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Whitepaper

ITIL4 – Driving Digital Transformation

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Content

Abstract

During digital transformation, interactions between digital technologies and physical assets create an increasingly fast-paced and complex environment, demanding that organizations be more agile, better equipped to adapt, and always ready to adopt new ways of working to succeed. This paper explores how ITIL4 aligns with the new-age technology, brought by digital transformation, and makes it easy for organizations to fine-tune and adopt ITIL practices.

Introduction

The world is witnessing a dynamic change in the way industries operate. In what is being heralded as the Fourth Industrial Revolution, boundaries between the physical and digital worlds are diminishing, and there's unprecedented progress in the fields of Artificial Intelligence, robotics, Internet of Things, and quantum computing, among others. Organizations, hence, need to evolve their processes to keep pace with changing business dynamics and be ready to adopt newer technologies.

ITIL is the world's most recognized framework in IT Service Management (ITSM) and is being used by millions of IT professionals around the world. For more than three decades, ITIL has been instrumental in transforming the way IT professionals and organizations deliver impactful services to their customers. With ITIL4, ITIL has been brought up to date for the era of digital transformation, emerging technologies, and interfaces with other leading frameworks, making it easy for organizations to adopt and adapt these technologies to seamlessly fit with their specific organizational needs. ITIL4 provides an end-to-end IT/digital operating model for the delivery and operation of tech-enabled solutions and enables IT teams to continue to play a vital role in wider business strategy.

In this paper, we will explain how the ITIL4 framework helps organizations better handle the different challenges and opportunities involved in digital transformation by aligning all stakeholders, by providing a practical and flexible base to support organizations on their digital transformation journey.

What Has Changed Over the Years?

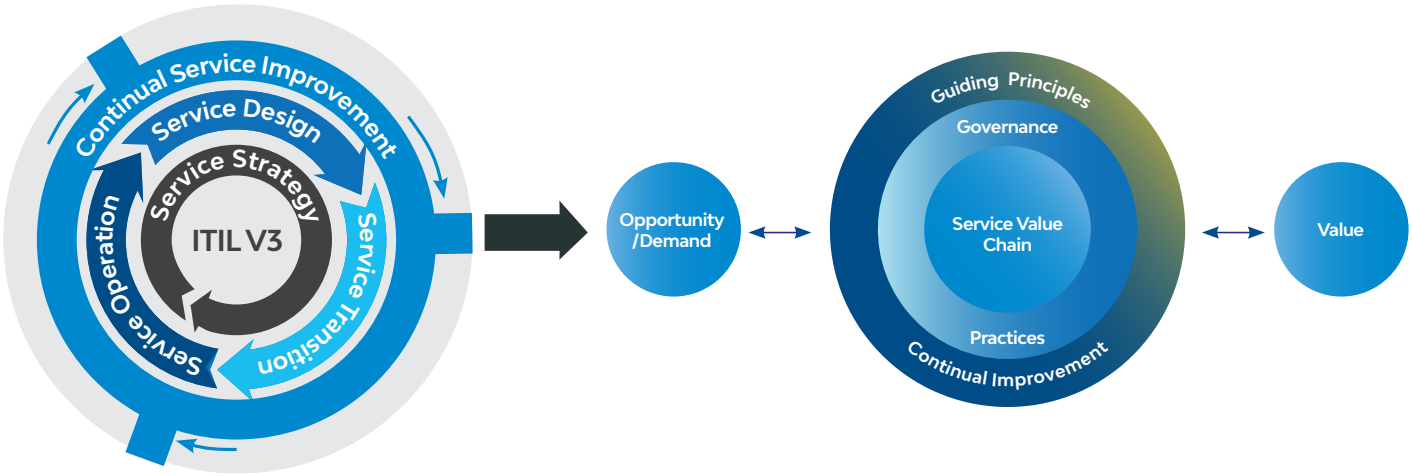
We have come a long way and are evolving every day. Some examples from our day-to-day life prove how companies are serious about digital transformation.

Retail companies are offering digital storefronts to shop from the comfort of our homes simply by using a smartphone. In 2019, e-retail sales accounted for 14.1 percent of all retail sales worldwide, and are expected to reach 22 percent by 2023.

We have also moved away from traditional classroom training to online training, thanks to the e-learning portals that help us learn at our own pace. Forbes suggests that the e-learning space will grow to USD 325 billion by 2025. Even our hospitals are offering online consultations and tracking patient well-being using advanced tools. Companies like Zomato, Swiggy, and Food Panda are great examples of how technology acts as a catalyst to bring in digital transformation. Fast food giants like McDonald's and Burger King provide online ordering, drive-thru systems, and automated kiosks.

Above are just a few of the many examples of how digital transformation is changing the dynamics in various sectors. Every transformation needs a process to guide and to drive it successfully. It can be a combination of processes and frameworks at times.

ITIL has also evolved over the years to align itself with various other processes and frameworks. ITIL 4 is more collaborative, agile, and advanced as compared to its predecessors. It has evolved from being a process-driven framework to a more practice-driven framework.



ITIL V3

ITIL 4

A key innovation of ITIL V3 was the introduction of the service life cycle, consisting of five service life cycle stages, namely Service Strategy, Service Design, Service Transition, Service Operation, and Continual Service Improvement. These five major service life cycle stages consist of 26 service life cycle processes.

ITIL4 on the other hand, has three major practices, namely general management practices, service management practices, and technical management practices. There are 34 management practices categorized/distributed amongst these three major practices.

Processes + Technology = True Digital Transformation

Processes and practices govern digital transformation. Let us look at an example to understand how several ITSM concepts are closely coupled with digital transformation.

Most of us would have visited the McDonald's website for ordering a burger or a meal. The online storefront is so customer-friendly and easy to use. Buyers get a complete and appetizing view of their menu, and the entire process, right from choosing a burger (product) or a meal (service offering) to paying for it, is incredibly smooth. And if you're a regular customer, you will also enjoy suggestions as per your preferences. They have also installed automated ordering kiosks at retail outlets and are using AI technology in drive-through machines to personalize the menu in real-time based on individual customer preferences.

McDonald's is also looking at investing in developing a platform intended for complex, multilingual, multi-accent, and multi-item conversational ordering via kiosks and mobile phones.

All of this is the magic of technology – a combination of automation, processes, and tools — working in the background to deliver a memorable customer experience.

McDonald's is not a technology company and its' traditional outlook says that they should stay focused on their product. But this household name in fast food has realized that to overcome the competition, riding the digital wave and investing in technology is inarguable. The introduction of ITIL4 brings with it an upgrade of processes as well.

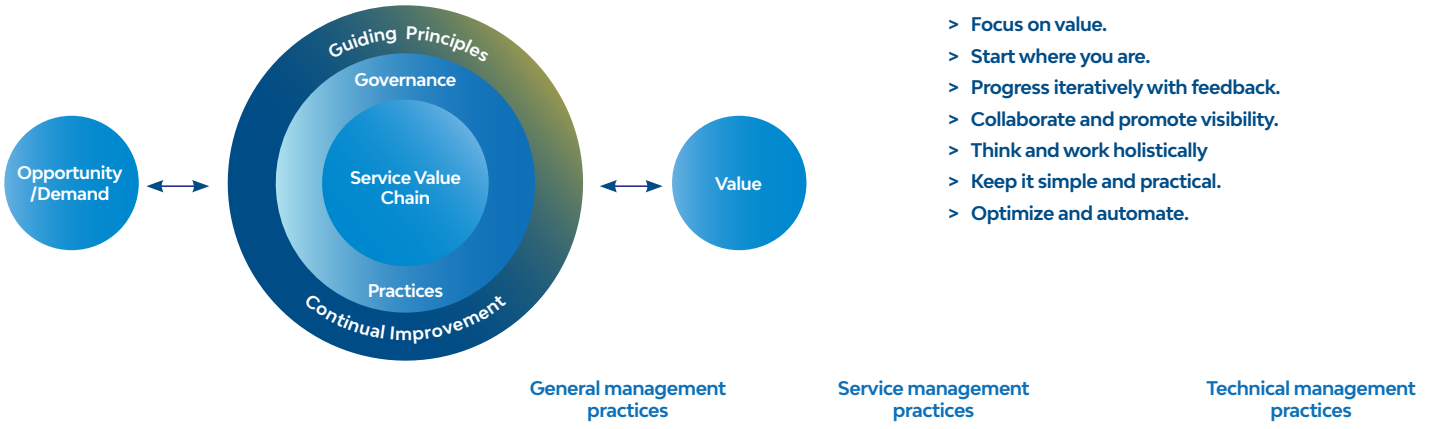
ITIL4 Service Value System for Digital Transformation

Value co-creation remains at the core of service management, with technology working in the background to impress the customer. Let's look in more detail at the service value system and understand how ITIL4 drives digital transformation.

Service Value System (SVS)

SVS describes how all components, processes, and activities work together to enable value co-creation. Each opportunity goes through all the processes and activities of the service value chain, which are supported by guiding principles, governance, practices, and continual improvements to co-create value out of it.

The diagram depicts the SVS and shows how a demand or opportunity is converted into value using processes, value streams, guiding principles, governance, etc.



At the center of the Service Value System is the Service Value Chain. The six key activities of the Service Value Chain are:

Plan

> This is the value chain activity where the strategic level planning occurs, such as architecture, policies, and blueprints.

Improve

> This value chain activity is part of the continuous service improvement.

> Improve is closely embedded into various value streams to take feedback and improvise at all levels until value is created.

> Feedback from internal stakeholders and customer is taken time and again to improve the product and services at all levels.

Engage

> The value stream where all the stakeholder coordination and people engagement occur.

Design & Transition

> The value stream where the ideas are converted into designs and actually built into consumables.

> Plan, engage, and improve serve as input for design and transition.

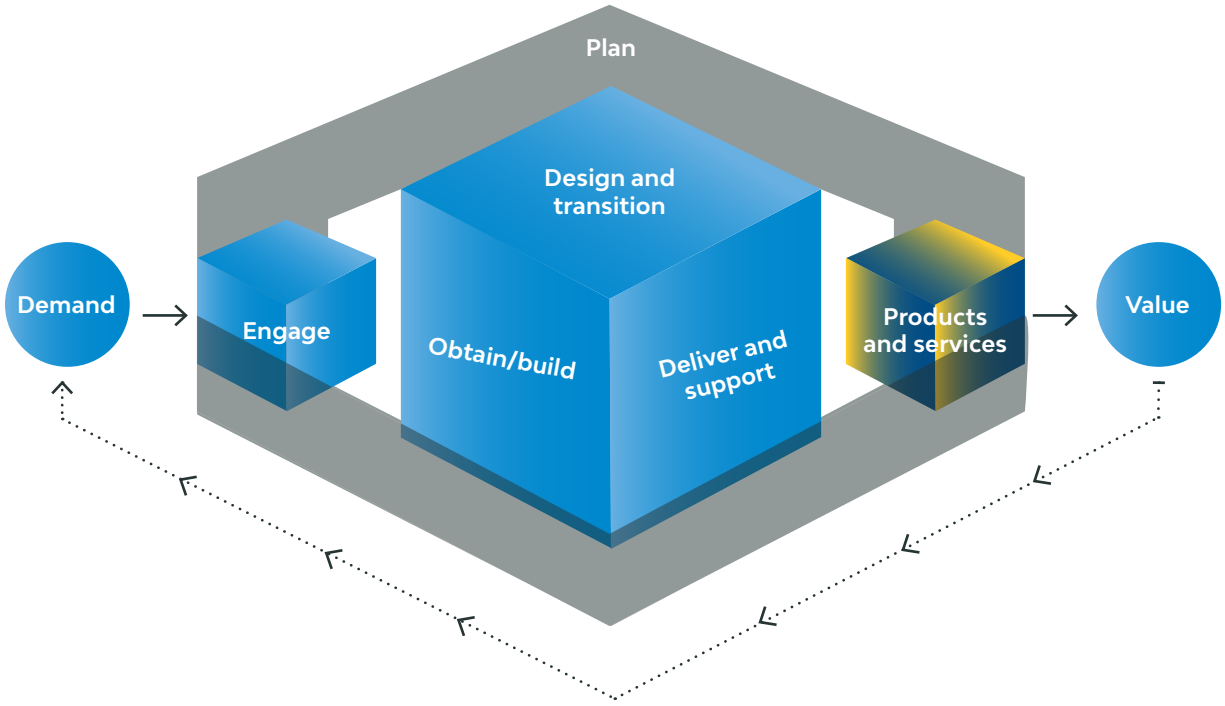
Obtain/Build

> In this value chain activity components are made available when and where they are needed.

Deliver & Support

> The value chain activity where a lot of action happens including a lot of the IT support work.

> This value chain ensures that services are delivered and supported according to agreed specifications and expectations.



Each of these contributes to value creation by transforming various inputs into specific outputs. These inputs may be external, or they may come from other activities within the value chain itself. Each activity is supported by one or more practices. This combination of Service Value Chain activities and practices are then transformed into a value stream for specific tasks. Following are some key aspects of value co-creation:

> Value co-creation is not a one-time activity, but a continuous one.

> It's a non-linear process. Value streams work together to create a value chain.

> A value chain typically starts with engaging the client.

> Product and service denote the quantifiable outcomes we can deliver.

> Value is the outcome co-created by the service provider and the recipient mutually.

> It is an iterative process, and gathering feedback and improving at every step is important.

When these value chain activities work on one task/scenario they are called value streams, and help organizations leverage the ITIL4 Service Value Chain drive, govern, and deliver digital transformation.

ITIL4 can thus help enterprises:

> Enhance system performance through continuous improvements.

> Improve visibility and management of costs.

> Deliver a better customer experience and service.

> Optimize utilization of resources.

> Improve risk management to provide a more stable technical environment for business.

Conclusion

Successful digital transformation is not just about an IT revolution or introducing automation because you think you need to impress customers. It's a holistic business change encompassing entire organizations and working in tandem with the overall business strategy. It requires mixing people, technology, and business processes, and requires governance, continuous monitoring, and intervention from the top to ensure that both digital leaders and non-digital leaders are making good decisions about their transformation efforts. Digital transformation requires a cultural shift in how organizations use tech-enabled digital services to satisfy customer needs. The value that it creates is possible only when there's collaborative working and communication between different stakeholders to ensure the transformation is effective.

ITIL4 enables enterprises to take a holistic approach to service management via more advanced operating models and easier integration thanks to methodologies like DevOps, Agile, and Lean. ITIL4 also comes with Guiding Principles which help IT professionals to adopt and adapt ITIL guidance to their own specific needs and circumstances. By applying ITIL4 to digital transformation projects, organizations can think of product or service delivery as a way to co-create value by connecting and collaborating more and go beyond simply aligning IT with the business. ITIL4 should be adopted for fashioning a clear engagement with business needs and working end-to-end with all stakeholders with the objective of value co-creation.

ITIL framework contributed to successful digital transformation for various sectors. A benchmark report suggests-

> Improved service delivery and customer satisfaction (67%).
> Keeping IT systems up to date through continual improvement (57%).
> Creating a more stable service environment to support business changes (53%).
> Providing better management of business risks, service disruption, or failure (51%).
> Greater visibility of IT costs and assets (44%).
> Reduced costs through improved utilization of resources (43%).

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Ravi is a **Certified ITIL Expert and a Scrum Master.** He has 12+ years of varied IT experience as an ITSM Process Consultant, Transition Manager, Program Manager, and Process Architect. He also has extensive experience working with large-scale clients across multiple sectors including Oil & Gas, Banking, and Manufacturing. His focus remains on ITSM consulting, ITIL Process designing and adoption, IT4IT, ServiceNow, and Transformation leveraging tools and processes.

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