

The SM business case – creation, sponsorship and approval

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Agenda



- Making a good business case
- Getting approval
- Examples, tips & mistakes

Overview

- A successful business case?
 - Approval?

Enables a well-informed decision

- Business value, business goals = revenue from customers for products and services
 - No revenue = no business = no IT

Demonstrate business value

Basics

- The context of Service Management
 - We (our organisation as a whole) stay in business by generating revenue from external customers for the products and services we provide
 - ICT and technology are a vital part of the organisation, working with our colleagues from other departments to focus on these business goals
 - Demonstrating how ICT supports the goals of the organisation, how they deliver business value, is impossible unless it is put in this context

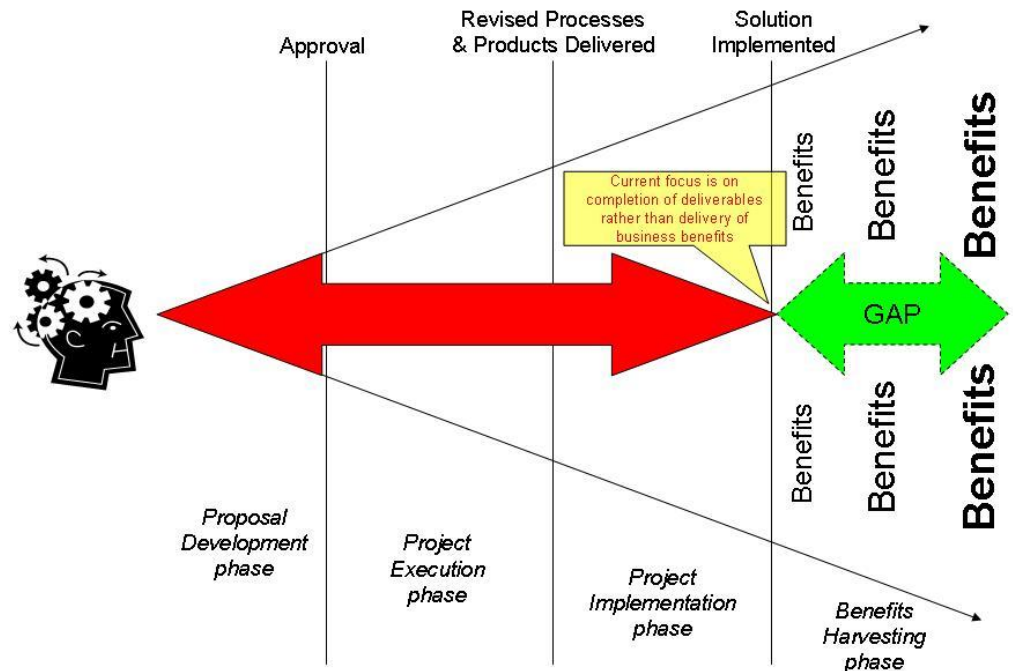
Demonstrate business value:

Relationship to End Customer and the Products/Services of the organisation as a whole – not the IT department

Common mistakes

- Starting with the technology without understanding the true value & context
 - Around 75% of IT projects fail to deliver the benefits in the business case
- Focusing purely on the support of business processes
- Forgetting that project success relies on People, Culture, Communications and several other factors – not just technology

GAP: The journey from idea to business benefit



Business Value

- To demonstrate business value, we must:
 - Understand our business (not just IT)
 - **Products & Services** delivered to.....
 - External **Customers** by.....
 - **People**/Organisation/Functions using.....
 - Business **Processes**
 - Relate everything to this context
 - Not just focussed on supporting business processes
 - How ICT supports external customers
 - How ICT enables revenue generation and the delivery of the **Products & Services** to external customers

Business Case Checklist

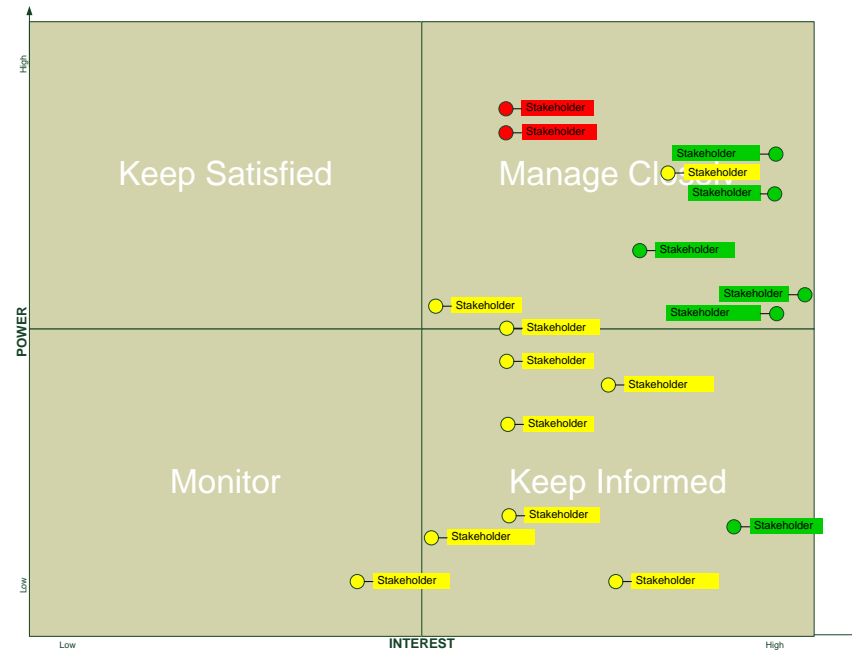
- **Achievability** – experience, expertise and resources to manage the project
- **Assumptions** – stakeholder expectations and assumptions
- **Benefits** – alignment to company business objectives; measurability
- **Costs** – full lifecycle costs; budget holder approval; balance cost, benefit & risk
- **Critical success factors** – stakeholder consensus, avoiding expectation issues
- **Dependencies** – internal and external
- **Options** – trade-offs; benefit impact
- **Procurement** – partner and supplier engagement
- **Project Group** – identification of those involved or affected; resolve potential conflicts
- **Resources** – forecasting of anticipated resource and capability requirements
- **Risks** – capturing all anticipated risks; contingency planning; cost estimates
- **Scope** – define what is in/out of scope within budget; impact of scope/budget change
- **Stakeholders** – identification, responsibility, availability, contingency, management
- **Strategic fit** – confirm project still needed and objectives align with business goals
- **Value For Money** – agree what constitutes VFM with all stakeholders

Other considerations

- Project, Programme or Portfolio?
- Return On Investment (ROI)
- Short, Medium and Long Term balance
- Deliverability
- Sustainability
- Context & Dependency
- Stakeholder Management

Stakeholder Commitment

- **Anti** = are against the project and will attempt to stop it or hinder progress
- **None** = are either unaware the project is going on or do not think it affects them
- **Allow it to happen** = will comply when requested to do tasks required by the project, e.g. attend training
- **Help it happen** = will provide knowledge, time and resource to ensure the project meets objectives and timescales
- **Make it happen** = will instigate, oversee or carry out changes and ensure that all relevant changes are completed successfully



Stakeholders - Customer

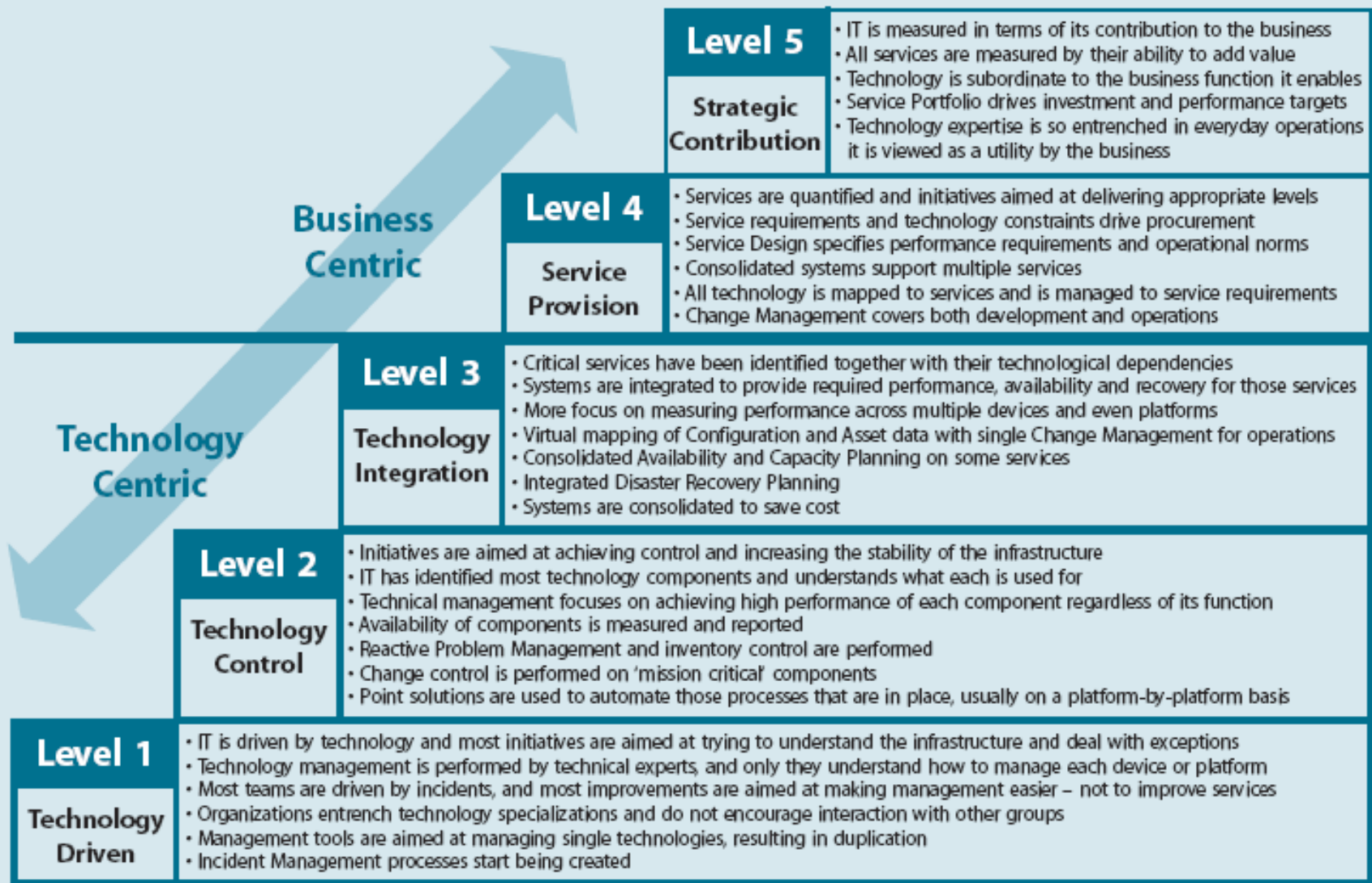
Stakeholder Group	Sub-divisions	Description/examples
Customer (the individual or organisation that will use the new capabilities/results of the programme and derive the anticipated benefits)	Sponsors	Champions for the programme objectives, provides resources, responsible for benefits delivery
	Benefit Owners	Those who will derive the anticipated benefits
	Managers/Capability Owners	Managers of teams or capabilities that will use the new capabilities/results of the programme
	Employees/Internal Users	Those who will use the new capabilities/results of the programme
	External Users	Suppliers or Customers who will use the new capabilities/results of the programme
	Process Owners	Accountable for the process performance and improvement of processes impacted by the programme

Stakeholders – Performing Organisation

Stakeholder Group	Sub-divisions	Description/examples
Performing Organisation (the group that is performing the work of the programme through projects)	Managers/Capability Owners	Managers of teams or capabilities that will deliver the new capabilities/results through projects
	Process Owners	Accountable for the process performance and improvement or processes required as part of the programme
	Technology support teams	Teams responsible for supporting capabilities implemented through the programme
	Suppliers	Suppliers providing tools, professional services, and other supporting capability necessary for delivering projects within the programme

Business Service Management (BSM)

- *“Business Service Management (BSM) – An approach to the management of IT Services that considers the Business Processes supported and the Business value provided. This term also means the management of Business Services delivered to Business Customers.”* ITIL V3 Glossary
- *“Business service management dynamically links business-focused IT services to the underlying IT infrastructure”* Forrester
- *“As 76% of the IT budget goes to operations, firms that implement BSM can potentially save 25% of their overall IT budget”* Forrester

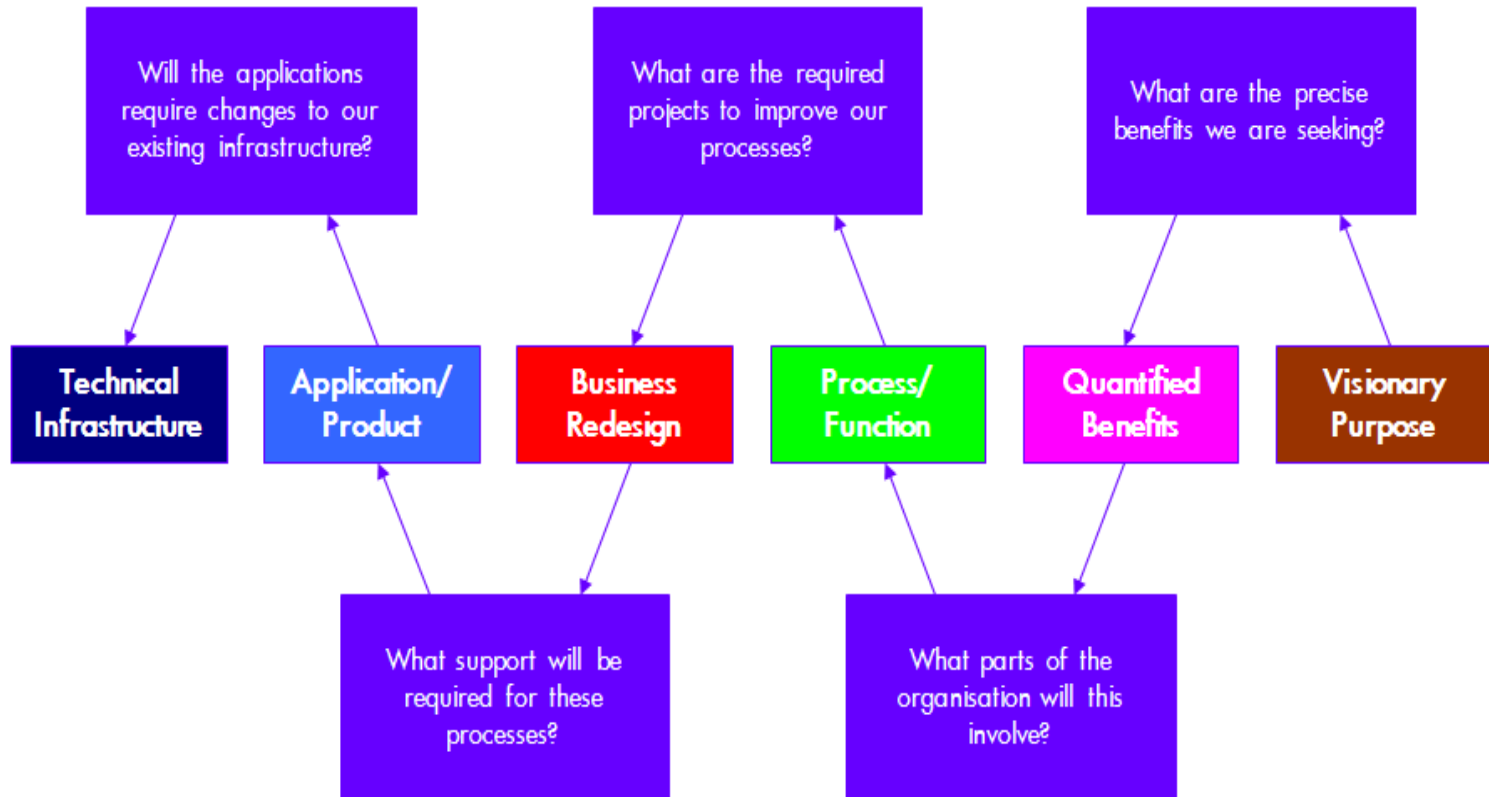


Key ISO/IEC20000 requirements

- 3.1c – ensure customer requirements are determined, and met with aim of improving customer satisfaction
- 3.2b – documented SLAs
- 6.1 – Full range of services provided, with SL targets and workload characteristics, agreed by parties and recorded
- 7.2 – BRM process inc. Service reviews, awareness of business needs and major changes, complaints process, named individual for managing customer satisfaction, improvement plan

Benefits Management Methodology

- The benefits management approach will create a link between company vision and objectives, through quantified benefits, process, organisation dependencies, in to the technical tools and infrastructure. This approach is used to ensure that the link to benefits remains throughout the project, ensuring that technical and project decisions are always made in this context, and avoids a disconnection which could lead to significant issues



Benefits Management

- Typical benefit areas:
 - Revenue Protection
 - Revenue Enhancement
 - **Cost Reduction**
 - Customer Satisfaction
 - Brand Perception/Value
 - Competitive Position
 - Shareholder Value
 - Speed to Market
 - **Cost Avoidance**
 - Risk Reduction

Potential Business Benefits

- Revenue protection
 - A best practice set of service management processes, supported by an efficient and intuitive toolset, will allow the technology staff to become more proactive, preventing service and customer impact. This improvement in other organisations has directly contributed to a reduction in customer churn, particularly in enterprise/business customers – thus realising a real benefit measured in terms of revenue.
- Revenue enhancement
 - An efficient operation and business service management strategy acts as a competitive differentiator, increasing the chances of attracting new customers and winning competitive bids. Quality of service can be improved without increasing costs; in fact costs can reduce and thereby increase the perceived value to customers.
- Cost reduction
 - An increasingly competitive market places additional pressure to reduce costs. Many organisations are unable to reduce costs without negatively impacting performance and quality of service. Market analyst organisations, and the experience of BSMimpact and other organisations, is that best practice service management, and the embedding of a continual improvement culture, directly contributes to cost reduction whilst maintaining or improving service quality.
 - Reduced operational costs can be delivered by increasing the self-service capability, increasing the ability for users to fix their own issues utilising knowledge capability, self-service incident logging/tracking and service request management capability, reducing the need for users to chase progress via the Service Desk

Potential Business Benefits

- Improved customer satisfaction
 - This item is linked to revenue protection and enhancement when related to external customers, but also contributes to satisfaction which may not be directly measurable in financial terms. A culture of continual improvement and service management excellence makes a contribution to improved relationship management and business success/growth.
 - Customer satisfaction is often a subjective, rather than objective, measure, but still deserves a place in a balanced business performance measurement system. In itself, customer satisfaction without identified financial benefits, can improve brand perception and market share.
- Improved brand value/perception
 - Reducing the amount of service interruptions, and decreasing the impact of the ones that can't be avoided, will prevent negative press coverage. Share price movements are often difficult to align conclusively against service performance, but there is anecdotal evidence to suggest that it does have an impact.
 - Reduction in compliance auditing issues due to improved data protection, multi-tenancy and data segregation

Potential Business Benefits

- Improved speed to market
 - With a more controlled and stable operational environment, the ability to focus more proactively on new products/services and improvements to existing products/services is available due to a reduction in reactive workload. The interaction between project teams, marketing and product management staff, and technology support staff is improved through better process, particularly in the Service Transition space. Change management is a critical part of the Service Transition stage of the service lifecycle. Improvements in the performance of change management, particularly change impact assessment and controlled introduction in to a live environment, will assist in bringing products/services to market quicker.
- Cost avoidance
 - Reducing implementation costs and total cost of ownership of toolset result from the utilisation of vendor-enabled integrations and a reduced need for tools customisation. Customer has already invested in the CMDB capability, and the proposed solution for this project makes much more use of the capability due to the critical dependency that all service management processes have on Configuration Management. The risk associated with change is significantly mitigated.
- Operational performance
 - Process efficiency improvement through improved workflow from intuitive tools
 - Closer support for Service Management processes

Quantifiable Benefits

- Some additional data will need to be collected in order to complete the quantification of the benefits. Using data from similar customer situations, we can estimate the benefits, examples as follows:
 - 10% reduction in repeat incidents through improved problem management capability
 - $(72000 \times 10\%) \times \text{£}15 = \text{£}108,000.00$ per annum
 - 20% reduction in incidents caused by change through improved change impact assessment capability
 - $(360000 \times 20\%) \times \text{£}15 = \text{£}1,080,000.00$ per annum
 - 5% process efficiency saving for incident management through improved workflow and intuitive tools capability
 - $(360000 \times 5\%) \times \text{£}15 = \text{£}270,000$ per annum
 - Self-service resolution by users using SRM/portal
 - $(\text{£}15 - \text{£}2) \times 72000 = \text{£}936,000$ per annum
- Assumptions (to be verified): 30,000 incidents per month, 20% are repeat incidents, 20% could have been resolved using self-service, average cost of £15 per incident, average cost of £2 for self-service fulfilment.
- We believe the above estimated benefits are conservative, and would like to work with the sponsors/benefit owners to identify the true costs and benefits.

Example benefits

- An international telecommunications company had multiple service desk operations and had not consolidated incident, problem, or resolution management. The company knew that consolidation was important. To address these issues, the company adopted a business service management (BSM) strategy.
- As a result of adopting this approach, the company consolidated service desks from one for each of 25 countries, into a single service desk for the entire company and adopted a company-wide change process. Such ITIL-driven improvements led to a 30% reduction in mean time to repair (MTTR) and a 60% reduction in unplanned outage time that had an impact on users. The company realized savings of \$11 million in change management costs alone.
- The IT department of a major utility company initiated a program to build an enterprise-wide IT strategy based on ITIL. By centralizing its service desk, the utility company reduced its support costs from \$89 per hour to \$57 per hour and reduced the time to deploy desktop and laptop changes by 75%. The company also is focusing on increasing self-service, improving call routing, and refining other processes. These operational efficiency changes not only help the business perform better, but also help the customer profit from the improvements.

Questions?

Click on the questions tab on your screen, type in your question (and name if you wish) and hit submit.



The screenshot shows a web interface with a navigation bar at the top containing four tabs: 'Slides', 'Questions', 'Download', and 'Support'. The 'Questions' tab is selected. Below the navigation bar, the heading 'Questions' is displayed. A message reads 'Please submit your question below.' followed by a large text area with the placeholder text 'Type your question here.' and a vertical scrollbar on the right. Below the text area, there is a label 'Please type your Name' and a text input field with the placeholder text 'Type your name here'. At the bottom of the form is a 'Submit' button with a right-pointing arrow.