



Enterprise Service Management (ESM)

Adopting and Adapting the Enterprise Best Practices Programs to Survive and Thrive in the Global Digital Economy

An itSM Solutions® LLC White Paper™

This paper describes a five phase approach to adopting and adapting the most widely used best practice frameworks, methodologies and standards to manage and continually improve the Cost, Quality, Compliance, Security, Risk and Continuity of an organizations digital service portfolio.

By

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Three things are certain: first, IT is now at the center of most businesses; second, business is a moving target, third organizations are under attack from those trying to steal the information companies rely on for daily business operations. The demand for coordination across supply chains, functions, markets, and geographies will continue to accelerate, and it will be impossible to respond to this challenge without driving new ways of thinking through corporate ranks.

Information technology is fundamental to corporate success, and IT decisions, like all other business decisions, must consider the value of its contribution to the business. In light of this, a solid, sound business case for IT investments requires mature IT, business and risk judgment. Unfortunately, there are no shortcuts to developing maturity or to developing judgment - both take time and experience. There is only one way to gain traction in these circumstances and that is to apply the collective experience of both IT and its business to the pursuit and execution of a single corporate strategy. In this case the integrated whole is definitely much greater than the sum of the two parts.

Successful IT/business alignment means developing and sustaining a symbiotic relationship between IT and business – a relationship that benefits both parties. This requires that the business recognize IT executives as essential to the development of credible business strategies and operations, and that IT consider non-IT executives equally essential to the development of credible IT strategies and operations.

In order to support this new IT/business model, IT needs to transform the traditional Business - IT paradigm from one focused on technological value to one focused on service value. This service provider paradigm

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encompasses enterprise best practices using the perspectives of people, process, technology, organization, and integration. The following attributes depict the transformation of a traditional “business - IT paradigm”:

Traditional I/T	<i>becomes</i>	Service Focused - IT
Technology Focus	→	Process Focus
"Fire-Fighting"	→	Preventative
Reactive	→	Proactive
Users	→	Customers
Centralized, Done In-House	→	Multi-Sourced
Isolated, Silos	→	Integrated, Enterprise-Wide
"One Off", Ad Hoc	→	Repeatable, Accountable
Informal Processes	→	Formal Best Practices
IT Internal Perspective	→	Business & Risk Perspective
Operational Specific	→	Service Orientation

Table 1

Transforming to What?

One of the definitions of ***transformation*** is “...a change in form, appearance, nature or character”; a synonym is ***renewal***. This begs the question, “How does one achieve fundamental renewal in the absence of a crisis? What crisis is both the enterprise and IT facing today? In other words, what is driving this transformation?”

In 2004, Dave Nichols presented “The Internal Outsourcer” at the IT Service Management Forum’s US conference in Long Beach, CA. The presentation provided an executive’s view of how the ubiquitous use of technology along with the enterprises demand for high quality secure digital services was creating the need for IT to transform itself into a service provider integrated into the enterprise or mission value chain.

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He introduced the concept of the “internal outsourcer” to illustrate how a technology-focused organization could, through the adoption of widely used best practice frameworks, methodologies and standards, become an internal service provider responsible for maintaining sourcing relationships, both internal and external. The presentation went on to position Enterprise Service Management (ESM) as a descriptive framework that would enable IT and its business clients to begin the transformation into an internal service provider.

Recent reports from the major business consulting firms examined long-term trends in IT. The reports concluded that over the next several years IT would transform itself into a business focused, process-oriented organization delivering the agility and innovation enterprises need to maintain their competitive advantage in the marketplace. In effect, IT would be delivering digital business services that would exploit technology in support of business objectives.

When examined in detail, the reports predicted that IT as we know it will evolve into an Enterprise Services Organization (ESO), integrating itself into the enterprise or mission value chain. The enterprise’s focus will shift from Return-On-Investment (ROI) on technology projects to total business value delivered to the enterprise or mission. In turn, IT will shift its focus from the internal delivery of technology to the brokering of digital services in a multi-source environment. To support this transformation, the reports also predicted that the IT profession itself will split into four domains; technology, information, process and relationships.

Whether IT evolves into an ESO or into an “internal outsourcer” is more a matter of semantics than a critical differentiator. The fact of the

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matter is that the convergence of several external forces are creating an environment that is forcing IT to change the way it does business with its clients and the value it needs to deliver to the enterprise going forward.

Charles Darwin astounded the world when he theorized, in his book “The Origins of Species,” that species evolved over time in response to their environment through the process of natural selection. Only those organisms that successfully adapt to the environment survive and pass their genes onto the next generation. One could argue the point that natural selection is at work in the business and information technology worlds. History is littered with the bones of successful businesses that failed to adapt to changing marketplaces. IT organizations have shared a similar fate. If IT is going to survive and “pass on its genes,” it needs to adapt to this new ecological niche before the one it currently occupies closes up.

Shaping the Future – Enterprise Service Management (ESM)

Before IT can adapt and transform itself to support this new ESM model, it must rationalize the predictions the reports are forecasting with something that is actionable.

ESM requires that organizations must demonstrate three main characteristics; an unambiguous understanding of their customer’s need, repeatable processes to ensure consistency of execution, and the ability to innovate in a structured manner. In effect this becomes the model for the delivery of business or mission aligned-processes and technology.

In order to achieve an unambiguous understanding of the customer’s needs, IT must, in a structured repeatable manner, define and categorize the enterprise process, technology and capability requirements. The next step is

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to compare these requirements to the existing environment to understand what it will take to achieve and manage the required capability. The provider must do this in the context of governance based on enterprise goals and achievement measured against expected outcomes.

Repeatable processes are required to ensure consistency of execution. This is critical because day-to-day business processes rely so much on embedded technology that failure to execute consistently directly impacts the enterprise's ability to deliver its products or services.

Finally, the service provider must develop a utility grade delivery platform and process management model that is capable of supporting emerging utility based architectures and applications such as Real Time Infrastructure (RTI), Service Oriented Architecture (SOA) and Software as a Service (SaaS). A service provider provides the portal through which the enterprise receives its business enabling technology. The service provider brokers those services irrespective of their source, internal or external. Therefore, the provider can deliver utility grade, business-aligned services as needed, and manage technology investments and innovation in a structured manner.

Underpinning all of this is the need for a model that helps identify what services need to be sourced internally and what services can be sourced externally. This model will provide the guidance the enterprise needs to classify the services and processes that are critical to quality service delivery and differentiation in the marketplace (See Figure 1). The internally sourced services are prime candidates for investment, as they are critical to the success of the business. The business may source other activities according to

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the capability of the enterprise using established sourcing policies and guidelines such as Carnegie-Mellon's eSCM capability model.

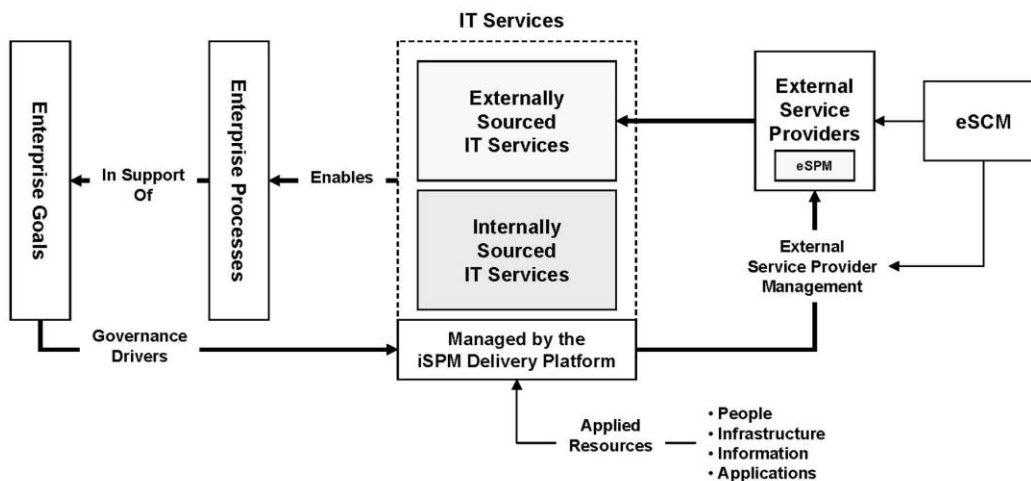


Figure 1

Frameworks, Methods & Standards

In order to support this new ESM model, IT needs to transform the traditional Business – IT paradigm from one focused on technological value to one focused on service value. This service provider paradigm encompasses widely accepted IT best practice frameworks, methodologies and standards using the perspectives of people, process, technology, organizational change, and integration.

ESM as we know it is more than just the processes described within the IT Infrastructure Library (ITIL). ESM requires the coordinated design and management of several widely accepted frameworks, standards and methods as part of the business value chain.

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Today, IT executives are presented with a wide variety of service management options (See Figure 2) each being promoted as the “silver bullet” to IT’s transformation problem. Over the years, frameworks such as ITIL®, CobiT, PMI Body of Knowledge (PMBOK), and most recently the NIST and RESILIA™ frameworks for cyber security have been combined with methodologies like Prince 2, ISO 20000, 27001, 31000 and 38500 as the solutions to the problems facing modern IT.

Why are there so many frameworks, methods and models? Good question; and the only answer that makes sense is that each addresses a particular set of problems from the viewpoint of its creator. In other words, each of these is a nail to someone’s hammer.

When examined carefully, one discovers that there is significant overlap between these frameworks, models and standards. So, while created from different viewpoints, they all address a similar set of IT problems. The end result is a mish-mash of framework’s, models and standards with designed to support the end game of an ESM organization delivering digital solutions aligned with the needs of the business.

itSM Solutions Enterprise Service Management (ESM) Model

The itSM Solutions ESM model integrates six IT practice areas in support of enabling an ESM program (See Figure 2). IT practice areas include

<u>IT Practice Area</u>	<u>Framework, Method or Standard</u>
IT Governance	Cobit Framework, ISO 31000
IT Service Management	ITIL® Framework
IT Project Management	PMI Framework, Prince 2 Method

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IT Security Management

NIST Cyber Security Framework

IT Risk Management

RESILIA™ Cyber Risk Framework

IT Quality Management

Lean Six Sigma Methodology

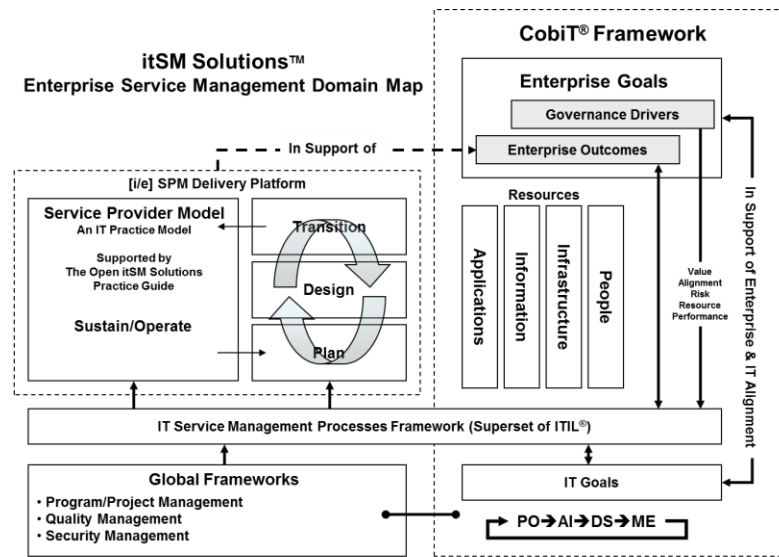


Figure 2

CobiT provides the context for the reference model integration. Its 34 IT processes provide the high-level framework to govern the planning and organization of IT resources in support of organizational business goals.

ITIL® provides a lower level framework describing the process controls and monitoring capabilities required to enable an enterprise service management program.

When combined, CobiT and ITIL should be viewed as descriptive frameworks that address what an IT organization should be doing to enable the organizational capability of ESM. CobiT and ITIL also provide guidance on other frameworks, methodologies and standards that fill out the remaining pieces of an effective enterprise service management program.

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itSM Solutions ESM Training and Mentoring Services

itSM's approach to ESM teaches organizations how to manage and continually improve its digital service portfolio in terms of service cost, quality, compliance, security, risk and continuity.

itSM ESM training and mentoring programs deliver a systemic structure for thinking and planning along with the knowledge, skills and guidance to:

- **Secure** management commitment and funding for the program
- **Select** a core leadership team that will create actionable ESM plans using well accepted frameworks methods and standards
- **Condition** the enterprise for the adoption of this new organizational capability
- **Empower** the organization for the adaption of this new capability the organizations multi-source operational environment.
- **Institutionalize** the program with Human Resources to ensure its success into the future.

Phase 1 focuses on securing the funding for the program by educating the executive team on the value ESM brings to an organization in terms of managing service cost, quality, compliance, security, risk and continuity. Target audience, objectives and training programs include:

Organization Role	Objectives	Training Programs
CEO, CFO, CIO, CISO CRO, CCO, PMO Director, SMO Director, Governance Director	This set of programs will help the executive team better understand the benefits and value of adopting an ESM best practice program	IT Best Practice Executive Overview IT Best Practice Executive Simulations

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Phase 2 focuses on selecting and training through a series online, advanced blended learning trainings and mentoring workshops the ESM leadership team that will participate in the organization assessment and creation of the ESM plan. Target audience, objectives and training programs include:

Organization Role	Objectives	Training Programs
Process Owners, Service Owners, Change Mgrs. Operation Mgrs. CSI Mgrs. Business Analysts	This program will train and certify at the Expert level the leadership team of the ESM best practice program. These key contributors will assist in developing the roadmap plus become the primary thought leaders and evangelists for the ESM best practice program	ITIL® Training RESILIA Training Prince 2 Training NIST Training Cyber Security Training Planning to Change Workshop Assessment Workshop Simulations

Phase 3 focuses on conditioning the organization for ESM change via a series of online training and mentoring solutions. Target audience, objectives and training programs include:

Organization Role	Objectives	Training Program
All IT staff, senior leadership, stakeholders and supply chain partners	This program will provide basic training and certification for those who will play passive and active roles in an ESM program. This certification will also provide a portion of the student population the base certification they need to advance to phase 4 specialist training	Passive Roles ITIL Awareness RESILIA Awareness Active Roles ITIL Foundation ITIL Simulation RESILIA Foundation RESILIA Simulation

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Phase 4 focuses on empowering the organization for ESM change via a series of online, advanced blended learning training and mentoring workshops. Target audience, objectives and training programs include:

Organization Role	Objectives	Training Programs
1st Line Mgrs. Process & Service Owners Architects & Strategists Operation & System, Analysts Business & Quality Analysts Program & Project Managers Operation & Change Mgrs. Service Level & CSI Mgrs. Tool Administrators	Gain hands on specialist capabilities in ESM best practices	ITIL Foundation & Practitioner ITIL Intermediate RESILIA Foundation RESILIA Practitioner Prince 2 Foundation Prince 2 Practitioner IIBA Business Analysis ISO 27001, ISO 31000 Security User Awareness Cyber Security Training Mentoring Workshops Simulations

Phase 5 focuses on institutionalizing the ESM program with Human Resources so the organization has a program to train new hires and to promote those practicing ESM. Target audience, objectives and training programs include:

Organization Role	Objectives	Activities
HR Manager	Establish new HR Policies in the areas of recognition, rewards hiring, promotions & role based career development	Setup both eLearning and role-based Blended Learning ESM best practice training solutions for new and existing employees

Summary

Three things are certain: first, IT is now at the center of most businesses; second, business is a moving target, third organizations are under attack from those trying to steal the information companies rely on for daily business operations. The demand for coordination across supply chains,

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functions, markets, and geographies will continue to accelerate, and it will be impossible to respond to this challenge without driving new ways of thinking through corporate ranks.

The itSM Solutions five phase approach to ESM enables enterprises to adopt and adapt the most widely used best practice frameworks, methodologies and standards to manage and continually improve the Cost, Quality, Compliance, Security, Risk and Continuity of its digital service portfolio.

itSM Solutions lifelong learning and mentoring programs deliver a systemic structure for thinking and planning along with the knowledge, skills and guidance to:

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About itSM Solutions LLC

Founded in 2002, itSM Solutions LLC is the creator of Enterprise Service Management (ESM) model, a unique and effective approach for the integration and operation of well accepted best practice frameworks, methods, and standards as part of the enterprise or mission value chain. The ESM suite of training, certification, mentoring and staffing solutions provide a prescriptive approach for the adoption of ESM best practices by helping organizations adopt a systemic structure for thinking when planning, designing and deploying IT Services and the skills and staffing to operate as an IT service provider integrated into the enterprise value chain.

About the Authors

David Nichols is the President and CEO of itSM Solutions LLC, an ITSM consulting and training company. He has over 25 years experience in Information Technology. As an early adopter of the IT Service Management processes as described in the IT Infrastructure Library (ITIL), he has utilized his hardware and software engineering background as a foundation for implementing sweeping changes in how IT Services are delivered at several fortune 100 companies in the US. Working closely with the executive management teams, David has helped the strategic goals of the IT organization with those of the company and develop a more effective IT Strategy. Strategies that are customer focused, process-oriented and cost/performance optimized, and help business and IT organization establish the value of IT Services. David holds ITSM Service Manager certification.

Rick Lemieux is a managing partner and the Vice President of Business Development. He is responsible for overseeing the company's Sales, Marketing & Business Development programs. Rick has been involved in selling IT solutions for the past 33 years. Prior to itSM, Rick, an early proponent of ITSM and ITIL, led the Sales and Business Development teams at software companies focused on automating the best practices guidance outlined in ITIL. Rick holds a Foundation Certificate in IT Service Management and was recently identified as one of the top 5 IT Entrepreneurs in the State of Rhode Island by the TECH 10 awards.