

WHAT IS...?

ITIL® 4

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What is ITIL and why did ITIL need to evolve?

Services are the main way that organizations create value for themselves and their customers. Almost all services today are IT-enabled, which means there is tremendous benefit for organizations in creating, expanding and improving their IT service management (ITSM) capability.

ITIL provides organizations with a comprehensive framework for ITSM. First introduced in the early 80s, ITIL is used by organizations around the world as best-practice guidance applicable to all types of organizations. ITIL has evolved over time to reflect changes to the way organizations work, different service management concepts and priorities, and our understanding of the different capabilities required to deliver value.

ITIL is not a standard that has to be followed word-for-word; it is guidance that should be read, understood, and then used to create value for the service provider customers. Organizations are encouraged to:

- Use ITIL to **adopt** a service management approach
- And then **adapt** ITIL guidance to their own specific circumstances, needs and goals

The world has changed significantly since ITIL was first introduced (and even since it was last updated in 2011). Technology is advancing faster today than ever before. Developments such as cloud computing, infrastructure as a service, machine learning and blockchain have opened fresh opportunities for value creation, and led to IT becoming an important business driver and source of competitive advantage. In turn, this positions IT service management as a key strategic capability.

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ITIL 4 – introduced in early 2019 – provides the guidance organizations need to:

- Address new service management challenges
- Utilize the potential of modern technology

ITIL 4 brings ITIL up to date by re-shaping much of the established ITSM practices in the wider context of customer experience, value streams, and digital transformation, as well as embracing new ways of working, such as [Lean](#), [Agile](#), and [DevOps](#).

These new ways of working are challenging IT organizations to evolve the way they work and balance the need for stability and predictability with the rising need for operational agility and increased velocity.

Key Concepts of Service Management

A shared understanding of the key concepts and terminology of ITIL is critical to the effective use of this guidance by organizations and individuals to address real world service management challenges.

ITIL 4 Foundation, the first publication of ITIL 4, introduces readers to the management of modern IT-enabled services, provides them with an understanding of the common language and key concepts, and shows them how they can improve their work and the work of their organization with ITIL 4 guidance.

The most fundamental concept that must be understood is, what is service management?

Service management is a set of specialized organizational capabilities for providing value to customers in the form of services.

Developing these specialized organizational capabilities requires an understanding of

- The nature of value
- How value creation is enabled through services
- The nature and scope of the stakeholders involved

These concepts apply to all services and service relationships, regardless of their nature and underpinning technology.

The Nature of Value

Value is the perceived benefits, usefulness and importance of something. Value is subject to the perception of the stakeholders, whether they be the customers or consumers of a service, or part of the service provider organization.

There was a time when organizations self-identifying as ‘service providers’ saw their role as delivering value to their customers in much the same way that a package is delivered to a building by a delivery company. This view treated the relationship between the service provider and the service consumer as mono-directional and distant. The provider delivers the service and the consumer receives value; the consumer plays no role in the creation of value for themselves. This fails to take into consideration the highly complex and interdependent service relationships that exist in reality.

Value is co-created!

Increasingly, organizations recognize that value is co-created through an active collaboration between providers, consumers and other stakeholders. That collaboration may come in the form of the definition of requirements, the design of service solutions and even in the creation and provisioning of the service.

How Value Creation Is Enabled Through Services

By definition, a **service** is 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. It's important to distinguish between *outcomes* and *outputs* (or deliverables). An **outcome** is a result for a stakeholder enabled by one or more outputs. For example, it doesn't matter if a software application has really cool features if it doesn't enable its users to be more productive.

Achieving desired outcomes requires resources (and therefore costs) and is often associated with risks. While service relationships can remove some costs and risks, they also introduce new risks and costs, and in some cases, can negatively affect some of the intended outcomes.

When evaluating a service, consumers must balance the removal of costs and risks against unwanted or undesirable costs and risks that may be introduced by choosing to work with a service provider. For example, using a ride sharing service to get to the airport may cost less than parking your car at the airport, but it requires that you own a smartphone or have the ability to access your online account.

To evaluate whether or not a service or service offering will facilitate the outcomes, the overall utility and warranty of the service should be assessed, along with the associated costs and risks.

Utility (fitness for purpose) is the functionality offered by a product or service to meet a particular need. Utility can be summarized as 'what the service does' and can be used to determine whether a service is able to meet its required outcomes. For example, a service that enables a business unit to process orders should allow sales people to access customer details, stock availability, shipping information, etc. Any aspect of the service that improves the ability of sales people to process sales orders would be considered utility. Utility can therefore represent any attribute of a service that supports the performance of the consumer or remove constraints from the consumer.

Warranty (fitness for use) is the assurance that a product or service will meet agreed requirements. This may be a formal agreement such as a service level agreement or contract, or a marketing message or brand image. Warranty typically addresses areas such as availability, capacity, continuity, and security. Warranty can be summarized as 'how the service performs.'

Customers cannot benefit from something that is fit for purpose but not fit for use, and vice versa. Both utility and warranty are essential for a service to facilitate its desired outcomes and therefore help create value.

The Nature and Scope of the Stakeholders Involved

In service management there are many different stakeholders. These stakeholders must be understood in the context of the creation of value in the form of services.

Key stakeholders include:

- Organizations
- Service providers
- Service consumers
- Other stakeholders

Organizations that deliver services take on the role of **service provider**. A service provider can be external to the consumer's organization, or part of the same organization. The key is that service provider has a clear understanding of:

- Who its consumers are in a given situation
- Who the other stakeholders are in the associated service relationships

Organizations that receive services take on the role of **service consumer**. Service consumer is a generic role, although in practice, there are more specific roles involved in service consumption such as:

- **Customer** – the role that defines requirements for services and takes responsibility for outcomes from service consumption
- **User** – the role that uses services on a day-to-day basis
- **Sponsor** – the role that authorizes the budget for service consumption

These roles can be separate or combined. For example, a supervisor (customer) who orders equipment for an employee (user) may need to get authorization from his or her boss (sponsor) for the spending. Conversely, you as an individual may wear all three hats when making a purchase.

Other stakeholders may include an organization's employees, its shareholders and even society.

Key Concepts of ITIL

ITIL provides organizations with a comprehensive framework for ITSM. Successfully introducing and improving ITSM in an organization requires systems thinking. **Systems thinking** is a holistic approach to analysis that focuses on the way that a system's constituent parts work, interrelate and interact over time, and within the context of other systems.

The Four Dimensions of Service Management

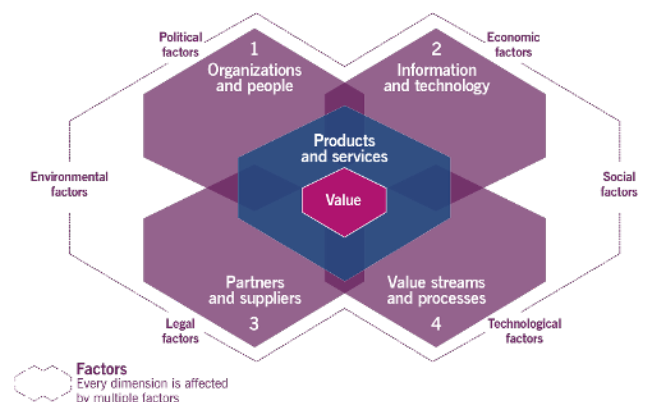
Any aspect of service management, every practice, all services need to be considered in light of four dimensions. No one dimension is sufficient to produce the required outcomes when considered in isolation.

These four dimensions include:

- Organizations and people
- Information and technology
- Partners and suppliers
- Value streams and processes

AN ORGANIZATION

Any person or group of people that has its own functions with responsibilities, authorities and relationships that operate in an integrated, coordinated way to facilitate value creation and fulfill a common set of objectives



The ITIL Service Value System

The service value system is the foundation upon which ITIL 4 sits.

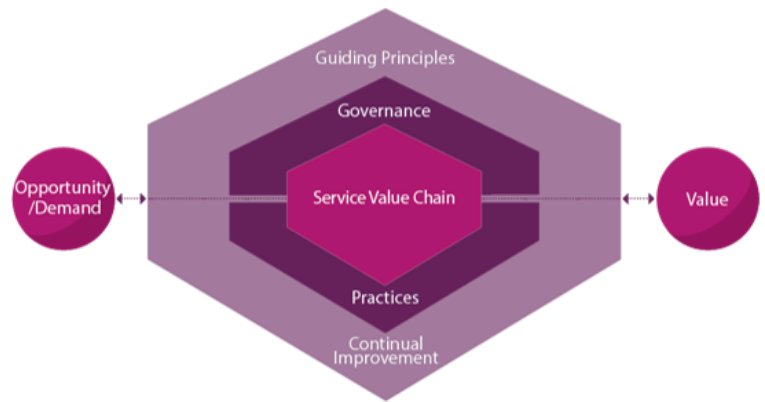
The ITIL **service value system (SVS)** describes how all the components and activities of the organization work together as a system to enable value creation.

The service value system:

- Facilitates integration and coordination of various organizational components and activities
- Provides a strong, unified, value-focused direction for the organization

Inputs to the SVS include:

- Opportunities – options or possibilities to add value for stakeholders or otherwise improve the organization
- Demand – the need or desire for products and services among internal and external consumers



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The outcome (vs. output) of the SVS quite simply is value.

The components of the SVS include:

- **Guiding principles** – recommendations that can guide an organization in all circumstances, regardless of changes in its goals, strategies, type of work, or management structure
- **Governance** – the means by which an organization is directed and controlled
- **Service value chain** – a set of interconnected activities that an organization performs in order to deliver a valuable product or service to its consumers and to facilitate value realization
- **Practices** – sets of organizational resources designed for performing work or accomplishing an objective
- **Continual improvement** – a recurring organizational activity performed at all levels to ensure that an organization's performance continually meets stakeholders' expectations

The architecture of the ITIL SVS specifically enables flexibility and discourages siloed working. The service value chain activities and the practices in the SVS do not form a fixed, rigid structure. They can be combined in multiple value streams to address the needs of the organization in a variety of scenarios.

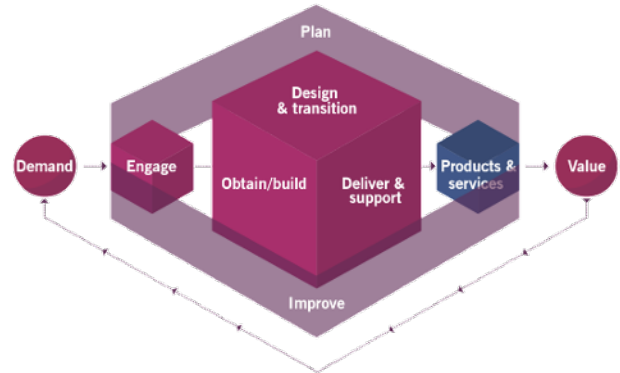
The ITIL Service Value Chain

The central element of the ITIL SVS is the service value chain. The **service value chain (SVC)** is an operating model which outlines the key activities required to respond to demand and facilitate value creation through the creation and management of products and services.

The ITIL service value chain includes six value chain activities which lead to the creation of products and services (in blue) and, in turn, value. Each activity contributes to the value chain by transforming specific inputs into outputs.

Service value chain activities (and their purpose) include:

- **Plan** – ensures a shared understanding of the vision, current status and improvement direction for all four dimensions and all products and services across the organization
- **Improve** – ensures continual improvement of products, services and practices across all value chain activities and the four dimensions of service management
- **Engage** – provides a good understanding of stakeholder needs, continual engagement with all stakeholders and transparency and good relationships with all stakeholders
- **Design and transition** – ensures that products and services continually meet stakeholder expectations for quality, costs and time to market
- **Obtain/build** – ensures that service components are available when and where they are needed, and meet agreed specifications
- **Deliver and support** – ensures that services are delivered and supported according to agreed specifications and stakeholders' expectations



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It is important to note that value chain activities do not represent a linear sequence. In order to carry out a certain task, or respond to a particular situation, organizations create value streams. Value streams configure the value chain activities in a variety of ways.

A **value stream** is a series of steps an organization undertakes to create and deliver products and services to service consumers.

A value stream may include all or only some value chain activities. For example, a user requesting support may involve only the engage and deliver and support activities. A request that requires a new component (e.g., a new laptop) will require the engage, obtain/build and deliver and support activities.

Each value stream is made up of specific value chain activities and practices.

ITIL Practices

A **practice** is a set of organizational resources designed for performing work or accomplishing an objective.

Each practice:

- Supports multiple service value chain activities
- Includes resources based on the 4 dimensions of service management

The origins of ITIL practices include general management, service management and technical management practices.

- General management practices have been adopted/adapted for service management from general business management domains
- Service management practices have been developed in service management and ITSM industries
- Technical management practices have been adapted from technology management domains for service management purposes by expanding or shifting their focus from technology solutions to IT services

Practices introduced in the *ITIL 4 Foundation* publication include:

General Mgmt. Practices	Service Mgmt. Practices	Technical Mgmt. Practices
Architecture management	Availability management	Deployment management
Continual improvement	Business analysis	Infrastructure and platform management
Information security management	Capacity and performance management	Software development and management
Knowledge management	Change enablement	
Measurement and reporting	Incident management	
Portfolio management	IT asset management	
Organizational change management	Monitoring and event management	
Project management	Problem management	
Relationship management	Release management	
Risk management	Service catalog management	
Service financial management	Service configuration management	
Strategy management	Service continuity management	
Supplier management	Service design	
Workforce and talent management	Service desk	
	Service level management	
	Service request management	
	Service validation and testing	

High-Velocity Service Management

In business innovation and differentiation, speed to market is a key success factor. Organizations have started demanding shorter time to market from their IT service providers. High-velocity service delivery influences all the practices of a service provider. Organizations must improve their service management practices to respond to this challenge.

With the introduction of Lean, Agile and DevOps practices, the 'what' and 'why' of ITIL hasn't changed. It's the 'how' that must evolve.

ITIL 4 Guiding Principles

At the heart of ITSM is a powerful cultural shift from focusing on technology to focusing on services. This means concerning ourselves with the outcomes that technology must enable for customers and consumers, how those services create value, and a dedication to continual improvement.

To support continual improvement at all levels, the ITIL service system includes:

- The continual improvement component of the SVS
- The improve value chain activity
- The continual improvement practice

These continual improvement efforts will be more likely to lead to success if all aspects of these efforts are influenced by the following guiding principles:

- **Focus on value** – map everything, directly or indirectly, to value for the organization, its customers and other stakeholders; it is the stakeholders who determine what is of value
- **Start where you are** – leverage what's already available; decisions on how to proceed should be based on accurate information obtained through direct observation supported by appropriate and effective measurement
- **Progress iteratively with feedback** – work in a time-boxed, iterative manner with feedback loops embedded in the process
- **Collaborate and promote visibility** – cooperation and collaboration are better than isolated work; promote a culture of trust and transparency; work together and match skills to tasks to ensure buy-in, relevance and long-term success
- **Think and work holistically** – no service, practice, process, department or supplier stands alone; establish an understanding of how all the parts of an organization work together in an integrated way
- **Keep it simple and practical** – use the minimum number of steps to accomplish an objective; eliminate processes, services, actions, or metrics that fail to provide value or produce a useful outcome
- **Optimize and automate** – make activities as effective and useful as practical (i.e., optimize), then automate; leverage guidance from ITIL, Agile, Lean, DevOps, Kanban and other sources to optimize performance

These guiding principles, introduced originally in the publication *ITIL Practitioner Guidance*, and refined in the publication *ITIL 4 Foundation*, distill the core messages of ITIL specifically and ITSM in general, and can be used to facilitate improvement activities of all types, at all levels.

These guiding principles are also reflected in many of the other frameworks, methods, standards, philosophies and/or bodies of knowledge that may be used in an organization, such as Lean, Agile, DevOps and others, allowing organizations to effectively integrate the use of multiple methods into an overall approach to providing services.

It's a Journey!

ITIL, like any framework, methodology, body of knowledge or philosophy, is only as valuable as the results it helps to achieve. How the practices are applied is critical. It is necessary at all times to remember what is to be accomplished and *why* it needs to be accomplished. Following book examples or practices blindly, without considering their appropriateness to the organization's circumstances, needs, goals and objectives is a certain way to fail. Success requires the application of critical judgment.

So, when using ITIL:

- **Adopt** – Commit to adopting a service-oriented, customer-focused culture. Success in service management is based on a genuine commitment to this change. Evidence of such commitment can be seen not in the way the people in an organization talk, but rather in the way in which they *behave* and in how those behaviors are incentivized.
- **Adapt** – Strive to understand ITIL best practices, to understand why they are recommended, and then to apply critical thought to adapting those best practices to the organization's circumstances, needs, goals and objectives.

Once ITIL recommendations are understood at a critical level, it is possible to successfully assess their value to your organization in the context of the organization's vision, goals, objectives, circumstances and constraints. In this way, real value can be delivered to customers and captured by the organization.

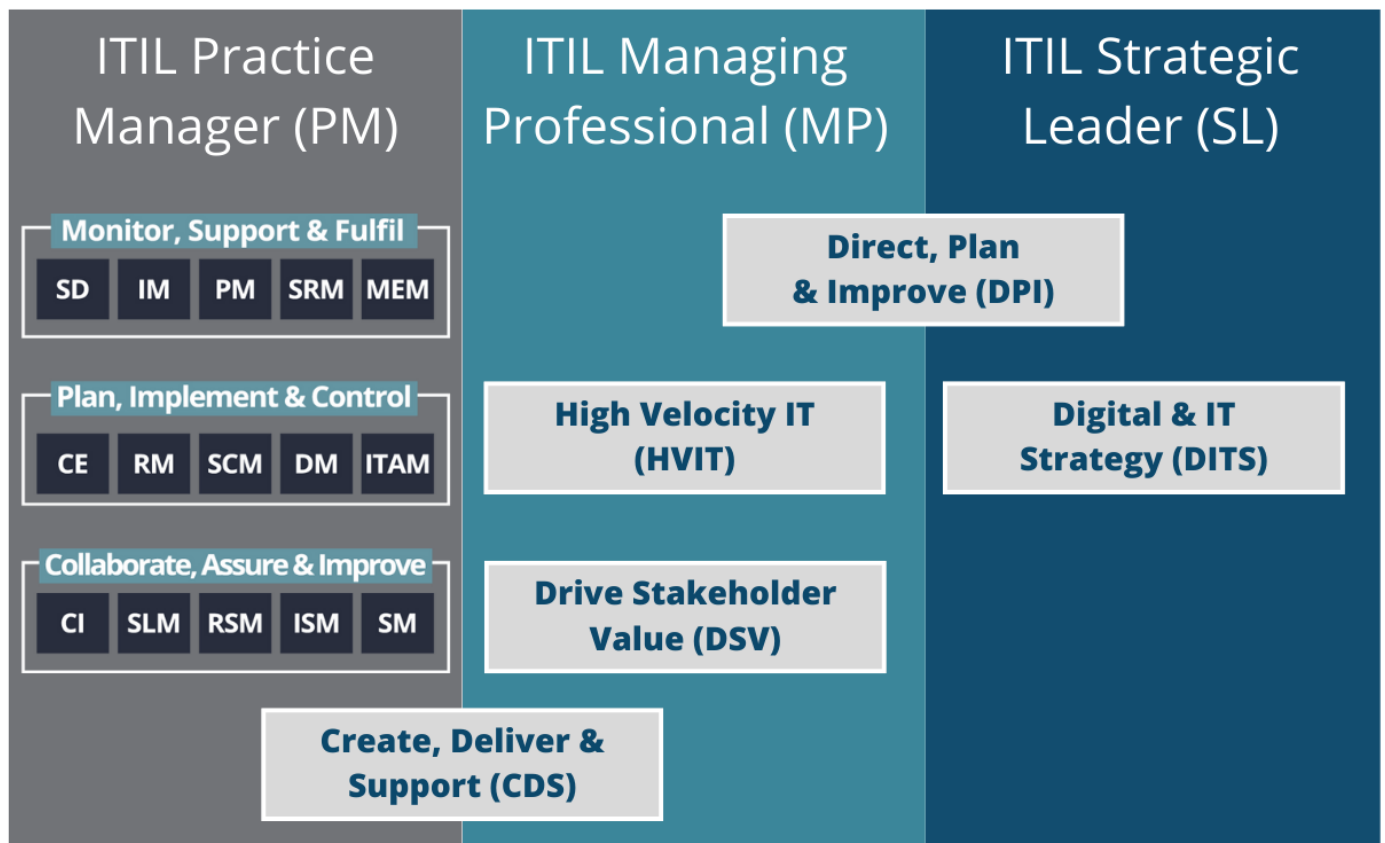
Make a Difference!

Any service management related initiative will affect organizational culture. Effective communication plans, training, and clear policies and procedures are all needed to achieve the desired performance outcomes and enable collaboration between the many different people involved in service management. *Culture change and progress cannot happen without the support of people like you. **Take action!*** Contribute to your organization's IT service management effort by expanding your knowledge of best practices and by enthusiastically using what you learn to lead process implementation and improvement activities. Be a change champion!

Want to Learn More?

Training helps individuals and organizations build and maintain their capabilities. Training also provides individuals the knowledge, skills and information needed to fill their role in the organization or achieve their career goals, along with a place to test and develop the confidence to use these skills in the workplace.

The ITIL 4 qualification scheme provides a role-based, modular approach, comprised of qualifications focused on different aspects of best practice to various degrees of depth and detail. The structure of the scheme offers individuals flexibility relating to the different disciplines and areas of ITIL and the ability to focus their studies on key areas of interest.



[Click here to learn more about the ITIL 4 Qualification Scheme.](#)

[Visit our website for our full class catalog and public class dates.](#)



Read the ITSM Professor's blogs about ITIL 4 best practices.

A few of our favorites:

- [We're Good With ITIL v3... or Are We?](#)
- [Adapting ITIL V3 Processes to ITIL 4 – Practices for the REAL WORLD!](#)

[Search](#) the blog for *many* more

Contact us to schedule time with a subject matter expert.

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Additional Resources:

- [ITSM Professor Blog](#) - a WEALTH of knowledge published weekly since 2008
- [Webinar Archives](#) - Monthly since 2007
- [ITSM Academy Resource Center](#)



ITSM Academy

We are a female owned small business, established in 2004. Our extensive catalog contains accredited and sustainable IT Service Management (ITSM) education and advice including; ITIL®, DevOps, Process Design (CPDE), Agile, Site Reliability Engineering (SRE), Value Stream Mapping (VSM) and Experience Level Agreement (XLA). Our business values are founded on trust, loyalty, professionalism and long term relationships.

...educate and inspire is not just our corporate slogan, it speaks to our core mission and goal.



Follow our founder and CXO, Lisa Schwartz, on [LinkedIn](#).

Instructors

Every ITSM Academy instructor is certified to the highest levels in the areas they train. They have years of hands-on IT practitioner experience, enabling them to effectively intertwine theory and real-life stories and scenarios. Using the highest quality content, this engaging training style encourages active group participation, allowing all learners to bring from class a wealth of practical and actionable knowledge.

Accreditations

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In addition to our public and corporate/onsite training, our courseware is available for licensing / co-branding under our flexible licensing program, including Train-the-Trainer (for qualifying organizations).

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Extends the learning experience with games, videos, exercises, sample exams, and course materials. It also provides instructors a vast repository of information and guidance to successfully prepare for and teach our courses.

Professional Education Hours (CPDs/PDUs/CPEs/CEUs):

ITSM Academy is proud to make it possible for individuals who attend our classes to earn professional education hours. (e.g., CPDs, PDUs, CPEs, CEUs). These professional education hours can be submitted to associations such as PeopleCert, the Project Management Institute and ISACA, if applicable.



The Story of the Academy

Today, ITSM Academy is widely recognized for its expertise in multiple IT frameworks (ITSM, ITIL, Process Engineering (CPDE), DevOps, Agile Service Management, Lean) and, more importantly, how they work together. But that's not where we started.