Service Strategy

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Chapter 1

Introduction to the Service Strategy Lifecycle Stage

THE FOLLOWING ITIL INTERMEDIATE EXAM OBJECTIVES ARE DISCUSSED IN THIS CHAPTER:

✓ The main purpose of service strategy
✓ The objectives of service strategy
✓ The scope of service strategy
✓ Service strategy’s value to the business
✓ The context of service strategy and the service lifecycle
This chapter covers the purpose, objectives, and scope of this lifecycle stage and the value it provides to the business. We also examine the context of service strategy within the service lifecycle.

The Main Purpose of Service Strategy

Service strategy is the first stage of the service lifecycle, and in Figure 1.1, it is shown as being at the core.

**FIGURE 1.1** The service lifecycle
The final aspect is **patterns**. Patterns describe the ongoing, repeatable actions that a service provider will have to perform in order to continue to meet its strategic objectives.

It is important to understand why we need the four *Ps*—it is to enable the service provider to provide the services required to enable the organization to achieve its business outcomes. This means that the focus is on what the organization is trying to achieve and how the IT service provider helps the organization to do so. This is important because IT departments often ignore the business objectives and do not consider the business benefits when choosing a particular technology.

### The Four *Ps* of Service Strategy

The four *Ps* are the four forms of strategy that should be present whenever a strategy is defined:

- **The first is perspective.** By this we mean the vision and direction of the organization. Without knowing what it is, we cannot help achieve the vision.
- **The next is position.** This describes how the service provider intends to compete against other service providers in the market.
- **The third aspect is plans.** The service provider must plan how to move from its current situation to its desired situation.
- **The final aspect is patterns.** Patterns describe the ongoing, repeatable actions that a service provider will have to perform in order to continue to meet its strategic objectives.

Let’s now consider the objectives of service strategy. The first objective is to provide an understanding of what strategy is. The dictionary definition of *strategy* is “a carefully devised plan of action to achieve a goal, or the art of developing or carrying out such a plan.”
So a strategy does not just happen; you need to consider what is required and your options for providing it. It is focused on an understood defined goal, and every aspect of your strategy should be able to be linked to the achievement of the goal.

The second objective is to provide a clear identification of the definition of services and the customers who use them. You need to identify the services you provide. IT staff are inclined to think in terms of technology or systems rather than services. Remember ITIL’s definition of a service; it is “a means of delivering value to customers by facilitating outcomes customers want to achieve without the ownership of specific costs and risks.” Every service provided is there to help the customer achieve their business outcomes. As such, you need to know who your customers are and what it is that they are trying to achieve. You can then base your service provider strategy on that.

Another objective of service strategy is to provide the ability to define how value is created and delivered. This means understanding what we can provide and how this will help the customers achieve their goals. As a service provider, you must be able to spot opportunities where you can provide the services the customer needs and be able to respond quickly to them.

A service provider’s strategy must include the development of a clear service provision model, which spells out how services will be delivered and funded and to whom they will be delivered and for what purpose. Service providers must understand what is required from them as an organization if they are to deliver the strategy successfully.

The final objective of service strategy includes the development of a plan that first shows how the service provider’s resources and capabilities can be used to deliver the required service effectively and efficiently and that additionally specifies the processes that define the strategy of the organization. The processes would include deciding which services will achieve the strategy, what level of investment will be required and at what levels of demand, and the means to ensure that a working relationship exists between the customer and service provider.

The processes that deliver each of these objectives are as follows:

- The strategy of the organization is defined through the strategy management for IT services process.
- The services that will be used to achieve the strategy are defined using service portfolio management.
- What level of investment will be required is calculated using financial management for IT services.
- Demand management decides how to manage the demand for services.
- Business relationship management ensures a good working relationship between customer and service provider, at the strategic level.

The Scope of Service Strategy

Next we’ll cover the scope of service strategy. All service providers need to develop their service strategy, whether they are internal providers offering IT services to other business units within the same organization or external providers offering IT services to other organizations as a profitable business.
Two aspects of strategy are covered in the guidance contained within the ITIL Service Strategy publication:

- Defining a strategy whereby a service provider will deliver services to meet a customer’s business outcomes
- Defining a strategy for how to manage those services.

The Value Service Strategy Delivers to the Business

By following the best-practice guidelines outlined in the ITIL framework and developing a coherent service strategy, a service provider will ensure that the business benefits in a number of important ways:

- The service provider will be able to link its activities to the achievement of outcomes that are critical to customers. This ensures that the customer appreciates the value of the provider’s contribution rather than seeing it as overhead expense. The service provider will develop a clear understanding of what types and levels of service are required to make its customers successful. This then helps the provider to organize itself in the best way to deliver and support those services. Over time, the strategy will deliver a consistent, repeatable approach to defining how value will be built and delivered through the provision of appropriate services.
- The service provider will be aware of changes in the business environment and will therefore be able to adapt quickly to meet the new challenge.
- The provider will be able to develop a range of services that help the business achieve a return on its investment in services.
- The relationship between the service provider and customer will ensure open and honest communication between them, enabling a joint understanding of what is to be delivered and how.
- Through understanding the business requirements, the service provider can ensure that it is structured in the most helpful and efficient way to ensure the delivery of those requirements.

We have covered the purpose and objectives of service strategy and its value to the business. In the remaining sections of this chapter, we will look at the context of service strategy in relation to the other lifecycle stages of service design, service transition, service operation, and continual service improvement.

The Context of Service Strategy within the Service Lifecycle

Service strategy needs to be considered within the context of the whole service lifecycle. Each area of the lifecycle addresses a particular set of challenges that need to be addressed
for successful service management, and each stage has an impact on all of the others. Let’s look again at the service lifecycle diagram, shown earlier in Figure 1.1.

**Service Strategy**

Service strategy, the subject of this section, is at the core of the service lifecycle. It is the role of service strategy to understand the organizational objectives and customer needs. People, processes, and products should support the strategy. ITIL service strategy asks *why* something is to be done before thinking of *how*. It helps service providers to set objectives; set expectations of performance serving customers and markets; and identify, select, and prioritize opportunities. Service strategy ensures that providers understand and can handle the costs and risks associated with their service portfolios.

The following is the complete list of service strategy processes:

- Strategy management for IT services
- Service portfolio management
- Financial management for IT services
- Demand management
- Business relationship management

We’ll cover each of these later in the book.

**Service Design**

For services to provide true value to the business, they must be designed with the business objectives in mind. Service design turns strategic ideas into deliverables. The design must always consider the strategy to ensure that services are designed with the business objectives in mind. Design considers the whole IT organization and how it will deliver and support the services, turning the service strategy into a plan for delivering the business objectives. Remember, design includes changes to existing services.

Service design provides guidance for the design and development of both services and the service management practices that will be required. It covers new services and the changes that will be required to existing services over their lifetime to ensure that they adapt to fit changing business requirements, including the retirement of services.

Service design includes ensuring that the service is designed to deliver the continuity and service levels required and that the requirements of any standards or regulations are also considered at the design stage.

This is the complete list of service design processes:

- Design coordination
- Service catalog management
- Service level management
- Availability management
- Capacity management
The Context of Service Strategy within the Service Lifecycle

- IT service continuity management
- Information security management
- Supplier management

Through these processes, service design ensures that both the utility and the warranty of the new or changed service is considered in design, covering the continuity of the service, its achievement of service levels, and conformance to security standards and regulations.

Service Transition

Service transition provides guidance for developing and improving capabilities for introducing new and changed services into supported environments and retiring those services no longer needed. The value of a service is identified in strategy, and the service is designed to deliver that value. Service transition ensures that the value is realized by enabling the necessary changes to take place without unacceptable risks to existing services. Service transition enables the implementation of new services and the modification of existing services along with the retirement of obsolete services to ensure that the services provided deliver the service strategy of achieving the business objectives and that the benefits of the service design are fully realized.

Service transition also introduces the service knowledge management system, which ensures that knowledge is stored and made available to all stages of the service lifecycle, making sure lessons are learned and decisions are backed with factual data, leading to improved efficiency and effectiveness over time.

This is the complete list of service transition processes:

- Transition planning and support
- Change management
- Service asset and configuration management
- Release and deployment management
- Service validation and testing
- Change evaluation
- Knowledge management

Each process has a role to play to ensure that beneficial changes can take place and, as a consequence, the service can be introduced and will work as transitioned.

Service Operation

Service operation describes best practices for managing services in supported environments. It includes guidance on achieving effectiveness, efficiency, stability, and security in the delivery and support of services to ensure value for the customer, the users, and the service provider. Without this, the services would not deliver the value required, and the achievement of business objectives would become difficult or impossible.
The service operation stage is critical to delivering the design and, in doing so, achieving the service strategy. Service operation provides detailed guidance for delivering the service within the agreed service levels by tackling issues both proactively through problem management and reactively through incident management. It provides those delivering the service with guidance for managing the availability of services, controlling demand, optimizing capacity utilization, scheduling operations, and avoiding or resolving service incidents and managing problems. It includes advice on shared services, utility computing, web services, and mobile commerce. By delivering the services to the agreed levels, service operation enables the business to use the services to achieve its business objectives.

This is the complete list of service operation processes:

- Event management
- Incident management
- Request fulfilment
- Problem management
- Access management

Each process has a role to play to ensure the delivery of services within the agreed service levels. The service operation core volume also describes the four service management functions:

- The service desk
- Technical management
- IT operations management
- Application management

Each function is responsible for managing its own area of delivery. Technical and application management will be involved across the lifecycle. Operations management and the service desk are more rooted in service operations but will liaise with service transition, have input into continual service improvement, and carry out tasks for processes from other lifecycle stages, such as updating the configuration management system, producing service reports for service level management, and testing service continuity plans.

## Continual Service Improvement

Continual service improvement (CSI) ensures that the service provider continues to provide value to customers by ensuring that the strategy, design, transition, and operation of the services is under constant review. Feedback from any stage of the service lifecycle can be used to identify improvement opportunities for any other stage of the lifecycle. It ensures that opportunities for improvement are recognized, evaluated, and implemented when justified. These may include improvements in the quality of the service or the capabilities of the service provider. It may be developing ways of doing things better or doing them to the same level but more efficiently. Improvements may be major or small and incremental.
CSI enables every new operation to incorporate lessons from previous operations. Deciding which improvements should be undertaken, especially if funding is required, will involve input from service strategy.

CSI ensures that feedback from every lifecycle stage is captured, analyzed, and acted upon. The CSI approach to improvement is based on establishing a baseline, and checking to see whether the improvement actions have been effective. It uses the Plan-Do-Check-Act (PDCA) cycle together with service measurement, demonstrating value with metrics, and conducting maturity assessments. The seven-step improvement process provides a framework for these approaches.

**Summary**

This chapter covered module 1 of the syllabus, the introduction to service strategy. The chapter covered the purpose, objectives, and scope of service strategy and how this lifecycle stage delivers value to the organization. We looked at service strategy within the context of the service lifecycle, its relationship to the other lifecycle stages of service design, service transition, service operation, and continual service improvement.

In the next chapter, we will cover service strategy principles.

**Exam Essentials**

Understand the purpose of service strategy: to set and manage the correct overall strategy for IT and IT service management. The IT and IT service management strategy must be based on an understanding of the organization's overall business strategy. For the business strategy to be successful, IT needs to provide the correct IT services to meet the current and future needs of the business.

Understand the meaning of the four Ps defined by service strategy. The purpose of the service strategy stage of the service lifecycle is to define the perspective, position, plans, and patterns that a service provider needs to be able to execute to meet an organization's business outcomes.

Be able to list the service strategy processes. Know the names of each of the service strategy processes.

- Strategy management for IT services
- Service portfolio management
- Financial management for IT services
- Demand management
- Business relationship management
Understand the value that service strategy delivers to the business. Be able to explain how service strategy ensures that the service provider is able to link its activities to the achievement of outcomes that are critical to customers and how it develops a clear understanding of what types and levels of service are required to make its customers successful.
Review Questions

You can find the answers to the review questions in the appendix.

1. ITIL guidance describes the purpose of one of the lifecycle stages as to ensure that “any modifications or transitions to the live operational environment meet the agreed expectations of the business, customers, and users.” Which stage is being referred to?
   A. Service strategy
   B. Service design
   C. Service transition
   D. Service operation

2. Service strategy talks about perspective. What does perspective mean?
   A. How the service provider will transition from their current situation to their desired situation
   B. Ongoing, repeatable actions that a service provider will have to perform in order to continue to meet its strategic objectives
   C. How the service provider intends to compete against other service providers in the market
   D. The vision and direction of the organization

3. Which of the items in the following list are included in the four Ps of service strategy? (Choose all that apply.)
   A. Perspective
   B. Processes
   C. Plans
   D. Position
   E. People
   F. Patterns

4. Which stage of the lifecycle “considers the whole IT organization and how it will deliver and support the services”?
   A. Service strategy
   B. Service design
   C. Service transition
   D. Service operation

5. Which of the following processes is part of service strategy for IT services?
   A. Availability management
   B. Knowledge management
   C. Financial management
   D. The seven-step process
6. Which stage of the lifecycle “includes advice on shared services, utility computing, web services, and mobile commerce”?
   A. Service strategy
   B. Service design
   C. Service transition
   D. Service operation

7. Which of the following processes is part of the service design lifecycle stage?
   A. Problem management
   B. Service asset and configuration management
   C. Service catalog management
   D. Service portfolio management

8. Which stage of the lifecycle ensures that the value is realized by enabling the necessary changes to take place without unacceptable risks to existing services?
   A. Service strategy
   B. Service design
   C. Service transition
   D. Service operation

9. Which concept is primarily discussed in the ITIL core guidance for the service operation lifecycle stage?
   A. SKMS
   B. PDCA
   C. ROI
   D. SLA
   E. Function

10. True or False? Improvements implemented as a result of CSI should always result in financial cost savings.
    A. True
    B. False