



summit

# HP Software and HP Services unite around service management solutions

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## HP Software and HP Services unite around service management solutions

*Hewlett-Packard (HP) recently repositioned its IT Service Management (ITSM) product and services portfolio under the Service Management banner. The company's goal is to better align solutions with business outcomes and help customers implement the lifecycle view of management and governance advocated by such standards as ITIL V3. In a departure from past practices, where the HP Services and Software groups pretty much took separate roads, the two organizations are actively collaborating in the design and marketing of these newly launched Service Management solutions. HP hopes this integrated approach will allow customers to achieve business value faster and spark customer interest in the full range of its service management software and services capabilities.*

### Key messages

#### **HP repositions ITSM offerings under a business-focused 'service management' message**

HP has been a long-term leader in the delivery of ITSM consulting and implementation services, supported by a team of more than 5,000 ITIL certified experts. It has also been a long-time leader in providing software and management tools to help customers implement ITSM best practices. HP is now following an industry-wide terminology shift towards use of the term 'service management' to indicate a focus on end-to-end business services management, rather than simple data center operations. As such, HP has repositioned and expanded its ITSM capabilities and solutions as 'service management' solutions. This business-oriented approach aligns with the broader Business Technology Optimization (BTO) theme being championed across the company.

#### **HP's Software and Services join forces to develop service management solutions**

Historically, HP's Software and Services groups have plotted their own strategies in the ITSM arena. The Service group prided itself on being vendor neutral while the Software group worked with a wide range of channels and did not promote a preferred relationship with HP Services. The launch of the service management solutions program marks a major change in the approach, as HP has unveiled a number of best-practice services offerings specifically design to optimize HP Software products. The

two groups are jointly developing and marketing a number of service management solutions and frameworks aimed at maximizing HP's total revenue and market share in the space.

## **A steady drumbeat of announcements fill out an integrated portfolio**

HP Services and HP Software have made numerous, co-ordinated service management announcements in the last 60 days. Although leading with a number of change and configuration management enhancements, these announcements have been designed to specifically link HP Services expertise with HP Software products. An example is Best Practices for ServiceCenter, which features six predefined, deep-level HP service management process descriptions for incident and service request management, problem management, service-level management, change management, configuration management and release to production. These process models are instantiated in HP Software products via preconfigured fields, forms, roles and rules that can be uploaded from the HP Software ServiceCenter database.

## **HP Software and Services teams are better together**

HP Software has announced its ambition to become a major software player, not only in IT management but in business intelligence, application performance optimization and related fields. To succeed, it needs to fully exploit the intellectual property (IP) and deep implementation expertise owned by the services teams. This new collaborative HP Software/HP Services service management solution strategy is designed to drive services IP deeply into product best-practices automation and operations. In the past we have criticized HP for failing to fully leverage the service management synergies across the Software and Services teams. We see this new, more integrated approach addressing many of these concerns. As a result, we see this as a major, positive step for HP that is likely to drive significant revenue growth and create higher levels of value for customers over time.

## **Why service management?**

For years, HP Software (aka OpenView) and HP Services have successfully sold and delivered ITSM solutions. The HP Services organization claims more than 5,000 certified ITIL consultants and has a long history of helping customers assess their ITSM needs, training in-house IT staff and implementing recognized best practices and enabling technologies from HP and third-party vendors.

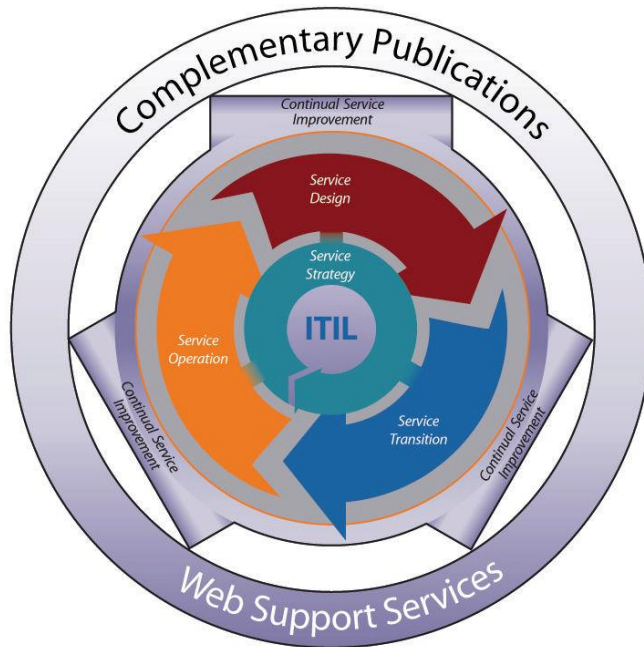
Likewise, HP Software has a lengthy track record supplying a wide range of service desk, configuration management, change management, software distribution, event monitoring and service-level reporting tools that enable many enterprise customers to

automate and implement ITIL, COBIT and similar IT operations best practices. HP has been a major contributor to the ITIL Refresh V3 process as well. Most recently, five HP experts significantly contributed to ITIL V3 Refresh, including the co-authors of several new ITIL publications (for example, the *Service Operation* book, the *ITIL Glossary and Process Models*).

However, after years of associating both services and product solutions with the company's ITSM leadership, HP is now aligning its entire go-to-market effort in this space around the concept of 'service management'. This repositioning is designed to highlight HP's expanded, integrated focus on business outcomes, consistent with the software team's broader BTO marketing program.

The service management message is consistent with a general industry move to embrace an end-to-end lifecycle view of IT management. This lifecycle view anchors ITIL V3 recommendations. It advocates for strong, ongoing business and IT alignment and co-ordinated, integrated governance and service-level commitments. It also seeks to link policy, development, and ongoing operations together using business-oriented metrics and priorities. Although ITIL V3 continues to recommend a detailed set of IT operation guidelines similar to those covered in the V2 recommendations, these operational (for example, ITSM) guidelines are but a small part of the full lifecycle view. That lifecycle begins with service design and business requirements definition, moves through service transition activities such as development and release, and continues with service operations and continuous service improvement activities (see *Figure 1*). (For insight into how customers are approaching ITIL V3, see our report, [Survey pinpoints prerequisites for ITIL V3 service management success](#), June 2007).

Figure 1 **ITIL V3 lifecycle view**



Source: *ITIL Refresh*

## HP Services joins ranks with HP Software over service management

HP's shift to service management nomenclature is consistent with similar actions recently taken by many other major ITSM suppliers. However, what is new at HP is the fact that the HP Services organization has actively joined ranks with HP Software to design and launch these new service management solutions. This is a significant shift for the services team, which has historically positioned itself as vendor neutral. As HP Software becomes a more and more powerful revenue generator for the company, the relationship between the two groups is likely to intensify if this joint go-to-market program proves successful.

To fully appreciate the value HP hopes to deliver via its co-ordinated products and services solutions, it is helpful to step back and look at the product, technology and service building blocks supporting these offers. For starters, HP has long boasted

numerous ITSM product and technology assets, including service desk, event monitoring, software distribution, root cause and correlation analysis capabilities.

The acquisition of Peregrine Software added asset management, configuration management database (CMDB) and enhanced service center capabilities to the mix. The December 2007 addition of the Mercury Interactive software portfolio – including its unified CMDB, IT governance tools, and a broad range of application testing tools – required a major reorganization in the way HP positioned and marketed its software products as the portfolio was becoming rather unwieldy.

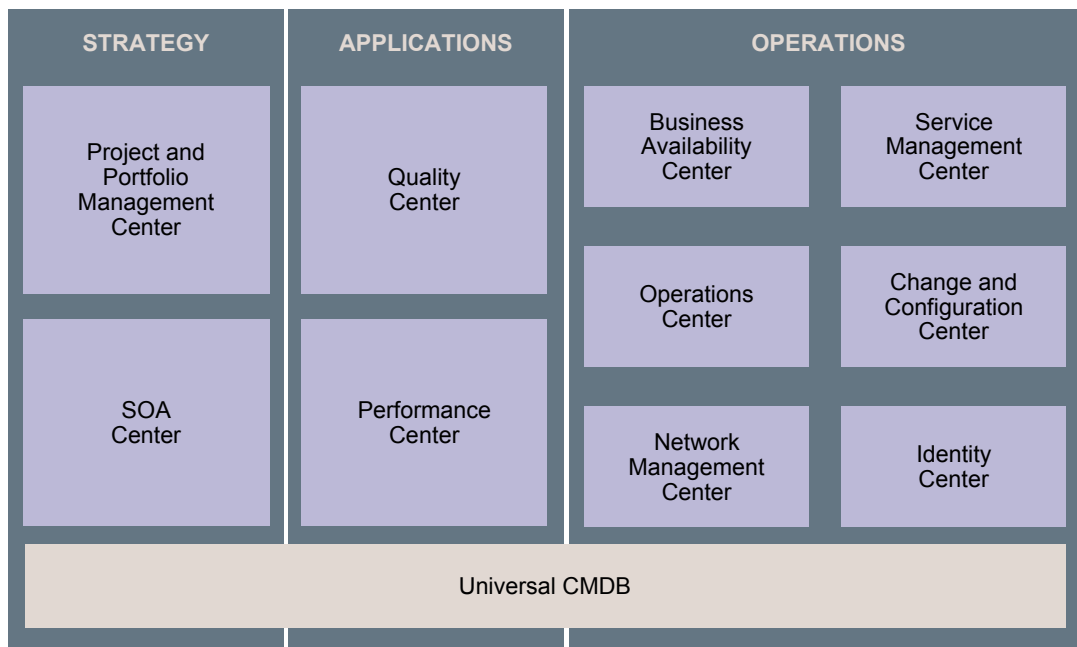
HP introduced the result of this reorganization in January 2007 with a move to rebrand all non-service provider software products with the HP Software logo, and the restructuring of the software products portfolio into three major groups: OpenCall, supporting the needs of services providers, and two major groups targeting mid-market and enterprise customers – Business Technology Optimization (BTO) and Business Information Optimization (BIO).

## **BTO portfolio anchors service management**

Service management is part of the BTO portfolio, which HP characterizes as both an approach to IT management and a category of software that enables IT organizations to improve efficiencies and deliver better business outcomes. Its sister BIO product portfolio, by comparison, is described as enabling customers to make good business decisions by providing accurate and timely information as needed.

The BTO umbrella encompasses ten product 'Centers' that logically group together dozens of individual products, all related to the same set of key processes and decision-making groups (see *Figure 2*).

Figure 2 HP Software BTO product centers target business outcomes



Source: HP

Service management functions are spread across the six centers that make up the operations portion of the BTO model, and across the Project and Portfolio Management Center that addresses the strategy segment of the BTO model. Specifically, these seven centers are:

- **Business Availability Center:** incorporates service-level management, problem isolation, role-based and user-based dashboarding of service status, discovery of infrastructure and application elements and the relationships between them, service impact analysis, diagnostics of composite applications through transaction tracing, and statistical correlation analytics
- **Change and Configuration Center:** covers discovery and mapping of service components in the CMDB, change governance and orchestration, automation of deployment of changes across the service infrastructure, and auditing of the business service against the configuration baseline to enforce security and compliance
- **Identity Center:** covers products that automate the management and provisioning of users, passwords and entitlements across disparate IT systems; it enforces the separation of duty, automates security processes such as approval, attestation and remediation; centralizes access management and authentication;

enable single sign-on, access and policy control; centralizes identity audit; manages the audit lifecycle according to customer control objectives

- **Service Management Center:** covers service portfolio management, IT process automation tools, IT asset management, financial management of IT, quantitative business intelligence and decision support for IT
- **Operations Center:** features products that monitor, control and report on the health and performance of heterogeneous IT environments, improve uptime for network, systems, databases, applications and services, and related tools focused on stabilizing and managing IT infrastructure
- **Network Management Center:** includes products for optimizing network availability, performance, configuration and bandwidth, network compliance, resource allocation, management reports, capacity planning and automated network load balancing
- **Project and Portfolio Management Center:** includes products aimed at governance and portfolio management teams. These tools enable project management, program management, financial management, demand management and resource management. They provide decision support dashboards as well as analytic capabilities. For customers looking to purchase pure product solutions, the Centers enable HP's direct sales and channel partners to more easily and efficiently match products to customer needs, develop sizing and specifications and construct competitive pricing proposals.

## HP Services leverages years of ITSM experience

On the services side of the house, HP boasts more than 15 years of experience with the assessment, design and implementation, and continual improvement of standards-based best practices for ITSM and operations. The company has thousands of trained ITIL consultants and was a significant contributor to the ITIL V3 specifications, which advocate strong business and IT alignment and governance. Key services offerings include:

- **education services:** including ITIL V3 certification and simulation courses that educate IT professionals on the differences between V2 and V3. Two workshops feature hands-on simulations based on high-performance motor racing. A service management workshop provides an overview of ITIL V3 and its business benefits. A Project Management workshop highlights the critical elements to successful portfolio and project management and how they impact business results. In addition, HP Business Analysis and Project Management Training Services train IT professionals in best practices to ensure successful management of the design, build, test and rollout of projects
- **transformational service management consulting services:** delivered by the Consulting and Integration (C&I) team, these programs focus on helping

customers establish a practical, flexible and incremental approach for designing, implementing and deploying service management processes and tools across an organization based on service management maturity levels, business priorities, budgets and tolerance for risk. This group of services includes IT management strategy, process consulting, architecture design, management of change and software implementation

- **operational service management support services:** delivered by the Technology Services group, these offerings assist customers with all aspects of service management product operation and upgrades. They also encompass services that help customers continually improve their service management capabilities, in a manner consistent with ITIL V3. Assessments and Improvement services help customers track actual process operations with ITIL V3 benchmarks. Knowledge shortcomings, training for new staff and other requirements are addressed as needed either via education services or via referral back to the C&I team. These support offerings are delivered as part of the Mission Critical Service Partnership contracts, which are HP's highest-end services focused on continual service improvements and offer customers a customized approach to assessing and improving ITSM processes.

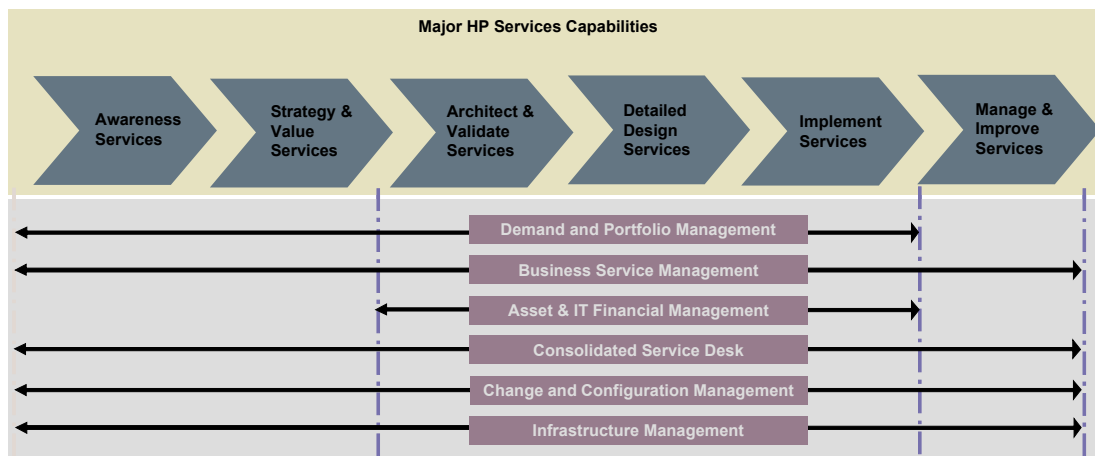
The individual product and service announcements made in recent months clearly demonstrate HP's commitment to the service management space. However, it is the commitment to tightly co-ordinated product and service development, intellectual property sharing and implementation of best practices that will provide HP the greatest advantage in this market space. The launch of service management solutions marks the first time HP has consciously sought to cross-leverage its service management expertise across the Services and Software groups. It is a marked departure from previous years when the services team went to great lengths to demonstrate that it was product agnostic, and the product teams treated the services group the same as any other global systems integrator.

## Service management solutions pull the pieces together

HP's formal recognition of the potential benefits that could result from tighter co-ordination between its Services and Software groups came in April 2007, with the introduction of six service management solutions. These solutions are designed to accelerate a customer's ability to integrate and automate links between products in some of the BTO centers (see *Figure 3*). The solutions document and encapsulate HP Services' views of standards-based best-practices processes and workflows, as well as recommended policies for automating activities across the full planning, development and operation lifecycle. The initial six solutions announced are:

- Demand & Portfolio Management, which leverages the Project and Portfolio Management Center
- Business Service Management, which aligns with the Business Availability Center
- Asset and IT Financial Management, which leverages elements of the Service Management Center, specifically around IT asset management
- Consolidated Service Desk, which supports the Service Management Center
- Change and Configuration Management, which aligns with the Change and Configuration Center, but also introduces the concepts of service transition planning with service quality and performance testing
- Infrastructure Management, which encompasses the Operations Center and Network Management Center.

Figure 3 **HP Services capabilities align with Service Management Solution portfolio**



Source: Ovum Summit with information provided by HP

In June 2007, HP unveiled several more steps in the journey to blend its software and services offerings. The company introduced enhancements to the initial HP Service Management portfolio, including software, as well as several new services offerings and a more sophisticated integration framework. The bulk of the service management solution enhancements focused on deepening the change and configuration solution suite including the release of:

- HP Change Control Management Software, designed to accelerate the delivery of change by automating approval processes and eliminating the need for time-consuming change advisory board meetings

- HP Configuration Management Software, designed to help reduce the risk of business disruptions by allowing customers to automatically and reliably deploy new applications and operating systems, such as Microsoft Windows Vista, across the entire enterprise.

HP Services also introduced HP Best Practices for ServiceCenter, which uses HP Services intellectual property to specify how to implement predefined ITIL processes for service management on HP Software's ServiceCenter (for example, HP's consolidated service desk product). This is a very important offering in that it squarely aligns the HP Services organization with the interests of HP Software, and signals very clearly that HP Services wants to be a preferred channel for driving HP Software sales and implementation.

## HP Services invests in HP Software enablement

Best Practices for ServiceCenter contains pre-configured fields, forms, roles and rules that can be uploaded from the HP ServiceCenter database. It provides a predefined, pre-configured foundation for an ITIL-based service management solution, including six deep-level HP service management process descriptions. These pre-defined descriptions cover incident and service request management, problem management, service level management, change management, configuration management and release to production.

The Best Practices for ServiceCenter offering also includes tier 1 to tier 4 process documentation that meets ISO 9000:2000 certification standards, along with pre-configured fields, forms, roles and rules for upload into HP Software ServiceCenter 6.2. Furthermore, the offering includes tool set-up with COBIT IT controls and reporting templates for IT governance and regulatory compliance risks and control points visualized in process flows, and provides access to web-based, high-level HP service management process descriptions and detailed procedures for ease of use.

An additional new solutions framework also creates a strong bridge between HP Services and HP Software. The HP Service Management Framework documents HP's recommended definitions and implementations of industry best practices, international standards and HP methodologies in service management, as well as domains such as security or governance (which are not fully covered by existing standards). This new framework incorporates the original HP ITSM Reference Model, along with underlying detailed process guides and work orders. It also incorporates and consolidates relevant service management standards, including ITIL V3, CMMI, COBIT V4, ISO/IEC 20000 and ISO 27001.

Through this framework, HP is providing both the Services and Software teams, as well as their joint customers, with a common service management language and best

practices reference model. We expect the framework to promote closer collaboration across the groups and improve their ability to jointly sell and serve shared customers.

## Cross-product integration's a top priority

Beyond developing a common and complementary set of offerings and frameworks, HP is also investing in product architectural enhancements to promote tighter integration across the BTO portfolio. Specifically, in June 2007, HP unveiled new cross-product integrations that help customers and HP Services implementation teams more effectively automate key processes across IT silos with a lifecycle approach. These integrations include:

- HP Universal CMDB: leveraging the Mercury Universal CMDB, HP has committed to replacing Peregrine and older HP Service Desk CMDB technology across most of the product line. The Universal CMDB features dependency mapping technology and has so far been integrated with help desk, change and configuration management and business service management offerings
- HP ServiceCenter Software, which supplies several new integrations, helps to better align the change request, approval and deployment processes, and accelerate delivery of IT services to business users. Specifically, HP Change Control Management and HP Configuration Management have been integrated with HP Service Center to create a closed-loop change process and complete audit trail for compliance purposes.

Together, these co-ordinated services and software offerings, best practices models, enabling technologies and implementation specifications should dramatically improve HP Service's ability to create demand for, and drive implementation of, HP Software products including the newly acquired Mercury portfolio.

Going forward, HP Services will prioritize its service management in areas that further maximize the value to both HP Software and Services. These investments will include development of deeply detailed best practices and skills training for services delivery staff. HP will also ramp up its activities in support of the development of industry standards and best practices, including ITIL, ISO and COBIT. Although clearly giving HP Software products top priority, HP Services will continue to support customers who have heterogeneous software environments that include other vendors and products beyond the HP portfolio. However, the investment in Services training and development will prioritize HP Software product support and implementation services.

In the past we have criticized HP for failing to fully leverage the service management synergies across its Software and Services teams. We see this new, more integrated relationship overcoming many of these concerns. The cross-HP service management initiative is a major, positive step that is likely to drive significant revenue growth and create higher levels of value for customers over time, even as it helps HP better

leverage its services resources by focusing them more narrowly and using them to more directly increase software product revenues.

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