USU


White Paper

# The Practical Impact of ITIL® 4

## Concepts and organization

# Content

# Intro

Since the first ITIL® 4 publication became available, much has been talked and written about it. Most of this has been about explaining the new terms introduced in ITIL 4, such as the "service value chain" and the "ITIL 4 management practices." For adopters of the previous ITIL® v3/2011 version, these explanations might seem nebulous. It seems unclear what practical tips ITIL 4 has to offer for IT organizations that want to improve business performance and outcomes by increasing their level of IT service management (ITSM) maturity.

This white paper series now helps to shed some light on this. This first white paper explains the new ITIL 4 concepts in a very brief way. It focuses on everything that one needs to be able to start discussions as to how their organization can benefit from ITIL 4. It also explains the impact on people. The second white paper will focus on the practical impact of the different practices. It will also highlight how the transition from ITIL v3/2011 to ITIL 4 can be done. The third white paper will cover the impact of ITIL 4 on ITSM tools.

# ITIL v3 is obsolete

ITIL v3 was published in mid-2007 – yes, 2007 – and then updated in 2011. Hence, until the release of the ITIL 4 Foundation Edition in early 2019, organizations seeking help from the most popular body of ITSM best practice were limited to core ITIL guidance that was at least eight years old. When you stop to think about it, it's guidance that was written before the rapid rise of cloud and the adoption of DevOps. Plus, the growth in enterprise service management and the recent focus on both employee and customer experience.

Much has therefore changed in the ITIL 4 release, starting with the change in focus from ITSM to service management per se, through the way that the best practice content is structured (in the new ITIL 4 service value system), to the move from processes to management practices. Along with ITIL 4 addressing the growth in cloud and DevOps use, and pointing to the value and importance of enterprise service management, employee experience, and other opportunities and challenges that ITSM professionals and their organizations now face.

# Changes introduced in ITIL 4

## New ITIL 4 concepts

### The service value system

ITIL 4 puts value creation – or co-creation – front and center. It defines a generic operating model which IT organizations should use to individually describe, execute, monitor, and optimize their activities. This operating model defines best practices for all three of processes, organization, and technology. It specifies that all activities must start with a demand from the business and ultimately lead to added value for the business. ITIL 4 calls this value-oriented operating model the "service value system."

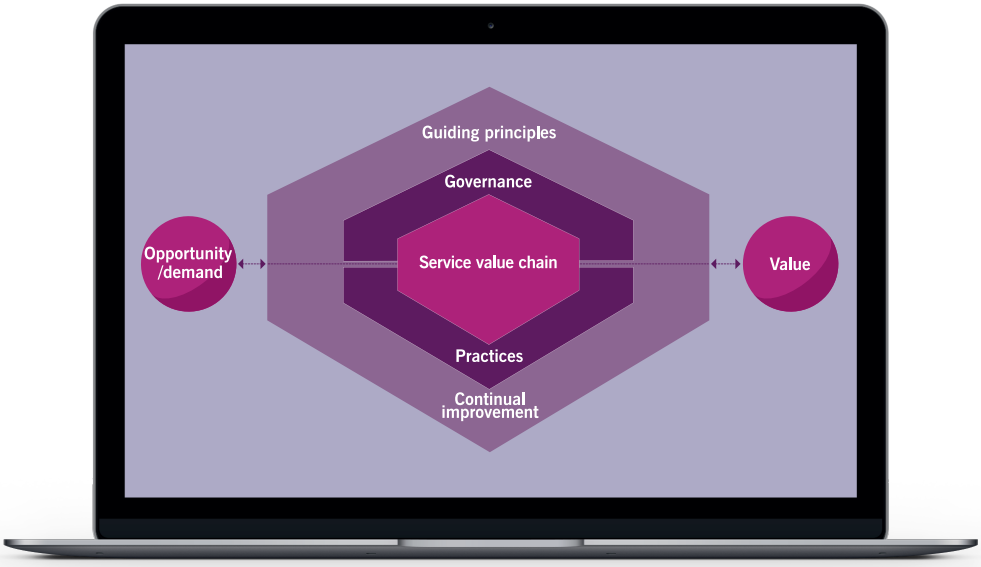
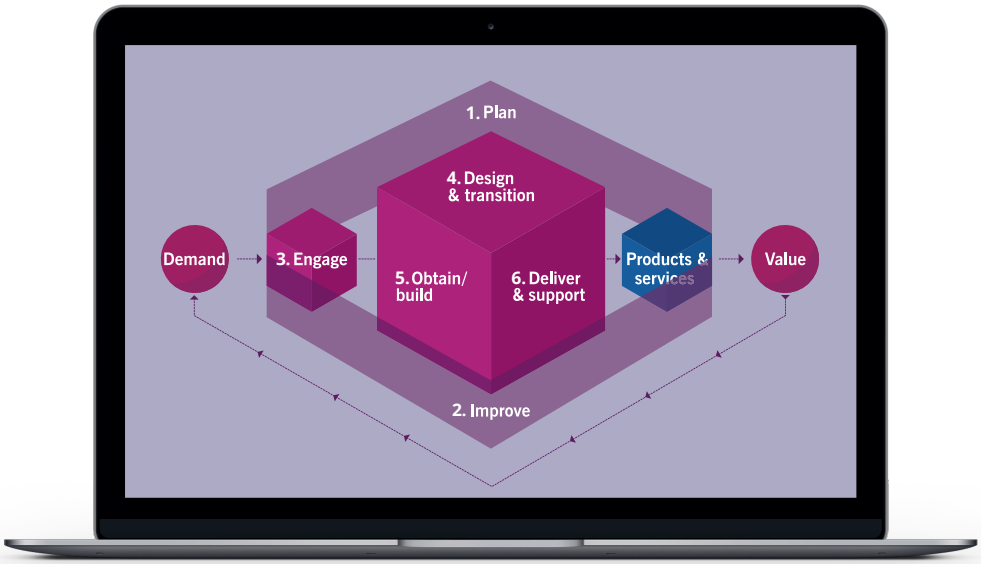



**Fig. 1:**
**Service value system**

Source: AXELOS, "ITIL Foundation: ITIL 4 Edition" (2019)

The core of this operating model is the service value chain. It defines six generic activity types, which are necessary to produce value-adding services.

## Fig. 2: Service value chain with its 6 generic activity types




Source: AXELOS, "ITIL Foundation: ITIL 4 Edition" (2019)

These activity types are used to label the steps in specific value-adding workflow chains. ITIL 4 calls these workflow chains "service value streams." A simple value stream to resolve an incident can be described as follows:

**01 | Demand –** an employee has an issue they need assistance with

**02 | Engage –** they contact the service desk

**03 | Deliver & support –** the service desk agent fixes the issue

**04 | Value –** it's at this point that the value is realized because the employee can be productive again

## The meaning of practices

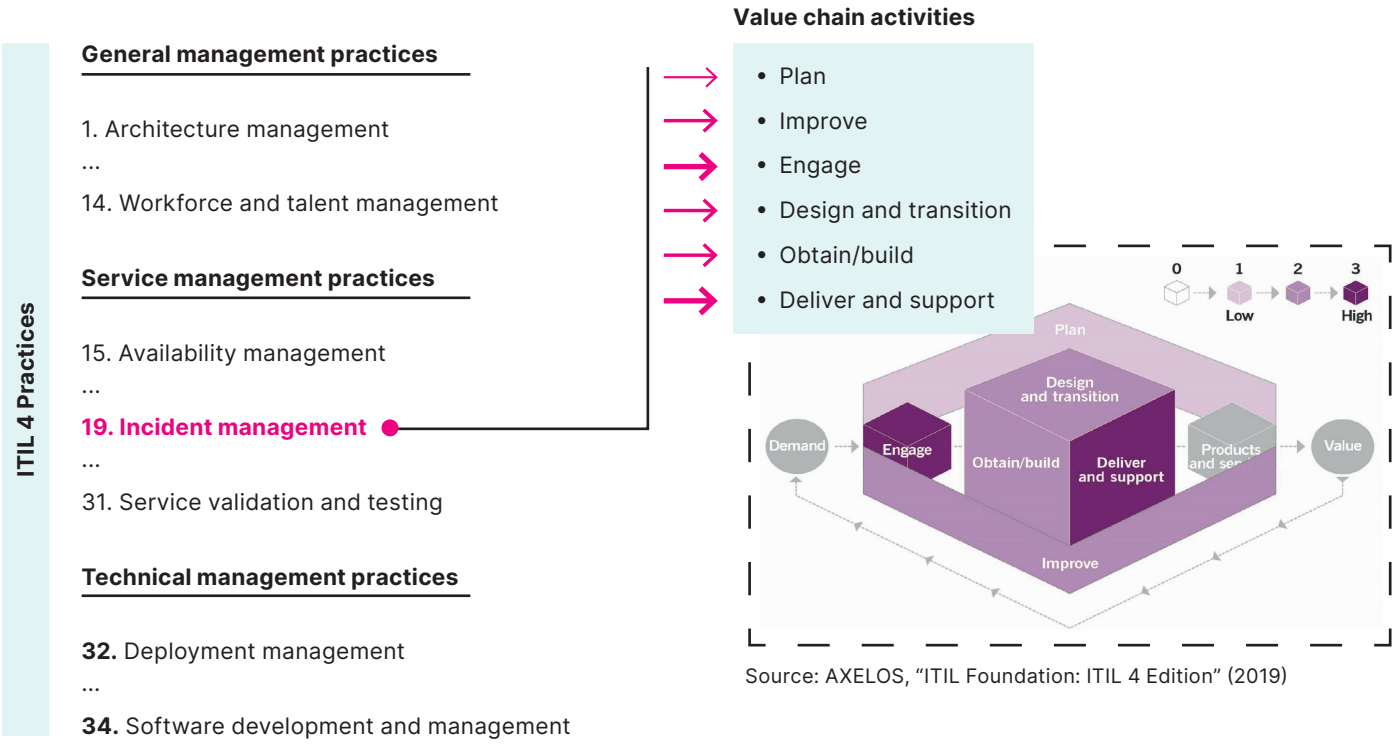
In ITIL v3/2011 the individual disciplines of an IT organization were described with the help of 26 ITIL processes of four functions. In ITIL 4 this is done by defining 34 "practices." Examples of ITIL 4 practices include well-known disciplines such as "incident management" or "service catalog management." However, there are completely new disciplines too, such as "workforce and talent management" (for a summary of all practices, please see chapter 2.2 ITIL 4's Management Practices).

Practices go beyond the descriptions of the previous ITIL v3/2011 processes, with each ITIL 4 practice PDF covering the following:

- The practice's roles in the service value chain (for example, to show that a practice focuses more on "Plan" activities than on "Deliver & support")
- Processes applicable to the practice
- The organizations and people involved in the practice
- The information and technology needs of the practice
- Considerations for partners and suppliers relative to the practice

A key reason for ITIL 4's move from processes to practices is very practical – it's intended to elevate people's thinking and actions above the ITSM processes alone. To think more holistically about the overall ITSM capability – not just the operation of each ITSM process. To explain the role of a specific practice in the service value chain heat maps are used. They show which of the generic service value chain activities a specific practice contributes to. The following heatmap shows that the incident management practice strongly contributes to the "Engage" and "Deliver & support" activities.

## Fig. 3: Heatmap of "incident management" practice




Source: AXELOS, "ITIL Foundation: ITIL 4 Edition" (2019)

The practices' process definitions of ITIL 4 are very close to the ITIL v3/2011 processes. For example, the practice "incident management" has two processes "incident handling & resolution" and "periodic incident review." And the practice "service desk" has the processes "user query handling," "communicating to users," and "service desk optimization."

### Service value streams

As mentioned above, ITIL 4 calls value-adding workflow chains "service value streams." The ITIL 4 Foundation Book provides the following value stream examples:

- An end user needs an incident to be resolved.
- An error in third-party software creates issues for an end user.
- A business requirement for a significant new IT service.
- A regulatory change requires new software development.

The detailed description of the first example using the generic activity types is:

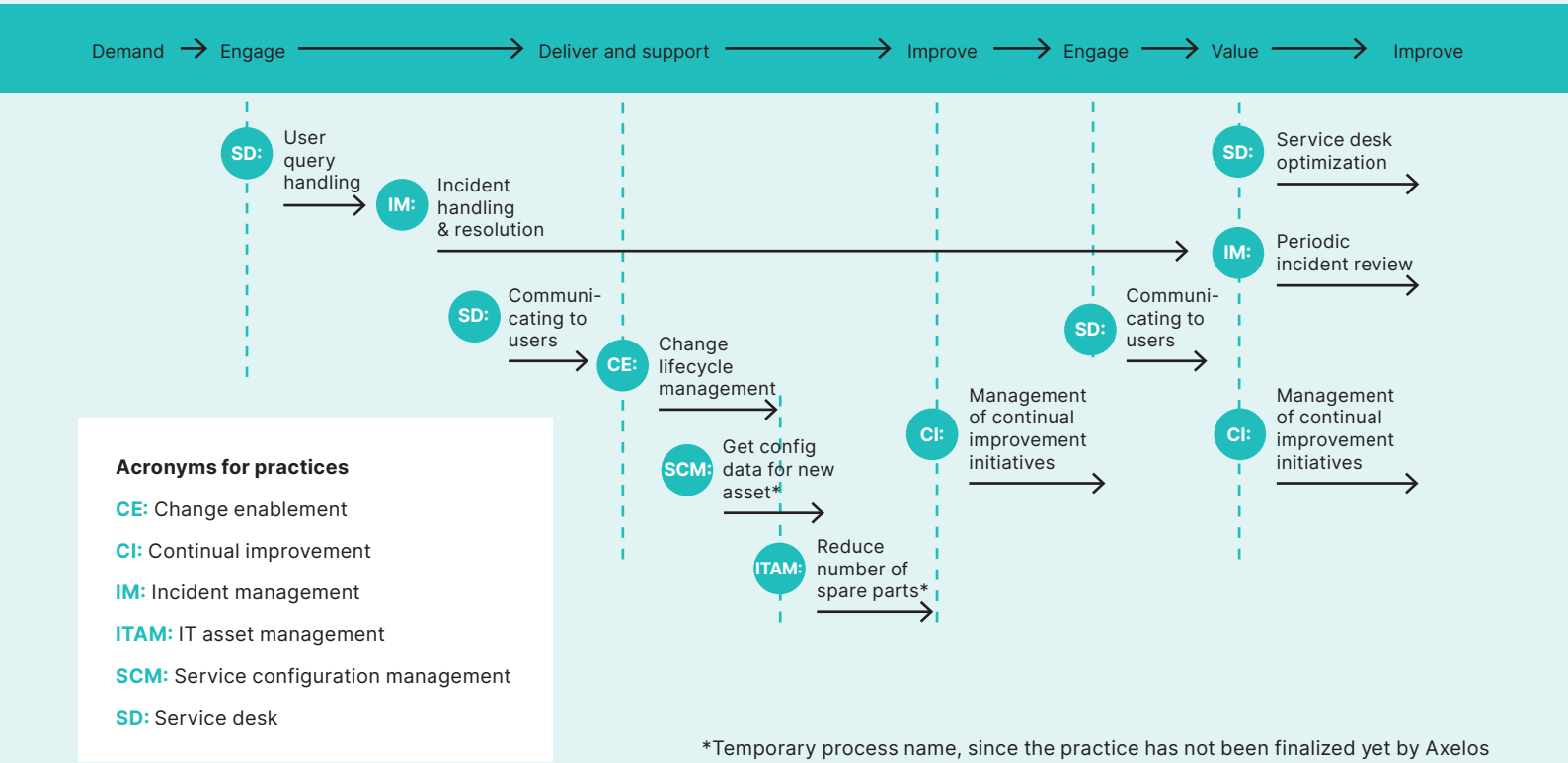
| Service value chain activity | Relevant practices | Roles | Activities |
|---|---|---|---|
| **Demand** | | Warehouse manager, forklift driver | WiFi outage is detected, orders can no longer be transmitted to the forklift driver. |
| **Engage** | Service desk, incident management | Warehouse manager, service desk agent | Incident is reported by telephone. |
| **Deliver & support** | Service desk, incident management | Service desk agent, network support engineer | Incident is escalated to the network support team. |
| **Deliver & support, improve** | Incident management, change enablement, service configuration management, IT asset management, continual improvement | Network support engineer | A new WiFi access point is configured, the old one is replaced. Number of spare parts in stock is updated. It is checked whether this incident couldn't have been predicted before. |
| **Engage** | Service desk, incident management | Service desk agent, warehouse manager | It is checked whether WiFi is working again. |
| **Value** | | Warehouse manager, forklift driver | Orders can be transmitted to the forklift driver again. |
| **Engage, improve** | Service desk, incident management, continual improvement | Warehouse manager, service desk manager | A satisfaction survey is completed. A trend analysis is reported to the service desk manager. |

Source: AXELOS, "ITIL Foundation: ITIL 4 Edition" (2019)

And this is where the added value of the service value chain activity types becomes apparent. To represent a value-adding workflow, a demand activity must mark the start and a value activity must deliver the result. You can also quickly see if continuous improvement (activity type = improve) is part of the process.

The following diagram shows the process flow of the service value stream example "incident resolution" introduced above. It shows the relationships between all the elements defined by ITIL 4: the service value stream, comprised of multiple service value chain activities, split up in a sequence of ITIL 4 processes from various ITIL 4 practices.

## Fig. 4: Service value stream "incident resolution" with its service chain activities, practices and processes




*Temporary process name, since the practice has not been finalized yet by Axelos

This diagram also shows the basic idea of ITIL 4: it embeds processes in higher-level value streams to show where, and to prove that, these processes deliver value.

As to the practical implication of this approach, it will ultimately depend on whether ITIL 4 adopters choose to follow this service value chain approach to create value streams or to simply create their ITSM processes as they have done previously.

The ITIL 4 Create, Deliver and Support publication offers detailed guidance on how to create your organization's value streams.

# ITIL 4's management practices

The 34 ITIL 4 management practices that supersede ITIL v3/2011's 26 processes have been split as follows:

## Fig. 5: The 34 ITIL 4 management practices

### General management practices

- Architecture management
- Continual improvement (ITIL v3/2011: continual service improvement)
- Information security management
- Knowledge management
- Measurement and reporting*
- Organizational change management
- Portfolio management (Service portfolio management)
- Project management*
- Relationship management (ITIL v3/2011: business relationship management)
- Risk management
- Service financial management* (ITIL v3/2011: financial management for IT services)
- Strategy management* (ITIL v3/2011: strategy management for IT services)
- Supplier management
- Workforce and talent management*

### Service management practices

- Availability management
- Business analysis
- Capacity and performance management (ITIL v3/2011: capacity management)
- Change enablement (ITIL v3/2011: change management)
- Incident management
- IT asset management (service asset and configuration management)*
- Monitoring and event management (ITIL v3/2011: event management)
- Problem management
- Release management (ITIL v3/2011: release and deployment management)
- Service catalog management
- Service configuration management* (ITIL v3/2011: service asset and configuration management)
- Service continuity management (IT service continuity management)
- Service design (ITIL v3/2011: design coordination)
- Service desk (was an ITIL v3/2011 function)
- Service level management
- Service request management (ITIL v3/2011: request fulfilment)
- Service validation and testing

### Technical management practices

- Deployment management (ITIL v3/2011: release and deployment management)
- Infrastructure and platform management
- Software development and management

- new
- name change or split
- unchanged naming
- unchanged naming but content changes

* not published yet (April 2020)

## Dissecting the process/practice differences in ITIL 4, there are four main types of change:

### 01 | Some practices have identical names.

For example, the practice service catalog management very much resembles the ITIL v3/2011 process.

### 02 | Some practices have identical names but significant content changes.

For example, the concept of "swarming" is now included in the incident management practice and the knowledge management practice has been heavily extended. Or some content is no longer included. For example, the service level management practice no longer includes underpinning contracts and operational level agreements (OLAs). Now they are simply both known as service level agreements (SLAs).

### 03 | Some practices have new names or are the result of a split.

For example, change enablement was previously change management. Plus, some ITIL v3/2011 processes have been split into two ITIL 4 practices. For example, the release and deployment management process are now the separate release management and deployment management practices in ITIL 4.

### 04 | Some practices are new (to ITIL).

For example, software development and management.

**Some of the ITIL v3/2011 processes have been subsumed within other ITIL 4 practices and Managing Professional publications:**

- Demand management has been elevated to be a large part of the Drive Stakeholder Value publication and is a service value chain activity
- Transition planning and support is now project management
- Change evaluation is now part of risk management
- Access management is now part of information security management

# Guiding principles

The ITIL guiding principles are aimed at focusing people on the right approach to ITIL adoption. There are seven principles, following some merging of the original nine guiding principles of ITIL (as described in the Practitioner Guidance publication) plus a key addition in terms of the practical impact of ITIL 4.

## Fig. 6: The guiding principles

**01 | Focus on value**

**02 | Start where you are**

**03 | Progress iteratively with feedback**

**04 | Collaborate and promote visibility**

**05 | Think and work holistically**

**06 | Keep it simple and practical**

**07 | Optimize and automate**

The key addition is the seventh guiding principle – "optimize and automate." While automation is definitely not new for IT, ITIL 4 recognizes the growing opportunities for IT, and other business functions, to leverage more technology in service and support operations. Plus traditional automation and newer artificial intelligence (AI)-enabled capabilities and, of course, the combination of the two.

This guiding principle is recognized in multiple places throughout the new ITIL 4 guidance:

- In each of the practice PDFs, with every practice describing the relevant information and technology needed as well as the activities.
- In all of the Managing Professional publications. For example, the High Velocity IT book explains the necessity and benefits of technology-enabled capabilities such as AIOps and ChatOps.

As with all ITIL guidance, the related content refers to what leading organizations are already doing rather than providing new innovations.

# Expansion to enterprise service management

ITIL 4 is now positioned as service management guidance that's applicable to more than the world of IT service delivery and support. While the guidance doesn't explicitly talk to enterprise service management the potential to use ITIL outside of IT is implicit – with the term "ITSM" only used when referring to IT scenarios. Elsewhere, the ITIL 4 guidance employs the term "service management."

# The changed book portfolio structure

Whereas the detailed ITIL v3/2011 guidance was published in five physical books (with digital versions also available), ITIL 4 only provides four physical books (again with digital versions also available).

## ITIL 4 book portfolio structure

**ITIL v3/2011 publications**

### ITIL v3/2011 Foundation Edition

**Lifecycle publications (5 books):**

Service Strategy
Service Design
Service Transition
Service Operation
Continual Service Improvement

Covering 26 ITIL processes

**ITIL 4 publications**

### ITIL 4 Foundation Edition

**Managing Professionals publications (4 books):**

Create, Deliver and Support
Drive Stakeholder Value
High Velocity IT
Direct, Plan and Improve

Pointing to 34 practices

**34 Practices publications (Web online)**

These Managing Professional publications are:

**01 | Create, Deliver and Support –** which covers how value streams can be built and managed.

**02 | Drive Stakeholder Value –** a framework that can be adopted and adapted by organizations involved in service relationships.

**03 | High Velocity IT –** which is aimed at helping organizations to develop digitally-enabled capabilities.

**04 | Direct, Plan and Improve –** which offers up principles, methods, techniques, tools, and templates to help organizations to improve.

However, the detailed guidance for the 34 ITIL 4 practices is not contained within these publications as it was before with ITIL v3/2011 and earlier ITIL versions. Instead, it's only available via online subscription – with the content accessed via 34 practice-based PDF downloads. Of which only 15 were available at the time of this paper's creation.

The ITIL 4 books are available at:

**ITIL 4 books:**
www.axelos.com/store (only hardcopy) and
www.tsoshop.co.uk/ (hardcopy and online versions)

**ITIL 4 practices**
www.axelos.com/my-axelos/my-itil
(requires a paid-for subscription)

# The Impact of ITIL 4 on people

## Training

Before jumping into some examples of how ITIL 4 adoption will impact people, it's also important to call out the potential need for people to undertake ITIL 4 training. Especially given the many differences outlined earlier – from the focus on value co-creation, through the service value system, to the new and changed management practices. Plus, of course, any changes to the ITIL service management lexicon. This could be via the ITIL certification route or an internal education-based course without any examinations.

Without a minimum of education, it's likely that any organization trying to transform from ITIL v3/2011 to ITIL 4 will struggle if their people are still working with an ITIL v3/2011 mindset and the likely focus on ITSM processes rather than business outcomes.

## New skills

ITIL 4 adoption might require new skills and capabilities of certain people. For instance, if swarming techniques are adopted for incident management. Or if their tasks or roles change. Whether this is the introduction of new technologies, such as AI and automation, to an existing practice or the movement of people into new practice roles, such as IT asset manager, risk administrator, or (organizational) change leader. This also includes roles that might disappear, such as the traditional change manager role which is no longer suggested by the ITIL 4 change enablement practice. Hence, the impact on people in affected processes/practices and roles is two-fold – they're likely to need new practice-related skills and capabilities but also the ability to work seamlessly with the new technology.

It's lucky then that ITIL 4 now includes organizational change management as a practice. With the use of organizational change management tools and techniques a necessity in bringing about the required people change with ITIL 4 adoption, including minimizing the resistance to change along the way. As with automation, ITIL 4 is very much focused on sharing the tried and tested aspects of organizational change management rather than promoting any newly discovered good practices.

ITIL 4 will also likely take people's work and relationships outside of their traditional ITSM ecosystem – such that they are less insular, both in terms of their specific "process channel" and team. For example, in working with DevOps personnel and toolsets for the change, release, and deployment management practices. Or with cloud management personnel for availability and capacity management plus service financial management and service level management. Or governance, risk, and compliance (GRC) teams for risk management, information security management, IT asset management, plus of course governance. The adoption of some ITIL 4 changes will, therefore, likely require that people have the ability to collaborate with others and perhaps skills such as negotiation. In fact, ITIL 4 is big on collaboration, with it called out in nearly all the practice PDFs released to date and with general guidance provided within the Create, Deliver and Support, High Velocity IT, and Drive Stakeholder Value publications.

Finally, rising a level above the process and technology implications on people, there's the impact on performance management and recognition. ITIL 4, when adopted, will demand different types of behavior of people. Whether this is the focus on value or employee experience, or the ability to adapt to and excel in the new ways of working (including the use of new technologies). Any such changes should also be considered a people-based impact of ITIL 4.

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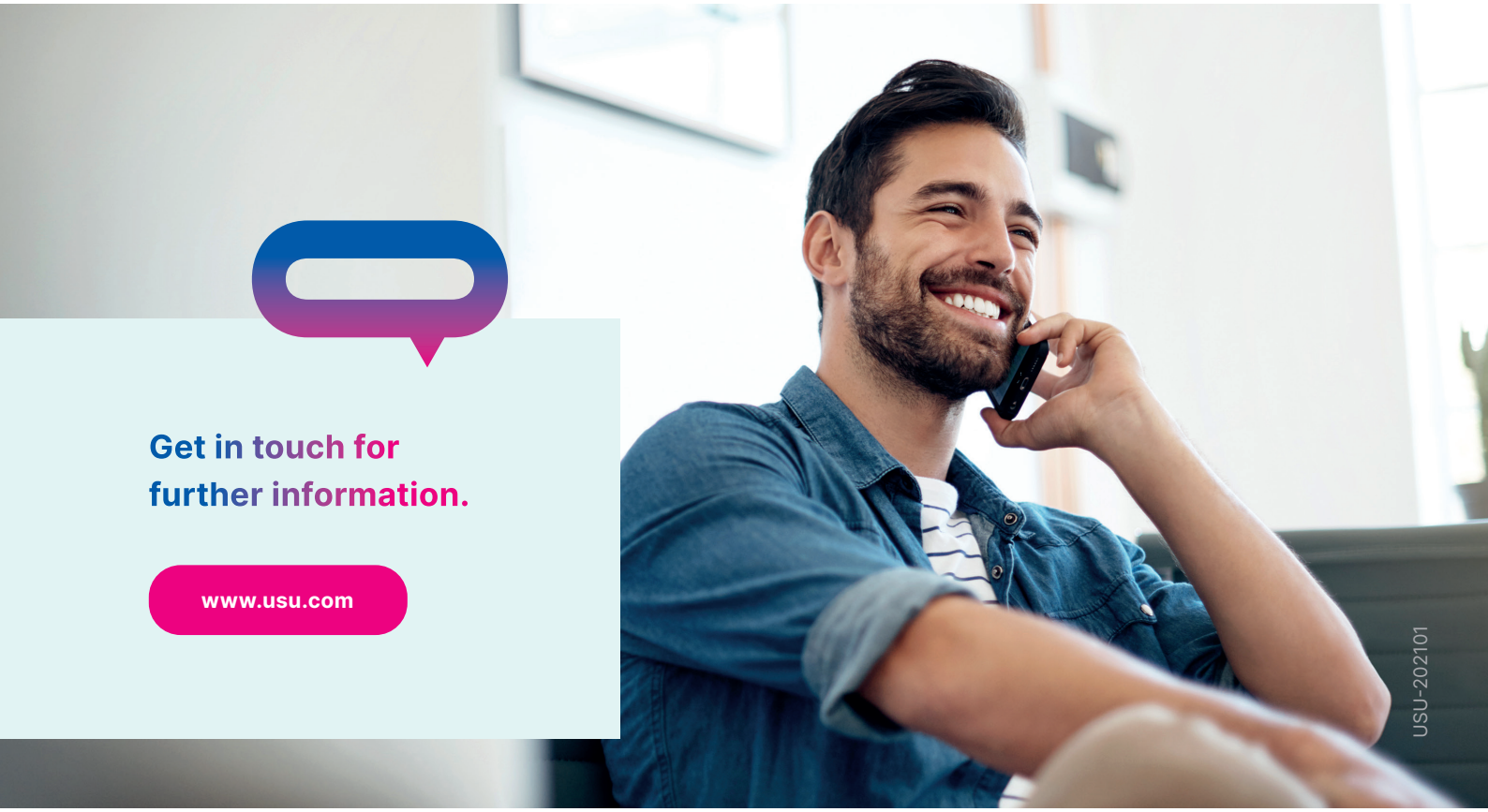


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