

**IT Service Management Practitioner:
Agree & Define (based on ITIL®)
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Introduction

This is the sample exam ITIL® Practitioner Agree and Define.

This sample exam consists of 40 multiple-choice questions. Each multiple-choice question has a number of possible answers, of which only one is the correct answer.

The maximum number of points that can be obtained for this examination is 40. Each correct answer is worth one point. If you obtain 26 points or more you have passed.

The time allowed for this examination is 120 minutes.

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Good luck!

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sample exam

1 of 40

You are the Financial Manager for your organization. In your staff meeting you discuss the following mission statement for the Financial Management process. You and your team know that something is missing to properly complete the mission statement. The mission statement proposed is:

"to be able to account fully for the amount spent on IT Services, to attribute these costs to the services delivered to the organization's Customers and to ..."

What is missing from this mission statement based on the ITIL® concept?

- A. something about adherence to the ITIL® Financial Management process
- B. something about assisting management decisions on IT investment
- C. something about avoiding penalties when the service is not provided properly

2 of 40

You are the Service Level Manager for a mid-sized investment firm. The new ITIL®-based Service Level Management process is ready for deployment. You have decided to approach the manager of the Human Resource Department to incorporate training on the Service Level Management process into the orientation phase of all new IT employees. The manager of the Human Resource Department agrees with you and wants to know what training the new IT employees should receive.

What will you incorporate in the training on Service Level Management for all new IT employees?

- A. how to initiate changes to the IT service levels when needed
- B. the benefits of the Service Level Management process
- C. the costs of IT Services currently provided in the company

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You are the Service Level Manager for your organization. During your recent training on the Agree and Define processes you learned that policies are a key element of any good process.

What is the most appropriate policy statement for the Service Level Management process to ensure that the IT organization does provide reports on service performance on a regular basis to its Customers?

- A. Each responsible party within the IT organization will regularly provide Service Level Metric Reports to the Service Level Manager to show the performance on the particular service level metric which the party is responsible for.
- B. The IT organization will regularly provide a comprehensible Service Achievement Report to its Customers, showing costs and penalties of IT Services relevant to the Service Level Agreement.
- C. The IT organization will regularly provide a comprehensible Service Level Management Achievement Report to its Customers, showing the performance on all Service Level Agreement targets.

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Service Level Agreements (SLAs) allow each individual Customer flexibility in requesting variations to Service Levels.

Which one of the following is a **negative** effect if Customers request too many variations to the Service Levels of a Service as a result of offering flexibility?

- A. an increase in the number of Change Requests to be assessed
- B. an increase in the number of SLAs to be managed
- C. an increase in the overall Service Level Management workload

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You are the Service Level Manager for your organization. From the recent Service Achievement Reports you have noticed that the quality of a particular Service has been deteriorating over the last few reporting periods. You want to initiate a Service Improvement Program (SIP) to review, investigate and implement whatever actions are necessary to restore the quality of that Service back to its intended target levels.

Which one of the following areas should be the first activity in your Service Improvement Program?

- A. review the Operational Level Agreements (OLAs)
- B. review the Service Level Agreements (SLAs)
- C. review the Service Level Management process

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You are the Financial Manager for a mid-sized food processing company. The company has implemented most of the Service Support processes.

Now the company wants to better control the costs of running the IT department. Your task is to communicate about some of the benefits of a properly prepared and managed IT budget. So far, you have identified three benefits but you want to identify a fourth one to fully demonstrate the benefits. The first three benefits identified are:

- ensuring that the business provides sufficient funds to run the IT Services it requires
- providing early warning of under or over-consumption of Services
- increased confidence in setting and managing budgets

What is the fourth benefit of a properly prepared and managed IT Budget?

- A. ensuring that IT Service Levels can be maintained throughout the year
- B. having a better understanding of the costs of not taking advantage of opportunities for change
- C. the ability to influence Customer behavior to utilize the IT resources in a more efficient way

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The personnel involved in Service Level Management face many possible challenges in negotiating the Service Level Agreements (SLAs).

Which of the following is the most serious challenge that can impede the successful negotiation of Service Level Agreements?

- A.** Not enough seniority and/or authority is given to the Service Level Management staff.
- B.** Service Level Agreements (SLAs) may not be adequately supported by the current Operational Level Agreements (OLAs) and Underpinning Contracts (UCs).
- C.** The Service Level Agreements (SLAs) are not communicated to and properly understood by the IT staff.

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A culture of cooperation between the IT organization and its Customer is a Critical Success Factor when implementing Service Level Management.

Which of the following is the most likely consequence when the Service Level Management is implemented in a blame culture, in which the Customer has a non-cooperative attitude?

- A.** It becomes a serious road block in managing and improving service quality.
- B.** Senior Management must step in and take charge in the implementation of Service Level Management.
- C.** Service Level Management should not be implemented until the culture has been changed.

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You are the Service Level Manager for your organization. One of your main tasks is to provide information about service breaches. The Financial Manager has asked you to provide her with a report on service breaches for each period.

What information do you provide to the Financial Manager?

- A.** the amount and the calculation of penalty to pay back to the Customer for the service breaches
- B.** the cost estimates of the proposed Service Improvement Program (SIP) to correct the service breaches
- C.** the number, the severity and the associated business impact of the service breaches

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Reporting is a key component of each process. Although the format for management reports is largely dependent on the standards set by the organization, it is suggested that reports to Customers should be kept simple. The reports to the Customers should include details of:

- how much they have spent on IT during the financial year
- whether the Charges made match the predicted profile
- how the IT organization is investing any profits (e.g. in infrastructure or service improvements)
- any variances, what caused them and what actions are being taken

What else should be reported to the Customers?

- A.** costs associated with IT Accounting and Charging systems
- B.** the current Charging Policies and IT Accounting methods
- C.** the current predicted outlook on costs and cost recovery

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Processes should be reviewed and/or audited on a regular basis. The Financial Management process is no exception. An audit of the Financial Management process is planned for the coming weeks. One of the aims of the audit is to confirm that IT Finance Management and the supporting personnel are adhering to defined procedures.

An audit on the budgeting sub-process should confirm that:

- budgets are provided for all activities
- budgets are monitored and reported regularly
- budget projections are reviewed at the end of the budget period

What else should the audit on the budgeting sub-process confirm?

- A.** bills are randomly selected to test for clarity, accuracy and timeliness
- B.** procedures exist for Escalation when over runs are discovered
- C.** revenues are collected and properly accounted for

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A good process should be both efficient and effective. As the Financial Manager for your IT organization, you want to demonstrate the effectiveness of the IT Accounting systems established.

Which of the following elements would demonstrate the effectiveness of the IT accounting systems?

- A.** a reduction in the number of budget variances and adjustments
- B.** the actual costs for every budget item can be accurately tracked
- C.** the IT financial objective of either break-even or profit is being met

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An important consideration before approving a Change is the financial impact assessment of the Request for Change (RFC). As the Financial Manager, you have been asked to participate in approving RFCs. The financial approval of an RFC indicates that the cost of a Change has been assessed and that it meets one of two criteria. The first is that it meets the cost-benefit criteria.

What is the second criterion?

- A.** All cost types have been identified and their cost estimates have been approved.
- B.** The estimated costs are within approved budgetary limits.
- C.** The Return on Investment (ROI) has been demonstrated and approved.

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You are the Service Level Manager for a large electronics manufacturer. You have been tasked with initiating a Service Improvement Program (SIP) for a particular Service.

Which pair of processes will provide you with the best possible insight into the issues surrounding the Service?

- A.** Configuration Management and Incident Management:
 - Configuration Management will give you all the information about all the Configuration Items (CIs) making up the Service;
 - Incident Management will give you all the issues with the Service.
- B.** Financial Management and Service Desk:
 - Financial Management will help you to budget for the Service Improvement Program;
 - Service Desk will give you all the End-user issues about the Service.
- C.** Problem Management and Availability Management:
 - Problem Management will give you insight into the cause of issues surrounding the Service;
 - Availability Management will enable you to optimize the availability of the Service.

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Your organization wants to implement Service Level Management to manage Customer expectations and to ensure quality delivery of Services based on Service Level Agreements (SLAs). What is the primary reason to properly establish the initial perception of the Service and to properly communicate the effects of the Service Level Agreements to all parties involved, including End-users?

- A.** It is a good way to ensure all parties affected are informed that the baseline and service targets have been established for the Service.
- B.** It is a good way to involve everyone in the decision making process. Everyone now has a stake in it and will therefore make every attempt to be positive about it.
- C.** It is important for all parties affected to understand the aim, objectives and benefits of SLAs, as well as the required service targets for the Service.

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You are the Service Level Manager and you are about to conduct the first meeting with your IT Customers regarding their Service Level Requirements. To achieve clarity when identifying the Service Level Requirements, you want to properly prepare and set-up your meeting with the business Customers.

What should you do in the first meeting in order to be successful in achieving clarity?

- A.** In the first meeting, you do not want to talk about the Service yet. First you have to work on the relationship. You believe once the relationship is established, the requirements can be easily and clearly identified.
- B.** You formulate a number of open questions in order to steer the meeting. You want the Customers to talk as much as possible and say what they think.
- C.** You want to encourage the Customers to be as specific as possible about their service requirements, ideally in IT terms, because everyone has a PC at home and is familiar with IT terms.

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You want to describe the e-mail service in the Service Catalog.

What does a good service description contain?

- A.** Key Business Functions, deliverables, all Operational Level Agreements (OLAs) and all Underpinning Contracts (UCs) supporting the Service Delivery
- B.** Key Business Functions, deliverables and all Configuration Items (CIs) that are used to deliver the Service such as hardware, software and documentations
- C.** Key Business Functions, deliverables and all relevant information to describe the Service and its scale, Impact and Priority for the business

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The Vice-President of IT wants to implement a service-based Service Level Agreement (SLA) for one specific IT Service, covering all of the Customers of the Service. Two of the possible difficulties of using a service-based SLA for a Service are:

- different Customers may have different requirements for the same Service;
- different service levels for the same Service may be inevitable, due to the various characteristics of the IT infrastructure, such as high-speed LAN connections to some Customers versus low speed connections via leased line to others.

What would be another difficulty in negotiating and concluding a service-based SLA for a Service required to provide different service levels for different customers?

- A.** the difficulty in determining who should be the signatories to such a service-based SLA
- B.** the difficulty in monitoring, reporting and reviewing various Service levels of the same service
- C.** the difficulty in the increase of staff required to manage this service-based Service Level Agreement

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Which of the following statements best describes an IT Service?

- A.** one or more IT systems that enables a business process
- B.** the IT and business systems required to provide goods and services to external Customers
- C.** the IT systems acquired by a customer

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As the Service Level Manager of your IT organization, you want to establish a Service Level Agreement (SLA) for the e-mail service. In your recent training in the Agree and Define processes, you have learned that it is important to first identify the service requirements from the Customers. One of the requirements for the e-mail service is to properly determine the amount of storage capacity. For that, you need to identify the usage information from the Customers currently using the e-mail service. The following is an incomplete list of requirements from each Customer of the email service:

- Hours of operation
- Number of Users
- Number of e-mails sent and received by each User per month (historical usage estimates)
- Upper limit for the size of attachments per e-mail
- Average size of distribution lists

What additional information will you require in compiling the requirements from each Customer in order to determine the right amount of storage capacity for the e-mail service?

- A.** the expected growth in utilization, how much and when
- B.** the required response-time (performance) from the e-mail service
- C.** the size of the current storage allocated for e-mail

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The Customers of a particular non-business critical Service require restoration of the Service within 6 business hours eighty percent of the time for unplanned "service-down" Incidents. The current Operational Level Agreements (OLAs) with various support teams and the Underpinning Contracts (UCs) with the vendors on Incident resolution for this Service are as follows:

- | | | |
|--------------------|------------------|---|
| • Service Desk | 1 business hour | can resolve 50% of all Incidents |
| • 2nd line support | 4 business hours | can resolve 50% of all escalated Incidents |
| • 3rd line support | 4 business hours | can resolve 75% of all escalated Incidents |
| • Vendor | 4 business hours | can resolve 100% of all escalated Incidents |

It is evident that the Customers' requirement may be very difficult to satisfy based upon the above OLAs and UCs.

What should be done to remedy the situation?

- A.** get the Customers to change their requirements as they are impossible to meet
- B.** implement a Service Improvement Program (SIP) to identify improvement opportunities
- C.** re-negotiate all three types of agreements (SLA, OLA and UC) to meet the Customers requirements

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You are a member of the Service Level Management team involved in negotiating the details of a support contract with a third party supplier (Company "A") regarding on-site printer repairs. Your task is to review the Incident escalation times and costs with the supplier. You have the following information at your disposal:

- Your Customer requires that printer repairs are to be completed within 6 business hours ninety percent of the time;
- Hours of operations of your Customer are 06:00 to 18:00 hours;
- The Service Desk has one hour from the time the Incident is reported to attempt resolution using remote diagnostics, access tools, and a Known Error knowledge database;
- Company "A" will then have five hours from the time the Incidents are escalated to them to repair the printer;
- Company "A" indicates that eighty percent of all printer repairs can be done within 2 hours and the average travel time to each location is 45 minutes;
- Company "A" indicates that remote locations will have their printers repaired by the end of the next business day as there are no technicians within a reasonable driving distance;
- Company "A" indicates that their hours of operations are also from 06:00 to 18:00 hours. Any work required outside these hours will be charged at the premium overtime rate;
- Company "A" indicates that one trip to the repair site is included for each Incident. Any additional trip required will be counted as a new Incident call.

What should be the wording for the repair time regarding printer Incidents escalated to Company "A" after 15:00 hours in order to ensure the **most cost-effective support** contract?

- A. Incidents escalated to Company "A" after 15:00 hours will be completed by 08:00 hours the next business day.
- B. Incidents escalated to Company "A" after 15:00 hours will be completed by 11:00 hours the next business day.
- C. Incidents escalated to Company "A" after 15:00 hours will be completed by 20:00 hours providing that the User agrees to stay late.

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As part of your duties as the Service Level Manager you have to provide regular reports to senior IT Management on the performance of the various 3rd party vendors. The following is a template for such a report.

1. Management summary
2. Service Level Management Metrics:
 - Number of Service Level Agreements (SLAs) breached
 - Percentage of SLA breaches attributed to the 3rd party vendors
 - Cost of Service Delivery
- 3.
4. Appendices

What topic would be most useful to incorporate in section 3?

- A. analysis of SLA breaches
- B. list of SLA breaches
- C. service improvement initiatives

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When estimating the costs of budget items it is important to consider all costs associated to the items in question.

In addition to cost types and cost elements, which additional information should be used to properly estimate the costs of budget items?

- A. the cost of Downtime associated with the item
- B. the depreciation amount of the item
- C. the replacement cost of the item

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When estimating the costs of budget items, the cost categorization needs to be consistent for two reasons. The first reason is to enable an organization to make true comparisons, year after year, both with its own expenditure trends and with the costs of other organizations. The second reason is to provide a simple basis for Activity Based Costing, as expenditure items likely to be treated similarly, are logically grouped together.

Which cost types can help you to achieve the above?

- A. activity based, cost center based, depreciation, cost unit, cost per cost unit
- B. direct, indirect, capital, operational, fixed and variable costs
- C. hardware, software, people, accommodation, external service and transfer costs

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There are three departments in a company requiring IT Services: Marketing, Sales and Manufacturing. Each department is asked to contribute to the IT budget, based upon the Services they require.

Rather than trying to determine the actual usage of the IT Infrastructure by each of the three departments, it was decided to group all IT Infrastructure costs into one cost called "IT Infrastructure".

What would be the most feasible approach to recover the IT Infrastructure costs that is perceived to be fair, equitable and simple?

- A. by number of Users in each department
- B. by the number of transactions processed by each department
- C. equally divided among all three departments

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The basic approach in calculating the Cost-by-service has three steps; the first two being:

- identify all those costs that can be directly attributed to the Service, for instance any dedicated hardware, software, staff or contracts for the Service
- decide the formula how to apportion the Indirect Costs such as Infrastructure to the Service

What is the third step in the basic approach of calculating the cost-by-service?

- A.** adjust the total to allow for depreciation such as straight line or reducing balanced or by usage method
- B.** adjust the total to allow for 'hidden costs' or 'Unabsorbed overheads' such as IT management or buildings
- C.** adjust the total to allow for the actual and projected usage of the service by every customer of the service

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You are the IT Financial Manager for a mid-sized insurance company. The IT organization does not currently charge for the IT Services provided. As the IT Financial Manager you want to communicate the reasons why the IT department must now start to charge for the provision of IT services.

What is a good charging policy to communicate to the customer?

- A.** IT will recover all costs associated with the delivery of IT Services in order to demonstrate to the Customers that IT is much more cost effective than the outsourcers.
- B.** IT will recover all costs associated with the delivery of IT Services through the implementation of Financial Management including Charging sub-processes.
- C.** IT will recover the costs associated with the delivery of IT Services to encourage more efficient use of IT resources through Charging based on usage.

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Your organization wants to charge Customers for the use of the standard IT Print Services.

The ITIL® guidance for billing is:

- the bills must be simple, clear and matched to the ability to pay (in amount, time and method)
- Chargeable Items must be understood by the Customer
- IT Accounting data must be available to provide details on, and justification for, bills

Which following set of items should be used in the billing process in order to be more aligned with the above guidance?

- A.** CPU cycle, records to be processed and duration of the batch cycle
- B.** number of reports, number of pages, and type of processing (color, black, etcetera)
- C.** printer costs, software cost and accommodation costs (utilities, rent, etcetera)

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IT Financial Management reports to Customers should be kept simple but they should also include details of how much the Customers have spent on IT Services during the current period.

In order to assist the Customer, which additional information must be provided to increase the clarity of the above information?

- A.** how the Charges were calculated
- B.** whether the Charges made match the Customer's profile
- C.** when the Charges must be paid by the Customer

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Which monthly IT Financial Management report requires inputs from the following sources?

- Configuration Management Database (CMDB)
- Capacity Database (CDB)
- Incident Management Database
- Problem Database

- A.** the monthly cost variance report
- B.** the monthly revenue variance report
- C.** the monthly workload variance report

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As part of the quarterly analysis of the IT Financial Management reports, it is discovered that the IT Services are falling short of their revenue targets. The IT department is using Notional Charging. Two possible causes are identified:

- It is possible that the workload forecasts are too high.
- It is possible that the IT ongoing expenditures are too high.

What would be a possible third cause?

- A.** Charges are too high.
- B.** Charges are too low.
- C.** Customers are not paying on time.

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You are the Service Level Manager for your organization and want to determine if you have achieved one of your Key Performance Indicators (KPIs). The KPI is "a 15% reduction in the cost of monitoring and reporting of Service Level Agreements (SLAs) within the next six months."

You have the following data for each of the last six months:

- staff salaries
- time spent on monitoring activities
- time spent on report creation activities
- cost of tools: hardware and software
- accommodation costs

What additional data do you need to enable your calculation?

- A.** time spent on service review meetings with the Customers
- B.** time spent on the Operational Level Agreement (OLA) between Service Level Management (SLM) and the Service Desk
- C.** time spent on verifying reports

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The following is an extract of the current service hours from the Service Level Agreements (SLAs) for all services. All customers are located in the Eastern Time zone of Canada and the USA.

Service Hours: All services must be available during the following times:

Monday-Friday	07:00 until 23:00
Saturday	07:00 until 21:00
Sunday	07:00 until 17:00

Note: These hours exceed the business hours by one hour at the start and end of each day.

Service Extensions: should any Customer wish to extend their business hours of operation, a request must be made in writing at least 3 business days prior to the required date.

The organization has decided to expand to the west coast of Canada and the USA. This means that an additional 3 hours of uptime is required for all services to cover the time difference. It is evident that the current service hours need to be amended.

What should be done by the IT department to support the expansion?

- A.** change the service hours in the SLAs by 3 hours as this is a new business requirement
- B.** initiate a Service Improvement Program (SIP) to meet the new business requirements
- C.** review the Operational Level Agreements (OLAs) and Underpinning Contracts (UCs)

You have just been hired as the Service Level Manager for an organization. You decide to read all Service Level Management procedures to familiarize yourself with them. As you read the following "Monitor, Report and Review Procedure", you realize an important activity is missing.

Procedure	Monitor, Report & Review
Target audience	Service Level Management Team
Description	Following the agreeing and signing of the Service Level Agreement (SLA), meetings will be held with the Customer to ensure that the Service Level Agreements are being monitored and reported on. If the service is unsatisfactory or targets are not being met, a Service Improvement Program (SIP) will be initiated to correct the situation.
Instructions	<ol style="list-style-type: none"> 1. Monitor the service level targets in the SLA 2. Produce and distribute reports 3. Schedule service review meetings 4. Conduct service review meetings 5. If the service is unsatisfactory or targets are not being met then initiate Service Improvement Program (SIP) 6. Operational Level Agreement (OLA) maintenance 7. Contract Maintenance

Which of the following activities is missing?

- A.** analyzing and verifying the reports between steps 2 and 3
- B.** review budget for Service Improvement Program between steps 5 and 6
- C.** Service Level Management process review after step 7

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You are the Financial Manager for your organization. You and your team are working on creating a Procedure for the verification and auditing of the IT accounting activity. The following is an extract of the procedure.

Procedure	Verification and Auditing of the IT Accounting activity
Objective	To ensure the IT Accounting activity is properly executed and all IT expenses and revenues are accounted for according to corporate financial policy and standards
Target audience	Financial Management Team
Instructions	<ol style="list-style-type: none">1. Define scope of the verification and audit2. Gather data<ul style="list-style-type: none">• Get Financial information report from the ledgers• Perform physical verification of the ledgers3. Process data<ul style="list-style-type: none">• Compile physical verification data• Compare with budget, expense and revenue reports4. <...>5. Distribute report6. End Procedure

Step 4 is missing in the above procedure.

What should happen in Step 4?

- A.** analyze the reasons for the discrepancies
- B.** ask appropriate groups to correct the discrepancies
- C.** correct all discrepancies in the ledgers

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You are the IT Financial Manager for your organization. The following is a list of some of the financial activities you perform on a daily/weekly/monthly basis.

Daily/Weekly:

- collect cost data and check accuracy and completeness
- initiate Changes, if necessary through Change Management
- attend Change Advisory Boards (CAB) as required

Monthly:

- run the cost reporting system
- check that costs are in line with predictions and explain any variances
- produce cost analyses
- produce Charges per Customer and compare to budgets
- circulate a monthly balance sheet
- review cost recovery metrics against IT business targets

You want to assess the accuracy of the Charging algorithms by balancing the actual revenue against expected revenue. You will need the outputs from two of the above activities to do this.

Which two activities will provide the required outputs?

- A.** Check that costs are in line with predictions and explain any variances.
Attend Change Advisory Boards (CAB) as required.
- B.** Collect cost data and check accuracy and completeness.
Produce cost analyses.
- C.** Review cost recovery metrics against IT business targets.
Produce charges per Customer and compare to budgets.

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With the assistance of Capacity Management, the Customer of a new IT Service has predicted that the utilization of the new Service would be slow for the first 6 months of the year, and would then increase significantly once the rollout to everyone is completed at the end of the third quarter. It is now the end of the first quarter and although the rollout still has two full quarters to go, the utilization has exceeded all predictions and forecasts.

The original implementation plan has the deployment of the rest of the equipment for the new Service set at the end of the second quarter. However, the Customer is willing to pay for the immediate installation of the equipment and the vendor has indicated that the equipment is available. The Senior Management has also indicated that this project is business critical and needs to be sped up in its implementation.

As the Service Level Manager, what must you do?

- A.** You must make sure that the budget and Charging for this project are properly adjusted and agreed before the implementation of the amended rollout plan.
- B.** You must make sure that the rollout plan is properly amended and implemented via Change Management.
- C.** You must make sure that the Service Level Agreements (SLAs) negotiated with all other Customers are adhered to and not compromised to accommodate this Customer.

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You are the Service Level Manager for a small, local, short-term contract staffing provider. There were issues with the availability of the Wide Area Network (WAN) last week due to a number of Incidents. As a result, service level targets for several Services were not met. The WAN is provided and supported by an external supplier.

The contract with the telecom supplier stipulates the following:

- the WAN connection with the head office is open on weekdays between 7:00 a.m. and 11:00 p.m.
- the availability target (measured over a period of 4 weeks) is 98%
- the response time to start repairs is one hour within opening hours

Here is the weekly Incident report for the WAN:

No.	Reported at	Started repairs at	Repairs completed at	Duration of the incident (minutes)	Resolution time (minutes)
1	07:01	07:38	07:59	58	21
2	10:32	11:28	11:39	67	11
3	06:30	07:44	08:01	91	17
4	21:26	22:45	23:00	94	15

As the Service Level Manager for the organization you conclude that the telecom provider has breached the service level targets.

What is the reason for the breach?

- A.** The response time for Incident No. 4 was 79 minutes.
- B.** The availability target has not been met.
- C.** Two Incidents were not responded to within one hour.

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As the Service Level Manager you have been tasked with starting a Service Improvement Program (SIP) for a vital, external and customer facing, business function. Your analysis of the situation included the consideration of the following elements:

Costs resulted and incurred from the loss of service:

- Lost User productivity
- Lost IT staff productivity
- Lost revenue
- Overtime payments
- Wasted goods and material
- Imposed fines or penalties

The total cost to improve both the reliability and resilience of the service is equal to ten times the cost of one service outage, and there is an outage every two months. Needless to say, the probability of securing funding for this SIP is not very good.

Which intangible cost is most likely to help you in securing funding for this SIP?

- A.** damage to staff morale
- B.** loss of confidence in IT Service provider
- C.** loss of Customers

answer key

1 of 40

You are the Financial Manager for your organization. In your staff meeting you discuss the following mission statement for the Financial Management process. You and your team know that something is missing to properly complete the mission statement. The mission statement proposed is:

"to be able to account fully for the amount spent on IT Services, to attribute these costs to the services delivered to the organization's Customers and to ..."

What is missing from this mission statement based on the ITIL® concept?

- A. something about adherence to the ITIL® Financial Management process
- B. something about assisting management decisions on IT investment
- C. something about avoiding penalties when the service is not provided properly

A. Incorrect. Following a process should not be included in a mission statement. A mission statement should be in line with business objectives based on ITIL®.

B. Correct. The aims for any IT Services organization should include:

- 'to be able to account fully for the spend on IT Services and to attribute these costs to the services delivered to the organization's Customers'
- 'to assist management decisions on IT investment by providing detailed business cases for Changes to IT Services'

See section 5.1.4 Goal for Financial Management for IT Services in the Service Delivery book.

C. Incorrect. Handling penalties should be in a policy statement or included in the Service Level Agreement (SLA), and they should be supported by procedures.

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You are the Service Level Manager for a mid-sized investment firm. The new ITIL®-based Service Level Management process is ready for deployment. You have decided to approach the manager of the Human Resource Department to incorporate training on the Service Level Management process into the orientation phase of all new IT employees. The manager of the Human Resource Department agrees with you and wants to know what training the new IT employees should receive.

What will you incorporate in the training on Service Level Management for all new IT employees?

- A. how to initiate changes to the IT service levels when needed
- B. the benefits of the Service Level Management process
- C. the costs of IT Services currently provided in the company

A. Incorrect. IT employees do not initiate Changes to Service Level Agreements (SLAs). Mostly the Change Request may come from the Customers, even though the Service Level Manager can raise the Change Request as well.

B. Correct. It is important for new IT employees to properly understand the benefits of IT Service Management processes. This will provide them with a good understanding how the IT organization manages the quality delivery of IT services.

C. Incorrect. For a new IT employee, there is not much value in knowing the costs of IT services currently provided in the company. It is more important to know how Service Level Management (SLM) can contribute to the quality delivery of IT services, because they are part of the IT service delivery organization.

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You are the Service Level Manager for your organization. During your recent training on the Agree and Define processes you learned that policies are a key element of any good process.

What is the most appropriate policy statement for the Service Level Management process to ensure that the IT organization does provide reports on service performance on a regular basis to its Customers?

- A.** Each responsible party within the IT organization will regularly provide Service Level Metric Reports to the Service Level Manager to show the performance on the particular service level metric which the party is responsible for.
- B.** The IT organization will regularly provide a comprehensible Service Achievement Report to its Customers, showing costs and penalties of IT Services relevant to the Service Level Agreement.
- C.** The IT organization will regularly provide a comprehensible Service Level Management Achievement Report to its Customers, showing the performance on all Service Level Agreement targets.

A. Incorrect. The question is about the report to the Customers, not to the Service Level Manager. Normally, IT departments involved in the Service Delivery should indeed provide Service Level Metric Reports to the Service Level Manager. They can then be consolidated into one final Service Achievement Report to the Customer.

B. Incorrect. This policy statement may be more suitable for the Financial Management process. For Service Level Management, cost may be only one aspect of the Service Level Agreement.

C. Correct. This is a proper policy statement that is directed at the right audience explaining what should be done.

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Service Level Agreements (SLAs) allow each individual Customer flexibility in requesting variations to Service Levels.

Which one of the following is a **negative** effect if Customers request too many variations to the Service Levels of a Service as a result of offering flexibility?

- A.** an increase in the number of Change Requests to be assessed
- B.** an increase in the number of SLAs to be managed
- C.** an increase in the overall Service Level Management workload

A. Incorrect. This is speculation. The changes may be standard or even pre-approved.

B. Incorrect. The number of Service Level Agreements (SLAs) may not increase but the complexity of the SLAs will.

C. Correct. This will definitely increase the overall Service Level Management workload as it will increase the complexity of all the activities.

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You are the Service Level Manager for your organization. From the recent Service Achievement Reports you have noticed that the quality of a particular Service has been deteriorating over the last few reporting periods. You want to initiate a Service Improvement Program (SIP) to review, investigate and implement whatever actions are necessary to restore the quality of that Service back to its intended target levels.

Which one of the following areas should be the first activity in your Service Improvement Program?

- A.** review the Operational Level Agreements (OLAs)
- B.** review the Service Level Agreements (SLAs)
- C.** review the Service Level Management process

A. Incorrect. This is part of the Service Review Meeting. See section 4.5.2 in the Service Delivery book.

B. Incorrect. This is part of the maintenance of SLAs, contracts and OLAs. See section 4.5.4 in the Service Delivery book.

C. Correct. The review of the Service Level Management process will include the review of OLAs and SLAs, as well as the documentations and training. See Section 4.5.3 Service Improvement Program in the Service Delivery book.

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You are the Financial Manager for a mid-sized food processing company. The company has implemented most of the Service Support processes.

Now the company wants to better control the costs of running the IT department. Your task is to communicate about some of the benefits of a properly prepared and managed IT budget. So far, you have identified three benefits but you want to identify a fourth one to fully demonstrate the benefits. The first three benefits identified are:

- ensuring that the business provides sufficient funds to run the IT Services it requires
- providing early warning of under or over-consumption of Services
- increased confidence in setting and managing budgets

What is the fourth benefit of a properly prepared and managed IT Budget?

- A.** ensuring that IT Service Levels can be maintained throughout the year
- B.** having a better understanding of the costs of not taking advantage of opportunities for change
- C.** the ability to influence Customer behavior to utilize the IT resources in a more efficient way

A. Correct. Proper budgeting will ensure that the agreed Service Level can be delivered and maintained throughout the duration of the agreement. See Section 5.1.7 - Benefits of Financial Management for IT Services in the Service Delivery book.

B. Incorrect. This is a benefit of the IT accounting activity.

C. Incorrect. This is a benefit of the Charging activity.

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The personnel involved in Service Level Management face many possible challenges in negotiating the Service Level Agreements (SLAs).

Which of the following is the most serious challenge that can impede the successful negotiation of Service Level Agreements?

- A.** Not enough seniority and/or authority is given to the Service Level Management staff.
- B.** Service Level Agreements (SLAs) may not be adequately supported by the current Operational Level Agreements (OLAs) and Underpinning Contracts (UCs).
- C.** The Service Level Agreements (SLAs) are not communicated to and properly understood by the IT staff.

- A. Correct. Service Level Management staff can not properly negotiate if they do not have sufficient delegated authority.
- B. Incorrect. This would impede the effective and efficient delivery of the services, but it is less critical in impeding the negotiation of SLAs than the seniority and/or authority given to the Service Level Management staff.
- C. Incorrect. This would impede the proper usage of SLAs, but will not impede the negotiation of SLAs.

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A culture of cooperation between the IT organization and its Customer is a Critical Success Factor when implementing Service Level Management.

Which of the following is the most likely consequence when the Service Level Management is implemented in a blame culture, in which the Customer has a non-cooperative attitude?

- A.** It becomes a serious road block in managing and improving service quality.
- B.** Senior Management must step in and take charge in the implementation of Service Level Management.
- C.** Service Level Management should not be implemented until the culture has been changed.

- A. Correct. A non-cooperative environment is a serious road block for proper service quality management and improvements, as both sides become protective and defensive in their dealings with each other. Nevertheless, implementing Service Level Management in this environment is still a positive and desirable way to improve and overcome the non-cooperative attitude. See section 4.1 of the Service Delivery book.
- B. Incorrect. Senior management may eventually intervene. However, for senior management to step in and take charge is just one possible option to overcome the problem, but not the direct consequence of the Customer's non-cooperative attitude.
- C. Incorrect. Service Level Management is intended to improve service quality by better understanding customer needs through improved communication and a good relationship. It may be even more desirable to implement Service Level Management in a non-cooperative environment.

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You are the Service Level Manager for your organization. One of your main tasks is to provide information about service breaches. The Financial Manager has asked you to provide her with a report on service breaches for each period.

What information do you provide to the Financial Manager?

- A.** the amount and the calculation of penalty to pay back to the Customer for the service breaches
- B.** the cost estimates of the proposed Service Improvement Program (SIP) to correct the service breaches
- C.** the number, the severity and the associated business impact of the service breaches

A. Incorrect. As a Service Level Manager, your task is to provide information about the service breaches. Providing information about paying a penalty is an action item to be completed after the service breach report and review are completed.

B. Incorrect. Service Improvement Programs (SIPs) are not necessarily the result of service breaches, but could simply be due to new customer requirements. The question is about providing information to the Financial Manager about service breaches not about solutions.

C. Correct. As the Service Level Manager you need to know the effects of a service breach on the Customer. Lost Customer productivity and/or business revenue is one of the key elements of an analysis of a service breach.

See section 4.7 of the Service Delivery book.

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Reporting is a key component of each process. Although the format for management reports is largely dependent on the standards set by the organization, it is suggested that reports to Customers should be kept simple. The reports to the Customers should include details of:

- how much they have spent on IT during the financial year
- whether the Charges made match the predicted profile
- how the IT organization is investing any profits (e.g. in infrastructure or service improvements)
- any variances, what caused them and what actions are being taken

What else should be reported to the Customers?

- A.** costs associated with IT Accounting and Charging systems
- B.** the current Charging Policies and IT Accounting methods
- C.** the current predicted outlook on costs and cost recovery

A. Incorrect. This is a report that should be provided to IT management, not to the Customer. Customers are not interested in the costs associated with the charging system. This is an internal IT issue.

B. Correct. It is important for the Customers to know how they are being charged and what is included in those charges. See section 5.7.10 of the Service Delivery book.

C. Incorrect. This is a report that should be provided to IT management, not to the Customer. This is an internal IT issue.

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Processes should be reviewed and/or audited on a regular basis. The Financial Management process is no exception. An audit of the Financial Management process is planned for the coming weeks. One of the aims of the audit is to confirm that IT Finance Management and the supporting personnel are adhering to defined procedures.

An audit on the budgeting sub-process should confirm that:

- budgets are provided for all activities
- budgets are monitored and reported regularly
- budget projections are reviewed at the end of the budget period

What else should the audit on the budgeting sub-process confirm?

- A.** bills are randomly selected to test for clarity, accuracy and timeliness
- B.** procedures exist for Escalation when over runs are discovered
- C.** revenues are collected and properly accounted for

- A. Incorrect. This would be confirmed by auditing the charging system.
- B. Correct. There needs to be Escalation Procedures when a budget overrun is identified. See section 5.7.11 of the Service Delivery book.
- C. Incorrect. This would be confirmed by auditing both the accounting and charging system.

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A good process should be both efficient and effective. As the Financial Manager for your IT organization, you want to demonstrate the effectiveness of the IT Accounting systems established.

Which of the following elements would demonstrate the effectiveness of the IT accounting systems?

- A.** a reduction in the number of budget variances and adjustments
- B.** the actual costs for every budget item can be accurately tracked
- C.** the IT financial objective of either break-even or profit is being met

- A. Incorrect. This is an indicator for the effectiveness of the Budgeting sub-process.
- B. Correct. A good and effective IT accounting system should enable the organization to track the actual costs of every budget item. See section 5.5.5 of the Service Delivery book.
- C. Incorrect. This is a possible goal of IT and would be a result of initiatives taken in every department to control and reduce their costs.

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An important consideration before approving a Change is the financial impact assessment of the Request for Change (RFC). As the Financial Manager, you have been asked to participate in approving RFCs. The financial approval of an RFC indicates that the cost of a Change has been assessed and that it meets one of two criteria. The first is that it meets the cost-benefit criteria.

What is the second criterion?

- A.** All cost types have been identified and their cost estimates have been approved.
- B.** The estimated costs are within approved budgetary limits.
- C.** The Return on Investment (ROI) has been demonstrated and approved.

A. Incorrect. All cost types and associated costs should be identified in detail during the Release planning stage. At the RFC approval stage, only cost estimates need to be provided.

B. Correct. As part of approving an RFC, the Change Advisory Board (CAB) and the Change Manager need to know and confirm whether or not the estimated costs of the RFC are within budgetary limits.

C. Incorrect. The Return on Investment (ROI) should be calculated for projects not for all day-to-day RFCs.

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You are the Service Level Manager for a large electronics manufacturer. You have been tasked with initiating a Service Improvement Program (SIP) for a particular Service.

Which pair of processes will provide you with the best possible insight into the issues surrounding the Service?

- A.** Configuration Management and Incident Management:
 - Configuration Management will give you all the information about all the Configuration Items (CIs) making up the Service;
 - Incident Management will give you all the issues with the Service.
- B.** Financial Management and Service Desk:
 - Financial Management will help you to budget for the Service Improvement Program;
 - Service Desk will give you all the End-user issues about the Service.
- C.** Problem Management and Availability Management:
 - Problem Management will give you insight into the cause of issues surrounding the Service;
 - Availability Management will enable you to optimize the availability of the Service.

A. Incorrect. Although the information in the Configuration Management Database (CMDB) will be useful, it does not provide insight into trends or the cause of issues, nor does it always record all the information found in Incident tickets.

B. Incorrect. Although having a budget is important, having money to improve something does not tell you what to improve. Although the information provided by the Service Desk will be useful, it does not provide insight into trends or causes of issues. Besides, Service Desk is a function, not a process.

C. Correct. Problem Management will provide trend analysis and insight into the root cause of issues and Availability Management will provide insight into how to optimize the availability of the IT infrastructure, the service and support organization in a cost effective manner. Key words = "insight into the issues"

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Your organization wants to implement Service Level Management to manage Customer expectations and to ensure quality delivery of Services based on Service Level Agreements (SLAs). What is the primary reason to properly establish the initial perception of the Service and to properly communicate the effects of the Service Level Agreements to all parties involved, including End-users?

- A.** It is a good way to ensure all parties affected are informed that the baseline and service targets have been established for the Service.
- B.** It is a good way to involve everyone in the decision making process. Everyone now has a stake in it and will therefore make every attempt to be positive about it.
- C.** It is important for all parties affected to understand the aim, objectives and benefits of SLAs, as well as the required service targets for the Service.

A. Incorrect. Although knowing the service targets is important, it is even more important to understand the aim, objectives and benefits of Service Level Agreements (SLAs) in order to obtain understanding and buy-in. As for the baseline, its value for everyone involved to know will depend on the culture of the environment.

B. Incorrect. It is not good practice to involve everyone in the decision making process for Service Level Agreements (SLAs), as it would be inefficient and ineffective.

C. Correct. Although knowing the baseline and service targets is important, it is even more important to understand the intent, objectives and benefits of Service Level Agreements (SLAs) in order to obtain understanding and buy-in. See section 4.3.3 of the Service Delivery book.

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You are the Service Level Manager and you are about to conduct the first meeting with your IT Customers regarding their Service Level Requirements. To achieve clarity when identifying the Service Level Requirements, you want to properly prepare and set-up your meeting with the business Customers.

What should you do in the first meeting in order to be successful in achieving clarity?

- A.** In the first meeting, you do not want to talk about the Service yet. First you have to work on the relationship. You believe once the relationship is established, the requirements can be easily and clearly identified.
- B.** You formulate a number of open questions in order to steer the meeting. You want the Customers to talk as much as possible and say what they think.
- C.** You want to encourage the Customers to be as specific as possible about their service requirements, ideally in IT terms, because everyone has a PC at home and is familiar with IT terms.

A. Incorrect. Although building a relationship is important, the question is about identification of clear Service Level Requirements in the first meeting.

B. Correct. You want as much information about the Service Level Requirements as possible. Therefore the conversation must not get bogged down in general matters. A list of open questions will encourage the Customers to talk about their business requirements and the role of IT services. They will provide a clear picture about their requirements, but not in specific IT terms. See section 4.4.4 of the Service Delivery book.

C. Incorrect. This is a dangerous approach. The Customers prefer to use their own language and will resent being pressured in using IT terms. This approach will certainly not help in relationship building. Furthermore, it is recommended to use basic language in the Service Level Agreements in the first place.

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You want to describe the e-mail service in the Service Catalog.

What does a good service description contain?

- A.** Key Business Functions, deliverables, all Operational Level Agreements (OLAs) and all Underpinning Contracts (UCs) supporting the Service Delivery
- B.** Key Business Functions, deliverables and all Configuration Items (CIs) that are used to deliver the Service such as hardware, software and documentations
- C.** Key Business Functions, deliverables and all relevant information to describe the Service and its scale, Impact and Priority for the business

A. Incorrect. There is no need to include information about Operational Level Agreements and Underpinning Contracts in the description of the service in an SL

A. How the service is delivered to the Customer should be transparent to the Customer.

B. Incorrect. A service description in an SLA should not get into this level of detail. It should be at high level but with sufficient details, so that the service is recognizable and understandable by the Customers and the End-users.

C. Correct. A service description in an SLA should include information at this level of detail to make it obvious that it is aligned with the business functions and how it affects the business functions. See Appendix-4D of the Service Delivery book.

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The Vice-President of IT wants to implement a service-based Service Level Agreement (SLA) for one specific IT Service, covering all of the Customers of the Service. Two of the possible difficulties of using a service-based SLA for a Service are:

- different Customers may have different requirements for the same Service;
- different service levels for the same Service may be inevitable, due to the various characteristics of the IT infrastructure, such as high-speed LAN connections to some Customers versus low speed connections via leased line to others.

What would be another difficulty in negotiating and concluding a service-based SLA for a Service required to provide different service levels for different customers?

- A.** the difficulty in determining who should be the signatories to such a service-based SLA
- B.** the difficulty in monitoring, reporting and reviewing various Service levels of the same service
- C.** the difficulty in the increase of staff required to manage this service-based Service Level Agreement

A. Correct. Since one single service-based Service Level Agreement is covering different service levels for different Customers, who should be the signatory for the SLA? In addition, Customers may be reluctant to sign an agreement where another Customer gets different service levels (at possibly different costs too). This may delay the signature process. See section 4.4.3 of the Service Delivery book.

B. Incorrect. There will certainly be challenges to monitor and report on various service levels of the same service. However, they are not the difficulties in negotiating and concluding the SLA as per question.

C. Incorrect. The staff level may need to be increased to deliver and manage various service levels of the same service. However, they are not the difficulties in negotiating and concluding the SLA as per question.

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Which of the following statements best describes an IT Service?

- A.** one or more IT systems that enables a business process
- B.** the IT and business systems required to provide goods and services to external Customers
- C.** the IT systems acquired by a customer

A. Correct. This is the textbook definition and confirms IT and business alignment. See section 4.4.1 of the Service Delivery book.

B. Incorrect. This definition reflects what a business service should be.

C. Incorrect. This is an incomplete and vague view as the items acquired by a Customer may have been retired or may not be in production yet. It also omits business and IT alignment.

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As the Service Level Manager of your IT organization, you want to establish a Service Level Agreement (SLA) for the e-mail service. In your recent training in the Agree and Define processes, you have learned that it is important to first identify the service requirements from the Customers. One of the requirements for the e-mail service is to properly determine the amount of storage capacity. For that, you need to identify the usage information from the Customers currently using the e-mail service. The following is an incomplete list of requirements from each Customer of the email service:

- Hours of operation
- Number of Users
- Number of e-mails sent and received by each User per month (historical usage estimates)
- Upper limit for the size of attachments per e-mail
- Average size of distribution lists

What additional information will you require in compiling the requirements from each Customer in order to determine the right amount of storage capacity for the e-mail service?

- A.** the expected growth in utilization, how much and when
- B.** the required response-time (performance) from the e-mail service
- C.** the size of the current storage allocated for e-mail

A. Correct. It is important when determining capacity to know the expected growth (whether positive or negative) as well as an estimate of the timelines.

B. Incorrect. Although capacity and performance are interrelated, they are actually separate components in a Service Level Requirement. Capacity is about storage requirements while performance is about speed. Yes, the size of e-mails and their attachments will impact speed, but the question is about storage requirement, not about performance.

C. Incorrect. Although the security of the e-mail service is important, the question is about the storage capacity requirement.

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The Customers of a particular non-business critical Service require restoration of the Service within 6 business hours eighty percent of the time for unplanned "service-down" Incidents. The current Operational Level Agreements (OLAs) with various support teams and the Underpinning Contracts (UCs) with the vendors on Incident resolution for this Service are as follows:

- Service Desk 1 business hour can resolve 50% of all Incidents
- 2nd line support 4 business hours can resolve 50% of all escalated Incidents
- 3rd line support 4 business hours can resolve 75% of all escalated Incidents
- Vendor 4 business hours can resolve 100% of all escalated Incidents

It is evident that the Customers' requirement may be very difficult to satisfy based upon the above OLAs and UCs.

What should be done to remedy the situation?

- A.** get the Customers to change their requirements as they are impossible to meet
- B.** implement a Service Improvement Program (SIP) to identify improvement opportunities
- C.** re-negotiate all three types of agreements (SLA, OLA and UC) to meet the Customers requirements

A. Incorrect. Although it is a non business critical Service and this may seem like a sensible approach, the reality is that 75% of Incidents are resolved within 5 hours, so it is very likely that a few relatively inexpensive improvements can be made. So it is not impossible until improvement opportunities have been fully explored.

B. Correct. A Service Improvement Program (SIP) is the correct thing to do as 75% of Incidents are resolved within 5 hours. So it is very likely that a few relatively inexpensive improvements can be made, like 3rd line support training, 2nd line support and 2nd line training and 1st line support to increase their respective resolution rates.

C. Incorrect. This is not possible as the cost of opening up an existing contract with a vendor is often prohibitive. Besides negotiation, better agreements may not help with the success in Incident resolution. Improving Incident resolution capability may be more important.

You are a member of the Service Level Management team involved in negotiating the details of a support contract with a third party supplier (Company "A") regarding on-site printer repairs. Your task is to review the Incident escalation times and costs with the supplier. You have the following information at your disposal:

- Your Customer requires that printer repairs are to be completed within 6 business hours ninety percent of the time;
- Hours of operations of your Customer are 06:00 to 18:00 hours;
- The Service Desk has one hour from the time the Incident is reported to attempt resolution using remote diagnostics, access tools, and a Known Error knowledge database;
- Company "A" will then have five hours from the time the Incidents are escalated to them to repair the printer;
- Company "A" indicates that eighty percent of all printer repairs can be done within 2 hours and the average travel time to each location is 45 minutes;
- Company "A" indicates that remote locations will have their printers repaired by the end of the next business day as there are no technicians within a reasonable driving distance;
- Company "A" indicates that their hours of operations are also from 06:00 to 18:00 hours. Any work required outside these hours will be charged at the premium overtime rate;
- Company "A" indicates that one trip to the repair site is included for each Incident. Any additional trip required will be counted as a new Incident call.

What should be the wording for the repair time regarding printer Incidents escalated to Company "A" after 15:00 hours in order to ensure the **most cost-effective support** contract?

- A. Incidents escalated to Company "A" after 15:00 hours will be completed by 08:00 hours the next business day.
- B. Incidents escalated to Company "A" after 15:00 hours will be completed by 11:00 hours the next business day.
- C. Incidents escalated to Company "A" after 15:00 hours will be completed by 20:00 hours providing that the User agrees to stay late.

A. Incorrect. This would not be cost effective because it is likely to require the technician to visit the customer twice and thus incur extra cost. Besides, for a call placed just a few minutes before 18:00 there would only be 2 hours left to fix.

B. Correct. To be cost effective, it is better to have the service calls placed after 15:00 being executed during the following business day (06:00 + 5 hours = 11:00). There are two additional good factors to support this choice.

First, company "A" can repair 80% of printers within 3 hours (2 hour repair + 1 hour travel). So, there is a high probability that 80% of the service calls placed after 15:00 can be repaired by 9:00 hours the next day. This will still be within the 6-hour service level required by the Customer. Second, the customer only demands 6-hour repair time for 90% of the time.

C. Incorrect. This should only be considered as exceptions for priority "1" calls and would include a surcharge for completing this service outside regular business hours. This should be negotiated with the Customer and included in the Service Level Agreement (SLA). Besides, for a call placed just a few minutes before 18:00 there would only be 2 hours left to fix.

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As part of your duties as the Service Level Manager you have to provide regular reports to senior IT Management on the performance of the various 3rd party vendors. The following is a template for such a report.

1. Management summary
2. Service Level Management Metrics:
 - Number of Service Level Agreements (SLAs) breached
 - Percentage of SLA breaches attributed to the 3rd party vendors
 - Cost of Service Delivery
- 3.
4. Appendices

What topic would be most useful to incorporate in section 3?

- A.** analysis of SLA breaches
- B.** list of SLA breaches
- C.** service improvement initiatives

- A. Incorrect. The question asks about a report to senior IT Management on the performance of the 3rd party vendors. Analysis is useful but not required at report level.
- B. Incorrect. The question deals with reports to senior IT Management on the performance of the 3rd party vendors. Historical information is useful but not required at report level.
- C. Correct. Performance reports should also include the status and progress of all related service improvement initiatives (new or on-going). See section 4.5.1 of the Service Delivery book.

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When estimating the costs of budget items it is important to consider all costs associated to the items in question.

In addition to cost types and cost elements, which additional information should be used to properly estimate the costs of budget items?

- A.** the cost of Downtime associated with the item
- B.** the depreciation amount of the item
- C.** the replacement cost of the item

- A. Incorrect. Although it is important to understand the cost of an outage, this piece of information is not part of calculating the cost of a budget item.
- B. Correct. Depreciation is a key part of calculating the cost of a budget item as the "value" of an item diminishes over time. See section 5.3.5 of the Service Delivery book.
- C. Incorrect. Although it is important to understand the replacement cost of an item, it is not included in the calculation of the cost of an existing budget item. This replacement cost would be useful for computing the TCO (total cost of ownership).

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When estimating the costs of budget items, the cost categorization needs to be consistent for two reasons. The first reason is to enable an organization to make true comparisons, year after year, both with its own expenditure trends and with the costs of other organizations. The second reason is to provide a simple basis for Activity Based Costing, as expenditure items likely to be treated similarly, are logically grouped together.

Which cost types can help you to achieve the above?

- A.** activity based, cost center based, depreciation, cost unit, cost per cost unit
- B.** direct, indirect, capital, operational, fixed and variable costs
- C.** hardware, software, people, accommodation, external service and transfer costs

A. Incorrect. These are the results of cost models and accounting calculations.
B. Incorrect. These are not cost types, these are cost allocation identifications of cost elements.
C. Correct. These are the cost types to use. See section 5.2.1 and 5.3.4 of the Service Delivery book.

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There are three departments in a company requiring IT Services: Marketing, Sales and Manufacturing. Each department is asked to contribute to the IT budget, based upon the Services they require.

Rather than trying to determine the actual usage of the IT Infrastructure by each of the three departments, it was decided to group all IT Infrastructure costs into one cost called "IT Infrastructure".

What would be the most feasible approach to recover the IT Infrastructure costs that is perceived to be fair, equitable and simple?

- A.** by number of Users in each department
- B.** by the number of transactions processed by each department
- C.** equally divided among all three departments

A. Correct. This is an approach that is seen to be fair and equitable when transaction volumes are relatively consistent and is easy to calculate. It may not be perfect but in the absence of more detail presents the most feasible approach.
B. Incorrect. This may be the fairest and equitable way, but certainly not the simplest.
C. Incorrect. This is not a fair and equitable approach. What if one department has ten times more employees than another department? This is the simplest, but may not be the fairest way.

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The basic approach in calculating the Cost-by-service has three steps; the first two being:

- identify all those costs that can be directly attributed to the Service, for instance any dedicated hardware, software, staff or contracts for the Service
- decide the formula how to apportion the Indirect Costs such as Infrastructure to the Service

What is the third step in the basic approach of calculating the cost-by-service?

- A.** adjust the total to allow for depreciation such as straight line or reducing balanced or by usage method
- B.** adjust the total to allow for 'hidden costs' or 'Unabsorbed overheads' such as IT management or buildings
- C.** adjust the total to allow for the actual and projected usage of the service by every customer of the service

A. Incorrect. Depreciation costs are determined by the actual accounting policies and are applied during the first step.

B. Correct. To calculate the Cost-by-service, the Cost Model may require more details, as discussed in section 5.3.9 of the Service Delivery book. The basic approach is similar:

- First: identify all those costs that can be directly attributed to the service being analyzed, for instance any; dedicated hardware, software, staff or contracts.
- Second: decide how to apportion the Indirect Costs such as Infrastructure.
- Third: adjust the total to allow for 'hidden costs' or 'Unabsorbed overheads' such as IT management or buildings. This must be the same uplift figure calculated for the whole model, or used from the Costs-by-Customer Cost Model.

C. Incorrect. This would be done to compute the cost of cost units. See section 5.3.10 calculating the costs of Cost Units in the Service Delivery book.

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You are the IT Financial Manager for a mid-sized insurance company. The IT organization does not currently charge for the IT Services provided. As the IT Financial Manager you want to communicate the reasons why the IT department must now start to charge for the provision of IT services.

What is a good charging policy to communicate to the customer?

- A.** IT will recover all costs associated with the delivery of IT Services in order to demonstrate to the Customers that IT is much more cost effective than the outsourcers.
- B.** IT will recover all costs associated with the delivery of IT Services through the implementation of Financial Management including Charging sub-processes.
- C.** IT will recover the costs associated with the delivery of IT Services to encourage more efficient use of IT resources through Charging based on usage.

A. Incorrect. This is a policy statement for the wrong reason. It may be an internal IT objective to demonstrate that IT is "cheaper" than an outsourcing solution but it may not drive the right behavior.

B. Incorrect. This is a policy aimed at IT and not at the customers. It may present an image of self-serving.

C. Correct. This contains the objectives of charging and how charging will be done. These are positive reasons for the policy and hopefully they will influence the right behavior from both IT and the customers. See section 5.4.2 of the Service Delivery Book.

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Your organization wants to charge Customers for the use of the standard IT Print Services.

The ITIL® guidance for billing is:

- the bills must be simple, clear and matched to the ability to pay (in amount, time and method)
- Chargeable Items must be understood by the Customer
- IT Accounting data must be available to provide details on, and justification for, bills

Which following set of items should be used in the billing process in order to be more aligned with the above guidance?

- A.** CPU cycle, records to be processed and duration of the batch cycle
- B.** number of reports, number of pages, and type of processing (color, black, etcetera)
- C.** printer costs, software cost and accommodation costs (utilities, rent, etcetera)

A. Incorrect. These are IT-centric units, not Customer centric. It would be very difficult to justify to the Customer, to be fair and for the Customer to understand.

B. Correct. These billing items are recognizable and can be understood by all Customers.

See section 5.4.10 of the Service Delivery book.

C. Incorrect. The question asks about the standard Print Service. The customer will not be able to relate and understand the accommodation costs for each printing order, although all these items will be included in the calculation to derive the total cost for the Print Service in order to establish a price for the billing item. However, they are not suitable to be used as billable items.

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IT Financial Management reports to Customers should be kept simple but they should also include details of how much the Customers have spent on IT Services during the current period.

In order to assist the Customer, which additional information must be provided to increase the clarity of the above information?

- A.** how the Charges were calculated
- B.** whether the Charges made match the Customer's profile
- C.** when the Charges must be paid by the Customer

A. Incorrect. Although it is important to know how the Charges were calculated, it does not need to be included in the report. The information should be ready in case the Customer demands more details and/or justifications about the charges.

B. Correct. It is important to be able to support amounts charged by having access to supporting data. See section 5.4.10 of the Service Delivery book.

C. Incorrect. Knowing when to pay does not validate the amount to be paid.

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Which monthly IT Financial Management report requires inputs from the following sources?

- Configuration Management Database (CMDB)
- Capacity Database (CDB)
- Incident Management Database
- Problem Database

- A.** the monthly cost variance report
- B.** the monthly revenue variance report
- C.** the monthly workload variance report

A. Incorrect. The monthly cost variance report looks at the actual cost of budget items versus the estimated costs of the budget items.

B. Incorrect. The monthly revenue variance report looks at the IT revenue versus the estimated IT revenue targets.

C. Correct. The monthly workload variance report looks at the actual workload (or utilization of resources) by customers versus the projected targets for workload (or utilization). This report is often required for effective management of resource capacity. See section 5.7.5 of the Service Delivery book.

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As part of the quarterly analysis of the IT Financial Management reports, it is discovered that the IT Services are falling short of their revenue targets. The IT department is using Notional Charging. Two possible causes are identified:

- It is possible that the workload forecasts are too high.
- It is possible that the IT ongoing expenditures are too high.

What would be a possible third cause?

- A.** Charges are too high.
- B.** Charges are too low.
- C.** Customers are not paying on time.

A. Incorrect. If the Charges are too high, then the likelihood of overcharging Customers is very high. Overcharging Customers using Notional Charging means that too much revenue is generated.

B. Correct. If the Charges are too low, then the likelihood of not generating enough revenue is a distinct possibility. Undercharging Customers using notional charging means that not enough revenue is generated.

C. Incorrect. The IT department is using Notional Charging which means bills are produced but no money changes hands. Notional Charging is usually introduced to ensure that Customers are aware of the real Charges they incur, if they need to pay the bills. See sections 5.1.7 and 5.4.10 of the Service Delivery book.

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You are the Service Level Manager for your organization and want to determine if you have achieved one of your Key Performance Indicators (KPIs). The KPI is "a 15% reduction in the cost of monitoring and reporting of Service Level Agreements (SLAs) within the next six months."

You have the following data for each of the last six months:

- staff salaries
- time spent on monitoring activities
- time spent on report creation activities
- cost of tools: hardware and software
- accommodation costs

What additional data do you need to enable your calculation?

- A.** time spent on service review meetings with the Customers
- B.** time spent on the Operational Level Agreement (OLA) between Service Level Management (SLM) and the Service Desk
- C.** time spent on verifying reports

A. Incorrect. This is not included as part of the question. The question is about monitoring and reporting.

B. Incorrect. This has nothing to do with monitoring and reporting from a Service Level Management perspective.

C. Correct. "Verifying reports" after their production is a very important step. Verification is not a trivial task, and can be time consuming. Nevertheless, it is a step often missed. See section 4.5.1 of the Service Delivery book.

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The following is an extract of the current service hours from the Service Level Agreements (SLAs) for all services. All customers are located in the Eastern Time zone of Canada and the USA.

Service Hours: All services must be available during the following times:

Monday-Friday	07:00 until 23:00
Saturday	07:00 until 21:00
Sunday	07:00 until 17:00

Note: These hours exceed the business hours by one hour at the start and end of each day.

Service Extensions: should any Customer wish to extend their business hours of operation, a request must be made in writing at least 3 business days prior to the required date.

The organization has decided to expand to the west coast of Canada and the USA. This means that an additional 3 hours of uptime is required for all services to cover the time difference. It is evident that the current service hours need to be amended.

What should be done by the IT department to support the expansion?

- A. change the service hours in the SLAs by 3 hours as this is a new business requirement
- B. initiate a Service Improvement Program (SIP) to meet the new business requirements
- C. review the Operational Level Agreements (OLAs) and Underpinning Contracts (UCs)

A. Incorrect. It is necessary to do a proper analysis of the effects of this adjustment on the performance of the IT Infrastructure and the required adjustments to the supporting agreements (OLA and UC) before arbitrarily extending service hours. Cost effective approaches will require data to support what is needed.

B. Incorrect. A Service Improvement Program should not be started unless an analysis of the capabilities (OLAs and UCs) has been completed and gaps identified.

C. Correct. The OLAs and UCs must be reviewed to determine what is feasible and what is not and what the cost will be.

You have just been hired as the Service Level Manager for an organization. You decide to read all Service Level Management procedures to familiarize yourself with them. As you read the following "Monitor, Report and Review Procedure", you realize an important activity is missing.

Procedure	Monitor, Report & Review
Target audience	Service Level Management Team
Description	Following the agreeing and signing of the Service Level Agreement (SLA), meetings will be held with the Customer to ensure that the Service Level Agreements are being monitored and reported on. If the service is unsatisfactory or targets are not being met, a Service Improvement Program (SIP) will be initiated to correct the situation.
Instructions	<ol style="list-style-type: none"> 1. Monitor the service level targets in the SLA 2. Produce and distribute reports 3. Schedule service review meetings 4. Conduct service review meetings 5. If the service is unsatisfactory or targets are not being met then initiate Service Improvement Program (SIP) 6. Operational Level Agreement (OLA) maintenance 7. Contract Maintenance

Which of the following activities is missing?

- A. analyzing and verifying the reports between steps 2 and 3
- B. review budget for Service Improvement Program between steps 5 and 6
- C. Service Level Management process review after step 7

A. Correct. This very important step is often missed. See section 4.5.1 of the Service Delivery book.

B. Incorrect. This is part of the procedure to establish the feasibility of the Service Improvement Program.

C. Incorrect. This is done as part of the process review not the on-going service review. It is also often included in the investigation and diagnostic process for the root causes of any service target breach.

You are the Financial Manager for your organization. You and your team are working on creating a Procedure for the verification and auditing of the IT accounting activity. The following is an extract of the procedure.

Procedure	Verification and Auditing of the IT Accounting activity
Objective	To ensure the IT Accounting activity is properly executed and all IT expenses and revenues are accounted for according to corporate financial policy and standards
Target audience	Financial Management Team
Instructions	<ol style="list-style-type: none"> 1. Define scope of the verification and audit 2. Gather data <ul style="list-style-type: none"> • Get Financial information report from the ledgers • Perform physical verification of the ledgers 3. Process data <ul style="list-style-type: none"> • Compile physical verification data • Compare with budget, expense and revenue reports 4. <...> 5. Distribute report 6. End Procedure

Step 4 is missing in the above procedure.

What should happen in Step 4?

- A.** analyze the reasons for the discrepancies
- B.** ask appropriate groups to correct the discrepancies
- C.** correct all discrepancies in the ledgers

A. Correct. As part of a good verification and auditing process, data must be analyzed after it is processed, especially when dealing with discrepancies in financial data. See section 5.7.11 of the Service Delivery book.

B. Incorrect. As part of a good verification and auditing process, data must be analyzed after it is processed. Making corrections will only mask the underlying issues.

C. Incorrect. As part of a good verification and auditing process, data must be analyzed after it is processed. Making corrections will only mask the underlying issues, especially when dealing with discrepancies in financial data.

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You are the IT Financial Manager for your organization. The following is a list of some of the financial activities you perform on a daily/weekly/monthly basis.

Daily/Weekly:

- collect cost data and check accuracy and completeness
- initiate Changes, if necessary through Change Management
- attend Change Advisory Boards (CAB) as required

Monthly:

- run the cost reporting system
- check that costs are in line with predictions and explain any variances
- produce cost analyses
- produce Charges per Customer and compare to budgets
- circulate a monthly balance sheet
- review cost recovery metrics against IT business targets

You want to assess the accuracy of the Charging algorithms by balancing the actual revenue against expected revenue. You will need the outputs from two of the above activities to do this.

Which two activities will provide the required outputs?

- A.** Check that costs are in line with predictions and explain any variances.
Attend Change Advisory Boards (CAB) as required.
- B.** Collect cost data and check accuracy and completeness.
Produce cost analyses.
- C.** Review cost recovery metrics against IT business targets.
Produce charges per Customer and compare to budgets.

A. Incorrect. This will provide cost information and upcoming information about Changes.
B. Incorrect. This will provide information about costs, not about Charges.
C. Correct. This will provide most of the required information on Charging and revenue. See section 5.7.1 of the Service Delivery book.

With the assistance of Capacity Management, the Customer of a new IT Service has predicted that the utilization of the new Service would be slow for the first 6 months of the year, and would then increase significantly once the rollout to everyone is completed at the end of the third quarter. It is now the end of the first quarter and although the rollout still has two full quarters to go, the utilization has exceeded all predictions and forecasts.

The original implementation plan has the deployment of the rest of the equipment for the new Service set at the end of the second quarter. However, the Customer is willing to pay for the immediate installation of the equipment and the vendor has indicated that the equipment is available. The Senior Management has also indicated that this project is business critical and needs to be sped up in its implementation.

As the Service Level Manager, what must you do?

- A.** You must make sure that the budget and Charging for this project are properly adjusted and agreed before the implementation of the amended rollout plan.
- B.** You must make sure that the rollout plan is properly amended and implemented via Change Management.
- C.** You must make sure that the Service Level Agreements (SLAs) negotiated with all other Customers are adhered to and not compromised to accommodate this Customer.

A. Incorrect. Yes, the budget will need to be adjusted, but this is a secondary consideration to the SLAs with the other Customers. The question indicates that you are the Service Level Manager. Therefore you have a greater responsibility to the bigger picture.

B. Incorrect. Yes, the rollout plan should go through Change Management but this is a secondary consideration to the SLAs with the other Customers. The question indicates that you are the Service Level Manager. Therefore you have a greater responsibility to the bigger picture.

C. Correct. As the Service Level Manager you must have a view of the big picture and you need to make sure that all SLAs are respected at all times. Yes, the budget will need to be adjusted and yes the modifications to the rollout plan should go through Change Management, but these are secondary considerations to the SLAs with the other Customers.

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You are the Service Level Manager for a small, local, short-term contract staffing provider. There were issues with the availability of the Wide Area Network (WAN) last week due to a number of Incidents. As a result, service level targets for several Services were not met. The WAN is provided and supported by an external supplier.

The contract with the telecom supplier stipulates the following:

- the WAN connection with the head office is open on weekdays between 7:00 a.m. and 11:00 p.m.
- the availability target (measured over a period of 4 weeks) is 98%
- the response time to start repairs is one hour within opening hours

Here is the weekly Incident report for the WAN:

No.	Reported at	Started repairs at	Repairs completed at	Duration of the incident (minutes)	Resolution time (minutes)
1	07:01	07:38	07:59	58	21
2	10:32	11:28	11:39	67	11
3	06:30	07:44	08:01	91	17
4	21:26	22:45	23:00	94	15

As the Service Level Manager for the organization you conclude that the telecom provider has breached the service level targets.

What is the reason for the breach?

- A.** The response time for Incident No. 4 was 79 minutes.
- B.** The availability target has not been met.
- C.** Two Incidents were not responded to within one hour.

A. Correct. The operation hours of WAN are between 7:00 am and 11:00 pm. Only Incident No. 4 did not meet the service target.

B. Incorrect. This is within the limits defined in the contract. For those who are looking at computing the availability we have 16 hours per day * 60 minutes per hour * 5 days per week * 4 weeks = 19200 minutes

Total outage = 310 minutes

% availability = $1 - (310/19200) = 98.38\%$

C. Incorrect. Repair on Incident No. 3 was started after 74 minutes but the “clock” only starts at 07:00. Repair on Incident No. 4 was started after 79 minutes.

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As the Service Level Manager you have been tasked with starting a Service Improvement Program (SIP) for a vital, external and customer facing, business function. Your analysis of the situation included the consideration of the following elements:

Costs resulted and incurred from the loss of service:

- Lost User productivity
- Lost IT staff productivity
- Lost revenue
- Overtime payments
- Wasted goods and material
- Imposed fines or penalties

The total cost to improve both the reliability and resilience of the service is equal to ten times the cost of one service outage, and there is an outage every two months. Needless to say, the probability of securing funding for this SIP is not very good.

Which intangible cost is most likely to help you in securing funding for this SIP?

- A.** damage to staff morale
- B.** loss of confidence in IT Service provider
- C.** loss of Customers

A. Incorrect. Although it is a distinct possibility in damaging staff morale, the intangible costs will not sway management to allocate the required funds as the impact on the bottom line is non-existent.

B. Incorrect. Although it is a distinct possibility in losing the confidence in the service provider, the intangible costs will not sway management to allocate the required funds as the impact on the bottom line is non-existent.

C. Correct. Loss of Customers equals loss of revenue. It is often the end result when the Customers lose confidence in the service provider.

Evaluation

The table below shows the correct answers to the questions in this sample examination.

number	answer	points	number	answer	points
1	B	1	21	B	1
2	B	1	22	B	1
3	C	1	23	C	1
4	C	1	24	B	1
5	C	1	25	C	1
6	A	1	26	A	1
7	A	1	27	B	1
8	A	1	28	C	1
9	C	1	29	B	1
10	B	1	30	B	1
11	B	1	31	C	1
12	B	1	32	B	1
13	B	1	33	C	1
14	C	1	34	C	1
15	C	1	35	A	1
16	B	1	36	A	1
17	C	1	37	C	1
18	A	1	38	C	1
19	A	1	39	A	1
20	A	1	40	C	1