

Whitepaper

Managing A Services Portfolio

Written by
**Glen Nottman
& Thomas London**

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To learn more, contact us:
The Manta Group
14 Duncan St., Suite 301, Toronto, ON M5H 3G8

Ph. 416.483.5166
www.mantagroup.com

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Introduction

Within many organizations, the Information Technology/Information Services (IT/IS) department can often struggle to effectively manage the delivery of IT services to the business. The underlying challenges relate to complex technical environments, ever changing business and customer demands, not to mention resource management issues.

While technology advancement and IT/IS proliferation continues unabated, let's realize that the IT/IS landscape is not getting any simpler. In fact if anything, these challenges will only continue to expand within an ever evolving and complex environment. For example, the recent and ongoing efforts to develop and implement e-business, e-commerce, mobility and other IT/IS initiatives, shows that if anything, technical environments are only becoming more multifaceted and intricate. Not only is there more technology per user, but the applications, devices, and options are more complicated than ever.

Coupled with this, key objectives for the IT/IS executive requires that they maintain a clear focus on delivering value to the business, ensuring that IT/IS clearly demonstrates how it contributes to and supports the organization's corporate goals and

objectives. Therefore, for IT/IS to be considered a successful business unit, executives have to show tangible business benefits and greater rate of returns for the ever increasing levels of investment and spend that is channeled to IT/IS related initiatives. Of course there is also the often relentless pressure to do more with less, which derives from the ever growing dependency on services within the organization.

All of this has led successful IT/IS departments to shift from simply operating the IT/IS infrastructure, towards providing services that more directly link to providing business value. In other words, they have moved to a service management orientation. An essential component of a service management orientation is the concept of a Portfolio of Managed Services. This in its simplest form is the recognition that IT/IS service providers are responsible for providing a catalogue of their service to the business.

Services Portfolio Approach

Adopting a Services Portfolio mindset can often represent a paradigm shift for organizations that are only starting down the Service Management path. Concepts such as service delivery, customer experience and quality requirements take over from a more traditional IT/IS technical provider focus. From a practical perspective, the adoption of Services Portfolio Management means that IT/IS needs to redefine how it sees itself. For example, a key component for successful implementation of Services Portfolio Management is the need to transform from being a provider of technology who simply keeps the lights on, to being a provider of ever evolving and continuously improving services. The transformation is from an organization that relies on manual informal processes, to an organization that aligns itself with business and leverages standardized processes and controls. This facilitates the maturity of key areas such as planning, delivery and ongoing management of IT/IS Services.

Core to the concept of Services Portfolio Management is the notion of defining and understanding who your IT/IS customer is. While this might seem rather straight forward, it is surprising how many organizations struggle to define their business needs and deliverables from a corporate perspective, let alone from an IT/IS departmental level. For IT/IS to consider their services in terms of customers and services is somewhat of a relatively new concept.

The IT/IS organization also needs to understand and clearly define their core business, such as what services they deliver to their customer and what their internal capabilities for delivery are. Giving consideration to these factors allows the IT/IS to adopt a services approach and this facilitates the delivery of value to their customers.

Some key characteristics of a Services Portfolio focused IT/IS organization include:

- Use of effective and repeatable service management processes and capabilities to streamline service delivery for efficient and effective management of services.
- Implementing mechanisms for defining services and deploying these services throughout the organization.
- Managing the performance of the services throughout their lifecycle. Taking a business solution from concept, through development, into operational use and finally end of life.
- Creating a complete Service Portfolio, a customer facing Service Catalogue and effective Service Level Agreements (SLA's).

Adopting a Service Portfolio approach allows you to prioritize investments and improve the allocation of resources. Taking a portfolio perspective also supports a key financial discipline that is often lacking in your IT/IS environment. All investments are weighted against each other, and their associated risks. Decisions are made based on delivering value and managing risk to the business.

Managing the Services Portfolio Management Practice

To clearly understand what is meant when discussing a Service Portfolio Management approach, it is important to initially establish some key definitions for the outputs Service Portfolio

Management produces. Drawing from the official glossary of terms from ITIL version 3 the following table details the key definitions:

Table 1: Service Portfolio Management Definitions

Service Portfolio Management (SPM)	The Process responsible for managing the Service Portfolio. Service Portfolio Management considers services in terms of the business value that they provide.
Service	A means of delivering value to customers by facilitating outcomes customers want to achieve without the ownership of specific Costs and Risks.
Service Catalogue	A database or structured document with information about all Live IT Services, including those available for deployment. The Service Catalogue is the only part of the Service Portfolio published to customers, and is used to support the sale and delivery of IT Services. The Service Catalogue includes information about deliverables, prices, contact points, ordering and request processes.
Service Portfolio	

Managing A Services Portfolio

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As articulated, Service Portfolio Management focuses on providing the business with functionality from which they derive value. It is now imperative that IT/IS develops an approach to manage and deliver the value needed. Figure 1 below illustrates the integration of these key elements.

The Service Portfolio is a pipeline that identifies and tracks all services from concept, to use, to retirement. The Service Catalogue is the section of the portfolio that the customer can see. It helps your business partners understand the IT/IS services they are

using and their business value. The Service Catalogue provides a comprehensive list of all services, including priorities of the business and any corresponding Service Level Agreements.

The Service catalogue also communicates and defines the policies, guidelines and accountability that is required for services. Service Portfolio Management ensures that the services are managed throughout their lifecycle, ensuring that existing services are maintained and not negatively impacted when any new functionality or services are implemented.

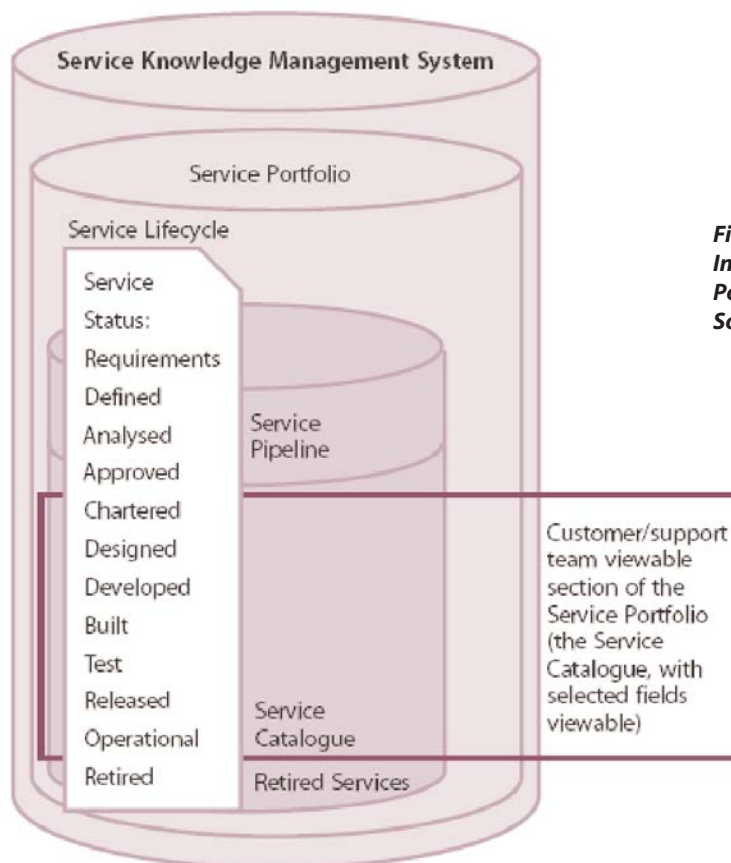


Figure 1:
Integration of the Service Portfolio and Service Catalogue:
Source: ITIL v3 Service Strategy

The Services Portfolio Process

Using a portfolio approach, the IT/IS Service provider needs to develop a process that tracks all services through the following phases:

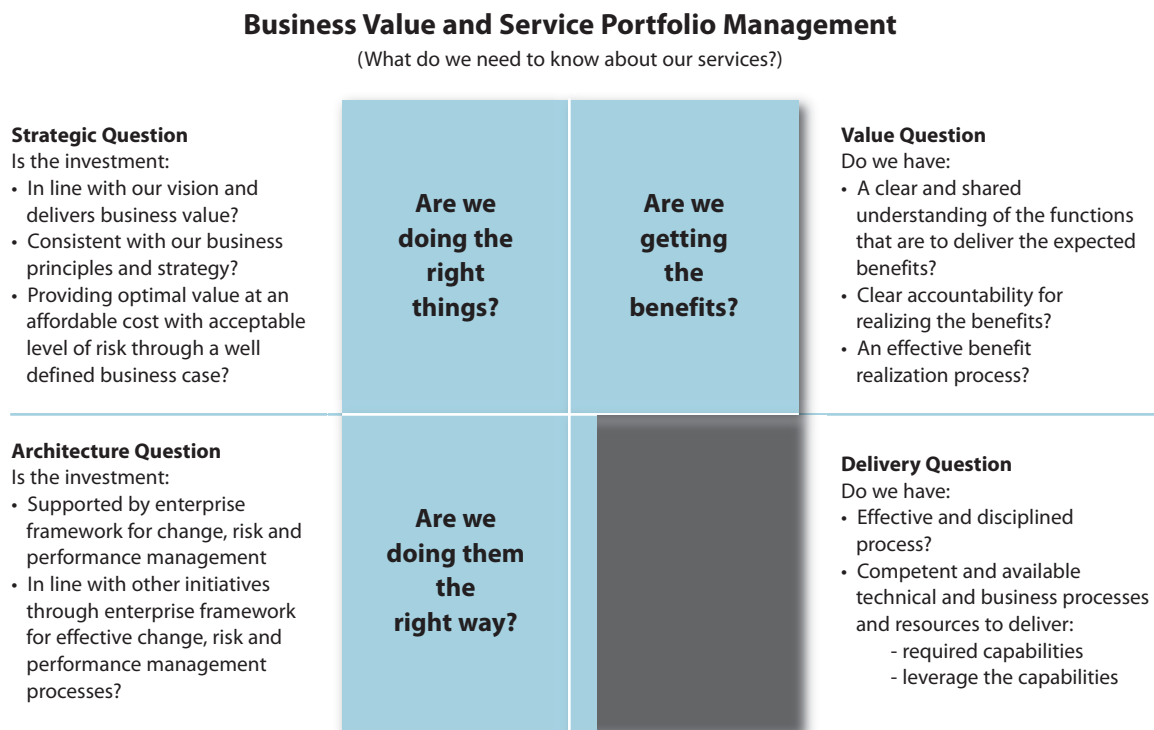
- > **Define** – Inventory of Services, business case management, data validation
- > **Analyse** – align and prioritize, balance supply and demand, resource management
- > **Approve** – finalize portfolio, authorize services and resources

> **Charter** – communicate decisions, allocate resources and charter service

In essence the Service Portfolio Management needs to develop answers to some key questions.

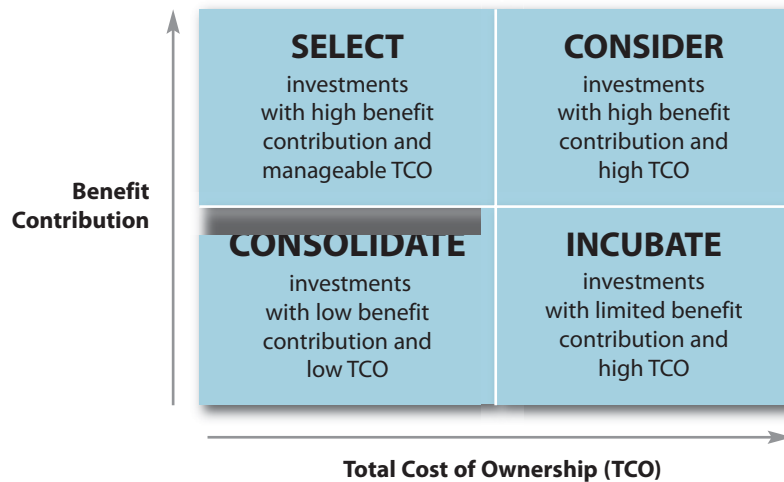
Figure 2 illustrates the key questions you need to ask throughout the Service Lifecycle. It provides a starting point to develop the solutions that are needed to ensure value added services are delivered to the business partners.

Figure 2: Linking Business Value and Service Provision



The resultant responses dictate which services to select, consider, consolidate and incubate (figure 3).

Figure 3: Investment Decision Framework



A Service Portfolio approach enables IT to balance the resources required for delivery against identified business needs, thereby enabling an effective and efficient support structure. Once the decisions are taken, the management teams need to consider the timing and options for implementation. Service Portfolio management

balances strategic decisions with constraints, internal capabilities and available resources (e.g. CobiT resources are: technology, information, applications, people). The intent of service portfolio management is to consider the solutions, with respect to business need.

Managing A Services Portfolio

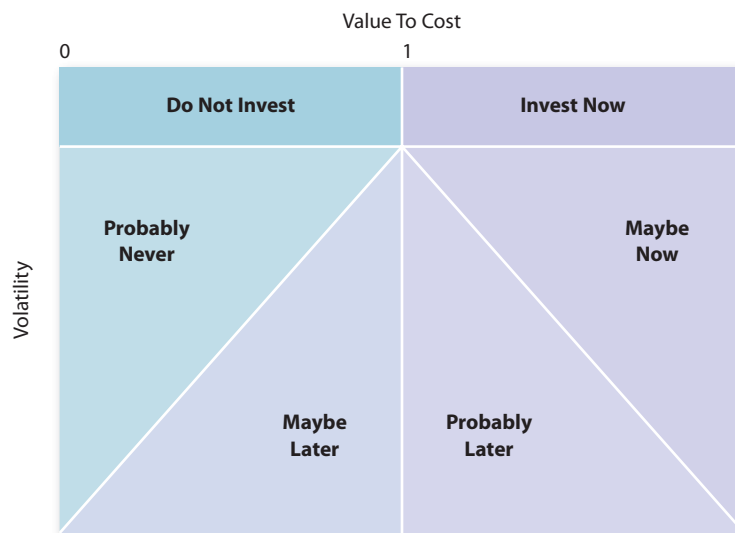
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Using the portfolio approach creates viable options for strategy and helps exercise those options by managing and considering the entire portfolio of services. Senior IT executives usually have constrained and limited resources. Service Portfolio Management helps the Senior IT executive understand not only the risks to the enterprise, but the impact and dependencies. Understanding these relationships, allows them to make informed investment decisions in service initiatives with

appropriate levels of risk and reward. The thinking process and options to consider when Service Portfolio decisions are made is illustrated in the Option Space figure below (figure 4).

Defining the criteria for your organization and to recognize where the solution fits in the Options Space above, enables you to effectively prioritize investments in a Service Portfolio, thereby driving increases business value from the IT/IS investment.

Figure 4: Option Space – decision making model. Derived from ITIL v3 Service Strategy



Service Portfolio Activities

Figure 5: Service Portfolio Approach

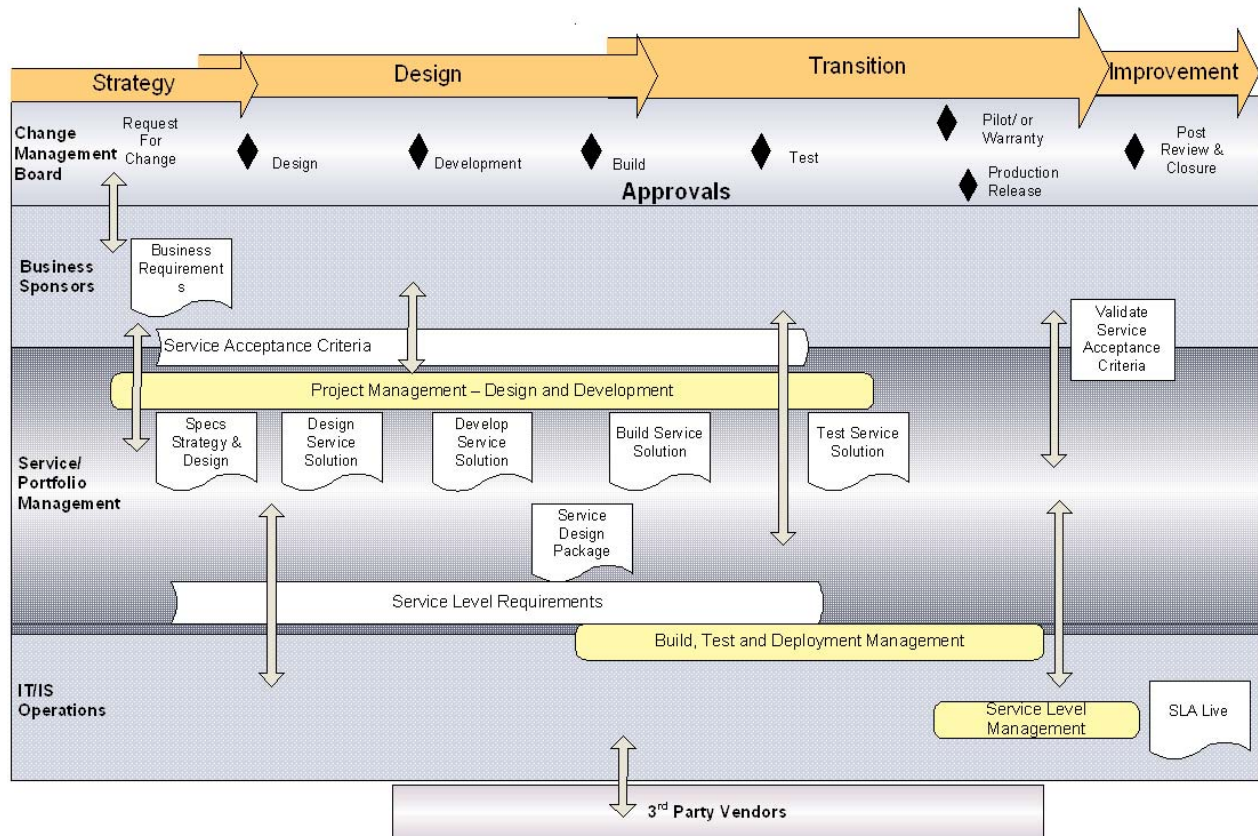


Figure 5 is an illustration of the relationships, sequence of events, services and deliverables provided by Service Portfolio Management. In a Service Portfolio approach, IT/IS can now ensure that the Business requirements are documented in partnership with the business. As a Service Portfolio Manager, you are able to ensure that as services

move through their lifecycle, changes in business needs are approved and are accurately reflected in the Service Level Requirements (SLR's). These SLRs drive the design, development and implementation of the solution which in turn means that the solutions delivered meet the expected business needs.

Defining Your Services

The previous section describes the strategic focus. The next three charts are provided as a template to use in creating a Service Portfolio Approach. These charts assist you to identify, define and manage the IT/IS services throughout their lifecycles.

The steps in Chart 1 are meant to serve as a starting point for you to use in achieving a Service Portfolio Management perspective. They provide a high level description of the task to manage services throughout the service lifecycle.

Chart 1: Service Portfolio Tasks in Defining a Service

Task	Description Of Activities
Identifying Services	<ul style="list-style-type: none"> Identify the current and/or planned services to be delivered to the business (refer to Service Questionnaire) Capture and describe this information in a document Validate this information with IT/IS and Business Owners Identify required outcomes with Business Owners Identify performance / delivery capabilities with Process Owners, Service Owners and Vendor Partners <p>Typical Resources to review and research include any Application Schedules, Operations Guides and existing service agreements and meetings with the business representatives.</p>
Establish Business Initial Service Requirement/ Capability	<p>Using the Service Questions (Chart 2) identify the business' initial or updated service level requirements, and start formal discussion over their precise service level requirements.</p> <p>This includes defining the service needs and agreeing on the support.</p>
Conduct Feasibility Analysis	<p>Check with appropriate functions that sufficient resource capacity and availability exists, that there are no side effects (impact/feasibility analysis) on other services and that it can be done within budget and within acceptable risk criteria.</p> <p>If one of these checks fails, the Service Portfolio manager escalates the issue to the appropriate Business Contact / Process Owner.</p> <p>Determine if it can be done within budget. If not, the business is informed of the additional costs and makes go/ no go decision. Therefore, the investment decision rests with the business and not IT/IS alone.</p> <p>Where an update or new service requirement(s) impacts on existing services, then escalate to the appropriate business manager and process owners for action.</p> <p>Any decisions are passed onto the Service Level Manager who then enters the SLA negotiations, the issue should then be dealt with according to business priority.</p>

Chart 1: Service Portfolio Tasks in Defining a Service, contd.

Task	Description Of Activities
Develop Service	<p>The Service Portfolio Manager monitors the life cycle of the service, which includes design and development of a solution.</p> <p>Service Portfolio Management ensures solutions are aligned with the defined Service Level Requirements. Developing the service includes identifying any underpinning supplier contracts and internal support teams on which the success of the service depends.</p> <p>The Service Portfolio Manager reports any issues to the business that require the SLR to be modified or updated based on test results and budget constraints.</p>
Deploy Service	<p>As the service is tested and nears deployment, the Service Catalogue is updated to reflect this new service to the business. The ongoing management of the service is transferred to the Service Level Management (SLM) team, as well as the Process and Business owners.</p> <p>SLM begins discussions around a formal SLA using the requirements gathered in previous steps.</p>
Operate And Monitor Services	<p>SLM develops monitoring and reporting on service performance and then compares the results with the existing SLA's.</p> <p>In particular SLM requires Capacity and Availability Management information (i.e. software tools, reports and skills), while the Incident Management, Change Management and Problem Management provide useful change, outage / degraded service information (highlighting significant SLA breaches).</p> <p>SLM acts as the focal point for evaluating and communicating the impact and cost of changing service level requirements. Any risks or problems are escalated to the Business Owners and Service Portfolio Management.</p>
Schedule Review Meetings	<p>Service Review meetings include representatives from each of the support areas involved in the delivery of the services and with business representatives.</p> <p>The purpose of the review meetings is to discuss issues such as, service achievements/ shortfalls, service problems, trends and requirements. Topics include:</p> <ul style="list-style-type: none"> • Overall business satisfaction with the service • Details of how and when the service targets are reviewed • Who will be involved and in what capacity • Discuss and plan any necessary improvements • Identify where new services may impact service provision • Update the Service Catalog and SLA's with any approved / required changes in the service portfolio

Identifying the Service Requirements

An initial step in the Service Portfolio approach is documenting your standardized Services. Chart 2 provides the Service Portfolio Manager with the key questions to ask and answer in order to identify what the service is, when is it to be used, by whom, and for what business need(s).

Defining the service requirements will:

- > Support development of Customer solutions and expectations
- > Outline IS/IT's actual and present capabilities, and any resource needs
- > Ensure that the service can be configured and priced to fulfill customer needs
- > Act as an acquisition mechanism for customers (including pricing, service level commitments, terms and conditions for service provisioning)
- > Provide clarity around expected use and business requirements for the service

Chart 2: Key Service Descriptors

Item	Question Answered
Service Description	What do you get as a customer of this service?
Main users	Who are the main users of the service?
Functionality	What are the main functionality's of the service or application(s)?
Availability	When is the service or application available?
User support	When and from whom is support available?
Development	How can I request for a change of functionality of the application?
Security	How can I request access to this service or application?
Training	How can I request training for the use of the application?
Data integrity	How critical is access to data? What maintenance, backup retention, restoration capabilities are required?
Disaster/recovery	What happens in case of a disaster?
Restrictions/ Constraints	What are the restrictions and constraints for the service?
Technical requirements	What are the technical hardware/software requirements for using the application?

Documenting the Service Level Requirements

The following is not a comprehensive list but is intended to highlight areas that you should consider when creating a Service Level Requirement. Chart 3 provides a template that you can use to document your business needs and IT/IS capabilities. This chart can then be used to populate information needed in the Service Level Requirements, Service Catalogue, and provide a

basis for Service Level Agreements and Operational Level Agreements.

The responses to the previous questions in Chart 2 are captured and documented into a Service Description template. Typical responses would be captured as follows:

Chart 3: Service Description Template

Document Section	Service Description
1. Service Description	<ul style="list-style-type: none"> • Name of service • Business use / Objective of service <ul style="list-style-type: none"> - Basic functionality description • Service owner (IT and Business Owners) • Configuration of service • Target business group • Expected Usage
2. Customer Support	<ul style="list-style-type: none"> • Operational Support Description • Hours of Support <ul style="list-style-type: none"> - Out of Hours Service • Escalation Path • Priority Guidelines • User maintenance procedures • Incident and Problem Management procedures
3. Change Management Process	<ul style="list-style-type: none"> • Allowable changes • Change window • Maintenance / Backup window • Change Approvers / Signatories • Batch processing schedule/procedures • Release procedures / Schedule • Testing procedures / User Acceptance Criteria
4. Contingency Plans	<ul style="list-style-type: none"> • Functionality Requirements during a crisis • Acceptable Downtime to restore service • Backup Requirements /procedures • Criteria for determining a crisis

Chart 3: Service Description Template, contd.

Document Section	Service Description
5. Service Metrics	<ul style="list-style-type: none"> • Availability metrics <ul style="list-style-type: none"> - Uptime metrics /Outage volumes • Performance metrics <ul style="list-style-type: none"> - Throughput - Response times - Processing speeds • Support metrics <ul style="list-style-type: none"> - Target resolution times - Target response times - Volumes of incidents - Fix time breached • Capacity metrics <ul style="list-style-type: none"> - Growth / Usage projections - Alert / Threshold levels
6. Business / User Responsibilities	<ul style="list-style-type: none"> • Identifies any policies or rules around use of the service (e.g. Internet use policy, Access Restrictions) • Document how the business uses the service, who it is available to, and when they can use it.

Service Portfolio Management Responsibilities

The following is a list of typical responsibilities and outputs that a Service Portfolio Management perspective provides:

- Develop clear understanding of business requirements and customer needs.
- Analyze investment alternatives; determine if the capability and resources are available.
- Assess risk and contingencies for the service offerings on an ongoing basis.
- Provide visibility on key issues to the operations/business unit. Ensure that the original service level requirements are still viable, communicate any necessary changes to the business partners.
- Define programs, document the business needs, risk and benefit details.
- Assemble actual service financial data comparing to baseline expectations.
- Provide real time assessment of impact of new services, or changes to existing services on the existing portfolio of services.
- Monitor design and development status comparing against plan and assessing likelihood of on time and on target delivery.
- Aggregate scope, cost and prioritization information with qualitative descriptions, risks and issues, high-level business objectives and strategic estimates.
- Monitor the status and performance (project, scorecard-based) reporting throughout the full service life cycle.
- Ensure priorities and changes in strategic direction are communicated accordingly; also that services are managed in accordance with these changes.

Summary

Services Portfolio Management is about maximizing your IT/IS value of delivery while managing risks and costs. The benefit to the organization as a whole is based on better service delivery, reliable service provision and enhanced customer experiences.

Services Portfolio Management allows IT/IS to understand and manage the quality requirements and related delivery costs. This supports proper decision making in terms of cost reduction and efficiency, while maintaining service quality.

Taking a Services Portfolio approach to the services being provided facilitates the consideration and identification of both business and technology components. It also provides a means to measure and report on the service level metrics in alignment with business process and goals. Given this, implementing a Service Portfolio practice delivers significant benefits in terms of increased levels of transparency for both IT/IS and business stakeholders. It is this increased visibility into the service environment that provides the alignment of IT/IS solutions with the business needs.