

DIGITAL TRANSFORMATION

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Transforming IT is a MUST to Meet Business Expectations and Digital Transformation Outcomes

IDC PREDICTS
THAT BY 2020

60%

of CIOs will implement an IT business model and a digital-first culture that focuses on creating digital products and services that **improve user and employee satisfaction**. Business-oriented IT will take center stage in DX Journeys



Given that IT is a launchpad for digital transformation and business innovation, how do you view the current state of your IT today? Is it a cost center or a business enabler?



Our 2018 IT Service Management (ITSM) End-User Study finds that less than 6% of organizations have core IT embedded in digital innovation. These leading-edge enterprises across multiple verticals are yielding benefits because their IT and applications management is smooth, modern, optimized, and automated. This in turn is improving their speed to market. These organizations are at the **highest level of DX maturity — Stage 5, or “Digital Disrupter”** — revealing the close ties between IT transformation and digital transformation.



Digital transformation is primarily about **improving customer experience** and making the company agile to respond to changing market dynamics quickly. This is possible if three enterprise dimensions are optimized using next-generation technologies and methodologies: people, risks, and processes.

IDC sees modern IT and ITSM strategies as important to address all three areas of consideration and overcome the DX challenges. Our ITSM research shows that one key requirement for accelerating DX initiatives is aligning IT and the business.

Feeling the heat of competition from businesses that deliver business-aligned IT, three-quarters admit that their IT needs to get closer to the business and “develop skills in business strategy.” In fact, integration of IT with business is the most desired skill needed for DX success, the study revealed. An overwhelming majority (81%) said that achieving business agility is the top driver that will shape IT strategy by 2020.

How Ready is Enterprise IT to Respond to Digital Business Imperatives?

IDC's survey of 300 enterprises in May 2018

(source: IDC's 2018 IT services Survey, N=300) reveals that there are clear gaps between IT and the business, leaving a lot to be desired. For 35% of organizations, this gap between IT and the business is a key obstacle in running digital innovation projects.

The top 4 considerations to execute digital transformation and business innovation are:



Governance, risk, and compliance management



Agile delivery of applications and services



Knowledge management and sharing

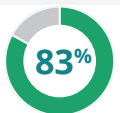


Skills and talent management (people)

This means that transforming ITSM is a key aspect of the technology dimension in the DX journey. Delivering business-oriented IT services can turn IT departments from the "most complained about" to a shining star. As a result, more than three-quarters (77%) of organizations want to make ITSM processes more agile to support business needs.

The study highlights how IT transformation is tied to key business outcomes aligned to DX objectives:

MODERNIZING ITSM TOOLS. 83% of businesses said modernizing their ITSM tool with a more agile solution was an overwhelming priority. ITSM agility improves IT's value to the business through faster problem resolution and reduced service desk calls, and in turn improve developer and employee productivity and speed of innovation.



LICENSE MANAGEMENT. As IT becomes more fragmented and complex, license and contractual agreements are becoming a management headache. Gaining deeper visibility through ITSM and better ability to manage full asset lifecycle and asset tracking is becoming fundamental for 68% of businesses, making "frictionless" IT services strategic and critical to business process improvement and risk management.



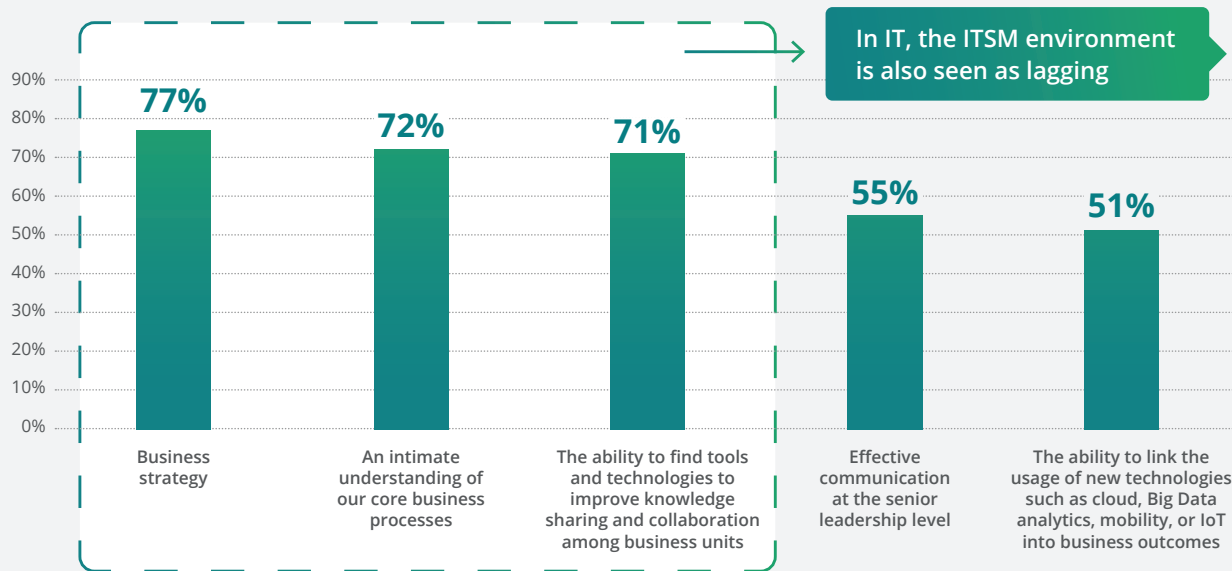
UNIFIED ITSM STRATEGY. Having a unified and consistent ITSM strategy to make meaningful comparisons between environments or applications was also important to more than 60% of organizations.



EMPLOYEE EXPERIENCE. What also stood out was the emphasis on simplicity and easier user experience. Improving self-service adoption to resolve business issues faster was important for over half (53%) of large organizations.



Q. What new skills should IT leadership have to be effective in your organization's digital or new business initiatives?



- The ITSM study reveals that existing legacy IT environments, processes, and ITSM strategies are hampering DX progress.
- **For 80%** of businesses, infrastructure, IT management complexities, and meeting security needs are hurdles to executing on DX.
- **For nearly half of organizations**, ITSM limitations such as a lack of tools to remediate IT problems quickly and to provide effective support of technology for users were primary obstacles.



For nearly 50% of enterprises responding to the survey, **the complexity of service desk ticket handling is seen as costly and inefficient, and leads to low productivity.**

Within IT, existing ITSM architecture is severely lacking in:



Agility. For 7 out of 10 organizations, it is not agile enough to deliver IT to business faster.



Visibility. 6 out of 10 don't have the granular visibility to detect IT service issues and fix them quickly.

More than 50% of organizations also struggle with:



Best practices. Adapting best practices such as ITIL or DevOps because of ITSM limitations.



Self-service. Having high volumes of service desk tickets with no self-service in place.



Quality. Cannot meet performance, availability, and service quality expected by business users.

Transform ITSM to Empower Businesses to Drive Digital Transformation

Acknowledging the need to align IT and business teams together is a critical first step, but the journey doesn't end there.

Investment and modernization efforts should be directed to the most severe IT pain points to benefit from transformation.

Want to know what your peers are doing?

The top 10 ITSM priorities revealed in the study give a glimpse into how ambitious businesses want to leverage innovation in modern ITSM tools and transform service management.

- Make ITSM processes more agile
- Modernising ITSM to make it DevOps-Ready
- Improve business process automation, orchestration, and management
- Leverage automation to streamline IT services delivery
- Reduce ITSM costs and complexities
- Improve IT and financial management to optimize use of technology assets
- Implement best practices for governance, security, and compliance, such as ITIL
- Improve user experience to boost productivity and support innovation – 65% insisted on this!
- Improve IT services delivery and meet business expectations of IT
- Invest in self-service technologies to make ITSM user-friendly

The emphasis is clearly on speed of business, costs, risk, and customer satisfaction.

This clearly aligns with the 3 areas of consideration — risk, people, process.

Those organizations actively transforming their ITSM and IT architectures are looking for:



Ease of use and modern features and functionalities — such as drag-and-drop configuration, high scalability, or low-code customization — stood out as the top criteria for investment

74%



The ability to provide access to ITSM through role-based apps, portals, and dashboards to improve the user experience were the second set of criteria on the wish list, with this topping the list for large enterprise

68%



Advanced self-help, mobility, automation and self-service capabilities that deliver knowledge in an effective way were also important

61%

Checklist for IT and ITSM Modernization to Turn it Into a Business and Digital Transformation Enabler

Digital Transformation is not an option — it is an imperative to stay relevant

IT transformation is at the heart of DX, with 88% of organizations seeing IT as “very important” or “important” to successfully execute on digital innovation. Within this, transforming ITSM is a key aspect. The digital era is forcing enterprises to rethink their technology, people, process, and risk strategies, as well as the KPIs to measure them.

IDC’s 2018 IT Service Management (ITSM) End-User Study shows that empowering employees with highly satisfying IT services is a differentiator for competitive advantage.

Progress in all the key ITSM areas of **risk, people, and process** must be aligned to tackle the deeply entrenched legacy culture, IT, and process issues.

1 Transforming the user experience:

Determined organizations are seeking to leverage innovation from ITSM vendors to meet IT users’ needs and provide them with a fast, simple, and satisfying IT services experience to boost productivity, collaboration, and talent retention. As technology innovation and digital transformation become commonplace, there is a skill and talent war emerging in which organizations are striving to attract the best talent to architect their digital business plans.

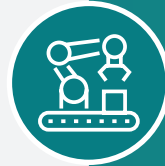


2 Transforming process and technologies:

ITSM modernizers are also looking for solutions that can help with:



Better visibility into financial and service utilization data such as license compliance, asset depreciation, and budget allocation



Automation with powerful business rules to streamline complex processes — getting the fundamentals of ITSM automated and running smoothly to free up time for innovative projects



The ability to separate data and security to support geographic or departmental needs in one instance



Analytics and reporting capabilities to visualize service delivery trends and deliver robust SLAs

3 Transforming cost and risk issues associated with legacy:

ITSM enterprises are looking to reduce costs and ITSM complexity through low total cost of ownership with flexible licensing and deployment models (SaaS, on-premise, on-premise subscription).