

North American Information Technology Infrastructure Library (ITIL®) Maturity Benchmark Study

In Q1 2006 Evergreen conducted an ITIL Maturity Benchmark Study at the 10th International IT Service Management Conference, hosted by Pink Elephant. One hundred twenty seven (127) IT managers, directors and executives from 108 companies, organizations and institutions participated in the survey, designed to:

- Gauge the degree of commitment to enterprise ITIL—based on timing, funding and key business drivers.
- Analyze the barriers to effective ITIL adoption—the business challenges that hamper efforts to advance toward enterprise process execution.
- Assess current operational maturity levels—considering the nature of focus on ITIL, maturity of processes, breadth of vision and technology directions.
- Focus areas for 2006—primary ITIL directions for the year ahead.

A very broad range of industries were represented, with the highest participation from individuals in the Manufacturing (15 percent), Financial Services (14.2 percent) and Services (14.2 percent) sectors.

This paper provides an analysis of the overall market trends shaping the future direction of ITIL based on survey data and our experience consulting in large, complex organizations.

Key Findings

- 54 percent of respondents have budgeted and approved ITIL projects within the next six months.
- An unprecedented 77 percent of respondents point to Service Quality as the top business driver of their ITIL efforts, with IT/Business Alignment a very strong second at 58 percent.
- 72 percent of respondents claim the biggest barrier to ITIL adoption in their business is organizational resistance. At a very distant second, 34 percent are not sure where to start.
- Effective planning was surprisingly low, with only 32 percent having a published ITIL strategy.
- ITIL is quickly becoming visible at the enterprise IT level with 36 percent of respondents working on re-engineering enterprise IT service delivery and 29 percent planning to leverage all ITIL discipline areas.
- HP/Peregrine and BMC/Remedy are the leading choices for ITIL technology platforms, accounting for 60 percent of the market.
- Most ITIL programs exist in a potentially dangerous vacuum. While 95 percent selected ITIL as a framework they are using to improve IT operations, less than 20 percent showed awareness of the Control Objectives for Information and Related Technologies (CobiT®) or the Capability Maturity Model® (CMMi).

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Background

In the past five years, Sarbanes Oxley has forced cost accountability, security and regulatory compliance to figure more prominently in CIOs' focus, resulting in increased visibility of IT compliance and control efforts. At the same time, the CIOs' focus on improved service quality, alignment with business needs, agility and improved efficiency have led the IT Infrastructure Library (ITIL) into prominence as an approach to better managing the delivery of IT services across the enterprise.

CIOs are absolutely feeling the need to respond as a single IT enterprise. Globalization of business, continuing consolidations, and the rapidly rising pace of change in organizations driven by competitive necessity have increased the critical value of technology in most industries. In fact, in many industries, the business strategies are so highly synchronized across the organization and with partners and customers that they cannot be executed without the correct technology underpinnings. Global Internet access and the establishment of trusted transaction mechanisms like eBay have made technology a much more powerful weapon to be used by you or against you. Only those companies that are agile, whose IT can respond swiftly and accurately will be first to market with their strategies.

ITIL and an emerging view of enterprise process for IT are rising rapidly in corporate awareness. Exclusive focus on data models and technical architecture standards are giving way to fresh thinking in IT—more about why, than how or what. Re-engineering IT to work as one enterprise, rather than silos of technical skills quilted together is taking hold.

A new understanding seems to come with it: an understanding that ITIL is a longer term initiative that will require everyone in the IT organization to change how they work and how they measure success. Very few organizations see ITIL and other process frameworks like CobiT and CMMi as quick fix activities. They are appropriately viewed as multi-year maturity journeys intended to fundamentally re-engineer IT.

Key Business Drivers

Service Quality is far and away the top business driver for ITIL adoption, at 77 percent. We believe this very high focus on Service Quality reflects an understanding that IT is not working well today. Service Quality is by many measures the voice of the customer of IT. For most organizations, Service Quality is inconsistent and unpredictable and hard to improve. Effective leverage of ITIL principles gives CIOs the power to define and deliver planned levels of Service Quality for consolidation of IT activities at the enterprise level.

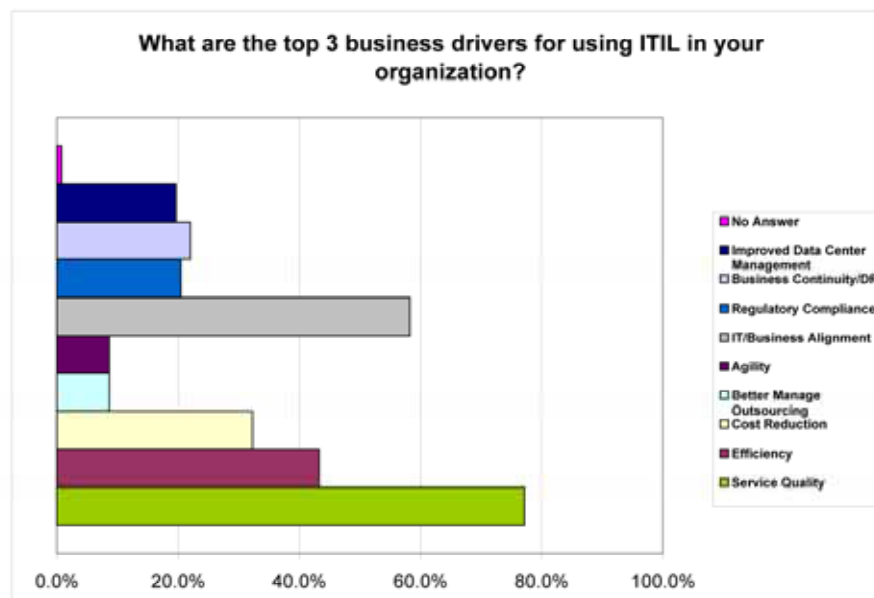
IT and Business Alignment comes in second at a very solid 58 percent of respondents. This is quite exceptional. We believe it reflects an understanding that running IT effectively at the enterprise level improves the quality of all IT outcomes, thereby powering gains in alignment. This is consistent with our finding that 65 percent of respondents claim that their current ITIL direction is enterprise wide. It is also consistent with an emerging trend we are noting in our client interactions—that enterprise architecture is moving beyond just technical and data models into IT process.

At 43 percent, Efficiency is the third most common business driver. Combined with business alignment and service quality, efficiency balances the equation for significant value potential. Anyone can improve service quality or business alignment by spending more money. But improving service quality and business alignment while at the same time improving efficiency is powerful. Interestingly enough, Cost Reduction, usually at the top of internal IT project business drivers, comes in a distant fourth at 32 percent.

It is interesting to note that Regulatory Compliance, Business Continuity and Improved Data Center Management all score in the 20 percent range. We believe these are significant business drivers, rising in importance for ITIL adoption, but it is a timing issue. As service execution improves, a broader understanding of the powerful linkage between ITIL and compliance activities of all sorts—security, Sarbanes Oxley and enterprise architecture to name a few will be better understood. By combining process and compliance logically, we can proactively manage compliance activities of all sorts by designing it in when the work starts! Also, ITIL is a perfect solution for improving business continuity and Data Center Management, as most issues that arise in the Data Center are as a result of failed changes; usually process and compliance failures.

Key Recommendations:

Take time to include a view of all ITIL disciplines when defining your strategy even if you're only focused on IT infrastructure today because ITIL is an integrated IT-wide framework. Although some parts of ITIL may never see business application in your organization, you can reduce the number of re-designs and can gain business value along your path that you might otherwise overlook. Also, don't forget about cost reduction. While it may be low on the radar for now, changes in the economy can happen quickly and the CIO's focus on cost reduction can sharpen just as quickly.



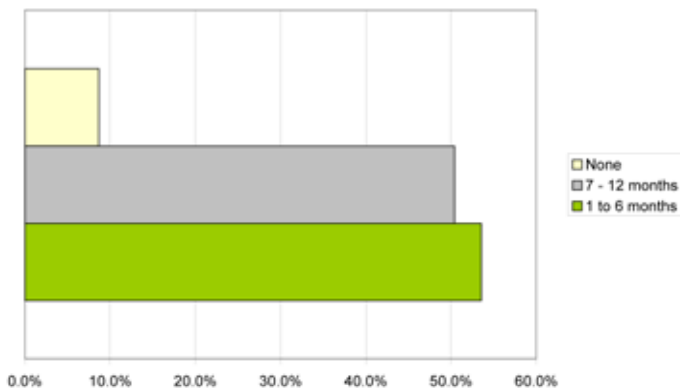
Timing and Funding

A number of factors point to a rising rate of ITIL awareness and adoption across industries, especially in large organizations and at the enterprise level. Ninety-one (91) percent of respondents have funded ITIL projects in 2006, with 54 percent beginning projects in the 1-6 month timeframe and 50 percent planning projects in the 7-12 month timeframe. Total projects planned exceed 100 percent as some respondents have projects planned for both timeframes. Notably, 63 percent plan to engage outside consultants with the effort. This high degree of planned use of outside consultants would seem to point to either a lack of comfort with implementation of ITIL principles and/or a recognition of the need for expert assistance. Given the excellent, generally available sources of ITIL education, it seems unlikely it is a lack of knowledge. Rather, our experience would lead us to believe it is more a recognition of the following: That ITIL is a long-term, enterprise-level transformation of IT. Available bandwidth and proven expertise in organizational change are required.

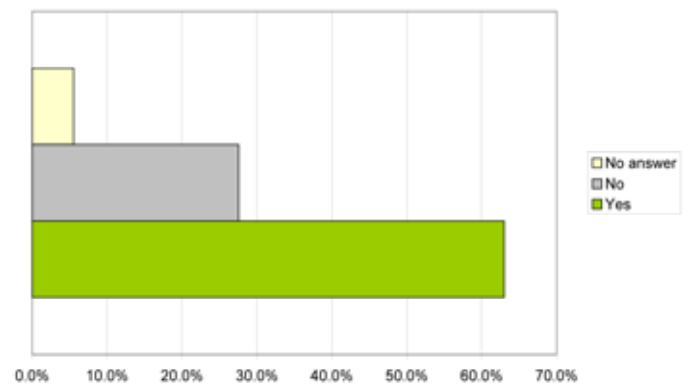
Key Recommendation:

ITIL awareness is rising quickly, in enterprise- and executive-level visibility. Large numbers of IT staff and managers are getting foundation-level training as it is relatively inexpensive, fast, widely available and effective. ITIL transformation is a multi-year, significant enterprise change in how business is done. Foundation training creates a common basis and language for having effective process discussions. Make foundation training for all key constituents an early baseline requirement. Clear, common understanding of ITIL's use and value will dramatically lower resistance to change and significantly improve your chance of success.

Do you have budgeted and approved ITIL projects in the next (check all that apply):



Do you plan to engage outside consulting expertise to assist in your ITIL efforts?



Better ITIL Planning

Only 32 percent of overall respondents indicate that their organizations have a published, multi-year ITIL strategy as part of their efforts. Common elements of a published strategy are clear business justifications, alignment with strategic values, and a step-by-step approach that delivers against these goals and proves value. At a minimum, an effective strategy must extend beyond the current timeframe, have a plan to manage executive involvement and communications, and define areas of expected gain for both business and technical outcomes.

While we cannot prove that effective strategies gain better executive support and funding, we can say from past survey data that those who plan effectively garner high-level executive support and commitment at rates greater than 80 percent.

For most strategic enterprise programs, long-term executive support and long-term funding is required to effect a transformational change. For over 80 percent of long-term projects that fail, the root causes of failure are unclear objectives and lack/loss of effective executive support.

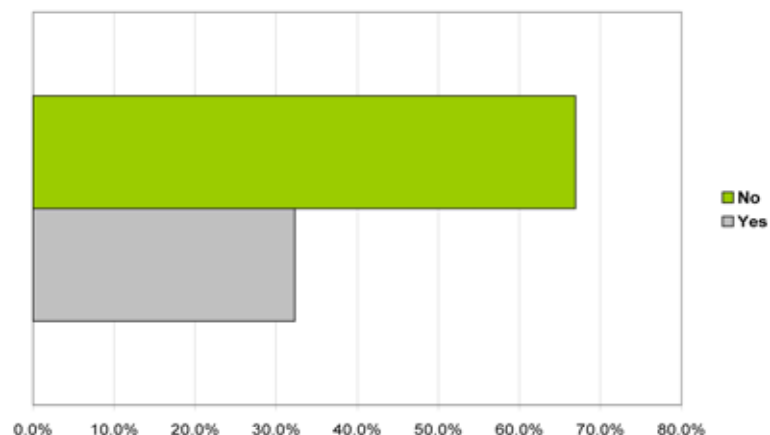
Strategic planning with regular course alignment and logical phases attracts and keeps long-term executive support and funding.

Key Recommendation:

Spend the time to create and promote an effective strategy. Analyze and understand the true pace of your organization's appetite for change. Define and audit the business value gains you expect. If you don't have the experience, get outside help.

Build, support, promote and align regularly with a clear strategic business plan. It will pay long-term dividends in sustaining the effort required to reach success. If you don't, it is highly likely that you will fail.

Do you have a published, multi-year ITIL strategy leading your efforts?



Barriers to ITIL Adoption

For this iteration of the study we decided to look through the other end of the telescope and get a sense for the most significant barriers to ITIL adoption within organizations. We were surprised by the magnitude of the response. Of the four options offered—organizational resistance to change, unproven business value, not sure where to start and lack of executive support—organizational resistance to change was the landslide winner at 72 percent.

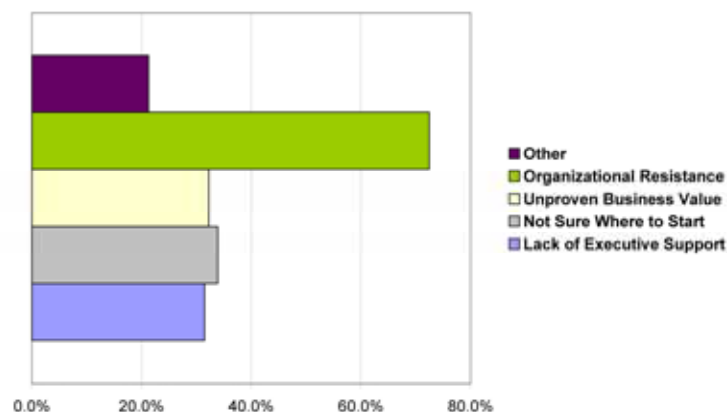
Adoption of ITIL best practices is pretty well accepted to be a multi-year, organizational journey. Organizational change resistance is the primary barrier. This is supported by Prosci Research's 2005 survey of 411 companies "Best Practices in Change Management." Foremost, "the number one obstacle to success for major change projects is employee resistance, and the ineffective management of the people side of change." Even more striking is the direct correlation between the ability to meet business objectives and change management effectiveness. Prosci found that projects with "excellent" change management practices met their business objectives an amazing 100 percent of the time. On the other hand, projects with "very poor" change management practices met their business objectives only 20 percent of the time.

So what does this mean for us? The good news is that change resistance is overwhelmingly understood to be THE barrier. The bad news is only 32 percent are creating published strategies. A published, well-communicated strategy is the starting place for effective change planning. Also interesting to note, the other three barriers—lack of executive support, unproven business value and not knowing where to start—are also items commonly addressed in building an effective strategy and are key components for the long haul in meeting business goals.

Key Recommendation:

Take the time to build an effective strategy with logical phases. Use this activity to identify key constituents and build a working consensus for the approach. Focus on the value to the business and identify and document areas of potential gain and risk reduction, including service quality, agility, business alignment, efficiency and cost reduction. Identify and use good organizational change management principles and processes as part of your solution. Build an ongoing communication process into your strategy and then follow it during your project.

What are the three most significant barriers to ITIL adoption within your organization?



Current Operational Maturity Levels

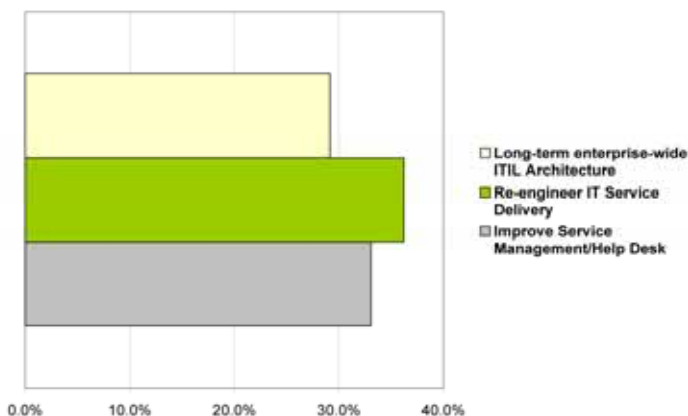
While there is normally a bell curve distribution of maturity levels, our intent in this section of the study is to determine the maturity level of the majority of the market and the risks and opportunities that go along with that state.

For most organizations, the current ITIL direction is aimed at an enterprise view and approach, rather than a more tactical view targeted at improving the help desk environment. In fact, 65 percent of respondents see it this way, with 36 percent focused on re-engineering ITIL service delivery enterprise-wide and 29 percent embracing the broadest view, leveraging all of the ITIL disciplines. We see this as pretty consistent with the top two business drivers for ITIL programs—service quality and IT/business alignment. Both are enterprise business goals.

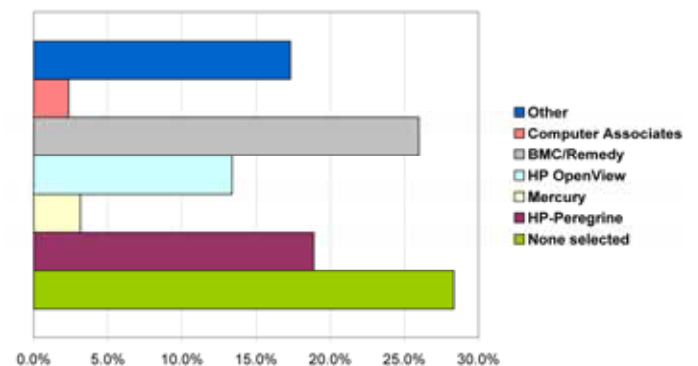
For the first time in this benchmark we asked which technology platforms had been selected to consolidate service management efforts. HP/Peregrine was the lead choice, with a 32 percent share, followed by BMC/Remedy, with a 26 percent share. No other technology garnered more than 3 percent. Notably, 28 percent have not yet made a selection for consolidation. We believe that many of these companies may have multiple competing technology platforms and as yet have not selected. Given that HP and BMC control nearly 60 percent of the market, companies are not really swamped with a myriad of choices. We believe this is good for ITIL adoption practices for the following reasons:

- Appropriate focus can be placed on process and organizational change, rather than technology.
- Cost, risk and degree of change required are lowered, as most companies already own and use fairly effectively an ITIL-enabling technology.

Which best describes your current ITIL direction (check one)?



Has your organization selected one of the following technology platforms to consolidate its service management efforts?



Use of a single, enterprise-wide change management policy and system is a key indicator of process maturity. Today, only 40 percent of respondents have established this. As change management is effectively the “workflow” of IT, it is easy to see that establishing a common workflow engine is a critical component in transforming IT from operating like a collection of technical silos to operating as a single enterprise.

ITIL does not stand alone. We also asked respondents what process/compliance frameworks they were considering to improve the operation of IT. That 95 percent selected ITIL was not surprising. What was somewhat surprising was the apparently low level of awareness (under 20 percent) today for key complementary frameworks—specifically CMMi and CobiT. In fact, there was a higher degree of awareness around Six Sigma and Balanced Scorecard.

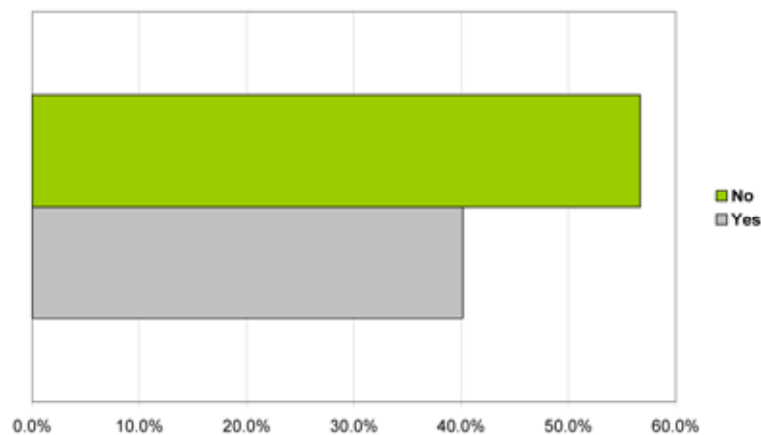
While improving service management across the IT enterprise is critical to improving IT, it is not all that matters to meeting this goal. There are other process frameworks that are important in delivering quality services end-to-end. CMMi is well established as the standard for maintaining a quality software development process. For large or public companies, CobiT is the clearly accepted standard for control and audit of effective process to prove compliance with established policy.

Lack of awareness and integration with these important, mostly complementary process standards will make the road to improving IT harder. Duplicative efforts, confusing and conflicting policies, competing approaches and lack of clarity across application development, infrastructure and the data center will slow efforts, create big inefficiencies and increase costs.

Key Recommendation:

The majority of respondents have an appropriate enterprise view of ITIL and face little real technology risk. This should allow them to focus energy on articulating an enterprise change management system, which will then act as a lever over time to increase planning, coordination and execution between the silos of IT. We strongly recommend that now is the time for ITIL programs to look around, identify their counterparts in application development and IT governance and begin to understand each other’s needs and role in creating an effective enterprise service delivery system. Failure to do so will increase the cost, time and risk for enterprise ITIL programs.

Do you have a single, enterprise-wide IT change management policy & system?



ITIL Directions for 2006

We asked respondents to identify their top initiatives for 2006, with the choices being:

- Improve incident/problem management
- Improve configuration management
- Improve change and release management
- Implement a Services Catalog approach
- None of the above

It would appear that we did cover the correct range of top initiatives, as only 4 percent replied “none of the above.” The top direction for 2006 with a 72 percent response is to improve incident/problem management. However this is closely followed by improvements in change and release management at 62 percent. Coming in third at 53 percent is improving configuration management.

Improvements in incident/problem management are the most common beginning ITIL activities as they are not too far from good help desk best practices and do not require much in the way of organizational change.

While there has been a great deal of market hype around configuration management and the CMDB we believe a lot of that is as a result of vendor promotion because the CMDB represents a potentially new area for sales of technology. While much of the underlying technology for enterprise change management is already owned by companies, effective use of that as an enterprise “workflow” is still somewhat limited, as evidenced by this survey. Consistent with survey results, we believe the return is higher and the risk is lower for focusing on establishing effective, enterprise-wide change management. As mentioned before, change management is the “workflow” engine for much of what IT does, and it is the mechanism by which configuration items (CI) get updated. Extensive investment in configuration management before ensuring that effective change management is in place is like putting the cart before the horse.

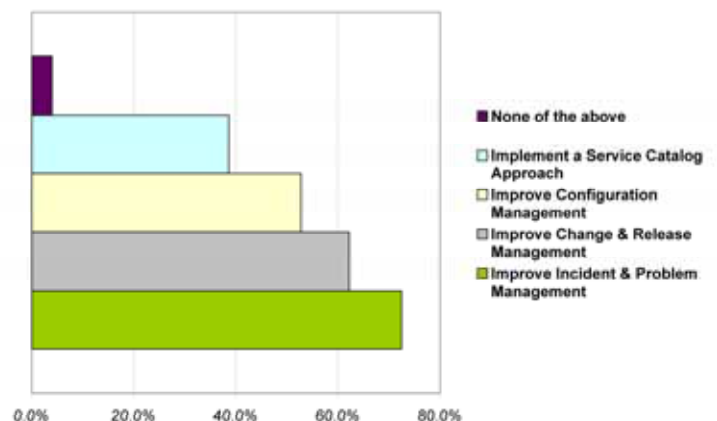
Still, 53 percent of those surveyed place a high priority on configuration management in 2006. Effective configuration management in a complex, distributed network environment is a challenging business problem. Non-trivial tasks include establishing and maintaining a federated data repository, defining configuration items consistently across the enterprise and building processes that ensure correct recording of all changes to CIs. Advanced technologies are helping in this area by mapping and tracking on a real-time basis all of the software and hardware components that make up a system at any moment in time.

We then asked a more specific question around implementing a Service Catalog approach. Thirty-seven (37) percent of respondents identified it as an activity for 2006, which we think is a very high response rate for such a specific activity. The two primary business drivers for ITIL activities—improving service quality and IT/business alignment—are really right in the strike zone for Service Catalogs. By creating a “catalog” where consumers of your IT services and products can order what they need, you have an excellent opportunity to better understand and serve your customers. You package and market what they buy in the way they see value and you get valuable information on their preferences and pricing sensitivity. You are able to set consistent expectations around quality and timely delivery of offerings. You also give them a convenient way to express their satisfaction (or not) with you. But be careful. If you are not able to deliver what you are selling, you run a risk of seriously damaging your credibility. No one is angrier than a consumer whose expectations are raised and then not met.

Key Recommendation:

Focus on incident/problem management and enterprise change management effectiveness to build a solid foundation for further ITIL development. Look for and measure gains in service quality, agility, efficiency, accuracy, cost reduction and risk reduction. You may be surprised how much you find. When you audit these improvements you will be able to quantify gains that ensure continued support and funding. For CMDB efforts, be careful to understand the tough challenges and be clear on the integration required with change management to support it. Service Catalogs can be very visible wins ... or disasters. Start small and grow incrementally so you can deliver what you promise.

Identify your top 2006 initiatives.



In Summary

For the most part, we believe that companies leveraging ITIL to improve enterprise IT execution are on the right path with eyes wide open. Key indicators supporting this are:

- A general understanding of the nature and length of the journey.
- An understanding of the key roadblocks, especially the organizational resistance to change.
- An appropriate ordering of the actions to take

The risk of failure on the path to ITIL is reduced by the strength of the standards body, the number of adopters, the large number of trained practitioners, the strength of the educational process, the common logic of the argument and a fairly large number of success stories being achieved by practitioners.

However, there will be a number of companies who fail, some quite expensively, along the way. The failures will not be in the technology or even the ITIL processes. Those are the low risks. They are already in place and clearly articulated.

Failures will come for those who do not create and document their strategies and build a consensus plan supported by the key constituents and for those who fail to take measured steps and build on proven value to the business, adopting ITIL for ITIL's sake. Those who create and execute a plan to lead their organizations, step-by-step, through this significant change will significantly improve their odds of success.

About Evergreen

Evergreen is a highly specialized technology consulting firm that helps complex global organizations simplify and optimize the way their IT organizations work. We work with leaders in a broad range of industries to address major business challenges, including making ITIL[®] and CobiT[®] operable; organizing IT assets for better planning, analysis, cost control and execution; developing automated, streamlined compliance processes and bringing them to life for maximum benefit; and managing complex enterprise change.