



How Can We Demonstrate ROI When Adopting A Best Practice Framework?

Troy DuMoulin

Vice President, Professional Services, Pink Elephant
t.dumoulin@pinkelephant.com



Jennifer Wels
IT Management Consultant
Pink Elephant



Den Jones
Senior Manager of IT Service Management
Adobe Systems

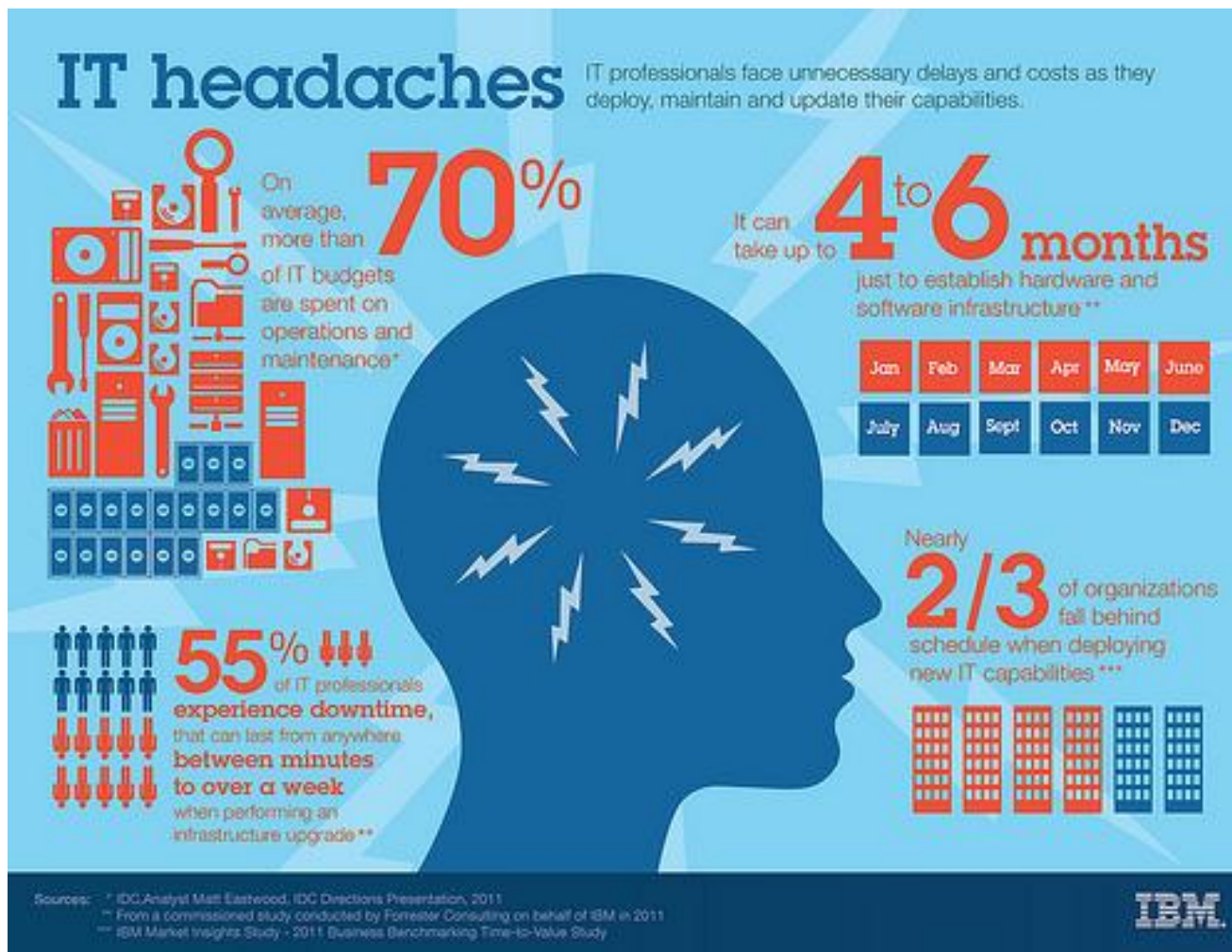
How Do We Answer The ROI Question?

There are many Frameworks and Standards to help us improve our effectiveness and efficiency.

When pursuing any of them we must be able to answer the question “what will be the ROI?”

- Is this familiar to you? If so, how have you been handling the response?
- What really is the business justification for adopting best practice frameworks such as ITIL® or COBIT®?
- Do all processes need to be near perfect or at least rate high on a process maturity scale to make the effort worthwhile?
- Is the process maturity scale itself relevant to the business?

The IT Image Problem



The Value & ROI Of ITIL?

It Is Not What You May Think – IT Skeptic

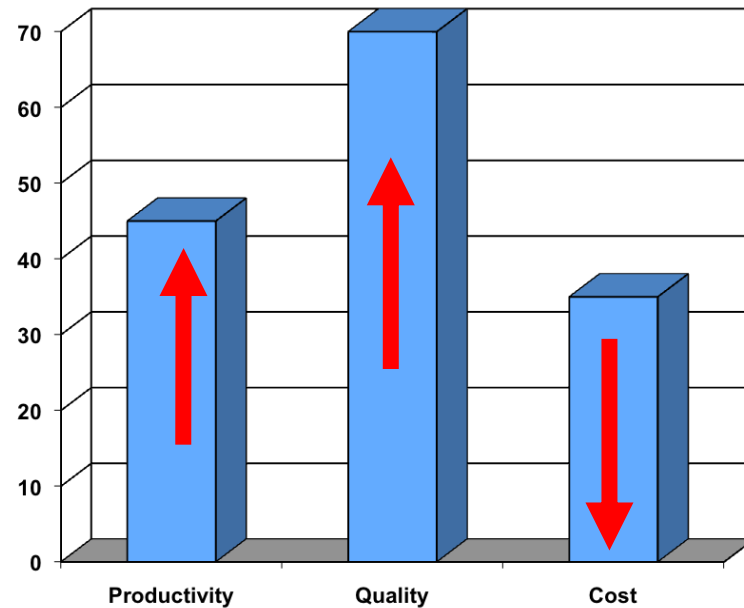


- ITIL is not a method or an approach. ITIL is a reference framework, a benchmark of what ITSM would look like in the perfect world with infinite time and money
- ITIL is a tool for improving ITSM like a hammer is a tool for building a house
- So, the ROI of ITIL? The returns on ITIL are:
 - The value of a framework in guiding our IT initiatives versus the costs of inventing our own framework or standard
 - The value of "out of the box" descriptions as a starting point or input to our own descriptions
 - The value of having some independent source of definitions to reduce argument

IT Skeptic

Balanced View Of ROI & Productivity

- Productivity
- Quality
- Cost Savings



$$\text{ROI} = \frac{(\text{Gain from investment} - \text{Cost of Investment})}{\text{Cost of Current State}}$$

Thank You!



Session Evaluation

Please take a few minutes to fill out an evaluation on this session. We greatly appreciate your feedback!

<http://pinkforum12-6b.questionpro.com>



APPENDIX

Business Case Development

Executive Checklist:

- What is the benefit of ITSM?
- How does it benefit the business?:
 - Link To Strategic Goals?
 - Improved Productivity?
 - Reduction of risk of current practices?
 - Improved efficiencies
 - Return on investment?
 - Reduction of cost?

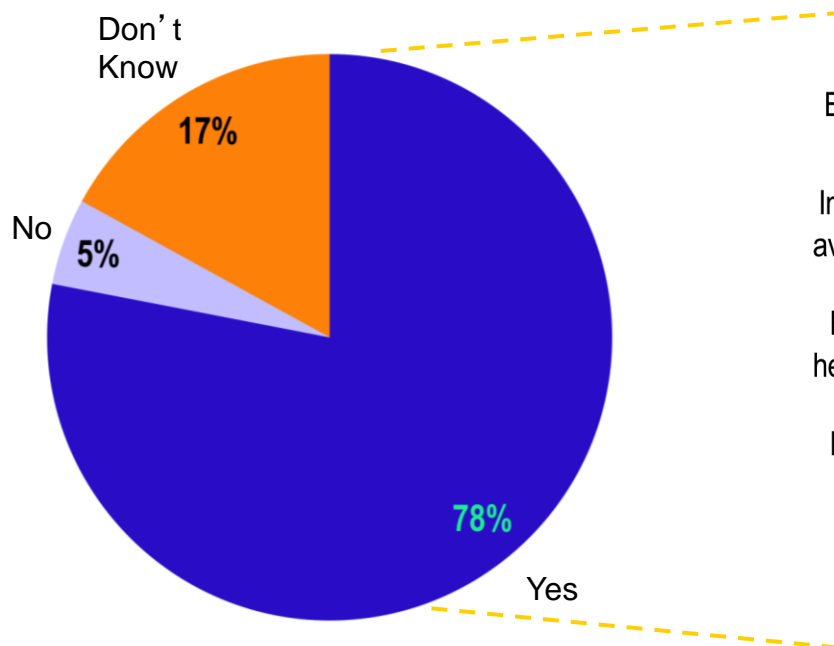


Examples Of IT Waste

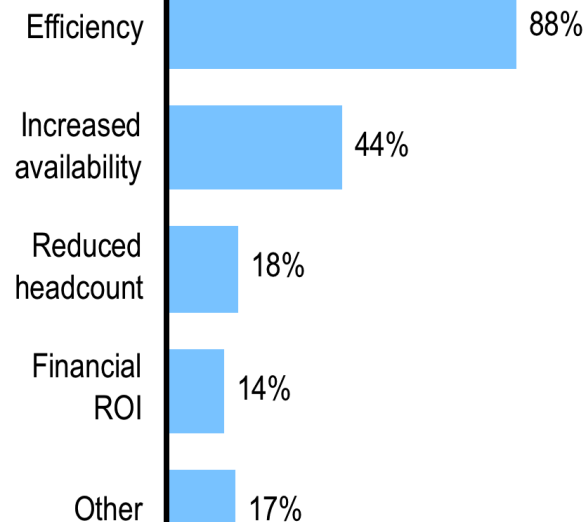
- Multiple Service Desks all with their own tools and separate processes
- Massive amounts of wasted server capacity due to a lack of capacity and demand management
- Redundant and duplicate IT Management tools being purchased by various IT departments in the same organization
- Shadow IT groups and stealth data centers being built by “independent” parts of the business
- Multiple Change Management Processes due to political boundaries
- A willingness to solve the same incidents 1000's of times without looking at the root of the problem
- Losing track of 10's of thousands of dollars of IT assets due to poor tracking controls and inventory processes
- Supplier contracts expiring without knowledge until an incident occurs
- A willingness to supply multiple / duplicate versions of the same services
- The loss of massive amounts of business productivity due to Incident tickets which disappear into the IT back office black hole until someone shouts loud enough
- The total lack of ability to provide visibility into the cost of an IT Service
- The list goes on.....

Have Benefits Been Realized From ITIL Best Practices?

Have You Seen the Benefits from the ITIL Best Practices in Your SAP Environment?



What Were the Benefits?



Question 17: Have you seen benefits from the ITIL Best Practices in your SAP environment?

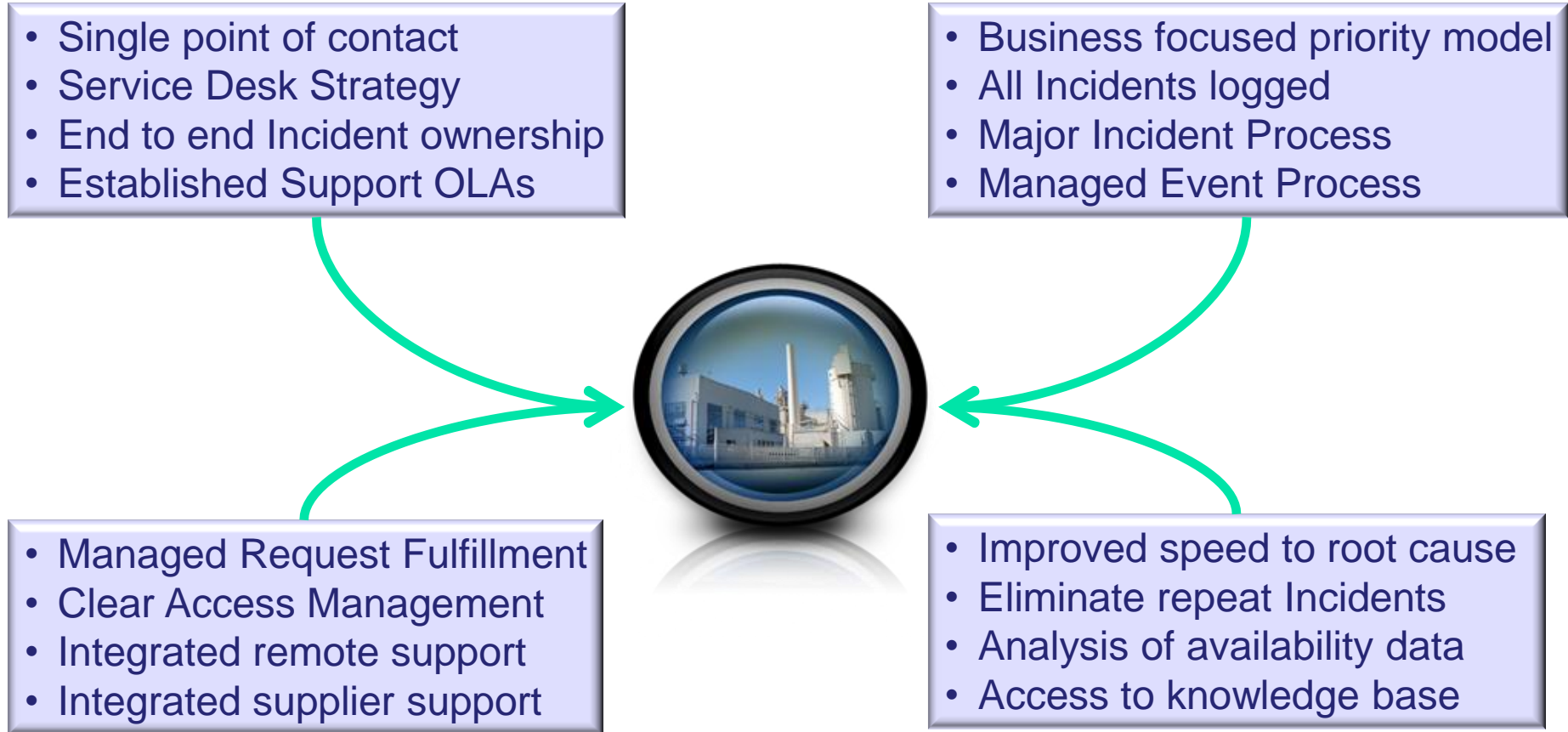
Question 17a: What were the benefits? (check all that apply)

Cultural Frameworks & Decision Making

- **Structural “Military or Factory”**
 - Command and Control
 - Specialized roles/formal relationships
 - Rules, policies, procedures, and hierarchies
 - Problems arise when structure does not fit situation
- **Human Resources “The Family”**
 - The company works for the employee
 - Focused on feelings, prejudices, skills, and limitations
 - Tailor org to people, self-managing teams, peer-controlled projects
- **Political “The Jungle”**
 - Power brokering/contests of wills/Individual interests compete for limited resources
 - Internal conflict is rampant
 - Focused on bargaining, negotiation, coercion, and compromise
 - Problems arise when power is concentrated in wrong place or when so broadly dispersed nothing gets done
- **Symbolic “The Temple”**
 - Cultural and social values are focus
 - Traditions, rituals and ceremonies drive directions
 - Focused not on what should happen but what it means

Lee G. Bolman & Terrence E. Deal

Good Practices Improve Operations



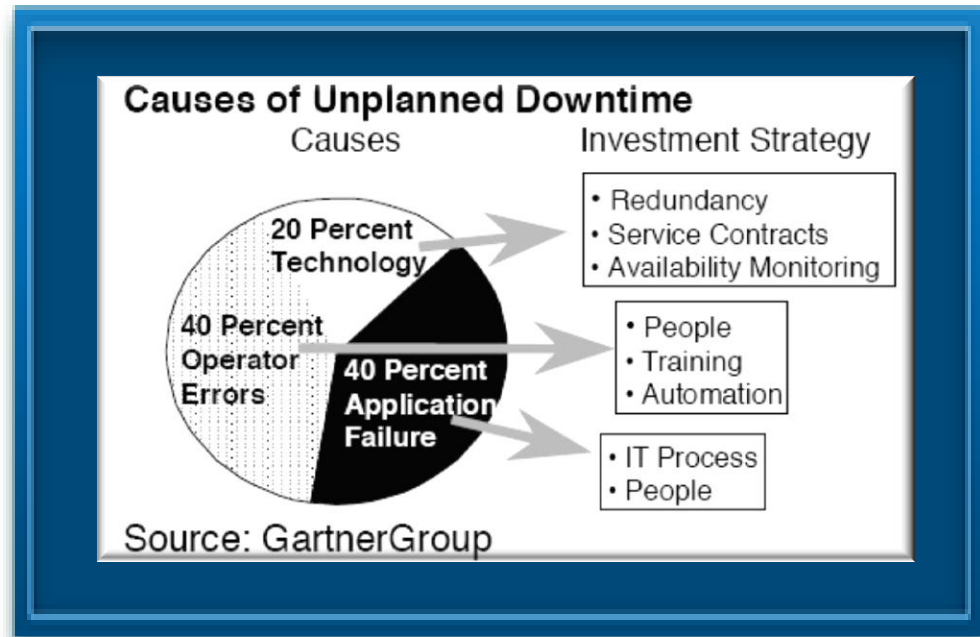
Poor Mean Time To Repair (MTTR) =



Financial Impact Of Immature Service Transition Processes

“Unplanned application downtime causes havoc and great expense. Conventional vendor wisdom focuses on redundancy to improve availability. Redundancy, however, solves just 20 percent of the problem.”

- Change Management
- Release & Deployment
- Configuration Management
- Service Validation & Testing
- Knowledge Management

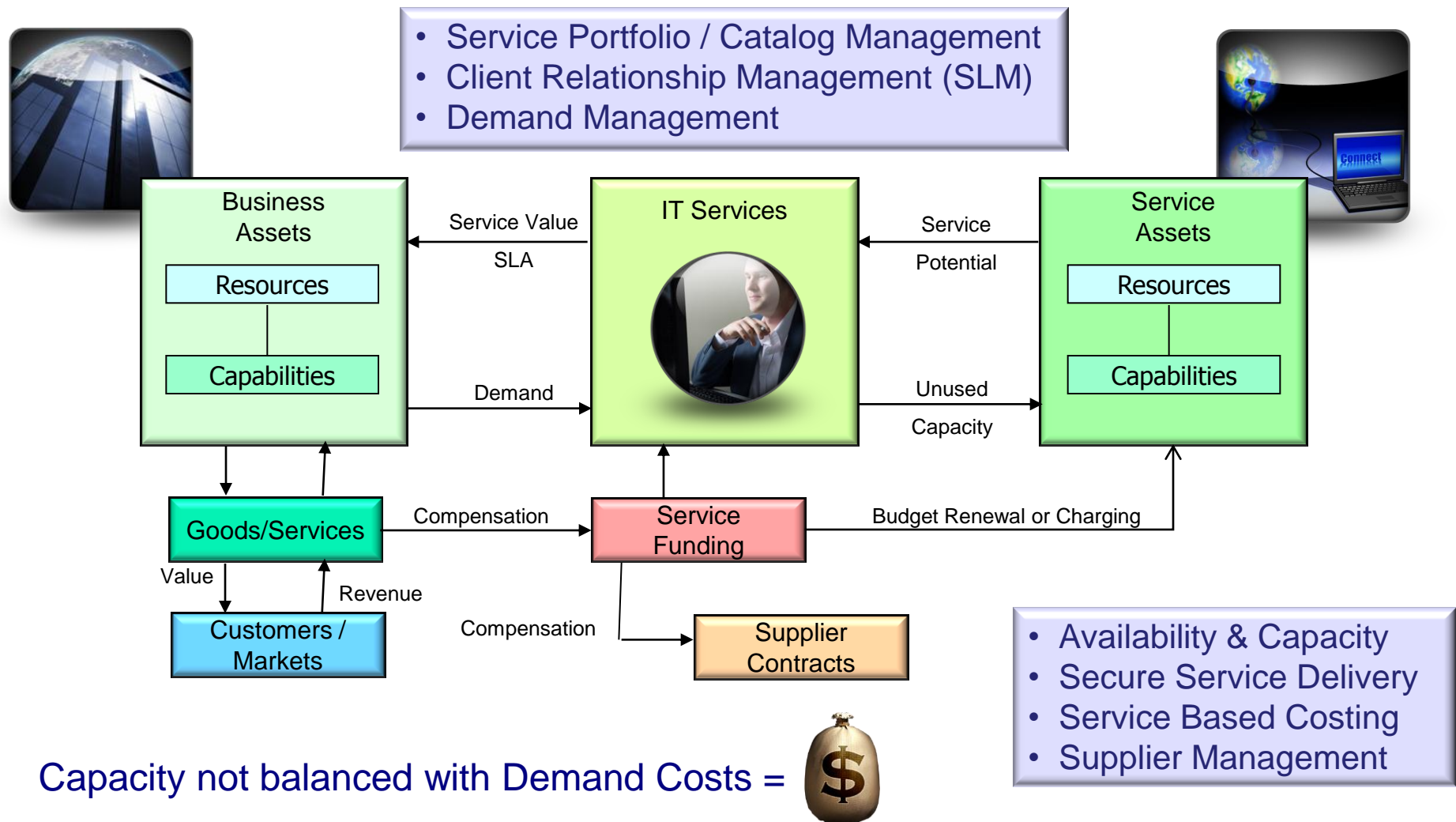


People/Process Issues Represent 80% of Downtime =



Making Smart Investments to Reduce Unplanned Downtime – D. Scott - Gartner

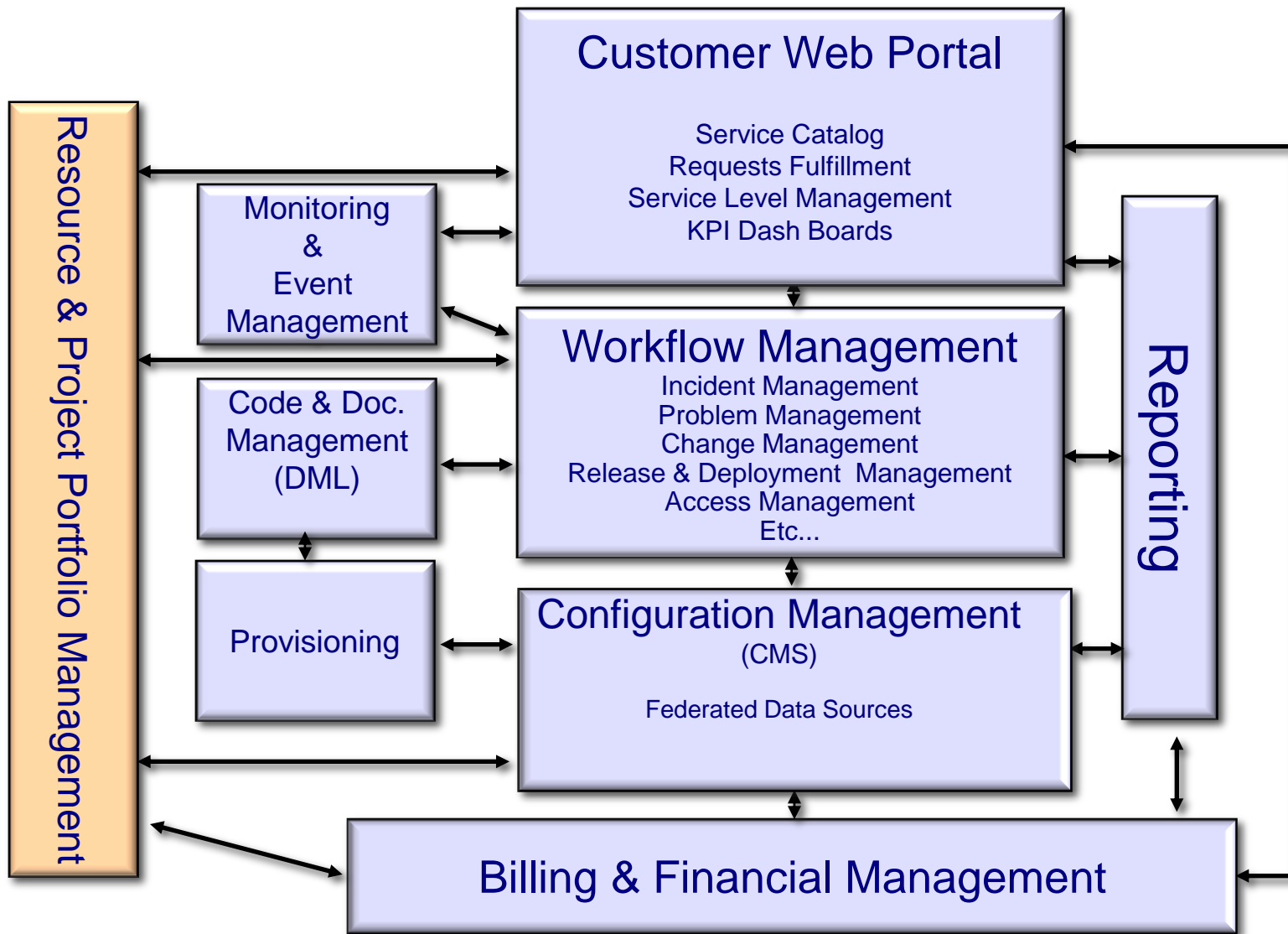
Balancing Capacity With Demand



© Crown copyright 2007 Reproduced under license from OGC

Based on Figure 4.17 Service management as a strategic asset and a closed-loop system – SS Book p. 80

Silo Based IT Management Tools =



The Cost Of Poor Portfolio Management

