ITIL Foundation

ITIL 4 Edition

About Publication

- ► ITIL Foundation – first publication of ITIL 4

- ► Audience – IT and business students, seasoned professionals

1.1 IT service Management in the modern world

- ► Services are the main way that **organizations** create **value** for themselves and their **customers**.

- ► Almost all services today are IT enabled, which means there is tremendous benefit for organizations in creating, expanding and improving there **IT service management capability.**

- ► IT becoming an important business **driver** and source of competitive advantage.

- ► Many organizations are embanking on major transformational programmes.

1.2 About ITIL 4

- ► ITIL has led the ITSM for more than 30 years.
- ► ITIL 4 is re-shaping much of the established ITSM practice in the wider context of:
  - ► Customer experience
  - ► Value Streams
  - ► Digital transformation
  - ► New ways of working
    - ► Lean, Agile, DevSecOps

The History of ITIL

V1
- 1980 – 1990, > 40 books

V2
- 1990 – 2004, 9 books
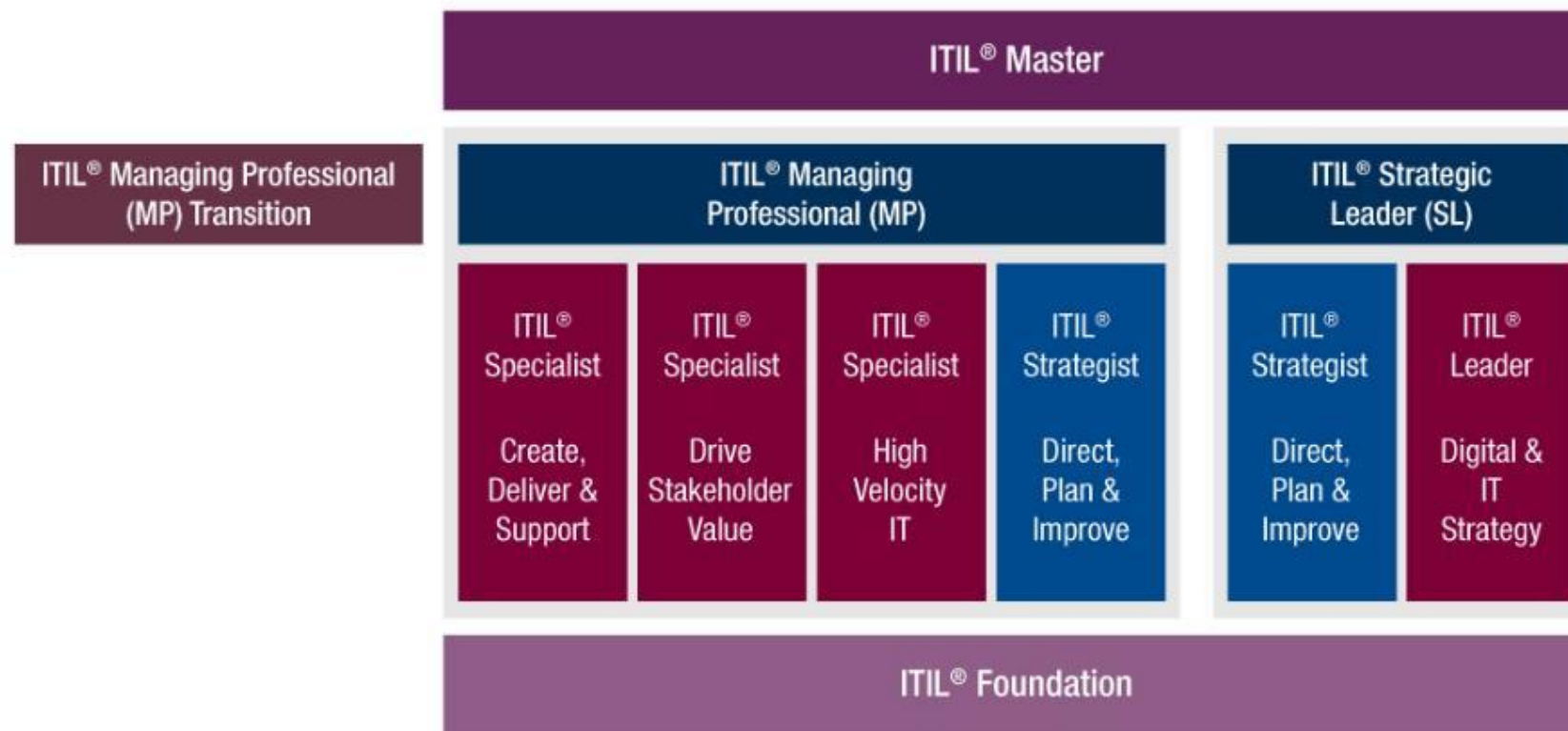- Service Delivery, Service support

V3
- 2007, 5+1 books

V4
- 2019, 1 + 5 books

ITIL Qualification Schema

2 Key concepts of service Management

Important **concepts** of service management:

► The nature of value and value co-creation

► Organizations, service providers, service consumers and other stakeholders

► Products and services

► Service relationship

► Value: outcomes, costs and risks

Service Management

Definition: Service Management

A set of specialized organizational capabilities for enabling value for customers in the form of services.

Developing the specialized organizational capabilities requires an understanding of:

✔ The nature of value

✔ The nature and scope of stakeholders involved

✔ How value creation is enabled through services

2.1 Value and value co-creation

Key message
The purpose of an organization is to create value for stakeholders

Definition: Value
The perceived benefits, usefulness and importance of something.

Value co-creation

Providers should actively seek to establish mutual benefits, interactive relationships with their consumers and **users**, empowering them to be creative collaborators in the service value chain.

2.2 Organizations, Service Providers, Service Consumers, and other Stakeholders

Definition: Organization
A person or a group of people that has its own functions with responsibilities, authorities, and relationships to achieve its objectives.

2.2.1 Service Providers

Key message:

When provisioning the service, an organization takes on the role of the service provider. The provider can be external to the customer's organization, or they can be both part of the same organization.

The provider organization is seen as:

► The IT department of the company

► Selling services on open market

► Part of the service alliance

2.2.2 Service consumers

Key message:

When receiving services, an organization takes on the role of the service consumer.

Definitions:
- Customer A person who defines the requirements for a service and takes responsibility for the outcomes of service consumption.
- User A person who uses a service.
- Sponsor A person who authorizes budget for service consumption.

2.2.3 Other stakeholders

Example of stakeholders:

- ► Provider organization
- ► Partners and suppliers
- ► Investors and shareholders
- ► Government organizations
- ► Regulators
- ► Social groups

Stakeholder	Example of value for stakeholder
Service consumers	Benefits achieved; costs and risks optimized
Service providers	Funding from the consumer, image improvement, business development
Service provider employees	Financial and non-financial incentives, career and professional development, sense of purpose
Society and community	Employment; taxes; organizations contribution to the development of the community
Charity organizations	Financial and non-financial contributions from the organization
Shareholders	Financial benefits, such as dividends; sense of assurance and stability

2.3 Products and Services

Key message
The services that organization provides are based on one or more of its products. Organizations own or have access to a variety of **resources**, including people, information and technology, value streams and processes, and suppliers and partners. Products are **configurations** of these resources, created by the organization, that will potentially be valuable for its customers.

Definitions
- Service A means of enabling value co-creation by facilitating outcomes that customers want to achieve, without the customer having to manage specific costs and risks.
- Product A configuration of an organization's resources designed to offer value for a customer.

2.3.2 Service offerings

Key message
Service Providers present their services to customers in the form of service offerings, which describe one or more services based on one or more products.

Definition: Service offering
A formal description of one or more services, designed to address the needs of a target consumer group. A service offering may include goods, access to resources, and service actions.

Components of service offering

Component	Description	Examples
Goods	Supplied to the consumer Ownership is transferred to the consumer Consumer takes responsibility for future use	A mobile phone Physical server
Access to resources	Ownership is not transferred to the consumer Access is granted or licensed to the consumer under agreed terms and conditions Consumer can only access the resources during the agreed consumption period and according to the agrees service terms	Access to the mobile network, or to network storage
Service actions	Performed by the service provider to address a consumer's needs Performed according to an agreement with the consumer	User support Replacement of a piece of equipment

2.4 Service relationships

Key message
Service relationships are established between two or more organizations to co-create value. In a service relationship, organizations will take roles of service providers or service consumers. The two role are not mutually exclusive, and organizations typically both provide and consume a number of services at a given time.

2.4 The service relationship model

Definitions
Service relationship A cooperation between service provider and service consumer. Service relationship include service provision, service consumption, and service relationship management.
Service provision Activities performed by an organization to provide services. Service provision includes:
- Management of the provider's resources, configured to deliver the service
- Ensuring access to the resource for users
- Fulfilment of the agreed service actions
- Service level management and continual improvement.
Service provision may also include the supply of goods.
Service Consumption Activity performed by an organization to consume service. Service consumption includes:
- Management of the consumer's resources needed to use the service
- Service actions performed by users, including utilizing the provider's resources, and requesting service actions to be fulfilled
Service consumption may also include the receiving (acquiring) of goods
Service relationship management Joint activities performed by a service provider and service consumer to ensure continual value co-creation based on agreed and available service offerings.

2.5 Value: outcomes, costs, and risks

Key message
Achieving desired outcomes requires resources (and therefore costs) and is often associated with risks. Service providers help consumers to achieve outcomes, and doing so, take on some of the associated risks and costs. On the other hand, service relationships can introduce new risks and costs, and in some cases, can negatively affect some of the intended outcomes, while supporting others.

Achieving Value in Relationships

2.5.1 Outcomes

Definition
- Output A tangible or intangible deliverable of an activity
- Outcome A result for a stakeholder enabled by one or more outputs

Business relationship managers (BRMs) in internal IT or HR departments may regularly talk with customers and discuss their need and expectations.

Example:

Output = a car that is clean, road worthy and well maintained

Outcome = travel, that is convenient and affordable and meets a range of needs

2.5.2 Cost

Definition: Cost
The amount of money spent on a specific activity or resource

Two types of cost involved in service relationship:

► Costs removed from the consumer by the service (a part of the value proposition). This may include costs of staff, technology and other resources which the consumer does not need to provide

► Costs imposed on the consumer by the service (the costs of service consumption). The total cost of consuming a service includes the price charged by the service provider (if applicable) plus other costs such as staff training, costs of network utilization, procurement etc. some consumers describe this as what they have to "invest" to consume the service

2.5.3 Risks

Definition: Risks
A possible event that could cause harm or loss or make it more difficult to achieve objectives. Can also be defined an uncertainty of outcome, and can be used in the context of measuring the probability of positive outcomes as well as negative outcomes.

Two types of risks that are of concern to service consumers:

- Risks removed from a consumer by the service (part of the value proposition). This may include failure of the consumers server hardware or lack of staff availability. In some cases service may only reduce a consumers risks but the consumer may determine that this reduction is sufficient to support the value proposition.

- Risks imposed on a consumer by the service (risks of service consumption). An example of this would be the service provides ceasing to trade or experiencing a security breach.

2.5.4 Utility and warranty

Definition
- **Utility** The functionality offered by a product of service to meet a particular need. Utility can be summarized as "what the service does" and can be used to determine whether the service is "fit for purpose". To have utility a service must either support the performance of the consumer or remove constraints from the consumer. Many services do both.
- Warranty Assurance that product or service will meet agreed requirements. Warranty can be summarized as "how the service perform" and can be used to determine whether the service is "fit for use". Warranty often relates to service levels aligned with the needs of service consumers. This may be based on formal agreement, or it may be a marketing message or brand image. Warranty typically addresses such areas as availability of the service, its capacity, levels of security and continuity. A service may be said to provide acceptable assurance or "warranty", if all defined and agreed conditions are met.