



## **ITIL® Intermediate Lifecycle Stream:**

### **SERVICE STRATEGY CERTIFICATE**

*Sample Paper 2, version 6.1*

Gradient Style, Complex Multiple Choice

### **ANSWERS AND RATIONALES**

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***Answer Key:***

<b>Scenario</b>	<b>Question</b>	<b>Correct: 5 Marks</b>	<b>2<sup>nd</sup> Best: 3 Marks</b>	<b>3<sup>rd</sup> Best: 1 Mark</b>	<b>Distracter: 0 Marks</b>
<b>One</b>	<b>1</b>	B	A	C	D
<b>Two</b>	<b>2</b>	C	A	B	D
<b>Three</b>	<b>3</b>	D	C	A	B
<b>Four</b>	<b>4</b>	D	B	A	C
<b>Five</b>	<b>5</b>	A	B	C	D
<b>Six</b>	<b>6</b>	C	B	D	A
<b>Seven</b>	<b>7</b>	B	D	C	A
<b>Eight</b>	<b>8</b>	B	C	D	A

QUESTION	One	Scenario	One
Question Rationale	This question focuses on understanding the importance of demand management in identifying the priorities and capabilities to deliver services.		
MOST CORRECT (5)	B	This is the best answer because it addresses the organizational issues and recognizes the dependencies between demand management and the change management and request fulfilment processes. It also allows for maximum leverage of the short-term resources by getting the PMO under control. While it will be challenging to try to address all these areas in parallel, it is clear from the willingness of the board to fund short-term improvement efforts, aggressive action is expected. If the short-term efforts implement sound basic practices, cost savings from new efficiencies should make further efforts to mature the processes feasible.	
SECOND BEST (3)	A	Although this answer seems very attractive it fails to recognize that, without understanding where business demand for service comes from and its relationship to business priorities, it is possible that the change management and request fulfilment processes will still suffer from too many requests with no means of prioritizing or filtering those requests. Furthermore, the answer does not seem to recognize the sense of urgency on the business side.	
THIRD BEST (1)	C	This answer does recognize the need for demand management, but it seems to be focusing on this process as a means of making work easier for change management and request fulfilment in the short term. It also seems to imply that formal change management and request fulfilment are in place and merely need to be “matured”, however the scenario makes it clear that no such formal processes exist.	
DISTRACTER (0)	D	This answer does not recognize demand management as a critical process, but speaks only of establishing a “long-term method for prioritizing requests.” It also leaves implementation of change management and request fulfilment to the end, almost as an after-thought.	
Syllabus Unit / Module supported	ITIL SL: SS03 Service Strategy processes		
Blooms Taxonomy Testing Level	Level 3 Applying – Use ideas, principles and theories in new, particular and concrete situations. Behavioural tasks at this level involve both knowing and comprehension and might include choosing appropriate procedures, applying principles, using an approach or identifying the selection of options.  Application – The candidate must recognize the need for demand management and the dependency relationship of other processes to it, and apply this knowledge to the selection of the correct answer.		
Subjects covered	Categories Covered: • Strategy management Demand Management.		
Book Section Refs	SS 4.1.5.2 – Service strategy processes – Strategy management for IT services – Process activities, methods and techniques – Strategic assessment: analyse the internal environment SS 4.4 – Service strategy processes – Demand management		
Difficulty	Moderate		

QUESTION	Two	Scenario	Two
Question Rationale	This question focuses on understanding the basis on which customers should select service provider types, focusing primarily on in-sourcing and shared services or outsourcing types.		
MOST CORRECT (5)	C	Considering the new corporate policy, the business unit may find it difficult to justify maintaining highly specialized capabilities and resources unless they are associated with strategic assets. Since ETR is used by only one business unit, there are no opportunities for economies of scale within the company through a shared service centre. Maintaining the ETR service assets including software code and specialized programming and maintenance skills is likely to be expensive for the business unit. With appropriate contractual terms and price guarantees, the company can provide sufficient incentive for an external service provider to assume the costs and risks of maintaining such service assets and the supply-chain, which the service provider would be able to spread across their customer base. Since, at present, there are two suppliers in the market, the company can reconsider its policy if one of them fails, goes out of business or acquires the other. Metrics can always be defined to maintain adequate visibility and control over performance, especially if the service provider is already motivated by special contract terms.	
SECOND BEST (3)	A	This is an acceptable course of action, though less attractive than answer C due to the potentially higher costs of maintaining the specialized assets over their lifecycle. This becomes more attractive as an option if the sourcing solution described in option C is either not feasible or if indeed one supplier fails and only a single supplier remains in the market. In the latter case the company will most likely have to pay a very high premium in an outsourcing contract as the remaining supplier will have no competition. Also, not having a contract to manage and enforce often saves administrative costs associated with outsourcing and shared services arrangements. The ETR assets will have to be exempt from the new corporate policy for the strategic risks associated with the supply-chain.	
THIRD BEST (1)	B	While this option is not materially different from option A in the short-term action that would be taken, the business case here is based on less likely scenarios and assumptions that do not correspond to any stated corporate policy. There is no indication that the company would be interested in essentially becoming a supplier of the specialized assets they currently source from suppliers. Acquiring highly specialized assets for the wrong reasons (i.e. possibly becoming a supplier) can distract the company from its core objective of gaining efficiencies in the supply-chain.	
DISTRACTER (0)	D	ETR is simply not suitable for a shared service centre because of its particular demand characteristics and capacity requirements, i.e. maintenance of highly specialized service assets, the cost of which cannot be easily distributed across customers. The business unit would be retaining all the risks without being able to distribute the costs. While future supply-chain scenarios may justify risk mitigation budgets, there are no strategic benefits or gains in the short term.	
Syllabus Unit / Module supported	ITIL SL: SS02 Service strategy principles		
Blooms Taxonomy Testing Level	Level 4 – Analysis. The ability to use the practices and concepts in a situation or unprompted use of an abstraction. Can apply what is learned in the classroom in workplace situations. Can separate concepts into component parts to understand structure and can distinguish between facts and inferences.  Application – The candidate must use the principles of service provider type selection and apply them to the situation presented in the case study, recognizing the influence that various business circumstances will have on sourcing decisions.		
Subjects covered	• Selecting service provider types.		

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<b><i>Book Section Refs</i></b>	SS 3.3 – Service strategy principles – Service providers SS 3.3.4 – Service strategy principles – Service providers – How do customers choose between types?
<b><i>Difficulty</i></b>	Hard

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QUESTION	Three	Scenario	Three
<b>Question Rationale</b>	The question looks at types of risks across the lifecycle and approaches for mitigation. It also touches on aspects relating to outsourcing, value creation and return on investment.		
<b>MOST CORRECT (5)</b>	<b>D</b>	This answer provides some ideas for anticipating the growth and also recognizes that it might not have been possible to have completely anticipated this risk. The answer provides some ideas for reducing or mitigating the risk and considers budgeting. This answer also keys in on the importance of negotiating capacity levels with third parties.	
<b>SECOND BEST (3)</b>	<b>C</b>	This answer looks at the risk across the service provider and business. This answer recognizes that there may have been ways to anticipate growth early in the project, but equally there may not have been. It provides some ideas for reducing or mitigating impact in the service design stage. It also recognizes the potential added value to the business which might alter the business case and justify additional funding for capacity but does not address the need for planning the negotiation of service capacity with a third party.	
<b>THIRD BEST (1)</b>	<b>A</b>	It is true that the risk could have been difficult to anticipate, and the answer does identify that perhaps there were actions which could have been taken at the service design stage. It also recognizes that building in spare capacity is wasteful. However, it does not recognize the responsibilities within service strategy and service design for working with the business to identify possible business opportunities and capacity impact, and it does not identify other opportunities within service transition and service operation to identify potential impacts earlier.	
<b>DISTRACTER (0)</b>	<b>B</b>	There are many issues with this answer. Whether or not external service providers could have anticipated future growth, the overall responsibility for design does not rest with external suppliers and it is not prudent to rely on external suppliers to raise potential risks unless those risks have been transferred to them through the contract, which does not appear to be the case here. While a more appropriate service design would have been produced if the risk were anticipated, providing spare capacity at the outset which is unused for a year is unlikely to be the best or only course of action.	
<b>Syllabus Unit / Module supported</b>	ITIL SL: SS08 Service strategy challenges, critical success factors and risks		
<b>Blooms Taxonomy Testing Level</b>	Level 4 – Analysis. The ability to use the practices and concepts in a situation or unprompted use of an abstraction. Can apply what is learned in the classroom in workplace situations. Can separate concepts into component parts to understand structure and can distinguish between facts and inferences.  Application – The candidate must apply the principles of risk management to the case situation, recognizing the role of various processes in the management of risk and that not all risk can be eliminated in order to select the correct answer.		
<b>Subjects covered</b>	Categories Covered: <ul style="list-style-type: none"><li>• Risk management.</li></ul>		
<b>Book Section Refs</b>	SS 9.2 – Challenges, critical success factors and risks – Risks		
<b>Difficulty</b>	Easy		

QUESTION	Four	Scenario	Four
Question Rationale	This question focuses on the role of the service owner and the business relationship manager (BRM). It requires the candidate to apply their understanding of the service owner and BRM roles to the situation and show how the roles could be used together to solve the issues described.		
MOST CORRECT (5)	D	This answer most accurately reflects the role of the service owner and how they would interact with BRMs in this scenario. This explanation would most likely address the weaknesses in the current structure. It also recognizes that service owners are accountable to represent the service across the organization and would include proposed changes from BRMs.	
SECOND BEST (3)	B	This answer is similar to D, but doesn't represent the right description of service owners regarding the customer catalogue.	
THIRD BEST (1)	A	This answer is similar to B, but overstates the relationship between service owners and BRMs by implying that service owners manage BRMs. It also misrepresents the role of the service owner within the service portfolio management process.	
DISTRACTER (0)	C	This is incorrect. The roles do not overlap and the service owners do not manage the BRMs. The service owners focus on representing the service and while the two roles will both be involved in making business cases, it is correct to say service owners should take the lead.	
Syllabus Unit / Module supported	ITIL SL: SS05: Organizing for service strategy		
Blooms Taxonomy Testing Level	Level 3 Applying – Use ideas, principles and theories in new, particular and concrete situations. Behavioural tasks at this level involve both knowing and comprehension and might include choosing appropriate procedures, applying principles, using an approach or identifying the selection of options.  Application – The candidate must apply their knowledge of these roles and how they should complement, support and relate to each other. The candidate must distinguish ownership of the business case and understand that not all risks can be eliminated but that there are numerous opportunities to mitigate most of them.		
Subjects covered	Categories covered: <ul style="list-style-type: none"><li>• Service owner role</li><li>• Business relationship manager</li><li>• Understand and outline the role of service owner and business relationship manager.</li></ul>		
Book Section Refs	SS 6.8.1 – Organizing for service strategy – Roles – Generic service owner role SS 6.8.8 – Organizing for service strategy – Roles – Business relationship manager roles		
Difficulty	Easy		

QUESTION	Five	Scenario	Five
<b>Question Rationale</b>	In this scenario students should be able to understand the information required, to decide effectively and efficiently, which customer needs to serve by choosing to serve certain market spaces and avoid others. Candidates must examine the information already provided in the scenario and complete the information collection to support prioritization.		
<b>MOST CORRECT (5)</b>	<b>A</b>	This is the best answer. Each of the items listed represents additional information needed to form the decision concerning market spaces, current and future services. The scenario already mentions the service catalogue and the business relationship team who can understand customer needs. The answer addresses the future services in the pipeline and the need to assess the existing models against customer requirements and the market space success factors.	
<b>SECOND BEST (3)</b>	<b>B</b>	This is the next best answer as it addresses the high-level need for information about existing services and the success factors in market spaces. It doesn't really cover the need to explore the potential of services which are still being considered (i.e. in the pipeline). Also, this answer option uses much more ambiguous and indirect terms to describe the required information and insight.	
<b>THIRD BEST (1)</b>	<b>C</b>	Most of the items listed here are already provided for in the scenario so do not satisfy the question regarding “additional information”. The other items are too vague to be of use and just form statements about market spaces and the service portfolio.	
<b>DISTRACTER (0)</b>	<b>D</b>	This option does not answer the question, but rather lists items that are already known and are far too focussed on existing services to be of use in directing a strategy successfully.	
<b>Syllabus Unit / Module supported</b>	ITIL SL: SS02 Service strategy principles ITIL SL: SS03 Service strategy processes		
<b>Blooms Taxonomy Testing Level</b>	Level 3 Applying – Use ideas, principles and theories in new, particular and concrete situations. Behavioural tasks at this level involve both knowing and comprehension and might include choosing appropriate procedures, applying principles, using an approach or identifying the selection of options.  Application – The candidate must, based on their understanding of the information that supports business potential analysis, recognize what information is already provided in the scenario versus what is needed. To select the correct answer the candidate must recognize the answer that, when combined with what is already in the scenario, will meet the information needs.		
<b>Subjects covered</b>	Categories Covered: <ul style="list-style-type: none"><li>Exploring business potential – understanding the information needed to identify the business potential for various services within the market space</li></ul>		
<b>Book Section Refs</b>	SS 3.2.5.2 – Service strategy principles – Customers and services – Customer assets, service assets and strategic assets – Business units and service providers SS 3.4.1 – Service strategy principles – How to define services – Step 1 - Define the market and identify customers SS 4.1.5.4 – Service strategy processes – Strategy management for IT services – Process activities, methods and techniques – Strategic assessment: define market spaces		
<b>Difficulty</b>	Hard		



QUESTION	Six	Scenario	Six
<b>Question Rationale</b>	The question looks at service strategies and how they are made real through integration with the rest of the lifecycle. It requires the candidate to examine the case situation and relate the weaknesses in the project to principles of service strategy; defining services, service models and impact of service strategy on other lifecycle stages.		
<b>MOST CORRECT (5)</b>	<b>C</b>	This answer focuses specifically on service strategy and its relationship with three of the four other lifecycle phases. The reported findings can be traced back to the weaknesses described here. It focuses on the design flaws of defining services, on the lack of consultation with sales staff at the design stage and, lastly, of testing against expected customer outcomes and how the design would operate in live use. The implication of how this service would fail to deliver expected outcomes at all stages of the lifecycle is recognized.	
<b>SECOND BEST (3)</b>	<b>B</b>	While this answer correctly identifies a service strategy weakness, it focuses almost exclusively on its relationship to service design. The answer fails to recognize the lack of integration with service transition or service operation, even though issues in the case can clearly be traced back to these areas.	
<b>THIRD BEST (1)</b>	<b>D</b>	This answer correctly identifies weaknesses in service strategy; it does not seem to equate these weaknesses with lack of integration with other lifecycle phases. It then goes on to attribute significant blame to the execution of the strategy, rather than the strategy itself.	
<b>DISTRACTER (0)</b>	<b>A</b>	This answer focuses mostly on strategy execution. Where it refers to weakness in the strategy itself, the answer mistakenly focuses on the involvement of one customer community – the sales team – and only in the early phases of the process.	
<b>Syllabus Unit / Module supported</b>	ITIL SL: SS02 Service strategy principles ITIL SL: SS03 Service strategy processes ITIL SL: SS07 Implementing service strategy		
<b>Blooms Taxonomy Testing Level</b>	Level 3 Applying – Use ideas, principles and theories in new, particular and concrete situations. Behavioural tasks at this level involve both knowing and comprehension and might include choosing appropriate procedures, applying principles, using an approach or identifying the selection of options.  Application – The candidate must correctly apply the principles relating to lifecycle integration and the expression of strategy throughout the lifecycle to the issues described in the scenario to correctly identify the most comprehensive analysis of the review issues.		
<b>Subjects covered</b>	Categories Covered: <ul style="list-style-type: none"><li>• Impact off SS on other lifecycle stages</li><li>• Defining services</li><li>• Service models</li><li>• Strategy execution.</li></ul>		
<b>Book Section Refs</b>	SS 3.4 – Service strategy principles – How to define services SS 3.4.7 – Service strategy principles – How to define services – Step 7 - Service models SS 4.1.5.13 – Service strategy processes – Strategy management for IT services – Process activities, methods and techniques – Strategy execution: other service management processes SS 8.3 – Implementing service strategy – Impact of SS on other lifecycle stages SS 8.3.1 – Implementing service strategy – Impact of SS on other lifecycle stages – Service strategy and service design SS 8.3.2 – Implementing service strategy – Impact of SS on other lifecycle stages – Service strategy and service transition SS 8.3.3 – Implementing service strategy – Impact of SS on other lifecycle stages – Service strategy and service operation		
<b>Difficulty</b>	Moderate		

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QUESTION	Seven	Scenario	Seven
<b>Question Rationale</b>	This question focuses on how to introduce service portfolio management to an organization. Candidates should understand the key activities in service portfolio management as well as preconditions for each of the activities. Candidates should be able to demonstrate an understanding of the minimum components of service portfolio management to answer the question, specifically: <ul style="list-style-type: none"><li>• The definition of service portfolio management</li><li>• Service portfolio management methods<ul style="list-style-type: none"><li>○ <b>Define:</b> Inventory services, ensure business cases and validate portfolio data</li><li>○ <b>Analyse:</b> Maximise portfolio value, align and prioritize and balance supply and demand</li><li>○ <b>Approve:</b> Finalize proposed portfolio, authorize services and resources</li><li>○ <b>Charter:</b> Communicate decisions, allocate resources and charter services</li></ul></li></ul>		
<b>MOST CORRECT (5)</b>	<b>B</b>	This answer contains all of the four activities in the proposed service portfolio management method put forward in SS 5.4: define, analyse, approve and charter, although not every detailed sub-activity is described. This answer also recognizes that the organization must understand the analysis activity before they start the collection of data.	
<b>SECOND BEST (3)</b>	<b>D</b>	This is a reasonable answer, but a very important activity in the service portfolio management process is missing: analysis of the services (SS 4.2.5.16).	
<b>THIRD BEST (1)</b>	<b>C</b>	Although it is tempting to allow each business unit to get some experience with service portfolio management before introducing an enterprise-wide process, it is against the advice in the service strategy book (3.2.5.2). Until you have established the IT service portfolio as ONE group of investments that share similar characteristics, an enterprise will get very little value from service portfolio management. This option is better than the distracter because it does eventually lead to an enterprise approach.	
<b>DISTRACTER (0)</b>	<b>A</b>	This answer is the distracter. The definition of service portfolio management is “a dynamic method for governing investments in service management <i>across the enterprise</i> and managing them for value” (SS 5.3). Based on the case it will be of very little value to establish five local IT service portfolios and equivalent processes and treat resource conflicts as projects, as it will never lead to a cross-organizational prioritization of IT enabled investments.	
<b>Syllabus Unit / Module supported</b>	ITIL SL: SS02 Service strategy principles ITIL SL: SS05 Service strategy processes		
<b>Blooms Taxonomy Testing Level</b>	Level 3 Applying – Use ideas, principles and theories in new, particular and concrete situations. Behavioural tasks at this level involve both knowing and comprehension and might include choosing appropriate procedures, applying principles, using an approach or identifying the selection of options.  Application: The candidate must apply the principles of service portfolio management to the scenario and recognize the need to adopt a new comprehensive enterprise approach to follow best practice and create the desired results for the organization.		
<b>Subjects covered</b>	Categories Covered: <ul style="list-style-type: none"><li>• Service portfolio</li><li>• Service portfolio management</li><li>• Business case</li><li>• Define, analyse, approve and charter.</li></ul>		
<b>Book Section Refs</b>	SS 3.2.5.2 – Service strategy principles – Customers and services – Customer assets, service assets and strategic assets – Business units and service providers SS 4.2 – Service portfolio management SS Figure 4.1.9 – Service portfolio management process		
<b>Difficulty</b>	Moderate		

QUESTION	Eight	Scenario	Eight
<b>Question Rationale</b>	This question focuses on using financial management techniques to demonstrate the financial benefits of ITSM projects. Candidates should be able to demonstrate an understanding of the minimum components of financial management and their application to answer the CIO's question, specifically: <ul style="list-style-type: none"><li>• Service valuation</li><li>• Financial management inputs, outputs and interfaces</li><li>• Accounting</li><li>• Chargeback.</li></ul>		
<b>MOST CORRECT (5)</b>	<b>B</b>	This answer, while not containing all of the elements of a good financial management strategy, does contain those elements that are relevant and feasible for this stage of the project at this organization. Service value potential approaches and techniques focused on analysing the costs and returns of specific services will not work, as the accounting systems are currently not set up to analyse costs per service. Even though some estimation can be made, a reliable and accurate analysis can only be done following phase two of the project when a service catalogue has been defined, and the accounting system has been re-aligned to the services.	
<b>SECOND BEST (3)</b>	<b>C</b>	This is a reasonable answer but there are some key errors. Service demand modelling will help in making the forecast more accurate, however the answer does not recognize that the only demand that can be modelled in phase two is the overall demand on the IT systems. At best this is simply a straight-line projection, and not very accurate. Also, the answer indicates that cost optimization can be used in phase two, but this would need to wait until, at a minimum, configuration information was available, which is happening in phase two. The chargeback reference is simply included to counter the statement made in answer A.	
<b>THIRD BEST (1)</b>	<b>D</b>	Although this answer has a reasonable basis for assessing the savings made during the first phase of the project, the forecast for the second phase uses data that have not been quantified or agreed. Services have not been defined, only operational and capital budgeting has been taken into account (without assessing the plans that led to the budgets), and there is no reliable technique for modelling business use of the services. Furthermore, this answer does not consider the effect of any improvements planned from phase two, nor does it mention how the work in phases one and two will support future cost savings.	
<b>DISTRACTER (0)</b>	<b>A</b>	This answer is incorrect. The definition of service valuation is correct but, since services have not yet been defined, the technique will be neither appropriate nor effective. This technique is also not appropriate for estimating cost savings on a project of this nature. Introducing any form of chargeback is inappropriate at this stage. Services need to be formally defined and the CFO would need to help define any changes to the current cost allocation mechanism. This is outside the scope of the current project.	
<b>Syllabus Unit / Module supported</b>	ITIL SL: SS02 Service strategy principles ITIL SL: SS03 Service strategy processes		
<b>Blooms Taxonomy Testing Level</b>	Level 4 Analysis – The ability to use the practices and concepts in a situation or unprompted use of an abstraction. Can apply what is learned in the classroom in workplace situations. Can separate concepts into component parts to understand structure and can distinguish between facts and inferences.  Application – The candidate must take the abstract financial management practices learned and apply them to the scenario, accurately assessing the organization's state of maturity and the correct application of financial management practices to address the issues and meet the objectives.		
<b>Subjects covered</b>	Categories Covered: <ul style="list-style-type: none"><li>• Service valuation</li><li>• Financial management</li></ul>		

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	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Accounting</li> <li>• Chargeback.</li> </ul>
<b>Book Section Refs</b>	SS 3.6.1 – Service strategy principles – Service economics – Return on investment SS Figure 4.25 – Major inputs, outputs and activities of financial management for IT services SS 4.3 – Service strategy processes – Financial management for IT services (opening section to 4.3.1) SS 4.3.1 – Service strategy processes – Financial management for IT services – Purpose and objectives SS 4.3.2 – Service strategy processes – Financial management for IT services – Scope SS 4.3.3 – Service strategy processes – Financial management for IT services – Value to business SS 4.3.4 – Service strategy processes – Financial management for IT services – Policies, principles and basic concepts
<b>Difficulty</b>	Hard