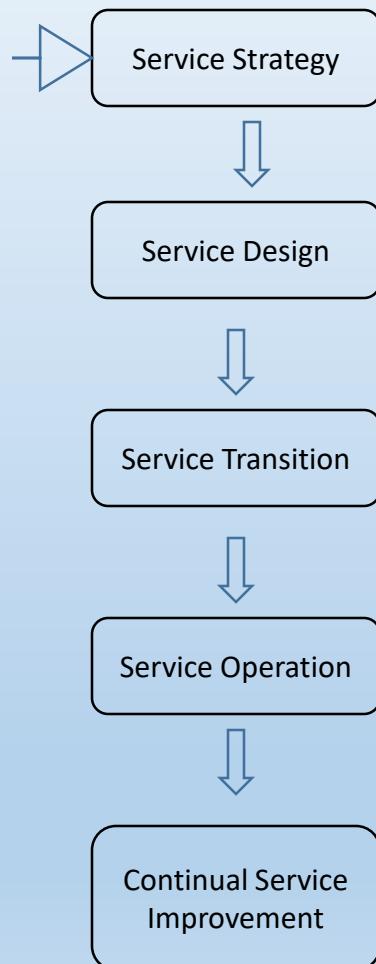


# L5 Service Strategy



- Service Value & Service Providers
  - Utility & Warranty
  - Types of service providers
- Service Portfolio
  - Service pipeline
  - Service catalogue
  - Retired services
- Sourcing Strategy
- Relevant processes
- Relationships with other lifecycle elements

# Learning outcome:

Student will be able to:

- Describe the aims of service strategy
- Describe the concept of service value
- Describe the 3 common types of service provider
- Describe what service portfolio is
- Describe the 3 key processes within service strategy
  - Financial management
  - Demand management
  - Service portfolio management
- Relationships with other service lifecycle phases

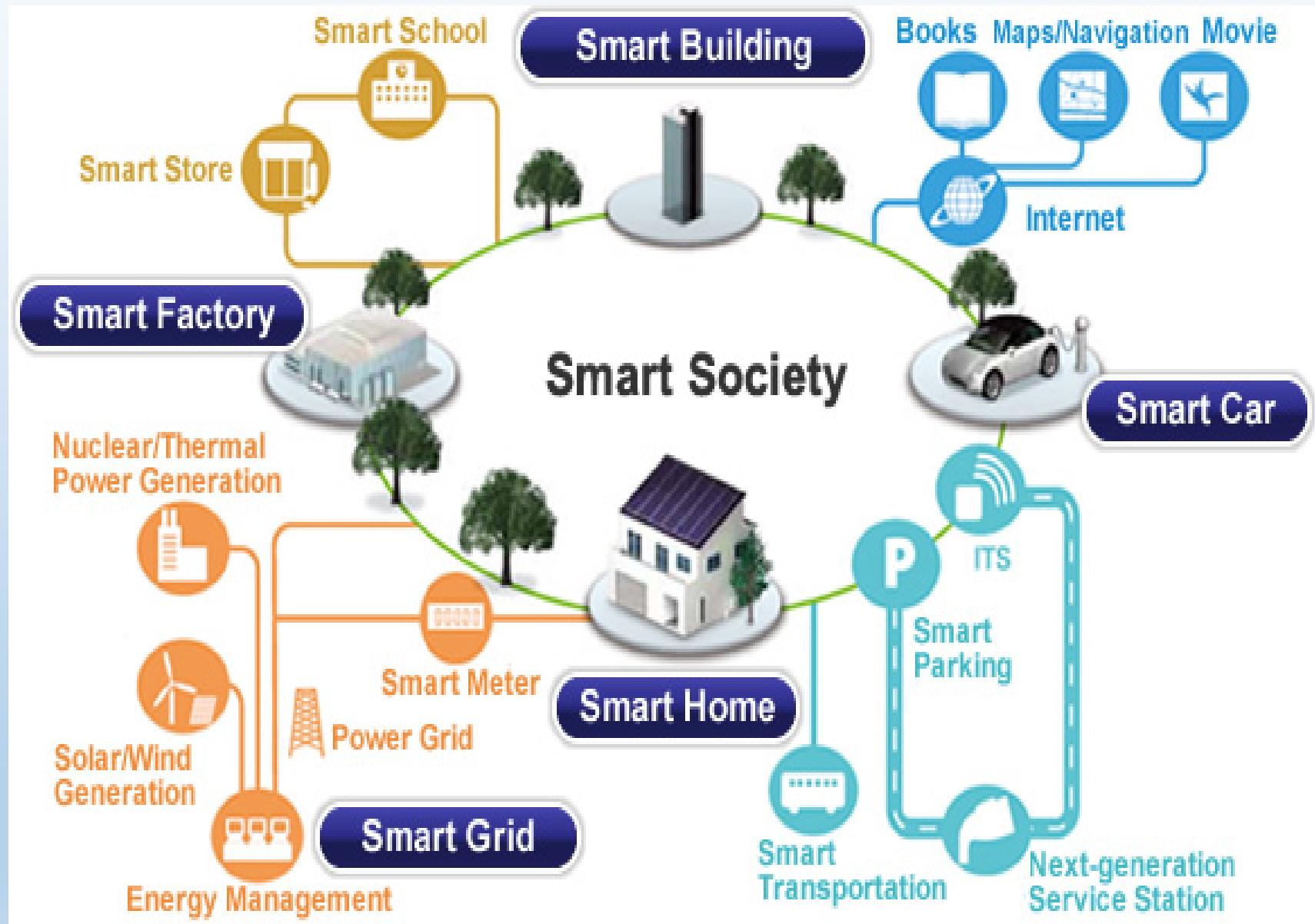
What is a Smart Nation?

What happen in 2015?

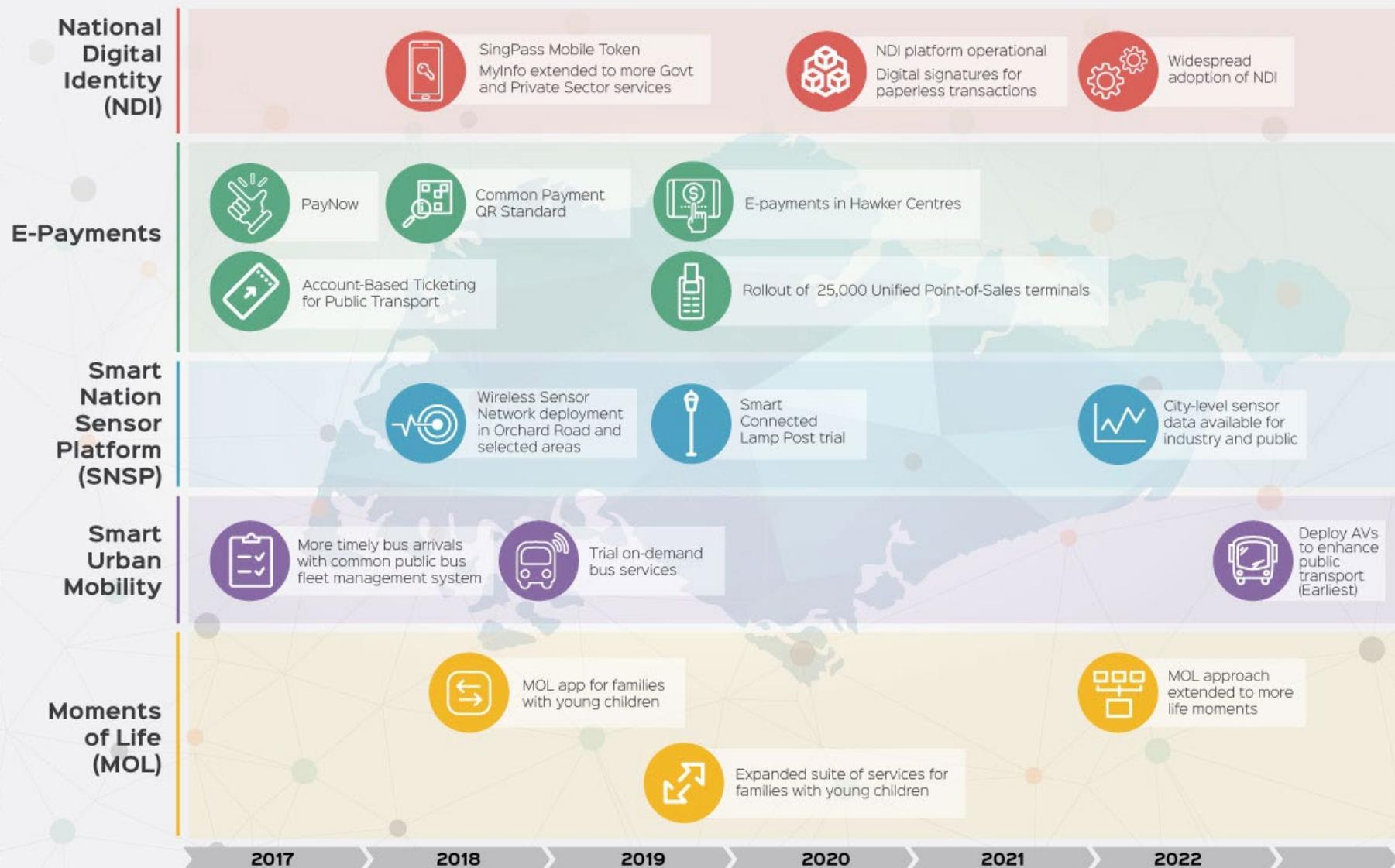
# \*Purpose of Service Strategy

- Identify competition and to distinguish oneself from the rest by delivering superior value/performance to customers.
- Senior management need to answer questions such as :
  - What kind of service must we offer and to whom ?
  - How to justify strategic investment?
  - How to stand out from competitions?
  - How to allocate resources in service portfolio effectively?





# KEY MILESTONES FOR STRATEGIC NATIONAL PROJECTS



## \*Key activities of service strategy process

- Define the market –

Understand customer & opportunities and classify the services identified

- Setting investment priorities –

Decide directions for growth opportunities

- Develop the offer –

Develop the service portfolio including service catalogue

- Develop the strategic assets –

Use service management as a strategic asset. Eg ITIL

- Prepare for implementation –

Set goals, plan and define critical success factors

# \*Service Values

- What is service value to customers ?
- In ITIL service value consists of:
  - Utility – fitness for purpose
    - Stands for increase of possible profits for customer
    - Add value to activities
  - Warranty – fitness for use
    - Stands for reduction of possible losses to customer
    - Ensure availability and reliability in continuity & security



Eg. IT helpdesk returns a repaired item to customer.

So service provided : repair a faulty item. But, if it becomes faulty within 1 day then the repaired service is not reliable and the service value in the eyes of the customers will be low.



# \*Service Providers

- Different types of service providers should be evaluated to justify investment.

1 – Internal service provider

Those providers who deliver their services within their own business units.

2 – Shared service unit

Those providers who deliver services to business units under same organization

3 – External service provider

Those providers who deliver services to customers in competing environment that need flexible structures.

# \*Service Portfolio

- A document used to represent the opportunities and readiness of a service provider to serve customer.
- Aims to help Service Provider to understand how its resources are allocated toward maximizing the value it offers to customers.
- Divided into 3 subsets :
  - Service catalogue
  - Service pipeline
  - Retired services

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## **Terms of Services**

**Did you ever read them?**

# Service catalogue

- **Service catalogue** is an expression of the operational capacity of the provider within the context of market
- The service catalogue has two aspect:
  - Business service catalogue
  - Technical service catalogue



# Business Service Catalogue

- Defined as the mapping of critical business processes to the underlying IT services/Components
- Keeping the details of the relationships between those components
- Supporting the customer view of the service catalogue.
- Eg. Maintain ATM service to bank customers.( critical business process ).
- Supporting process: an IT service hotline is provided 24 hrs a day. Service staff will be on site within 2 hrs. ATM service will be resumed within 2 hrs for 95% of the service called received for each month. Control processes : monthly report of no of service call received. Downtime of ATM for each service call.
- Also need to record ATM numbers for different bank branches.

# Technical Service Catalogue

- The aspect of the service portfolio that is not visible to the customer
- Containing details on the technical composition of services
- Supporting the service provider's view of the service catalogue.

Eg. To support the service standard in SLA, the Call center telephone line must be operational 100% of the time. The Power supply to the ATM must be available 100% of the time. The senior engineer must be on site if op staff cannot fix problem within 1 hr. Op staff must attend 100 hrs of training per yr.



- Service Pipeline
  - Consist of services that are still in development for a specific market or customer
  - Applied to the operational phase via Service Transition
  - Represent the growth and strategic anticipation for the future



- Retired Services
  - Services have been phased out or withdrawn

# Sourcing strategy

- Aims to improve the core competencies of the services provided by outsourcing certain services.
- Risks :
  - Substitution : Vendor can replace you
  - Disruption : Vendor can damage your name
  - Distinctiveness : Dependency on vendor

# Service Lifecycle

## Service Strategy (SS)

- Demand Management
- Service Portfolio Management
- Financial Management for IT Services
- Business Relationship Management

## Service Design (SD)

- Design Coordination
- Service Level Management
- Service Catalogue Management
- Availability Management
- Capacity Management
- Information Security Management
- Supplier Management
- IT Service Continuity Management



## Service Transition (ST)

- Change Management
- Service Asset and Configuration Management
- Release and Deployment Management
- Transition Planning and Support
- Knowledge Management

## Service Operation (SO)

- Event Management
- Incident Management
- Request Fulfillment
- Problem Management
- Access Management

## Continual Service Improvement (CSI)

- Seven-Step Improvement Process

# \*Processes at strategic level:

- Financial Management
- Demand Management
- Service Portfolio Management



# \*Financial Management

- The objective of the Financial Management is to ensure that the right financing is obtained for the delivery and purchase of services
- Financial Management includes three basic activities:
  - **Accounting** - tracking how money is actually spent by a Service Provider
  - **Budgeting** – planning how money will be spent by a Service Provider
  - **Charging** – securing payment from customers for services provided



## Demand Management



# \*Demand Management

- The goal of demand management is to predict as close as possible the purchase of services/products, and if possible , to regulate it.

Eg. The traffic load on the ATM network will vary :

    during 9-11am

    during 11-2pm

    during 2-5 pm

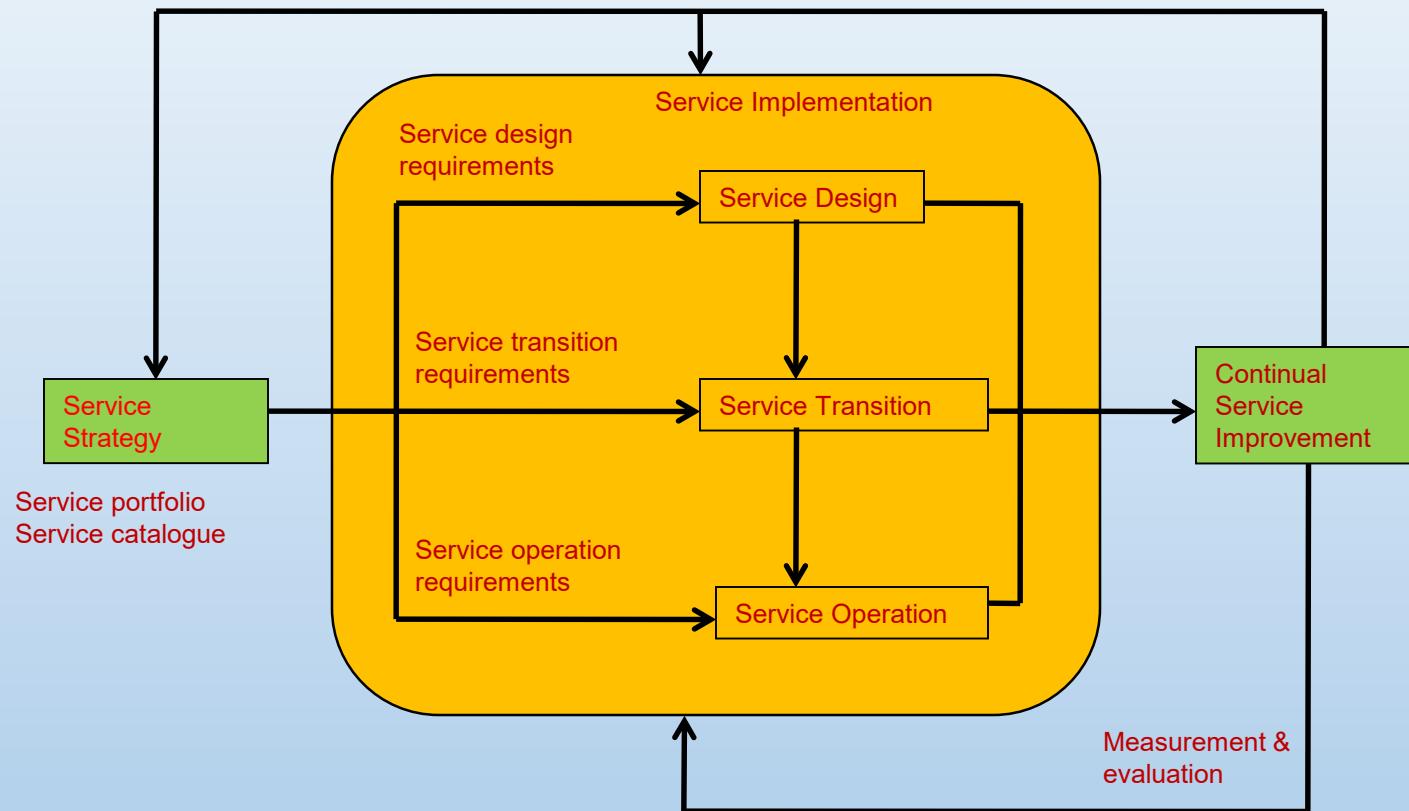
    during IPO times

# \*Service Portfolio Management

- The Service Portfolio Management (SPM) process is concerned with management of the information concerning services in the Service Portfolio.
- The objective of SPM is to achieve maximum value creation while at same time managing the risks and costs



# \*Relationships with other lifecycle elements



# Service Strategy ( Review Questions )

- Q1 What is the purpose of service strategy?
- Q2 What is a service catalogue? What are the 2 aspects of service catalogue?
- Q3 Describe the 3 types of service provider.
- Q4 What are the 3 risks of outsourcing ?
- Q5 What is the objective of Demand Management? What are the important details you need to know for demand management?

# Review MCQ

1 Which of the following questions do the guidance in service strategy help to answer?

- 1 What services should we offer and to whom?
- 2 How do we differentiate ourselves from competing alternatives?
- 3 How do we create value for our customers?

- A. 1 only
- B. 2 only
- C. 3 only
- D. All of the above

2 The consideration of business outcomes and value creation are principles of which part of the Service Lifecycle?

- A. Continual Service Improvement
- B. Service Strategy
- C. Service Design
- D. Service Transition

3 Which is a process within service strategy ?

- A. Incident management
- B. Access management
- C. Demand management
- D. Service asset and configuration management

# Review MCQ

4 Which is NOT a part of the service portfolio?

- A. Service catalogue
- B. Service pipeline
- C. Retired services
- D. Express services

5 Service value for IT services should indicate\_\_\_\_\_.

- A. Service utility
  - B. Service warranty
  - C. Service charges
- Service utility & warranty

6 Which is NOT a major risk factor when you outsource service to external service provider ?

- A. Substitution
- B. Disruption
- C. Distinctiveness
- D. Communication