

## ITIL's Influence Extends Beyond IT Operations to Enhance SOA, Portfolio Management and Change Management

*Transcript of BriefingsDirect podcast recorded at the Hewlett-Packard Software Universe Conference in Las Vegas, Nevada the week of June 16, 2008.*

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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 two folks who are dealing with the implementation of the Information Technology Infrastructure Library (ITIL) in enterprises. We are joined by Sean McClean. He is a principal at KatalystNow in Orlando, Florida. Welcome to the show, Sean.

**Sean McClean:** Hi. Thanks. Pleasure to be here.

**Gardner:** We are also joined by Hwee Ming Ng, she is a solution architect in the Consulting and Integration (C&I) unit in HP. Welcome to the show.

**Hwee Ming Ng:** Hi, glad to be here.

**Gardner:** We've been talking about ITIL quite a bit this week at the conference. For those who might not be familiar with it, why don't you give a quick overview one of what KatalystNow does and also perhaps a very brief primer on ITIL?

**McClean:** Okay, thank you. KatalystNow handles mentoring and learning and training solutions for ITIL and tools, principally in the HP Service Manager service support space. ITIL itself is a broad set of process concepts, much like many types of businesses. It's about the business of doing IT. It's a set of concepts focused on how do we frame and format the business of doing IT.

**Gardner:** And Hwee Ming, why don't you tell us a little bit about your roll at HP?

**Ng:** I am a consultant with C&I and I focus primarily on delivering solutions at customer sites, and recently I've been working on updating the HP Reference Model to make sure it's in line with the recommendation in ITIL, version 3 (v3).

**Gardner:** First, let's give our listeners a little bit of history of ITIL. We've basically taken this from a technology-centric to a business-centric capability and focus, from version 2 to version 3. Can you tell us a little bit more about the progression and history of ITIL?

**McClellan:** Sure, ITIL has kind of have an interesting level of development and actually it started out in England with the original organization, the Office of Government Commerce (OGC). In version one, what people started realizing was, whether you're talking about your faxes, your daisy-wheel printers, or your laptops of today, we still have infrastructure elements to support the business. At that point, they were simply focused -- let's make sure that we keep those fax machines or the copiers and the big computers running.

They started saying, "Well, maybe we need to get a process around how to keep them running in a way that's consistent with all of the other businesses." OGC did a great job of looking at the ongoing tasks. No matter what the organization, you do it the same way.

**Gardner:** The group that handles a lot of the government functions?

**McClellan:** Yes, and essentially they were working with lots of organizations through contract who have IT, and in those engagements they started realizing more-and-more often, we're all doing the same stuff with the same equipment. So, why can't we standardize the processes?

Every other element of business has a set of rules and standards. Financial is the one we all go back to. Mostly, financial has been the same way since the abacus. We follow that set of processes, and we all agree on them.

Now, obviously, there have been some changes in that recently, but the ITIL process is the same kind of growth curve. Initially they were just going to handle the technology. Then, they started saying, "Well, the technology in an organization really supports the business." And then they started saying, "Let's take that a step a further and let's start strategically meeting the IT piece with the business. Instead of how to do the service, how do we do the service to support the business to get the job done?"

**Gardner:** I suppose in its history, IT sort of created an ongoing dissonance with business, because a lot of times products come out, technologies evolve, and they get adopted. Then you say, "How can we make the best use of this in the business?" It isn't always from, "Here are our business goals. Now let's go find the right processes and the right systems to support that." So, we've had it kind of backwards.

**McClellan:** I think it's interesting how that's evolved, because I think there has been some of that. And some of it has been the case of technology is obviously complex, and so a lot of times the translation from "here is the business" to "here is the piece in the business" gets disconnected, because it becomes so involved.

If I could draw it on a map, we tend to look at knowledge evolving in pyramids. It becomes higher and higher, as you reach the apex of that area of knowledge. Maybe we're talking about biology or we're talking about IT. Even within IT, we move to the apex of networking, say, TCP/IP. You have to know all of those pieces.

By the time you get to the top of that, it's a little hard to keep track of what's going on on the other side of the world, which is the business of whatever we're doing. In the presentation we talked about today, I was saying we're in the business of selling.

A company I worked with was in the business of selling shoes. A guy used to walk around the organization, in the IT department specifically, and say, "What's your job?" If the person's answer was, "I do e-mail," they were out of the job, because the real answer is, "I do e-mail, that's supports communication between the organizations, so we can sell shoes." That piece gets disconnected over time, because it gets to higher and higher technology levels.

**Gardner:** I listened to your presentation earlier today and enjoyed it. One of the things that seems to be recurring theme was this notion of cultural change, and how there is a business culture and there is an IT culture, and ITIL is starting to move towards a sharing of culture or a common ground between these cultures. Why don't we get into a little bit about why and how cultures can shift, even as technologies perhaps stay the same?

**Ng:** With ITIL v3, there is a lot of emphasis in looking at IT as a strategic partner with business. Instead of having technology drive IT, we are really looking at what value IT delivers to the business. One of the main drivers that we see is the IT organization having to demonstrate the value that they are providing and justifying the investment in IT.

A good way to do that is to ensure that whatever the IT organization is doing aligns very closely with the overall business strategy. When you really look at ITIL v3, they start by managing the full lifecycle of service, managing it through the strategy piece of it, taking it through design, looking at the transitioning, the operation piece of it, and then having a process assuring continuous improvement to the service. So, we are looking at much broader view of the end-to-end lifecycle management of our service.

**Gardner:** And, when we talk about cultural change, are we talking about having the culture within the IT organization change? Are we talking about having the culture in business change towards IT or both?

**Ng:** I think it's a combination of both. The business would have to see that value add that is being provided by IT and that the technology that's being provided does drive a lot of the business outcomes. For example, in a bank, the technology or the infrastructure that is needed to support the bank is quite complex, and a new innovation in the IT department could generate a lot of new revenue streams. So, you want to make sure that there is that alignment between business and IT. The whole planning and strategy pieces need to come together. It's really a combination of both sides.

**Gardner:** Okay, we also heard you talking a little about services-oriented architecture (SOA). Now, that also requires cultural change. I have seen some studies, particularly Summit Strategies did a study, that showed the folks who had embarked upon ITIL methods and appreciate IT as a managed and matured business function were seemingly better off when it came to implementing SOA methodologies and concepts. Why do you think that's the case?

**McClellan:** Hwee Ming and I just talked about this yesterday, and I want to have her opinion first, because I think it was one of those areas where she's got more of an understanding than I do.

**Gardner:** Okay, Hwee Ming?

**Ng:** When you talk about SOA or the infrastructure, you really need to view it not as individual IT components that you're working with or individual components that you're trying to piece together, but from the end user point of view. They want to view it as a service. So, that kind of mindset is quite important, if you are moving from an infrastructure-centric or technology-centric to a more open interface, providing value, and aligning that to a service, and that's why there is a lot of alignment in the two.

**McClellan:** So, if you perceive IT as supporting a bunch of products, SOA may become a little bit more difficult, maybe it'll be a little bit counter-intuitive, but if you think of IT as delivering services, then SOA perhaps has a bit more continuity and alignment.

**Ng:** And, you also come down to the fact that when IT organization or the technical people are talking about interfacing with each other, they are no longer looking at it as point-to-point connection or an interface protocol level. They look at it as wrapping the technology in an open interface as a service, and they provide that to another organization in the same IT organization. So, it really does drive that.

**McClellan:** In my mind, it's kind of interesting as well, because I think at this point, we transition to the idea of looking at IT as providing services. A moment ago, Hwee Ming talked about the idea that we're moving into that concept of IT providing the services. You can almost put it in the front and say that potentially now you create a technology service, which used to be simply to support the business.

Nowadays, if you look strategically, you can create new IT services that help drive the business. We're looking at, as Hwee Ming mentioned, interfaces for things that we are doing on the Web. So, we start architecting new things, which creates new business opportunities in the business of whatever you are in business of. And, you look at all the different interfaces to drive new business that wasn't there before.

**Gardner:** Okay, we talked about services, but there are still products out there and underneath there that allow a lot of this to take place. You brought HP Service Manager to market. I believe it's been updated this week. Can you tell us a little bit about how HP Service Manager fits into this progression and the shifts going on in IT?

**Ng:** With Service Manager, one of the big shifts is in closer alignment to the data processes, and we're also looking at some of the SOA piece of it to wrap service interfaces. So, one of the great pushes is to federate the model like a CMS or distributing a process. As IT organizations get more complex, maybe a change management process will not be in one single tool. So, you really look at Service Manager 7 as bringing together configuration management and project and portfolio management (PPM) and things like that.

So you really look at individual products providing the services, the Web-service interface that other products had leveraged. Previously, we were doing a lot of point-to-point

integration at the application level or the data level. Now, we are trying to bring it up and integrate it through the other service level.

**Gardner:** How about you, Sean? Do you have anything to offer on the role of HP Service Manager, particularly the newest edition?

**McClean:** If you look at HP Service Manager, and also the processes -- as Hwee Ming being the senior architect of the reference model was starting to get to that point -- previously we would provide a tool and we would ask you, "Now what do you need?" and we would architect that tool.

Now we are really driving more and more towards an area where business are saying, "Look, we need to continue doing the business. We don't have time to tell you what we need. Why don't you do it the way you did it in whatever other organizations you gave us this product for?"

If you start combining the ITIL processes, and the more detailed level of ITIL processes you see in ITIL v3 with the Service Manger tool, you are starting to see people saying, "Okay, instead of one piece over here and one piece over here, let's integrate them, even if they are separate tools. Let's look at them and how do they fit into the larger picture of the processes of ITIL v3 and maturation process of that. And, let's make sure that Service Manger matches and aligns with that bigger picture so that the businesses don't have to go through all the detail of bit-by-bit designing something for themselves."

**Gardner:** In your presentation today here at the Software Universe conference, you said that subscriptions are key for supporting life cycle, what did you mean by that?

**Ng:** If you really look at it, to be able to manage your service efficiently you really need to know the service that you are offering is adding value to your business. One good way of measuring that is by being able to look at who is using the service and the demand for the service.

Having a subscription managed through the whole lifecycle of a service is key. When you are rolling out new services, subscribers actually subscribe to it, requesting changes to the subscriptions, and managing that all the way to the end of the service lifecycle. They cancel their subscription, when they no longer need the service due to changes in business environment or just changes in the role.

**Gardner:** I see. So, it's the business model that shifts how IT conceives of itself, and with subscriptions, where people can opt-in or opt-out, there is even a market force in effect. It's supply and demand, and if you're not offering the value that people think is commensurate with the subscription, then they cancel it. That really creates a whole new dynamic of response and refinement in IT.

**Ng:** It's actually quite a key communication of management of service from the IT point of view. It also helps in planning services. If you see a pick-up in the subscription, you could actually plan for expansion of the service, having the infrastructure and the capacity to

support that. And, the reverse. If you see a service having not enough subscription, you might want to scale down the infrastructure that's behind that supporting it. The other aspect is in planning or budgeting -- which areas you should focus in, where you're seeing demand, and things like that.

**Gardner:** And, that's little different from a customer perspective, as well, instead of just having an application or a set of applications thrown at them, saying "Here, use it, you are going to get charged for it no matter what." That might even leave people with a little sour taste from the start, when it comes to IT.

**McClean:** I always find it interesting. IT has grown and matured. We always looked at the IT department as a black box. Someone wanders into the organization and says, "We need 'X' amount of dollars for a server that does this." And, you go, "Uh-oh. They are IT. I don't know what they do, but it must be important."

When you start move into this model, as Hwee Ming explained, where we are going through subscriptions, we're just trying to get to people being able to focus on, "Oh, they do work just like the rest of the business." And, that has to happen, because it helps the businesses embrace IT as well. Once everybody starts realizing it's an aspect of business, that makes more sense to everybody.

**Gardner:** It's a more natural relationship. This is how most people actually do business?

**McClean:** Yeah.

**Gardner:** You also mentioned that knowledge management (KM), in the context of ITIL, is important. I didn't know what you meant by KM. Are you talking about KM like we need to know who is good at what in our company, or we need to take both structured and unstructured content and data and make it available for people when they are doing research, or is this KM in the context of IT something else?

**Ng:** A quote we have been using quite often is that the focus on KM is really to be able to get the right content to the right people at the right time. This is what we are trying to do. We're trying to provide the information that is needed by the service desk to perform their work, or provide the information via Web to the end user, so that they can troubleshoot their own problem. It's about providing the right information to the right people.

**Gardner:** I see. So, it's the knowledge for more self-help, which takes the burden off the help desk, and then it's more knowledge in the right context to the help desk, so that they can better provide services to the people when they call in.

**McClean:** Yeah, I think it's interesting, because people will say "Well, we're in the information age." Then, you go forward with that and say, "Okay, if information were moving a little bit faster, then knowledge is becoming more of a commodity." What do you do with a commodity? You have to organize it and make it easily distributable, because you've got to get it to everybody that wants it.

**Gardner:** It's the information age, where I still can't get my VPN to work.

**McClellan:** Right. So, we need to be able to put that in such a way in an organizational structure that you can get it as quickly as possible when you need it.

**Gardner:** Okay. I guess we should close up our discussion of ITIL, where we look at what's to come next? Obviously, there is a lot of adoption going on, different companies and regions and industries, and verticals adopting these things at different rates. We hear a lot about version 3 of ITIL, what should we expect with something around version 4 and when?

**McClellan:** I think whether we are talking ancillary tools. In ITIL version 2, the thing that people constantly would drive back in training classes was, "Okay, this all makes sense to me." Some people would even say, "Well, this is common sense. So how do I do it? I get that it's important to do these certain aspects of a process, and it makes sense, but how."

Now, in ITIL version 3, we're saying, "Here's how we need to apply it more to the business." Now we're going to start seeing the design of those concepts and processes and alignment of those to the tools, so that when you look at a tool and you go to use this tool, you can quickly check here's how and here's why. We'll see that with the solutions like the Blueprint and solutions like the Reference Model, where we're diving down into the ITIL process and getting more in depth. Other architects are looking at the tools and saying, "Here is where that tool connects to this process." So, the business can see those connections as well.

**Gardner:** Hwee Ming, where do you see the next advances in ITIL coming?

**Ng:** I see v3 is still relatively new in the adoption phase, and we are seeing a lot more customers wanting to go to ITIL and adopt v3. The next iteration, if we want to do it, will be driven from the field experience, collaboration, and leveraging the best practices that people see in the field. So, I see that as a more collaborative effort in the next revision.

**Gardner:** I see, so more toward how to manage the teams that you've already put in place that are more business-oriented and more process-oriented?

**Ng:** I think the next revision of ITIL probably would get a lot of content from consultants or the organization, looking at how ITIL v3 has been used in the organization and what are the best practices and improvements, and driving that back to the business model.

**McClellan:** It's new to me, because that again drives you back to the business model where you say, "We have to figure out what our constituents want so we can continue to provide it to them." When you start researching, the business needs drive more of that.

**Gardner:** And, that makes sense, rather than "We'll figure out what you are supposed to do and tell you what to do. Maybe we'll have a discussion about it and come up with the best solution."

**McClellan:** Right, and we'll take the information that you provide us in terms of the business and start applying it to what we do on our side to support that.

**Gardner:** Well great, we've been looking at ITIL through the lens of people who are in the field implementing it and some of the issues that customers for HP and KatalystNow are adjusting to ITIL and perhaps what they'll be doing with their future IT departments culturally and in terms of process.

Well, I want thank Sean McClean, he is a principal at KatalystNow. Thank you for joining and sharing your insights.

**McClean:** Thanks very much. It was a pleasure.

**Gardner:** We've also been talking with Hwee Ming Ng, a solution architect in the Consulting and Integration Group at HP in San Francisco. Thanks.

**Ng:** Thanks a lot. Glad to be here.

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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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