

SURVEY RESULTS: ITIL[®] BEST PRACTICES IN SAP ENVIRONMENTS

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1 EXECUTIVE SUMMARY

As an IT leader, you may be wondering where IT Service Management is headed in terms of global adoption. Specifically, if you work in an SAP environment, you may be asking how other SAP enterprises are using IT Infrastructure Library (ITIL) best practices, and what they perceive as the greatest advantages and challenges in adopting this framework.

These very questions are the focus of an online survey conducted by Pink Elephant and BMC Software in February 2007. IT executives, directors, managers and consultants from the Americas, Europe, Middle East and Africa (EMEA) and Asia Pacific took part in the survey. Respondents included BMC customers, as well as subscribers to *SAP Insider* and *PinkLink*, Pink Elephant's e-newsletter — all of whom have SAP implementations. Most of the results are based on responses from 240 people who met the following qualifications. Some of the results, where indicated, include responses from additional individuals who participated in the survey, but did not meet the detailed qualification criteria. That group includes 664 respondents.

Each respondent is:

- Running SAP, Oracle, BMC, CA, HP or IBM software for ERP implementations
- Responsible for ITIL strategies or is managing the SAP environment as part of ITIL initiatives
- Part of Application Development/Operations; Infrastructure Engineering and Operations; IT Business Management; IT Process Management/Service Support; or Security departments
- An executive, director, manager, individual contributor, or consultant in the organizations referenced above

The survey focuses on specific questions about the adoption of ITIL best practices in service management for use in SAP environments, as well as overall service management practices.

Primarily, the IT organizations surveyed are implementing ITIL in order to standardize processes, become more efficient, and better align IT to the business.

Key findings of the study include:

- 71 percent of respondents are implementing ITIL as a strategy. This includes feedback from the 240 people who met the full qualification criteria, as well as others who responded to the survey
- Process standardization and efficiency are the primary benefits of implementing ITIL
- Respondents are managing their SAP implementations as part of larger IT enterprise ITIL initiatives



- The most common ITIL process implemented first is Incident Management, followed by Service Desk and Change Management
- The biggest challenges to ITIL implementation are cultural (learning to work across silos and avoiding resistance to change)
- When asked what they would do differently in the future, participants cited that they would:
 - Do more up-front planning
 - Get early buy-in and involvement
 - Increase the socialization of issues to teams outside their regions
 - Conduct more training



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2 ITIL & ERP

ITIL is a collection of best practices that help companies implement an IT Service Management (ITSM) culture. Its growing popularity reflects the substantial impact ITIL can make on a company's IT and business performance, and, in combination with other frameworks, is a vital ingredient in creating true IT governance. ITIL was originally developed in the 1980s by the UK's Central Computer and Telecommunications Agency (CCTA), a British government body. CCTA has now become part of the Office of Government Commerce (OGC).

ITIL provides guidance on how to manage the IT infrastructure to streamline IT services in line with business strategies and goals. This best-practice framework presents the experience of organizations worldwide on how best to manage IT services to meet business expectations.

ITIL has become widely adopted in both public and private sectors, and is recognized as the ITSM best practice for all enterprises. Vendors have made this application more achievable through the alignment and automation of the processes within their applications.

The term Enterprise Resource Planning (ERP) has been generally applied to major business applications that represent an integrated suite of modules focused on automating both front-office and back-office processes of the business value and supply chain. It is based on the premise that integrated business processes are best served by integrated applications that source information from a common repository containing the assets and resources of the organization. Based on this model, such vendors as SAP, Oracle Financials and JD Edwards have built their compelling solutions. This paper focuses on SAP.

3 SURVEY RESULTS

This section highlights some of the key survey findings pertaining to ITIL implementations, including the benefits, challenges and lessons learned.

3.1 71 percent of respondents identify ITIL as among the IT strategies being implemented.

ITIL implementation and adoption has grown rapidly over the last few years. Each year, more analyst organizations are tracking ITIL adoption and awareness rates, and each year there is a substantial growth within practitioner organizations from both the public and private sectors. While this survey presents an impressive figure of 71 percent for SAP organizations, Pink Elephant’s experience shows that the ERP group is often an earlier adopter within an IT organization.

That being said, the larger enterprise IT functions often follow the path blazed by the ERP group, as more and more IT services become business critical. What is interesting to note is that ITIL as a service management framework has a much larger adoption than the Capability Maturity Model Integration (CMMI), which is a well-known and accepted software development methodology (see Figure 1).

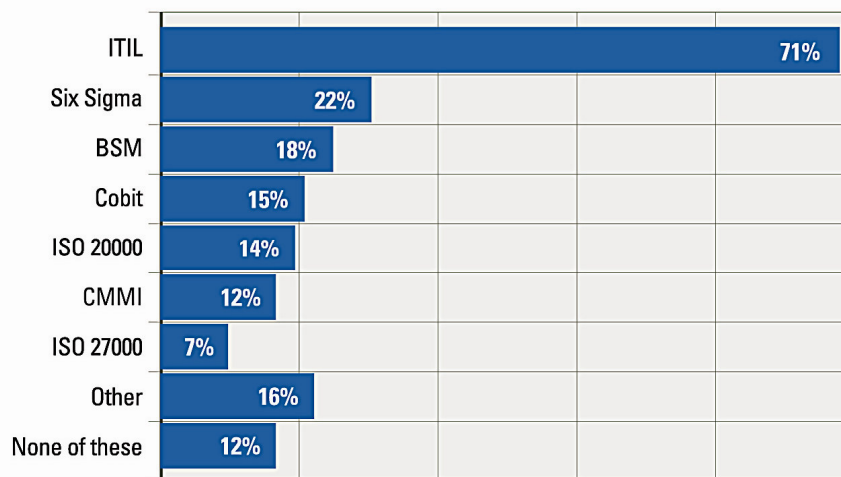


Figure 1. IT strategies being implemented

Many survey respondents indicated that a primary driver for adoption of ITSM practices is based on the importance of availability. Early process adoption focuses on the Incident and Change Management processes to support the mature management of SAP as a critical business application. Figure 1 covers responses from the general response list of more than 600 respondents, including the qualified respondents and those who did not meet the survey criteria.

Those respondents who use BMC solutions are significantly more likely to be implementing both ITIL and Business Service Management (BSM), the most effective approach for managing IT from the perspective of the business, than respondents using solutions from other software vendors in this study. Implementing ITIL and BSM together aligns diverse IT decisions and activities according to their impact on the business.

3.2 Primary benefits from ITIL implementations are process standardization and efficiency.

When building a business case for implementing ITSM, it is important to realize that a large portion of the gains come from soft benefits, rather than an immediate financial return on investment. When considering the earlier benefits that most organizations realize from implementing these practices, we see clear evidence that efficiency and increased availability are the clearest short-term benefits (see Figure 2). Efficiency can be loosely defined as cost avoidance, in that redundant and wasteful activities are removed from business practices. A primary example of this would be an efficient Change Management process that optimizes change assessment and approval time, while also minimizing the time required by large numbers of people to participate in long and drawn out change approval meetings.

Likewise, improvements in Incident, Problem and Change Management have been shown to have a dramatic improvement on service availability. Many analyst studies have shown that the majority of service degradations are caused by weaknesses in processes and human error, as opposed to the direct failure of technology components.

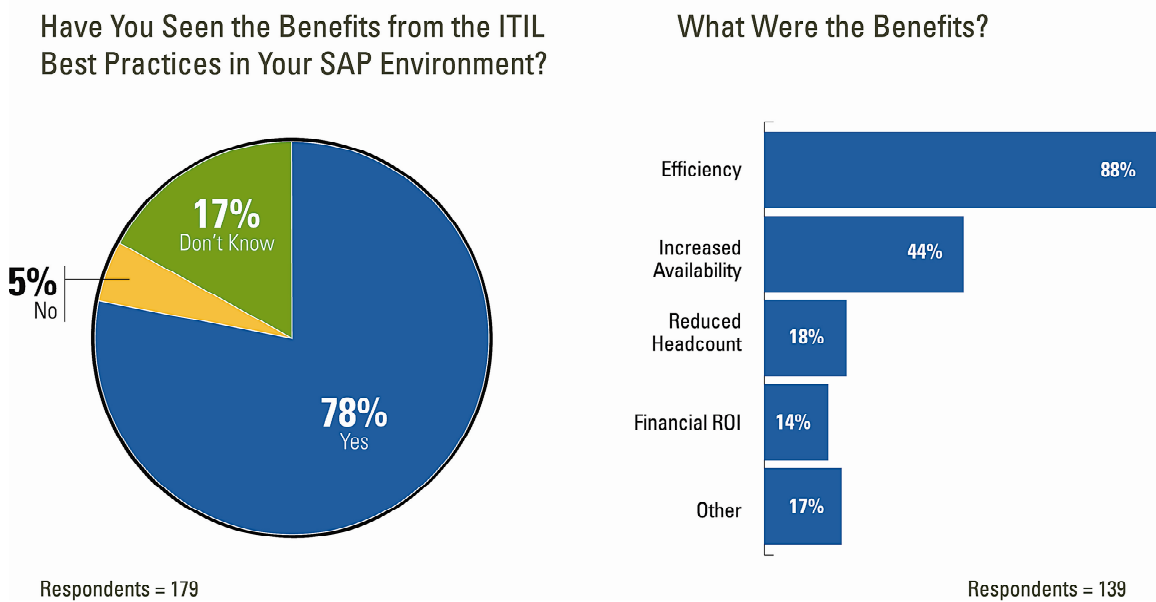


Figure 2. Benefits realized from ITIL best practices

Building on the theme of efficiency, it is also understood that much of the rework, communication breakdown and wasted effort that occurs in IT organizations results from the fact that most IT groups are organized around isolated silos or technology domains. Generally speaking, most organizations achieve a significant improvement in the ability to deliver IT services when the technology domains are united in the use of common processes. For this reason, it is not surprising to see that many of the survey respondents indicated that the adoption of common processes is a key problem they are trying to solve with the adoption of ITIL practices (see Figure 3).

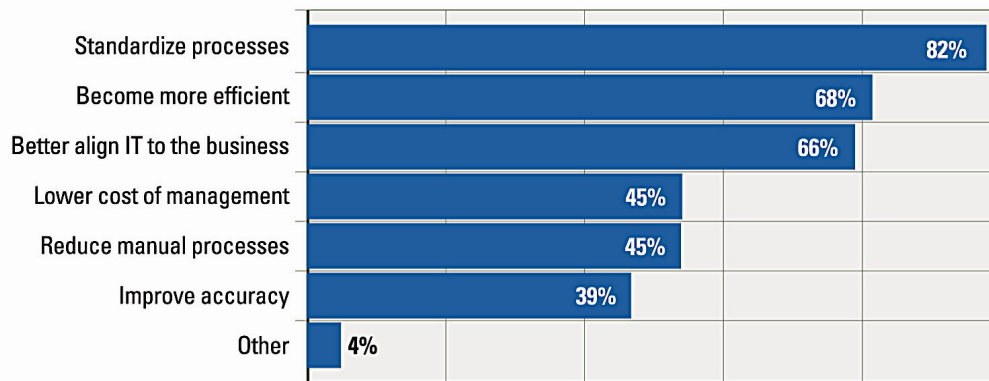


Figure 3. Problems solved by implementing ITIL

Most SAP organizations report they were able to implement common processes within a six-month time frame. In fact, nearly two-thirds were able to roll out their first ITIL processes in under six months (see Figure 4 on page 9).

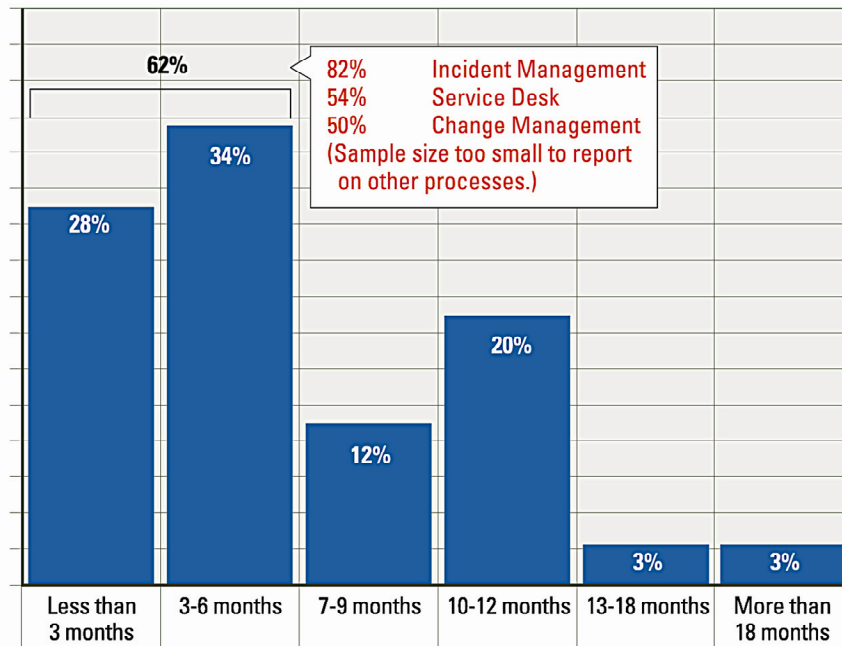


Figure 4. Average time to roll out first ITIL process

While these are very interesting numbers, three important caveats should be observed:

1. ERP groups are typically under the political management of a single executive structure. As such, they benefit from strong and unified senior management commitment, which is, by nature, driven by business and quality.
2. ERP groups represent a smaller function within the greater IT organization and benefit from their smaller size in the speed it takes to implement organizational changes.
3. While process implementation within a single IT function, such as the SAP group, is a benefit for the ERP application, this does not mean that the entire IT function shares this common process. Issues of service support and service delivery that fall outside this function are still impacted by immature processes.

3.3 Respondents are managing their SAP implementations as part of a larger IT enterprise ITIL initiative.

While the survey targeted the SAP/ERP function, participants were also asked if their ITIL adoption is part of a larger enterprise IT initiative. More than half manage their SAP environment as part of ITIL initiatives (see Figure 5).

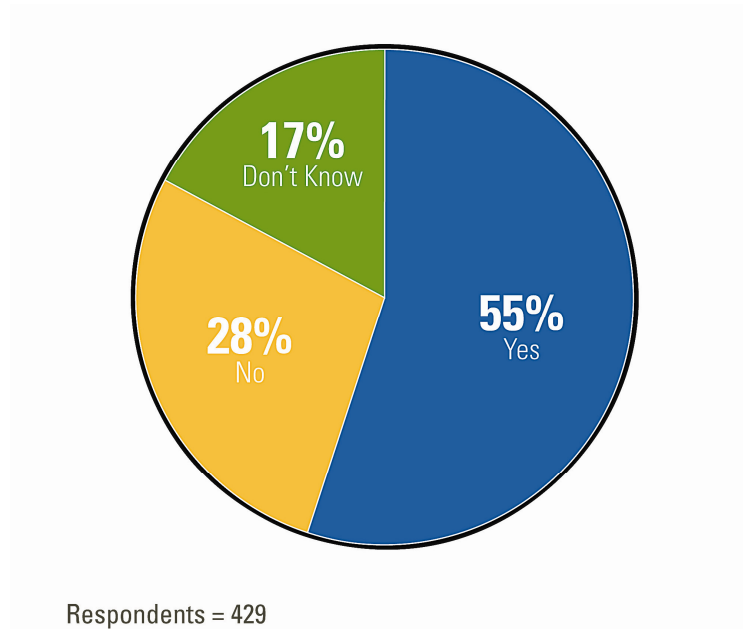


Figure 5. Percentage of respondents managing SAP as part of their ITIL initiative

3.4 The most common ITIL process implemented first is Incident Management, followed by Service Desk and Change Management.

The sequence and adoption of processes within an ERP organization follows the same pattern Pink Elephant has observed in the general IT industry (see Figure 6 on page 11), whereby sequence is typically influenced by such factors as risk, quick wins, and process dependencies.

For example:

1. Improvements in Incident Management and Service Desk can be adopted relatively quickly, and have a significant return on improved availability and customer satisfaction.
2. An effective and authoritative Change Management process is necessary in order to succeed at Configuration and Release Management.
3. The processes of Incident, Change and Service Level Management share the characteristic of being customer facing, and represent opportunities for improved business outcome, support and integration.
4. Incident, Problem and Change Management each contribute to major improvements in overall service availability and reliability.

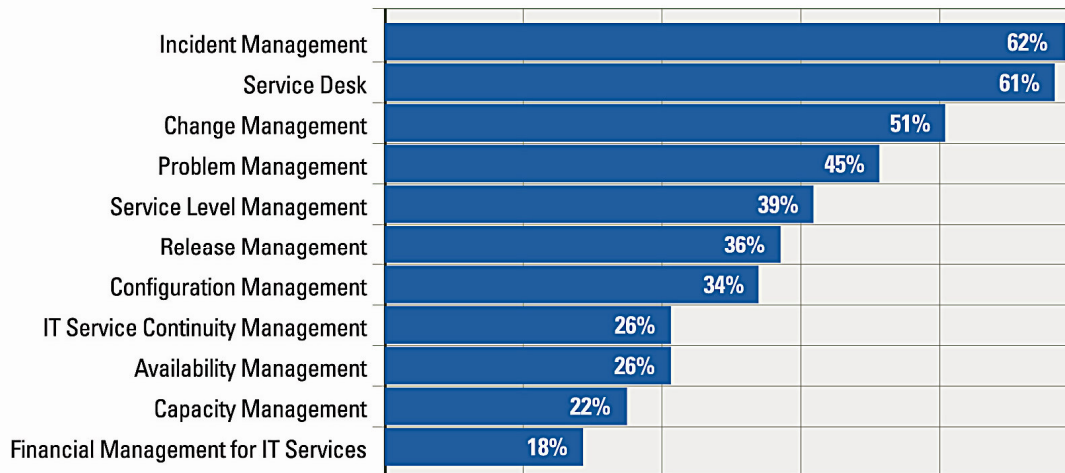


Figure 6. Best practices already adopted

Based on the survey results, the following reasons were given to explain the sequence of process adoption:

- **Incident Management**
 - Easiest to adopt
 - Biggest impact on improved customer service
 - Easy to add ERP systems to existing service desk once the model was defined
- **Service Desk**
 - Easy to implement based on existing help desk
 - Required for SAP environment
 - Provides a single point of contact for customers
 - Acts as first point of contact in a process, leading eventually through to Incident, Change and Configuration Management



- **Problem Management**
 - Reduces the number of incidents
 - Addresses root cause analysis, which can highlight potential issues on the same configurations, and when passed to Change Management, can ensure a more stable environment
 - Offers permanent prevention, which is better than temporary work-arounds

- **Change Management**
 - Provides more control over changes (and documents them)
 - Facilitates compliance with Sarbanes-Oxley
 - Improves control and identifies the changes in the system for documentation purposes

- **Service Level Management**
 - Delivers correct support
 - Clarifies services
 - Helps to define the services provided to the customer and determines if they match what the customer thinks they should be getting (and actually require)

3.5 The biggest challenges to ITIL implementation are cultural.

When asked to indicate their biggest challenge in implementing ITIL, survey respondents clearly indicated that it is the organizational change around IT culture that provides the greatest challenge, a finding that is in line with Pink Elephant's consulting experience.

ITSM is much more than putting pen to paper or implementing tool solutions. In fact, it has been said that implementing ITIL is about one-third design and two-thirds sales.

Many organizations that undertake programs to improve their core business processes and service delivery capabilities experience the overriding frustration of failure, or at best, achieve minor successes in the place of their ambitious goals. The failure of many improvement initiatives can be directly attributed to management's lack of understanding. They fail to recognize that by implementing processes within traditional hierarchal organizations, they are, in reality, reengineering and changing a large part of the IT business culture and accountability structure.



Key Issues

The comments below come from the survey, and summarize key issues.

- › **Culture change to work across groups**
 - “Mostly our own organizational complexity {is a problem}, with different groups responsible for different components. It is a very large complex system with disparate ownership.”

- › **Resistance from staff**
 - “Changing people’s behaviors {is important}. Technology is simple. People are complex. Getting people to change involves much more than beating them up if they don’t comply. It means convincing them to the point where they are beating you up if you don’t take them there. The challenge is, of course, that in general most IT professionals are lousy salespeople.”
 - “A lot of resistance to change and deploying new processes.”

- › **Emergency changes**
 - “{We were facing} the need to implement too many emergency changes into production.”

When asked what they would do differently in the future, survey responses included:

- › **More up-front planning**
 - “{We should have} done more comprehensive analysis beforehand to better characterize the different types of benefits that were possible.”

- › **Early buy-in and involvement**
 - “{We need} more socialization of the issue. Get early involvement from IT teams outside of US.”

- › **More training**
 - “{It’s important to provide a} detailed explanation and training to users.”



By mandating that departments have to work as cross-functional teams instead of technology-based silos, a variety of fundamental changes need to take place, such as:

- Defined and repeatable cross-departmental processes need to be overlaid across hierarchal, silo-based and system-based organizational structures, effectively creating a matrix organization
- New areas of accountability and responsibilities must be defined within job descriptions
- Values, beliefs and corporate cultures need to be changed from unconstructive departmental competition to customer-focused cooperation
- IT staff working within complex processes must obtain more general knowledge, as well as skills required for specialized activities
- Collaboration tools must support and automate multi-process data integration and enable workflow automation to support a process approach
- New contracts must be put in place with existing staff in order to clarify new expectations for performance (based on the new values surrounding process adherence, customer-based measures of service delivery expectations, and contracted service delivery levels)

In summary, a common reason organizations fail in their initial attempts at implementing ITSM is that they underestimate the level of change they are bringing to their organization.



4 THE BIG PICTURE

The growing impact of IT service availability on business process outcomes has not been lost on the business, nor on the governments and regulatory bodies of the world. We see law after law place stricter controls on how IT manages its affairs. Concerns around accurate financial reporting, privacy, information security, data retention, national security and public safety are resulting in our industry becoming regulated. That's why best practices such as ITIL are vital — and why it is so critical to follow ITIL best practices for successful SAP implementations.

As IT becomes indispensable for business survival, it also bears the burden of what it means to become a corporate and public utility. One of the first groups to undergo this realization in the IT organization is the ERP group targeted by this survey; however, this group alone does not bear the burden of business success. Many IT functions are implementing ITSM/ITIL to deal with these challenges. This was indicated by the survey results, which show that over 55 percent of IT functions are implementing common processes across the larger IT context.

BSM helps organizations manage IT from the perspective of the business, thus moving from an IT focus to business alignment, and finally, to IT/business integration. Using ITIL to support the SAP environment is a proof point that this integration is critical to the success of the business and its key processes.

The premise:

- The financial results, data, and information of a company are a direct product of its business processes
- The business processes and their digital output were automated several years ago by IT services (such as ERP applications)
- The services are supported by IT systems and technology components
- The technology is managed (or not managed) by the processes of ITSM
- The IT professionals participate (or not) in the processes that design, transition and operate IT services



5 CONCLUSION

ITIL best practices are well-suited to the ERP marketplace and customers. ERP customers are often large enterprises with complex IT environments with varying degrees of IT process maturity; however, because they already understand the benefits of standardized processes and integrated applications from a business application perspective, they can recognize how similar benefits apply to IT by implementing BSM and ITIL.

BMC solutions for SAP cover nearly all of the major ITIL processes and one function, the Service Desk. The ITIL processes covered include Incident, Problem, Change, Release, Configuration, Availability, Capacity, Event, and Service Level Management. These solutions are particularly aligned with Availability Management and can help organizations get a head start on using ITIL best practices in an SAP environment.

In the end, there is no real ability to separate the business process and its underlying technology. IT has quietly become the manufacturing line and the core utility for business success. The challenge we face is that while this statement is true, it has not been absorbed or accepted as quickly by the organization's culture; however, by following ITIL practices, we can help to bridge this gap.

Full survey results will be made available soon by Pink Elephant and BMC. Visit <http://www.pinkelephant.com> for information about ITIL best practices and visit www.bmc.com for information about BMC solutions.

6 APPENDIX

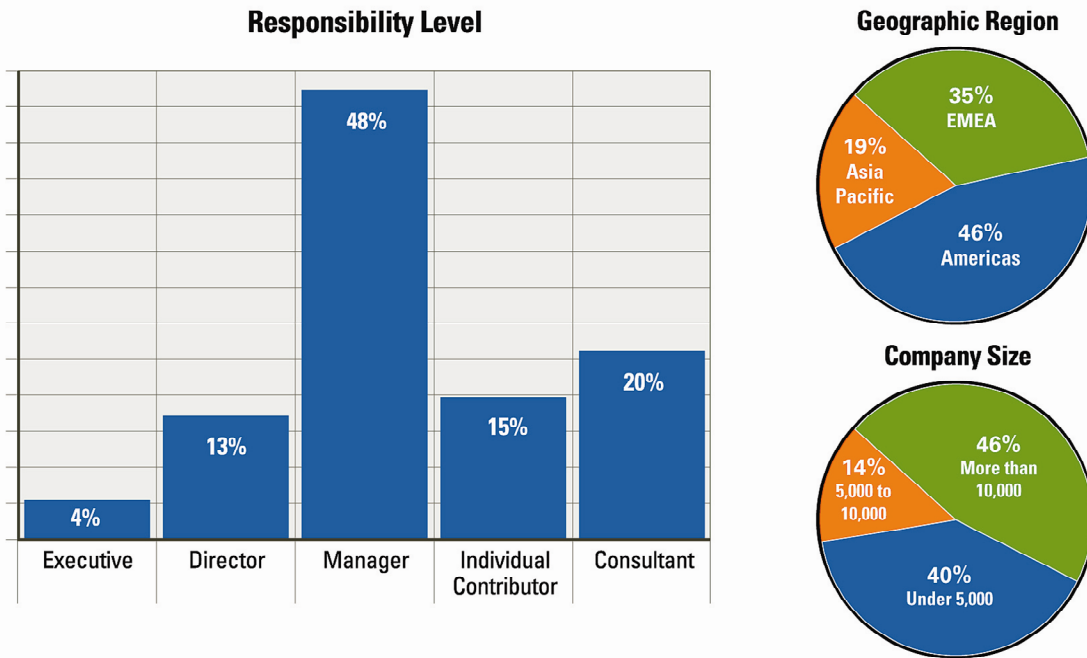


Figure 7. Respondent demographics

The chart above includes respondents who met the qualifying criteria, as well as those who did not meet the selection criteria.



7 ABOUT THE AUTHORS

Pink Elephant is the world leader in IT management best practices, offering conferences, education and consulting services to public and private businesses globally. The company specializes in improving the quality of IT services through the application of recognized frameworks, including the IT Infrastructure Library (ITIL). Pink Elephant has been involved in the ITIL project since its inception in 1987, and was selected as an international expert to contribute to the ITIL V3 project – as authors of V3's *Continual Service Improvement* book and through representation on the international exam panel. For more information, please visit www.pinkelephant.com.

BMC Software delivers the solutions IT needs to increase business value through better management of technology and IT processes. BMC's industry-leading Business Service Management solutions help customers reduce cost, lower risk of business disruption, and benefit from an IT infrastructure built to support business growth and flexibility. Known for enterprise solutions that span mainframe, distributed systems, and end-user devices, BMC also delivers solutions that address the unique challenges of the mid-sized business. Founded in 1980, BMC has offices worldwide and fiscal 2007 revenues of \$1.58 billion. Activate your business with the power of IT. www.bmc.com.

About The Authors

Troy DuMoulin, Director Of Product Strategy at Pink Elephant, is a leading IT Infrastructure Library (ITIL) and IT governance expert with a solid and rich background in business process re-engineering. Troy holds the Management Certificate in ITIL and has extensive experience in leading Service Management programs with a regional and global scope. His main focus at Pink Elephant is to deliver strategic and tactical level consulting services to clients based upon a demonstrated knowledge of organizational transformation issues. Troy is a frequent speaker at ITSM events and is a contributing author to ITIL's *Planning to Implement IT Service Management* book.

Ken Turbitt, global best practice director at BMC Software, assists corporations in aligning with the best practices for IT. Ken was involved in the ITIL v3 quality reviews and has provided input to several of the authors. He has held an International Standards Examination Board credential, has had an ITIL Manager qualification for more than 12 years, and has been a Gartner qualified TCO consultant for more than ten years. He was a founding member of the Institute for the Management of Information Systems. Prior to joining BMC, Turbitt was an IT services consultant. He was also an enterprise architect/analyst for Peregrine Systems, and managed the Infrastructure Resource Management (IRM) consultancy practice within Fujitsu/ICL.

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