



## **Purpose-Driven IT**

**Service Management Best Practices as a  
Strategic Advantage for Medium-sized Businesses**

## Executive Summary

When it comes to IT, mid-sized businesses (MSBs) are often stuck between a rock and a hard place. On one hand, IT innovation can provide critical business advantages necessary to leverage core competencies to compete successfully against larger companies. On the other hand, MSBs typically lack the IT resources larger competitors possess. MSBs must be smarter and more efficient in their use of IT to gain competitive IT advantages within their tight resource constraints.

Embraced by organizations around the world, Service Management **best practices** consistently enable companies to get more value out of their IT investments, reduce their IT costs, and improve alignment with business needs.

Unfortunately, many MSBs have not implemented best practices. In some cases because of a misperception that these principles don't apply to MSBs, or MSBs are too small to implement them. In others, it may be due to a lack of internal best-practices expertise or the inability to find a source of best practices knowledge. Regardless of the underlying causes, MSBs should aggressively move forward with Service Management best practices so they can be as smart and nimble in their use of technology as they are in other areas of their business.

The good news is that this is very doable. MSBs can implement best practices to optimize the bottom-line impact of IT spending without breaking the bank. They can achieve considerable success. Focusing on the measures that are appropriate to their needs will yield the most substantial near- and long-term results for their business.

By working with a vendor that offers the technology tools and support for best practices, MSBs can put in place the tools and processes necessary to bring greater efficiency, reliability and business alignment to their IT operations. As a result, they will be much better able to compete in today's increasingly technology-driven business environment.

MSB IT managers who realize now that Service Management is not just for Fortune 500 companies, and decisively act upon that realization, will empower their companies to surpass their competitors that fail to embrace these critical best practices.

## Best Practices: A Smarter Way of Doing Things

Here is a common scenario that takes place every day in MSBs all over the world: A server fails, disrupting one or more critical IT services. This downtime is costing the company a lot of money and is causing a lot of pain. Employees aren't being productive. Orders are being lost. Customers are getting upset.

In response to the situation, IT staff scrambles to try and figure out what's wrong. Because it's such a big emergency, the entire staff gets involved. They poke and prod at the server and the software. They speculate and argue. They try several different fixes. Meanwhile, the clock ticks away. Managers start pulling their hair out, counting the money and opportunities being lost during the outage. An hour goes by, and then another - until finally, with half the day shot, someone figures out the root-cause of the problem and gets the server back up and running again.

But here's the real irony: Almost all of the adverse business consequences of the outage could have been avoided if someone had taken decisive action and simply swapped out the hard drive. Yes, the system would not have been restored to 100% functionality and, yes, the underlying cause of the problem would have remained unresolved. But enough functionality would have been restored quickly enough to spare the business significant short- and long-term consequences. That is much more important than immediately solving the technical puzzle presented by the server failure.

This example highlights the essence of Service Management best practices. The team got wrapped up in solving a technical problem instead of focusing on the business problem. Best practices dictate that incident management and service restoration should be handled separately from problem management - i.e. that restoration of service is the primary objective, and that solving the root cause of the problem comes second. The right move for the team is to do whatever is necessary to restore a sufficient level of service to protect the business. Technical detective work can wait until after the crisis has passed.

Was the team's less-than-optimal course-of-action a sign of incompetence? Not at all. They were not given adequate direction. They were responding to a situation for which they had adequate technical skills, but an inadequate operational strategy. Even the most technically skilled and well-intentioned IT teams will fail to fully meet the needs of the business without clearly articulated policies and proven operational principles -in this case service management best practices.

Service Management best practices give people clearly defined roles and outline clearly defined workflows and procedures, so that they can achieve optimal outcomes - for the department, for the company and for customers. Best practices also ensure that these roles, workflows and procedures are repeatable. Once the marketing department finds a lead-generation strategy that works, for example, it does its best to apply that strategy consistently across all of its campaigns. By the same token, once IT learns how to reduce the cost of administering a server, it should be able to apply those practices consistently to all servers - regardless of whether the person administering any particular server is the most experienced technician or the most recent hire.

A best practice is simply a smarter, more effective way of doing something. Companies implement that kind of quality, efficiency and repeatability into other areas of the business, such as accounting and manufacturing. So why not IT?

## Proven Business Benefits

The impact of Service Management best practices on the performance of both IT departments and the companies they serve has been widely studied. This research makes it clear that investments in best practices and the tools to automate them pay off. In fact, a study by IDC demonstrated that the payback period for such investments averages just over one year and can be as little as six months. The study also showed that total ROI over a three-year period from such initiatives averages more than 400% based on "hard" savings alone.

The benefits that companies have gained as a result of their IT best-practices initiatives come in many forms. They include:

### Reduced IT labor costs

By improving IT staff productivity, companies that implement best practices significantly reduce their operational costs. One consumer products company, for example, saved over 10% of its IT budget as a result of a best practices initiative. IDC uses a figure of \$17,235 per 100 users as the savings resulting from more efficient use of IT staff time.

In addition to making IT staff more efficient, best practices also improve staff productivity by eliminating the root-cause of IT workloads. For example, Gartner studied one company that would get help desk calls from 20% of its users during a typical desktop software upgrade. By improving its change management practices, that company was able to bring that number down to 3%.

### Reduced downtime

Downtime represents a huge cost for today's technology-dependent companies. IT best practices and support tools significantly reduce downtime by ensuring that fewer problems occur and that, when they do occur, they are resolved much more rapidly. One typical Gartner case study, for example, cites the example of PCCS, which reduced its number of "severity one" outages by 80 percent in the first year of its initiative.

The dollar-value of reduced downtime will obviously vary greatly from company to company, depending on its size, industry and business model. IDC uses a figure of \$85,678 as the average annual revenue saved by increasing system uptime - with an additional \$5,374 per 100 users gained by avoiding lost employee productivity. These figures do not include the revenue gains that result from avoiding the potential permanent loss of a customer's business due to a service outage.

## Improved use of existing resources

Companies that implement best practices are able to make much more efficient use of their existing hardware and software resources. By better leveraging the infrastructure they already have in place, these companies consistently avoid unnecessary purchases of new equipment. They can also allocate software licenses to where they're needed across the organization - rather than purchasing additional ones. Gartner cites an example of a European MSB that was able to achieve savings amounting to around 7% of its total IT budget through this optimized allocation alone.

## Greater focus on strategic, high-value objectives

IDC discovered that companies implementing IT best practices have been able to reduce the amount of IT staff time devoted to firefighting and housekeeping tasks by an average of 7.5% over three years, even as their user populations have grown by 11% over that same period. Implementing the tools and best practice that make the routine tasks of server administration, network troubleshooting and desktop support less time-consuming and burdensome, allows IT departments to be free to focus more of their time and energies on strategic projects that will generate more value to the company. It's like getting additional head-count at no cost. This benefit is consistently cited by successful adopters as one of the most significant outcomes of a best practices initiative.

In addition to the primary benefits, there are a wide range of secondary benefits that generate dollar savings and improve business performance. These include IT staff morale (which is vital for optimum job performance and the retention of skilled workers), end-user employees' satisfaction with IT services, customer satisfaction, and visibility into IT performance by executives and LOB managers.

The bottom line: best practices, along with the appropriate tools, pay off, sometimes greater in magnitude than the deployment of a new application or a capital expenditure on new hardware. In fact, best practices lower the lifecycle cost and augment the business value of new applications and new hardware investments. With best practices in place, every other subsequent IT initiative is substantially enhanced.

# The Special Challenges for MSBs

Given the significant business advantages that Service Management best practices deliver, it's natural to wonder why their adoption among MSBs hasn't been more widespread. What inhibiting factors typically prevent MSBs from implementing best practices?

Based on available research and our own experience, Raritan has determined that three primary obstacles have prevented MSBs from taking advantage of proven best practices:

## Misperceptions about best practices and their potential benefits

Many MSB managers perceive codified best practices as more relevant to large, Fortune 500 corporations than to their own situations. The whole concept of "best practices" - especially those promoted by ITIL, ISO, Six Sigma and other standards organizations - smacks of high-priced consultants and esoteric concepts that don't necessarily translate into concrete productivity gains. MSB managers may also erroneously believe that best practices deliver high ROIs only when implemented on the scale of a major corporation.

### Besides, as Frank Hayes once wrote in *Computerworld*:

*"We haven't taken that dive into best practices because, well, how could they be that much better than what we already do? After all, we know our jobs. We're good at them. And we resist and resent the idea of some best-practices guru telling us we don't know what we're doing."*

This is a misperception. There is strong evidence that even small companies can achieve substantial ROI through the types of best practices described in ITIL literature and elsewhere. In fact, since MSBs often face tighter IT resource constraints the positive impact of improved use can be even more pronounced for smaller companies.

## Lack of internal best-practices expertise

While even the smallest IT departments typically have technicians with at least basic Microsoft and Cisco certifications on staff, best practices expertise is virtually non-existent among MSBs. Fortunately, this lack of expertise can be easily overcome. Best practices documentation, training and electronic courseware are readily available from a variety of sources. Significant business benefits can be achieved by gaining knowledge about best practices - and acting upon that knowledge - in stages. MSBs can easily get up to speed on specific aspects and target the "low-hanging fruit."

## Lack of enabling technology

While technology tools do not typically represent the biggest cost, a lack of appropriate tools can make it virtually impossible to implement key best practices. IT staff must be able to perform certain tasks in a highly disciplined and automated way. Often, the ability to execute certain tasks remotely is essential. Without the necessary tools, the efficiency and repeatability of best practices may be unattainable.

This does not mean that a move to best practices will bust an MSB's software budget. Investments in best practices-enabling technology does more than just reduce overall IT costs; it can actually reduce the overall expenditures on IT management tools.

None of the apparent obstacles MSBs face are insurmountable. With the commitment and the appropriate supporting resources, IT departments of any size can significantly improve their cost-efficiency and the magnitude of the value they deliver to the business.

# Becoming a Best-Practices IT Team

Here are a few key concepts to bear in mind if you have an MSB IT department that you'd like to see gain the advantages of proven best practices:

## Gain commitment by building a well-defined business case

The implementation of best practices requires commitment. Technicians in the trenches have to be committed, because they're the ones who are going to execute the requisite processes. Executive management has to be committed, because they have to authorize the funds and engagements necessary to enable best practices. Just insisting that there is a better way of doing things is not enough. Define specific goals that are well-aligned with your company's business strategy: specific projected cost savings, improved uptime target, the ability to support an increased number of strategic projects, etc. They should be realistic enough to be achievable, but ambitious enough to be attractive. And remember to accurately measure your current performance. One of the most common mistakes is failing to take a good "before" snapshot which makes it difficult to assess how much better the "after" snapshot looks in comparison.

## Find and tap into the right external resources

If you're looking for outside help, don't think you have to commit to a big-ticket consulting engagement. You can get sufficient training in established methodologies, such as ITIL, to lead your initiative internally. In fact, with today's electronic and on-line manuals and courseware, many MSBs find that they can achieve substantial results without engaging with an external partner at all.

## Be prepared to acquire the necessary technology

Best practices have a lot to do with roles and rules. But every best practices initiative also has a technology component. IT staffs needs appropriate tools for fault and performance monitoring. Those tools have to be scalable and must provide secure remote access to resources across the IT environment. They should also provide the ability to both receive alerts in real-time and analyze historical trends. Just as important, a practical solution will fit easily into the existing environment - rather than requiring a major infrastructure overhaul. It's therefore necessary to assess your existing management technology portfolio and fill the gaps that prevent you from effectively implementing the best practices you want.

## Focus your scope on "low-hanging fruit" first

There's no reason to get hung up on complete ITIL compliance for its own sake. MSBs don't pursue the implementation of best practices in order to gain some sort of official certification or achieve compliance with a set of arbitrary standards. They do it to save money, improve service and beat the competition. Focus on areas where you can chalk up the biggest wins with the least commitment of resources. Incident management is typically where the most significant reductions in downtime - and therefore the most significant bottom-line gains - can be achieved right away. An overly broad initiative with vague long-term goals may peter out before it pays off. A practical, well-focused project will deliver concrete, quantifiable benefits within months and spur further commitment to the next set of operational goals.

By following these simple principles, MSBs can quickly and reliably meet their cost reduction and quality improvement goals. Without such an initiative, IT operations will continue to be driven by events and habits - resulting in operations that are less efficient and processes that are less consistent and reliable than they should be. This means service quality levels are lower than if best practices were put in place.

## Raritan: A Strong Foundation for Best Practices

Raritan's Command and Control Architecture provides a powerful technology foundation for MSBs to implement best practices across their distributed, multi-platform computing environments. Using Raritan's solutions, MSB IT teams can aggregate management of all servers, routers, UPSs and other devices onto a single console - which is critical for enabling best-practice workflows and procedures. Raritan solutions provide administrators with a 360° view, "click-and-control" access, BIOS-level control and the ability to recycle the power to all of a companies IT devices, whether they're at the rack, at their desks, in the NOC or anywhere in the world. The barriers of physical distance that can otherwise limit the ability of MSBs to implement best practices are eliminated.

With Raritan's award-winning management technology portfolio, MSBs can:

- Access IT resources anywhere within seconds to minimize mean time-to-repair (MTTR) and downtime
- Eliminate the complexity associated with managing multiple devices with multiple tools
- Optimize the productivity of technical staff
- Eliminate staff travel time and costs
- Significantly reduce the cost of technology ownership
- Enhance the security of the end-to-end enterprise environment
- Reduce monitor and rack space costs

Over the years, Raritan solutions have proven to be particularly well-suited for MSBs. Straight-forward design, ease of implementation and intuitive operation are hallmarks of Raritan products. They effectively address the real-world needs of MSBs whereas conventional enterprise management platforms tend to be too costly and complex to be practical in the typical MSB environment.

For information on how Raritan solutions can improve effectiveness and efficiency in your IT organization, contact us at **800-724-8090** or visit us on the Web at **Raritan.com**.

## About Raritan

Raritan Computer is a leading provider of solutions for managing IT infrastructure equipment, such as servers and networking hardware, and the mission-critical applications and services that run on it. Raritan's highly reliable and responsive IT management solutions - based on KVM (keyboard, video, mouse) switches, serial console servers, remote connectivity products and management software - allow IT staff to quickly pinpoint problems, access and repair faults, and perform critical administrative tasks from anywhere at any time.

Raritan's solutions are used to manage more than 50,000 data centers and other IT sites around the world. Founded in 1985, Raritan is celebrating 20 years of technical innovation and profitable growth. Raritan has 34 offices worldwide, and its products are distributed in 76 countries.

## About ITIL

ITIL (the IT Infrastructure Library) is the industry's most widely accepted approach to IT Service Management. ITIL provides a comprehensive and consistent set of best practices for IT Service Management, promoting a quality approach to achieving business effectiveness and efficiency in the use of information systems.

ITIL is based on the collective experience of commercial and governmental practitioners worldwide. This has been distilled into one reliable, coherent approach, which is fast becoming a de facto standard.

ITIL implementations are based upon several standard components:

The **Service Desk** is the core functional element of Service Management. It provides a single point-of-contact for end-users and facilitates the restoration of normal operational service with minimal business impact within agreed service levels and business priorities.

**Incident Management** provides the process for restoring normal service operation as quickly as possible and minimizing the adverse impact on business operations, thus ensuring that the best possible levels of service quality and availability are maintained.

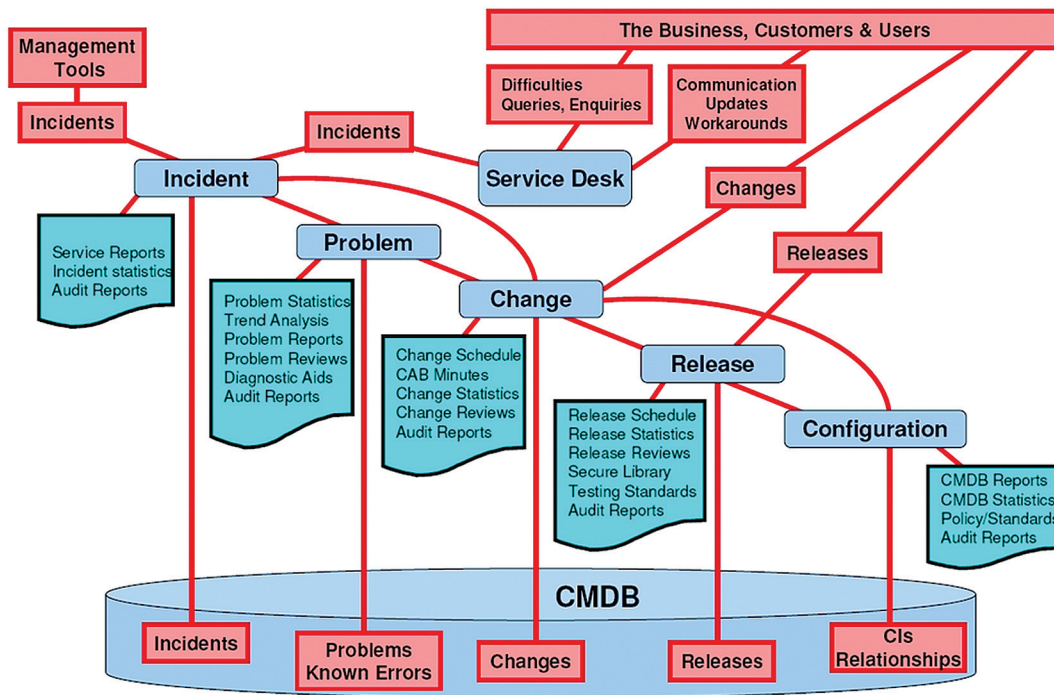
**Problem Management** minimizes the adverse impact of incidents and problems caused by errors within the IT infrastructure, while also preventing the recurrence of incidents related to these errors. In order to achieve this goal, Problem Management seeks to get to the root-cause of incidents and then initiate actions to improve or correct the situation.

**Configuration Management** provides a logical model of infrastructure by identifying, controlling, maintaining and verifying the versions of all IT assets and configurations. By providing accurate information on configurations to support all the other Service Management processes, this process provides a sound basis for Incident Management, Problem Management, Change Management and Release Management.

**Change Management** ensures that standardized methods and procedures are used for efficient and prompt handling of all changes, in order to minimize their impact on service quality - and consequently to improve the day-to-day operations of the organization. It entails a considered approach to risk assessment and business continuity, change impact, resource requirements and change approval.

**Release Management** protects the live environment and its services through the use of formal procedures and checks to ensure the successful rollout of software and related hardware. It ensures that hardware and software is traceable, secure and that only correct, authorized and tested versions are installed.

It is important to note that under ITIL best practices all these processes are integrated and connected to each other in clearly defined ways. This ensures that all Service Desk functions operate in a coordinated way to fulfill technical objectives and business goals.



ITIL best practices spell out both the guidelines for all Service Management processes and the inter-relationships between those processes