

Report Summary: Next-Generation IT Service Management

Changing the Future of IT

ENTERPRISE MANAGEMENT ASSOCIATES® (EMA™) Research Report
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IT & DATA MANAGEMENT RESEARCH,
INDUSTRY ANALYSIS & CONSULTING

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Table of Contents

- Executive Introduction 1
 - Research Highlights..... 1
 - Methodology and Demographics 2
- Organization, Governance, and Best Practices 2
 - Roles and Role Perspectives 2
 - IT Governance 4
- Strategic Priorities 5
- Technology and Analytic Priorities 6
- Data and Service Modeling 7
- Service Catalogs, Endpoint, and Mobile 8
- Cloud, Agile, and DevOps 9
- Beyond IT: Process Workflows and the Internet of Things (IoT)..... 10
- Deployment, Obstacles, and Success 11
 - ITSM Success..... 11
- Conclusion 12



Report Summary – Next-Generation IT Service Management: Changing the Future of IT

Executive Introduction

While IT service management (ITSM) has too often been viewed by the industry as an area of reactive management with fading process efficiencies and legacy concerns, the truth couldn't be more different. As this research shows, in many organizations ITSM is becoming a hub of innovation, unifying IT across its many silos, promoting and measuring IT operational efficiencies, and consolidating insights critical for IT-to-business planning supportive of both IT and digital transformation.

But capturing the “next-generation ITSM” phenomenon accurately requires looking at ITSM from many dimensions. The results, at times striking, underscored the fact that ITSM is evolving in terms of both the technologies used and the role the ITSM team plays in the IT organization and the business as a whole.

As this research shows, in many organizations ITSM is becoming a hub of innovation, unifying IT across its many silos.

Research Highlights

Some of the more outstanding findings from this research were the following:

- Most respondents (89%) came from central IT ITSM versus line of business (LOB)–centric ITSM. But ITSM teams were evenly divided between those with a single service desk and those with multiple service desks.
- IT Operations and the IT executive suite led in coordinating ITSM activities.
- 83% of organizations were managing ITSM and customer service desks as a single group.
- Only 31% of respondents indicated using ITIL, but of those, the majority saw it as growing in importance.
- Most ITSM teams were slated for growth, with only 5% downsized and 2% streamlined down.
- The two leading strategic priorities were
 - Improving end-user experience (internal to the business)
 - Integrated support for security/fraud
- “Social IT across ITSM staff and end users” led as the top functional priority.
- “Asset management” and “change management” were the top two use cases for CMDB/CMS.
- 60% had multiple service catalogs or app stores. And of those, 75% support cost and usage data.
- 86% offer mobile support for ITSM professionals. And 87% leverage mobile to support end-user customer requests.
- Cloud's two most pervasive impacts were
 - Making asset management more challenging
 - Shortening review cycles for managing change
- 89% had integrated release management for application services with ITSM.
- 60% were currently supporting IoT initiatives.
 - “Integrated change” and “lifecycle asset management” led as IoT use cases.
- The greatest obstacle to ITSM success was “software, deployment, and administrative complexity.”

Report Summary – Next-Generation IT Service Management: Changing the Future of IT

Methodology and Demographics

This research was conducted in May 2017. Of the 264 respondents, 164 (62%) were located in North America and 100 (38%) were located in Europe (England, Germany, or France). EMA restricted the research to companies with more than 250 employees. The top three verticals were *high-technology software*, *financial/banking/insurance*, *retail* and *manufacturing*. While we required that all respondents be active in ITSM-related initiatives (either working hands-on or involved by way of management or executive oversight), we did not restrict the research to ITSM professionals. In this way, EMA sought to better understand ITSM from multiple lenses in terms of its broader role across all of IT and to examine how ITSM can serve as a conduit between IT and business stakeholders.

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Organization, Governance, and Best Practices

When asked if there was a **single service desk** or **multiple service desks** in their ITSM organization, respondents were evenly split: 50% reported having a single service desk, and 50% reported having multiple service desks.

However, when respondents were asked if their service desks were part of **central IT**, or were **LOB affiliated**, the difference was far more dramatic, with 89% belonging to central IT and only 11% belonging to the LOB. Not surprisingly, central IT organizations were more likely to show a higher level of executive IT oversight. Central IT ITSM was also more likely to be engaged in DevOps support, more likely to enable cloud services through their service catalogs, and more likely to pursue big data and analytics. And central IT organizations were twice as likely to be slated for growth as LOB-affiliated IT organizations.

Roles and Role Perspectives

Our respondent base reflected a high level of executive involvement—reinforcing the notion that ITSM teams are rising in importance as a hub for IT as a whole. Forty-one percent (41%) of respondents were at the director level or above. We also included respondents with non-IT titles to get business perspectives, and these respondents comprised 14% of our total respondent base. When looking at role based on **primary areas of responsibility**, we saw the following:

- 30% executive suite
- 24% ITSM (managers and professionals)
- 15% operations
- 12% IT asset or financial management
- 19% other (business analysts, architects, development, cross-domain service teams)

Across all groups, most respondents viewed ITSM teams as a “central point of governance.”

Report Summary – Next-Generation IT Service Management: Changing the Future of IT

Some other findings were also telling.

- The executive suite was most likely to be affiliated with **central IT**. Operations was more likely than other groups to be **LOB affiliated**.
- In terms of the single biggest impact from **cloud**,
 - The **executive suite** viewed cloud as “changing how we’re organized.”
 - **IT financial management** saw cloud and virtualization making asset management more challenging.
 - **ITSM** saw cloud as shortening review cycles for change.
 - **Operations** stressed that cloud was “pushing [them] to pay more attention to SecOps” as well as “changing how [they’re] organized.”
 - The **“other”** group also saw cloud as changing organizational patterns and viewed cloud as a resource for reducing IT costs.
- All groups believed that the **biggest obstacle** to ITSM effectiveness and success was “software, deployment, and administrative complexity.”

Figure 1 also serves to underscore the growing hub-like nature of many ITSM teams, with wide-ranging breadth in **multiple areas of involvement**. In fact, the average respondent indicated four areas of involvement, with “integrated cross-silo support for IT asset management” taking the number one position followed by “cross-silo support for IT governance-related analytics for OpEx efficiencies.”

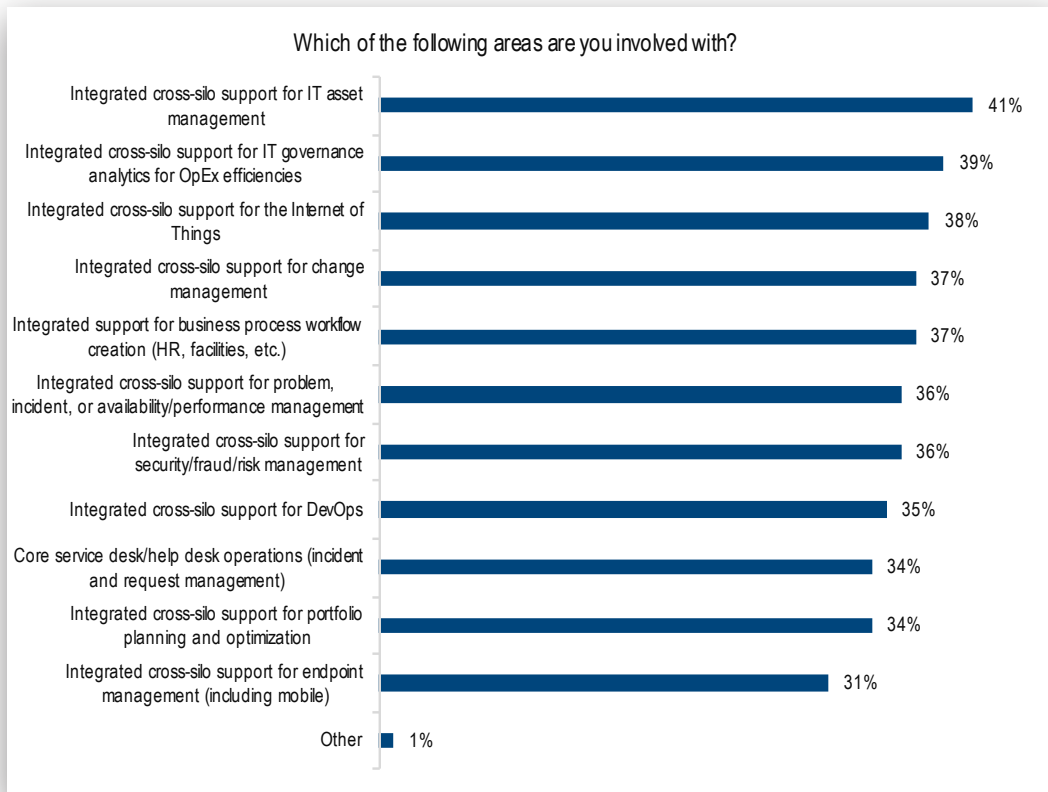


Figure 1. Respondents' areas of involvement show a multifaceted focus, with cross-silo support for ITAM taking the lead.

Report Summary – Next-Generation IT Service Management: Changing the Future of IT

When asked who is most likely to oversee or coordinate ITSM activities, the answers also reflect a breadth of focus.

- IT Operations overall (26%)
- Executive suite (23%)
- ITAM (13%)
- Cloud (11%)
- Service desk/help desk/customer support (7%)

Extending ITSM team functions into enterprise roles has also been a key priority. Eighty-three percent (83%) of respondents' IT organizations were managing the ITSM service desk and customer relationship management (CRM) as a single group. As we shall see later in this report, this is just one aspect of how ITSM is evolving to support other enterprise needs, such as process workflows and IoT support.

IT Governance

Figure 2 underscores the ITSM team's leadership role in measuring and overseeing IT governance needs in terms of process and OpEx efficiencies. The executive suite and Operations were in second and third place, respectively.

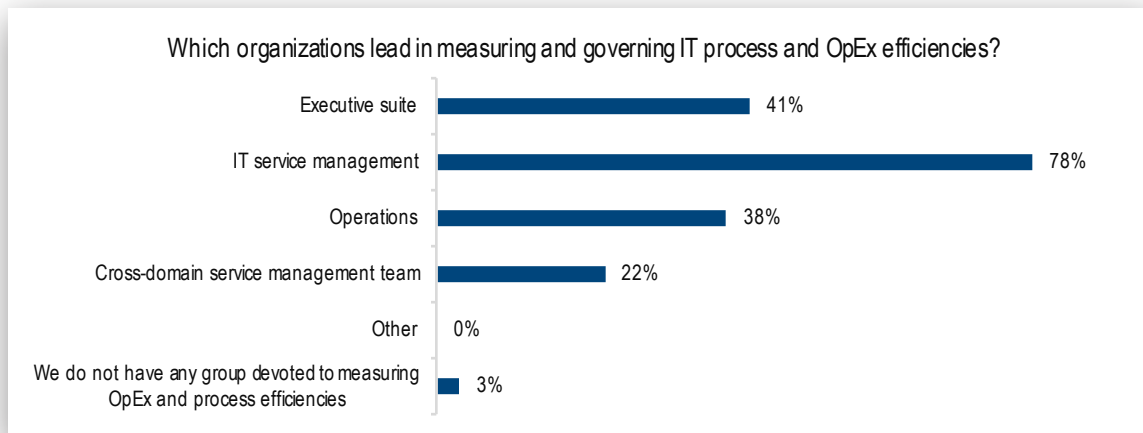


Figure 2. ITSM teams clearly lead in measuring and overseeing IT process and OpEx efficiencies.

Governance metrics reflected a diversity of needs and concerns—including but in no way limited to traditional ITSM practice. The top 5 metrics for IT process or OpEx efficiencies were the following:

1. Mean time to resolve incidents
2. Customer satisfaction
3. Success rates in managing change
4. First call resolution
5. Mean time to repair service issues (reduced war room time)

Report Summary – Next-Generation IT Service Management: Changing the Future of IT

Strategic Priorities

While many industry pundits view ITSM as a reactive area in decline, the data here shows just the opposite. **Figure 3** indicates that 56% of ITSM teams are slated for growth, while only 7% will be downsized for various reasons.

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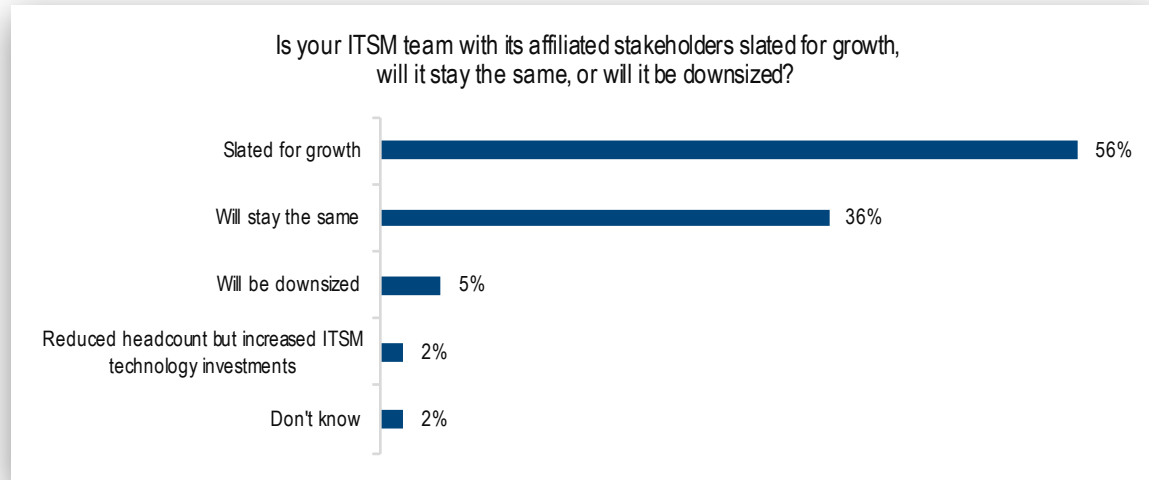


Figure 3. The majority (56%) of ITSM teams are slated for growth.

The five top reasons for ITSM growth were:

1. The company overall is growing and ITSM teams are growing along with it.
2. ITSM is increasingly being viewed as a center of governance.
3. ITSM is more actively engaging operations stakeholders.
4. ITSM is assuming more responsibilities across the lines of business.
5. ITSM is expanding to support enterprise (non-IT) services.

Once again, this list suggests a diversity of values, responsibilities, and needs—any one of which can become a spark for growth and increased ITSM investment.

When asked about **strategic priorities** for ITSM, respondents indicated the following top priorities:

1. Improving end-user experience internal to the business (tied with)
 - Transforming end-user support with mobility/self-service/intelligent bots
2. Integrated cross-silo support for security/fraud/risk/compliance
3. Transforming end-user support with mobility/self-service/intelligent bots
4. Integrated cross-silo support for ITAM
5. Core service/help desk operations (incident and request management)
 - Improving operations-to-service desk integrations for incident/problem, availability, and performance management
 - Improving operations-to-service desk integrations for change and configuration management
 - Integrated cross-silo support for IoT

Report Summary – Next-Generation IT Service Management: Changing the Future of IT

While improving end-user experience remains consistent with prior strategic requirements, the rising importance of supporting security and risk and the emphasis on transforming end-user support with mobility and self-service collectively underscore an increasing need for more advanced technologies, more integrated data, and more automated outreach.

Technology and Analytic Priorities

EMA looked at ITSM-related technology priorities from multiple dimensions. These included overall **functional priorities**, **priorities in automation**, and **priorities in analytics**.

The top five **functional priorities** were:

1. Social IT across the end-user community and the IT staff
2. New or enhanced project management capabilities
3. Enhanced capabilities for SAM
4. Mobile in support of IT stakeholders
5. Enhanced capabilities for ITAM

The striking news here was the very strong focus on communication across IT and between IT and its service consumers, along with a focus on ITAM and SAM. Moreover, the strong showing of “enhanced project management” further underscores the role of ITSM as a “communications and governance hub” for IT as a whole.

For **analytics**, the top five priorities were:

1. Analytics for IT governance in terms of efficiencies and effectiveness
2. Analytics for change management
3. Analytics in support of optimizing the IT infrastructure
4. Analytics for user experience and visibility into end-user problems
5. Analytics in support of optimizing IT application performance

Yet again, the importance of providing effective governance across IT came to the fore, as well as the eclectic and diverse use case needs of ITSM teams.

Report Summary – Next-Generation IT Service Management: Changing the Future of IT

Data and Service Modeling

Given the breadth and outreach of ITSM teams as they are evolving, it should be no surprise that data sources are broad and diverse. **Figure 4** explores the many data sources critical to ITSM teams—with an average of 4.5 different sources per respondent. Also significant is that fact that once again IT governance takes a clearly dominant first-place position.

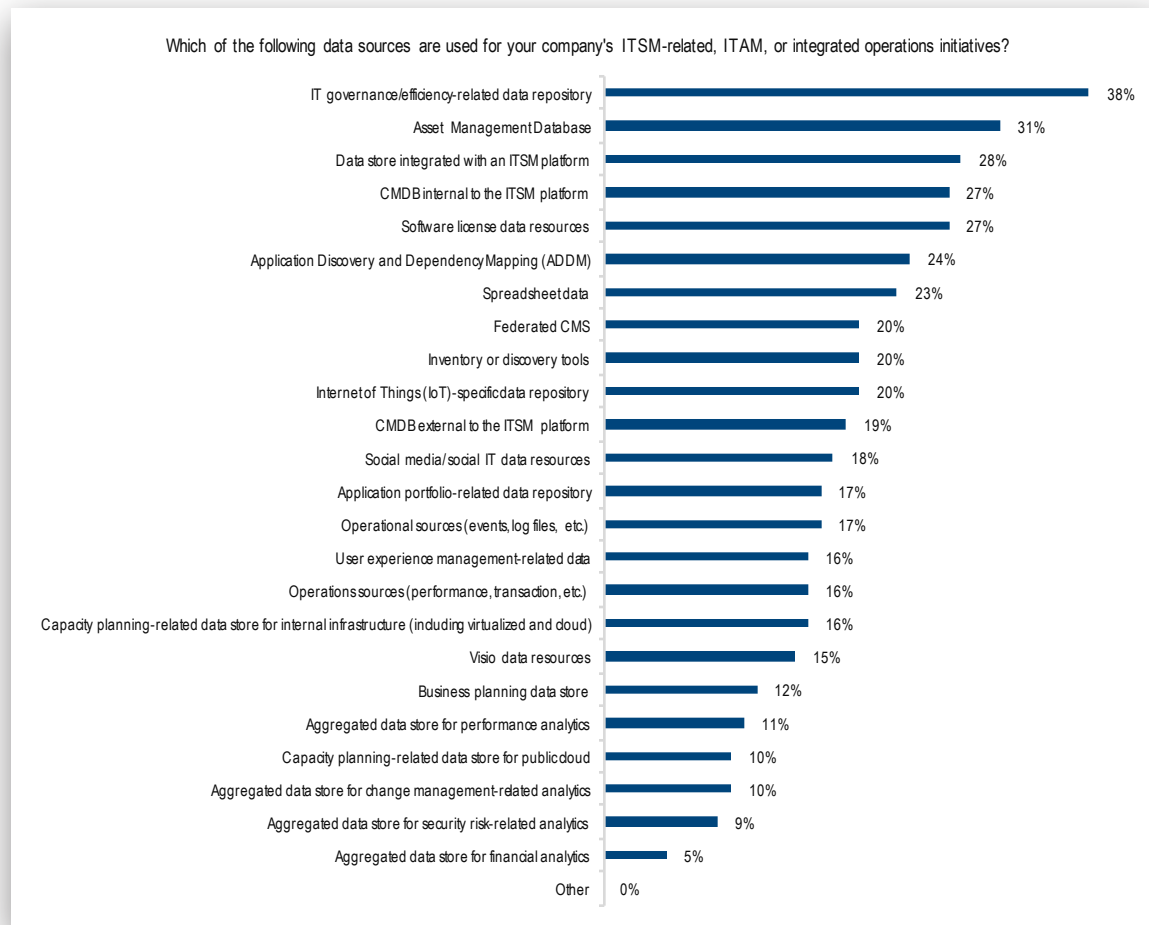


Figure 4. Respondents show a broad range of priorities for data sources relevant to ITSM and ITAM, with an average of 4.5 per respondent.

EMA also examined some specifics around **CMDB adoption** and found the following:

- More than 50% of respondents had a CMDB or a CMS deployed and already in use.
 - Of those, the average time spent weekly in reconciling data and resolving data accuracy issues for the CMDB was about 12 hours.
 - Of note is the fact that those IT organizations spending more time on reconciling data for their CMDB tended to be more successful overall in their ITSM initiatives.
- 77% of those with a CMDB/CMS viewed themselves as “extremely successful” or “very successful” overall with their CMDB/CMS initiatives.
 - Perhaps not surprisingly, CMDB/CMS success correlated strongly with overall ITSM success.

Report Summary – Next-Generation IT Service Management: Changing the Future of IT

When respondents were asked about **application discovery and dependency mapping (ADDM)**, which was used by about 25% of respondents, we saw the following top five use cases:

1. Performance and availability management for business services
2. Data center consolidation
3. Performance and availability management across the infrastructure
4. Change management
5. Security and vulnerability assessments

Service Catalogs, Endpoint, and Mobile

In the age of cloud and agile, service catalogs and app stores are becoming yet more central to ITSM teams, both in terms of enabling service delivery in a more efficient and consumer-friendly manner and in terms of aggregating services into an accessible central venue for superior financial optimization and performance management.

In looking at service catalog and app store priorities, we saw the following:

- 75% currently included **cost and usage insights**, while 21% planned to include cost and usage within 12 months.
 - Cost and usage support in catalogs and/or app stores strongly correlates with overall ITSM success.
- In terms of **catalog support for enterprise services**, the top five priorities were the following:
 1. Operations
 2. Sales
 3. Human resources
 4. Facilities management
 5. Marketing

When it came to **managing endpoints** across their lifecycles, EMA saw the following top five priorities:

1. Security
2. Software usage
3. Software distribution
4. Operating system deployment
5. License management

Focusing on **mobile**, EMA found that:

- 86% of organizations offered mobile support to ITSM professionals, which was closely correlated with overall ITSM success.
 - The chief benefits of mobile support for ITSM professionals were
 - Increased IT OpEx efficiencies
 - Improved ITSM-to-development interactions
 - Improved responsiveness to IT service consumers
 - Improved collaboration between ITSM and operations professionals
 - Easier access to reporting facilities for service desk managers and executives.

Report Summary – Next-Generation IT Service Management: Changing the Future of IT

Cloud, Agile, and DevOps

When we asked how cloud was impacting ITSM initiatives, respondents answered with the following prioritized top five rankings:

1. Cloud and virtualization has made asset management more challenging.
2. Cloud is shortening the review cycle for managing change.
3. Cloud is changing how we approach release management.
4. Cloud is changing how we're organized.
5. Cloud is requiring higher levels of automation in provisioning services.

As seen in the list above, the impacts of cloud on ITSM teams are varied and at least potentially dramatic. But one thing should stand out—cloud is not simply a happy destination. Rather, cloud is an often challenging set of resources that need to be understood, managed, and optimized.

Agile and DevOps are clear areas of growth for ITSM teams, with 89% of organizations reporting integrated support for application release management.

And **Figure 5** shows how and where these agile integrations are taking hold. Once again, the indication is on diverse values from workflows, to scheduling, to feedback loops, to provisioning.

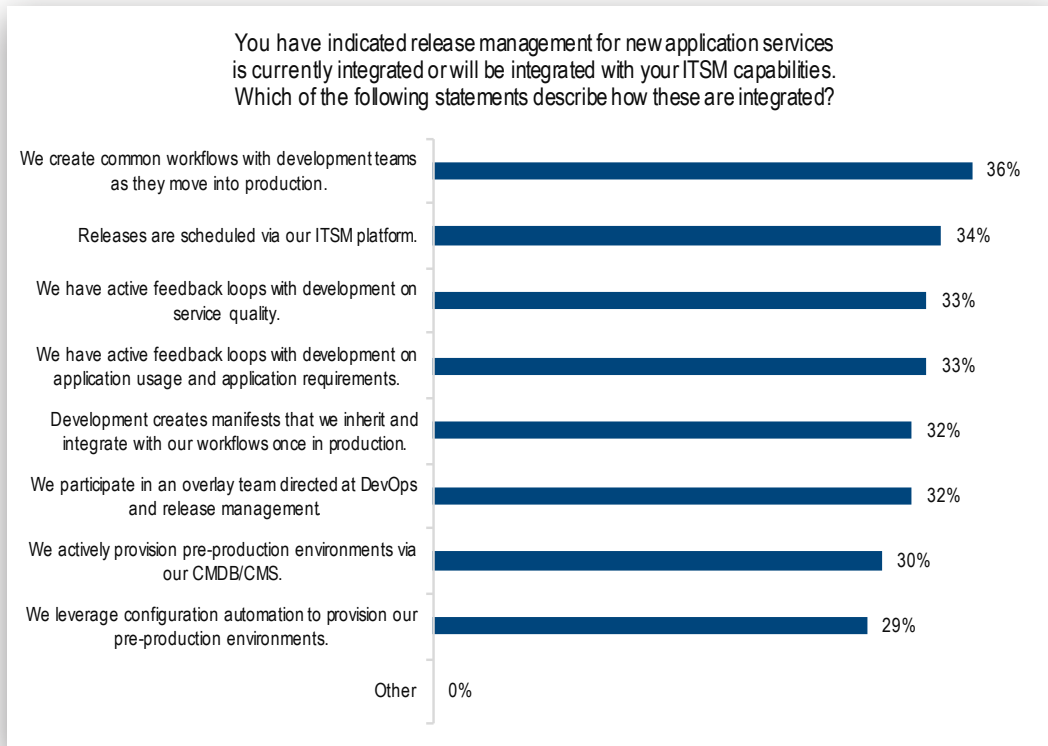


Figure 5. ITSM support for application release management is both significant and multidimensional.

Overall, the value of integrated support for DevOps couldn't be stronger. Thirty-six percent (36%) viewed such integrations as "extremely positive/transformational" and 44% viewed them as "very positive." No respondent indicated a negative outcome from such integrated DevOps support.

Beyond IT: Process Workflows and the Internet of Things (IoT)

One of the fastest growing areas for ITSM teams is integrated support for enterprise workflows and enterprise processes. This type of support normally involves partnering with relevant enterprise teams and leveraging capabilities for process definition, workflow automation, and governance centered on the ITSM platform in combination with localized expertise on the enterprise front. Some vendors are already providing out-of-the-box offerings for enterprise workflows targeted at specific enterprise needs.

Figure 6 shows respondents' priorities for currently supported or planned enterprise workflows.

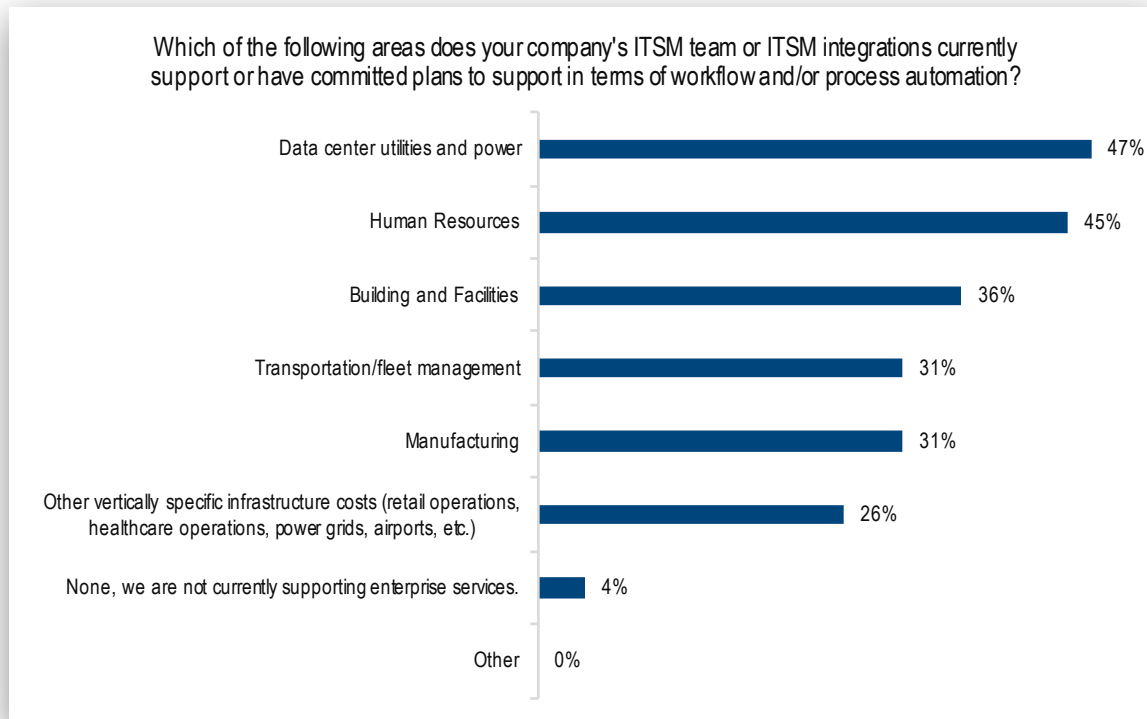


Figure 6. Priorities for supported or planned enterprise workflows suggest a breadth of interest in supporting enterprise needs.

Our data on **IoT** showed that ITSM teams are already moving forward aggressively in this regard:

- 37% are already well underway with IoT support.
- 28% are beginning to leverage IoT capabilities.
- 19% have plans to support IoT.
- Only 16% have no plans to support IoT.

Not surprisingly, active IoT support correlates strongly with overall ITSM success.

Report Summary – Next-Generation IT Service Management: Changing the Future of IT

Deployment, Obstacles, and Success

Our respondents averaged more than two years in deployment with ITSM-related software, and with 19% reporting more than five years and 21% reporting less than one year.

When respondents were asked about the greatest obstacle to ITSM success, “software, deployment, and administrative complexity” dominated all other categories as the number one concern, as seen in **Figure 7**. The implication for vendors delivering ITSM solutions to IT should be clear: There is a huge opportunity if rich functionality and minimal administrative overhead can be more effectively combined.

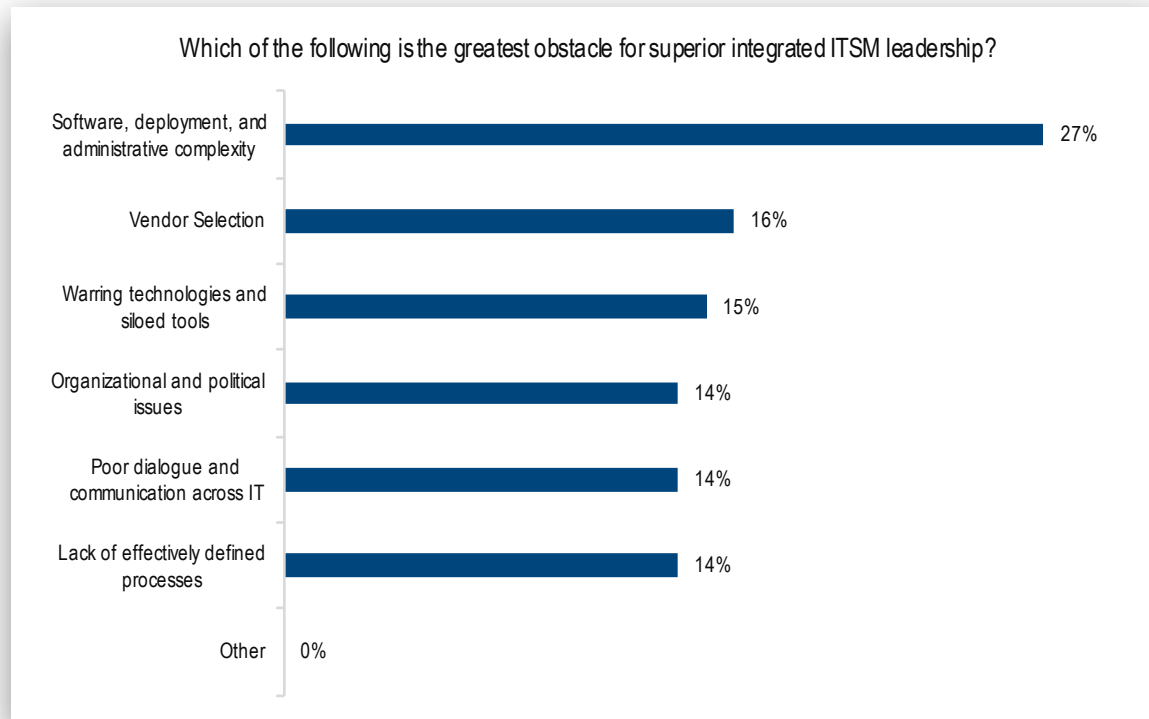


Figure 7. “Software, deployment, and administrative complexity” was the top obstacle to ITSM leadership.

ITSM Success

When respondents were asked to rate the effectiveness of their ITSM-related initiatives, their answers were consistently positive. Thirty-three percent (33%) viewed themselves as “extremely successful”; 43% saw themselves as “very successful”; 19% viewed themselves as “successful”; and only 5% saw themselves as just “somewhat successful.” No one felt that they were “largely unsuccessful.” EMA contrasted the “extremely successful” with both the “very successful” and the rest of the respondents (both “successful” and “somewhat successful”).

Results on success rates not already indicated in this report include the following findings:

- **Budget and Growth**
 - ITSM success strongly correlated with an increase in overall IT budget and ITSM team growth.
- **Central IT versus LOBs**
 - Central IT viewed itself as more successful than LOB affiliates.

Report Summary – Next-Generation IT Service Management: Changing the Future of IT

- **Leadership**

- ITSM teams led by the executive suite reported higher levels of success.
- Those teams led by IT Operations reported the lowest levels of success.

- **Initiatives**

- The most successful initiatives were “integrated cross-silo support for ITAM” and “change management.”
- The least successful were “IoT” and “portfolio planning and optimization.”

- **Geography**

- North American respondents indicated higher levels of success overall than their European counterparts.

Conclusion

ITSM's role going forward suggests overall positive motion, but not without some unique obstacles. The refocused attention to challenges in software administration and deployment in 2017 highlights the broader issues involved with keeping up with more dynamic trends such as cloud and agile, as well as effectively managing ITSM's role as a hub across expanding opportunities. To support these needs, ITSM-related management software needs to become increasingly dynamic, more analytically advanced, and better integrated in support of a growing number of tasks, initiatives, and stakeholders.

Another trend that stood out in this research was a consistent drumbeat on ITSM's hub-like role as a center for IT governance. A priority that became evident across questions about technology options, metrics, data sources, and reasons for growth. It was also telling that across all identified teams—the executive suite, Operations, ITAM, ITSM, and “other” (including Development)—most respondents viewed ITSM as leading the charge in IT governance and optimizing OpEx efficiencies.

What the future will bring of course remains a projection. But several years of research suggests that ITSM's value to IT should only continue to grow—both in its dimensions and its impact. And the array of challenges and requirements ITSM teams must address will grow as well. The line in the sand seems to have been crossed between old-guard, reactive ITSM and next-generation ITSM. Most IT organizations have already committed, at least in some way, to this transition.

But stepping up to the new challenges will require increased attention to innovation in processes and organizational models as well as technology. The good news for vendors is that the ball is largely in their court to deliver ITSM-related software that can help ITSM teams succeed with their next-generation ITSM initiatives. And the good news for ITSM and IT organizations is that the climate is favorable for innovation and change. Hopefully these opportunities will be realized and yet more progress will be made in the coming years as ITSM is redefined as a model of service-aware integration, communication, advancing analytics and automation across IT and between IT and the business it serves.

Stepping up to the new challenges will require increased attention to innovation in processes and organizational models as well as technology.

About Enterprise Management Associates, Inc.

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