Five Steps to Success and Cost Saving
Step Four

Introduction

This is the fourth article in this series. Asking the question how ITIL can help save an organization money has to be important in this current financial climate. As business dependency on IT has never been more critical to success, it is necessary for us to think about how IT can make significant savings.

Business customers need to be able to carry out their functions and processes, secure in the assurance that the IT systems that support them are effective. In the ITIL Lifecycle are 5 separate stages, and in this stage we are going to look at the production environment.

Step Four

Service Operation is where the business sees the benefits and actual service delivered. In the operation environment, the most effective cost saving that can be made is in the reduction of downtime, or system outages. Most organizations can attribute damage or quantify the cost of downtime. For example, for an organization that sells insurance policies, the loss of service for a critical system will result in revenue lost from policies not sold, and potentially additional loss from reputational issues. These can be assigned a tangible cost - this number of policies equals this much revenue lost. The potential additional customers who have been lost through reputational issues may be harder, but a projection based on previous data will give an estimate e.g. this many new customers on average per month, a system down will equate to this many new customers not obtained.

There are many examples and these can be worked out mathematically - but common sense tells us that IT downtime impacts on the business, and outages are going to cost money. Obviously some organizations do not generate profit, but money is not the only measure. These organizations will still be interested in being cost effective.

So how can we decrease the downtime for organizations? One of the key processes in the Operation stage of ITIL is Incident Management. Incident Management is concerned with the restoration of normal service as quickly as possible. The quicker service is restored, the sooner the organization can get back to functioning properly. Sadly many organizations still have inefficient first line support, and the experience of contacting support desks with long delays in answering, and even longer delays in fixing things is still a common one. This is an area where ITIL provides considerable guidance in how to establish effective management of operation processes. In providing an efficient first point of contact for operational support, it is possible to make a visible difference and benefit to the organization. The concept of the Service Desk, provision of a single point of contact for all IT related issues, can significantly improve the speed of resolution for an organization. Some organizations will benefit from a highly technical service desk (those who users have a high level of computer literacy and expertise) whilst others are better supported by a lower technical skill level using a call centre model (those who users generate a high volume of low level technical queries and support contacts).

ITIL doesn't provide a hard and fast ruling on how to structure a service desk, or what calibre of staff to use, but it does recommend that in all cases, a single point of contact is the most effective and efficient way of managing the contacts for IT support. Combining a cost effective point of contact with an efficient Incident management process will make an obvious and measurable difference to outage related revenue loss.

Supporting the operational Incident process, is the process of Problem management. Often misunderstood, this process is concerned with finding the cause of incidents and fixing them at source. Again, common sense tells us that if something happens repeatedly, then the sooner we address the cause the better it will be for overall service stability. Problem management provides a repeating cycle of improvement - the fewer incidents generated, the more responsive the support teams can be to changing business requirements, without being interrupted by outages and fixes. The less time spent being reactive, the more time can be spent being proactive and therefore providing improvements to service. The greater the improvement, the greater the benefit, and the overall cost reduction increased. Problem management is an all round improvement process, but it has to be implemented fully to gain the most benefit. Some organizations attempt a partial implementation, focusing problem management on higher priority incidents. If this approach is adopted, the benefits of problem management may not be realized, as the volumes of lower priority incidents may be causing a greater overall impact to the organization than high priority incidents and outages. This is where the true cost savings can be realized.

These are just two operational processes which support cost saving in the operation stage. The addition of automation to these processes, in the form of self-service portals, or self help systems, can provide further efficiencies. Automation in monitoring, incident detection and even systems to identify and resolve prior to an outage taking place, will all benefit the business overall. It is important to ensure that any automation matches the requirement of the organization - systems can be costly to purchase and maintain, and the benefits gained should always be justifiable against the original and on-going spend.

This area is the most public contact that IT has with its customers. The reactive response to business need is clearly visible, so the importance of managing this stage correctly cannot be down played. If your organization is still suffering with poor support at point of contact, the answer is not always to give the problem away in the form of outsourcing, but it is wise to bring in experts in the field to identify the most cost effective solution for your needs.

Step Three

In the last stage of the Lifecycle, and the final article in this series, we will be looking at how to continue to get benefit from your ITIL processes. The last stage is Continual Service Improvement, and here we will review how ITIL suggests we keep gaining benefit for the long term.