

Dan Rueckert of HP Consulting Digs into ITIL's Role in Accelerating SOA and IT Service Management

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Dana Gardner: Hi, this is Dana Gardner, principal analyst at Interarbor Solutions, and you're listening to a special BriefingsDirect podcast recorded live at the Hewlett-Packard Software Universe Conference in Las Vegas, Nevada. We are here in the week of June 16, 2008. This sponsored HP Software Universe live podcast is distributed by BriefingsDirect Network.

We now welcome to the show, Dan Rueckert. He is the worldwide practice director for the Service Management and Security practices in HP's Consulting and Integration Group. Welcome to the show, Dan.

Dan Rueckert: Thanks, Dana, it's good to be here.

Gardner: We're going to talk about the Information Technology Infrastructure Library (ITIL) version 3 and the methodologies used for managing the IT function. One thing that struck me as I have been reading about ITIL and how people are using it, is this notion of "what is IT?" ITIL almost fundamentally rechecks that, and it begs the question of whether IT is a product or a service within an enterprise and to its constituents and user. How do you react that? What's your answer to that question?

Rueckert: IT has really emerged now as a service, as far as how you provide services from an IT function to a business as a service provider. You start to get into internal, external, and shared services as a whole. The other thing is that a year later with v3, you are starting to break out of the data center. That's one of these key drivers of the service lifecycle, which is a key concept that has come out of ITIL v3. Also, the involvement of strategy is involved with the true operation side. So, you really start to look at how to align business with IT on an ongoing basis.

Gardner: For those of our listeners who might not be familiar with ITIL, why don't you give us a quick overview of what it is and where the state of ITIL's evolution is?

Rueckert: ITIL is a standard best practices out of the Office of Government and Commerce (OGC) in the U.K., and has been around almost 20 years now. As of May 27, 2007, v3 was released, but it's one of these standards that has really been accepted from a customer user base globally.

It made lot of sense in the fact that it truly reflects best practices, from a customer perspective, in what has been going on over the years. Version 3 really is working with how the evolution of IT has gone. If you go to v2, it was very service centric around the data center, but v3 has now taken on the business alignment piece -- how does IT provide value to

the business on an ongoing basis?

For me, it has been exciting in the fact that it's breaking down these barriers or silos across IT and within the businesses. We've have seen that a lot. Also, acceptance of v3 is far greater, because it has reached out from the traditional IT-centric view to the business.

Gardner: And so, a lot of IT organizations are siloed functionally and technologically, in many cases. If the end goal becomes customer satisfaction and being able to represent the business goals of the organization better through IT -- be it as a product or a service -- how does an organization start on this path of bringing these silos inside their organizations into more of a concerted effort toward a common services goal?

Rueckert: Actually, one of the new areas, as far as the v3 goes, is around service strategy. It's truly driven how to bring together and look at the business values or metrics that are needed in aligning from a service perspective.

It brings together the key metrics and values that need to come out of that, taking a customer through this service lifecycle from strategy to design, transition, operations, and a continuous service improvement cycle. In a lot of cases over the years, that's made sense. A lot of people worked with Deming and some other methodologies and have been getting into these lifecycles that now have been adopted, and it just makes good business sense. It isn't something that is to me IT centric, but it just makes good business sense.

And the neat thing about ITIL v3 is that it isn't just about IT. Business people could take up service strategy and use that in other ways in their business as a whole. It's truly one of the more exciting books coming out.

Gardner: I've also heard it said, when it comes to IT services, that these services have a lifecycle, and that organization should think of them in the context of a lifecycle. Software Universe relates to the notion of IT operation's lifecycle and data center modernization and transformation. It seems like an awful lot going on, a lot of moving parts. Do you need to do the data center first and then do ITIL, or you do ITIL and then the data center and other transformation? What's the right order, do you have any sense for this?

Rueckert: What started to happen within HP is using the processes or the ITIL as a foundation, meaning, as you start to grow, ITIL and service management become enablers for data center transformation, as a whole. You can take those components, and say, "I am working on core things around provisioning, or incident problem," start to build that around those areas, and grow from there.

Within our key initiatives, service management becomes an enabler for data center transformation, consolidation, and some virtualization. Also, the processes become a baseline to say, "How am I doing from the point of view of that business outcome?" If I know what I am doing today, and how I automate or virtualize things, I know I can measure that delta on an ongoing basis to provide value back to the business.

Gardner: Okay, we also spoke today with Ben Horowitz in the Business Technology

Optimization (BTO) group. How does the design-develop-requirements phase of IT relate to ITIL? Is ITIL more focused on operations, or how does application development, as a set of functions, fit in?

Rueckert: That really gets into the design and transition pieces now within design -- how requirements are accumulated by working with your customers or the business itself -- compiling those, understanding not just about pure business, but understanding other aspects of where I am going from needed scalability issues or strategy, and then getting into transition as I start to build and implement. What is the back end as far as acceptance and tests? So, it has an immediate applicability from an application perspective.

Gardner: The whole must be greater than sum of the parts.

Rueckert: Correct.

Gardner: I have also been seeing more information on how ITIL can help manage complexity, and, of course, there are many different types of complexity organizations are facing -- virtualization, services-oriented architecture (SOA), and so forth.

A recent study by Summit Strategies found that, for the folks they talked to, having done ITIL early and adopted some of the methodologies and approaches allowed them to then progress into SOA with more success. Tell us a little bit of what you think about SOA and ITIL, and whether ITIL approaches also might ameliorate other complexities?

Dan Rueckert : It's a very good example, Dana. as you start to break down these into components and service lifecycles. When you talk about SOA and some of the aspects there, you are really saying, "How am I defining some type of service?" You start to say, "What are those foundation services that I need," and you start to build off of that.

It's just like concepts around configuration management services, or the configuration management database (CMDB) as far as that. You want to start wide and shallow to get a good feel, and then build into these areas that are pain points, as you move forward. You don't want to try to automate or design the world, really just align it with your business as a whole.

Gardner: How do companies and IT departments more specifically rationalize this from a business case? Are there financial paybacks? Are there qualitative paybacks? When an organization is evaluating ITIL, and they need to make a business case for it, what do you usually tell them?

Rueckert: We are really seeing maturity. The nice thing about going from v2 to v3 is that we have lot of historical basis now as far as the core IT skills and the building of ROI off of that. We are really expanding that into greater cost-benefit analysis upfront.

We don't just wait until the end to define the metrics of our values for success. It's really being done upfront, and saying, "Here is our vision and here are the metrics we are going measure as we move towards going into production on end state," and seeing those things as far as a continuous service improvement cycle.

Gardner: Are there any aspects to ITIL that reflect compliance or regulatory impacts? Are there certain verticals or companies that have to do this, in a sense, don't have a choice?

Rueckert: Right now we are seeing the alignment. When v3 came out, this was another exciting part where they really worked with some of the other standards. So, when we talk about the IC or ISO 20001 and 27001 around security, the COBIT, as far as a compliance perspective, they were working together.

They knew that these standards existed and started to incorporate those types of terminology. They hit key points by saying, "You need to be thinking about this as you're designing some of your services as a whole and understanding that moving forward." Then, as you get into more prescriptive methods, like with what we are doing around some of our processes, we are building these controls into defined best-practice processes within some of our reference models. So, it combines both.

Gardner: We've now seen lots of studies and evidence that 70 or 80 percent, certainly the lion's share, of spending on IT goes to maintaining existing systems, and investment and innovative new technologies don't always get the funding that many folks would want. Is there something about ITIL that helps shift that? Is part of it designed to make more efficient the processes that then would reduce the cost around maintenance and upkeep that might, in fact, provide more money for advancing technology?

Rueckert: That's a piece of the strategy, and you start to understand your demand and how you're allocating budgets and priorities against this. As I get more optimized or efficient on current day-to-day processes, and also as I combine technology to automate those, I am seeing the payback that then can fuel that innovation on an ongoing basis.

Gardner: We have seen some product announcements here at Software Universe, change management and problem resolution enhancements to products. Is there is something about those capabilities in the BTO group that dovetails well with ITIL from your perspective?

Rueckert: Definitely. It gets back to further automaton. In some cases -- those areas that might include labor-intensive activities or checks or compliance activities, further automation and audit trails -- efficiencies in the day-to-day operations allow other things to be done from an innovative perspective.

Gardner: Great. We have been discussing ITIL and how IT departments can better organize and manage themselves and provide IT as a set of services to their constituencies and their users inside of large enterprises. We have been speaking with Dan Rueckert, he is the worldwide practice director for the Service Management and Security practices, inside of HP's Consulting and Integration group. Thanks for your time, Dan.

Rueckert: Thank you, Dana.

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I'm Dana Gardner, principal analyst at Interarbor Solutions. Thanks for listening, and come back next time for more in-depth podcasts on enterprise software infrastructure and strategies. Bye for now.

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