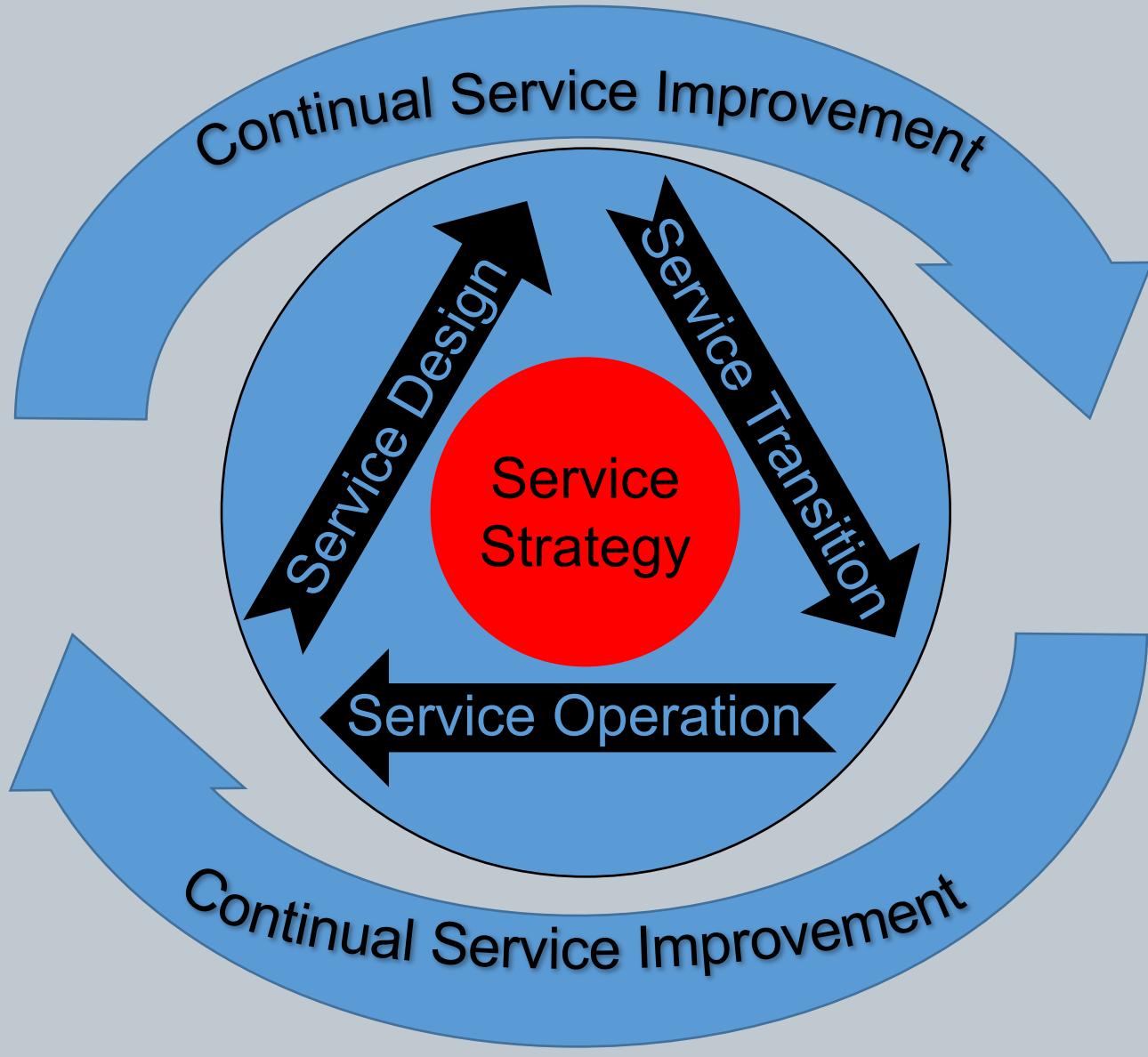




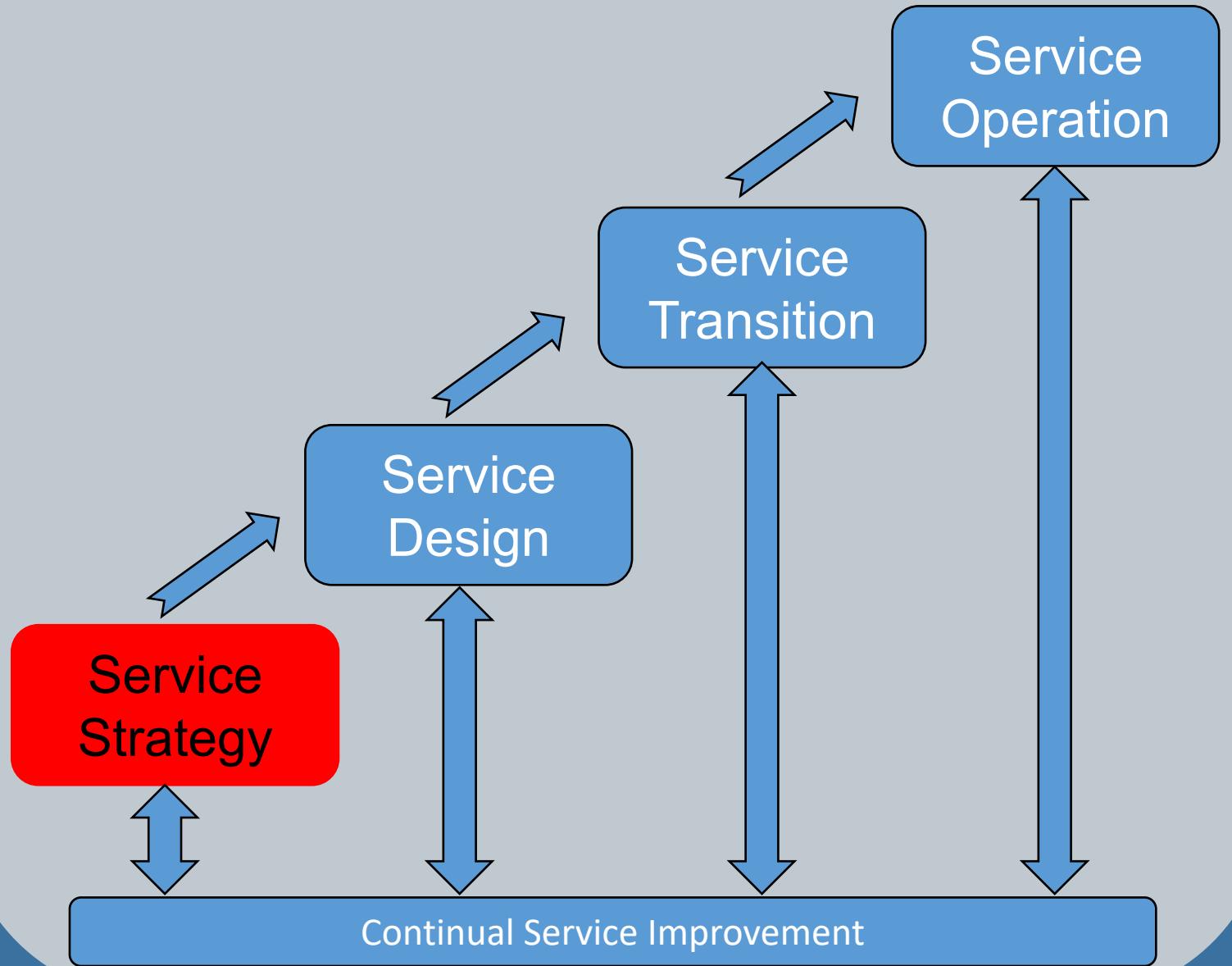
Service Strategy (Overview)

ITIL Foundations

Typical ITIL Lifecycle Diagram



ITIL Lifecycle With Feedback



Service Strategy

- Broad concept of our service solution
- What business are you in?
- Will we outsource services?
- Is our service complex or simple?
- Who are our customers?



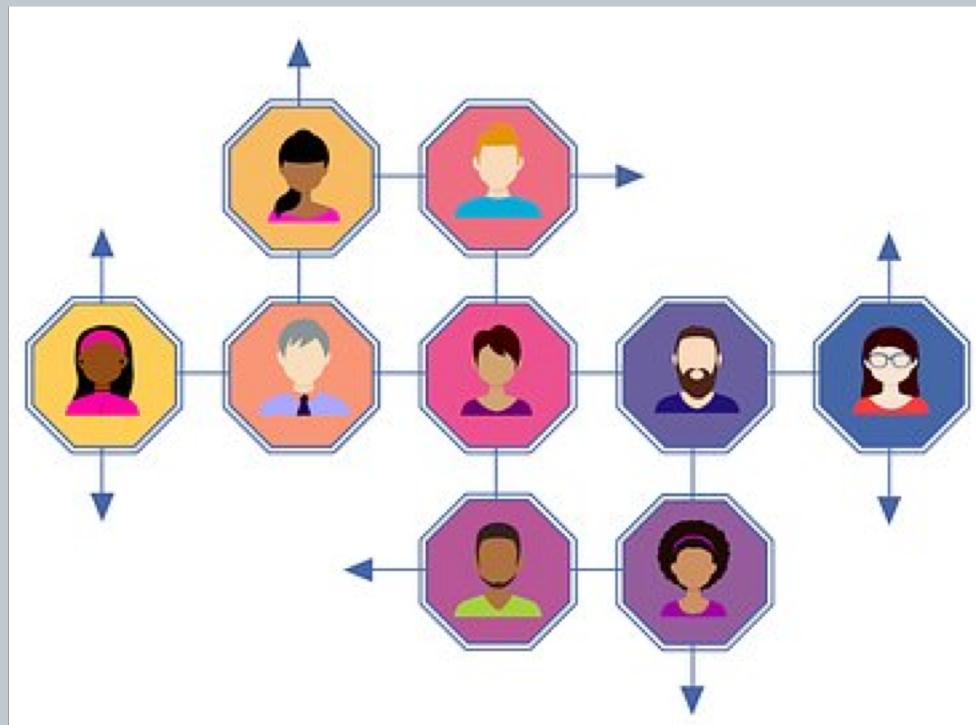
Clarity is Key

- Clear business strategy leads to a good IT service strategy
- What IT services can you provide to support the business strategy?



Reminder: Service Definition

- Means of providing value to customers by facilitating the outcomes they want to achieve without the ownership of specific costs and risks



Key Activities

- Define your services
- Link them to business processes
- Assign resources
- Consider costs and risks
- Outline service specification based on a valid business case





Objectives of Service Strategy

ITIL Foundations

Objectives of Service Strategy

- Run the strategy processes
- Define the strategy
- Define services and their customers
- Define value creation and delivery
- Define required capabilities/resources
- Identify possible service opportunities



Types of Service Providers

- Type I
 - Internal service provider embedded inside of another unit of the organization
- Type II
 - Internal service provider shared amongst multiple units
- Type III
 - Provides service to external customers



Types of Service Categories

- Core Services
 - Deliver the basic outcomes required by one or many customers
- Enabling Services
 - Necessary services to deliver core services
- Enhancing Services
 - Supplements to core services to make them more attractive or useful to customers



Word Processing “Service” Example

- Core Services
 - Microsoft Word provides word processing capabilities as part of Microsoft Office
- Enabling Services
 - Updates and security patches to Microsoft Word
- Enhancing Services
 - Ability to integrate Microsoft Word into the larger Microsoft Office suite or products
 - Ability to save files to the “cloud”





Creating Value

ITIL Foundations

How do we create value?



Creating Value

Value is created from
the balance between
utility and *warranty*.



Utility

- Functionality of a service
- Fit for purpose
- Enabling a job to be done or to be done better



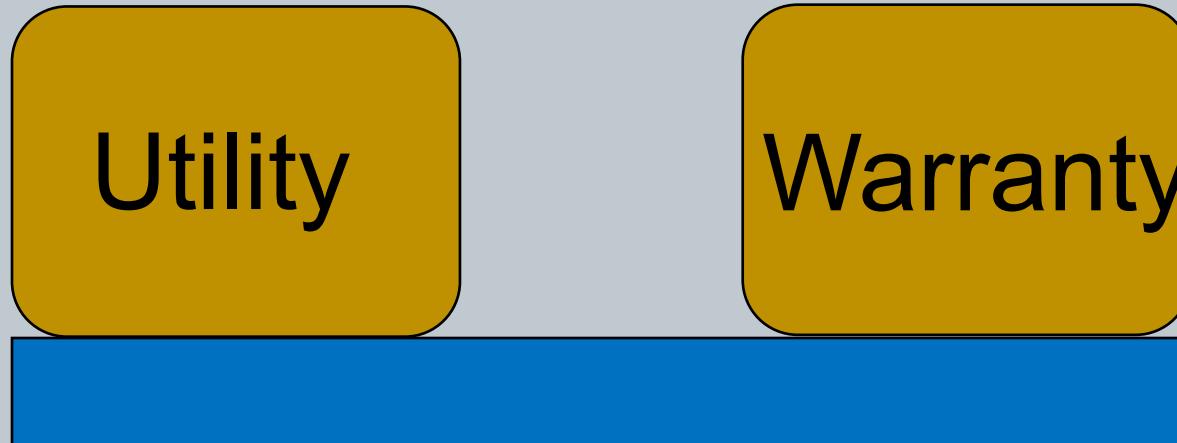
Warranty

- Fit for use
- Mix of availability, capacity, continuity, and security



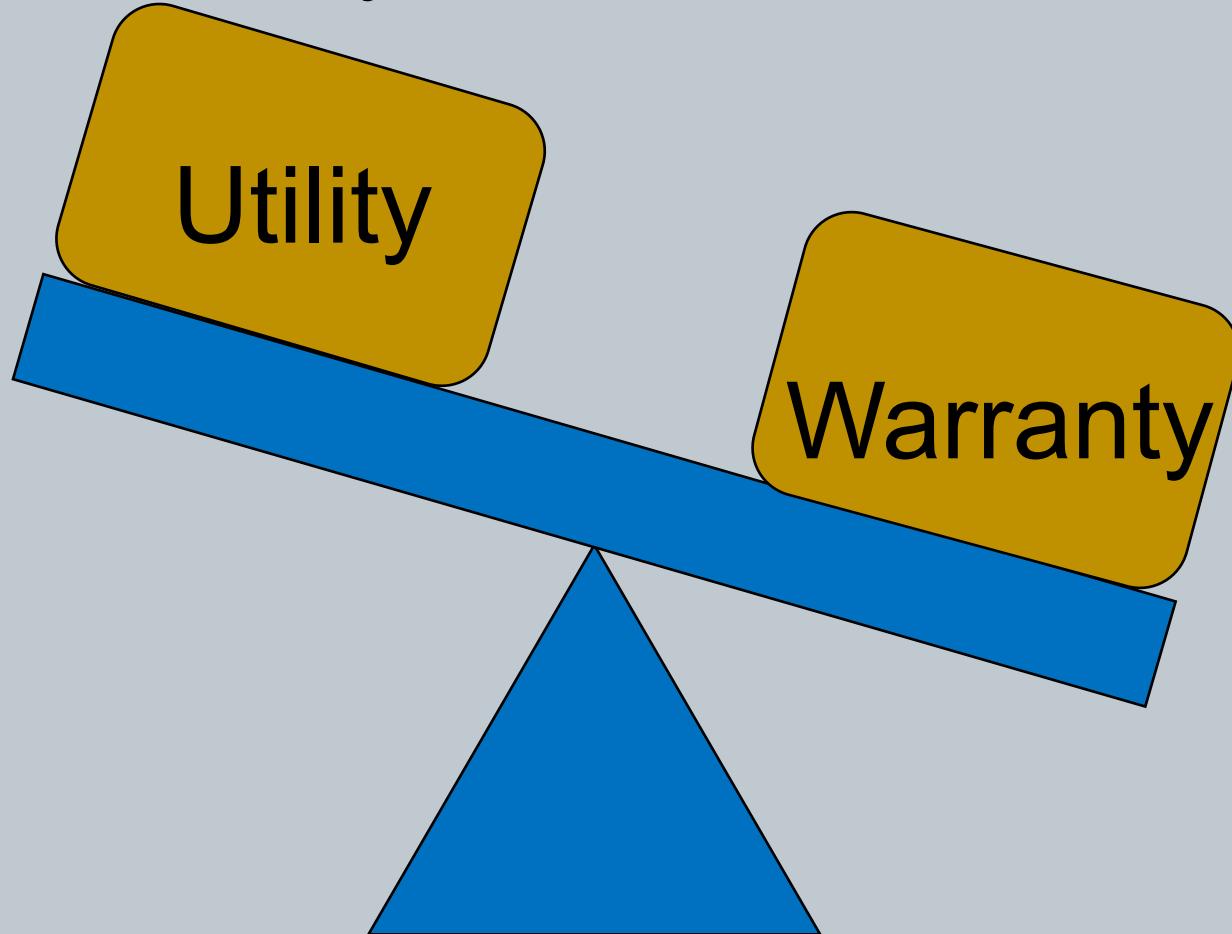
Maximum Value

- Perfect balance provides maximum value
- But, neither piece is more important



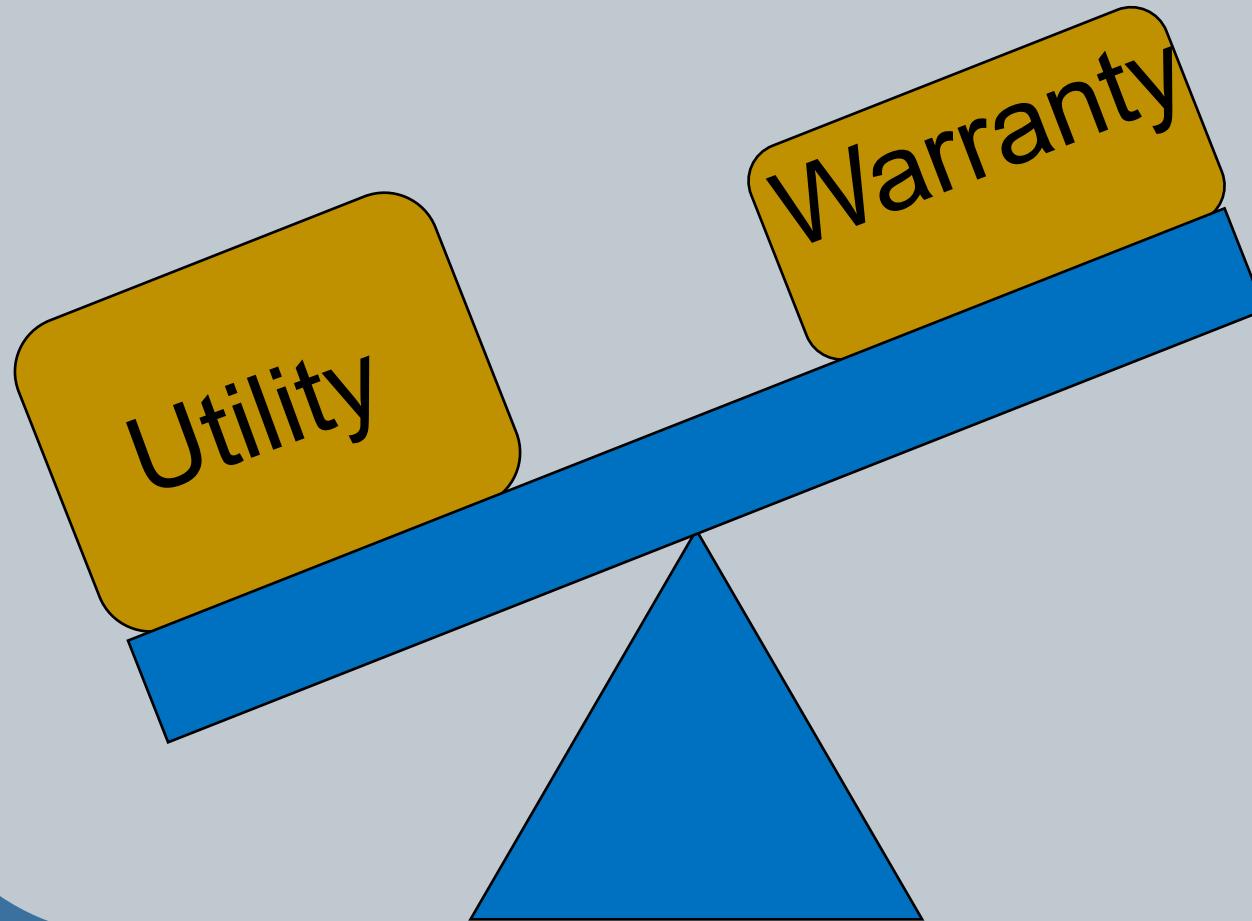
Poor Value

- High Utility: Best website
- Low Warranty: Limited bandwidth



Poor Value

- Low Utility: Poorly designed database
- High Warranty: 100% Availability



Value in Service Strategy

- Always try to understand the utility and warranty of any new or changed service
- Utility "sells" services
- Warranty requires resources and therefore represents additional costs



Cyclic Nature of Value

- Value is revisited in each stage of the lifecycle through utility and warranty
- Stay on track to deliver the expected value to the operational environment





Assets in Service Strategy

ITIL Foundations

What exactly are your assets?



Types of Assets

- Resources
 - Tangible, can be purchase
 - Financial capital, Infrastructure, Applications, Information, and People
- Capabilities
 - Must be grown or developed
 - Management, Organization, Processes, Knowledge, and People



Financial Capital

- Money ready for investment
- Can be heavy cash position or the ability to borrow



Infrastructure

- Buildings
- Server rooms
- Hardware
- HVAC
- UPS



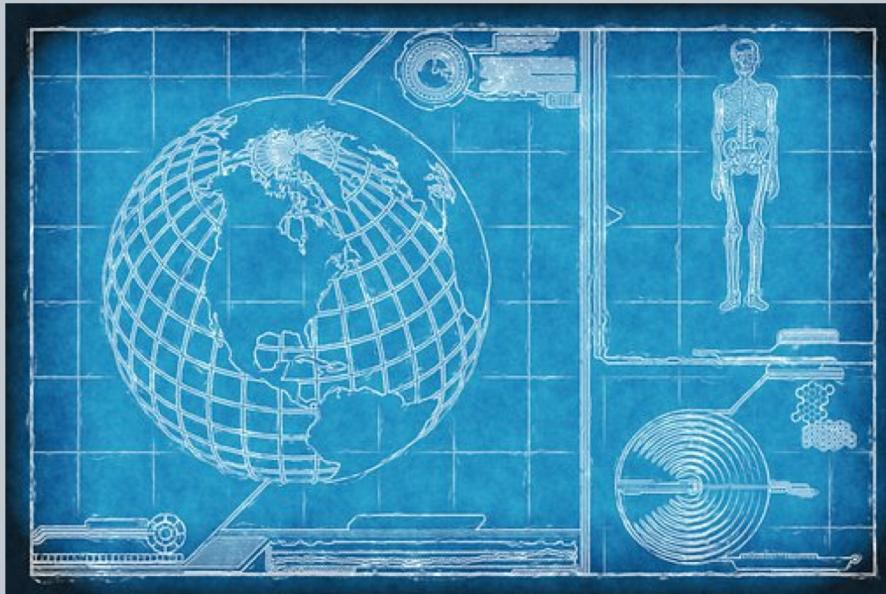
Applications

- Off-the-shelf software
 - Office suites, web portals, etc.
- Custom software
 - In-house or outsourced developed software which you own exclusive rights



Information

- Massive amounts of data
- Email lists
- Customer spending habits



People

- Labor is a commodity that can be procured quickly to accomplish tasks
- *Even skilled labor can be acquired quickly using head hunters*



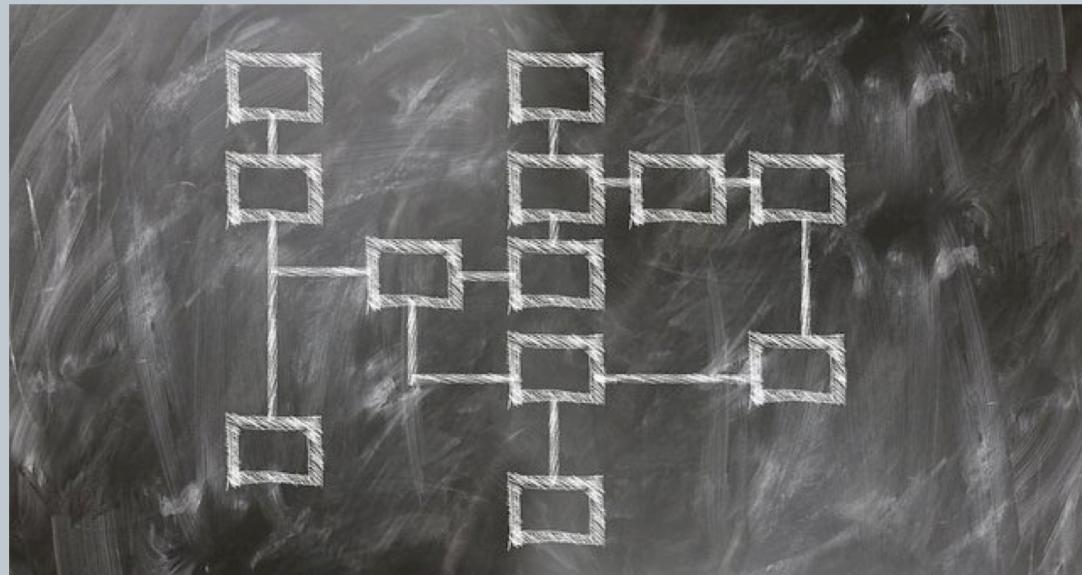
Management

- Fusion of other capabilities
- Difficult to find good management that understands your business processes and methods



Organization

- Many organizational methods exist, but *yours* must be developed
- ITIL provides guidance for organization, not a blueprint to follow



Processes

- Like organization, *yours* must be developed
- Tools exist within IT Service Management to manage processes, but you should develop your process before purchasing one



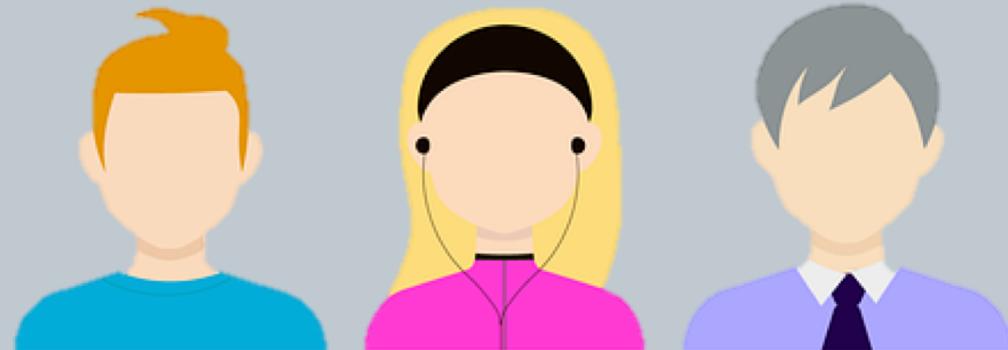
Knowledge

- Synthesis of data and the information it creates
- Knowledge Management helps your organization move from tacit to explicit knowledge



People

- Motivated, Trained, and experienced workforce
- Consultants can bridge temporary skill gaps
- *Your* people should perform the long-term process and functions



Key Takeaway

- Resources
 - Tangible in nature
 - You can purchase resources
 - Easier to get than capabilities
- Capabilities
 - Intangibles and abstract in nature
 - Must be fostered and nurtured to develop in a business
 - Difficult, costly, and requires time to acquire capabilities





Strategy Management Process

ITIL Foundations

Strategy Management

This process is
to ensure a
service strategy is
defined, maintained,
and managed

Note:
*Strategy Management process is not
covered by the ITIL Foundation exam*



Key Activities

- Examining current internal and external environments
- Identifying strengths, weaknesses, opportunities, and threats (called a SWOT analysis)
- Identify future developments



Key Activities

- Developing and maintaining the marketing perspective
- Defining market spaces
- Identifying opportunities for new services for development



Key Activities

- Defining differentiation of service provider from others
- Developing and maintaining a strategic plan
- Managing the Service Strategy stage of the lifecycle



Strategy Management

This process is not covered by the ITIL Foundation exam, but is important to fully understand the lifecycle

Note:

Strategy Management process is not covered by the ITIL Foundation exam





Service Portfolio Management Process

ITIL Foundations

Service Portfolio Management (MGMT)

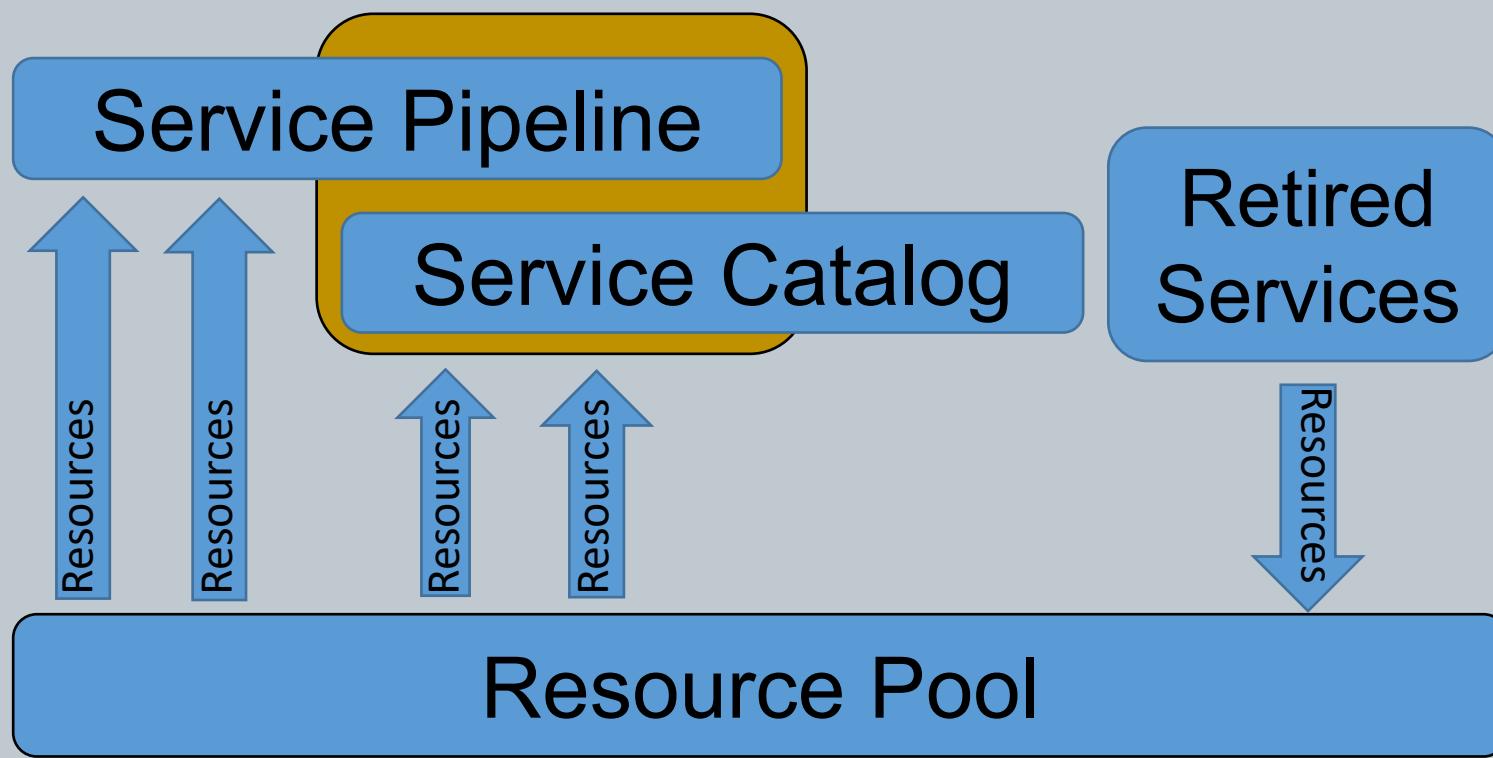
- Ensure a correct mixture of services to balance IT investment to support the business objectives

**PORTFOLIO
MANAGEMENT**



Overlapping Pieces

- Service Pipeline
- Service Catalog



Service Pipeline

- Information on all services from concept to operations
- Restricted visibility to those who have a need-to-know



Service Catalog

- Information on all services in operational environment and those being prepared for rollout (resources allocated)
- Customers can view info

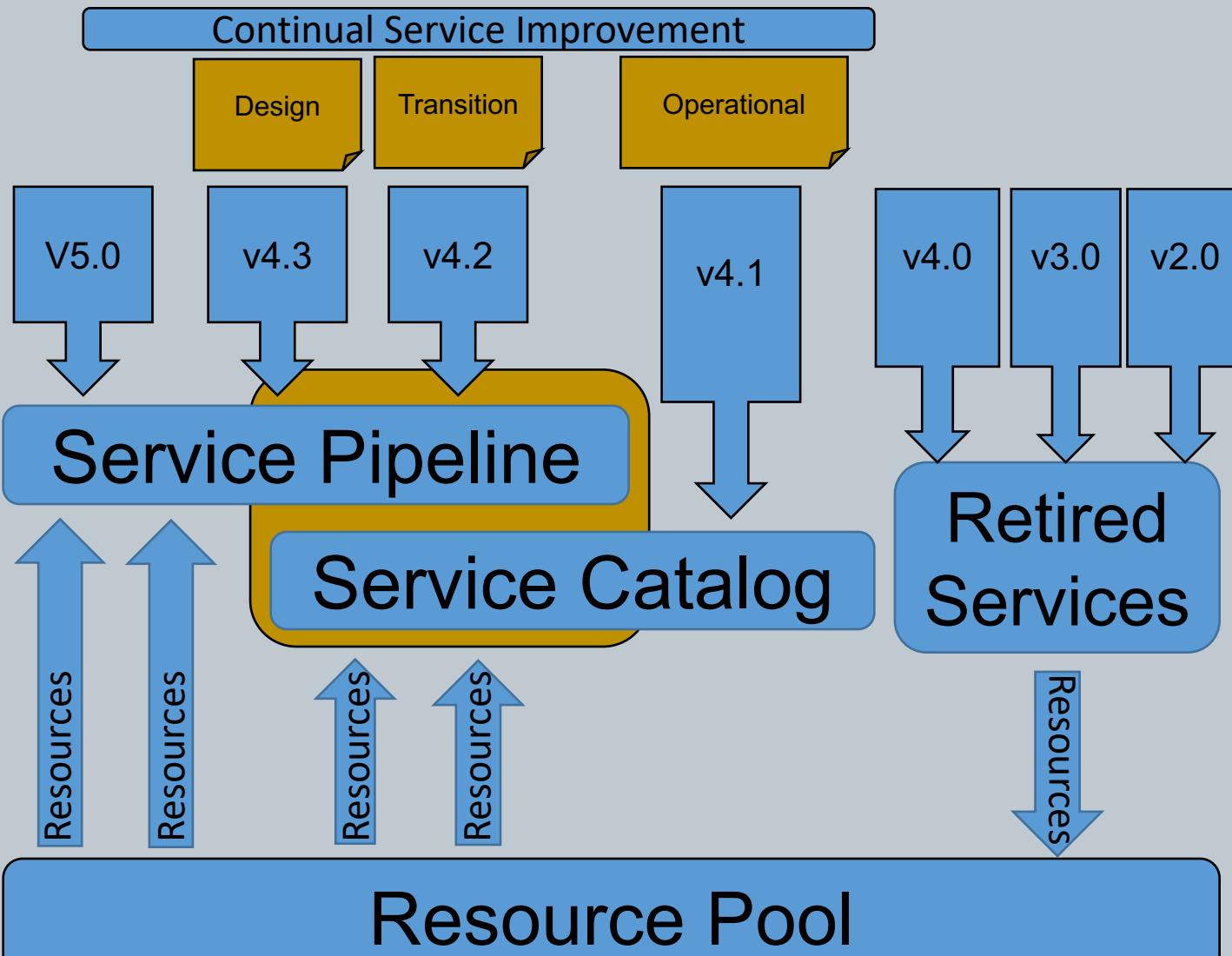


Retired Services

- ITIL doesn't state when services are retired
- Many organizations keep them in the service catalog for reference
- Other organizations choose to delete their retired services from the catalog
- Resources are released



Service Portfolio MGMT



Service Portfolio Management (MGMT)

- Process begins in Service Strategy, but we will see it in every stage of the lifecycle since resources are allocated throughout the lifecycle of every service



Who allocates resources, anyway?

- Resources are allocated to resources throughout their lifecycle from the IT director's resource pool
- Services will usually use more resource in Operations than in earlier stages





Business Relationship Management Process

ITIL Foundations

Purpose of Business Relationship Management (BRM)

- Establish/maintain business relationship between service provider and customer
- Identify customer needs and ensure service provider can meet the needs



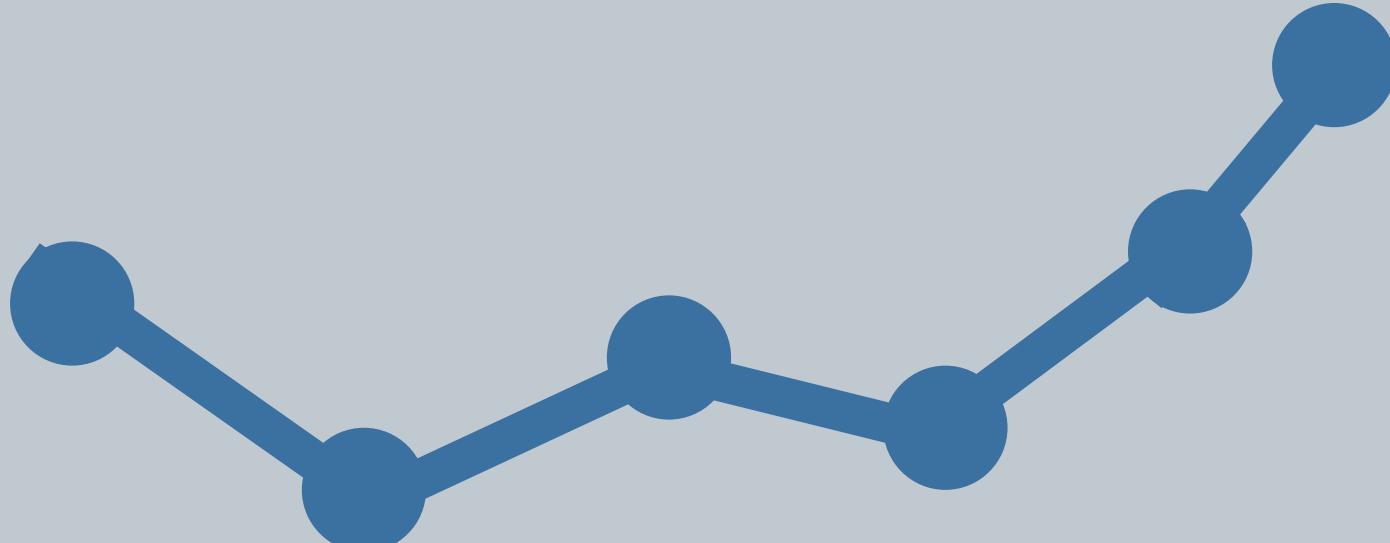
Mitigating Needs

- Understand, inform, and meet customer's *perceived* needs
- Communicate needs inside the service provider's organization



Identifying Trends

- Identify technology trends that could impact the services to a particular customer



Identifying Changes

- Identify changes in a customer's environment



*There could be a shifting business model...
and the service provider
must move with them!*



Mediation

- Mediate requirements when multiple customers need different things from the service



Complaint Methods

- Create formal complaint methods and procedures for each customer
- Ensure you consider the escalation process



Internal/External Providers

- Type I/Type II
 - BRM involves senior IT managers with heads of business units
- Type III
 - BRM involves account managers to maintain commercial relationships





Financial Management Process

ITIL Foundations

Financial Management

- Relevant in all stages, but introduced first in Strategy
- Purpose is to manage financial resources and costs for services



Purpose

- Secure funding to design, develop, and deliver services to support business processes
- Ensure service provider doesn't promise what they cannot deliver
- Maintain balance of cost and quality; supply and demand



Financial Management Fundamentals

- Budgeting
- Accounting
- Charging



Budgeting

- Forecasting of cost to support ongoing and proposed services
- Link requirements to agreed upon business processes



Accounting

- Money is divided into *cost centers* to keep track of expenditures for business units or services
- Each expense is tracked against the cost center and back to the original budget



Charging

- Charging isn't mandatory
- Type I/II may not conduct charging
(but some organizations do)
- Type III always charge
(it is how we create profit)



Business Case

- Argues the benefits and costs of a particular service
- Created for new or changing services
- Provides an expected Return on Investment (ROI)



Parts of a Business Case

- Introduction
- Methods and Assumptions
- Business Impacts
- Risks and Contingencies
- Recommendations



Introduction

- Short summary of business issues driving the change
- Provides background to leadership
- Contains a statement of objectives



Methods and Assumptions

- Describes the method used in the business case
- Assumptions states the growth projections, technological advances expected, socioeconomic conditions, etc.



Business Impacts

- Return on Investment (ROI)
 - Expected financial growth
- Value of Investment (VOI)
 - Expected non-financial return, such as an increase in reputation
- Utility and Warranty drives business impact



Risks and Contingencies

- Details the uncertainties identified during previous analysis
- Proposes a countermeasure or mitigation for each identified risk



Recommendations

- Provides conclusions based on the business case
- Provides proposal for future action with alternatives also presented with their cost



Parts of a Business Case

- Introduction
- Methods and Assumptions
- Business Impacts
- Risks and Contingencies
- Recommendations





Demand Management Process

ITIL Foundations

Demand Management

The purpose of the process is to identify the demand for a particular service to prevent capacity limitations

Note:

Demand Management process is not covered by the ITIL Foundation exam



Key Activities

- Identify and analyze patterns of business activity (PBA)
- Analyze usage of services by different types of users and identify/document user profiles



Important Considerations

- Business have busy and slow periods
- Retailers are busier during the holiday season
- Many companies don't account for large demand



Demand Management

This process is not covered by the ITIL Foundation exam, but is important to fully understand the lifecycle

Note:

Demand Management process is not covered by the ITIL Foundation exam





Roles in Service Strategy

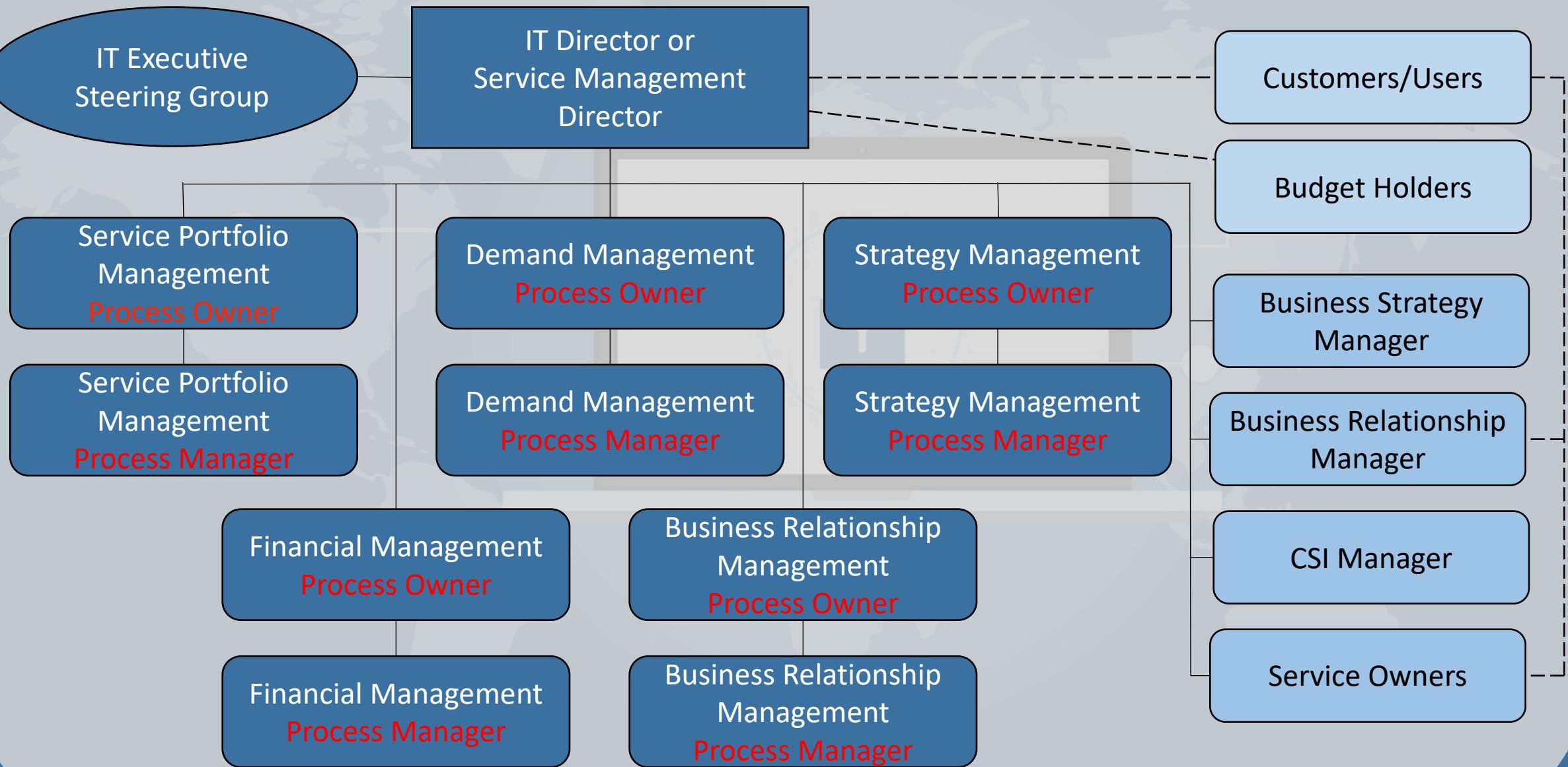
ITIL Foundations

Roles in Service Strategy

- ITIL doesn't dictate how an organization should be organized
- ITIL does recommends roles:
 - Service Owner
 - Process Owner
 - Process Manager



Roles in Service Strategy





Tools in Service Strategy

ITIL Foundations

Tools in Service Strategy

- Tools don't only have to be used in the Service Desk
- Service Automation/Analytics and Simulation are useful in the Service Strategy stage



Service Automation and Analytics

- Enables consistency and higher efficiency
- Captures accurate data for management and to make informed strategic decisions
- Maximum automation = \uparrow efficiency



Simulation

- Provides a method to model a potential service solution and analyze the results
- Results can be used in a business case

