Futurewerk

THE IT SERVICE CATALOGUE PLAYBOOK

ALIGNING IT DELIVERY WITH BUSINESS PRIORITIES

Get the basics right, and everything else will follow.

Ray Kroc

In today's rapidly evolving AI-powered digital landscape, where cloud computing and managed services form the backbone of IT infrastructure, a well-structured and efficient service catalogue is no longer just a helpful tool, it's a strategic necessity.

As organisations increasingly shift towards cloud-first environments, the expectations placed on IT services have grown significantly.

Businesses now demand the same simplicity and speed in provisioning services internally that they experience from leading cloud providers.

A service catalogue is more than a mere listing of services; it is a powerful tool that aligns IT capabilities with business objectives, helping organisations navigate the complexities of modern IT environments.

By streamlining service offerings and enhancing transparency, a service catalogue empowers businesses to seamlessly incorporate AI, automation, and other advanced technologies.

This ensures that IT services not only support, but also drive innovation and operational efficiency.

This paper explores how IT organisations can leverage a well-designed service catalogue to simplify choices, amplify success, and meet the rising demands of modern enterprises.

It highlights how aligning IT services with business goals and executing them through a well-structured service catalogue can transform service delivery and unlock innovation.

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Challenges in aligning IT services with business priorities

The absence of a structured service catalogue introduces significant complexities for business users, and IT and procurement departments leading to a variety of challenges. It further makes it difficult to align IT services with overall business objectives.

Business users

The absence of a structured service catalogue leads to confusion, delays, and inconsistent customer experiences.

IT departments

IT departments face inefficiencies, increased workloads, and difficulties in tracking and reporting.

Procurement/ finance departments

Procurement processes become lengthier and more complex, with challenges in cost management and vendor relations.

Implementing a service catalogue can mitigate these issues, streamline delivery, improve operational efficiency, and enable innovation.

Business Challenges

Unclear Service Offerings

Business users may not know what IT services are available or how to request them. This leads to confusion and inefficiencies, as users struggle to navigate the IT services landscape without clear guidance.

Inconsistent Service Quality

The absence of a service catalogue can result in varying quality of service delivery. Business users may experience inconsistent service levels, leading to frustration and decreased confidence in IT.

Inability to Plan and Budget

Business units may find it difficult to plan and budget for IT services without a clear understanding of available services and associated costs. This hinders financial planning and the alignment of IT expenditures with business goals.

Direct Procurement Preferences

Businesses prefer to buy IT services directly without involving the IT department. This can lead to fragmented and uncoordinated IT procurement, resulting in compatibility issues, redundant services, and increased costs.

Custom Scope and Change Requests

IT budgets and services are often calculated and procured based on tailored scope and change requests, without standardisation. This can lead to unpredictable costs, extended timelines, and difficulties in managing and forecasting IT expenditures effectively.

Undefined Resource Units

Without a service catalogue, resource units for various IT services are not clearly defined. This leads to difficulties in resource allocation, tracking, and reporting, reducing the efficiency and effectiveness of IT service delivery.

IT Department Challenges

Defining Service Scope

Each service request requires a custom definition of scope and requirements. This increases the workload for IT teams, as they must repeatedly clarify and negotiate the scope of services, leading to delays and inconsistencies.

Transition Complexity

Moving from staffing to service-based pricing without a service catalogue can complicate the transition. IT departments face delays as they have to define and map various activities and tasks to standard services.

Managing Users' Expectations

Lack of a standardised service catalogue makes it difficult to set and manage expectations for service delivery. IT staff struggle to ensure that business users understand what services are available, leading to dissatisfaction and misalignment.

Resource Utilisation

IT teams may find it challenging to efficiently allocate resources. Ineffective resource utilisation can lead to either underuse or overuse of IT personnel, affecting productivity and cost-efficiency.

Inability to Benchmark Services

It becomes difficult to benchmark services against industry standards or competitors. This hampers efforts to measure performance, identify areas for improvement, and ensure competitive service offerings.

Missed Opportunities for Automation and AI

A structured service catalogue can facilitate the inclusion of automation and AI for service optimisation. Without it, opportunities to enhance services through automation and AI are missed, leading to potential inefficiencies and higher operational costs over time.

Procurement/ Finance Department Challenges

Cost Control Difficulties

It is challenging to track and manage costs accurately. This complicates budgeting, financial accountability, and cost allocation to business units, leading to potential disputes over IT expenditures.

Complex Procurement Processes

Procurement must repeatedly define and negotiate the scope for each IT service procurement. This increases the complexity and time required for procurement processes, leading to inefficiencies.

Vendor Management Challenges

Managing relationships and performance metrics for service providers becomes more difficult without standardised service definitions. Procurement struggles with ensuring consistent service delivery and managing vendor performance effectively.

Market Forces Raising the Bar

Enterprises expect their IT organisations to provide a service catalogue similar to those of hyperscalers and leading software vendors, detailing comprehensive services. This will not only enhance customer experience but also improve provisioning efficiency.

Simplifying complexity: benefits of an IT service catalogue

Increased IT value for the business and external clients

By defining services that align with the actual needs of your business, IT- Business alignment within the organisation can be enhanced, positioning IT as a value driver and vital partner for growth. Well-defined and documented services significantly improve communication and adoption effectiveness with end customers.

Accelerate procurement and service request processes

A service catalogue significantly accelerates sales and procurement processes by eliminating the need for lengthy service definitions.

Modular service design and integration

The service catalogue acts as a modular construction kit, easily facilitating new service developments or comprehensive redesigns. Its modular aspects allow for service variants with differing activities and service levels. Integration of IT services becomes easier by leveraging revised processes and an adapted target operating model.

Transparency and standardisation of IT-services

Increase standardisation of business IT-services by implementing a market-conform service model, which facilitates modular, non-redundant structures enabling business stakeholders to design end-to-end responsibilities across the whole lifecycle.

Standardisation allows the business stakeholders to make a direct comparison with commoditised market services on scope, quality levels and pricing, and ask for value add customisation when required.

Basis for effective cost controlling

The service catalogue creates cost transparency for business stakeholders and IT organisation alike. It allows for a look at IT services along the entire lifecycle and find areas worth investing to effectively save significant cost in the long-run.

What is a Service Catalogue

A service catalogue means different things to different users and depends on its purpose.

Service catalogue: An enterprise IT organisation perspective

An IT service catalogue

IT personnel
Delivery
Service Integration

- Defines all (or most) services delivered to and consumed by the organisation and SSRs
- Includes variants, activities, technologies, service levels and pricing.
- Allows IT and business groups to order services
- Defined for internal groups or with service providers.

Benefits

- Reflects the specific IT consumption pattern of every organisation
- Allows for internal (or service provider) cost control and best practice.
- Allows for easy benchmark and alignment with Cloud services.

Business service catalogue

Business users and managers

- Defines services at a more aggregated and non-technical (more easily understood) level for business users (or business tech teams).
- Includes IT, business and other professional services (e.g.consulting)
- Creates a single platform for ordering services from multiple internal and external providers.

Benefits

- Drives internal consumption of services (e.g. data, APIs and other Cloud services).
- Close to business and communicates business value add (communication tool).
- Ease of use and access to a service ecosystem.

Service catalogue: A service provider perspective

A sales service catalogue

Salesperson
Account managers
Delivery

- Defines all (or the most important) services that the service provider sells in the market.
- Defines service variants and price impact based on additional activities (e.g. backup, hot-sync in a second data centre), service levels (e.g. service times, Incident response times) and technology variations (e.g. Server types).

Benefits

- Clarity for sales and potential customers on services sold and their pricing.
- Allows the salesperson to do easy scenario building without extensive internal approvals.
- Reduces cost and pricing risks considerably.
- Aligns with market best practices (e.g. Cloud pricing)
- Easy service benchmarks

A service playbook

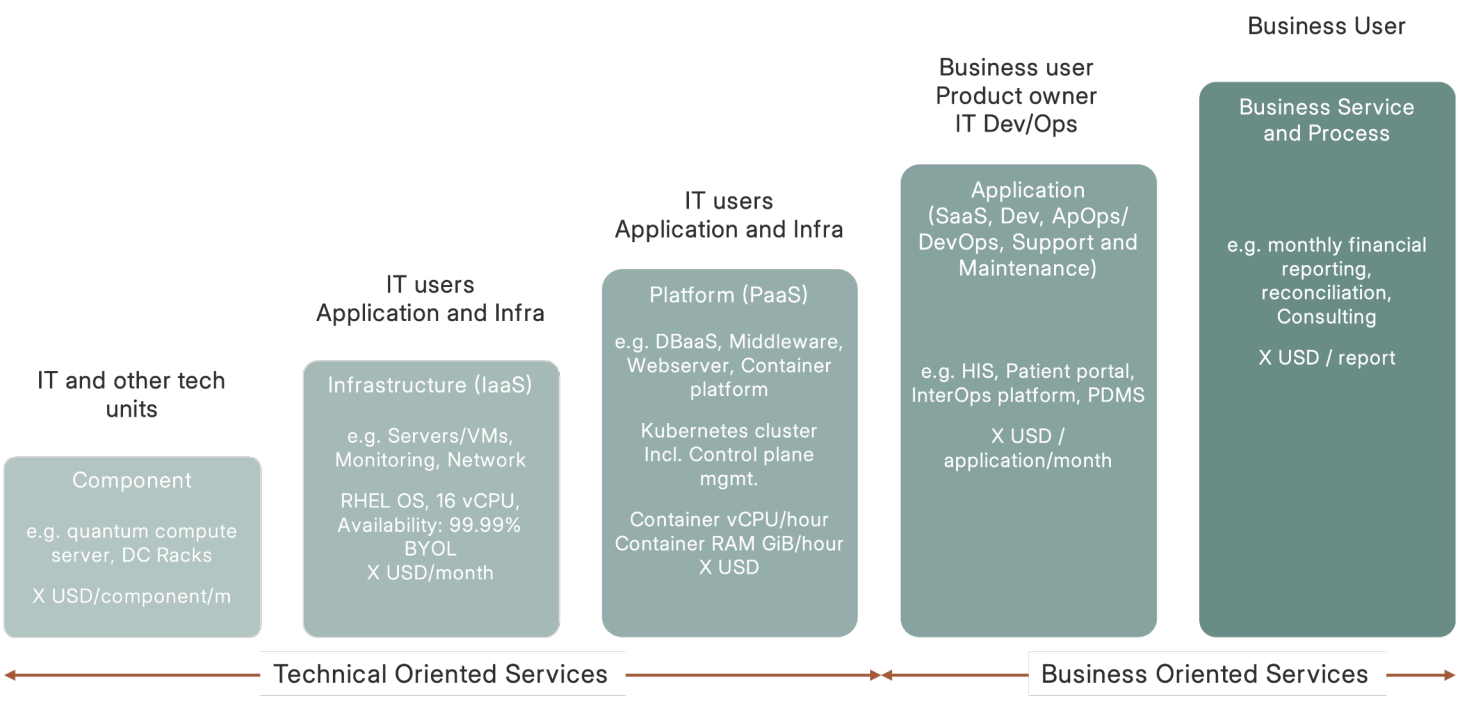
Salesperson
Account managers
Sales managers

- Lists and defines all services to be sold by the company's sales/ solutioning teams without listing all service variants and processes.
- Includes market appetite by service class, type of customer and region.
- Updated yearly or quarterly as part of the sales kickoff.

Benefits

- Sets and reflects the key priorities in terms of services to sell to which customers, in which regions and in which quarter.
- Effective and easy sales tool for preliminary customer discussions.
- Includes strategic positioning information (e.g.value to customer) and key competitors.

Services are defined at different levels depending on user profiles and purpose

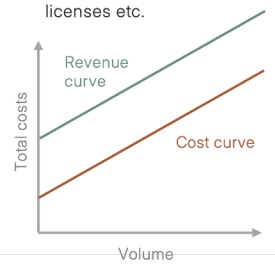


Defining service units and pricing is crucial and must align with cost changes. Proper definition mitigates risks and streamlines financial approvals.

Which pricing model is right for which service?

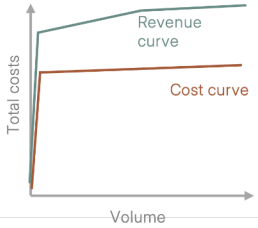
Time and material

- Revenue progression follows cost curve almost linearly
- Risk provider-client balanced
- Cost control difficult for the client
- Can be used for all services where investment and service units are discreet and incremental
- E.g. Resources/people, licenses etc.



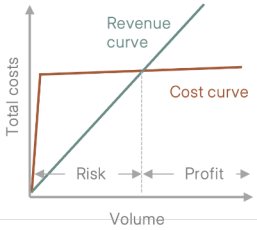
Base cost + volume dependent unit costs

- Applies in cases where significant assets (or teams) must be setup at the beginning, but incremental costs are low after the initial investment.
- E.g. incident/ticket billing for a scope of 4,000 incidents per month (with slow changing volumes)



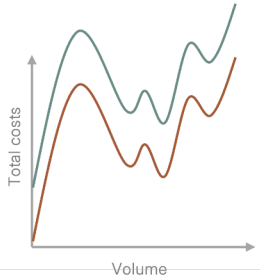
On-demand linear

- The client wants an on-demand pricing but upfront costs are involved (e.g. for service setup).
- May also include forward or retroactive discounts
- Linear pricing can be agreed with termination fees within the "risk zone".
- E.g. private cloud setups.

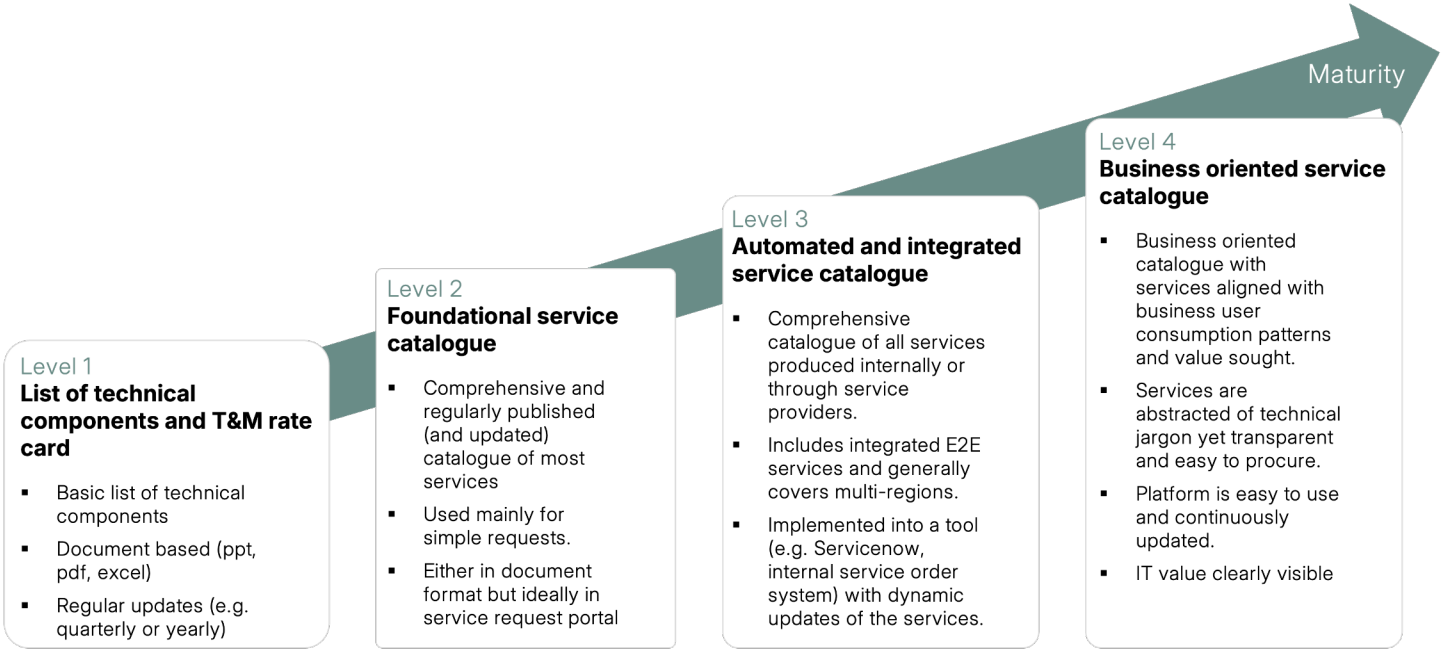


On-demand variable

- Customer demand can vary upwards and downwards freely.
- Cost curve must closely follow demand/revenue curve (e.g. when cloud services are passed through with value add services)
- E.g. most public cloud models



Implementation can vary depending on maturity with different cost and benefits



About Futurewerk

Futurewerk is a London-based innovation consultancy that helps enterprises drive growth through AI, cutting-edge technologies, and organisational transformation.

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Futurewerk

Accelerating
Enterprise
Innovation.