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ITIL v2 vs. ITIL v3: A Newbie's Guide

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Introduction

ITIL is arguably one of the fastest evolving frameworks that the IT industry has seen. It is not uncommon to see that before a new technology's use becomes widespread a newer version releases, however, for that to happen in case of a framework is rare. It is further interesting to see that the newer version actually came out before the understanding on the previous version was low.

ITIL v2 is the more widely used and understood version of the framework currently. It was a consolidation of the 30 books of ITIL v1, created by the CCTA, which took place in mid 1990s. However, the acceptance of framework initially took some time. In early 2000s, ITIL started getting the recognition that it proved it deserved. The service industry caught momentum in towards the end of 2001, which gave ITIL a firm base. But before the experts really got a hold of ITIL v2 and it could mature as a framework, OGC (Office of Government Commerce, UK) announced an ITIL Refresh, which is now popularly known as ITIL v3.

ITIL Refresh was announced in December 2005, and the official v3 was released in May 2007. A key change to ITIL under version 3 has been the repositioning of the framework from the previous emphasis on the lifecycle of the process and alignment of IT to "the business", to the management of the lifecycle of the services provided by IT, and the importance of creating business value rather than just the execution of processes. Consequently, it was rebranded ITIL Service Management Practices in order to represent service management 'best practice'. It is a publicly stated aim of the refresh to include more reference to ROI.

WHO Cares, and WHY?

Service Providers: In almost all cases, it takes more than a year to get the ball rolling for an efficient ITIL v2 implementation (from experience of 8 projects that I have handled). The cost implications of an implementation are huge, because it involves the cost of time at the very least, which can be very high. In most situations, it also needs an investment into the application/software level solution that is used to provide the service, and then in training the staff for the required tool and then the relevant processes. This added to the cost of hardware required and management setup, makes an investment which needs careful thinking. For a service provider, the decision of whether to go with the latest in the market or the tried and tested solution is very critical in itself, but when it comes to making the same decision about a framework instead of a technology, it becomes as important as the process itself.

It is understood that such projects also come with a risk of failure. The loss in case of failure is not just that of the investment, but is also of the possible opportunity cost, and can also lead to loss of reputation in the industry.

Customers: There are customers who have their process standards that translate into performance standards for the service providers. Such customers usually put high value in the standards that the service providers comply with. They prefer to go with providers who can present them with higher and newer

standards. In my experience, customers give very high preference to service providers who have management centers that are certified and that follow the best framework. There is more than just a basic reason of service availability for the customers to worry about the performance and hence framework standards. The companies which play the part of a customer in this industry have their primary concerns aligned to those of their investors. Most of the time investors are people who may not have a very specific knowledge of the industry or of the company's qualifications, however, they move with the hype. A framework like ITIL, which is so ultra hyped in the service industry, usually has a lot of value put on it because of the hype around it. This associates the monetary value of the possible losses in absence of this framework.

Consultants: These are people who provide professional services in reference to the service industry. These people are the real players of the frameworks game. The value of a consultant is as high as his understanding of the processes framework. To have an answer to 'the question' is very important for them as it becomes a part of their primary skill.

The world has not crumbled beneath your feet - ITIL v3 builds on a solid ITIL v2¹

ITIL v3 refines the standards and processes developed in previous versions, but does not replace them. The concepts outlined in previous versions are not lost. Therefore, CIOs who have already adopted v2 or have yet to adopt ITIL at all can adopt v3 at their leisure. Earlier ITIL certifications (under "v1 and v2) continue to be recognized and bridging classes are now being offered for those who want or need to learn what is new.

ITIL v3 is composed of five books compared to v2's nine books, eliminating some of the overlap in v2. Version 3 also focuses more on the business value of IT through a "Service Lifecycle" approach. It helps bring a business management approach and discipline to IT Service Management. From that perspective, the five core volumes of ITIL v3 emphasize the complementary aspects of running IT like a business.

According to the official website, the changes to ITIL may be summarized thusly²:

- Where V2 talked about business and IT alignment, V3 emphasizes business and IT integration.
- Where V2 talked about value chain management, V3 emphasizes value network integration.
- Where V2 talked about linear service catalogues, V3 emphasizes dynamic service portfolios.
- Where V2 talked about collection of integrated processes, V3 emphasizes holistic service management lifecycle.

As promised by OGC, no prior certifications are voided by the advent of V3, but new V2 certification is being phased out over the next year, and update courses will be made available for those certified under V2 who wish to learn about the differences in V3.

The Modified Problem Statement

If the parties involved in this were to play by the ear, they would never reach a decision. There are many opinions about this and many publicized and published by various consultants who think they can provide sound answers to the above problem. However, among the bigger companies that have approached various consultants, none have been satisfied with an answer that suits the problem statement. While there are many consulting practices being developed to find a migration bridge between ITIL v2 and ITIL v3, there is no perfect solution yet for the problem of whether a start from scratch would work for the organizations that want to utilize the framework to their competitive advantage.

If we look carefully, while most of the suggested approaches give "it depends" as the answer, they also point to the underlying capability of ITIL v3 to be able to encompass ITIL v2's capabilities. However, still there are many consultants who would rather suggest that the approach of start with basics of v2 which overlap with v3 and then see how it goes. That seems to be a concern in my mind, because I perceive them to be overlooking the competitiveness of the market. Given the situation and competition in the market, everyone overlooks the aspect of the market where each player wants to be on the top of the ladder. The number of contracts that you can win will be directly dependent on the height/one-upmanship of the framework/technology that you have. Since the business works so much by the hype of frameworks and process compliances, the amount of business victories will be impacted if we choose v2 over v3. Even in that case, will we suggest going with a v2 to v3 bridged model?

Previous Options

The previous knowledge on the concept has always been from a process evangelists' point of view. The answer as discussed above as well, has always been a Best Practice answer. So, then why don't many companies agree with it? The issue is deeper than we presume it to be. We want the 'Business Answer' to the question.

It's interesting to see that while the industry has heard clear and long descriptions of differences between the two versions of the framework, not many have toyed with the crucial question of how the industry will view this development as days progress. It has been stated that the old certifications will still have their value, but will the height of competition permit an organization to stay with a relatively older framework than the latest in the market. It is implicit that a lot of the business based logic would make sense in making a decision like this. We will end up using the finance logics of NPV and IRR when deciding on whether and which project (v2 or v3) to choose. But to get there, one of the most important notions that we will have to get through is Game Theory in perfect competition. It seems that to get a business answer to the question, we will have to look at the competition and then decide the optimal move for us.

In a way, this is a simple game with just two decisions – v2 or v3, however, in the longer run, the decision also involves a clear understanding of the Time-value-of-money and effect of efficiency of implementation. Without a clear

understanding of the effectiveness that can be achieved given the capabilities currently in the organization and the time it would take to either finish one and move to the next or to just implement the best practices of the newer one, it is almost impossible to make an informed decision.

Business Approach

The suggested approach considers various possibilities for both large and small organizations, and lays out a plan for the implementation of ITIL irrespective of the size and position of the organization in the market.

Historically, we have seen that any of the versions of ITIL (be it v1, or v2) have been in the market for long enough before having a refresh issued on them. The experts would also agree with the fact that an ITILv4 will take another 5-7 years in the making. A good, clean and complete implementation of Service Management following the framework of ITIL v2 takes approximately 3-4 months on a fast track. And as far as clean implementations using ITIL v3, they are still in the process since the release. The suggested approach looks to provide the option for newbie's to enter into Service Management following basics of ITIL v2, and then come out with ITIL v3, without spending extensive amounts of time and money. Competing with the big players in the industry is a task that involves placing a lot of time and money into the IT of the business. The solution to the problem has to incorporate an optimal amount of investment which is perfect for not just the new companies, but also for companies that intend to expand their business from merely supporting their own internal IT to providing managed IT services to other clients as well.

Approach Plan Outline

There are three critical elements of this plan:

- a) Resources
- b) Steps in the Process
- c) Milestones

The ideal team for this project needs some critical players. The consulting team should include separate personnel with in depth knowledge of both ITIL v2 and ITIL v3. It should also consist of members from the client facing operations team and leading support engineers who are expected to go on the floor. Once again, it is an implicit assumption that the people involved in this team will have relevant experience in their fields. The knowledge of the basic steps and expectations from clients is what makes a critical difference. At least one person who has a clear understanding of the v2-v3 bridge would be a strong asset on the team. The core of the implementation exists at the CMDB. The steps should be pre-empted by a strong understanding and conceptual creation of the CMDB. The recommended method considers the fact that ITILv3 is nothing but a more holistic, lifestyle based approach towards Service Management.

The implementation should then be started by breaking the entire team into two groups. One group, lead by the 'ITILv2 expert' should start the implementation by deploying processes that have remained unchanged during the upgrade to v3. They implement the processes end-to-end including the tool and training involved for these processes.

The other group, lead by the 'ITIL bridge expert', should follow the processes that have been implemented and connect them into the lifecycle approach of the ITIL v3.

Old and New: How ITIL V2 Service Support Maps to V3	
ITIL V2 Process	Where To Find It in V3
Change Management	Service Transition
Configuration Management	Service Transition
Incident Management	Service Operation
Problem Management	Service Operation
Release Management	Service Transition
Service Desk	Service Operation
Service Asset and Configuration Management, including the CMDB	Service Transition CMDB is part of the Configuration Management System (CMS)
Fault Management (ICT Volume)	Service Operation
Knowledge Management (NEW)	Service Transition
Financial Management	Service Strategies
Availability Management	Service Design
Capacity Management	Service Design
IT Service Continuity Management	Service Design Referenced in Service Transition, Service Operation and Continual Service Improvement
Service Level Management	Service Design
Service Catalog Management	Service Design

Data: CA, 2007

The overall intention of this method is to ensure that the business is ready to go live at early stages while still performing a continual improvement on their practices.

The task for the ITIL v3 expert in this entire project will be to knit a process outline which fits the continuously being defined ITIL v2 framework, and implement the Continual Services Improvement phase of the process parallel across all implementations. This would ensure that the processes that already exist in the business will continuously be improved and are prepared for their evolution into the ITIL v3 lifecycle approach. The purpose of this 'smaller teams working in synchronization' approach is to get the firm up and running for the market and yet have the capability to be on the fast track towards an ITIL v3 organization.

Milestones are a very key aspect of the method. They define the time lines of the project when one group finishes a task and the other takes over the follow up tasks. The milestones need to be critically defined at the end of every individual process deployment. Every milestone discussion should consider issues that possibly will arise during the next steps and the entire impact analysis and FMEA of the same.

Implementation Tips

Here's a set of tips that would make a good checklist at key points in the project:

- ✓ Understand both your processes and your pain points.
- ✓ Ask yourself what you're trying to achieve at the business (not IT) level. That will tell you what is the

objective of your implementation.

- ✓ Milestones are the perfect time for gap analysis.
- ✓ Project plan should only be modified at the Milestone check-point. Modification does not mean complete change. If you see yourself changing the plan too quickly and too soon, there is a problem and you may need to go back to the blackboard.
- ✓ Consider how you approach IT. For example, where are your bottlenecks? Then determine which phases of the ITIL lifecycle match your needs. Let the problem lead you to the order in which you proceed.
- ✓ While ITIL V3 takes you into the future, not everyone will pick up and move to it overnight. Gain some experience, build credibility and show results before moving on.
- ✓ Ensure that over a longer cycle, you adopt service portfolio management. It is a great tool to help you take inventory of your current and future needs.
- ✓ KPIs are very important in assessing the progress of the project, and the progress of the organization as well. Use them well.

Tool Tips

One of the most key aspects of ensuring a strong and efficient service management is choosing the right set of applications to support your implementation. The following tips would enable you to think on the lines of an effective solution:

- ✓ The application solution should be one that existed and was successful during the 'regime' of ITIL v2. An application that was vastly being used with v2 will have the maturity

that your processes may lack initially.

- ✓ The solution should be compatible with ITIL v3, and should also have the process compatibility to expand and customize based on the client requirements.
- ✓ Pick a solution that gives you a support system as well. Sometimes it is good to have a strong support system to work with.
- ✓ Ensure proper training on the application for all the team members involved.
- ✓ Ensure that the person deploying the solution knows the long term goals and is capable of managing customizations and modifications. Pick an expert for the job, who knows the end to end of applications, not one who knows one tool that you have shortlisted.
- ✓ The criteria for selection of the tool should be based on the long term vision and not just the immediate requirements.
- ✓ Never fall in the trap of “Whether the process should drive the tool, or the tool should drive the process”. The tool and process go hand in hand – one without the other is not going to be beneficial.

Summary

The solution provided in this white paper looks at the initial question of what is the best approach for a

newbie company towards ITIL. It also answers the question that most business would seek, in order to be a competitive player in the market. The solution provided is a collection of the best practices and experiential learning. The solution is a combination of the implementation project and the application solution. The implementation project still has a strong “it depends” associated with the final answer and that’s why the requirement of the subject matter experts or consultants on the team is justified. The selection of the correct application solution, often thought of as a trivial matter, plays a very crucial role as well. That is why it is recommended that the application be selected with a long term goal in mind. It is advisable that the detailed reports about the Service Management Tools (also called Helpdesk tools trivially) from renowned research publishers like Gartner and Forrester be consulted, while making the decision about the tool.

References:

¹ Article in CIO.com

http://advice.cio.com/kewendle/top_ten_things_the_cio_needs_to_know_about_itil_now