

Delivering Excellence in  
Customer Service Through Best  
Practices in IT Service  
Management



**Pulse2010**   
Pulse Comes to You



## In this presentation, we will answer key questions

1. What are the implications of the current environment on IT Services?
2. What are some best practices for how IT Service Management can deliver excellence in customer service?
3. Service Management and Cloud?
4. How can an organization move forward?



# 1. What are the implications of the current environment on IT Services?

# Today's economic turmoil is challenging CIOs to rethink how to best support their businesses

PALOS VERDES PENINSULA NEWS

## PERELANDRA TIMES

SATURDAY, MARCH 11, 2004

Harris Center for the Performing Arts, 27579  
Crosfield Drive in R4E, on

Economic uncertainty - changes to IT p

**Unprecedented drop in housing prices in the USA**

**Asian economies feeling the pinch—Japan rescue package proposed**

**From bad to worse  
latest economic news roils markets**

**New data drives Dow stocks down**

**Doubters question EU's economic stimulus plan**

News of the

thebridge

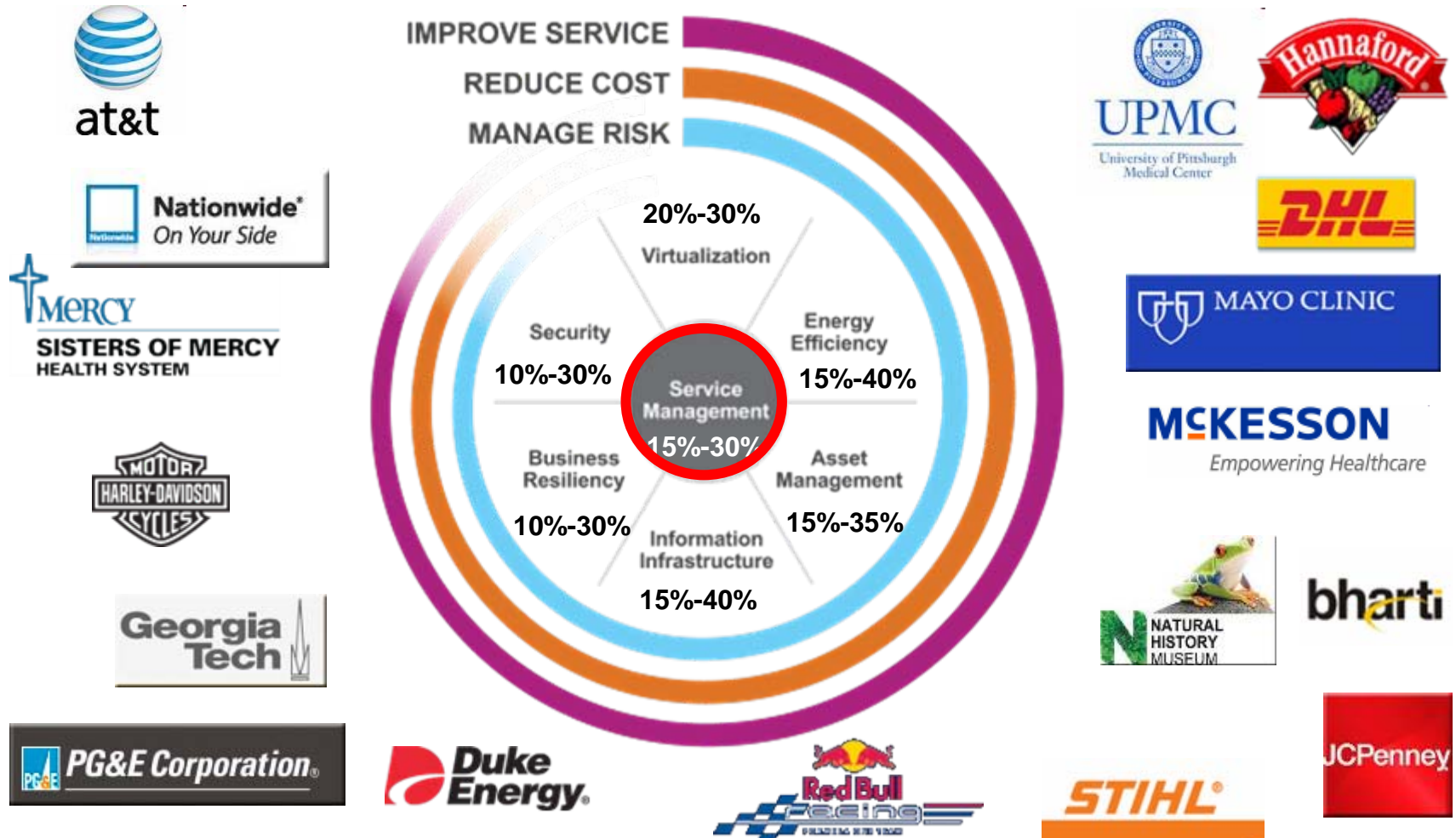
Bank of America  
"Lehman Brothers filed for bankruptcy protection"  
"Markets Plummet Worldwide"  
"Nordic Banking Crisis"  
"It's Raining Bailouts In Europe"  
"It Couldn't Get Worse But It Did..."  
"Global Financial Crisis Hits South Korea"  
"Dow plunges 733 on new disheartening economic

"Credit Squeeze Takes Hold in Europe"  
"Financial crisis: Japan launches rescue package as Asian economies struggle"  
"Inflation Data Might Increase"  
"Retail sales plunge 2.7% in Dec., sink 0.1% for all of '08"  
"U.K., Germany try to spur economy"  
"Economists say don't expect rebound before late '09"  
"Small business outlook dims"



It's time to start thinking differently  
about IT Service Management.

# CIOs are implementing several initiatives to address current pressures, with IT Service Management as a core imperative







# *CenterPoint*<sup>TM</sup> *Energy*

- Based in Houston, Texas
- 3 million meters
- 45,000 miles of transmission and distribution lines
- Need to create an infrastructure that will reduce their costs, improve their customer service, and enhance the safety of their system



## Yet, many have reached a “pain threshold”, recognizing the need for a good service management strategy and plan

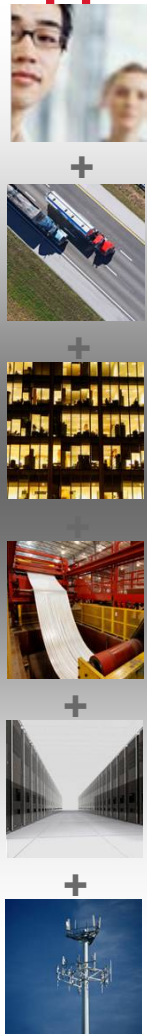
- What are the services IT provides and how do they support the critical business activities and objectives?
- How do I put this all together? ITIL, ISO, COBIT...
- How do we start an IT service management program?
- We embrace the service management concept – what will it really take to realize it?
- We want to be “ITIL compliant”. How do you do that? How do you integrated COBIT and International Standards?
- Our ITIL experience is more like the “Goldilocks Syndrome”. How do we just do this right?
- How do we best plan, design and implement IT service management best practices in my organization?



***A good service management strategy and plan addresses these issues.***



# As products and services become smarter, so must our approach to creating and managing them...



Align People,  
Process,  
Information &  
Assets



Line of  
business



Datacenter  
Operations



Business  
Partners



Security  
Operations



Customer  
Relations



Network  
Operations



Facilities &  
Production



Research &  
Development

Across  
Organizational  
Silos

High-Quality,  
Differentiated  
Services & Products



...to ensure maximum value  
to the business and our customers.

# Traditional management approaches lack the integration needed to measure and manage delivery against business objectives...

## *Business Objectives*

*Improve Service*

*Manage Risk*

*Reduce Cost*

**Obscured views. Inadequate governance.  
Operational disconnect.**

*Lost opportunities. Unnecessary risk. Low efficiency & return.*

Business Indicators

People

Information

IT Indicators

Business Processes

IT Processes

Business Assets

**Business Services**

IT Assets

# With IBM Service Management you can focus on the things that matter most to your business...

## Visibility



- **See Your Business Services and Processes**

Establish a clear, aligned and differentiated service strategy, and gain the real-time intelligence needed to measure and improve delivery against business and IT objectives.

## Control



- **Manage and Secure Your Investments**

Ensure effective governance of assets, information, processes, and services through enhanced change and security controls, and compliance reporting.

## Automation



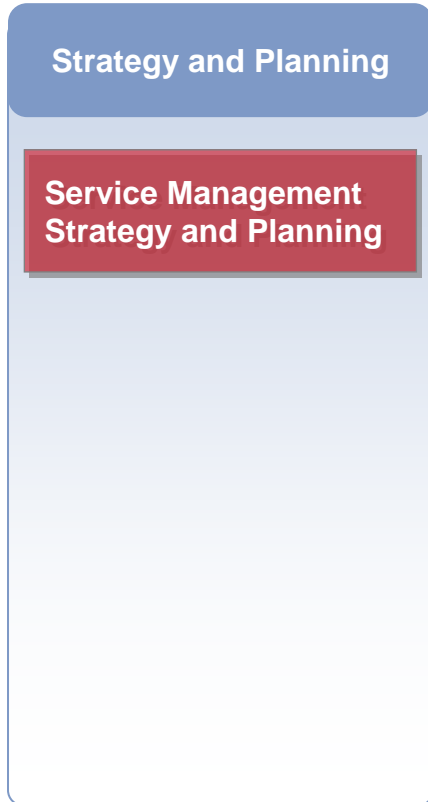
- **Build Agility into Your Operations**

Improve integration and automation of workflow across operational silos, tools, and processes for reduced cost and improved time to market.

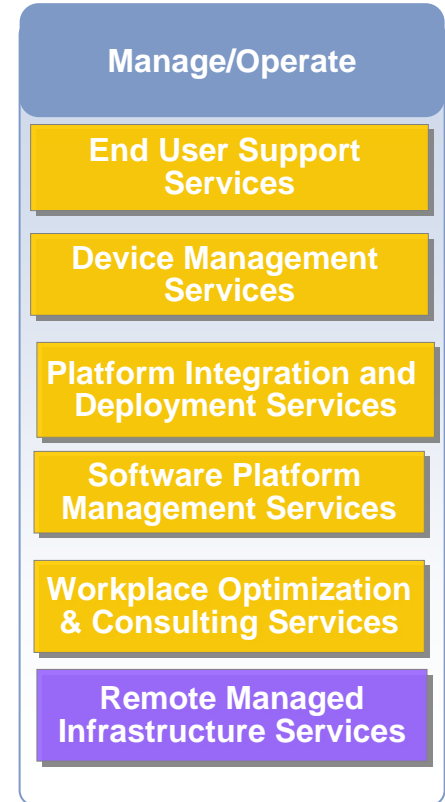
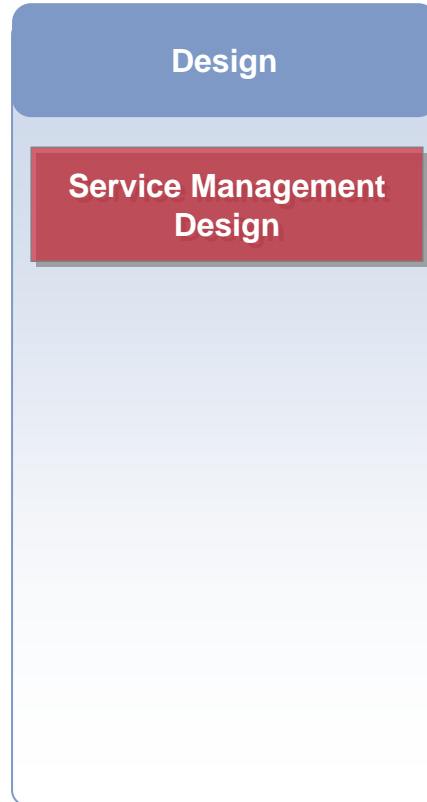
# IBM Service Management Solution Summary

*What services do we provide to clients?*

Start with...



or...





**2. What are some best practices for how IT Service Management can deliver excellence in customer service?**



## Several best practices can be applied to deliver excellence in customer service

**Services:** Create a services strategy and catalog that enables critical business services

**Process:** Select quick ROI processes, breakdown silos

**Technology:** Implement software accelerators

**Information:** measure business and IT outcomes

**People:** establish a workable governance model



## What are some typical services for a service catalog?

<p><b>User Support Services</b></p> <ul style="list-style-type: none"> <li>➤ User call management (1st level)</li> <li>➤ User training</li> <li>➤ Install/ move/ add/ change for workstation</li> <li>➤ <u>Deskside</u> support</li> <li>➤ Enable access</li> </ul>	<p><b>Deployment Services</b></p> <ul style="list-style-type: none"> <li>➤ Site preparation</li> <li>➤ Pre-delivery preparation</li> <li>➤ Roll-out and Install</li> <li>➤ Install/ move/ add/ change (servers/network)</li> <li>➤ Software Distribution (Release)</li> <li>➤ Solution Testing</li> </ul>	<p><b>Application Services</b></p> <ul style="list-style-type: none"> <li>➤ Applications Development</li> <li>➤ Applications Integration</li> <li>➤ Applications Maintenance</li> <li>➤ Applications Support (resolve application problems)</li> </ul>
<p><b>Delivery Support Services</b></p> <ul style="list-style-type: none"> <li>➤ Event Management</li> <li>➤ System Access Control Management</li> <li>➤ Availability Management</li> <li>➤ Capacity Management</li> <li>➤ Logistics Planning and Execution</li> <li>➤ Problem Management (2nd / 3rd level)</li> <li>➤ Inventory Administration</li> </ul>	<p><b>Management and Control Services</b></p> <ul style="list-style-type: none"> <li>➤ Disaster Recovery Service</li> <li>➤ IT Architecture Definition and Support</li> <li>➤ Project Audit and Control</li> <li>➤ Service Level Management</li> <li>➤ IT Consulting</li> <li>➤ IT Plan Management</li> </ul>	<p><b>Business Support Services</b></p> <ul style="list-style-type: none"> <li>➤ IT Strategy Management</li> <li>➤ Finance Management</li> <li>➤ Procurement Services</li> </ul>

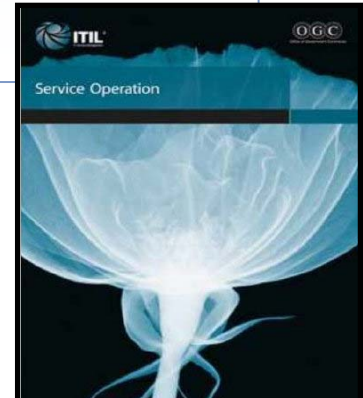
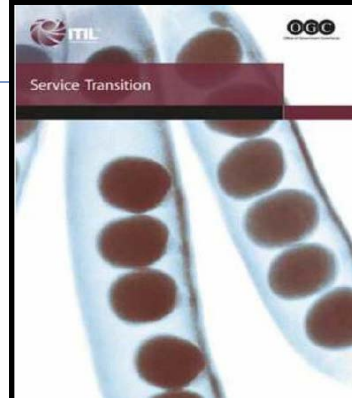
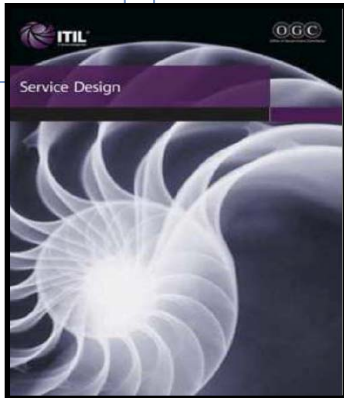
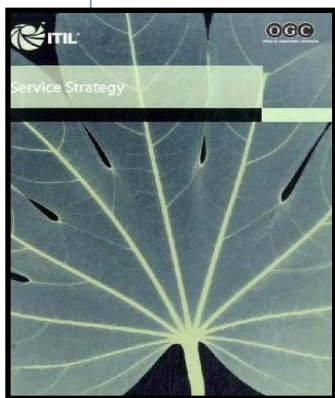
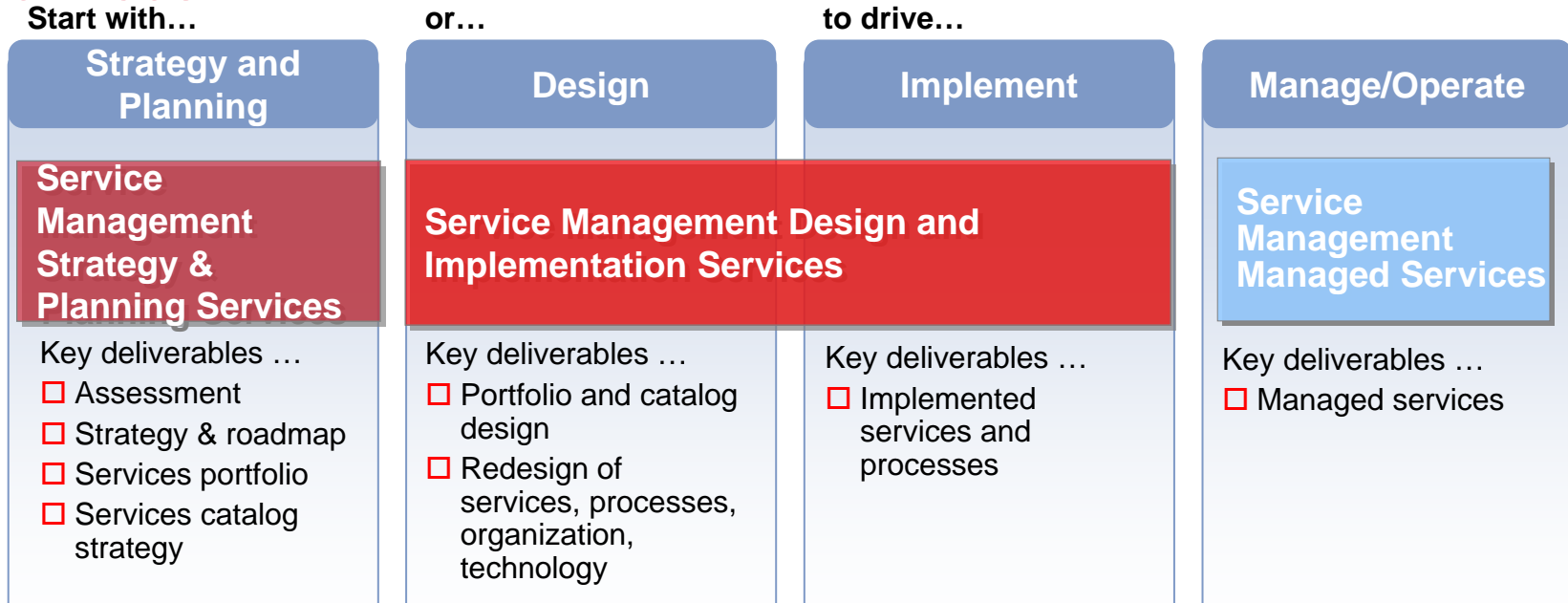
Table 1: Basic Service Taxonomy

**ITIL (Information Technology Infrastructure Library) is just the beginning ...**



**... ITIL is a set of industry standards, concepts and polices for managing IT infrastructure, development, and operations**

# IBM integrates and delivers best practices through a full set of services



# Service Management Strategy & Planning Services

## *Pain Points*

- Lack of realized value from investments
- Poor customer service
- Lack of integrated IT processes, organization, technology, governance

## *How to Get Started*

- Workshop (1 – 5 days)
- Readiness Assessment (4-6 weeks)
- Full Service Engagement (8 -12 weeks)

## *Best Practices Methods, Frameworks, Tools*

- IBM IT Service Reference Model™
- IBM IT Service Management Strategy & Catalog Services
- IBM Process Reference Model-IT (PRM-IT)
- IBM Capability Maturity Assessment for ITIL® & PRM-IT
- IBM ITSM Adoption Model and IBM Flash Assessment
- IBM Service Management Model™

## *Financial Benefits*

Through our recommendations, clients have;

- Reduced management costs **15-30%**
- Increased client satisfaction by **30%**
- Reduced service disruptions by **20-25%**
- Increased staff productivity by **25%**
- Cut service request costs by **50%**
- Increased availability by **50%**

## *Sample Client References*





# Client Example: Multinational world leader in the food industry

## Challenge

- Guarantee shareholders capital protection
- Ensure the service consistency
- Optimize and control costs

## Solution

- Engaged IBM for Strategy & Plan, Catalog Services
- Identified services for catalog
- Assessed and classified services
- Defined catalog structure
- Designed management process and tools
- Published Service Catalog

## Benefits

- Created a single source of consistent information on all of the agreed services
- Aligned to business priorities
- Improved IT performance and (SLA)

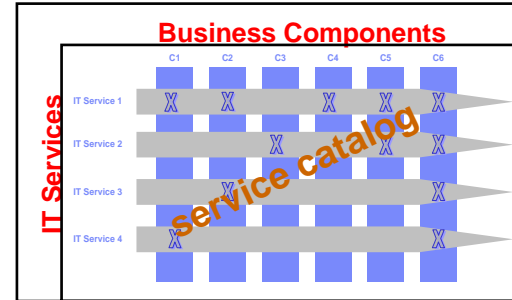
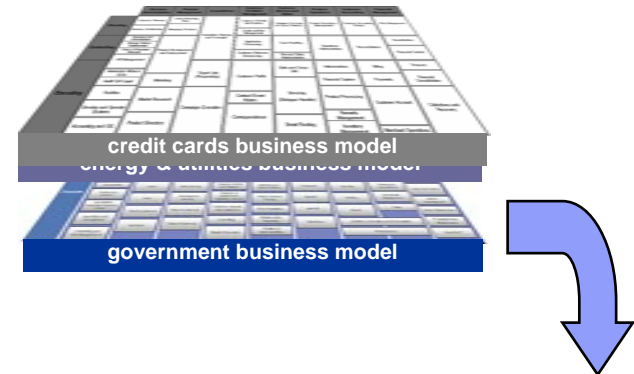
The screenshot displays a web application interface for an 'Offering Catalog'. The page title is 'IT Services' and the catalog is identified as 'CATALOG1'. The interface includes a search bar, a list of service categories on the left, and a main table of offerings. The table has columns for 'Description' and 'Price'. Below the table, there are sections for 'Favorite Offerings' and 'Offering'.

Description	Price
Add Database To Server	175.00
Build New Server with Middleware	1,125.00
Build New Standard Server Image	195.00
Build Standard Server	825.00
DB Install and Config	150.00
Deploy Server to Floor	150.00
Firewall Change Requests	295.00
I Need to Move My Office	200.00
Land S Network Consulting	585.00
ITIM - Lotus Notes Change Password	25.00
ITIM - Lotus Notes Reset Password	25.00
Lotus Notes - Change Password	25.00
Lotus Notes - Change User Name or Certif	25.00
Lotus Notes - Create Account	25.00
Lotus Notes - Delete Account	25.00
Manager App: Firewall Change Requests Of	295.00
Middleware Install and Configure	500.00
Minor Site Enhancement	325.00
Remove Database From Server	175.00
Server Hardware Installation	225.00

# Start with an IT Service Management strategy and plan that enables critical business services

## BEST PRACTICES

- ❑ Determine what is the business value to be created
- ❑ Gain agreement on the value
- ❑ Begin with critical business services
- ❑ Identify the assets that will generate that value
- ❑ Establish accessible services catalog
- ❑ Measure outcomes, usage, satisfaction



**Gartner**

15% of companies are organized through a service catalog today...

...As a result they expected a 30% increase in customer satisfaction

# Service Management Design and Implementation Services

## Pain Points

- High IT cost structure and poor service levels
- Lack of integrated processes; silo processes
- Lack of quality IT processes and performance

## How to Get Started

- Workshop (1 – 5 days)
- Readiness Assessment (4-6 weeks)
- Full Service Design Engagement (8 -12weeks)
- Full Implementation Engagement (12 weeks +)

## Best Practices Methods, Frameworks, Tools

- IBM Service Management Model <sup>TM</sup>
- IT Service Management Design and Implementation Services
- IBM Tivoli® Process Automation Engine (TPAE) Design Workshop, Implementation Best Practices, Accelerators
- ITIL, Process Reference Model-IT (PRM-IT)

## Financial Benefits

- Leverage rapid and integrated process software implementation
  - Decrease in expected implementation time by **50%**
  - Reduced service disruptions by **30%**

## Sample Client References



## Challenge

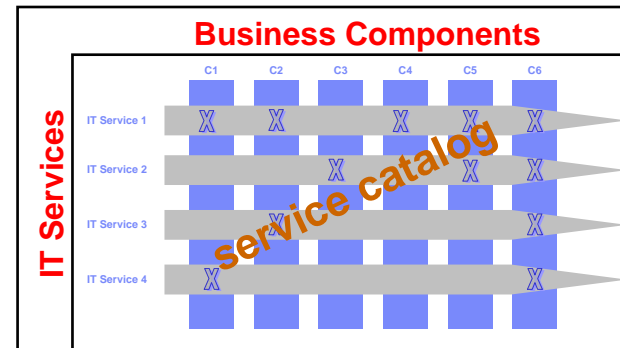
- Needed to implement a clinical information system

## Solution

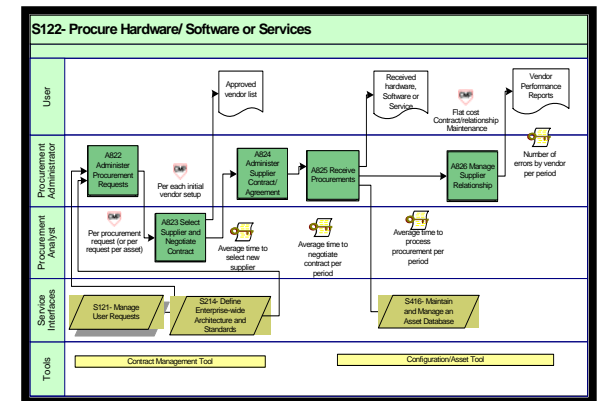
- Launched Design & Impl. Services; incident, problem, change, event processes
- IBM Tivoli® Service Request Manager
- IBM Tivoli® Application Dependency Discovery Manager software

## Benefits

- Implemented clinical information system in 6 months rather than 2 years
- Decreased call abandonment 15%
- Increased first call resolution 10%



## Service Workflows



*'Only IBM had the capability to optimize their own products as well as the ITIL implementation expertise to integrate our disparate systems'*

**Will Showalter, Chief Operating Officer**

# Launch IT process automation in areas that provide a quick ROI and breakdown silos

## BEST PRACTICES

- ❑ Begin with services/processes that drive quick ROI (cost, quality, risk changes)
- ❑ Use Process Automation Engine to accelerate implementation
- ❑ Pilot a manageable set of ITIL processes from start to finish
- ❑ Learn and understand usage patterns
- ❑ Establish continuous improvement cycle

**Quick hits** <realized return in less than 12 months

- Incident, problem and/or service desk
- Event management and monitoring
- Performance and capacity management
- Service level management
- Asset and configuration/change mgmt

**Tivoli Process Automation Engine (TPAE)** packages best practices to acceleration time-to-value

- Process and Software Design Workshop
- Software Implementation Service - installation, integration, configuration, and customization
- Software Implementation best practices – process workflows, documentation



# Services best practices are based on the optimal intersection of people, process, information and technology

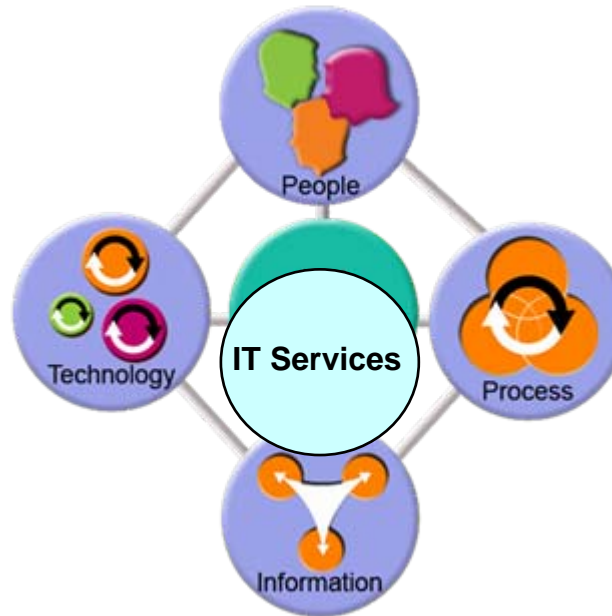
## Overall Best Practices

### People

- Fit to the business governance
- Establish governance for services, architecture, and investments

### Technology

- Avoid software customization
- Drive technology integration
- Pilot and study usage patterns, learn, and recalibrate



### Processes

- Implement standardized processes – differentiate through services
- Architect around the service

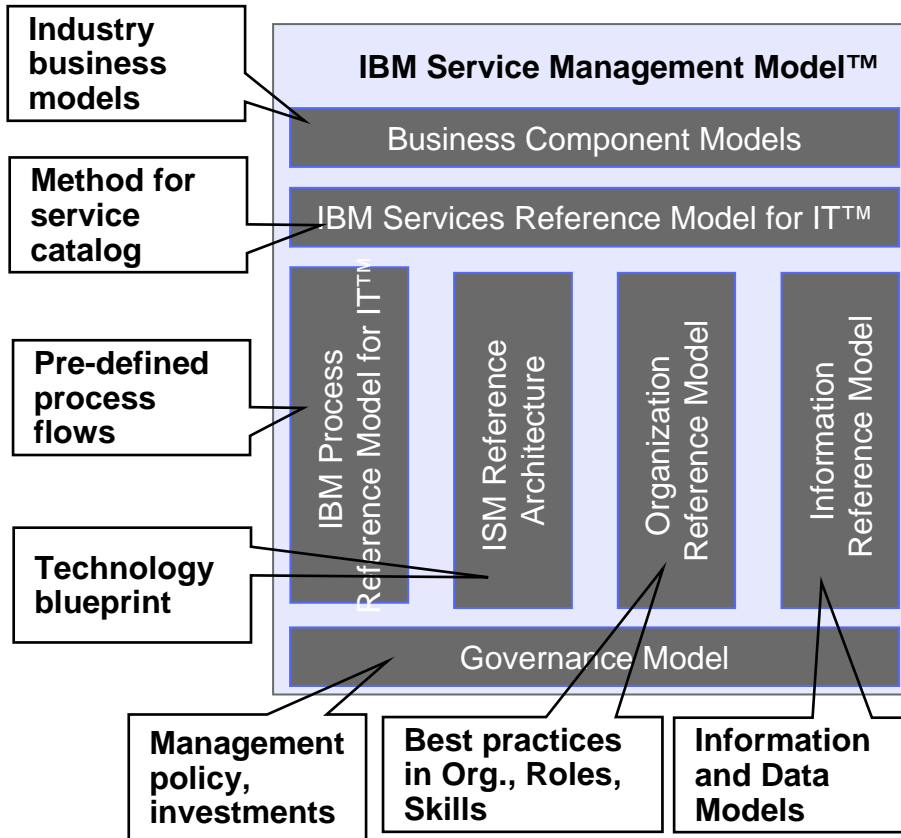
### Information

- Measure both business and IT outcome
- Deliver visibility of KPIs that promotes credibility

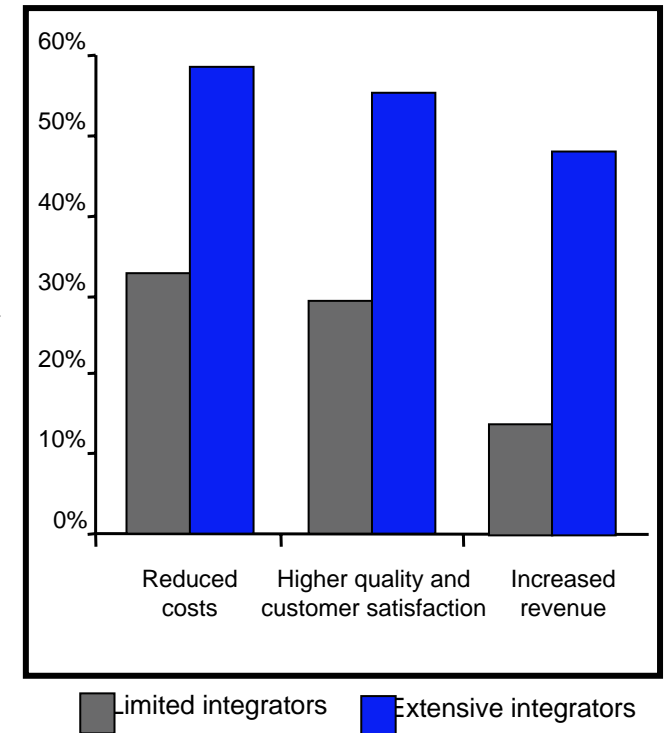
Source: IBM Market Intelligence, *Service Management In an Uncertain Economy*, January 2009.

# We leverage an integrated IBM Service Management Model to accelerate time-to-value through best practices

*Why use integrated best practices?*



*Because value is realized faster*



- Source: IBM Global CEO Study 2006*
- Up 2 times as successful in reducing costs
  - Up to 2 times as successful in increasing quality and customer satisfaction
  - Up to 3 times as successful in increasing revenue

# There are several factors that enable delivering excellence in customer service

To Deliver Excellence in Customer Service,  
You need to have ...

1. Strong stakeholder communications and collaboration
2. Detailed project plans and business cases
3. Clear roles, skills and staffing
4. Selection and pilot of appropriate software tools
5. Cultural change management plans

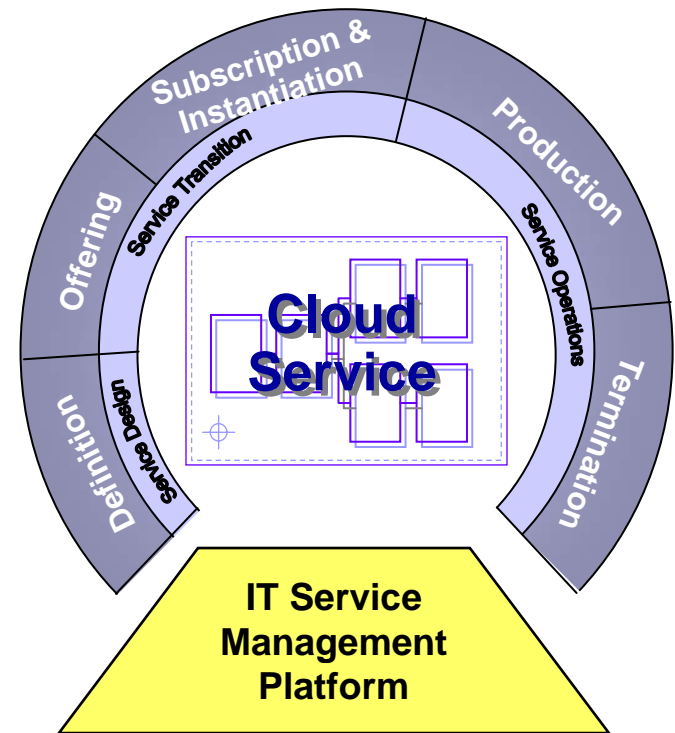




## 4. Service Management and Cloud?

# There are a number of IT service management processes that are required in support of Cloud computing.

- ✓ Release Management and Provisioning
- ✓ Process Automation
- ✓ Event Management
- ✓ IT Asset Management
- ✓ Support
  - ✓ Request Fulfillment
  - ✓ Incident Management
  - ✓ Problem Management
- ✓ Change Management
- ✓ Configuration Management
- ✓ Capacity Management
- ✓ Performance Management



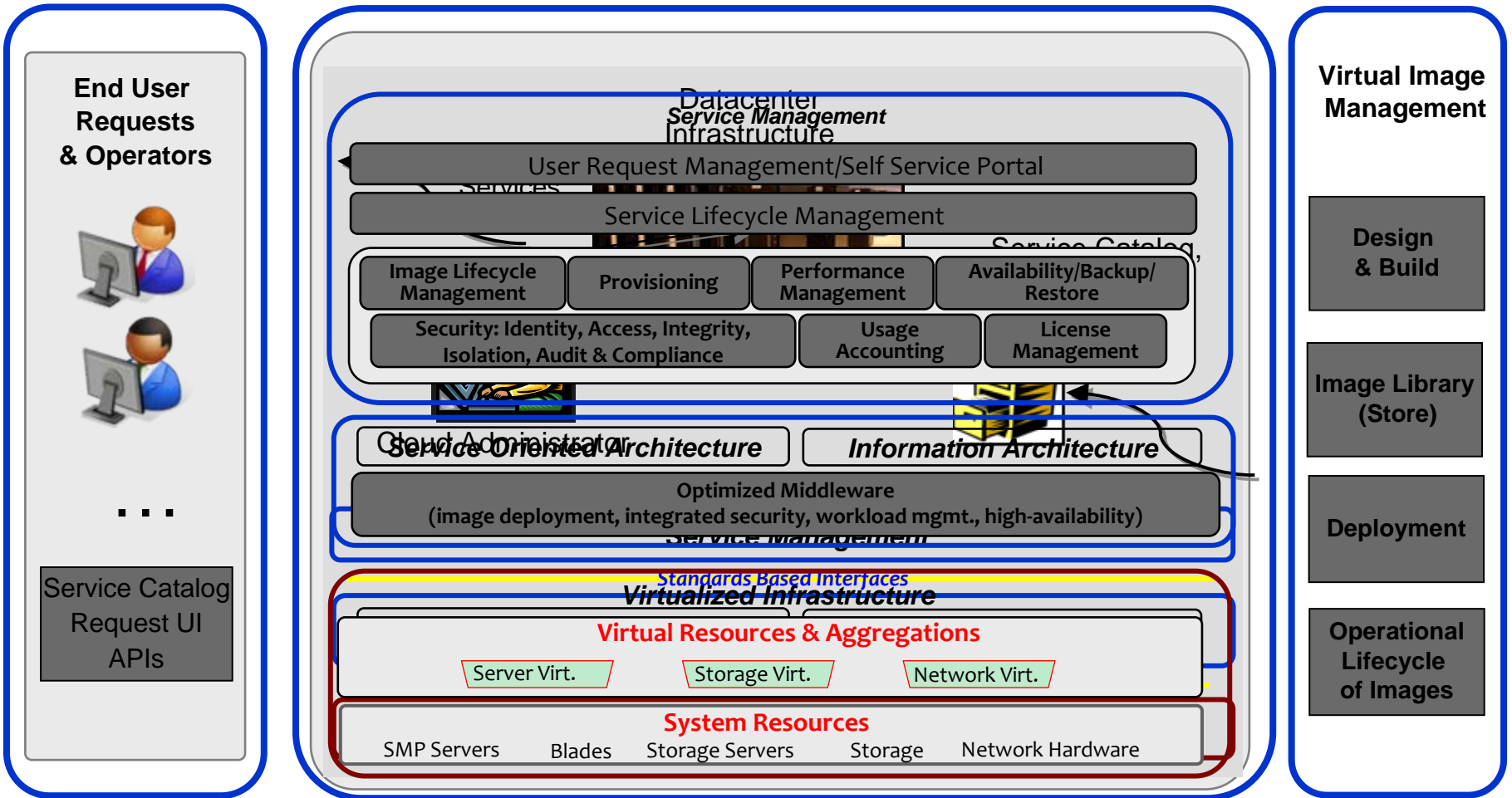


# Service management is a key element in our architectural model for cloud computing.

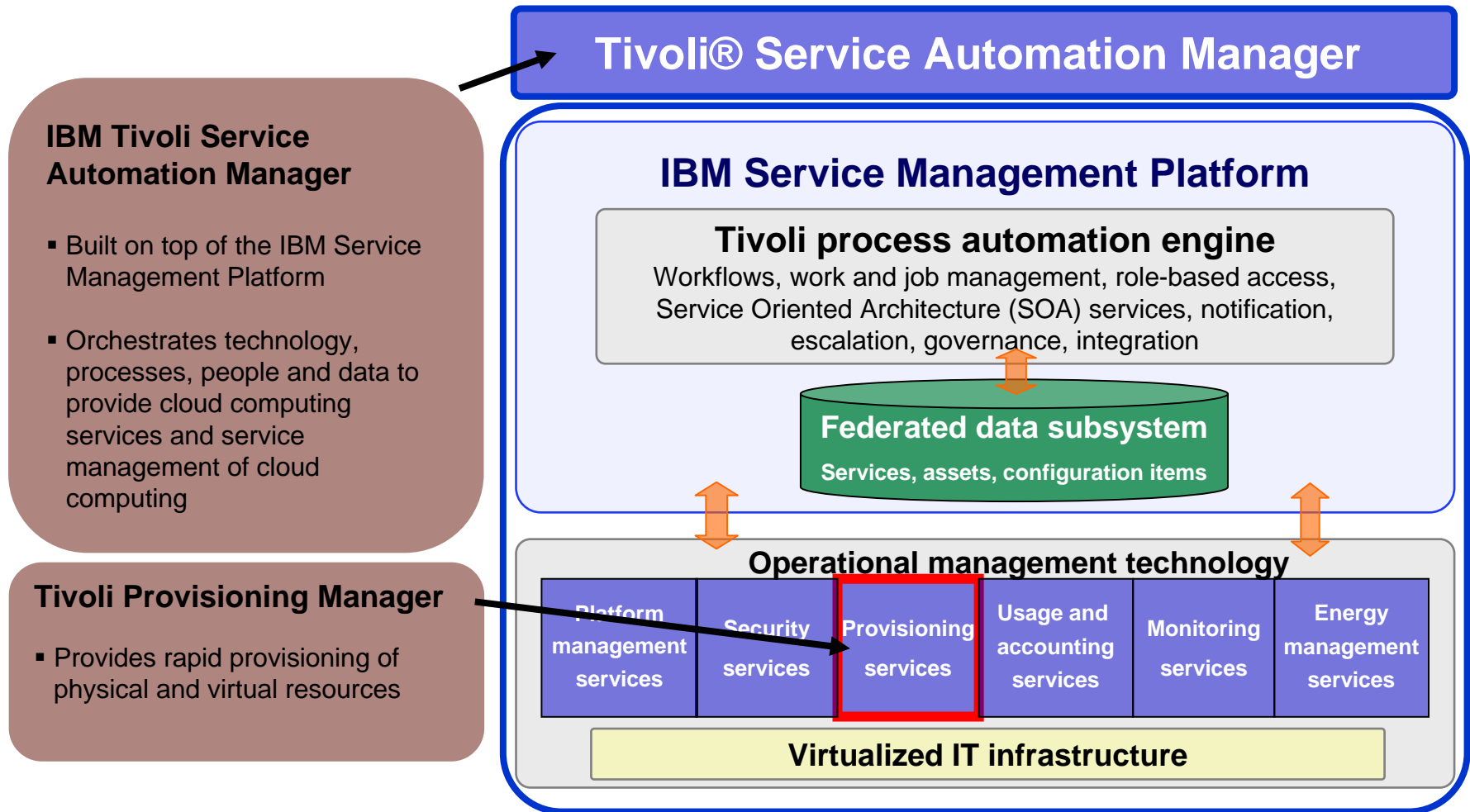
Service Request & Operations

IT Infrastructure & Application Provider

Service Creation & Deployment



# Our Test Cloud and CloudBurst offerings are based Tivoli service management software components.



# Management Requirements stemming from the Cloud

- Elasticity – no need to plan far ahead
  - Customer expectation is 100% availability of service
  - Shrink VM deployment cycles from 10+ minutes to seconds
  - Application provisioning becomes ‘snapping together existing VM building blocks’
    - Design a ‘VM-library’ of composeable services, which users can select and combine
    - Simplify the configuration of such composite applications through wizards
- No up-front Commitment – start small and grow
  - Fine-grained accounting and billing must be built-in from the beginning
  - Address data transfer bottlenecks and data lock-in
- Pay per Resource on a short-term basis – reward efficient resource usage
  - Minimizing power consumption becomes an additional objective function of the workload management problem
  - New software licensing model for pay-for-use/bulk use licenses needed
- Additional Challenges await you as Cloud Providers
- We are here to help you



## 4. How can an organization move forward?

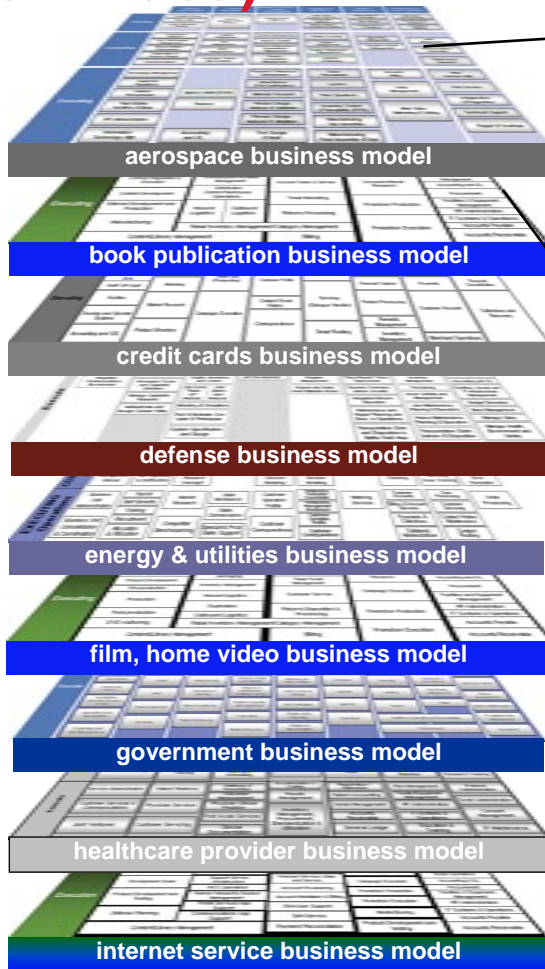
# 1. Create a Service Management Strategy and Plan for services value and systems efficiency

## IT Service Management Strategy & Plan

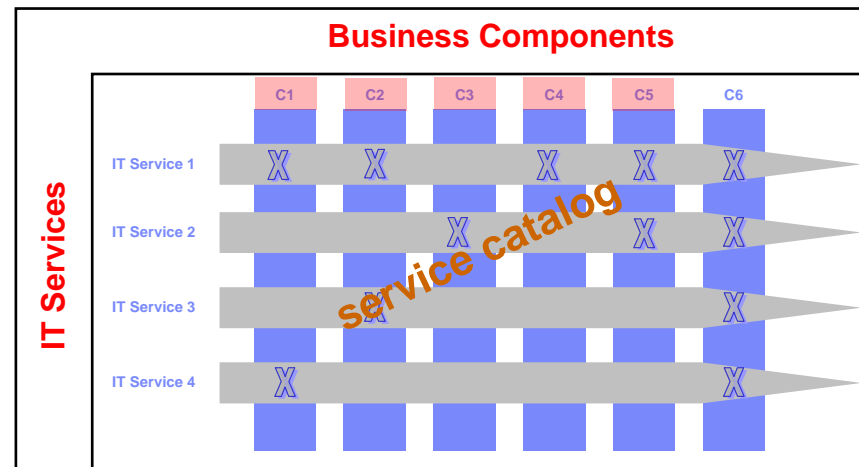
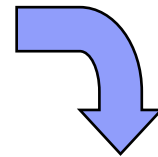
- ✓ Identify the critical business services and processes
- ✓ Identify the IT services that support and enable those business services
- ✓ Identify the gaps
- ✓ Develop an IT Service Management Strategy and Plan that includes;
- ✓ people, management process, architecture, information, governance related to those critical IT services.
- ✓ Make the IT service management strategy and plan visible and integrated with the business plan



# 1. Create a plan for services value and systems efficiency (continued)



	Business Administration	Financial Management	Product & Process Design & Development	Production & Distribution	Customer Relationship	Maintenance & Repair Operations
Directing	Corporate Planning Finance Mgt. Line of Business Planning	Financial Management and Planning	Product Strategy & Planning	Supply Chain Strategy & Planning Manufacturing & Production Planning	Market Analysis & Planning Sales Planning Demand Planning & Allocation	Aftermarket Portfolio Strategy Channel Planning & Analysis Distribution Planning
Controlling	Governance & Compliance Sub. Performance Management External Market Assessment Organization & Process Design Communications	Contract Management Tax Management Risk Management Corporate Finance and Controls	Program Management Program Security Requirements Management Product Configuration Management	Strategic Sourcing Supplier Management Supplier Relationship Management Logistics Scheduling	Opportunity Management Customer Account Management	MRO Management Technical Data & Extension Warranty Operations
Executing	Knowledge Management Legal and Regulatory Indirect Procurement Real Estate, Facilities & Equip. HR Administration Information Technology Mgt.	Agency Audit (DCAA) Treasury Accounting and GL	Research & Advanced Development Alpharthritis (PMA Certifications) Materials Research Product Design, Analysis & Validation Process Design, Analysis & Validation Tool Design & Build	Direct Procurement Logistics Plant Operations Inventory Control & Transportation (WFO) Manufacturing Sub-Assembly Manufacturing Final Assembly & Test	Accounts Billing Order Management After Sales Marketing & Selling	Field Inventory Mgt. Field Services Logistics & Programmatic Technical Support Repair & Overhaul



What IT services are needed to support, enable or automate critical complements of the business strategy?

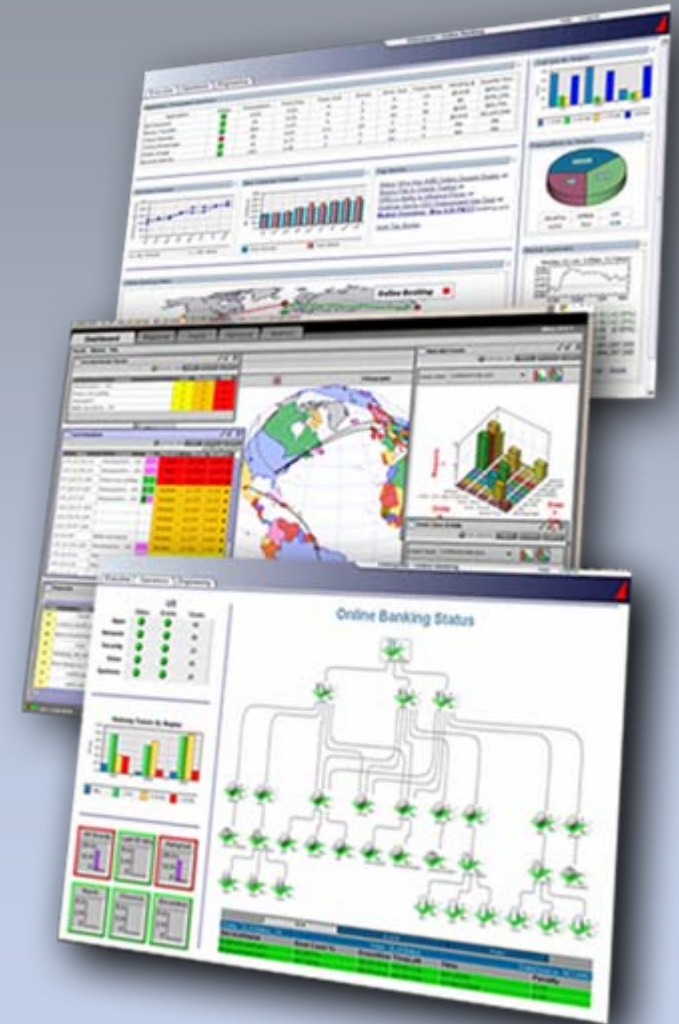


## 2. Measure beyond IT indicators – measure business outcomes

### Measurements

- ✓ Make a shift from system management orientation to a service management and business performance orientation
- ✓ Define clear business objectives, not just IT performance indicators; e.g., “we will train everyone on ITIL” – but to what end? What outcome is desired?
- ✓ Measure both cost and quality metrics
- ✓ Measure Key Goal Indicators (KGIs), not just IT Key Performance Indicators (KPIs)

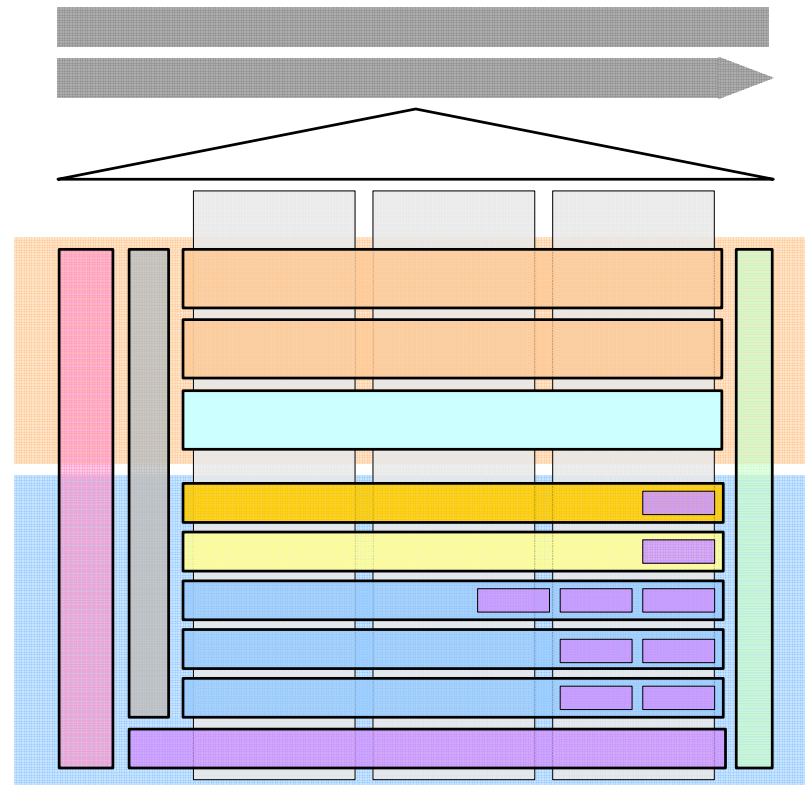
*Risk, Security,  
& Compliance  
Dashboards*



### 3. Begin with the services, then integrate tools

#### Technology

- ✓ Begin with the service and process, not the tools
- ✓ Use integrated technologies and tools – integration is the key to value
- ✓ Establish the blueprint architecture based on the services and desired outcomes
- ✓ Use the design as you introduce changes
- ✓ Don't assume out of box tool functionality and a person with an ITIL Foundation exam is all you need
- ✓ Manage the end-to-end architecture, not just the tooling



## 4. Drive collaborative behaviors and improved decision making

### Collaboration and Influence

- ✓ Remember – its not just tools and architecture – but decision rights and accountability chains that drive the behavior of “*the people in the process.*”
- ✓ Clarify decision rights and accountability chains for directing and controlling each critical process and service
- ✓ Breakdown silos and drive collaboration across boundaries
- ✓ Proactively manage the changes that will be required to change behavior
- ✓ Re-evaluate measurements and incentives around business outcomes
- ✓ Consider changes to governance required to get this kind of change in behavior.



70% of management system implementations fail, because the process and the organization were not given the proper importance.

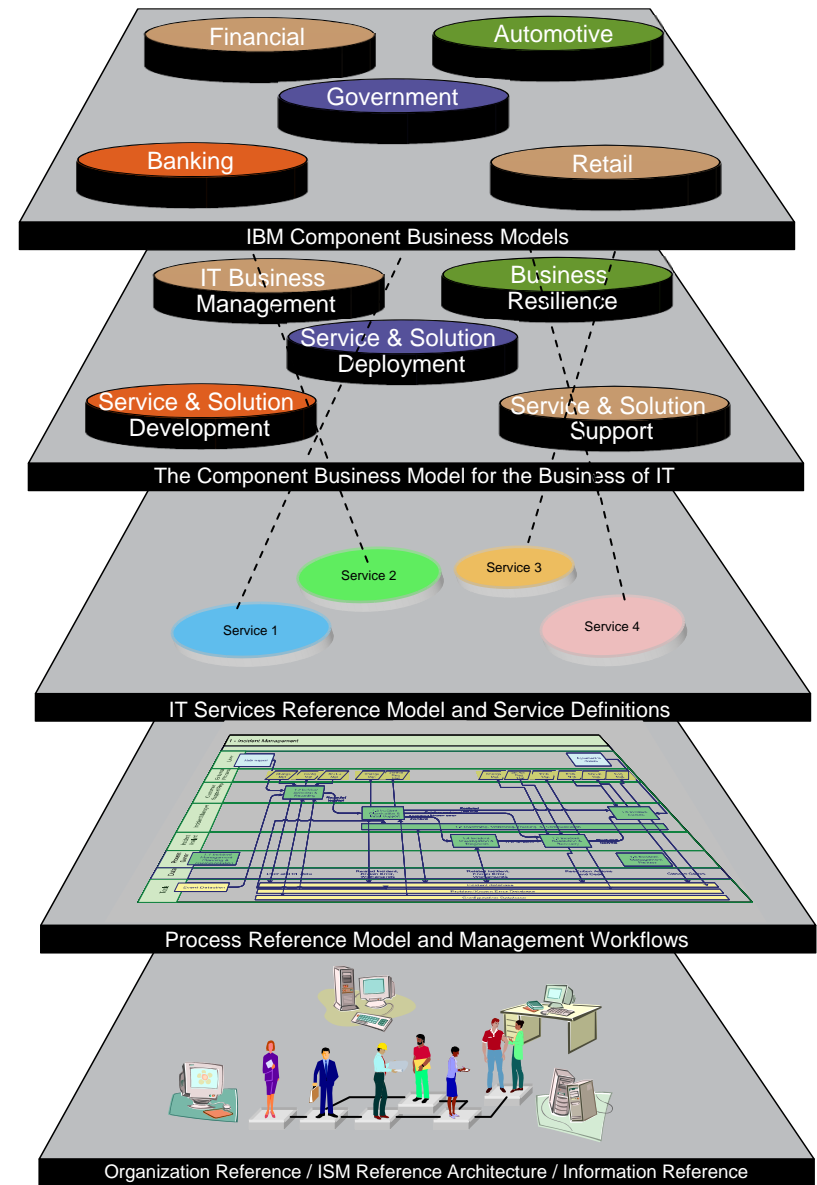
### “The Goldilocks Syndrome”

- CRM – Implementation failures... imagine a company implementing CRM a second or third time... 65% (Gartner), 60-70% (Giga), 67% (Insight Technology)
- BPR – 50-70% failure to deliver value (Minnesota State University)
- ERP – “public flame outs... failures... negative business impact”

*The Prime Solution*, Jeff Thule

# Where is IBM going with Service Management?

- Continued focus on industry and business services that can be enabled by IT Service Management
- Help clients solve IT Governance issues
  - IT Service Management Strategy
  - IT Enterprise Architecture
  - IT Project Investments
- Help clients with Service Catalogs
- Create accelerators for quick Service Management process design and implementations



# IBM's value proposition is in our experience, IP, and innovation delivered to the client to achieve results.



**Reduced rates charged** to internal server users **7% to 10%**. Eliminated non-value-added activities and leading to faster processing of service requests



In the first year, dramatically improved overall quality of service by **reducing system failures 58 percent, IT interruptions 39 percent, and downtime 80 percent**



**Saved the company US\$250,000** annually through stream-lined business processes. **Gained a 33% increase in end-user satisfaction.**



Will enable a **savings of €15 million per year** through automation. Reduced help-desk costs by 25 percent through self-service features.



Improved IT availability and lower management costs. **30% increase in number of IT issues resolved** within 4 hours



**Standardized processes** across 27 facilities in seven states, on time and within budget.

## IBM Leadership and Value

### Experience

- 30+ years industry leadership and thousands of client engagements
- Nearly 5,000 ITIL Certified and experienced resources

### Intellectual Property

- Services intellectual property
- IBM Service Management Model, and other assets based on IBM best practices
- Reference architectures and implementation accelerators based on IBM software

### Innovation

- IBM Service Science leadership with universities
- Partnership with IBM Research to develop standardized assets (e.g., SM Dashboard)

### Market

- #1 in Performance & Availability – IDC
- #1 in Event Automation – IDC
- #1 in Performance Management Software- IDC
- #1 in System Management- IDC
- #2 in Mobile Device Management- IDC
- #2 in Operating Systems and Subsystems- IDC
- #2 in Distributed Performance & Availability Management- IDC

\* Client references must be approved for external use

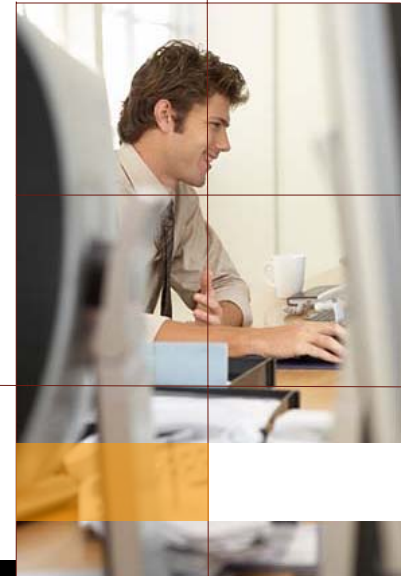




Thank  
YOU



Questions?



# The “crux” of service management is how do you get from “knowing” best practices to “doing” them – effectively and efficiently?

“we know”

“we do”



## Implementation

Strategy, Assess, Plan, Design, Develop, Deploy  
 Consultants, Architects, Specialists, Project Managers, SME's

### CRUX

- a vital, basic, decisive, or pivotal point:  
*The crux of the trial was his whereabouts at the time of the murder.*
- something that torments by its puzzling nature; a perplexing difficulty.



# Something meaningful is happening: The world is about to get a whole lot smarter



“Every human being, company, organization, city, nation, natural system and man-made system is becoming



**Instrumented**



**Interconnected**



**Intelligent**

This is leading to new savings and efficiency—but perhaps as important, new possibilities for progress.”

# Today's smart assets are enabling new levels of service innovation, differentiation and a new service economy ...

**In-flight  
Broadband**



**Just in time  
Production**



**Cost-efficient  
Power**



**Anytime  
Assistance**



**Quality  
Health Care**



**Real-time  
information**



**Access  
On-demand**



**User-initiated Cloud  
Services**



**...where everything is a service.**

# IBM Service Management provides visibility, control and automation that extends well beyond IT....

*Business Objectives*



## IBM Service Management

Visibility



Business Indicators

Business Processes

Business Assets

Control



People

Information

**Differentiated Business Services**

Automation



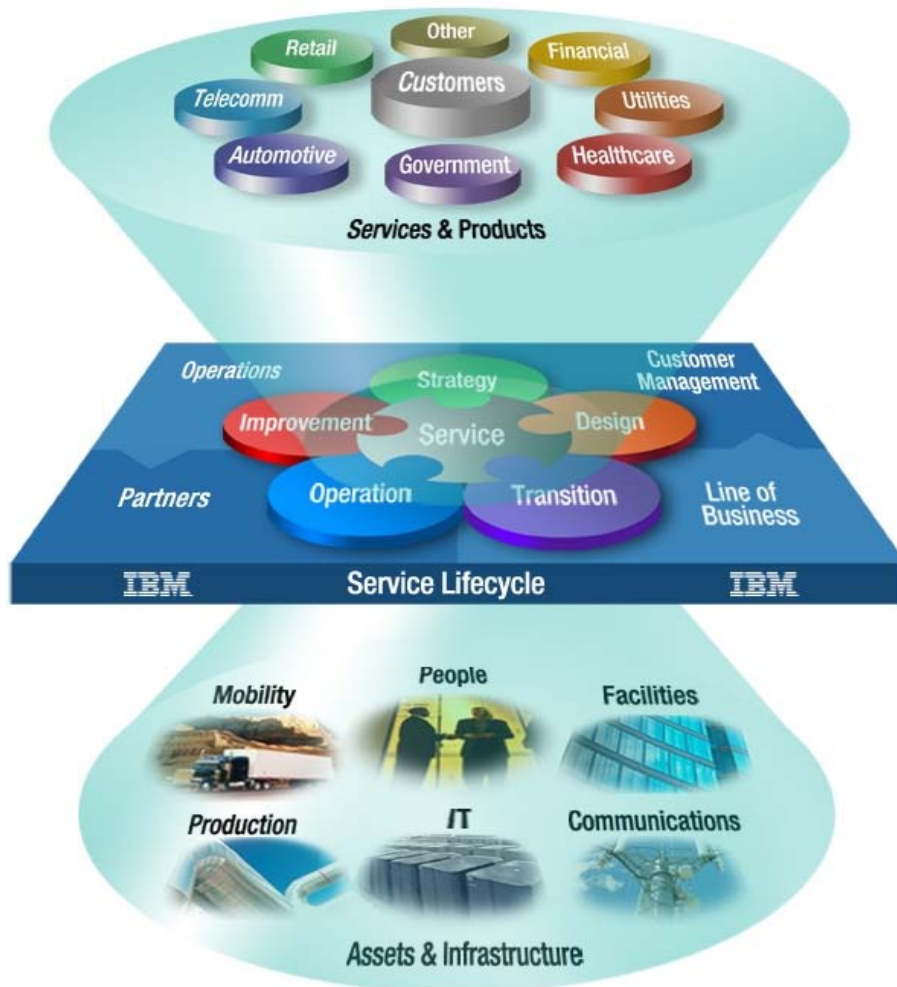
IT Indicators

IT Processes

IT Assets

# Transforming Assets into Business Value™

## IBM Service Management



Only IBM Service Management:

- Brings the *in-depth industry expertise* needed to help you create and manage differentiated services and products for improved customer satisfaction and retention.
- Offers *modular solutions* for all stages of the service lifecycle to help you integrate service delivery *across organizational boundaries*, improve time to market and reduce cost and risk.
- Provides the *visibility, control and automation* needed to leverage your business and IT assets and deliver a dynamic infrastructure that adapts to changing business requirements.

# Modular solutions help address any stage of the service lifecycle...

