Thriving In The As-a-Service Economy

HfS Blueprint Report

ServiceNow Services 2016
Excerpt for Cognizant

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Executive Summary

Introduction to and scope of the HfS Blueprint Report: ServiceNow Services 2016

- The 2016 HfS ServiceNow Services Blueprint Report continues our theme of looking at the services sets around the planning, implementation, management and operations of leading Software-As-a-Service platforms. Unlike other quadrants and matrices, the HfS Blueprint identifies relevant differentials between service providers across a number of facets under two main categories: innovation and execution.
- The scope is exclusively focused on services and **NOT** technology, functions and features. These services could either be around implementing and enhancing the ServiceNow platform and technologies as well as leveraging the platform internally with a view to standardize service delivery. The details of these services are detailed on slide 7.
- This market is new and consequently nascent in terms of market development. Therefore, we see a significant differences in the go-to-market and value propositions that we will analyse in detail in the service provider section. Put another way, there is no common reference point for ServiceNow services. Furthermore, given the early development state of the market the group in the "Winners Circle" is smaller than for more established markets.
- In such a nascent market even "smaller" providers play a pivotal role in building out capabilities such as vertical offerings, security or IoT. Many of them will be absorbed by the larger service providers through M&A.

The State of the Nation of the ServiceNow Ecosystem

- **Contrast between enthusiasm for ServiceNow and the evolving ecosystem:** There is an immense level of buzz about the technology of ServiceNow. Industry stakeholders are enthusiastic about the single data model, the embedded workflows and new ways of collaboration. For many service providers and enterprises it is a key building block for moving toward the As-a-Service Economy. Yet, ServiceNow itself has been slow in embracing the notion of an ecosystem that goes beyond treating partners as mere sales channels. This is starting to change though, which is critical as the notion of the As-a-Service Economy is predicated on a collaborative partner ecosystem. However, there are issues for service providers as well to address as many clients were unhappy with the lack of innovation driven by their supplier. The most successful projects were those where clients were driving the innovation process.
- **War for talent is key battleground:** Given the nascent state of the market it is probably unsurprising that talent for ServiceNow services is scarce. ServiceNow architects are a rare and sought after breed. In many cases talent is being trained on projects. Service providers such as Accenture and CSC are aggressively acquiring talent through M&A. Conversely, the leading providers remain coy about the use of partners and sub-contractors as they try to establish themselves as innovators around ServiceNow technology.
- **Execution is all about scale and reach:** While the market is highly fragmented with a plethora of start-ups and boutiques, M&A and the leverage of offshore are driving consolidation. Accenture and CSC have acquired domain expertise through M&A while Cognizant and HCL are leveraging their vast offshore resources. Overall clients were happy with the services received, albeit the direction of travel is often blurred and innovation is provided too reactively.
- **Innovation goes far beyond ITSM:** While ITSM capabilities are the starting point for organizations journey with ServiceNow, the capabilities are being expanded to managing business functions, building vertical offering as well as experimenting with security and IoT offerings. CSC is being credited with the deepest domain expertise while Linium is an evangelist for the notion of Enterprise Service Management (ESM). Wipro and Infosys were lauded for driving innovation around SIAM, portals and the broader notion of ESM.

Understanding the ServiceNow Services Ecosystem

ServiceNow Services: Background

- **ServiceNow eco-system is evolving slowly:** With its single code and data model as well as its focus on automation, collaboration and workflows, the ServiceNow platform has the potential to evolve into a crucial building block for the As-a-Service Economy. Having found strong market traction in Service Desk scenarios around ITSM capabilities (see the key ServiceNow capabilities on slide 9 and 10), ServiceNow is aiming to expand the notion of service management to evolving into the "third estate between CRM and ERP", providing a new cloud-based level of efficiency between front and back office. However, while ServiceNow has become synonymous with cloud-based innovation, the company has been very slow in embracing and nurturing the notion of an eco-system where partner are not just mere sales channels. Thus, the ServiceNow Services eco-system is still nascent, yet with an innovative dynamic that is aiming to take the platform far beyond its ITSM heritage into broader enterprise scenarios.
- **The journey beyond ITSM is accelerating:** In line with the stated ambitions of ServiceNow, enterprises and service providers are starting to expand the ServiceNow capabilities into business functions, broad operations management as well as customer application development yet on a single architecture (see slide 7 for more details). The leading providers detailed in this Blueprint generate around 20% of their ServiceNow revenues beyond ITSM capabilities. However, the visibility of ServiceNow within the discussions of stakeholders in business operations and beyond is still marginal as ServiceNow needs to support partners more proactively in marketing and go-to-market activities
- **Broad orchestration with Intelligent Automation, Big Data and SIAM is still nascent:** Given that the ServiceNow eco-system is still nascent, the broad orchestration with Intelligent Automation, Big Data and the notion of SIAM is equally at an early stage. However, we are starting to see service providers linking ServiceNow with orchestration engines and the plethora of Intelligent Automation tools to standardize and innovate service delivery. Conversely, SIAM hasn't yet fulfilled the promise of the hype, thus the discussions remain largely marginal. Similarly, the orchestration with the notion of Big Data is even less well developed.

HfS Definition of ServiceNow Services

SERVICENOW SERVICES VALUE CHAIN

PLAN	IMPLEMENT	MANAGE	OPERATE	OPTIMIZE
• Business case development for SaaS deployment • Compliance and risk assessment • Security implications • HR/talent management strategy • IT Service Management Roadmap • Enterprise Service Management Advisory • Platform Functional and Strategy Audit • Governance Policy • Rollout Strategy • Usability & Accessibility • Information Architecture	• Project management • Data migration • Setting up the ServiceNow Platform Suite (ITSM, ESM, ITOM, ITBM) • Service Catalogue Management • Process Automation & Customization • Solution and Technical Design • Enterprise Systems Integration • Custom Application Development • ITAM Accelerator	• Governance management • Upgrade support • ServiceNow help desk • On-going integration • Support & Maintenance • Service Level Management • Administration Outsourcing • Testing & QA • Light Development & Enhancements • New Release & Upgrade Coordination • ServiceNow Admin Training • ServiceNow Scripting Training	• Helpdesk management • Service desk management • MSI/SIAM • IT Service Continuity Management • Availability Management • Capacity Management • Financial Management • Identify any required changes in ServiceNow or process to account for changing business requirements, e.g. M&A, divestment, new investments in IT • Mandatory regulatory adjustment ramification management and resolution • Create and Manage Service Management Office	• New ServiceNow feature module value identification and benefit analysis • On-going ServiceNow module adds/upgrades, migrations, and consolidation • Best practice understanding, documentation and end-user adoption, content creation and curation • User community participation • Packaged Integrations • Certified ServiceNow Apps • Industry Vertical Solutions • Enterprise Service Management Solutions

Key Highlights – State of the ServiceNow Services Market – Technologies

- **Moving beyond ITSM:** ServiceNow offers a wide selection of integrated IT service management tools and applications, each with multiple feature-sets and capabilities. The core products fall under 5 main categories: IT Service Automation Applications, Project Portfolio Management, IT Business Management, Shared Service Applications (for instance Facilities, Field Service and HR) and ServiceNow Express, an integrated ITSM solution predominantly focused on the SME market . Slide 9 highlights some of the key capabilities of those tools and applications. While slide 10 depicts the key value proposition of expanding from ITSM toward the broad notion of Enterprise Service Management (ESM) in business functions.

- **CreateNow PaaS platform** accelerates customer development as well as forming the basis for a developer program. Crucial for driving the ServiceNow platform deeper into ESM scenarios. However, ServiceNow needs to accelerate its efforts in building out a developer community.

- **ServiceWatch accelerates discovery and service mapping:** The acquisition of Israeli start-up Neebula in 2014 significantly enhanced the capability to automate the discovery and mapping the dependency between business and IT services and processes as well as monitoring those. Thus, ServiceWatch has evolved into a critical building block for the journey toward ESM.

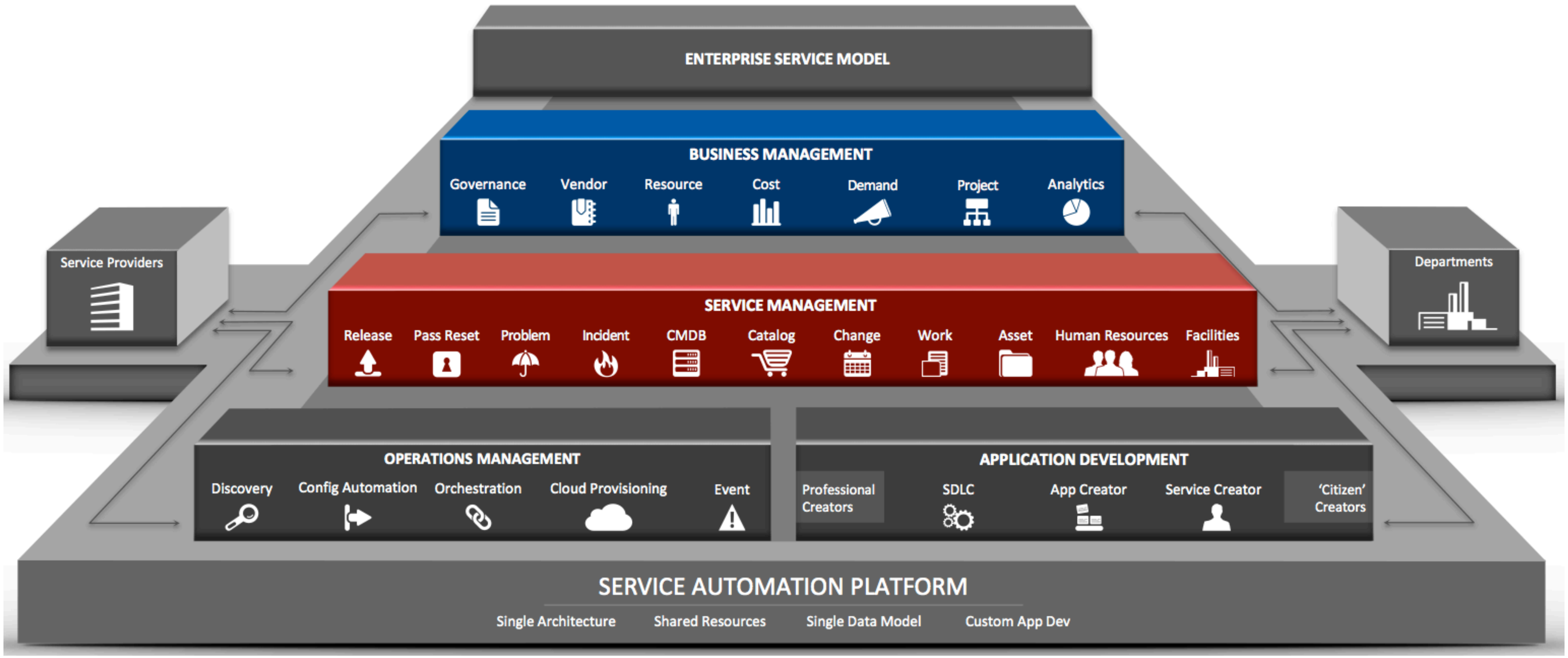
- **Expanding into cloud management:** The acquisition of ITapp in 2016 will enhance and expand ServiceNow offerings in managing cloud environments. This will expand and enhance ITOM scenarios with service providers like Atos, TechMahindra and Hexaware standardizing service delivery on ServiceNow.

- **ServiceNow Store broadens partner ecosystem** by offering an Enterprise App Store. Yet, build-out still on nascent with smaller scale integrations and accelerators. Only Cloud Sherpas (Accenture) and Fruition Partners (CSC) amongst the leading service providers have launched offerings.

Key ServiceNow Capabilities

- **Configuration Management Database (CMDB):** Build and maintain single system of record to gain actionable insight and understand the impact of changes on configuration items.
- **Service Catalog**: Consumerize the IT Service experience with an intuitive, familiar consumer-like storefront.
- **Workflow:** Remove bottlenecks and integrate the processes and activities between people and systems.
- **Connect:** Enable users to communicate on tasks via real-time chatting and document delivery for a complete plan of record.
- **Visual Task Boards:** Create task boards with an interactive drag-and-drop interface that allows you to do everything in real time from a single central view.
- **Application Development:** Rapidly create business applications that span systems and organizations.
- **Performance Analytics:** Improve services and processes across the enterprise by providing actionable insights.
- **Reporting:** Generate ad hoc snapshots of current data and save, share, publish and export any report as need

The Core Value Proposition of ServiceNow



Source: ServiceNow

ServiceNow Service Partner Ecosystem Developments

- **Fragmented partner ecosystem:** While ServiceNow is only slowly embracing the notion of a partner ecosystem, there is broad set of providers that are either reselling or implementing largely standardized ServiceNow versions. However, there is a clear maturation in the ecosystem evidenced by the largest ServiceNow partners being acquired (Cloud Sherpas by Accenture; Fruition Partners, UXC Keystone, and Aspediens by CSC). Despite this maturation, partnering or subcontracting by global service provider remains a topic that tends not to be addressed openly.
- **3 tier partner program**: Sales Partner (focus on customer referrals, resell ServiceNow solutions, or offer outsourcing and managed services), Services Partner (focus on building successful ServiceNow practices in consulting, outsourcing, subcontracting, or application development) and Technology Partner (focus on building and certifying apps or integrations on the ServiceNow platform, reach new markets and monetize through the ServiceNow Store).
- **ServiceNow Store will accelerate notion of ecosystem**: Launched in 2016, the ServiceNow store offers both free and paid apps and integrations built on top of the ServiceNow platform. The apps currently offered are largely from smaller partner and ISVs with Accenture and CSC the only service providers engaging at this level.
- **CSAT scores conducted and shared by ServiceNow:** ServiceNow conducts customer satisfaction surveys of its service partners and shares the scores on the partner portal. This is one of the most useful criterion for clients to help drive differentiation between the service partners.
- **ServiceNow Community:** An online resource of information, where clients can also collaborate and post questions to experts. This is a valuable tool for clients to get additional support and advice on their ServiceNow deployments.

Key Highlights – State of the ServiceNow Services Market

- **The direction of travel remains a blurred picture:** While organizations starting point is firmly rooted in ITSM capabilities with a view to overcome clunky legacy tools, the eventual destination is blurred at best. Crucially, the motivation for ServiceNow adoption lies more in embracing a single data model than the allure of cloud-based services. Yet, consulting capabilities that go beyond ITSM are scarce and many provider follow a “land and expand” approach. Many organizations we spoke to outlined that service provider fail to proactively propose innovation. However, the expansion into business functions is evidenced by the fact that most service providers generate around 20% of their revenues beyond ITSM.

- **Talent remains scarce:** As the ServiceNow eco-system is still nascent, talent remains scarce. In many projects staff is being trained on the job with varying degree of success. Consequently, organizations have not always seen an alignment from sales process (and promises) and delivery. This also includes that partnering and subcontracting were largely not openly addressed in our discussions. While administrators are being trained on projects, architects and versatile developers are likely to remain a rare breed.

- **The enthusiasm for ServiceNow technology must be leveraged for ecosystem:** Salesforce is both a role model as well new competitor as ServiceNow is aiming to push its offerings to the front office. Building out a vibrant developer community is critical to pushing ServiceNow deeper into ESM scenarios.

- **Focus is real-time single pane of glass:** The ability to communicate, collaborate and manage IT and operations in real-time is at the heart of ServiceNow projects and thus strongly aligned with the notion of the As-a-Service. Yet, only few providers articulate this as part of an innovation journey. Leading proponents are Linium and Infosys.

- **ServiceNow is moving center stage in service delivery:** Service providers are starting to standardize delivery on ServiceNow. Thus, investments will drive a significant maturity in capabilities and talent. Examples are Atos, TechMahindra and Hexaware who are integrating ServiceNow with orchestration engines like Cortex and the plethora of Intelligent Automation tools. End-user organizations will reap the benefits through best practices and broader deployment scenarios.

ServiceNow Services in 2016 - *The Market and Service Provider View*

- **Balancing the investments in the ITSM space:** It is no coincidence that IBM and HPE are not participating in this study given their proprietary ITSM tools. Similarly, TCS has launched CloudPlus, a rival product to ServiceNow. While ServiceNow is predominantly replacing Remedy, service providers are not de-investing from BMC but rather taking a portfolio approach.

- **Managing the ITSM business case:** Clearly, ServiceNow is taking market share from BMC, but the BMC ecosystem is not going away time soon. The mainframe business and acquisitions will keep them competitive. Switching from BMC is like walking away from the Microsoft end-user environment. The investments into the BMC (and other) ecosystem(s), plus inertia and risk aversion will keep organizations from moving toward disruptive playbooks.

- **A fragmented service provider landscape:** Revenues from ServiceNow Services for individual service providers are still below $100m from the leading providers, indicating a small fast growing market. There is plethora of start-ups and boutiques that will drive innovation and find their place in the growing ServiceNow ecosystem. ServiceNow aims to be the Third Estate between the front and the back-office. At same time it aims to expand toward the front office. Thus, comparison with Salesforce is unavoidable. Beyond the service providers highlighted in this report, there is set of providers with deep ServiceNow capabilities including Imakumo, Crossfuze, Focus Group, Devoteam, Solid-Servision and even BPO providers like Genpact. The broad set of ServiceNow offerings will limit scale for smaller partners in the short term as global system integrator will absorb specialist skills sets by M&A and poaching teams.

- **Investments is consulting desperately needed:** In order to progress toward the As-a-Service Economy, the supply side needs to invest into consulting capabilities that go beyond technical consulting. In our discussions with clients the lack of proactive innovation and the struggle to provide guidance on the future state of operations have been as vocal as consistent.

Buyers Face Challenges In ServiceNow Services Adoption

- **Defining the future state:** Organizations often get trapped in-between the two mandates of driving down cost and optimizing service delivery. Planning and budgeting for transforming the target operating model all too often get compromised. As a result the "current state" frequently gets rolled into the ServiceNow projects. Thus, relaying best practices, roles, metrics, support levels and governance just for ServiceNow implementations is not sufficient. Rather the discussions have to include function models, organizational structures and dependencies. Most crucially: what is the future state and how do organizations get on the path toward the As-a-Service Economy? Consequently, providers need to expand their efforts in pre-sales and consulting. Again, providers need to step up and demonstrate their ability to innovate given the lack of proactive innovation mentioned in our interviews.

- **Making business alignment a reality:** Several stakeholders we spoke to referred to ServiceNow as having the potential to evolve into the "ERP for IT". Yet, business leaders rarely get involved in the planning process and often wait till "IT got its house in order". Thus, there is a disconnect between the ambition to establish ServiceNow as the operational foundation and the implications to manage and run the business.

- **War for talent:** As stated repeatedly, talent is scarce. The buy side has very limited if any ServiceNow capabilities, thus exacerbating the dependency on their partners gets. Many organizations we spoke to stated, that original delivery teams often did not have the required level of experience and it took escalations to rectify the situation. Though many buyers were self-critical acknowledging they were negotiating too aggressively with their partners and could understand the commercial realities resulting from their own behavior.

- **Finding a common language between IT and business:** The marketing and go-to-market messaging is largely stuck in an ITSM centric mindset. The language is dominated by function, features and copious amount of jargon. However, the more ServiceNow is expanding beyond the core ITSM capabilities, the more the messaging has to be adapted to this new set of non-technically minded stakeholders.

Research Methodology

HfS Blueprint Scoring Percentage Breakdown

EXECUTION	100%
Quality of the Service Provider's Account Management Team	12%
How the Service Provider Incorporates Customer Feedback and Collaboratively Engages	10%
How the Service Provider Works With Clients To Write Off Legacy	12%
Actual Delivery of Services	28%
Geographic Footprint and Scale of the Service Provider	8%
Flexibility of the Service Provider To Deliver End to End and Point Solutions	10%
How the Service Provider is Becoming A Broker of Capability for Clients	12%
Service Provider Experience in Delivering Industry Specfic Solutions	8%

INNOVATION	100%
Vision for and Investments in the Evolution of ServiceNow Services	26%
How the Service Provider Increases Value for Clients Over the Contract Life Cycle	10%
Application and Platform Strategy for ServiceNow Services Delivery	12%
Solutions for Accessible and Actionable Data in ServiceNow Services	15%
Approach to the Application of Intelligent Automation in ServiceNow Services	12%
Availability of Enterprise Service Management capabilities	15%
Integration of ServiceNow Consulting and Technology Capabilities	10%

Execution Definitions

EXECUTION	How well does the service provider execute on its contractual agreement, and how well does the provider manage the client/provider relationship?
Quality Of Service Provider's Account Management Team	How engaged is the executive and management team in defining and managing the delivery of business services?
Incorporating Customer Feedback And Collaboratively Engage	How has the service provider taken feedback and incorporated it into the solution and delivery? How was the service provider maintained a collaborative engagement?
Working With Clients to Write Off Legacy	How does the service provider work with clients to implement solutions that either replace or allow for the operational and financial replacement of legacy assets, processes and culture/organizational design?
Delivering Actual Services	What are the clients' and market's overall impression of the quality of service across the value chain from this service provider?
Geographic Footprint And Scale	How does this service provider use a global delivery footprint to meet clients' needs? What is the footprint of the ServiceNow practice itself?
Flexibility To Deliver End-to-End And Point Solutions	When looking at a client's ServiceNow issues, can the service provider offer various solutions (point and end to end) to create a flexible and configurable (or customized) response?
Becoming Brokers Of Capability For Clients	Is the service provider able to act as a deep partner in meeting clients' specific and varied talent and technology requirements over time?
Experience In Delivering Industry-Specific Solutions	How deep is the domain expertise (talent and solutions) in understanding and then addressing industry-specific issues? Is this domain expertise limited to a single industry vertical, or is it widespread? Is the service provider organized around industry-specific knowledge development and delivery?

Innovation Definitions

INNOVATION	How well does the service provider innovate its offering(s) in response to market demand, client requirements and its own vision for how the SCM market will evolve?
Vision And Committed Investments For The Evolution Of ServiceNow Services	What is the service provider's vision for the evolution of ServiceNow services? Is there a clear strategy for delivering broader capabilities As-a-Service, and are there identifiable investments in place to realize this strategy today?
Approach To Increasing Value For Clients Over The Contract Lifecycle	How does the service provider view a client's contract? Is there an active effort on the part of the service provider to create value year on year beyond the contract commitments?
Application And Platform Strategy For ServiceNow Services	What is the role of applications and platforms in the service provider's offering strategy? Are the selected platforms developed in-house, or are they provided by third parties? Is there a demonstrable intent to maintain and enhance the in-house platforms?
Solutions For Accessible And Actionable Data In ServiceNow Services	How does the service provider work with clients to develop a comprehensive set of data and then in turn make the analysis of that data and the development of insights possible? Is the service provider an active participant in the development of insights or a passive data provider? Is the service provider allowed by clients to act upon the developed data to improve the effectiveness of overall supply chain?
Model For The Application Of Intelligent Automation In ServiceNow Eco-system	What is the service provider's approach to using intelligent automation platforms (RPA, autonomics and cognitive) to improve the efficiency and effectiveness of delivering the ServiceNow services? How mature is the service provider's strategy for intelligent automation?
Availability of Enterprise Service Management capabilities	What ESM capabilities does the service provider use to deliver ServiceNow capabilities As-a-Service? Are they integral to the service provider's offering(s) or add-ons? How pervasive is the uptake of these platforms by clients today? What is the service provider's future ESM strategy?
Integration Of Consulting And Technology Capabilities	How does the service provider combine capabilities in consulting, operational delivery and supporting technology in the form to create innovative ServiceNow offerings?

Research Methodology

Data Summary

- The data for this Blueprint was collected in Q1 and Q2 2016, covering services buyers, service providers, and advisors/influencers of Service services.
- This report was concluded prior to the closure of the acquisition of UXC Keystone and Aspediens by CSC as well as Dell Services by NTT Data and so they are reviewed independently.

This Report Is Based On:

- **Tales from the Trenches:** Interviews were conducted with buyers who have evaluated service providers and experienced their services. Some were supplied by service providers, but many interviews were conducted by HfS Executive Council members and participants in our extensive market research.
- **Sell-Side Executive Briefings:** Structured discussions with service providers were intended to collect data necessary to evaluate their innovation, execution and market share, and deal counts.
- **Publicly Available Information:** Financial data, website information, presentations given by senior executives, and other marketing collateral were evaluated.

Participating Service Providers

accenture, aptris, acorio (POWER UP YOUR BUSINESS), aspediens (SUCCESS AS A SERVICE), Atos, CSC, Cognizant, DELL, EY, HCL, Infosys, linium, TRIANZ, WIPRO (Applying Thought)

ServiceNow Services In The As-a-Service Economy

ServiceNow Services are Based on Realizing the Ideals of the As-a-Service Economy

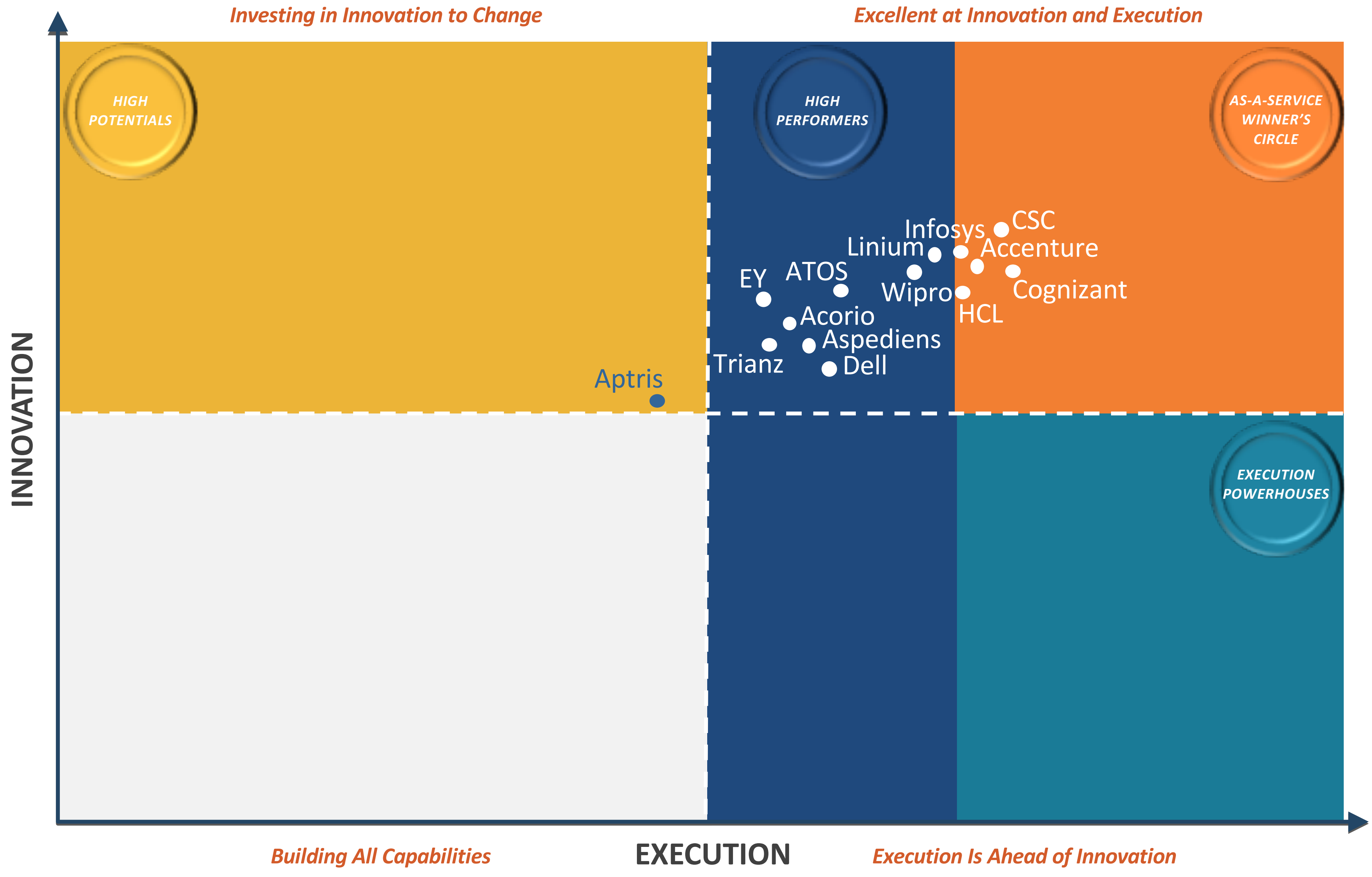
LEGACY OUTSOURCING	Intelligent Simplification	AS-A-SERVICE ECONOMY
Legacy technology investments which limit agility and create masses of exceptions addressed through adding internal and external FTEs	1. Write Off Legacy	Using platform based solutions, DevOps, and API ecosystems for more agile, less exception oriented systems
Resolving problems by looking first at the process as the source of the solution	2. Design Thinking	Understanding the business context to reimagine processes aligned with meeting client needs
Focusing governance staff on managing to the letter of the contract and the decimal points of service levels	3. Brokers of Capability	Orienting governance to source expertise from all available sources, both internally and externally, to address capability gaps
Evaluating relationships on baselines of cost, effort, and labor	4. Collaborative Engagement	Ensuring relationships are contracted to drive sustained expertise and defined outcomes
Operating fragmented processes across multiple technologies with significant manual interventions	5. Intelligent Automation	Using of automation and cognitive computing to blend analytics, talent, and technology
Performing ad-hoc analysis on unstructured data with little integration or business context	6. Actionable &Accessible Data	Applying analytics models, techniques and insights from big data, real-time
Responding with post-event fixes. Little focus on end-to-end process value chains.	7. Holistic Security	Proactively managing digital data across service chain of people, systems & processes
Undertaking complex, painful technology transitions to reach steady state	8. Plug & Play Digital Business Services	Plugging into “ready to go” business-outcome focused, people / process / technology solutions with security measures

ServiceNow Services Incorporate the Ideals of the As-a-Service Economy

IDEAL	AS-A-SERVICE IDEAL DEFINITION	NON EXISTENT	INITIAL	EXPANSIVE	EXTENSIVE	ALL PERVASIVE
Write Off Legacy	Using platform based solutions, DevOps, and API ecosystems for more agile, less exception oriented systems				2016	
Design Thinking	Understanding the business context to reimagine processes aligned with meeting client needs	2016				
Brokers of Capability	Orienting governance to source expertise from all available sources, both internally and externally, to address capability gaps			2016		
Collaborative Engagement	Ensuring relationships are contracted to drive sustained expertise and defined outcomes			2016		
Intelligent Automation	Using of automation and cognitive computing to blend analytics, talent, and technology		2016			
Accessible & Actionable Data	Applying analytics models, techniques and insights from big data, real-time			2016		
Holistic Security	Proactively managing digital data across service chain of people, systems & processes		2016			
Plug and Play Digital Business Services	Plugging into “ready to go” business-outcome focused, people / process / technology solutions with security measures			2016		

Service Provider Grid

HfS Blueprint Grid: ServiceNow Services



Service Provider Profile

HfS ServiceNow Services Value Chain: Key to Profiles

- Value Chain coverage is indicated by blue shading. Grey shading indicates that the service provider does not offer these services.

For Example:

Full Value Chain offered
PLAN
IMPLEMENT
MANAGE
OPERATE
OPTIMIZE

Operate not offered
PLAN
IMPLEMENT
MANAGE
OPERATE
OPTIMIZE

- Each profile also includes an "Operations" box where we list service provider statistics.

"N/A" indicates that the service provider does not have this today. It should be noted that in many cases the service provider may have these certification applications in progress.

Guide to the Blueprint Grid

To distinguish service providers that show competitive differentiation in a particular line of delivery with progress in realizing the As-a-Service Economy of business outcome-oriented, on-demand talent and technology services, HfS awards these providers the "As-a-Service Winner's Circle" designation.

	EXECUTION	INNOVATION
As-a-Service Winners Circle show excellence recognized by clients in the 8 Ideals in execution and innovation	Collaborative relationships with clients, services executed with a combination of talent and technology as appropriate, and flexible arrangements.	Articulate vision and a "new way of thinking," have recognizable investments in future capabilities, strong client feedback, and are driving new insights and models.
High Performers demonstrate strong capabilities but lack an innovative vision or momentum in execution of the vision	Execute some of the following areas with excellence: worthwhile relationships with clients, services executed with "green lights," and flexibility when meeting clients' needs.	Typically, describe a vision and plans to invest in future capabilities and partnerships for As-a-Service, and illustrate an ability to leverage digital technologies and/or develop new insights with clients.
High Potentials demonstrate vision and strategy but have yet to gain momentum in execution of it	Early results and proof points from examples in new service areas or innovative service models, but lack scale, broad impact, and momentum in the capability under review.	Well-plotted strategy and thought leadership, showcased use of newer technologies and/or roadmap, and talent development plans.
Execution Powerhouses demonstrate solid, reliable execution but have yet to show significant innovation or vision	Evidence of operational excellence; however, still more of a directive engagement between a service provider and its clients.	Lack of evident vision and investment in future-oriented capability, such as skills development, "intelligent operations," or digital technologies.

Major Service Provider Dynamics: Highlights

EXECUTION

Because the ServiceNow Service ecosystem is still nascent, the client feedback has been top level and moderately differentiated. With increasing maturation we expect to see a shift in this group as the feedback will provide a clearer steer.

- **Actual Services:** Combining the scale and reach of the ServiceNow practices with feedback from clients of the quality of the delivery as well ability of the account teams to provide innovation underpinned these scores. Clients interviewed for this Blueprint were especially positive about **Cognizant, CSC, HCL ,** and **Infosys.**
- **Flexibility to deliver end-to-end and point solutions:** All the providers covered have moved beyond standard implementation of ServiceNow and are building out broad sets of frameworks and accelerators. Client were in particular referencing **CSC, Linium, Accenture, Cognizant,** and **Infosys**
- **Industry Specific Solutions:** Despite the nascent state of the ecosystem, the leader providers are investing strongly in vertical capabilities in particular around Higher Education and Financial Services. Clients called out specifically: **Accenture**, **Cognizant** and **Linium**.
- **Work with client to write off legacy**: Overcoming legacy is at the heat of the ServiceNow value proposition. But Fruition Partners (**CSC**) and Cloud Sherpas (**Accenture**) were standing out as the pioneers in the feedback by clients.

INNOVATION

- **Vision for the evolution of ServiceNow services:** Across the board, clients were encouraging providers to be more proactive on innovation and help them to get a better sense of the "future state" of their environments. **CSC** was leading the way with the most succinct depiction its strategy on ServiceNow domain-specific capabilities**. Linium** offered the strongest narrative of helping clients moving into the world of ESM**. Infosys** provided compelling insights into the notion of service management experience and **Wipro** made a strong case for broader service integration capabilities**.**
- **Availability of Enterprise Service Management capabilities:** Most providers make more than 20% of their revenues beyond ITSM capabilities, particularly offerings in HR and Facilities**. Linium, CSC, Accenture** and **Infosys** are standing out with the most robust capabilities.
- **Integration of consulting and technology capabilities: There was a considerable gap between broader process re-engineering where Accenture and EY stood out**, and ServiceNow and ITSM specific consulting capabilities where **CSC** was called out by clients. Partnering could help to overcome this gap

The ServiceNow Playbook – Strategic Positioning

SIAM/MSI	Logical evolution from start in service desk projects; however, SIAM/MSI concept has not yet taken off. Often reference for strong infrastructure focus. Leading proponents are Atos, HCL, Wipro and Accenture
ESM	ServiceNow is increasingly expanding into business functions such as HR, Facilities, Legal etc. thus overcoming the traditional barrier between IT and business. Leading proponents are Linium, with CSC and Accenture catching up
Vertical Offerings	ServiceNow is being integrated into vertical offerings and well as frameworks and accelerators offered. Accenture is leading the space with Cognizant catching up
Standardization of Delivery	We are starting to see service provider standardizing delivery on ServiceNow and linking it up service orchestration engines such as Cortex as well the plethora of Intelligent Automation tools. Examples are TechMahindra and Hexaware.
Security	ServiceNow acquired BrightPoint Security to close the gap between IT operations and security. Examples are CSC, EY and Acorio
IoT	While nascent and at proof of concept stage, providers like Aptris and EY are starting to experiment with IoT scenarios
Customer Services?	At its recent Knowledge 16 conference, ServiceNow announced the intention to take the platform into CMS services. Surely ambitious, even though largely about execution of CMS. We yet have to see how service provider react

Cognizant

Winner's Circle

Focus and strong credentials as Managed Service Provider, extending its strength in RIM to virtualized offerings

Cognizant

PLAN
IMPLEMENT
MANAGE
OPERATE
OPTIMIZE

Blueprint Leading Highlights

- Actual Delivery of Services
- Geographic Footprint and Scale
- Works with Clients to Write off Legacy
- Availability of Enterprise Service Management Capabilities
- End-to-end and Point Solutions

Strengths

- **Scale of ServiceNow practice:** Cognizant has one of the largest ServiceNow practices underlining its strong performance in execution... Notably the revenue split of its ServiceNow practice is much more balanced between North America and Europe than its corporate revenues.
- **Dedicated business unit on next gen:** (Automation & Analytics, Agile Digital Infrastructure, Service Management). The organizational structure allows for cross-fertilization of innovation initiatives; underpinned by a dedicated next gen salesforce. Organizational model is sound platform to evolve as broker of capabilities.
- **Focus on and strength in Managed Services:** Cognizant provides a strong focus on end-to-end Life Cycle services that includes Design, Implementation and Support. In addition DNA of Cognizant lies in the Managed Services leveraging its OnTarget platform that is built on ServiceNow. Clients cite the strength in implementation capabilities especially where the requirements stipulate limited customization.
- **Leverage of innovation assets**: Value enhancement is achieved by integrating neXgen innovation assets with proprietary ServiceNow assets. An example for that is the OnTarget platform.
- **Broad integration with Accessible Data and Intelligent Automation** leveraging the capabilities of the neXgen BU. While still nascent, Cognizant has among the strongest set of capabilities. Yet, these capabilities need to be aggregated to a more compelling narrative
- **Focus on virtualized offerings**: Cognizant is leveraging its strong offshore footprint as well as its RIM philosophy. This allows for scale which is underpinning the strong execution.

Challenges

- **Helping clients with future state:** While Cognizant has a strong set of capabilities and building blocks, HfS would like to see a clearer narrative as to how the company is helping clients moving toward the "future state"
- **Broader process re-engineering capabilities**: While Cognizant has solid technical consulting capabilities, building out or partnering on broader implications of process re-engineering would enhance its positioning
- **Investment in onshore resources**: Clarity on partner model could be way to address over-exposure on offshore resources.

Strategic Positioning

Partner status:
Global Systems Integration Partner:

Strategic positioning:

- Focus on Managed Services and virtualized offerings
- Positioning in and leverage of its neXgen business unit
- Broad set of proprietary platforms and assets
- Leverage of pre-configured solutions

Key Clients

Cognizant works with clients across industry sector

- American multinational technology company
- Health care insurance provider
- Europe Headquartered Global financial services company
- Worldwide manufacturer and marketer of consumer and professional products
- Digital cable, home phone and high speed Internet provider
- Global generic and specialty pharmaceuticals company
- Leading University from Australia
- Global Higher Education Technology & Services Company

Operations

CSAT:8.9 **(as reported by ServiceNow customers):**

- More than 500 FTEs certified on ServiceNow
- Split North America 60%, Europe 35%, RoW 5%
- CoEs in Bangalore, Budapest and College Station Phoenix
- ServiceNow Academy - Training Centers in College Station, Texas
- Delivered from India, USA, EU and client locations
- Dedicated ServiceNow business development team

Technology Tools and Platforms

- **Golden Template Framework:** An accelerator, with core ITSM modules, developed leveraging best practices used across multiple customer engagements.
- **OnTarget**; The platform is extending Cognizant's RIM approach. The engine behind it collecting all "systems of record" is ServiceNow
- Patents filed for Golden CMDB with Intelligent Data Quality Index. The invention will help customers maintain the data quality in CMDB with an intelligent and automated methodology using Data Quality rules and reconciliation
- Industry ready offerings such as Edu Portal, Requirement Manager, Testing lifecycle Manager etc.
- **SNOWBoard**: External forum to discuss best practices with Clients on ServiceNow Issues, fixes, Integration Points
- **ConnectNow:** Internal Forum to share best practices to enhance competency of ServiceNow Community

Market Wrap-Up & Recommendations

2016 Recommendations: Service Providers

- **Help clients to define future state:** ServiceNow has the potential to become a critical building block for the As-a-Service Economy. Yet, enterprises are struggling to define the “future state” and often end up rolling the “current state” forward, curtailing true progress. Providers should think beyond ITSM and offer more holistic advice. That should include insisting on and budgeting for a project manager on their side when they roll out projects. We have to stop retro-fitting innovation into old or legacy organizational and management models.

- **Invest in consulting skills to provide and guide with innovation agenda:** The consistent feedback from clients was that providers are not proactively engaging on innovation. Explore institutionalizing innovation as part of the sales and delivery process. This might include overcoming organizational boundaries as many upsell opportunities might sit outside the business units that started the ServiceNow project.

- **Build out holistic partner ecosystem strategy:** While ServiceNow is slow in embracing the notion of a partner ecosystem, service providers are equally coy talking about or referencing their own partner ecosystem. This applies both for geographical reach as well as capabilities. In a nascent market partnering is essential but it also can highlight a mature approach to partnering that will resonate with customers. They recognize the lack of talent and are mostly aware when subcontractors are being used, but want a transparent communication on these issues. It should be about the outcome not a feeling of insecurity having to rely on partners. The more we move toward the As-a-Service Economy, the more partnering and collaboration will be come a critical success factor.

2016 Recommendations: Service Providers

- **Simplify the communication:** Much of the communication around ServiceNow services is around function/features as well as being full of jargon and acronyms. The more ServiceNow advances on their ambition to become the “ERP for IT” and sells to business functions, the more a language is required that resonates with the extended set of stakeholders.
- **Integrate ServiceNow into broader service delivery:** Evaluate integrating and linking ServiceNow capabilities with broader service delivery. In particular using it to integrate data and insights as well as Intelligent Automation. As suggested, this requires adapting the narrative as well as the go-to-market. But equally it requires a different mind-set that could be boosted by deploying design thinking initiatives. The change management ideals of the As-a-Service Economy are as important as the solution ideals.
- **Be bold to stand out:** Clients across IT services are demanding more innovation from their service provider and the ServiceNow service market is no exception. Service providers should think out of the box, present innovative approaches and ideas to help stand out from the crowded partner ecosystem. Strict methodologies remain important, but clients highlight that increased flexibility in engagements and approaches, as well as suggestions involving the latest technology such as IoT, Security and ServiceWatch are appreciated. Learning with the client is not always a weakness, rather it is true collaboration.

2016 Recommendations: Buyers

- **Be clear about "Future State":** Many projects optimize the current state rather than reimagining service delivery. Start the project with a clear end goal in mind. Design thinking can offer new methodologies to help you in that. If necessary get consulting specialists involved or encourage your service provider to partner around those capabilities.

- **Define an innovation agenda:** Across the board, buyers were underwhelmed by the proactive guidance on innovation by their service providers. You should clarify, define and fund innovation projects at the outset. Conversely, be realistic in your own expectations when negotiating with providers as the business case has to stack up.

- **Develop a clear roadmap on talent:** ServiceNow talent is scarce and recruiting is highly competitive. ServiceNow certified architects are a rare breed but can offer you both security and differentiation. Demand clarity from your provider on staffing levels. If staff is being training on projects, it should be reflected in the commercial terms. Similarly, demand clarity from your provider on its partner strategy and the credentials of those resources.

- **Evaluate broader automation capabilities:** While ServiceNow is expanding into ESM scenarios, the integration of Intelligent Automation as well as broader Insights is modest at best. Therefore, evaluate how you can augment the use of ServiceNow with Intelligent Automation capabilities to advance on the journey toward the As-a-Service Economy

About the Author

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Overview

- Tom Reuner is Managing Director, Intelligent Automation Research at HfS. Tom is responsible for driving the HfS research agenda for Intelligent Automation across the whole gamut ranging from RPA to Autonomics to Cognitive Computing and Artificial Intelligence. A key element in Tom's responsibilities is guiding clients and stakeholders on the evolution of Intelligent Automation including the coverage of new players and approaches. Furthermore, he is driving the research on application testing and service management. A central theme for all of his research is the increasing linkages between technological evolution and evolution in the delivery of business processes.

Previous Experience

- Tom's deep understanding of the dynamics of this market comes from having held senior positions with Gartner, Ovum and KPMG Consulting in the UK and with IDC in Germany where his responsibilities ranged from research and consulting to business development. He has always been involved in advising clients on the formulation of strategies, guiding them through methodologies and analytical data and working with clients to develop impactful and actionable insights. Tom is frequently quoted in the leading business and national press, appeared on TV and is a regular presenter at conferences.

Education

- Tom has a PhD in History from the University of Göttingen in Germany.

About HfS Research

HfS Research is The Services Research Company™—the leading analyst authority and global community for business operations and IT services. The firm helps enterprises validate their global operating models with world-class research and peer networking.

HfS Research coined the term The As-a-Service Economy to illustrate the challenges and opportunities facing enterprises needing to re-architect their operations to thrive in an age of digital disruption, while grappling with an increasingly complex global business environment. HfS created the Eight Ideals of Being As-a-Service as a guiding framework to help service buyers and providers address these challenges and seize the initiative.

With specific focus on the digitization of business processes, intelligent automation and outsourcing, HfS has deep industry expertise in healthcare, life sciences, retail, manufacturing, energy, utilities, telecommunications and financial services. HfS uses its groundbreaking Blueprint Methodology™ to evaluate the ability of service and technology providers to innovate and execute the Eight Ideals.

HfS facilitates a thriving and dynamic global community of more than 100,000 active subscribers, which adds richness to its research. In addition, HfS holds several Service Leaders Summits every year, bringing together senior service buyers, providers and technology suppliers in an intimate forum to develop collective recommendations—for the industry and add depth to the firm's research publications and analyst offerings.

Now in its tenth year of publication, HfS Research's acclaimed blog Horses for Sources is the most widely read and trusted destination for unfettered collective insight, research and open debate about sourcing industry issues and developments. Horses for Sources and the HfS network of sites receive more than a million web visits a year.

HfS was named Analyst Firm of the Year for 2016, alongside Gartner and Forrester, by leading analyst observer InfluencerRelations.