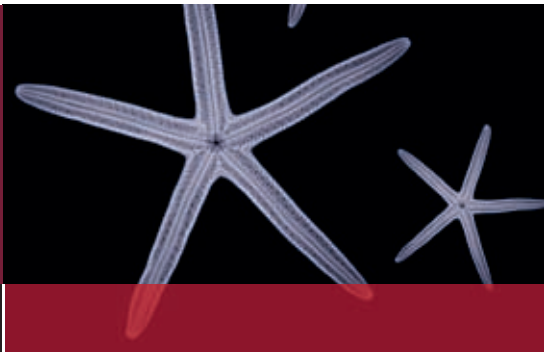


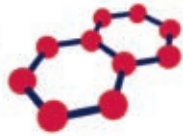


## Best Management Practice

For Portfolio, Programme, Project,  
Risk and Service Management



ConnectSphere  
*Deliver Success*



OGC

# ITIL in a Recession

by Shirley Lacy

White Paper  
May 2009

# Introduction

As organizations focus on surviving the recession, is this the time to consider adopting industry practices such as ITIL® service management? ITIL certainly enables better investment analysis and decision making. However, organizations need to apply common sense when adopting ITIL. The service lifecycle approach and ready made business model for service management is a great platform to build excellent services that contribute to economic recovery. Adopting ITIL practices for service management also helps companies to gain a competitive edge that will help them grow as we come out of recession.

In this white paper we will explore some key questions:

1. In the economic down turn, what are some of the key issues for IT service providers?
2. In the economic down turn, can service management and ITIL help organizations that need to cut costs?
3. Can ITIL help organizations that are being forced to cut costs through outsourcing and off-shoring?
4. Many organizations need to transform their business to survive the current economic climate. Can ITIL help these organizations and why?
5. With the enormous pressure on IT to implement change faster how can ITIL help?
6. As the economy drives the move to “cloud computing” and other new delivery models how important, is service management?
7. In the current economic climate, what else are organizations doing with ITIL and why?

## 1. In the economic down turn, what are some of the key issues for IT service providers?

A key challenge is to find ways to cut costs and implement changes without severely impacting the existing IT services. Adopting ITIL certainly helps people and organizations to manage such balancing acts. Modelling and understanding the resources and costs required to deliver the IT services leads to better decisions around cost savings and investment.

Redundant capacity is costly. A major challenge for many IT service providers is finding ways to reduce capacity quickly, particularly where some parts of the business are in trouble and no longer have money or budget to fund the IT services. IT departments that are left to fund the cost of such spare capacity are driven towards more flexible arrangements in the future.

## 2. Can service management and ITIL help organizations that need to cut costs?

Many business units want to save money and they are scrutinising the cost of IT. Some organizations are using the service catalogue (as described in ITIL) to define their operational services in terms that customers and users understand. By including the costs of a service in the catalogue there is greater visibility and transparency of IT services. This helps both the business and IT to optimise expenditure and investment.

ITIL service portfolio management helps IT departments to consider all the relevant factors when deciding what IT services to offer and which ones to retire from their service portfolio. By re-evaluating the value and cost of individual services, organizations can make informed decisions about ways to save costs.

The ITIL service models enable an IT service provider to build comprehensive cost and resource models. By understanding the unit costs of service

delivery, IT service providers can make informed decisions about where to save money and increase productivity.

ITIL provides guidance on modelling and managing service assets and configurations. This can help to answer questions such as: Will remote support services cost less? Can we postpone a technology upgrade by a year to save money or will this have a detrimental impact on the quality of service? Will green IT assets help to reduce the costs?

## 3. Can ITIL help organizations that are being forced to cut costs through outsourcing and off-shoring?

The cost savings from outsourcing and off-shoring can be attractive but the associated risks and costs need to be clearly understood. ITIL provides guidance on sourcing options that support different situations.

The ITIL Service Strategy and Service Design publications provide guidance on modelling services across the supply chain. By taking a structured approach and accounting for all the service assets up front there is less risk of surprises and costly unexpected changes. Clearly defining the scope of the services, accountabilities and responsibilities based on an industry standard model means there is less room for confusion and misunderstandings. This reduces the risks and minimises management time during an outsourcing or off-shoring deal.

The ITIL Service Transition publication provides guidance on the activities required to transfer a service between two service providers.

## 4. Many organizations need to transform their business to survive the current economic climate. Can ITIL help these organizations and how?

The current climate means that the businesses' customers may be encountering financial problems. It is

more important than ever to gain insight into the customers' business and assess how IT services and their impact may be affected.

In order to survive, many businesses are changing the way that they work to save costs. The economy and the move to drive consumer and business technology together mean there are new opportunities that will transform the way that people work.

Companies that move into new market segments are changing and developing their business products and services. For example there are trends towards more on-line shopping (as over 1.5 billion people go online, there will be \$8 trillion in online sales) unified communications (voice and data), collaboration and remote working and greater demand for information access and analysis. These businesses are anxious to be first to market and grab market share. It is vital to spend money in offerings that add most value.

The Service Portfolio in ITIL represents the commitments and investments made by a service provider across all its customers and market spaces. It enables a service provider to prioritise its investments and develop service offerings that will maximise value to the business.

## 5. With the enormous pressure on IT to implement change faster how can ITIL help?

Delivering change faster whilst maintaining existing services requires a standard and disciplined approach. The ITIL Service lifecycle approach is designed to do just this. Adopting ITIL provides the right environment to implement new services and agile development methods. Many organizations that have implemented ITIL and achieved ISO/IEC 20000, the international standard for service management have reduce the cycle time for change by 50%.

## 6. As the economy drives the move to "cloud computing" and other new delivery models how important, is service management?

Any new service or technology is inherently riskier to implement the first time. ITIL provides strategies, structure and processes to help to "get it right first time". ITIL ensures that there is buy-in and commitment from all the stakeholders involved in a new delivery model. This leads to a greater understanding of the impact changes to the business and IT ways of working that ultimately leads to a better solution.

ITIL Service Strategy helps a service provider to think about the right things up front instead of part way through a project. For example, one of the reasons that organizations are adopting "cloud computing" is the need to be flexible about the use of resources. Managing extra demand during the upturn will be vital to support the business.

## 7. In the current economic climate, what else are organizations doing with ITIL and why?

Mergers and acquisitions (M&A) are happening everyday. Some businesses are facing pressure on cash flow. This issue is worse because of the problems in the banking sector and limited overdraft facilities. Some companies are also looking to make tactical or strategic acquisitions when bargains arise. Other options include entering into joint distribution agreements, where companies can cross-sell their service and product portfolios. When two IT organizations are brought together, they often use ITIL as common language and base to merge their service management processes. ITIL adoption grew in the last two recessions and this is one of the reasons. With globalisation, there is more of a need to have a standard way of working that can be adopted across the world.

Government initiatives in 2009 will lead to massive IT investments focused on economic recovery, growing the energy alternatives and improving the financial markets' stability and transparency. ITIL can help to ensure that the government invests wisely in IT by ensuring that services are modelled around business outcome and value delivered.

## Author

Shirley is an industry recognised leader in IT Service Management. Shirley is a co-author of the ITIL® V3 Service Transition book. She is Vice Chair of the British Computer Society (BCS): Configuration Management Specialist Group. She represents the UK international standards groups that develop ISO/IEC 20000 and the related capability assessment standard that complement ITIL.

[www.connectsphere.com](http://www.connectsphere.com)

Sourced by TSO and published on [www.best-management-practice.com](http://www.best-management-practice.com)

Our White Paper series should not be taken as constituting advice of any sort and no liability is accepted for any loss resulting from use of or reliance on its content. While every effort is made to ensure the accuracy and reliability of the information, TSO cannot accept responsibility for errors, omissions or inaccuracies.

Content, diagrams, logo's, jackets are correct at time of going to press but may be subject to change without notice.

© Copyright TSO and Connect Sphere.

Reproduction in full or part is prohibited without prior consent from the Author.

The swirl logo™ is a Trade Mark of the Office of Government Commerce.

ITIL® is a Registered Trade Mark, and a Registered Community Trade Mark of the Office of Government Commerce, and is Registered in the U.S. Patent and Trademark Office.