ISG Provider Lens™

SIAM/ITSM

Business Value & Service Management

A research report comparing provider strengths, challenges and competitive differentiators

USA 2019

Quadrant Report

November 2018

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The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that was current as of November, 30, 2018. ISG recognizes that many mergers and acquisitions have taken place since that time but those changes are not reflected in this report.

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ISG Provider Lens™

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EXECUTIVE SUMMARY

SIAM / ITSM 2019

Delivering IT-driven business services is a cornerstone for agility in the digital world. As business units need to improve customer experience day after day to win and retain customers, the number of IT services underpinning business solutions is growing constantly. Most of these services need to come from a variety of outside vendors to meet the requirements companies face in the ever-increasing competitive business environment. More companies understand that running and managing the IT environment today requires an evolution in two directions. First, the operational IT service management activities must evolve from people-driven actions to automated, self-managed and machine-performed executions. And secondly, professional orchestration of the IT supply through a growing number of suppliers is needed to build a robust service ecosystem that can deliver end-to-end business services. IT operations management is evolving into managing a complex environment of service elements and providers that is changing rapidly.

The SIAM/ITSM market is undergoing a fundamental change, moving from very labor-intensive implementations to a highly automated function. Vendors are investing heavily in these automation capabilities and are using available modern technologies to unlock new value in their services. While IT environments have produced management data since they were invented, analytical tools are now used to transform correlated data into information. With this intelligent automation (often referred to as IA), IT can deliver incremental value by integrating the systems of record with the systems of engagement, even in IT itself.

This integration is being used to adopt decisions or to automatically trigger activities based on extensive solution catalogs. User experience is improved by using highly sophisticated natural language processing (NLP) techniques across a large variety of input channels, resulting in a seamless and personalized human-machine experience. Early use cases are being built using machine learning (ML) capabilities to act even faster and to try to prevent incidents from occurring.

Traditionally, IT organizations have kept core infrastructure and application management in-house. With the ever-increasing demand for more agility, a growing number of companies are realizing that they can't cope with this evolution. Labor shortages, paired with the need for deep knowledge about a whole variety of new and complex technologies being developed, force IT departments to re-think their management approaches. The demand for managed services is growing, and vendors are developing high-tech solutions by highly automating the management tasks required to guarantee a sustainable business IT environment.

Vendors in this market can be separated into three groups. One group comprises the classic vendors that focus on developing feature-rich tool sets that are easy to implement, easy to enrich and can be leveraged by either the IT department or by third-party companies. Even though the IT market is moving toward as-a-service delivery models, there is still a favorable market for on-premises installations. Local legal requirements

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and legacy installations still in use are the driving forces here. This market segment is currently dominated by two vendors — ServiceNow and BMC/Remedy. However, there are some smaller players that offer feature-rich products that have gained a certain market share. A second group of vendors consists of consulting and IT service companies that use the platforms from the first group and enhance the base functionality with specific features based on their industry-specific or other specialized knowledge. These vendors range from global IT services companies to local niche players and offer a large variety of services, including implementation consultancy and managed services. The third group has IT service companies that have over time developed feature-rich, proprietary tool sets normally used only in a managed service environment. Examples of companies representing this group include TechM and HCL. This study looks at all of these product solutions independent from the delivery model and provisioning.

Given the high variances in the clients' maturity regarding SIAM, the success of vendors in the market depends on their ability to demonstrate extensive knowledge of ITSM, SIAM and governance, risk and compliance (GRC) processes. This knowledge needs to feed an internal reference model used to define a robust, agile and secure SIAM framework that combines people, processes and tools seamlessly. In some cases, the reference model is being supplemented with some of the already established models from the market such as IT4IT™ defined by The Open Group. Proprietary assessment and coaching methodologies, together with high transformation skills and a flexible pricing model, are additional and important success factors in this market.

Even though this market is not extensively large, it is one of the fundamental pillars of every digital transformation strategy. With IT operational budgets still tight, and margins being somewhat skinny, this market is clearly a very attractive area for vendors. Given their strategic position inside client organizations, SIAM/ITSM vendors are playing a key role and are about to get a seat at the internal IT and business decision table. Achieving such a position requires a great deal of trust. This is either being gained through long-term, trusted relationships or through rigid policies set by customers, which force the SIAM provider to be excluded from any other service tower delivery.

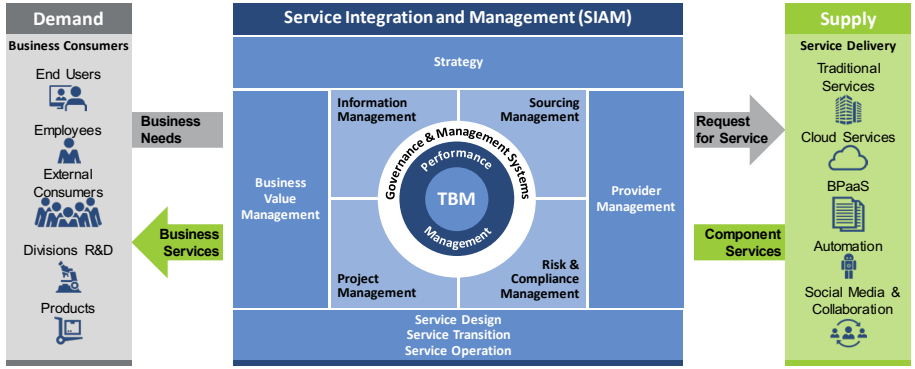

Figure 1 ISG SIAM Reference Model

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Introduction

Simplified illustration

Source: ISG 2018

Definition

Service integration and management (SIAM) is a holistic approach used in managing a dynamic, multivendor, multiservice ecosystem. It is an evolution of the well-known IT service management (ITSM) discipline. While ITSM is historically focused on managing individual service performance, SIAM combines such individual services into an end-to-end, business process-oriented approach. While the integration of the various processes and management disciplines draws more attention, enterprises look for solutions that support such efforts. The solutions can be products to support internal teams or external service providers in taking over the disciplines. This study focuses on products that are available in the market and companies that enhance such tools through extensions and add-ons. It incorporates solutions that are being built by service providers, but it only analyzes the functional capabilities of such tools and solutions and not the service delivery capabilities.

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Definition (cont.)

ISG's studies are intended to anticipate the investigation efforts and buying decisions of typical enterprise clients. These clients will benefit from a study that examines the functional capabilities while contemplating a significant strategy transformation, making infrastructure purchase-versus-rent decisions, supporting the implementation of agile practices or incorporating automation into their environments. The study is comprised of multiple quadrants covering a spectrum of process automation capabilities that an enterprise client would require. Our research investigates several of the tool capabilities (templatized data structures, automated process policies, integration capabilities and standardized outputs) and the support capabilities that provide consulting and managed services in addition to the tool solutions.

Scope of the Report

The scope of the report covers the functionality of products and portfolio of services provided by vendors in the heterogenous SIAM environment. Due to the broad scope and non-standardized SIAM definitions, this report is based on a sub-set of ISG's own SIAM reference model. A key focus is the available automation capability delivered by vendors to automate the more operational tasks inside SIAM. The more sophisticated areas covering governance, risk and compliance (GRC) issues are excluded from this report and may be covered in another ISG Provider Lens™ study.

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Definition (cont.)

The four quadrants of the report focus on the processes in a plan-design-manage approach underlined with an information layer feeding the three operational process clusters. The quadrants covered are:

- Business Value and Service Management (BVSM) covers the processes for demand analysis, catalog management, chargeback and customer satisfaction;
- IT Service Design (ITSD) incorporates all service design-related processes ranging from capacity availability management to service validation and deployment;
- IT Service Operation (ITSO) covers all operational processes for event and problem management, including all reporting and improvement activities;
- Service Information Management (SIM) is the underlaying process cluster to gather, store and provide data to the management processes; it includes data homogenization and golden record management inside the configuration management database (CMDB) for supporting asset, configuration and access management.

The key criteria for positioning the different offerings revolve around the following topics:

- Process coverage.
- Level of automation for key process tasks.
- Level of inter-process integration.
- Breadth and depth of supporting services
- Local presence and customer experience.

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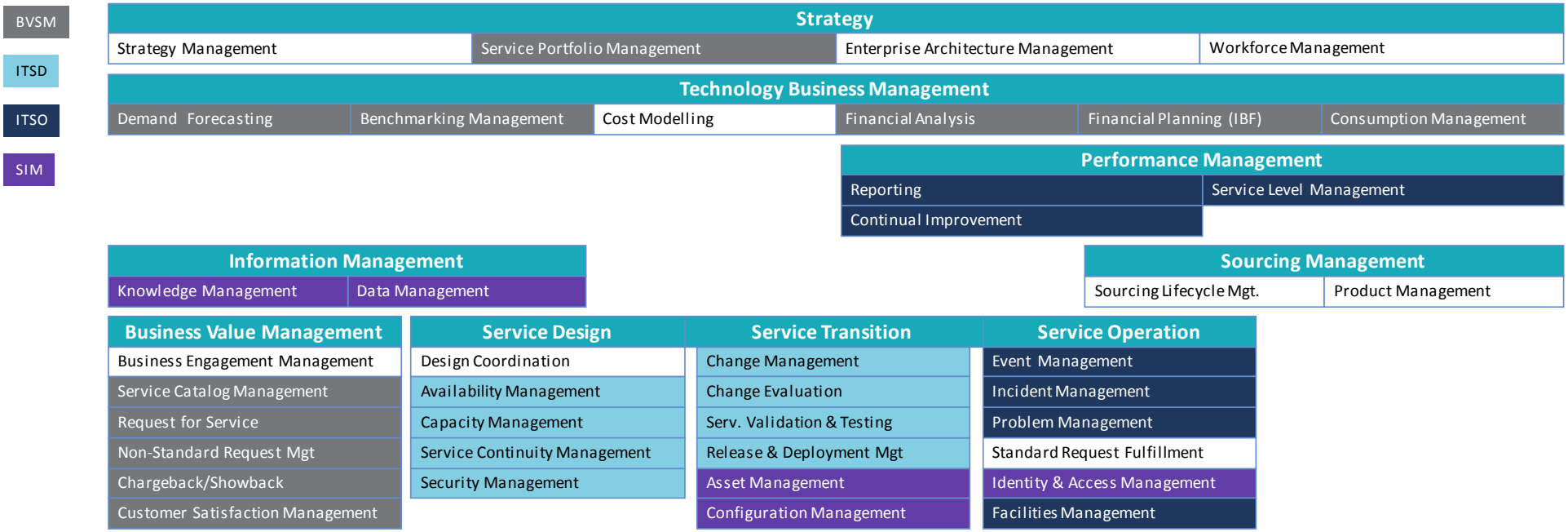

Figure 2 ISG's Partial SIAM Process Reference Model

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Provider Classifications

The ISG Provider Lens™ quadrants were created using an evaluation matrix containing four segments, where the providers are positioned accordingly.

Leader

The "leaders" among the vendors/providers have a highly attractive product and service offering and a very strong market and competitive position; they fulfill all requirements for successful market cultivation. They can be regarded as opinion leaders, providing strategic impulses to the market. They also ensure innovative strength and stability.

Product Challenger

The "product challengers" offer a product and service portfolio that provides an above-average coverage of corporate requirements, but are not able to provide the same resources and strengths as the leaders regarding the individual market cultivation categories. Often, this is due to the respective vendor's size or their weak footprint within the respective target segment.

Market Challenger

"Market challengers" are also very competitive, but there is still significant portfolio potential and they clearly lag behind the "leaders". Often, the market challengers are established vendors that are somewhat slow to address new trends, due to their size and company structure, and have therefore still some potential to optimize their portfolio and increase their attractiveness.

Contender

"Contenders" are still lacking mature products and services or sufficient depth and breadth of their offering, while also showing some strengths and improvement potentials in their market cultivation efforts. These vendors are often generalists or niche players.

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Provider Classifications (cont.)

Each ISG Provider Lens™ quadrant may include a service provider(s) who ISG believes has a strong potential to move into the leader's quadrant.

Rising Star

Rising Stars are mostly product challengers with high future potential. When receiving the "Rising Star" award, such companies have a promising portfolio, including the required roadmap and an adequate focus on key market trends and customer requirements. Also, the "Rising Star" has an excellent management and understanding of the local market. This award is only given to vendors or service providers that have made extreme progress towards their goals within the last 12 months and are on a good way to reach the leader quadrant within the next 12-24 months, due to their above-average impact and innovative strength.

Not In

This service provider or vendor was not included in this quadrant as ISG could not obtain enough information to position them. This omission does not imply that the service provider or vendor does not provide this service.

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SIAM/ITSM - Quadrant Provider Listing 1 of 1

	Business Value & Service Management	Services Information Management	Service Operation & Delivery	Service Design & Transition
4me	Rising Star	Contender	Market Challenger	Contender
BMC	Leader	Leader	Leader	Market Challenger
Capgemini	Leader	Leader	Leader	Leader
Cherwell	Product Challenger	Contender	Rising Star	Contender
Cognizant	Product Challenger	Product Challenger	Leader	Product Challenger
DXC Technology	Contender	Leader	Market Challenger	Leader
HCL	Leader	Leader	Leader	Leader
Infinite	Not In	Not In	Product Challenger	Not In
Infosys	Product Challenger	Product Challenger	Product Challenger	Product Challenger
Matrix42	Not In	Not In	Not In	Contender
Mindtree	Not In	Not In	Rising Star	Not In
Mphasis	Product Challenger	Product Challenger	Product Challenger	Rising Star
ServiceNow	Leader	Leader	Leader	Market Challenger
Tech Mahindra	Product Challenger	Product Challenger	Product Challenger	Product Challenger

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SIAM/ITSM Quadrants - Business Value & Service Management

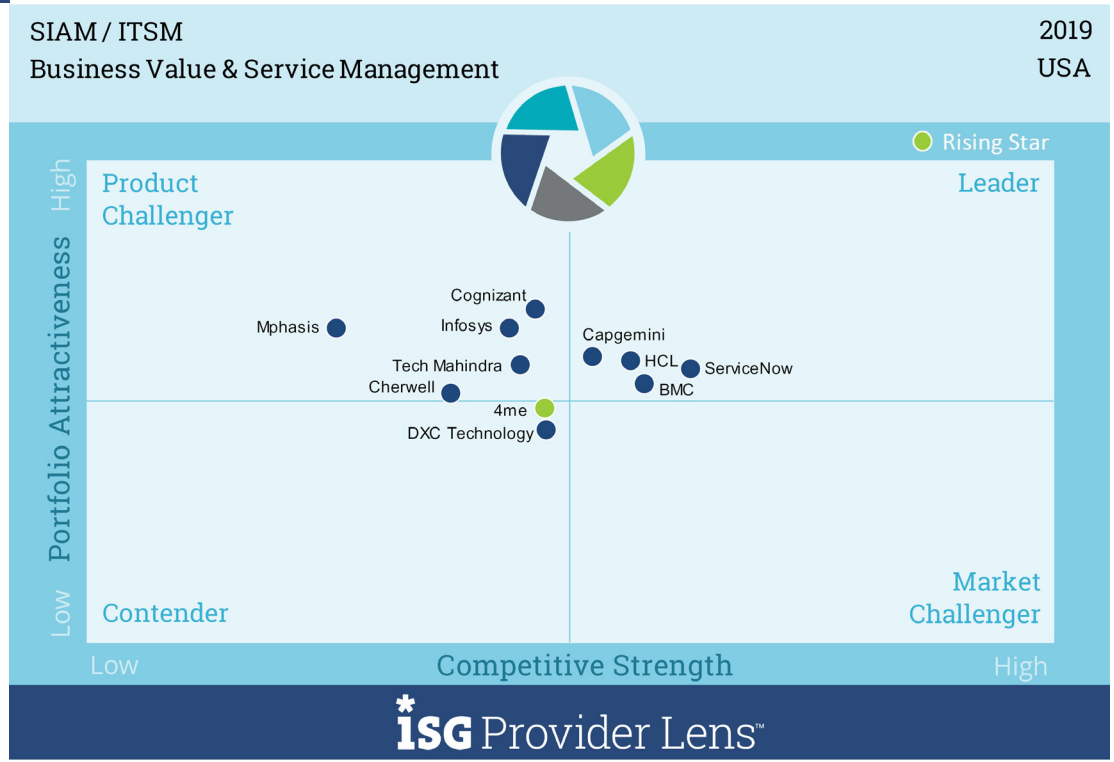
BUSINESS VALUE & SERVICE MANAGEMENT

Definition

This scope of this quadrant covers the outbound and forward-looking processes of ITSM as well as the more managerial issues. Understanding the client's demand, along with generating and managing the service portfolio, is the heart of this quadrant. Financial management processes and customer satisfaction are included because they require direct client access and feedback as well.

The process set is grouped into four process clusters:

- Managing the client's service demand through demand forecasting, financial and consumption management, financial planning and chargeback and showback activities;
- Managing the service portfolio and the related service catalog;
- Dealing with "regular" service requests and managing non-standard requests;
- Full management of the complete customer satisfaction process.



Source: ISG Research 2019

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BUSINESS VALUE & SERVICE MANAGEMENT

Definition (cont.)

One focus of this quadrant is the use of social media to enhance the level of communication between IT staff and their clients. The SIAM process that manages customer satisfaction will use information from social media channels to automatically come up with information about the status.

Turning data into information with the use of AI and big data will support the financial analysis and chargeback process.

Seamless integration of the various processes will lead to service portfolio management that is much more customer oriented by placing the client in the center of the activities.

MAIN RATING CRITERIA

- Functional breadth of product offering;
- Product strategy considering the use of modern technologies to reduce manual and human intervention;
- Adoption of social media and technologies such as artificial intelligence (AI) and machine learning (ML);
- Customer experience when dealing with the company;
- Use of templates and pre-defined routines, reusable use cases and other assets while installing the solution;
- Support capabilities in the U.S.

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BUSINESS VALUE & SERVICE MANAGEMENT

Observations

Ever since IT divisions have been formed, organizations have been struggling with processes on managing a customer-oriented, demand-driven IT portfolio. This isn't the problem of those IT organizations rather than different languages between business units and IT . Business Value and Service Management (BVSM) offers tools that are highly mature, offering a great deal of functionality, automation and templatized data structures The leader group in this quadrant is relatively small mainly due to the limited local support offered.

IT service providers offer the most functional and feature-rich solutions as part of their offering. This is mainly because these companies are forced to communicate with business units from the very beginning. To maintain their margins while selling and delivering services, the companies are highly focused on efficiency. In the absence of adequate tools in the early days, they had started developing their own solutions.

There haven't been any dramatic differences when it came to product performance. Modern technologies such as artificial intelligence (AI) and machine learning (ML) are being used to start automating demand. Natural language processing (NLP) is already being used to communicate with business users.

We see strong growth potential in this market as the more outbound processes (from IT to business/user) become more important in the customer-centric IT world. Customers look more towards intensifying and automating demand management and IT service portfolio management to build a robust, forward-looking service catalog that bridges the gap between demand and supply, especially in a multi-vendor environment.

The companies that are not mentioned in this study but also play a role in this quadrant are DigitalFuel, IBM, ivanti and Microfocus.

- **BMC** is named a leader in this quadrant due to its broad coverage. The functionality offered through its TrueSight and Helix product suites is based on the company's decade-long experience. BMC's products are well established in the market, have high functionality in automation and integration and supported through an extensive partner network, making them best suited for experienced customers.

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BUSINESS VALUE & SERVICE MANAGEMENT

Observations (cont.)

- **Capgemini,** with its focus on communicating the value of IT services to business leaders, helps clients to close the communication gap between IT delivery and IT consumers in the business units. Capgemini's Enterprise iPaaS (integration platform as a service) is being used to combine various data sources to enable the required value communication.
- **HCL** has realized very early that SIAM is not only a reference model but a strategic initiative to manage demand-driven IT delivery. With the formation of a dedicated SIAM division and delivery of catalogue aggregation, the company has been propelled to a leading position in the BVSM quadrant. The extensive use of modern technologies is a clear indication that the company follows a robust strategy.
- **ServiceNow** combines case management with IT management capabilities and modern technologies to help users communicate and manage the business value of IT delivery. The automation and integration capabilities of some of the core BVSM processes make the company a leader in this quadrant.
- **4me** is named a Rising Star as it provides a crucial feature for BVSM processes — combining value information from several sources to formulate a consistent value message across service elements. This enables clients to perform multi-cloud orchestration and multivendor management even outside the classical IT environment.

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RISING STAR: 4ME

Overview

4me was founded in 2010 by former employees of the leading ITSM product vendors and released its first product the following year. The company is focused on extending the enterprise service management space into the greater SIAM domain. 4me's mission is to help customers manage all services, regardless of whether they are provided in-house or outsourced. Its solution is designed to manage all services that an enterprise relies on, not just the ones provided by IT. The 4me solution is ideal for automating operations and offering a service portal for all enterprise employees for any kind of request. The broad coverage makes 4me the Rising Star in the BVSM quadrant.

Strengths

Strong portfolio: 4me offers a broad and feature-rich portfolio that is developed based on long-lasting, practical experience.

Consolidates information across multiple management suites: The offering is easy to use and provides a consolidated view of business services while allowing a simple drill-down to service elements.

Enables multi-cloud vendor orchestration: 4me's go-to-market approach is aimed at MSPs and partners to provide a platform for multi-tenant service management. With this approach, the company supports more than 100 customers worldwide today.

Orchestration beyond IT: 4me's solution enables client to not only manage multi-vendor IT environments but also to integrate other shared services such as HR, finance, legal and facilities management.

Caution

To cope with the growing demand, 4me needs more people on the ground in the U.S. Even with its existing partners, the local U.S. capacity is smaller than, for example, the current resource pool in Germany .

To demonstrate its capability, 4me must publicize more local references. Historically, most of the references on the company's website are for clients in Europe.

2019 ISG Provider Lens™ Rising Star

4me provides a feature-rich, experience-based SIAM/ITSM product portfolio that is well suited for advanced medium-size customers.

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Methodology

METHODOLOGY

The ISG Provider Lens™ 2019 – SIAM/ITSM research study analyses the relevant software vendors and service providers in the U.S. market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

The study was divided into the following steps:

1. Definition of SIAM/ITSM market
2. Use of questionnaire-based surveys of service providers/vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
6. Use of the following key evaluation criteria:
   - Strategy & vision
   - Innovation
   - Brand awareness and presence in the market
   - Sales and partner landscape
   - Breadth and depth of portfolio of services offered
   - Technology advancements

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Lutz is an experienced speaker on national and international conferences, such as the National Dutch Outsourcing Conference, the German Computerwoche Forum, the Slovak CIO Conference and other events.

Lutz started his career in the late 1970ies as a system manager at the German Navy. He has a vocational diploma and has completed training as radio and TV technician.

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Jan Erik Aase is a director and principal analyst for ISG. He has more than 35 years of collective experience as an enterprise client, a services provider, an ISG advisor and analyst. Jan Erik has overall accountability for the ISG Provider Lens™ reports, including both the buyer-centric archetype reports and the worldwide quadrant reports focused on provider strengths and portfolio attractiveness. He sets the research agenda and ensures the quality and consistency of the Provider Lens™ team.

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ISG Provider Lens™ | Quadrant Report
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