The Rise of Service Level Management in ITIL V3
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Table of Contents

SECTION 1: The Move From Version 2 To Version 3 2

SECTION 2: What’s New In V3? 2
Service Strategy
Service Design
Service Transition
Service Operation
Continual Service Improvement

SECTION 3: Service Level Management 3
Service Level Management Objectives
Process Activities

SECTION 4: Service Strategy & SLM 5

SECTION 5: Service Design & SLM 6

SECTION 6: Service Transition & SLM 6

SECTION 7: Continual Service Improvement & SLM 7

SECTION 8: Service Operation & SLM 7
7 Step Improvement Process

SECTION 9: Where To Start 9

SERVICE 10: Service Catalog Management 10

SECTION 11: Conclusion 11
Executive Summary

Challenge
ITIL is no longer an “IT only” framework, and will increasingly require Business Units and IT customers in an enterprise to become active participants in Service Strategy as part of the Service Lifecycle. ITIL V3 further emphasizes Service Level Management processes by no longer isolating them, and by integrating them throughout the end-to-end business and technology processes of an organization. In addition, with the advent of version three, service level management has taken a far more prominent role within the framework touching on many other processes and appearing in several of the books. By contrast, when enterprises attempt to implement Service Level Management, they are challenged by pain points caused by ineffective deployment, as most organizations have historically rushed to implement Service Level Agreements (SLAs) without exploring the strategic synergies between Service Level Management and Service Strategy, Service Design, Service Transition, Service Operations, and Continual Service Improvement.

Opportunity
ITIL V3’s emphasis on implementing Service Level Management throughout the end-to-end processes of an organization presents an opportunity for an enterprise to strategically improve the way it builds and manages relationships between its business units, technology groups, and vendors. Enhancing Service Level Management processes is an opportunity to better define provided IT services, effectively measure performance, better manage customer expectations, and to strengthen overall governance. These opportunities are only fulfilled by taking a strategic view of Service Level Management in conjunction with the various stages and steps of the Service Lifecycle.

Benefits
Level Management, as envisaged by ITIL V3 and when correctly deployed, brings numerous benefits to an enterprise:

- Overall reduction in service and operational pain points in an enterprise
- Greater harmony in the relationship between IT and Business
- Increased customer satisfaction within IT customers
- Effective measurement and performance management of provided IT services
- Increased stability and control of service operations
Section 1: The Move From Version 2 To Version 3

ITIL® Version 2 brought us many best practice books. The books included the Service Management set of Service Support and Service Delivery as well as Application Management, Security Management, Planning to Implement, The Business Perspective and ICT Infrastructure Management. However, most organizations focused on only two of the books, Service Support and Service Delivery. Service Support contained process details on Incident, Problem, Change Configuration and Release Management. Service Delivery provided process content on Service Level, Availability, Capacity, IT Service Continuity and Financial Management.

ITIL V2 was process-based, while V3 has moved to a true lifecycle approach. Each core book within ITIL V3 is responsible for documenting a comprehensive process, but the key with a lifecycle approach is that the process activities can be performed across multiple stages of the lifecycle.

Welcome to ITIL V3. One of the first things you will discover in V3 is that it is all about the business. How does IT, in the offering of IT services, enable a business outcome and provide the value to the business? No matter what book or process you look at, they all are focused on enabling business outcomes.

There have been many improvements in V3 to support this business view. There are more processes, enhanced processes, new functions and two new focuses around Service Strategy and Continual Service Improvement. However, one thing remains constant from V2 to V3 and that is the importance Service Level Management plays throughout the entire Service Lifecycle. In fact, V3 has actually expanded the need for IT and the Business to not only be aligned but to move toward IT and Business integration. In today’s world it is hard to define where a business process starts and stops; where the IT process starts and stops; as well as the Business Service and the IT service.

Section 2: What’s New In V3?

ITIL V3’s move from a process-centric view to a more strategic view using a Service Lifecycle approach allows certain process activities to flow across the different phases of the Service Lifecycle.

ITIL is no longer an “IT only” reference – the business will need to understand the Service Lifecycle and be actively involved in setting service strategy for successful business-IT integration and creation of business value.

Additional functions important to Service Level Management (SLM) have called out in V3 to include the Service Desk, Technical Management, Application Management as well as IT Operations Management.

These roles are critical for SLM as they will actually perform many of the activities around monitoring and reporting on services, as well as providing trending and analysis around the trends. This is all required input for SLM to be able to conduct service review meetings both internally with IT as well as with the business.
The five core books in V3 are as follows:

**Service Strategy**
This core book provides guidance on how to design, develop and implement Service Management, not only as an organizational capability but also as a strategic asset. One of the keys to do this is to ensure that IT is integrated with the service strategy of the business.

**Service Design**
The Service Design book provides guidance for the design and development of services and Service Management processes. It begins with a set of new or changed business requirements and ends with a solution designed to meet the documented needs of the business. The SLM process is fully described in this book; however, there are touch points to SLM within the rest of the core books.

**Service Transition**
The Service Transition book provides guidance for the development and improvement of capabilities for transitioning new and changed services into operations.

**Service Operation**
Service Operation is concerned with the daily ‘business-as-usual’ activities and supporting the services deployed into the production environment. The book provides guidance on achieving effectiveness and efficiency in the delivery and support of services so as to ensure value for the customer and service provider.

**Continual Service Improvement**
Continual Service Improvement (CSI) is the proactive practice that identifies and implements improvement initiatives to improve service provision, Service Management processes and also the Service Lifecycle itself. CSI is integral to achieving the overall goal of the SLM process as well as to successful operation of the CSI practice.

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**SECTION 3:**

**Service Level Management**
Service Level Management can generally be described in four words: **building and managing relationships**. That is building relations with IT customers, building relationships between functional groups within IT, and building relationships with the vendor community who provide services to IT. Many organizations focus on Service Level Agreements only and lose sight of the value perception of SLM.

Service Level Agreements (SLAs) and Operational Level Agreements (OLAs) are outputs of the SLM process and are needed, but should not be the only focus of implementing SLM. The goal of SLM is to provide for an agreed level of IT service for current IT services, and enable future services to be designed and delivered to agreed targets. With SLM there is a regular
source of communication with the business and IT groups to meet the changing needs of a customer, thus creating a higher perception of value.

**Service Level Management Objectives**

- Define, document, agree to, monitor, measure, report, and review the level of IT services provided
- Provide and improve relationship and communication with the business and customers
- Provide that specific and measurable targets are developed for all IT services
- Monitor and improve customer satisfaction with the quality of service delivered
- Provide that IT and the customers have a clear expectation of the level of service to be delivered
- Provide that proactive measures to improve the levels of service delivered are implemented wherever it is cost-justifiable to do so

**Process Activities**

- Determine, negotiate, document and agree to requirements for new or changed services in Service Level Requirements (SLRs), and manage, and review them through the Service Lifecycle into SLAs for operational services
- Monitor and measure service performance and compare actual targets against agreed to targets
- Produce service reports and provide management information to help improve performance and demonstrate service achievement
- Measure and improve customer satisfaction
- Conduct internal and external service reviews
- Working with CSI, instigate improvements within an overall Service Improvement Plan (SIP)
- Review and revise SLAs, OLAs, contracts and other underpinning documents
- Develop and maintain standard SLM documentation templates

**Value –** Is SLM providing value to the business and IT?

**Quality –** Are we executing the process activities well?

**Performance –** This is the throughput of the process to ensure that there are no process bottlenecks

**Compliance –** Is the organization following the standards of the process?

SLM is responsible for executing the SLA with the business and OLAs with IT and non-IT functional groups. Many SLAs will require an Underpinning Contract (UC) with some of the organizations’ vendors/suppliers. Therefore, as the diagram below shows, it is important that SLM is in agreement with the business on the levels of service, quality of service and cost of service. SLM also needs to check with the internal IT functions to enable that IT to have the capability to meet the service requirements.
Service Strategy & SLM

The Service Strategy core book introduces us to the concept of Utility and Warranty and how this impacts the quality of services perceived by customers and users.

Service as we know it is the delivery of value while reducing cost and risk. From a customer’s perspective, value consists of two primary elements: Utility (or fit for purpose) and Warranty (or fit for use). SLM will be involved in both aspects, as Utility is what the customer wants, and Warranty is how it is delivered.

The warranty is where SLAs and the monitoring of the agreements come into play. It addresses issues such as:

- Enough availability and capacity?
- Continuous and secure enough?

Even though these concepts are discussed in the Service Strategy book, SLM will play an important role, facilitating that both the business requirements and the IT capabilities being understood and that appropriate SLAs, OLAs, and UCs can be negotiated and agreed to.

Service quality can be defined in many ways such as level of excellence, value for money, conformance to specifications, or meeting or exceeding expectations. Senior leadership needs to define the meaning of service quality for their organization. Whatever is decided will have a direct impact on Service Level Management, as this will influence how services are measured and controlled.
SECTION 5:

Service Design & SLM
The Service Design book is where SLM is documented. Service Design is taking the strategy that has been defined, capturing business requirements, and creating a blueprint for the service to be built and implemented.

It is responsible for the design of IT services to include architecture, processes, policies and documentation used to meet current and future agreed business requirements, functionality and quality. It is also critical here to include the negotiating of SLAs, OLAs and any UCs that will be used to meet the SLAs.

Service Design also considers all aspects and impact of the service, including functional management and operational requirements such as designing, monitoring and reporting requirements, which of course Service Level Management will play a key role in. The key output of Service Design is the Service Design Package that details the aspects of the service and its requirements through the subsequent stages of its lifecycle.

Key processes of SLM that will interact within the Service Design phase are Service Catalog, Availability, Capacity, IT Service Continuity, Supplier and Information Security Management.

SECTION 6:

Service Transition & SLM
Service Transition is where the new or modified service is built, tested and implemented. Key activities that SLM will play a part in are the implementation of monitoring requirements and performance standards, i.e., management reporting, etc. Again, SLM plays a key part through this cycle to provide that what is delivered meets what has been agreed to.

Other areas that SLM will be paying close attention to are:
- Reducing variations between the predicted and actual performance of the transitioned service
- Reducing known errors and risks associated with the transition of the service
- Providing that the service meets the service requirements
- Increasing proper use of the services
- Providing clear and comprehensive plans that enable alignment between the business change project and the service transition plans

Key processes SLM will interact with in the Service Transition Phase are Change, Release and Deployment Management and Service Validation and Testing.
Continual Service Improvement & SLM

SLM is a cornerstone of Continual Service Improvement (CSI). Changes to business requirements, regulatory requirements or bringing on new services will involve the participation of both SLM and CSI. SLM and CSI take proactive measures to seek and implement any agreed to improvements that are required to meet new business or regulatory requirements. It is important that all IT services and their performance are measured in a consistent manner throughout the IT organization, and meet the needs of the business, customers and IT by defining any gaps and discovering the best approach to manage and close these gaps.

There are many external and internal drivers that impact IT and create the need for continual improvement. CSI is tasked with the following objectives:

- Review, analyze and make recommendations on improvement opportunities in each lifecycle phase: Service Strategy, Service Design, Service Transition and Service Operation
- Review and analyze Service Level Achievement results
- Identify and implement individual activities to improve IT service quality and improve the efficiency and effectiveness of enabling ITSM processes
- Improve the cost effectiveness of delivering IT services without sacrificing customer satisfaction

SLM defines and gets agreements through formal SLAs and OLAs. CSI reviews how IT has delivered the services against the SLAs and identifies improvement opportunities.

The key process within CSI that SLM will interact with is the 7 Step Improvement Process. This is expanded on below.

Service Operation & SLM

Service Operation is the phase where the value is realized. The day-to-day operations are where many tasks, such as monitoring and reporting, take place that are of great importance to SLM. This provides input into the service review meetings that will take place within IT and with the business. Incident and Problem Management provide input in the delivery of services just like Availability and Capacity Management do. SLM will also define levels of service associated with request fulfillment.

Key processes SLM will interact with in the Service Operation phase will be Incident, Problem and Request Fulfillment.
7 Step Improvement Process

Step 1 & 2
Step 1 is a direct relationship with Service Level Management. Business requirements are defined for not only the level of service, but also for what needs to be monitored and reported on. Monitoring and reporting are key steps in Knowledge Management, which is key for CSI.

Step 3
Data defined by SLM is gathered in step 3 and is usually completed by the functions called out in V3, such as technical management, IT operations management and application management. In addition to defining business requirements, it should be known if IT is capable of achieving those requirements. Internal or external monitoring of agreements is often performed as part of Availability and Capacity Management activities.

Step 4
Step 4 is processing the data and SLM can help drive how often the data is processed and checked for accuracy. SLM supports the CSI processing data activity in the following manner:

- Defining requirements to support any default levels of service that are described in the Service Catalog
- Permitting the SLAs to only incorporate measurements that truly can be measured and reported on
- Negotiating and documenting OLAs and UCs that define the required measurements
- Reviewing the results of the processed data from an end-to-end approach
Step 5
Step 5 is probably the step that most IT organizations ignore, justifying why it is so important that CSI became a key part of V3.

It is not enough to gather the data, but the data needs to be trended as well as analyzed. The analysis is looking to see if we have met our commitments either documented in a SLA or as internal targets. Analysis looks to define if trends are good or bad trends and to identify improvement opportunities to put actionable initiatives in place.

Step 6
Step 6, presenting the data, is where service reviews are presented and information is shared about the achievements of the business for the current time period along with any longer identified trends. These discussions should also include information about what led to the results and any incremental or fine-tuning actions required. During the customer review meetings new business requirements or services will be identified and taken into consideration for existing SLAs or perhaps for the negotiating and agreeing of new ones.

From a reporting perspective there are usually three distinct groups that we should be reporting to: The Business/Customers, Senior IT Management and other IT Managers and Process Owners. Each report should support the ability to make a strategic, tactical or operational decision. This information needs to be taken into consideration when determining what to monitor and gather data on. Improving what data to gather and how to gather the data will often become one of the first improvement activities.

Step 7
Step 7 is where the Service Improvement Program (SIP) is implemented as part of CSI. An SIP is a formal plan of improvements to a process or IT service and is managed as part of the CSI practice. The SLM process is one of the triggers for an SIP and can be the result of the service review activity.

Where To Start
Where does one start? Whether your ITIL journey is using V2 or V3, the answer is still pretty much the same. Most organizations have operation pain points and a lack of control, so Incident and Change Management are normally the first ITIL processes that are implemented.

We must consider the importance that Service Level Management brings to the table. SLM can help strengthen both processes by understanding the importance of holding external review meetings with the business even before an SLA agreement is signed. SLM can play a key role in support of Catalog Management. Identifying your services up front also strengthens multiple processes that rely upon the knowledge of what services IT provides to the business.
However, SLM is a customer-facing process and thus there are many activities that can and should be implemented early on. This doesn’t mean the entire process has to be developed, but there are many activities within SLM that provides immediate value to the business and IT.

One of the critical steps for Incident Management is to define and document a priority model and SLM plays a key role in this step.

SLM also often represents the business at the Change Management Advisory Board and becomes the voice for the customer.

Many organizations want to rush into signing SLAs and they often do this with little knowledge about the level of service currently being provided, the level of service required by the customers or understanding the ability, both internally and through external partners, to deliver specific levels of service. Although signing an SLA is an important part of SLM, and is an expected output, it shouldn’t be the first thing an organization would plan to pursue. You may find that you won’t implement a full process in the beginning, but you will select certain activities that will enhance the relationship with the business as well as internal groups. These early activities will also help prepare your organization to negotiate formal SLAs.

Other early activities to focus on:

• Work with the Service Catalog Management process to begin developing an IT Service Catalog. This is important input for the development of SLAs and OLAs.

• Think about and document a consistent set of templates that can be used to establish SLAs and OLAs.

• Define what you are currently monitoring, measuring and reporting on. You may find that there are opportunities to improve these activities.

• If your organization has some defined service level targets or objectives, then it would be wise to begin negotiating internal OLAs to support the defined service level targets.

• One of the biggest wins an organization can achieve is to meet with the customer to discuss the current level of service. As a customer-facing process, it is important that IT and the customer meet. This provides an opportunity to understand the customer concerns and issues, new requirements as well as customer perceptions.

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**Service Catalog Management**

The purpose of Service Catalog Management is to provide a single source of consistent information on the agreed services, and provide for this single source to be available to those who are approved to access it. The Service Catalog must be produced and maintained to provide accurate information on all operational services and those being prepared to be run operationally.

The Service Catalog will provide two views:

**The Business Service Catalog:** Contains details of the IT services, together with the relationship to the business units and the business process that rely on the IT services.
THE TECHNICAL SERVICE CATALOG: Contains details of the IT services delivered to underpin the services detailed in the business Service Catalog along with relationships to the supporting services, shared services, components and Configuration Items required to support the provision of the service to the business. The customer does not access this view.

One of the components of the Service Catalog can be the default levels of service that everyone gets. This is an important concept because the Service Catalog can become the organization’s Enterprise SLA or Master SLA that everyone gets. SLAs will only need to be negotiated for those customers who require a higher level of service than the default level contained in the Service Catalog. This will help limit the number of true SLAs that need to be negotiated.

Conclusion

Never lose sight of the importance that Service Level Management brings to both the Business and IT. SLM is the liaison between the business and IT and provides ongoing communication and updates as to how IT is delivering services to the business. SLM is also one of the first areas where an improvement initiative can be identified and where new business requirements can be identified, as well as getting an initial indication if the customer is not happy with the service currently being provided.

As one of the key ITIL processes defined in V3, Service Level Management plays an important role in building and maintaining relationships. The initial focus should not be on signing SLAs but on understanding the business requirements, IT capability and ensuring that OLAs are in place to support any internal targets before we start negotiating with the business. The Service Catalog is also critical and Service Level Management will play a critical role in the development of the Service Catalog.

Service Level Management activities such as monitoring and reporting will require close integration with Availability and Capacity Management as well as Incident Management. It will also closely adopt the CSI practice in order to ensure that services as well processes that enable IT services continually meet the business requirements. Only then can an organization transform from being system oriented to service-oriented, reactive to proactive and chaos to order.

Remember that the focus of IT is shifting. It is no longer about technology, but it is really about people and the products that IT provides, which are services. By the nature of the name ‘Service Level Management’ this means that IT is selling products/services to the business community to enable a business process which enables a business outcome. SLM plays a critical link in this supply chain.

Don’t overlook the value that SLM can bring to IT. There are even pain points that need to be addressed. Service Level Management can help minimize the pain points by continually working with the customer and IT.

No matter if you start with doing some basic monitoring, measuring and reporting, or begin holding meetings with IT and the Business or simply begin supporting the development of a Service Catalog, these are all activities that provide value and strengthen the relationship between the business and IT.

Good luck on your ITIL journey and with your Service Level Management implementation.
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