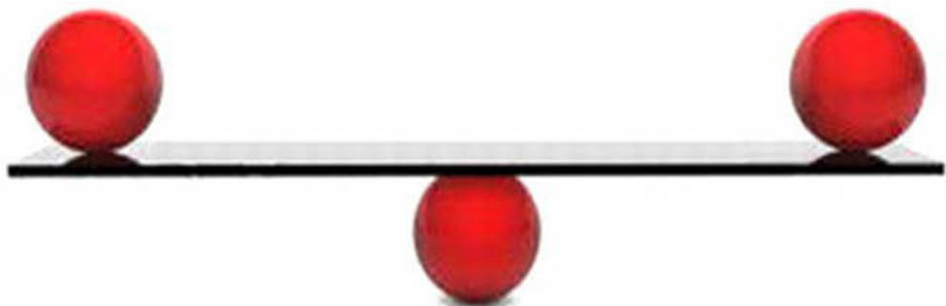


SERVICE INTELLIGENCE



Improving Your Bottom Line
with the Power of **IT** Service **M**anagement



Pearson

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.”

—Emily Sturm, Marketing Manager, Axios Systems

“*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

It is important to distinguish how compliance standards such as ISO/IEC are applicable. First, the standards themselves are very generic. This means they can be applicable across a diverse user base, and they can be audited using industry standard audit methods. They are also applied to how the ITSP organization itself is managed, not their services. This is an important distinction and one that is often misunderstood. There is some assurance that an ISO-compliant provider will apply these standards to the services they provide, but it is not a mandated requirement.

Conforming to standards requires a program of regular audits, and this requires investment on the part of the organization. It is paramount for a business to determine if they need their ITSP to be standards compliant and with which standards.

To some degree, the ITSM industry works collaboratively; for example, the ITSM standard ISO/IEC 20000 is aligned well to governance and practice frameworks, such as COBIT and ITIL. For the business consumer, this is good news because requiring a vendor to comply with the ISO standard often means the ITSP uses COBIT, ITIL, or both.

IT Service Practices

As a business leader, you understand the importance of strategy, governance, and compliance. For the most part, you will want to be certain that your IT service provider incorporates these elements within their organization, but often this is out of the direct control of the business customer. If your business uses third-party IT service providers, you will want to investigate that your providers use strategy, governance, and compliance, but there will rarely be an occasion to negotiate the specific terms of such elements. IT service practices are where the rubber meets the road and where you need to focus on fit-for-purpose IT service provision for your business.

Most ITSM provisioning uses a combination of internal and external services. It's common for the internal IT organization to take on the role of managing third-party service providers; however, this is often an area where problems can occur if the IT organization does not clearly understand the business service needs. There are more than enough examples of internal IT organizations that do not understand business requirements alone!

It should not matter whether your IT services are provided internally or externally if you are knowledgeable about what you need and how to get it from IT. Most ITSM books are written for IT and start from a lower level of IT component detail and work their way up to a service. We are doing the opposite here: deconstructing a business service to identify what service artifacts you need to get the right service.

In the previous sections, we discussed how to articulate your business needs, define business services, and create business outcome statements and improvement statements. Here, we look at the basics of IT service practices that ITSPs use and what you need to know to develop a beneficial relationship with your ITSP.

Because ITIL is the globally recognized best practice and stands alone in this part of the ITSM spectrum, we focus on it as the basis for understanding and exploiting IT service practices for business profitability.

The Finely Tuned Engine of Business

It's a pretty safe bet that anyone reading this book has heard of McDonald's.² Started in 1940 and now a household name around the world, there is a reason that a McDonald's consumer is a loyal one—sustained and consistent customer experience. As a business, McDonald's is like any other. It produces products and services, it has competitors, it must change its services as consumer tastes change, and it relies on a complex supply chain and technology to deliver to customers.

McDonald's enjoys success for the same reasons that all successful companies do. No matter where you visit a McDonald's restaurant, you know what to expect. Your food will be served quickly, the staff will be courteous, and the facility will be clean. The menu will be familiar and the prices predictable. This predictability and familiarity breeds consumer confidence and loyalty. So, how does McDonald's achieve this sustained, predictable, and consistent service? By being process-driven and aligned to the needs of their customers.

What characterizes companies that are process-driven and aligned are traits you can look for in your ITSP as well. Consistent customer experience is essential. An ITSP will usually offer a service desk or a focal point of contact to accept customer inquiries for service, report service issues, or request service changes. Process-driven ITSPs will have predictable interaction methods with the customers. They will usually confirm caller

details, solicit information about the issue or request, perform some initial triage for issues, and explain the process for handling your request. What makes them stand apart as high performers is the consistency of following a routine such as the one just described *every* time. In this way, the customer develops a sense of being well cared for and knows what to expect and what to provide to the service desk agent. A partnership-type relationship develops from this and contributes to a positive quality experience.

Behind the scenes of this encounter between the service desk and the customer is the ITSM engine at work. The service desk will use four basic ingredients configured in a specific way to generate this consistent customer-focused quality experience, as follows:

- **People**—Well-trained service desk staff who understand your business services and already have access to critical pieces of information about you as a customer, such as what services you use, what service levels you pay for, historical information about the issues or requests you have had prior to this, and scripted dialogue cues that help solicit consistent information. (Think about how you place an order at McDonald's. It's the same every time you do it.)
- **Process**—The service desk has specifically documented processes that are crafted to a work-instruction level for every type of issue or request likely to be encountered. (After your McDonald's order is taken, it is passed onto fulfillment teams the same way every time.)
- **Products**—The service desk uses technology that enables and enhances the execution of the processes used by the service desk agent and their interaction with you. For example, you might be able to log your own request using a support website, which automatically gets routed to the part of the ITSP organization that can fulfill it. The service desk agent might use a tool that shows them how all your services are configured and monitored to help investigate the likely cause of an issue or incident. (McDonald's uses intelligent point-of-sale technology that already has configured menu items that feed the fulfillment team with your order information.)

- **Partners**—The service desk likely makes use of a delivery chain of supply to fulfill your requests or resolve incidents that can be other more specialized areas of the ITSP or third-party fulfillment providers. (Your McDonald's order triggers inventory adjustments to ensure that the supply or products are always available for you as a customer.)

These four elements are the basis of what drive ITIL processes within an ITSM framework, and they are the reason that you can rely on a consistent quality experience.

Successful ITSPs know that sustained quality of service, a predictable customer-centric service philosophy, and a partnership approach to ITSM achieves customer loyalty and continued growth and prosperity. They also know what McDonald's does—that the key to sustained consistency is process-driven and focused on business outcomes. In this way, IT service practices represent the engine of business. How finely tuned it is, is a matter of practice maturity and the reason that many companies use best practices in the first place.

Don't hesitate to ask potential ITSPs what level of ITSM maturity they have and how long they have been using ITSM practices. There is a connection between longevity of use and maturity in most cases.

Every service has a lifecycle, and ITIL is built around that concept. ITIL processes revolve around the stages a service flows through during its life. From the moment the business articulates a need and establishes desired business outcomes, a service begins its journey from strategy through design, transition, operation, and into improvement.

What happens to a service during each of these stages determines what the ITSP needs to be in control of to manage it.

It's worth mentioning at this point that while the rigor of following established processes creates customer confidences and a consistent service experience, as in the McDonald's analogy, what is equally part of the successful customer experience is knowing when variations from the standard enhance the experience. McDonald's, for example, makes variations to small things that have a major impact on customers in various parts of the world. In Thailand sweet chili sauce is offered with food, in Brazil the

coffee is stronger, and there is an absence of pork in countries where it is not consumed for religious reasons. All of these things require variation from standards, but only enough to customize the experience for a target customer.

Figure 2-4 shows what must be managed and controlled.

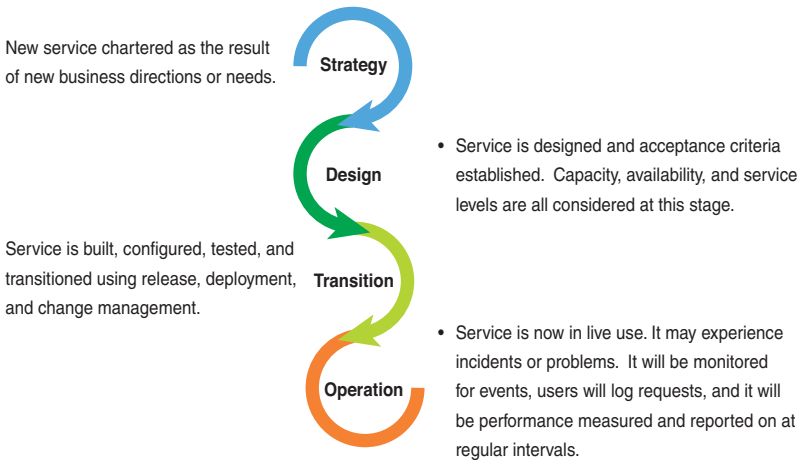


FIGURE 2-4 A service experience through the lifecycle

It is during these stages of a service's lifecycle that the business can reap major benefits in negotiating the terms under which the service is managed. This is where the potential for increasing the ROI, lowering costs of managing, and tapping into innovations that improve business profitability occur.

The following table expands on Figure 2-3 and illustrates what the various parts of the service lifecycle means to the business and to the ITSP:

TABLE 2-4 Lifecycle Stages and Their Meaning to Business, IT, and Return on Investment

Lifecycle Stage	What It Means to the ITSP	What It Means to the Business	Business Benefit	How This Affects ROI
Strategy	<ul style="list-style-type: none"> • Trigger is business strategy. • Approved business case, and investment position are inputs. • High-level discussions with business about service requirements. • Service added to service portfolio pipeline. 	<ul style="list-style-type: none"> • Interact with IT at the inception of needs. • Provide outcome statements to ITSP. • Agree service charter. • Trigger for review of strategy, governance, and compliance to account for new or changing service needs. 	<ul style="list-style-type: none"> • Cost-managed service development. • Clarifying needs at the entrance level of service. • Conceptualizing engages the ITSP in a partnership approach. • Established ROI expectations. 	<ul style="list-style-type: none"> • Establishes achievable expectations within the business-IT partnership about what is realistic, what the targets are, and the timeline for ROI to be achieved. • The business can understand true costs of service provision, and IT can understand the cost and priority for the business. • Simplifies investment decisions when accurate ROI information is trusted.