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Firms Must Take ITIL Beyond IT Operational Goals

by Richard Peynot



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Firms Must Take ITIL Beyond IT Operational Goals Service Providers Can Help With Change Management Issues

by **Richard Peynot**

with Andrew Parker and Caroline Hoekendijk

EXECUTIVE SUMMARY

The ITIL concept is gaining significant traction with European enterprise IT groups. Most ITIL adopters have achieved the operational results they were looking for — in particular, better quality of delivery in IT operations — despite common internal resistance to change that might have hindered or slowed down these outcomes. Firms generally perceive the IT organizational impact as positive — but ITIL clearly lacks a linkage to business performance. This issue may make business executives hesitant or even reluctant to support ITIL-related spending. To make implementation seamless and avoid common ITIL pitfalls, companies can learn from service providers that have acquired concrete experience with their own data centers. In particular, such service provider ITIL best practices can help enterprise IT groups to better manage internal change by focusing on preparation, benefits to affected personnel, and user involvement. To get more value from service providers, CIOs need to push their partners to develop a more systematic advisory approach around calculating ITIL ROI and preparing ITIL business justifications that point to the longer-term benefits of implementation.

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Forrester surveyed 101 user companies and interviewed eight vendors, including: Atos Origin, Bull, CSC, EDS, Fujitsu Services, Getronics, HP Services, and Unisys.

Related Research Documents

[“Is ITIL Compliance Possible Now?”](#)

February 1, 2006, Tech Choices

[“IT Asset Management, ITIL, And The CMDB: Paving The Way For BSM”](#)

October 24, 2005, Trends

[“The Management Process Alphabet Soup”](#)

September 1, 2005, Trends

[“Implementing ITIL”](#)

September 21, 2004, Best Practices

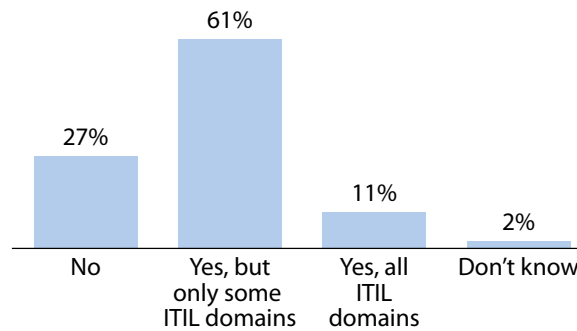
COMPANIES ADOPT ITIL FOR QUALITY, NOT COST SAVINGS

The Information Technology Infrastructure Library (ITIL) is a set of standard IT terminologies that the UK Central Computer and Telecommunication Agency developed in the 1980s to improve processes for IT infrastructure support and delivery. ITIL can aid in process definition and rationalization, and also help prepare a set of bundled processes for improved sourcing.¹ To find out when and how firms have adopted ITIL and what their drivers were, Forrester surveyed 101 companies from leading European economies and interviewed seven service providers. Here's what we found:

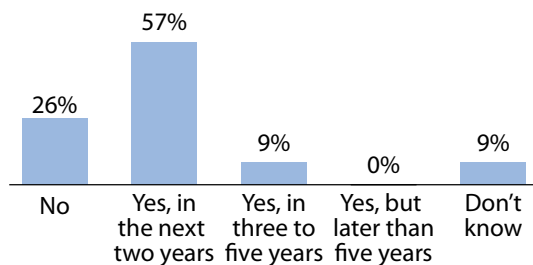
European Companies Are Adopting ITIL — But Usually Only Partially

The ITIL concept is gaining significant traction with enterprise IT groups. However, most of the companies that Forrester interviewed have yet to implement all ITIL modules. ITIL continues to gain adherents among large European companies.

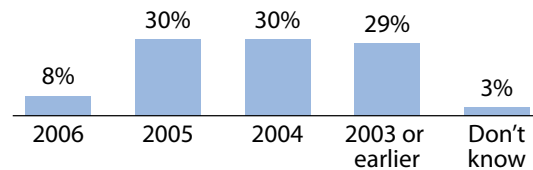
- **Two-thirds of the non-adopters have plans.** More than a quarter of respondents have not yet adopted ITIL, but a majority of this inactive group plans to do so soon (see Figure 1-1). More than half of those will move forward with ITIL in the next two years, and a further 9% within three to five years (see Figure 1-2).
- **Full ITIL implementations are rare.** Only 11% of the adopters have implemented all ITIL modules, while 61% have limited it to some modules only. With ten processes available in the full ITIL framework, the majority of firms pick the ones that offer immediate impact in the IT organization.²
- **Adopters took the plunge recently.** Although the ITIL standard was created in the 1980s, European enterprises have only taken it up recently. Some 8% of respondents have deployed ITIL this year, 30% did so in 2005, and 30% in 2004 (see Figure 1-3).
- **Cost and lack of confidence block decisions.** Only a few respondents have not yet adopted ITIL. This small group of firms all mentioned that the same factors keep them from moving ITIL forward: fear of high costs, lack of knowledge about ITIL, and opposition from key managers.

Figure 1 ITIL is Gaining Traction In Europe**1-1** "Has your company adopted ITIL?"

Base: 86 European firms
(percentages do not total 100 because of rounding)

1-2 "If your company has not adopted ITIL, do you plan to do so in the future?"

Base: 23 European firms
(percentages do not total 100 because of rounding)

1-3 "If your company has adopted ITIL, when did you start using it?"

Base: 63 European firms

Source: Forrester Research, Inc.

Firms Look To ITIL For Quality Outcomes, Not Added Value

Forrester often finds that companies adopt IT methodologies and standards for operational reasons, rather than directly to achieve financial return. In the case of ITIL, this observation clearly holds good:

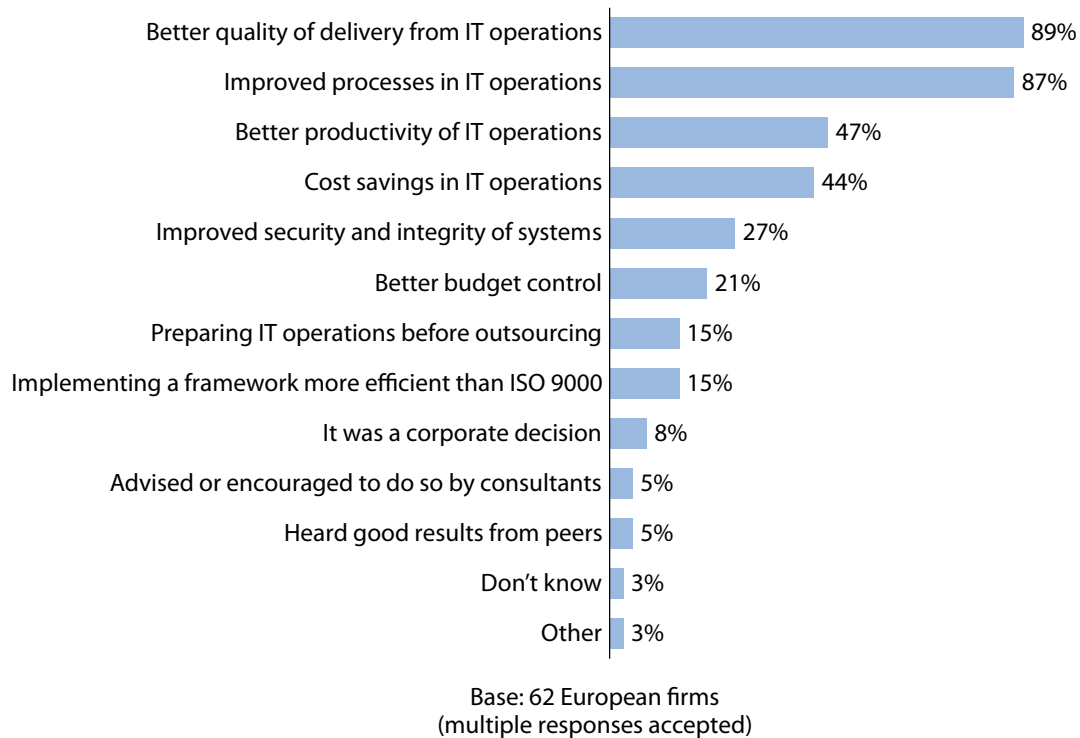
- **Expectations center on quality and efficiency.** The top motivations for implementing ITIL: better quality of delivery from IT operations; better productivity of IT operations — i.e., more output from similar resources; and better process efficiency in IT operations — i.e., faster or more responsive process operations. This holds both for companies that have adopted ITIL and those that plan to adopt ITIL soon.

- **The ROI of ITIL is not a driver.** Companies considering ITIL didn't rank cost savings and budget control very highly (see Figure 2-1). None of the respondents in this category had a business plan. Cost savings and budget control were a modest priority for ITIL users (see Figure 2-2).

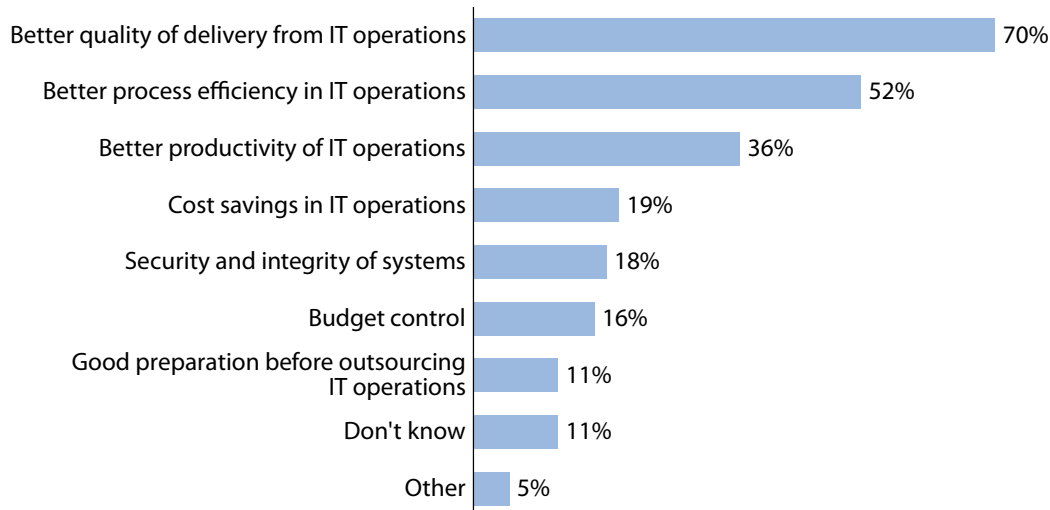
ITIL Adopters Get The Benefits They Look For

Those companies that currently use ITIL claim that they have achieved the concrete results they were looking for. But, to some extent, clearly-defined internal issues around change management hindered these outcomes.

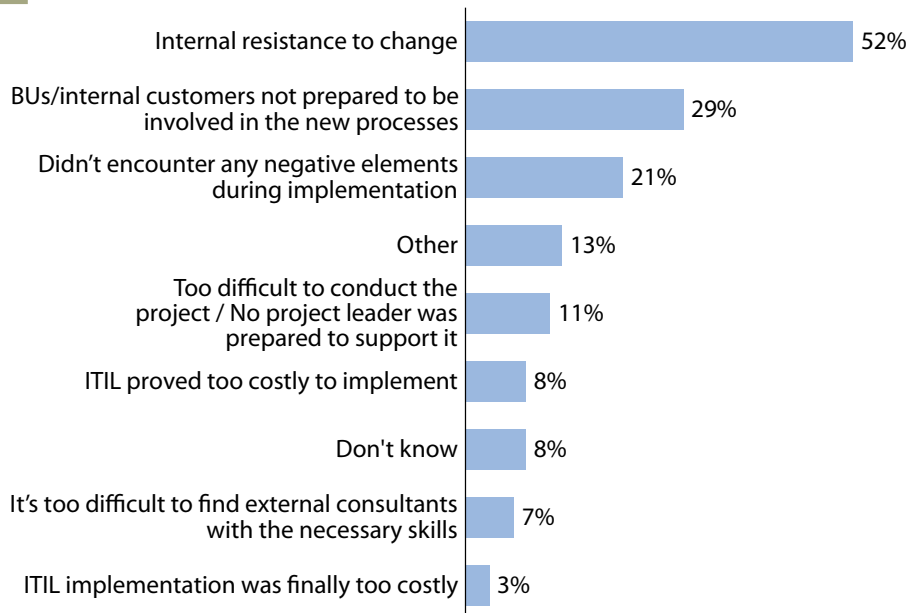
- **ITIL met companies' expectations for IT process improvement.** Seventy percent of users confirmed that ITIL adoption has considerably improved the quality of IT process delivery; more than half of them acknowledged increased process efficiency and 36% cited improved operational productivity (see Figure 3-1).
- **Internal resistance and lack of preparedness slow ITIL down.** Surprisingly, companies didn't complain about complexity, cost, and a possible lack of external support when implementing ITIL. Instead, when they faced difficulties or obstacles, it was mainly down to low levels of internal preparation and above all internal resistance to change — cited by 29% and 52% of respondents, respectively (see Figure 3-2).
- **Lacking defined financial objectives, companies can't really measure the added value.** Only 19% of companies have observed cost savings in operations, and 16% claimed that ITIL has helped them with better control of operational budgets. But most firms don't look for financial payback from ITIL activity: Only 21% of ITIL adopters prepared a business case with ROI evaluation to support the decision (see Figure 4-1). Within this minority group, only 20% achieved the expected ROI, 30% did not, and 50% simply didn't know (see Figure 4-2). Questioned on the reasons that led them to miss the ROI objectives, 44% of respondents could give no clear answer (see Figure 4-3).

Figure 2 Firms Look To ITIL For Quality Outcomes Without Considering Added Value**2-1 "If your company has not adopted ITIL, but plans to do so, what benefits do you expect to get?"****2-2 "If your company has deployed ITIL, what are the reasons?"**

Source: Forrester Research, Inc.

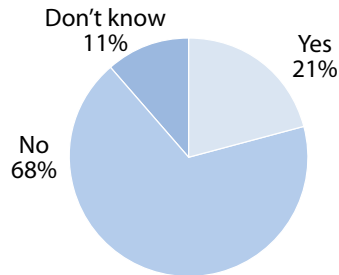
Figure 3 ITIL Adopters Get The Expected Benefits, Although Some Meet Internal Resistance**3-1 "What benefits have you observed?"**

Base: 62 European firms
(multiple responses accepted)

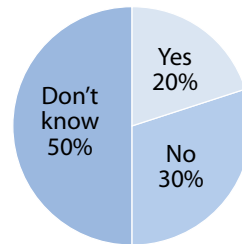
3-2 "What negative elements, if any, did you encounter during the implementation?"

Base: 62 respondents
(multiple responses accepted)

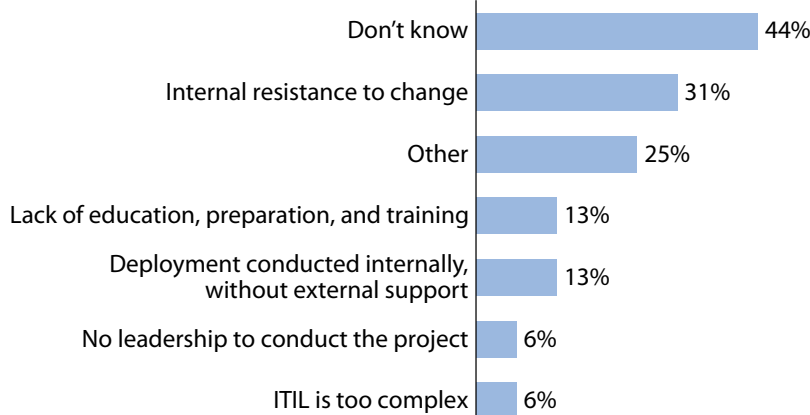
Source: Forrester Research, Inc.

Figure 4 ITIL Lacks A Clear Linkage To Business Value**4-1** "Did you make a business case (ROI or ITIL) before implementation?"

Base: 62 European firms

4-2 "Did you observe the expected ROI?"

Base: 20 European firms

4-3 "If you did not observe the expected ROI, what were the reasons?"Base: 16 European firms
(multiple responses accepted)

Source: Forrester Research, Inc.

COMPANIES CAN BENEFIT FROM VENDOR EXPERIENCE

Having looked at the enterprise picture, it's clear that ITIL has an IT organizational impact, but lacks a clear linkage to overall business performance today. So what lessons can we draw from the supply side of the IT business? Some service providers adopt ITIL for their own data centers as a component of their industrialization plans.³ Apart from pioneers like Atos Origin and Getronics, which began working with ITIL from the '80s, and Fujitsu Services, whose ICL precursor became an ITIL adopter in the '90s, European service providers by and large began considering and implementing ITIL after 2000. Service providers turn to ITIL to improve the quality and efficiency of operations in their own data centers and keep up with the market. EDS even places ITIL at the center of its "quality leader" strategy. Strikingly, like the users we surveyed, few of these firms can articulate a clear ROI justification for internally-focused ITIL activity.

Only Experienced Service Providers Can Effectively Assist Clients' ITIL Deployments

Just as with any major internal change initiative, ITIL implementation is an enterprise project that requires preparation, training, and phasing. Firms that embark on this exercise inevitably face obstacles like employee resistance. To avoid common pitfalls and inefficiencies, Forrester recommends a range of best practices distilled from our discussions with service providers:

- **Ensure a systematic planning/preparation period.** ITIL deployment brings familiar organizational challenges. The service providers we spoke to unanimously mention the same issues: Change management is underestimated, and companies fail to prepare the ground with people and organizations. Once ITIL is in place, other unexpected issues arise: some people pay lip service rather than fully commit; and certified managers believe it's "done" or "ready to deploy" while failing to recognize lingering training gaps or unclear areas of responsibility. The ITIL approach requires that managers are responsible for processes, but this may overlook potential conflicts with other managers. Because service providers know that lack of preparation can derail the project, they pay particular attention to these aspects when assisting clients with ITIL implementation.
- **Take ITIL as just one piece of the IT performance framework.** Most service providers use additional methods and tools like Six Sigma to facilitate transformation and ITIL deployment and to control and measure outcomes — COBIT often plays this role. Also, several interviewed services firms mentioned that ITIL was only a first step toward a compliance framework including SOX, SAS70, BS15000, and ISO17799.⁴ Some services firms say "ITIL gives guidance; BS15000 offers measure." At the very least, companies need to understand the difference between the process structuring and management that ITIL facilitates on one hand, and compliance requirements on the other.
- **Understand how training capabilities can support on-site consulting.** Atos Origin and Fujitsu Services have significant ITIL training programs that help them win consulting contracts supporting clients' ITIL implementations. There is an evident link between training capabilities and consulting with these providers. End users can also turn to small specialized boutiques like Axios Systems and Synopse that provide training and consulting for building the implementation framework.⁵ Companies should seriously consider the required training and education campaign around ITIL that must impact many personnel — mostly IT workers in operations, but also some internal end user clients in business groups.
- **Be sure to get the essentials.** In contexts like outsourcing relationships, services firms say that they find themselves involved in additional work like customization for shared responsibilities with clients, complexity due to mutualized teams, and customization due to the specificities of outsourcing tasks. Companies that require third-party assistance need to ensure that consultants fit in with their clients' corporate environment and avoid "overengineering" the

target solution. More generally, responsible execs need to map out with the service provider a pragmatic project wherein the ITIL services are implemented stepwise, according to priority and company maturity.

Anticipate The Risks Of Resistance Beyond The IT Team

Discussions with vendors and ITIL adopters, and case studies presented at an itSMF conference, reveal that not only IT operations staff, but also end users across the business, may express resistance to new processes driven by ITIL.⁶ To overcome these hindrances, execs must:

- **Highlight added value and benefits to the personnel affected.** In the past, many ISO 9000 projects faced resistance — not to say opposition — from people who didn't perceive the business value and staff gains derived. Executives and managers who want to introduce ITIL need to extend the traditional speeches and justifications on processes, quality, and delivery. First of all, it's essential to prove company and business benefits from ITIL. And then IT employees need to be convinced of their personal benefits, in term of skills, professionalism, goal achievement facilitated by ITIL, and better relationships with users. In this area, training and consulting branches of service providers can certainly help by drawing on the concrete lessons of past engagements.
- **Involve users in the ITIL implementation project.** It's essential to make the effort to communicate with users about their roles, implications, and benefits when respecting the new rules of ITIL-based processes. Moreover, it is important to have user representatives involved in delivering the deployment project, whatever internal costs that implies.

WHAT IT MEANS

IT GROUPS MUST LOOK TOWARD ITIL ROI OVER TIME

The vast majority of ITIL adopters attain the benefits they expected. In particular, they observe less service disruption, see improved customer satisfaction, and achieve a good basis for BS15000 certification. Some mention their ability to track and measure where they are performing and where they have areas for improvement. But none of the interviewed firms, end-user or service provider, had ROI firmly in view when they opted for ITIL.⁷ This leaves firms facing the risk of strong opposition to the whole program among their business leaders.

- **ITIL should be considered primarily as an agent of change.** ITIL assists IT organizations in realizing service improvements through internal reorganization, process automation, and integration. Firms find that ITIL supports the introduction of IT asset management, which provides tangible cost savings through better software license management, contract management (for warranties and leases especially), and efficiency improvements in service

management. IT groups also gain a boost from ITIL when developing business service management processes and in fully utilizing a configuration management database. ITIL supports things by providing a “lingua franca” for a common understanding of issues and offering a foundation for process improvement. Drawing on the experience of hundreds of peers, ITIL provides the best available starting point for IT organizational change and for software vendors to provide automation.

- **However, executives want business justifications.** IT departments can’t afford to jump into ITIL without a clear business case or without any idea of a demonstrable ROI. If the IT group fails to build that justification, executives will react as they did in the past with ISO 9000, asking: “What did it bring as added value?”
- **The business case approach requires homework on current status.** Those organizations that must address direct ROI reporting for their ITIL investments should prepare themselves with good data and metrics before the initiative begins. They must document metrics like customer satisfaction levels and operating costs per service call, so that a true “before and after” comparison can be made. But they should also realize that the total economic impact will include other improvements that derive from the ITIL initiative but that are not directly attributable to it.
- **Service providers need to push beyond ROI theory.** Based on their experience, services firms that use ITIL should be able to analyze the benefits they observe and translate them into estimated cost savings for the IT department and even into areas of business advantage for companies — but few have this work in place today. CIOs should press the services firms that they engage with to add this capability to assist clients in building their business case for their ITIL offerings.

SUPPLEMENTAL MATERIAL

Companies Interviewed For This Document

Atos Origin	Fujitsu Services
Bull	Getronics
CSC	HP Services
EDS	Unisys

ENDNOTES

- ¹ More information about ITIL can be found at www.itsmf.org and www.itil.org.uk. Forrester has also investigated ITIL implementation issues and benefits. See the September 21, 2004, Best Practices [“Implementing ITIL.”](#)
- ² ITIL is divided into two groups of processes: service support and service delivery. Among the five processes of the service support group, companies tend to implement primarily incident management, problem management, and change management, while configuration management and release management may happen in a second step. Among the five processes of the service delivery group, companies tend to limit implementation to service-level management. Only advanced companies implement availability management, capacity management, service continuity management, and IT financial management.
- ³ Since 2002, many of Europe’s large IT services firms have made new efforts to grow revenues from outsourcing services. To capture a share of Europe’s growing outsourcing demand, best-in-class service providers have invested in industrialization (methodologies and tools) through standardization and the deployment of repeatable methodologies. See the September 12, 2005, Trends [“Europe’s Services Firms Seek Outsourcing Success.”](#)
- ⁴ SOX is the abbreviation for the Sarbanes-Oxley Act of 2002. SAS70, or Statement on Auditing Standards (SAS) No. 70, Service Organizations is an internationally recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA). More information can be obtained on www.sas70.com. BS15000, now fast tracked as ISO 20000, is a standard for IT service management. The standard specifies a set of inter-related management processes, and is based heavily upon the ITIL framework. Visit www.bs15000.org.uk to find more details on BS15000. ISO17799 is an international standard that aims to improve the practices and organizations around information security. Visit www.17799central.com to find information on ISO17799 and see the September 1, 2005, Best Practices [“The Management Process Alphabet Soup.”](#)
- ⁵ Axios Systems partners with Bull and delivers training to Bull’s clients; Synopsis is a subsidiary of Econocom Managed Services.
- ⁶ The IT Service Management Forum (itSMF) has representations in different countries and organize annual conferences for their members. Case studies we are referring to here were presented at the itSMF France conference in October 2005 in Paris.
- ⁷ Only Unisys mentioned cost reductions within its initial objectives.

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