



consulting-portal

Improving IT
Reliability and Productivity

ITSM Industry Survey

State of ITSM implementations in 2006

April 4, 2007

ITSM Industry Survey - 2006

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Executive Summary

Consulting-Portal Inc. is pleased to release our second annual ITSM Industry Survey for 2006. We would like to thank all those who took the time to complete the survey questions.

Goal

The goal of our survey was to assess the state of ITSM implementation within the North American IT community and to share that information with the survey participants and all other interested parties.

Structure of the survey

To this end, we designed a set of 31 questions around what we believe are the critical success factors in any ITSM initiative:

Sponsorship; Organization and Governance; Best Practices; Training; Measurement and Audit; Continuous Improvement; the use of state-of-the-art supporting tools.

Participants

There were 94 participants who completed our survey and submitted their responses. These participants represent a diverse cross-section of industries and include many of the largest users of IT, including banks and other financial services companies, Government agencies, healthcare providers, a wide range of industrial users and education providers.

In publishing the results of this ITSM Industry Survey, we have faithfully tabulated the responses of all 94 participants. We make no claim that the responses are the official responses of the organizations that the participants represent. We present the results anonymously, without any specific attribution. We have tried to both report the results as submitted by the participants and also to add some of our own commentary, drawn from our experience, where we felt it appropriate.

Preamble

IT Service Management (ITSM) is increasingly recognized as having a strategic benefit to the business. More and more organizations are investing in ITSM programs to bring the benefits back to the business. Senior management is getting involved, training programs are being put in place, ITSM support frameworks are being selected (primarily ITIL based) and integrated ITSM tools are being acquired.

However, it appears there is a lack of understanding of the importance that a Managed Process Environment plays in the successful implementation of ITSM. Governance, metrics and continuous process improvement are not getting the attention required to ensure the success of an ITSM program and in turn, will lead to dissatisfaction from the business community.

Key messages

The key messages and conclusions drawn from the survey are:

- Interest in ITSM continues and is growing as can be seen from the maturing of the programs.
- Organizations are recognizing that senior management participation is a critical success factor in ITSM implementations; 44% of active ITSM sponsorship is at the CxO level and above – an 80% increase over last year.
- There is a 40% increase in organizations that have a dedicated ITSM organization in place – those with no resources allocated are down by a half.

- Last year, only 21% of respondents had formal ITSM governance in place. This year, 81% have some form of governance in place with a 55% increase in those that have defined, implemented and enforced governance.
- While 94% see the value of having a roadmap / timeline, only 49% have one that will lead to ITSM implementation.
- There was a 67% increase in those that have a formal ITIL training program in place, with 50% of the remainder planning on implementing a training program within 6 months.
- 76% of the respondents are leveraging the advantages of a high quality recognized ITSM framework, the vast majority of these (almost 90%) chose ITIL. Other frameworks identified included MOF, ITPM, NIST, CIP, and Gartner.
- 90% of the respondents see a value in doing ITSM assessments and although there has been a 16% increase in the number doing assessments over last year, still less than half are utilizing this valuable tool.
- Of those doing assessments, almost 2/3 are engaging external professional services organizations to perform them.
- 75% of respondents recognize the importance of defining process metrics, but only 18% use metrics for continuous improvement.
- There is a trend to the more advanced levels of ITIL training and certification (35% Practitioner level, 27% Service Manager level) and a shift away from internal training with 2/3 of the organizations engaging a training vendor.
- The main focus of ITSM implementation continues to be on Service Support processes (service desk, incident and problem management processes, change management, configuration and release management).
- 90% of respondents recognize the value of including IT process improvement as part of a company-wide quality program, however only 55% have been included in such a program.
- Once again it appears that the higher the management level of ITSM sponsorship, the greater the chances of success.

About Consulting-Portal

Since 1999 CP has been helping Fortune 500 companies enhance their IT processes and IT Service Management tools in order to improve efficiency and support regulatory compliance. Our practical ITOptimizer methodology, along with our extensive implementation experience, accelerates design and implementation while producing tangible results. You can visit our web site at www.cportalinc.com for more information.

Conclusion

We would be happy to discuss any or all aspects of the survey with our customers or any readers of this document. Please contact info@cportalinc.com to make arrangements.

Once again, thanks to those who participated and we look forward to next year's survey.

David Mainville

ITSM Survey Methodology

The 2006 ITSM Industry Survey conducted by Consulting-Portal Inc. was designed using our extensive experience in helping Fortune 500 companies enhance their IT processes in order to both improve efficiency and support regulatory compliance. The survey questions were based on our proven **approach** to ITSM implementation which applies the principles of a **Managed Process Environment**.

The Consulting-Portal Approach

There is a lot of evidence to show that those organizations that focus on continuous improvement of the reliability and productivity of their business processes will reap significant benefits. These benefits come principally in the form of cost savings, employee efficiency and customer satisfaction.

CP offers clients a proven method for improving IT reliability and productivity using industry best practices of ITSM and BSM:

ITSM (IT Service Management)

When an IT department takes a structured approach to service management, the entire organization benefits. ITSM will help you build a customer-oriented culture within your organization. Using the CP ITSM methodology, you will be able to record, track and process incidents and requests, you will manage problems and changes in a timely manner, and you will also monitor and improve your service levels. This will make your entire organization more effective, efficient and customer focused.

BSM (Business Service Management)

The quality of your critical business services can determine success or failure. These services span multiple processes, applications, databases and networks across the IT infrastructure. You need to thoroughly understand critical relationships between your business needs and those IT services. BSM will help you to align your IT processes so that they are directly driven by your most critical business objectives. With BSM in place, you will identify the best technology solutions to support your business, and make the most effective use of your current IT investments. You will deliver faster, more consistent and comprehensive services.

Business Service Management

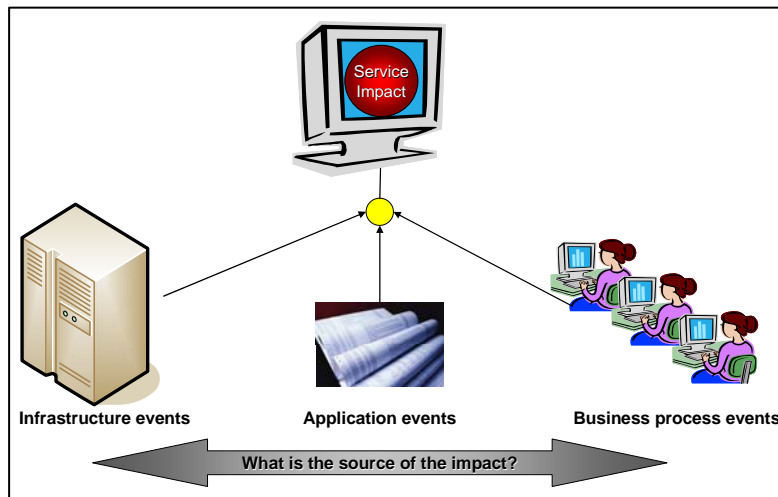


Fig. 1: Business Service Management

OUR APPROACH FOCUSES ON THE FOLLOWING ELEMENTS:

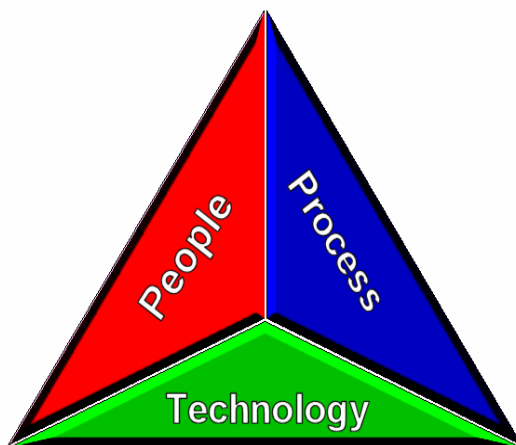


Fig. 2: Our Approach

PEOPLE

IT governance; organizational structure; process ownership; roles and responsibilities; skills and training.

PROCESS

Design and documentation; consistent execution; links to other inter-dependent processes; metrics to monitor performance.

TECHNOLOGY

Tools supporting the processes; customization to support processes; integration amongst tools; exploitation of product features.

Managed Process Environment

Consulting-Portal believes that it is most effective to implement ITSM in a **Managed Process Environment** in which the following conditions are met:

- there is committed executive sponsorship and an active ITSM steering committee;
- all key processes have officially recognized owners;
- roles and responsibilities at all levels are clearly defined and fully communicated;
- processes are built on Best Practices in a standard manner;
- monitoring of progress and audit controls are in place;
- measurements are taken and results are acted upon;
- processes are continuously improved.

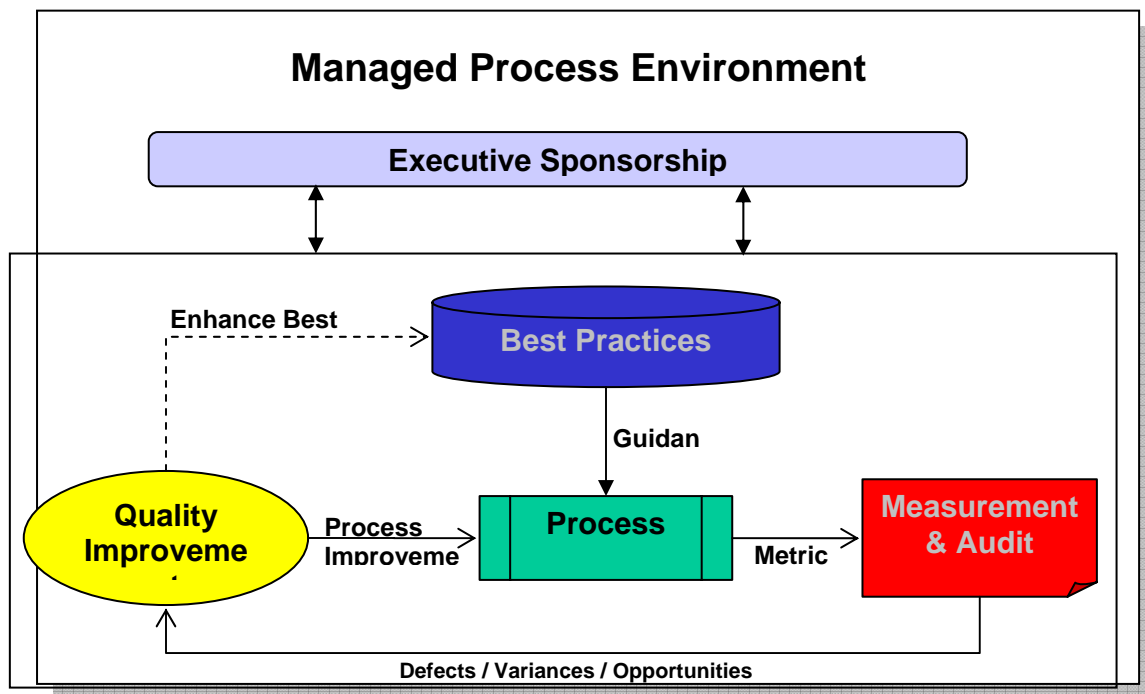


Fig 3: Managed Process Environment

We believe that sustained success will only be ensured by putting in place and maintaining rules of organizational governance that include all the elements of a managed process environment. There are many excellent tools available around which to build your ITSM program and we recommend using elements of each to custom design a program that will work for your organization. For example:

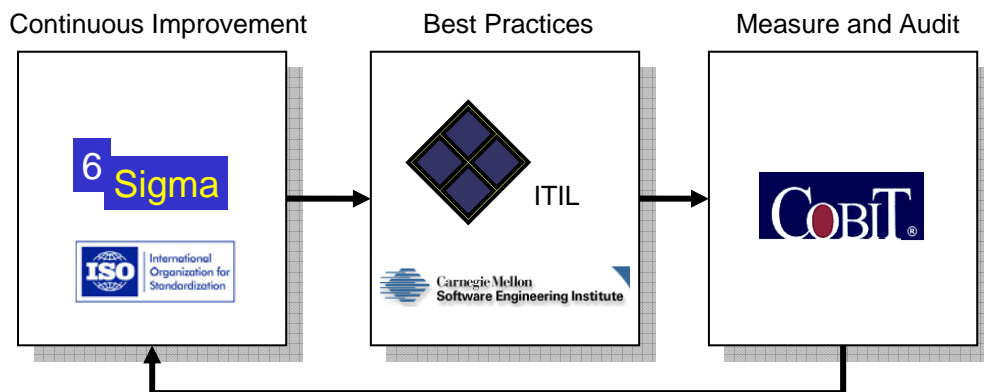


Fig. 4: Elements of a Managed Process Environment

Survey Design

The questions in our ITSM Industry Survey were written with the principles of a **Managed Process Environment** in mind. They were organized to provide information to us and to the participants about how well companies are:

- Organizing for ITIL;
- Assessing their current state and creating a benchmark;
- Establishing a roadmap and timelines for implementation;
- Developing skills and training their people;
- Applying industry best practices to their ITSM programs;
- Measuring and auditing their own performance and progress;
- Dedicating themselves to a program of continuous improvement;
- Selecting and using the available supporting tools.

In the next section of this report we list, under the above headings, the 31 questions that were included in our survey.

The Questions

The following is a complete list of all 31 questions that were included in our 2005 ITSM Industry Survey.

Organizing for ITIL

1. What is the highest level of active sponsorship for ITSM (IT Service Management) at your company?
President; CXO; VP; Director; No active sponsorship
9. How are you organized to support ITSM?
Dedicated ITSM organization with full-time resources
Dedicated ITSM organization with part-time resources
Part-time resources only
No resources allocated
10. Do you have formal ITSM governance in place?
Defined, implemented and enforced
Defined but not implemented
Implemented but not enforced
No IT process governance

Assessing your current state

2. Have you conducted an ITSM assessment / benchmark within the last 18 months?
3. How did you conduct the assessment / benchmark?
Self assessment
On-line tool
Hardware or software vendor
Professional services firm
4. Was the assessment of value?
5. Do you see value in conducting an ITSM assessment / benchmark?

Establishing a roadmap / timeline

6. Do you have a documented roadmap / timeline for the implementation of ITSM?
7. What is your implementation timeline?
0 - 6 months
6 - 12 months
12 - 18 months
18 - 24 months
Over 24 months
8. Do you see value in having such a roadmap?

Training your people

11. Do you have an ITIL training program in place?
12. What is the highest level of ITIL training you provide to your staff?
ITIL Foundation
ITIL Practitioner
ITIL Service Manager
13. What is your preferred location for training?
Onsite
Offsite at a vendor location
Offsite delivered by in-house trainers
14. Who currently delivers your ITIL training?
In-house staff
Hardware / software vendor
Training vendor
15. Are you planning on implementing an ITIL training program?
16. When do you expect to implement your ITIL training program?
0 – 6 months
6 – 12 months
Over 12 months

Best practices framework

17. Are you utilizing a recognized process framework for ITSM?
18. Which ITSM framework are you using?
ITIL
IBM proprietary (ITPM)
HP Proprietary (ITSM)
Microsoft Proprietary (MOF)
Other
19. On which ITIL processes are you currently placing focus?
Service Support (Service Desk, Incident, Problem, Change, Configuration and Release Management)
Service Delivery (Service Level, Capacity, Availability, IT Service Continuity and IT Financial Management)

Measuring and Auditing

20. Do you have defined metrics for your ITSM processes?
No metrics
Many metrics defined, little actionable data
Actionable data, little to no follow-up
Actionable data used for continuous improvement

21. Are your ITSM processes audited?

22. Who performs the audit?

External auditors

Internal auditors

A mixture of external and internal

23. What framework do you use to audit your processes?

CobiT

Not sure

Other

24. Will you be required, or are there plans in place, to formally audit your processes?

Continuous improvement

25. Is continuous improvement of your IT Processes formally part of a company-wide quality program?

26. Which program do you follow?

Six Sigma

TQM

ISO

Other

27. Do you see value in linking your IT Process initiative to a quality program?

Selecting the supporting tools

28. Who is your primary ITSM tool vendor?

29. What product do you use for Service Desk, Incident Management, Problem Management and Change Management?

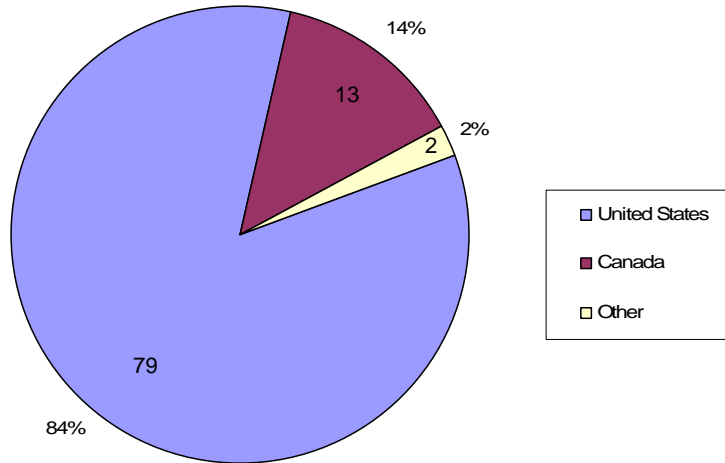
30. Have you implemented a CMDB (Configuration Management Database)?

31. Which vendor have you chosen, or do you plan to choose, for your CMDB?

The Participants

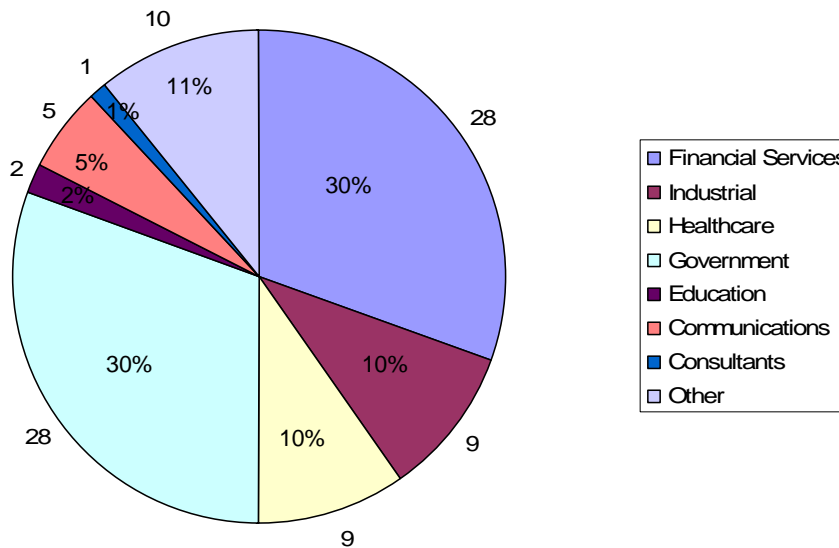
Participants by Geography

In total 94 people responded to the Consulting-Portal ITSM Industry Survey and submitted all their responses to the polling company. The majority of respondents were based in North America and the remaining from Panama and South Africa.



Participants by Industry

There were participants from companies in many different industries with strongest representation coming from Government and Financial Services sectors.



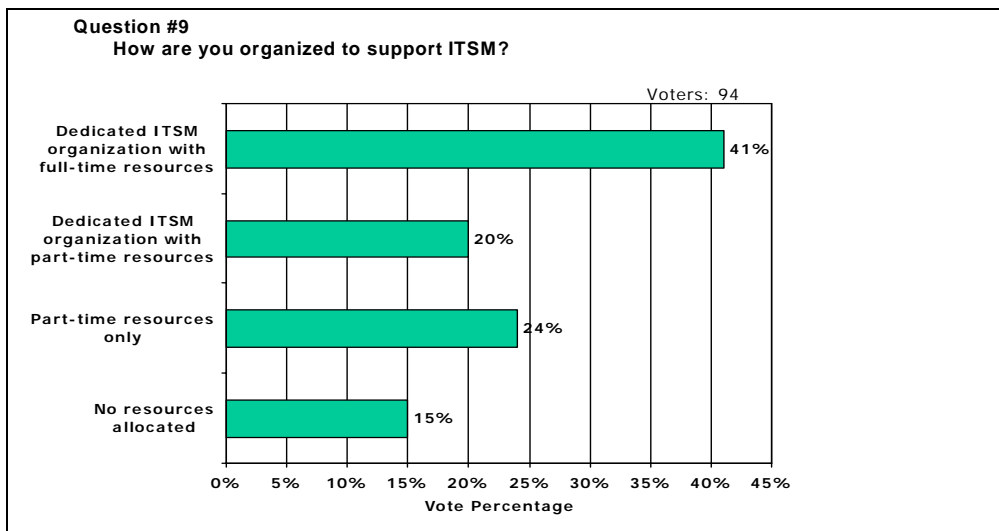
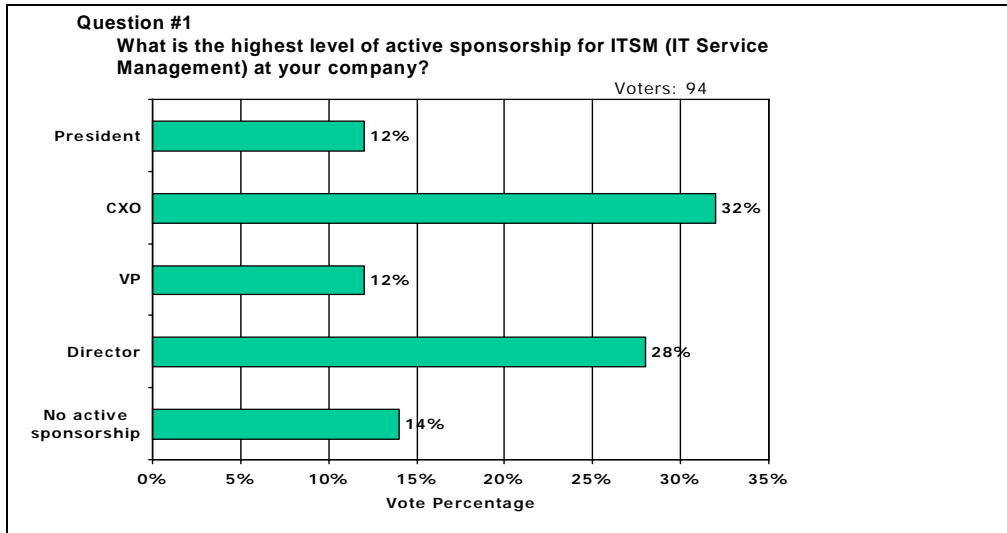
The following is a full list of the 67 survey participants:

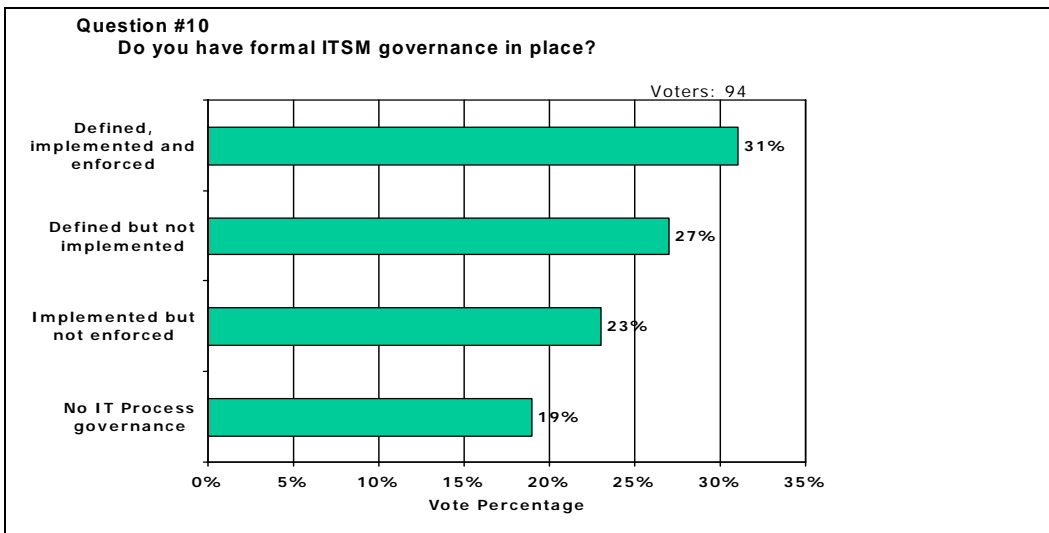
| Industry | Type of Company |
|---------------------------|--|
| FINANCIAL SERVICES | |
| Insurance | 11 - Major insurance corporations |
| Banking | 7 - Multi-national banks 2 - Regional banks |
| Investment | 3 - Leading investment managers |
| Service Support | 5 - Major corporations serving the financial sector |
| INDUSTRIAL | |
| Manufacturing | 8 - Major manufacturers/wholesalers |
| Transportation | 1 - Transportation and Logistics |
| HEALTHCARE | |
| Service Providers | 5 - Regional healthcare providers 1 - Major health insurance provider |
| Pharmaceutical | 3 - Global Pharmaceutical corporations |
| EDUCATION | |
| Institutions | 1 - Multinational Education Services Provider 1 - Major university |
| COMMUNICATIONS | |
| Technology | 4 - Communications technology and services |
| Wireless | 3 - Major wireless providers |
| OTHER SERVICES | |
| Information Technology | 1 - e-business solutions provider 1 - Information Storage and Security |
| Employment | 1 - Leading employment service |
| Software | 1 - Major software provider |
| Entertainment | 1 - International entertainment group |
| Environment | 1 - Environmental Management |
| Publishing | 1 - Leading daily newspaper |
| Other | 3 - Other |
| GOVERNMENT | |
| Legislative | 20 - US federal government agencies 2 - US local government agencies 1 - Canadian provincial government agency |
| Defense | 5 - US defense agencies |
| CONSULTANTS | |
| Other | 1 - People and productivity specialists |

Summary of Responses

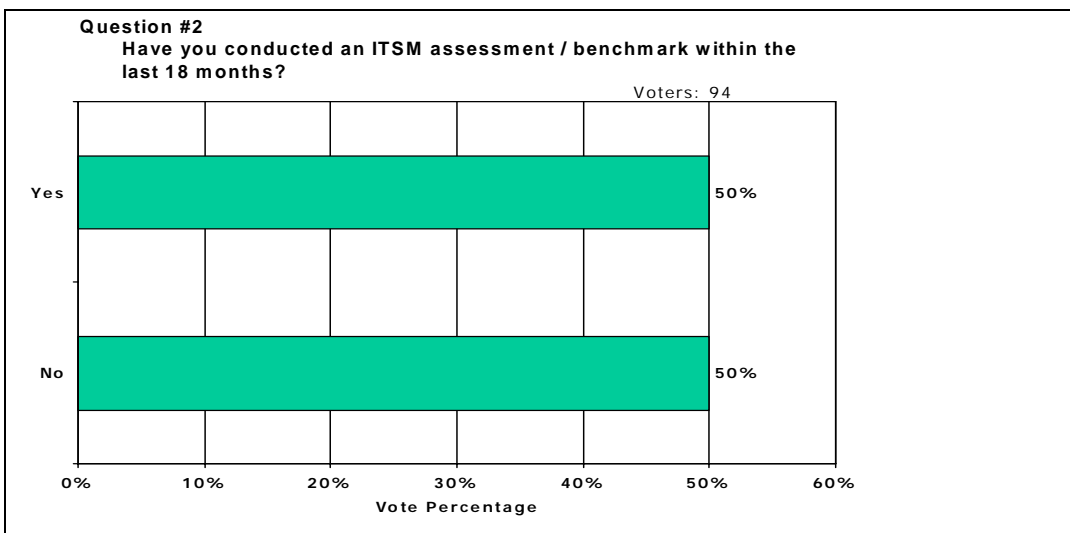
We display below the responses of the 94 participants in the Consulting-Portal 2006 ITSM Industry Survey in a format that we think you will find informative and easy to follow. The responses are grouped under the same familiar headings as the questions to make the results easier to follow.

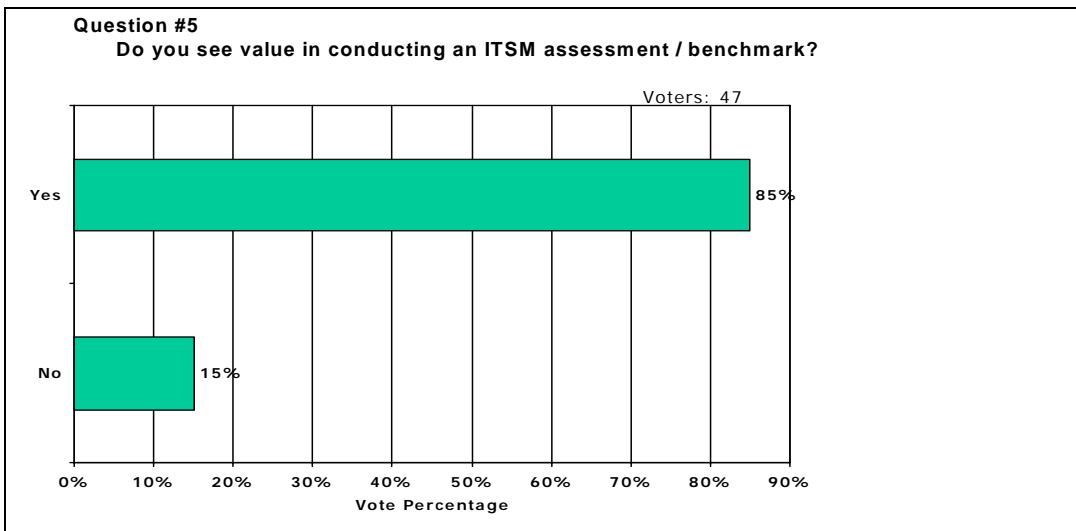
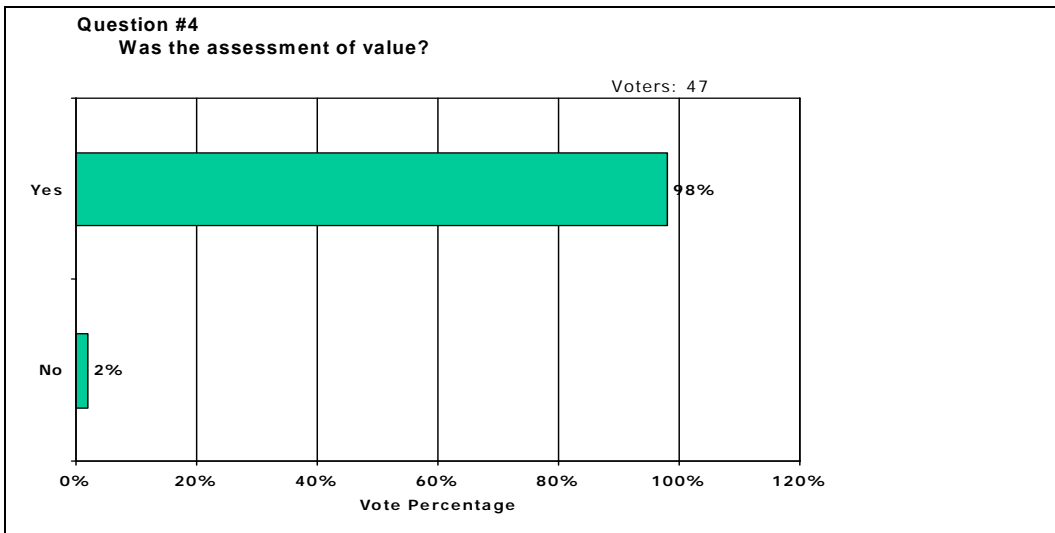
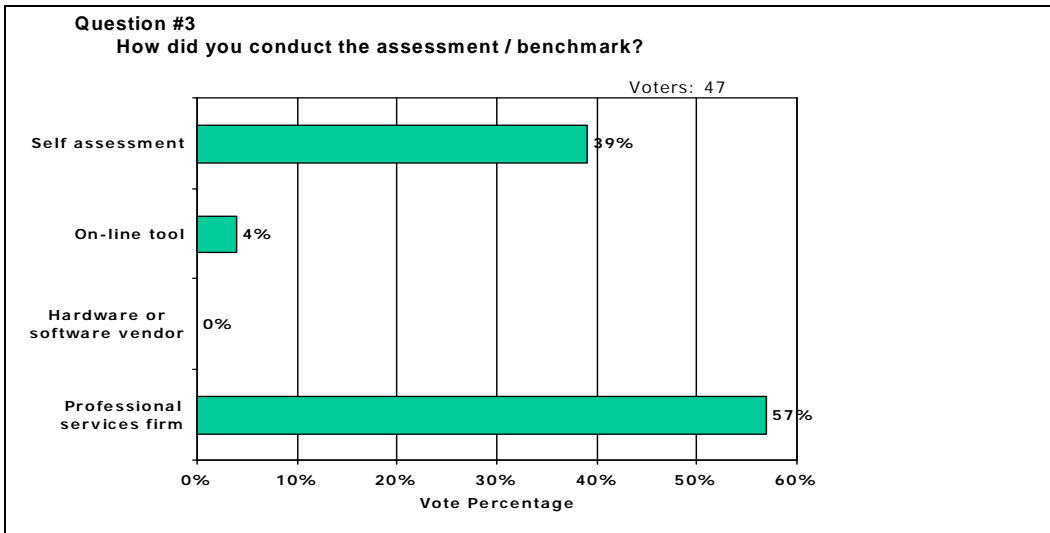
Organizing for ITIL





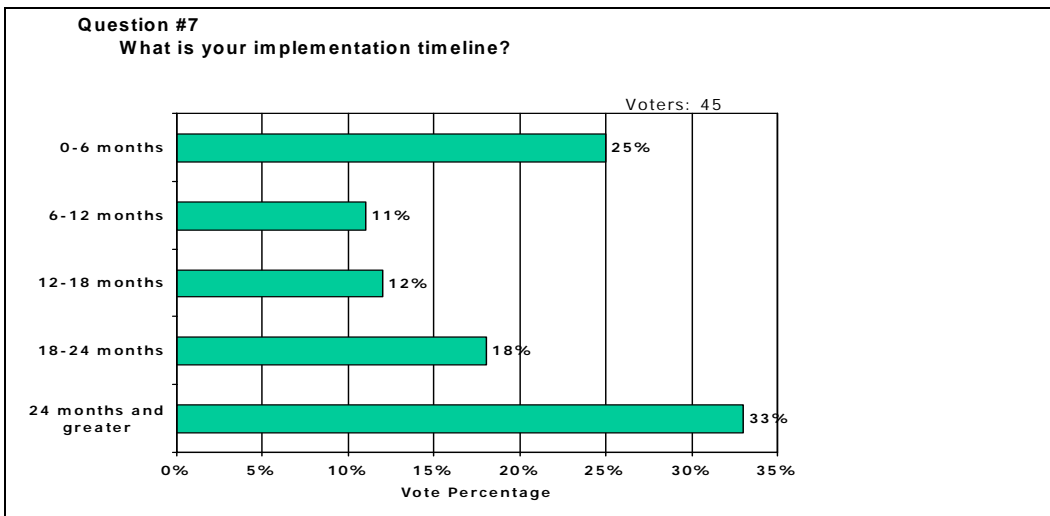
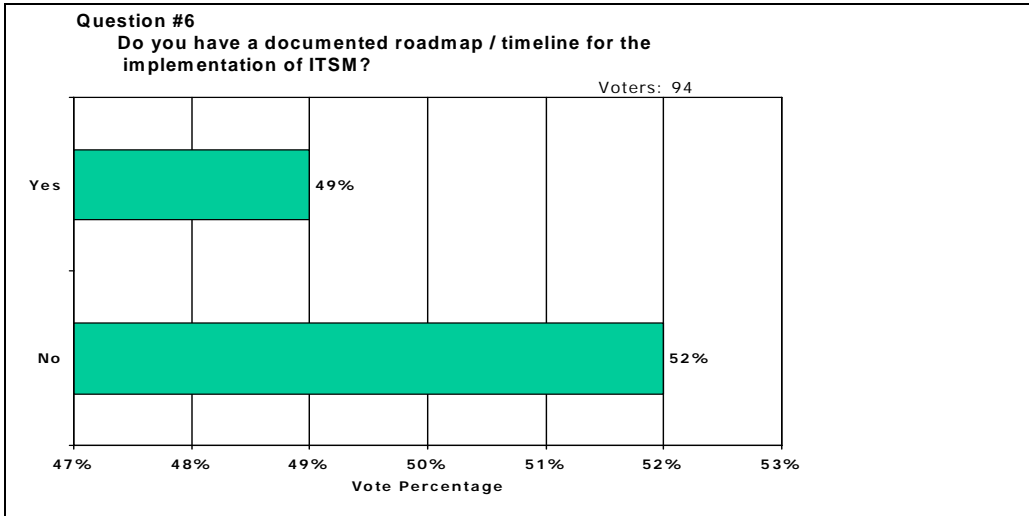
Assessing your current state

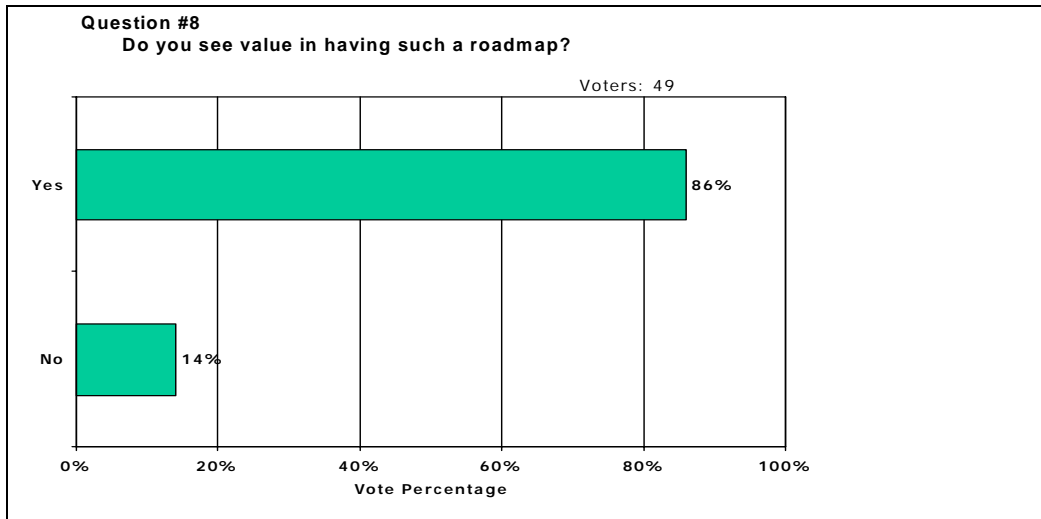




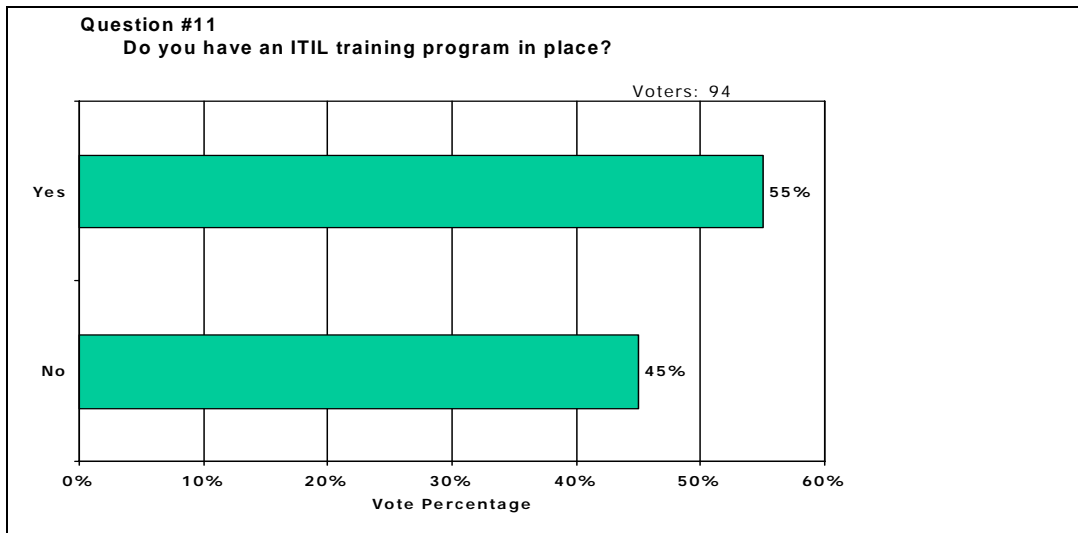


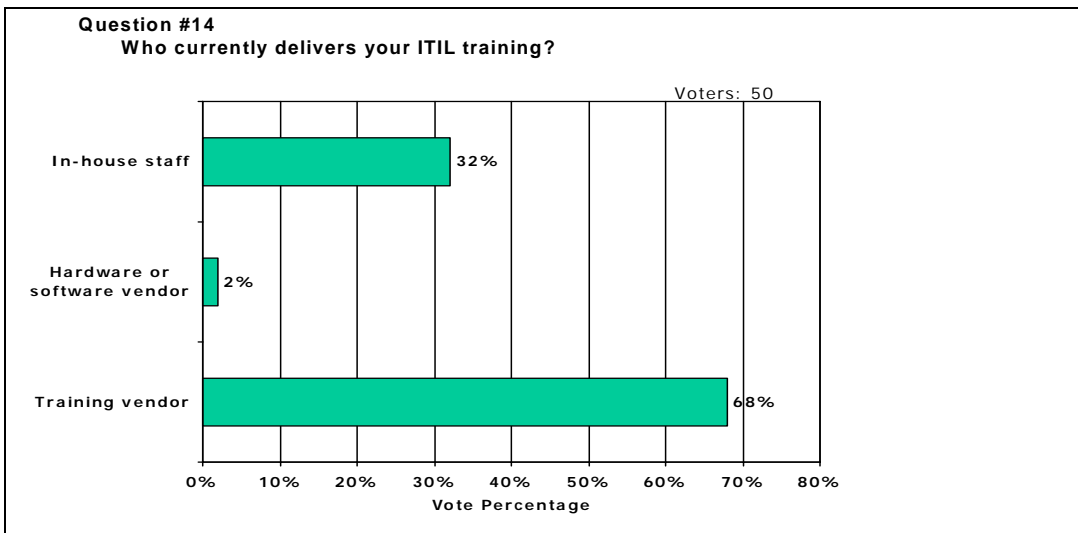
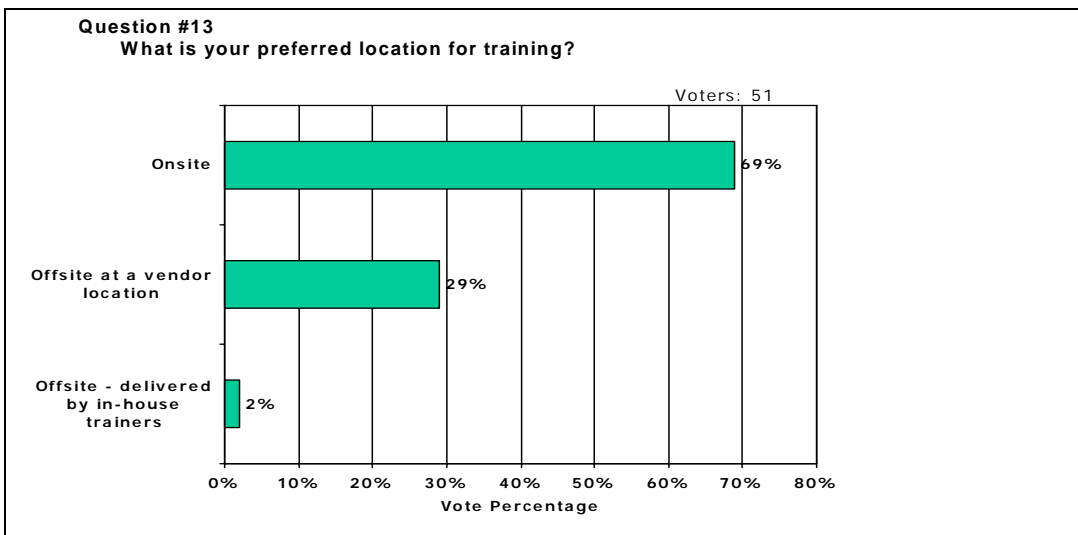
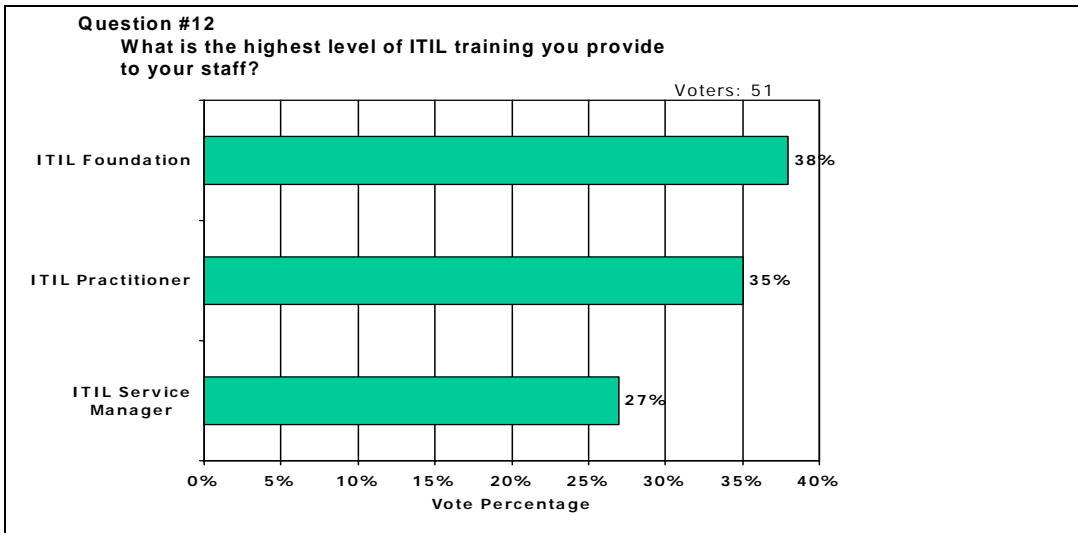
Establishing a roadmap / timeline

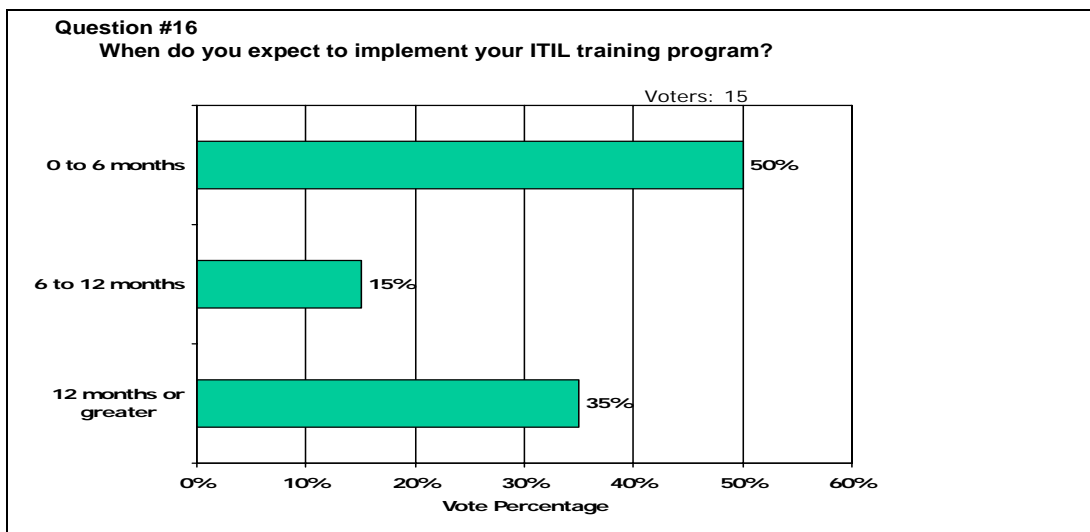
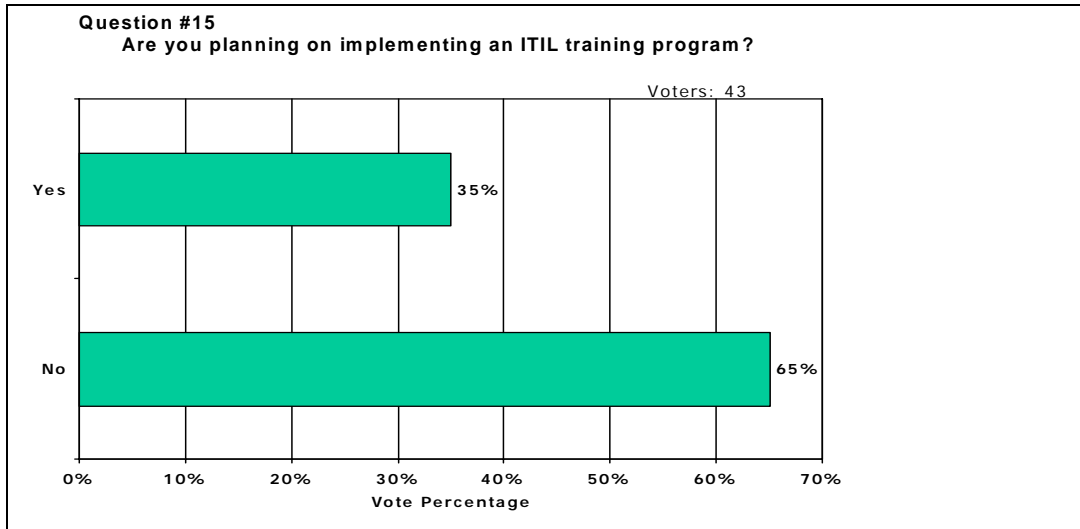




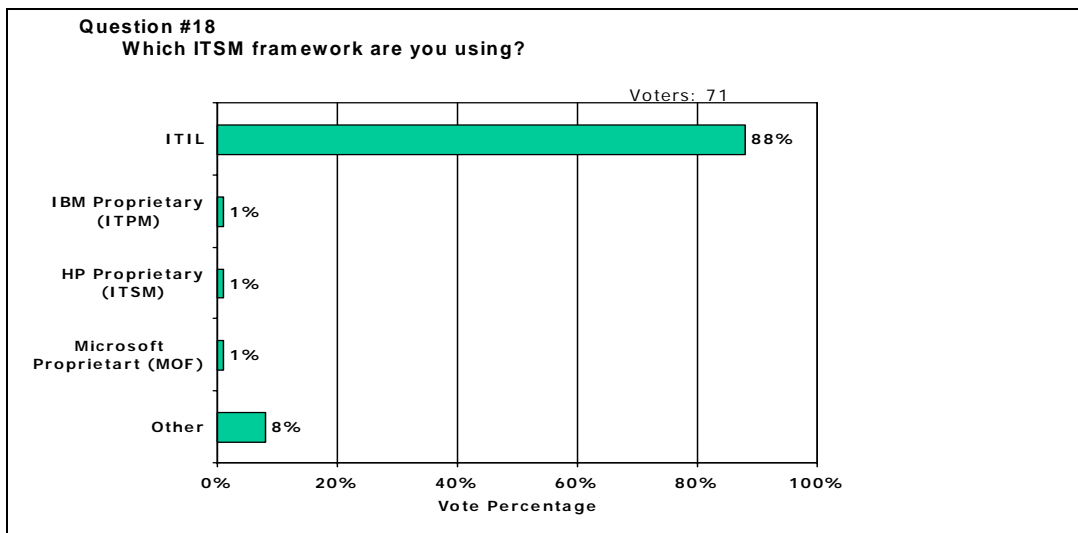
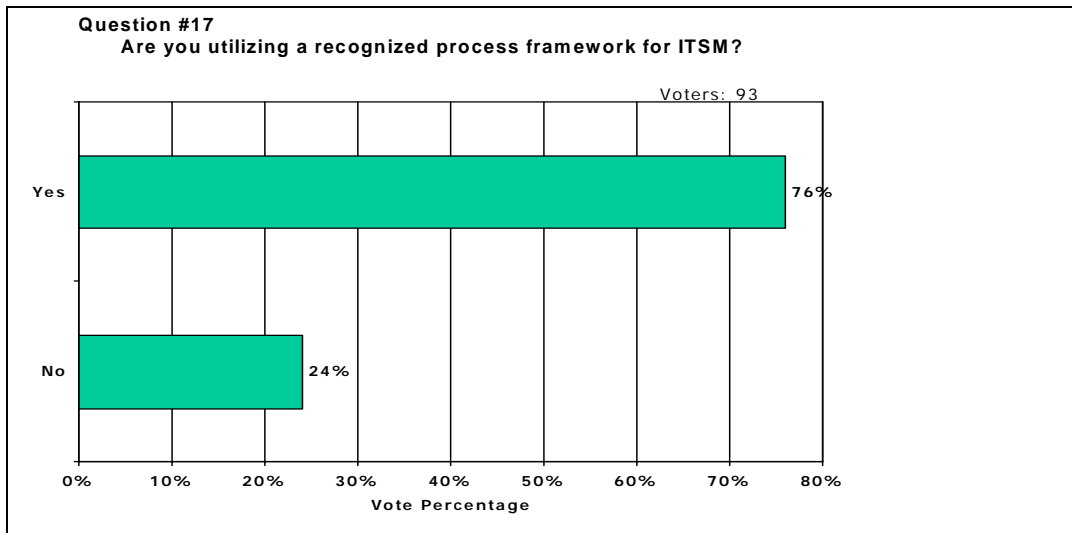
Training your people

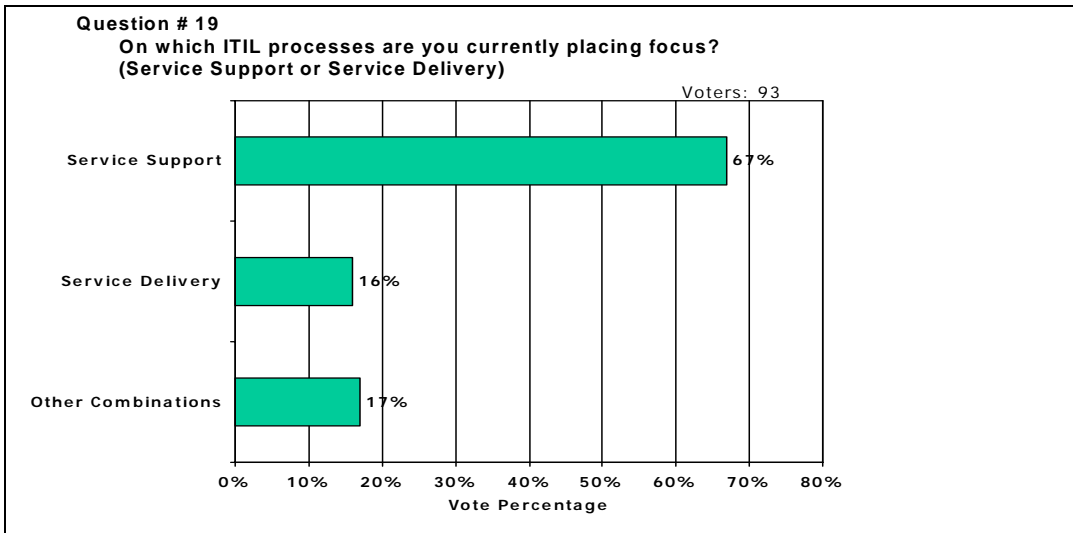




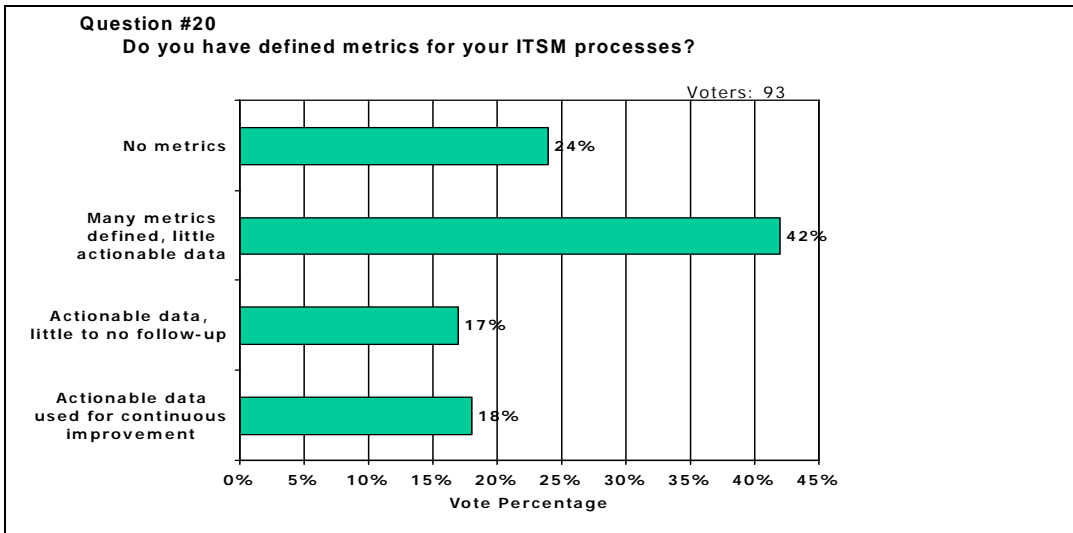


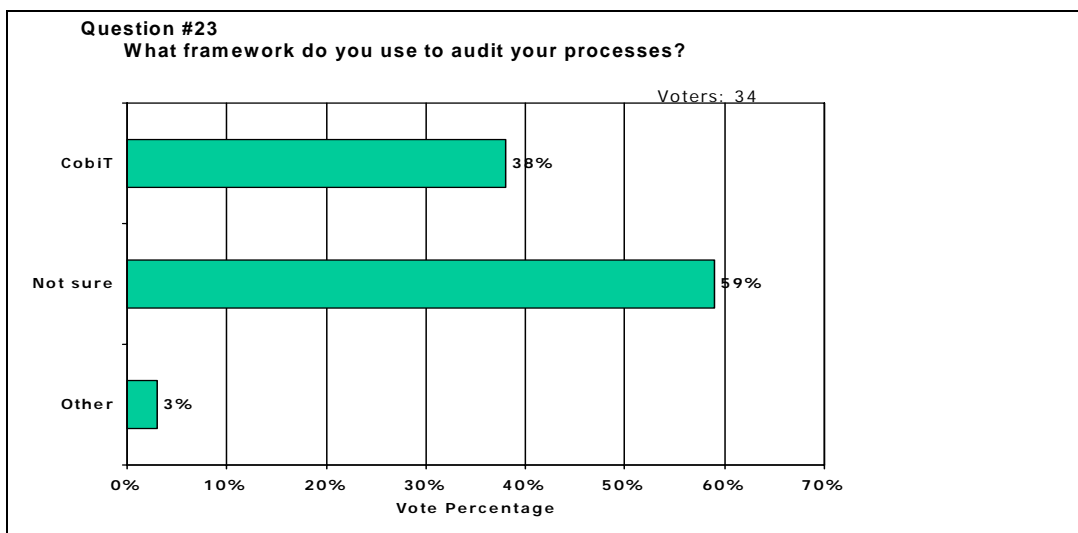
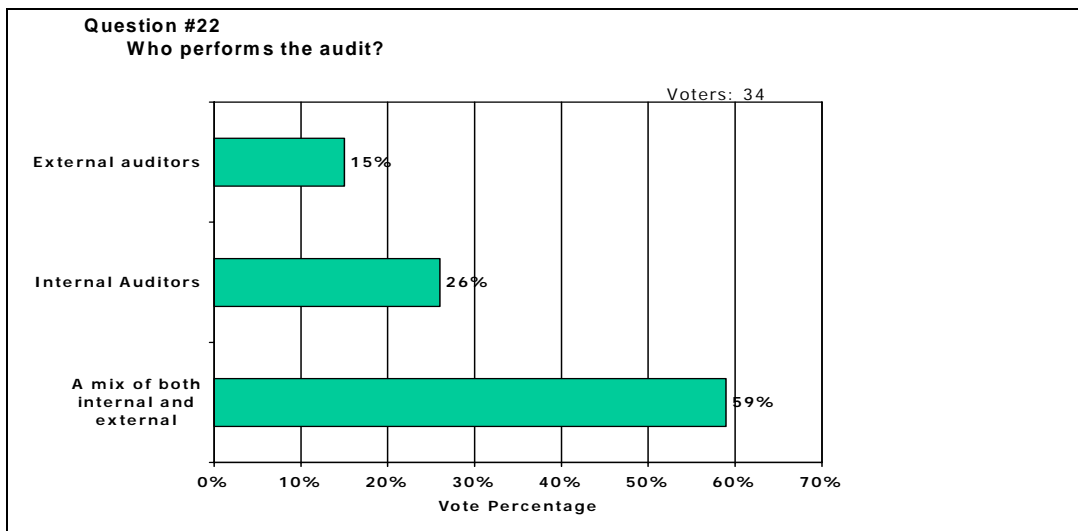
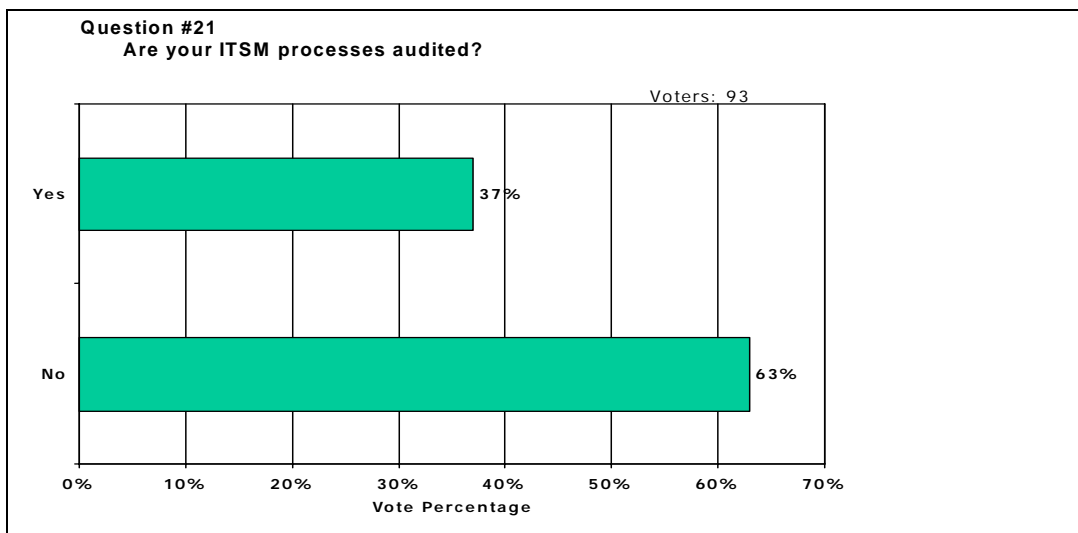
Best practices framework

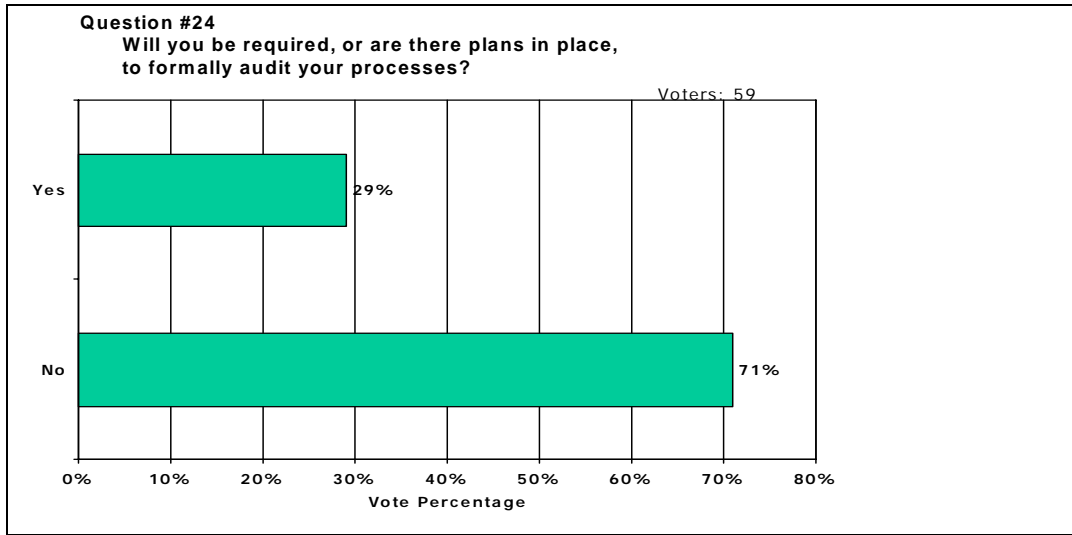




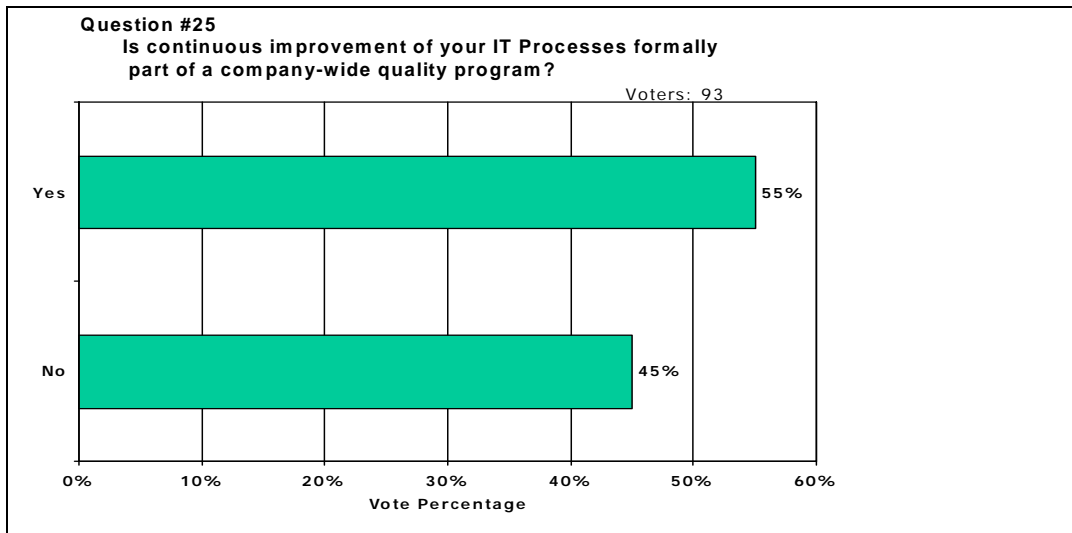
Measuring and Auditing

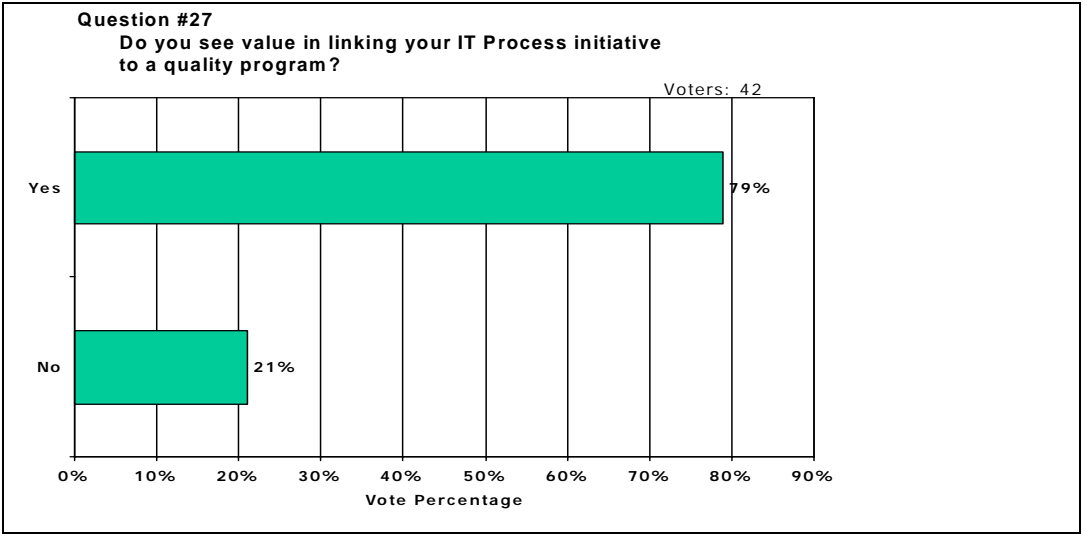
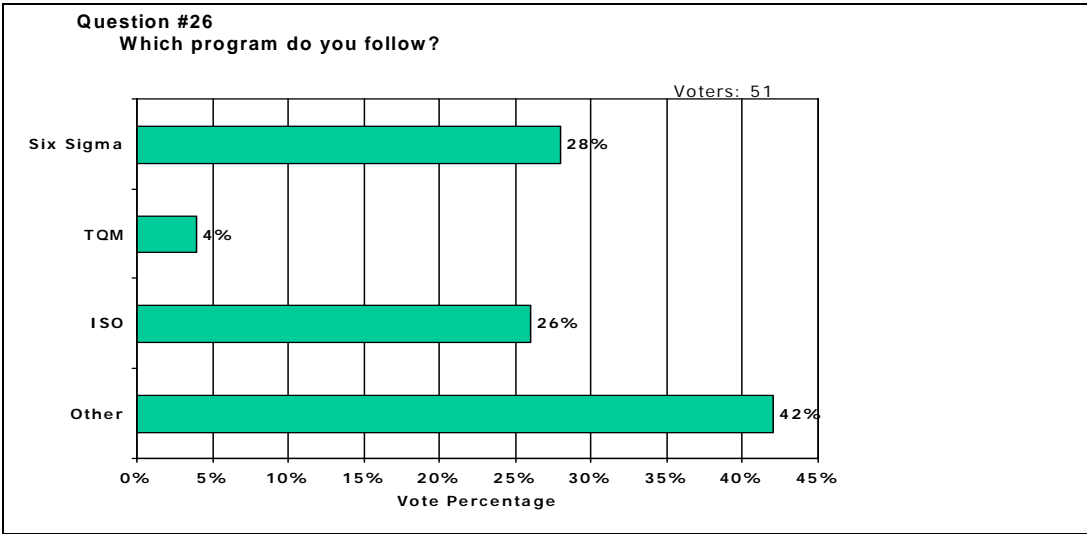




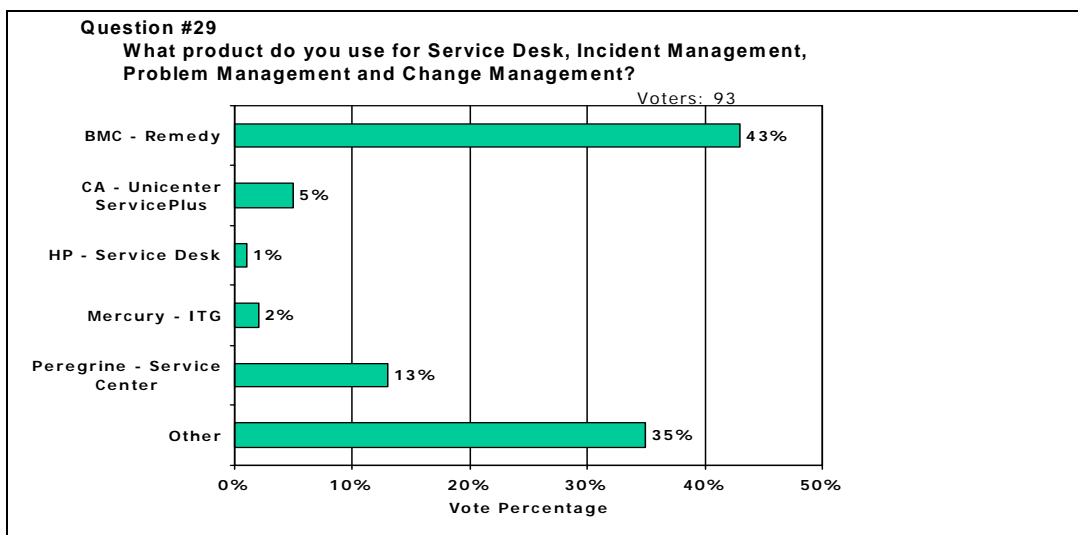
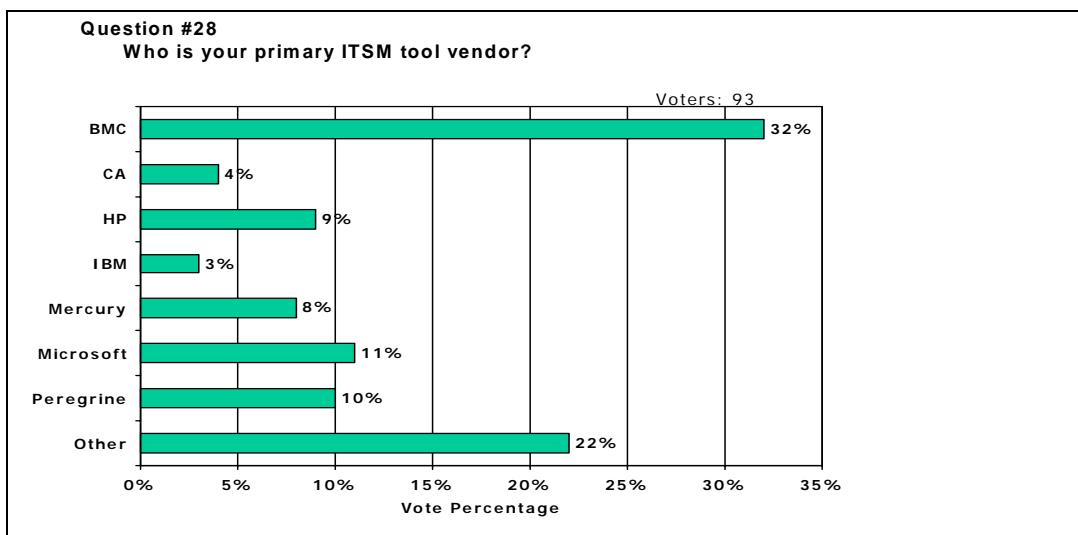


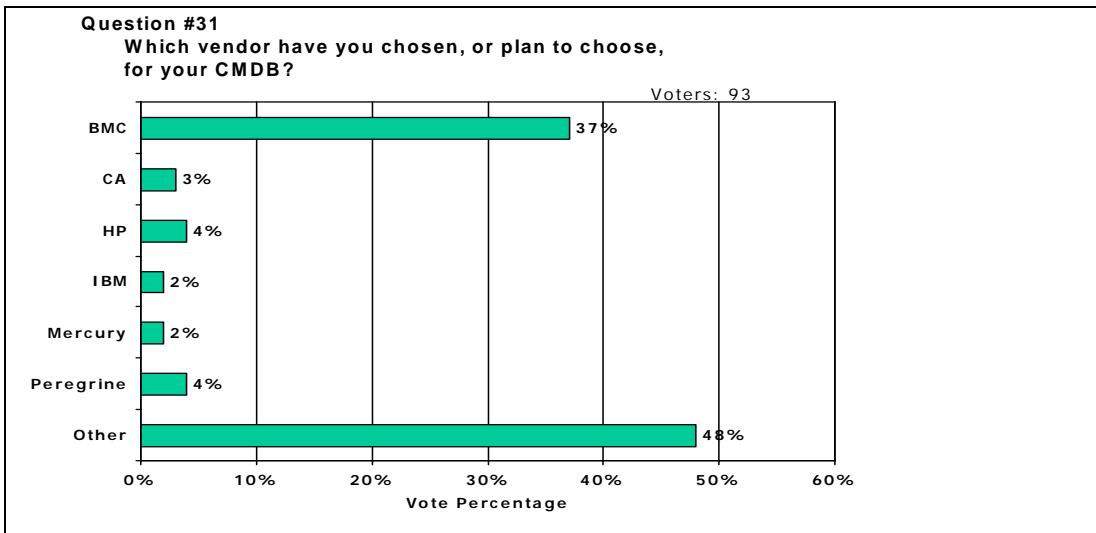
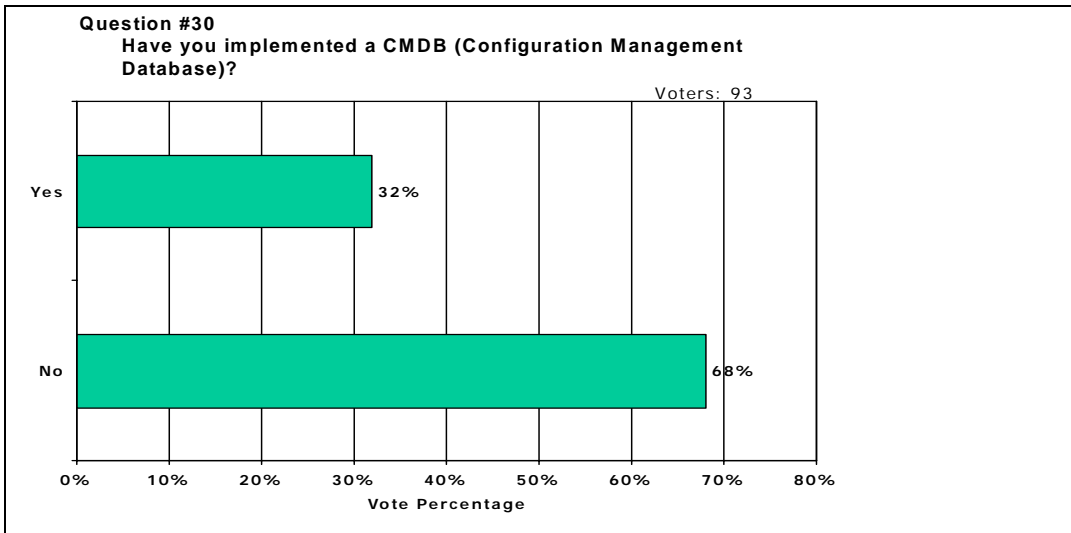
Continuous improvement





Selecting the supporting tools





Interpretation of Results

Below we offer a full commentary on and some interpretation of the responses to the Consulting-Portal 2006 ITSM Industry Survey. We have tabulated the responses of the 94 participants who submitted to us a full text of their submissions. *Our commentary is presented in italics.*

Organizing for ITIL

1. What is the highest level of active sponsorship for ITSM (IT Service Management) at your company?

- *73 of 85 respondents, 84%, have active support for ITSM, 45% at the CXO level or above, which is an 80% increase over the previous year.*
- *This is important as there appears to be a direct correlation between the level of management sponsorship and the comprehensiveness of the governance, training program, implementation roadmap, staffing resources and actionable metrics components of a successful ITSM program.*

9. How are you organized to support ITSM?

- *37 respondents, 44%, have dedicated ITSM organization with full time resources, 16% with part time resources, and only 16% have no resources allocated.*
- *Although it may be necessary to have some dedicated full time resources for a successful ITSM implementation, in our opinion it is important that both part time and general resources be included to avoid an "ivory tower" approach that will not sustain continuous improvement.*

10. Do you have formal ITSM governance in place?

- *82% have formal ITSM governance defined, only 31% are enforcing ITSM governance, and a full 18% have no process governance in place*
- *In our experience, without ITSM governance, both defined and enforced, processes will tend to break down and inconsistencies will develop in processes and in their adherence across all areas of the company.*

Assessing your current state

2. Have you conducted an ITSM assessment / benchmark within the last 18 months?

- *43 respondents have conducted an assessment within the last 18 months, and 42 have not.*

3. How did you conduct the assessment / benchmark?

- *Of the 43 who conducted an assessment, the majority (62%) used a professional services firm and the remainder did self-assessment.*

4. Was the assessment of value?

- *42 respondents believed the process assessment was of value.*

5. Do you see value in conducting an ITSM assessment / benchmark?

- *35 (83%) of respondents who did not do an ITSM assessment see potential value in conducting an assessment to create a benchmark with which to measure future progress.*
- *Of all respondents to questions #4 and #5 90% saw potential value in conducting an ITSM assessment.*

Establishing a roadmap / timeline

6. Do you have a documented roadmap / timeline for the implementation of ITSM?

- 50% have a roadmap / timeline for the implementation of ITSM.
- There appears to be a correlation between the level of management sponsorship for ITSM and the existence of an implementation roadmap for ITSM.

7. What is your implementation timeline?

- Among the 43 respondents, approximately one third are implementing within one year, one third within two years, and the remaining third over two years.

8. Do you see value in having such a roadmap?

- Most respondents, i.e. the 43 that have a roadmap and 36 out of 42 who don't, can see the value if having one.
- It is our experience that having a roadmap, with timelines that identify the key milestones, the expected results and the quick wins, really lends credibility to the project and improves buy-in throughout the organization.

Training your people

11. Do you have an ITIL training program in place?

- A 67% increase over last year's respondents has an ITSM training program in place.
- This is encouraging because our experience has already shown that having a training program not only involves and empowers a broad group of people building grass roots support for the ITSM program, but also helps develop and disseminate a common language throughout the organization.

12. What is the highest level of ITIL training you provide to your staff?

- Compared to last year's survey results, there is a trend to the more advanced ITIL training levels (Practitioner and Service Manager).

13. What is your preferred location for training?

- While there is still a large preference for onsite training, there is shift to more offsite vendor location training, likely due to the trend to the more advanced levels of ITIL training.

14. Who currently delivers your ITIL training?

- About two thirds of training is being delivered by third party training vendors and the remainder delivered in-house.

15. Are you planning on implementing an ITIL training program?

- In addition to the 47 respondents that have training programs in place, an additional 14 are planning to implement. This means a total of 72% either have implemented or plan to implement an ITIL training program. Only 28% have no training plan.
- Although this is a marked improvement, it is our belief that ITSM training is critical to the success of an ITSM program implementation.

16. When do you expect to implement your ITIL training program?

- Of those who are planning to implement an ITIL training program, 50% expect to do it within 6 months.

Best practices framework

17. Are you utilizing a recognized process framework for ITSM?

- *Of the 85 respondents, 75% are utilizing a recognized ITSM framework, an increase of 63% over last year's survey.*
- *This indicates that respondents are leveraging the abundant, high quality industry knowledge that is available in the marketplace.*

18. Which ITSM framework are you using?

- *Of the respondents who use a recognized ITSM framework, 56 are using ITIL. This is a 42% increase over last year's survey and reflects the increasing popularity of ITIL as a vendor neutral, non-proprietary approach to ITSM.*

19. On which ITIL processes are you currently placing focus?

- *65% of respondents are focusing their efforts on Service Support (service desk, incident and problem management, change management, configuration and release management).*
- *There has been an increase in other combinations. Our experience shows that the likely combination includes service level management with the service support processes.*

Measuring and Auditing

20. Do you have defined metrics for your ITSM processes?

- *80% of respondents recognize the importance of defining metrics, however only 20% are using metrics for continuous improvement, and 20% have no metrics at all*
- *Although defining metrics may help organizations meet the higher standards being legislated and imposed (Sarbanes-Oxley and SOXA in USA for example), in our opinion, without actionable metrics driving continuous improvement, the business will not be able to demonstrate the value and reap the benefits of an ITSM program.*

21. Are your ITSM processes audited?

- *30 of 85 respondents are auditing their ITSM processes. This is a disappointing number. It must be emphasized that good governance of ITSM processes is not possible if you do not audit, validate and improve the processes regularly.*

22. Who performs the audit?

- *Audits are being performed by both internal and external auditors, but in most cases by a combination of the two, which we believe is the most effective approach.*

23. What framework do you use to audit your processes?

- *18 of the 30 respondents who conduct ITSM process audits did not know what audit framework was being used. This clearly indicates that IT does not understand the importance of some basic business processes.*

24. Will you be required, or are there plans in place, to formally audit your processes?

- *70% of 55 respondents who are not currently auditing ITSM processes believe there is no requirement to audit ITSM processes.*
- *Referring to our response in question #21, it is our belief that good governance around ITSM processes is not possible if you do not audit the processes on a regular basis.*

Continuous improvement

25. Is continuous improvement of your IT Processes formally part of a company-wide quality program?

- 48 respondents (57%) said that their organizations have a company-wide quality program which includes continuous improvement of IT processes.

26. Which program do you follow?

- While Six Sigma and ISO remain strong quality programs, TQM has significantly dropped in popularity.

27. Do you see value in linking your IT Process initiative to a quality program?

- 80% of all respondents of those that are not linked to a company-wide program believe there is value in being part of a company-wide quality program. Of all respondents, 90% (77) believe there is value in such a linkage.
- Without actionable metrics (see question #20) it is difficult for IT to demonstrate the value of continuous process improvement in the ITSM program. Without being able to demonstrate this value, it will be difficult for IT to gain inclusion in company-wide quality programs.

Selecting the supporting tools

28. Who is your primary ITSM tool vendor?

- Although BMC is taking a dominant position, there are a large number of vendors operating in this area with quality products.
- In our experience, most of the leading ITSM tools can do the job. However, what is more important is the quality of the process, the tailoring of the tool around the process and the adherence to a comprehensive system of governance.

29. What product do you use for Service Desk, Incident Management, Problem Management and Change Management?

- BMC is the leader, "Other" came in second place. Refer to comments in question #28, most of the leading tools can do the job but it is how you use them that determines the difference between success and failure.

30. Have you implemented a CMDB (Configuration Management Database)?

- 27 respondents (32%) said their organization has implemented a CMDB.

31. Which vendor have you chosen, or do you plan to choose, for your CMDB?

- Once again, BMC has a dominant position in this space, although the largest category of responses (47%) was "Other".