MTI104 - IT Services

Session-02:

ITIL 101: Concepts and Core Foundation

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Introduction

- Starts with Chapter 2, insight into DevOps.
- Avoids comparing ITIL concepts with previous versions.
- Focus on service management concepts.
- Covers value, outcomes, costs, and risks.
- Discusses utility and warranty in service relationships.
- Exam tips provided throughout.

Service Management Overview

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- Importance of service-related options.
- Value of a brand linked to its services.
- Role of service provider in maintaining motion.
- Service management spans various specializations.

ITIL Definition of Service Management

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- Specialized organizational capabilities for value creation.
- Importance of technical maturity and experience.
- Leadership in service management.
- Connection to product management.
- Product and service success interlinked.

Products and Services in ITIL

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- Blurring lines between products and services.
- Example: MS Office vs. Office 365.
- Services drive outcomes for customers.
- Strategy for product management essential.
- ITIL focuses on both, with emphasis on services.

ITIL Definition of a Product

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- Configuration of an organization’s resources for value.
- Resources can be people, processes, products.
- Different ways to offer products: sale, lease, subscription.
- Aim to provide value through organizational resources.

ITIL Definition of a Service

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- Enabling value co-creation for desired outcomes.
- Service provider manages risks and costs.
- Active customer involvement in value creation.
- Example: Benefits of Office 365 vs. traditional products.

Organization in Service Management

- Value creation requires collaboration.
- ITIL definition of an organization.
- Organization roles: Service provider and consumer.
- Example: Microsoft and Verizon mutual relationship.

Service provider and Consumer

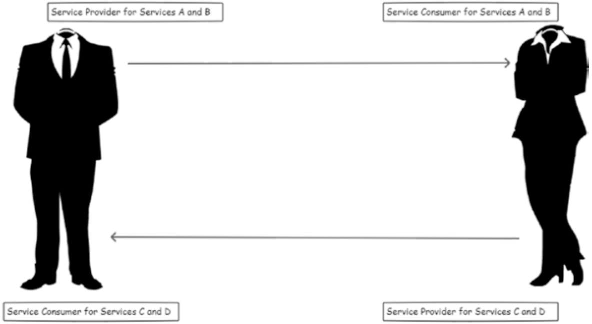

***Figure 3-1.** Service provider and service consumer mutual relationship illustration*

People Roles in ITIL

- Customer, sponsor, user roles.
- ITIL definition of a customer.
- ITIL definition of a sponsor.
- ITIL definition of a user.
- Example: Multinational company purchasing laptops.

Defining Value in IT Services

- Value is perceived by the customer.
- Components of value: outcomes and preferences.
- ITIL definition of value.
- Importance of co-creating value.
- Example: Nokia and Microsoft collaboration.

Elements of value

Outcomes

- Value is co-created between the service provider and the customer.
- Value is highly subjective; perceptions vary between customers.
- Co-creating services tailors them to customer needs.
- ITIL Definition of Output: Tangible or intangible deliverable of an activity.
- ITIL Definition of Outcome: A result for a stakeholder enabled by one or more outputs.
- Customers judge based on outcomes, not just outputs.
- Objectives achieved through service are more important than outputs.

Outcome vs. Output

- Example: Netflix provides entertainment through on-demand videos.
- Outputs: Movies, TV shows, and documentaries.
- Outcomes: Customer entertainment, bonding with family.
- Outputs are tangible; outcomes are intangible.
- Outcomes depend on customer taste and perception.
- Services facilitate outcomes through one or more outputs.
- Metrics should focus on outcomes, not just outputs.

Costs in ITIL

- Costs pertain to financial transactions between consumer and provider.
- ITIL Definition of Costs: Money spent on an activity or resource.
- People costs are a significant part of service costs.
- Costs are calculated based on FTE (Full Time Effort).
- Direct costs: Imposed directly on the customer (e.g., service price).
- Indirect costs: Infrastructure, resources, etc., not directly charged.
- Service costs must be competitive and justified to consumers.

Risk Management in IT Services

- Risks are inherent in every business, including IT services.
- ITIL Definition of Risk: A possible event causing harm or loss.
- Risks can be borne by providers or consumers.
- Example: Uber reduces driving risks but may face connectivity issues.
- Service providers and consumers collaborate to manage risks.
- Requirements definition includes identifying and managing risks.
- Trust between provider and consumer is key in risk mitigation.

Risk Mitigation Strategies

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- Risk Avoidance: Remove or negate the risk.
- Risk Transfer: Shift the risk to another party (e.g., insurance).
- Risk Mitigation: Counter the risk when it materializes.
- Risk Acceptance: Accept and prepare to deal with the risk.
- Example: Avoiding infrastructure uncertainties by canceling work from home.
- Example: Transferring car rental risks to an insurance company.
- Example: Mitigating server crashes with load balancing or failover mechanisms.

Utility and Warranty

- Value is created if a service is fit for purpose and fit for use.
- Fit for Purpose: Service meets all functional requirements.
- Fit for Use: Service is usable and capable of achieving outcomes.
- Utility of a Service: Functionality meeting a particular need.
- Performance Supported: Service must improve business outcomes.
- Constraints Removed: Service should eliminate barriers.
- Value creation requires both fit for purpose and fit for use.

Warranty of a Service

- ITIL Definition of Warranty: Assurance that a service meets agreed requirements.
- Four parts of Warranty:
  - Service availability
  - Sufficient capacity
  - Service continuity
  - Service security
- All four criteria must be met for a service to be fit for use.
- Value is created when both utility and warranty conditions are satisfied.

Criteria for a Service to be Fit for Use

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- Table 3-3 provides the criteria for ensuring that the service is fit for use.
- It is not complete for all permutations and combinations.
- The AND gate provides a FALSE output whenever any of the inputs are FALSE.
- Available capacity and continuity are important factors.
- Security is also a critical factor.
- Without these, the service is not fit for use.
- Service assessments consider utility, warranty, and risks.

Examples of Criteria

- Available Enough?
- Scenario: No mobile coverage in a resort despite claims of good service.
- Capacity Enough?
- Scenario: Unable to make a call due to overloaded network.
- Continuous Enough?
- Scenario: Frequent call drops during an important interview.
- Secure Enough?
- Scenario: Private conversation accessible over the cloud.

Summary of Criteria

- Service must be available, have sufficient capacity.
- Service must be continuous and secure.
- Any missing element devalues the service.
- Example: Cell phone service not fit for use without these.
- Assessments include service utility, warranty, and costs.
- Important for ITIL exam: Focus on elements of service.
- Understand service fit for purpose and fit for use.

Service Offerings

- Service offerings provide options for customers.
- Built on service provider's products.
- Example: Netflix and Amazon Prime.
- Offer multiple options for customers.
- Services built on core products with add-ons.
- Designed to meet all customer needs.
- Service offerings keep the service range attractive.

Types of Service Offerings

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- Products sold as goods: One-time transaction.
- Example: Purchasing a laptop.
- Responsibility for maintenance shifts to the customer.
- Option to lease instead of buying outright.
- Subscription services: Access under stated agreements.
- Example: Netflix, Amazon Prime, car leasing.
- Variants of services based on the same product.

Service Actions

- Maintenance and support are critical.
- Support and warranty enhance product value.
- Services often include built-in support costs.
- Variants of support: Basic, phone, or field support.
- Warranty can be extended for an extra cost.
- Example: Support and warranty options for electronics.
- Service actions contribute to customer satisfaction.

Service Relationships

- Service flourishes through cooperation.
- Value is co-created between provider and consumer.
- Trust is essential for a strong service relationship.
- Both entities must be transparent about needs and capabilities.
- ITIL defines service relationships as cooperation.
- Service relationships include provision, consumption, and management.
- Example: Collaboration between service provider and consumer.

Service Provision

- Service provider manages resources.
- Ensures infrastructure, software, and facilities are maintained.
- Example: Netflix managing content and infrastructure.
- Provides access based on customer agreements.
- Monitors service performance and continuous improvement.
- Example: Netflix analyzing user data and improving services.
- Includes service support as part of the offering.

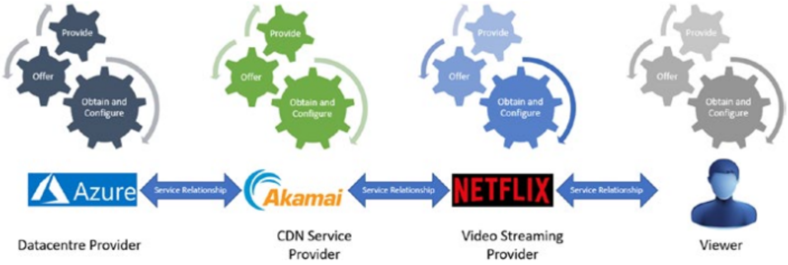
Service Consumption

- Service consumption begins with mutual agreement.
- Consumer provides necessary resources for service use.
- Example: Internet and devices for Netflix.
- Uses service actions for requests and issue resolution.
- Receives goods to complete service transactions.
- Example: Receiving packages from Amazon.
- Consumer responsibilities are key to service consumption.

Service Relationship Model

- Services are often interdependent.
- A provider of one service can be a consumer of another.
- Many-to-many relationships are common.
- Example: Netflix uses Akamai, Akamai uses Microsoft Azure.
- Service relationships form a complex network.
- Value co-creation occurs across multiple entities.
- Understanding these relationships is key in service management.

Service relationship model



Multiple-Choice Question

Which of these is not an example of a service offering?

A. Providing access to service provider's resources

B. Goods receivable

C. Service actions like raising incidents

D. Amount of money spent on a specific activity