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MTI104 - IT Services

Session-04:

Value Creation with Service Value System

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Introduction to ITIL 4

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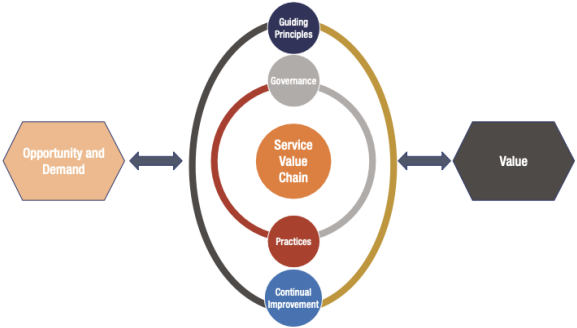
- ITIL focuses on creating value through services.
- In ITIL V3, all aspects of service management were viewed through the lens of value.
- ITIL 4 emphasizes value with an entire chapter dedicated to it.
- Value creation is centered on the Service Value System (SVS) and Service Value Chain (SVC).
- Guiding principles introduced in ITIL V3 are explored further.
- Importance of governance to ensure smooth operations.
- Examination tip: This chapter is crucial for ITIL certification.

Service value system



Service Value System (SVS)

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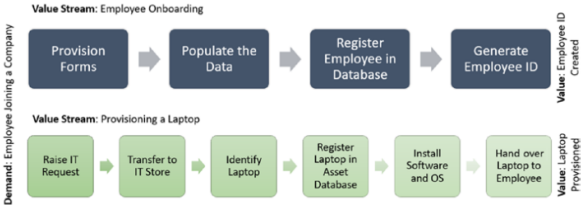
- Value is co-created between service providers and customers.
- Services require collaboration between multiple organizations.
- Organizations need several components to work in harmony to create value.
- Example: A car's components must work together for it to function.
- SVS integrates various components into a unified system that delivers value.
- Two streams define the SVS: discrete components and organized processes.
- Exam tip: Expect a question on the service value system in the ITIL exam.

Service value stream illustration



ITIL Definition of SVS

- SVS describes how all components and activities work together as a system.
- Structure includes:
  - Opportunity and Demand as inputs
  - Value as the output
  - Service Value Chain at the center
  - Governance and Practices surrounding it
  - Guiding Principles and Continual Improvement
- Organizations must integrate resources to create value.
- Organizational culture and flexibility influence value creation.
- Components of SVS are discussed in later chapters.

Opportunity and Demand

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- Business is driven by opportunities.
- Products and services arise from identified opportunities.
- Example: Cell phone market growth led to new products.
- ITIL defines Opportunity as options to add value for stakeholders.
- Demand represents the need or desire for products and services.
- Both opportunity and demand are essential for value creation.
- Internal vs. External Customers:
  - External customers bring real revenue.
  - Internal customers are an organizational obligation.

Governance in SVS

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- Governance provides direction to organizations and projects.
- It is integral to the SVS, processing opportunities and demands.
- Governance bodies ensure value creation aligns with organizational goals.
- Governance involves the definition and enforcement of policies.
- It has a high-level view of value-creating activities.
- Exam tip: Governance is not heavily tested on the ITIL Foundation exam.
- Governance also encompasses continual improvement.

Service Value Chain (SVC)

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- SVC is the core of the SVS, converting demands into value.
- Six activities are associated with SVC:
  - Plan
  - Engage
  - Improve
  - Obtain/Build
  - Design and Transition
  - Deliver and Support
- Activities are interconnected, not sequential.
- Value is generated through value streams, a series of activities.
- Value streams involve internal/external resources, ITIL practices.
- Example: Employee onboarding and provisioning a laptop.
- Exam tip: Understanding SVC activities is essential for the exam.

Plan Activity in SVC

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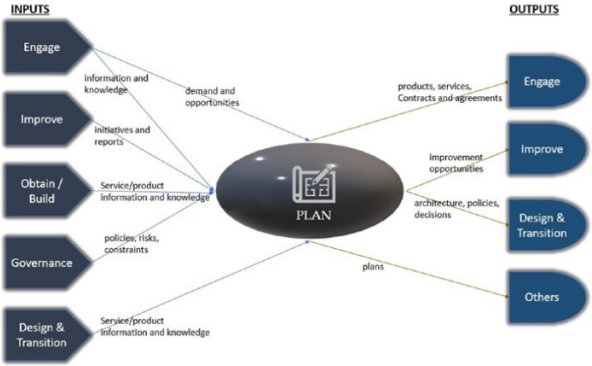
- Plan activity involves identifying strategies and making plans.
- It ensures all parties share a common vision.
- Input includes customer demand, improvement opportunities, and governance policies.
- Outputs include strategic, tactical, and operational plans.
- Engage activity gets information about services/products and contracts.
- Plan activity also identifies improvement initiatives.
- The planning process is cyclical and continuous.

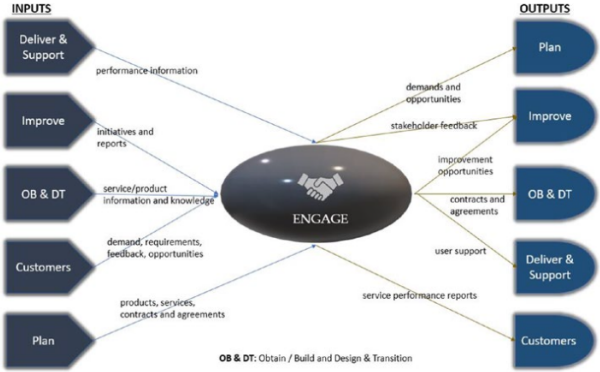
Plan activity



Typical Outputs for Engage

- Feedback from stakeholders relayed to Improve activity
- Identified opportunities for improvement in services/products
- New demands and opportunities fed to Plan activity
- Inputs from operational stages processed to Deliver and Support
- Requirements for new systems fed to Obtain/Build
- Changes to contracts sent to Obtain/Build and Design and Transition
- Information shared around third parties and knowledge

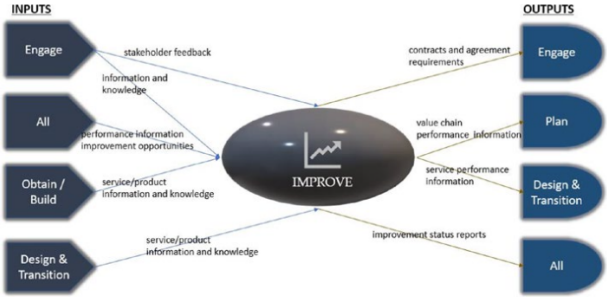
Engage activity



Improve Activity Overview

- Exists to effect continual improvement across the SVC
- Replaces Continual Service Improvement from ITIL V3
- Inputs and outputs illustrated in Figure 5-6
- Aims to improve value streams, four dimensions, products, services
- Responsible for all service management improvement

Improve activity



Typical Inputs for Improve

- Improvement opportunities from across the system
- Product/service performance information used as baseline
- Inputs from customers and stakeholders via Engage
- Knowledge about third-party services and components
- Information from Obtain/Build and Design and Transition
- Performance data from services for improvement measures

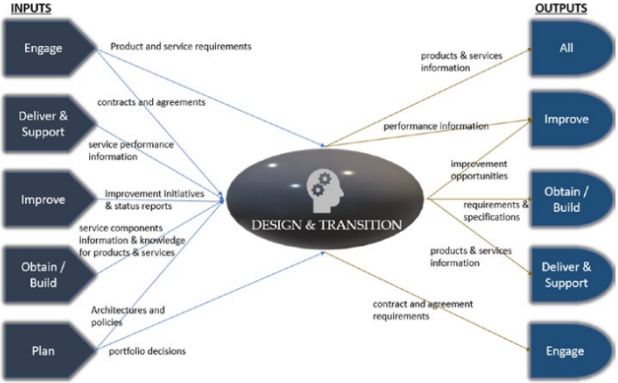
Typical Outputs for Improve

- Reports on improvement initiatives across streams and parts
- Performance data provided to Plan activity
- Changes in services/products fed to Engage for contracts
- Performance information shared with Design and Transition
- Improvement opportunities identified and fed to Engage

Design and Transition Activity Overview

- Ensures designs and transitions align with overall plans
- Focuses on quality, cost, and time to market
- Replaces service design phase from ITIL V3
- Combines elements of service transition
- Inputs and outputs illustrated in Figure 5-7

Design and transition activity



Typical Inputs for Design and Transition

- Requirements from Engage activity
- Contracts and agreements from suppliers/partners
- Strategic boundaries and product/service portfolios from Plan
- Improvement information and results from Improve activity
- Performance data from operations as a baseline
- Existing service component understanding from Obtain/Build
- Operational data, specifications, and known errors

Typical Outputs for Design and Transition

- Product and service information provided to Plan
- Data fed to Obtain/Build for product/service development
- Information passed to Deliver and Support for maintenance
- Contracts and agreements routed through Engage
- Improvement opportunities and performance data fed to Improve
- Requirements/specifications for Obtain/Build activity

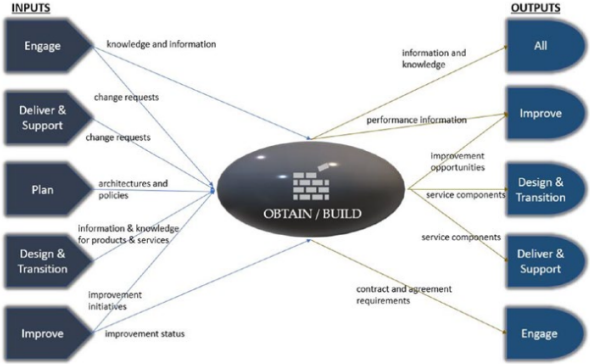
Obtain/Build Activity Overview

- Mobilizes resources to deliver value to customers
- Secures necessary service components before delivery
- Focus on procuring and developing services/products
- Formalized in ITIL 4 framework
- Inputs and outputs illustrated in Figure 5-8

Typical Inputs for Obtain/Build

- Architectures and policies from Plan activity
- Requirements/specifications from Design and Transition
- Knowledge of new/changed services from Design and Transition
- Contracts and agreements from Engage activity
- Change requests from Engage and Deliver and Support
- Improvement initiative data from Improve activity

Obtain/Build activity



Typical Outputs for Obtain/Build

- Services, products, modified services/products
- Service components fed to Design and Transition
- Knowledge about service components shared across SVC activities
- Updated information on services/products provided to all activities

Deliver and Support Activity Overview

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- Pertains to operations and maintenance of services
- Maintains service status quo and ensures value delivery
- Involves delivering services and supporting when issues arise
- Hires the majority of IT industry personnel
- Inputs and outputs illustrated in Figure 5-9

Typical Inputs for Deliver and Support

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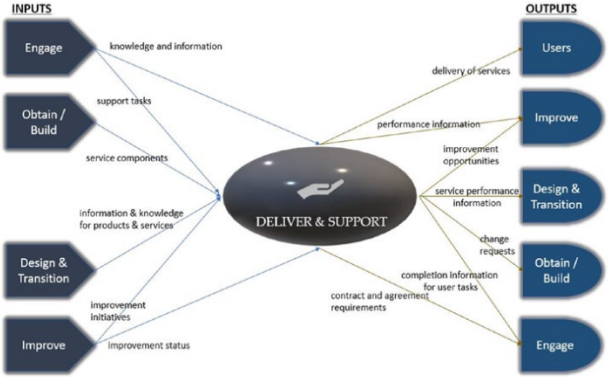
- Incidents and service requests from users via Engage
- Contracts, agreements, and third-party knowledge from Engage
- Transitioned service information from Design and Transition
- Service component data from Obtain/Build
- Improvement plans/statuses from Improve activity

Deliver and Support activity



Typical Outputs for Deliver and Support

- Services delivered and supported via incidents/service requests
- Support task statuses and service performance data to Engage
- Improvement opportunities identified and fed to Improve
- Service performance feedback to Design and Transition
- Change information provided to Obtain/Build for updates

Multiple Choice Question

Which of the following does not figure in the service value system components?

A. Guiding Principles
B. Four Dimensions
C. Practices
D. Continual Improvement