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Service Catalog — Your Prerequisite For Effective IT Service Management

by Evelyn Hubbert and Glenn O'Donnell
for Infrastructure & Operations Professionals

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Service Catalog — Your Prerequisite For Effective IT Service Management

Yes, They Can Help Connect You With The Business

by **Evelyn Hubbert and Glenn O'Donnell**

with Peter O'Neill, Simon Yates, Lauren E. Nelson, and Alex Crumb

EXECUTIVE SUMMARY

The vision and purpose of effective IT service management is to efficiently develop, operate, and deliver services with value and alignment to the business. To do this, IT must transform itself from an organization with many silos of technical and functional silos into a business with reliable and cost-effective service offerings. The attitude, behavior, and culture of the organization must shift to a service provider organization. The first step in this transformation is to develop a service catalog that describes the IT services supporting the business services and in turn the business process.

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NOTES & RESOURCES

Forrester interviewed multiple vendor and user companies, including BMC Software, CA, HP, IBM, newScale, Oblicore, and PMG.

Related Research Documents

["Market Overview: Business Service Management"](#)
June 11, 2009

["Who's Hot In Business Service Management"](#)
June 11, 2009

["Why Service Management Should Matter To You"](#)
September 16, 2008

A SERVICE CATALOG SETS THE RIGHT EXPECTATIONS

Economic pressures on IT, the commoditization of technology, and the availability of key IT functions from external service providers are forcing IT to answer tough questions for themselves and the business. Forrester's research indicates that 65 percent of IT decision-makers state that improving communication to the business is important to them.¹ As IT costs trump integration as a top goal, cost dominates the conversation between IT and the business. The baseline for these discussions should be a clear offering of services, the service assets that are supporting these services, and the associated costs.

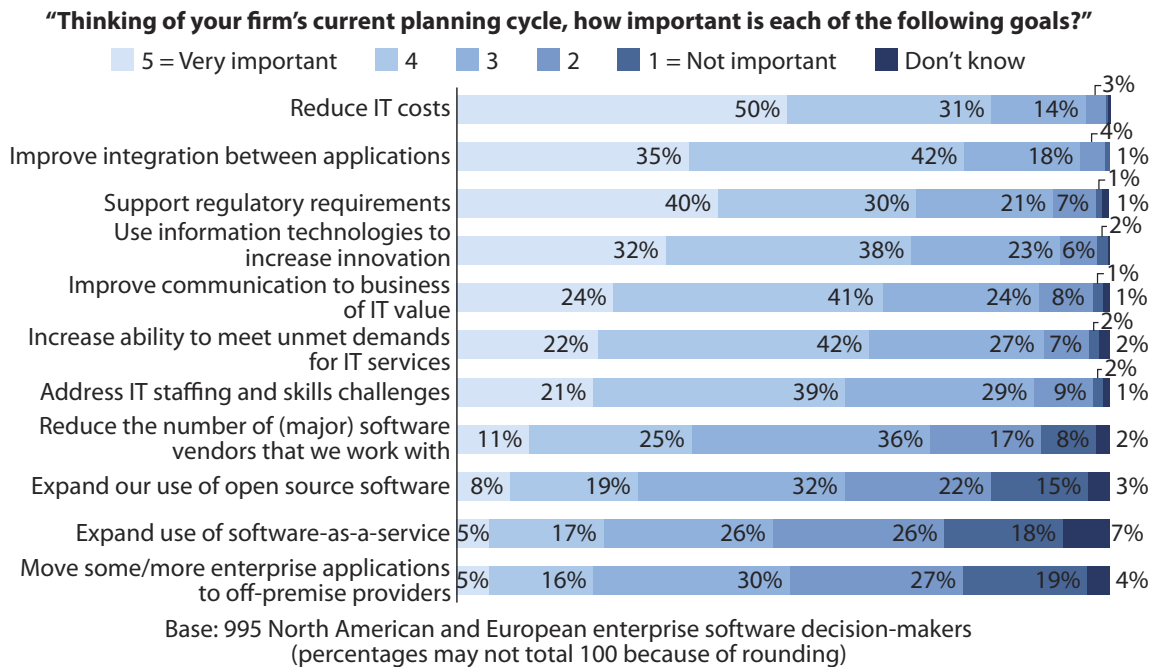
Many IT organizations are realizing that the service catalog is a central communication and visualization tool where IT and the business come together. First, the catalog should list the services that IT readily offers to the business; and second, it should then be used to align the demands from the business with IT's capacity to deliver these demands. In many IT organizations there are disconnects between the demand and expectations of the business and IT's ability to supply them. A service catalog correlates the demands of the business to the actual supply of IT in a way that allows for planning, measuring, and management of a service life cycle for both the business and IT. A service catalog:

- **Gets you better aligned with the business.** As IT costs trump integration as a top goal, cost dominates the conversation between IT and the business (see Figure 1). These conversations are a starting point for IT and business alignment. By establishing a service catalog, business stakeholders understand IT's service offerings and the associated prices and delivery options. The service catalog is the cornerstone that links a variety of service offerings to the business. These service offerings are more than technological competencies and should support the priorities of the business. By understanding how service assets and the cost of operating these service assets link to business services, IT can use the service catalog as a means to establish these links in the first place. The service catalog enables IT to present its actual and present capabilities to avoid missing the business' expectations. It's a building block of service portfolio management, which manages the life cycle of services from the proposal, to the availability, to the retirement stage.²
- **Enables demand management and even service governance.** Business processes are typically supported by a variety of business services that are supported by applications that sit on midtier components that are supported by infrastructure components (see Figure 2). IT can manage the demand from the business side; any services above and beyond the offered services incur additional cost and resources. These additional service demands can then be documented and brought into the service pipeline for consideration and the due diligence on cost versus value. This allows the IT group to forecast and plan for the resources it needs to support the business on new or changed services.

Since the business relies on IT, this dependency needs regulations, which were introduced through SOX, HIPAA, Basel II, and a variety of other legislative initiatives. In a recent study, Forrester Research data shows that supporting regulatory requirements was the third top goal of IT enterprise software decision-makers.³ This puts IT in the front seat to support the business with all of the different, continuously changing, and additional new regulatory requirements.

Many things determine the amount of trust that exists today between the business and IT.⁴ For the most part, trust is gained through improving the reliability of service assets such as applications and networks; improving IT processes, which in turn delivers better quality and consistency of what services IT delivers; and most important of all — align what IT does (or what it doesn't do) with what the business needs. This alignment can be developed with a service catalog.

Figure 1 IT Costs Are More Important Than Integration In 2009

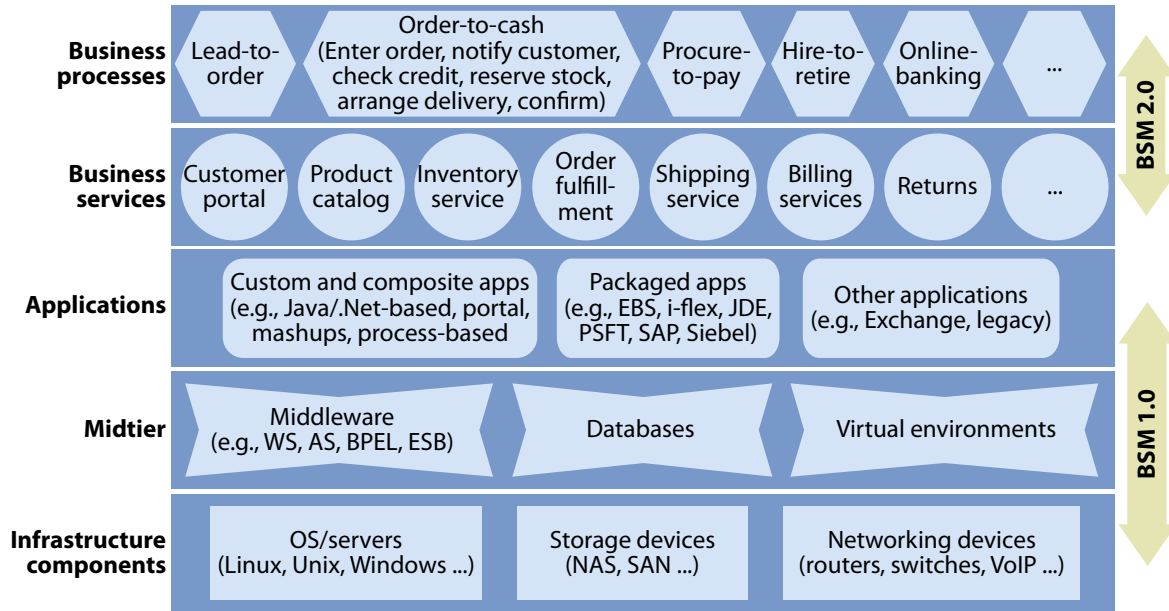


Source: Enterprise And SMB Software Survey, North America And Europe, Q4 2008

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Source: Forrester Research, Inc.

Figure 2 The Breakdown Of A Business Service



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Source: Forrester Research, Inc.

BUILDING YOUR SERVICE CATALOG

The biggest challenge in building a service catalog is developing a definition of “service.” The ITIL v3 framework defines a service as “a means of delivering value to customers by facilitating outcomes that customers want to achieve without the ownership of costs and risks.”⁵ IT is used to working with service assets (such as servers or applications) or people resources, or software resources (such as software licenses or operating systems). These are all components — or ingredients — which are used to deliver a service. These ingredients — if mixed together correctly — support the delivery of a service.

There Are Three Essential Pieces In An IT Service Catalog

Service modeling can be a difficult journey. If we start from the top with the business processes, understand the supporting IT services, and match these to the assets which support these services — we have a list of IT services. These services should have:

- **A service definition.** It is important to label the service in such a way that the business understands what it is. There should be a clear differentiation between the IT system (e.g., payroll) and the IT service (HR management). The difference between an IT system and an IT service is that the IT system is a technology used to support the IT service, whereas the IT service is more than just technology. It requires people and data (or information).

- **Supporting assets.** Every service needs service assets, which are IT components or configuration items (CI) that are mapped to the IT service. This configuration item model can be called the “bill of materials” for the service.
- **Associated costs.** Every service needs to have costs associated with it. Determining the costs of an IT service demands the understanding of the cost drivers. Once determined, the business unit and IT should work together on establishing prices per services and chargeback methodologies.

The goal of a service catalog project should be to design and produce a service catalog that contains accurate information on all operational services and those ready for deployment. Additionally, it is important to enable the maintenance and continuous adaptation of the service catalog to reflect customer demand for services and IT’s ability to deliver those services (see Figure 3).

Figure 3 Example Service Catalog Project

			Service design	
	Step	Purpose	Deliverable	Owner
1	Design and plan service-level mgmt (SLM) process and service-level agreements	Understand what levels of services the business processes need or what is needed from the line of business	SLAs per service	Service catalog manager/line-of-business or business process owner
2	Design and produce the service catalog	Define, design, and detail all the services in the service catalog with associated details	Complete service catalog document	Service catalog manager
3	Develop service catalog management strategy	Develop management, update and maintenance plan of service catalog associated with the SLAs	Service catalog management plan	Service catalog manager and line-of-business or process owner

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Source: Forrester Research, Inc.

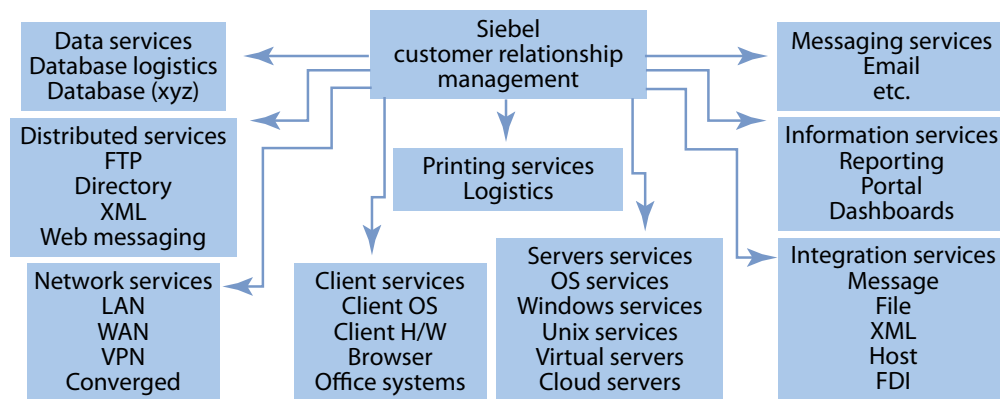
What Are The Elements Of The Service Catalog Project Life Cycle?

The service catalog is a project with an associated life cycle. The activities in the life cycle should include:

- **A definition of the appropriate services.** A definition of services should include: 1) the service name, which should be a simple description, preferably the same name the customer would use; 2) a service description, which is a high-level description of the service written in language customers can understand; 3) the support contact point that tells the customer where to begin an inquiry or report problems regarding the service; 4) a responsible manager responsible for the service; 5) a set of customers (specific or general) that will use this service; and 6) detailed specifications such as charges and hours of operation.
- **A production and maintenance plan to ensure ongoing updating and support of the catalog.** An initial catalog does not need to be very complicated. It needs continuous refinement, expansion, and changes to meet the demands of the business.
- **Defined interfaces and dependencies between the catalog and operational management.** The service catalog consists of services presently active in the service operation phase and those approved to be offered and operated for the business owners. To effectively deliver these services IT needs to understand the dependencies of service assets and other related interfaces that support the services.

The deliverables are the service catalog that support business processes and/or business services. Cataloging the services is a prerequisite for service-level management (SLM). The SLM processes, which are baselines for operating-level agreements (OLA), need the service catalog as a logical starting point (see Figure 4).

Figure 4 Example Service Catalog Composition



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Source: Forrester Research, Inc.

Organizing For The Service Catalog

Simply initiating and establishing a service catalog is a good first step to transform IT operations. However, the true benefit of a service catalog comes when it is used to support other processes and starts changing the IT organization from a utility to a service provider or even a business partner. For example:

- **IT must look like it is being run like a business . . .** IT's ability to manage itself as a business also requires IT to present itself differently to the business. IT needs a front office with front-office processes that allow the business community to easily and efficiently reach IT. The supporting processes in the front office depend on the maturity of the IT organization and the progression of its transformation, but the goals should be to operate as an integrated business. The service catalog becomes the associative entity to establish the management of the many business user service requests and balance the costs, relationships, and resources that support the service.
- **. . . and present the business with a common coordinating team.** The back office is responsible for the processes that support the delivery of service with the agreed-upon SLA. The service desk becomes a central function coordinating incident, problem, and change management based on the services that are defined in the service catalog.

Establishing a front office and a back office provides IT with an operating model that is focused on business priorities and providing value to the business. The changes in business processes are reflected in new IT service requirements, which then can be prioritized and supported with IT services

RECOMMENDATIONS

THE SERVICE CATALOG IS KEY TO AUTOMATED SERVICE MANAGEMENT

The service catalog is an overarching governing mechanism that acts as the very top level of automation and as a central piece in IT service management. A service catalog captures a clear set of services offered to business customers. It solves the problem of business customers requesting a service that may or may not be delivered. As such:

- **The service catalog is a high level of abstraction of the CMS.** As you pursue a configuration management database (CMDB) strategy and evolve it to become the configuration management system (CMS), plan to build the service catalog into the same object modeling architecture.⁶
- **Initially, the service catalog will be a largely standalone structure.** Service desk software vendors are packaging service catalogs as linchpins of their broader portfolios, but independent service catalog vendors are driving much of the innovation. All vendors are quickly realizing the importance of the service catalog, so we expect such tools to become absorbed into broader portfolios. Any automation strategy must include a service catalog.

- **Self-service provisioning is one of the great promises of automation.** The catalog is the entry point to self-service. The user requesting the service picks one of the services in the catalog and then triggers the provisioning of that service. The service is deconstructed according to the model that defines the service and each of the components is provisioned, adapted, or used as-is. The important point here is that the underlying components of the service must be in place before the service itself can be delivered. Navigating from the service catalog down to the components ensures this is the case.

ENDNOTES

- ¹ Forrester outlines information about enterprise budgets for 2009. This document gives highlights of an extensive data set collected across North American and European enterprises via our Enterprise And SMB Software Survey, North America And Europe, Q4 2008. For more information see the June 5, 2009, “[The State Of Enterprise Software: 2009](#)” report.
- ² Implementing service portfolio management (SPM) helps CIOs transform IT assets and their associated costs into business services that they can price and link to business value. IT’s position within the firm morphs from a cost center to a value-added service provider with transparency into its operations and spending. But making this transformation takes a large change management effort that requires vision, planning, and execution. For more information, see the November 3, 2008, “[Service Portfolio Management Links IT Capabilities To Business Value](#)” report.
- ³ IT costs were a higher priority than integration in 2009. This document gives highlights of an extensive data set collected across North American and European enterprises via our Enterprise And SMB Software Survey, North America And Europe, Q4 2008. For more information see the June 5, 2009, “[The State Of Enterprise Software: 2009](#)” report.
- ⁴ CIOs are improving the way their business clients perceive the IT organization, mostly through actions that improve business’ trust of IT — consistent IT processes and transparency of IT’s performance. To continue this change, CIOs should charge their IT demand management organization with building business’ trust, or chartering the PMO to do this as it grows into a demand management function. And this will become even more critical as business technology (BT) emerges. For more information, see the August 15, 2008, “[Improving The Perception Of IT Requires A Focus On Business Trust, Not Just Technology](#)” report.
- ⁵ This is the definition of service from the Information Technology Infrastructure Library (ITIL). Source: ITIL (http://www.best-management-practice.com/gempdf/ITILV3_Glossary_English_v1_2007.pdf)
- ⁶ As IT organizations recognize the high value of structured IT management initiatives, Forrester is receiving many questions related to the CMDB. Since January 2008, Forrester has fielded 172 client inquiries on various CMDB topics, including planning and defining CMDB projects, vendor selection, database federation, best practices, and automated discovery. Throughout these inquiries, Forrester has been careful to advise clients on the evolution of the CMDB concept: away from a single, monolithic database and toward a federated set of domain-specific management tools combined with metadata and object models known as a configuration management system (CMS). The newer ITIL v3 definition is consistent with this model. For more information, see the July 16, 2009, “[Inquiry Spotlight: CMDB And CMS, Q3 2009](#)” report.

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Headquarters

Forrester Research, Inc.
400 Technology Square
Cambridge, MA 02139 USA
Tel: +1 617.613.6000
Fax: +1 617.613.5000
Email: forrester@forrester.com
Nasdaq symbol: FORR
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