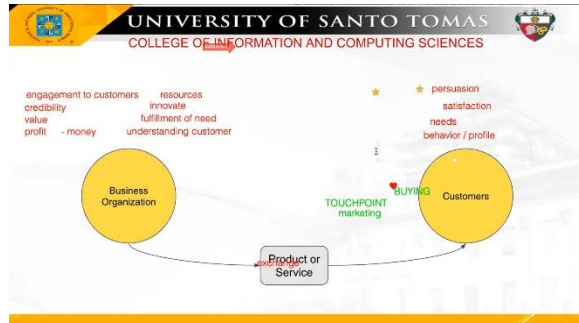# Fundamentals of Business Process Outsourcing

Business Lifecycle

- Objective of marketing: Put the product or service in the doorstep of the customer.
- Marketing by concept is called touchpoint, there is only an interaction, but it doesn't necessarily mean there's a close or connected directed relationship.
- It is important that buying as an activity for us to build a connection between the two.

### What is the thought process of a customer for them to buy?
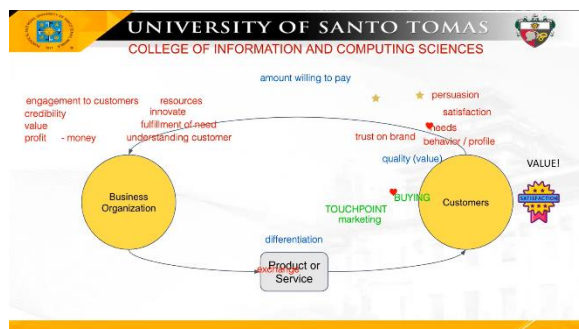
- The first thing that triggers people to buy is need.
- When the need is addressed whether it be physical, social, or other types of need, it makes them satisfied.
- When the customer is finally satisfied, it creates value.
  - Value: The attainment of satisfaction of a need.

### What is the customer reciprocating towards the business?
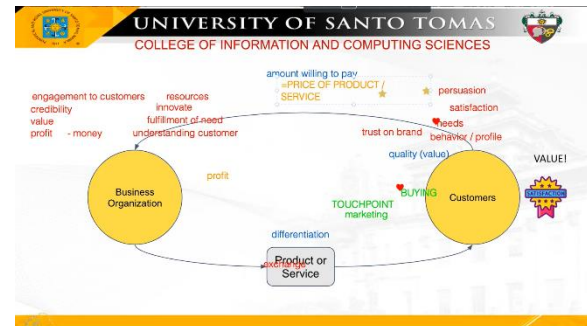
- The price of the product/service is the amount that the customer is willing to pay.
- The totality of the price that the customer is paying translates to revenue.
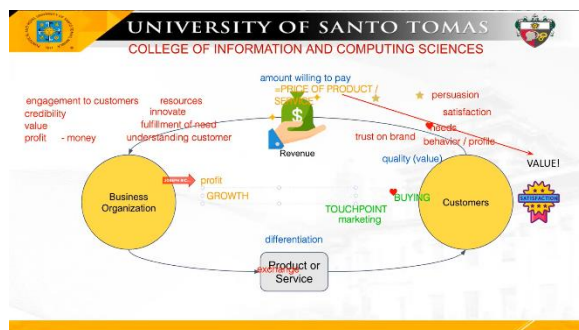
The amount/price of the product, equates to what?
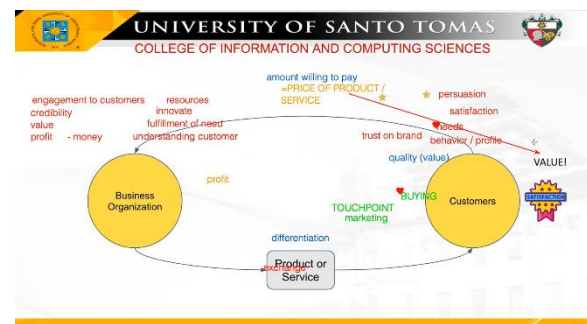
- Value

Is it right that the price of the product is equal to the perceived value of the customer? From the perspective of a business
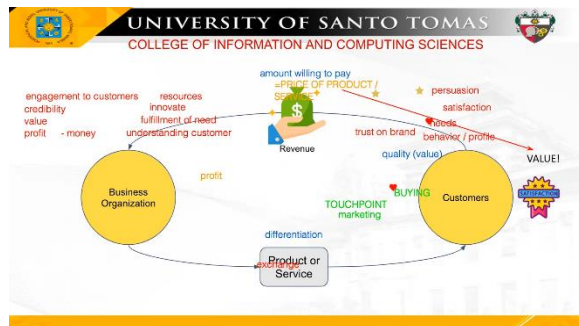
Yes, because it generates a value.

Revenue vs Profit. What drives a business' motivation?

- Profit removes the expenses so in simple terms, eto na yung kinita ng business. It promotes growth.

From the business' perspective, why is it "wrong" to sell a product at a lower price? Example, the business will sell a product equal to their total cost.

- The profit is the premium on top.
  - That premium is what drives an organization.

If the business gets the profit, what does it answer to?

- In reciprocity, the business is also satisfied or there are the needs of the business that are satisfied because of the profit that is generated, likewise, that also translates to the value.

Difference of product and service in service management
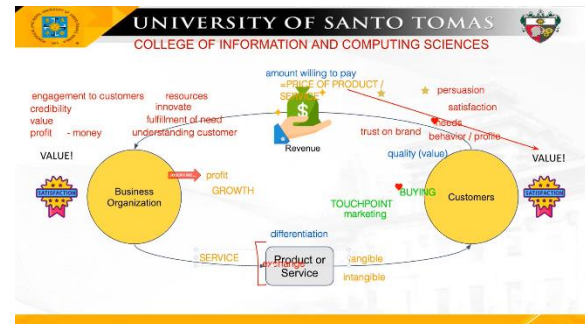
- Both product and service are defined as service in service management.
  - Experience
- In business organizations, it is different it comes down to being tangible/intangible.
  - Senses

Five Functions of Great Management

Planning – Visionary

When you think of planning in a management role, think about it as the process of choosing appropriate goals and actions to pursue and then determining what strategies to use, what actions to take, and deciding what resources are needed to achieve the goals.

Organizing – Efficient Use of Resources

This process of establishing worker relationships allows workers to work together to achieve their organizational goals.

Leading – Command/Trust

This function involves articulating a vision, energizing employees, inspiring and motivating people using vision, influence, persuasion, and effective communication skills.

Staffing – Psychology

Recruiting and selecting employees for positions within the company (within teams and departments).

Controlling/Governance – Metric/Measurement –> Rewards and Recognition

Evaluate how well you are achieving your goals, improving performance, taking actions, put processes in place to help you establish standards, so you can measure, compare, and make decisions.

Organization Cycle
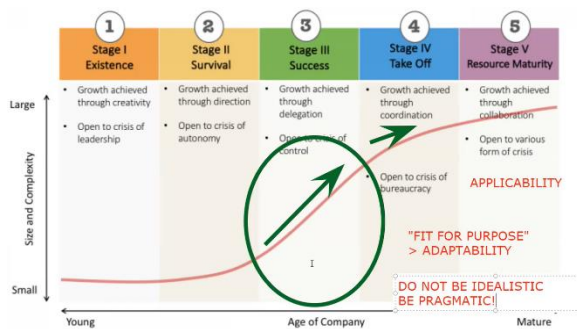

Value Chain Analysis

- Focuses on how a business creates customer value by examining contributions of different internal activities to that value.
- Divides a business into a set of activities within the business.
  - Starts with inputs a firm receives.
  - Finishes with firm's products or services and after-sales service to customers.

- Allows for better identification of a firm's strengths and weaknesses since the business is viewed as a process.

Uses of VCA

- The sources of the competitive advantage of a firm can be seen from its discrete activities and how they interact with one another.
- The value chain is a tool for systematically examining the activities of a firm and how they interact with one another and affect each other's cost and performance.
- A firm gains a competitive advantage by performing these activities better or at lower cost than competitors.
- Helps you stay out of the "No Profit Zone."
- Presents opportunities for integration.
- Aligns spending with value processes.

Strategies of Business
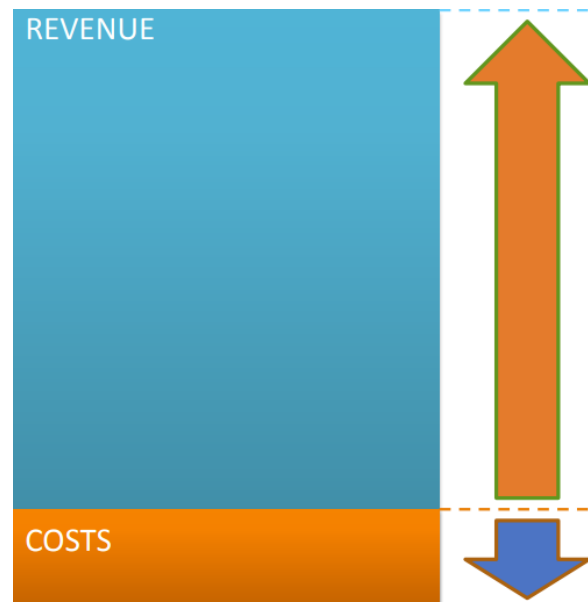
- Cost minimization
- Premium
- Profit Maximization
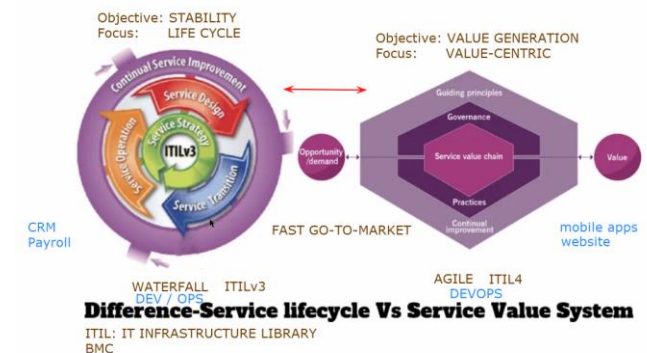
The Framework Business Strategy
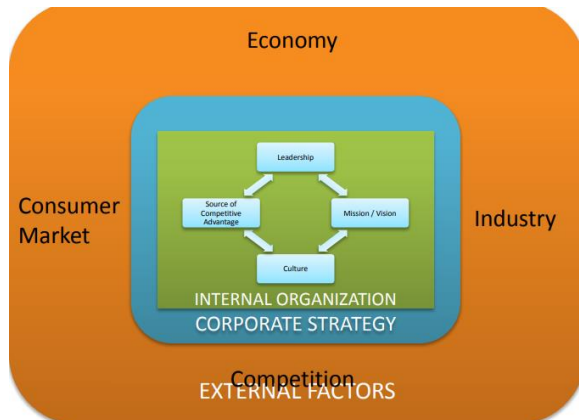
- Businesses need to balance the effects of both internal and external factors through effective strategy.
- Strategy should be able to maximize internal factors to address the external factors.

Levels of Decision Making

Service Management Framework
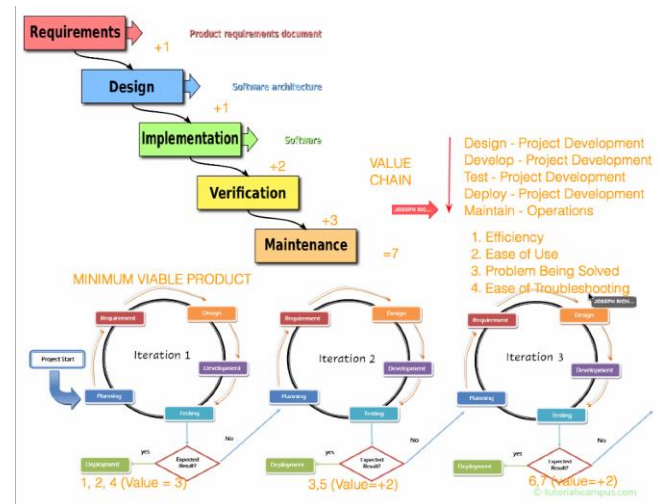
What is ITIL?

- Is a framework not a standard.
- First published by the UK Government in the late 1980s.
- Best practice for IT Service Management.
- Updated to V2 in 2000/2001.
- Updated to V3 in 2007.
- Lifecycle model.
- Greater focus on strategy and business outcomes.

ITIL Service Lifecycle

What is a Service?

Assets, Resources, Capabilities

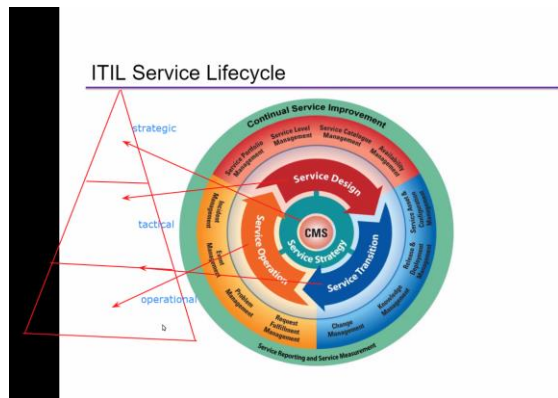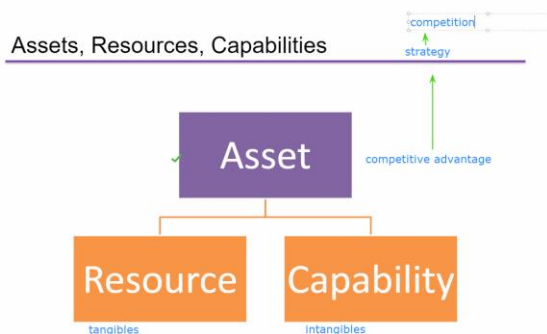# Service Management as a Practice

Service management is:

- A set of specialized organizational capabilities for providing value to customers

- in the form of services
- A set of Functions and Processes for managing services over their lifecycle]

IT Service Management

The implementation and management of quality IT services that meet the needs of the business.

Service Provider

Stakeholders

Service Management Stakeholders
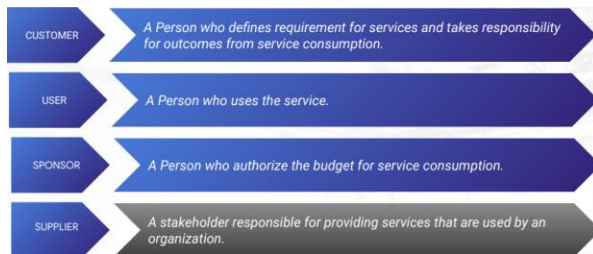
Process

A process is a set of coordinated activities.

- combining and implementing resources and capabilities,
- in order to produce an outcome
- which, directly or indirectly, creates value
- for an external customer or stakeholder

INPUT - PROCESS - OUTPUT (tangible) - OUTCOME (Result)
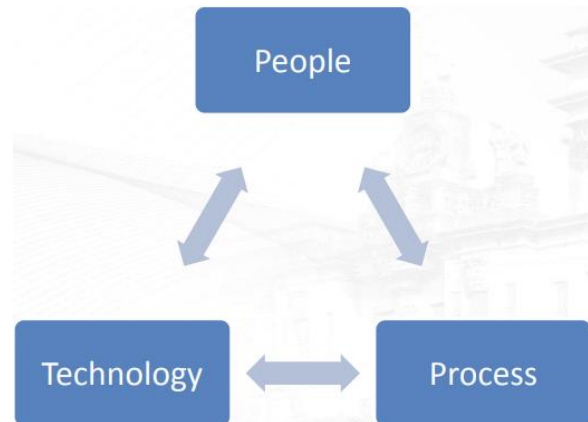REPORT 80% Faster than previous process

-

Characteristics of Process

Figure 3.11 The generic process elements
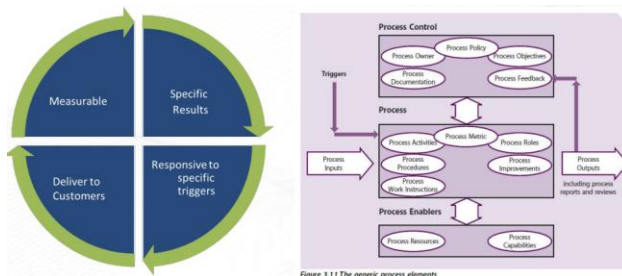
Process Model

- Processes are examples of closed loop systems.
- It is important to consider the entire process or how one process fits into another.

Functions

Functions are units of organizations specialized to perform certain types of work and be responsible for specific outcomes.

Functions are:

- Self-contained entities.
- Provide structure to the organization.
- Define roles and associate responsibility.
- Leads to specialization and optimization.

RACI Model

- **R**esponsible (the "doer")
  - ➤ Person or people responsible for getting the job done.
- **A**ccountable (the "Manager")
  - ➤ Only one person can be accountable for each task.
- **C**onsulted (the "SME")
  - ➤ People whose opinions are sought.
- **I**nformed (the "keep in loop" types)
  - ➤ People kept up to date on the progress.

RACI model ensures adequate spread of responsibilities.

Identifies the activities that must be performed alongside various individuals and roles involve.

Process Owner

- Defines the process strategy.
- Assists in the process design.
- Documents the process.
- Ensures that the process document is available and updated.
- Makes sure that process is being performed as documented.
- Audits the process.
- Defines Process KPIs.
- Makes sure that the process meets its aims.
- Reviews the process strategy and change it if required.
- Monitors and improves the process over time.

Process Manager

- Monitors and reports on process performance.
- Appoints people to the required roles.
- Manages resources assigned to the process.
- Identifies improvement opportunities for inclusion in the CSI register.
- Makes improvement to the process implementation.

Process Practitioner

- Carrying out one or more activities of a process.
- Understanding how their role contributes to the overall delivery.
- Ensuring that inputs, outputs, and interfaces for their activities are correct.
- Creating or updating records to show that activities have been carried out correctly.

Service Owner

- Acts as a primary customer contact for all service-related inquiries and issues.
- Ensures that ongoing service delivery meet agreed customer requirements.
- Identify opportunities for service improvement and take actions.
- Liaise with required process owners throughout the service management lifecycle.
- Accountable for delivery of the service

Suppliers and Contracts

Supplier

- A third party responsible for supplying goods or services.
- These are required by the services provider to enable them to deliver services.

Contract

- A legally binding agreement between two or more parties to supply goods or services.

ITIL v3 Core Publications

- ITIL Service Management
  - Practices - Core Guidance
- Service Strategy
- Service Design
- Service Transition
- Service Operation
- Continual Service Improvement

Service Strategy (Di sure kung kasama to, wala to sa ppt na prinovide ni sir pero nasa recordings)

- Shows organization how to transform Service Management into strategic asset and to then think and act in a strategic manner.
- Helps clarify the relationships between various services, systems, or processes and the business models, strategies, or objectives they support.
- **IT IS A BUSINESS ENABLER**

Key concepts
- ✔ Value Creation
  - Utility and Warranty
- ✔ Service Assets
  - Service Capabilities and Resources
- ✔ Service Provider Types
  - Type I, II, III
- Developing Service Offerings
  - Service Portfolio

Processes
- Service Portfolio Management
- Demand Management
- Financial Management
- Business Relationship Management

Service Design (Di sure kung kasama to, wala to sa ppt na prinovide ni sir pero nasa recordings)

- Provides guidance for the design and development of services and Service Management processes.
- The scope includes new services, and the changes and improvements necessary to increase or maintain value to customers over lifecycle of services.

-

Service Transition (Di sure kung kasama to, wala to sa ppt na prinovide ni sir pero nasa recordings)

- Plan and implement the deployment of all releases to create a new service or improve an existing service.
- Assure that the proposed changes in the Service Design Package are realized.

-

Continual Service Improvement (Di sure kung kasama to, wala to sa ppt na prinovide ni sir pero nasa recordings)

- Aims to continually align IT services to changing business needs by identifying and implementing improvements.
- Continually looking for ways to improve process efficiency and effectiveness as well as cost effectiveness.
- Works to improve each stage in the lifecycle.
  - Not just current services, people, and processes.

Service Operations

Event

- An event can be defined as any detectable or discernible occurrence that has significance for the management of the IT Infrastructure or the delivery of IT service.

Event Management – Basic Concepts

Alert

- A notification that a threshold has been reached, something has changed, or a failure has occurred.
- Alerts are often created and managed by system management tools and are managed by the event management process.

Event Management – Basic Concepts

- Active monitoring tools that poll key CIs to determine their status and availability. Any exceptions will generate an alert that needs to be communicated to the appropriate tool or team for action.
- Passive monitoring tools that detect and correlate operational alerts or communications generated by CIs.

Event Management

- The ability to detect events, make sense of them and determine the appropriate control actions is provided.
- Event Management is therefore the basis for Operational Monitoring and Control.

Event Management – Objectives

- Detect all changes of state that have significance for the management of a CI or service.
- Determine the appropriate control action for events and ensure these are communicated to the appropriate functions.
- Provide the means to compare actual operating performance and behavior against design standards and SLAs.

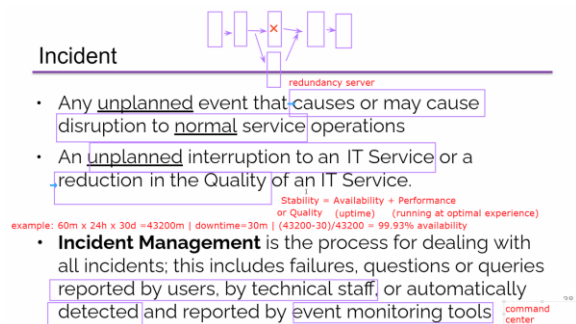- Provide a basis for service assurance and reporting, and service improvement.

Event Management – Scope

- Cis (Configuration Item (identification for IT Assets)
- Environmental conditions.
- Software license monitoring for usage to ensure optimum/legal license utilization and allocation.
- Security (e.g. intrusion detection).
- Normal activity (e.g. tracking the use of an application or the performance of a server).

Event Management – Roles

- Service Desk
- Technical Management
- Application Management
- IT Operations Management

Incident (Issue -> Incident)

Incident

- Any unplanned event that causes or may cause disruption to normal service operations
- An unplanned interruption to an IT Service or a reduction in the Quality of an IT Service.

redundancy server

Stability = Availability + Performance or Quality   (uptime)   (running at optimal experience)
example: 60m x 24h x 30d =43200m | downtime=30m | (43200-30)/43200 = 99.93% availability

- **Incident Management** is the process for dealing with all incidents; this includes failures, questions or queries reported by users, by technical staff, or automatically detected and reported by event monitoring tools

command center

Incident Management - Objective

- Restore normal service operation as quickly as possible and minimize the adverse impact on business operations thus ensuring that the best possible levels of service quality and availability are maintained.

Incident Management - Scope

- Any event which disrupts or could disrupt a service.
- Managing any disruption or potential disruption to live IT services.

Incident are identified:

- Directly by users through the Service Desk.
- Through an interface from Event Management to Incident.
- Management tools.
- Reported and/or logged by technical staff.

Incident Management – Value to business

- Quicker incident resolution leads to higher availability of service.
- Align IT activities to business priorities.
- Identify potential improvements leads to improved quality.
- The service desk can, during its handling of incidents, identify additional service or training requirements found in IT or the business.

Incident Management – Basic Concepts

- Timescales
- Incident Model
- Major incident
- Escalation

Incident Management Model

The Incident Management Model should include:

- The steps that should be taken to handle the incident.
- The chronological order these steps should be taken in, with any dependencies or co-processing defined.
- Responsibilities, who should do what

- Timescales and thresholds for completion of actions
- Escalation procedures, who should be contacted and when.
- Any necessary evidence preservation activities.

Incident Management – Activities

- Identification
- Logging
- Categorization
- Prioritization
- Initial diagnosis
- Escalation
- Investigation and diagnosis
- Resolution and recovery
- Closure

Incident Mgt – Key Performance Indicators

- Total number of incidents (as a control measure).
- Breakdown of incidents at each stage.
- Size of current incident backlog
- Number and percentage of major incidents.
- Mean elapsed time to achieve incident resolution or circumvention, broken down by impact code.
- Percentage of incidents handled within agreed response time.
- Percentage of incidents resolved by Service Desk (first line fix).
- Percentage resolved within agreed SLA target.
- Number and percentage of Major incidents.
- Number and percentage of incidents correctly assigned.
- Average cost of incident handling.

Incident Mgt – Roles

- Incident Manager
- First-line Support
- Second-line Support
- Third-line Support (Technical Management, IT Operations, Applications Management, Third-party suppliers)

Incident Mgt – Challenges

- Ability to detect incidents as quickly as possible (dependency on Event Management).
- Ensuring all incidents are logged.
- Ensuring previous history is available (Incidents, Problems, Known Errors, Changes).
- Integration with Configuration Management System, Service Level Management, and Known Error Database (CMS, SLM, KEDB).

Request Fulfillment

- The term "Service Request" is used as a generic description for many varying types of demands that are placed upon the IT Department by the users.
- Many of these are actually small changes - low risk, frequently occurring, low cost, etc.

Request Fulfillment – Objectives

The objectives of the Request Fulfillment process include:

- To provide a channel for users to request out the receive standard services for which a defined pre-approval process exists.
- To provide information to users and customers about the availability of services and the procedure for obtaining them.
- To source and deliver the components of requested standard

services (e.g. licenses and software media).

- To assist with general information, complaints or comments.

Request Fulfillment –Basic Concepts

- Service Request.
- A request from a user for information or advice or for a Standard Change.
- Request Model (similar to incident model).
- Self-help.

Request Fulfillment - Roles

- Not usually dedicated staff.
- Service Desk staff.
- Incident Management staff.
- Service Operations teams.