

Castles in the sand

Learning to embrace change: The HP story



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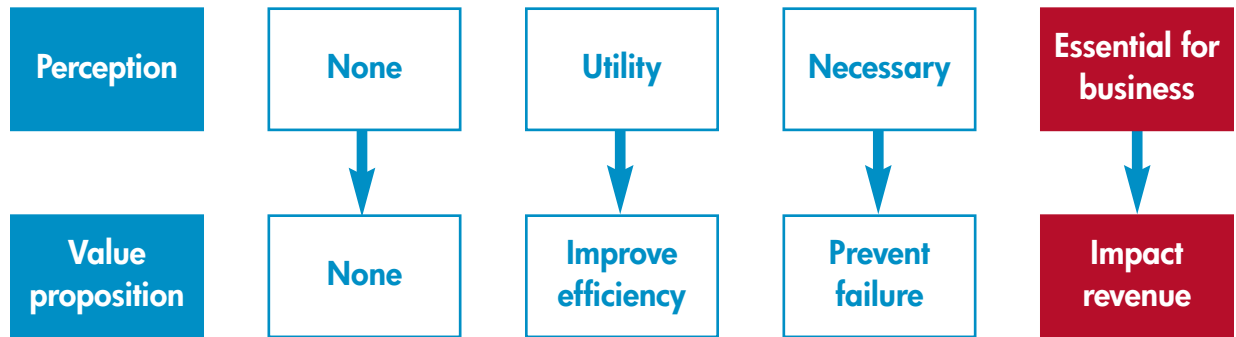
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“Every day, we go out and build magnificent IT structures, but then the tidal waves of consolidation, merger or reorganization hit and they get washed away. At the end of the day, our job is not about the sandcastle that is visible at any one time; it’s about cumulative organizational competence—the ability to cope with change by building better sandcastles in a shorter time, all of the time. ITSM equips us to do just this.”

Alan Nance, IT Service Management/ITIL
industry expert

Fig 1. 1996: role of IT within HP was changing



Notably, IT did not become "essential" to HP by becoming efficient and stable. It was achieved by becoming efficient, stable and, most importantly, adaptive.

Introduction

Long ago, a wise and powerful king named King Canute tired of his subjects' boasts that he could do anything. One day the king had his throne carried to the seashore. Puzzled, his servants watched as the king began commanding the tide to recede. "Back!" he ordered. "Do not touch my throne!" But, of course, the sea paid no heed, and soon the king was ankle-deep in water. King Canute reminded his people that no matter how powerful a king may be, his kingdom would always be at the mercy of the one who commands the tides.

At HP, we have found that managing IT is not so different from building sandcastles on the seashore. At first, we tried to keep the tides of change from touching what we had so carefully constructed. But now we understand: Change will come. Instead of fearing it, we have developed ways to capitalize upon it.

How IT Service Management helped transform HP into an adaptive enterprise

Perhaps you have heard the challenge to become an Adaptive Enterprise—where business and IT are synchronized to capitalize on change. As you stand wondering how that journey might look for your enterprise, know this: HP has been where you are. We understand the frustrations and challenges, and we have experienced the successes firsthand. We invite you to benefit from our experience, and our expertise.

Our IT Service Management (ITSM) strategy has been proven first within our own IT infrastructure. Knowing how these strategies were developed may help clarify what HP could do for you. Maybe you'll see parts of your own story in ours. We welcome you to join HP on the ITSM journey, as you strive to become an Adaptive Enterprise.

The IT challenges

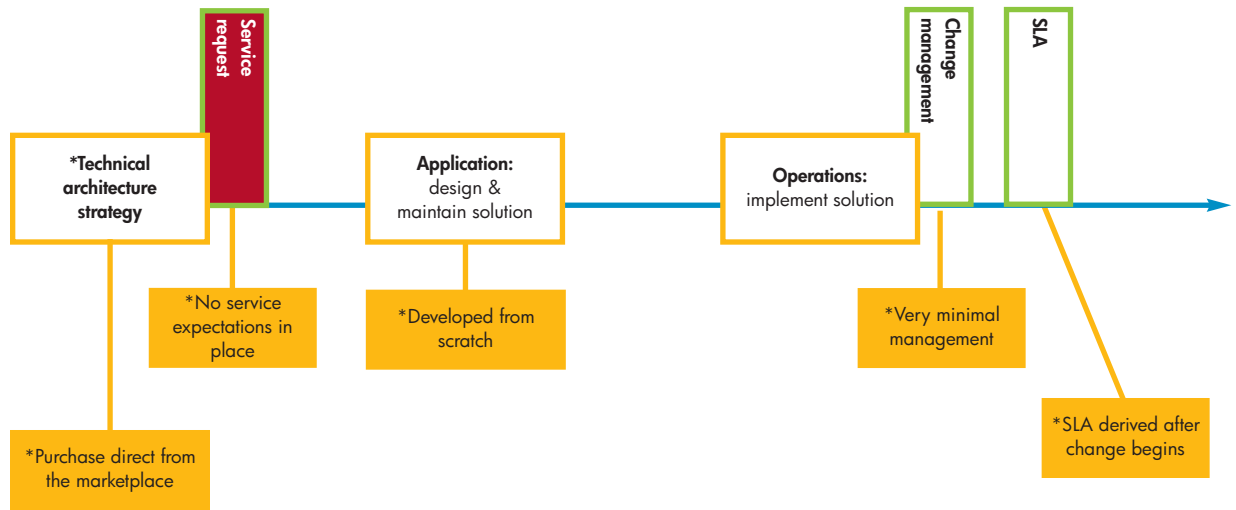
Originally, IT at HP didn't have a value proposition. We had many systems in many countries but, quite frankly, IT was not seen as critical. By 1996, however, IT had hit the radar—not for any great benefit, just for showing up as a big line item. At that point, efficiency became the focus. Consolidations began, and our IT locations went from 125 countries down to a few major centers around the world.

As efficiency improved and IT began to roll out business programs, like SAP and CRM, suddenly HP was dependent upon IT, and the impact of failure became apparent. It became clear that we needed to invest in an efficient, reliable IT Service Management model. As we have continued our journey, the investment in ITSM has paid off, and our IT infrastructure now enables HP to easily adapt to change.

During this same time, IT faced a laundry list of challenges, perhaps similar to those you face:

- Stem the high cost of owning and managing technology
- Control client/server components for over 80,000 desktops (which has since grown to over 500,000)
- Benchmark competitively
- Cope with help-desk calls in a professional manner
- Implement high numbers of changes without causing new incidents—especially in software control and distribution
- Negotiate and execute meaningful service levels
- And, above all, become service centric, defining service management from a customer viewpoint

Fig 2. The HP ITSM journey: phase one



The issues: phase one

At this point, HP IT looked a bit like Noah’s Ark: We had two of everything, which meant essentially that nothing we could buy would help us. And for every piece of technology, HP had a separate organization to manage it. So we had silos for applications, and silos for desktops and silos for networks—and nothing was improving because we made it impossible for people to work outside their silos.

We’d also been battered as an IT organization—“you’re too slow,” “too expensive,” “not user friendly.” And how did we respond? By doing anything our internal customer asked us to (and sometimes doing it poorly). (See Fig. 2.) Very little change management was happening. Our technical architecture strategy came directly from the marketplace, with no customization. And Service Level Agreements (SLAs) weren’t being designed; they were being derived once a service was already in place.

The solution

For HP to become adaptive, able to rebuild IT sandcastles with each new wave of change, we needed a reference model that met two main requirements: 1) It had to be comprehensive—spanning the IT services value chain and enabling end-to-end management. 2) It also had to be based on best practices—an accessible, global, proven methodology, separate from HP, which promoted open standards and vibrant, continuous improvement.

We’d also need to develop a toolset that could support the implementation of the reference model. We planned to use HP OpenView software as our primary tool.

The ITSM reference model

As it turned out, we had much of what we needed in hand. Five years earlier, HP had begun training consultants on ITIL, an international set of best-practice processes for IT service provisioning. Eventually, we realized ITIL is the building block for ITSM framework and architecture, and beyond that, it’s a map for how to operate as an Adaptive Enterprise. The ITIL processes offered exactly the proven, best-practice standards we needed, so we put them into a linked model.

The reference model (see Fig. 3) looks relatively simple; creating it was not. HP has a strong sense of innovation and many people within the organization felt they had a specific solution that would work best. Eventually though, through a top-down, coordinated approach, we developed the reference model and found that it benefited us in several key ways:

Automation—We integrated and automated the management of incidents, operations and problems—using HP OpenView Event Correlation software as a key component. As a result, today we can take 40 million events and boil them down to 4 million incidents calls.

Change Management—We gave change management a much more important role, central to service and planning.

Application Design—We shifted our focus to design-oriented applications development, as opposed to coding. Instead of developing our own applications, we assemble what others have developed.

Operations—We linked operations with design and management. This was critical because, according to our experience, only 20 percent of IT costs can be impacted by manipulating operations alone. The rest is determined by application design.

After intensive collaboration, we arrived at this reference model. Why was that important? Because it's very difficult to do the ITSM jigsaw puzzle without a picture on the box.

Fig 3. The HP ITSM reference model

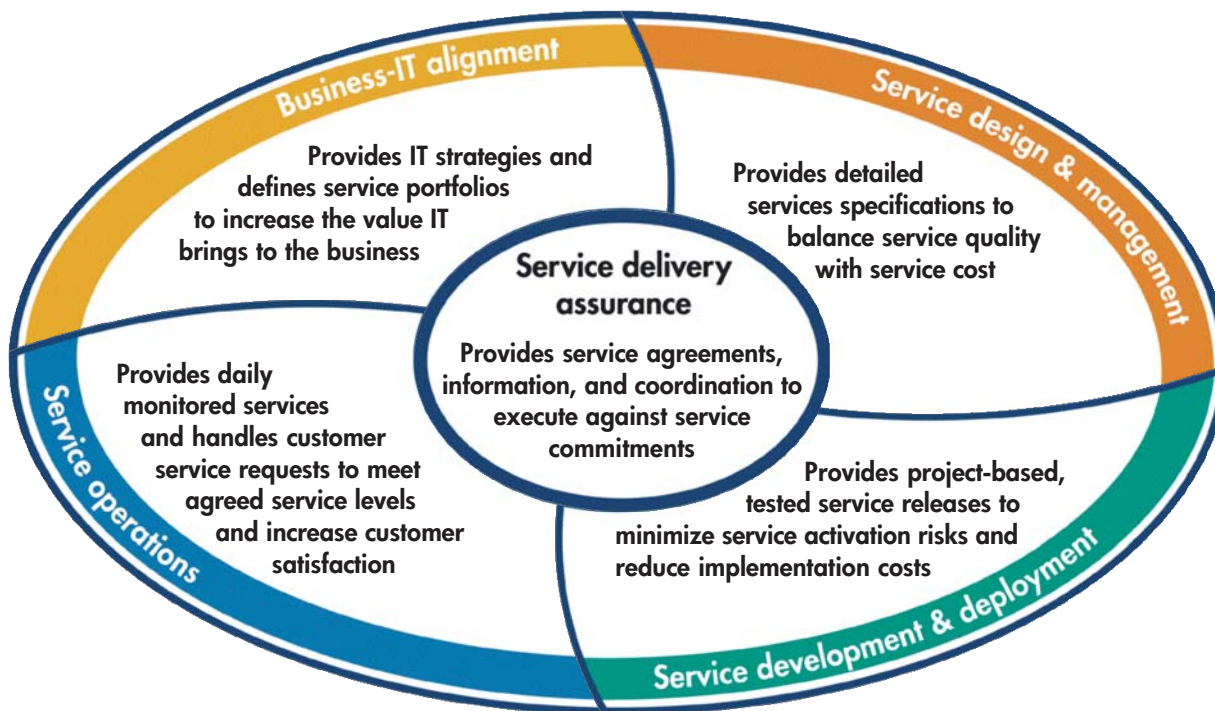
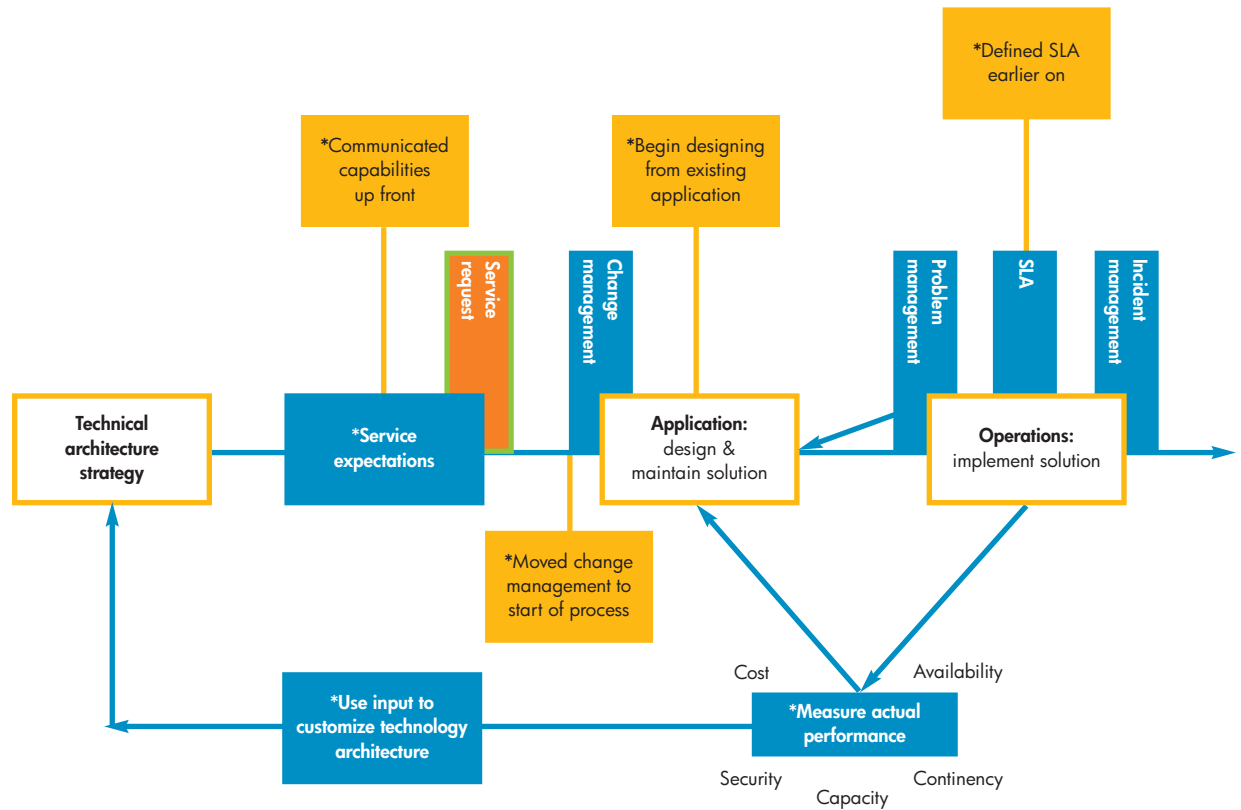


Fig 4. The HP ITSM journey:
phase two



The next step: phase two

As we took the reference model to our IT infrastructure (see Fig. 4), the first thing we did was to protect operations. We developed a much more structured dialog with our internal customers up front about what's going on, what's going right, what's not, etc. As a result, IT made promises it could deliver. Also, with the help of HP OpenView Network Node Manager and MeasureWare software, we began to actually measure performance on a regular basis and customize our architecture based on real results. In addition, we had the SLA defined and signed before we moved into operations. And by moving change management further up in the process, and adding incident management and problem management, we created an environment of continuous improvement.

The results exceeded expectations. During phase two:

- HP took 25 percent of costs out of IT operations.
- We gained a 15 to 35 percent return on consolidation.
- Half as many incidents occurred.
- We introduced global case management.
- HP help desk was rated 4.3 on a one-to-five scale.

Things were better, but without consolidating applications, we had gone as far as we could.

The final touches: phase three

Still holding closely to the ITSM reference model, we embarked on a new level of improvements (see Fig. 5).

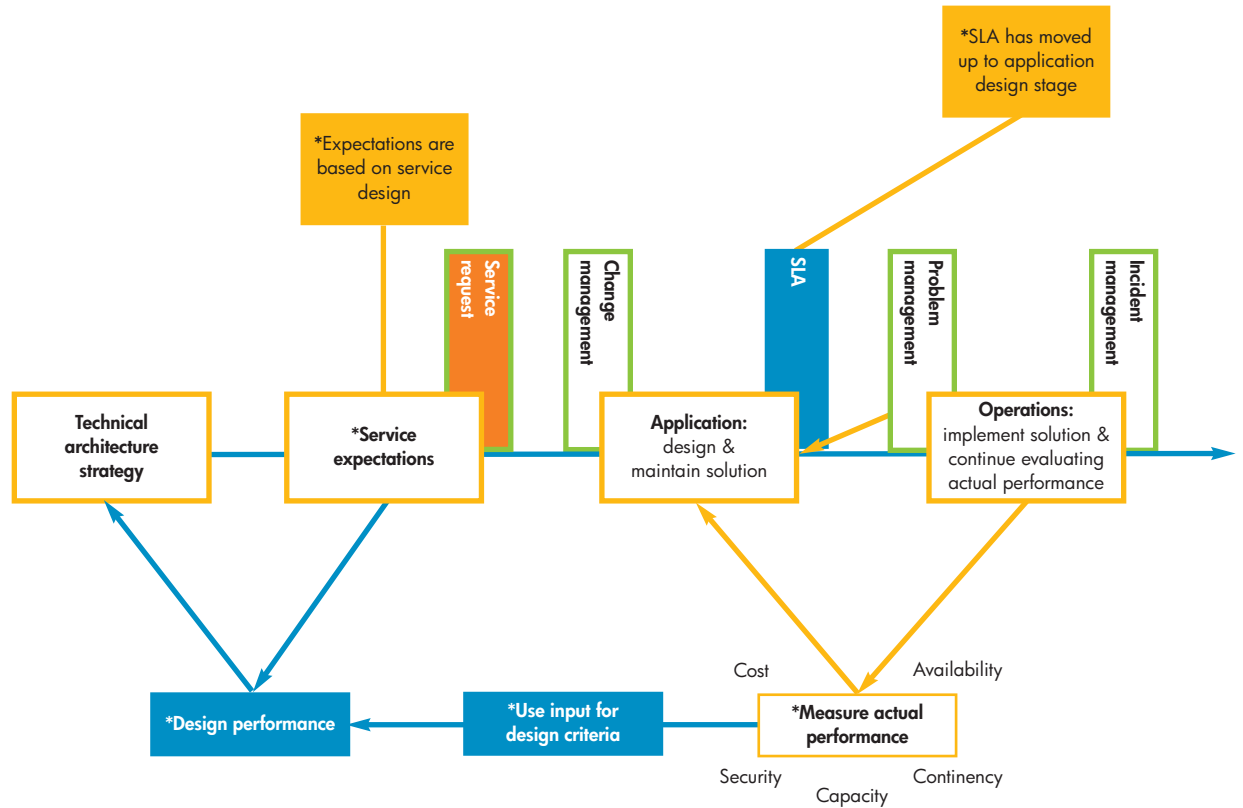
Our next initiative was to consolidate applications. We started by having concrete discussions up front with our internal customers about their expectations for performance, availability, cost of ownership, etc. All of this became design criteria, and ultimately cheaper to do. Getting to this point was cumbersome, but all of us now see the value. Having a consistent process for design and delivery—both internally and externally—remains a priority for HP. With better discussions about service specifications, our SLA framework is now much better from the start. Everybody's signed up for it; it's everybody's future; it's everybody's target situation.

The proof

As a result of ITSM, IT works faster. Processes are automated. Everybody's in sync. Everybody's got the right technology. Everybody's focused. Because HP developed end-to-end solutions that encompass both service and software solutions, we have been able to accomplish real results. For example, IT has:

- Reached ultra-high availability of 99.9 percent at the application level
- Reduced costs up to 75 percent in certain areas through a second wave of consolidation, involving application stacking and replatforming

Fig 5. The HP ITSM journey:
phase three



- Significantly lowered server-support ratios: Where we once needed four people for 20 high-end servers, we now need one; and what used to take three people to do for intel servers, now only takes one. These ratios continue to improve.
- Maintained help-desk satisfaction levels of 4.3 (on a scale of one to five) despite a dramatic increase in calls during these major transitions.
- Automatically eliminated 80 percent of service incidents, leaving only 4.2 million to handle per year (from a customer base of over 800,000 end users)

So has HP become an Adaptive Enterprise? We faced the ultimate test of this with the biggest tech merger in history. Through it, we proved the strength of our ITSM strategies by emerging a stronger, more responsive, more competitive company.

And, within a one-year period, HP was able to launch 665 new products and double the number of patents filed in the previous year. We cut overall IT costs by 25 percent while increasing speed and responsiveness. And we cut the time for integrating a new supplier into the HP global supply chain from five weeks to just two hours.

ITSM has produced real results for HP clients, as well:

- For a dynamic software company, we successfully moved 500 users to Microsoft® Windows® 2000 and email within 3 weeks.
- For a global software company with 61,000 users, we began providing 24 x 7 x 365 support and W-Tech 4-hour response.
- For one of the most prominent providers of telecommunications software and services, we implemented an ITSM system within less than six months. In its first four months of operation, the system captured 32,500 network-related events, catching more than 95 percent of all events automatically (compared to an industry-standard 80 percent). Better still, less than five percent of reported events originate from users calling in a report.
- For a major pharmaceutical company, we implemented the largest global-frame-relay network ever for 23,000 users in only nine months.

Again, we're talking the sandcastle analogy. You build them, you change them, and the waves change them back again.

How were these results achieved? In every case, ITSM is a customized process involving one or more of these four approaches:

Service management process consulting—a range of IT re-engineering approaches that transform IT into a complete service delivery and support organization

Service-driven operations management—proven operational management solutions based on HP OpenView, focused on delivering specific, business-critical IT services

Integrated service desk—a consolidated HP OpenView-based solution spanning helpdesk, problem resolution, change management and configuration management and tying this to minute-by-minute operations

Infrastructure management—targeted services that bring rapid, concrete change for a specific problem-solving situation

The value of ITSM

At the start, ITSM was a means to access best practices without undue investment. It augmented our work instead of overhauling it, and facilitated rapid results as well as lasting consistency. Today it means HP is an Adaptive Enterprise. ITSM enables us to meet changing business initiatives, plus it provides:

- the ability to reach lowest cost of ownership
- a common understanding of technology and its lifecycle
- a process-based IT value chain
- the basis for enterprise-wide, best-in-class, quality management
- guidance for organizational improvement
- the ability to create a sourcing portfolio with clients and suppliers

- rapid integration of acquired infrastructures

In addition to all of the concrete benefits that implementation of ITSM has brought to HP, it also now underpins the way we do things on a broader base within the company.

Our outsourcing business profits from ITSM as a “common operations bridge” that allows us to run a truly worldwide IT service operation for our global customers. As the blueprint for HP OpenView, ITSM has enabled us to provide both modular point solutions that bring immediate benefit to clients, as well as comprehensive service-management solutions that enable end-to-end management of complex environments. The products and solutions work seamlessly as they leverage the ITSM reference model.

In the last five years, HP Education services has trained over 10,000 people, both internally and externally, on ITSM principles. These principles govern our managed-services outsourcing practice and its business-improvement structure, keeping us on target with efficient processes.

ITSM is also a foundation for offshore system development. Thanks to ITSM practices, HP is one of the few companies with SEI CMM level-five development centers. We are also the first company in the world to obtain the prestigious BS 15000 (British Standard) ITSM certification, based on a proven framework for planning, managing, delivering, monitoring, reporting, reviewing and improving IT service management and creating a healthy alignment of IT to business.

The ongoing results

Within HP, ITSM has enabled us to:

- improve IT management by 50 percent
- Cut server and storage costs in half*
- Achieve 82 percent higher productivity in operations*
- Provide market-beating total customer experience (HP is #1 worldwide in outsourcing.)
- Provide ultra-high-availability solutions

Within the greater HP community, ITSM drives new initiatives, products and services—superdome, utility data centers, managed print services, adaptive infrastructures and more—and gives HP OpenView its world-class infrastructure-management capabilities. HP OpenView serves as a global ITSM architecture—so clients anywhere in the world, using virtually any call system, can benefit from the same look, feel and functionality of ITSM.

HP has blazed a path on the journey to becoming an Adaptive Enterprise. As a result, HP provides real experience and proven tools, enabling HP customers to synchronize business and IT, and capitalize on change.

(*) compared to reference group, 2001, Compass study

Becoming adaptive: what HP ITSM can do for you

Today's CIOs face momentous challenges.

These days, IT must prove its worth to the business by supporting and enabling ever-changing business initiatives—while meeting four conflicting objectives: manage costs, improve performance, mitigate risk and increase agility.

How does HP ITSM help?

For the CIO, ITSM helps to align people, processes and technology so IT can easily adapt to changing business needs. For the engineer, ITSM provides an ITIL-based roadmap that brings an agile IT infrastructure into reality. For the business, ITSM moves IT beyond simply maintaining the health of networks and systems to the advanced dimensions of service delivery. Through a combination of HP Services and HP OpenView software solutions, ITSM optimizes customer experience, improves business performance, contains daily operation costs, speeds time to revenue from the deployment of new services and more.

What has HP ITSM done for other enterprises?

HP is helping companies discover how IT and the business can finally be partners. IT can provide what the business actually needs, and the business can then respond on-demand to changing industry dynamics. HP helped Avaya and a large Midwest insurance company improve productivity 54 percent and scalability 26 percent, while reducing downtime up to 79 percent. Alpha Bank in Russia reports 500-percent productivity improvements and claims that the stable information systems have improved the net worth of the entire bank.

How does HP ITSM help reduce IT complexity?

By using more-intelligent software and systems, and getting people more in tune with the processes they manage, ITSM enables IT to manage a lot more with a lot fewer people.

HP OpenView contributes greatly to reducing complexity, with its Service Desk Consolidation. This system supports and automates all IT business processes—assets, problems, incidents, changes, projects, work orders, services, service level agreements (SLAs) and integration with operational infrastructure management. This not only saves dollars through increased efficiency; it also eliminates costs related to owning and integrating point solutions.

Is HP ITSM a consulting solution or a software solution?

It's both. Using a balanced mix of consulting and software implementation, HP provides a strategically pragmatic, rapid, value-driven means to improving IT Service Management.

How involved is the HP ITSM process?

People assume ITSM is very complex and long term. It's not. Sometimes the process takes only three to nine months. We have made ITSM very modular—you do as much or as little as you want. ITSM is a combination of HP Services and HP OpenView software solutions. Our building-block approach enables out-of-the-box integration so the most urgent problems can be solved first and ITSM solutions can be fully customized to a business' unique needs.

Through its tight linkage to the ITSM Reference model, and its efficient information gathering and reporting, HP OpenView helps further speed the implementation process. For example, a recent major deployment of HP OpenView Service Desk for Zurich Life took just 88 days with minimal staff and no service interruptions.



Do I have to throw away investments from competitors to pursue HP ITSM?

No. Contrary to what one might expect, the impact of our outsourcing success at HP means that the infrastructure we manage today is highly heterogeneous. As HP manages all the major hardware lines available in the market, so too have we integrated the specific software solutions that sometimes accompany them. Our expertise in these heterogeneous environments, along with OpenView's adaptive fabric, means that HP can bring together all the best of these integrated solutions—all based on open systems.

How does HP ITSM differ from competitors?

For one thing, HP didn't offer ITSM strategies to anyone until we had tested—and proven—them within our own IT infrastructure. Once we did, we became passionate about doing the same for you. Also, ITSM is not a prescriptive answer with one path to achieving success. It recognizes that each customer is at a different point on the Adaptive Enterprise journey. It addresses complexity through smart technology and automation, not throwing more consultants at every problem. It recognizes that you need help improving business processes, not reinventing them. It's a strategy based on horizontal infrastructure that flexes with the business, not vertical silos that put a straitjacket on assets, complicating change.

As an ITSM pioneer, HP is the first to offer ITSM solutions that are:

- **Heterogeneous**—Our solutions operate across infrastructure platforms.
- **Collaborative**—We work with you to customize a solution that's tailored to your business.
- **Standardized**—Our strategies enable greater interoperability and consistency across your IT environment.
- **Innovative**—We apply leading-edge technology to meet your needs creatively.

How does HP OpenView fit in?

HP OpenView gives ITSM its power. Among other things, HP OpenView:

- enables seamless management of multiple call systems, such as Remedy®, Tivoli®, etc.
- supports bi-directional case transfer between HP OpenView and other call systems
- serves as a data-gathering system and data warehouse for real-time reporting on key ITSM status points

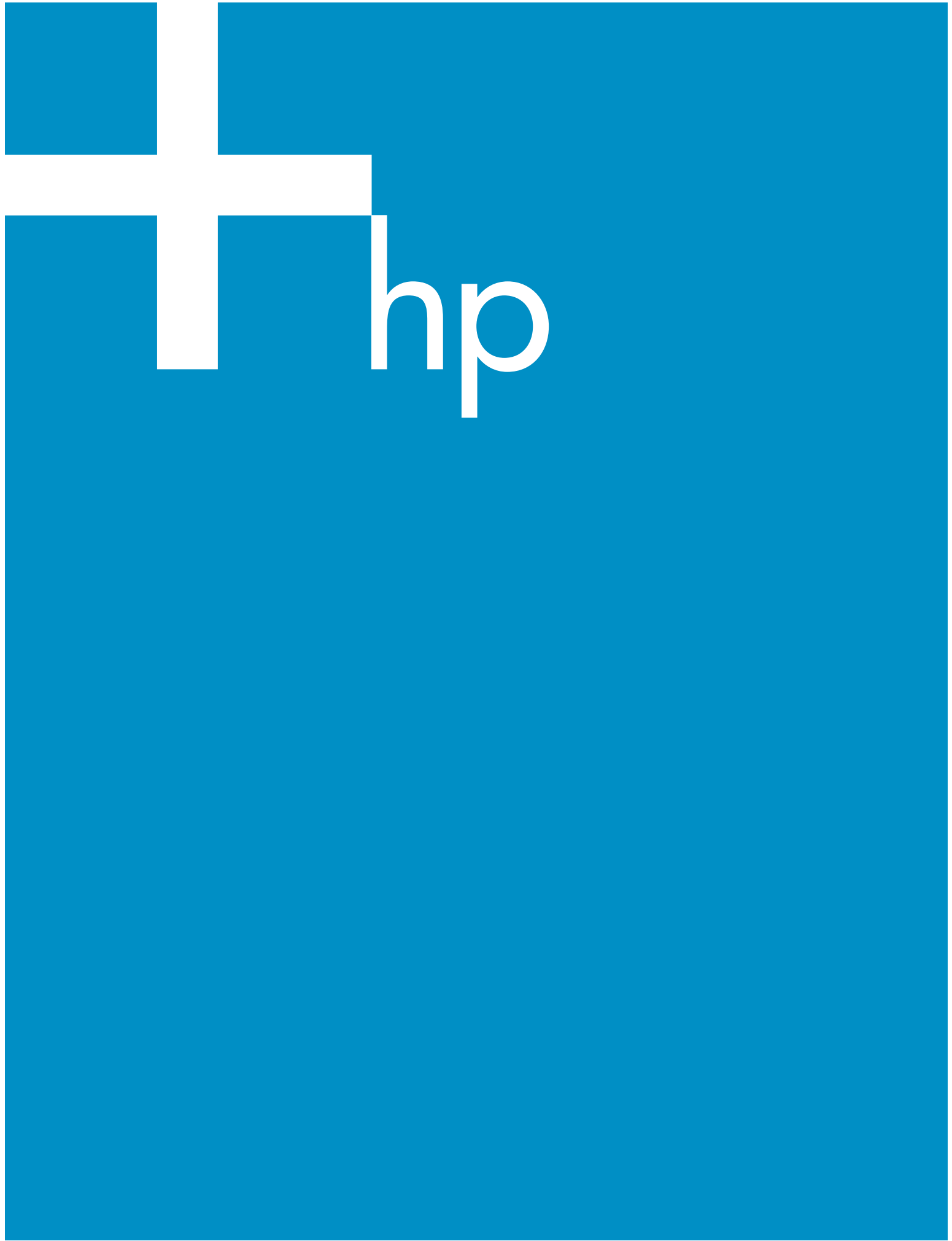
Although ITSM is an open, independent process, HP OpenView software has proven to outperform competitive software for efficiency and incident reduction in relation to ITSM initiatives. Because it is built directly upon the ITSM reference model, HP OpenView simplifies and supports ITSM initiatives.

Who is impacted by ITSM?

- CEOs who are driving business initiatives that require IT support
- COOs and CFOs who are interested in increasing ROI and reducing costs in IT
- CIOs who need to adapt to business change and prove IT's business value
- Business unit managers who are dependent on IT performance for revenues and results

How do I start the HP ITSM process?

HP offers a series of assessments to determine your pain points and where you can get your best business value—whether through HP Services, HP OpenView software or a combination of the two. After that, we offer a mobilization workshop—a rapid way of defining a plan. From there, we recommend a change-management workshop, and finally, we begin the process—at whatever point you want us to begin.



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“Sandcastles—The HP ITSM Journey”

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