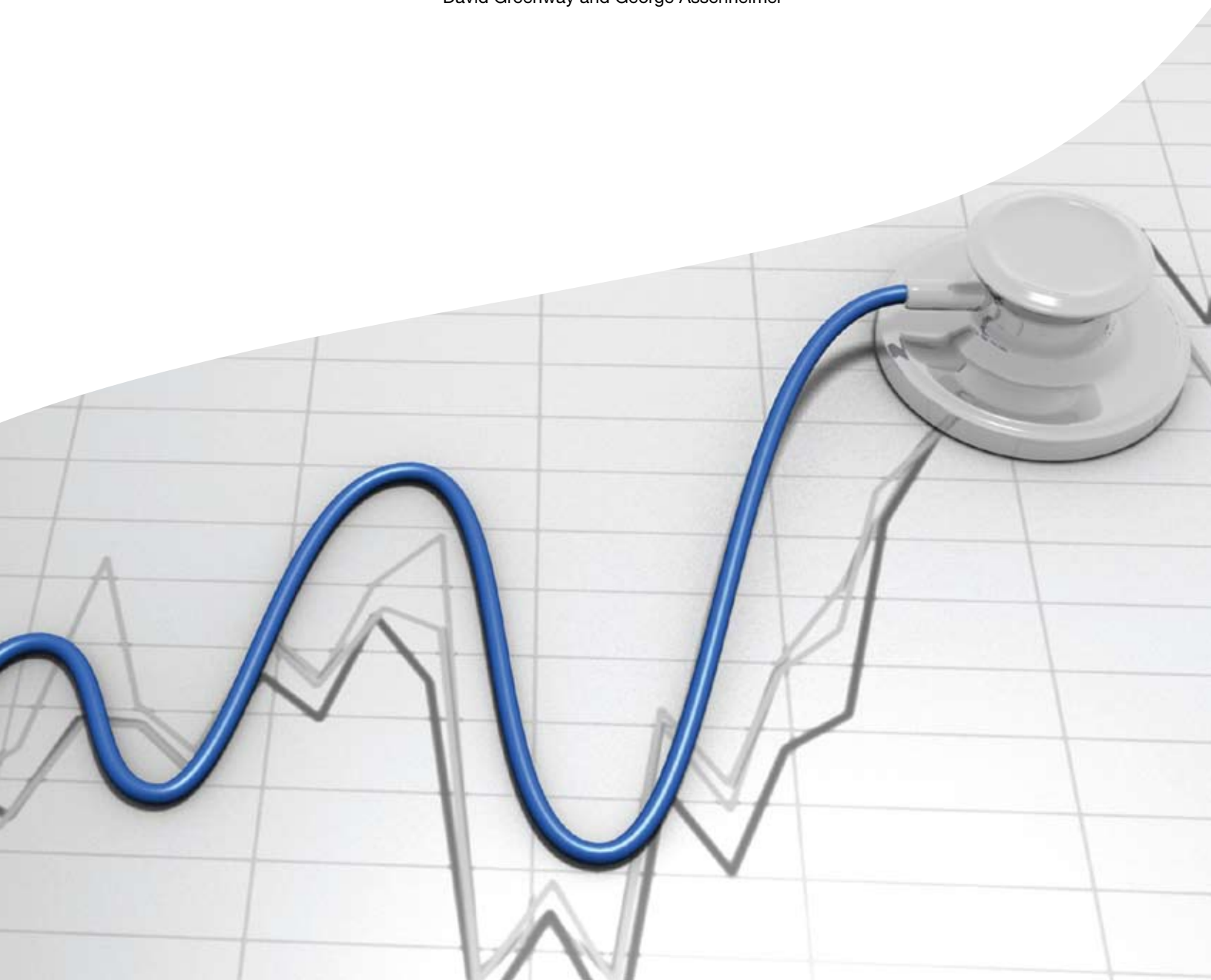


IT Service Management Healthcheck

A Key Tool for Driving Continual
Service Improvement

David Greenway and George Assenheimer



The Brecon Beacons in South Wales are a mountainous area known for their 500 square miles of beauty and ever-changing, often dangerous weather. A number of years ago, a trainer with a fondness for hill walking (referred to as hiking, backpacking or mountaineering elsewhere in the world) remarked during an IT service management course about the frequency with which he was stopped and asked for directions while walking in the Brecon Beacons. It seemed to amaze him that so many people would wander around such a wild and unpredictable environment without knowing where they were. With brutal honesty he would always reply, "If you don't know where you are, how do you know where you're going!?"

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The same can be said of many IT organizations seeking to survive in the equally challenging and changing environment of the twenty-first century, “If you can't tell how you're performing, how can you improve?”

The challenge is to overcome the idea that it is acceptable to roughly identify the 'here and now' using 'gut-feel', and to then use this point as a baseline for planning and measuring improvements in operational efficiency, cost reduction, and service quality. The risks are the same as in mountain climbing: if the environment turns against you, you could be in serious trouble.

Capgemini recommends that IT managers make use of the many standards and frameworks that comprise today's 'industry best practice' such as ITIL^{®1}, COBIT², CMMi^{®3} and ISO/IEC 20000⁴. By using process assessments, managers can objectively verify that they have the right processes in place and identify how processes are performing to gain a single, accurate view of the truth about the current 'as-is' state. Armed with that knowledge, they can develop a robust improvement plan to achieve the 'to-be' level of performance. Capgemini's Service Management Healthcheck can assess the state of the organization's processes and assist in developing the desired plan for driving service improvement.

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1. ITIL, Information Technology Infrastructure Library known as ITIL Service Management <http://www.itil-officialsite.com/home/home.asp>
 2. COBIT, Control Objects for Information and Related Technology, <http://www.isaca.org/>
 3. CMMI[®], Capability Maturity Model Integration for Services, Version 1.2 CMMI-SVC, V1.2 February 2009, www.sei.cmu.edu
 4. International Organisation for Standardisation / IEC 20000:2005 is the standard for IT Service Management, <http://www.iso.org/iso/home.html>

Competing in today's global economy requires complete, mature processes

Increased global competitive and economic pressures require that IT optimizes spending by getting the most out of existing capabilities through process improvements as well as by seeking increased capabilities at lower cost. Some increased capabilities come from moving work to outsourced providers or moving work from onshore to offshore centers, and combinations of the above. All of these moving parts substantially complicate the IT environment, which cannot be successful without the core service management processes in place to serve as the glue linking IT activities together, to drive a consistent way of operating IT across the entire IT delivery operations.

ITIL service management processes provide a Best Practice perspective as to what needs to be implemented to align IT with the business and link IT activities together efficiently. The basic processes, such as Incident, Change and Service Level Management, must be implemented to bring reasonable order to an IT environment; Problem, Capacity, Asset and Configuration management can lower IT costs and put the organization on a path to optimized IT spend.

- Problem Management serves to optimize IT operations by shining a light on issues that consume IT staff's time, and provides a mechanism to permanently eradicate these issues.
- Capacity Management provides a disciplined approach to optimizing spending on software and hardware capacity, ensuring the business has access to the capacity it needs, when it needs it.
- Asset Management provides the facts on what is in use and being used.
- Configuration Management highlights what is important to the business so that spending can be directed where it is most needed.

The Capgemini Service Management Healthcheck provides a means to assess and measure these processes along with the other ITIL processes. It's easy to understand a report that highlights the maturity level and deficiencies in processes and highlights optimization opportunities.

Mature processes are just the beginning...

The path to efficiency and effectiveness follows through industrialized or standardized processes. For some companies, standardized, efficient processes and process improvement are at the very core of their strategy – the strategy to be the lowest-cost provider in a market will have process improvement as a core competence and critical success factor, to enable a level of operational efficiency that cannot be beaten by the competition. Without a complete set of linked service management processes that are continuously improved, a company is certain to have gaps where inefficiencies and issues exist.

Using healthchecks with other methodologies can also help drive down the cost of resources required to deliver services. Using a healthcheck in conjunction with a maturity framework derived from CMMi enables organizations to target a future state of IT service maturity where knowledge is increasingly retained in a process-driven business; rather than by organizational 'heroes'. The key benefit is that over time lower-cost resources can be used to deliver the same services to the same level of quality because the work does not require such broad skills and experience, thereby reducing IT non-discretionary spending. Increasing process maturity also provides opportunities for automation which may also lead to the reduction of service delivery costs.

Healthchecks not only support incremental change through improvement initiatives; they are an ideal tool for supporting transition and change projects. IT healthchecks capture the 'as-is' performance so that it can be used as input for the evaluation of a transition or a project, or as part of the acceptance criteria for project stage approval.

In a similar vein to their use in validating the success of transformation and projects, healthchecks are useful for providing management with an objective validation of performance reporting and, therefore, reassurance that information being reported represents a sound basis for measuring service quality. This is a vital part of auditing outsourcing relationships as it provides both parties with a periodic set of information on the quality of the service being delivered, to highlight any areas of concern not identified through normal monthly service reporting activities. In this way, IT healthchecks enable an organization to identify its current situation with accuracy and use this as a baseline from which to plan improvements and achieve higher levels of quality.

Capgemini's approach to assessing IT service delivery

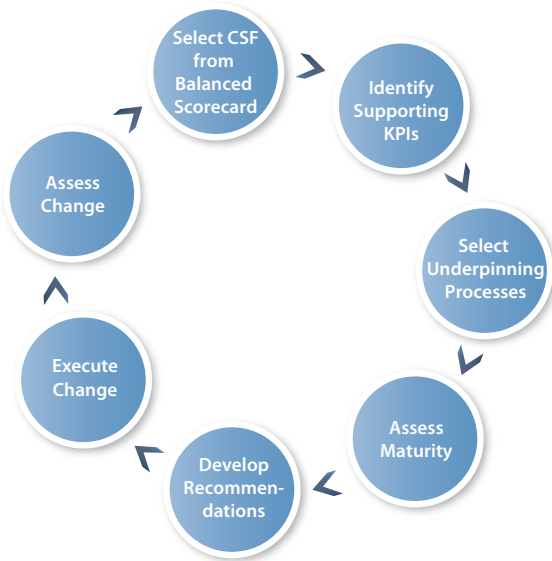
Capgemini offers two approaches to evaluating IT service delivery processes – Process-Centric and Business-Centric.

The Process-Centric approach evaluates the processes the client selects as the most critical or in need of repair. With this approach, the selected processes are assessed and gaps are identified, maturity level is determined, and an evaluation is performed on whether the process meets the business demands. This assessment is cyclic in nature and follows the basic ITIL Continual Service Improvement approach.



Process-Centric Assessment Approach

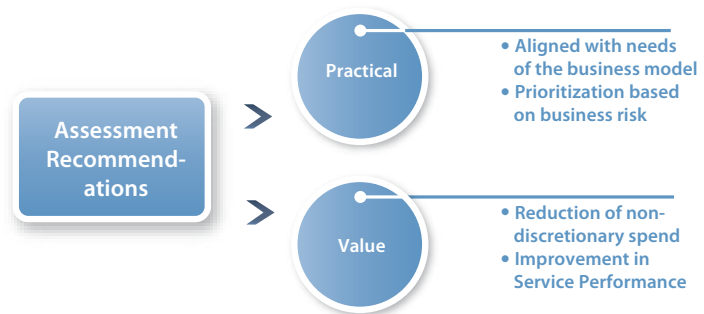
The Business-Centric approach is more of a top-down review which starts with the selection of Critical Success Factors (CSFs), which comprises a Balanced Scorecard consisting of Financial, Customer, Operations, and Innovation & Learning perspectives. The review then drills down into the key performance indicators required to support the selected CSFs. A process assessment is performed on the identified processes that support the selected CSFs and KPIs. The output is an assessment of the IT/business alignment and supporting processes along with recommendations for change that directly tie back to the original CSFs.



Business-Centric Assessment Approach

While IT Service Management provides an approach to establishing and managing the electronic delivery of services, Capgemini’s Service Management Healthcheck provides an approach for assessing the underlying processes’ completeness, compliance, effectiveness, and efficiency.

Capgemini’s Service Management Healthcheck focuses on existing IT Governance and Service Management processes to develop a clear understanding of the maturity of the current state as measured against industry Best Practice.



- Practical – our assessment recommendations are formulated with a view of the needs of the client business model. Not all processes need to be at a fully optimized state.
- Value – the implementation of post-assessment recommendations will result in lower non-discretionary spending and improved overall process performance.

Often organizations will use a healthcheck to assess the value of their sourcing strategy, to identify areas of IT service risk, or to establish a benchmark for measuring future process improvements. Because a healthcheck uses predefined, objective tools, it is ideal for providing consistent information, useful as a tangible measure of service performance and therefore service quality.

By using a healthcheck in this way, an organization can accelerate the development of process maturity as defined by the CMMi model. The benefits of mature processes include overcoming reliance on individuals for process quality and effectiveness, and ingraining performance improvement as a ‘way of being’ within the organization, thus evolving from ‘hero-based’ to ‘process-based.’

Identifying when to act

There are a number of indicators that an assessment of IT processes is required:

- Poor Performance – if process performance consistently falls below established KPIs, then it is good practice to understand and identify the cause of such underperformance.
- Lack of Metrics – what gets measured gets done, what is not measured most likely does not get done. Without the proper controls around a process, neither the process nor its execution is effective or efficient.
- Dissatisfied Users – when users are not satisfied, the process is either broken, not adhered to, or is simply not understood. Regardless, direct feedback from a user satisfaction survey will help hone in on the areas that need work.

As a diagnostic tool, the Healthcheck helps to identify the starting point for process improvement by evaluating the maturity level of current process performance on an objective scale and identifying the gaps; the Healthcheck identifies the 'as-is' for an IT function, or – to put it in hiker terms – pinpoints where you are on a map. The Healthcheck output is key to understanding where the IT operation is, and provides critical direction to steer the IT organization in its quest for increased capabilities and cost optimization.



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For more information on our
Service Management services,
please contact:

Brian Doherty
Global Product Marketing
+44 870 904 3545
brian.doherty@capgemini.com

George Assenheimer
Global Lead, Service Management
+1 972 556 7608
george.assenheimer@capgemini.com

