

ITIL V2 to V3 – Is it worth it?

ITIL has become the most widely adopted Best Practice framework for ITSM. The recent ITIL V3 refresh has sparked renewed interest but, although many are aware of the new version, the majority are unsure as to how, or even if, it will affect them. V3 has prompted IT organizations to look at existing processes, ITIL maturity and future strategic plans, including ISO/IEC 20000 accreditation. This White Paper uses the IT Maturity Model to compare each ITIL version and identify which approach is best suited to individual IT organizations. Findings of this report indicate that V3 is not suited to every organization, but provides elements that can be used to drive improvements and can act as a benchmark. The level of IT maturity within an organization can be linked to its predominant focus, whether process or service-driven. Thus, V3 should be seen as evolving from V2, as opposed to replacing it. The basic V2 processes must be in place to a sufficient IT maturity level before the V3 Service Lifecycle Approach can be considered. The decision to embrace V3 is also dependent on the overall business strategy, which may not necessarily tie in with the V3 mindset.

So, is V3 right for you?

Executive Summary

This White Paper aims to give you a few things to ponder, but will hopefully answer more questions than it creates.

With the launch of the third incarnation of ITIL, commonly called V3, we now have an industry standard roadmap to take ITSM Best Practice to the next level. V3 shows a significant change in emphasis; from IT as a series of interlinked processes, to IT being considered as a value-adding service, whether to internal or external business customers.

This White Paper argues that the V3 approach will not be right for many organizations, now or possibly ever. Its suitability is closely linked to the direction of the business and IT's role within this to achieve the organization's strategic goals. Its adoption is also crucially related to the current IT maturity of the organization, thus if a business has not matured its processes sufficiently and attempts to implement a V3 service approach, it will find it complex and problematic. Furthermore, it may conflict with the current organizational culture and working practices, resulting in much of the value of the Best Practice approach being lost. Indeed, it may become a value-destroying exercise rather than the intended, value-creating exercise.

Importantly, ITSM practitioners should consider if this is an either/or situation, or a roadmap to move through a V2 process-focused approach with the ultimate goal of achieving a V3 service and value-based focus. If IT functions are clear on the end objective, mindful of the business strategy, organizational benefits will be realized faster and at lower cost, while minimizing the organizational challenge from the required cultural mind-shift.

ITIL is not an end in itself but a means to an end. If the key business driver is cost and process efficiency, then it may be advisable to focus on improving internal IT process effectiveness and stay with the more traditional approach (V2). However, if service quality and agility are the primary drivers, businesses should perhaps be more focused on a V3 model.

So, is V3 right for you?

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Introduction

The purpose of this White Paper is not to impart knowledge of what is included in the ITIL V3 lifecycle; this can be found in many other White Papers and websites. Instead, this White Paper is intended to trigger discussion as to whether your organization is ready for, or indeed should, make the leap from V2 to V3.

In order to understand the reasoning behind ITIL V3, it is important to understand the history of ITIL.

History of ITIL®

Information Technology Infrastructure Library (ITIL) emerged from an area within the UK Government, the Central Computer and Telecoms Agency (CCTA) with the main objectives being to reduce costs and increase the quality of IT services and supporting resources in the public sector.

ITIL V1

The first version of this guidance came under the guise of Government Infrastructure Management Method (GITMM) in 1988 with the initial focus on Service Level Management. Later that year, the guidelines were expanded to include Help Desk, Contingency Planning and Change Management and, in 1989, Problem, Configuration and Cost Management. Software Control and Distribution, Capacity and Availability Management were subsequently introduced in 1991 and 1992.

The uptake of these Best Practice guidelines took root in non-government organizations and hence the 'Government' label was dropped and the whole set of 45+ books was renamed 'ITIL'.

ITIL V2

With the widespread adoption in the 1990s of these Best Practice guidelines, they were re-worked and modernized in 2000 into 11 books for Version 2 (V2). November 2000 saw Service Support published and

then in early 2001, Service Delivery was launched. These two main books covered:

Service Support:	Service Delivery:
Service Desk (Function)	Service Level Management
Incident Management	Availability Management
Problem Management	Capacity Management
Change Management	IT Service Continuity Management
Release Management	Financial Management for IT Services
Configuration Management	

Above is not full set of V2 books; there are nine other books in the library, specifically:

Other Books within ITIL V2	
Introduction to ITIL	Planning to Implement
Security Management	ICT Infrastructure Management
Business Perspective Volume 1	Business Perspective Volume 2
Application Management	Software Asset Management
Small Scale Implementations	

People tend to equate V2 with the two core books, Service Support and Service Delivery, mainly because the V2 Foundation course only covers these two main areas. The other books within the library tend to be over-looked.

ISO/IEC 20000 was then introduced as the first worldwide standard specifically focused on IT Service Management (ITSM). Predominately based on BS15000, (now ISO/IEC 20000) the standard developed by the BSI (British Standards Institute), it was founded on, and evolved from, the above ITIL principles. Thus, it incorporated the basic ITIL processes and evolved them to the next stage.

ITIL V3

A key failing with V2 was that, although details as to how best to deliver and support the services to the business were given, little attention was paid to the areas of designing services suitable for the business and creating a strategy around this. In addition, V2 did little in the way of assisting companies improve the quality in Service Delivery. While it gave tips on managing levels of service, it did not give advice on Continual Service Improvement. From this we can see missing pieces in the full Service Delivery lifecycle; from the strategy to the delivery and support, right through to the retirement of that service.

ISO/IEC 20000 started to investigate these areas, but in a very prescriptive manner. In 2004, the ITIL V3 Refresh Program was conceived taking into consideration both ITIL and ISO/IEC 20000, and a new lifecycle approach was created. Three years of work concluded in May 2007 with the launch of V3.

Benefits of Adopting ITIL

Whether you are a business customer, a service provider, a CIO or CEO, ITIL Service Management Practices offer benefits that demonstrate their value and Return on Investment (ROI). These are applicable regardless of which version is being followed. The results of a recent survey by Axios Systems show that over one-third of IT professionals have already adopted the ITIL framework, while another one-third plan to roll-out the framework within a year. Respondents identified better business service from IT, process alignment, Service Desk consolidation and a higher level of customer satisfaction as the key drivers for the uptake of ITIL¹. Some of the widely published benefits are:

Scalability – ITIL can be adapted for any size of organization. Since it is a framework, rather than a rigid set of rules, it can be tailored to suit the context of the individual business.

Non-Proprietary Practice – ITIL is owned by the Office of Government Commerce, a department of the UK Government. ITIL does not require a license to practice and is independent of any solution or platform. It is therefore singularly focused on Best Practices without a hidden commercial agenda.

Reduce Costs and ROI – ITIL has proven its value in reducing the overall cost of managing services and can help IT organizations demonstrate their ROI and measurable value to the business. This helps to establish a case for new or continuing investment in IT. A recent industry study showed that ‘Best-in-Class’ organizations, the majority of whom have adopted ITIL, have realized a higher ROI than those in the ‘Average’ or ‘Laggard’ categories².

Improved Quality – ITIL helps improve the quality of IT services through sound management practices. In the same research, 70% of Best-in-Class businesses had the ability to measure end-user satisfaction and 60% service delivery standards against SLA provisions³.

Aligned to Standards – ITIL is well aligned to the ISO/IEC 20000 standard. A recent survey conducted by Axios Systems showed a considerable increase in companies that have achieved accreditation and are now reaping the benefits. In fact 89% of respondents said ITIL, with ISO/IEC 20000 accreditation, was a key enabling tool⁴.

Qualification – ITIL supports the ITSM professional with a line of accredited training courses.

Seamless Sourcing Partnerships – outsourcing, often with multiple service providers is increasingly common today. ITIL is widely practiced among service providers and offers a common practice base for improved service chain management.

¹ ISO drives rise in ITIL adoption

² ITSM: IT Transforms itself into a Service, page 10

³ ITSM: IT Transforms itself into a Service, page 12

⁴ ISO drives rise in ITIL adoption

V3 Service Lifecycle Approach

Figure 1 shows the new V3 Lifecycle Approach to delivering services. The five stages are:

Service Strategy

- Defines the policies and strategies to implement Service Management in line with the overall business strategy.

Service Design

- Describes how to use the strategy to create designs and specifications for the service.

Service Transition

- Details how to get the specification into the live environment.

Service Operations

- Now in the live environment, this stage defines how to best support the day-to-day running of the service throughout its life.

Continual Service Improvement

- Service performance is measured at each stage ensuring that IT align and continually realign to the needs of the business.

As mentioned earlier, the key elements missing in previous versions of ITIL were the strategy and design elements of Service Delivery. V2 detailed the delivery of the process elements around the support and delivery aspects effectively but lacked the assistance in strategy, design and quality of service. The predominant focus was thus



figure 1 V3 Service Lifecycle Approach

on the cost and efficiency of IT Service Management. It tried to offer some of the missing aspects in later books but these were seen as disjointed and non-cohesive. The basic processes from V2 have, however, been carried through to V3. Figure 2 (page 7) illustrates how the V2 processes lie within the V3 approach.

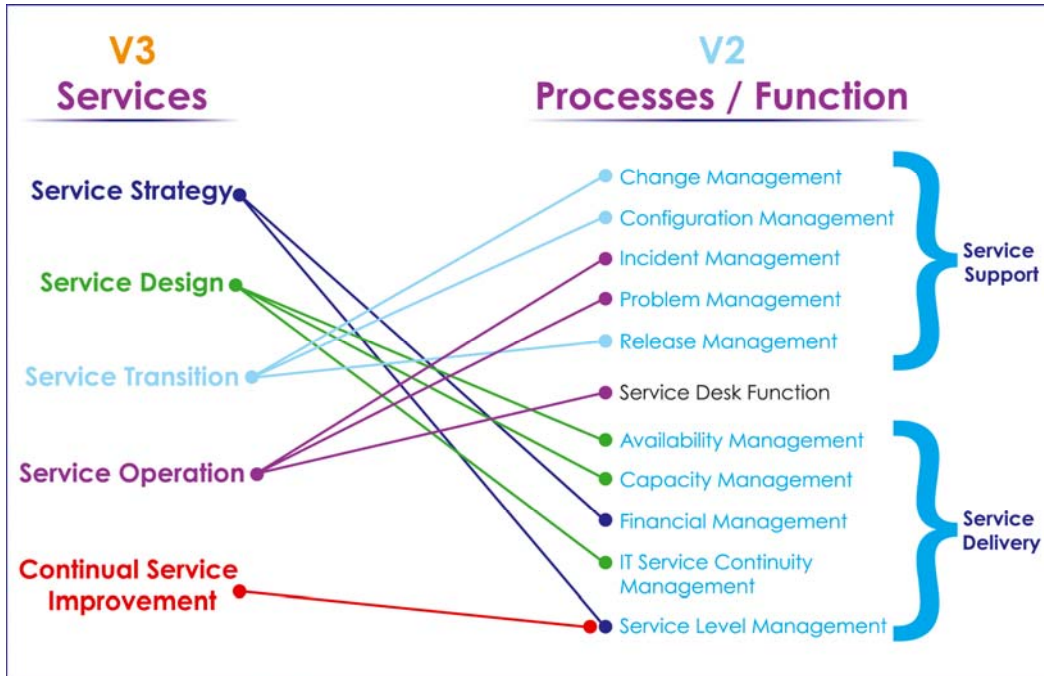


figure 2 Existing processes from ITIL V2 mapped to ITIL V3

V3 is not a re-write but rather a combining of all the key areas of V2 with the addition of the concept of Service Lifecycle, supporting a service from inception to retirement. There has thus been a shift in focus from process efficiency and cost, to

creating service value and improving the quality of service. In order to achieve this, figure 3 details the new areas which have been introduced in V3 and where they sit within the lifecycle stages:

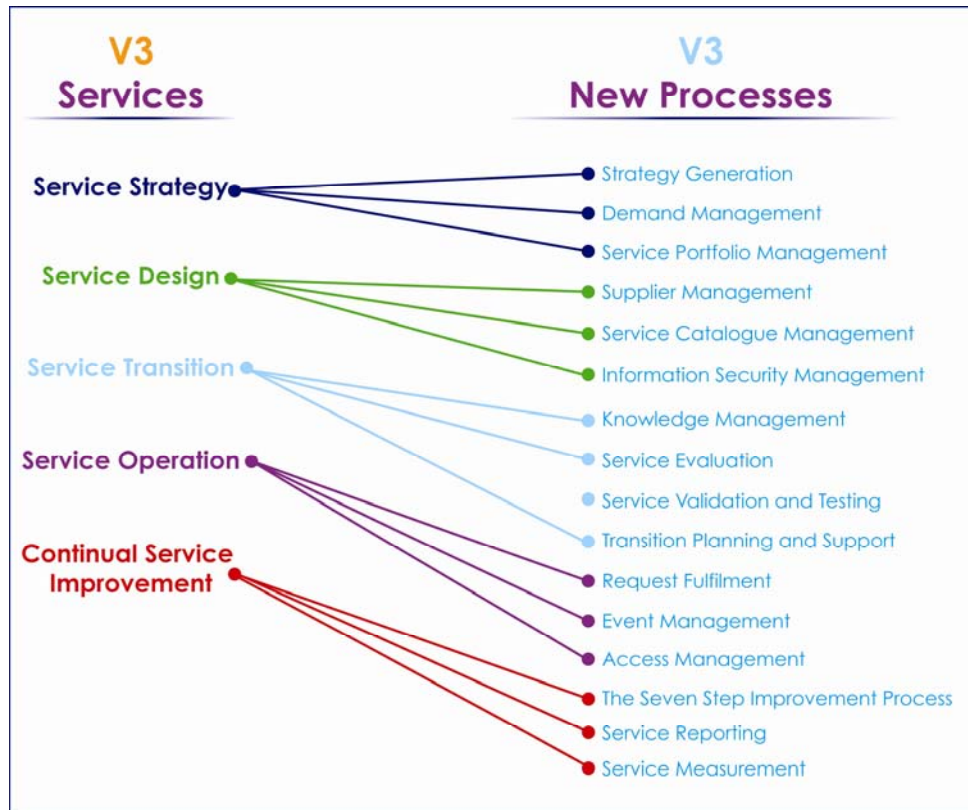


figure 3 New processes within ITIL V3 and where they sit

Maturity Adoption of ITIL

IT organizations that have implemented ITIL processes do so to varying degrees of maturity. As previously discussed, V3 has evolved from V2 and has introduced new elements for a more service-orientated focus. These new elements are not relevant to everyone however. As a consequence of the V3 launch, many organizations have therefore been posing the below question:

Are our processes mature enough to consider implementing ITIL V3 or should we focus on getting the V2 basic support processes in place first and then worry about strategies and designing services?

It may sound strange that the above question focuses on implementing processes into your organization first and only subsequently considers the strategy and design. But this is the question organizations will have to contemplate if they are part way through implementing ITIL processes around V2. A lot of effort will have been put into designing these processes and they should be kept! The processes implemented in V2 will still support an organization's deliverables if it moves across to V3.

Many Axios Systems customers have implemented the majority of the V2 Service Support processes plus Service Level Management. They will not have to throw away these processes and start afresh using the new V3 processes. In addition, if an IT organization is, or is considering, for instance, implementing an IT service catalog, a knowledge management facility, or utilizing Service Level Agreement (SLA) management tools effectively, the likelihood is that the basic processes are already in place. Thus, the IT organization's focus will have evolved and the leap from V2 to V3 may, culturally at least, not be so great.

Many find it hard enough to deliver the support processes into their organizations due to the barriers within, never mind considering the provision of value and service to the business. These are seen as something which will come much later after the building blocks have been embedded into the organization. In addition, for many organizations, there is no requirement for them to evolve to such levels; the basic support processes are sufficient for their needs.

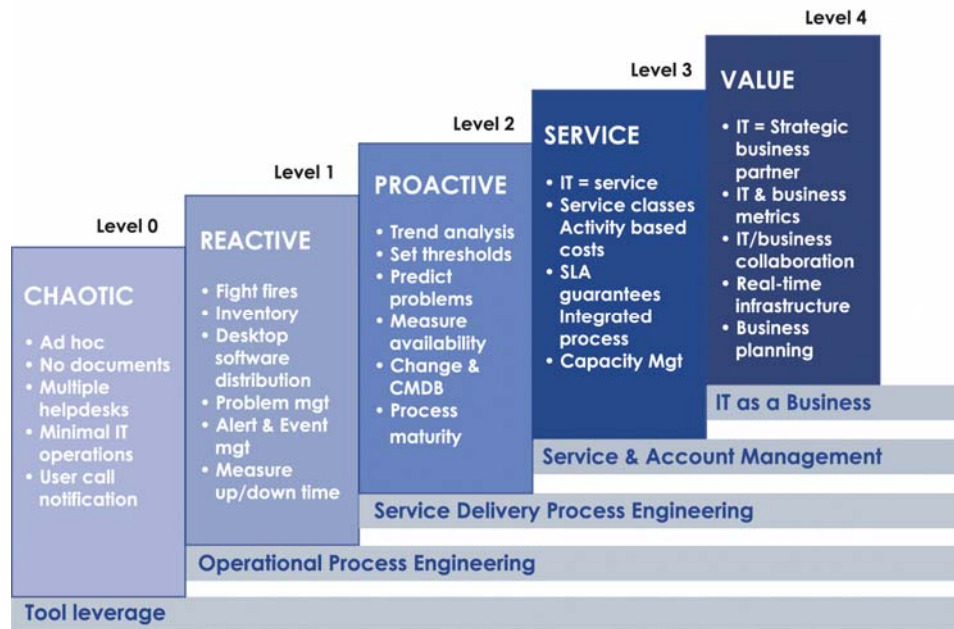


figure 4 IT Process Maturity Model⁵

⁵ Gartner Poll Suggests IT Management Processes aren't Maturing, page 2

Figure 4 (page 8) shows the 5 different organizational IT maturity levels from Level 0 (Chaotic) to Level 4 (Value). It is a good indicator as to what processes and functions are typically in place for each level of IT maturity.

The diagram represents the ability of an organization to perform in a structured and repeatable manner. The higher the maturity, the more effective and efficient an IT organization will become.

Chaotic:

Organizations often struggle to control the work being carried out. They have little documented and use different, or very few, tools to assist. Usually run on an ad-hoc basis with little structure or planning, they are seen as very reactive. Customers tend to be unaware of whom to call for support and usually try to rectify issues themselves and fail. Hence levels of customer satisfaction are negligible. Few businesses today can afford to operate this way.

Reactive:

There is usually a Service Desk in place with technology being used as an enabler. The beginnings of a CMDB will have been implemented, potentially with an auto-discovery tool to help populate it. Alerting tools may also be in existence to create incidents and measure downtime. Activities are still reactive and customers may have to chase before they get an issue resolved. This will sometimes result in them bypassing the Service Desk to a technician who will log a retrospective change record. Predominately Small to Medium-sized businesses (SMBs) are in this category and, according to Gartner research⁶, the majority of organizations, currently operate in this way.

Proactive:

The tools used are more defined with a customer-focused role. The Service Desk is established and recognized as the main

contact point for IT-related issues and requests. Processes are in place and followed the majority of the time. However under duress, they can still be circumvented. Problem Management has usually been implemented and trend analysis on the incidents carried out. Once the underlying cause is found, it is passed to Change Management to analyze, assess the impact, authorize and schedule the fix. Specific levels of service have been agreed with the customers but perhaps not always met. Research has shown this is the second most popular level⁷, mainly populated by enterprise-sized organizations.

Service:

The focus has moved to planning and investing time in working with the business to design services around its needs. Planning the future capacity for these services, establishing what availability is required and ensuring sufficient budgets are in place are also considerations. Other activities include the monitoring and measuring of the service level provided and acting upon areas of poor performance. Some enterprises have adopted certain aspects of this level, but very few have achieved them all.

Value:

IT is now seen as a strategic part of the organization with true business/IT integration. It has thus been tied into the business strategy and services are being built around what the business requires. All the processes are now implemented and integrated with plans in place to build, test and manage services throughout their operational life until retirement. The focus is not purely on managing the current levels of service, but constantly looking to increase them. Again very few organizations can claim to have fully achieved this level.

⁶ Gartner Poll Suggests IT Management Processes aren't Maturing, page 3

⁷ Gartner Poll Suggests IT Management Processes aren't Maturing, page 3

ITIL V2 versus V3

Process and Service Approaches

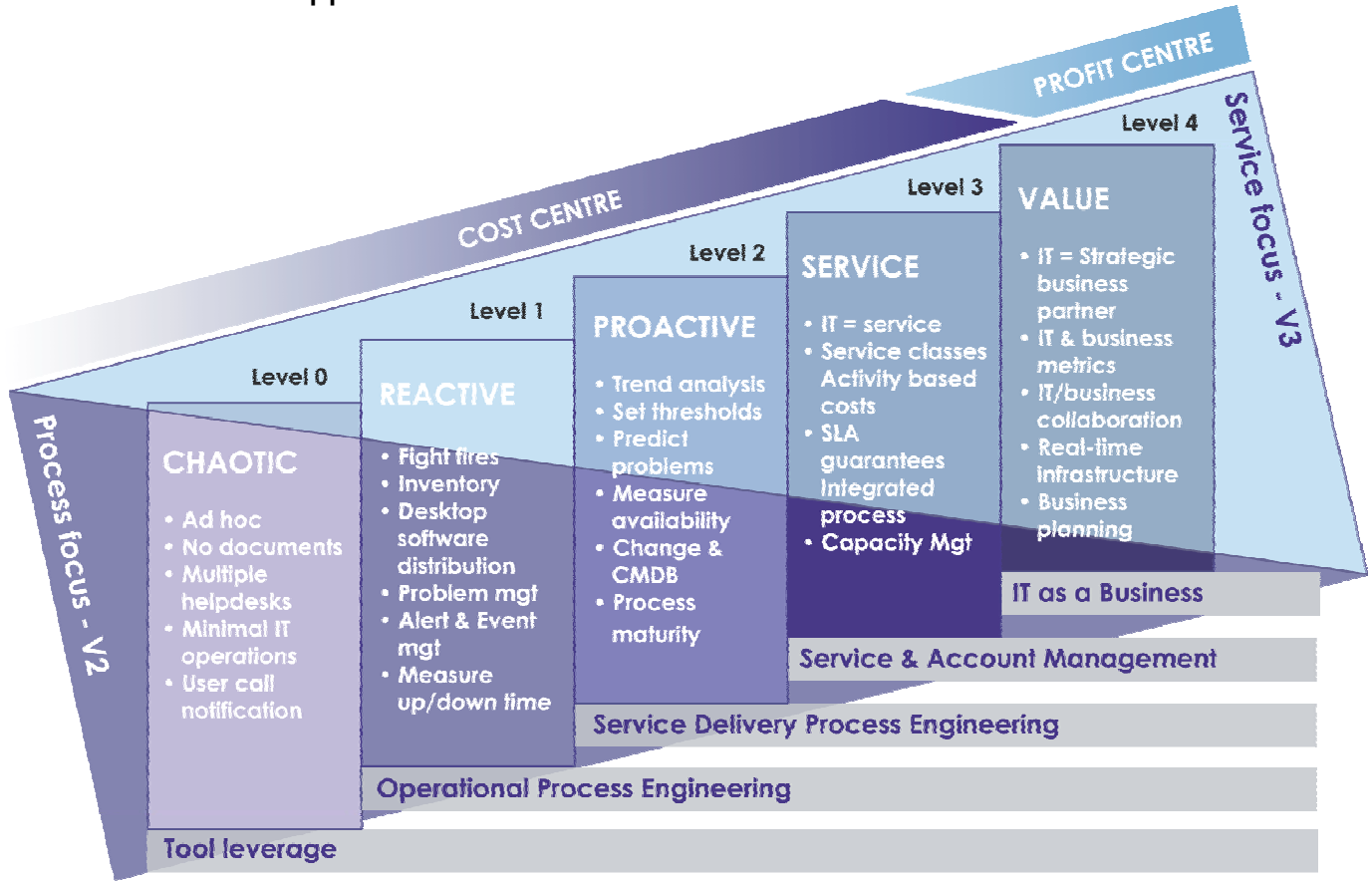


figure 5 IT Process Maturity Model with Focus

As is displayed in figure 5, there is a natural fit on the maturity scale from the V2 process world to the V3 service world. The key difference sliding up the levels is that IT is initially viewed as a cost center to be managed down. On moving through the levels however, IT is regarded as a mature service and/or a virtual/actual profit center. The ability to accurately measure aspects of service, such as end-user satisfaction and meeting SLA targets, will at this point become the key focus in order to improve service quality.

Companies can find themselves in either camp dependent on their level of maturity and organizational requirements. Some are still implementing the underlying support and delivery services of V2, whereas some have moved on from that and are striving for service excellence. However, it may not be the organization's intent to move to

such a service focus – perhaps due to the organizational culture or requirements of IT. Many will be content to remain in the operational processing area of the maturity scale and maybe over time look at improving those processes.

ITIL V2 or V3 – Where are you?

Organizations have varying degrees of requirements from their IT department and are at various levels of ITIL adoption. The following details sample questions that Axios customers have been asking and when V3 may be considered:

I've just started down the V2 road, should I stop and start to adopt V3 instead?

V2 processes are still valid and can be carried across to V3. V2 sets the foundations that need to be in place

before ISO/IEC 20000 accreditation and the V3 Lifecycle Approach can be considered. Many organizations feel that the processes already put in place with V2 are sufficient for current/future requirements and have no intention of embracing V3 at present, if at all.

Isn't there so much more to V3?

V3 is not a complete re-write, more of an effective re-organization of the old books with the addition of new areas to bring the guidelines in line with current industry trends. If you have achieved, or are working towards, ISO/IEC 20000 accreditation, the likelihood is that you will already be following many elements of V3, so the additional investment to fully embrace this approach is not so daunting.

Should I transition to V3?

ITIL is a set of Best Practice recommendations to adopt and adapt as is required for your specific company. Thus, organizations can still focus on the areas which are of main concern to them. This is what differentiates the guidelines from an international standard such as ISO/IEC 20000 where everything must be implemented in order to be recognized. If there is a requirement in your specific organization to move to a service-centric, lifecycle approach and the relevant basic processes are sufficiently established, then V3 will provide you with the guidelines and examples of how best to align your IT organization with the business. For other organizations, V3 will provide elements which can help drive improvements in your ITSM delivery.

Will the tools be ITIL V3 compliant?

Technically no tool is ITIL V3, V2 or indeed V1 'compliant'. A product cannot be compliant to a set of Best Practice recommendations. Good tools are built around what these recommendations ask for and what their customer base desires. Tools built around ITIL principles enable organizations to establish their selected processes as and when required.

Are we ready for ITIL V3?

Many organizations consider themselves to be ITIL experts. However, on deeper investigation, they are still developing the basic support processes in conjunction with elements of Service Level and Continuity Management. Processes such as Availability and Financial Management have still not been considered or may not be applicable. Certain principles of the V3 Lifecycle Approach may be practiced already and since it is a set of Best Practice guidelines, you are able to pick and choose the elements which are applicable to you.

When ITIL V3 is worth it

Since the introduction of V2, the environment in general has evolved. When V2 was launched, issues such as outsourcing, off-shoring and the capability of the internet were not considerations. V3 takes all of the above into account in what is now a more complex environment and provides assistance on how to incorporate these factors into the strategy.

Increasingly in many businesses, IT is no longer seen as just a cost center, but an integral component of the business and is moving from back office to front of house. Where V2 focused on separate process silos, V3 looks at the bigger picture and increasing the quality of service provided. Since IT plays such a vital role within the organization, a better understanding of the business is required to support the changing needs from the start. V3 provides guidance on current IT practices such as to how to increase integration and alignment between IT and business strategies so that IT supports the direction the business is heading.

With an increased focus on attaining the ITSM industry standard ISO/IEC 20000, V3 can provide the tools to achieve accreditation as the mindset required for both are closely aligned.

Recent research has shown that 'Best-in-Class' organizations, which tend to be at the high end of the IT maturity scale, achieve 86% of their SLA goals, which is

139% better than the other organizations questioned. In addition, they experience 83% efficiency for IT processes, 112% better than the others⁸. The V3 Service Lifecycle Approach provides the guidelines from which these statistics can be worked towards. It also helps the IT organization to establish itself as a value-adding entity, rather than a cost center.

Currently, one of the key pressures for IT organizations is satisfying customer expectations and thus achieving better business service from IT. In order to achieve this, many IT organizations identify increasing alignment between IT and the business as the predominant means to increase customer satisfaction. This again ties in with the V3 service mindset.

Finally, in order to adopt a V3 approach, there is a requirement for buy-in from all parties concerned, including senior management which has historically been a recognized barrier to process maturity. Thus, there is direct correlation between the maturity of the organization's cultural maturity and that of the associated processes. If all parties have fully embraced the concept of improving service quality, V3 provides the tools from which to achieve this.

Conclusion

During the 20 years of practice, ITIL has established itself as the world's most widely recognized and adopted framework for IT Service Management. It has grown from a cottage industry in the 1980s to now having a global influence. Over this time, the many benefits of ITIL have become widely known and continue to grow as the community of practice matures.

With each ITIL refresh, new elements have been introduced to better reflect and assist in following ITSM Best Practices. ITIL V2 provided guidance on the basic processes required for ITSM and set the foundations for achieving ISO/IEC 20000 accreditation. Only once the basic V2 processes are in

place and are of a sufficient IT maturity level, can the V3 service-centric lifecycle approach be fully embraced. Generally IT organizations that are in IT maturity levels 0-2 are predominately focused on establishing the basic processes. It is only for the few who have managed to achieve levels 3 and 4 that are perhaps ready to embrace V3. V3 is an evolution of V2, rather than a replacement and both versions can happily co-exist. V3 may not however be suited to every organization and the decision as to whether to adopt this approach will be dependent on the overall business strategy, which may not necessarily tie-in with the V3 mindset. Regardless of this, V3 can act as a benchmark and provides elements to help drive ITSM improvements in all organizations ■

⁸ ITSM: IT Transforms itself into a Service, page 2, 5, 9

Further Reading

Throughout this White Paper, a number of research papers have been referenced. These are detailed below along with complementary documentation on this topic:

- **V2 versus V3 Webinar.** Available on the *Axios Systems website, November 2007.*
- **Pocket Guide to V3.** Can be requested through the *Axios Systems website, November 2007.*
- **ITSM: IT Transforms Itself into a Service.** *Aberdeen Group Research, August 2007. Available to download, along with a complementary onDemand Webinar on the Axios Systems website. (Research surveyed 300 organizations. 29% of respondents were from large enterprises, 25% from mid-sized enterprises and 46% from small businesses of \$100 million or less. Of this 20% were categorized 'Best-in-Class', 50% 'Industry Average' and 30% 'Laggards'.)*
- **Gartner Poll Suggests IT Management Processes Aren't Maturing.** *Gartner Research, April 2005.*
- **UK leads the way in ITIL adoption.** *Axios Systems, October 2007. Available on the Axios Systems website.*
- **ISO drives rise in ITIL adoption.** *Axios Systems, August 2007. Available on the Axios Systems website. (The research was conducted by Axios Systems at a leading ITSM event and was based on the responses of IT Directors/Coos and Help Desk Managers at leading European and International organizations across a variety of industries including energy and utilities, healthcare, manufacturing, financials services, high-tech, retail and government.)*
- **Report on the ITSM and Help Desk Challenges for 2007.** *Axios Systems, December 2006. Available on the Axios Systems website.*
- **ITIL V3: The Future is Here White Paper,** *by Sharon Taylor, Chief Architect of ITIL V3. Axios Systems, May 2007. A Webinar by Sharon Taylor is also available onDemand. Both are available for download from the Axios Systems website.*

About the Author

Dale Brown has worked in the IT industry for the last 16 years, starting in the public sector in a Help Desk support environment and then onto delivering ITIL projects. Over the last 9 years, Dale has delivered IT Service Management projects across the UK, Europe, North America and the Middle East, mainly for large multinational organizations. He is a certified Service Manager and ISO/IEC 20000 qualified consultant and heads a team of experts delivering customized ITSM Best Practice solutions for organizations of any size.

About Axios Systems

Axios Systems is a leading provider of Best Practice based consolidated IT Service Management (ITSM) solutions. The company's customer-centric approach combined with its award-winning enterprise solutions enables customers worldwide to align their Service and Support organizations with the overall goals of the business.

Benefiting from nearly 20 years of development and investment around Best Practice principles, Axios Systems' core solution, **assyst**, intuitively steers users through all IT Infrastructure Library (ITIL) processes. Axios Systems' Best Practice Division works with customers to ensure IT Service Management success. The division provides a wide range of consulting, project management and training services to help maximize investment.

The company's commitment to Best Practice is further demonstrated through being first in the world to achieve BS15000 (now ISO/IEC 20000) certification, the international standard for ITSM.

Axios Systems is headquartered in the UK, with offices across the Americas, Europe, Middle East and Asia-Pacific.