

# Welcome

ITIL V3 Live! CIO Mediacast  
11AM EST Tuesday June 26, 2007

**ITIL V3 Core Practice Book 1:  
Service Strategy**

David Pultorak, CEO  
Pultorak & Associates

# ITIL V3 Live! CIO Mediacast – Morning

## © 10AM EST: ITIL V3: The Facts

© Speaker: David Pultorak, CEO, Pultorak & Associates

## © 11AM EST: ITIL V3 Book 1: Service Strategies

© Speaker: David Pultorak, CEO, Pultorak & Associates

## © Noon EST: ITIL V3 Book 2: Service Design

© Speaker: Moira Stepchuk, senior consultant, Pultorak & Associates

# ITIL V3 Live! CIO Mediacast - Afternoon

## © 2PM EST: ITIL V3 Book 3: Service Transition

© Speaker: Rich Schiesser, principal consultant, Pultorak & Associates

## © 3PM EST: ITIL V3 Book 4: Service Operation

© Speaker: Don Cox, CTO, Pultorak & Associates

## © 4PM EST: ITIL V3 Book 5: Continual Service Improvement

© Speaker: Kathryn Pizzo, senior consultant, Pultorak & Associates

# What we will cover

- © Service Strategy Core Practice Book Content
- © What's Key in ITIL V3 – Service Strategy
  - © Value creation through Service Strategy
  - © Service Portfolios
- © Bridging from ITIL V2 to V3 – Service Strategy



# Service Strategy Core Practice Book Content

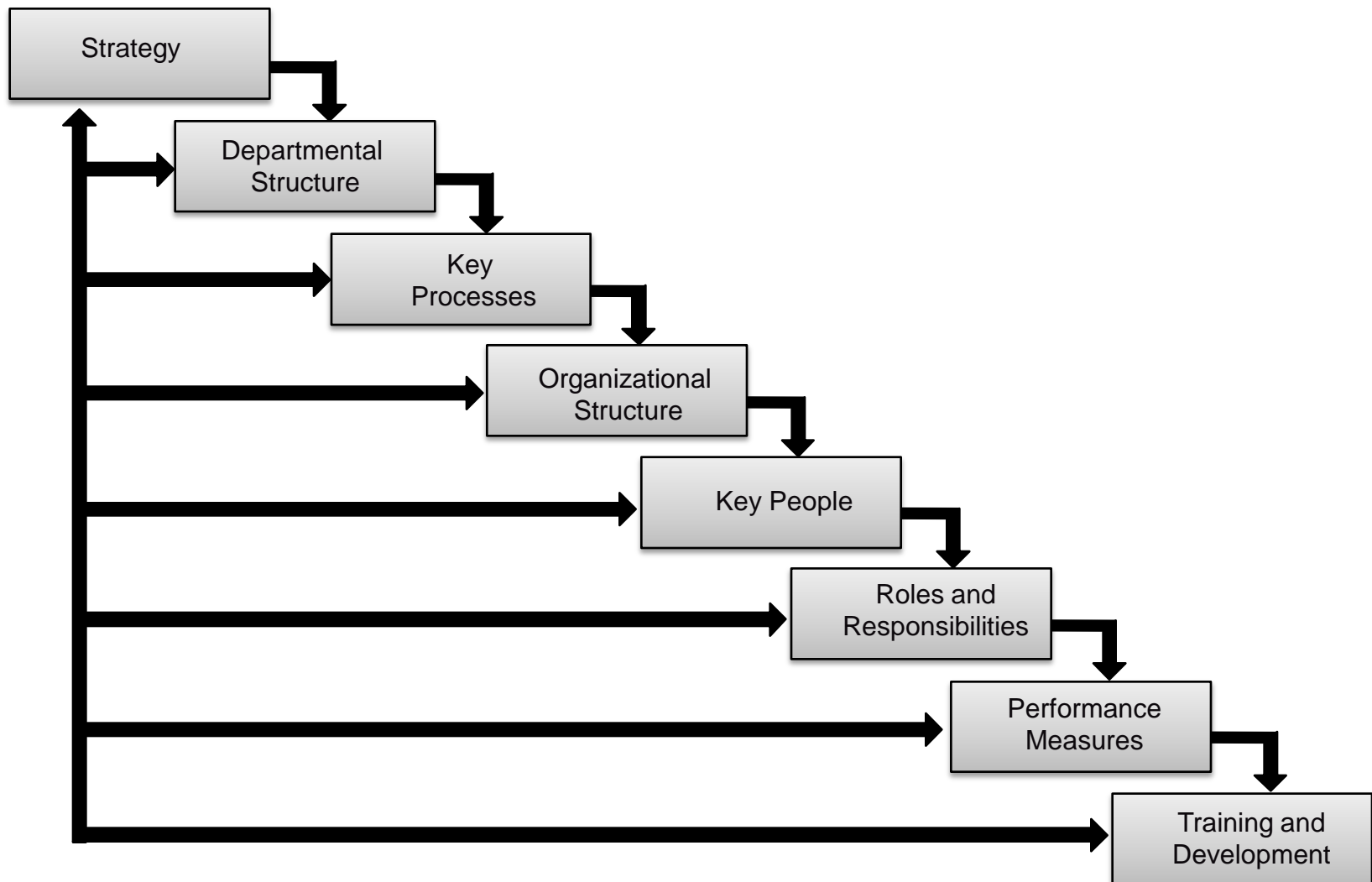
- © How to design, develop, and implement Service Management not only as an organizational capability but also as a strategic asset
- © Goals
  - © Help organizations develop the ability to think and act in a strategic manner
  - © Show how to transform Service Management into a strategic asset
  - © Show relationships between the various services, systems, or processes being managed and the business models, strategies, or objectives they support

## Service Strategy Core Practice Book Content (Cont.)

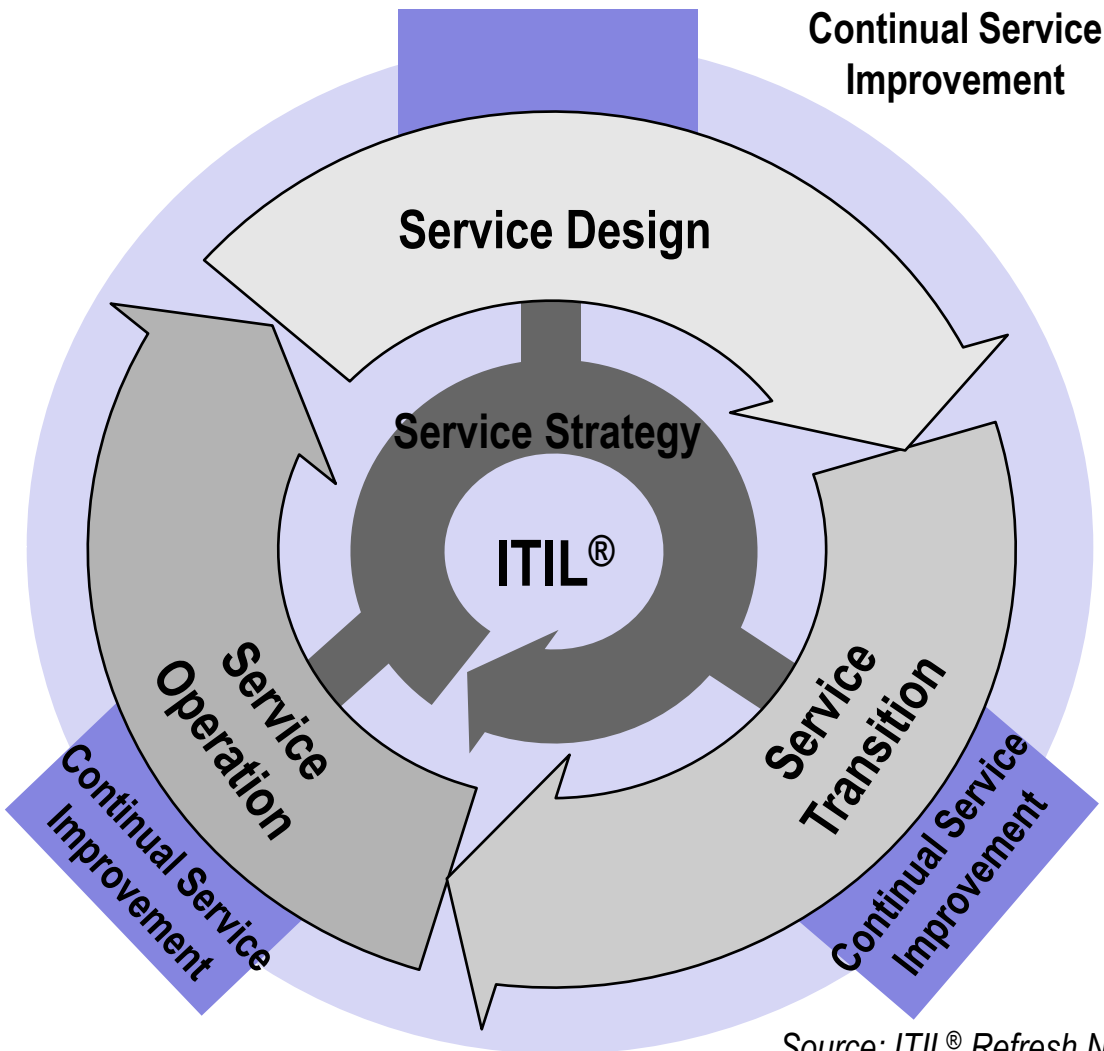
- ◎ How to define service quality
- ◎ How to create value for customers
- ◎ How to capture value for stakeholders
- ◎ How to differentiate from competing alternatives
- ◎ What services to offer and to whom
- ◎ How to allocate resources across a portfolio of services
- ◎ How to make a case for strategic investments
- ◎ How financial management can provide visibility and control over value-creation
- ◎ How to choose between different paths for improving service quality

# Service Strategy Core Practice Book Content (Cont.)

## Service Strategy Areas of Concern



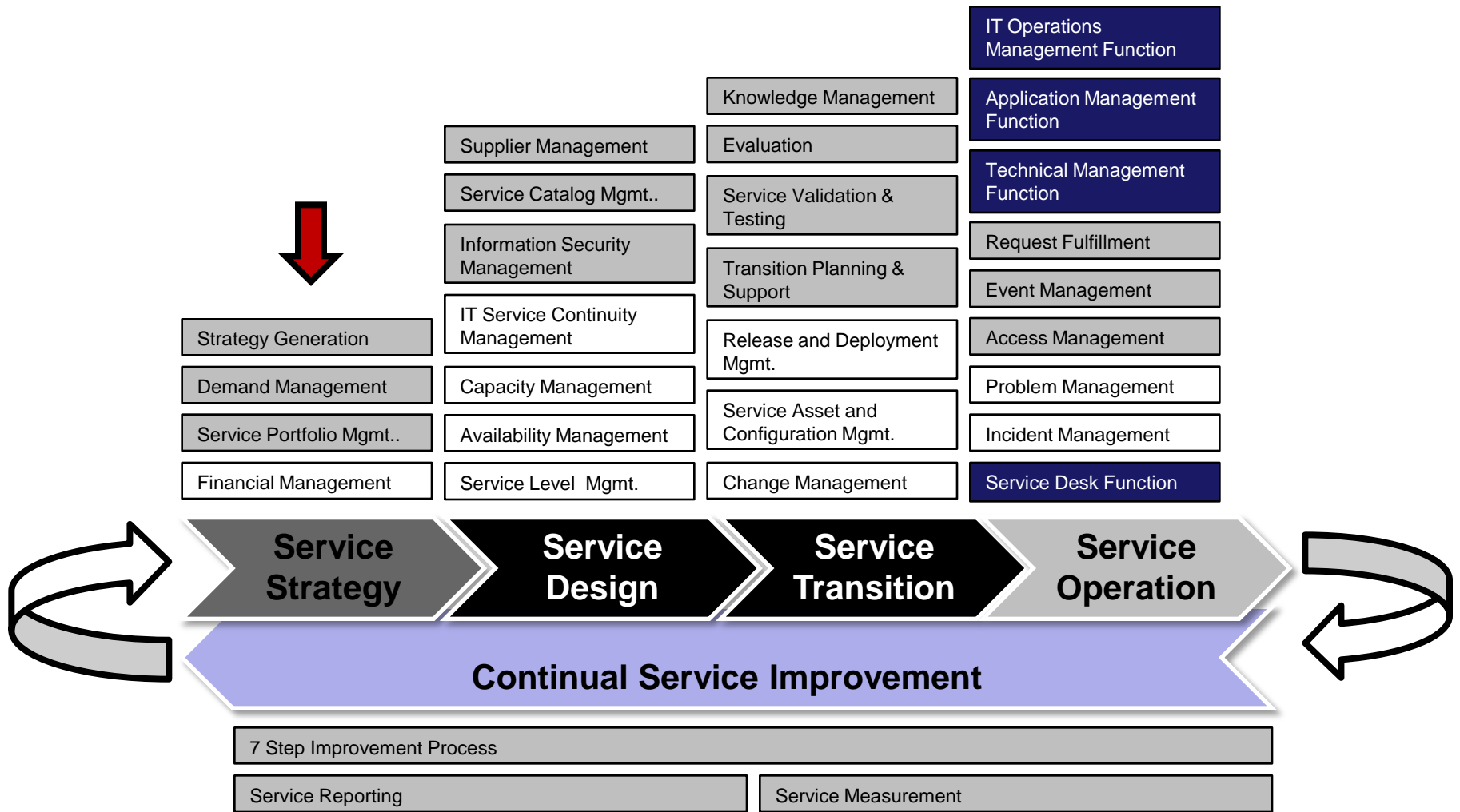
# ITIL V3 Service Lifecycle



- ⊙ **Service Strategy** – envisioning and conceptualizing the set of services which help achieve business objectives
- ⊙ **Service Design** – designing the services with utility and warranty objectives in mind
- ⊙ **Service Transition** – moving services into the live production environment
- ⊙ **Service Operation** – managing services on an ongoing basis to ensure their utility and warranty objectives are achieved
- ⊙ **Continual Service Improvement** – evaluating services and identifying ways to improve their utility and warranty in support of business objectives

*Source: ITIL® Refresh Newsletter, 1<sup>st</sup> Edition*

# ITIL V3 Processes and Functions in the Lifecycle



Legend: From ITIL V2 New in ITIL V3 Functions

# Financial Management Process

- © Process responsible for managing an IT service provider's Budgeting, Accounting and Charging Requirements
- © **Financial Management helps in identifying, documenting and agreeing upon the value of services being received and the enablement of service demand modeling and management**
- © Aggregates data inputs from across the enterprise
- © Assists in generating and disseminating information needed for critical decisions and activities

# Service Portfolio Management Process (SPM)

- ◎ Process responsible for managing the Service Portfolio
- ◎ **SPM must ensure that the Service Portfolio answers the following strategic questions:**
  - ◎ Why should a customer buy these services?
  - ◎ Why should they buy these services from us?
  - ◎ What are the pricing or chargeback models?
  - ◎ What are our strengths and weaknesses, priorities and risk?
  - ◎ How should our resources and capabilities be allocated?

# Demand Management Process

- ◎ **To understand and influence customer demand for services and provide capacity to meet that demand**
- ◎ Excessive capacity generates costs without adding value
- ◎ Insufficient capacity limits service quality and growth
- ◎ Poorly managed demand is a risk for service providers
- ◎ Demand and capacity are tightly coupled in service systems

# Strategy Generation Process

- ◎ Define the market – understand the customer and opportunities, classify and visualize services – how they create value and in what context
- ◎ Develop the offerings – define the market space and define the services based on what is valuable to the customer
- ◎ Develop strategic assets – increase the service and performance potential of the organization, treat IT service management as a strategic asset
- ◎ Prepare for execution – do a strategic assessment to find what core differentiations already exist

# Service Strategy Key Topics

## Value Creation through Service Strategy

- ◎ Resources and capabilities turned into products and services of value to the business
  - ◎ Resources – direct inputs for production
  - ◎ Management, organization, people, and knowledge – used to transform resources
  - ◎ Capabilities – ability to coordinate, control, and deploy resources
  - ◎ Capabilities without adequate and appropriate resources cannot produce value
- ◎ Distinct capabilities are developed to retain customers, with value propositions that are hard for competitors to duplicate

# Service Strategy Key Topics

## What is of Value to Customers?

- ◎ **Having a marketing mindset helps in understanding customer's idea of value – their perceptions and preferences**
- ◎ Questions to ask:
  - ◎ *What is our business?*
  - ◎ *Who is our customer?*
  - ◎ *What does the customer value?*
  - ◎ *Who depends on our services?*
  - ◎ *How do they use our services?*
  - ◎ *Why are they valuable to them?*

# Service Strategy Key Topics

## What is Service Value?

- ◎ Service value:
  - ◎ Defined by customer's business outcomes
  - ◎ Dependent on customer's perceptions
- ◎ Customer perceptions are influenced by:
  - ◎ Attributes of a service that are indications of value
  - ◎ Present or prior experiences with similar attributes
  - ◎ Relative endowment of competitors and other peers
  - ◎ Customer's self-image or actual market position (e.g. being an innovator, market leader, and risk-taker)
- ◎ **Definition and differentiation of service value is in the customer's mind**

# Service Strategy Key Topics

## What is Service Quality?

- ◎ **Quality is combination of utility and warranty**
- ◎ Utility – fitness for purpose, what the customer gets
  - ◎ Helps in performance of activities, objects and tasks associated with desired outcomes
  - ◎ Removes or relaxes constraints on performance
  - ◎ Increases performance average
- ◎ Warranty – fitness for use, how delivered to customers
  - ◎ Available when needed, in sufficient capacity or magnitude, dependable continuity and security
  - ◎ Reduces performance variations

# Service Strategy Key Topics

## Service Portfolio

- ◎ Collection of all services committed to all customers:  
present contractual commitments, new service development, ongoing service improvement programs
  - ◎ Includes third-party services which are integral part of service offerings to customers
- ◎ **Service Portfolio represents the ability and readiness of a service provider to serve customers and market spaces**
- ◎ Three phases:
  - ◎ Service Catalog – currently available
  - ◎ Service Pipeline – available soon
  - ◎ Retired Services – no longer available

# Service Strategy Key Topics

## Service Catalog

- ◎ Subset of the Service Portfolio which is visible to customers
- ◎ Services presently active in the Service Operation phase + Services approved to be readily offered to current or prospective customers
- ◎ **The Service Catalog is the virtual projection of the service provider's actual and present capabilities**
- ◎ Two kinds:
  - ◎ Business Service Catalog – customer view of the Service Catalog
  - ◎ Technical Service Catalog – underpins the Business Service Catalog, not visible to customers

# Bridging from ITIL V2 to V3 – Service Strategy

- © Get educated on ITIL V3 by taking V3 Awareness, V3 Foundations, or V2 to V3 Update Course
- © Examine current processes and gradually integrate new V3 concepts for as long as they are business justified
- © If you have V2 already in place, understand how they can be made compatible to V3
- © Read the Service Strategy book which is available from:  
[http://www.tsoshop.co.uk/bookstore.asp?AF=A10112&FO=1159966  
&Action=Book&ProductID=0113310455](http://www.tsoshop.co.uk/bookstore.asp?AF=A10112&FO=1159966&Action=Book&ProductID=0113310455)

# Session Summary

- © Service Strategy is at the core of the ITIL V3 lifecycle guidance and is about how to design, develop, and implement service management not only as an organizational capability but also as a strategic asset.
- © New processes introduced by Service Strategy are: Service Portfolio Management, Demand Management, and Strategy Generation
- © Key new topics Service Strategy are: value creation through service strategy, customer value, service value, service quality, service portfolio and catalog
- © Bridging from V2 to V3 requires an understanding of your current environment, updating on V3, and taking business-justified steps to move to V3

# Call to Action

- ◎ To learn more about ITIL V3 and IT service management
  - ◎ Visit [www.pultorak.com](http://www.pultorak.com) and [searchcio.techtarget.com](http://searchcio.techtarget.com) for the latest information on ITIL for CIOs
  - ◎ View the other webinars in this series
    - ◎ 10AM EST: ITIL V3: The Facts
    - ◎ Noon EST: ITIL V3 Core Practice Book 2: Service Design
    - ◎ 2PM EST: ITIL V3 Core Practice Book 3: Service Transition
    - ◎ 3PM EST: ITIL V3 Core Practice Book 4: Service Operation
    - ◎ 4PM EST: ITIL V3 Core Practice Book 5: Continual Service Improvement
- ◎ To consider implementing ITIL V3 in your organization
  - ◎ Contact Pultorak & Associates at (206) 729-1107  
[info@pultorak.com](mailto:info@pultorak.com)

# Questions and Answers

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