THE EVOLUTION AND FUTURE STATE OF THE SERVICE MANAGEMENT OFFICE

Jeff Jensen
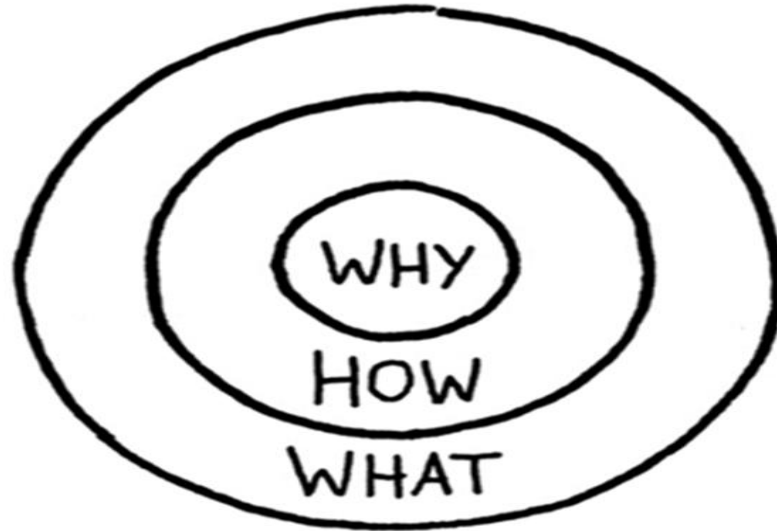ITIL Expert, ITIL 4 Trainer, DevOps Leader
Founder and Principal

AGENDA

- Start with Why
- Why do/did we have a Service Management Office (ITIL v3)?
- What's Changed?
- Why the SMO Needs to Evolve
- The Future State of the SMO
- Summary
- Q&A

Note: Diagrams and Text courtesy of ITSM Academy, DevOps Institute and/or Axelos unless otherwise referenced

Start with Why

CREDIT: SIMON SINEK, INC. WWW.STARTWITHWHY.COM

- Why do/did we have a Service Management Office?

SMO Defined

- The Service Management Office is an internal team that is accountable for the quality of the service management program.

- A …(SMO) is a **center of excellence** within your organization chartered to improve the quality, effectiveness and efficiency of delivering services to your users and business functions. The SMO accomplishes this charter by **leveraging industry standards and best practices** – applying them to your organization's unique environment
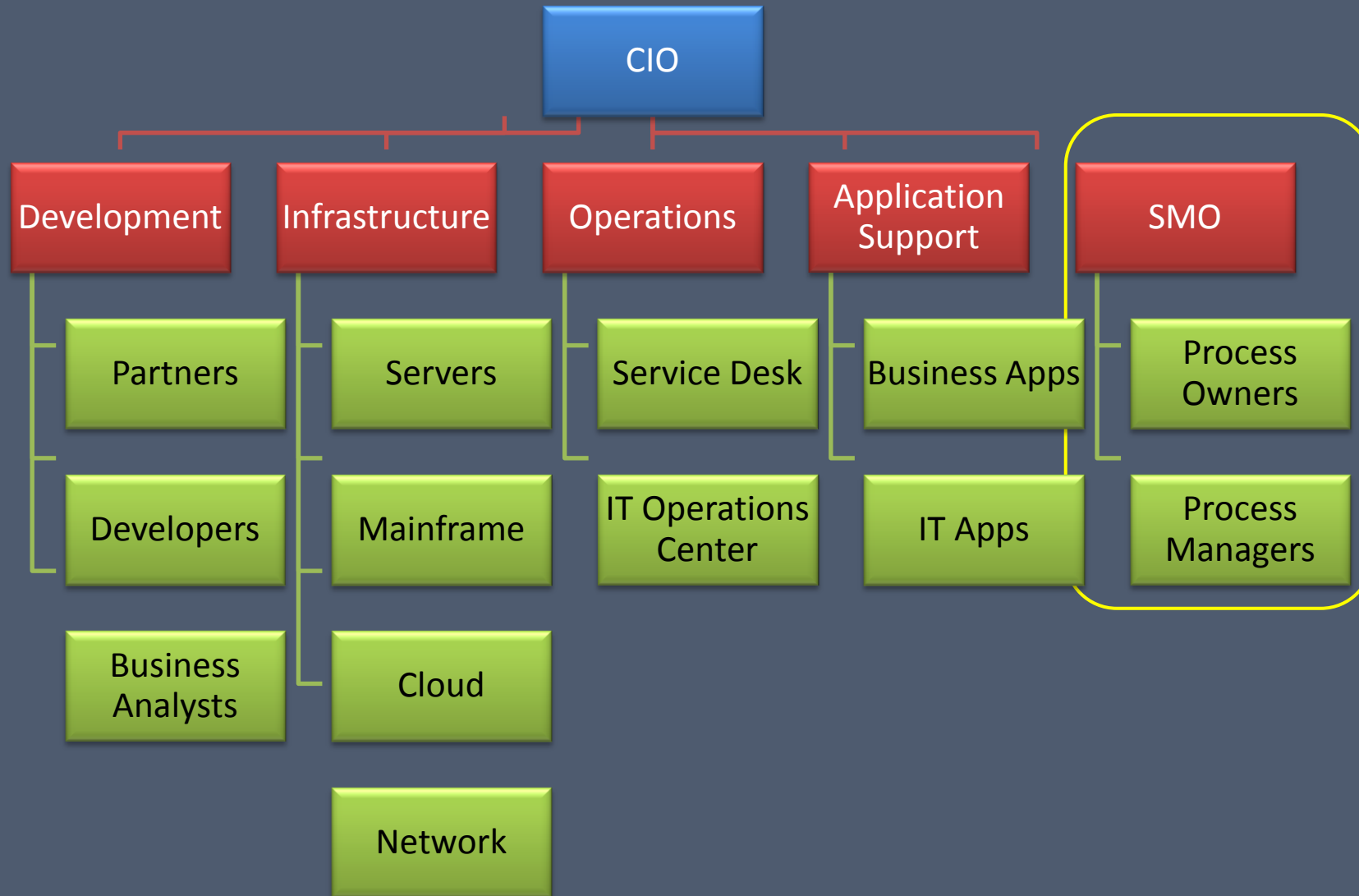
  (from https://navvia.com/service-management-office)

SMO Objectives

- Governance for ITSM Practices – establish policies and plans
- Process definition, implementation, day to day management, and improvement
- Define, implement and manage processes that meet business needs (including enterprise reporting, KPIs, performance, etc)
- Ensure process interfaces and dependencies are aligned and integrated to meet business needs
- Manage communications and training
- Coordinate efforts such as the CAB
- Ensure continual improvement

SMO Structure

- CIO
  - Development
    - Partners
    - Developers
    - Business Analysts
  - Infrastructure
    - Servers
    - Mainframe
    - Cloud
    - Network
  - Operations
    - Service Desk
    - IT Operations Center
  - Application Support
    - Business Apps
    - IT Apps
  - SMO
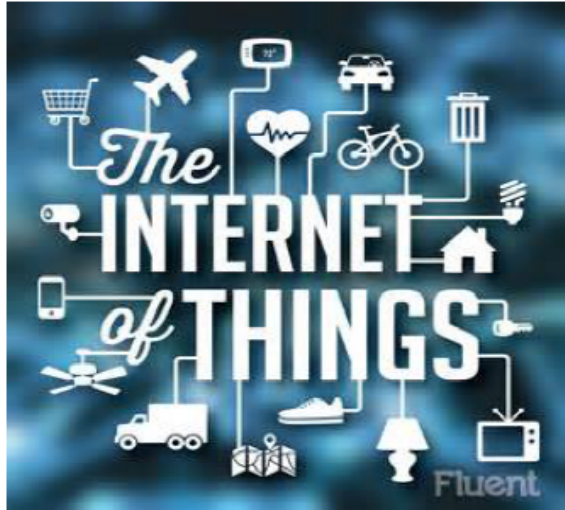   - Process Owners
    - Process Managers

What's Changed?

- Increasing Challenges
- New/More Widely Adopted Best Practice Frameworks
- Product vs Project Focus (vs Services?)
- Team/Structural Changes
  - Agile Self Organizing Teams
  - Scaled Agile Framework (SAFe)
  - DevOps (Spotify Model)

The Increasing Business/IT Challenges

- Every business has become a tech business
- The Internet of Things (IoT) is rapidly increasing
- Consumers have developed "app" mentalities
- Customers value outcomes, not products
- Time to value is replacing time to market
- Intelligent data must shape direction quickly
- Customer delight is more important than customer satisfaction

What Is a Best Practice?

Definition (courtesy of businessdictionary.com):

- A method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark. See also best in class and leading practice.
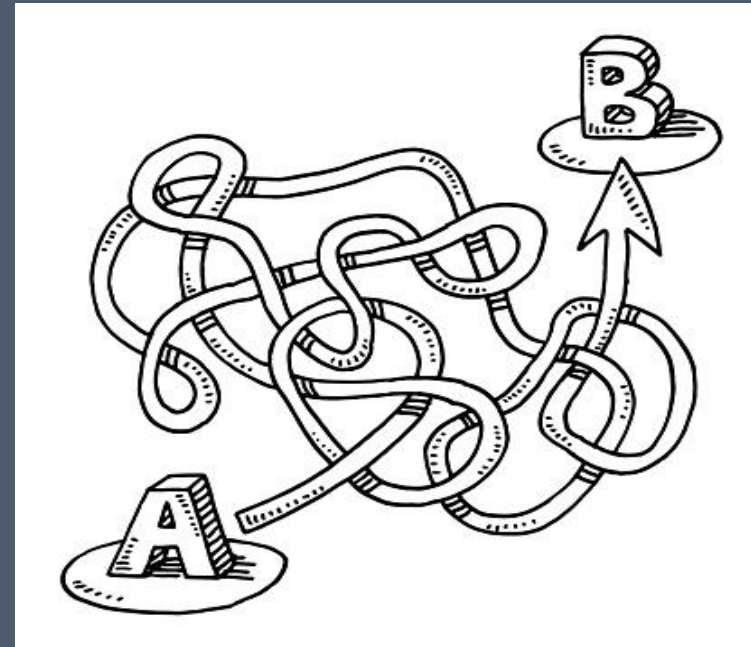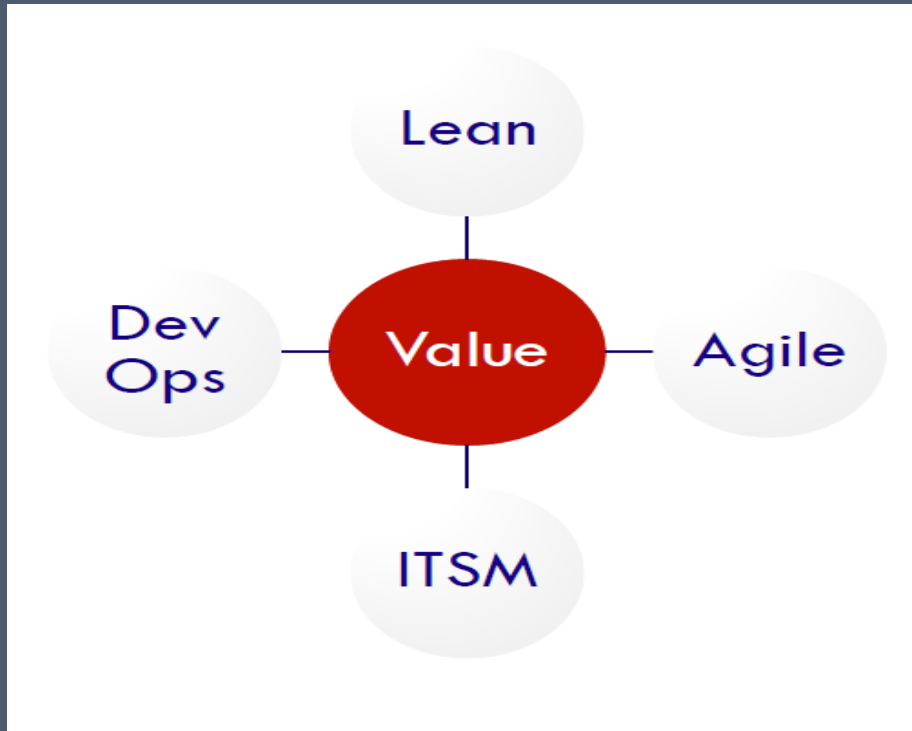
Best Practices/Frameworks

- Lean – a production philosophy that focuses on creating and managing the flow of value from start to finish – from concept to launch, from order to delivery, from need to fulfillment.

- Agile – a collection of software development methodologies in which requirements and solutions evolve through collaboration between self-organizing, cross functional teams in order to deliver working software in smaller and more frequent increments.

- DevOps – a cultural and professional movement that stresses communication, collaboration, and integration between software developers and IT operations professionals while automating the process of software delivery and infrastructure changes

- IT Service Management – a set of specialized organizational capabilities for providing value to customers in the form of IT services
  - ITIL is the preeminent best practice framework for ITSM
  - ITIL 4 was released on February 28, 2019

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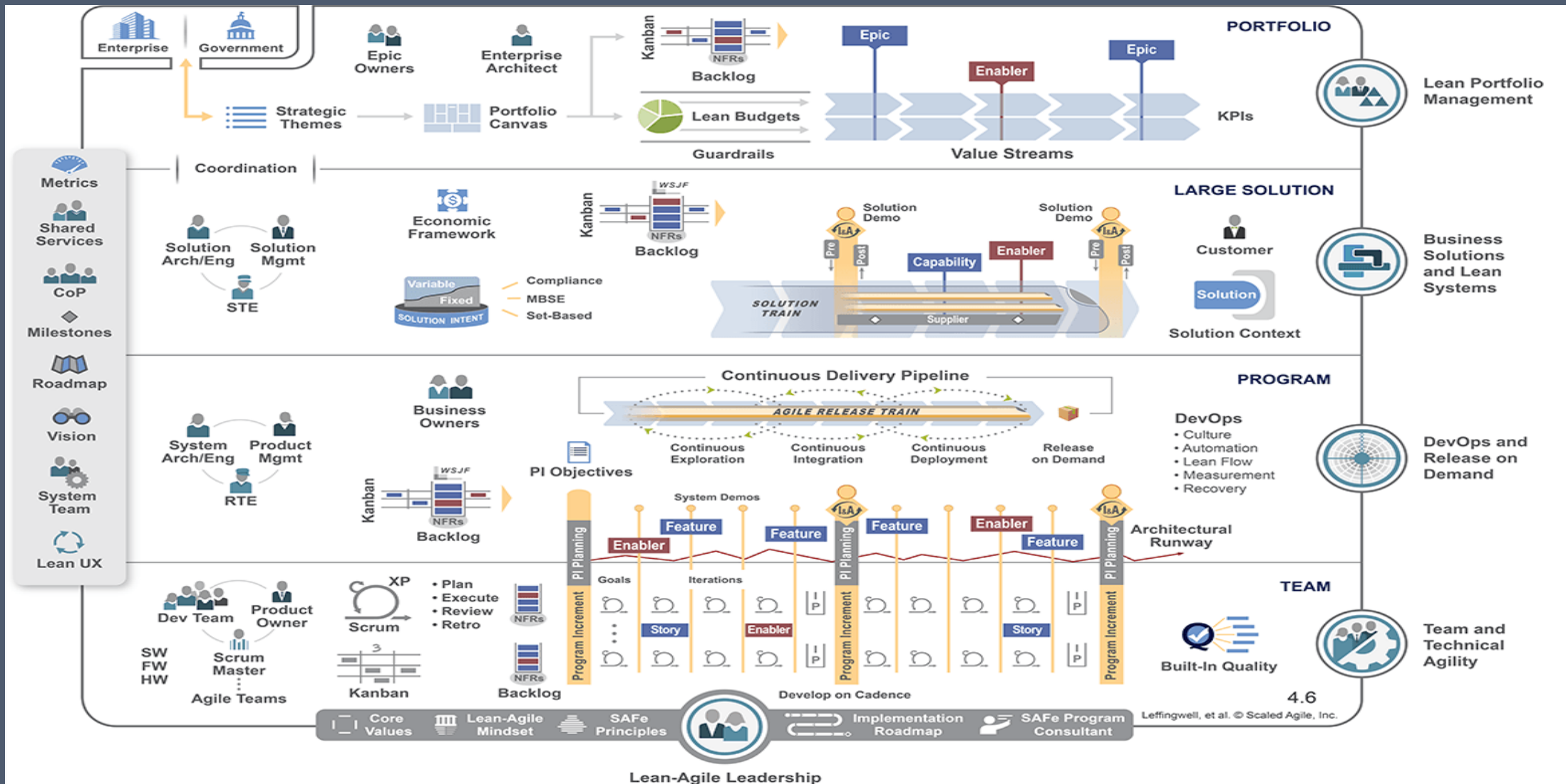
SAFe Communities of Practice

"Communities of Practice (CoPs) are organized groups of people who have a common interest in a specific technical or business domain. They collaborate regularly to share information, improve their skills, and actively work on advancing the general knowledge of the domain."
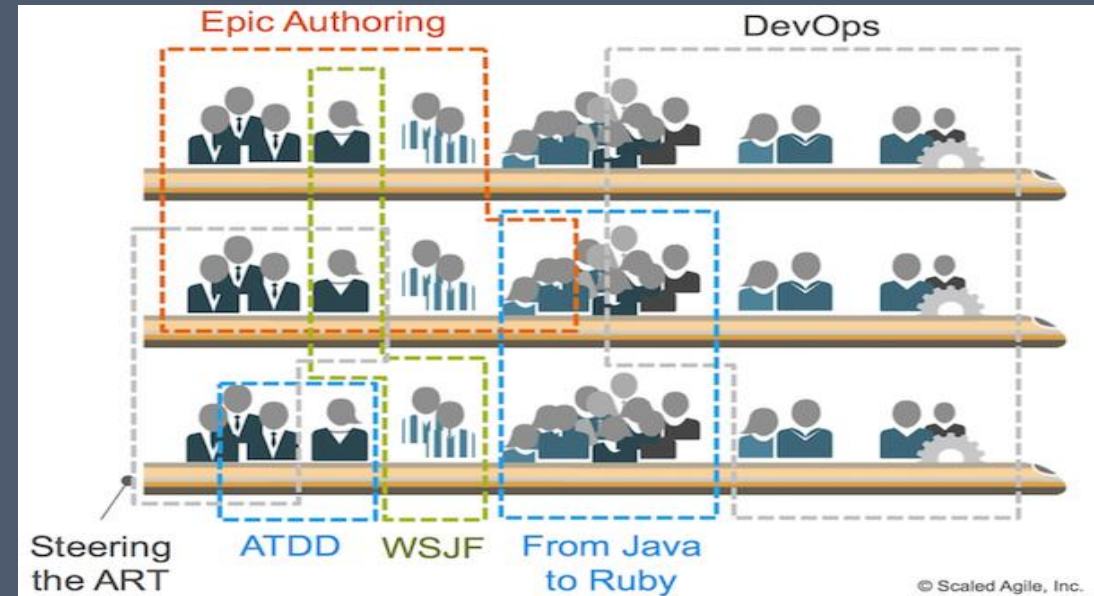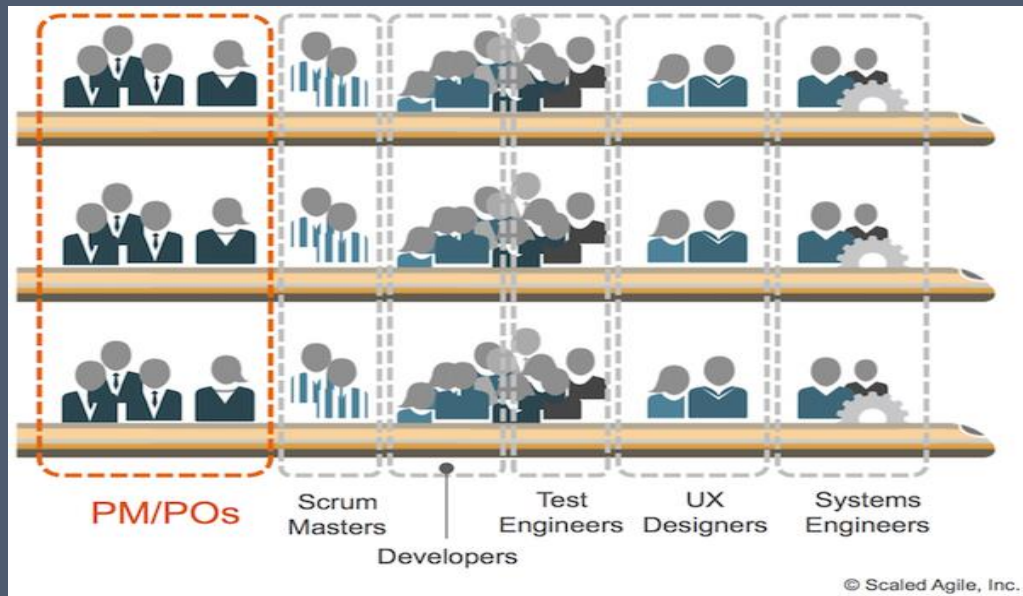
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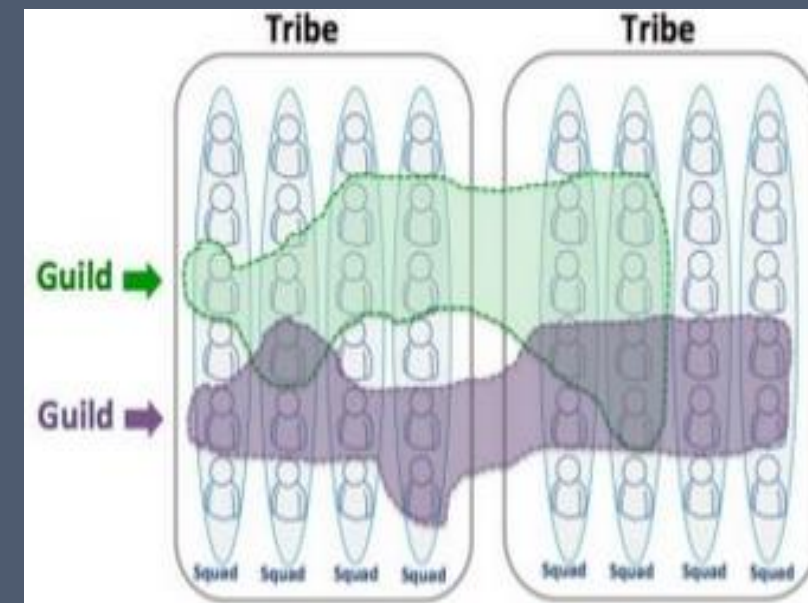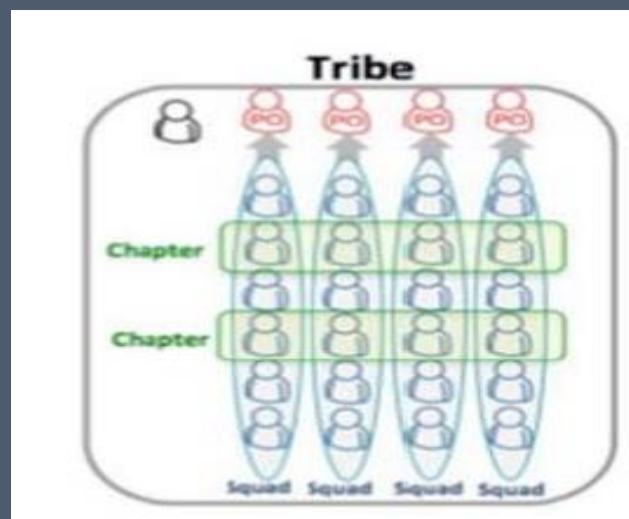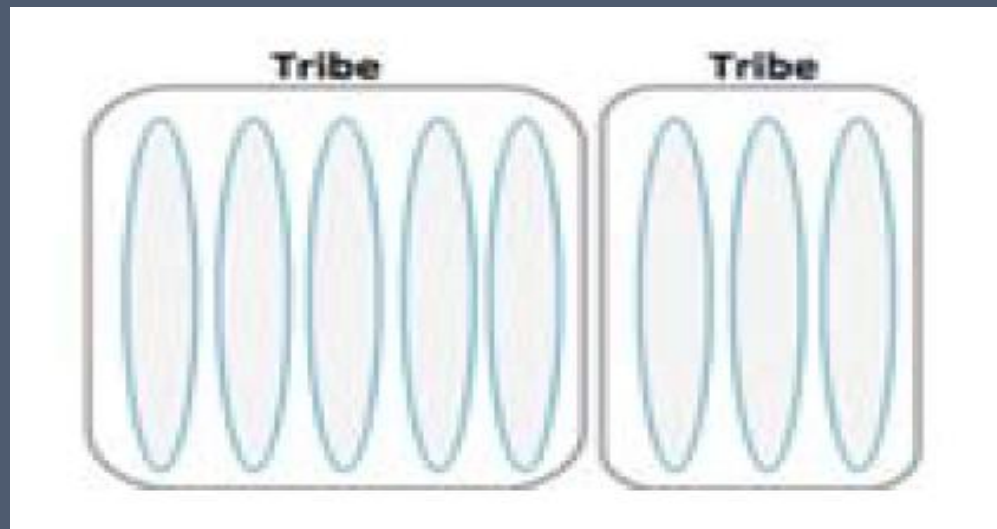https://www.scaledagileframework.com/communities-of-practice/

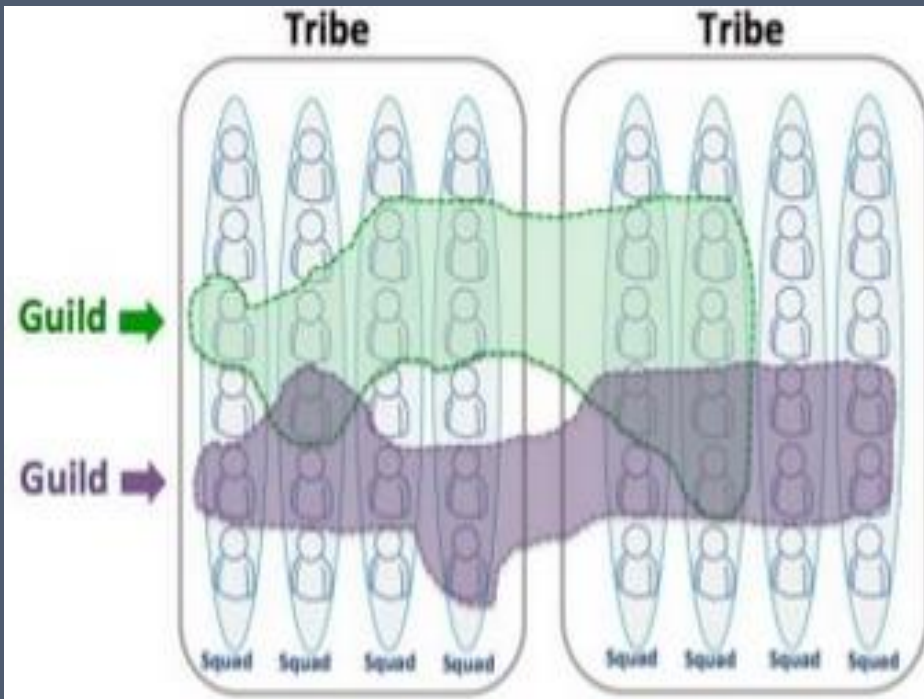# Role Based and Topic Based Communities of Practice

The Spotify Model
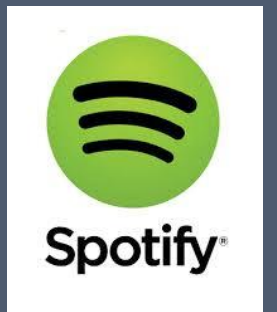## Squads, Tribes, Chapters, and Guilds

Guild: Structure

- A "community of interest," a group
- Guild usually cuts across the whole organization and anyone is welcome to join a guild
- Examples of guilds are agile coaches, product owners, tribe leads
- The goal is networking

ITIL 4 Practices

ITIL 4 Definition - A set of organizational resources designed for performing work or accomplishing an objective

General management practices	Service management practices	Technical management practices
• Architecture management • **Continual improvement**** • **Information security* management** • Knowledge management • Measurement and reporting • Portfolio management • Organizational change management • Project management • **Relationship management*** • Risk management • Service financial management • Strategy management • **Supplier management*** • Workforce and talent management	• Availability management • Business analysis • Capacity and performance management • **Change control**** • **Incident management**** • **IT asset management*** • **Monitoring and event management*** • **Problem management**** • **Release management*** • Service catalogue management • **Service configuration management*** • Service continuity management • Service design • **Service desk**** • **Service level management**** • **Service request management**** • Service validation and testing	• **Deployment management*** • Infrastructure and platform management • Software development and management *High-level overviews of each practice are provided in the ITIL 4 Foundation publication.*

Expanding the Definition

- A Guild could be a:
  - Community of Practice (SAFe)
  - Community of Interest
  - Center of Excellence
  - Are these essentially synonymous?
- Who coordinates these various Communities?
  - Ensure support of common goals/objectives
  - Structure, prioritization, standardization, accountability?

The Bottom Line

- If you don't have a SMO-(like) function, you need one
- If you do have one, is it still effective?
- Is it focused on running processes, or facilitating outcomes?
- The SMO shouldn't just be another Community of Practice
  - Not just Incident/Problem/Change
  - No more:
    - Siloed organizational structures
    - Siloed tools
    - Siloed metrics
- Step up and LEAD!

Why The SMO Needs to Evolve

- **Expanding the Focus**
  - Decentralization
    - You Build It, You Own It, You Run It
    - Speed with Quality with Stability
    - Optimize and Automate
    - Definition of Insanity?
- **Framework Alignment**
  - No single best practice framework is "perfect" – no silver bullet
  - Need to avoid local optimization - organizations improve in vertical functions but are not optimized horizontally end to end
- **What about the customer?**
  - Continuous Delivery/Deployment?
  - Feature Deployment vs Business Outcome
  - Feedback Loops
- ITIL 4 Opportunity – Value Co-Creation, VOCR
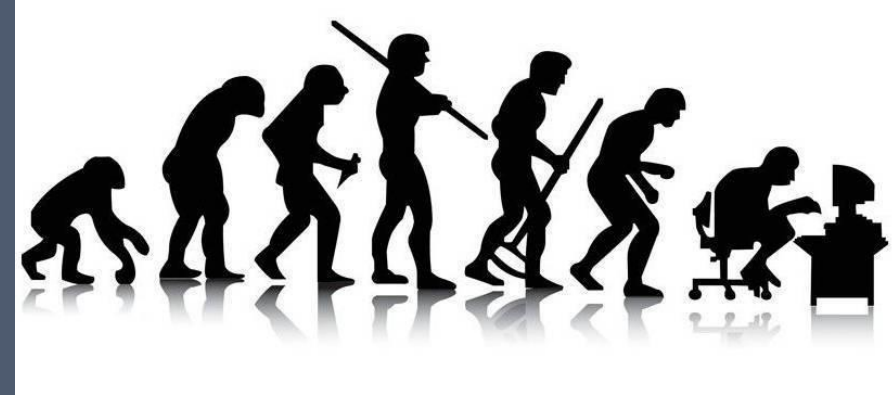
The Future State of the SMO

- Leadership for Digital Transformation (SMO/VRO) – Transformational Leadership, Drive Culture Change
- Structure/Standards/Governance for the Communities of Practice
  - Encourage Sharing, Transparency, Automation, Sharing
- Align Best Practices, Guiding Principles to address Culture
- Value Stream Mapping Facilitation – Utilize ITIL 4 SVS, SVC
- Continual Improvement Approach across the Enterprise
  - Drive CI into Product/Practice/Process Backlogs
  - Enterprise Metrics/Dashboard roll-up
  - Optimize then Automate via CI
- Coordination Point for Service Owners
  - Or Product Owners, Solution Managers, RTE/STE, etc
- SMO Roles/Team Members/Process Owners
  - Increased and continual training, become SMEs
- Value Co-Creation Focus, VOCR, Speed With Quality With Stability

Leadership for Digital Transformation (SMO/VRO)

- VRO = Value Realization Office
- Transformational Leadership
- Lead the Communities of Practice – provide Structure/Standards/Governance
- Help Drive Culture Change (Guiding Principles)

Transformational Leadership

Transformational leadership is a model in which leaders inspire and motivate followers to achieve higher performance by appealing to their values and sense of purpose, facilitating wide-scale organizational change.

Transformational leaders encourage their teams to work towards a common goal through their

- Vision
- Values
- Communication
- Example-setting
- Evident caring about their followers' personal needs

Assumptions

- People will follow an individual who inspires them
- A person with vision and passion can achieve great things
- The way to get things done is by injecting enthusiasm and energy

Sources:
www.changingminds.org
https://puppet.com/resources/whitepaper/state-of-devops-report

Guiding Principles to facilitate Culture Change

- "Principles are underlying truths that don't change over time…" – Mary Poppendieck, co-author of Lean Software Development

- A guiding principle is a recommendation that guides an organization in all circumstances

  - Guides organizations to **adopt** a service oriented approach into their culture

  - **Adapt** best practice guidance to their own specific needs and circumstances

- Allow organizations to integrate the use of **multiple methods** into an overall approach to managing services and delivering value

Lean Guiding Principles

1. Define **value** precisely from the perspective of the end customer

2. Identify the entire **value stream** for each service, product or product family, eliminating whenever possible steps that do not create value

3. Make the value-creating steps **flow**

4. As flow is introduced, let the customer **pull** as needed (e.g., using Kanban)

5. Pursue **perfection** through endless cycles of improvement

Agile Guiding Principles

DevOps Values
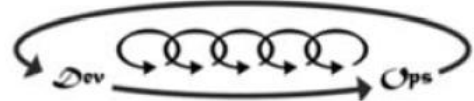

More than anything else, DevOps is a cultural movement based on human and technical interactions to improve relationships and results.

DevOps – The Three Ways

The First Way	The Second Way	The Third Way
Flow (Systems Thinking)	Feedback	Continuous Experimentation & Learning
Understand and increase the flow of work (left to right)	Create short feedback loops that enable continuous improvement (right to left)	Create a culture that fosters • Experimentation, taking risks and learning from failure • Understanding that repetition and practice is the prerequisite to mastery

ITIL 4 Guiding Principles

Focus on value

Start where you are

Progress iteratively with feedback

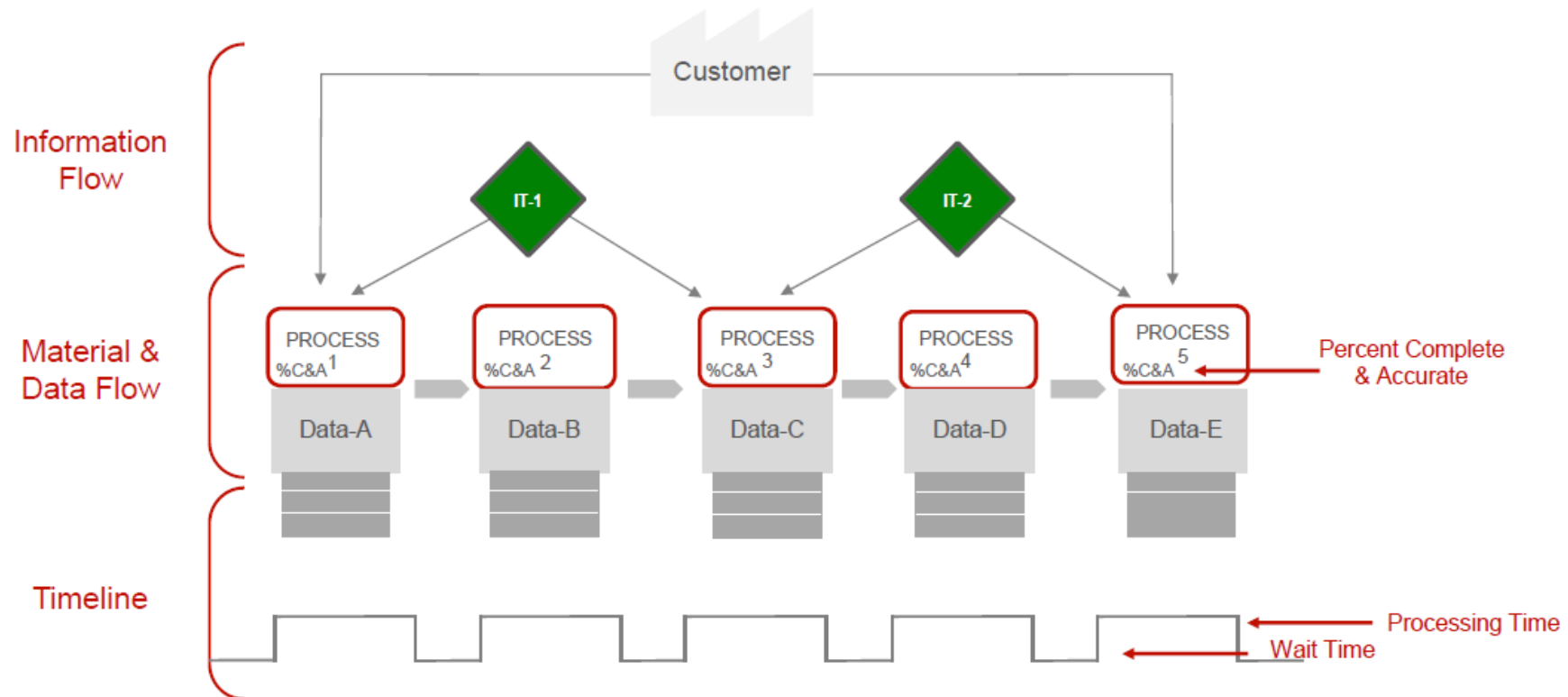Collaborate and promote visibility

Think and work holistically

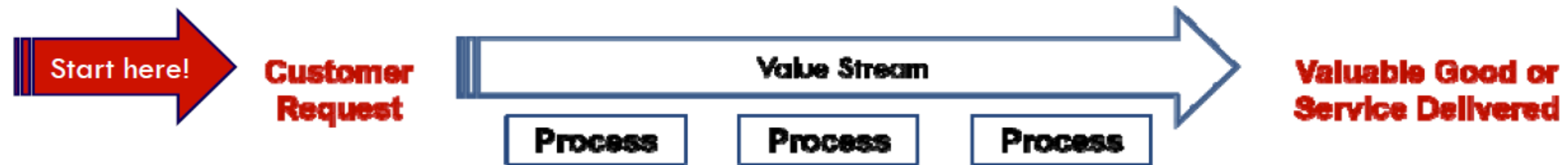Keep it simple and practical

Optimize and automate

Value Stream Mapping and Continual Improvement

A value stream map provides a strategic, macro-level view.

Value Stream Mapping

- A value stream is the sequence of activities required to design, produce, and deliver a specific product or service

- Value streams typically span multiple organizations, functions and processes

**Start here!** → **Customer Request** | **Value Stream** | **Valuable Good or Service Delivered**

Process | **Process** | **Process**

Whenever there is customer demand there is a value stream.
The challenge lies in seeing it.

Source: DOI DevOps Leader

Every Transformation Starts with a Value Stream

Value stream mapping makes it possible to

- Visualize the flow of work and information
- Identify waste
- Identify, prioritize and measure improvements
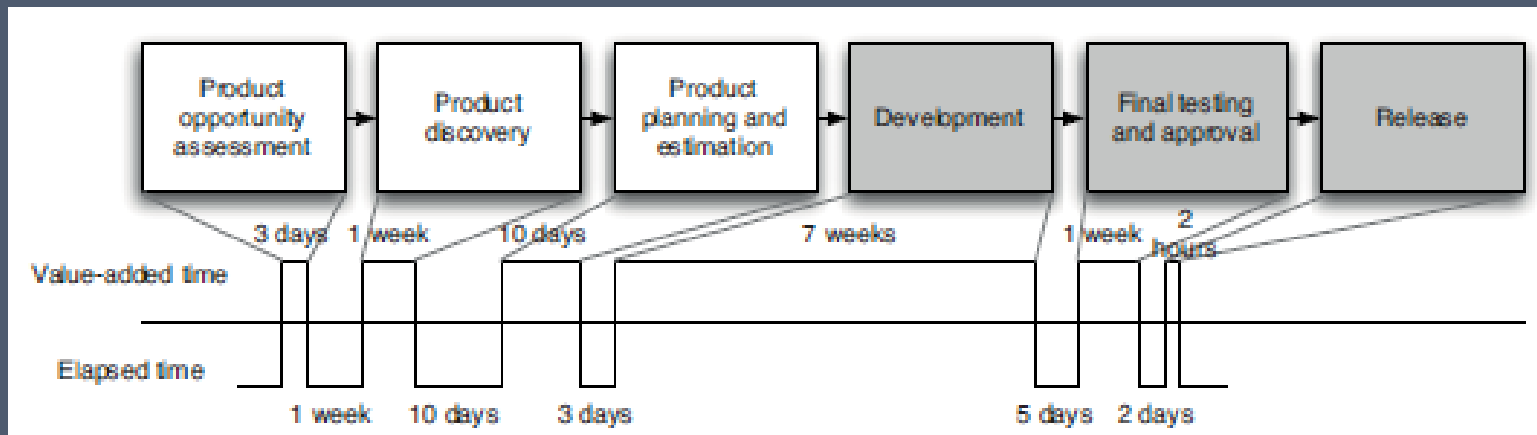
Source:
Jez Humble -*Continuous Delivery: Reliable Software Releases through Build, Test, and Deployment Automation*

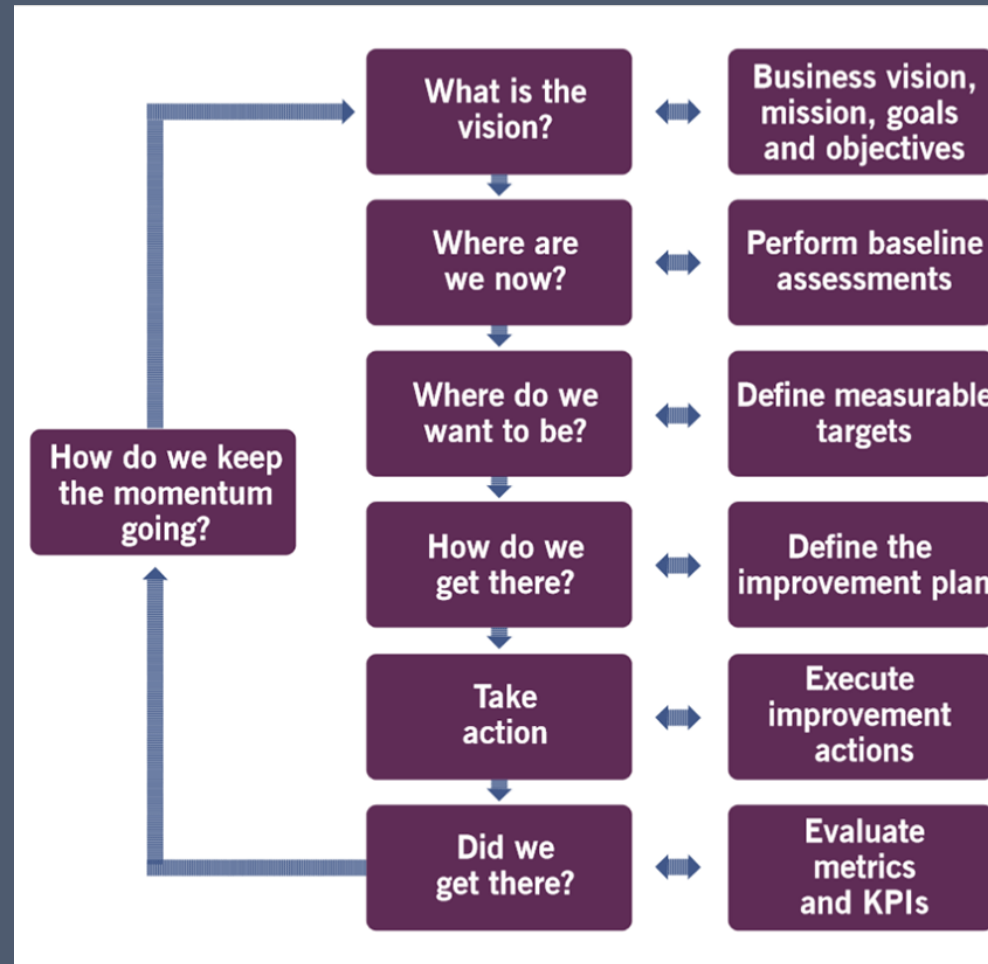# Transformational Change vs. Continual Improvement

Value Stream Mapping	Continual Process Improvement
▪ Strategic	▪ Tactical, operational
▪ Iterative, transformative	▪ Iterative, daily/ongoing
▪ System, <u>across</u> organizations, functions, processes	▪ Process, <u>within</u> organizations, functions, processes
▪ Significant, radical change	▪ Incremental, gradual change

ITIL 4 Continual Improvement Model

The Improvement Kata

2 Grasp the current condition

4 PDCA and experiment toward the target condition

3 Establish the next target condition

1 Understand the long-term vision or direction

P

A Obstacles D

C

Current Condition

Next Target Condition (TC)

Vision

Unknown Territory
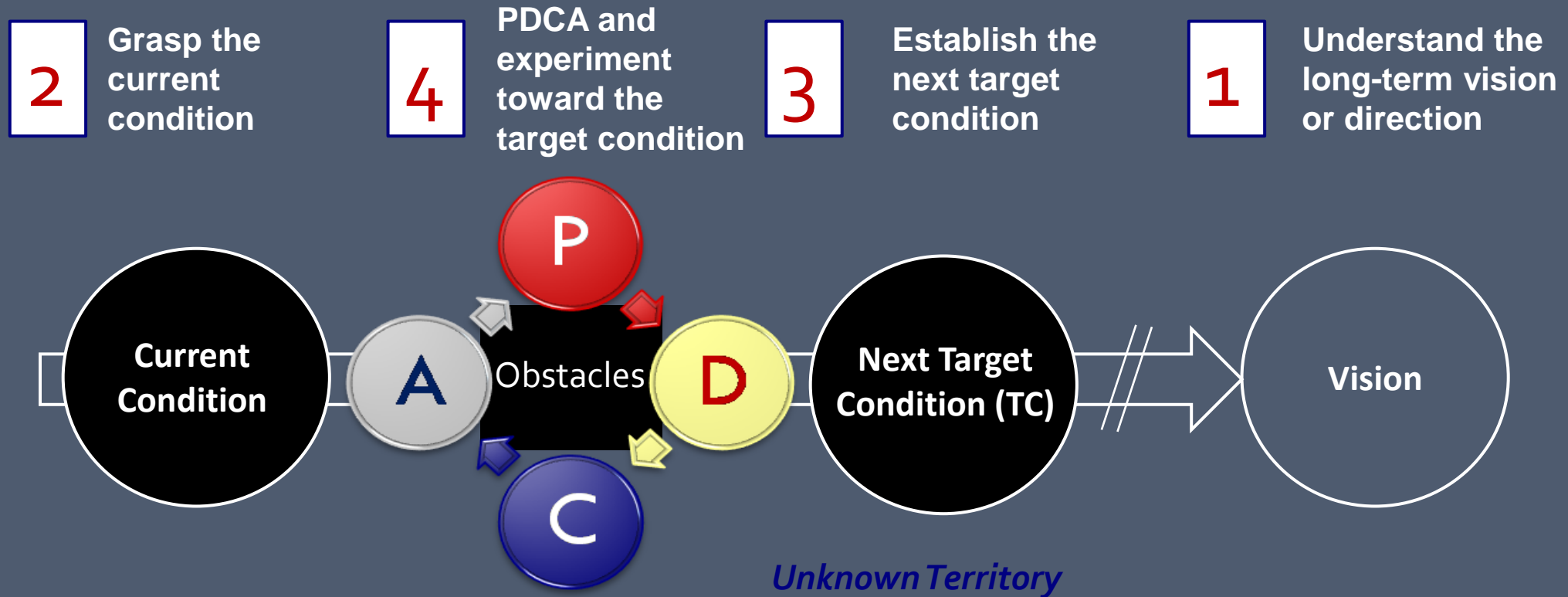
The Improvement Kata is a four-step process that focuses on learning and improving work. It considers the organization's long-term vision or direction.

SMO Helps CoPs coordinate CI

Leaders — Embed continual improvement into the way people think and work

Continual improvement team — Lead efforts and advocate practice across organization

Everyone in the organization — Actively participate in continual improvement as a core part of their job

Partners and suppliers — Include how they measure, report and improve in contracts

Process Acceleration

- Process acceleration involves moving from manual processes and siloed ways of working to a more automated, collaborative approach
- The greatest challenges are
  - How, when, and where to leverage automation
  - Managing the associated change

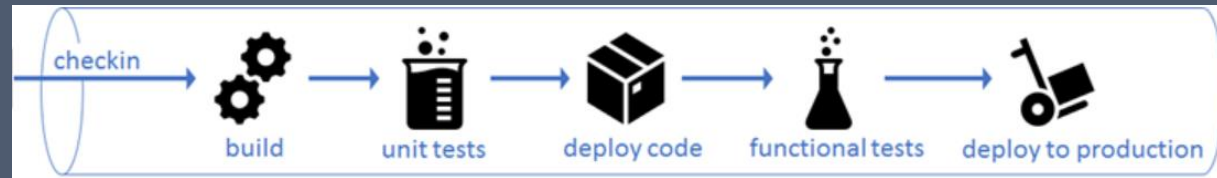*Leverage agile service management practices to minimize change fatigue.*

Source: ITSM for DevOps

Process Acceleration

- Process acceleration techniques include
  - Setting time-based goals and measuring performance improvements
  - Reducing waste
  - Improving flow
  - Shifting left
  - Devolving authority
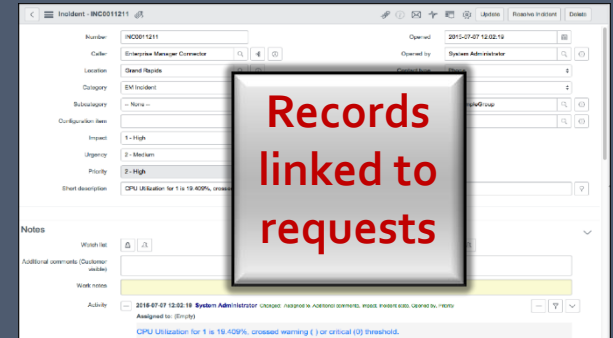 - Leveraging automation
  - Experimentation

Make It Easy for People to Do the Right Thing!

Track related incidents and service requests

Backlog

Pipeline

checkin → build → unit tests → deploy code → functional tests → deploy to production

Records linked to requests

JIRA

VERSIONONE
Accelerate Software Delivery

servicenow

bmc

Cherwell

Connect features and user stories to change records

Source: ITSM for DevOps

Continued Evolution Steps

- Best Practices Framework Alignment (Agile, AND Lean, AND DevOps, AND ITIL 4)
- Coordination Point for Service Owners (Product Owners, Solution Managers)
- SMO Personnel (Process Owners, Process Managers, Business/Reporting Analyst roles) increase Subject Matter Expertise:
  - ITIL 4 – Managing Professional, Strategic Leader
  - ITSM For DevOps
  - VSM Facilitation
  - Certified Process Design Engineer
  - Certified Agile Process Owner
    - Practice/Process Objectives Aligned to Strategic Objectives
    - Enterprise Reporting/Metrics roll-up, dashboards, business outcomes
    - SIPOC, Elevator Pitch, V to M, CI Backlog
- Value Co-Creation Focus, VOCR, Speed With Quality With Stability

The Focus of ITIL 4

- Value Co-Creation – no longer a mono-directional flow between service provider and consumer
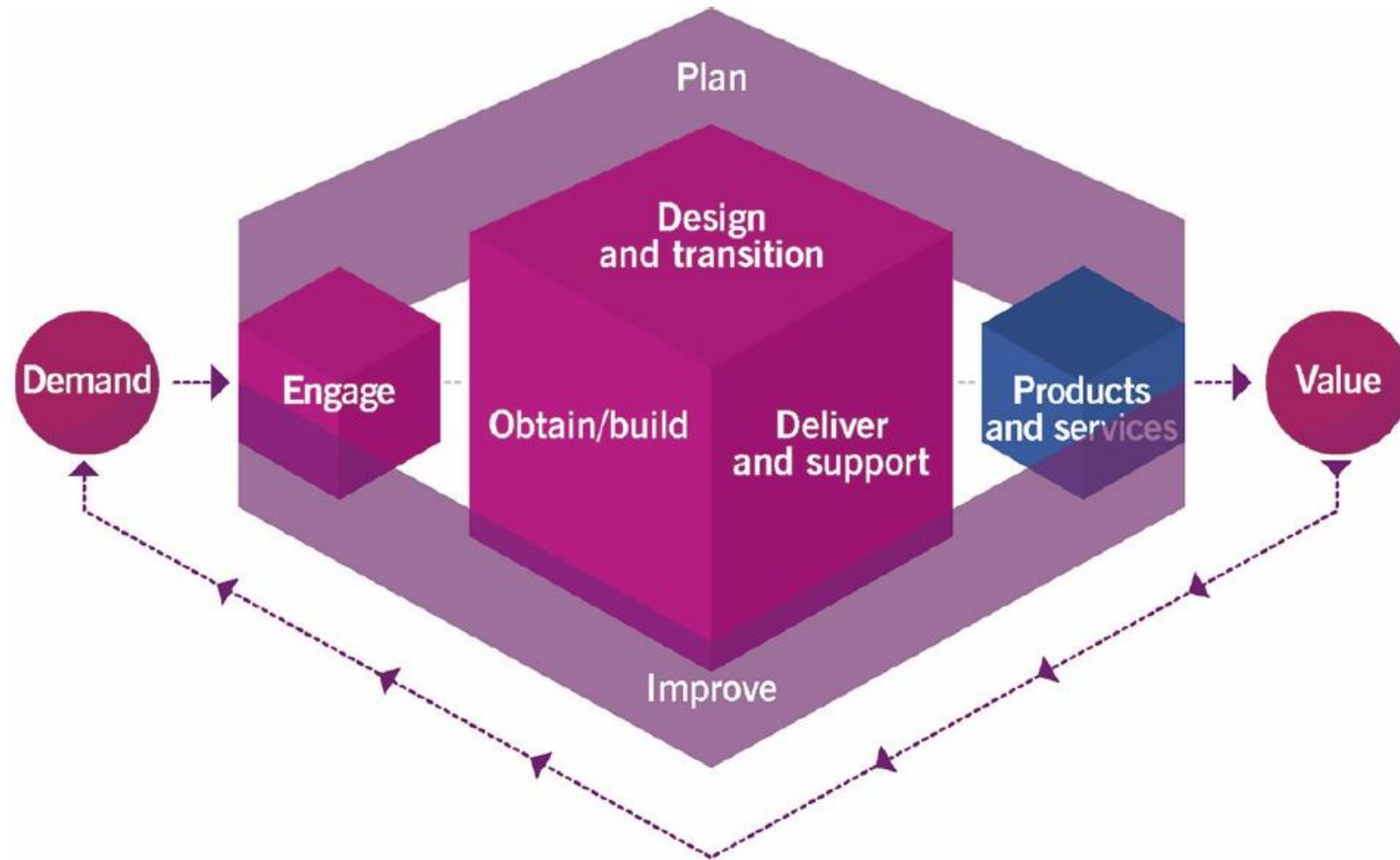- Service defined by VOCR – Value, Outcomes, Costs, and Risks
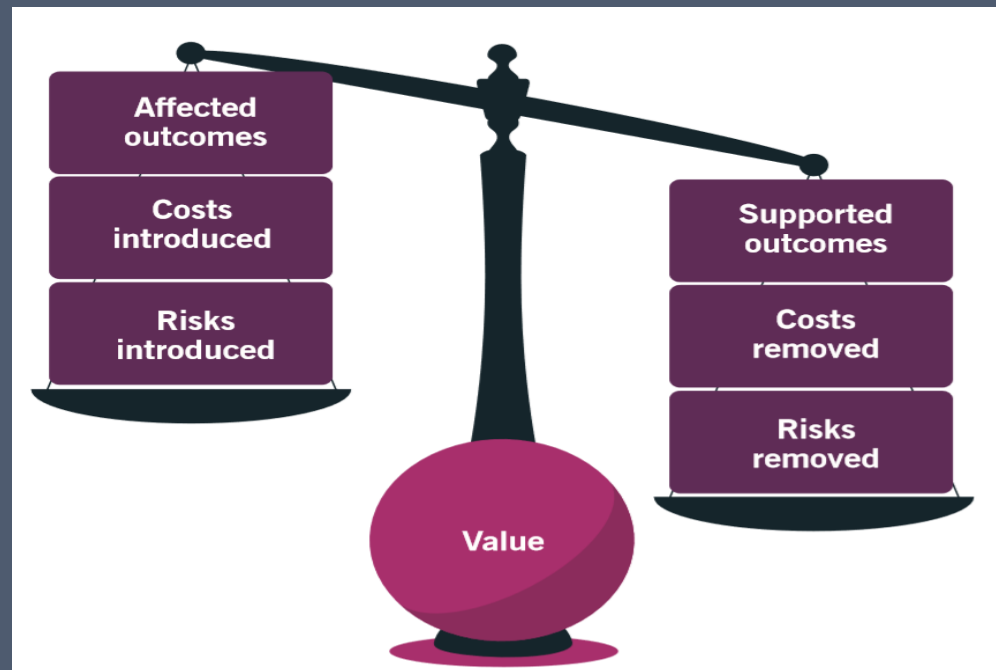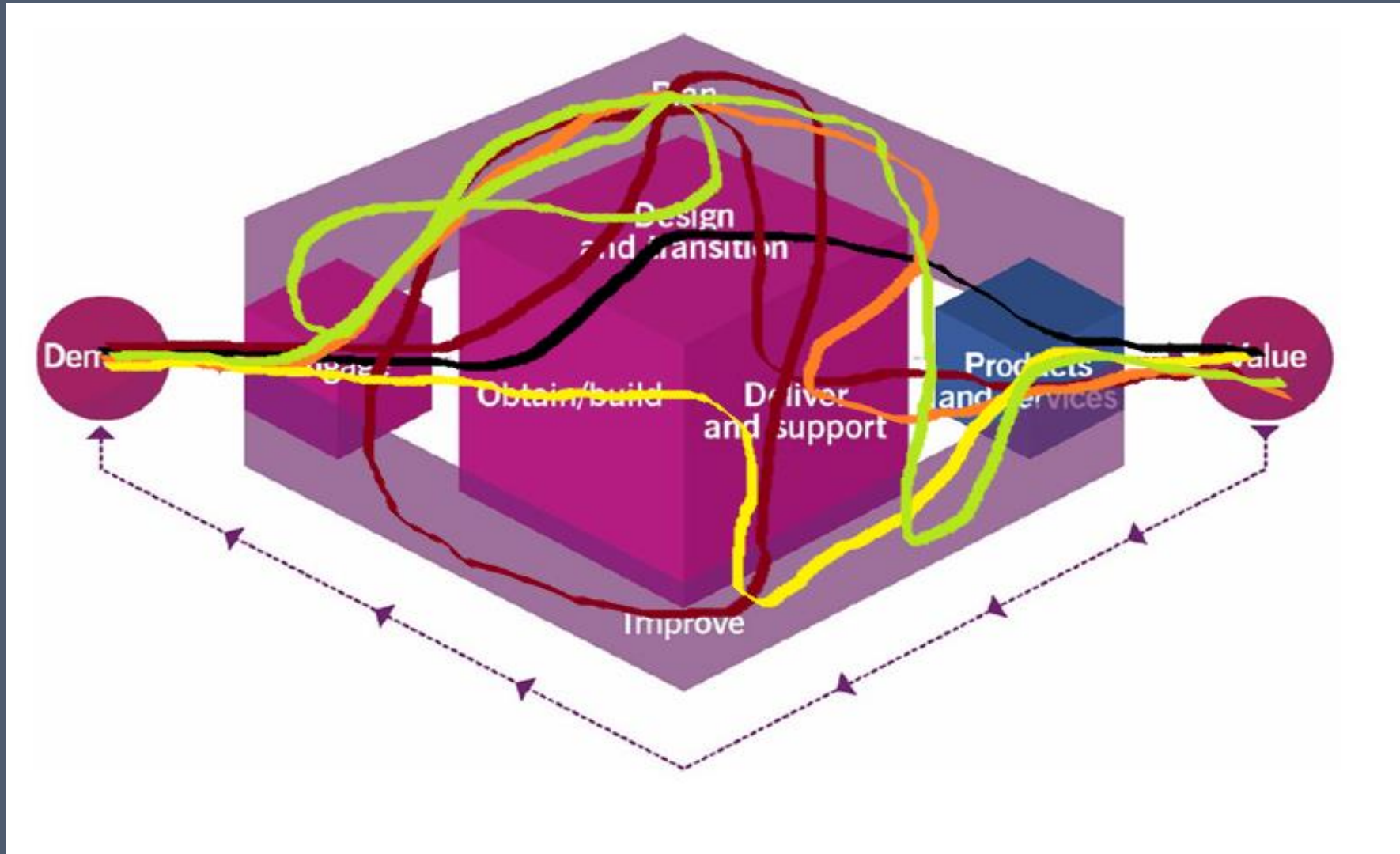
Service Value System
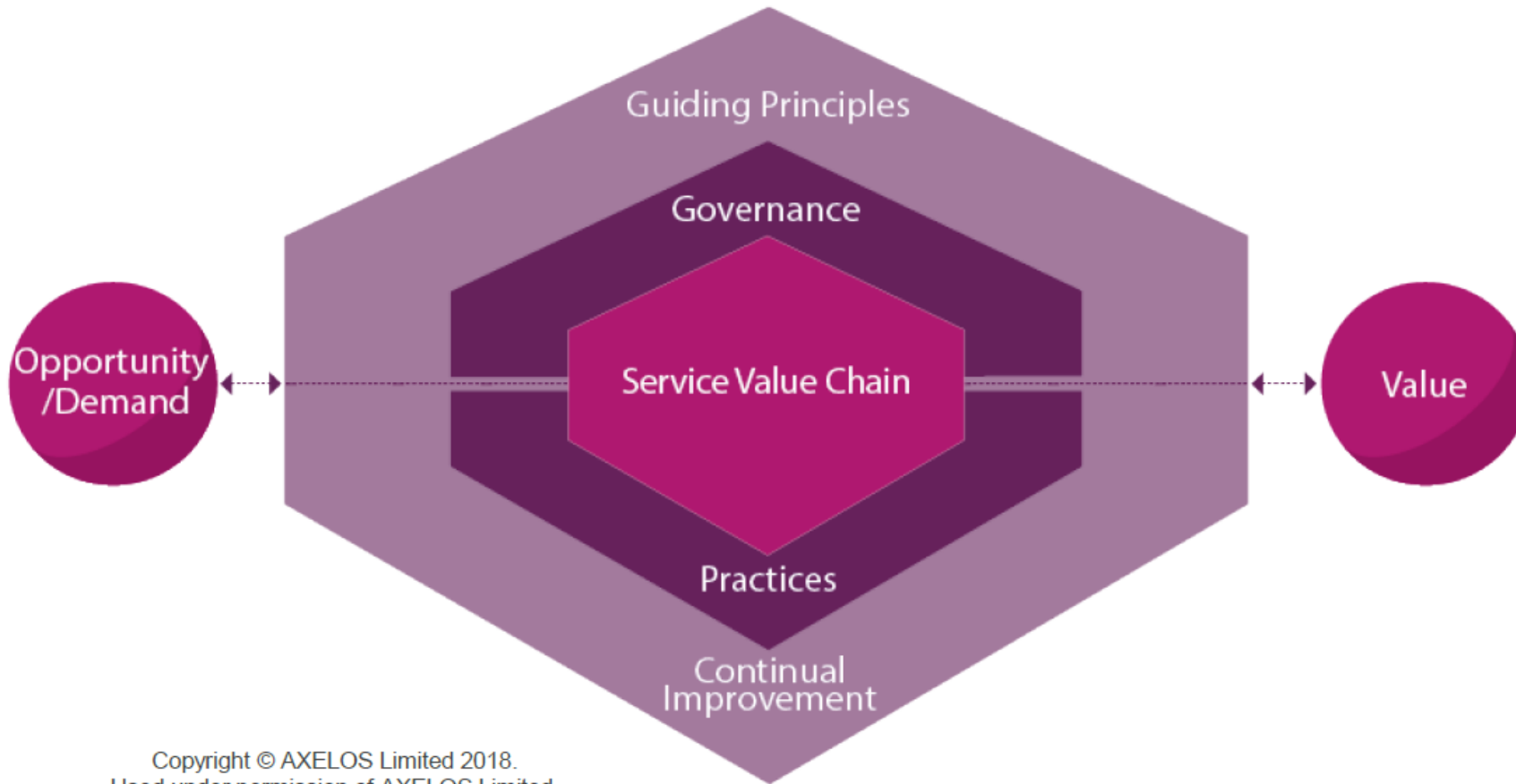
Guiding Principles

Governance

Service Value Chain

Practices

Continual Improvement
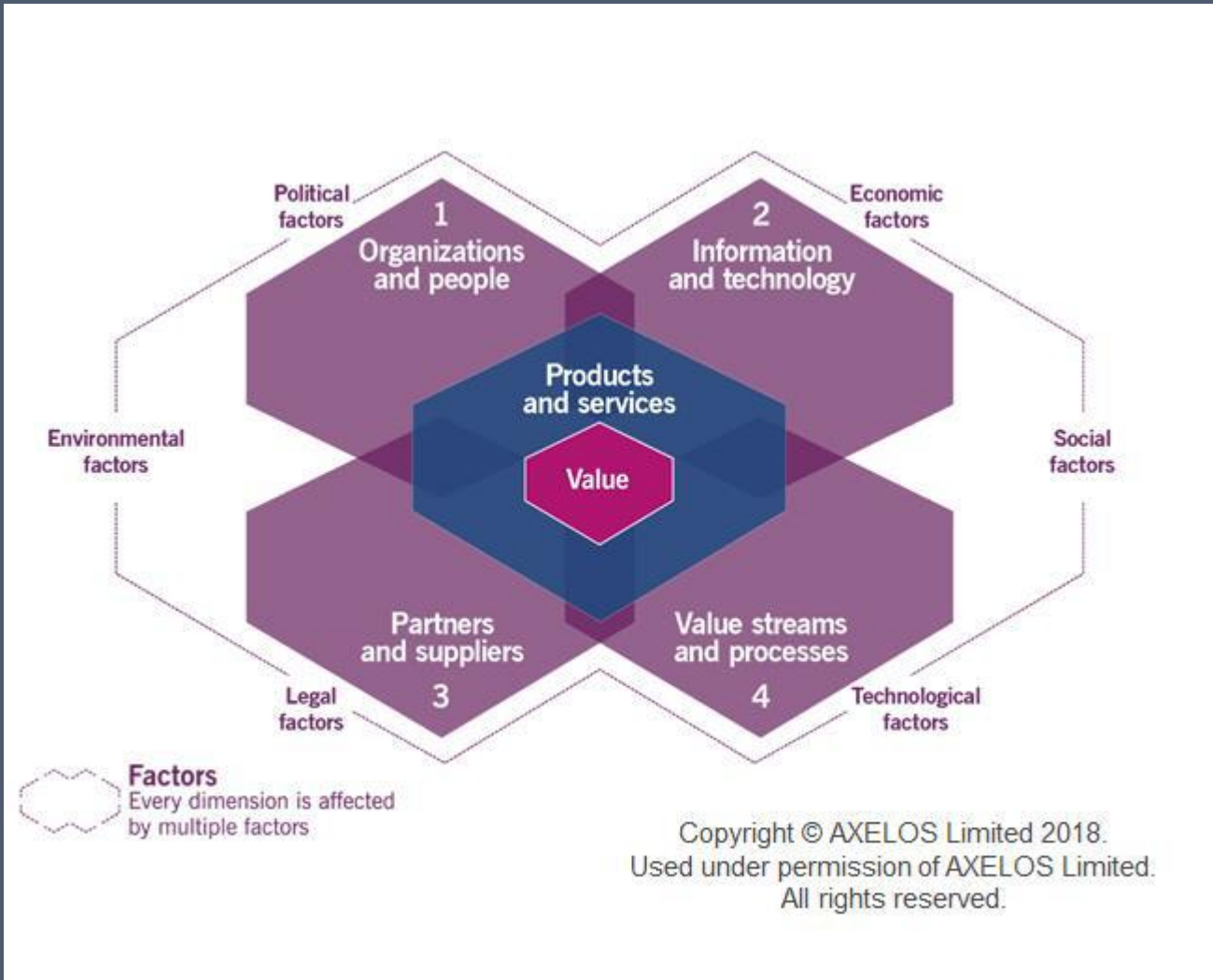
Opportunity /Demand
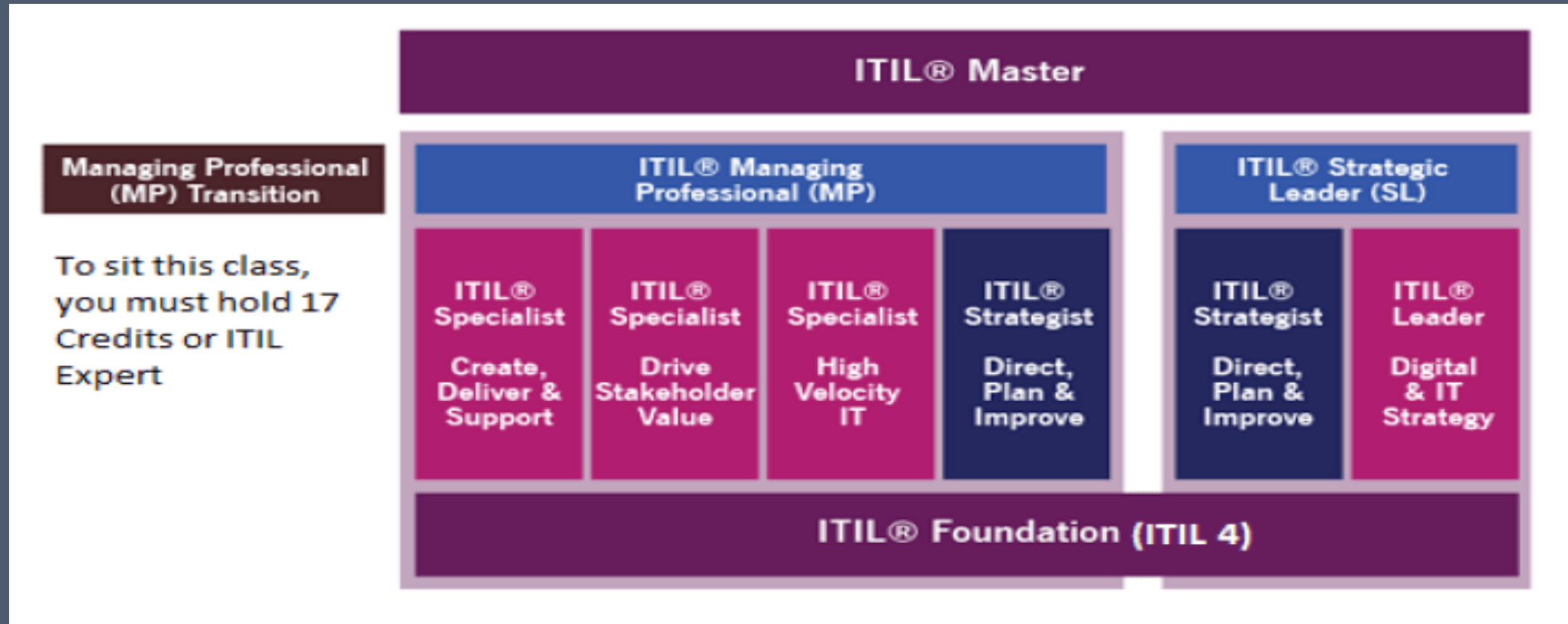
Value

Service Value Chain

Service Value Chain

The Four Dimensions

ITIL 4 Certification Scheme

SUMMARY – The SMO "Manifesto"

- The SMO of the Future must evolve to:
  - Drive the Digital and Cultural Transformation
  - Lead the Communities of Practice
  - Facilitate VSM and Drive CI
  - SMO Roles develop SME
  - ITIL 4 SVS – Demand -> Value
    - Become ITIL 4 MP, SL – Bring in ITIL 4 Intermediate Levels
- Requires Transformational Leadership
  - Vision, Top Down Support, and Outside-In Perspective
  - Strong emphasis on Continual Improvement
  - Systems Thinking – integrate horizontally across value streams, break down silos
  - Increase focus on Value Co-Creation and Outcomes!

Q&A

Please send comments, questions, and/or feedback to jeff@itrainitleaders.com