

ITIL V3 Leading the Way through the Current Economic "Reset" by Helping IT Become Part of the Business

Transcript of a BriefingsDirect podcast on the latest version of ITIL, unlocking secrets and debunking some misunderstandings.

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Dana Gardner: Hi. This is [Dana Gardner](#), principal analyst at [Interarbor Solutions](#), and you are listening to BriefingsDirect.

Today, we present a sponsored podcast discussion on how to better understand the standards and methods around [ITIL](#) Version 3, Prescriptions and Guidelines. We'll unlock the secrets behind ITIL Version 3, and debunk some common misunderstandings about ITIL and how it can be best used.



We're joined by three experts on ITIL, and they are folks who have been instrumental in ITIL development. They'll help us look into ways that IT leaders can leverage [IT Service Management \(ITSM\)](#) for better efficiency, operational accountability and how to keep the IT trains running on time and also at the lowest possible total costs.

Please join me in welcoming [David Cannon](#). He's the co-author of the Service Operation Book for the latest version of ITIL, and an ITSM practice principal at [Hewlett-Packard \(HP\)](#). Welcome David.

David Cannon: Hi, Dana. Thanks very much.

Gardner: We're also joined by [Stuart Rance](#), service management expert at HP, as well as co-author of [ITIL Version 3 Glossary](#), and of numerous other service management pocket guides. Welcome, Stuart.

Stuart Rance: Hello. Thank you.

Gardner: Also joining us is, [Ashley Hanna](#), business development manager at HP and a co-author of ITIL Version 3 Glossary, and other industry best practices. Welcome, Ashley.

Ashley Hanna: Hello. Thank you.

Gardner: Let me direct my first question to David Cannon. Tell us a little bit about why the need for ITSM is a bit more acute nowadays. What do a tough economy and lean budgets mean in terms of how ITIL can be of benefit?

Cannon: That's a very interesting question. The first thing that comes to mind, whenever we think about that, is that IT needs to save costs. In fact, the business puts a lot of pressure on IT to bring their costs down. But, in this economy, what we're seeing is that IT plays a way more important role than simply saving money.



Business has to change the way in which it works. It has to come up with different services. The business has to reduce its cost. It has to find better ways of doing business. It has to consolidate services. In every single one of those decisions, IT is going to play an instrumental role. The way in which the business moves itself towards the current economy has to be supported by the way in which IT works.

Now, if there is no linkage between the business and the way in which IT is managed, then it's going to be really, really difficult for the business to get that kind of value out of IT. So, ITSM provides a way in which IT and the business can communicate and design new ways of doing business in the current economy.

Gardner: Some of the popular business press released here in the United States has been calling the recession a "reset" and saying that "business as usual" is really not going to fly. Is ITIL something that can help with that, both at the IT level and the business level with this notion of a reset, David?

Changing operating models

Cannon: Yes, it is. That's not to say that, in every single case, IT is going to drive these changes to the business. What we're seeing in the reset is that businesses have to change their operating models.

Part of an operating model within any business is their IT environments and the way in which IT works and is integrated into the business processes and services. So, when we talk about a reset, what we're really talking about is just a re-gearing of the operating models in the business, and that includes IT.

The way in which IT works and the processes that you read about in ITIL Version 3, for example, are increasingly being used in the business environment to create new services or different ways to manage their existing operational environments.

Gardner: I wonder if any of our speakers thinks that the economy has, in fact, provided an impetus or catalyst to embrace ITIL, whether it's in its versions, 1, 2 or 3. Is it possible that there has been a silver lining to this dark economic cloud?

Rance: That's a really interesting question. What I've seen recently is that organizations that have already achieved a level of ITSM maturity are really building on that now to improve their efficiency, their effectiveness, and their cost-effectiveness.

Maybe a year or two years ago, other organizations that were less mature and a bit less effective were managing to keep up, because things weren't so tight and there was plenty of fat left. What I'm seeing now is that those organizations that implemented ITSM are getting further and further ahead of their competition.

For organizations that are not managing their IT services effectively towards the end of the slump it's going to be really difficult. Some organizations will start to grow fast and pick up business, and they are going to carry on shrinking.

Gardner: Thank you, Stuart. Ashley, do you have anything further to offer?

Hanna: I think, as well, that if ITIL has been implemented correctly, then it is not an overhead. As times get tough, it's not something you turn off. It becomes part of what you do day-to-day, and you gain those improvements and efficiencies over time. You don't need to stop doing it. In fact, it's just part of what you do.



Gardner: For those of our listeners who might not be too deeply aware and have the background for ITIL, let's give them a quick primer. David, help me understand a little bit about the context of ITIL and where it fits in now.

Helping operations managers

Cannon: ITIL was initially created within the UK government to help operations managers within IT manage that environment a lot better. As the industry progressed, and as we became more mature about the way in which we managed IT, it became very clear that what we were really doing was not simply managing a set of infrastructure components and applications. What we were really doing was delivering a set of services to the business.

As that matured, we began to realize that we're not simply providing a set of outputs to the business and then forgetting about what the business does with them, and, as long as we produce the outputs, we've done our job. We began to realize that this approach wasn't good enough. What we had to do was focus on not only what we delivered to the business, but also what the business did with those services. So, we are focused more on the business outcomes.

In the current environment and in the current version of ITIL, we're looking at not only how IT manages itself, but how IT provides service to the business, and also how the business generates value based on the services that they use from IT. That's where the industry is right now.

And, just to stress, ITIL didn't invent the stuff. ITIL is not a theoretical approach that came out of the minds of a few academic individuals. It really is based on what companies have been doing over the past 20 years. So, when you read ITIL, everything you see in those books is something that has been done by a company somewhere, and it has worked.

What you have there is a set of recipes, which really talk about how I, as an IT professional, can play a strategic role within the business, and how I can help to measure my contribution of value within the business organization. That's really where we are within ITIL right now.

Gardner: Stuart or Ashley, do you have anything further to offer on a level set on ITIL nowadays?

Rance: I've got a lot that I'd like to say about value, but I'll hold off on that for now. I'd like to talk about what service management is from a more operational viewpoint, because a lot of people don't really get what we're talking about, when we talk about service management.



The point is that there are lots of different service providers out there offering services. Everybody has some kind of competition, whether it's internal, a sort of outsourcing, or alternate ways of providing service.

All of those service providers have access to the same sorts of resources. They can all buy the same [servers](#), network components, and software licenses, and they can all build [data centers](#) of the same standards. So, the difference between service providers isn't in those resources they bring to bear. They are all the same.

Service management is the capabilities a service provider brings in order to deploy, control, and manage those resources to create some value for their customers. It includes things about all of your processes for managing changes, incidents, or the organizational designs and their roles and responsibilities, and lots of different things that you develop over time as an organization, it's how you create value from your resources and distinguish yourself from alternate service providers.

Gardner: Is there anything from you, Ashley?

Focusing on outcomes

Hanna: I'm just reflecting on what both have said. We've gone from managing technology processes, which was certainly an improvement, to managing end-to-end IT service and its lifecycle and focusing on the business outcome.

It's not just which technology we are supporting and what silos we might be in. We need to worry about what the outcome is on the business? The starting point should be the outcome and everything we do should be designed to achieve what's wanted.

Gardner: David, it certainly seems to me that the progression of IT is toward the delivery of processes, rather than technology sets. The feature function abstraction is perhaps elevated, particularly now, when we think about [cloud](#) services and a variety of different sourcing options. That seems to me to dovetail very well with the fact that we're changing the way that IT operates at precisely the same time as the way that IT is consumed is changing. Does that sound fair?

Cannon: Yes, it does sound fair. I think in terms of initiatives or movements like cloud, or should I say trends, what you're seeing is a focus on exactly what it is that I get out of IT, as opposed to a focus from the business on the internal workings of IT.

What you've seen historically is that the business has traditionally been very concerned about the internal workings of IT. They're very concerned about mitigating risk and very concerned about making sure that we're running in a cost-optimal way. What things like cloud tend to do is to provide business with a way of relating to IT as a set of services, without needing to worry about what's going on underneath the surface.

However, I need to point out that, even within a cloud environment, where you have a cloud-service provider, that service provider still has to worry about the processes. They have to worry about managing the technology. These issues don't go away. It really is just a different way of dealing with the sourcing and resourcing of how you provide services.

Gardner: So, I suppose the point is that ITSM, how you run your IT department and how you provide for your users and their perceptions of IT as a business partner, is being elevated by some of these other trends in the sourcing environment?

Cannon: Yes, and what we're seeing is just the need for business to be able to react quickly and the need for them to be able to be very flexible within a rapidly changing volatile economy. So, business is going to look for clear solutions that meet their needs and can change with their needs in very short times.

Gardner: Ashley, let's go to you now about some of the myths or misunderstandings around ITIL -- what needs to be debunked or what lets people stray in understanding ITIL and how they could avail themselves of it?

Responding to change

Hanna: A lot of the issues are based on the fact that something has changed. We all know and love ITIL Version 2, and have a certain image of that in our minds -- and we all respond differently to change.

An issue that comes up quite a lot is that ITIL Version 3 appears to have gotten much bigger and more complex. Some people look at it and wonder where the old service delivery and service support areas have gone, and they've taken surprise by the size of V3 and the number of core books.

There is new content in Version 3, but actually Version 2 was pretty big, if you looked at the complete set of publications that came out. This view of it being small and self-contained was reinforced by what we were taught, when we studied Version 2.

The highest level of certification then was the Managers certificate and exam. This concentrated just on service delivery and service support. Yet, there were at least five other significant areas. Publications that came out from those other areas, such as business perspective and planning to implement, didn't get the same kind of attention.

When Version 3 came out, it launched with a much bigger perspective right from the beginning. Instead of having just two things to focus on, there are five core books. I think that has made it look much bigger and more complex than Version 2.

It is true that if you go through education, you do need to get your head around the new service life-cycle concept and the concept called "business outcomes", as we've already mentioned. And, you need to have an appreciation of what's unique to the five core books. But, these changes are long awaited and they're very useful additions to ITIL, and complementary to what we've already learned before.

Gardner: Stuart, just for the edification of our audience, what general characteristics would you apply to Version 2 and then Version 3, and what generally distinguishes them?

Better and cheaper

Rance: Version 2 was very much about how the IT service provider could do what it does effectively, efficiently, and cost effectively. All of the Version 2 processes led to ways that the service provider could deliver what they did better and cheaper. What it didn't really look to was the value of what they were doing, and were they doing the right things?

I'll give you a simple example. Version 2, in financial management, talked very much about what sort of cost units you should be looking at, how you should be calculating things, how you should be doing your accounting.

Version 3 includes that, but it includes it in quite a small part of the book in a couple of sentences that basically say your accountants will tell you how to do that. If you look at financial management in ITIL Version 3, it says you really have to understand the cost of supplying each

service that you supply and you have to understand the value that each of those services delivers to your customers.

Now, that's a very simple concept. If you think of it in a broader context, you can't imagine, say, a car manufacturer who didn't know the cost of producing a car or the value of that car in the market. But, huge numbers of IT service providers really don't understand the cost of using its service and the value of that service in the market.

ITIL V3 very much focuses on that sort of idea -- really understanding what we are doing in terms of value and in terms of cost-effectiveness of that level, rather than that procedural level.

Gardner: Going to you David, is there something about ITIL and the confusion that might exist in some quarters around this notion of financial management? Where do you see this financial management aspect of ITIL and is that something that people need to better get their heads around?

Cannon: Financial management really hasn't changed in the essence of what it is. Financial management is a set of very well defined disciplines. There are well-established procedures and practices. When applied within IT, financial management really starts to answer some very specific questions.

In Version 3, the nature of those questions changes. For example, in Version 2, we talk about how to account for the cost of providing IT services and how to track your assets, for example. It's very much a cost-based model of financial management.

Within Version 3, the financial management questions become more strategic. How do we calculate value? How do we align the cost of a service with the actual outcome that the business is trying to achieve? How do we account for changing finances over time?

For example, if we invest a certain amount of money this year, what is the relative value of that investment going to be in 5 or 10 years time? How do I align financial decisions that I make with the portfolio of services that I deliver? How can I track the investment in IT throughout the life-cycle of the services that I am providing?

Questions have changed

So, the questions that we ask in financial management within ITIL have changed significantly, but the underlying core procedures and practices are still the standard financial practices that exist within any organization.

Gardner: As we progress from applying financial management to systems, and then now to processes, it sounds as if we're starting to talk more the talk of the business side of the house. Business probably wants to understand the true cost of processes.

My question then is, do the folks on the business side of the house need to know anything about ITIL, or do they simply need to know what the fruits of ITIL are? Let me throw that out to Stuart.

Rance: Something that David said earlier, which I have also come across, is that a lot of businesses are in the service business themselves. It might not be IT service, but many of the customers we're dealing with are in some kind of service business, whether it's a logistics business or a transport business. Even a retailer is in the service businesses, and they provide goods as well.

In order to run any kind of a service you need to have service management. You need to manage your incidents, problems, changes, finances, and all those other things. What I'm starting to see is that things that started within the IT organization -- incident management, problem management and change management -- some of my better customers are now starting to pick up within their business operations.

They're doing something very much like ITIL incident management, ITIL change management, or ITIL problem management within the business of delivering the service to their customers. That completely gives you an end-to-end value chain, where the incident management, problem management, and change management you're doing within IT is simply a subset of your overall business incident management, problem management and change management. And, I could have listed all the other processes as well.

Gardner: It sounds as if we're moving towards some sort of a unifying theory of how to run both your business and your IT department. Essentially, they're both providing service management, provisioning, delivery, and measurement function. Why shouldn't they have a similar framework?

Hanna: I absolutely agree. Some of the shock that some people have when they pick up the service strategy book in ITIL V3 is they see it reads as a business book -- where is the IT, where is the data, where has my memory chip gone from this book? That's deliberate. It sets out that if you're running yourself as a business, you need to understand the business or businesses you serve, and you need to behave in the same way.

There's a great deal of new thinking that has gone into the service strategy side of things around providing a service of any kind. And as Stuart said, businesses can start adopting some of the IT process practice, but also the other way around. The IT people, when they start thinking about it, start to realize that it's not just them who have change management and incident management. Their business has to implement these aspects when they talk to their customers and the products that they sell. It is very much coming together in the industry.

Gardner: Is this a two-way street? Do the lessons learned on the business side apply to IT, and then vice versa? Does anyone want to offer an insight into the transfer of best practices?

Two-way communication

Rance: It's a very important question, but I'd like to go even further than that and say that, as a business unit, IT is already participating in a lot of this two-way communication. In many cases, IT doesn't think of itself as a business unit, but if you think about it, they really are. Today, the average IT department is delivering services to external customers and those services are revenue producing.

When that starts to happen, the IT unit starts becoming both an internal service provider, as well as a strategic business unit within the organization. And so, not only is it communicating with the business, it, in fact, is the business in many cases. That's a very important realization to come to within most IT organizations.

Gardner: I suppose we're all parochial and that we are involved with IT, but it sounds as if IT is not just a peer business unit, but perhaps a special business unit in a modern cooperation or enterprise. David, do you have any sense of whether we can claim special status in IT, or whether that gets us in trouble?

Cannon: We certainly could claim a special status, but I wouldn't try that. I think that the most important thing about ITIL and about ITSM is to ensure that IT is viewed as part of the business, that it is contributing to the value generated from the business, and that it is able to achieve its objectives.

I wouldn't try to create any special case for it. I would simply say that the management challenges within IT tend to be more unique, and it's important to use approaches like ITIL, which are specifically designed around these challenges.

Rance: Can I speak up on that just for a moment? In the days of ITIL Version 2, a lot of organizations used to talk about business-IT alignment, and how important it was to align IT and its goals and strategies with the business and its goals and strategies.

I always found it very strange that you never heard a similar conversation about other business units. I never heard an organization saying it needed to get the legal department aligned with the business or the finance department aligned with the business.

I think that used to be a fundamental failing of IT organizations -- that they were trying to align with the business instead of trying to be a part of the business. That was one of the big changes in ITIL V3. I don't think an IT department should consider itself special or different. It should consider itself part of the business in exactly the same way as other core, shared services are.

Gardner: Perhaps another way to phrase the question is rather than to ask about whether it should be special, ask why it should not be special, and should be peer.

Rance: Exactly.

What do they want?

Hanna: Absolutely. One customer I work with felt they were getting a beating from industry best-practices consultants. The consultants were saying, "Look, you need to understand and align with your business. If only you did that, everything would be okay." What the IT organization found when they tried to do that was that, when they communicated with the business and got the right discussion around availability, performance, or whatever it was, the business didn't know what it wanted either.

So there's this idea that the magic is just a little bit further away, if you can get there. Once that organization engaged with the business, and they both realized they had challenges in this space, and it wasn't just one or the other's fault, they were able to start working together to get things done in a better way.

Gardner: I wonder if we could take a moment to understand better the relationship between HP and its approach to IT data centers, IT shared services and ITIL. Several of you here are instrumental, but also working with HP, what's the relationship?

Cannon: Dana, are you talking about the relationship between data-center management and ITSM?

Gardner: No, I was asking about HP, as a vendor supplier, a partner and ITIL as a progression. How do they relate?

Hanna: I'm a business development manager within HP, within our Mission Critical Services organization, and I'm using ITIL as part of our assessment and continual improvement methodologies and tool set. So, I'm either helping to sell those kinds of ideas as a product or I am using it to improve what I do when I do that.

Also I'm using it myself personally. I'm using ITIL guidance to help define and manage a service portfolio, which is a new concept within ITIL. Within that, I have a pipeline of services that I offer to my customers, and new services or significant changes I'm bringing along. I've also got a service catalog of things that I sell to my clients today.

So, I am very much personally using ITIL, and I know many of my other colleagues are. But, it's not just how we go to market -- it's also within our own infrastructure.

Gardner: Does anyone else want to offer a way in which the philosophy of HP aligns with ITIL?

Everything is ISTM

Cannon: Absolutely. The point is that there is nothing in HP that we do that is not service management. Everything that we do -- from manufacturing and delivering computers to installing those computers, to making sure that they are operating effectively, to working with our customers to make sure that they are able to use IT and support their businesses -- are essential components of ITSM.

So, our whole approach to ITSM is not only that we help our customers do ITSM, but, as Ashley pointed out, we use ITSM internally to make sure that we are doing things in a quality manner and in a way that creates an added value for your customers.

For example, when I got into the data center services side of things, a lot of people said to me, "Oh, so you are leaving service management?" And the point is, no, absolutely not. How can you deliver IT services, how can you manage those services, if you have no control of your data center? Everything we do is tied into service management and how our customers are able to achieve value within their organizations.

Gardner: I would think that also end-to-end visibility, control management, and integration are essential to providing that end service in a timely and efficient manner. Is there a comprehensive aspect to what HP involves in working with a number of partners and what you can then attain with ITIL guidelines?

Rance: We have within HP something we call a service management profession, which is part of our overall knowledge management. Interestingly, knowledge management, a relatively new process for ITIL was something we have been doing for a long time, as with many other organizations of course.

Within our service management profession, it's incredible how many different things people are doing with service management. They're all engaged with service management and they're all sharing knowledge and capabilities with each other, but it ranges from people who are developing, planning and delivering ITIL training courses. People are developing, delivering, configuring, installing, and managing our complete range of software products.

Our internal IT organization, our outsourcing organization, many different people doing different source of consulting, anything you can think of in the service management space, there is somewhere in HP a team doing it. Usually, those teams are doing it in every country around the world. We all talk to each other and learn from each other, and it's a lot of fun. I don't think there is any other organization in the world that comes close to that.

Gardner: So, in a sense, it's a whole greater than the sum of the parts.

Rance: Absolutely.

Concrete examples

Gardner: We've talked about this ITIL set of benefits and we debunked some of the misunderstandings. We've kept it at a fairly theoretical level, but I wonder if we had some concrete examples. As you pointed out earlier, ITIL has come from practices and not academics. Where are people applying these guidelines and the increased role of ITSM to a benefit? What are some of the metrics of success? Let's start with you, David.

Canon: It all depends what each company is trying to achieve with their implementation. For some organizations it's about simply trying to solve a very specific problem. For example, how do I become more responsive to my customers when my IT services break, or how do I control changes within the organization?

If that's all that you are trying to achieve right now, then your metrics are going to reflect what it is that you've been working on. So, am I getting quicker at resolving these incidents? Am I getting fewer incidents? Are changes being more controlled, and are there fewer incidents as a result of rolling out changes? Some of the metrics that you are going to focus on are going to be very operational and very much focused on the problem that you're trying to solve.

In other organizations, which are trying to go for a more holistic implementation and are trying to really get into a growth mode for their organization, they are going to approach this in a very different way. They are going to look at things like, "What kind of services am I delivering? Are those services achieving the desired outcomes?"

The metrics are going to be a combination of what their businesses are using to measure their success, as well as how IT is measuring the consistency, the reliability, and the availability of their services. It's going to be a combination of that.

We've seen a number of organizations, which have really been using ITSM extensively, coming up with some very interesting ways of measuring the success of the program. What's interesting is that they may start out with looking at, "What is the cost of ITSM and how can I demonstrate the [return on investment \(ROI\)](#)?" But, where they end up is very interesting. Where they end up is, "How does IT support our business?"

I was sitting in one customer organization and they were talking about the cost of IT. We switched the discussion around and took a very specific example of a service that was used commonly within the business. We said to them, "Let's not focus on the cost of IT for now. Let's focus on what you get out of the service."

The managers in the business sat around and talked about the things that they do with the service. It turns out that by using the service, the business was able to save something like \$20 million a year in certain testing procedures that they were running.

So, the discussion changed very, very quickly from, "How much does ITSM cost us?" to, "Hey, can we have some more of this kind of thing?" Again, it really depends on the kind of initiative that you have going within your organization and how you're going to measure the success of your ITSM program.

Gardner: Stuart, how about you? Do you have any examples of ITIL in practice and perhaps any metrics on its impact?

Service management journey

Rance: I'll tell you about one of my customers. I don't think it was a metric when they stopped, but it was certainly an outcome. This was an organization that started on their service management journey about four years ago. It was a big mobile phone company somewhere in Eastern Europe.

They started on an ITIL implementation program at the time of ITIL Version 2, and their goals and metrics were largely around quality of service and cost of delivering service, the sorts of things that we think of when we think about ITIL Version 2. It was a really good program and it went really well.

They got the cost reductions they were looking for. They got the improvements in services they were looking for. The other thing that wasn't originally on their goals was that was they got a massive improvement in the relationship with the business. As a direct result of the improvements that they made with their ITIL program, the IT manager became the IT director. In other words, he got himself a seat on the board.

He was quite happy to come back to us afterwards and say, "Thank you for your help. Implementing that program directly led to me getting a seat on the board." It's a really nice piece of feedback, because the next thing he said to me was, "Now, what does ITIL V3 mean for me, and how can I capitalize on that and get even better?"

I've run quite a few strategy and planning workshops to look at the best way of implementing ITIL V3 in different organizations. We did one of those here and came up with a number of ideas for his next four- or five- year program to improve the relationship even better and to improve the outcomes he's delivering in the business.

Gardner: Ashley, similar question to you.

Hanna: I have a very interesting example as well. I've worked with one of our customers on the Mission Critical Partnership and we helped them implement continual improvement over a number of years. We benchmarked them as to where they were against best practice and against peers in the industry. Then, we helped them identify key risks to address and the improvements that they could make. We helped them measure their progress on an annual basis.

What's very interesting is that they were so successful that, when the decision was made to outsource the IT organization, the outsourcer found that they were already so efficient and effective, they couldn't make the required saving to make the deal worthwhile. The outsourcer couldn't complete the deal, and the IT organization is still in house today. So, that's a great success story from that IT organization.

Looking into the crystal ball

Gardner: Before we wrap up, I'd like to take a peek into the crystal ball, looking into the future a bit. As I mentioned earlier, it strikes me that the emphasis on process over systems and on services from a variety of sources, over monolithic and tightly controlled centralized delivery, is probably going to be growing in importance over the coming years. That perhaps augurs well for ITIL and particularly ITIL V3. So I'd like to go one last time through our panelists on this crystal ball notion. David, what's your prediction for how ITIL Version 3 progresses?

Cannon: What we're going to start seeing is the market will continue to mature, as it has been over the last 20 years. More and more organizations will get in control of their IT environments. They will be articulating value to the business more and more.

But, two additional things are going to start happening as we move forward. The first thing is that service management is going to move outward. We are already seeing how organizations are starting to use the procedures, the practices, and the principles of ITIL within the business. For example, a lot of businesses are using simple IT event management to drive some of their business operations. So we are going to see ITSM moving out and being applied into business environments.

In addition, we're going to see ITSM moving more-and-more inward into the IT organization. We're going to start seeing ITSM being applied to the actual infrastructure, applications and networks within the IT organization, and we are going to see more and more technical applications of ITSM as well.

Gardner: Stuart, your view on the future?

Rance: I'm not sure if I agree with David on this. Rather than more organizations getting good at service management, what's going to happen is a massive consolidation. There will be fewer really good organizations that understand service management, do it well, increasingly, they're

going to be dominating the market, and the small, ineffective IT organizations aren't going to suddenly learn how to do service management. They're just going to go out of business.

The other thing that I see happening is that those organizations that are currently running their services using good service management practices and developing the capabilities and managing end-to-end services are in a really great position to take on new technologies, paradigms, and ideas to invest in things like virtualization, clouds, blades, and other technologies which provide a more complex infrastructure environment.

Because they're already managing these things from the viewpoint of the service, they're going to find adoption of new and interesting architectures much easier. So again, those organizations that do service management well are the ones who are going to be able to take advantage of all of the flexibility and cost savings of new technologies.

Gardner: Last point to you, Ashley.

Much easier to do

Hanna: Speaking to that idea around the new technologies, some organizations have used some of the new blade infrastructures in virtualization as being easier to deploy than some of the old style mainframe heavy-duty things, but are finding that actually a lot of it is absolutely much easier to do. There is more automation and things work better and smoother.

But, with many more devices and new concepts, they still need to apply these traditional service management approaches. So, I think, we'll see a lot of these organizations that have branched out recently into new technologies realizing that they need to equally invest in new service management guidance.

And I think, best practice today is relatively high level, and I think we'll see the actual sources of best practice like ITIL will get deeper down, and we will get more day-to-day operational advice and templates made available that also adhere to this best practice.

Gardner: Very good. We have been discussing how to better understand the standards and methods around ITIL Version 3, Prescriptions and Guidelines. And we have been better understanding how that can impact the modern enterprise.

I want to thank our panel for today's discussion. We have been joined by David Cannon; he is an ITSM practice principal at HP, thank you David.

Cannon: Welcome. Thanks for having me.

Gardner: We have also been joined by Stuart Rance; he is an ITSM expert at HP and author of the ITIL V3 Glossary. Thank you Stuart.

Rance: Thank you. It's been fun.

Gardner: And Ashley Hanna, an author of Version 2 and Senior Examiner for ITIL V3 as well as a business development manager at HP. Thank you so much Ashley.

Hanna: Thank you.

Gardner: This is Dana Gardner, principal analyst at Interarbor Solutions. You have been listening to a sponsored BriefingsDirect podcast. Thank you for listening and joining us and come back next time.

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