management processes and methods

- Changes and improvements necessary to increase or maintain value of a service

Opinion: A well written book that gives the refinements that the Service Delivery processes needed. However, the integration between the design model and the processes could have been more explicit. The concept of the Service Design Package (SDP) is a powerful one that if implemented wisely will result in a model that sets up a service for successful value delivery for the business across the whole lifetime of the IT Service. Further, it gives an approach with the potential to integrate effort across the whole IT department.

Service Transition (ST)

This phase of the lifecycle focuses on how to optimise changes to IT services such that the business realises the benefits. The book contains the familiar Change, Release (now Release and Deployment) and Service Asset and Configuration Management processes and adds the processes of Transition Planning and Support, Service Testing and Validation, Evaluation and Service Knowledge Management.

The focus is on ensuring that the customer gets optimal use of the new or changed service. Service Transition is an enabler for IT and business to effectively manage service changes.

Guidance is given on:

- Enabling the business change project or customer to integrate a release into their business processes and services
- How to reduce variations in the predicted and actual performance of the transitioned services
- Managing known errors and risks from transitioning the new or changed services into production
- Ensuring that the service can be used in accordance with the requirements and constraints

Opinion: A comprehensive book that builds on many of the previous concepts from ITIL V2. It adds further value by providing a model for ensuring the effective execution of the design and optimal "transition in" of new or changed services from the perspective of the business. The addition of Service Knowledge Management is quite valuable and sits well at this step in the lifecycle given that it embeds the knowledge requirements and project information into the service at its early life rather than as an afterthought. Whilst potentially useful, the extension of Configuration Management to include Service Assets and a Configuration Management System (CMS) may initially be daunting for many, especially those wrestling with their first CMDB implementation.

Service Operations (SO)

The Service Operations phase of the lifecycle represents the day to day management of the service and its many components. Not surprisingly, this book incorporates well known ITIL components such as Service Desk, Incident Management and Problem Management processes. These are now complemented with Request Fulfilment, Access Management and Event Management to create an holistic operational model. The ITIL V3 scoping study found that the market needed further guidance on these processes. Lucid IT 's experience would support that view. We have often implemented these additional processes alongside the ITIL best practices in IT Service Management improvement projects.

In addition, elements of the Application Management and ICT Infrastructure Management books from ITIL V2 are incorporated.

Specific guidance is given on how to operate common infrastructure components including modern concepts such as Service Oriented Architecture (SOA) and Virtualisation. Whilst this guidance is fairly high level, it at least addresses current technologies and may improve the accessibility of ITIL to technology specialists.

In addition, the Technology Management and Application Management functions and roles are described to give an organisational structure model (for operations) to complement the process and technology views.

Opinion: This is a comprehensive text covering the practices required to run effective IT Service Operations. The ITIL V2 processes have been enhanced and yet expressed in a more concise way. The added processes are practical and valuable. The only issue here is the significant volume of the guidance. There is a lot to digest and potentially a vast amount of practices and concepts to design, implement and manage.

Continual Service Improvement (CSI)

The Continual Service Improvement phase ensures that IT continually align and realign IT services to the changing business needs by identifying and implementing improvements to IT Services that support Business Processes. In addition CSI provides models for maturing the IT organisation and its processes by monitoring and improving the overall health of IT Service Management as a discipline. This book incorporates many of the concepts in it the ITIL V2 book *Planning to Implement Service Management* and brings in complementary management frameworks such as Balanced Score Card, Six Sigma, COBIT and CMM.

CSI gives guidance on:

- Continual alignment of the portfolio of IT Services with the current and future business needs

- Growth and maturity of the enabling IT processes for each Service in a continual service lifecycle model
- Activities to support a continual process improvement plan
- How to measure, interpret and take action

Opinion: The book is a valuable resource for driving improvement. Many organisations have had to deal with interfacing their IT Service Management improvement initiatives with other approaches from the business (such as Six Sigma). Now the guidance gives IT a firmer footing with which to discuss improvements with the business. The other significant contribution of this book is the focus on ongoing *service* improvement. Many organisations have over focussed on process improvements whilst IT services performance is in disarray and in obvious need of attention – CSI gives structures and techniques to deal with both the service and process improvement needs.

Transition to ITIL V3 or Stay with V2?

The large IT Service Management tool vendors and some Managed Service providers have anticipated uptake of ITIL V3 and have begun to position themselves and their offerings. But, how should the internal IT organisation view this change?

Perhaps we should accept that this is a mute question in the end. All organisations will move forward and use ITIL V3. It is mostly a question of timing given that the Office of Government Commerce (OGC) has clearly stated that the ITIL V2 books will be retired some time in 2008. The ITIL certification training will also completely cut over to ITIL V3 in 2008. The outcome is as inevitable as the inexorable march of technology upgrades experienced by all IT departments.

The only possible alternative outcome (albeit very unlikely) could be an OGC rollback to ITIL V2 due to rejection of ITIL V3 by the market. How likely is that? In our opinion, not very.

So the question becomes more of **When** and **How** rather than **If**.

The *positive* news is that the IT Service Management market can take comfort in the fact that the authors have done a *very good job*. Lucid IT staff involved in reviewing the books have all commented on the improvements in the scope and quality of the ITIL framework. The IT Service Management community can take a collective sigh of relief and now look for the best ways to include ITIL V3 in Service Management improvement plans.

Positives we see in the new approach include:

- ITIL V3 is a complete and interconnected model. Additionally, the concurrent release of the complete set gives the market the opportunity to take a strategic approach to ITIL with very clear linkages to business outcomes,

- The value of the ITIL V2 investment has been retained due to the incremental improvements made to the V2 processes. For many organisations these process improvements represent *quick wins* in the continuous improvement cycle and can help maintain the IT Service Management momentum created by ITIL V2,
- The books incorporate the latest in technological developments such as virtualisation and Service Oriented Architecture (SOA),
- The guidance is practical (mostly) and sufficient detail is given for organisations to quickly align and adopt the workflows to their organisational requirements,
- The books are complementary with to other standards such as COBIT 4, ISO 20000, Project Management and Software Development methods, and
- High level of internal consistency in terms of structure of the books and cross referencing of processes.

Finding and Harnessing the Value

The value of ITIL for the past 20 years is that it has captured and presented how **leading** IT organisations manage services thereby helping reduce risk and saving you time and effort in maturing your IT organisation. ITIL's best practices and principles have stimulated change toward better IT Service Management practices for IT departments across the globe.

Will this change with the introduction of ITIL V3?

Absolutely not. The books are well written and provide the same good (or improved) guidance as ever and then some….

The questions become where is the **additional value** in ITIL V3 for your organisation and **how much** of this your team can absorb and adapt to deliver real benefits for IT and the business.

It is likely that your organisation has already recognised ITIL's value proposition and has embedded ITIL as an important component of an overall IT Management framework. If this is the case, you can use ITIL V3 the same way as you've used previous versions – as a resource to create vision for new levels of management maturity and to incrementally improve what you already have.

ITIL V3 gives clear incremental improvement opportunities for your current ITIL based IT Service Management processes. Process by process you can evaluate the changes and look for improvement opportunities. In Service Transition and Service Operation phases, most IT Service Providers will feel comfortable with the incremental improvements and additional content.

However, when we look at the Service Strategy and Service Design concepts we can actually feel challenged as whether we should "go there". Is the full lifecycle model

achievable? What value would it bring? And to what extent does ITIL V3 give us the resources to get there?

In our advisory role, Lucid IT has been fortunate enough to work with a number of mature IT organisations that have already been attempting a full Service Lifecycle model, to varying degrees of success. Their motivations have been the desire to optimise the value of the capital investment in IT projects and to ensure that projects result in manageable IT services with a reasonable *cost to serve*.

In these leading organisations, we have seen a convergence of the *build* and *run* sides of the IT department toward a Service-led organisation. In most cases, this has been a logical (and sometimes painful) evolution of the IT maturity. There has been recognition of the Service Lifecycle costs and the requirement to effectively set up the service and effectively transition it to ensure that ROI is achieved through life in production.

For this to be possible, a certain level of control and process capability needs to be established in both the build and run teams. Implementation of "better practices" in these teams also creates the efficiency necessary to resource higher value lifecycle and process management roles without resorting to increased headcount.

This evolution is shown in the diagram below (for fuller explanation see *Developing a Service Led "Build and Run" IT Organisation to Optimise IT Governance and performance* – Lucid IT Website). As depicted on the diagram, the various stages of maturity build on the platform of good practices from the previous stage.
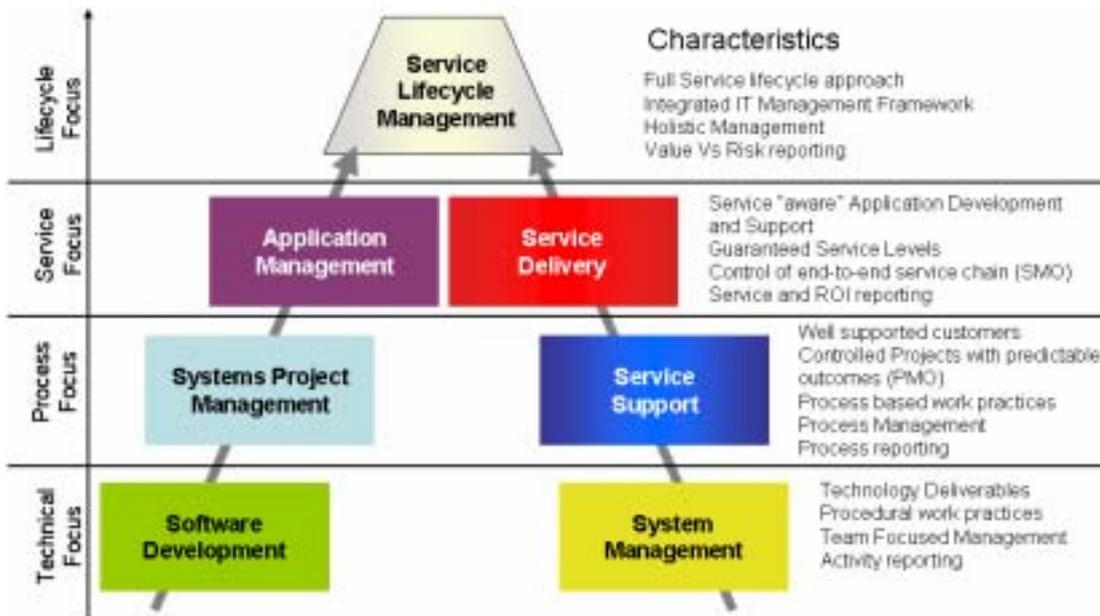
Figure 2 - Maturity Path Toward Build & Run Integration

The issue with this incremental approach is the time it takes to *evolve.* It is quite possible that the business will lose patience with its IT Service Provider and seek alternative solutions.

With the advent of ITIL V3 we now have a comprehensive full Service Lifecycle model that can be used as a *Vision* for the build and run teams. This can help IT *transform* itself as a provider rather than evolving over incremental cycles. IT can make the generational leap that can ensure the relevance of IT and, for in-house providers especially, ensure that IT retains its competitive advantage and value to the business.

In particular the Service Strategy and Service Design books give principles and practices that will engage and drive the *whole* of IT. ITIL V3 will not compete with the Project Management, Architecture or Software Development domains, rather it will inform and give clear *non-functional* early life and through life service requirements that will ensure that project outcomes are clear to all. This will prevent the need to retro-fit *service* into the technology deliverable. Further it will ensure that the business derives benefit throughout the Service Lifecycle rather than having to battle with IT through the early life of the service and then sustain a high cost of ownership as IT adds in the additional non-functional requirements and service management capability over time.

The Final Word…

Ultimately, in our evaluation of ITIL V3 we must ask the following questions:

- Does it retain, or indeed augment, the value of the previous IT Service Management capability investments made in ITIL V1 and V2?

- Does it give clear concepts and principles for strategic, tactical and operational levels of IT management processes?

- Does the Service Lifecycle model add value?

- Will the implementation guidance prevent recurrence of some of the issues with implementing previous versions?

- Do the books *as a set* compare favourably with the previous ITIL guidance?

Finally, in judging ITIL V3 we simply need to answer the question *Is it better than ITIL V2?*

After all, it doesn't need to be *perfect*. It just needs to be an improvement that justifies the cost of the changes it brings.

At Lucid IT we're pleased to say that ITIL V3 meets all of the above tests and that it compares more than favourably with the two previous versions.

The lifecycle approach is addressing a real need. The Service Lifecycle proposed in ITIL V3 provides a **meta-process** with the potential to galvanise the whole of IT into focusing on building and managing a portfolio of Services for the business. And to everyone's relief', the best practices from ITIL V1 and ITIL V2 have been retained and "polished".

The 'tricky thing' with ITIL V3 is that the meta Service Lifecycle process is necessarily complex as are the sub-ordinate processes and structures. The Strategic guidance for IT Service Providers is also complex given the tumultuous and dynamic nature of modern business. However this is no real surprise. We all know the complexity of modern KT management – if it were simple the problem would have been solved before!

We would encourage our customers and associates to take some time to get to know ITIL V3. ITIL V3 should provide support for your next maturity steps as an IT organisation.

All of us know that IT Service Management maturity is an ongoing journey. With ITIL V3 is now clear is that the whole of the IT value network needs to march together and integrate tightly with the business processes and strategies. We must ensure that the destination is about enabling business outcomes through integrated IT services. ITIL V3 can be a big part of the answer and is a generational leap forward, but it is not an end unto itself nor is it a silver bullet (as we learned with the previous versions!).

Lucid IT's position with ITIL is that it has *always been intended* as a descriptive framework from which to implement the components that make sense for your IT organisation. This opinion remains and is more important than ever given the broad scope of ITIL V3 guidance.