TOP CONSIDERATIONS FOR MOVING TO A CLOUD-BASED (SaaS) DELIVERY MODEL FOR I.T. SERVICE MANAGEMENT

By Paul Avenant, BMC Software senior vice president, Enterprise Service Management Products and Strategy

Software-as-a-Service (SaaS) is more than just a cloud-based delivery model. It is a service approach that IT organizations are considering for meeting their IT service management needs. With a SaaS model, IT organizations can focus their staff and infrastructure on high-priority activities and initiatives while still enjoying access to IT service management productivity solutions. They can achieve these benefits without having to invest their own resources in the systems or in the management and upgrading of the applications.

The SaaS model is attractive because it can offer many of the same benefits of traditional IT service management solutions, in addition to other advantages, such as reducing capital expenses, accelerating the time to have IT service management applications up and running, and providing easier upgrades. Typical SaaS models allow a service to be hosted, delivered, and managed remotely via the Web and offer the sharing of application processing and storage resources through a subscription service.

But before you transition to a SaaS model, it's important to understand how that approach will support your requirements, what trade-offs you may need to make, and whether it offers you the flexibility to move to and from other service delivery approaches at various points in time. This article reviews some of the key considerations for moving from a traditional software delivery model to SaaS.

How to Decide: In-House IT Service Management or SaaS?

How do you decide whether to implement IT service management in-house or subscribe to it as a service?

The answer depends on the type, level, and cost of the IT skills within your organization; the budget for capital versus operational expenses; the likelihood of growth in your IT infrastructure; and the level of customization and integration that your workflows and processes require into other elements of your IT infrastructure and management solutions.

IT organizations that should consider subscribing to IT service management via a SaaS model have many of the following needs:

» Lack the time, budget, or staff to implement configuration management database (CMDB) platforms or integrate multiple discovery and event management systems into their own IT service management solutions
» Need to reduce or avoid capital expenses for purchasing additional hardware and software
» Require SAS 70 or ISO 27002 data security but lack the staff or skills to implement it in-house
» Have variable requirements for IT service management capabilities or face unpredictable growth in their IT service management needs

Identify What Is Motivating You to Choose SaaS

You must understand the key drivers that are causing you to think about SaaS, because they are likely to drive many other related decisions in running your enterprise. SaaS is often used as a generic term, and it means different things to different people. To find out what SaaS means to you, it's important to address the following questions:

» Are you trying to shift capital expenses to operating expenses?
» Do you need to deal with a shortage of skilled resources for managing or administering your systems?
» Do you believe that most of your costs are in buying and running the hardware and software? Or do you believe that most of your costs go toward the ongoing staffing cost for the people that actually operate your help desk and other key IT service management processes?
» Do you have a strong preference or constraints around whether you host the hardware and software (including data) on premises or off premises?
» Is your biggest challenge around getting your software up and running quickly?

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To make the most well-informed decision for your organization, you must first identify what is motivating you to move to a SaaS model. With SaaS for IT service management, you can reduce the cost of software and the cost of running that software. However, this is just one area of cost savings. "According to Gartner's IT Key Metrics Data, the IT service desk accounts for about 4% of the total IT budget. Since 86% of the cost of an IT service desk is staffing-related, that means 3.88% of the total IT budget is spent on IT service desk staff. The other 14% of the cost of an IT service desk comprises mostly the hardware and software associated with running IT service and support."[1]

Therefore, it is important that you also look at your total costs holistically, because the largest portion of an IT budget is generally reflected in the people-related costs of operations. Solutions that also enable significant productivity gains for those people can realize substantially higher return on investment from such operational efficiencies than solutions that offer only pure cost reduction on the software.

Identify Your Requirements for a Flexible Service Model

Think about the kind of flexibility and business protection SaaS provides to your organization. It's important to factor in the cost of actually switching from your current model to the SaaS solution. This should be looked at in terms of retraining staff and migrating data. That's why you should consider the kind of flexibility you have to move among different service delivery models — everything from on-premises to off-premises, from perpetual to term licenses, from you providing the staffing to an outsourcer providing the staffing. Look for offerings that allow you to do this with a single tool. Over a three- to five-year period, you may want to move from one model to another without starting over every time and losing all your investment.

Look for Solutions Across All Service Delivery Models

Ideally, you should be able to move across all three of those vectors — from on-premises perpetual licenses, to off-premises subscriptions, to fully outsourced processes — as your needs change. You should be able to move among those three operational choices and still have a consistent data model where your data can be protected and reused. The data should not have to be redone.

It's important to use consistent processes in all three areas, and you should have some investment protection. For example, if you choose a three-year SaaS subscription model and are paying for it ahead of time and committing to it, then halfway through the life of the contract you should have the option to switch back to a more traditional model without impacting your investment. Or you should have the option of having some of the unused funds that you have already paid be applied to future maintenance expenses. In this way, you can move among those three models at various points in time without starting from scratch or losing your investment in process development, training, or unused contract payments.

Why would an IT organization move from one model to another? That would depend on changes in the business environments. At the moment, you might be under a lot of pressure to reduce capital expenses, compelling you to search for ways to shift funds to operational expenses. This might motivate you to move to a SaaS model where you do not need to make an investment in hardware, software, or capital expenditures. However, that situation could be different two to three years from now.

It's not unusual for an organization to outsource one year and later on decide to bring everything back in house because of an acquisition or merger. In today's business environment, mergers and acquisitions are common, and organizations need to be flexible. You may also have new governance pressures or corporate policies put into place that were not considered initially. If you approach SaaS as a pay-as-you-go service and then decide to switch back to your previous model, make sure your vendor can provide options as your situation changes.

What to Look for in a SaaS Delivery Model for IT Service Management

SaaS IT service management solutions should easily and cost-effectively integrate with on-premises tools to find and fix problems that can disrupt critical services, and do so proactively and automatically wherever possible. For example, they should be able to discover IT assets, track changes to them, and share data with a variety of monitoring and management applications.

In addition, the solutions should be able to leverage a CMDB that stores information about the existence and current configuration of IT assets. This single, centralized source of accurate information about the IT infrastructure helps to reduce the confusion that results from having multiple, conflicting sources of information about an organization's IT assets.

It's also important that the solutions delivered via SaaS be able to share data with various applications to authorize, perform, and monitor changes to the IT infrastructure. In addition, the solutions should provide preconfigured, out-of-the-box, ITIL-compliant capabilities that include incident, problem, change, release, asset, service request, service level, and knowledge management processes. The solutions should also be able to offer flexible integration options, including, but not limited to, Web services that deal with large data-volume demands.

Understand How to Address Security-Related Concerns

Be sure to address security issues related to a SaaS model and identify your level of comfort with the type of data protection that is delivered. An important priority is to have customer data secured in a data center that is certified under SAS 70 Type II for meeting the ISO 27002 standards for physical security, control of restricted areas, management of human resources, data security and confidentiality, and other critical measures.

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The data should be kept on a separate physical or virtual server that is protected by intrusion detection and prevention systems, as well as have passwords and encryption using IP SEC or a minimum of AES 256-bit encryption. The provider should offer backups, disaster recovery, and business service continuity plans to assure system availability.

Putting It All Together

SaaS is a viable choice for IT service management, as both a delivery and a business-model option. If it fits your organization's needs in terms of your goals, then the SaaS delivery model should be pursued. That's why it's so important to stay focused on the problems you are trying to solve before selecting the right software delivery model for your organization.

But don't overlook the broadest range of options. Sometimes the answer is to go with a SaaS model. By digging down and identifying value drivers, you can determine whether the approach would be done best via SaaS or with a perpetual-licensed, on-premises offering.

What if you don't have the skill set to achieve your objectives in-house, but your requirements dictate that you maintain an on-premises solution? You may

want to consider a managed service offering that lets someone else manage the system on premises for you — often on your servers — without requiring your staff resources to maintain the solution.

In addition, be sure not to focus exclusively on the cost savings or ROI associated with the hardware, the software, and the associated administration costs. These are important, but you can achieve significantly greater business value by also selecting a solution that has proven capabilities for improving the efficiency and effectiveness of your service desk staff and the core processes.

Final Thoughts

The solutions delivered via SaaS should be able to provide integrated asset and change management, as well as a service desk and incident and problem management. They should also provide self-service, include asset configuration management for inventory tracking, and integrate with a CMDB. With SaaS delivery for IT service management, IT can benefit from having a single, central, shared data model and a unified service view across all functions and processes through the CMDB — in addition to leveraging a unique, unified architecture with no point-to-point interfaces to maintain.

Just as IT service management helps make the enterprise more efficient and responsive, the methods by which the solutions are deployed and maintained can have a major impact on your company's profitability and IT performance. IT organizations that lack the in-house staff or scale to cost-effectively support the IT service management infrastructure should consider the benefits of a SaaS delivery model.

SaaS can be a great option that allows your IT organization to get up and running faster, particularly if you do not have the necessary skill set in-house. This can also provide a way to help you focus on the core problems you want to solve. Consider selecting a vendor that has best practices already baked into the solutions from the beginning, which can provide a standardized IT Infrastructure Library® (ITIL®)-based configuration to get you started. Avoid a SaaS offering where you need to heavily customize the solution to get fairly basic capabilities to meet your needs. Your business needs will change over time, so it is particularly important to look for a vendor that provides you the opportunity to move easily, cost-effectively, and rapidly from one service delivery model to another.

BMC offers two SaaS delivery models: BMC Remedy OnDemand and BMC ServiceDesk on Force.com. For more information, visit: www.bmc.com/itsmdecision.

ENDNOTES

1 Gartner, Inc., "Magic Quadrant for the IT Service Desk," Research ID G00171195, David M. Coyle and Kris Brittain, October 16, 2009.

ABOUT THE AUTHOR

Paul Avenant, senior vice president of products and strategy for Enterprise Service Management at BMC, is responsible for product strategy and R&D for all solutions that make up Business Service Management, BMC Atrium, service automation, service support, and service assurance. Under his leadership, BMC Atrium was conceived and built as the unique unifying architecture of BSM that remains a clear competitive advantage in the industry. Additionally, prior to his current role, Avenant was responsible for product management and R&D for BMC's market-leading service management solutions. Avenant has more than 20 years of experience in network, systems, and service management. This includes experience in development, consulting, and management, and nine years with Hewlett-Packard's OpenView group.

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