

Achieving BSM Maturity through Service-now.com

Occasionally, BSMreview comes across a vendor that is able to articulate its value proposition in such a way that its customers can quickly grasp the business benefits of its particular IT service management approach. Service-now.com exhibited uncommon clarity on how its products and services deliver business value at multiple levels (see Figure 1) of the BSM maturity model.

Level	Description	Business Goals	Business Benefits	Business Metric
5	Pervasive	Market Leadership	Sustained Competitive Advantage	Market Expansion
4	Optimized	Competitive Differentiation	Product & Service Leadership	Market Penetration
3	Aligned	Business Value	Customer Acquisition & Retention	Profit Maximization
2	Predictive	Secure/Reliable Operations	Cost Effective Operations	Revenue Focused
1	Essential	Business Fundamentals	Technology Supporting Business	Minimize IT Investment

Figure 1 – BSM Maturity Levels

Sometimes it is best to let the speaker directly connect with the listener. Rather than “analyzing” this vendor’s BSM strategy and deliverables, we choose to highlight Matt French’s (Director of Marketing) own words regarding how Service-now.com actually satisfies the business goals of each BSM maturity level. That interview follows:

Vendor Series on BSM Maturity:

The requirement for technology within current business initiatives is well recognized. What is also recognized is the frequent disconnect between the IT organization responsible for sustaining that technology and the business entities responsible for achieving business goals. Too often, both parties are speaking different languages, representing different cultures and focused on different objectives. The discipline of “business-oriented service management” (BSM) is emerging as a requirement to align IT and business.

In the white paper “Why Doesn’t the Business Drive BSM?” five business maturity levels (see Figure 1) are identified that assist IT in knowing how to better position and package their deliverables to the business community. Each business level has critical yet different demands upon their IT counterparts. Satisfying the IT needs of a “Predictive” (Level 2) company when that business is operating at an “Aligned” (Level 3) creates undue conflict and handicaps to revenue, growth and profit achievement.

Keyworth – Can you review why Service-now.com feels that the benefits of service management are so critical to your client’s business objectives? ...or how technology has changed “business” and how business is become so dependent upon it.

French – We believe there are two main components of IT service management that really drive adoption of IT operations into a business perspective ...namely a task based work flow and then resource management. If an IT manager can view and leverage those two things, then they essentially have the ability to automate the business processes within and beyond IT. We believe that the real goal is to evolve IT so that it becomes the fabric of business growth, agility and increased revenue. I think that is what the BSM Maturity Model is about. IT is no longer just IT. IT is not only a shared service. It is part of the business. What that means is that IT doesn’t only deliver a service but IT is the backbone of business success.

A good example would be the high adoption rate of ATM machines and other technology leveraged within financial firms ...where their business is all about providing technology to support their business goals and to create a competitive advantage. The same goes for the typical assessment of a company’s financial statistics ...or for all these online storefronts. For Amazon.com, technology IS their business and technology drives their business. For Apple it is obvious that iTunes is all about technology. For any software company, it is all about developing the best technology they can and managing the usage and the lifecycle of their products. For Managed Service Providers it is obviously delivering technology assets and services to their clients. And that is the point ...I can’t even think of a single business that doesn’t require technology to drive their business forward.

The requirement for IT as the backbone of business success is evident in the changing role of the CIO. CEOs and board members are turning to CIOs to drive business growth, more revenue and a better customer experience using technology.

The fundamental issue facing CIOs is identifying ways to become more strategic. Many CIOs are armed with redundant, legacy technology and are buried in the concept of simply trying to keep the “lights on”. This significantly reduces their ability to think strategically. Our goal with Service-now.com technology is to help eliminate the amount of work and time required to keep the lights on and allow more emphasis on managing the IT fundamentals by exception using dashboards. We feel this approach helps pull CIOs “out of the weeds” to empower them to think about how technology can enable business growth.

LEVEL 1 – ESSENTIAL FOR BUSINESS FUNDAMENTALS

Keyworth – Let’s discuss the first maturity level identified as “essential” for business fundamentals. How does the Software-as-a Service (SaaS) model accommodate people who are just trying to achieve the fundamentals associated with the service desk? Service Desk as a SaaS offering is technology supporting the business, but it’s minimizing IT investment, it contains costs. Is the SAAS message only for your smaller business prospects?

French – I think the real key in level one is that technology becomes an enabler. Too often a lot of the older, legacy technologies require a large number of resources to manage and maintain the tools. I had one of our utility customers give me a great example. We were going through a total cost of ownership exercise when he related an IT department to a trucking company. In a trucking company, there are people that are tasked with driving and delivering goods and services on time and in satisfactory condition. The truck driver should not have to

pull over to change tires, to change the oil, or do whatever might be required to keep the truck running ...so that the goods can be delivered on time. For the driver, the truck should simply work.

So getting IT to focus on the things that actually allow you to build automation across the business is really the foundation of Software-as-a-Service. It's removing the requirement for IT organizations to maintain the applications that are designed to service the business, and allow them to use the applications so that they can better maintain the business and create competitive advantage.

Another big part of SaaS focusing on business essentials surfaces in a question that our CEO, Fred Luddy, frequently asks ... why do IT workers go to work using battleship gray applications that look like they were developed in the Soviet era and are cumbersome and difficult to use? Such "dated" applications drive IT staff away from using the technologies because there are so many required fields, so many tabs that they don't know where to go to enter information. We believe that the web movement that is part of SaaS is to simplify the use of technology. When we go home at night, we can use Facebook or Amazon.com. We're going to build playlists in iTunes using very simple filters. We're going to reserve an airline and a hotel by using a very simplified and intuitive application. Why can't that same functionality and features be offered and used in IT? SaaS is about that kind of simplification.

LEVEL 2 – PREDICTIVE FOR SECURE AND RELIABLE OPERATIONS

Keyworth - Going up to the second maturity level where the business is trying to become predictable with secure and reliable operations. IT is expected to deliver cost effective services to companies that are essentially revenue focused. How would you describe what Service-now.com offers in terms of delivering secure and reliable operations?

French – Let's first talk about the delivery of a secure and reliable infrastructure for service management. Almost all of our customers are hosted by Service now.com (98 percent) for fairly consistent reasons. First is the capacity required to implement applications in a traditional data center is coming to a head ...basically because of resource constraints. One of our media customers came to us wanting SaaS because they didn't have data center real estate. A national retailer recently determined that their data center was built in a flood plain, and they wanted SaaS capabilities in order to offset that risk and enlarge their external data center presence. So assuring the availability and security of the systems is one of the core competencies of SaaS. It's our business model to deliver secure and reliable infrastructures that can withstand the rigors of audits, reduce infrastructure costs and offset a lot of resource constraints.

Keyworth – What about the IT services required for delivery of secure and reliable business operations?

French – We've found that secure and reliable operations deal with the actual use of service management technologies for business benefits. It's critical to understand what is in your IT environment and work with the business to build and define which services are to be delivered to the business ...and then to ensure their availability. You ensure their availability through a couple of different avenues - obviously through incident management and break/fix

you have the ability to search the knowledge base to find common problems and to be able to share information across IT ...so that in a volatile labor market when you lose or you add people you're able to leverage crowd-sourcing options where information is captured and shared across the organization.

IT needs mature problem management to proactively identify pain points and root causes. IT needs to be more proactive using integrated monitoring tools to open a problem record, to view and investigate potential problems before they actually affects the business end users. Change management is tightly coupled with discovery and application dependency mapping (ADM) allowing IT to identify all the configuration items in the infrastructure. Using ADM with the CMDB, dependencies are easily mapped and understood. This helps to quickly understand the risks associated with making a change. In fact, many of the outages and incidents are due to erroneous changes or changes that created conflict. So being able to identify potential conflicts and risks associated with making changes represents a fundamental component of delivering secure and reliable operations.

From a monitoring standpoint, it's building up service level agreements so that when alerts or incidents are created or there is an outage ...that I have accountability within IT to enforce the services that I agreed upon with the business. That requires service level management functionality to understand how long it's taking to resolve a particular incident. Based on the type of service level previously defined, IT can create escalation procedures and assignment tasks to make sure that the work is getting done.

Operational level agreements are required to accommodate multiple subcontractors that might support the overall service delivery process ...ensuring that those service providers are held to the same standards required to fulfill the agreed upon service level. This is an extremely important point as many organizations move to a virtualized and cloud-based strategy. Supplier management will continue to become one of the key IT roles moving forward. A CIO from one of our customers said it best: "In this day and age, we need more conductors and less violinists and flautists." As I previously stated, the role of the CIO is changing. If the CIO role is changing, the IT worker-bee's role is bound to change – significantly.

LEVEL 3 – ALIGNED FOR BUSINESS VALUE

Keyworth –The third maturity level is where technology and IT play a role in acquiring and retaining customers and in capturing business value from the customer. It is at this level that we talk about not only generating revenue but maximizing profit by focusing investment on making customers very happy with our products and services.

French – Let's reference the concept of service catalog at this point. When there is ease in using the service management tools and it's built on a single platform so that I can focus on automating business process and managing services, there's a lot more that I can do to better align with the company's actual customer. The service catalogue manages the types of services that I'm delivering and allows me to prioritize and understand the costs and what is working and what's not working, as well as managing demand. But it also gives employees and the end customers the ability to request business services, so they're not waiting on IT. In other words, allowing business users to communicate with IT under their own terms.

An example that a consultant friend of mine shared with me surrounds the way we consume services in the "Twitter" world. Think about the last time you were at a vending machine and

the machine swallowed your dollar without giving you the soda you were desperately seeking. If you are like me, you probably looked around to see if any one was watching, then gave the machine a strong kick. You maybe even started to shake the machine to see if anything would come loose. This is the exact feeling business users have when they don't receive immediate service from IT.

I think it all comes down to the web 2.0 movement where users are much more tech-savvy and are used to doing stuff on our own. We go home at night to reserve hotels or get plane reservations or to buy items on eBay. I think we take for granted the intelligence of our employees. When was the last time you called IT as your first line of support? Did you first search the knowledge base? Did you search the web or did you call or email a friend?

By allowing employees and customers to request business services using a familiar web B2C interface, not only from IT but from the business, is fundamental to ensuring their productivity ...and it empowers employees and provides a modern interface that IT has long desired to offer. There are only a couple ways in which IT can create an impression on the customer or end user or employee ...and that is through answering the phone, by being proactive and through their self help technology interface. Good employee self help capabilities and backend fulfillment processes put a modern face on IT and doesn't require a lot of labor ...as long as I'm able to facilitate requests in a timely manner and provide feedback to the end user to set their expectations, I can ensure my customers are satisfied. Longer request fulfillment can be tolerated as long as IT continually communicates with the requestor. Requests that are fulfilled rapidly, but are placed in a "black box" can be less effective. It's all about setting expectations and communicating the status of the request.

Keyworth – Maturity at level 3 implies the company is reaching out and establishing better relationships with their customers in order to maximize their profits and their revenues. What is your approach to the service desk through SaaS that makes you enable IT to contribute business value through improved customer alignment?

French – Overall, backoffice IT should be transparent. It should also be much easier to manage. By utilizing new models and modern technology, CIOs can spend less time working with staff to troubleshoot infrastructure issues and more time on identifying areas to automate the business and use technology to grow the business, expand into new markets, create a better customer experience and drive higher levels of margin.

It's obviously ensuring the availability of the business applications and managing the technology that connects with the actual customer. Ensuring the availability of those systems and being proactive through problem and change management to resolve potential break/fix issues is critical to the customer relationship. There's a couple of aspects in understanding the risks associated with making changes to applications or technologies that are strategic to the business and its communication with the end customer. Runbook automation can remove the manual processes and ensure that automation occurs on time and performs the right checks and balances, so that when a change does occur we can automate the change process and also track the change to ensure that the change was executed as planned.

Another area of contribution to better customer alignment is within the managed service provider (MSP) market. We're getting a lot of traction in this market because the MSP "business" is to deliver technology and services to their clients. Our service catalog capabilities have become a vital channel for customer satisfaction. Through this channel MSP clients can easily select required services and view the performance of their infrastructure.

We provide MSP's much more visibility into the services they're delivering to their end customers and help them to understand how services are being consumed. Automatically linking service level agreements to the service catalog offers significant benefits to MSPs. Being able to manage the service level agreements is really about improving the business connection to the end customer because if the MSP doesn't meet their obligations, there are penalties involved. Keeping track and making sure that there's automation on the back end to create notifications and alerts and escalation procedures is quite important. Confidence in the MSP increases. In the MSP business trust creates long-lasting partnerships.

Right now we're being pulled into an area that we identify as "shared services." A good example that I can share relates to how a large Midwestern health insurance company leveraged a successful implementation of Service-now.com and ITIL processes into non-IT departments. The claims department actually came to IT and said "we love your process, we love your technology and we want to use the same processes and technology to manage our company's clients". So they're in the process of expanding Service-now.com to support their customers in the claims department. That's a trend where we're seeing quite a bit of growth for Service-now.com solutions in non-traditional ways. This goes back to the task based workflow and resource management we provide. If a company can do those two things effectively within IT, the company can then expand far beyond IT to automate many more business processes.

Keyworth – Are you indicating that the claims department of this health insurance company actually asked Service-now.com for task based workflow and resource management?

French – Yes, those capabilities are surfacing in multiple non-IT departments in order to better align the business with the end customer. IT is hitting a crossroad where the department begins to look for a platform to automate process. IT is tired of all this stuff they have to manage and integrate. So when they obtain a platform that effectively manages their process and resources, they're extending it beyond IT and that's happening with the Service-now.com right now. Our automation of a large logistics company is good example. They developed business applications for workflow automation for several tasks within HR, facilities and logistics ...they created a "my workflow" solution where each business can come in and select their own workflow to automate certain business practices.

At least half of Service-now.com customers are using our platform for "shared services." It's almost like the first time that IT has had a platform on which they can expand, easily and cost effectively. In the past, technology has not been an enabler in many companies, so the fact that they can do this workflow automation "stuff" a lot faster is important.

In the last year, we have taken on a new philosophy, based on customer demand. We run our business on Service-now.com. To do this, we have created several applications on the Service-now.com platform as a service including sales force automation, customer relationship management, runbook automation, monitoring, facilities management, HR, resume filtering, a partner portal, and even an marketing event management application. The market caught wind of our internal use of Service-now.com and is requesting these applications. While they are not core to our revenue generating business, we have decided to clean them up and make them available to our customer base. This is evident in our Spring 2010 Release where we released HR and facilities applications to our customers. In the Fall Release, we released our sales force automation application.

In addition to IT service portfolio management, project portfolio management is surfacing as another area where IT is expanding outside the walls of IT. It's about being able to manage all of my projects within a portfolio to understand what's working well, what's on time, what are the costs and resources required ...for projects delivered by IT and the businesses. For example, if I have a new rollout or release of a new product to support the client, I need to have a project template in place and obviously that comes down to including multiple departments. We have a large European bank that is going to deliver a new online portal for their clients where a project plan needs to be in place and needs to include marketing as part of the project launch because this new service will be delivered to their customers. So managing the time lines and the deliverables of that rollout becomes vital to that organization's success with their customer.

LEVEL 4 – OPTIMIZED FOR COMPETITIVE DIFFERENTIATION

Keyworth – In level 4 maturity, the business goal is competitive differentiation and the company is trying to achieve product and service leadership in order to maximize their market penetration. IT needs to be viewed as helping or optimizing this business objective. Is there anything within Service-now.com's product portfolio or in your SaaS delivery that helps the business units achieve that product service leadership?

French – Most of our clients seem to have a business-oriented mindset ...a mindset where they understand the difference between the multitudes of cloud offerings in the market. These companies seek to identify the best technology to solve business needs where the fit meets the purpose. There are some IT shops that say "I simply want to do software as a service" or "I have a cloud initiative that I have been asked to fulfill." My comment to those organizations is that you're probably going to fail as an IT business at some point because of the lack of direction and understanding of business needs. There are many different variations of the cloud. If you analyze what the cloud offers, there is infrastructure as a service, platform as a service, and software as a service ...a litany of technologies that can become enablers to business objectives. Understanding the different variations and what they offer and matching it to a business need will help keep IT focused on identifying the best solution for the business.

As Jeffery Moore states, it's about core vs. context. I think one thing that most SaaS vendors do very well is impacting the sheer cost of ownership and reducing the costs to deliver services ...which allows IT to reallocate budget to the business or to initiatives that can help to automate the business. The goal is to take the \$2M a year being used or allocated to manage legacy service desk products, replace the cost with new models and modern technology and reallocate the \$2M to revenue generating activities. It all comes down to what are your priorities and being able to allocate resources to areas that actually drive the business forward.

I would venture that the maximizing revenue aspect of the service management solution is based on understanding the availability and ensuring the performance of technologies that facilitate customer interaction. If I go to Amazon.com and it's slow and it's not working very well, I might go to Overstock.com because their performance might be better ...and as the Amazon.com IT organization I need to determine what's slowing the system down or what's the root cause that's degrading system availability so they can increase the performance and better support the needs of the end customer with a better user experience. Once you lose a customer to another B2C site, you have to work much harder to regain their confidence.

Keyworth - So you're saying that your ability to identify root cause actually improves the performance in a way that that allows IT Operations to deliver the product or their service in a more competitive way ...that IT has the option of optimizing the technology investment of the company in order to better deliver an improved product or service.

French - Yes, I've witnessed it. There is a better and more efficient way – the customer experience is better and also the cost to maintain those systems goes down so now I can reallocate that budget toward new products or services that I can sell and continue to create more of an advantage. It goes back to the same discussion we had with the trucking company. Again, if I can make my truck drivers more efficient then I can deliver my goods and services on time and potentially maximize the resources that I have. It goes back to why have people focused on maintaining infrastructure when they can better contribute when they focus on optimizing the infrastructure.

SUMMARY

This interview demonstrates that the service management solution set from Service-now.com can satisfy multiple levels of this BSM maturity. Examples were outlined which help IT people know how to effectively speak to their business counterparts to illustrate how the services they're offering assist in the revenue and market goals of their business counterparts. Matt French concluded with the following recommendation regarding organizational alignment between IT and the business community:

French - The last thing I would mention is it's vital that the IT department work with the business on a regular basis – not only to define the services needed by the business, but also to do monthly checks to review status and progress regarding “how is my service to your the business?” IT should set their sites on creating and delivering products and services the business can subscribe to. Shift focus away from telling the business what IT offers and start focusing on joint product development. This will ensure the business gets what they need and at the same time will help cut out costly, unnecessary activities. Obviously much of the feedback can be captured using surveys and feedback mechanisms, but it usually comes down to having a service owner on both sides of the aisle ...within IT and within the business ...with those service owners working together to ensure that they're delivering what was promised and thereby creating a competitive advantage on whatever it is that the company is delivering. That's when I believe you'll be successful in getting into the higher levels of the BSM Maturity Model.

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