
Justifying ITIL

Introduction

These days more and more North American IT organizations acknowledge the fact that implementing a process framework such as ITIL is the missing piece of the puzzle to enable a better quality of service delivery. ITIL's popularity is growing steadily, after the majority of Western European companies already embraced it between 1995 and 2000. Union Carbide Corporation and Proctor & Gamble were on the forefront in the U.S. to benefit from ITIL in 1997. Three years later we can read and hear more and more about this process framework. Today an increasing number of Fortune 500 companies and government entities are in the process of implementing ITIL. The independent promoters of ITIL are the ITSMF-Canada organization, which had their first conference in Canada in November 2000, and in the U.S. ITSMF-USA's whose first summit was in October 2001. Commercial organization such as META Group and the Helpdesk Institute are spreading the good news about ITIL, and software vendors such as Hewlett-Packard and Microsoft have incorporated ITIL in their management solutions.

Based on this growing interest consulting practices, such as InterProm USA specializing in implementing and training IT organization in ITIL, are more often approached by CIO's and IT executives with the question of how to explain to their upper management the justification of the costs involved with an ITIL implementation. This White Paper is an attempt to help answer this question.

ITIL's Answer

As published in the Introduction Guide to IT Service Management of the ITSMF, which introduces the reader to ITIL, it lists the following benefits:

Benefits for the IT organization

- Improved manageability of changes within IT
- Reduction of IT costs
- IT alignment to the business
- Ready to use tools for managing IT
- Framework for outsourcing decisions
- Uniform reference model for mutual communication
- Cultural change towards service delivery
- A more systematic and clear IT organization
- Standardized and easy to recognize procedures
- Less duplication of work and therefore improvement of efficiency
- Jump start to prepare for an ISO-9000 certification

Benefits for the IT customer

- Well documented and detailed IT services
- A more stable IT environment
- Increase of trust and credibility through a guaranteed quality of service delivery
- Clear communication channels

- Shorter time-to-market for new (IT-) services.

Although this extensive list covers all the benefits, we will highlight a few of them for you below.

Reduction of IT Costs

The majority of IT organizations are struggling with finding the right people for the IT-job, and has difficulties retaining experienced staff. Attracting new staff is the top business challenge in 2001 (Beyond Computing, November/December 2000). Imagine you have invested in hiring, training and education for your IT employees, and for even higher salaries they leave the company anyway. With this, experience and knowledge is gone and difficult to replace, especially in IT organizations where formalized ITIL processes have not been introduced yet.

Processes are by nature technology and people independent. Once you have implemented and formalized an ITIL process, it is easier for a new employee to become familiar with the way of working within your IT organization. His or her responsibilities are clear from the very first moment, and a much shorter learning curve lies ahead of your new staff.

By implementing ITIL processes, an increase in efficiency is visible immediately after the work has started according to the new standards. Reinvention of the wheel is reduced to a minimum, and IT employees end up spending more time on their specialties instead of fighting fires and cleaning up the "mess" caused by lack of communication.

Clear Communication

According to an investigation done by META Group in 2000, it appears that 30% of an IT operations budget in a Global 2000 company is wasted. This is due to IT's lack of process education, automation, improper and inadequate management, etc. Usually one comes with the other. Lack of management skills can cause lots of other problems, and so does lack of communication and lack of process automation.

An easy example we always use to explain the importance of standardized communication is the definition of availability. Your IT infrastructure may be available according to your staff, because nothing was "down". However, your customer may have a different perception on this. If the customer had to wait 10 seconds between changing windows, the perception could be one of not being available.

Most IT organizations have an outsourcing contract for some or all of their IT services. It is very common to have a Service Level Agreement (SLA) with the service provider. So is the case with your hardware and software vendors. When going through these contracts, it is interesting to learn how something like availability has been defined by each entity. Having one definition in place would increase your manageability of all these different parties and eventually your delivery of IT Services.

ROI Figures

Unfortunately very little has been published about hard dollar figures referring to returns on made investments. However, an example of an undisclosed company InterProm USA implemented ITIL for resulted in reducing the time to identify the causes and fix the problems. Our customer also reduced the causes of downtime by 65% resulting in increased annual productivity savings of \$197,000 per 100 users and reduced revenue losses by \$7 million per 100 users. Their pay back period for the IT Service Management products was 22 days. The products supported the implemented ITIL processes for Incident Management, Configuration Management, Problem Management, Change Management and Service Level Management.

Another customer of InterProm USA saw its resolution times for service calls decrease by more than 50%. Try to calculate the reduced expenses in your organization when you save 50% of the valuable time of your IT staff in resolving service calls. Usually these figures speak for themselves.

A third example of an InterProm USA customer saw an increase of its call volume from 450 per week to 2000 per week over a 1 year period, but was able to keep the number of its helpdesk staff at 5 employees. The growth in number of calls was mainly because of the increased level of faith the end-users had in their IT helpdesk.

Timelines

The following table shows some timelines to keep in mind when implementing ITIL processes. Be aware that the numbers do not imply that consulting services are needed throughout the time frame mentioned. Usually the company wide adoption process lasts the longest. Defining and agreeing upon the ITIL process in your situation on average lasts 2-3 days. Implementing and configuring the supporting IT Service Management tool can be done in a few weeks. Rolling out the process and detailing the procedures is a more lengthy process, which can be done without external expertise if the budget doesn't allow it. Needless to say that on average the duration of the implementation project is no longer without involving external expertise.

ITIL Process	Time to Implement	
	Small/Mid size IT organizations	Enterprise IT organizations
Service Desk/Incident Management	3-6 months	6-24 months
Configuration Management	3-4 months	4-12 months
Problem Management	1-3 months	3-4 months
Change Management	1-3 months	3-5 months
Release Management	1 month	1-2 months
Availability Management	3-6 months	6-9 months
Capacity Management	4-6 months	6-12 months
IT Service Continuity Management	3-6 months	6-12 months
Financial Management of IT Services	4-6 months	6-9 months
Service Level Management	2-4 months	4-6 months

Process Metrics

Measuring improvements within your IT organization starts with determining a baseline measurement of the current situation. The following list of process metrics may be helpful in determining where to base your improvement from: availability, reliability, usability, priority, response time, repair time, resolution time, support time, maintainability, serviceability, performance, capacity, confidentiality, integrity, reliability, vulnerability, number of changes, number of open/closed calls, etc. It is important to measure during and after the implementing of the ITIL process to determine any pattern changes. Make sure you have the right set of tools to measure with, and the appropriate reporting capabilities.

Conclusion

Justifying an ITIL process implementation to your CEO and/or upper management is usually the first step to be made. Best way to start is to determine the area within your IT organization you would like to see improvements from an ITIL process implementation. This could be your helpdesk, internal communication in general, introducing customer focus, working with SLAs, cost reduction, faster time to market, more stable IT infrastructure or an increase in your credibility.

Based on the outcome of your focus area, you do a baseline measurement and set a goal to work on. With or without the help of an ITIL consultant, you can build a roadmap to make this goal a reality. All this builds your justification for your management.

In case you are not yet familiar with ITIL we usually recommend participating in our [ITIL Foundations training class](#). Afterwards, by passing the 1-hour multiple choice examination, you can even become certified on a foundations level. In a 4-hour [ITIL Executive Overview class](#) we offer is another option you may want to consider in convincing your management of the benefits of ITIL's best practices. For a complete overview of our large variety of ITIL training classes, please visit the [ITIL Portal](#) on our website.

Besides this white paper the ITSMF organization offers to its members multiple additional documents and white papers of past experiences shared by other members that may help you with arguments you may want to use in your case. And, as always, do not hesitate to [contact us](#) for more assistance regarding this subject. We are able to provide you with much more examples you may want to include in your justification process.