

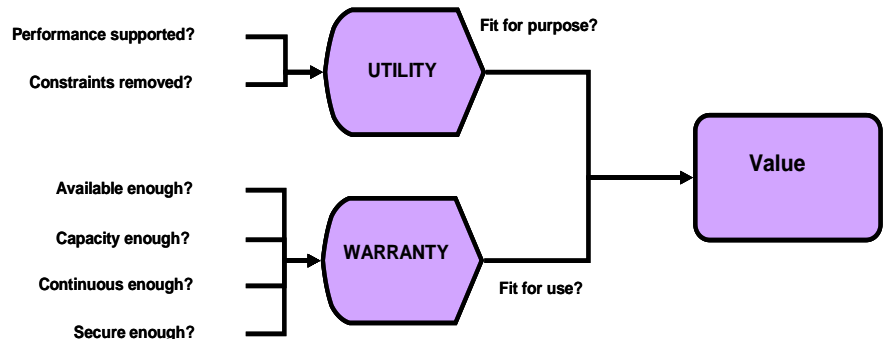
## UCISA SUPPORT SERVICES CONFERENCE 2014

**SESSION: "Potential, Purpose, Passion and People; establishing utility and warranty for service collaboration"**

This hand out is a short introduction to what is meant by utility and warranty of service and how it fits in with some other key concepts. You can read it before the session commences.

### What is Utility and Warranty and where did it come from?

It has been included in ITIL V3 Best Practice material; first muted in 2007. It resides in Service Strategy, but becomes meaningful in Service Design and sets a marker as services are transitioned into operation. The provenance of the term is somewhat mysterious as many ITSM professionals (when asked) do not know exactly where it came from.



### It is about balance

The idea behind both concepts is that (when combined) they create a balance of service to be delivered. Utility describes the value of the service as being “fit for purpose” or its functionality, whilst Warranty is about it being “fit for use” or its performance. The diagram above is a direct copy of the ITIL V3 view where utility and warranty are in balance to create value.



### Going backwards to go forwards

Value in service is all about the customer expectations. Whilst this presentation should consider this, it will be impossible to cover the ground in the time we have available. Hopefully one output for you will be to consider if and how the concept of utility and warranty can be used in your institution balanced against the value customers expect from the service.

That said, it will be important to understand aspects of managing a service balanced against customer perceptions particularly as they relate to IT Services.

### In creating a “service culture” we automatically have to embrace change; true or false?

It could be said that change is all around us, especially when we are trying to balance IT service provision with new and improved technologies, expectations of diverse technologies, customer expectations of 24/7 service, combined service support etc. Just who manages all these changes? It might be useful to segregate changes into their core components; strategic change, tactical change and operational change. The question is “aren’t they all business changes?” Often changes are managed through projects and it could be argued that IT is involved in many business projects due to the embedded nature of IT. The ideology of service is to maintain value through change. This is so that it tries to hit a number of buttons:

- **Value is created when customer expectations are met**
- **It is measured by what the customer is willing to pay**
- **Services tend not to have intrinsic value, instead it is only of value to the receiver at a given point in time**
- **Attributes of the service do not necessarily apply in this case**

### How can we start to create a valuable service?

It is a combination of Service Encounters and Service Outcomes. In ITIL terms there are a range of encounters which include “technology free” encounters, to “technology generated” encounters. A service outcome is where the expectation of service is scoped appropriately (through change mechanisms) the desired state is understood, constraints are removed, assets are mobilised and the service is delivered to the customer as an outcome.

## Where do assets fit in?

ITIL identifies Service Assets. In IT speak they are technologies, infrastructure, applications, people, information, competencies, financial capital, intellectual capital, knowledge, processes, partnerships and management. In truth these are business assets. It is often difficult to segregate business and IT assets in terms of ownership; they overlap or are jointly owned.

This begs the question who actually owns the assets and has authority to enable them? The answer should lie with the fact that throughout the business there are only custodians of business assets including those relating to IT. Business assets cost money to run and they should be leveraged to make the most out of them.

## How does ITIL see utility and warranty mapping out?

Utility is about supporting the business outcome; making gains to add something new or deal with an issue the business has, whilst warranty is about providing the optimum performance of that service. Utility though can also help in understanding constraints as to why something is not working.

Utility is a flexible attribute of a service and it can be articulated in many ways. For example the business might wish to provide access to enterprise systems without the constraint of location or time. Or it might insist that key business processes will continue to operate without disruption from loss or failure of a component part.

Warranty specifies a balance of 4 key components [together]. It specifies the appropriate level of security, availability and capacity in a way that is continuous over a specified time frame. Remember this relates to the deployment of business assets.

This is a balancing act, situational in context with the onus of understanding the service encounter(s) required and creating the outcome the customer wants.

## How can this balance be achieved?

The customer may wish to decrease costs but maintain the same level of service; this could mean decreased functionality with performance improvements to balance it off, or it may mean reduced performance and therefore functionality has to be increased. Increases in utility whilst maintain the same level of performance will mean the service will do things more quickly. If performance is increased whilst offering the same level of functionality, the service will do things more reliably.



## So how do we try to understand how to get the balance right?

<b>Warranty</b>	High	High Warranty, Low Utility <b>High reliability, limited effect on business performance</b>	High Warranty, High Utility <b>Responsive to Business Performance, High reliability</b>
	Low	Low Warranty, Low Utility <b>Dodgy reliability, limited effect on business performance</b>	High Utility, Low Warranty <b>Responsive to business performance, Dodgy reliability</b>
<b>Utility</b>		Low	High

## Food for thought

- Even if an SLA is met, customers could still be dissatisfied
- It may not clear where actual improvements can be made
- It may not be possible to calculate the value created. The customer will ultimately decide on the "rational commitment" of moving their custom elsewhere (costs, emotion, time, effort)
- What about the moral obligation of the customer to continue or discontinue using the service
- Consider affective attachment; the perceived cost value might be poor but there is a good emotional experience in the way the service is delivered
- The ability to retain customers in a highly competitive market
- Technological tie-in (cost, emotion, reputation)