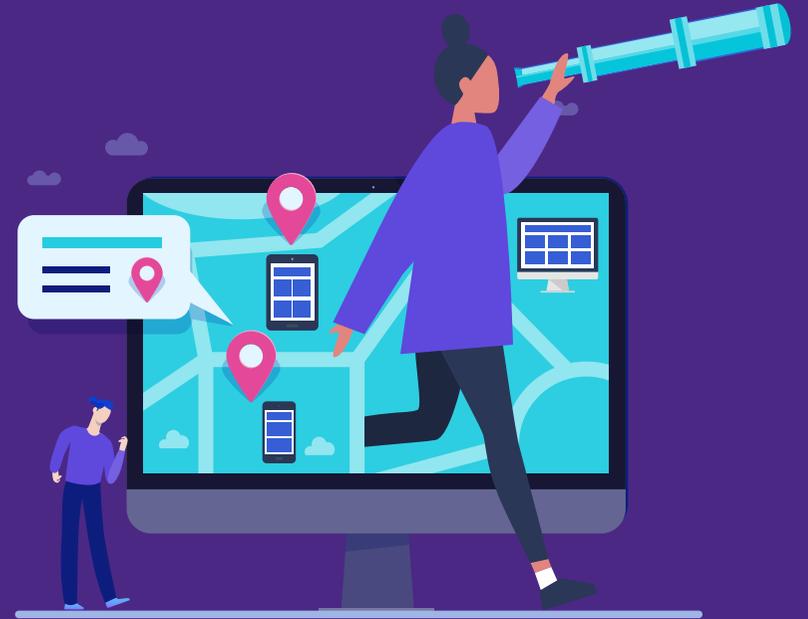




ITIL 4: Fine-tuning or transforming service management?

A viewpoint of the latest ITIL release and its value to organisations



2 ITIL 4: Fine-tuning or transforming service management?

The Information Technology Infrastructure Library (ITIL) has been the bedrock of many organisation's IT operations for the last two decades. As the recognised standard for IT Service Management (ITSM), its value in uplifting delivery and governance across IT operations is clear.

However, the approach has struggled to keep pace with the changes created through forces like cloud, Agile, DevOps, micro services and containerisation, which are disrupting traditional delivery approaches.

The launch of ITIL 4 in February 2019 was designed to help IT operations to manage these changes, and have the ability to continually adapt to new demands.

Here, we build on our article, [Driving Excellence in IT Operations](#), and dive into:

- the key concepts of ITIL 4
- the value to organisations, from small to large enterprises
- the key areas which can complement modern delivery methods and ways of working
- the additional areas organisations need to focus on to drive excellence in delivery.



About ITIL 4

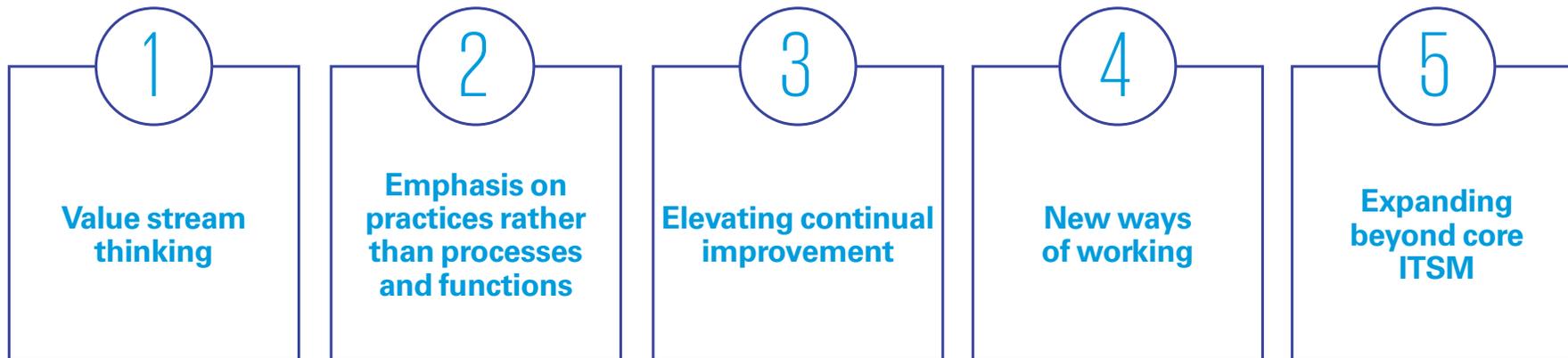
ITIL 4 has a set of valuable updates which will be useful to organisations that are in the earlier stages of evolving their ITSM. It can help enable new ways of working, and an increasingly diverse set of customers/stakeholders.

ITIL 4 provides high level guidance on incorporating other frameworks such as Agile, DevOps, and Lean, in order to become more customer aligned. However, organisations which are further along the journey need a deeper level of detail and guidance for the ITIL 4 updates to be of greater value.

We recognise that this is only the first step in the updates being made to ITIL 4, and look forward to seeing additional content as it is released in the near future.

ITIL continues to be the go-to framework to guide focused service management thinking, with the updates being a step in the right direction in trying to keep the standard relevant to today's challenges. KPMG is helping clients by providing the deeper level of guidance needed to truly transform how services are delivered and managed, now and in the future.

Key highlights of ITIL 4





1. Value stream thinking

ITIL 4 is designed to change the focus from processes and controls towards 'value streams' – which are the steps an organisation undertakes to create and deliver value in the form of products and services.

Operating in terms of these 'value streams' – for example, 'issues to resolve' or 'requests to fulfil' – aligns with practices such as customer journey mapping and front-to-back office service mapping.

Implications

- A pure value stream based approach has the potential to flip traditional ITSM operating models on their head. We are helping clients adapt their operating models to blend new and traditional ways of working.
- Organisations should adopt a greater emphasis on customers and consumers, and move away from treating ITSM practices purely from the position of risk, controls and assurance.
- 'Value stream' thinking requires collaborative and agile operating models, which put the end user experience at the centre of operations, and move away from having separate functions focused on specific areas – such as 'incident', 'problem', and 'change management'.

An integrated approach

Traditionally, organisations have service management for individual functions such as 'incident', 'problem' or 'change management', etc. This approach has uplifted maturity, but has led to self-created boundaries and an inside-out view which is very functional.

A value stream approach provides a great opportunity to build 'outside-in' and 'outcome focused' collaborative teams. Some key considerations to effectively implement the value stream based execution are:

- Define value stream charters and shared objectives, keeping the customer as the focus
- Define outcome-based KPIs for value streams (e.g. customer satisfaction, end-to-end MTTR SLA)
- Ensure the performance of practices are heavily oriented to value stream outcome KPIs
- Align service provider performance contractually to value stream shared objectives
- Define processes and workflows to minimise hand-offs
- Establish real-time insights on the value stream outcomes.

2

2. Emphasis on practices rather than processes and functions

ITIL 4 shifts from process/function thinking to a practice and capability-based approach.

The narrative to establish and maintain the resources and capabilities designed for delivering work allows organisations to configure them in a manner that suits their various value streams.

As ITIL 4 is customisable, organisations have the flexibility to select and integrate these practices to underpin their value streams.

Implications

- The shift to management by practices does not mean there is no need for processes. Organisations need to effectively choose, integrate and manage the practices (supported by processes) to deliver on desired outcomes. Organisations should clearly understand the differences in responsibilities and behavioural changes needed, rather than simply changing role titles (for example from 'Process Managers' into 'Practice Managers').
- The lack of prescriptive guidance on value stream approaches will prove a challenge for organisations looking to implement the practices/capabilities. KPMG has developed a set of detailed capability blueprints which are enabling our clients to rapidly transition to this approach.
- Service Integration and Management (SIAM) is an integral capability to broker, integrate and orchestrate all of the service functions and suppliers involved in solution development and delivery. With a mixture of SIAM operating models available, we are assisting clients to define their SIAM strategy and to design their IT operating models to best configure their required practices (sourced internally, externally, or in a hybrid model).

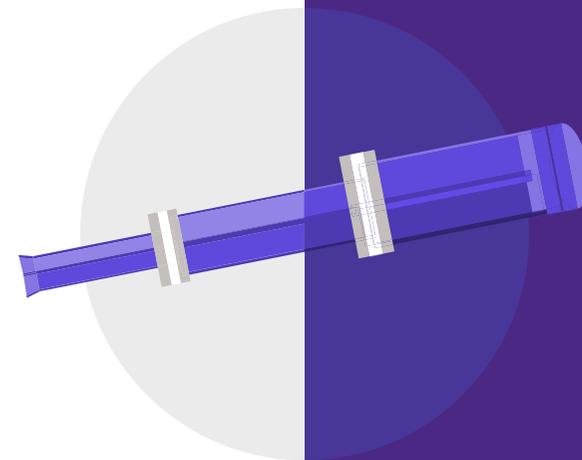
3

3. Elevating continual improvement

Continual improvement – a common attribute of frameworks such as Agile, DevOps and Lean – needs to be more action oriented and outcome aligned.

Implications

- Organisational leadership and commitment to drive continual improvement is imperative to drive impactful outcomes. Continual improvement should be given the same holistic profile and investment in time and resources as IT governance to ensure it is embedded effectively.
- This is not a new concept, but one that is always important. We help organisations to build a continual improvement vision, baseline assessments, and improvement plans across their value streams.



4

4. New ways of working

ITIL 4 has tried to provide clarity on how to integrate other leading frameworks and practices like Agile, DevOps and Lean. It considers the similar concepts from the other methods and outlines how they could be employed for designing a management system.

It defines at a high level what the opportunities for alignment are, and does not provide any specific guidance on integrating processes, ceremonies, roles or reporting.

Implications

- Organisations should be prepared to invest in a capability to integrate the 'ways of working' and facilitate easier adoption across the organisation beyond the typically progressive digital teams.
- As discussed in [Driving excellence in IT Operations](#), within today's organisations there are multiple ways of operating. Service management needs to have the flexibility to enable velocity, whilst maintaining the control needed to protect operations. Organisations need to evolve current service management practices/capabilities to ensure there is clear articulation of how control requirements need to be met under each pattern of operating, from the highly autonomous operator through to a traditional operator.



5. Expanding beyond core ITSM

ITIL 4 is positioned as a framework for enterprise services beyond core ITSM.

The grouping of the practices under 'general management' and 'technical management' references the need for a deeper understanding of people's competencies (e.g. workforce and talent management), and even core engineering disciplines (e.g. deployment management).

Implications

- Organisations are not investing in up-skilling and cross skilling their workforces to meet the changing demands of customers. This trend is quite prevalent in core ITSM functions where the team's exposure to, and knowledge of, areas like cloud and DevOps is often limited to information that they have been able to self-learn from the public domain.
- The move to value streams and practice collaboration recommended in ITIL 4 will be effective only if there is a focus on competency uplift of the organisational teams. For example, the teams managing change control should have an understanding of how continuous integration and continuous deployment works in DevOps teams, to provide a view on how change requests can be automated, can be digitally validated, and more easily governed for risks.

Looking beyond ITIL 4

The following areas are critical to make service management and operations complete. ITIL 4 touches on them minimally.



> 1. Design for operations and transition

Organisations should adopt the approach to 'shift left' and ensure the operational readiness requirements and testing is designed and built early in the delivery lifecycle. ITIL 4 sees the introduction of Deployment Management, Software Development and Management and Infrastructure and Platform Management, however the guiding principles do not clearly emphasise the 'shift left' approach. We have been assisting clients to incorporate 'shift left' thinking by building and embedding operational requirements covering maintainability, security, availability, stability and resiliency early in their solution development practices for new IT operating model designs.

> 2. Configuration management

Configuration management, which acts as a foundation for successful event, incident, problem and change management, never gets the level of attention it needs. It is important for organisations to have a clear plan to extend configuration management beyond asset management, and to cater for techniques such as source control, continuous integration, and environments managed as code. The knowledge around designing and implementing configuration management has started to be more driven by ITSM product solutions. It is disappointing that ITIL 4 doesn't give this practice the level of depth it needs in areas like service taxonomy, discovery, data quality, data governance.

> 3. Outcome oriented metrics

Identifying the right set of metrics and measuring them against clearly defined outcomes is easier said than done. Organisations will need to evolve from simply measuring SLA compliance, service availability and ticket volumes on a monthly basis, to measuring end-to-end value stream performance in real time. To effectively deliver value, the discussions in governance forums and dialogue with service providers needs to be on the value stream outcomes (e.g. value and business impact on changes), rather than activities (e.g. number of change failures).

4. Interfaces between practices

ITIL 4 promotes ‘think and work holistically’ as one of its key principles. Organisations need to translate this into action to ensure different practices work together to deliver the required value. For example, in several organisations, the need to tightly integrate Service Request Management and Service Catalogue Management practices is not well understood.

Organisations should evolve their Service Integration and Management (SIAM) capability to effectively stitch together the different practices. Though organisations might be familiar with SIAM, it can be challenging to integrate the different stakeholders and deliver impactful service outcomes.

5. Evolving with technology advancements

ITIL 4 calls out automation as one key principle, but, this is an area where organisations are lacking maturity. While there are a growing number of use cases in robotic process automation (RPA), Artificial Intelligence (AI) and machine learning, making these embedded and integrated in an enterprise scenario is still less mature. Organisations should be continuing to explore the potential of such use cases, but could be more focused on realising the full potential of their existing automation related investments and partners (e.g. ServiceNow), which will be the catalyst for making these use cases a reality. It is essential that there is a clear definition of the problem area and its benefits, rather than focusing on RPA, AI, and machine learning as ‘yet another technology project’.

KPMG Enterprise Service Management



KPMG Australia's Enterprise Service Management practice helps organisations to uplift ITSM and make these concepts deliver value to other parts of the business. Many of the service concepts highlighted by ITIL 4 are as relevant to HR, facilities, and finance, for example, as they are to IT.

From laying the foundations for success within IT, to the seamless integration of channels, processes and workflows supported by an integrated enterprise service management capability, KPMG offers enterprise service management services which assist clients across:

- vision and strategy definition
- rapid current state reviews
- business case definition
- implementation planning
- capability, process and workflow design
- scorecard definition
- platform implementation and support.



Contributors and key contacts

For further information and discussion, you can contact:

Andrew Wiles

Partner

T: +61 2 9455 9814

E: awiles@kpmg.com.au

Jason Fogaty

Director

T: +61 447 064 045

E: jfogaty1@kpmg.com.au

Balaji OS

Associate Director

T: +61 402 956 195

E: bsanthanam@kpmg.com.au

Ian Jones

Associate Director

T: +61 401 210 239

E: ijones4@kpmg.com.au

[KPMG.com.au](https://www.kpmg.com.au)

The information contained in this document is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever, as advice and is not intended to influence a person in making a decision, including, if applicable, in relation to any financial product or an interest in a financial product. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

To the extent permissible by law, KPMG and its associated entities shall not be liable for any errors, omissions, defects or misrepresentations in the information or for any loss or damage suffered by persons who use or rely on such information (including for reasons of negligence, negligent misstatement or otherwise).

© 2019 KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Liability limited by a scheme approved under Professional Standards Legislation.

June 2019. 366648445MC.