



# Taking Change Management From Fire Fighting to Fire Prevention

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## Agenda

- Change Management Today
- Why Improve Change Management?
- How to Improve Change Management
- Measured Improvement-Examples of Success
- HP Demo: 6.2, CCM and uCMDB Bundle



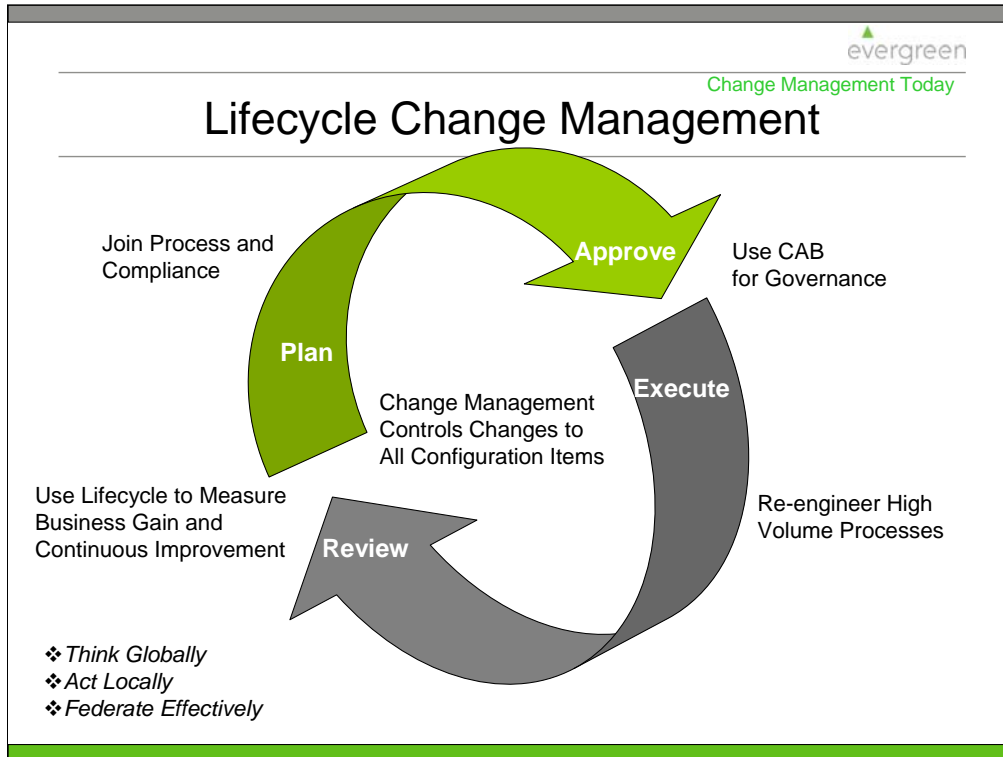
Evergreen is an IT consulting and implementation firm. For the past 10 years our sole focus is helping clients to dramatically improve IT operational execution—improving service quality, agility, and accuracy—while reducing complexity, risk, and costs. For most clients this is built upon ITIL best practices.

Our business partner, HP—offers the broadest, most integrated, and most highly regarded software portfolio for managing and running end to end IT operations—including applications management, and effective datacenter management.

HP's commitment to this marketplace is pretty significant as well. Last year they spent 2 billion dollars on R&D in their IT software management business, which is ½ billion more than the total revenues of one of their key competitors. By providing a COMPLETE solution—HP believes they can dramatically improve and simplify your life in making IT work.

Our goal today is to share our joint experience in how you can truly improve change management—which is really the “workflow” of IT, highlight some real world success, and demonstrate some very powerful technology which can make this a whole lot easier.

Our time will be split just about 50/50 between presentation and demo.



The definition is simple but the reality is complex. While this is not an ITIL presentation, it is still useful for framing our conversation.

ITIL-responsible for controlling changes to all configuration items within the live environment. Not responsible for change within on going projects—these are controlled by project change process—but coordinated closely

Business Def —the end to end workflow system of IT. The engine that should power IT activity—from business request to business outcome. Visible from initiation to closure by all of IT. Enabler of work, automater of policy, root source of measurement and improvement.

The lifecycle has 4 phases—Planning, Approving, Executing, and Reviewing.

This lifecycle—when run in a closed loop fashion, enables you to continually improve IT execution.

## Market State Today

### Current Practices

- Change (Process) Management
  - Silos of change practice
  - No common understanding
  - Inefficient & inflexible
  - Reactive & urgent
  - Confusing
  
- Compliance (Policy) Management
  - Reactive & urgent
  - Redundant & competing
  - After the fact
  - Meets organization resistance
  - Expensive & confusing



### Change:

Each area within IT has its own change processes—and for most, the end to end activity is never analyzed. This causes confusion—as the planning activities never “really understand” the process that occurs—which also means it can be highly inefficient—where duplicate and unnecessary activities can happen silo by silo.

Real Service level commitments (ie—end to end) are difficult to set, maintain, and improve because of this, and the risk of change failure is higher. A silo working on a given change may not have enough up front notice of changes coming its way—and may have to move in a reactive & urgent fashion. This is even more so the case with large & complex changes—which of course carry the greatest risk.

### Compliance:

Multiple compliance standards to meet, expanding Both internal and external manufacturing specific

“Fire drill” response to most, time consuming—reaction always more inefficient (and emotionally draining) than pro-action.

Because we are so busy there is little time to be proactive

Duplicative, sometimes conflicting compliance activities within IT

No clear high level proactive compliance strategy—treating this as a portfolio

Organizational resistance to change

And while the pain of and burden of compliance is still rising— executives are loathe to spend more on it

## Best Practices State

- Change
  - Silos of IT work together in one *system—an enterprise activity!*
  - Be able to plan, measure, and adjust
  - Be highly proactive and repeatable
  - Build & use repeatable workflow models
  - Identify process standards / best practices
- Compliance
  - Establish a proactive compliance system to manage risk and control
  - Identify compliance standards set & integrate it
  - Consolidate controls to eliminate redundancy
  - Demonstrate effectiveness to regulators & auditors



This is a representation of the TO BE state for most environments which is essentially a “one synchronous entity” state. It does require time and coordinated effort to get there as it means getting IT operations to operate in one consistent workflow process.

When this happens—things REALLY improve. IT becomes much more proactive as it “knows” the work coming and what to do about it. Focus (and effort) are placed on the work that matters--with commensurate planning and controls. Accuracy and efficiency go way up because of this focus-- thereby saving costs and reducing failure events.

Compliance becomes planned and proactive as an enterprise level activity—rationalized into a “compliance controls matrix” so that the minimum number of controls meet the maximum number of needs, and then its baked into the system so changes in the compliance landscape can be addressed pretty easily—by updating the compliance matrix if needed—and then allowing the workflow to carry out the changes.

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This is a fair question. If things are under relative control today, and we aren't suffering too much from failed changes—then why spend time and money on this area?

It is our belief that the degree of IT complexity is on a very steep curve and we need to be out ahead of it to avoid getting swamped

## Business Drivers

- Virtual datacenter
- Composite applications / SOA
- Increasing rate of change & complexity
- Regulatory compliance
- Risk reduction & prevention
- Business continuity / Disaster recovery
- Service quality & accuracy
- Efficiency / Cost reduction
- Agility



There are significant change forces at work. Two really stand out driving change rate and complexity, they are

The Virtual datacenter and composite applications-

Poor understanding of the assets in the datacenter and how they are used is still a common problem for many organizations—even environments that still have traditionally segmented specific servers for specific applications. Now we are well on the way to a virtual server capability, with wall of servers sharing the work, as well as virtual operating environments—so the datacenter is becoming one large, complex computer. Effective planning for capacity and availability become much more important now, which calls for a better, deeper understanding of the volume and nature of upcoming change.

SOA / composite applications mirror the complexity of the datacenter on the applications side. Whereas client server was really specific monolithic applications with integrations sharing data and some instructions, the composite apps world is creating applications out of multiple “services” or components—which are shared by many different users and activities. These components may be individual web services, selected functions from within other applications, or entire systems whose outputs have been packaged as web services (often legacy systems). Operational applications management and support is becoming a fluid patchwork quilt, with a much higher risk quotient.

## Governance Evolution

- Rising executive attention & commitment
  - See compliance & IT governance as an IT wide process & policy set
  - View of proactive coordinated approach
- Industry firming as well
  - Compliance framework standards—COBIT, ISO 17799, ITIL, CMMI
  - Cross mapping beginning to simplify, consolidate control objectives



The view of governance is evolving—and continuing to rise in importance. Certain standards are generally accepted—but additional ones are emerging—particularly ones specific to vertical business areas.

Governance is not just compliance with outside regulations—it is a broader set of policy initiatives which the CIO needs to see, and prove compliance with. This can include security, enterprise architecture, enterprise portfolio, compliance with M&A policy, etc.

Many compliance requirements are broad in scope, not clearly prescriptive such that they don't tell us what to do, and can carry a lot of risk for non conformance. They are also duplicative and can even be conflicting as the bodies that create them leave the issue of conflicting standards in your hands.

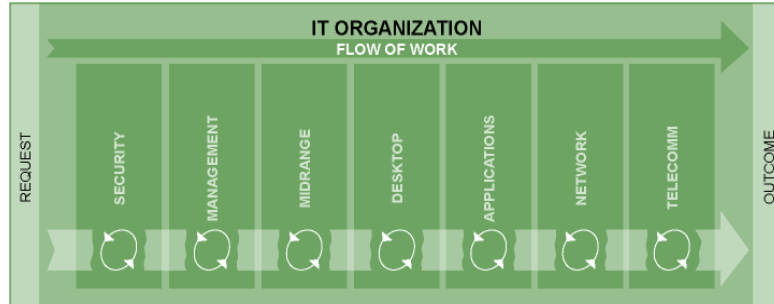
Of course, asking for more budget and staffing to meet rising risk, complexity, and compliance needs remains an unpopular choice.

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## Roadblocks to Change-IT Complexity



- The *WORK* wants IT to respond as “one entity”
- Each area processes its work differently
- End to end outcomes are inefficient, inconsistent, & risky

The flat out biggest challenge in enterprise change management is coming up with a common way of working together and getting the organization to adopt it.

You can see the silos of work organized by discipline. While these work very well and are truly necessary--this structure actually fights the flow of work across the enterprise.

While I am not going to address the CMDB in depth because Michael is, as you look at each silo— you can almost see the “invisible” little CMDB beneath it. For most IT organizations there are easily a dozen silos of “asset and config” information which different parts of IT use to make their work decisions. Of course—they vary greatly in accuracy, and this is a highly inefficient way to operate.

## Roadblocks to Change

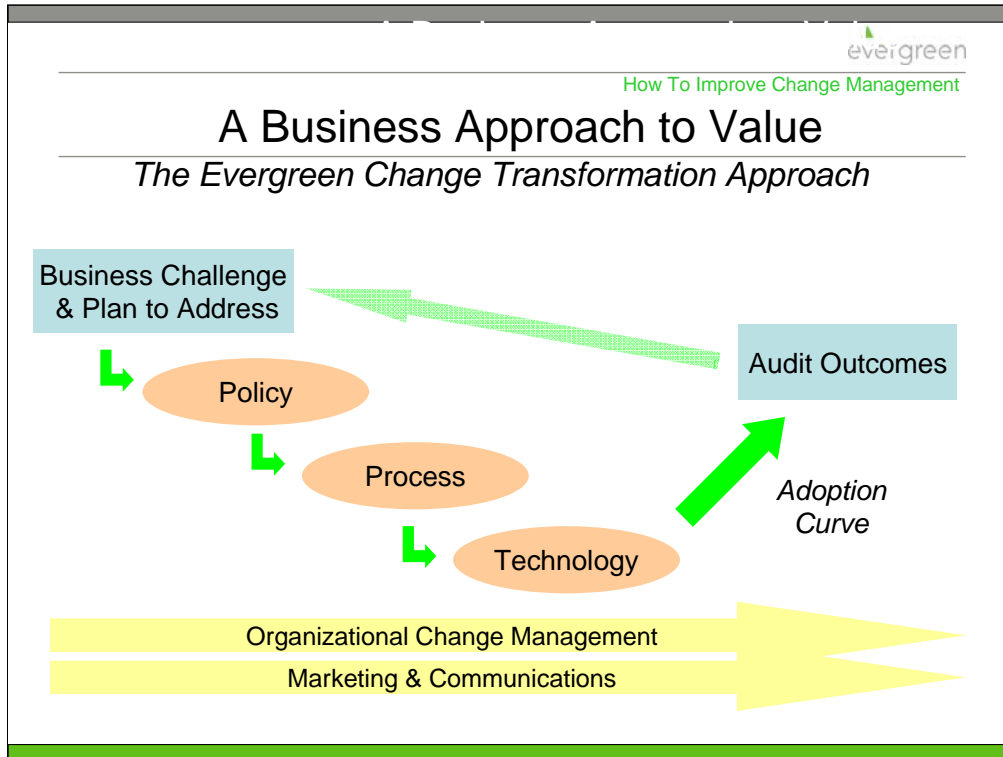
- Silo nature of IT
- Alignment of goals & objectives
- Conflict over power & money
- Natural human resistance to change
- Magnitude of challenge
  - Time, cost, consensus, compromise, executive support



Let's not forget the human factor in change resistance.

It is still hard to evaluate and reward individuals based on their execution in an enterprise level activity, and in fact—while the enterprise execution may dramatically improve—it is possible that the efficiency of an individual or group's activities could decrease.

So it is not uncommon to find conflict between enterprise goals and individual compensation.



This is a classic consulting approach to an enterprise challenge—beginning with a clear set of business outcomes targeted. Flowing from that are policy updating, process updating, sewing process into technology, and then driving adoption to a business success level.

While this approach doesn't guarantee success, I've never seen things work well without it.

Please note that attention paid to human organizational change as well as a planned "marketing" stripe are essential end to end.

After that—the audit loop helps us to look at the outcomes honestly—and be able to define next steps of real value to the business.

## Improving Change- Prioritization & Materiality

- Questions
  - Types of changes, how grouped?
  - How ranked-risk & materiality?
  - 80/20 change analysis?
  - % of change requests with errors, non standard lead times, not meeting business justifications?
  
- Actions
  - Rank changes on materiality & risk
  - Build self ranking system at the request level
  - Define & automate user self service change planning packages



Here we are looking at the planning phase of the change lifecycle

What we are really hunting for is classic business process re-engineering gains

Most of our clients have 6-12 high volume activities (things they do 5-8k times a year), which cross 3 or more silos of it in going from request to outcome. The individual work performed in each high volume kind of activity is 80% the same—so investment in simple workflow modelling to baseline & re-engineer the work can show a very nice return.

Typical bpr outcomes show from 40-80% reduction in cycle time, with 20--40% reductions in actual work time required. The gains come from eliminating work no longer needed, eliminating duplicative work, improving the work transfer between groups, testing harder whether the work is worth doing, quantifying & routing the work based on materiality and risk, and leveraging automation to support the improvements.

Additional common gain areas include improvements in accuracy, reduction in risk, and better data upon which to make decisions

Plan and approval cycles often carry the lowest hanging fruit for big improvement as it tees up what is to follow

Challenge here—not really pushing work to the requestor and setting effective expectations—so we get poorly packaged, fire drill like work. WE ALSO GET FOLKS GOING AROUND THE RULES—ONE CLIENT example—they had a whole lot of 49 HOUR PROGRAMMING projects because 50 hours had a higher level of scrutiny

## Improving Change- Approvals

- Questions
  - How are different levels of approval managed?
  - How often do requests need to be clarified?
  - What % of changes are
    - rejected at the CAB?
    - non standard lead times?
    - not worthy of CAB review?
- Actions
  - Match approval guidelines with change risk & materiality
  - Streamline routing for 80 / 20 changes
  - Enforce compliance with planning process



Poor planning leads to inefficient and confusing approval processes. Approval mechanisms are choked with irrelevant requests, and proposals with inadequate or incorrect justification. This can make approvals a rubber stamping function resulting from volume and confusion. THIS CAN ALSO PREVENT THE change advisory board from focusing on what is critical—and worthy of their review.

As up front planning improves you can then improve approval process efficiency and effectiveness by reviewing high quality plans, and only the right plans—

We gain efficiency by streamlining and automating high volume low risk changes—matching the amount of review work done with the critical nature of the work

In the upcoming demo—you will see hp's change and configuration manager technology—which comes out of the box with a high degree of automation for this specific area—and leverages cmdb data for correct impact analysis.

## Improving Change- Workflow Analysis

- Questions
  - For high volume activities-
    - Have any been grouped into common workflows?
    - Have any been re-engineered end to end?
  - What % of changes are emergency?
    - What is it costing the organization?
- Actions
  - Re-engineer and automate top 3-5 critical workflows



Here we are looking at the execute phase of the change lifecycle.

Execution following poor planning and approvals tends to treat much of the work with the same materiality, doesn't recognize that common workflow models can be applied to substantially similar activities, and therefore hasn't re-engineered activities at the enterprise level.

Common execution models following right thinking applied to planning and approvals—deals with less volume of changes, better / more accurate work packages, and consistency in the work steps to be performed==which really drives efficiency.

## Improving Change- Root Cause Analysis

- Questions
  - What changes failed or nearly failed?
  - What are the root causes—are there common causes?
  - What ones consistently take longer than planned?
  - Are there any CIs with high % of changes? Why?
- Actions
  - Create common review & feedback process, integrate into other phases



Here we are looking at the review phase of the change lifecycle

This is the lifecycle area that gets the least attention of all. If an activity goes well, that's great—we have to keep rolling, if it goes poorly—we tend to bury it. EITHER WAY, MANY ORGANIZATIONS really STRUGGLE TO REVIEW THEIR WORK OUTCOMES.

To be fair, this is compounded by the poor understanding of the real flow of work end to end due to silos—so how can we effectively review it?

If we begin to execute the work in a more consistent, proactive fashion--we begin to build consistent data on outcomes recorded over a period of time—so we have a base to analyze. LACK OF THIS MEANINGFUL DATA over time IS ONE OF THE ROOT CAUSES WHICH MAKES TRUE SERVICE LEVEL MANAGEMENT DIFFICULT.

By executing consistently over time, we can begin making better tradeoff decisions, improving capital planning, and offering varying levels of service with acceptable levels of quality

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## IDC Research Report, April 2006

- 28.4% IT staff savings
  - HP CCM
- Change request reduction
  - From 5-10 to 2-5 days
- Compressed process
  - 2 weeks to 4 days
- Predictive problem analysis introduced



THIS IS PRETTY INTERESTING data!!!

Hp engaged idc to review 11 customers in great depth for measurable gains from using service center. THEY WERE VERY thorough—and have a well honed approach to measuring the outcomes.

Remember back on the returns from bpr?

Cycle time reductions of 40-80%

Reductions in effort of 20-40%

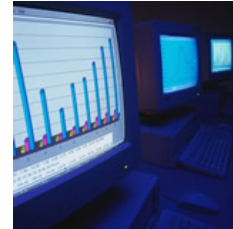
Idc documented nearly a 28% reduction in staff time from improvements in change management, and a cycle time reduction of 50-80%

Should you be interested in seeing this study, just drop me an e mail.

## Retail Case Study- Business Challenges

### Compliance Demands Drive Multiple Gains

- Business Challenge:
  - How to address Sarbanes Oxley 404 compliance systematically, without adding complexity & staff?
  - Could we also improve IT operations at the same time, in quality, accuracy, agility, & efficiency, while reducing risk and costs?
  - Suspected that change management process was siloed & inefficient, could be significantly streamlined & simplified



This is a case study of a fortune 1000 retailer. The particular business challenge was one of compliance.

They knew adding staff to handle the sox compliance was not a viable option, and they were already running lean. So adding a significant compliance burden looked like it could damage morale, and potentially burnout staff

At the same time, the operations director had seen that the siloed nature of it made the change process very inefficient—

So the challenge was-----could we turn a threat into an opportunity—and improve compliance while also gaining efficiency?

## Retail Case Study- Compliance

### Compliance Demands Drive Multiple Gains

- Strategy
  - Be proactive about streamlining change management work, engineer policy compliance in at the start of work.
- Policy
  - Update Change Advisory Board policy, create mechanisms to enforce compliance
  - Create a base level framework of ITIL & COBIT components mapped together
  - Typify all changes on a risk & materiality weighting basis
  - Communicate business changes broadly, ensure executive support of changes



Strategy had two major elements-

- 1) Deal with compliance burden one time --by building it in up front when the work is started. Thereby automating compliance, and minimizing its workload on an on going basis
- 2) Be proactive about simplifying & streamlining change mgmt across it ops—gaining enough efficiency to offset the compliance workload

### Go to slide

- 1) Policy mechanism—for example—had a problem with urgent, poorly completed (but not emergency) change requests—made them very reactive—
- 2)
  - A) the root cause was they didn't set clear expectations –what to submit, how to complete it, lead times necessary
  - b) once that was clarified—it became up to the requester to submit complete, accurate, and timely requests—got one time forgiven—after that the 2<sup>nd</sup> change request out of policy had to be approved by their direct manager, the 3<sup>rd</sup> one out of policy had to be approved by the cio

They didn't have any 3<sup>rd</sup> time offenders

The compliance burden was eased by creating a process matrix—and consolidating controls.

All changes were rated for risk and materiality on an objective scale—not just upon the submitter's rationale

## Retail Case Study- Technology Gains

### Compliance Demands Drive Multiple Gains

- Technology
  - Automate with a self service request function & automated risk calculator (built into Peregrine ServiceCenter) change management
  - Enable change workflows consistent with risk & materiality for change lifecycle



The self service risk calculator function asks a series of questions related to customer impact, IT resource impact, implementation complexity, change duration, exposure / risk, and sla impact

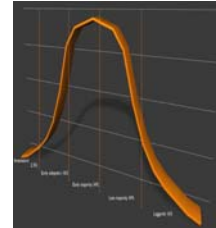
A combined score then routes the change into one of 4-5 workflows reflecting its risk and materiality. In this way both the higher risk and low / no risk activities receive the appropriate amount of oversight

What you will see next in demo today is the latest in the evolution of this technology approach--with some nice advances!

## Retail Case Study- Adoption Curve

### Compliance Demands Drive Multiple Gains

- Adoption Curve
  - Train extensively, communicate progress & successes regularly, eliminate paths around the system
  - Work group by group to get on board
  - Enforce compliance mechanisms
    - Emergency not urgent requests—CIO approval
    - Avoiding the system—CAB refuses to review
  - Stay with it, expect 3-5 months of effort



Go live was not the project success metric—business user adoption at a high percentage was. For this client the true targeted adoption rate was reached in around 90 days.

This did require training, hand holding, one on ones with certain groups, and elimination of paths around the system.

Once in good operation, The CAB helped drive adoption by instituting a policy of no longer accepting any changes not submitted thru the system.

## Retail Case Study- Overall Gains

### Compliance Demands Drive Multiple Gains

- Outcomes included:
  - Automated 404 compliance for IT, reduced on-going effort by 75%, no exceptions on audit
  - Reduced change processing time by 25-35% with significant improvement in quality & consistency of large, complex changes
  - Improved accuracy & reduced risk (system aberrations fell by 39%)
  - Became highly proactive--emergency changes dropped from majority of changes to <5%
  - IT staff morale improved



So how did it turn out?

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## Summary and Questions

- Follow-up email to all participants will:
  - answer submitted questions
  - provide link to download recorded webinar
  - Offer Web PDF links for *The Business Case for Change, Configuration and CMDB* and sample Change Management manual
- For more ITIL information see [www.evergreensys.com](http://www.evergreensys.com) or email [info@evergreensys.com](mailto:info@evergreensys.com)
- ***Thank you for your time***

