An Introduction to IT Service Management

Asociatia Absolventilor UPM, Tirgu Mures, http://www.itsm4sme.eu/

It is noon on a normal working day. It is lunch time but at 13:15 you have an important business meeting. What do you do? You actually have a few options: not to eat; go home and prepare your lunch on your own; take a sandwich; or go to the restaurant. Not eating is normally not a good idea. You may get nervous and tense, which may have a negative impact on the meeting. You may definitely go for a sandwich but eating sandwiches every day... The cheapest but healthiest way would therefore be to go home and cook. But there is not enough time. As the restaurant is in the neighbourhood and you have enough time you decide to go to the restaurant.

Unfortunately, the lunch of your preference is out. Slightly disappointed you take the second daily lunch option. The time is passing and you are waiting. The waiter ignores you. You are getting upset, but finally you get your meal. It is cold, underdone, not fresh and there is definitely not enough of it. The waiter argues that they have had a problem with their oven for a whole week now and it is difficult to get a good cook. But you actually don't care. It is 13:20 so you are late for the meeting. You end up dissatisfied, upset and still hungry.

Although the service of the restaurant provided you with some output – served food, the lunch did not have any value for you as it did not provide you with the desired outcome in the sense of enjoyable tasty food that satisfies your hunger, being provided quickly and for an affordable price. You have experienced bad service. Once consumed, the service cannot simply be returned. With actually the same ingredients but with a different attitude, behaviour and culture, better organization, planning and control, the outcome could be completely different.

As the restaurant did not facilitate the outcome desired by their customer, they lost the customer – you. The business of the restaurant suffered because of bad sizing as well as badly performed cooking and serving failed to provide the desired business outcome of the restaurant – a satisfied returning customer. It would probably not be any better if any of the services alone performed better.

It is the same with information technology (IT) and services provided by the technology. Perhaps not yet as relevant for restaurants as for some other organizations, which depend on

timely processed and quickly provided information, IT can provide significant business value. It may even represent a source of sustainable competitive advantage. But as with the food ingredient, the technology itself will not provide or facilitate desired business outcomes. It has to provide valuable services that have to be used adequately in the value chain. It is not only important what is provided but also how it is provided. In the same way the knowledge about how to run a successful restaurant and its effective operations management provide value to the restaurant, IT service management (ITSM) provide value of IT for the business. No matter if IT services are provided internally or by external IT service provider. As it was mentioned earlier, preparing lunch on your own seems to be cheaper and healthier, but in modern times with contemporary life dynamics this is often not possible. You either go to the restaurant or eat sandwiches every day. There are people that do the latter - perhaps because they have a late dinner afterwards. The preferences should therefore also be taken into the customer value equation.

What about size? Does it mean that a meal in small restaurants is cheaper or not that good? Not at all. The importance of knowledge about how to harness all and every single service into the end-to-end value stream does not depend on size of a restaurant or an organization. Small organizations may sometimes provide even greater value to their customers. Knowledge about how to manage services is different but not less important. IT service management is therefore as important for large as for small and medium sized business. Since the best practice in IT service management was actually developed for large organizations it needs some further adjustments and simplification for small and medium sized organizations. Although simple is not always easy.

The foremost goal of IT service management is to align IT services and the associated technologies (hardware/software) to the business process and to guarantee the best possible support of financial processes by the IT organization. IT Service Management describes the conversion of the information technology to customer and service orientation. Conversely, innovative information technologies can affect the business model and the underlying processes. Therefore, IT should not be seen as a supporting function, but as a means for preparing the way that enables the small and medium enterprises (SME) to open up new business areas.

By introducing simple ITSM principles, an SME can manage its IT processes and IT services efficiently and effectively and thus provide users with an optimal IT landscape that is less

susceptible to interruption and thus also more cost-effective over the long term.

A simplified ITSM method provided within the European project ITSM4SME can support an SME in the following points:

- **Making it clear what value is contributed by IT.** In many cases, IT is viewed only as a cost factor; therefore, SMEs often cut costs in the wrong places. However, if the added value of IT is clearly evident, the investment decision is on a different basis.
- **Planning the IT / business strategy.** Precisely for SMEs, planning ahead is important. Therefore, the IT landscape should be structured so that it can respond flexibly to changing requirements of the business processes. The objective is to integrate and align IT so that it provides optimum support to business objectives (business alignment).
- **Legal assurance (IT compliance).** SMEs are subject to an increasing number of legal regulations related to data and IT (e.g. Data Protection acts); when granting credit, a company's IT landscape also plays an increasingly important role (see Basel II). If SMEs follow the ITSM philosophy, they will be in conformity with many of these regulations and be able to recognize the corresponding gaps.
- **Monitoring IT effectiveness and efficiency based on clear performance indicators.** You can't manage what you can't measure. Therefore, for SMEs, it is important to define corresponding performance indicators and operating figures (known as Key Performance Indicators – KPI) to verify the quality of IT services and take appropriate measures.
- **Introducing an IT optimisation process (Continual Service Improvement).** Business process changes and new technologies are reviewed continually. Things that seem "optimal" today can already be out of date tomorrow.
- **Improved change management.** We are all familiar with the situation: soon after a new computer or software program is purchased, it no longer works the way it should. ITSM processes help SMEs identify these kinds of problems before they occur and eliminate them directly.
- **Better outsourcing, insourcing and smart sourcing options.** An SME cannot and should not deal with all IT questions on its own, as comprehensive management ties up too many resources. ITSM gives SMEs a way to easily identify which IT services should be outsourced. It also helps to manage external service providers so that there is neither too much nor too little capacity.

But how can SMEs start with IT service management? The project ITSM4SME supported by the Life Long Learning programme of the European Union developed a simplified IT Service Management method for SMEs of the Danube Region to implement IT service management and innovations. The project relies on the results of the successful European INTERREG project INNOTRAIN IT. More than 25 different “best-practice-examples” for service-orientated SMEs have been gathered in six European regions as part of INNOTRAIN IT. They form the knowledge base for trainings in the areas of cost optimization of IT processes and business process redesign as well as process and product innovations. The learning modules of ITSM4SME focus on different service topic, like

- The **Implementation level of the method** (e.g. How to define a service catalogue? How do I implement a service desk?)
- **The IT infrastructure level** (such as standardization, automation, and possibly outsourcing of services like printing or hosting services)
- **The Level of business processes** (e.g. integration of external sales-services and standardization of logistics services)
- **The Final product level** (sale of internal support-services to external customers, sale of IT-supported after-sale-services).

This method as well as the ITSM4SME training program are strictly modular. After an analysis of the to be status, the SME is offered the necessary modules only. If needed, the growing path to a higher level of qualifications can be suggested. Interested people can still get access to an eLearning platform with short courses and modelling tools for the enterprise architecture. With those tools, everybody can work on solutions for case studies – together with other managers and IT-directors in the region. More information can be found on the internet at www.itsm4SME.eu.

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About ITSM4SME (www.itsm4sme.eu)

The ITSM4SME project builds on the results of the INTERREG IVB Central Europe project INNOTRAIN IT. The innovative project results, for example the ITSM method, the training concept, training materials and the ITSM modelling tool, are be adapted and transferred to the countries of Bulgaria, Romania and Slovenia. Accordingly, the consortium consists of three partners, who were part of the INNOTRAIN IT consortium and cover parts of the conceptual

and methodological work, and three training partners from the Danube region, who have extensive experience in the training of IT and innovation skills. ITSM4SME is funded by the European Commission within the framework of the Leonardo da Vinci programme and has a total budget of almost 400,000 euros.

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