

ITSM Tools: Building a Business Case



Overview

This report is written by Best Practice consultant and trainer, John Noctor. Dedicated to driving customer success and delivering the magic of great customer experiences, John is an evangelist for continual improvement with the belief in making things better. As well as a wealth of knowledge in ITSM tools and tool selection, John is one of SDI's senior service desk auditors. He also trains many of SDI's courses and workshops receiving great reviews from delegates!

Purpose of this guide

The Service Desk Institute has over 20 years' experience in assisting and enabling service desks and IT support organisations to deliver exceptional value to their customers. We have recognised that success requires investment, especially in the area of ITSM technologies, selecting the right ITSM solution is vital for those organisations that want to be ever more efficient and effective in the digital workplace.

This guide is designed to assist organisations looking to secure funding and authorisation for investment in a new ITSM solution. It gives advice and guidance based upon our experience that will enable you to present a compelling business case to your executive, not only to achieve approval to move ahead but also secure buy-in and ongoing sponsorship.



Why is a Business Case important?

For many organisations, producing a business case and securing executive approval is the only way of obtaining the funding required to initiate a project, however it should also be viewed as a valuable tool to ensure senior level commitment and buy-in to the goals you are looking to achieve. The act of constructing a business case will ensure that you have applied a best practice approach to the aims and deliverables of a project, and it will help you outline what needs to be done and why, as well as define risk, resources required, and success criteria.

The level of detail included in each business case depends on the type of project and the internal policies and procedures of the organisation. Given the intrinsic and intrusive nature of an ITSM solution to a support organisation, it is recommended that sufficient detail be given to ensure a full understanding of why a new tool is required and the challenges resolved/benefits it will provide.

The exact structure of a business case may depend on your own procedural governance (such as the use of a standard template), however it is recommended that every business case address the following at some level:

- What problem are you trying to solve?
- What are the options to solve these problems?*
- What are the benefits of the project?***
- What is your recommended approach and scope?
- What funding and resources are required?
- What are the risks and how will these be managed?
- What are the criteria for success?

*This should also include detail on what would happen if you “do nothing”

***If benefits include a Return in Investment (ROI) calculation remember this should be based upon financial return plus estimated timeline for that return

COMMUNITY TIP “BE CLEAR ON THE WHY”

ITSM Solutions

The ITSM solutions market has both matured and consolidated over the last 20 years. There are still a wide range of options available to organisations, but this in itself can present an, at times, overwhelming challenge. The key to success is first having a clear understanding of what value is and how it will be perceived both to your support teams and your customers. Every solution should drive you to improve but should equally suit your service desk based upon your capabilities and strategy; too often money is wasted by either:

- Buying a solution that will not scale with your goals and strategy, or;
- Buying a solution that is at a level way above where you want and need to be, and you are therefore paying for a level of functionality and capability which you can never take true advantage of

The rules and guidance around the selection and purchase of ITSM tools has not changed much over the years, but it does then ask the question “why do so many organisations replace their tool after 3-5 years?” The answer does not just lie in the wrong choice of solution; much of it is embedded in an organisation’s ability to continually invest to take full advantage of the solution they have selected.

This guide is not intended to be a “How to choose the right ITSM tool”, however, make sure your criteria is actually based upon your organisation’s strategy, underpins that of the business, and aligns to the value you want to deliver.

Some key areas your criteria may address include:

- The impact on the customer experience
- Ease of use and the support experience
- Level and depth of functionality
- Out of the box experience vs configuration/customisation

- ITIL alignment (ITIL v3 vs ITIL 4)
- Integration capability (out of the box vs configurable)
- Level of administration required
- Upgrade paths
- Total cost of ownership (3-5 years):
 - Licensing and subscription models
 - Infrastructure requirements (if on premise)
 - Implementation
 - Support and Maintenance
 - Consultancy
 - Training

*Many tools now come with marketplace capabilities which offer “off the shelf” integrated modules, this makes adoption quick and easy as does ongoing maintenance and support as it is provided by the vendor

**Ensure you carry out a license mapping exercise to understand the needs of both the IT department and end users, licensing can be costly area if not addressed correctly, only buy full licenses for those that need them and ensure clarify with vendors what licensing actually covers (is there a cost per module, full vs read etc.)

This guide is designed with specific focus on the ITSM tool solution arena. It can be used for organisations just starting out on a tool selection/replacement journey or those that have previously struggled to secure the approval(s) required.

An ITSM solution should be seen as a mission critical tool, vital to the day to day operation of the IT Support organisation and equally vital to the value

perception to the business. An effective business case will need to address this at both a holistic and detailed level, encompassing the value gained in both the customer and support experience.

COMMUNITY TIP "DRIVING CUSTOMER SATISFACTION AND STAFF ENGAGEMENT ARE KEY TO DRIVING SUCCESSFUL ADOPTION"

year period. Furthermore, sustained success and buy-in is only achievable if the business case has clarity in selection, implementation, and ongoing maintenance costs (both internal and external).

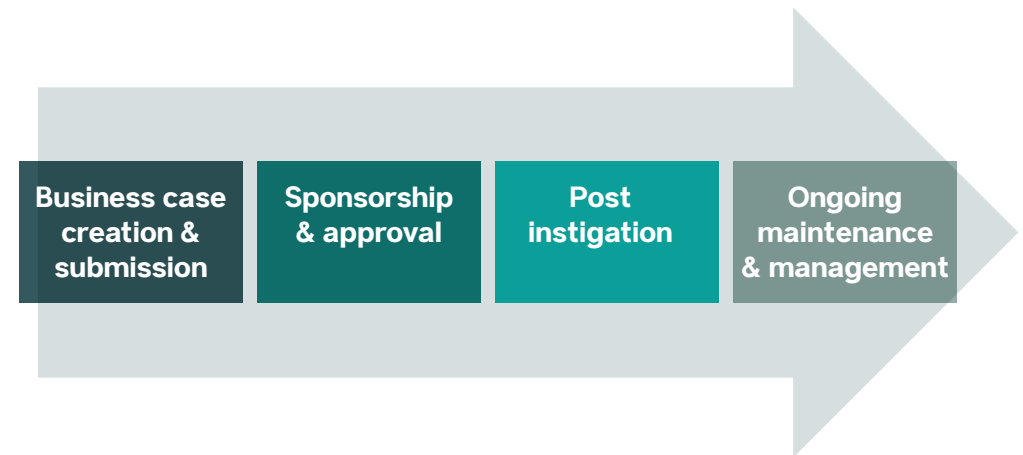
A business case has a Lifecycle of its own; to achieve the desired outcomes, there should be a focus on each element:

It should be noted that this guide is applicable to organisations looking to procure and implement an on-premise or cloud-based solution.

At its core, a business should focus on four areas:



Any business case, whether driven by quantitative or qualitative benefits (or both), should give a clear identification of costs, ideally over a 3 to 5



Executive Summary

This should be exactly what is says, a summary. Do not be tempted to write an extensive tome, keep it clear and to the point, and make statements that you want to resonate and be remembered.

Business Case Introduction

In some ways, this is the most important part of the business case. The introduction should be to the point and designed with the expected audience in mind. Ensure that you are describing the subject of the business case with terminology that is clear and will be understood without misconceptions. Every business case will be more successful if it can be aligned with the strategic objectives of the company; if terms such as digital transformation or cloud enablement are resonating in line with your company's strategy, then ensure your introduction utilises them effectively. It is likely your business case will be one of many being accessed (assessed?) so use this as the sales opportunity to engage the reader/audience and ignite their interest and attention.

Current Situation

Do not assume that everyone involved in the business case assessment and approval process is cognoscente of the current situation; what you see day to day is not always part of their world. Paint a clear picture of the current situation but avoid the temptation to list out every pain point or issue you are aware of. Keep it simple, factual and at an organisational level.

An example may be:

"Ongoing poor customer satisfaction results are aligned to extended wait times for service desk analyst availability"

Your solution should take into account the strategy of the organisation, your capabilities, and most importantly, culture. It is likely a problem may only be resolved by assessing and implementing a number of activities; if we take the instance above then options aligned to a new ITSM tool may be:

- A self-service portal for users to log and track their own tickets
- A comprehensive knowledge base for both support staff and customers
- Introduction of Problem Management to provide support staff with access to workarounds (thus improving first time fix and triage times) and implementation of permanent fixes to reduce incident volumes
- Online Chat capability (subject to support resources and company need/demand)
- Chat bots and machine learning capabilities
- Integration and automation across support channels to streamline the customer journey

COMMUNITY TIP "A GOOD ITSM SOLUTION WILL ENABLE TRANSPARENT TICKET MANAGEMENT AND EFFICIENT WORKFLOW, PREVENT REPEAT ISSUES, IMPROVE DELIVERY AGAINST SERVICE LEVEL AGREEMENTS, MAXIMISE EMPLOYEE PRODUCTIVITY AND MAINTAIN A QUALITY BRAND IMAGE. IT WILL REDUCE THE COST TO SERVE BY AVOIDING MISTAKES, COMPLAINTS, REPEAT CONTACTS, SERVICE CREDITS AND WORST CASE, LOSS OF BUSINESS. AND, ITIL METHODOLOGY FOR SERVICE MANAGEMENT IS BECOMING MORE IMPORTANT FOR WINNING BUSINESS"

Often, the functionality for the above solutions can be clear, but an understanding of strategy and culture is essential. Is the business committed to digital transformation? Are chat bots well perceived within the business? Will there be resistance to their use? Does the support organisation's resourcing strategy support the introduction of new processes, and should that be an additional consideration within your business case?

Always remember that the introduction of an ITSM tool has just as much impact at an Organisation Change level as it does an IT Change one; if we fail to understand the human dynamics of change, we will encounter resistance, inertia, and ultimately failure.

One way to approach this is to consider 3 factors:

1. Clarify the problem and thus the pain being experienced
2. How will my proposal solve that problem and relieve that pain?
3. What is the clearly identified path to that pain free position?



Strategic Alignment

Remember you are looking for senior executive sponsorship and approval, therefore it is imperative that you position your business case to show you have a clear understanding of the aims of the company. Your audience will be working at a strategic level, so your business case must resonate with them in line with this. You must not only show that your proposal will help the business achieve its strategic aims but do so by using wording that is similar to that contained in strategic level communications.

Marketplace

Your business case should reflect your expertise in the subject area and demonstrate your understanding of the marketplace you intend to engage with.

A summary of the current status of the ITSM vendor marketplace, with the type and levels of options available, will show that you have the authority to define the proposal and validate that you have the necessary level of knowledge required to carry any project forward. This section does not need to be overly detailed, but a breakdown of

what tools are out there and the options that they can present (such as cloud vs on premise).

COMMUNITY TIP

YOU MAY CONSIDER TOUCHING ON YOUR APPROACH HERE AND SPLITTING THE VENDOR MARKET NAME INTO "POTS" (ENTERPRISE, MID-RANGE, FOUNDATION LEVEL).

Current Status

It may be that a shortlist of vendors has already been assessed and agreed (or potentially even a preferred supplier). If this is the case, it is important that you document work to date and current status. Give reasons for each vendor on the shortlist / preferred in line with the overall positioning of the business case. If the current incumbent supplier is not included, it should be clearly documented why this decision was made.

Funding

The clearer and more concise a cost analysis is, the more likely a funding request is to be approved. It should also be realistic and not aspirational; many projects suffer from a lack of true identified costs, which leads to shortcut being taken and quality being impaired.

When calculating costs and investment required, you should have a holistic view as well as being able to justify this by breaking down the investment required into more detailed areas.

Research will be key here, understand the scope of your project and its phases, and ensure investment is in place to drive the solution forward, not just to get to 'go live'. A good business case should detail costs across a 3 to 5 year period.

Some example costs which should be considered:

Internal

- Project Management
- Research (detailed internal requirement workshops, event attendance etc)
- Expenses
- Infrastructure
 - Database costs
 - Web and Application servers
 - Failover capability

- Human resources (DBA, Security, Network, Business Analysis, Administration etc)
- Environmental costs (if on premise)
 - Space
 - Heating
 - Air-conditioning
 - Electricity
 - Fire Control
 - Maintenance of environment

External

- Licensing / Software (dependant on whether approach is cloud or on-premise_
- Consulting
- Maintenance/Support and, Tool Development and Feature Upgrades
- Training

There are a number of other costs which could also be factored in and will ensure greater adoption of the solution as well as ongoing success, which could be addressed under a continual improvement umbrella (internal user groups, external user groups, conference attendance, configuration/customisation, module/process, introduction, reporting etc.)

Return on Investment

Remember that this should address the “how much” and the “when”, no matter whether the benefits are seen as qualitative or quantitative. A good business case is one that is well rounded and thus must have a sound foundation in financial terms as well as overall value to the business.

Do not be tempted to produce complex mathematical/financial analysis here, keep it detailed but also easy to consume. This area will need research into your current operation which can then be turned into expected return, some examples are:

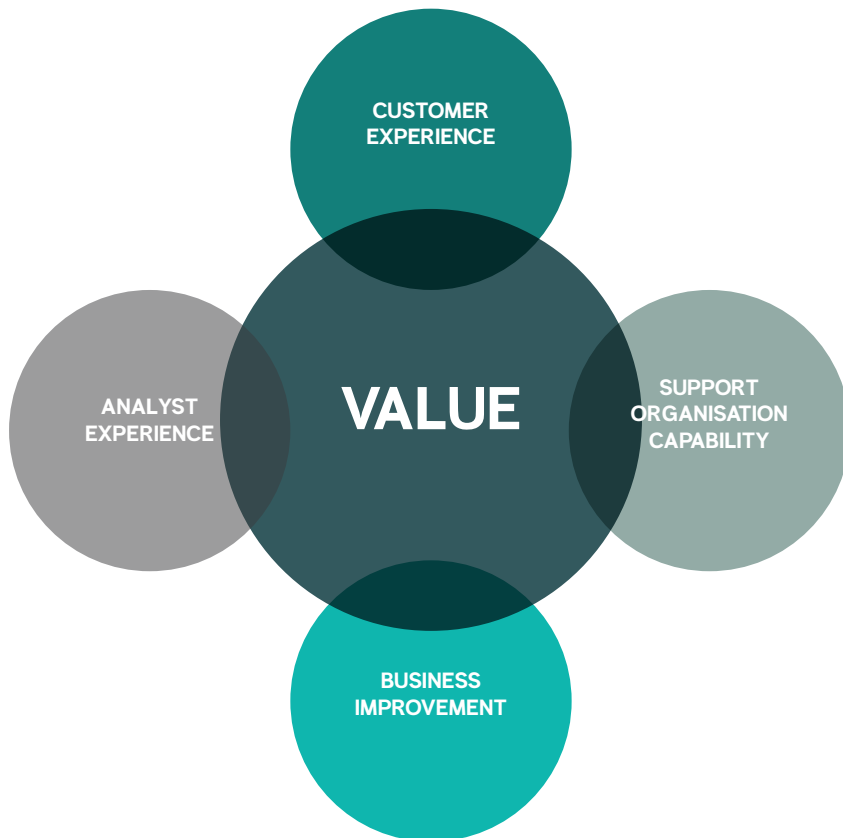
- Ticket volumes by source
- Waiting times
- Triage time
- Use of multiple discreet support tools
- Lack of integrated service information
- Reporting restrictions
- SLA/KPI performance
- ITIL process alignment
- Licensing / Consultancy costs
- Administration overhead

These are just examples, but each one can be used to produce a financial statement which will be addressed/improved by the introduction of a new tool. Remember, the key to this will be to define ROI with a clear link to business benefit.

COMMUNITY TIP “WILL IT BENEFIT THE ORGANISATION OR JUST THE DEPARTMENT, AND HOW? YOU SHOULD UNDERSTAND THE EFFORT, COST AND TIME TO REALISE THAT BENEFIT AGAINST THE NEGATIVE IMPACT OF DOING NOTHING”

For qualitative analysis, use Customer Satisfaction (CSAT) results. If a CSAT capability is not in place, then enact a short initiative to gather relevant feedback (if available, engage Service Level or Relationship Management practices to assist). Your softer benefits should be closely aligned with a Customer Experience (CX) strategy. You can also show how each of the harder (quantitative) benefits will assist CX; for example, the publication of an interactive service catalogue via a self-service portal, chat bots for fast response to user issues/queries, or automation enabled through integrations which free up service desk/support staff so they can have more focus of the quality of user/customer interactions rather than dealing with high volumes of manual activities which are an overhead.

Think of benefits with value at their core:



COMMUNITY TIP

“UNDERSTAND WHAT THE BUSINESS EXPECTS OF THE IT FUNCTION, WHERE YOU FALL SHORT AND WHY A NEW TOOL WOULD MAKE ANY DIFFERENCE”

KEY TO THIS ROI ANALYSIS IS ENSURING THAT IT IS DEFINED IN LINE WITH THE ACQUISITION OF A NEW PRODUCT.

Proposal Background

This is an important element within your business case; you need to articulate clearly why this project proposal has come to be. What has triggered the need and why is that need an imperative? Remember, you will be competing against a number of alternative investments, so you need to demonstrate that you have an understanding of what has happened, and why the situation is no longer sustainable.

You will need to evidence why the situation exists, such as obsolete technology or lack of investment, change in organisation/business focus or direction, resource changes leading to lack of required skills, external factors (e.g. regulatory controls), and so on.

As you put this section together, ask yourself at each point "What problem am I trying to solve?" If this cannot be answered, then your focus needs to be revised.

One approach within your business case is to cover the following areas:

Drivers (why now?)

Once again, this should have a clear link to strategy; you must be able to align your proposal with the vision and mission of the business/organisation. There may be some "clear and present" challenges/dangers that a new ITSM tool will alleviate or resolve, such as mergers/acquisitions, market expansion initiatives, or regulatory compliance or formal standard support (GDPR, ISO2000 etc). Demonstrating that your project will underpin business success is a key element to approval.

Objectives

These should be simple, to the point statements. There should be no more than 10 (5 to 7 are recommended), and remember to keep them simple and not aspirational. With this, you are going to achieve a high-level view, and you can refer to appendices if required to provide further detail.

Scope

Set out the overall scope of the project, from business unit to support teams, from modules to processes. This should be broken down into initial phases and iterations.

Success

You will have already detailed benefits and ROI, however, consider a statement or points to show what success will look like and how will the future state look compared with the current one. This is an opportunity to show how value will be harnessed and delivered, why the support organisation will be better as a result of the project, how the business will be better able to provide a greater level of service to their customers, and how the business will be better positioned for success within their market place.

Risks

A vital part of any business case is an overview of risk. You may have already documented issues with the current solution which can be evolved into risks or there may be an existing risk register for other projects / support opportunities / strategies which can be leveraged.

Within your business case it may be a good idea to group your risks into specific areas such as:

- Strategic
- Technological
- Financial
- Operational
- Resource

Each risk should be clear and concise with a link to potential mitigation through the proposal.

ITIL defines risk as “A possible event that could cause harm or loss or make it more difficult to achieve objectives.” It can also be defined as an uncertainty of outcome and can be used in the context of measuring the probability of positive outcomes as well as negative outcomes.

Management of risk is a balance; we will tend to define risks in this section as more negative rather than positive, however one key thing to document here is the risk of “doing nothing”. What will happen if investment and approval is not granted? This will thus align a risk with a positive opportunity.

Project Approach

Within this section you will need to outline how the project will be enacted. You can give more detail on the project elements of your business case and the stakeholders to be engaged. If there is an outline project plan available, then consider attaching it as a referenced appendix.

Project Outline

Your project outline will typically include:

- Timelines and milestones
- Requirements phase
- Procurement phase
- Implementation phase
- Go live (be realistic on your timeline!)
- Hardware and software resource requirements
- Personnel requirements (as detailed earlier)

You should give an understanding of how you are going to assess the ITSM vendor marketplace (including the incumbent, if appropriate) and how you are going to weight key factors (cost, functionality, ITIL alignment, ease of use, etc). It may also be useful to give further detail on the selection and requisition phases; a good tip here is to engage with your finance team ahead of business case submission to understand your procurement process and ensure this section aligns accordingly.

Governance

It is also useful in this section to detail out a governance structure and management for the project, identify and document key roles and responsibilities including a reporting structure. Your aim is to give confidence to your executive that this proposal has been well thought out and that due diligence has been and will be applied at all stages.

Requirements

As stated earlier, this is a guide to producing an effective business case for an ITSM solution and not a guide on tool selection and implementation, however one of the key factors for any ITSM tool decision is what requirements (functional and non-functional) are going to be addressed:

Quite simply, you need to give a high-level indication of how requirements are going to be identified, recorded and addressed, once again you will need to show your stakeholder engagement map and plan.

COMMUNITY TIP "FIRST GET YOUR SERVICE MANAGEMENT SYSTEM UP AND RUNNING, THEN FIND A TOOL TO SUPPORT IT. NOT THE OTHER WAY AROUND"

Measurements

Effective measurement is vital to being able to demonstrate the outcomes derived from any project. Measurements should be considered from the perspective of project duration and project success (and potentially beyond depending on the definition of phases).

Measurements should be linked to targets and targets should always align to the ethos of SMART (Specific, Measurable, Achievable, Realistic and Time bound).

One approach here is to define your Critical Success Factors (CSFs), then define key Performance Indicators (KPIs) for each CSF, try and not go beyond 5 KPIs per CSF.

In terms of governance in this area, you may want to define how, when, and to whom information will be generated and communicated.

Your measurements should align clearly with your success statements which should have been outlined earlier in the business case.

COMMUNITY TIP “REMEMBER THAT ONE OF THE MOST IMPORTANT METRICS TO EVALUATE AND ESTABLISH IS EMPLOYEE PRODUCTIVITY”



The Approval Process

Before you compile and submit your business case make sure you understand the internal process(es) that it will go through for:

- Submission
- Evaluation / Review
- Sign Off

It may be that approval lies at several levels, with changing levels of granularity required, so you may need to be prepared to present additional support information for every section of your business case. Understand how it will be presented and assessed, if possible, try to present your business case in person, and be prepared for challenges and objections.

Tip – Before submission present to a peer and ask them to challenge and object, essentially playing devil’s advocate to your proposal. You may only get one chance each financial year to present your case, so make sure you plan accordingly.

Another factor on the approval process is timeline. Failure to understand when business cases are reviewed and the timeline for funding allocation can lead to financial, operational, and project pain; for example, you may have to extend your current vendor support contract until project approval / completion or take out a time and materials based short-term contract. Forearmed is forewarned, so understand timescale and start your business case definition and content in line with your overall timelines



Conclusion

This guide should be used in line with your own business case process and governance, it is designed to give advice and tips on content to make your business case successful. Not all elements of this guide will be applicable to you, however, it has been constructed so that you can absorb and adapt as appropriate and relevant. Ultimately it is here to help your business case be successful.

COMMUNITY TIP “ABOVE ALL FOCUS ON WHY IT WILL HELP THE ORGANISATION, NOT HOW IT COMPLIES WITH BEST PRACTICES”

At the beginning of this report, we mentioned that a good ITSM solution should be viewed as a mission critical capability. By its nature, it is intrinsic to the delivery of a value driven support organisation. A good business case is an honest, detailed, well-structured and success orientated tool which when approved will provide demonstrable benefit to an organisation.



Appendix A: Provided by Martin McKenna

Other Potentials Benefits

Depending on the level of detail you are required to go to you may consider the following (they can also be used as an aid to presentation of your business case):

- Improved IT staff efficiency
- Reduced time to resolve tickets through better, newer, working practices
- Increased first time fixes with improved access to knowledge
- A flexible user experience by introducing improved self-service and proactive chat sessions
- Release end users back to their day jobs more quickly
- Reduced time to implement changes
- Introduce solutions to the business more quickly
- Introduce proactive problem management and reduce the number of incidents
- Increased visibility of potential issues
- Improved business workflows and processes
- Introduce Automation and reduce manual labour (e.g. Password resets and service/product requests)
- Improved reporting cycles by removing any need for coding and automating distribution

With over 30 years in IT and Project Management, Martin curates all it500 events and is an ITSM specialist having delivered multiple award winning enterprise solutions. He can also be found writing and blogging.

About Freshservice

Freshservice from Freshworks is a cloud-based IT service desk and IT service management (ITSM) solution that is quick to set up and easy to use and manage.

Recognised as an ITSM Leader, Freshservice has been named best software for mid market IT teams, the most usable service desk software and #1 in customer satisfaction by G2 Crowd. Freshservice has also won the Service Desk Institute award for Best Implementation of the Year for 2 years running.

Freshservice leverages ITIL best practices to enable IT organisations to focus on what's most important – exceptional service delivery and customer satisfaction. With its powerfully simple UI, Freshservice can be easily configured to support your unique business requirements and integrated with other critical business and IT systems. Native integrations are provided “out-of-the-box” with many of the most popular cloud services such as Google Apps, Dropbox, AWS, and Bomgar to speed up deployment and reach.

To learn more about Freshservice please visit www.freshservice.com



About SDI

The SDI company mission is to inspire service desks to be brilliant. To achieve this mission SDI has developed a set of goals by which it aims to inspire service desks to:

Embrace: To raise the quality of service delivery by valuing best practice

Engage: To create an inspiring and engaging customer experience

Invest: To empower their teams to be inspired, take action and be better

Shine: To demonstrate and deliver exceptional business value

SDI sets the globally recognised best practice service desk standards that provide clear and measurable benchmarks for service desk operations and professionals. The standards are designed to encourage service desks to embrace and value best practice in order to raise the quality of service delivery.

For more information about SDI, please visit: servicedeskintstitute.com

