



ITIL® 4 Leader: Digital
and IT Strategy

Sample Paper 2

Answers and Rationales


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Sample Paper 2: Answers and Rationales

Q	A	Syllabus Ref	Rationale
1	B	4.4.d	<p>A. Incorrect. There should be a single strategy that covers both of these areas, not two separate strategies. “Most organizations will, therefore, find themselves taking a balanced approach, even if the strategy tends more towards one focus than the other. Most importantly, there should only be one strategy that addresses both, not separate strategies for customer and market relevance and for operational excellence.” Ref 3.2.4</p> <p>B. Correct. “Most organizations will, therefore, find themselves taking a balanced approach, even if the strategy tends more towards one focus than the other. Most importantly, there should only be one strategy that addresses both, not separate strategies for customer and market relevance and for operational excellence.” Ref 3.2.4</p> <p>C. Incorrect. Both aspects must be considered at the same time, not one first and then the other. “It is important that organizations simultaneously consider both internal and external environments, operational excellence, and customer/market relevance.” Ref 3.2</p> <p>D. Incorrect. Both aspects must be considered at the same time, not one first and then the other. “It is important that organizations simultaneously consider both internal and external environments, operational excellence, and customer/market relevance.” Ref 3.2</p>
2	C	2.1.d	<p>A. Incorrect. “Digital technology is any technology that digitizes something or processes digital data.” This situation may use digital technology, but transforming the physical document to a computer file is an example of digitization. Ref 2.1</p> <p>B. Incorrect. “A digital organization is an organization that is enabled by digital technology to do business significantly differently, or to do a significantly different business.” Scanning a single document to store it on a computer is not doing business significantly differently or doing significantly different business. Ref 2.2</p> <p>C. Correct. “Digitization is the process of transforming something (e.g. text, sound, or images) from analogue to digital form by expressing the information in binary digits.” Ref 2.4</p> <p>D. Incorrect. Digital transformation enables organizations “to do things differently, or to do different things”. This situation does not describe a transformation, as nothing is being changed. Ref 2.5</p>
3	B	5.2	<p>A. Incorrect. “Strategies based on improvement alone are not disruptive by nature [...]. Rather, continual improvement ensures that the organization does not lose customers and maintains its market position.” Ref 5.2.2.1</p> <p>B. Correct. “Automation strategies are aimed, as described here, at improving performance or expanding operational activities to accommodate growth [...]. The end result is the ability to do more with fewer people.” “Intelligent automation: The ability to automate commonly performed actions or decisions.” Ref 5.2.2.2, Table 5.8</p> <p>C. Incorrect. “Service optimization strategies are continual improvement strategies” and “strategies based on</p>

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			improvement alone are not disruptive by nature". Ref 5.2.2.3, 5.2.2.1 D. Incorrect. Customer analytics is used as a strategic approach for customer/market relevance, not for operational excellence. "Information about how and why customers have engaged with the organization in the past, and their demand for new and future products and services, can point to gaps in the organization's portfolio and performance [...] for example, understanding the brands that customers purchased." Ref 5.2.1.4
4	D	6.1	A. Incorrect. "Technology in its early stages of development can be untested and flawed, which contributes to increased costs and reduced organizational performance." Ref 11.2 B. Incorrect. "Cybercriminals invest significantly in finding and exploiting vulnerabilities in new technology, often finding them before the developers and legitimate users. They expose the organization to theft, brand damage, and denial of service." Ref 11.2 C. Incorrect. "Internet of Things (IoT) approaches expose data, information, and the operating procedures of equipment to risk. Attacks on supervisory control and data acquisition systems make the organization vulnerable to a shutdown or the malicious manipulation of industrial processes." Ref 11.2 D. Correct. "To be competitive, organizations provide application programme interfaces (APIs) to give consumers, devices, and partners access to their data." Ref 11.2
5	B	2.2.d	A. Incorrect. Service offerings "describe one or more services based on one or more products". Ref 2.6 B. Correct. Service offerings "describe one or more services based on one or more products". Ref 2.6 C. Incorrect. Service offerings describe services based on products, not the way they are created and managed. "Products are typically complex and not fully visible to the consumer. The portion of a product that the consumer actually sees does not always represent all of the components that comprise the product and support its delivery. Organizations define which product components their consumers see, and tailor them to suit their target consumer groups. Service providers present their services to consumers in the form of service offerings, which describe one or more services based on one or more products." Ref 2.6 D. Incorrect. "Different offerings can be created based on the same product, allowing it to be used in multiple ways to address the needs of different consumer groups." Ref 2.6
6	C	6.4	A. Incorrect. "Digital leadership is not about being as innovative as possible." Ref 10.2 B. Incorrect. "Digital leadership is not about [...] reacting to innovations that an organization faces." Ref 10.2 C. Correct. "Digital leadership [...] is a deliberate art of selecting, and then building or applying, those possibilities that will give the organization the greatest chance of success." Ref 10.2 D. Incorrect. Many different types of innovation are needed by all organizations. "Some innovations will be used to determine

Q	A	Syllabus Ref	Rationale
			the organization's strategic position. Other innovations will be used to perform existing activities more efficiently or effectively, enabling the organization to outperform competitors who offer similar products and services." Ref 10.2
7	B	6.2.b	<p>A. Incorrect. "Because it is impossible to address every risk in depth, qualitative risk analyses help to prioritize which risks need to be treated first and how much effort to expend on them." Ref 11.7</p> <p>B. Correct. "Quantitative risk analysis techniques attempt to place a monetary value on risks [...]. They are generally only used when a risk exceeds a pre-defined threshold." Ref 11.8</p> <p>C. Incorrect. Risk mitigation "refers to the policies, plans, processes, and tools used to prepare for and lessen the impact of risk on the organization." It is not a part of risk prioritization. Ref 11.11</p> <p>D. Incorrect. Risk categorization is part of risk identification; it is performed before prioritization. "Virtually all disciplines use frameworks for understanding and managing risk. Each has a prompt list of risk categories that can be used for identifying risks." Ref 11.5</p>
8	A	2.3	<p>A. Correct. "The improvement of the organization itself might be the basis for its strategy." Ref 2.10.5</p> <p>B. Incorrect. An opportunity is "a situation that allows an organization to expand its existing operation, either by introducing new products and services or by moving into a new market". Ref 2.10.1.1</p> <p>C. Incorrect. "Practices utilize the processes, resources, partners, and technologies and how they will contribute to the strategy", but the organization's strategy is focused on continual improvement. Ref 2.10.6</p> <p>D. Incorrect. "Organizational governance is the system by which an organization is directed and controlled." "The strategy and operation of the organization are subject to governance", and is useful to evaluate, direct, and monitor the organization's activities. In this case, the organization has already decided to embark on a digital transformation strategy and is using an approach of continual improvement. Ref 2.10.3</p>
9	A	8.4	<p>A. Correct. "Cannibalism focuses on the rapid destruction of an existing business model and its subsequent replacement with a new digital business model." Ref 8.2.1.1</p> <p>B. Incorrect. "Erosion can be considered a kinder, gentler form of cannibalism where the organization uses the revenues of an existing and still profitable business model to fund a new digital business model." Ref 8.2.1.2</p> <p>C. Incorrect. "Concurrence tends to work best when the organization is attempting to gain or increase market share." Concurrence maintains both solutions for a long period of time. Ref 8.2.1.3</p> <p>D. Incorrect. "Synergism tends to work best in situations where adjacent or complementary sales channels exist, there is no competition amongst channels, and customers have a preference for omnichannel delivery." Synergism maintains both solutions for a long period of time. Ref 8.2.1.4</p>

Q	A	Syllabus Ref	Rationale
10	C	5.2	<p>A. Incorrect. Simple automation will not be able to cope with variations in context as described in this situation. "The ability to automate commonly performed actions or decisions." Ref 5.2.2.2, Table 5.8</p> <p>B. Incorrect. Complex automation has "the ability to coordinate several simple but related automated activities or decisions". In this situation the context and objectives are very variable, and complex automation may not be sufficient to deal with this. Ref 5.2.2.2, Table 5.8</p> <p>C. Correct. This situation has very variable context and objectives, depending on factors that may be difficult to identify. Intelligent automation has "the ability to automate commonly performed actions or decisions differently depending on shifting contexts or objectives". Ref 5.2.2.2, Table 5.8</p> <p>D. Incorrect. "Digitization is the process of transforming something (e.g. text, sound, or images) from analogue to digital form by expressing the information in binary digits." This is not a workflow automation approach. Ref 2.4</p>
11	B	8.2	<p>A. Incorrect. It is important to obtain executives' commitment to the new values and beliefs, but these values and beliefs should not be based on the executives' preferences. "Convince senior executives to support a fundamental shift in culture and work practices (defining what kind of organization they need and want to be part of, and what values and beliefs the organization will cultivate)." Ref 9.1</p> <p>B. Correct. This is a correct recommendation. "Hire people who understand the organization's business and have made the type of changes desired in other organizations." Ref 9.1</p> <p>C. Incorrect. Prioritizing comfortable and safe recommendations is likely to obstruct the transformation. "Listen to and support each new hire's recommendations and decisions, even though they may result in temporary discomfort and difficult changes." Ref 9.1</p> <p>D. Incorrect. Leaders should "instill behaviours, language, metrics, and rituals that are consistent with the vision and desired cultural changes at every level of the organization", not the other way around. Ref 9.1</p>
12	D	8.1	<p>A. Incorrect. This organization only has two members of staff. The operating model should cover the organizations and people domain, but in this case that should be about roles, responsibilities, skills, competencies, and so on, not about structure. The context in which the value streams will be performed include "the organizational structure, skill sets, decision structures, and process and practice ownership required to do the work in the value streams". Ref 2.9</p> <p>B. Incorrect. The portfolio of services should be defined by the business model, which is an input to the design of the operating model. "If business models are used to describe how a business captures value, then operating models are used to describe how the organization will be run." Ref 2.9</p> <p>C. Incorrect. This organization uses third parties to deliver its IT needs. "[...] the lower levels of technology architecture might be excluded from the scope, if third parties provide the</p>

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			<p>infrastructure and platform for the organization.” Ref <i>ITIL® 4 Architecture Management Official Practice Guide</i> 2.1 D. Correct. “At the centre of an operating model are the organization’s value streams [...]” Ref 2.9</p>
13	B	2.2.b	<p>A. Incorrect. “Digital transformation is achieved by digitizing, robotizing, and other forms of automation that enable organizations to do things differently, or to do different things.” This situation describes a service provider that is already a digital organization therefore a transformation has not taken place. Ref 2.5 B. Correct. “Digital Strategy: A business strategy that is based all or in part on using digital technology to achieve its goals and purpose.” “To achieve any of the following goals, a business strategy will be largely composed of a digital strategy that performs one or more of the following actions: exploit a market opportunity that has been created due to customers using new digital technology.” Ref 2.7.2 C. Incorrect. “Operational technology is the application of digital technology for detecting or causing changes in physical devices through monitoring and/or control.” This question does not indicate exactly what type of digital technology the organization uses. Ref 2.1.2 D. Incorrect. “Information technology is the application of digital technology to store, retrieve, transmit, and manipulate data.” This question does not indicate exactly what type of digital technology the organization uses. Ref 2.1.1</p>
14	A	4.4.b	<p>A. Correct. Introducing new tools to support deployment management is an example of focusing on operational excellence in order to improve the organization's competitiveness in a market. “Organizations focusing on operational excellence as a basis for disruption will use technology in innovative ways to obtain higher levels of performance and quality with lower cost, improved productivity, and reduced waste.” Ref 3.2.2 B. Incorrect. Portfolio optimization aims to balance investments across many initiatives. There is no evidence that the improvements described in the question are a balanced approach to optimizing a portfolio of services. “The portfolio management practice is a valuable strategic tool that informs decisions on how to balance investment between new initiatives and existing operations.” Ref 5.3.1 C. Incorrect. Optimizing the customer journey focuses on improving customer experience. This is an example of customer/market relevance not operational excellence. “Organizations focusing on customer or market relevance as a basis for disruption will try to change the basic customer experience, customer journey, and behaviour of customers, influencing their demand for new products or how they engage with the organization.” Ref 3.2.1 D. Incorrect. Increasing customer relevance is part of customer/market relevance not operational excellence. “Organizations focusing on customer or market relevance as a basis for disruption will try to change the basic customer experience, customer journey, and behaviour of customers,</p>

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			influencing their demand for new products or how they engage with the organization." Ref 3.2.1
15	A	2.1.a	<p>A. Correct. "Digital technology is any technology that digitizes something or processes digital data." Ref 2.1</p> <p>B. Incorrect. "A digital organization is an organization that is enabled by digital technology to do business significantly differently, or to do a significantly different business." Using a device to process digital data is not doing business significantly differently or doing significantly different business. Ref 2.2</p> <p>C. Incorrect. "Digitization is the process of transforming something (e.g. text, sound, or images) from analogue to digital form by expressing the information in binary digits." The device in this question is used to process the data, not to digitize it. Ref 2.4</p> <p>D. Incorrect. "Digital transformation is achieved by digitizing, robotizing, and other forms of automation that enable organizations to do things differently, or to do different things." This situation does not describe a transformation, as nothing is being changed. Ref 2.5</p>
16	C	8.6	<p>A. Incorrect. This is a valid approach to the digital transformation initiatives. "The activities of a digital transformation programme will be determined by its scope and objectives. A single initiative to modernize a technology component will be very different to an initiative aimed at bringing to the market a new digital product. Both will be different to a programme aimed at transforming several lines of business, to benefit from a new digital supply chain." Ref 6.3.4</p> <p>B. Incorrect. This is a valid approach to some of the digital transformation initiatives; many of them require organizational changes. "Throughout the programme, the task force will use an approach such as Kotter's eight steps (see the <i>ITIL® 4 Organizational Change Management Official Practice Guide</i>) to lead the changes." Ref 6.3.4.1</p> <p>C. Correct. "The activities of a digital transformation programme will be determined by its scope and objectives [...] Reducing digital transformation down to just one implementation framework is very unlikely to succeed and will inevitably lead to failure." Ref 6.3.4</p> <p>D. Incorrect. This is a valid approach to some of the digital transformation initiatives. "In these types of digital transformations, one or more stakeholders find an opportunity to use digital technology to do something better, faster, or cheaper. This implies that the organization has already achieved a level of digital maturity and is making incremental improvements [...]. These types of transformation tend to be limited to a single organizational unit, product, value stream, or practice." Ref 6.3.4.2</p>

Q	A	Syllabus Ref	Rationale
17	C	4.1	<p>A. Incorrect. "Lean organizations are focused on the continual improvement of their value streams' workflows and the elimination of waste." This organization already continually improves the way they work. Ref 8.1.2.2</p> <p>B. Incorrect. "Organizational agility is an organization's ability to move and adapt quickly, flexibly, and decisively in response to events in the internal or external environment." This organization is already able to adapt the way they work very rapidly to keep up with internal and external changes. Ref 8.1.2.2</p> <p>C. Correct. "Continuous organizations are those that can provide uninterrupted delivery of products and services to consumers, to continuously meet changing needs and requirements and to adjust to the changing environment." Ref 8.1.2.2</p> <p>D. Incorrect. "Organizational resilience is an organization's ability to anticipate, prepare for, respond to, and overcome adverse events in the internal or external environment." The organization already has effective plans for dealing with unexpected circumstances. Ref 8.1.2.2</p>
18	B	7.3	<p>A. Incorrect. "A business case will only be developed to investigate and provide additional information about details or options in the strategy." "If a strategy is broken down into initiatives, each one should include a business case designed around the timeframe of that initiative." Ref 5.3.4.1, 5.3.4.2</p> <p>B. Correct. "If a strategy is broken down into initiatives, each one should include a business case designed around the timeframe of that initiative. The business case will indicate the start and finish of the initiative and a number of measurable checkpoints in between." Ref 5.3.4.2</p> <p>C. Incorrect. "If a strategy is broken down into initiatives, each one should include a business case designed around the timeframe of that initiative. The business case will indicate the start and finish of the initiative and a number of measurable checkpoints in between." Ref 5.3.4.2</p> <p>D. Incorrect. The business case should be designed around the timeframe of the initiative, not just the current financial reporting period. "If a strategy is broken down into initiatives, each one should include a business case designed around the timeframe of that initiative. The business case will indicate the start and finish of the initiative and a number of measurable checkpoints in between." Ref 5.3.4.2</p>
19	A	5.1.a	<p>A. Correct. Journeys represent "the perceived experience by a customer or user through a defined end-to-end process." Customer journeys are "the sum of experiences that customers have with a service provider". Ref 5.2.1.1</p> <p>B. Incorrect. Omnichannel delivery may be part of the solution, but customer journey must be analysed to understand why the perception of the services is poor. "The objective of a seamless omnichannel approach is to ensure continual customer engagement across multiple communication and delivery channels, both online and offline, to deliver consistent and positive customer experiences." Ref 5.2.1.2</p> <p>C. Incorrect. "Portfolio management identifies and tracks investment in every service and product at every stage of its</p>

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			<p>lifecycle, and links that investment to the anticipated and achieved value. The portfolio management practice is a valuable strategic tool that informs decisions on how to balance investment between new initiatives and existing operations.” Ref 5.3.1</p> <p>D. Incorrect. Values streams are sets of steps that organizations use to create products and services. They are not customer journeys, though some customer journeys may interact with value streams. Key elements of customer journeys include “touchpoints: interactions between people, technology, services, value streams, etc”. Ref 5.2.1.1</p>
20	C	8.5	<p>A. Incorrect. These are strategy performance measurements. There are “the three main reasons to measure strategy”. This one is focused on evaluating “whether it is achieving its defined objectives (the performance)”. Ref 7.2.1</p> <p>B. Incorrect. The progress measurements are focused on whether the strategy is being implemented according to the plan to “determine whether the strategy is being implemented as planned (the progress)”. Ref 7.2.1</p> <p>C. Correct. There are “the three main reasons to measure strategy”. The one focused on alignment with the business environment is the strategy relevance to “indicate whether it is still relevant/suitable given changes in the internal or external environment (the relevance)”. Ref 7.2.1</p> <p>D. Incorrect. Strategic positioning is not a common type of measurement and assessment. It is an approach to strategic planning. “Strategic decision-makers need tools to help them evaluate opportunities and decide how to position their organizations in the digital world.” Ref 3.3</p>
21	A	2.3	<p>A. Correct. “Practices utilize the processes, resources, partners, and technologies and how they will contribute to the strategy.” In this scenario, the organization is investing in the resources used by the system to create value. Ref 2.10.6</p> <p>B. Incorrect. Governance is how “an organization is directed and controlled”. Governance drives strategy, which in turn allocates or invests in the appropriate resources. Ref 2.10.3</p> <p>C. Incorrect. Opportunity is “a situation that allows an organization to expand its existing operation, either by introducing new products and services or by moving into a new market.” Ref 2.10.1.1</p> <p>D. Incorrect. Value is “the perceived benefits, usefulness, and importance of something.” Ref 2.10.2</p>
22	A	6.5	<p>A. Correct. “Some innovations may offer a high financial return, but if accepted, would move the organization away from its stated objectives or position. This variable defines the extent to which innovation will be allowed to challenge the existing strategy.” Ref 10.5</p> <p>B. Incorrect. “Just as each organization evolves a risk posture that determines how it manages the uncertainty of risks, each organization will evolve a posture regarding innovation. This posture is determined by how the organization responds to several variables and is based on its culture, objectives, regulatory requirements, and funding.” The CEO is asking the executive team to consider strategic alignment of innovation.</p>

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			<p>Ref 10.5</p> <p>C. Incorrect. Incentive to innovate relates to “whether stakeholders are motivated to innovate”. The question already explains that the organization is motivated, but the CEO is asking the executive team to consider strategic alignment of innovation. Ref 10.5</p> <p>D. Incorrect. Leverage is “the ratio between the size of the innovation (measured in cost, effort, or organizational impact) and the outcome achieved”, but the CEO is asking the executive team to consider strategic alignment of innovation. Ref 10.5</p>
23	C	3.1.b	<p>A. Incorrect. Organizations and people include “skills, knowledge, and competency of its workforce” which has been analysed. Ref 4.1.2, Table 4.3</p> <p>B. Incorrect. Information and technology include “automation of activities and decisions,” which has been analysed. Ref 4.1.2, Table 4.3</p> <p>C. Correct. Partners and suppliers include all aspects of “those that supply goods or services that enable an organization to create value, and to build, sell, and deliver products and services,” and this has not yet been considered. Ref 4.1.2, Table 4.3</p> <p>D. Incorrect. Value streams and processes include “what activities, workflows, controls, and procedures are needed to achieve the organization’s objectives,” which has been analysed. Ref 4.1.2, Table 4.3</p>
24	B	5.3.c	<p>A. Incorrect. This may be a serious risk, but the organization still needs to compare the cost and value of this with alternative ways that the money could be invested. “Portfolio management ensures that fiscal oversight exists for the entire lifecycle of resources, products, and services. This includes a review of costing and value propositions for new initiatives, as well as tracking financial health for in-flight projects and live products and services.” Ref <i>ITIL® 4 Portfolio Management</i> Official Practice Guide 2.1</p> <p>B. Correct. A portfolio management process should exist to ensure that all initiatives are prioritized and aligned with strategic aims. “It is worth noting that not all projects are strategic, but they may require expenditure over and above the operating budget” and “portfolio management ensures that fiscal oversight exists for the entire lifecycle of resources, products, and services. This includes a review of costing and value propositions for new initiatives, as well as tracking financial health for in-flight projects and live products and services”. Ref 5.1.3.1, <i>ITIL® 4 Portfolio Management</i> Official Practice Guide 2.1</p> <p>C. Incorrect. This answer has the steps in the wrong order. A portfolio management process should exist that adds details to the portfolio first and ensures that the business case is assessed using an agreed process. “Portfolio management ensures that fiscal oversight exists for the entire lifecycle of resources, products, and services. This includes a review of costing and value propositions for new initiatives, as well as tracking financial health for in-flight projects and live products and services.”</p>

Q	A	Syllabus Ref	Rationale
			<p>Ref <i>ITIL® 4 Portfolio Management Official Practice Guide</i> 2.1</p> <p>D. Incorrect. The question makes it clear that this is an expensive update, so a decision must be made based on the costs and the benefits. "It is worth noting that not all projects are strategic, but they may require expenditure over and above the operating budget" and "Portfolio management ensures that fiscal oversight exists for the entire lifecycle of resources, products, and services. This includes a review of costing and value propositions for new initiatives, as well as tracking financial health for in-flight projects and live products and services."</p> <p>Ref 5.1.3.1, <i>ITIL® 4 Portfolio Management Official Practice Guide</i> 2.1</p>
25	D	4.3.c	<p>A. Incorrect. This service provider is only going to change their own organization, so that they can remain competitive in the face of disruption from other organizations. "Ecosystem disruption occurs when digital technology introduces a change that impacts organizations across multiple industries and markets." Ref 3.1.1</p> <p>B. Incorrect. This service provider is only going to change their own organization, so that they can remain competitive in the face of disruption from other organizations. "Industry disruption occurs when digital technology introduces a change that impacts a specific industry." Ref 3.1.2</p> <p>C. Incorrect. This service provider is only going to change their own organization, so that they can remain competitive in the face of disruption from other organizations. "Market disruption occurs when digital technology introduces a change that impacts a particular market or market segment." Ref 3.1.3</p> <p>D. Correct. Other organizations have caused industry or market disruption; this organization now needs to disrupt itself to remain competitive. However, disruptions to their markets or industry require them to recover or preserve their position in the market. Such an organization will need to use the technology that has already disrupted its environment to remain competitive. It will need to embrace the external disruption, and disrupt itself.</p> <p>Ref 3.1.3</p>
26	B	5.1.c	<p>A. Incorrect. Simple automation is usually used to improve operational excellence. In this case reducing the need for users to contact the service desk is not an example of context-sensitive support. Simple automation is "the ability to automate commonly performed actions or decisions. These strategies are aimed at reducing cost and increasing speed, but do not change the fundamental operation of the organization".</p> <p>Ref 5.2.2.2, Table 5.8</p> <p>B. Correct. One method of providing context-sensitive delivery and support is to build software that is able to respond to user activity and recognize the context, in order to improve customer relevance. Building feedback mechanisms: developing feedback loops within existing products and services provides the data needed to respond effectively. This approach provides the ability to support real-time response to adapt to customer needs. Ref 5.2.1.3</p> <p>C. Incorrect. Choosing a support channel is not the same as the</p>

Q	A	Syllabus Ref	Rationale
			<p>ability of the interface to automatically respond to activity of the user in real-time. "Building feedback mechanisms: developing feedback loops within existing products and services provides the data needed to respond effectively. This approach provides the ability to support real-time response to adapt to customer needs." Ref 5.2.1.3</p> <p>D. Incorrect. Analysis of the customer journey can identify interactions that could benefit from context-sensitive delivery and support. However, simply improving the most popular interface is not an example of context-sensitive delivery. "Building feedback mechanisms: developing feedback loops within existing products and services provides the data needed to respond effectively. This approach provides the ability to support real-time response to adapt to customer needs." Ref 5.2.1.3</p>
27	A	5.3.a	<p>A. Correct. The best approach here is to ensure a mix of funding between investment and operational costs that are matched to multiple demand models allowing funding to be made available as necessary. "There can be a danger that strategy and investment are not aligned. Increases in demand and performance require increases in operational capability." "These forecasts will use two main tools: scenarios, where different levels of demand are modelled, and a financial strategy created for each." Ref 5.1.3.3</p> <p>B. Incorrect. A project will be unable to adapt in the way that is required by the organization. They need to respond to market trends, and it will be difficult to predict the costs of a project in advance. "Projects requiring multi-year technology investments often require a long-term commitment to working in the way in which that technology dictates." Ref 5.1.3.3</p> <p>C. Incorrect. Funding innovation from operational expense is sometimes appropriate, but in this case the investors are prepared to fund the ownership of the innovation. "For example, it is tempting to believe that simply migrating to cloud-based resources will automatically lead to cost savings and increased agility. In practice, costs might not actually be lower, and agility is not automatic." Ref 5.1.3.3</p> <p>D. Incorrect. Setting up a separate research and development unit will make the organization slow to react. The handover of new services requires the operations team time to adapt to new ways of working. "Whereas dedicated research and development units and innovative projects will continue to drive strategic growth, agile organizations also recognize that innovation must be part of their culture and ongoing business practice." Ref 5.1.3.2</p>
28	D	7.2	<p>A. Incorrect. Initiatives to support the vision are described in a strategy, not purpose. "The organization's business strategy encompasses its purpose and vision, and also outlines the specific initiatives required to achieve these results." Ref 3.4.1</p> <p>B. Incorrect. This answer confuses vision with purpose. "The purpose of an organization is the reason why it exists, or its core business. Whereas a purpose defines the business an organization is in, a vision is a defined aspiration of what it would like to become in the future." Ref 3.4.1</p> <p>C. Incorrect. Although sometimes change of purpose may be</p>

Q	A	Syllabus Ref	Rationale
			<p>part of a vision, it is not regularly changed. "The purpose may be part of an organization's vision, and it should only be included in its vision statement if it is planning to change its purpose, or the way it intends to meet its purpose." Ref 3.4.1</p> <p>D. Correct. A vision "encapsulates the objectives that [the organization] aims to achieve, usually within a stated time". Ref 3.4.1</p>
29	C	6.3	<p>A. Incorrect. This organization is risk-averse, so they are unlikely to pursue a risky strategy to gain market share. "They focus on using new technology only when they are in danger of losing their position in the market." Ref 11.10.1</p> <p>B. Incorrect. This organization is risk-averse, so they are unlikely to want to disrupt the market. "These organizations are unlikely to pursue digital opportunities as a way of disrupting the market." Ref 11.10.1</p> <p>C. Correct. This organization is risk-averse, so the business case must stress that there is a danger of losing market share. "They focus on using new technology only when they are in danger of losing their position in the market." Ref 11.10.1</p> <p>D. Incorrect. This organization is risk averse. "They focus on using new technology only when they are in danger of losing their position in the market, and will tend to only deploy solutions that have been tested by other organizations." Ref 11.10.1</p>
30	B	7.1	<p>A. Incorrect. This is an important aspect of the assessment. "Organizations that are strong in this area have a clearly defined digital transformation vision, which is shared at all levels of the organization. There is also a high-level understanding of digital positioning and how to execute the digital position." Ref 4.3.1</p> <p>B. Correct. "Few assessments account for comprehensive practices" is one of the typical issues of digital readiness assessment. "Although stable and predictable technology is a prerequisite for a successful digital initiative, it is not enough. Nor is the role of IT to manage technology. The best technology-enabled organizations work strategically across all teams, to deliver innovative products and services to consumers." Ref 4.3.4</p> <p>C, Incorrect. This is an important aspect of the assessment. "Organizations that are strong in this area value and support digital initiatives, and integrate them into the rest of the organization." Ref 4.3.1</p> <p>D. Incorrect. This is an important aspect of the assessment. "Organizations that are strong in this area have a mature attitude towards business and digital risk, effectively balancing and responding to threats and opportunities." Ref 4.3.1</p>



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