

Ovum Decision Matrix: Selecting an IT Service Management SaaS Solution, 2015–16

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Summary

Catalyst

Interest in and adoption of IT service management (ITSM) solutions deployed as software-as-a-service (SaaS) has increased over recent years, and shows no sign of slowing down. The cost model associated with SaaS, coupled with the speed at which product updates can be deployed are key drivers for enterprises. With this need in mind, and at the request of many clients, Ovum has developed this Decision Matrix report to explore ITSM solutions deployed as SaaS.

In terms of functionality, there is little differentiation between the SaaS solutions offered by many vendors. Historically, the ITIL framework has very much influenced the way in which ITSM solutions have evolved in terms of the capabilities offered. While this alignment is still important to customers, disruptive technologies including social, mobile, cloud, and advanced reporting and analytics are now having an impact on how ITSM solutions are evolving to meet new customer demands. Many clients that Ovum engages with are increasingly deeming these disruptive technologies to be of greater importance when selecting a new ITSM solution.

Increasingly, business units beyond IT are gaining value from service management. Vendors have responded by releasing product capabilities specific to the needs of these business units, with human resources and facilities management the most commonly supported. In this respect, ITSM is evolving into becoming a practice and a set of supporting technologies that not only offer value to IT, but also to the wider enterprise, a movement that has seen some vendors rebrand into becoming providers of enterprise service management tools. This is an exciting opportunity for providers of service management solutions and the customers of these solutions. This wider extension of service management solutions is often undertaken in support of a wider business digital transformation initiative.

The rise in SaaS-deployed ITSM solutions coupled with capability enhancements is furthering the adoption of service management solutions both within and beyond the IT department. Automation, self-service capabilities, advanced reporting, and work and resource management functionality in particular are increasing the appeal of service management solutions to the wider enterprise. Many ITSM offerings are evolving into enterprise service management solutions, and organizations that adopt these tools are experiencing benefits that include cross-departmental process integration, along with improved reporting and work transparency.

While large, high-profile vendors continue to have a significant market impact on the ITSM SaaS space, over recent years both new and well-established vendors have also gained good market traction. ITSM is a practice and set of supporting technologies that have benefits far beyond just IT support. New capabilities coupled with improved education around the value proposition of ITSM is raising the profile of ITSM and of the value it can deliver, and technology is a key component.

The research undertaken in developing this report shows that functional differentiation between solutions is still quite minimal, but we are confident that going forward this will change. Capabilities such as self-service, automation, and mobility are being exploited in different ways by different vendors. ITIL-aligned functionality is still important, but capabilities, such as mobility, that were once viewed as being desirable are increasingly being expected by customers to be part of a core offering. This is a positive move, and something that vendors continue to embrace.

The core solution capabilities identified by Ovum in this report are representative of the needs expressed by clients that we interact with, coupled with our own observations of the ITSM space. We felt it important to represent how needs relating to ITSM solutions are extending beyond solely ITIL alignment, and this is reflected in this year's features matrix, which includes many capabilities associated with mobility and advanced reporting, for example.

ITSM vendors should focus on developing functionality that is empowering to both those consuming IT services and those responsible for delivering and supporting services. Mobility is a key consideration here, specifically mobile device management. Apart from mobile functionality that improves the end-user experience, IT departments need to become well versed in how mobile device management activities may be improved, either through capabilities offered directly by ITSM software, or through integration with dedicated enterprise mobility management solutions. Having technology to support customers, independent of their device choice, is the ultimate aim here.

Technology business management (TBM) is another area in which Ovum envisages an increasing number of service management vendors to focus on. Sometimes referred to as IT business management (ITBM) or IT financial management (ITFM), this is becoming a very important discipline for IT, and as a result, demand for technology that supports these initiatives is increasing. The outcome and value of TBM activities are much greater than a quantification of costs associated with IT services, because the discipline can also help service providers to better understand and communicate (internally and externally) the business value of the IT services being delivered. TBM can be a valuable in helping IT departments evolve from being viewed solely as a cost center to being seen as a business unit that enables innovation and business improvement. Delivering this level of cost transparency relating to services provided by IT will also prove to be valuable in demonstrating the value of ITSM tools to the CFO, who along with the CEO and CIO, is a key influencer in making strategic IT decisions.

Concerns relating to the adoption of SaaS solutions often focus on security and data privacy. These concerns include but are not limited to where sensitive data will be stored, what will happen in the event of a data breach, who owns the data, and how data can be exported if the customer wishes to switch supplier. It is important that enterprises identify questions such as these and position them to vendors as part of the product scoping and requirements process. The reality is that for many organizations, cloud ITSM solutions are likely to be more secure than those that have traditionally been hosted on-premise. The investments made by SaaS vendors in ensuring data security are often huge and are likely to eclipse those made by an organization in the security of an internally hosted and managed on-premise solution.

In addition to these concerns, cost, integration, and people considerations must also be made. Failure to take a long-term perspective on cost, and adopting any technology in isolation will have negative consequences and limit the wider business value that could be realized from a SaaS ITSM solution. Buy-in from key business executives is also vital. In building this, both the tangible and intangible benefits must be well communicated.

Finally, it is important to remember that the success of any service management initiative is reliant on much more than just technology. We recommend that organizations take a strategic approach to technology adoption in identifying organizational pain points and opportunities, along with building a long-term relationship with a vendor. Part of these strategic activities should involve exploring how IT

integrates with other business units and how any technology capabilities adopted could offer value beyond just IT.

Key findings

- ServiceNow and BMC Remedy 9 are identified as by Ovum as leaders in the space.
- No market followers were identified in this report. This is proof that the solutions assessed are meeting or are in a position to meet the broad and important ITSM demands put forward by the organizations Ovum interacts with.
- Developing their solutions to offer advanced automation and mobility management capabilities represents an opportunity for all the vendors assessed.
- As expected, there is limited core ITSM capability differentiation between the solutions assessed.
- While interest in SaaS ITSM solutions continues to grow, common concerns about adoption include cost, data and security, and integration issues.
- Functional differentiation between ITSM solutions will increase as vendors adopt varied approaches to exploiting mobile and automation functionality.

Vendor solution selection

Inclusion criteria

The criteria for inclusion of a vendor solution in the Ovum Decision Matrix for SaaS-deployed IT service management solutions 2015-16 are as follows:

- Must be a vendor that has customers in at least two of these regions: Asia-Pacific, EMEA, North America, and Latin America.
- The vendor must have at least 150 unique customers, and these customers must be a mixture of small, mid-sized, and large enterprises.
- The solution serves at least three verticals from the following list: energy and utilities; financial services; health care; life sciences; manufacturing; media and entertainment; professional services; public sector; retail, wholesale, and distribution; telecoms; and travel, transportation, and logistics, to support Ovum's enterprise client base.
- The solution offers capabilities in at least four of the six categories identified in the Ovum Features Matrix for SaaS ITSM solutions, and most of these capabilities must not be offered through integration with other solutions.
- Ovum has experienced enterprise client demand for information relating to that particular solution via client enquiries over the past 12 months.

It must also be noted that, in addition to the vendors that are included in this report, Ovum did identify and invite other vendors to participate. These vendors either chose not to participate, or did not respond to our invitation. As a result, these vendors have not been included in this assessment.

Methodology

Technology assessment

In the assessment dimension, Ovum identified various product features and functionality that would provide differentiation between the leading solutions in the marketplace. The results in this report are based on Ovum analysts weighting the importance of the features in question. However, Ovum recognizes that different organizations have different needs. The Ovum Interactive Decision Matrix enables Ovum subscribers to weight the functionality capabilities identified in the technology assessment, and draw a comparative conclusion that more accurately reflects their organization's specific needs.

The functionality criteria groups identified for ITSM SaaS solutions are:

- **ITIL core capabilities:** ITIL-aligned functionality that is most frequently requested of ITSM SaaS solutions by Ovum clients. This includes support for processes such as incident management and change management.
- **Desirable ITIL capabilities:** ITIL aligned functionality that in Ovum's experience is less frequently requested by those adopting ITSM SaaS solutions. However, these capabilities are still valuable to organizations that have achieved a level of maturity extending beyond alignment with only core ITIL processes.
- **Mobility:** Capabilities that enable mobile workers consuming, administering, and supporting services delivered by IT. How ITSM solutions help administrators manage a mobile workforce is a key consideration of this section.
- **Deployment and integration:** Capabilities relating to solution deployment, integration with other enterprise solutions, data backups and encryption, and availability.
- **Interface and extensibility:** Collaborative capabilities, options to extend the value of a solution with custom app development, along with interface features that contribute to the delivery of an optimal user experience are considered here.
- **Reporting and analytics:** Capabilities important in reporting the value being delivered by IT, along with performance management functionality .

Execution

In this dimension, Ovum analysts review the capability of the solution around the following key areas:

- **Maturity:** How the solution is currently positioned in terms of maturity. Considerations include how long the solution has been available.
- **Interoperability:** This element assesses how easily the solution/service can be integrated into the organization's operations, and also how updates affect existing deployments.
- **Innovation:** Innovation can be a key differentiator in the value that an enterprise achieves from a software or services implementation. This element explores how the solution has, and continues to innovate by leading on introducing new capabilities.
- **Deployment:** Referring to a combination of assessed criteria and points of information, Ovum provides details about various deployment issues, including time, services, and support.
- **Financial investment and scalability:** Points of information that show typical financial commitment required on the part of the customer across different deployment scenarios.

- **Enterprise fit:** The alignment of the solution is assessed, and the potential ROI period identified.

Market impact

The global market impact of a solution is assessed in this dimension. Market impact is measured across four categories, each of which has a maximum score of 10.

- **Revenues:** Each solution's IT service management SaaS product revenues are calculated as a percentage of the identified market leader's. This percentage is then multiplied by a market maturity value and rounded to the nearest integer. Overall global revenue carries the highest weighting in the market impact dimension. Revenue growth was not an element assessed as part of this ODM because Ovum felt it unfairly skewed some of the results gathered.
- **Geographical penetration:** Ovum gathers each solution's revenues in North America, Latin America, Europe, the Middle East and Africa (EMEA), and Asia-Pacific. These revenues are calculated as a percentage of the market-leading solution's revenues in each region, multiplied by 10, and then rounded to the nearest integer. The solution's overall geographical reach score is the average of these values.
- **Size-band coverage:** Ovum determines each solution's revenues in three company size bands: large enterprises (more than 5,000 employees), medium-sized enterprises (between 1,000 and 4,999 employees), and small enterprises (fewer than 1,000 employees). These revenues are calculated as a percentage of the revenues of the market leader in each region, multiplied by 10, and then rounded to the nearest integer. The vendor's overall company size-band score is the average of these three values.
- **Largest customer deployment:** This element explores the largest customer deployment (by users) of the solution experienced by the vendor in question.

Ovum ratings

- **Market leader:** This category represents the leading solutions that we believe are worthy of a place on most technology-selection shortlists. The vendor has established a commanding market position with a product that is widely accepted as best of breed.
- **Market challenger:** The solutions in this category have a good market positioning and are sold and marketed well. The products offer competitive functionality and a good price-performance proposition, and should be considered as part of the technology selection.
- **Market follower:** Solutions in this category are typically aimed at meeting the requirements of a particular kind of customer. As a tier-1 offering, they should be explored as part of the technology selection.

Ovum Decision Matrix Interactive

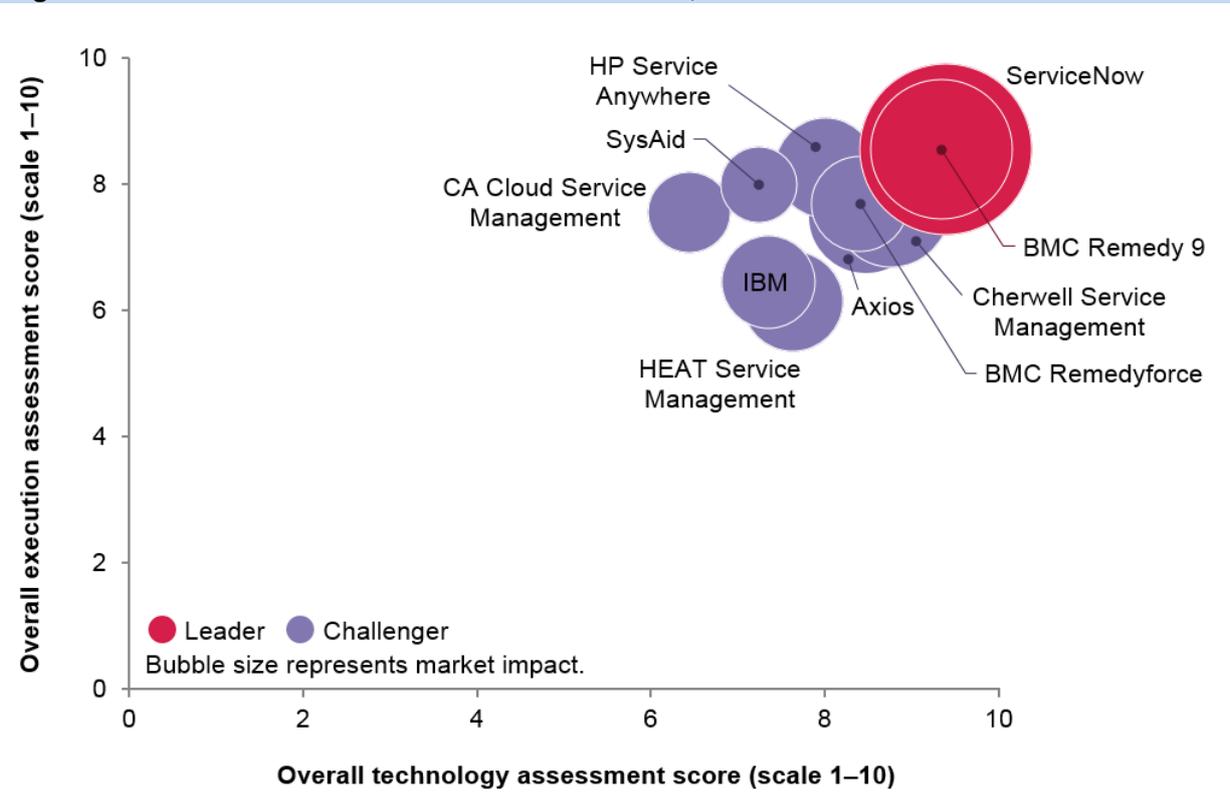
To access the Interactive Decision Matrix for ITSM, an online interactive tool that provides the technology features that Ovum believes are crucial differentiators for leading solutions in this area, please download the Ovum Interactive Decision Matrix tool from the Ovum Knowledge Center.

Market and solution analysis

As when considering the combined SaaS and on-premise markets, ITSM SaaS solutions are relatively mature, with little functional differentiation existing between them. This Ovum Decision Matrix asked new questions of vendors in terms of the capabilities offered, specifically regarding mobile, automation, and advanced reporting, because it is in these areas that many of our clients wish to see innovations. Vendors are responding to this need, and as further capabilities are offered, differentiation between solutions will further increase.

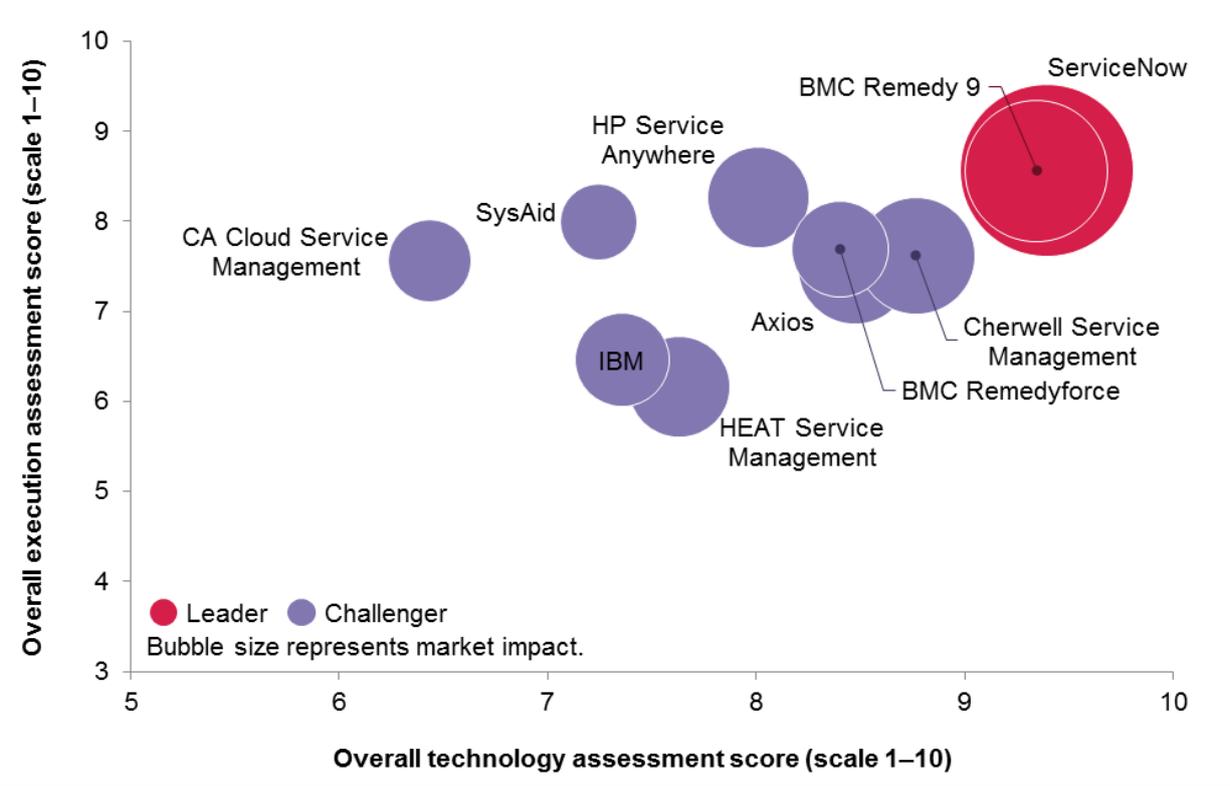
The ITSM technology space is vast, with hundreds of different vendors. This Ovum Decision Matrix aims to deliver insight into the solutions for which we experience demand from our enterprise clients. As such, it acts as a great reference for customers looking to develop a shortlist of vendors in the space, from which they can further evaluate dependent on their own enterprise needs.

Figure 1: Ovum Decision Matrix: ITSM SaaS solutions, 2015-16



Source: Ovum

Figure 2: Expanded view of Ovum Decision Matrix: ITSM SaaS solutions, 2015–16



Source: Ovum

Table 1: Ovum Decision Matrix: ITSM SaaS solutions, 2015–16

Leaders	Challengers
BMC Remedy 9	Axios Assyst 10
ServiceNow	BMC Remedyforce
	CA Cloud Service Management
	Cherwell Software
	HEAT Service Management
	HP Service Anywhere
	IBM Control Desk
	SysAid

Source: Ovum

Market leaders: ServiceNow, BMC Remedy 9

Both the ServiceNow solution and the company itself are undergoing a transformation. ServiceNow has had a big and positive impact on the ITSM industry over recent years, and the vendor has certainly positioned itself as a leader in the space. As the ServiceNow solution has evolved, so have the use cases through which it can provide value.

ServiceNow is no longer in the business of just enabling the IT department, and the solution is now of value to a much wider variety of business units. Capabilities introduced in the Fuji release not only

strengthen the ServiceNow ITSM proposition, but also position the solution as one that can help many other business units realize value from service management practices.

However, this evolution is about much more than technology, and ServiceNow is undergoing significant organizational restructuring in a bid to execute on its enterprise service management strategy. Dedicated departments that focus on the applicability of the technology to a specific business unit, such as HR, have been created in support of this vision.

In addition to its support of enterprise business practices and processes, ServiceNow also offers intuitive custom app development capabilities that enable customers to realize additional value from the platform. The ServiceNow ecosystem is one that offers great post-adoption value as a result of it being possible to share and even monetize custom applications built on the platform with other customers of the solution.

BMC Software is an ITSM vendor with history and experience in the space. BMC Remedy 9 is the solution assessed as part of this report. The new functionality introduced in Remedy 9 exemplifies BMC's continued commitment to enabling not only those delivering and supporting IT services, but also those consuming them.

BMC Software has certainly evolved positively since the company's privatization in 2013. The company now offers some very compelling service management solutions, with in Ovum's view, Remedy 9 the pillar, evidenced by its position as a leader in this ODM. With Remedy 9, BMC has placed improving user experience central to its design efforts. In addition, the company has experienced good levels of success with its MyIT offering, a mobile-first solution built to empower end users, and this design philosophy has been carried over into Remedy 9.

As with most ITSM solutions, BMC Remedy 9 offers functionality that can support organizations in an ITIL initiative. Service desks are also well supported by the solution as a result of functionality that can help them evolve in working more proactively. Extending the value of service management beyond IT is another strategic objective that Remedy 9 is well positioned to support.

Market challengers

Axios assyst, BMC Remedyforce, CA Cloud Service Management, Cherwell Service Management, HEAT Service Management, HP Service Anywhere, IBM Control Desk, SysAid

In assyst, Axios offers a feature-rich ITSM solution. The company has long been known for its strong service catalog technology, and this is complemented by functionality that not only supports organizations' efforts in aligning with ITIL best-practices, but also in supporting and enabling the mobile workforce. Axios assyst is represented very well in this report, evidence of the company's strong functionality in support of ITSM initiatives.

The success of BMC Remedyforce represents the increased demand for ITSM solutions that can be deployed quickly and at a competitive price point. BMC Remedyforce is a solution capable of supporting organizations of various sizes in improving their service management practices. Although not as feature-rich as some solutions in the ITSM space, Remedyforce is more than capable of supporting the requirements of many SME and large organizations. In addition to the solution's support of ITIL best-practices, Remedyforce also offers good mobility, social, and reporting functionality.

Over the past 12 months, CA Cloud Service Management has experienced good traction in the market, with good customer growth being achieved. This is in part due to the solution offering more from a functionality perspective, but also as a result of the solution being marketed more effectively by CA Technologies as a true ITSM solution, as opposed to only a service desk tool. Capabilities that support customers with an ITIL initiative are offered by the solution, along with self-service functionality that can help end users better engage with IT. In addition, the Project Center, Process Designer, and Service View capabilities can help IT departments to better manage the work being undertaken, and easily develop and automate custom processes and workflows. CA Technologies is a key player in the ITSM space, and the company's on-premise ITSM solutions are widely adopted. The CA Cloud Service Management solution is still relatively new to the market, and Ovum believes that CA will continue to significantly invest in furthering its capabilities.

Building true strategic business integration requires IT departments to not only be responsive to changing business demands, but also to have the knowledge and capability to effectively communicate the value being provided by IT. Cherwell Service Management contains a variety of new capabilities aimed at helping IT departments to achieve this ideal in supporting more proactive service management activities.

Cherwell Service Management further establishes Cherwell as a very reputable player in the service-management solution space. The new functionality introduced in support of the already-strong capabilities positions Cherwell's solution as one that should be considered by organizations of varying sizes and levels of maturity when looking to adopt technology in support of an ITSM initiative. Cherwell is a company that continues to grow and evolve, and Ovum believes that both the company and the solution have a positive future ahead.

HEAT Service Management is a very capable ITSM solution that will meet the needs of most enterprises. The solution aligns well with ITIL processes, and as such is capable of supporting organizations embarking on an ITIL initiative. In addition, the solution offers good mobile, automation, and reporting and analytics capabilities. These capabilities are becoming increasingly important in helping organizations realize new efficiencies, while also being able to better report and communicate on the value being delivered by IT. The recent merger of the Frontrange and Lumension capabilities certainly has the potential to strengthen the value proposition of HEAT Service Management, particularly around the way in which IT functions can manage and support a broad array of devices.

HP Service Anywhere is targeted at organizations that are seeking an easy to deploy, administer, and use ITSM solution. From a capabilities standpoint, the HP Service Anywhere user interface is especially encouraging. Influenced by popular consumer technologies that many of us interact with on a daily basis, the user interface is intuitive, dynamic, and uncluttered. The solution is very capable, and compares well at a functional level with other solutions in the market. Features such as analytics and a self-service portal that has been built with collaboration at its core exemplify HP's commitment to broadening the value offered by ITSM solutions. HP certainly has some work to do in communicating the value of Service Anywhere to a heavily competitive ITSM market, but the progress the company has made is encouraging.

IBM Control Desk is a solution that is capable of meeting the needs of most organizations of varying ITSM maturity level. While in Ovum's experience, IBM Control Desk doesn't have the same market traction as other solutions in the ITSM space, the vendor's product roadmap and strategy for further

developing the solution is encouraging. IBM is increasing investment in furthering the analytics capability offered by its ITSM solution and is also planning to leverage Watson-based capabilities.

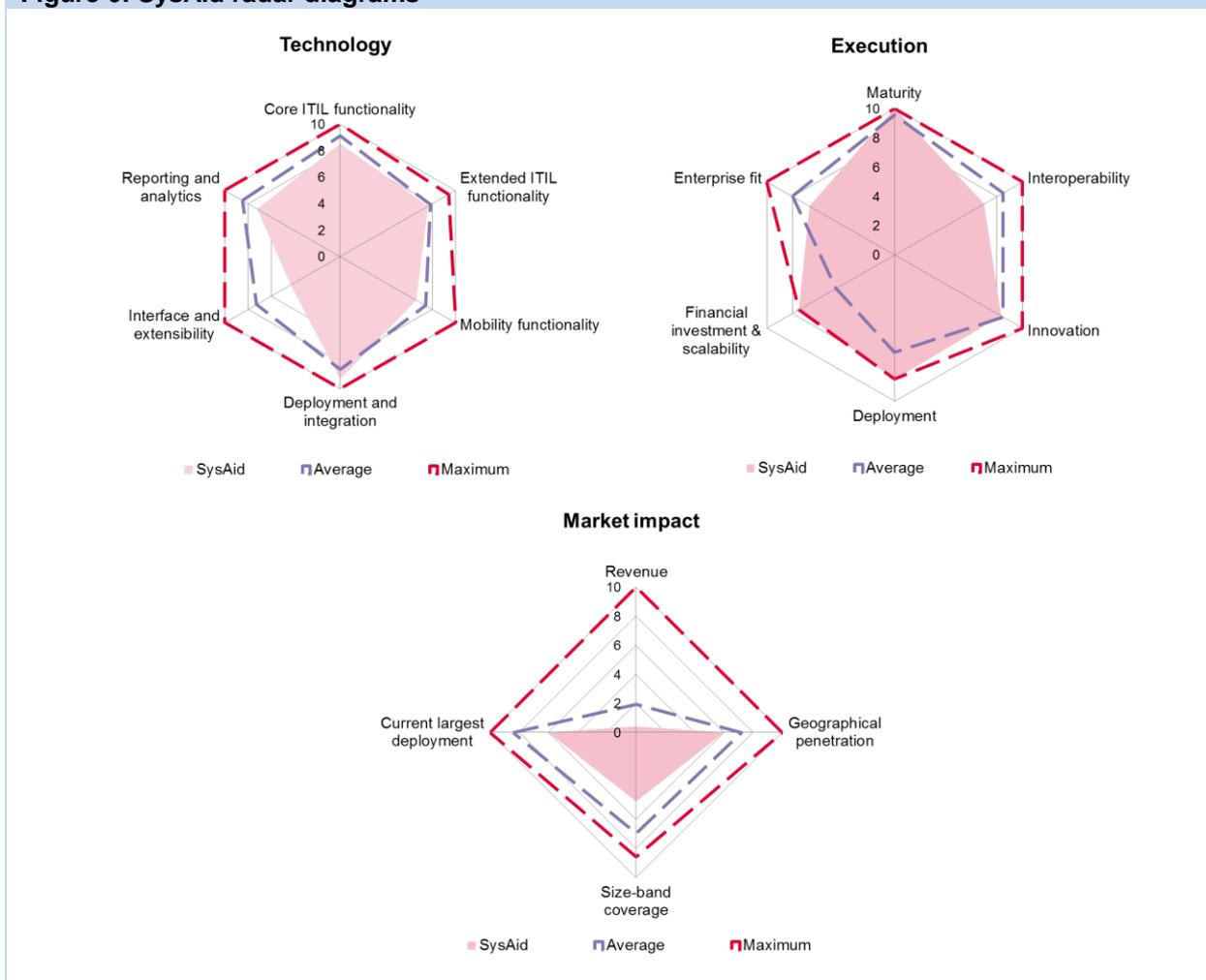
Support of an ITIL initiative remains one of the key requirements that many customers have of ITSM technologies, and IBM Control Desk is strong in this area. The technology is Pink Verified for 12 ITIL processes, and our own independent research (see the 2015 ITSM SaaS Features Matrix) shows that the solution supports a wide array of both core and desirable ITIL capabilities.

SysAid has experienced good traction in the ITSM market over recent years. This success has largely been achieved as a result of the ITSM technology offered by the company being very capable of meeting the needs of most IT departments, while also being pitched at an attractive price point. In addition to its strong support of ITIL practices, the solution also offers credible mobility, reporting, and analytics capabilities.

Vendor analysis

SysAid (Ovum recommendation: Challenger)

Figure 6: SysAid radar diagrams



Source: Ovum

Strengths

Reporting capabilities that can help optimize existing work practices, and help IT better communicate value delivered

Effective and efficient reporting mechanisms and technology should help organizations collect, analyze, and act on data quickly and in real time. Processes should constantly be in a state of improvement, and reporting tools should help deliver insight into where potential improvements could be made. SysAid offers reporting capabilities that can help organizations recognize improvement opportunities, while also helping IT to better communicate the value being delivered by services. In addition, through delivering relevant insight quickly, functionality such as role-based dashboards can help improve the productivity levels of those using the software.

Asset management module at no extra cost

Asset information is of huge importance to many IT processes, including incident management. SysAid's asset management module is provided at no extra cost, reducing a potential barrier to entry for customers that wish to exploit important asset management capabilities.

Weaknesses

Mobile capabilities are currently not as strong as some competitive offerings

Mobility continues to have a huge impact on the way in which IT services are delivered and supported. Mobile device management solutions are commonly used to support mobile workers, and an opportunity exists for ITSM tools to offer a comparable set of capabilities via a single platform. The focus is very much on supporting users and improving the experience delivered, and this is an opportunity recognized by most ITSM vendors, including SysAid. In executing against such a need, SysAid should focus development on how those delivering support can be better empowered with mobile device management tools, and on how service encounters can be improved via this touchpoint.

SysAid certainly has the internal expertise to build on its mobility functionality and differentiate in supporting organizations in building a true digital workspace. SysAid's founder, Israel Lifshitz, is also the CEO of Nubo, a company that offers virtual mobile interface (VMI) technology. VMI is still quite nascent, but it has the potential to support organizations embarking on an enterprise mobility strategy, particularly organizations that have concerns about data privacy and security. It will be interesting to see how some of this expertise might be exploited to the benefit of SysAid.

Opportunities

Improve cost transparency relating to IT with financial management

Financial management is a discipline that can help IT departments to better integrate with the business at a strategic level. In addition, financial management can also help IT departments work with an improved level of transparency, particularly that relating to costs. Technology is especially important in helping organizations embrace IT financial management practices. Building on some of the high-level capabilities that SysAid offers in support of IT financial management will help the vendor strengthen and differentiate its solution, while also benefiting customers of the technology.

Ability to build custom applications and forms on the platform

An increasingly important capability for ITSM solutions is to offer functionality that enables customers to build on top of an instance with their own custom applications and forms. This enables customers to improve productivity and better manage work, and can often to broaden the value of a service management solution to business units beyond IT. Vendors that adopt this approach and offer this level of capability are well positioned to develop a product ecosystem that better supports customers, while also making an ITSM solution increasingly "sticky." This certainly represents an opportunity for SysAid, and is one the company should explore.

Threats

Larger vendors in the space are attracting customers from new market segments

Larger vendors in the ITSM space have over recent years developed new solutions appealing to a share of the ITSM market in which SysAid has good traction. These larger vendors have traditionally

offered functionally rich solutions at a premium price point that have appealed to larger enterprises. However, the move by vendors into SysAid's target market with solutions at an attractive price point that offer easy migration to their more premium offerings represents a threat to SysAid.

Appendix

Further reading

The Fundamentals of Enterprise Mobility Management, IT0021-000106 (September 2015)

Digital Transformation: How to Dimension a Workforce of Beings and Things, TE0005-000738, (August 2015)

IT Service Management Fundamentals, IT0022-000353, (May 2015)

Extending ITSM Technology and Practices Beyond IT, IT0022-000191 (October 2014)

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Ovum Consulting

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