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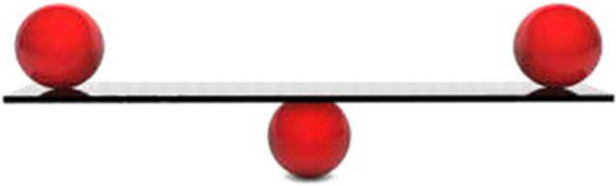
SERVICE INTELLIGENCE



Improving Your Bottom Line
with the Power of IT Service Management

SHARON TAYLOR

Praise for *Service Intelligence*

"Sharon Taylor has earned the respect of the service management industry for her willingness to stretch the boundaries of conventional wisdom, for example, by extending the principles of service management through to the full service lifecycle."

—Ian Head, Research Director, Service Management and Process Improvement, Gartner Inc.

"This book is a really practical, broad-based, and friendly explanation of why service management is so important for delivering better service faster and at lower cost. It is written by an expert with international status, who has personally shaped the way the service management industry operates.

—Jenny Dugmore, Director of Service Matters and Chair of the ISO/IEC 20000 Series Committee

"Customers, vendors and practitioners can all learn from the experience of Sharon Taylor when it comes to implementing IT Service Management concepts."

—Markos Symeonides, Executive Vice President, Axios Systems

"Best practices in the field of IT Service Management today have matured as a result of Sharon Taylor's commitment to and leadership in the industry. Her contributions while Chairman of itSMF International and work in authoring numerous ITSM books have helped to spread the adoption of IT best practice across the globe. Taylor is one of the most well-respected thought leaders in our industry. It is, therefore, no surprise that she was awarded the ITSM Lifetime Achievement Award in 2008."

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"*Service Intelligence* is excellent because it is easy to read, easy to follow, and easy to understand, which for me, are the basic tenets upon which the best business and technical books are built. Full of examples and supporting graphics, the journey through the book progresses without confusion or the need to constantly refer back to earlier chapters. The lessons contained in the book will be invaluable to all organizations, both large and small."

—Malcolm Fry

"Sharon Taylor 'breaks the eye.' She takes familiar context and provides fresh, evaluated views of IT service management at its leading edges. It's a work sure to find its way into practitioners' back pockets."

—Michael Nieves

"Sharon Taylor has succeeded in bringing together all the necessary pieces to teach business leaders how to negotiate, foster, control, and nurture a healthy relationship with their IT service provider. This is a must read for anyone seeking successful ITSM partnerships."

—Pauline Angelico, Managing Director Plus Green IT, MD Itilics, CEO Marval Asia Pacific

"Sharon Taylor's leadership continues to drive adoption and maturity in the service management profession and the abilities of those who practice it."

—Dennis G. Ravenelle, Network Integration Project Manager, Harvard University Information Technology

Service Intelligence

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Service Intelligence

Improving Your Bottom Line with the Power of IT Service Management

Sharon Taylor

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For all who journey through the challenges of giving, receiving, and recognizing quality service management. For those who provide it through leading by example and energizing their organizations to never settle for less than their best practices.

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Contents

Introduction 1

Why Read This Book? 2
Illuminating Your Vulnerabilities 4
Capitalizing on Your Strengths 5
ITSM—In Good Company 5

Chapter 1 ITSM 101: From Data to Wisdom 7

ITSM—Grass Roots 7
ITSM—20/20 Hindsight 9
IT Governance 11
IT Compliance and Audit 14
International Standards 16
ITIL Service Management Practices 19
Maturing ITSM practices 21
Endnotes 22

Chapter 2 ITSM: The Business Asset 25

The Roadmap 26
IT Governance—What to Look For 37
IT Compliance and Audit—Reasons to Have It 40
IT Service Practices 45
Endnotes 54

Chapter 3 The Service 55

The Anatomy of a Service—Building the Services You Want 55
Service Ingredients 56
We'll Have What They're Having, Please! 57
Service Catalog 58
The Service Agreement 62

Chapter 4 The IT Service Provider 69

Types of ITSP 69
ITSP Competences 74
ITSP Sourcing 75
What Should Influence Your Sourcing Decisions? 79

Chapter 5 The Negotiation 81

Decision Styles 82
Negotiation Steps 86
Agree Upon the Objectives 88
The Service Contract 90

Chapter 6 The Service Agreement 95

Core Service Agreements 96
Service Package Agreements 96
Service Description 97
Service Hours 97
Customer Support 99
Management of Incidents 100
Management of Problems 102
Change Management 103
Service Reporting 104
Service Complaints 105
Service Reviews 106

Chapter 7 The Partnership in Action 109

The Partner Compass 109
Service Monitoring 115
Identifying Trigger Points 117
Service Roles 119

Chapter 8 Service Performance in Action 127

Service Performance Indicators 127
Performance Dashboards—A Picture Paints
a Thousand Words 137

Chapter 9 The Bottom Line 143

Common Cents 143
Transformations 145
Your Bottom Line 147

Appendix A IT Strategy Template 149

Appendix B Service Contract Template 157

Appendix C Service Agreement Template 165

Appendix D References for Further Reading 173

Index 177

Preface

This book is a compilation of the basics of IT Service Management drawn from the leading best practices in the industry. It is presented from a business point of view and is intended to inform, educate, and provoke a new level of thinking by business leaders about the importance and relevance of IT Service Management to their companies.

As with all best practices, time turns them into common practices, and the next innovation in thought leadership will create new best practices. The topics included in this book are intended to stand the test of time and form the basis for strong service partnerships, which will make service excellence commonplace in companies and become the benchmark for others to innovate from.

The IT Service Management industry offers a wealth of information and platforms for the exchange of ideas. Until this book, most of this was written for the ITSM industry and its providers. Now, in these pages, business finds a home within ITSM, and by offering ITSM a place at the corporate table, can reap the benefits of decades of practice by other high-performing businesses.

Acknowledgments

I would like to acknowledge the following individuals, without whom this book could not have achieved its best.

Katherine Bull, Pearson, who believed in the idea of a book about ITSM that would help business achieve more.

Ivor Macfarlane, IBM, a service management pioneer and my mentor from the early days of ITSM and still today for his thorough and thought-provoking technical review.

Candace Dunwoodie, Aspect Group Inc., a highly respected business thought leader who kept all of us real with her sharp style of review and challenging perspective.

Very special thanks to my family, who through their sacrifice of my absence, their patience, motivation, and support made this book achievable and finished on time.

About the Author

Sharon Taylor, President of the Aspect Group, is a well-known and respected figure within today's IT Service Management community.

As the former Chief Architect and current Chief Examiner for ITIL®, the world's leading IT Service Management best practices, she has shaped the direction of ITSM and helped hundreds of companies achieve their service management goals.

Sharon is the author of numerous service management books, is a regular columnist for a variety of global IT management publications, and is a sought-after keynote speaker in the industry.

She was the Chairman of the Board for the Chair of the itSMF International, an IT service management forum responsible for ensuring global growth and governance of ITSMF in more than 50 countries. The itSMF is at the center of best practice development and endorsement.

Sharon is also past President of the North American Institute of Certified Service Management Professionals and the recipient of the prestigious ITSM Lifetime Achievement Award, which is voted on by experts in the IT industry.

Her contributions to the community and to best practice are based upon her extensive professional experience in the industry.

As the President of Aspect Group Inc., she is leading AGI's consultancy, training, and ITSM practice, working with clients throughout North America, Asia, and Europe.

As a long-time CEO, Sharon brings a business background and focus to IT service management and devotes her business experience to influencing the directions of the IT service management industry.

Introduction

Do you ever have days where you come across a concept so simple, yet so powerful, that you wished you'd thought of it yourself? Of course—we all do. Today is one of those days. By picking up this book, you will have started a journey of "a-ha" moments that will leave you wondering why someone didn't tell you this a long time ago. Well, chances are, they have.

Some experts estimate that there are over 3 billion computers in the world. Take a walk around your place of business and count the number of people using PCs, telephones, PDAs, and fax machines.

To have a conversation with another person, you can email, chat, tweet, instant message, RSS, phone, or see them in person (most often occurring in somewhat that order). A meeting can be conducted in a boardroom with colleagues but is more likely today to be done virtually with video, audio, and shared workspaces instantly with people from across the planet.

As a business leader, you know the value technology has brought to your organization and the tremendous competitive advantage, workforce productivity, and overall cost savings you can gain from its use. You also know that when things go wrong, the cost can be staggering.

Technology is so embedded in our culture that we forget that things can and will go wrong at times. Fortunately, seemingly by some mystical force, though, technology for the most part works around the clock to serve our needs.

Just about everything we do depends on technology, is run using technology, or is developed using it.

There is no mystical force at play, however. In order for technology to unlock business potential, it must be managed with vision, direction, and expertise. The pace of competitive business today requires IT management

to be somewhat clairvoyant at times. The ability of IT to predict and respond to business need keeps a business competitive and customers loyal.

There is one and only one set of methods in the world that has proven to be resilient and robust enough to enable it to do this: IT Service Management, better known in the IT industry as ITSM.

This book is not about IT. It is about how ITSM can empower your business to achieve better profits. This book is about finding those ITSM "a-ha" moments. It will show you how to make sure you recognize the characteristics of good ITSM and how to make sure you get them from your IT service.

Why Read This Book?

It's Friday at 6:00 p.m. You've just finished a long work week and are rushing to catch the train home. It's a long holiday weekend, and you plan to enjoy it with family and friends. You'll need some cash, so you make a quick stop at the ATM machine before the train arrives.

As you round the corner, you notice that there is no line at your favorite ATM. What luck! The weekend is shaping up wonderfully! As you pluck your bank card from your wallet, you see it from the corner of your eye, glaring back at you: "THIS MACHINE IS TEMPORARILY OUT OF SERVICE." That explains why there is no line. No problem. You'll just get cash at an ATM in the train station.

At the station, you go from one ATM to the next, all of them blasting the dreaded message: "THIS MACHINE IS TEMPORARILY OUT OF SERVICE" (see Figure I-1). How is this possible? By now, you have missed the train and will have to wait 45 more minutes for the next, all because the ATM service was down.

We all have experienced the frustration of services "temporarily" out of order. We think of this as terribly inconvenient and aggravating, but we move on. However, this service disruption, which is an aggravation to us, has far worse consequences for the business.

Three hours earlier, at the bank's ATM data center, a software analyst has just finished amending some application code to the ATM welcome screen. It's been a slow afternoon, so he is pleased to be catching up on some of the minor changes that never seem to get done.

FIGURE I-1 ATM machine

These types of minor code updates don't affect any customer account data, or require an application to be taken offline to restart, so the change is added while the ATM network service remains online. The analyst completes the update, closes the log, and goes for coffee. The analyst does not realize that this update contains errors and the system keeps repeatedly trying to apply the update, which the system cannot accept.

The ATM service is very sophisticated and has built in security monitoring. The system is programmed to automatically shut down the ATM system when a security issue or intrusion attempt is detected. The repeated attempts to apply the code update triggers an alarm with the system's security monitor. The system reacts as though there is a possible security breach and sends a command to shut down all the ATMs. Five minutes later, hundreds of ATM machines are rendered out of service. One of the bank's critical services goes offline just as 3 million people are leaving their offices, looking for money for the holiday weekend.

At the same time, the bank's service desk is noticing an abrupt increase in the number of calls. Reports of ATM service outages are tumbling in like waves on the shoreline.

Not long after, the phone of the bank's Senior Vice President rings. Interrupting her from dinner, she takes the call and learns that the bank's entire ATM service is down. Using her years of experience at the bank, she quickly estimates that this is costing the bank about a million dollars a minute. This is hour four.

Someone will be fired over this for sure. This company has not yet heard of ITSM...unfortunately. Ironically, the reality is that this service failure was easily preventable.

Illuminating Your Vulnerabilities

The previous scenario is a fictitious account of an IT service failure that happens much too often in reality. The use of ITSM could have prevented this from happening in the first place. From an impact perspective, this means ITSM could have saved the business from the following problems:

- Financial losses in the millions for ATM transactions that could not be completed
- Reputation losses for poor customer service
- Bad publicity that harms the bank's image
- Loss of customer loyalty
- Loss of customers
- Opportunity for competitors to take customers away

From a business perspective, ITSM is about managing service quality, reliability, and business performance. Keeping services available, especially when they are most needed, is a prime business need, which, in this case, failed to happen.

ITSM illuminates where business vulnerabilities are and how to address them *before* they create an issue. A key ITSM concept is using processes embedded in the service culture that never take their eyes off the implications to business outcomes and knowing what customers want. In the previous fictitious scenario, there seems in hindsight to be a number of glaring deficiencies in safeguarding the uninterrupted operation of the business critical ATM network service. From an ITSM perspective, this reveals that the Bank's business processes are vulnerable to a lack of control within the IT organization. Had the Bank used ITSM processes embedded for any change to critical services, no matter how seemingly minor, this event would not have occurred. The software analyst in the scenario would have known the criticality of the service and the potential vulnerability that an uncontrolled change would induce.

The scenario also uncovers an additional vulnerability. Not only is there a lack of control around changes, but a gap in IT continuity for offering customers alternative ways to access their funds in the event of a catastrophic failure.

Successful companies all have predictable and consistent characteristics that, in part, define why they are successful. Regardless of the business you are in, attention to quality management is one of these characteristics. Those who fail to pay attention to this ultimately cease to exist. ITSM is to quality management what water is to life. Without it, your business is at costly and totally avoidable risk.

Capitalizing on Your Strengths

ITSM is quality management for IT. It ensures that not only does the technology functions as we need it to, but it also ensures that when the unexpected happens, there are actions ready to be taken to minimize the impact to business. Because of ITSM, we know what our customers want, think, and feel about the service we provide. ITSM helps us recognize and seize opportunities to innovate and improve services as they arise, and not as an afterthought or reaction to an unhappy customer experience.

So, how do you get this kind of ITSM? By understanding what it is (and isn't), how to negotiate with suppliers that offer it, and what it should look like in your company.

ITSM—In Good Company

ITSM has been around for decades. It has turned good companies into excellent ones. It has saved millions of dollars and reputations during this time. This book highlights a few of those poignant moments.

It is used by large, medium, and small companies. ITSM is recognized by international standards organizations and is used worldwide.

ITSM is a set of best practice frameworks, developed over years, to manage IT using positive, measurable, repeatable, and consistent results—sort of like what you would want your balance sheet to do!

These are simple, yet powerful, truths. However, oversimplification can lead to negative consequences, even with ITSM. The most successful

companies in the world use ITSM, and they know that the best way to exploit the power of ITSM is to understand how to use it within their organizational context.

This is the primary reason for this book: to show the business customer of ITSM how to do the same.

CHAPTER 3

The Service

Businesses that excel and stand apart are ones that understand how they provide value to their customers. They have defined their core services, and the entire focus of everything the company does ultimately can be tied back to delivering their core services with the quality, reliability, and value that their customers remain loyal to them for. Competent service management is a prerequisite for success and for business to be excellent, its service management must be as well. At the heart of ITSM is the concept of service. Unless it is clearly understood what services are being provided and used, service management becomes impossible. In business and in ITSM we have to understand what we intend to manage.

In this chapter, we look at the basic ingredients of services and service practices. We will also learn the basics of ITSM terminology to help shape our understanding of dialogue we need to have with IT Service Providers (ITSPs) to ensure service assets are exploited to the benefit of the business bottom line.

The Anatomy of a Service—Building the Services You Want

In the last chapter, we touched upon the concept of the service portfolio as an ingredient in service strategy with the intent of focusing on service investments. The service portfolio is the means to identify for the ITSP what you need now and will want in the future. There is a logical flow from here toward deeper detail and refined service needs that will shed

light on what type(s) of ITSPs you should be engaging with for service provision and management. You need to fill in the list of ingredients you must have to build on in order to bring the portfolio to life.

We'll start with the basics and then develop an understanding that you can build effective service management on. Within the anatomy of a service we'll examine how a service delivers value, the kinds of relationships to seek with ITSPs for particular circumstances.

Along the way, we'll be using some ITSM terminology that will be helpful in having a dialog with ITSPs and useful during negotiations.

Service Ingredients

Every service has a basic list of ingredients, as follows:

- **Purpose**—What it exists for and the business processes it enables. This will be driven by the outcome statements you've created, which state what you need a service to do for you.
- **Functionality**—The things the service does for you that achieve its purpose. This is the service utility or what we refer to as fit for purpose.
- **Performance**—How well the service functions work to meet the purpose. This is the service warranty. This is measured in a variety of ways, which include availability, capacity, responsiveness, reliability, and so on.
- **Quality**—The overall perception of how valuable a service is to its users.

Our sense of how well a service is designed and operating for our needs stems from how it is managed. This, of course, is an integral part of service management. Failure to properly manage a service will impact one or all of these ingredients. So, to complete the picture, we have to add the service management ingredients that ensure service is designed and managed to suit our needs. These are factors that affect overall business operation and ultimately the bottom line, so understanding the basics of service management can maximize how well this is accomplished.

We'll Have What They're Having, Please!

The companies that leave lasting impressions on us are those that offer the kind of service experience that stands out. The trick to getting it is to understand what makes it stand apart from the ordinary, and how you as the customer play a role in making that happen.

Good service management should be relatively invisible to the business. Services should operate as expected, and no service disruptions should be experienced. When support is needed, it should be provided efficiently and effectively, and it should resolve issues the first time. This is typically what we think of as a good service experience.

It takes planning, capability, competence, resource, and harmonious partnering to have good service. This, of course, takes place behind the scenes and thus is what makes good service invisible to the customer.

In the prior chapters, you've learned how to define the services you need and what you need from them. The next step is to look at how those services need to be managed by the ITSP.

There are basic service expectations for service management and specific characteristics within a service that define why it is perceived as good quality for investment. Generally, these are as follows:

- The service does what you expect it to.
- The service operates reliably and is dependable over its life span.
- The service does not require many unplanned changes to keep its operations stable.
- Changes the business does require are preplanned and do not require extensive redesign.
- The service is cost efficient to operate and support.
- The service delivers the intended business outcomes.
- During periods of heavy use, the service continues to perform optimally.
- The service will scale to the evolving needs of the business.

When any of these fail, we perceive the service to be of poor quality. In fact, there are mainly only two reasons why a service is perceived as having poor quality:

1. The service's design does not meet the business needs.
2. The way the service is managed does not meet the business needs.

These are two key areas that ITSM practices are intended to address. Setting achievable expectations depends on a common understanding of what the service is, what it should do, how it will be managed, and how it will be measured.

We now know what ITSM is, and what a service is; next, we'll define the details that set and manage expectations for both the business and the ITSP.

A-ha Moment

To get good service, we need to keep only this small list in the back of our minds. The details are for negotiation and discussion with the ITSP. The details support the basic quality service ingredients. It's easy to get lost in the noise of details, many of which are not useful in defining the basic service needs and quality of how it's delivered. Keep your focus on the high-level ingredients and tie the details to those.

Service Catalog

The best way to avoid running into quality issues is to insist that your ITSP will provide you a service catalog. This is an articulation of what services offer and the terms and conditions that they are offered under. Your role is to help the ITSP define what should be in your catalog. The first rule of service catalog design that all good ITSPs know is to talk to the business customer.

Without a service catalog, it's difficult to know what services are available to you from the ITSP, and very difficult to discuss, measure, judge or even complain about them!

The following section takes the ITSM industry best practices guidance for the basic information that should be in the service catalog. Table 3-1 further explains what each of these mean and the effect this has on your business bottom line. Caution: The side effect of studying the list will be learning some basic terms in the ITSP's vocabulary. That could prove to be extremely helpful in negotiating the best service!

TABLE 3-1 Example of Basic Service Catalog Information

Service Catalog	What It Means	Who Provides It	How It Impacts the Bottom Line
Service Name	A uniformly understood descriptor to identify the service.	Business	Establishes the understanding between the business and the ITSP about what a service is considered to be.
Service Description	Describes (in business terms) what the purpose of the service is.	Developed jointly using the outcome statements provided by the business	Accurately sets out what the service must do. Saves time and money if done at the design stage. Some experts say it can cost 100 times more if left until after the service is implemented.
Service Category	This defines whether the service is part of a shared service, a core service, or a specialty service.	ITSP	Helps to exploit use of service assets in the most advantageous way and drives possible service models to be considered.
Standard Service Features	Describes features and functions of the service available to any employee who receives the service.	ITSP—This is derived from the outcome statements and service design package. Clarifies the costs associated with the generic service functions.	Clarifies the costs associated with the standard service.
Optional Service Features	Describes features and functions of the service available on special request and often with additional cost. This can also be optional features for specific business units.	ITSP—This is derived from the outcome statements and service design package and further improvement activities.	Clarifies and segregates costs for additional options and is useful as a planning tool for what is necessary and for whom.
Business Owner	Accountable business individual with whom the decisions rest for managing the service.	Business	Requires accountability to be documented and ownership managed.
Business Unit	The business customers who can use this service.	Business	Establishes access rights and ensures confidentiality of access to the data generated and used by the service.

TABLE 3-1 Example of Basic Service Catalog Information

Service Catalog	What It Means	Who Provides It	How It Impacts the Bottom Line
Service Manager	Accountable ITSP individual with whom the decision rests for ensuring the service delivers value. This individual will meet with the business owner on a regular basis as part of the service level agreement terms.	ITSP	Enforces accountability from the ITSP for the management point of contact for the service.
Service Hours	When the service operates and can be used by the business.	Jointly agreed by the business and ITSP	Directly impacts service costs and service availability.
Business Criticality	The dependence level the business has on this service to carry on business.	Business	Defines the cost to support, the level of support, and support response levels needed.
Business Priority	Defines any specific times during a business cycle when the business criticality changes.	Business	Drives support costs and ITSP windows of maintenance and change activities.
Business Contacts	Defines who the accountable contacts are for queries.	Business	Enforces accountable roles and responsibilities and the costs involved.
Escalation Contacts	Defines the contacts along the escalation path for the business and the ITSP in the event of serious service issues response.	Business and ITSP	Establishes reporting hierarchy in the event of service issues or failures and identifies accountability within both organizations.
Service Reports	Defines the type, frequency, and distribution of reports.	ITSP as agreed with the business	Contributes to the monitoring and measurement against expected norms and quality criteria. Identifies deviations and potential costs or savings.

TABLE 3-1 **Example of Basic Service Catalog Information**

Service Catalog	What It Means	Who Provides It	How It Impacts the Bottom Line
Service Reviews	Defines the structure for joint service reviews—details will be part of the service level agreement.	ITSP and the business	Post mortem of previous service cycle performance against agreed criterion. Can identify opportunities for further cost savings, improvements, and risk mitigation for the business.
Service Costs	Indicates unit costs for standard and optional features.	ITSP	Enables investment planning and costs analysis.
Service Targets	Defines the basic targets for availability, issue management, special requests, changes, and recovery from disruptions.	ITSP	Direct relationship to service cost, efforts, quality, and performance expectations. This is reflected in overall cost of service ownership.

The details within the service catalog are an extremely good snapshot of the areas for which the business must be able to negotiate the terms with the ITSP. A good practice for the business is to draft the terms of a service for itself in preparation for negotiation with ITSPs to help cover all relevant areas.

A-ha Moment

The service catalog is a primary resource in making sure you cover the important areas of what a service will look and feel like in use and how your ITSP will manage it. Without this you simply don't know for certain what you are paying for. A good practice is to create your own draft of a service catalog item to become familiar with what you will negotiate with the ITSP.

The Service Agreement

The next critical ingredient in every service is the service agreement (SA). This is also commonly called a Service Level Agreement or SLA. From a customer perspective, the SA defines the essence of service quality and the perception of ITSP performance in relation to that. This is where the art of negotiation with the ITSP is important. In terms of the business bottom line, the SA can have a great positive or negative impact to the business if it is unclear, ineffective, not followed, or breached regularly. Chapter 6, "The Service Agreement," is devoted to the detailed content and negotiation of the SA. It is important before you negotiate the terms of a SA, that you understand the ITSM terms and how they relate to the SA in order to be sure that the SLA you agree to is achievable and will work in practice.

- **Service Desk**—A service desk is a single point of contact for all your service needs. By having a single point of contact with your ITSP, you eliminate the need to troubleshoot problems yourself to determine the possible cause, and then know who to contact for help. A central premise of ITSM is that the customer should not have to troubleshoot a technical problem. This is the role of the ITSP, and the customer should only have to contact the ITSP to

start the process. Every ITSP should offer a service desk. Many ITSPs will offer a variety of ways for making contact; via telephone, web, and fax are common.

- **Incident**—This is the term used to describe an unexpected occurrence with a service. The customer is experiencing something unusual. This could include not being able to access a program, a service is not responding as it normally does, or something has broken. Every ITSP must have an established process for managing incidents that should include conducting an initial investigation by having the customer describe the symptoms and determining the best means for dealing with the incident. This will often be done by the service desk agent either on the telephone, or using remote support technology to physically take control of the equipment.
- **Problem**—This is a term an ITSP uses to identify that a service has experienced multiple incidents of the same type for which the underlying cause is still unknown. Generally a problem is a recurring service issue that is still being investigated to decide how to fix it. Customers are helpful in reporting each incident they experience because it will quickly uncover a trend and might actually prevent a major service outage from occurring. Your ITSP should use a problem management process.
- **Service Request**—This is a process used by an ITSP for managing ad-hoc or predefined requests by the customer. These could include such things as moving computer equipment, creating a new user account, or buying new equipment.
- **Availability**—This term refers to the service being available for use by you. Generally, this will be documented within a service level agreement or service report and expressed as a percentage (98.0% available during a time period) or a period during a cycle (9:00 am to 5:00 pm Monday to Friday). This is important to you because most service quality issues stem from a lack of availability or unpredictable period of down time.
- **Capacity**—This term relates to the ability of a service to meet the size or volume needs of the customer without degraded performance. An example of this is an email account that is sized for 6 GB of storage. There is a direct relationship between capacity and cost. The ITSP should use a capacity management process to predict,

based on your business usage and growth projections, what levels of capacity are needed, and when, before you suffer a service failure for lack of capacity.

- **Demand**—This term is used in two ways by an ITSP. First, it is used as a trending pattern of how business customers use services. This will generally be measured over a typical business cycle. Second, it is used in a technical way to measure and monitor business activity patterns against service capacity and potential uses for additional services or customers. It is a key element in capacity planning and service costing.
- **Service Level**—Likely one of the better-known and important terms for the customer, this term refers to the parameters of service quality the customer pays for and the ITSP ensures. Often, this will be expressed in a variety of ways, consistent with how service quality is viewed by the customer, such as response time for incidents or requests, hours of service availability, targets for measuring quality or satisfaction, parameters for making changes, and costs for the service.
- **Service Agreement**—This is commonly referred to as the SA and is the documented terms of the service levels for each service. An SA can include multiple services or a single service. There are industry practices for what should be included in the SA. The SA is often a quasi-legal document between the ITSP and the customer that stipulates how breaches of service are reported and dealt with.
- **Utility**—This term refers to the usefulness of a service for the customer. It refers to how fit for purpose a service is and is measured against the business need. It should be defined during the design stage and not after the fact.
- **Warranty**—This is the term used to describe the way a service performs against its intended design. It refers to how fit for use a service is.
- **Service Improvement Plan**—This term refers to how an ITSP prepares to improve service quality through a cycle of measuring performance, looking for opportunities to improve upon them, or to address a deficiency noted and agreed as such.

- **Service Portfolio**—This refers to a form of managing services that uses a strategic approach to viewing services as assets and investment strategies. Services are viewed as a whole and exploitation of assets for enterprise return on investment benefits.
- **Service Catalog**—The service catalog is part of the service portfolio that is a tiered view of the services offered to customers for use. The tiered view offers a technical view of how service assets are combined in various service models, as well as packages for exploitation across single or multiple customers. The service catalog will often be the platform for customer self-service portals.
- **Service Change**—This is anything that alters a service from its current state or needs to perform maintenance on a service. A service change can be requested by a customer or the ITSP. There is a cost involved for most changes. Your ITSP must use a change management process. Unauthorized and poorly planned and tested changes are the number-one cause of service failures and unplanned costs and lost revenue for the business.
- **Service Target**—This term refers to a level of measure for a service that is an agreed level. This can be applied to availability, reliability, time between failures, length of change windows and maintenance periods, response time for incidents, and service requests. Almost every facet of a service measure will have a target. The service target is the base against which actual performance and metrics are applied to determine overall performance of the service and the ITSP.
- **Escalation**—Periodically, a need for escalation will arise. This describes an established and agreed pattern for who should be involved and when. Escalation can be applied to service incidents and problems most commonly but also to most other service facets as well. Escalation generally identifies who, when, what, where, and how each level of escalation progresses.
- **Continuity**—Discussed briefly in Chapter 2, "ITSM: The Business Asset," service continuity refers to the planning and agreement of the impact to the business in the event of a catastrophic service failure and will have a detailed plan about how continuity is managed. Every ITSP should have a continuity plan for services.

- **Reliability**—This term generally applies to the level of stability that a service is expected to provide. A common metric for reliability is the average time between service incidents. It is used to measure overall performance of a service against the expected norms.

All of these terms are part of the IT service practices layer of ITSM and are where the meat of daily ITSM activities occurs. The list is a partial one that contains the more commonly used terms and those needed for dealing with ITSPs. You can find a full list of ITSM terms freely available on the web.

A-ha Moment

As a business person, you do not need to know extensive amounts of ITSM jargon or have detailed process knowledge to conduct effective negotiations with an ITSP or to create solid service descriptions that tell your ITSP what you need. A few basics are the key to a great dialog! ITSM is based on a common language using common terms. Any ITSP who doesn't know and use these terms should be avoided.

In the next chapter, we will begin looking at the anatomy of the ITSP. This is a good time to summarize a few key pieces of ITSM knowledge, as follows:

- ITSM is made up of governance, strategy, compliance, audit, and daily service practices. They are applied within a service lifecycle and are mainly a collection of interrelated processes, procedures, activities, roles, and responsibilities.
- ITSM looks slightly different in every organization, and the key is adapting best practices to fit your business needs.
- ITSM is as important to your business as it is to the IT service provider. It saves money, reputations, and even entire companies.
- Services are reflections of business needs that are driven by desired outcomes and managed by the ITSM lifecycle activities.
- The service portfolio is the collection of services strategically planned for investment and value returns, including present and future services. Think of it as "what you want."

- The service catalog is how the details of services are portrayed and a key item of understanding and communication between the business and the ITSP. Think of it as "how you want it."
- Service levels are the terms and conditions that measure how you get what you want and how you want it. They are the formalization of expectation and delivery between the business and the ITSP.

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Index

A

Access Management, 124
AI (Acquire and Implement), 15
appendices, service agreements, 172
assurances, business integrity, 43-45
ATMs, out of service example, 2-4
audits, service agreements, 172
availability, ITSPs, 63

B

balance, partner compass, 114
BIA (Business Impact Analysis), 42
budgets, 130, 144
Business Impact Analysis (BIA), 42
business management, customer roles, 120
Business Relationship Manager, 122
business services, 39
  defining, 29-33
business transformations, 145-146
business units covered, service contracts, 91
business value creation, ITIL, 21
business view, agreed upon objectives, 89

C

capacity, 99
  ITSPs, 64
Capacity and Availability Managers, 124
capitalizing on strengths, 5
change advisory board members, customer roles, 121
change management, service agreements (negotiation points), 103-104
Change Management KPIs, 134-135
Change Managers, 123
changes, service contracts, 91
co-sourcing, ITSPs, 78
COBIT (Control Objectives for Information and related Technology), 14, 44
collaboration, 85
collaboration-driven decision style, 83-84
commitment, partnerships, 37
competencies, ITSPs, 74-75
complaints, service agreements, 105
compliance and audit, 8, 14-16, 40-41
  business integrity, safeguarding, 41-45
confidentiality, service contracts, 92

Configuration Managers, 123
consistency, 48
  partner compass, 110
contacts, service contracts, 91
continuity, 65
contracts, 90-94
core service agreements, 96
Corporate Strategy, 8
costs, service agreements, 171
Customer Manager, ITSP roles, 122
customer roles, 119
  business management, 120
  change advisory board members, 121
  service owners, 120
  super users, 121
  supplier and contract management, 120
customer support, service agreements, 99-100
  change management, 103-104
  managing incidents, 100-102
  managing problems, 102-103
  service complaints, 105-106
  service reporting, 104-105
  service reviews, 106

D

dashboards, 137-142
Deliver and Support (DS), 15
demand, ITSPs, 64
dispute resolution, service contracts, 92
document location, service agreements, 172
domains, IT governance, 13
DS (Deliver and Support), 15

E

emotions, partner compass, 111
escalation, 65
  service agreements, 170
expecting the unexpected, business integrity, 41-43
exploiting service assets, 35-37
external consolidated service providers, 72-74

F

financial compensation, service contracts, 93
financial records, service contracts, 92
formal tendering, negotiations, 81
frameworks, ITSM, 10

G

governance, 8. *See also* IT governance

H

hours of coverage, service agreements, 167

I

identifying trigger points, 117
  Proactive triggers, 117-119
  RACI matrix, 119
illuminating vulnerabilities, 4-5
imbalance, partner compass, 114-115
implementation onstage, ITSCM, 43
Incident Management KPIs, 133-134

Incident Managers, 123
incidents, 63
  managing, 100
    negotiation points, 100-102
indemnity, service contracts, 92
initiation stage, ITSCM, 42
insourcing ITSPs, 76
integrators, negotiations, 81
integrity, safeguarding business integrity, 41
  double checking, 43-45
  expecting the unexpected, 41-43
internal customer dedicated providers, 70
internal shared services providers, 71-72
internal sourcing, 87
  negotiations, 81
ISO (International Standards Organization), 16-19
ISO/IEC 20000:2005, 17-19
ISO/IEC 27000, 17
ISO/IEC 27001, 17
ISO/IEC 27002, 17
ISO/IEC 27003, 17
ISO/IEC 27004, 17
ISO/IEC 27005, 17
ISO/IEC 27006, 17
ISO/IEC 27007, 17
ISO/IEC 38500, 17
IT governance, 12, 26, 37-40
  domains, 13
IT Governance Institute, 12
IT projects, ROI (return on investment), 131
IT Service Continuity Management (ITSCM), 41
  implementation stage, 43
  initiation stage, 42
  ongoing operation stage, 43
  Requirements and Strategy stage, 42
IT service practices, 26, 46-49
  service desks, 47
IT Service Providers (ITSPs), 45-46, 55, 69
  competences, 74-75
  IT strategy, 29
  service catalogs, 58, 62
  sourcing, 75
    co-sourcing, 78
    considerations for, 79-80
    insourcing, 76
    outsourcing, 76-77
  Type I providers (internal customer dedicated), 70
  Type II providers (internal shared services), 71-72
  Type III providers (external consolidated), 72-74
IT standards, 26
IT strategy, 26-28
  defining business services, 29-33
  features of a good strategy, 28-29
IT strategy template, 149-156
ITIL (IT Infrastructure Library), 10
  lifecycle flow, 19
  service management lifecycle, 19
  service management practices, 19
ITSCM (IT Service Continuity Management), 41
ITSM, 5, 66-67
  evolution of, 9-11
  frameworks, 10
  maturing practices, 21-22
  priorities and outcomes, 144

ITSM partnership, 117, 125
identifying trigger points, 117
proactive triggers, 117-119
RACI matrix, 119
partner compass, 109-113
service outcomes, 114
symptoms of balance, 114
symptoms of imbalance, 114-115
service monitoring, 115
proactive service management, 115-116
reactive service management, 116-117
ITSM partnerships, service roles, 119
customer roles, 119-121
ITSP roles, 121-124
ITSP performance KPIs, 132-133
Change Management, 134-135
Incident Management, 133-134
Service Desk, 135-136
ITSPs (IT Service Providers), 44-45, 55, 69
competences, 74-75
IT strategy, 27-29
roles, 121
Customer Manager, 122
operational management roles, 123-124
Process Owner, 122
Service Level Manager, 123
Service Owner, 122
Service Portfolio Managers, 122
service catalogs, 58, 62
sourcing, 75
co-sourcing, 78
considerations for, 79-80
insourcing, 76
outsourcing, 76-77
Type I providers (internal customer dedicated), 70
Type II providers (internal shared services), 71-72
Type III providers (external consolidated), 72-74

J-K

KPAs (Key Process Areas), 22
KPIs (Key Performance Indicators), 132-133, 137, 142
Change Management, 134-135
Incident Management, 133-134
Service Desk, 135-136, 141

L

legislative compliance, 12
service contracts, 93
lifecycles, services, 48-53

M

maintenance, service agreements, 171
maturing ITSM practices, 21-22
McDonald's, 46-48
ME (Monitor and Evaluate), 16
measuring relationships and overall value, 128-132
Monitor and Evaluate (ME), 16

N

needs, 110
needs do change, partner compass, 110
negotiation, 81-82
  agreed upon objectives, 89-90
  decision styles, 82
    collaboration-driven, 83-84
    policy-driven, 82
  service contract, 90-94
  steps of, 86-87

O

objectives, agreed upon
  business view, 89
  supplier view, 89-90
offshoring, 77
ongoing operation stage, ITSCM, 43
online catalogue, 40
operation, 8
Operational management roles, 123-124
outsourcing ITSPs, 76-77

P

parties, service contracts, 90
partner compass, 109-113
  service outcomes, 114
  symptoms of balance, 114
  symptoms of imbalance, 114-115
partners, service desks, 48
partnerships, commitment, 37
people, service desks, 47
performance dashboards, 137-142
performance KPIs, by service, 138
PO (Plan and Organize), 15
policy-driven decision style, 82
proactive service management, 115-116
proactive triggers, 117-119
Problem Managers, 123
problems
  ITSPs, 63
  managing negotiation points, 102-103
Process Owner, 122
process-driven ITSPs, 46
processes, service desks, 47
products, service desks, 47

Q

quality models, 10

R

RACI matrix, 119
reactive service management, 116-117
relationships, measuring, 128-132
reliability, 66
reports, service contracts, 92
Requirements and Strategy stage, ITSCM, 42
responsibilities, service agreements, 167-169
reviews, service agreements (customer support), 106
ROI (return on investment), IT projects, 131
roles, service agreements, 167-169

S

safeguarding business integrity, 41
  double checking, 43-45
  expecting the unexpected, 41-43
service agreement templates, 165-166
  appendices, 172
  audits, 172
  costs, 171
  document location, 172
  escalation, 170
  exceptions to service coverage, 171
  hours of coverage, 167
  maintenance, 171
  reporting, 171
  roles and responsibilities, 167-169
  service descriptions, 166
  service support, 169-170
service agreements, 95
  core service agreements, 96
  customer support, 99-100
    change management, 103-104
    managing incidents, 100-102
    managing problems, 102-103
    service complaints, 105-106
    service reporting, 104-105
    service reviews, 106
  service descriptions, 97
  service hours, 97-98
  service package agreements, 96
service agreements covered, service contracts, 91
service assets, exploiting, 35-37
service capacity, 99
service catalogs, 32, 58-62, 65
service change, 65
service complaints, service agreements, 105-106
Service Contract template, 157-163
service contracts, 90-94
service costs, service agreements, 171
service coverage, service agreements, 171
service descriptions, 97, 166
service desks, 47-48, 62-63, 124-125
  dashboard KPI, 141
  KPI, 135-136
  operational management role, 124-125
service disruption, service agreements, 169
service hours, service agreements, 97-98
service improvement plan, 64
service level, 64
service level agreements (SLAs), 62-64, 95
Service Level Manager, 123
service levels, 67
service lifecycles, 48-49
service maintenance, service agreements, 171
service management, 57-58
Service Management partnership, service assets, 36
service management practices, ITIL, 19
service monitoring, 115
  proactive service management, 115-116
  reactive service management, 116-117
service outcomes, 114
service owners
  customer roles, 120
  ITSP roles, 122

service package agreements, 96
service performance, 127
service performance indicators, 127-128
ITSP performance KPIs, 132-133
Change Management, 134-135
Incident Management, 133-134
Service Desk, 135-136
measuring relationship and overall value, 128-132
performance dashboards, 137-142
service Portfolio Management, 34
service Portfolio Managers, 122
ITSP roles, 122
service portfolios, 55, 65
service reporting, service agreements, 104-105, 171
service requests
ITSPs, 63
service agreements, 169
service response, service agreements, 170
service reviews, service agreements, 106
service roles, 119
customer roles, 119
business management, 120
change advisory board members, 121
service owners, 120
super users, 121
ITSP roles, 121
Customer Manager, 122
operational management roles, 123-125
Process Owner, 122
Service Level Manager, 123
Service Owner, 122
service portfolio managers, 122
supplier and contract management, 120
service support, service agreements, 169-170
service targets, 65
services, basic list of ingredients, 56
services covered, service contracts, 91
SLAs (service level agreements), 62-64, 95
sole source, negotiations, 81
sole sourcing, 87
sourcing
considerations for, 79-80
internal sourcing, 87
ITSPs, 75
co-sourcing, 78
insourcing, 76
outsourcing, 76-77
sole sourcing, 87
standards, ISO (International Standards Organization), 16-19
stereotypes, partner compass, 111
strengths, capitalizing on, 5
structural elements, 7-9
super users, customer roles, 121
supplier and contract management, customer roles, 120
supplier view, agreed upon objectives, 89-90
sustained consistency, 48

T

templates
IT strategy templates, 149-156
service agreement templates, 165-166
appendices, 172
audits, 172
document location, 172
escalation, 170
exceptions to service coverage, 171
hours of coverage, 167
maintenance, 171
roles and responsibilities, 167-169
service costs, 171
service descriptions, 166
service reporting, 171
service support, 169-170
service Contract, 157-163
terms, service contracts, 90
terms of service, negotiating, 81-82
transformations, 145-147
trigger points, 117
proactive triggers, 117-119
RACI matrix, 119
Type I providers (internal customer dedicated), 70
Type II providers (internal shared services), 71-72
Type III providers (external consolidated), 72-74

U

utilities, 64

V

value, measuring, 128-132
vulnerabilities, illuminating, 4-5

W-Z

wants
versus needs, 110
partner compass, 111
warranties, 64