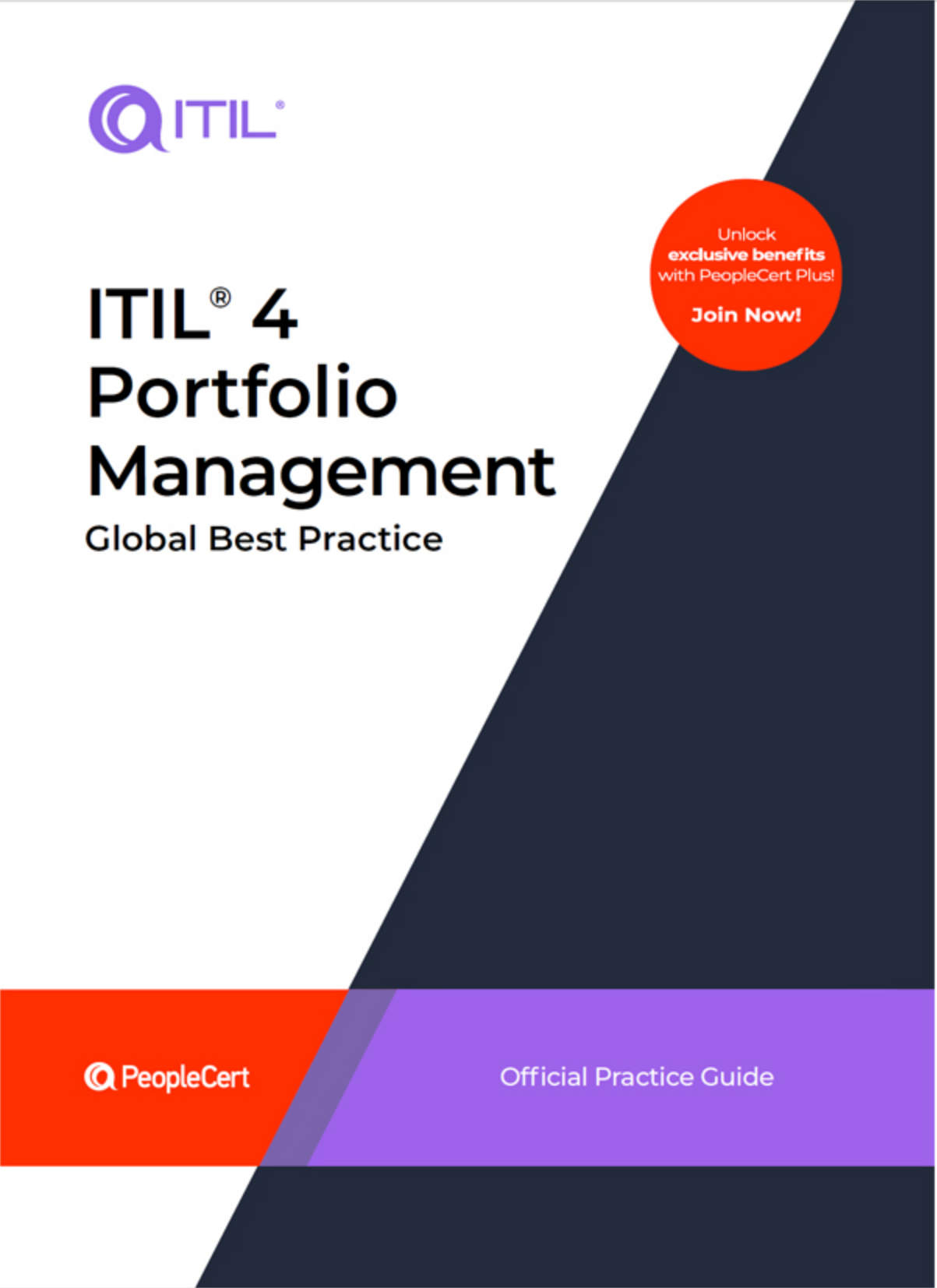


ITIL® 4 Portfolio management | Official Practice Guide

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# ITIL<sup>®</sup> 4 Portfolio Management

Global Best Practice



# Unlocking your potential to achieve more

## Welcome to the ITIL® 4 Portfolio Management Official Practice Guide.

Established in 2000, **PeopleCert** is the global leader in the certification industry. **PeopleCert** develops global best practice frameworks and certifications, manages exams, and delivers certifications. Its product portfolio in IT & Digital Transformation, Project Management, Business, and Languages includes two of the most globally recognized IP-protected frameworks, developed and evolved by the UK Government over 30 years: ITIL® and PRINCE2®.

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Published by PeopleCert International Ltd.  
 ISBN: 978-9925-34-554-0 (Digital)  
 ISBN: 978-9925-34-553-3 (Print)  
 ISBN: 978-9925-34-555-7 (ePub)  
 Published in Cyprus  
 Publication printed in Greece or reproduced electronically in Greece

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Welcome



# Acknowledgements

PeopleCert is grateful to everyone who has contributed to the development of this Official Practice Guide. These Official Practice Guides incorporate an unprecedented level of enthusiasm and feedback from across the ITIL community. In particular, PeopleCert would like to thank the following people.

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## 2024 Revision

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## Information icons

-  Key message
-  Definition
-  Tip



# Chapter 1

## About this guide

This Official Practice Guide provides practical guidance for the portfolio management practice. It is split into seven main sections, covering:

- general information about the practice
- the practice's processes and activities and their roles in the service value chain
- the organizations and people involved in the practice
- the information and technology supporting the practice
- considerations for partners and suppliers for the practice
- information on assessing and developing the capability of the practice
- recommendations for succeeding in the practice.

### ITIL® 4 qualification scheme

Selected content from this guide is examinable as a part of the following syllabi:

- **ITIL® 4 Specialist:** High-Velocity IT
- **ITIL® 4 Specialist:** Drive Stakeholder Value
- **ITIL® 4 Leader:** Digital & IT Strategy.

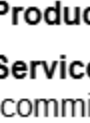
Please refer to the respective syllabus documents for details.



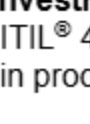
# Chapter 2

## General information

### 2.1 Purpose and description

**Key message**

The purpose of the portfolio management practice is to ensure that the organization has the right mix of programmes, projects, products, and services to execute the organization's strategy within its funding and resource constraints.

**Portfolio**

A collection of assets into which an organization chooses to invest its resources in order to receive the best return.

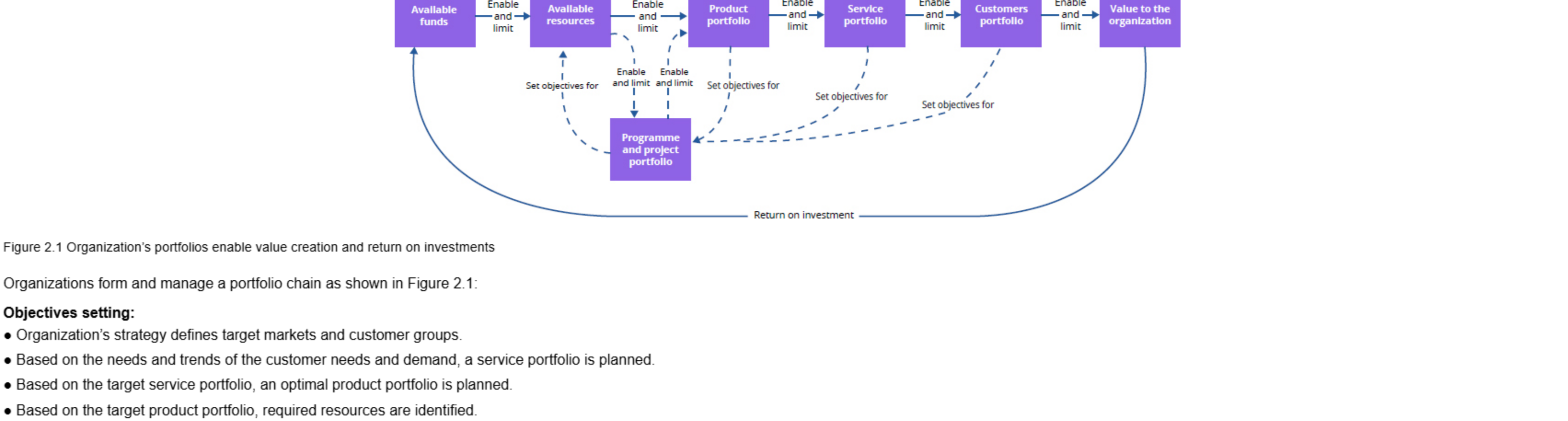
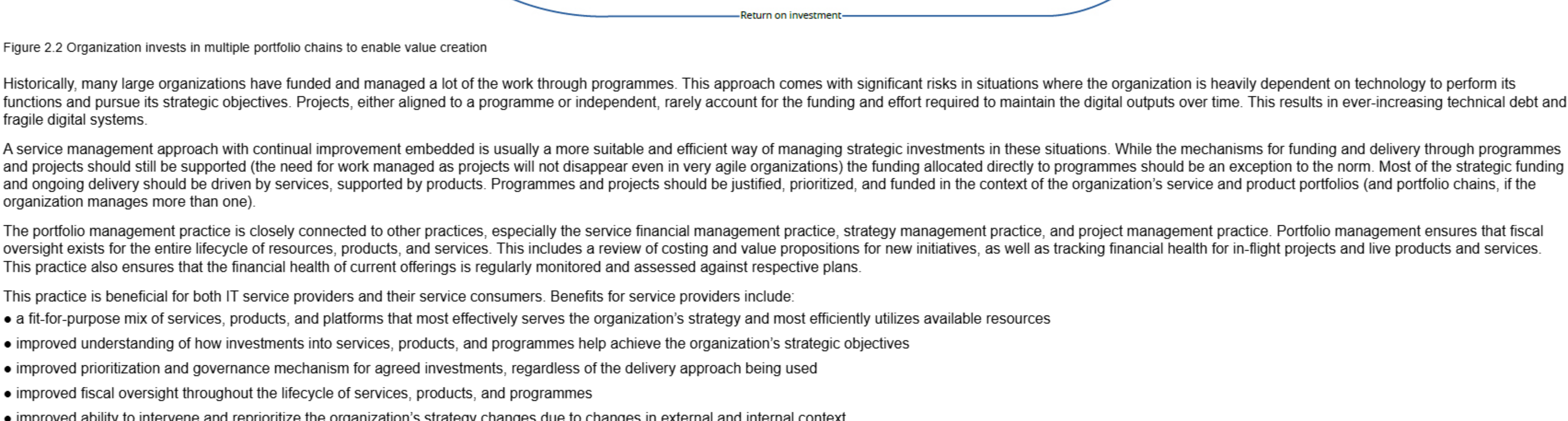
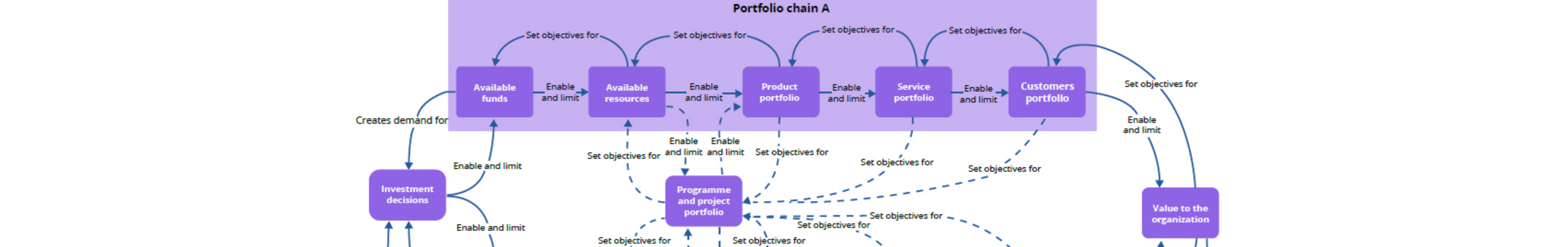


Figure 2.1 Organization's portfolios enable value creation and return on investments

Organizations form and manage a portfolio chain as shown in Figure 2.1:

- Objectives setting:**
- Organization's strategy defines target markets and customer groups.
  - Based on the needs and trends of the customer needs and demand, a service portfolio is planned.
  - Based on the target service portfolio, an optimal product portfolio is planned.
  - Based on the target product portfolio, required resources are identified.
  - Based on the target resource portfolio, required funds are identified.
  - Based on the target changes in the current products, services, and customer relationships, supporting programmes and projects are identified, along with respective budgets.
- Objectives fulfillment:**
- Based on the organization's constraints and priorities, selection of the most relevant resources and initiatives is made. Funds are allocated to procure necessary resources and execute the relevant projects and programmes.
  - Agreed programmes and projects are executed to create or change the organization's products, create, change, offer and deliver the agreed services, and serve and support the agreed target customer groups.



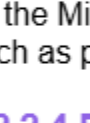
### 2.2 Terms and concepts

- #### 2.2.1 Resource constraints
- Organizations can only deliver a limited number of services, programmes, and initiatives at any time. Often, the constraints are or are seen as financial; the available budget can be too small to fund all the organization's desired initiatives. The lack of funding can also manifest itself through, for example, not having enough staff or not having the right skill sets. Not all constraints can be solved with additional funding though; tight deadlines, legislative requirements, or the reality of business cycles are often outside the sphere of control for a single organization and their funding choices. Rigid or constraining factors increase the importance of having well-functioning prioritization mechanisms.
- The portfolio management practice includes identifying and quantifying constraints, and using them for prioritizing and optimizing portfolio initiatives.
- #### 2.2.2 Portfolio prioritization
- The key principle for the portfolio management practice is focus on value. In the context of this practice, prioritization is a process of determining where investments will add the most value. Prioritization means identifying which portfolio initiatives (including services, products, and programmes) should be funded and implemented first, suspended, or retired.
- The factors that are considered in prioritization include:
- value for customers
  - degree of strategic alignment
  - resource availability and quality
  - effort required
  - current portfolios and the interdependencies
  - risks
  - time available and urgency
  - cost of delay
  - economic and financial factors, including direct and indirect benefits and costs
  - source and type of demand, including target markets and consumer groups
  - compliance
  - sustainability
  - social responsibility
  - innovation and technology advantages.
- Each organization should choose prioritization criteria and specify the weight that each criterion will have in the prioritization exercise. These criteria become a part of the organization's approach to portfolio management.
- Different portfolios might have different sets of criteria or weightings. Assessment criteria should be defined for a single portfolio initiative, as well as for the whole portfolio.
- The portfolio management practice ensures that the agreed prioritization approach and models are communicated, adopted, and used consistently for similar portfolio initiatives.
- #### 2.2.2.1 Cost of delay
- A useful technique for prioritization is the estimation of the 'cost of delay' of a new or improved portfolio item. This technique assesses the benefits that are expected to be lost as a result of delay. This applies to both the initial prioritization of a portfolio and the continual evaluation and reprioritization of current portfolio items.
- Cost of delay can be applied to decision-making at various levels, from large investments at a product or service level within a product or service portfolio, to smaller investments at a feature level within products or services, to operational tasks.
- #### 2.2.2.2 Sustainability
- In the context of portfolio management, we can talk about four aspects of sustainability. Firstly, connected to business continuity, an understanding of whether the choices made in portfolio planning and prioritization represent a sustainable business approach for the organization. Secondly, whether the portfolio supports the strategic sustainability objectives as agreed and committed to by the organization. Thirdly, whether the services and programmes funded through portfolios deliver sustainable solutions and align to sustainability rules, standards, policies, and guidelines. And fourthly, whether the components used to build and deliver the services and programmes are themselves sustainable and sustainably sourced.
- #### 2.2.2.3 A/B testing
- A/B testing is one of the faster, more efficient cost-benefit techniques that is used for prioritization in situations with many unknowns, high risks, or conflicting strategic options. It involves testing basic versions of potential portfolio items (such as the Minimum Viable X approach) by offering different versions of a portfolio item (such as a feature, product, or service) to different groups of consumers and analysing their responses. The most popular item (measured through indicators such as positive feedback, number of downloads, volume of service traffic, and so on) should be developed further. For more on A/B testing, see ITIL® 4: High-Velocity IT.
- #### 2.2.2.4 Portfolio optimization
- A portfolio is optimized when the organization managing the portfolio generates the highest value return by selecting the most appropriate investments.
- Portfolio items should be reviewed and assigned one of the following categories:
- **Retain:** portfolio items that perform according to the initial value proposition, have positive value realization monitoring reports, and are aligned with and relevant to the organization's strategy.
  - **Promote:** portfolio items that exceed the planned value realization, gain a better market share, or get better market response than expected, and that are aligned with and relevant to the organization's strategy. These portfolio items may get additional investment.
  - **Retire:** these portfolio items no longer meet a business objective or strategy. They may be identified by customers or technical groups, but many will only be identified during the service portfolio review.
  - **Replace:** these portfolio items do not meet required levels of technical and functional fitness. A new portfolio item is needed in order to meet these requirements.
  - **Renew or rationalize:** these portfolio items still have value realization potential, but they need to be renewed to align with the changed technology, operational, market, or consumer requirements. Rationalization also applies to portfolio items with unclear or overlapping business functionalities.
- There is a simpler technique called buy/hold/sell that follows the same approach:
- **Buy:** invest in improving or extending the product
  - **Hold:** spend as little as possible to maintain the product, as long as the costs are affordable
  - **Sell:** invest in retiring, reducing, or replacing the product.
- Organizations choose the prioritization approach that suits them. It is important that this approach is used consistently across the organization.

### 2.3 Scope

- The portfolio management practice is a coordinated collection of strategic decisions that enable the most effective balance of organizational change and business as usual. The practice achieves this by:
- developing and applying a systematic framework to define and deliver a portfolio of products, services, programmes, and projects that support specific strategies and objectives
  - defining products and services and linking their outputs to the achievement of agreed outcomes, thereby ensuring that all value chain activities are aligned with value definition and the related success factors
  - evaluating and prioritizing required service and product development and maintenance work, new service, product, programme, and project proposals; and other change initiatives based on resource constraints, existing commitments, and the organization's strategy and objectives
  - implementing a strategic investment appraisal and decision-making process based on an understanding of the value, costs, risks, resource constraints, interdependencies, and impacts on existing business activities
  - analysing and tracking investments based on the value of services, products, programmes, and projects to the organization and its customers
  - monitoring the performance of the overall portfolio and proposing adjustments in response to changing organizational priorities
  - reviewing portfolios in terms of progress, outcomes, costs, risk, benefits, and strategic contribution.
- There are several activities and areas of responsibility that are not included in the portfolio management practice, although they are still closely related to portfolio management. These are listed in Table 2.1, along with references to the practices in which they can be found. It is important to remember that ITIL practices are merely collections of tools to use in the context of value streams; they should be combined as necessary, depending on the situation.
- | Activity  | Official Practice Guide  |
|---|--|
| Developing an IT strategy that supports the organization  | Strategy management  |
| Conducting market studies   | Business analysis  |
| Coordinating and managing input from stakeholders   | Relationship management  |
| Estimating and assessing service cost   | Service financial management   |
| Evaluating resources required for a service, product, programme, or project                                     | Project management<br>Service financial management                     |
| Allocating human resources  | Workforce and talent management<br>Capacity and performance management |
| Assessing service utilization   | Capacity and performance management                                    |
| Maintaining a detailed list of assets and supporting services and products that define each service and product | Service configuration management<br>IT asset management                |

### 2.4 Practice success factors

**Practice success factor (PSF)**

A complex functional component of a practice that is required for the practice to fulfil its purpose.

- APSF is more than a task or activity; it includes components from all four dimensions of service management. The nature of the activities and resources of PSF within a practice may differ, but together they ensure that the practice is effective.
- The portfolio management practice includes the following PSFs:
- a shared view of target service levels with customers
  - how the organization meets the defined service levels through the collection, analysis, storage, and reporting of the relevant metrics for the identified services
  - ensuring sound investment decisions for programmes, projects, products, and services within the organization's resource constraints
  - ensuring the continual monitoring, review, and optimization of the organization's portfolios.
- #### 2.4.1 Ensuring sound investment decisions for programmes, projects, products, and services within the organization's resource constraints
- Capturing and tracking initiatives is often sufficient for smaller organizations or organizations with relatively few initiatives. However, there are often conflicting priorities within an organization. The portfolio management practice ensures that all internal and external stakeholder perspectives are included and prioritized. The most important initiatives are given adequate resources before additional initiatives are addressed.
- Strategic alignment is crucial for investment prioritization. Portfolio items that will help achieve strategic objectives are generally given higher priority than those that will not. The organizational strategy should be translated by the practice into clear criteria and scoring mechanisms that can be applied to each portfolio item. A strategically aligned portfolio represents an organization's plan for achieving its objectives.
- Criteria and weights for criteria should be transparent and applied consistently. Consistency can be facilitated by ensuring that all new submissions include the same data points. For example, a formal portfolio management submission process could include pointers to the approved financial valuation approach, organizational strategy, and the adopted risk management framework. The portfolio management practice does not include the development of the financial valuation approach or organizational strategy; instead, it incorporates these inputs to facilitate decision making. The portfolio management practice is a good source of feedback to the service financial management, strategy management, and risk management practices, among others.
- When investment decisions are made, it is important to communicate those decisions to stakeholders. Portfolios are key communication tools to internal and external stakeholders. For this reason, it is imperative that the information in a portfolio is accurate and up to date.
- Appropriate resources, activities, and tools are needed to achieve this outcome. Each portfolio should be assigned an owner, an individual who is responsible for ensuring that the portfolio is reviewed, prioritized, and updated regularly. The portfolio owner ensures that definitive, comprehensive portfolio information is captured, updated, and shared through a designated mechanism or tool. All stakeholders should know where they can find the most up-to-date list of planned and existing investments and services. Portfolio ownership is especially important in product-focused organizations, where product teams have significant autonomy and product owners can become unaware of the wider organizational context.
- In addition to the portfolio-level visibility of organization's priorities, the visibility and transparency of current portfolios and the decision-making processes signals organizational-level strategic commitment to teams delivering services, products, programmes, and projects. When building individual portfolio-aligned roadmaps and backlogs, making trade-offs between technology options, choosing the best sourcing option, planning for long-term continuity of artefacts, and so on, the confidence of knowing what the organization's strategic (and funded) priorities are is an important aspect of and contributor to quality of delivery and overall job satisfaction.
- To be able to ensure sound investment decisions, the portfolio management practice should be based on the organization's understanding of its key resources, as well as how valuable these resources are to the organization's stakeholders, including external customers and strategic partners.
- Key resources for portfolios come from all four dimensions of service management.
- **Organizations and people:** competence, leaders, experience, knowledge, and cultural advantages
  - **Value streams and processes:** work methods, frameworks, techniques, and approaches
  - **Information and technology:** applications, data, hardware, and intellectual property
  - **Partners and suppliers:** supplier contracts, relationships, loyalty, partnerships, and alliances.
- The main focus of the portfolio management practice is continuous prioritization and reprioritization supported by transparent communication. This ensures that investment decisions bring the most value from each individual item, as well as the most cumulative value to a portfolio.
- A portfolio management approach to investment prioritization (or, in wider sense, resource allocation) should be clearly communicated to all relevant levels of decision-making. The approach can be of varying formality depending on the organization's scale and complexity and it can be helpful to follow the ITIL guiding principles when it is being defined and applied.

#### 2.4.2 Ensuring the continual monitoring, review, and optimization of the organization's portfolios

- Identifying the investment that promises the most value is not enough. That investment should be monitored to ensure that it is enabling expected value and the original value proposition of the portfolio item remains valid. Some investments will fail to demonstrate the value that was originally expected. Other investments may provide positive returns but may no longer align with the organizational strategy.
- All portfolio items, old and new, should be reviewed regularly. Any portfolio item can lessen in value due to the nature of the service, organization, or environment. Because resource constraints generally apply to an entire portfolio, it is critical that all portfolio items are reviewed to enable resource redistribution and indicate new investment opportunities. Continual monitoring and review are a key element of a defining a portfolio.
- To facilitate the review process, a set of criteria needs to be defined to track, assess, and validate the value realization of a portfolio item. This set of criteria forms a 'definition of done' for portfolio item value realization. Besides the tangible indicators (functional, fiscal, performance, and so on), it should include intangible indicators of experienced value (organization's image, reputation, team spirit, morale, customer satisfaction, and more). The definition of done can be a value proposition, acceptance criteria, benefit realization plan, and so on.
- The portfolio management practice can provide a health check template that contains assessment criteria that capture the value realization of all current portfolio items. A template will allow comparison across portfolio items by requiring key information reports that indicate all the value realization indicators that are valid for the organization (for example, the fiscal and technical health, return on investment, level of strategic alignment, size of customer base, risks or technical debt, and so on).
- Investment health reports should be reviewed and measured against thresholds that would indicate a problem or the need for a closer inspection. Organizations use different approaches to review exceptions and portfolio items that underperform. Some organizations deploy crisis teams to investigate and report back; others provide predefined improvement plans to those portfolio items. The speed and level of intervention should be in proportion to the relative size or importance of the portfolio item.
- Based on the findings from the ongoing reviews, new initiatives and interventions should be recommended by the portfolio management team. Interventions can range from increasing investment to completely retiring a service. The impact of these interventions should also be understood and prioritized in the context of the remaining portfolio items.

### 2.5 Key metrics

- Key metrics for the portfolio management practice are mapped to its PSFs. They can be used as KPIs in the context of value streams to assess the contribution of the practice to the effectiveness and efficiency of those value streams. The key metrics are listed in Table 2.2.
- The effectiveness and performance of the ITIL practices should be assessed within the context of the value streams to which the practices contribute. The context of the business and the value streams is important to define what is considered good or not so good performance of a practice. This is why this Official Practice Guide cannot recommend universal key performance indicators for portfolio management: the target values for each metric can only be defined in the organization's context.

Practice success factors	Key metrics
Ensuring sound investment decisions for programmes, projects, products, and services within the organization's resource constraints	Planned versus actual return on investment Stakeholders' satisfaction with the organization's portfolios Number and percentage of the strategic decisions supported by existing portfolios
Ensuring the continual monitoring, review, and optimization of the organization's portfolios	Adherence to the portfolio review schedule Dynamics of portfolio effectiveness Stakeholders' satisfaction with portfolio communications Number and percentage of incorrect portfolio decisions

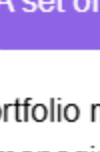


# Chapter 3

## Value streams and processes

### 3.1 Processes

Each practice includes one or more processes and activities necessary to fulfil the purpose of that practice.

 **Process**

A set of interrelated or interacting activities that transform inputs into outputs. A process takes one or more defined inputs and turns them into defined outputs. Processes define the sequence of actions and their dependencies.

Portfolio management activities form two processes:

- managing the organization's approach to portfolios
- managing the portfolios' lifecycles.

#### 3.1.1 Managing the organization's approach to portfolios

This process is focused on defining, agreeing, and promoting an organization-wide common approach to portfolios between various stakeholders. It includes the activities listed in Table 3.1 and transforms the inputs into outputs.

Table 3.1 Inputs, activities, and outputs of the 'managing the organization's approach to portfolios' process

Key inputs	Activities	Key outputs
Organizational strategy Analysis of the organization's key resources Information on the organization's funds and financial state Organizational budget Service and product information Assessment of the organization's market position and benchmarking Stakeholder information Services and markets risk assessment Reports and suggestions from portfolio reviews	Analyse the organization's strategy and resources Develop and agree the portfolio management approach Develop and agree the portfolio management guidelines for different portfolio groups and categories Communicate the portfolio management approach and guidelines to key stakeholder groups Review and adjust the portfolio management approach and guidelines	Portfolio management approach Criteria for portfolio assessment Portfolio management approach and guidelines communications Portfolio development roadmap Improvement initiatives

Figure 3.1 shows a workflow diagram of the process.

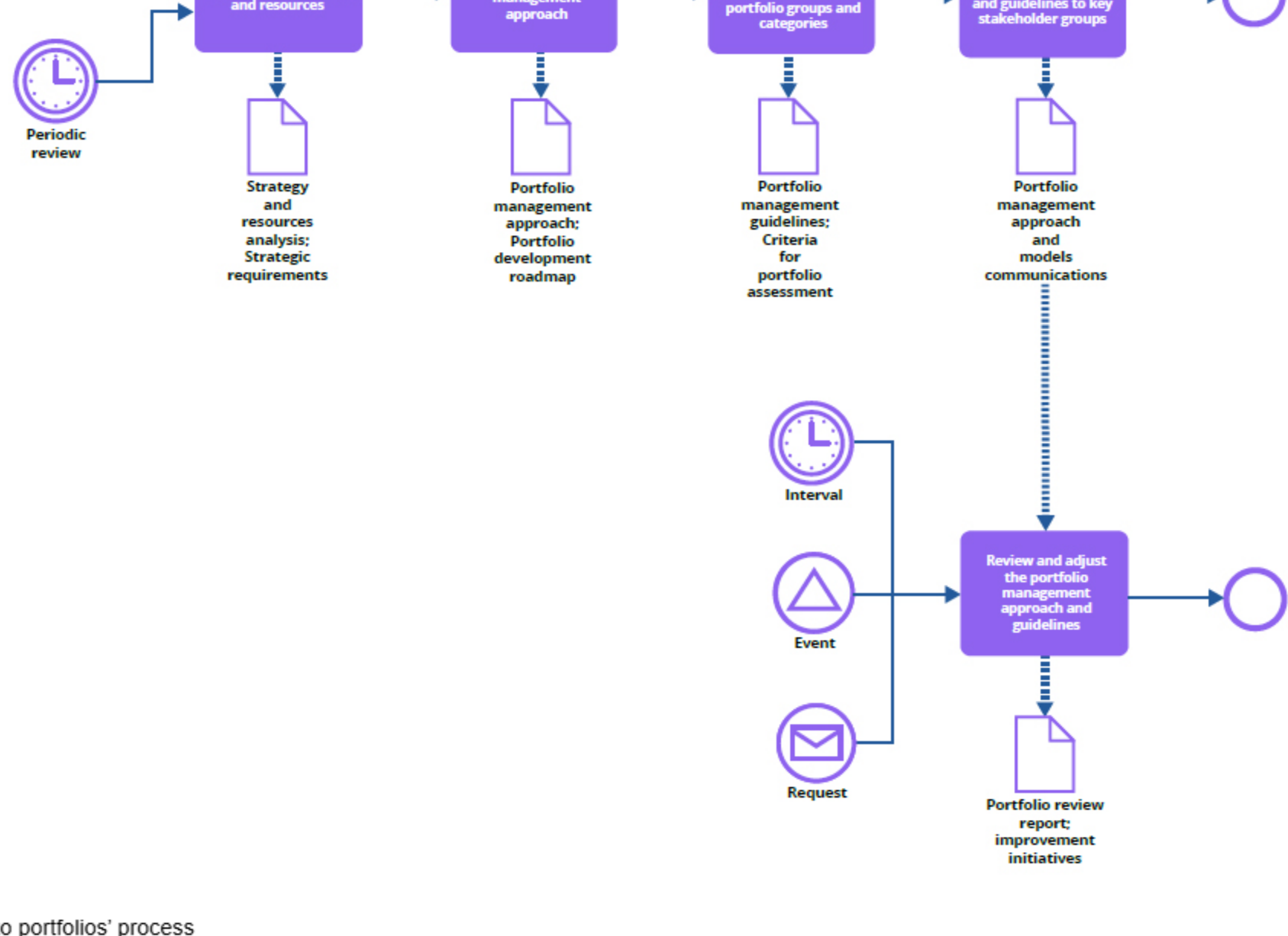


Figure 3.1 Workflow of the 'managing the organization's approach to portfolios' process

Table 3.2 provides an overview of the process activities.

Table 3.2 Activities of the 'managing the organization's approach to portfolios' process

Activity	Description
Analyse the organization's strategy and resources	The organization's leaders (in collaboration with stakeholders across the organization, and where relevant, supported by external consultants) analyse the organization's existing portfolios and portfolio management approach, as well as how these support the organization's strategy. They also analyse key resources the organization has in all four dimensions of service management. At this stage it is useful to define the organization's overall strategy relevant to, at a minimum, the services and products portfolio, the programme and project portfolio, and the customer portfolio. The resulting analysis and portfolio roadmaps are discussed within the organization to validate the results and raise awareness. This activity must be performed with a focus on defining the portfolio management approach and guidelines.
Develop and agree the portfolio management approach	The organization's leaders and managers (in collaboration with stakeholders across the organization, and where relevant, supported by external consultants) develop and agree key portfolio groups that will be managed by the organization, as well as key categories into which portfolio items will be classified. For example, the organization's services and/or programmes could be divided into three strategic categories based on their impact: <ul style="list-style-type: none"><li><b>run the business:</b> centered on maintaining service operations.</li><li><b>grow the business:</b> intended to grow the organization's scope of services.</li><li><b>transform the business:</b> supporting moves into new market spaces and the organization's re-invention.</li></ul> Organizations should choose categories for portfolios that will help them to align with their strategy and reach their objectives. Classification is only a tool to help translate objectives into clear portfolio management principles and portfolio item performance criteria. While forming an approach, teams should consider existing regulations, internal and external, and legislation applicable to the portfolio items.
Develop and agree the portfolio management guidelines for different portfolio groups and categories	For every defined portfolio group and category, a portfolio management guideline is developed and agreed. A portfolio guideline is defined by several characteristics, including resources available for the portfolio, investment strategy, risk appetite, budget, and agreed set of prioritization criteria.
Communicate the portfolio management approach and guidelines to key stakeholder groups	The agreed approach and guidelines are communicated and discussed with the relevant stakeholders across the organization. Depending on the level of stakeholder involvement, communication may take the form of a formal training, portfolio discussions and reviews, knowledge articles, and others.
Review and adjust the portfolio management approach and guidelines	The organization's leaders and managers monitor and review the adoption and effectiveness of the agreed portfolio approach and guidelines on an event-based (strategy changes, benchmarking reports, unexpected business changes, resource conflicts, changes in applicable regulations and legislation, and so on) or interval-based (on agreed timeframe) basis. A review can also be requested by a relevant stakeholder (typically, an executive leader of the organization). A review report including findings and initiatives is used for continual improvement.

#### 3.1.2 Managing the portfolio lifecycles

This process is focused on managing the organization's portfolios based on the agreed approach. This includes assessing initiatives, planning portfolios, monitoring the portfolios and portfolio items, and reviewing and reprioritizing initiatives.

This process includes the activities listed in Table 3.3 and transforms the inputs into outputs.

Table 3.3 Inputs, activities, and outputs of the 'managing the portfolio lifecycles' process

Key inputs	Activities	Key outputs
Portfolio management approach and guidelines Information about organization's strategy, key resources, and constraints Analysis of stakeholder requirements The organization's portfolios Portfolio development roadmap Value realization and performance data Portfolio initiatives	Portfolio planning Portfolio monitoring Portfolio review	Portfolio plans Change initiatives (budget, resources, and so on) Updated portfolio records Portfolio performance records Portfolio review report Improvement initiatives

Figure 3.2 shows a workflow diagram of the process.

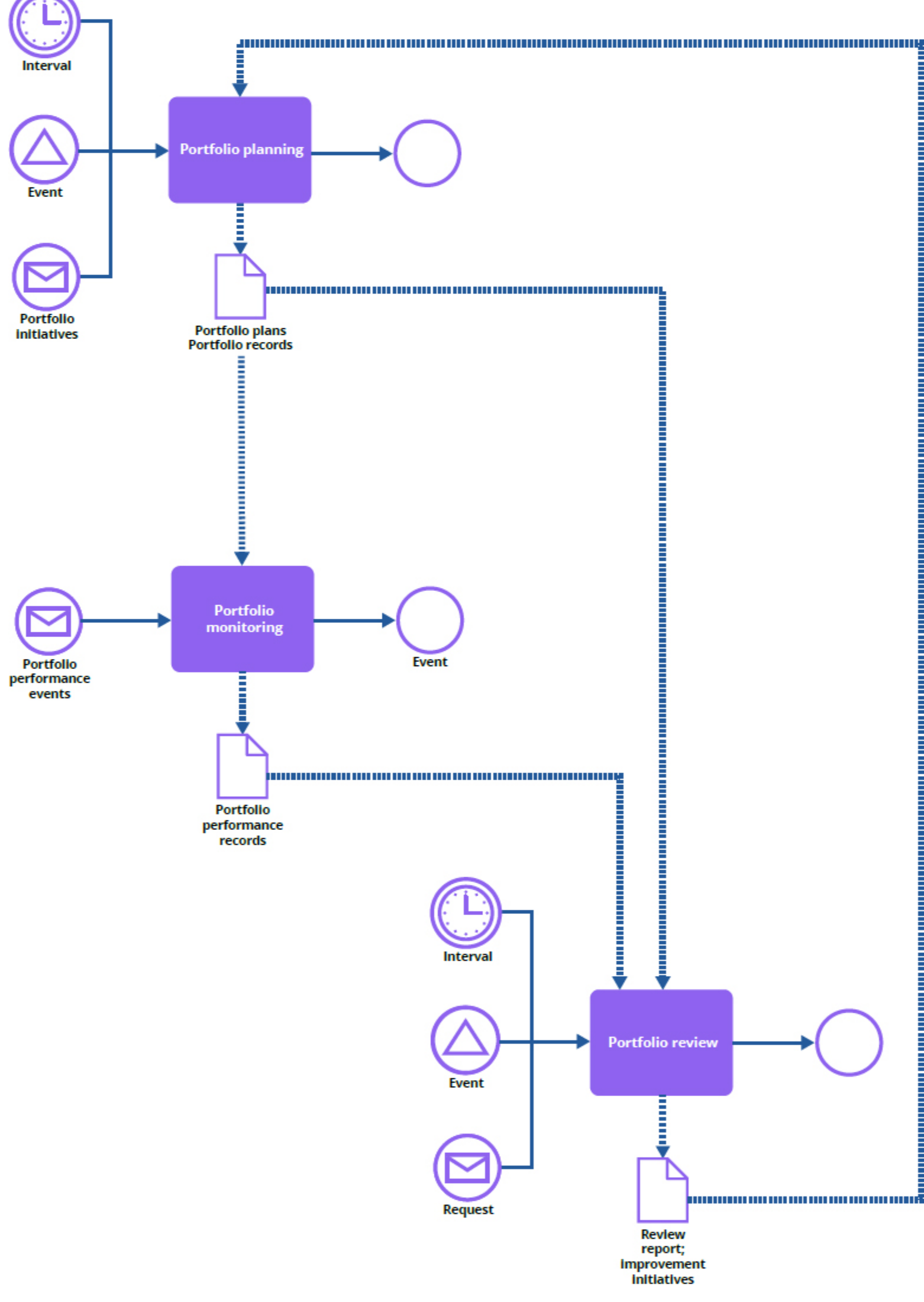


Figure 3.2 Workflow of the overview of 'managing the portfolio lifecycles' process

Table 3.4 provides an overview of the process activities.

Table 3.4 Activities of the managing the portfolio lifecycles process

Activity	Description
Portfolio planning	Portfolio manager and portfolio owners conduct portfolio planning, where new initiatives get approved and existing portfolio items are reprioritized. This activity is performed periodically but can also be triggered by significant individual portfolio initiatives or changes in the portfolio management approach. Larger organizations, such as multinational enterprises and government entities, are often limited to annual executive-level investment cycles. In these situations, sub-portfolios can be created where portfolio review and alignment activities are carried out more frequently while adhering to the top-level rules and policies. A more agile approach allows organizations to take advantage of investment opportunities as they arise. An agile portfolio can be reviewed and reprioritized regularly or in response to important event, to take advantage of new opportunities and adapt to changing business needs. Authority levels for portfolio reviews are defined by the portfolio management approach. The following decisions are made in portfolio planning: <ul style="list-style-type: none"><li>approving new initiatives</li><li>investing or divesting funds</li><li>prioritizing and reprioritizing existing portfolio items</li><li>defining and reviewing objectives and performance assessment criteria for portfolios and individual portfolio items.</li></ul> Allowing a variety of stakeholders to submit portfolio initiatives can support value co-creation, but the authority to submit a portfolio initiative should be defined by the portfolio approach and guidelines. Collected portfolio initiatives go through a preliminary assessment and serve as an input to the portfolio planning. Portfolio plans are communicated to many of the organization's processes, including service financial management, project management, change enablement, and others. Portfolio owners ensure implementation of the portfolio plans applying the relevant practices.
Portfolio monitoring	Portfolio manager and team members responsible for the specific portfolios monitor the portfolios and portfolio items to track value realization. Monitoring is based on the relevant data from the monitoring and event management, service level management, project management, and service financial management practices. Results of portfolio monitoring are recorded, and may be available to the portfolio owner and relevant stakeholders. The team should evaluate the performance of the portfolio items and of the overall portfolio against value realization criteria defined during the portfolio planning activity. The team should monitor trends in portfolio performance and report significant exceptions.
Portfolio review	Periodically or in response to significant exceptions in portfolio performance, portfolio manager and portfolio owners analyse the portfolio performance data to assess the portfolio performance and propose improvements to portfolios and portfolio items. These proposals serve as input to the portfolio planning activity.

### 3.2 Value stream contribution

#### 3.2.1 Service value streams

To perform certain tasks or respond to particular situations, organizations create service value streams. These are specific combinations of activities and practices, and each one is designed for a particular scenario. Once designed, value streams should be subject to continual improvement.

 **Value stream**

A series of steps an organization undertakes to create and deliver products and services to consumers

In practice, however, many organizations identify the value stream concept after having worked for a while (sometimes for years) without the value streams being managed, mapped, or understood. This means that when the importance of the concept becomes clear, the first step is to understand and map the 'as is' situation and the true flows of work, then analyse them in order to identify and eliminate the non-value-adding activities and other forms of waste.

Identifying and understanding existing value streams is critical to improving an organization's performance. Mapping activities in the form of value streams allows the organization to understand what it delivers and how, and to make continual improvements to its services. Combined, an organization's value streams form an operating model which can be used to understand and improve how the organization creates value for the stakeholders.

Many organizations follow best practice recommendations for various service management practices, such as incident management, change enablement, software development, and many others. However, the practices are often adopted and organized in a siloed, isolated manner, just as they are presented in service management bodies of knowledge. In reality, the flow of work required to create or restore value for a customer or another stakeholder, is almost never limited to one practice.

#### 3.2.2 Portfolio management in service value streams

Portfolio management ensures coordination of many strategic planning and prioritization decisions that steer the initiatives and the activities throughout the organization. The practice relies on several other practices, such as strategy management, service financial management, service relationship management, and risk management, to best understand the organization's context and ensure the decisions made are supported by real-life data and are communicated appropriately. Portfolio management ensures the initiatives that run through the value streams can be clearly linked to the organization's strategy and that the strategy is informed by real-life feedback to support situational awareness and continual improvement.

Table 3.5 describes how the key service value streams involve portfolio management.

Table 3.5 Portfolio management in key service value streams

Value stream	The role of portfolio management
Creation of a new or changed product or service	Portfolio management provides support in the assessment of the proposed new products and services and ensures that they are aligned with the organization's strategy and objectives and that resources are or can be made available to create that product or service. The practice also ensures consistency of the resulting portfolios, preventing duplications, redundancies, and other inefficiencies.
Service delivery	Portfolio management ensures monitoring and review of the performance of all services to ensure the agreed investments deliver the expected results.
Product and service support	Although not directly involved in this value stream, portfolio management ensures that adequate resources are available for support of the organization's products and services, and that the organization's programme and project portfolio supports continual improvement and addresses the identified technical debt.
Product and service operations	Although not directly involved in this value stream, portfolio management ensures that adequate resources are available for operations of the organization's products and services, and that the organization's programme and project portfolio supports continual improvement and addresses the identified technical debt.
Continual improvement of products and services	Portfolio management ensures monitoring and review of the performance of all products and services to ensure the agreed investments deliver the expected results. The practice supports planning of product and service improvements to allocate resources, prioritize, monitor, and evaluate the outcomes of service delivery and of continual improvements.

#### 3.2.3 Analysing a service value stream

##### 3.2.3.1 The key steps of a service value stream analysis

The following are some simple and practical recommendations for service value stream analysis and mapping.

- Identify the scope of the value stream analysis:** this can be mapped to a particular product or service, or applied to most or all of them. Similarly, service value streams may differ for different consumers; for example, incidents can be solved and communicated differently for internal and external customers, B2B and B2C products, or services based on products developed in-house or sourced externally.
- Define the purpose of the value stream from the business standpoint:** make sure the stakeholder's concerns are clearly understood, since they are the ones defining value. The definitions of service quality should be aligned with the organization's strategy and support value creation for the organization and other stakeholders.
- Do the service value stream walk:** walk through or directly experience the steps and information flow as they go in practice (consider the Lean technique of Gemba walk).

- Identify the workflow steps**
- Collect data as you walk**
- Evaluate the workflow steps:** typically, the criteria for evaluation are:
  - value for the stakeholder (does the step add value for the service stakeholder? Does it support the relationship approach?)
  - effectiveness or performance (is the step performed well?)
  - availability (are the required resources available to execute the step?)
  - capacity (are the required resources enough?)
  - flexibility (are the required resources interchangeable within the step?)
- Map the activities and the information flows:** in an ideal situation, the flow goes smoothly without delays and pauses, there are no disconnections between the steps, and the workload is level with minimal (and agreed) variation.

- Create and review the timeline and resource level:** map out process times and lead times for resources and workload throughout the workflow steps.
- Reflect on the value stream map (VSM):** identify factors that might not have been entirely apparent at first. The information collected is used at this step to find the waste. Some commonly performed activities may deviate from the agreed portfolio decisions and have negative impact on value realization.

- Create a 'to be' VSM:** this informs and drives improvement. The value stream should be considered holistically to ensure end-to-end efficiency and value creation, not just local improvements.
- Using the 'to be' VSM, plan improvements:** refer to the ITIL® 4 Continual Improvement Official Practice Guide for a practical improvement model.

##### 3.2.3.2 Portfolio management considerations in a service value stream analysis

To ensure that relevant portfolio management activities are included in service value streams, the following steps can be added to the above recommendations.

- At the scoping step (1), identify which portfolio (or portfolios) the value stream is linked to, as this will provide more information about the expected outcomes of the value stream, and its contribution to the organization's strategy.
- At the purpose definition step (2), use the information from step 1 to create the business view of the purpose of the value stream. Identify involved portfolio owners, their role in the value stream, and their expectations from the value stream.
- When evaluating the workflow steps (3c), the value for the stakeholder can be assessed using the information captured in steps 1 and 2. Portfolio management might seem too abstract or too far away when analysing a specific workflow. However, all activities across services and service value streams should be aligned to strategy and objectives at every level. This is important to improve prioritization and planning.

- For the to-be value stream (step 5) creation, all gaps identified in earlier steps can and should be addressed. Well-understood alignment to strategy and objectives helps justify every other potential improvement to the service or to a specific service value stream.
- Where relevant, include the creation or update of the relevant portfolio items in the value stream improvement plans (6).



# Chapter 4

## Organizations and people

### 4.1 Roles, competencies, and responsibilities

#### 4.1.1 Portfolio manager role

A portfolio manager is responsible for development and continual improvement of the portfolio management approach and for consistent application of the approach across the organization.

The portfolio manager role is typically responsible for:

- ensuring that the portfolio management approach and guidelines are known in the organization
- providing awareness sessions on the portfolio management
- ensuring that portfolio management approach is reviewed and optimized
- leading improvements to the portfolio management practice.

#### 4.1.2 Portfolio owner role

A portfolio owner is accountable for a specific portfolio or portfolio chain. Examples include programme portfolio owner, product portfolio owner, and service portfolio owner.

The portfolio owner role is typically responsible for:

- defining the portfolio strategy
- approving new initiatives and manages prioritization
- obtaining relevant approvals for and coordinates implementation of portfolio plans
- evaluating portfolio performance and achievements, such as return on investment
- securing funding for the portfolio.

#### 4.1.3 Portfolio coordinator role

A portfolio coordinator assists the portfolio manager, with a focus on the portfolio lifecycle management.

The portfolio coordinator role is typically responsible for:

- helping the portfolio owner with portfolio monitoring and review
- working with key stakeholders to gather input and provide insight to managed portfolios
- communicating with the wider stakeholder group to ensure portfolio priorities are well understood.

#### 4.1.4 Portfolio management roles in an organization

The Official Practice Guides do not describe the practice management roles such as practice owner, practice lead, or practice coach. They focus instead on the specialist roles that are specific to each practice. The structure and naming of each role may differ from organization to organization, so any roles defined in ITIL should not be treated as mandatory or even recommended.

Remember, roles are not job titles. One person can take on multiple roles and one role can be assigned to multiple people.

Roles are described in the context of processes and activities. Each role is characterized with a competency profile based on the model shown in Table 4.1.

Table 4.1 Competency codes and profiles

Competency code	Competency profile (activities and skills)
L	<b>Leader:</b> decision-making, delegating, overseeing other activities, providing incentives and motivation, and evaluating outcomes
A	<b>Administrator:</b> assigning and prioritizing tasks, record-keeping, ongoing reporting, and initiating basic improvements
C	<b>Coordinator/communicator:</b> coordinating multiple parties, maintaining communication between stakeholders, and running awareness campaigns
M	<b>Methods and techniques expert:</b> designing and implementing work techniques, documenting procedures, consulting on processes, work analysis, and continual improvement
T	<b>Technical expert:</b> providing technical (subject matter) expertise and conducting expertise-based assignments

The roles which are typically involved in the portfolio management activities are listed in Table 4.2, together with the associated competency profiles.

Table 4.2 Roles involved in the portfolio management activities

Activity	Responsible roles	Competence profile	Specific skills
Managing the organization's approach to portfolios			
Analyse the organization's strategy and resources	Executive leaders Portfolio manager Portfolio owners Portfolio coordinators Programme managers Product owners Service owners External consultants	TCA	Good understanding of the organization's strategy, architecture, and market position Business analysis Risk analysis Market analysis
Develop and agree the portfolio management approach	Portfolio manager Portfolio owners Programme managers Product owners Service owners External consultants	MTCA	Good understanding of the organization's strategy and architecture Business analysis Risk analysis Portfolio management expertise
Develop and agree the portfolio management guidelines for different portfolio groups and categories	Portfolio manager Portfolio owners Programme managers Product owners Service owners External consultants	MTCA	Good understanding of the organization's strategy and architecture Business analysis Risk analysis Portfolio management expertise
Communicate the portfolio management approach and guidelines to key stakeholder groups	Portfolio manager Portfolio owners Portfolio coordinators External consultants	LCA	Good understanding of the organizational culture and internal stakeholders Good knowledge of the approach and guidelines Excellent leadership and communication skills
Review and adjust the portfolio management approach and guidelines	Portfolio manager Portfolio owners Programme managers Product owners Service owners	MTCA	Good understanding of the organization's strategy and resources Business analysis Risk analysis Portfolio management expertise Value assessment
Managing portfolios' lifecycles			
Portfolio planning	Portfolio manager Portfolio owners Programme managers Product owners Service owners Executive leaders	TCA	Good understanding of the organization's strategy and resources Business analysis Risk analysis Good knowledge of the portfolio management approach and guidelines
Portfolio monitoring	Portfolio manager Portfolio owners Portfolio coordinators	ATC	Good knowledge of the portfolios Good knowledge of the portfolio management approach and guidelines Good knowledge of the portfolio plans and assessment criteria
Portfolio review	Portfolio manager Portfolio owners Programme managers Product owners Service owners Executive leaders	TMCA	Good understanding of the organization's strategy and resources Business analysis Risk analysis Good knowledge of the portfolio management approach and guidelines

### 4.2 Organizational structures and teams

The organizational structure for the portfolio management practice will depend on factors including the organization's size, enterprise goals, compliance requirements, and so on. It also depends on the scope of the practice in the context of the organization, whether it encompasses the portfolio of only one department or other organizational unit, or whether it is used across the organization for managing the complete enterprise portfolio.

While the role of portfolio manager would still exist even in smaller organizations, this might not always be linked to a separate job. A COO, CFO, or similar role could also cover most of the responsibilities of the portfolio manager to ensure that the approach and guidelines for portfolio management are well communicated and well supported across the organization or the organizational unit in question.

Depending on the organization's architecture, operating model, and portfolio chain(s), portfolio owner role can be assigned to managers responsible for all or some products, services, programmes, and projects. They should have relevant competencies and authority to ensure the portfolios remain updated and support value creation in line with the organization's strategy.

Both portfolio owners and portfolio coordinators can be allocated to specific parts of the portfolio, based on service groups, customer groups, organizational units, or any other structure that works best for the organization. Different parts of the organization may be working in very different ways, and it is important to ensure these specifics are taken into account when approving, managing, and reviewing portfolio initiatives. Similarly, strategic alignment needs to be maintained across different types of portfolios.

In larger organizations, it is common to have a portfolio management team helping the portfolio manager. Sometimes, the same team oversees the whole chain of portfolio, programme, and project management practices (for example, the PMO extends to the portfolio level). Whatever the approach, it is crucial to ensure the portfolio remains aligned to the organization's strategy and objectives, and that the components in the portfolio best support achieving those objectives. Getting lost on operational levels can steer the organization to an unbalanced model where the focus on outputs obscures the sight of expected outcomes.

When building the portfolio management capability in the organization, it is important to keep in mind that portfolios are not only programme and project focused; organizations should also have product and service portfolios. The practice, with all its design aspects and governance mechanisms, needs to accommodate a variety of portfolios.

In large organizations, there is a significant risk that due to historical work practices, the emphasis of portfolio management remains on programme-led achievement of objectives and other portfolios are not managed at a relevant level of focus and quality. This may lead to suboptimal usage of the organization's resources and an inefficient way of achieving the organization's objectives. Portfolio managers, owners, and coordinators having full visibility across the portfolio chain(s) and good working relationships with stakeholders from different organizational units and portfolios is key to keeping the portfolio management practice fit-for-purpose.



# Chapter 5

## Information and technology

### 5.1 Information exchange: inputs and outputs

The effectiveness of the portfolio management practice is based on the quality of the information used. This includes, but is not limited to, information about:

- organizational strategy and values
- organizational structure
- the organization's resources
- market and competition
- competitive advantages
- technology and skills
- stakeholder information
- partners and suppliers.

This information may take various forms. The key inputs and outputs of the portfolio management practice are listed in chapter 3.

### 5.2 Automation and tooling

In some cases, the work of the portfolio management practice can significantly benefit from automation (as mentioned in chapter 3). Where this is the case, and automation is possible and effective, it involves the solutions outlined in Tables 5.1 and 5.2.

Table 5.1 Automation solutions for the portfolio management practice

Automation tools	Application in portfolio management
Analysis and reporting tools	Review and analysis of organization's portfolios and portfolio items Review, analysis, and reporting of the practice
Collaboration and communication tools	Support of joint work of portfolio managers, owners, coordinators, and other stakeholders
Enterprise architecture management tools	Support of identification and analysis of the organization's resources and portfolios
Financial management systems	Support of portfolio performance evaluation
Knowledge and document management tools	Capturing, storage, and communication of portfolio management approach and guidelines
Workflow and task management tools	Support of joint work of portfolio managers, owners, coordinators, and other stakeholders, automation, and support of the practice's processes

Table 5.2 Automation solutions for portfolio management activities

Process activity	Means of automation	Key functionality	Impact on the effectiveness of the practice
Managing the organization's approach to portfolios			
Analyse the organization's strategy and resources	Analysis and reporting tools Enterprise architecture management tools Collaboration and communication tools Workflow and task management tools	Analysis and presentation of the organization's portfolios and portfolio chain(s) Support of joint work of stakeholders across the organization	High
Develop and agree the portfolio management approach	Collaboration and communication tools Workflow and task management tools	Support of joint work of stakeholders across the organization	Medium
Develop and agree the portfolio management guidelines for different portfolio groups and categories	Collaboration and communication tools Workflow and task management tools	Support of joint work of stakeholders across the organization	Medium
Communicate the portfolio management approach and guidelines to key stakeholder groups	Collaboration and communication tools Workflow and task management tools Knowledge and document management tools	Communication of the guidelines to relevant stakeholders Support of training and awareness sessions	High
Review and adjust the portfolio management approach and guidelines	Analysis and reporting tools Enterprise architecture management tools Collaboration and communication tools Workflow and task management tools	Analysis and presentation of the organization's portfolios and portfolio chain(s) Support of joint work of stakeholders across the organization	High
Managing portfolios' lifecycles			
Portfolio planning	Analysis and reporting tools Enterprise architecture management tools Financial management systems Collaboration and communication tools Workflow and task management tools	Analysis, modelling, and presentation of the organization's portfolios and portfolio items Portfolio performance modelling and planning Support of joint work of stakeholders across the organization	High
Portfolio monitoring	Analysis and reporting tools Financial management systems Collaboration and communication tools Workflow and task management tools	Analysis, and reporting of the organization's portfolios and portfolio items Support of joint work of stakeholders across the organization	High
Portfolio review	Analysis and reporting tools Enterprise architecture management tools Financial management systems Collaboration and communication tools Workflow and task management tools	Analysis, modelling, and presentation of the organization's portfolios and portfolio items Portfolio performance modelling and planning Support of joint work of stakeholders across the organization	High

#### 5.2.1 Recommendations for automation of portfolio management

Automation can help the organization to start or improve the adoption of data-informed decision-making in strategic matters with (near) real-time analytics, rather than relying on (outdated) static reports. Visibility of portfolio performance helps with annual budgeting, as well as with ad-hoc check-ins and reprioritization exercises.

The following recommendations can help when applying automation to portfolio management:

- **Describe a cascade of objectives:** from strategic level down to individual team level, all objectives together with their metrics should be aligned and explicitly described through a governance model such as Objectives and Key Results (OKRs). This allows automated portfolio performance to be monitored in near real-time, based on continual flow of actual non-filtered data from teams executing the strategy.
- **Ensure portfolio approach communications:** various collaboration tools can be used to communicate the portfolio management approach, tailored to the needs of the target audience and available on demand. This decreases the need for ad hoc explanations.
- **Ensure portfolio performance visibility:** monitoring and reporting tools can capture the status of portfolio items and automatically create portfolio-level status reports, tailored to the needs of the target audience and available on demand. It is possible that not all detail of portfolio performance should be available for all stakeholder groups without the supporting narrative or due to commercially sensitive information presented; these tools can be configured in a way that displays the information at the level most relevant and useful to the specific stakeholder group.
- **Simplify the portfolio submission process:** automated processes and workflows can be described, including various quality checks and (semi-) automated approvals, so that the information required to make portfolio-level decisions can be gathered closest to the point of impact or request origination, thus reducing the workload of the portfolio management team and improving the level of contextual information provided in support of the proposals made.
- **Continually monitor portfolio performance:** rather than relying on periodic check-ins only, portfolio performance should be monitored continually, and alerts can be put in place to detect meaningful deviations from expectations, to be acted upon during the next portfolio review or immediately, if the expected risk or benefit warrants an action.
- **Leverage Artificial Intelligence (AI) capabilities:** there are several ways how artificial intelligence capabilities can be utilized for portfolio management:
  - In portfolio review, AI can be used for scenario planning when looking at different options for portfolio composition.
  - Individual potential new portfolio items can be assessed automatically and ratings (to be reviewed by humans) can be assigned based on this analysis.
  - Also in portfolio review, the performance of the existing portfolio can be analysed with AI using a large number of data points which are otherwise too time-consuming or otherwise unfeasible to be analysed together.

# Chapter 6

## Partners and suppliers

### 6.1 Dependencies on third parties

Very few services are delivered using only an organization's own resources. Most, if not all, depend on other services, often provided by third parties outside the organization.

An organization may decide to create and maintain a portfolio of partners and suppliers to ensure diversity, better prices, and technological advantages, as well as to avoid risks related to supplier dependencies.

Information in portfolios can be confidential, therefore partners and suppliers should have restricted access to its content. If a partner needs to access confidential information within the portfolio, security measures must be taken, such as signing a non-disclosure agreement, restricting the amount and type of information shared, and so on.

Where new portfolio initiatives have a high degree of complexity and risk, an experienced partner could help to develop the business case so that a comprehensive analysis can be made, considering a full spectrum of risks and a realistic view of potential value.

Where organizations aim to ensure effective portfolio management, they usually try to agree to close cooperation with their partners and suppliers, removing formal bureaucratic barriers in communication, collaboration, and decision-making (see the ITIL® 4 Supplier Management Official Practice Guide for more information).

### 6.2 Support from third parties

Although portfolio ownership and management remain a responsibility of the organization, external partners and suppliers may be invited to support the practice. The forms of support include:

- **Provision of software tools:** software tools used for portfolio management tools should be integrated with other management tools. It is likely that portfolio performance measurement and reporting activities will need integration between multiple tools, and the portfolio-level tooling focuses on aggregating information and presenting strategic dashboards, and so on. Often an integrated toolset with drill-down capabilities used at different levels of the organization can be a good option, capturing portfolio items' performance and portfolio activities at different levels of the organization and then aggregating this information at different levels of management needs.
- **Consulting and advisory:** specialized (strategic) advisory service providers can help the organization set up the portfolio management practice and fully or partially perform portfolio management activities. Previous experience can be useful in avoiding common mistakes and failing to achieve the objectives of the practice. A word of warning regarding the outsourcing of strategic-level activities: there is a heightened risk of creating a 'cottage industry' within the organization, optimized mainly for increasing the workload for the outsourced function, including not-fit-for-purpose governance and reporting mechanisms. Also, external service providers are rarely embedded in (or have direct access to) parts of the organization at all levels where input for portfolio management comes from, thus increasing the risk of detached-from-reality portfolio management. In any case, portfolio management should not be fully outsourced.



# Chapter 7

## Capability assessment and development

### 7.1 The practice capability levels

The practice success factors described in section 2.4 cannot be developed overnight. The ITIL maturity model defines the following capability levels applicable to any management practice:

- Level 1** The practice is not well organized; it is performed as initial or intuitive. It may occasionally or partially achieve its purpose through an incomplete set of activities.
- Level 2** The practice systematically achieves its purpose through a basic set of activities supported by specialized resources.
- Level 3** The practice is well-defined and achieves its purpose in an organized way, using dedicated resources and relying on inputs from other practices that are integrated into a service management system.
- Level 4** The practice achieves its purpose in a highly organized way, and its performance is continually measured and assessed in the context of the service management system.
- Level 5** The practice is continually improving organizational capabilities associated with its purpose.

For each practice, the ITIL maturity model defines criteria for every capability level from level 2 to level 5. These criteria can be used to assess the practice's ability to fulfil its purpose and to contribute to the organization's service value system.

Each criterion is mapped to one of the four dimensions of service management and to the supported capability level. The higher the capability level, the more comprehensive realization of the practice is expected. For example, criteria related to practice automation are typically defined at level 3 or higher because effective automation is only possible if the practice is well-defined and organized.

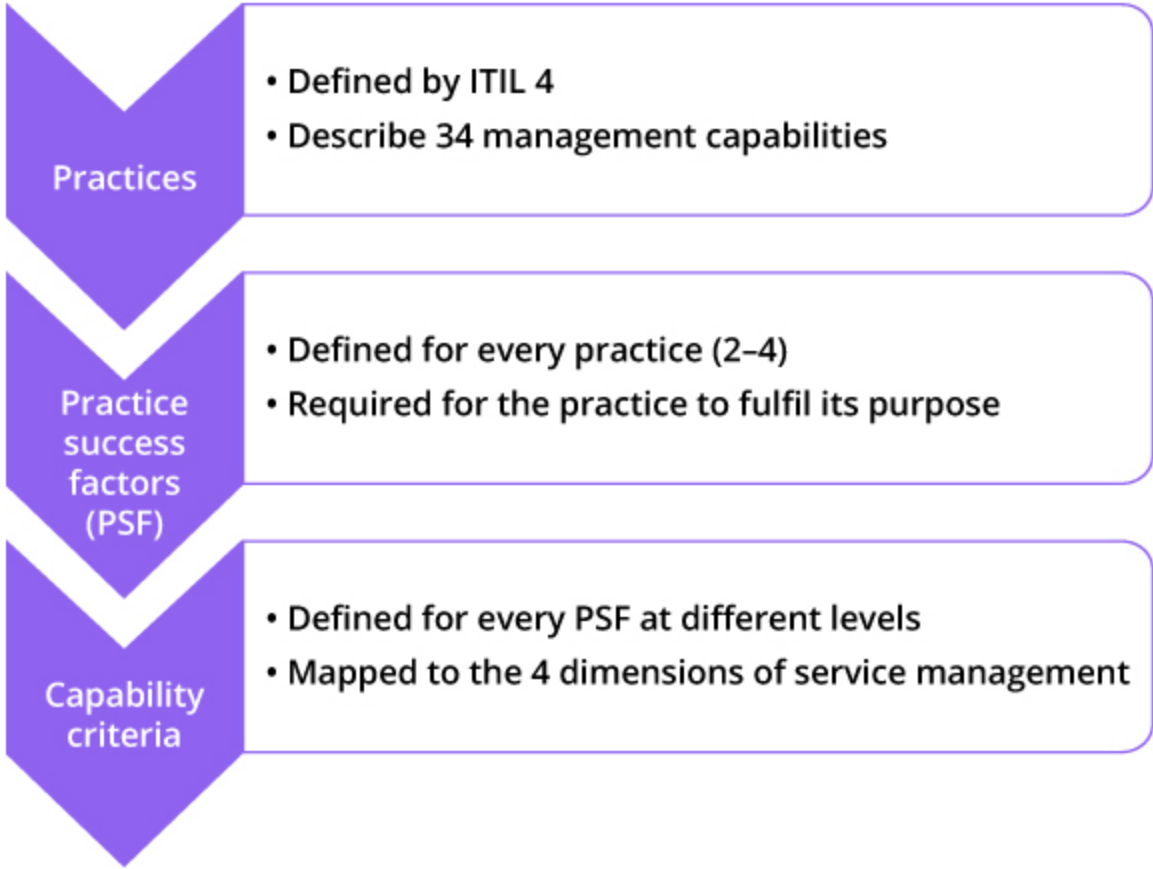


Figure 7.1 Design of the capability criteria

This approach results in every practice having up to 30 capability criteria based on the practice PSFs and mapped to the four dimensions of service management. The number of criteria at each level differs; the four dimensions are comprehensively covered starting from level 3, so this level typically has more criteria than others.

Table 7.1 outlines the capability criteria that are defined in the ITIL maturity model for the portfolio management practice.

Table 7.1 Portfolio management capability criteria

PSF	Criterion	Dimension	Capability level
Ensuring sound investment decisions for programmes, projects, products, and services within the organization's resource constraints	Investment decisions usually lead to the intended results	Value streams and processes	2
	Key stakeholders are satisfied with the performance of the organization's portfolios	Value streams and processes	2
	Portfolio information is accurate and up to date	Information and technology	2
	The investment initiatives are captured, analysed, prioritized, and approved in a consistent way across the organization and the portfolios	Value streams and processes	3
	The responsibilities for making investment decisions are agreed and assigned	Value streams and processes	3
	The changes in the organization's portfolios are communicated across and supported by the relevant practices	Value streams and processes	3
	The competencies required for making sound investment decisions are identified and qualified human resources are available	Organizations and people	3
	Third-party dependencies and relationships affecting the portfolio decisions are identified and managed	Partners and suppliers	3
	Information and technology affecting portfolio decisions are identified and managed	Information and technology	3
	The effectiveness of investment decisions is measured and reported	Value streams and processes	4
	The effectiveness of investment decisions is regularly reviewed and continually improved	Value streams and processes	5
Ensuring the continual monitoring, review, and optimization of the organization's portfolios	The performance of the organization's portfolios is monitored and regularly reviewed	Value streams and processes	2
	The responsibilities for the portfolio monitoring and optimization are identified and assigned	Value streams and processes	3
	The performance of the organization's portfolios is measured and regularly reported across the organization and the portfolios	Value streams and processes	4
	The performance of the organization's portfolios is regularly reviewed and continually improved	Value streams and processes	5

These capability criteria can be used by organizations for self-assessment and the improvement of the practice.

### 7.2 Capability self-assessment

A self-assessment can be conducted by the service provider's internal audit team, if the service provider has one, or by the respective team of the parent organization. If there is no specialized team in the organization, the assessment can be done by a team of practice owners and managers responsible for other management practices of the service provider, or a mixed team of the service provider's executive leaders and managers.

To perform a quick self-assessment using the capability criteria, the following rules should be followed.

- Start with the level 2 criteria. Based on the knowledge of your organization, answer the question, 'Is this a valid description of our organization in MOST cases?'
- If the answer to the question above is 'yes', make a list of at least three types of material evidence that could prove the answer. These can be records, documents, interviews with business stakeholders, or service provider's employees.
- If the answer is 'yes' to all criteria of level 2, this level is considered achieved. Proceed to the criteria of level 3.
- If not all criteria of level 2 are met, the practice is considered to be at level 1. Focus on the criteria that are not met; what is missing in the organization? Why? How can it affect the service consumer and the quality of the IT services? What can be done to meet the criteria that are currently missed?
- The same approach is applied at every next level; the practice is considered to be at the level where all criteria are met. It is important to focus on the missing capabilities and improvement opportunities, rather than on a formal achievement of a high capability level.

### 7.3 Portfolio management capability development

Management practices should support the achievement of the organization's objectives and enable the creation of value for stakeholders. Depending on the service provider's strategy, positioning, and business and operating models, some practices may be more important and therefore require a higher level of capability. No organization requires all management practices to be at capability level 5. A higher capability level provides higher assurance of the fulfilment of the practice's purpose, but it comes with a cost: the costs of management, automation, and training, for example. To achieve optimal performance with a sufficient level of assurance, organizations should define a target capability level for each management practice.

Figure 7.2 and Table 7.2 show the capability development model, which can be applied to every management practice. The structure of this Official Practice Guide is aligned with the development steps.

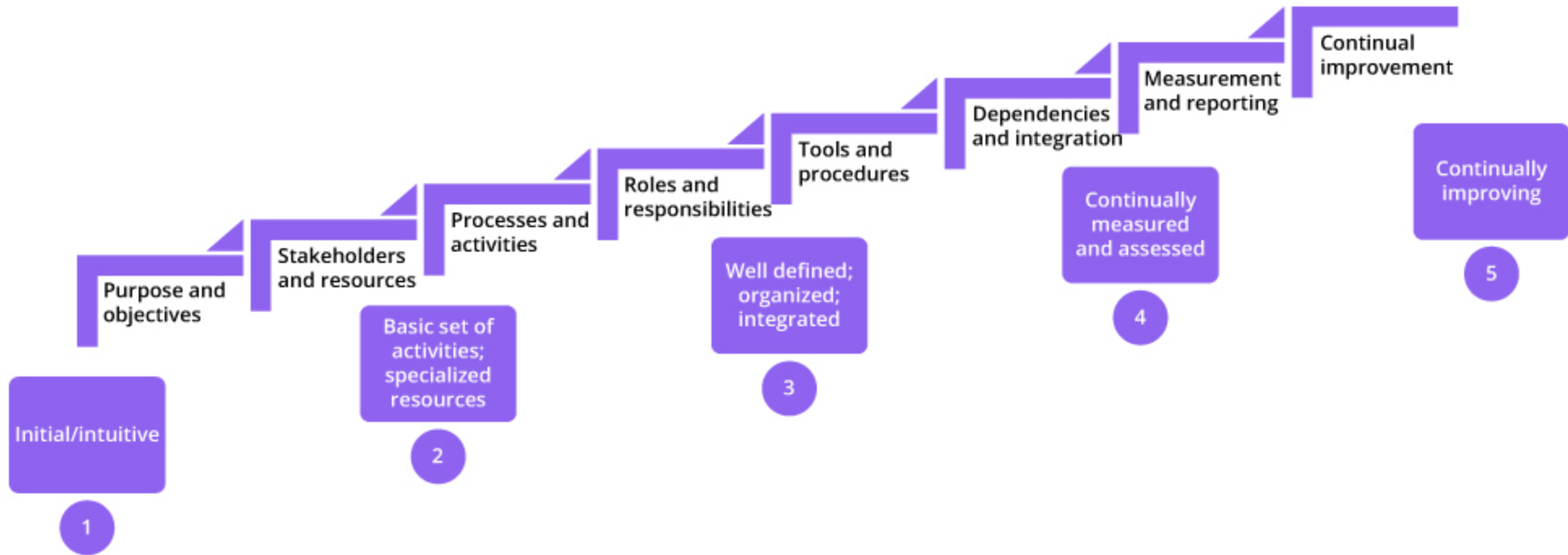


Figure 7.2 The capability development steps and levels

Table 7.2 The portfolio management capability development steps

Capability level	Define, agree, and implement	Comment for portfolio management	Chapter (for recommendations)
2	Purpose and objectives	Stakeholders	2.1
	Scope	Portfolios and portfolio chain(s)	2.3
	Processes and activities	Portfolio management approach and guidelines	3.1
	Roles and responsibilities	Roles and responsibilities	4
	Tools and procedures	Sources of information and automation tools	5
3	Dependencies and integration	End-to-end management of portfolio chain(s)	3.2
		Integration in the organization's service value streams	
		Use of integrated information system	5
		Suppliers and other parties supporting portfolio management	6
4	Measurement and reporting	Metrics and reports	2.5
5	Continual improvement	Regular review of practice and the portfolio management capability development	2.4, 2.5, 7



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Next



# Glossary

## four dimensions of service management

The four perspectives that are critical to the effective and efficient facilitation of value for customers and other stakeholders in the form of products and services.

## information and technology

One of the four dimensions of service management. It includes the information and knowledge used to deliver services, and the information and technologies used to manage all aspects of the service value system.

## ITIL continual improvement model

A model which provides organizations with a structured approach to implementing improvements.

## ITIL guiding principles

Recommendations that can guide an organization in all circumstances, regardless of changes in its goals, strategies, type of work, or management structure.

## ITIL maturity model

A tool that organizations can use to objectively and comprehensively assess their service management capabilities and the maturity of their service value system.

## ITIL service value chain

An operating model for service providers that covers all the key activities required to effectively manage products and services.

## metric

A measurement or calculation that is monitored or reported for management and improvement.

## organization

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



## organizations and people

One of the four dimensions of service management. It ensures that the way an organization is structured and managed, as well as its roles, responsibilities, and systems of authority and communication, is well defined and supports its overall strategy and operating model.

## output

A tangible or intangible deliverable of an activity.

## partners and suppliers

A tool that organizations can use to objectively and comprehensively assess their service management capabilities and the maturity of their service value system.

## portfolio

A collection of assets into which an organization chooses to invest its resources in order to receive the best return.

## practice

A set of organizational resources designed for performing work or accomplishing an objective. These resources are grouped into the four dimensions of service management.

## practice success factor

A complex functional component of a practice that is required for the practice to fulfil its purpose.

## process

A set of interrelated or interacting activities that transform inputs into outputs. A process takes one or more defined inputs and turns them into defined outputs. Processes define the sequence of actions and their dependencies.

## service provider

A role performed by an organization in a service relationship to provide services to consumers.

## service provision

Activities performed by an organization to provide services and/or supply goods. Service provision includes:

- management of the provider's resources, configured to deliver the service
- ensuring access to these resources for users
- fulfilment of the agreed service actions
- service level management and continual improvement.

## service relationship

A cooperation between a service provider and service consumer. Service relationships include service provision, service consumption, and service relationship management. Relationships can be basic, cooperative or collaborative (also known as a partnership).

## service value system

A model representing how all the components and activities of an organization work together to facilitate value creation.

## stakeholder

A person or organization that has an interest or involvement in an organization, product, service, practice, or other entity.

## supplier

A stakeholder responsible for providing services that are used by an organization.

## user

A person who uses services.

## value

The perceived benefits, usefulness, and importance of something.

## value stream

A series of steps an organization undertakes to create and deliver products and services to consumers.

## value streams and processes

One of the four dimensions of service management. It defines the activities, workflows, controls, and procedures needed to achieve the agreed objectives.

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