Leveraging Enterprise Service Management To Drive Your Digital Transformation

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What You Need to Know About Enterprise Service Management

One of the hottest trends in IT Service Management (ITSM) right now is Enterprise Service Management (ESM) – "the use of ITSM principles and capabilities in other business areas to improve performance, service, and outcomes." Not only is this a business-benefitting strategy in its own right, but Enterprise Service Management can also be employed as a platform for back-office improvement, which forms part of an organization's digital transformation strategy.

To help understand this approach, this paper provides you with a wealth of information on Enterprise Service Management: from what it is, through the current adoption levels, to how your organization can avoid some of the common adoption mistakes, in addition to sharing how Enterprise Service Management can empower your organization in its digital transformation journey.
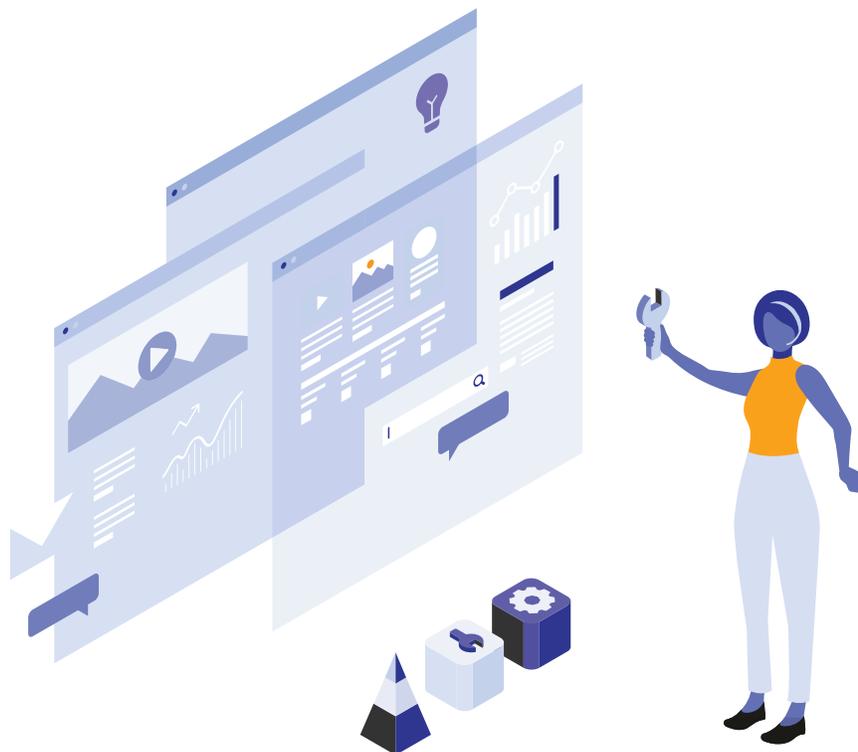
Enterprise Service Management Explained

The earlier definition of Enterprise Service Management describes it as an extension of ITSM capabilities beyond IT in order to support other business areas with their workflows and productivity. Also, Enterprise Service Management is just one of a number of possible names for this approach, with others including "beyond IT" (or "beyond ITSM"), "outside IT," "shared services," or simply "service management" (taking the "IT" out of ITSM). Although, in the last few years, the ITSM industry has increasingly used the term Enterprise Service Management to describe this strategy of extending ITSM capabilities to other business functions.

The Origins of Enterprise Service Management

Even though Enterprise Service Management is trending, it is certainly not a new concept. It started over a decade ago, with extending a corporate ITSM tool's use to other business functions – such as human resources (HR) or facilities – to help with query and issue management and the associated logging and workflows.

Modern Enterprise Service Management, however, is ideally more strategic – going beyond simply applying a corporate ITSM tool to another business function. With the advancement in ITSM tools, in particular, helping organizations to strategically leverage their proven ITSM capabilities across the enterprise. Often one business function, or one service management capability, at a time.

This offers a range of benefits to both the individual business functions and the organization as a whole. At a high level, these include:

- Quality of service improvements
- Increased operational efficiency
- Customer/employee experience improvements
- Cost reductions (often supported by automation and the associated manual labor savings)
- Better insight into performance and governance-related factors.

The Benefits of Enterprise Service Management

The easiest way to do a more detailed breakdown the above list of advantages is to understand that the benefits of Enterprise Service Management are very similar to those of ITSM. After all, it is the use of these ITSM capabilities by other business functions.

Therefore, when understanding – or selling – how Enterprise Service Management will add value to your organization and the various business functions within it, the many benefits of ITSM will also apply (but will be dependent on which ITSM capabilities are shared). This includes:

- Providing better service and experience. This facilitated by employee-centric support and ITSM tool capabilities such as self-service, service request catalogs, knowledge availability, automation, collaborative capabilities, and anytime and anyplace access.
- Efficiency gains and reduced operational costs. Because optimized processes and workflows, self-service, artificial intelligence (AI), automation, and alerts all remove unnecessary manual effort.
- Improved operational effectiveness and outcomes. For instance, ensuring that all employee issues and requests are dealt with and meeting the agreed service levels.
- Improved access and communication channels. Offering omnichannel support via telephone, email, chat (and chatbots), self-service support, alerts, a broad cast channel, and potentially "walk-up."
- The positive results of self-help resources. From employees getting the solutions they need more quickly, through the IT labor savings, to the delivery of better employee experience.
- Better visibility into operations and performance. With the ability for each business function to better understand what has been achieved and what still needs to be accomplished.
- Greater opportunity for continuous improvement. The increased visibility into operations helps team members identify improvement opportunities and the ITIL continual improvement capability, if adopted, allows them to be better managed through to benefit realization.

- Corporate-wide standardization of service and support. Not only delivering optimized practices, but there's also a shared way of working, a uniform look and feel, and a standardized service and support model for employees.
- Improved collaboration. Enterprise Service Management makes it easier for work to be passed between, or worked on collectively by, various teams across different business functions.
- A better return on investment (ROI) for the corporate ITSM tool. The more business functions that use the ITSM solution to save time and money, the better the ROI for the tool.

In addition to these benefits that replicate what's realized from ITSM (and ITSM tool) adoption, Enterprise Eervice Management is also an opportunity for IT to increase its business value and reputation. IT teams can leverage its service management skills, knowledge, and experience, plus ITSM technology, to help deliver better business operations and improved outcomes across the entire organization.

The Key Factors Driving of Enterprise Service Management Adoption

As detailed later, the adoption of Enterprise Service Management strategies is becoming increasingly popular. There are a variety of key factors driving this growth, including:

- Increased employee expectations of corporate service and support. Particularly, due to consumer-world service and support advancements based on customer-experience improvement strategies and the adoption of new technologies. Because of this, employees now expect corporate service and support capabilities to perform as well as those that they experience in their personal lives.
- The corporate pressure for individual business functions to "do better." This might be the now decade-old need for business functions to "do more with less," or the more recent requirement for them to be "better, faster, cheaper" – which focuses on achieving better outcomes while reducing costs at the same time. With Enterprise Service Management, the service management approach, combined with proven best practices, efficient business processes and fit-for-purpose technology of ITSM, helps to improve both operations and outcomes. It also contributes to boosting employee productivity.
- Meeting the needs of corporate digital transformation initiatives. While this could be considered to be the same as one or both of the first two key factors mentioned above, Enterprise Service Management and the shared ITSM capabilities serves as a great platform for the required changes for achieving a digital transformation or, more specifically, "back-office digital transformation".
- The rising expectations of customers. Whether it's the continued investments in customer experience strategies or the improvement of customer engagement mechanisms as part of corporate digital transformation strategies, modern customers demand and expect superior digital experiences. These are ultimately dependent on the quality of an organization's back-office capabilities.
- Advancements in ITSM tools. From the capabilities that relate to the core ITSM IT service delivery and support processes to the flexibility of ITSM

tools to adapt to non-IT use cases. For example, there are now service catalogs and self-service tools, chat communication channels, improved knowledge management capabilities, mobile apps, and machine-learning-enabled capabilities that either increase staff capacities or remove the need for manual intervention in tasks or processes. This is in addition to creating more consumer-like experiences, the required separation and configuration for multi-depart mental use, and – with some ITSM tools – platform capabilities for bespoke application creation across different business functions.

- The focused marketing of Enterprise Service Management capabilities. With the evolution of industry marketing messages reflecting, and potentially driving, customer demand over time from ITIL-aligned features and function, through a focus on ITSM-delivered value, to the facilitation of non-IT use cases (whether this is marketed as Enterprise Service Management or back-office digital transformation).

- Greater awareness of adoption levels and the associated benefits. Fueled by the mixture of analyst-delivered statistics, industry conference sessions and webinars, customer case studies, and other tool vendor (and partner) collateral that share the opportunity and benefits of Enterprise Service Management.

So, there are many drivers for the growth in Enterprise Service Management adoption. But how many organizations have adopted an Enterprise Service Management strategy to date, and what does this look like?

ESM in 2020 and Beyond

Before sharing some 2019 statistics on the level of Enterprise Service Management adoption, it's important to understand what these actually represent. Using ITIL best practice adoption as an example, an organization that simply uses ITIL v2 incident management best practices versus one that operates 15 ITIL 4 practices can both claim to have "adopted ITIL." The same applies for organizations adopting the Enterprise Service Management approach.

Hence, any Enterprise Service Management statistics will likely include a variety of different adoption "states." Because not only is there the respective level of process (or practice) adoption, but also the number of business functions covered – from simply one other business function to many. Plus, there will also be organizations that – because they're unaware of the term – have shared ITSM capabilities outside of IT, while never realizing that they have implemented Enterprise Service Management.

Enterprise Service Management Adoption Levels

Based on a global survey of 339 ITSM professionals, the ITSM.tools "2019 Future of ITSM Survey" found that two-thirds of organizations either have, or are planning to develop, an Enterprise Service Management strategy.

"Does your organization have an Enterprise Service Management strategy or approach?"
Source: ITSM.tools, Future of ITSM Survey (Q2 2019).

A second question from the same survey asked about the use of ITSM tools by other business functions. Surprisingly, this showed a slightly lower level of tool usage compared to that of strategy adoption, indicating another variant of Enterprise Service Management adoption: that ITSM best practices can be shared but not the ITSM tool. For instance, the ITSM tool cannot be applied to customer service use cases. However, an ITSM tool can be shared without the ITSM best practice (although many ITSM best practices are already embedded with the tools).

"Is your ITSM tool used outside of IT, e.g. by HR, facilities, or customer service teams?"
Source: ITSM.tools, Future of ITSM Survey (Q2 2019)

A key data point to highlight from the above table is that while 21% of organizations have used their ITSM tool in multiple business functions, 15% have used it in only one. The cause of this could be one of the following possible reasons:

- Only the first opportunity to share ITSM outside of IT has been completed to date.
- The first use case of ITSM outside of IT was unsuccessful, or at best mediocre, in terms of positive change, hence no further sharing was undertaken.
- It was a tactical decision to share the ITSM tool with another single business function to meet a specific business need rather than a strategic approach to Enterprise Service Management.

Comparing the data from both survey questions sheds more light on the strong correlation between having an Enterprise Service Management strategy and the extended use of ITSM tools. Having a strategy clearly increases the use of ITSM tools in multiple business functions, whereas the single use of an ITSM tool by an organization is more common where there's no formal Enterprise Service Management strategy.

How Enterprise Service Management Capabilities Are Currently Adopted

The HDI statistics below are from Q4 2018 and while now over a year old, they do offer comprehensive insight into what Enterprise Service Management means in reality versus the earlier definition of "the use of ITSM principles and capabilities in other business areas to improve performance, service, and outcomes."

First, Enterprise Service Management currently equates to the sharing of IT support and IT service desk capabilities rather than many more of ITIL's service design and delivery best practices. This makes sense because not only are incident management and other IT service desk related capabilities the most commonly adopted by IT organizations – and you can't share what you don't do – the most obvious similarities across business functions are the need to effectively handle requests for help, information, service, and change management.

"Which service management processes and practices are being applied outside of IT?"
Source: HDI, "The State of Enterprise Service Management" (Q4 2018)

Second, it's helpful to understand where organizations are usually sharing their ITSM capabilities via their Enterprise Service Management strategies. Here, the HDI survey results identified that while the three business functions commonly quoted as Enterprise Service Management candidates – human resources, facilities and finance – score highly, it is customer service/support that takes the top business function. This shows that Enterprise Service Management can help to improve external customer touchpoints and workflows, not just internal ones.

Where are the principles of ITSM being applied?
Source: HDI, "The State of Enterprise Service Management" (Q4 2018)
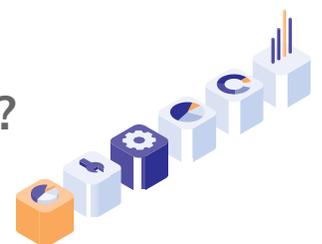
Enterprise Service Management as a Platform for Digital Transformation

A potential downside to the term Enterprise Service Management – and its adoption – is that, like ITSM, it's not a well-known term outside of the IT organization. The name itself, and the ITIL-inspired names of many of the key ITSM capabilities that can be shared, will not resonate with other business functions, such as HR. For example, "incident management" is more likely to be called "issue handling" or even "problem handling" outside of IT, and an incident is likely to be considered something serious.

Enterprise Service Management would, therefore, be helped by the use of a more acceptable name outside of IT. And as luck would have it, the buzzworthy business trend digital transformation also needs a proven technology-enabled platform for the improvement of internal operations (as per the definition below).
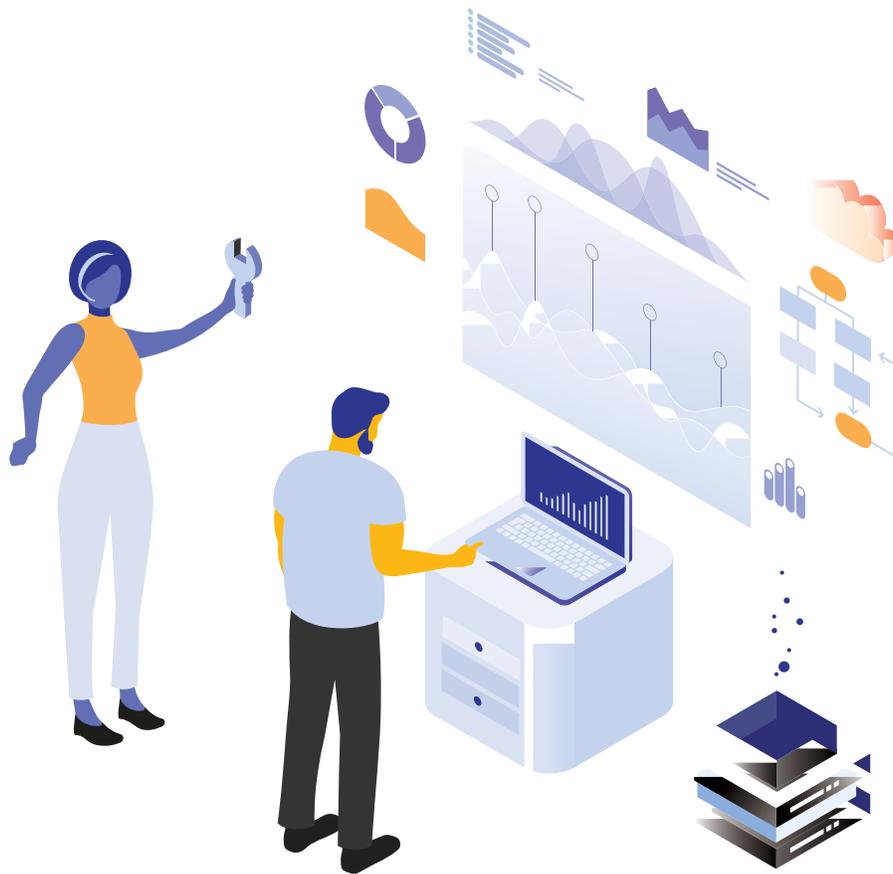
Digital Transformation Explained

There are many definitions available on the internet about what a digital transformation is. One that stands out among the rest, thanks to its multidimensional approach, defines digital transformation as:

"The use of technology to radically improve performance or reach of enterprises ... to change customer relationships, internal processes, and value propositions."
– Sloan MIT

This definition has three important elements, which call out digital transformation as all three of:

- The introduction of new products and services – and hence revenue streams – by leveraging technology and data.
- The improvement of customer engagement mechanisms, again, through the use of technology and data.
- The improvement of back-office operations. In particular, the replacement of ad hoc, manually-reliant processes with new technology-enabled ways of working, which will ultimately better enable the delivery of the new products and services and the improved customer engagements.

Recognizing the Importance of Back-Office Digital Transformation

One of the best declarations about the importance of improved back-office operations to digital transformation success is from the World Economic Forum's (WEF) 2018 "The Digital Enterprise: Moving from experimentation to transformation" Insight Report. It highlighted the importance of back-office change in research-backed statements such as:

- "Don't layer a new economic model on top of a legacy business."
- "Customer engagement is essential, great product and services are mandatory, and an innovative economic model may be table stakes, but without operations all of that fails. Operations is the critical last mile in translating business strategy into reality." It makes sense, given that any new front-office changes that touch external customers will be held back by, and potentially derailed, by internal processes that are ad hoc and manually-reliant, and slow and error-strewn as a result.

Key Factors for Enterprise Service Management and Digital Transformation Success

There are potentially many ad hoc, manually-reliant back-office processes across your organization that require digital transformation. However, digital transformation is about more than the exploitation of technology and data. It's about better business outcomes and it requires changes across all three organizational pillars: people, processes, and technology.

This is reflected in the common barriers to Enterprise Service Management and back-office digital transformation. Plus, when viewed from a success-factors perspective, these approaches and actions will help your organization to achieve Enterprise Service Management adoption and digital transformation success:

- Recognize that back-office digital transformation is not an IT project. Back-office digital transformation is not as simple as ITSM tool reuse. Instead, it needs an investment in organizational change management tools and techniques because the associated changes to the traditional ways of working are a people change. Hence, it will require things such as stakeholder buy-in (thanks to the selling of the "What's in it for me?"), effective communications, education and training (on the new ways of working), and managing likely resistance to change.
- Avoid the sharing of suboptimal ITSM capabilities. For example, if too few employees are currently using your organization's IT self-service capability – likely due to how it was designed, launched, and marketed – then why would you share something that's currently suboptimal with other business functions? So, ensure that you get your "ITSM house in order" before helping other business functions. Review the status quo and improve those capabilities that you plan to share when necessary. Also, appreciate that IT doesn't have a monopoly on best practices and that other business functions will also have capabilities that could be shared with the other areas of the enterprise.
- Sell Enterprise Service Management (whether for digital transformation or not) in business terms. As already stated, the term "Enterprise Service Management" will carry little weight outside of IT, unlike the enterprise-wide need for digital transformation. But even with

appropriate rebranding, there's still a need to articulate what it is and how it will help in business terms. For example, calling out the potential benefits in terms that resonate within your organization, such as financial savings, customer-related uplifts, increased competitive advantage, risk reduction, or other strategically important areas.

- Identify and address the organizational "differences." First, appreciate that HR isn't the same as facilities, facilities isn't the same as finance, etc. Second, recognize that some business functions will be more attracted to the benefits of Enterprise Service Management for back-office digital transformation than others. Third, there will also likely be differences in the capacity for change or appetite for change between business functions. All of these differences need to be considered when forming your back-office digital transformation strategy and plans.

- Ensure that your ITSM tool is well-suited to enterprise-wide digital transformation. Here, there are a number of core ITSM-enabling capabilities to assess that map to the commonly- adopted ITIL processes. Then, there are key ITSM-enabling capabilities such as self-service, knowledge management, automation (and now AI too), reporting, and analytics. Platform-based capabilities for bespoke application creation across different business functions will help, too, in addition to the capabilities that facilitate the multi-departmental use of a single tool across the organization, such as domain separation and the associated access controls.

Evaluating Your ESM Approach

Enterprise Service Management accelerates the digital transformation journey by extending ITSM capabilities to all areas of an organization—people, processes, culture—empowering all teams to achieve process excellence, improve performance and deliver better results. Praecipio Consulting has extensive experience in providing ITSM solutions to companies across different industries, and we can guide you through successfully implementing best practices for Enterprise Service Management. Contact Praecipio Consulting so that we can assess your current ITSM capabilities and identify areas of opportunity for incorporating Enterprise Service Management into your digital transformation strategy.

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Platinum
Solution Partner
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PRAECIPIO CONSULTING
+1 512 266 8271
sales@praecipio.com
501 Congress Avenue, Suite 150
Austin, TX 78701