

Service
Management
Selection Goes
Beyond Feeds
and Speeds:

**Selected
Findings**

August 2004

“The market’s excitement about service management is well placed—it’s the linchpin to successfully deploying dynamic utility computing.”

—Mary Johnston Turner

Market Strategy Report

Management
Strategies and Trends



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Doc #: 4MN-02

Service Management Selection Goes Beyond Feeds and Speeds: Selected Findings

The enterprise IT management software industry is in the midst of a sea change. Traditional IT management software tools, operational processes, and service-level definitions were IT-centric—providing information about individual resources and components in isolation from one another and disconnected from the end-to-end business processes they support.

By comparison, the emerging service management software market aims to allow CIOs to automate and improve these processes via unified sets of standards-based tools, proven planning and reporting methodologies, and real-time configuration and dependency mapping capabilities. To do this effectively, vendors have to help customers pull together management information from multiple technology silos, map dependencies across technology silos, and integrate the way IT staff views and uses management information. Service management tools must be deployed without disrupting existing service levels and must leverage—rather than replace—existing monitoring, service desk and problem management systems.

We believe the most effective vendors will be able to assist customers with the challenges of designing service catalogs, defining service levels and training staff on service management concepts. Vendors that do not have these capabilities in-house must participate in partner ecosystems that cover all the bases.

Customers will be using ten key criteria as they evaluate service management solution providers in the coming months. These are:

1. Configuration management database architecture;
2. Dynamic service modeling and dependency mapping;
3. Seamless service desk integration;
4. Policy-based workflow automation capabilities;
5. Robust, tightly integrated identity management capabilities;
6. Service catalogs;
7. Financial modeling and reporting;
8. Broad open ISV ecosystem;
9. Flexible, modular packaging and pricing strategy; and
10. Professional services and methodologies to enable cultural change.

Currently, none of the major enterprise IT management software suite providers have solid answers across the board. But all have determined that they need to aggressively build out service management solutions, most often via acquisitions. At the moment, HP is leading the pack, although many competitors are nipping at its heels. Service management as an IT strategy and as a marketing message is here to stay, but it will take 3-5 years for most customers to design and implement a plan (see Summit Strategies August 2004 report, *Enterprise Customers Ramp Up Service Management Strategies*). Our advice to customers and partners is: Take the time to listen to and learn from multiple vendors, but evaluate what they tell you with a grain of salt. You can't buy service management out of the box. Software will play a critical role in this management evolution, but the transformation must be led by a broad business vision and deployed with substantial IT staff buy-in. Vendors that offer customers a pragmatic, modular way to navigate this highway are the most likely to win in the long run.

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This excerpt is part of a complete report called "Service Management Selection Goes Beyond Speeds and Feeds" from Summit Strategies' Management Strategies and Trends Practice Area. For more information, contact us at 617-266-9050 or visit us online at www.summitstrat.com.

Service Management Selection Goes Beyond Feeds and Speeds: Selected Findings

The enterprise IT management software industry is in the midst of a sea of change as CIOs struggle to re-establish business credibility while simultaneously implementing the tools required to effectively operate dynamic utility computing infrastructure and services-oriented application (SOA) architectures. Initially championed by the IT Infrastructure Library (ITIL) movement in Europe, service management is now beginning to gain attention among North American enterprise CIOs (see Summit Strategies' August 2004 report, *Enterprise Customers Ramp Up Service Management Strategies*). And, the vendor community is racing to establish early leadership in what looks to be an important long-term control point in the broader systems and software market.

This report identifies 10 key factors that customers, partners and competitors should evaluate before making service management product and service purchases and/or strategic partnering decisions. We summarize what Hewlett-Packard (HP) offers in this area today and how it is attempting to differentiate itself from the service management pack. We conclude with some advice for customers poised to develop their own service management strategies.

Key Findings

- Customers choosing service management suppliers need to evaluate architecture, integration and ecosystems.
- Most current major IT management software vendor marketing messages prominently feature service management.
- Major vendors rely heavily on acquisitions to add service management capabilities to their portfolios.
- HP currently offers the most well-rounded mix of service management technology and services, but competitors are all nipping at its heels.

Section 1: Ten Key Evaluation Criteria for Service Management Purchase Decisions

Over the past 12-18 months, the major management system vendors have undertaken a flurry of service management acquisitions, followed by an almost bewildering array of new product roadmap announcements. For the most part, the acquisitions have provided enabling technology rather than immediate market share gains. Now, as the dust settles, IT management software vendors are refining their marketing messages and are looking to lead mainstream customers down the service management road.

For customers and vendors considering strategic partnerships, sorting through the differing claims and emerging capabilities can be difficult. Based on our recent discussions with all the major vendors as well as with customers and point-technology providers, we have identified the following top ten list of evaluation criteria to help customers and strategic partners sort out how different vendors are positioning their capabilities, building out their roadmaps and delivering on their own unique service management visions.

1. Configuration management database architecture

Configuration management databases (CMDBs) incorporate much more than traditional static asset information. Rather, they contain all real-time resource status and state information spanning multiple tiers of the network, data center, middleware, databases and applications. In multi-tier utility environments, virtually all management activities ranging from problem resolution to change management to capacity planning require up-to-date information about many individual resources. As a result, most service management early adopters look for solutions that rely on automated, virtual, and/or federated CMDBs.

2. Dynamic service modeling and dependency mapping

Having established a virtual CMDB approach, most organizations then need to relate this myriad amount of resource and operational data to the actual business and IT services delivered on this infrastructure. In a virtualized service-oriented architecture (SOA) environment, these dependencies may change frequently as workloads are dynamically balanced based on changing business needs. Dynamic business service modeling and dependency mapping technologies identify which IT systems are supporting which business processes, and how these relationships change as business requirements shift. The best tools present this information in terms of pre-defined business services and service level agreements (SLAs). IT staff can then quickly associate events and incidents in the operational environment with the business service agreements, and take action based on actual business objectives.

3. Seamless service desk integration

Service desks and help desks are often the primary point of interaction between end users and IT. Service desk staff need to be aware of problems and be able to share their knowledge with the users and IT staff working across diverse operational domains. For many IT organizations, service desk integration with multiple domain-specific event monitors has been an important first step toward full service management implementation. Going forward, customers want to extend service desk visibility into business service levels as well.

4. Policy-based workflow automation capabilities

As business services, priorities and service levels become better defined, IT can begin to automate many incident and problem response activities that were formerly activated manually. Currently, much of the automation action is fairly low level, focusing on provisioning, patching and load-balancing activities. Over time, the more IT organizations can automate routine workflows, software patches, system upgrades and problem resolution activities, the better they can hold down the total cost of ownership and improve overall service level delivery.

5. Robust, tightly integrated identity management capabilities

Inherent in service management is the concept that IT must continually make tradeoffs across business impact, priority and cost to be able to best satisfy the ever-changing needs of the business. Identity management is an important element in driving automatic administration of security policies, access control activities and prioritizing automated workflow activities according to the roles and responsibilities of individual users.

6. Service catalogs

Service management is a major shift for IT in that it transforms the way the business perceives IT and the way IT staff think about their roles. Service catalogs define these services and their relative priority, document how IT and the business will measure service levels, and summarize agreements on how to calculate costs. The more these can be documented, published and integrated with lower level tools, the easier it is to tie IT performance and costs back to the business requirements.

7. Financial modeling and reporting

Financial modeling, organized in the context of the service catalog, helps line-of-business leaders to understand what they are getting for their IT dollars, in terms of business impact. It also helps IT to make “apples to apples” decisions about outsourcing, and assists the CIO in negotiating budgets and SLAs with line-of-business executives.

8. Broad open ISV ecosystem

No single management software provider will be able to develop all the required functionality on its own. Vendors need to be clear about their core competencies and the role for partners, and prove they can effectively integrate third-party products needed to the individual customer’s requirements. And, they need to support the open standards and interfaces required to integrate partner products.

9. Flexible, modular packaging and pricing strategy

All major vendors vow their customers will not have to rip-and-replace their embedded management software assets. Rather, they expect to add additional capabilities a module at a time. However, each vendor has a different approach to defining, integrating and pricing modules.

10. Professional services and methodologies to enable cultural change

Service management requires IT to reinvent the way it does business. Getting the expected return on the service management software investment requires both IT and the business to change their modus operandi. Getting outside help can dramatically accelerate the transformation process.

As might be expected, each vendor is advocating its own approach to the general service management vision. HP is building on ten years of IT service management consulting experience and its broad Adaptive Enterprise vision for dynamic IT infrastructure operations.

Section 2

Hewlett-Packard Stresses Management for Adaptive Enterprises

As we discussed in our May 2004 report on HP's Adaptive Management initiative (*Will Hewlett-Packard's Adaptive Management Makeover Capture CIO Loyalty?*) HP is relying on a new and improved OpenView management platform to help drive executive-level relationships and bring its corporate Adaptive Enterprise vision to life. In the last year, HP has completed a half-dozen acquisitions including Novadigm and Consera and has introduced a highly modular, model-based service-oriented architecture for management. The firm has also begun to enhance its ISV partner strategy by building much stronger bonds to ISVs that fill in the gaps and help drive demand.

HP has also acquired two small professional services organizations to extend its ability to assist customers with ITIL planning and implementation. These acquisitions help HP scale an IT service management consulting capability that has been in place and growing since 1994. More than any of the other major management software vendors, HP leads its service management message with a very strong and sophisticated emphasis on the people and process transformation requirements. As such, HP is very strongly positioned to get into service management transformation projects early, and stay for the long term.

Most recently, HP repackaged and extended its management software products, moving away from using a long menu of OpenView products to a simpler, more integrated solutions oriented approach. The four solution areas, discussed below, are linked by shared change and configuration, security, quality and financial management tools.

- *Infrastructure Management*, encompassing the traditional network, storage, print and systems discovery, monitoring, utilization analysis and asset management capabilities supplied by OpenView;
- *Application Management*, providing end-to-end performance and availability monitoring, infrastructure impact, change and configuration management and insight into the applications themselves for custom and packaged applications and Web services;
- *IT Service Management*, strategically important service desk, service-driven operations, IT governance and IT transformation tools and services; and
- *Business Service Management*, an emerging solution area designed to better align IT and business priorities and provide IT organizations with real-time business impact analysis and prioritization.

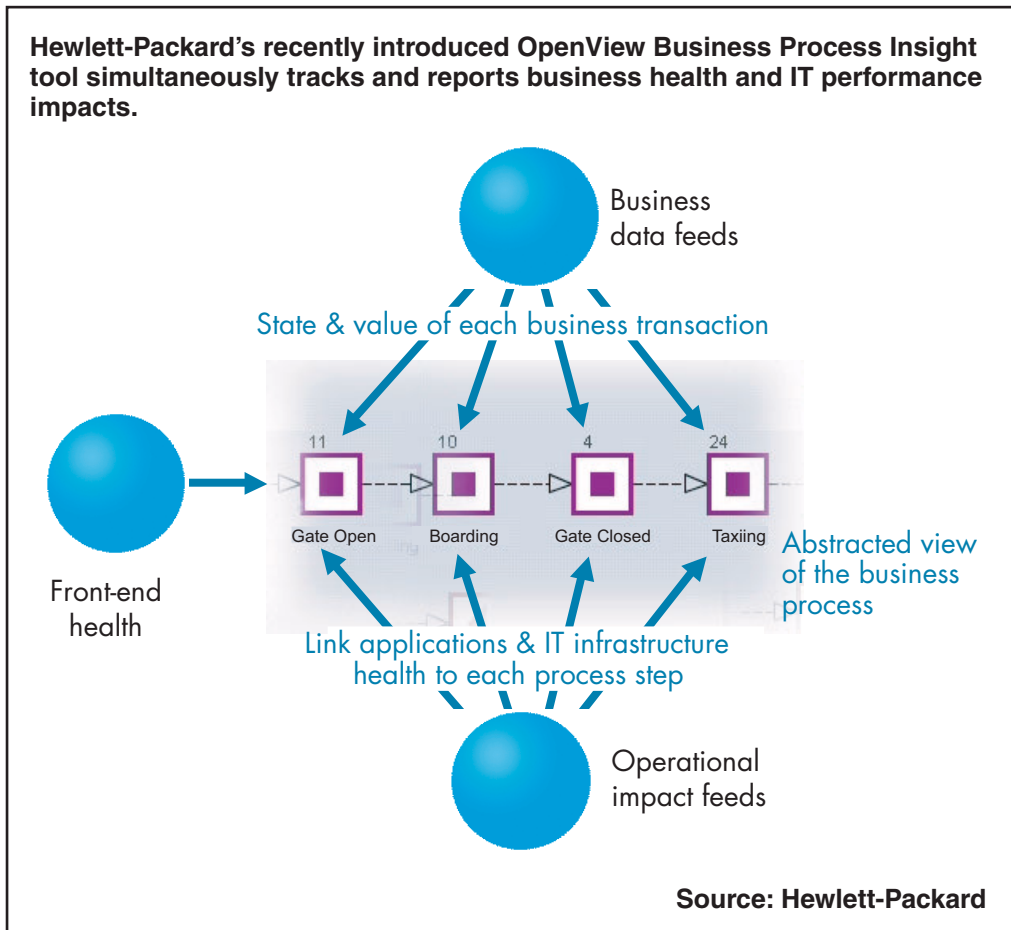
HP opted to separate IT Service Management from Business Service Management because it wanted to keep a strong emphasis on its extensive experience in providing service desk tools and process design services as well as its proven ability to link infrastructure monitoring into very large scale service desk environments. We expect HP to continue to extend its IT Service Management capabilities, but to invest even more aggressively in the just-emerging BSM category as well.

The flagship product for HP's BSM category—OpenView Business Process Insight (BPI)—is designed to provide both business and IT staff with up-to-the-minute information about the health of key business processes and the IT assets supporting them. Currently deployed in a few Lighthouse customer accounts, BPI relies on open-source adaptors to pull business performance data from packaged applications, custom code bases and ad hoc spreadsheet-based business monitoring tools. The resulting real-time monitoring map reports business performance metrics including financial impact (see Figure). BPI's capabilities can be offered as a standalone product or bundled with the OpenView Service Navigator and OpenView Internet Service Management tools to provide drill-down access into how the health of the IT infrastructure is impacting the top level business performance.

HP has been a management software powerhouse for many years and it expects to retain its market leading position as customers shift to a service management approach. HP gets high marks for its service desk integration, professional services capabilities, time-tested service management design and transformation services, and its ability to work with a large number of ISV partners. It has also been strengthening relationships with global system integrators such as Accenture and is training many higher-end OpenView channel partners on the new solutions as well. Configuration management, identity management and dynamic modeling/mapping tools are coming on strong thanks to several acquisitions. With the launch of its BSM effort, HP will be putting more and more emphasis on service catalogs and financial modeling capabilities as well.

Figure

Hewlett-Packard's OpenView Business Process Insight Dashboards Link IT and Business Performance



Section 3

Vendors Advocate and Educate With a Long Term Agenda in Mind

Across the board, the major management players, including HP, are well on their way toward communicating clear service management visions to their customers and to their direct and indirect sales teams and partners. Clearly, configuration data management and dynamic service modeling and dependency mapping are hot topics, but the jury is still out as to which vendor's approach will carry the day. We expect to see a major land grab over the next year as vendors attempt to arrange preferred deals with the best SI and ISV partners.

Service management as an IT strategy and as a marketing message is here to stay, but it will take 3-5 years for most customers to design and implement a plan. Despite the required long ramp-up, enterprise management software vendors understand they need to invest today to reap benefits over the long term as customers execute their plans. Over the next year, expect to see a significant vendor push to educate customers—and to shape enterprise ser-

vice management strategies in ways that will reflect well on the vendor when it comes time to buy software and tools.

Our advice to customers and partners is: Take the time to listen to and learn from multiple vendors, but evaluate what they tell you with a grain of salt. You can't buy service management out of the box. Software will play a critical role in this management evolution, but the transformation must be led by a broad business vision and deployed with substantial IT staff buy-in. Vendors that offer customers a pragmatic, modular way to navigate this highway are the most likely to win in the long run.

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