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DRIVING SERVICE MANAGEMENT FORWARD

The ROI of ITSM – Know Your Financial Impact!

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28 Years of Service and Support Benchmarks

Global Database

More than 3,700 IT Service and Support Benchmarks

70+ Key Performance Indicators

More than 120 Industry Best Practices

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What is the Financial Impact of ITSM?

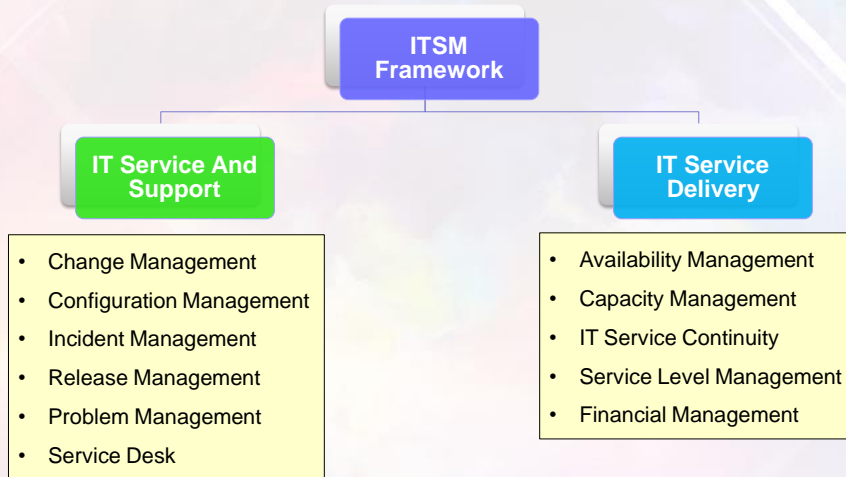
- ☐ Profit = Revenue – Cost
- ☐ Increase Revenue
 - Grow market share
 - Increase customer lifetime value
 - Increase average size of sale
- ☐ Decrease Costs
 - Reduce operational expense
 - Reduce cost of downtime
 - Increase user productivity
- ☐ Return on Investment

ROI Calculation Will Prove Economic Value

$$\text{ROI} = \frac{\text{Return}}{\text{Investment}} = \frac{\text{Savings or Profits}}{\text{Spending}}$$

- ☐ ROI is a simple ratio
- ☐ It requires quantification of Return (Savings or Profits), and Investment (Spending)
- ☐ It is measured over a one-year timeframe (One Year ROI is implied in the metric)
- ☐ It is one of the most widely used and accepted financial metrics
- ☐ It can be used *prospectively*, as part of a Business Case Analysis
- ☐ ...Or *retrospectively* to evaluate the past business success

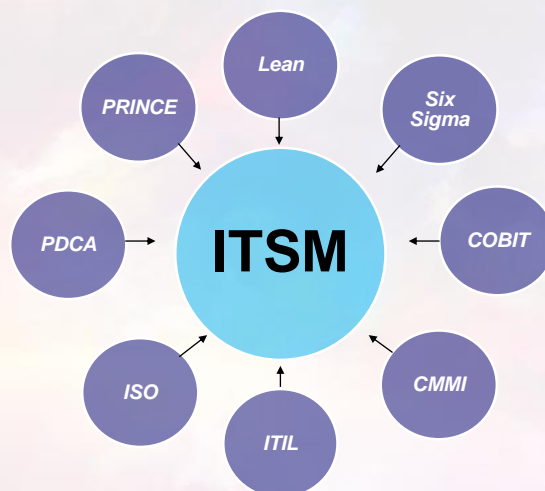
The ITSM Discipline



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ITSM as a Discipline vs. Tools that Facilitate Implementation



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Moving From Traditional IT to ITSM Processes

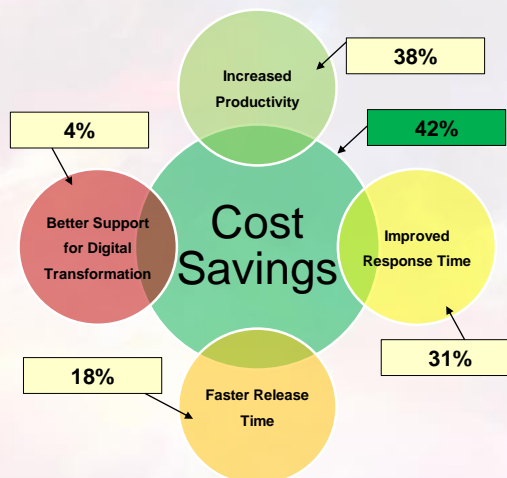
Traditional IT	ITSM Process
Technology Focus	Process Focus
Fire Fighting	Prevention
Reactive	Proactive
Users	Customers
Centralized, Done In-House	Distributed, Sourced
Isolated, Silos	Integrated, Enterprise-Wide
One Off, Ad hoc	Repeatable, Accountable
Informal Processes	Formal Best Practices
IT Internal Perspective	Business Perspective
Operational Specific	Service Orientation

ITSM Defined: ITSM is a strategic *discipline* used by organizations worldwide to effectively design, deliver, manage and improve the way Information Technology services are offered to customers/end-users.

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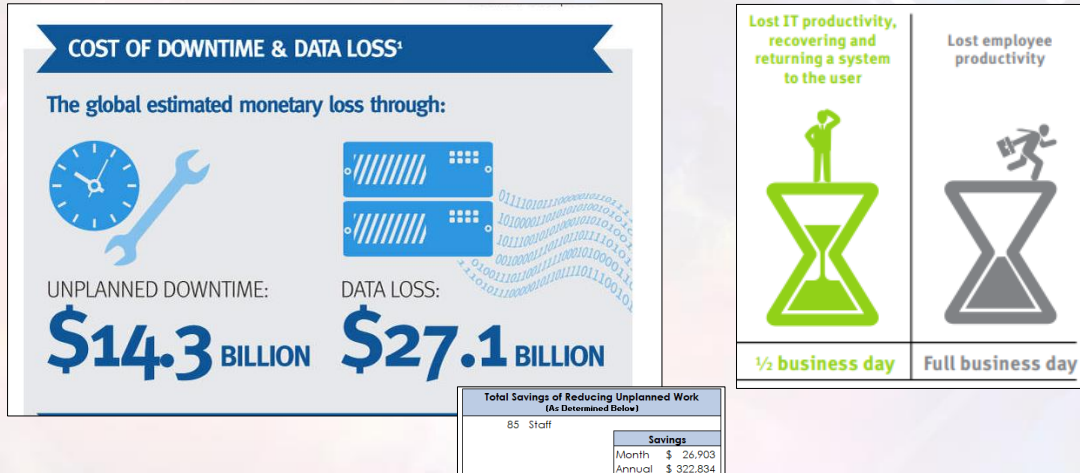
Survey Results: The Benefits of Mature ITSM Processes



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Global Estimated Cost of Unplanned Downtime



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Maturing Change Management Processes leads to Demonstrable ROI!

Finance

- ❑ **Pershing** reduced incident response time by more than 50%. *CIO Magazine*
- ❑ **Raymond James Financial** dropped the number of calls to the service desk by as much as 25% within 18 months. *Computerworld*
- ❑ **JPMorgan Chase** eliminated 500,000 service desk calls.
- ❑ **Capital One** reduced system crashes and software distribution errors by 30% and business critical incidents by 92%. *Computerworld*
- ❑ **Sallie Mae** reduced the handle time of service desk calls by 40%. *Bank Tech News*
- ❑ **Visa** saw a reduction in the mean time to resolve incidents by as much as 75%. *Smart Enterprise Magazine*

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Maturing Change Management Processes leads to Demonstrable ROI!

Education

- ❑ **Perdue University** reduced second-level support calls by 50% and enabled a \$73 million ERP implementation without adding more FTEs or degrading service levels. *InfoWorld*

Telecommunications

- ❑ **Avaya** cut its IT budget by 30%. *Techworld*
- ❑ **Telkomsel** reduced operational IT costs by 50-60%. *Computerworld UK*

Government

- ❑ **The State of Illinois** saved over \$130 million annually.
- ❑ **The US Postal Service** realized a 50% reduction in incident resolution time, and a 30% reduction in time to implement new changes. *Pink Elephant*

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Quantifying ITSM Maturity

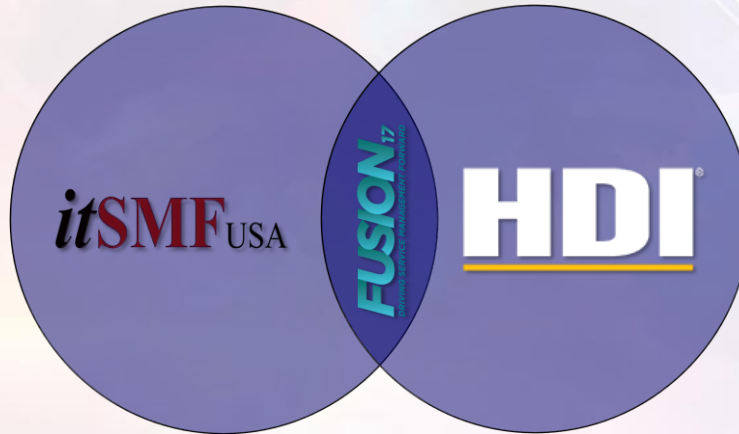
Metric	Immature Organizations	Mature Organizations
Performance Objectives	<ul style="list-style-type: none">✓ 75% don't have any objectives✓ Those that do only meet them 78% of the time	<ul style="list-style-type: none">✓ Meet performance objectives more than 90% of the time
Tickets/User/Year	<ul style="list-style-type: none">✓ Average of 17 tickets per user per year (40% higher than mature organizations)	<ul style="list-style-type: none">✓ Average less than 12 tickets per user per year
Uptime	<ul style="list-style-type: none">✓ Average uptime of ~94%	<ul style="list-style-type: none">✓ Average uptime of 98%+
Projects	<ul style="list-style-type: none">✓ 52% of projects delivered on time✓ 64% of projects delivered on budget	<ul style="list-style-type: none">✓ 80% of projects delivered on time✓ 85% of projects delivered on budget
End User Satisfaction	<ul style="list-style-type: none">✓ 70% don't collect feedback✓ Those that do, score 70%	<ul style="list-style-type: none">✓ Average score of 80%
IT Staff Satisfaction	<ul style="list-style-type: none">✓ Average satisfaction score of 42%	<ul style="list-style-type: none">✓ Average satisfaction score of 82%

Source: InfoTech

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Let's Get Specific



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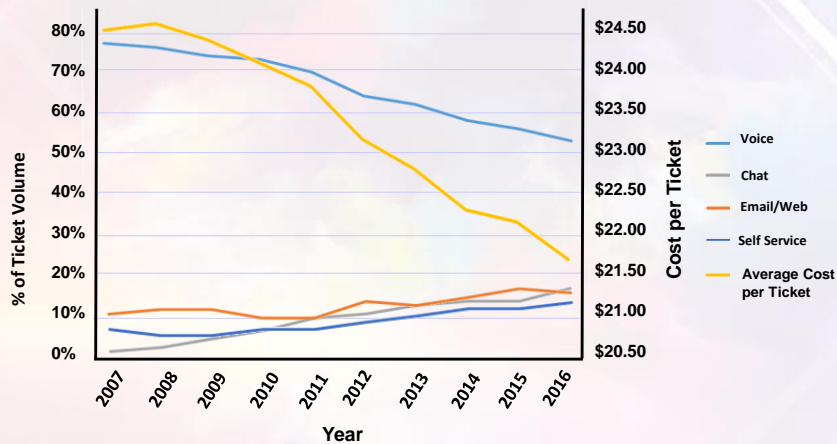
Shift Left Reduces Total Cost of Ownership



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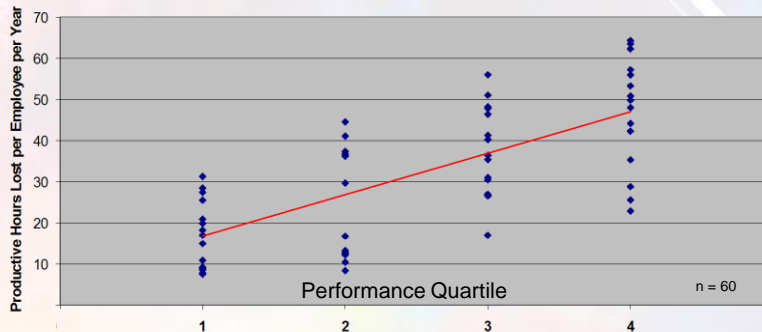
Contact Deflection into Lower Cost Channels



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Quality of Support Drives End-User Productivity



Support Function	Key Performance Indicator	Performance Quartile			
		1 (top)	2	3	4 (bottom)
Service Desk	Customer Satisfaction	93.5%	84.5%	76.1%	69.3%
	First Contact Resolution Rate	90.1%	83.0%	72.7%	66.4%
	Mean Time to Resolve (hours)	0.8	1.2	3.6	5.0
Desktop Support	Customer Satisfaction	94.4%	89.2%	79.0%	71.7%
	First Contact Resolution Rate	89.3%	85.6%	80.9%	74.5%
	Mean Time to Resolve (hours)	2.9	4.8	9.4	12.3
Average Productive Hours Lost per Employee per Year		17.1	25.9	37.4	46.9

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Case Study 101: Service Desk ROI

Service Desk Location(s)		Anytown, USA	
Hours of Operation		Sunday – Thursday, 7 AM – 9 PM • Friday, 7 AM – 6 PM	
Data Time Period		July 2016 – June 2017	
Annual Operating Expense		\$2,754,406	
Monthly Inbound Contact Volume	Voice	6,763	
	Voicemail	93	
	Email	817	
	Web Portal	1,027	
	Chat	464	
	Walk-In	237	
	Other	439	
	Total	9,840	
Monthly Outbound Contact Volume		3,707	
FTE Personnel Headcount		Technology Profile	
Technician Level 1	11.0	Trouble Ticket System	Cherwell
Technician Level 2	6.0	Automatic Call Distributor (ACD)	Avaya Aura Contact Center
Technician Level 3	5.0	Interactive Voice Response (IVR)	Avaya Aura Contact Center
Supervisor/Team Lead	1.0	Knowledge Management System	Right Answers/Cherwell
Manager	1.0	Labor Reporting System	Custom software
QA/QC	0.5	Remote Control Software	Bomgar
Trainer	0.5	Self-Help Software	Right Answers/Cherwell
Service Delivery	1.0	Call Quality	Avaya
Technology Tools Analyst	1.0	Other Technology	DeskAlerts, Oracle OIM
Administrative	0.25		
Total	27.25		

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ROI From Channel Mix

Contact Channel	Average Monthly Contact Volume	Cost per Contact
Voice	6,763	\$23.33
Voice Mail	93	\$23.33
Email	817	\$18.66
Web	1,027	\$18.66
Chat	464	\$17.73
Walk-up	237	\$35.00
Other	439	\$23.33
Self Service	5,275	\$2.00
Monthly Total	15,115	\$229,510
Annual Total		\$2,754,120
Annual Savings vs. Voice Only		\$1,477,476

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ROI from Shift Left

Average Monthly Contact Volume		9,840
First Level Resolution	Peer Group	82.4%
	Company ABC	91.5%
Monthly FLR Ticket Volume vs. Peer Group		895
FLR Savings per Ticket		\$69
Estimated Annual Shift Left Savings		\$741,424

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ROI from User Productivity Gains

Balanced Scorecard Quartile Performance		1
Annual Productive Hours Lost per User	Industry Average	25.9
	Company ABC	17.1
Productive Hours Returned per User per Year		8.8
Number of End Users Supported		8,200
Total Productive Hours Returned to MITRE End Users		72,160
Annual Working Hours per FTE		1,800
Estimated FTE Savings		40
Estimated Annual Fully Loaded FTE Cost		\$120,000
Productivity ROI		\$4,810,667

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Total Estimated Service Desk ROI is 255%

Channel Mix ROI	\$1,477,476
Shift Left ROI	\$741,424
Productivity ROI	\$4,810,667
Total ROI	\$7,029,567
Annual Operating Expense	\$2,754,406
Annual ROI	255%

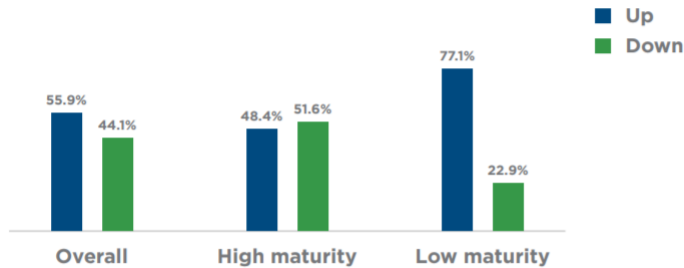
Case Study 102: Root Cause Analysis

The Scenario

- ❑ An insurance company spending \$4.8 million per year on their service desk
- ❑ The service desk supports 8,190 users
- ❑ And handles 21,300 tickets per month
- ❑ They embarked upon an aggressive Root Cause Analysis program

ITSM Maturity Directly Impacts The Number of Incidents

Figure 25: Is the Number of Incidents Currently Trending Up or Down, Period Over Period? (by Maturity)



Sample: Reduced Incident Volume			
\$ 20	Average \$ per Incident*		
1,000	Average Incidents per week		
\$ 20,000	Incident cost per week		
Goal: Reduce By		Savings	
		Weekly	Annual
10%		\$ 2,000	\$ 104,005
20%		\$ 4,000	\$ 208,010
30%		\$ 6,000	\$ 312,016

Source: HDI <http://www.thinkhdi.com/landing/~media/HDICorp/Files/Industry-Reports/state-of-todays-IT-2017.pdf>

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The Result: Cost Savings from Root Cause Analysis

Metric	Beginning of Year	End of Year	Change
End-Users Supported	8,190	8,650	460
Monthly Ticket Volume	21,300	19,100	-2,200
Monthly Tickets per User	2.60	2.21	-0.39
Annual Operating Expense	\$4,769,496	\$4,226,448	-\$543,048
Cost per Ticket	\$18.66	\$18.44	-\$0.22
Annual Cost per User	\$582	\$489	-\$94

\$ 94 in Savings per User per Year

X 8,650 End-Users

=====

\$ 813,100 Estimated Savings from Root Cause Analysis

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Mature ITSM Organizations Think and Act Like Businesses

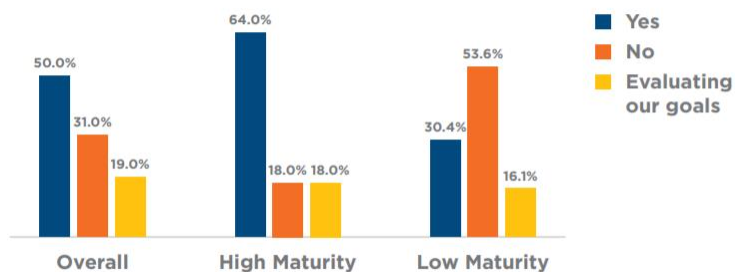


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Managing Service and Support as a Business Linked to ITSM Maturity

Figure 2: Are Goals Oriented Around Business Outcomes?

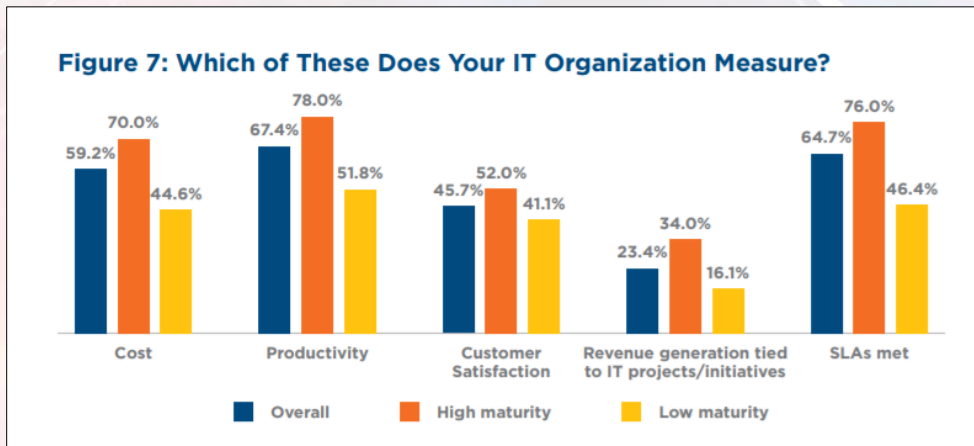


Source: HDI <http://www.thinkhdi.com/landing/~media/HDICorp/Files/Industry-Reports/state-of-todays-IT-2017.pdf>

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More Mature Organization are Metrics Focused

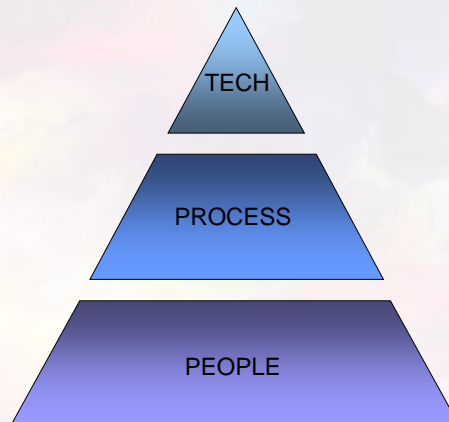


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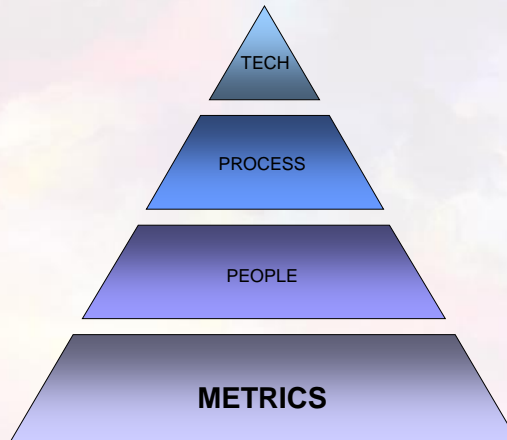
The Traditional Paradigm for Technical Support



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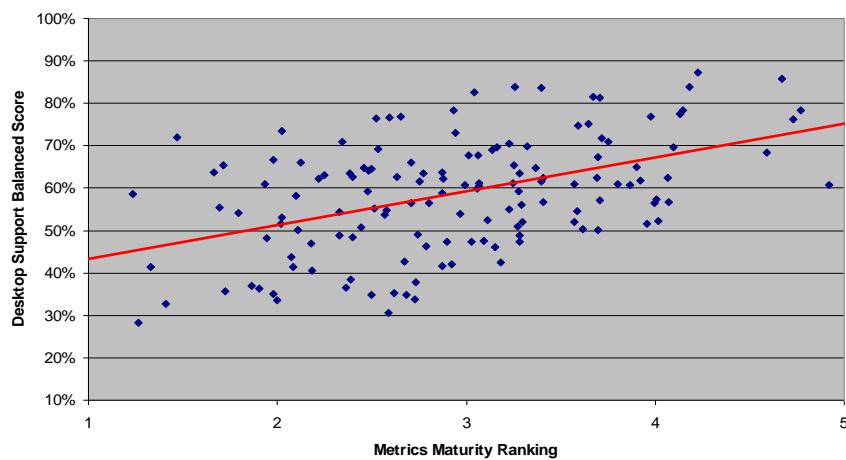
Metrics – An Even More Fundamental Building Block



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The Evidence for Metrics as a Foundation Discipline



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Maturing the Metrics Discipline in Service and Support

We Have Achieved World-Class Performance	5 %
We Use Metrics to Continuously Improve	10 %
We Use Metrics Prescriptively	10%
We Use Metrics Diagnostically	20%
We Understand Cause and Effect	30%
We can Define our KPI's	80%
We do Reporting	90%
We Have Metrics	100%

Increasing Value!

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The Cost Center Dilemma in ITSM

Cost Center

- ❑ Responsible for cost control
- ❑ Not responsible for...
 - Revenue generation
 - Profits
 - Investment decisions

VS.

Value Center

- ❑ Creates value
- ❑ Demonstrates value
 - Cost savings
 - Cost Benefit Analysis
 - ROI Analysis

- ❑ The vast majority of service and support organizations operate as cost centers
 - They are expected to control costs, but are not expected to make any explicit financial contribution to the enterprise
- ❑ The focus in a cost center is on minimizing costs
- ❑ The focus in a Value Center is on maximizing value!

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Guidelines for Measuring the ROI of ITSM

- ❑ Measure what matters
 - Cost, Quality, Cycle Time
- ❑ Quantify the economic benefits
 - Cost Savings, increased revenue or profitability, improved productivity
- ❑ Calculate the ROI
 - Invest accordingly
- ❑ Be bold about asserting your rights as a Value Center!

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Process Aims	Features
Problem Management	Reduced Incident Volume
Problem Management	Reduced Critical Incidents
Service Level Management	Reduced SLA Breaches (Service Level Targets)
Availability Management	Reduced Service Outages
Service Asset and Configuration Management	Reduced Service Outages by Unmonitored C&A
Service Support and Service Delivery	Less Unhappy Customers for ITSM®
Service Level Management	
ITSM®	
ITSM®	Advantage of Terms used in the Calculator

Free Downloadable ROI Calculator – ITSM Academy

Each sheet is protected, but there is a test password. You can use the test "data" to calculate numbers for the scenarios listed below. If you want to use the intelligence provided to create a similar calculator, we recommend that you save a .XLS file, password protect it, and then use it to save as a template to create a working document for your changes. In any case, we feel we owe you some suggestions for additional ROI calculations you may want to create. In order to assist them, ITSM Academy is launching a program to improve operational effectiveness and customer satisfaction we request that you share any additional calculator creations with this website. All creation sources will be listed, confidential.

Questions? Contact Us Quickly -
info@itsmacademy.com - 734.411.3442 x106

Free Downloadable ROI Calculator – ITSM Academy

Each sheet is protected, but there is not a password. You can use the tool "as is" to calculate numbers for the scenarios listed above. If you want to use the intelligence provided to create a similar calculation, we recommend that you save a full copy, password protected, and then do a Save As to create a working document for your changes. In grey text, we have made some suggestions for additional ROI calculations you may want to create. In order to assist other IT practitioner organizations in justifying a program to improve operational effectiveness and customer satisfaction, we request that you share any additional calculations created from this workbook. All information sources will be kept confidential.

Questions? Contact Lisa Schwartz -
lschwartz@thmacademy.com - 954.491.3442 x104

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Questions?

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Thank You!

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