



ITSM at Breakneck Speed

It's a brave new world for IT service management—or it had better be.
The new ITSM must keep up with cloud, mobile and users' insistence on self-service IT.

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I VISITED THE Museum of Modern Art in New York City last month and marveled at the media, technique and messaging of the space's paintings, sculptures and installations. While I took art history courses in school and am familiar with the work of the Old Masters, I've never formally studied modern or contemporary art, and the museum visit really drove home the importance of innovation and experimentation when one is looking to move the artistic conversation forward.

When it comes to IT service management (ITSM), it might be time to move that conversation forward, too. In this SearchCIO handbook on the changing landscape of ITSM, Harvey Koepfel, our go-to guy for business strategy and the CIO perspective, explains why, in today's hyper-digital and competitive world, traditional ITSM principles form an important baseline, sure, but outright emulation is the wrong way to go about building your own

service management strategy:

“Where what worked last year may be obsolete this year; and given escalations in cyber-crime, new demands for information security and data privacy, big data, real-time analytics, cloud, Software as a Service, and the ubiq-

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uity of mobile everything; safety has become, at best, a temporary condition that requires continuous proactive hyper-vigilance. In this environment, ‘traditional’ has a place only in museums, not in forward-looking IT departments,” Koepfel writes.

There are many different ways to approach

the new ITSM, and myriad benefits. Our CIO Innovators profile describes the journey of CIO/CTO Bart Murphy, who transformed IT as he created and carried out a shared services strategy at the CareWorks Family of Companies. Long-time CTO columnist Niel Nickolaisen brings us home, explicating the ways in which ITSM can elevate the service levels your IT team can deliver, while also freeing up your staff to focus on more strategic initiatives.

Enterprises demand a fresh, contemporary approach to ITSM in order to drive the conversation—and the organizational mission—forward. Erring on the side of safety could be the difference between creating your own masterpiece and simply recreating a glory of the past.

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RACHEL LEBEAUX
Managing Editor

It's Time to Mothball Traditional ITSM

IT SERVICES ARE being outsourced to the cloud and beyond. IT departments are being decentralized and distributed and, in many companies, IT resources are being acquired, implemented and managed by departments outside of, and often out of sight of, the IT department. Bring your own device (BYOD) is being replaced by buy your own apps (BYOA). Listen up, Dorothy: The information technology service management (ITSM) times, they really are a-changin'.

IT services management has traditionally been defined as the body of disciplines—methodologies, procedures, tools, etc.—enacted by technology and operations areas that enable the delivery of IT services in a business-aligned, operationally controlled and cost-effective manner.

Sometimes “traditional” is a good thing: enjoying that great bottle of champagne with the gold-crested label on New Year’s Eve, or

wearing those lucky socks when you hammered that high-inside fastball over the left-field fence that clinched the championship in the bottom of the ninth of the seventh playoff game. There certainly is a level of comfort in doing it the way you’ve always done it—it’s predictable, it generally works reasonably well, it’s safe. And it usually passes audits.

But we are living in a time that is anything but predictable. Where what worked last year may be obsolete this year; and given escalations in cybercrime, new demands for information security and data privacy, big data, real-time analytics, cloud, Software as a Service, and the ubiquity of mobile everything; safety has become, at best, a temporary condition that requires continuous proactive hyper-vigilance. In this environment, “traditional” has a place only in museums, not in forward-looking IT departments.

To remain business-aligned, operationally

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controlled and cost-effective, IT services management needs to evolve to keep pace or—forgive my audaciousness—get out in front of the ever-increasing pace of technological change.

“My dear, here we must run as fast as we can, just to stay in place. And if you wish to go anywhere, you must run twice as fast as that.”

—*The Queen of Hearts in Lewis Carroll’s Alice in Wonderland*

IT’S NOW, MORE THAN EVER, ALL ABOUT THE CUSTOMER

Jerry Gregoire, former CIO of Dell Computers, was included in Customer1’s list of “99 Legendary Customer Service Quotes” a few years ago to advance the notion that “the customer experience is the next competitive battleground.” More than likely, Gregoire was talking about how Dell supported and serviced its external customers, although with self-service rapidly becoming the channel of choice, Gregoire’s remarks are just as relevant to how today’s IT and operations areas must think about their internal customers as well.

App stores—internal and external—that

provision mobile devices are rapidly replacing “standard” desktop images and service catalogs. “Integration” is rapidly replacing “information” within the traditional hallways of ITSM. The consumerization of IT is already driving and will continue to drive internal customer expectations to be more and more similar to the personal consumer’s customer service experience.

CONSIDER COST AND FOCUS ON BUSINESS VALUE

Cost of service delivery will always be a key driver to be reckoned with. But if you focus on cost alone, you might as well be standing in the train station when your plane lifts off the runway.

CIOs and their ITSM departments need to focus on enabling their internal and external business partners and the revenue opportunities associated with more effectively supporting additional mobile devices, new cloud applications or new identity management technologies, to name a few. Factors such as acquiring new customers and satisfying, retaining and expanding existing customer relationships

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have moved well beyond being concerns of marketing and sales. IT departments must now be equal partners in ensuring the quality of the end-to-end customer experience and value proposition.

Budgets and business cases must now be developed collaboratively with internal and external partners to ensure that IT has a full understanding of the business value potential of every initiative. Similarly, business partners must have a full understanding of the return on their IT investments. Understanding the

needs of and being able to build and grow successful relationships with this expanded set of stakeholders will be more and more critical to the success of every service management organization.

As new technologies and the business opportunities that they enable expand geometrically at an ever-increasing pace, the team that brought you the championship trophy even two to three years ago will increasingly need to acquire and build players with new skills.

—Harvey Koeppel

CIO Puts the Fun into ITSM

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WHEN BART MURPHY was hired three years ago as vice president of shared services at the CareWorks Family of Companies, a shared services strategy was a distant dream.

Composed of six companies, Dublin, Ohio-based CareWorks is one of the largest managed care organizations in the state. Its companies offer a variety of services, including workers' compensation, compliance consulting and vocational rehabilitation.

When Murphy arrived, the largest of CareWorks' companies was ending an outsourcing arrangement of nearly 15 years and bringing its IT operations in-house. The other five companies were served by a combination of internal teams and a tech-services business that had been bought eight years before and made part of CareWorks Tech. The internal IT services, however, varied from CareWorks company to company, depending on the sophistication of the business users and whether they were

corporate-based or remote.

Making matters more complex, CareWorks Tech (of which Murphy was named president last year) was also providing IT services to external customers. In addition, the parent company routinely acquired businesses, which brought along their own IT assets and processes with them, adding yet another layer of IT services to the mix. All in all, the CareWorks Family of Companies was more *Modern Family* than *Leave it to Beaver* when it came to IT service management.

Where others might see this landscape as impossibly complicated, Murphy (now CIO/CTO of CareWorks) saw greenfield opportunity. The insourcing project not only presented a chance to rebuild and refresh IT systems, it also was the ideal time to rationalize IT service management across the six companies. But how to do this?

Building new IT systems from the ground up

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to take advantage of new technology and pave the way for an IT infrastructure that enables businesses innovation is pretty exciting stuff.

“Folks in technology like to be working on newer platforms, where you can do more work with less effort,” Murphy said. But rationalizing how IT services are provided, tracked and procured by the business users?

“ITSM [IT service management] is not a really passionate type of discussion to have,” he said. “Most people don’t even want to have the discussion; it’s so boring.”

MAKING IT SERVICES FUN

As the company’s new IT leader, Murphy wanted his team to be excited and engaged in his vision of a well-oiled shared IT services model. But he knew from experience that ITSM tools tend to get a bad rap, and deservedly so.

“Historically, IT folks haven’t been able to get a lot out of the tools; they haven’t been able to do a lot of reporting or workflow, or quickly make changes,” he said. “They’re stuck with what they’ve got, and that’s the way it is until nine years later, when the server goes down”

and the tools have to be replaced.

To give his IT staff ownership of the new tool it would be working with, he included all 50 team members in the procurement process. The unanimous vote was for Software as a Service provider ServiceNow, which offers cloud-based service management within IT departments and throughout the enterprise.

The cloud-based ITSM platform, with its instant upgrades, flexibility and sophistication, was not so difficult of a sell. It would also provide CareWorks with a configuration management database. This would finally give IT the ability to gain real insight into its data. The team could be part of automating and improving IT operations by leveraging this platform versus just using a system for help desk tickets.

“In the same manner and the same way that the business units were mature from a metric perspective in looking at their operation, I wanted to make sure we had a similar type of view into IT,” Murphy said.

To ensure a quick start, the team got help from consultants for the first two months and then moved forward on its own.

“We sent people to training and we did a lot

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of our own technical training here to explore and go through the applications,” Murphy said. “It was the best way for us to get ramped up, and really, from a management perspective, there was no appetite to be beholden to a vendor in relation to such an important platform.”

The decision was also made to adopt two instances of the ServiceNow platform: one for internal operations and one that would be used for CareWorks Tech’s external customers.

The way Bart Murphy saw it, the internal ServiceNow platform would essentially function as the “ERP of IT services.” The platform would standardize how business users procured IT services, and it would help the IT team standardize its processes, resulting in more IT efficiency, lower costs and a better customer experience. Most important, it would free up his IT team to focus on enabling business innovation.

“I didn’t want to be in the business of running the infrastructure for IT’s sake, because that gets you away from moving the business forward,” he said.

And indeed, the platform has had a big impact on the team’s ability to quickly manage

issues, get to the calls and reach a resolution faster, Murphy said. “It [has] been extremely helpful on the change management side.”

The bigger challenge initially was with CareWorks’ employees, many of whom equated IT services with tapping their resident “Joe Smith” on the shoulder.

“Someone in one of the companies would say, ‘Well, that’s my IT person!’” Murphy said. “Well, when you’re in a shared services organization, that individual no longer is only allocated to your company; we had to say. They may be doing other things as well to support the overall IT umbrella.”

But the dividends paid by the ITSM platform have gradually become evident to business users. They discovered it can help them tap into technology services from across the CareWorks family of companies.

One example is the CareWorks company CWT Interactive, which does Web design and development, as well as mobile apps and other digital branding for companies. These digital services, of course, could also be useful to its sister CareWorks companies, and the ServiceNow platform gives those business users a way

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to take advantage of them.

“What we’ve tried to do, and I think we’ve done successfully, over the last few years is build capabilities within the consulting businesses that would be more relevant to supporting our internal companies,” Murphy said.

Case in point: CWT Interactive is currently designing HTML5 and CSS3 (cascading style sheets) coding for self-service portals to be used in the ServiceNow content management system.

“That’s one example of taking a capability that we need within our internal family of companies” but are marketing externally.

WINNING ON GRC

The new ITSM platform has given his team another opportunity to help itself and the business by driving down IT audit costs. CareWorks healthcare companies are subject to one audit or another on nearly a daily basis. Prior to Murphy’s arrival, many of the IT controls being audited were done manually or inconsistently across the CareWorks companies. IT was spending a lot of time on compliance.

“From an IT perspective, we’ve done a really good job of automating the business—whether it’s the supply chain, finance or HR [human resources]. We’ve done a terrible job automating IT,” Murphy said.

The lack of IT automation was costing the business by driving up audit fees and putting the business at risk of failing those audits and being fined. The decentralized approach to compliance was costing his team by taking time away from more strategic projects. The governance, risk and compliance (GRC) module of the ServiceNow platform offered a chance to re-think governance and build consistency into the processes from the start.

“So we looked to see how we could drive and automate IT and get through those audits at a faster pace and spend more time on business innovation,” Murphy said.

One of the problems the platform helped Murphy’s team to solve was the need to standardize on IT Infrastructure Library processes. It was here that the platform scored an early and crucial GRC win.

“There are certain auditable controls that are managed by tools in this space. ... One of the

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things we had to do on Day 1 was pass a SOC 1 audit and get re-certified by our regulator,” Murphy said, referring to auditable Service Organization Control reports, which are related to the users’ internal control over financial reporting.

Not only did his team have a series of application and integration testing to do with its regulator, it also had to pass an audit to verify data center operations, which are managed by a set of controls that have been validated, agreed upon and tested.

“The more you automate these processes and controls, the easier it is on you from an audit perspective,” he said. Although auditors “will live with” processes that require manual intervention, they much prefer automation.

GETTING AGILE

With so much of IT automated, Murphy’s team was able to become more responsive to the business. Agility was one of Murphy’s

goals, both on the IT side and the business side. Before, IT projects were done by crisis management, following the squeaky-wheel principle. Production releases followed suit. Today, releases into production consistently range from every two weeks to once a quarter. The regular schedule eliminates what Murphy called the prioritization game.

When production releases were done only every six months, every business unit needed its job to be a top priority. With the help of the new platform, the pace of IT changed. The IT team now meets with operations on a daily basis and understands and reacts to regulatory changes and operations-enhancement requests. This also makes IT better able to anticipate needs.

“Sort of like running a marathon as opposed to sprinting and then dying,” Murphy said. “It’s a new constant pace that both operations and IT had to get used to, but now we’re running and humming. ... They see the benefit of IT, and we’ve learned a lot from them, too.”

—Karen Goulart

ITSM in an Era of Fast-Moving Tech

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I AM NOT sure about you, but the CIOs in my network are under pressure to deliver new technology at a breakneck pace. Many organizations passed a tipping point a few years ago, and now every aspect of the organization needs and wants technology. In addition to supporting all the systems we have built and delivered over the years (ERP, CRM, e-commerce, collaboration), we now also need to build and deploy mobile, social, self-service, self-provisioning, advanced analytics, automation, collaboration, mind-reading, etc. And to do this, we need more of the most constrained resources on the face of the earth—skilled IT people.

But if we can find ways to reduce re-work, get things right the first time, segment our systems and focus our support, we can create IT resource capacity. Let's suppose that 20% of our IT staff is doing re-work or work that is not particularly meaningful. If we can eliminate such activities, we get a 20% increase in

IT capacity without hiring a soul. That sounds nice, but how can we pull off such magic? IT service management (ITSM) is one approach I have used to good effect as a CIO. Here is a typical example of how using ITSM principles works:

I recently received an email from the vice president of the customer support department. The email service in our CRM system was buggy and sometimes shut down, he informed me. When this happened, a large queue of customer email built up. While the queue was building, customer support was not serving customers. Then, when the IT support team broke through the email dam, the department was so swamped in responding to the sudden flood of issues that they underserved other customers. The VP begged for my help in resolving this.

I met with the IT team members that supported the CRM system and asked them about

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the problem. There was a known bug—and fix—to the problem, but the team, I discovered, had not yet deployed the fix. Rather, it spent a good portion of its day monitoring the email queue in order to keep things flowing. How much of their day did this require? It did not really matter. What *did* matter was that we were not providing a reliable, consistent service while also wasting the time and talents of the IT team.

ITSM PRINCIPLES FREE UP IT RESOURCE CAPACITY

Taking the ITSM approach, I asked team members if they had defined any service-level standards for the CRM system. They had not. So, we defined a service-level standard. We then measured our current performance against that standard. Based on the standard, we were failing. Based on ITSM principles, when IT organizations are not meeting a standard, they do a quick but targeted root-cause analysis, fix the problem (so that it never comes back) and move on to the next opportunity.

In this case, we identified two changes we could make to resolve the issue and then meet the service-level goal. First, we tested and deployed the known fix. Second, we put some monitoring tools around the email queue that included automated triggers and alerts. These two changes got the support team out of the business of babysitting the process. We not only improved customer satisfaction but also freed up skilled, scarce IT resources to do other work.

This is how we can use IT service management principles to transform our lives. At its core, the ITSM approach is quite straightforward: define standards; implement best practices-based processes designed to meet the standards; measure performance against the standards; and, if we are not meeting the standards, get to and solve the root cause by changing the process.

As we do this over time, we build an IT delivery juggernaut—and free up so many IT resources that we can start working on that mind-reading technology the organization is screaming for. —*Niel Nickolaisen*

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