

Key Concepts of Service Management

VALUE AND CO-CREATION OF VALUE

Value: “Value is the perceived benefits, usefulness, and importance of something.”

Value is co-created through an active collaboration between service providers and service consumers, and other stakeholders. Value is subject to the perception of different stakeholders.

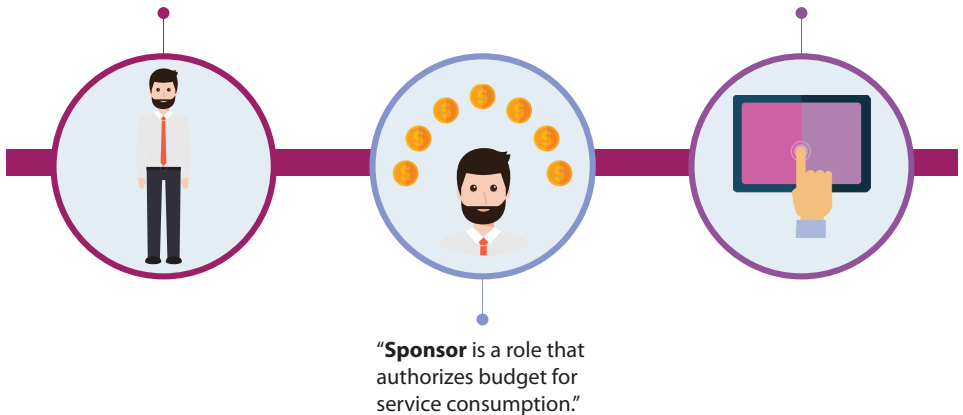
Service Providers: “When provisioning services, an organization takes on the role of the service provider. The provider can be external to the consumer’s organization, or they can both be part of the same organization.”

Service Consumers: When receiving services, an organization takes on the role of the service consumer.”

Service consumer is a generic role; in practice, service consumption includes more specific roles: customer, user, and sponsor.

“**Customer** is a role that defines the requirements for a service and takes responsibility for the outcomes of service consumption.”

“**User** is the role who uses services.”



VALUE: SERVICES, PRODUCTS, AND RESOURCES

The central component of service management is service. The service provider delivers value through service. The services that an organization provide are based on products. Products are configuration of an organization’s resources designed to offer value for a consumer.

Service: “A means of enabling value co-creation by facilitating **outcomes** that customers want to achieve, without the customer having to manage specific **costs** and **risks**.”

Product: “A configuration of an organization’s resources designed to offer value for a consumer.”

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

Key Concepts of Service Management

SERVICE RELATIONSHIPS

Service relationships are mutually beneficial, interactive service relationships between service and service consumer. Service relationships include service relationship management, service provision, and service consumption.

Service relationship management consists of “joint activities performed by a service provider and a service consumer to ensure continual value co-creation based on agreed and available service offerings.”

Service provision consists of “activities performed by a service provider to provide services.”

Service consumption consists of “activities performed by a service consumer to consume services.”

OUTCOMES AND OUTPUTS

A service provider produces outputs that help its consumers to achieve certain **outcomes**.

Output: “An output is a tangible or intangible deliverable of an activity.”

Outcome: “An outcome is a result for a stakeholder enabled by one or more outputs.”

COSTS AND RISK

Costs: “The amount of money spent on a specific activity or resource.”

From the service consumer’s perspective, there are two types of costs involved in service relationships:

- Costs removed from the consumer by the service (part of value proposition)
- Costs imposed on the consumer by the service (costs of service consumption)

Risk: “A possible event that could cause harm or loss, or make it more difficult to achieve objectives.”

From the service consumer’s perspective, there are two types of risks:

- Risks removed from the consumer by the service (part of value proposition)
- Risks imposed on the consumer by the service (risks of service consumption)

UTILITY AND WARRANTY

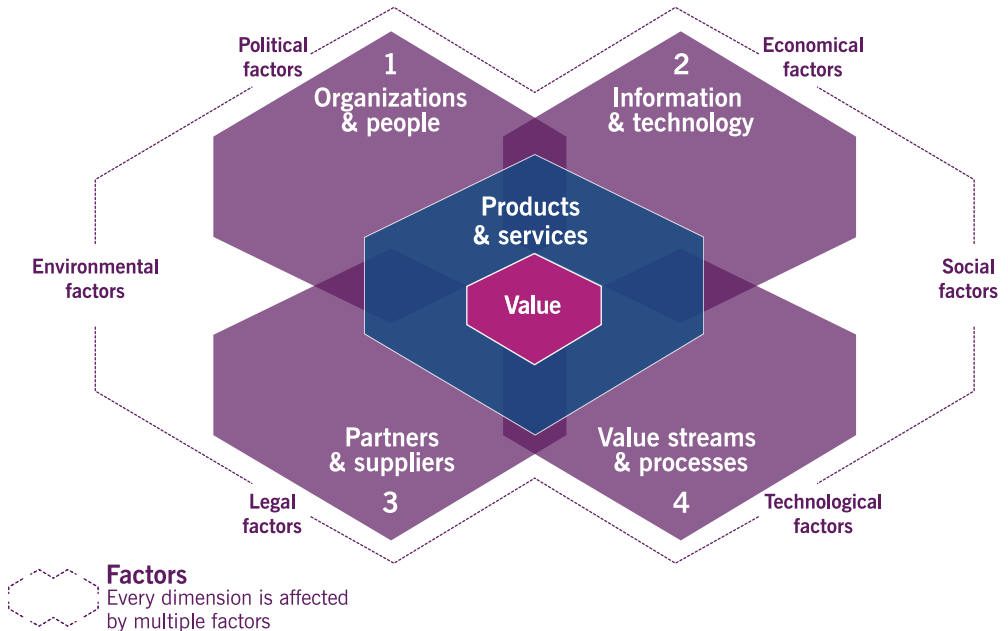
Utility: Utility is the functionality offered by a product or service to meet a particular need.

- Represents what the service does
- Determines whether a service is ‘fit for purpose’
- Requires that a service must either support the performance of the consumer or remove constraints from the consumer

Warranty: Warranty is the assurance that a product or service will meet agreed requirements.

- Represents how the service performs
- Determines whether a service is ‘fit for use’
- Requires that a service has defined and agreed conditions that are met
- Ensures the appropriate level of availability, capacity, continuity, and security

Four Dimensions of Service Management System



The four dimensions of service management ensures a holistic approach to service management and enables effective and efficient facilitation of value of customers and other stakeholders. These four dimensions represent perspectives which are relevant to the whole SVS and to specific products and services. Organizations should ensure that there is a balance of focus between each dimension.

Four Dimensions of Service Management System

1



Organizations and People

- Formal organizational structures and culture.
- Roles, responsibilities, and systems of authority and communication.
- Skills and competencies of teams or individual members, management and leadership styles.

2



Information and Technology

- Information, knowledge, and technologies necessary for service management.
- Relationships between different components of the SVS, such as the inputs and outputs of activities and practices.
- Information created, managed, and used in the course of service provision and consumption, and the technologies that support and enable a particular service.
- Exchange of information between different services and service components.

3



Partners and Suppliers

- Relationships with other organizations that are involved in the design, development, deployment, delivery, support, and/or continual improvement of services.
- Contacts and other agreements between the organization and its partners or suppliers..

4



Value Streams and Processes

- Working of various parts of the organization in an integrated and coordinated way to enable value creation through products and services.
- Activities, workflows, controls, and procedures needed to achieve agreed objectives.
- Identification and understanding of the various value streams and structuring the organization's service and product portfolios around value streams allows.
- Identification and removal of any barriers to workflow and non-value-add activities, that is waste.

The ITIL® Guiding Principles



Organizations should consider the relevance of each principle and how they can be applied together. Not all principles will be critical in every situation; the principles should be reviewed and applied based on their relevance in different situations.

The ITIL® Guiding Principles

Focus on Value

Map every action, directly or indirectly, to value for the stakeholders. Encompasses all perspectives, including the experience of customers and users.

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Think and work holistically

No service, or element used to provide a service, stands alone. The outcomes will suffer unless the organization works on the service as a whole, not just on its parts.

Start Where You Are

Always consider what is already available to be leveraged. Current state should be investigated and observed directly to ensure it is understood.

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Keep it simple and practical

Eliminate that which provides no value or produces no useful outcome. In a process or procedure, use the minimum number of steps necessary to accomplish the objective(s). Use outcome-based thinking for practical solutions and results.

Progress iteratively with feedback

Do not attempt to do everything at once. Use smaller, manageable iterations to execute and complete in a timely manner and maintain focus on each effort. Use feedback before, throughout and after to ensure actions are focused.

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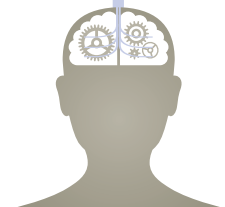
Optimize and automate

Resources, including human resources (HR) and technology, should be used to their best effect. Human intervention should only happen where it really contributes value.

Collaborate and promote visibility

Work together across boundaries to have greater buy-in and better likelihood of long-term success. Work should be visible, hidden agendas avoided and information shared to the greatest degree possible.

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The ITIL® Service Value System

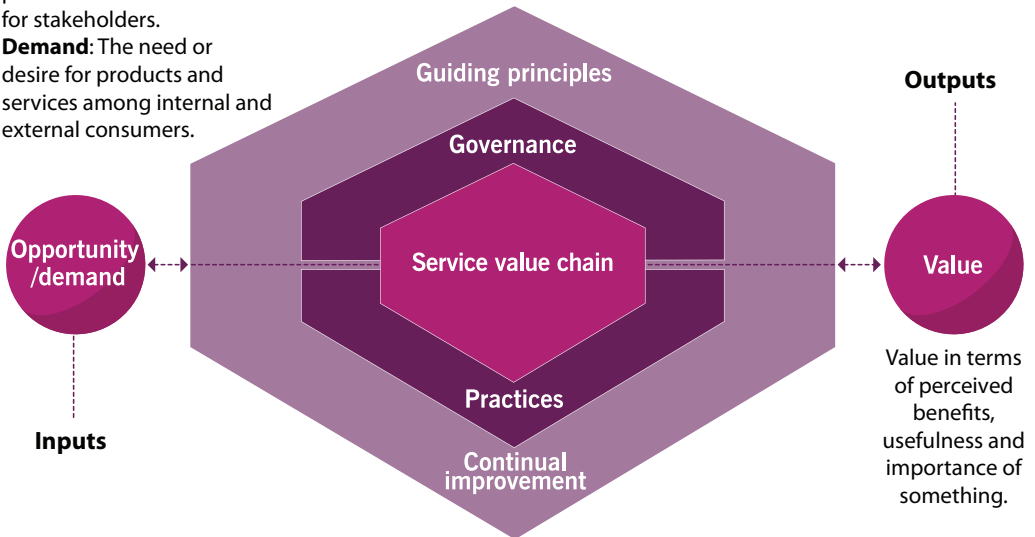
The purpose of the service value system is to ensure that the organization continually co-creates value with all stakeholders through the use and management of products and services.

For service management to function properly, it needs to work as a system. The service value system describes the **input** to this system, the **elements** to this system, and the **outputs**.

The key inputs to the service value system are **opportunity** and **demand**. The output is **value** - the organization, its customers, and other stakeholders value.

Opportunity: Options or possibilities that add value for stakeholders.

Demand: The need or desire for products and services among internal and external consumers.



The components of this system are guiding principles, governance, service value chain, practices, and continual improvement.

Flexible value-oriented operating model

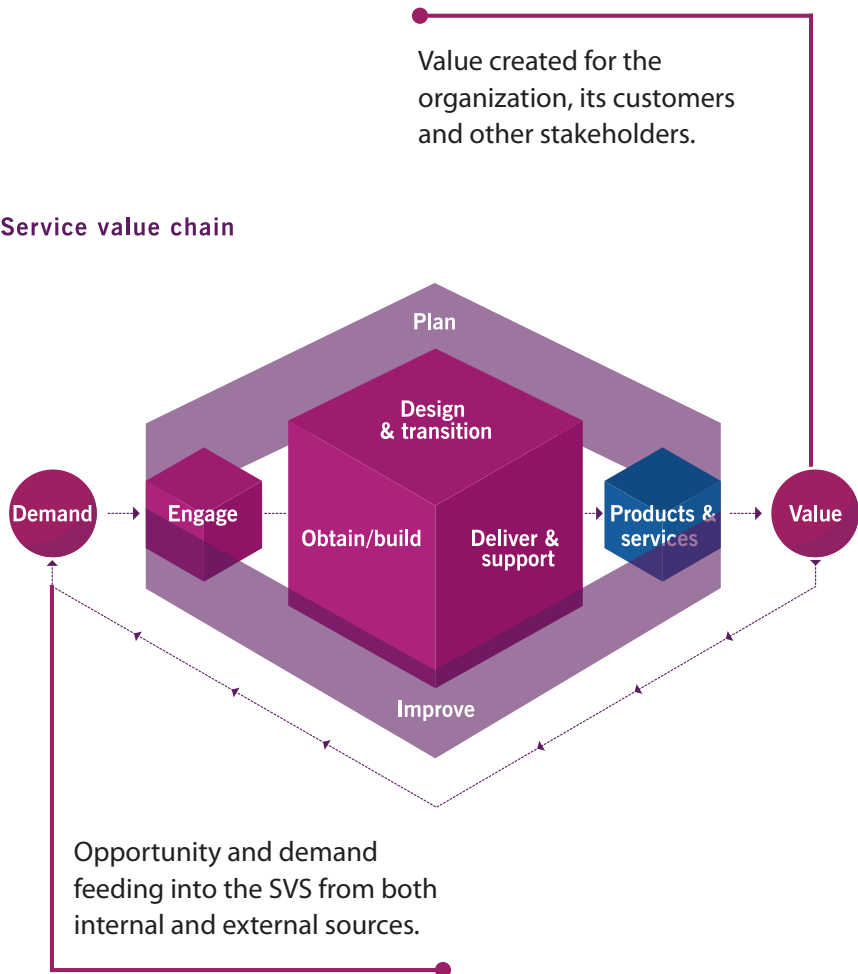
The ITIL SVS describes how all the components and activities of the organization work together as a system to enable value creation. These components and activities, together with the organization's resources, can be configured and reconfigured in multiple combinations in a flexible way, based on different circumstances.

The architecture (components) of the ITIL service value system specifically enables flexibility and discourages siloed working.

- The **service value chain** and **practices** can be flexibly combined in multiple value streams to address the needs of the organization in a variety of scenarios.
- The **continual improvement model** helps to structure the continual improvement activity, which is required to define and redefine the value streams in a flexible, yet safe and efficient manner.
- The **guiding principles** shape the continual improvement and overall operation of an organization. The guiding principles create a foundation for a shared culture across the organization, supports collaboration and cooperation within and between the teams, and remove the need for constraints and controls previously provided by silos.
- The ITIL service value system, with these components, supports many work approaches, such as Agile, DevOps and Lean, as well as traditional process and project management, with a flexible value-oriented operating model.

The ITIL® Service Value Chain

Service value chain

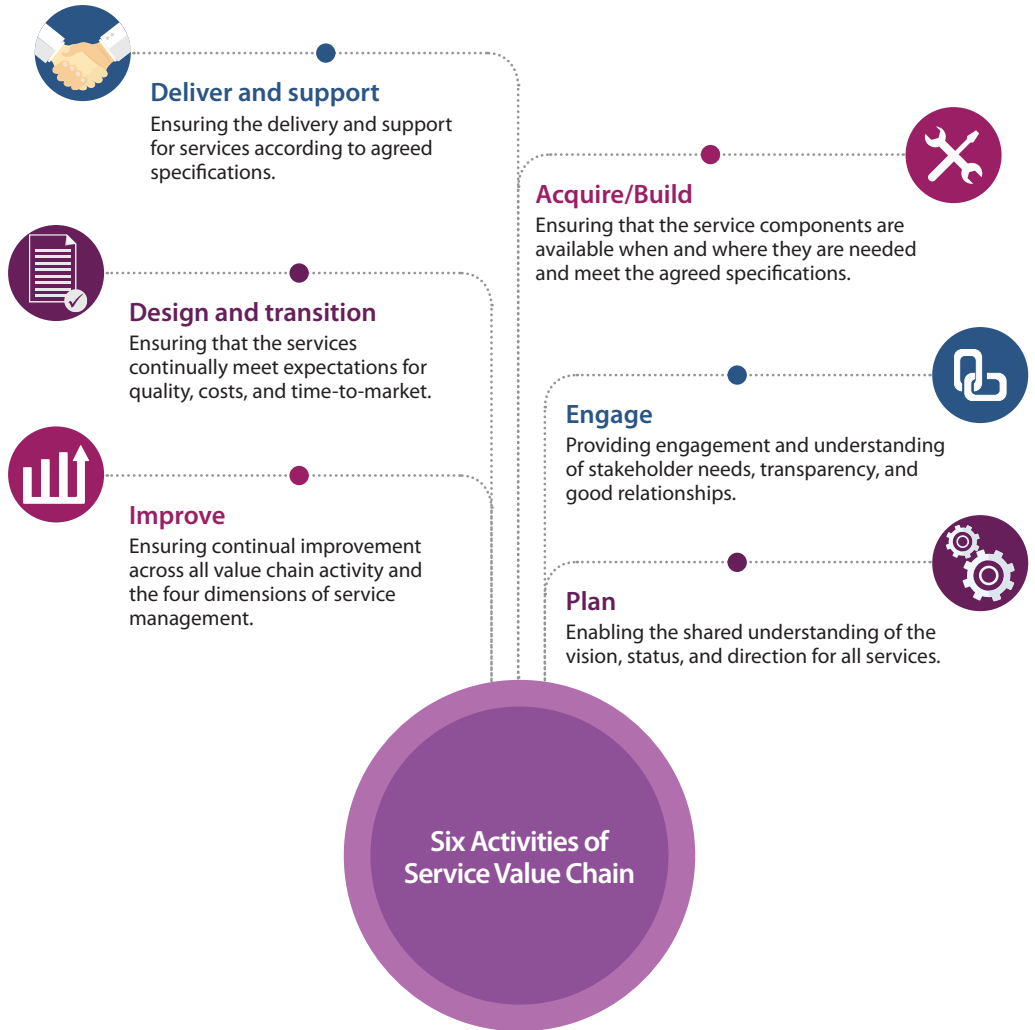


The service value chain is a set of interconnected activities that an organization performs to deliver a product or service to its customers and to facilitate value realization.

The ITIL service value chain is a flexible operating model that:

- Defines six activities that can be combined in various ways.
- Can be adapted to multiple approaches, such as DevOps and Centralized IT.
- Is enhanced by the ITIL practices; each ITIL practice supports multiple service value chain activities.

The ITIL® Service Value Chain



In order to convert inputs into outputs, the value chain activities use different combinations of ITIL practices.

In order to carry out a certain task or respond to particular scenario, service value streams are created. Service value streams are specific combinations of activities and practices, designed for a particular scenario.

The ITIL® Practices: Purpose

An ITIL practice is a set of organizational resources designed for performing a work or fulfilling an objective. The practices enhance the flexibility of the service value chain. Each ITIL practice supports multiple service value chain activities, providing a comprehensive and adaptable toolset for ITSM practitioners.

General Management Practices

1

Continual Improvement

Aligning the organization's practices and services with changing business needs through the ongoing identification and improvement of services, service components, practices, or any other element involved in management of products and services.

Information Security Management

Protecting information needed by the organization; ensuring confidentiality, integrity, availability, authentication, and non-repudiation.

Relationship Management

Establishing and fostering the links between the organization and its stakeholders at strategic and tactical levels. Includes identification, analysis, monitoring, and continual improvement of relationships with and between stakeholders.

Supplier Management

Managing suppliers and their performance to support the seamless provision of quality products and services. Includes creating collaborative relationships with key suppliers to uncover and realize new value and reduce the risk of failure.

2

Service Management Practices

IT Asset Management

Planning and management of IT assets to maximize value, control costs, manage risks, support decision making about purchase, re-use, retirement of assets, and meet regulatory and contractual requirements.

Monitoring and Event Management

Observing services and service components and recording and reporting changes of state identified as events. Includes identifying and prioritizing infrastructure, services, business processes, and information security events and establishing the appropriate response to those events.

Release Management

Making new and changed services and features available for use.

Service Configuration Management

Ensuring accurate and reliable information about the configuration of services, and the configuration items that support them.

Change Enablement

Maximizing the number of successful service and product changes by ensuring that risks have been properly assessed, authorizing changes to proceed, and managing the change schedule.

Incident Management

Minimizing the negative impact of incidents by restoring normal service operation as quickly as possible.

Problem Management

Reducing the likelihood and impact of incidents by identifying actual and potential causes of incidents and managing workarounds and known errors.

Service Desk

Capturing the demand for incident resolution and service requests. Service Desk is a point of communication for the service provider with all its users.

Service Level Management

Setting clear business-based targets for service performance, so that delivery can be assessed, monitored and managed against these targets.

Service Request Management

Handling all predefined, user-initiated service requests in an effective and user-friendly manner.

Technical Management Practices

3

Deployment Management

Moving new or changed hardware, software, documentation, processes, or any other component to live environments. Deployment management may also be involved in deploying components to other environments for testing or staging.

The Seven Core ITIL® Practices

Continual Improvement

The scope of the continual improvement practice includes the development of improvement-related methods and techniques and the propagation of a continual improvement culture across the organization.

Key activities of the continual practice include:

- Encourage continual improvement across the organization
- Secure time and budget for continual improvement
- Identify and log improvement opportunities
- Assess and prioritize improvement opportunities
- Develop business cases for improvement action
- Plan and implement improvements
- Measure and evaluate improvement results
- Coordinate improvement activities across the organization.

Continual improvement is the responsibility of everyone in the organization and the partners and suppliers related to organization.

Approaches to continual improvement can be found in many places, including Lean and Agile methods.

Change Enablement

- The scope of change enablement typically includes all IT infrastructure, applications, documentation, processes, supplier relationships, and all that might directly or indirectly impact a product or service.
- Change enablement must balance the need to make beneficial changes that deliver additional value with the need to protect customers and users from adverse effect of change.
- Three types of change that are each managed in different ways are standard changes, normal changes, and emergency changes.
- For change enablement to be effective and efficient, it is essential that the correct change authority is assigned to each type of change.
- The change schedule helps to plan changes, assist in communication, avoid conflicts, and assign resources.

Incident Management

The key activities of incident management include:

- Logging and managing the incidents
- Agreeing, documenting and communicating the target resolution times
- Prioritizing the incidents based on agreed classification
- Diagnosing, escalating, and resolving the incident

Organizations should design the incident management practice by:

- Appropriately managing and allocating resources to different types of incidents
- Storing information about incidents in incident records
- Providing good-quality updates on incidents

Incidents may be diagnosed and resolved by people in many different groups, depending on the complexity of the issue or the incident type.

The Seven Core ITIL® Practices

Problem Management

Problem management involves three distinct phases: problem identification, problem control, and error control.

Problem Identification

Identifying and logging problems.

- Perform trend analysis of incident records.
- Detect duplicate and recurring issues.
- Identify a risk that an incident could recur.
- Analyze information received from suppliers, partners and internal software developers.

Problem Control

Analyzing problems and documenting workarounds and known errors.

- Problems are prioritized based on the risk that they pose, and are managed as risks based on their potential impact and probability.
- When a problem cannot be resolved, a workaround needs to be found and documented. Workarounds are documented in problem records.

Error Control

Managing known errors.

- Error control involves identifying potential permanent solutions. These permanent solutions may involve a change request.

Service Request Management

Handling all pre-defined, user-initiated service requests in an effective and comprehensible manner.

- Service requests are pre-defined and pre-agreed, they should be formalized with a clear, standard procedure for initiation, approval, fulfilment, and management.
- The fulfilment of service requests may include changes to services or their components. These changes usually fall under category of standard changes.
- Service requests form a normal part of service delivery, and not a failure/degradation of service.

Service Desk

- Service desk acts as the entry point/single point of contact for the IT or service organization.
- Service desk should have practical understanding of the wider organization, its business processes, and users.
- Service desk works in close collaboration with the support and development teams to present and deliver a 'joined up' approach to users and customers.
- A service desk may work at a single or centralized location or it may act as a virtual desk that enables agents to work from different geographical locations.

Service Level Management

- The service level management practice involves the definition, documentation, and active management of service levels and provide end to end visibility of the organization's services.
- Service Level Agreements (SLAs) is a tool used to agree on the service between the provider and customer. SLAs must relate to a defined service in the service catalogue and should relate to defined outcomes.