



# Best Practices for Measuring the ROI of ITIL



**August 24, 2006**

**Presented by:**

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Reg Lo, VP Eastern Region, Third Sky**

## **Conference Call**

**U.S. & Canada:**

**US/Canada Dial-in #:  
888-486-0478**

**Outside U.S. & Canada:  
1-706-758-2727**

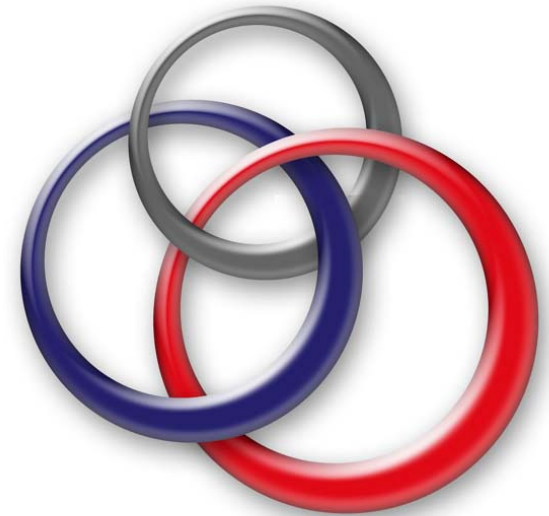
**Event #:**

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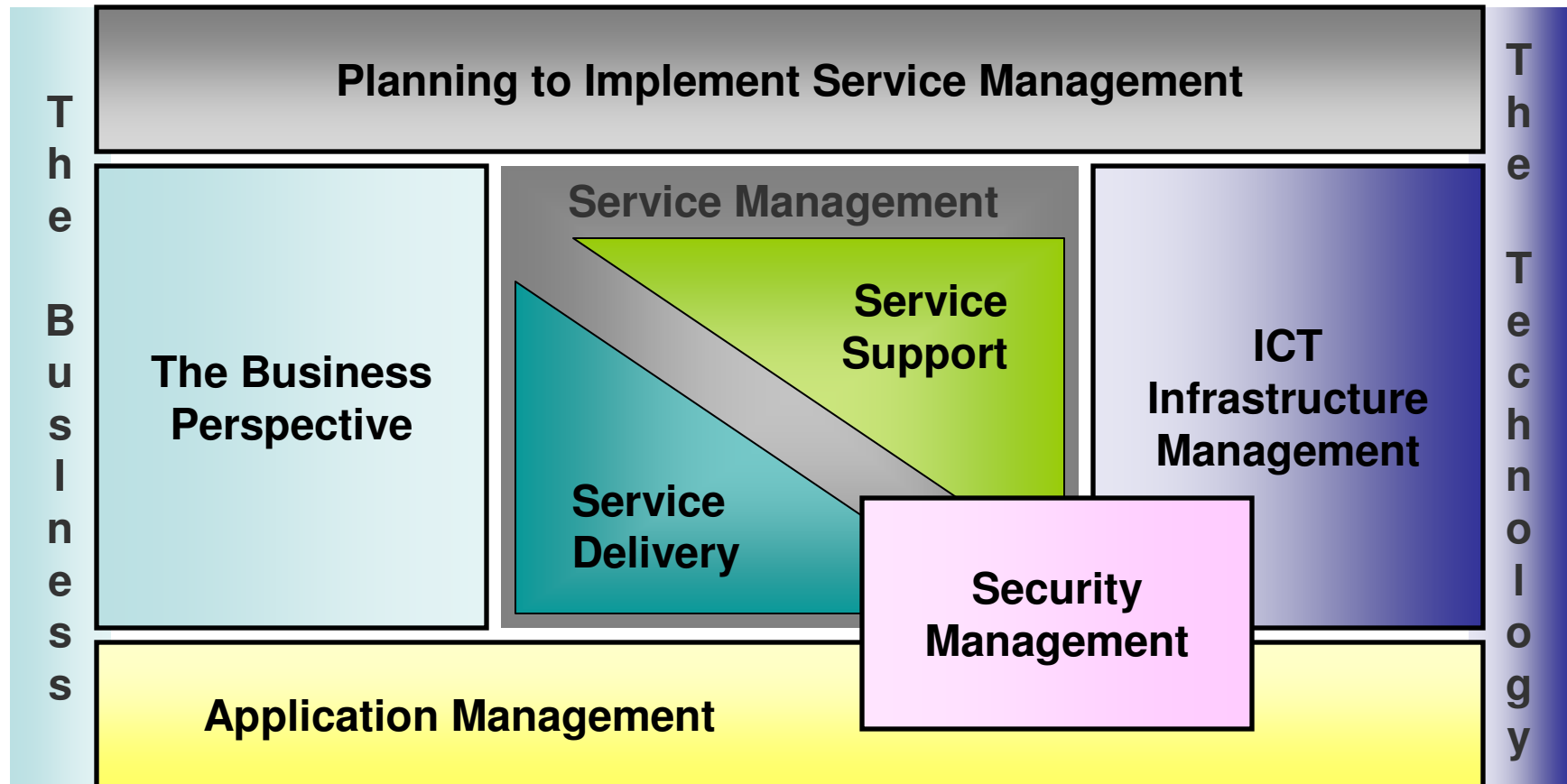
# Agenda

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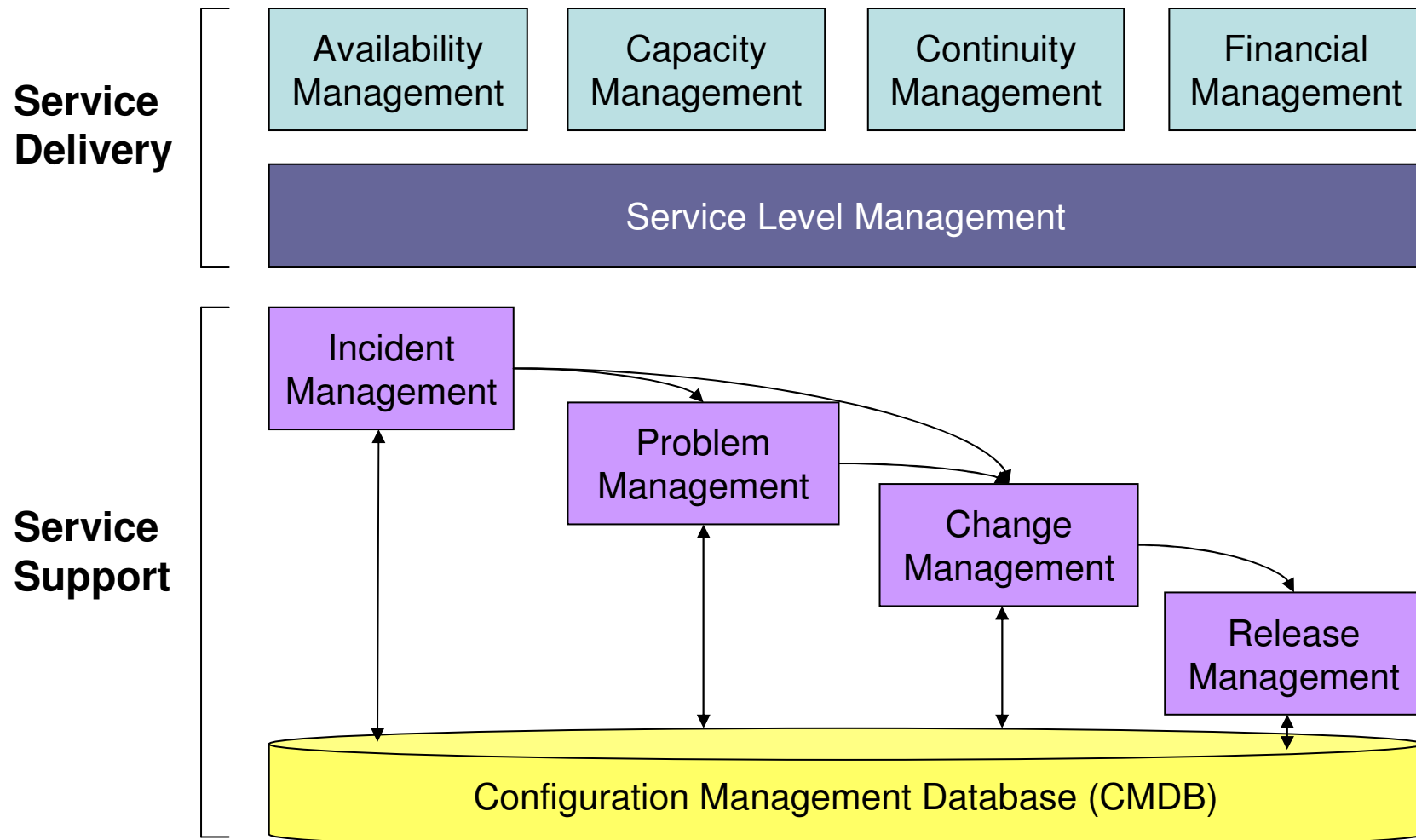
- Introductions
- **Brief Overview of ITIL**
- Metrics and Quality Management
- Creating a Metrics Baseline
- Aggregating and Correlating Metrics
- Connecting Metrics to Real world Performance
- Real-World Examples of ROI Metrics
- Questions and Answers



# Overview of ITIL



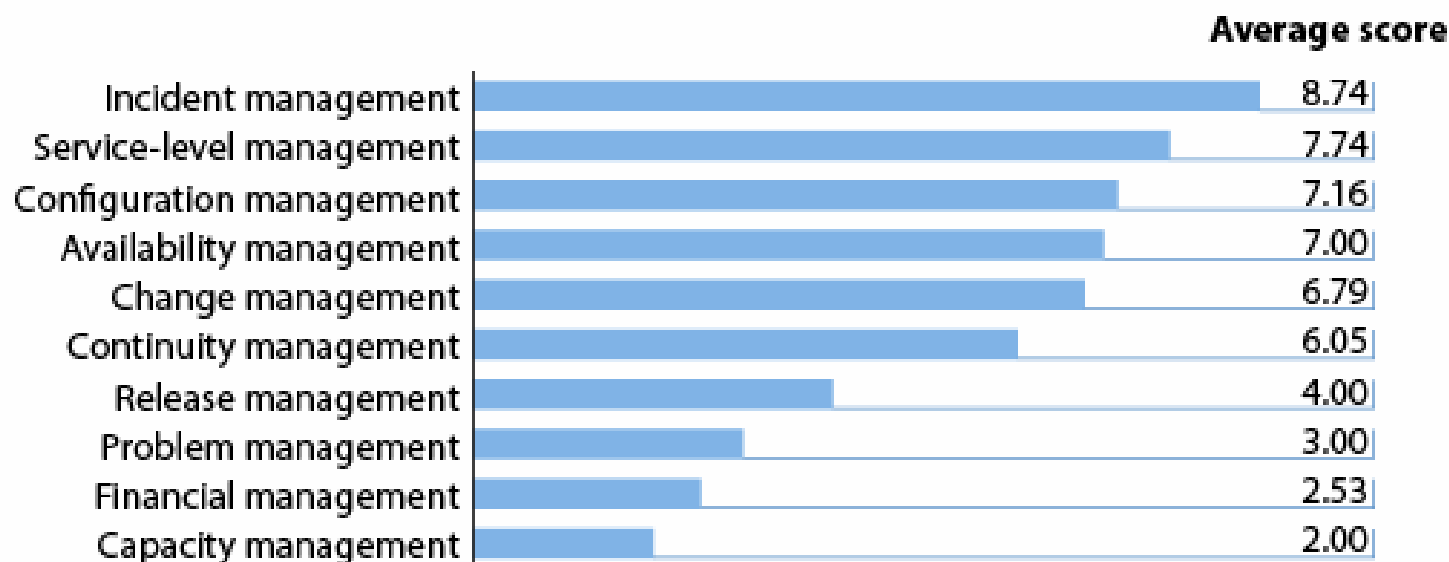
# Service Delivery & Service Support



# The ITIL Processes\*

FORRESTER®

**"Please rank the importance of the ITIL processes for your overall IT service delivery process."**  
(1 [least important] to 10 [most important])



Base: 19 IT managers at \$1 billion-plus companies

\* Forrester IT Asset Management, ITIL, And The CMDB:  
Paving The Way For BSM, October 2005



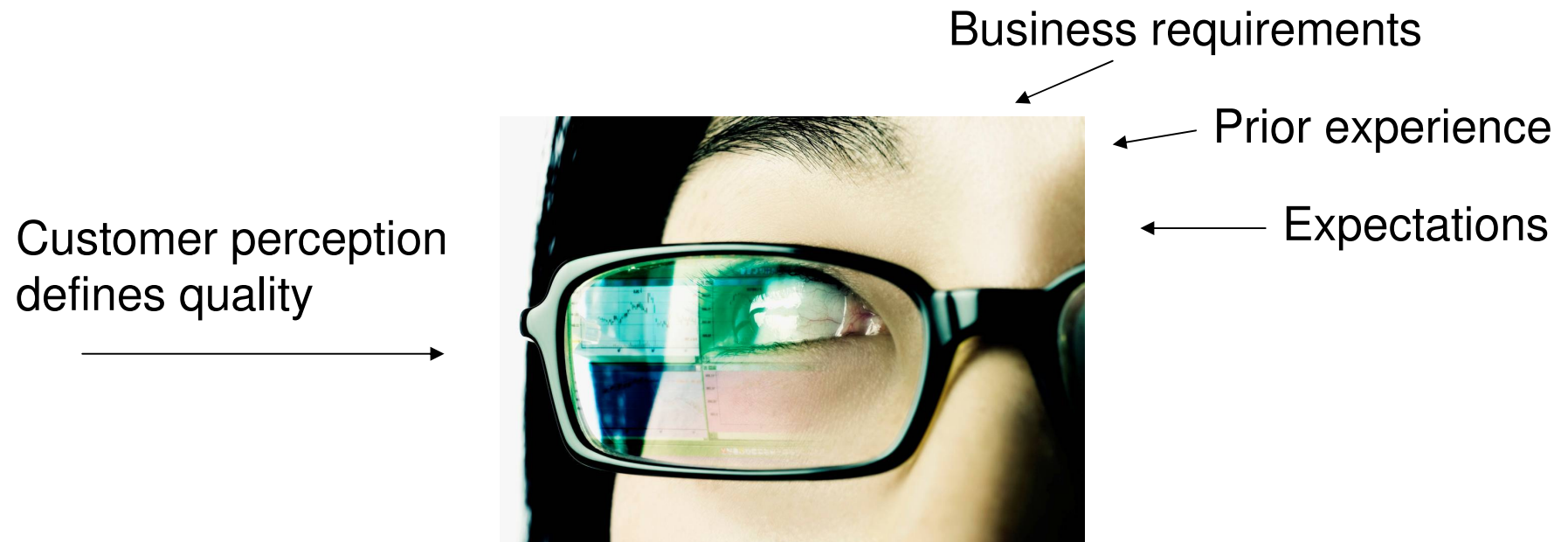
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# What is a Quality Service?

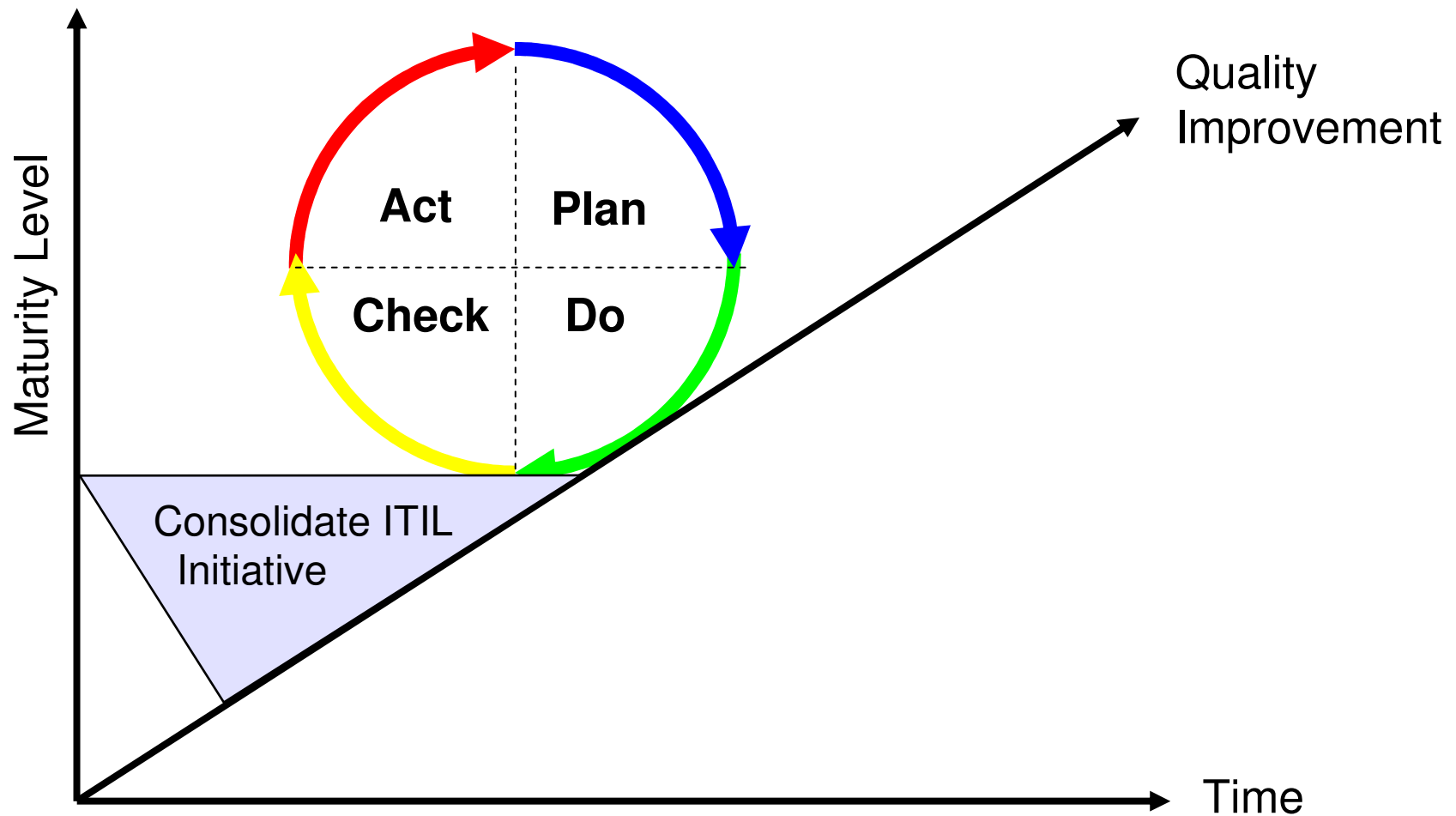
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Definition of good quality constantly changes

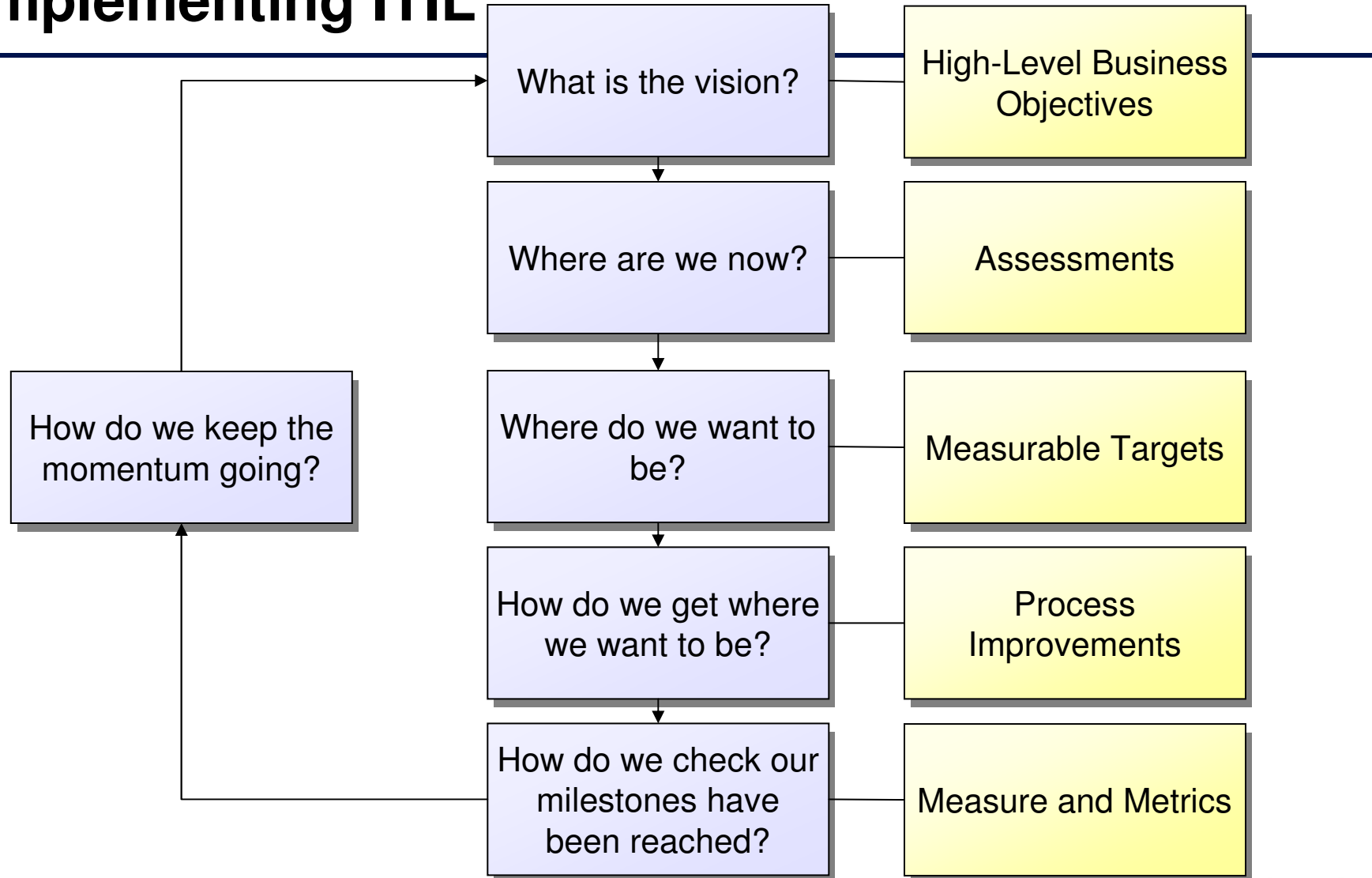
Need to automate how quality is measured

# Deming's Quality Circle





# Implementing ITIL



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# Establishing the Baseline

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## Process

## Incident Management

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### Critical Success Factors

- Quickly resolve incidents
- Maintain IT service quality
- Improve IT and business productivity
- Maintain user satisfaction

### Key Performance Indicators

- Reduction in time to respond/resolve
- Increase resolutions by first line staff
- Increase resolutions by first call

# No Baseline?

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- Benchmarking
  - Compare to industry norms based on external organizations that provide similar services
  - Direct comparisons with similar organizations
  - Comparison with other systems or departments within your organization
- Benchmarks builds customer's trusts that the organization is a good I.T. service provider

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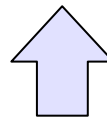
# Aggregating Metrics

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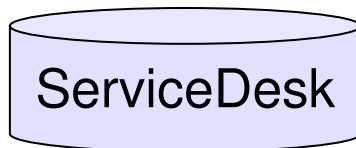
**Customer**



Perception of service quality



Aggregate disparate metrics in  
a meaningful fashion



- Incident resolution time



- Application monitoring
- Network monitoring

# The need for correlating metrics

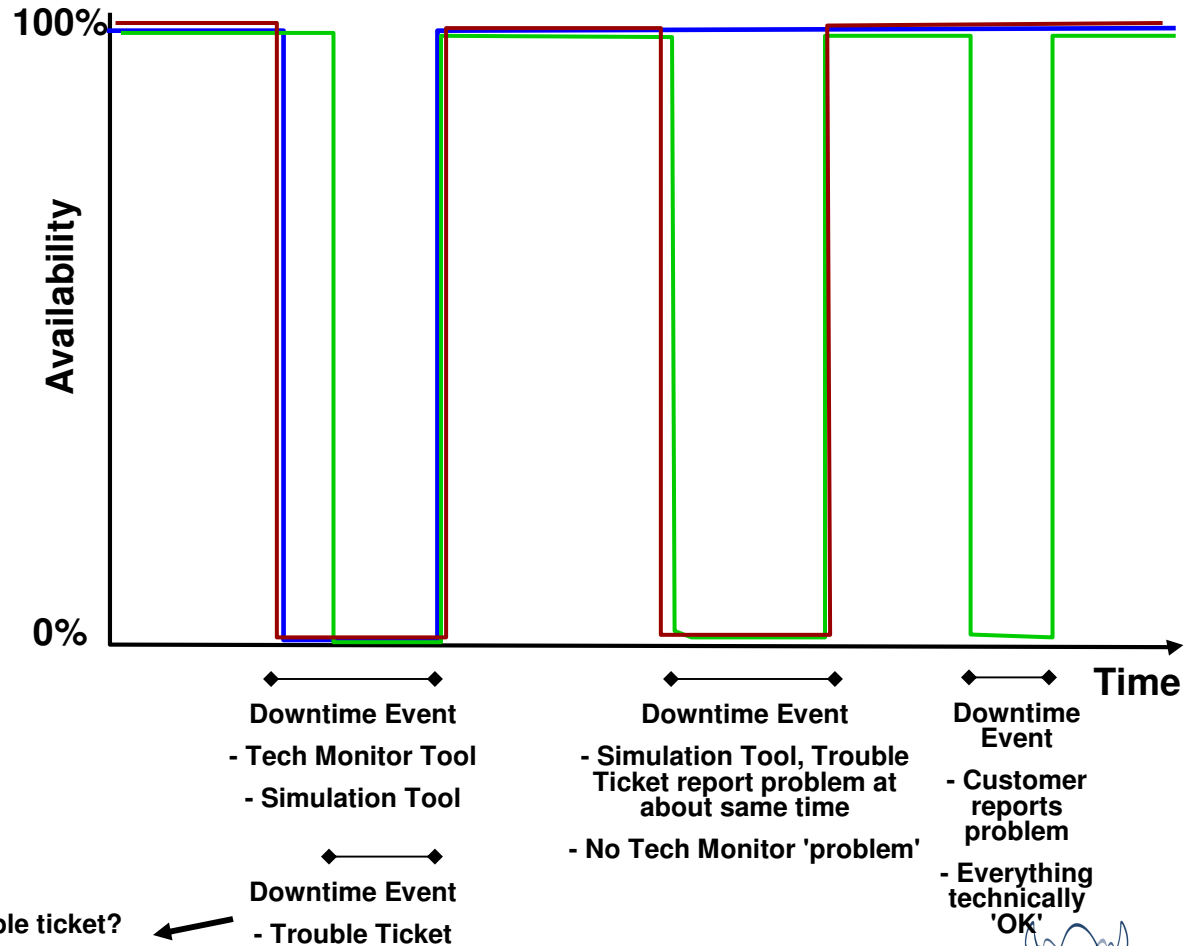
## Business Logic Example

SLO: “App will be available minimum of 95% during business hours”

Technical Monitoring Tools

Trouble Tickets

User Experience Simulation Tool



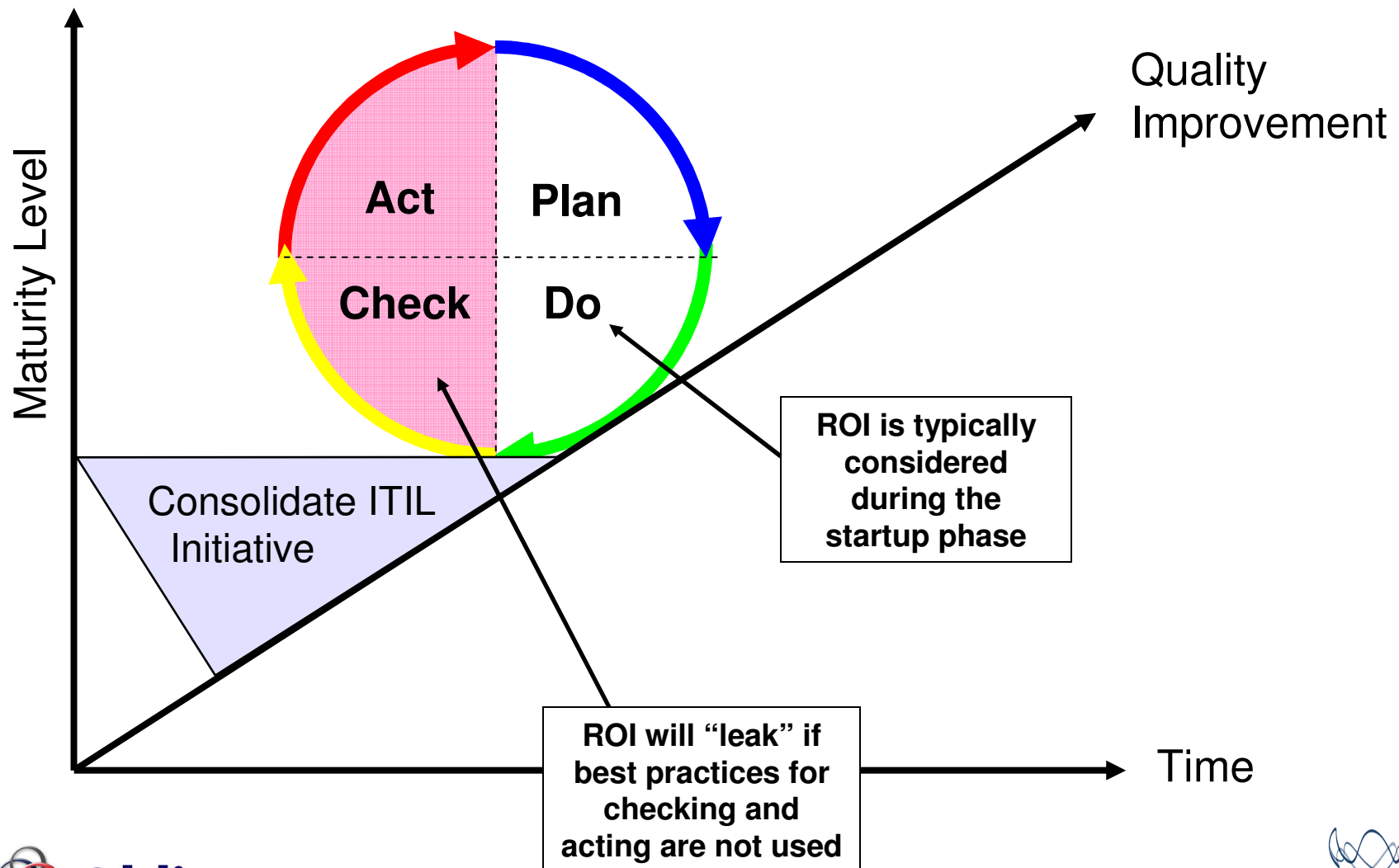
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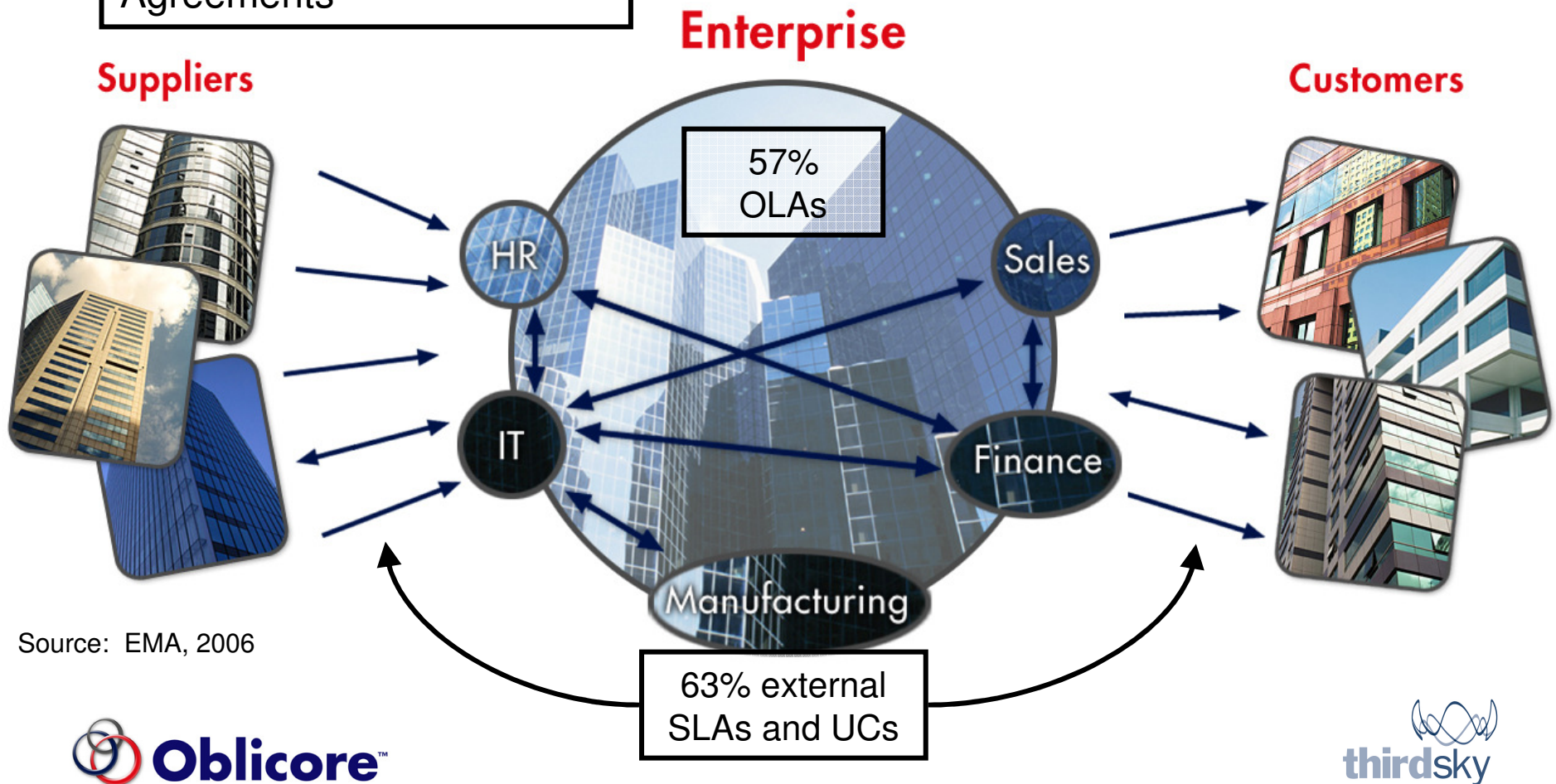


# Quality Relies on Constant Feedback



# Execution & control requires use of SLA's

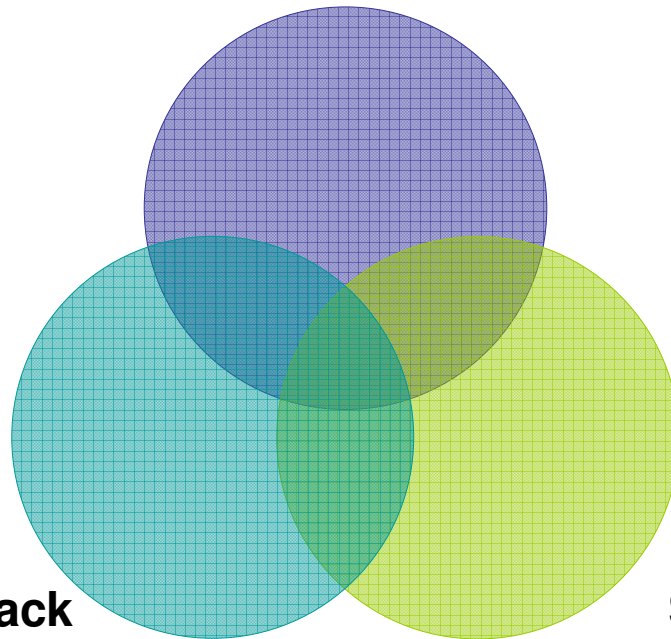
72% of enterprises have implemented Service Level Agreements



# Many ways to lose ROI operationally in ITIL

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Agreement Framework



Real Time Feedback

Standardization



# Agreement Framework

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## Customer



Perception of service quality



## Company



Delivery of Service



- Customer perception influenced by time of incident, current frustration levels, items out of “company” control.
- The customer and company require a way to operationalize the ITIL framework
  - Agreed service
  - How the service measured

### ROI Influence:

- Reduce time associated with dispute
- Reduce time associated with negotiation



# Standardization

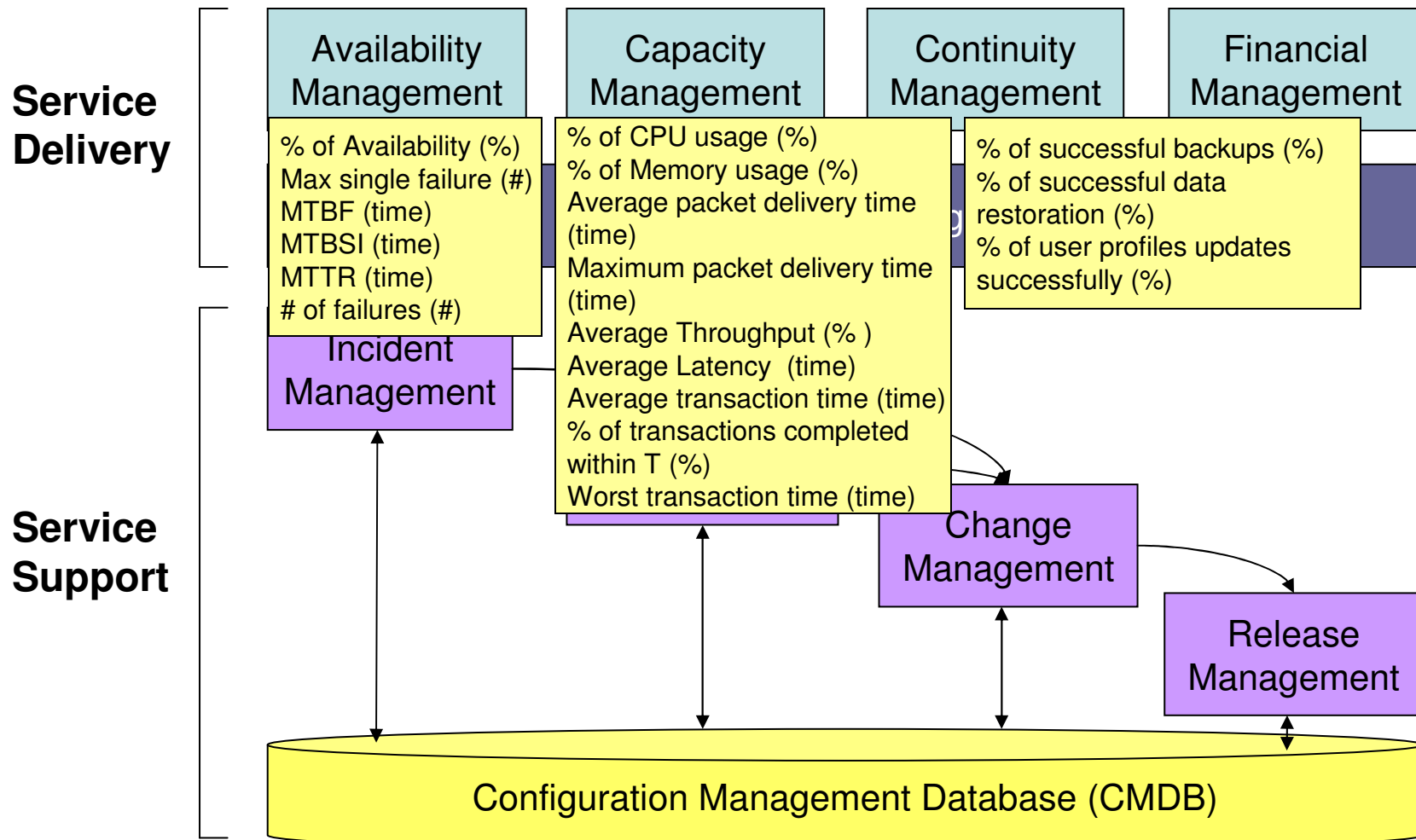
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- Just as ITIL creates a standard library of IT processes
  - Way's to measure can be standardized
  - Creates uniformity across customers
  - Creates ITIL culture
  - Enables ability to revise contracts
- Tightening quality is created through
  - Additional metric/KPI's
  - Tighter SLA's

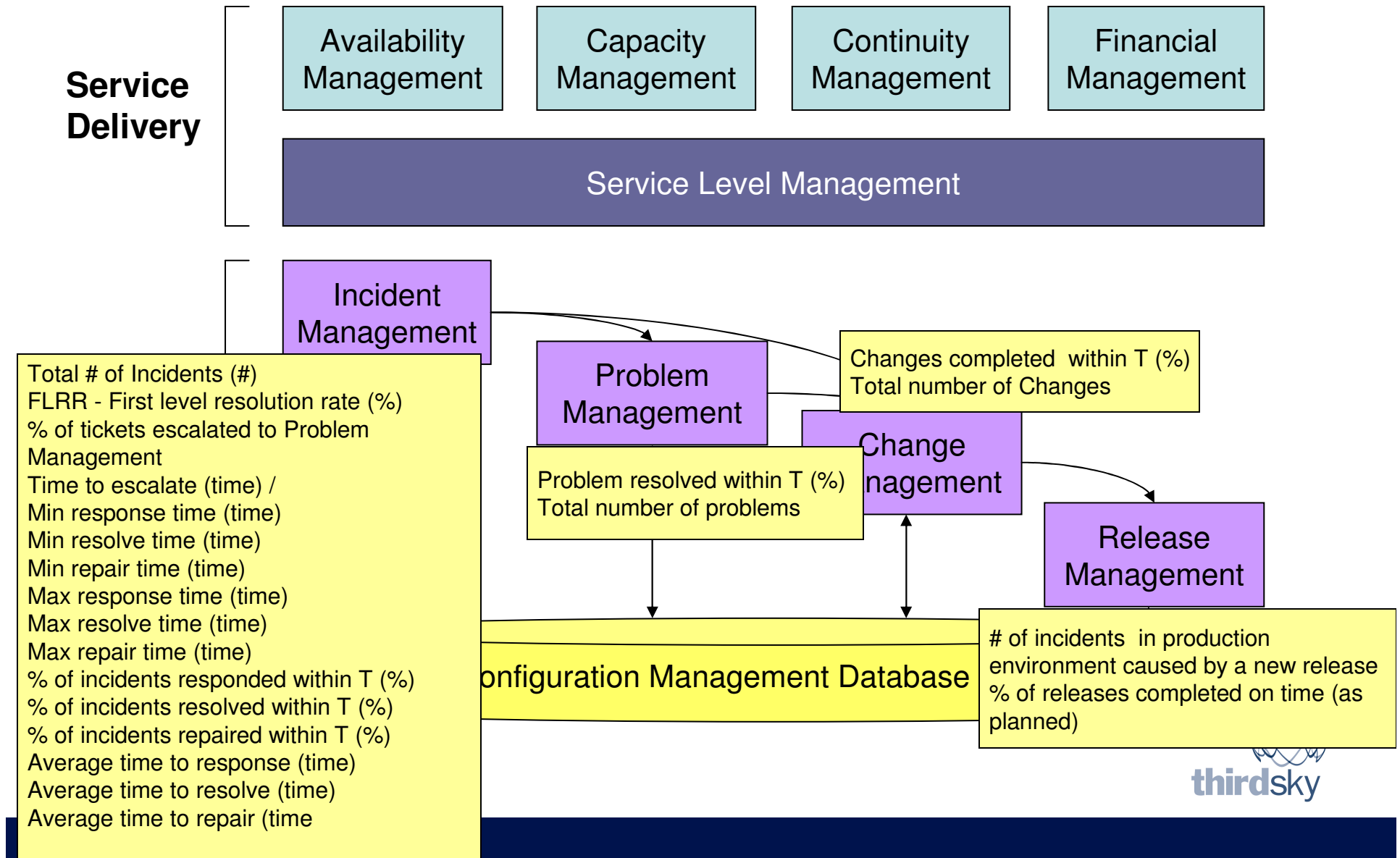
**ROI Influence:**

- Reduce time associated with negotiation

# Sample Service Delivery & Service Support Measurements



# Sample Service Delivery & Service Support Measurements



# Real time measurement of SLA's

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- SLA performance requires feedback against plans
- Traditional approaches to data collection are expensive and time consuming
- Time lag reinforces a periodic approach
- Movement is towards using ROI as an ongoing dashboard
  - Breach Root Cause Analysis
  - Impact analysis

## ROI Influence:

- Perpetual ROI
- Cost associated with data collection and analysis

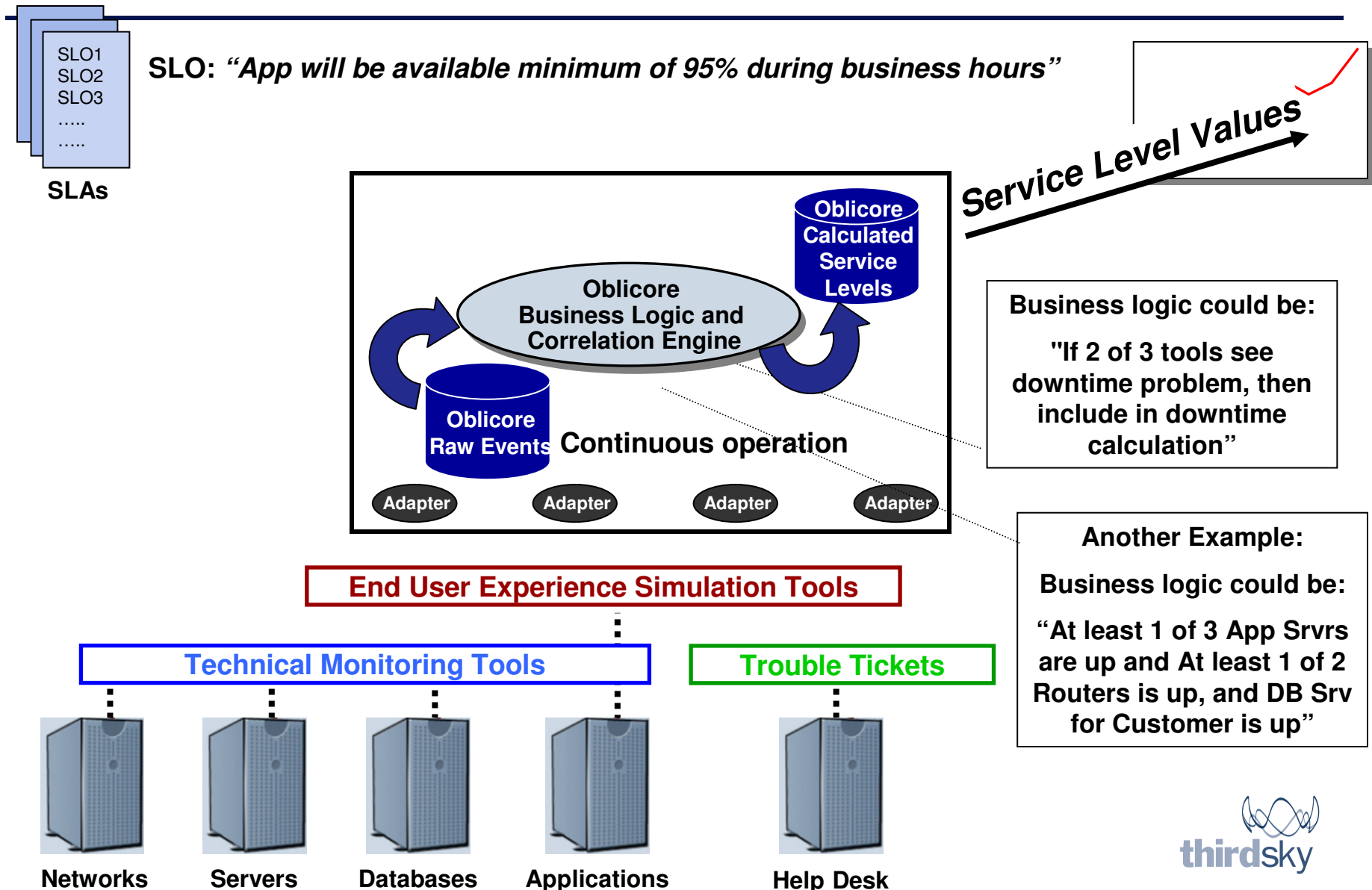


# How SLAs were historically managed

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# Business Logic is Essential



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# Approaches for Calculating ROI

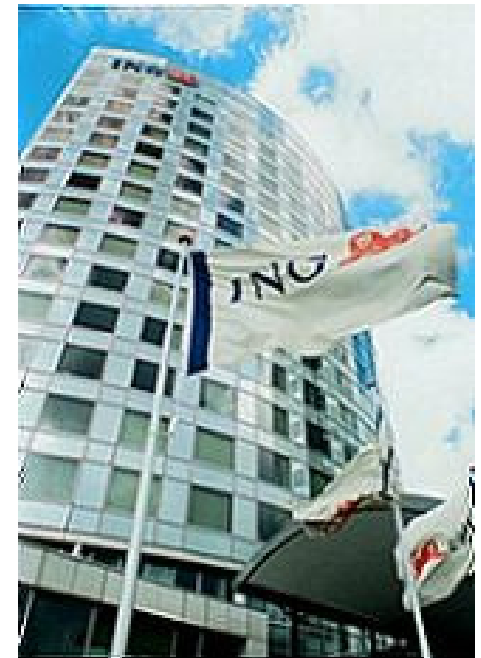
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- Revenue loss
- Cost of lost employee productivity
- Direct costs associated with correcting disruption
- Increase ability to provide more/better service
- Fines and lawsuits due to regulatory non-compliance

# Case Study: ING



- World's 5<sup>th</sup> largest financial services company
  - €6.0 billion in net profit in 2004
- Challenges
  - Data center relocation from UK to sites in Netherlands and Belgium
  - Implement ITIL procedures for SLM
  - Manual SLA reporting cumbersome
- Results
  - Minimal disruption in IT service availability during data center migration
  - ITIL processes – SLAs, Service Catalog
  - Fully automated SLA reporting



ING HQ,  
Amsterdam, Netherlands

# Questions?

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## FOR FURTHER INFORMATION



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For details, please view our white paper, "The Strategic Role of ITIL in the Oblicore Ecosystem"

at:

[http://www.oblicore.com/resource\\_library/white\\_papers.php](http://www.oblicore.com/resource_library/white_papers.php)



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Call for details on our recommended 1-day Intensive ITIL ROI Workshop

Great for:

- Building the business case for a broader ITIL implementation
- Assessing the success of your ITIL initiative

