



IDC MarketScape

IDC MarketScape: Worldwide Service Desk Management Software 2014 Vendor Analysis

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THIS IDC MARKETSCAPE EXCERPT FEATURES: SERVICENOW

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Service Desk Management Software Vendor Assessment



Source: IDC, 2014

Please see the Appendix for detailed methodology, market definition and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Service Desk Management Software 2014 Vendor Analysis (Doc # 249798). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

As IT organizations increasingly transition the delivery of their systems and services from traditional, fixed client/server-based architectures (2nd Platform) to what IDC defines as the "3rd Platform," we are witnessing four key technologies that are collectively redefining the IT ecosystem. These "four pillars" are cloud computing, mobility, big data, and social media. Together, they encompass a fundamental shift both in the underlying technology and, equally important, in how individuals and companies communicate, collaborate, and leverage IT resources in their daily tasks. Service desk management software has long been the solution utilized by IT organizations to deliver service and support to the business. However, the rapid proliferation of tablet, mobile, and BYOD devices accessing corporate IT resources deployed on dynamic virtualized and cloud infrastructures is significantly increasing the volume and complexity of the service desk's tasks and process. As a result, IT organizations are increasingly seeking solutions that can aid in effectively addressing the increasing levels of complexity in how business users seek to access and consume technology as well as IT support. Likewise, as business users' expectations on service delivery move closer to near real time, IT staff must have the ability to effectively deliver services and support to business users that are leveraging disparate hardware and software platforms, often across dispersed geographies. Therefore, advanced mobility optimizations, intuitive self-service, and collaboration capabilities will increasingly differentiate service desk management software product offerings. In response, service desk management software is evolving rapidly in order to provide IT practitioners with the tools necessary to deliver service and support for cloud, mobile, social, and big data technologies. In fact, many service desk management software vendors have delivered new product offerings and/or product enhancements over the past 12-18 months to address challenges faced by IT organizations operating in these emerging 3rd Platform environments. To that end, excelling at offering solutions aimed at IT Infrastructure Library (ITIL) processes for infrastructure components and applications (2nd Platform) will likely not set a vendor up for success in the transformational change required for 3rd Platform success and may even be a hindrance. In fact, IDC believes that vendors that are visionary enough to capture how 3rd Platform services are increasingly being leveraged, maintained, secured, and so forth are well poised to capture increased market share in this space. This IDC study represents a vendor assessment of the service desk management software market using the IDC MarketScape model. This study is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the marketplace and help anticipate a vendor's ascendancy. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to predefined criteria and one another and highlights the factors expected to be the most influential for success in the market, both short term and long term. Key findings include:

- Service desk software is experiencing a period of rapid innovation and growth because of the increasing importance of problem management software in controlling, standardizing, and optimizing IT services delivered to end users in hybrid IT environments made up of converged, virtualized, on-premise, and cloud resources.
- The proliferation of tablets, mobiles, and BYOD devices accessing applications deployed on dynamic virtualized and cloud infrastructures is greatly increasing the volume and complexity of service management tasks. While established vendors such as BMC, HP, and CA Technologies update service delivery platforms and portals, relatively newer fast-growing innovators such as ServiceNow and Cherwell Software compete to support a new generation of cloud and mobile applications and line-of-business (LOB) stakeholders.
- IDC's research shows that cost and impact on IT staff productivity continue to be top decision drivers when it comes to making any type of management software decision. Vendors that will be most successful in the service desk software arena will be those that can deliver rapid time to value via unified, intuitive graphical user interfaces (GUIs), mobility optimizations, advanced user self-service capabilities, seamless integrations across service modules, and ever-increasing scalability in terms of the scope, breadth, and depth of coverage.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

The vendor inclusion criteria is designed to enable the evaluation of capabilities of service desk management solutions in facilitating the efficient and effective delivery of IT service and support across a wide range of systems, infrastructures, and device types including those residing on-premises as well as in the cloud.

To be included in this IDC MarketScope, vendors must meet the following criteria in each service desk management software offering, including both on-premise and software as a service (SaaS)-delivered solutions, with the offering supporting the following service desk management functions:

- IT service request logging and tracking
- Ticket assignment and notification
- Incident monitoring and reporting
- Problem root cause analysis

Service desk management offerings, including on-premises and SaaS, must be producing an annual combined commercial revenue of at least \$30 million by December 31, 2013. Services that are limited to free subscription offerings that are not generating revenue are excluded. Revenue must be generated by software product license, maintenance, and/or SaaS service subscriptions – revenue from professional services for such activities as onboarding and planning is excluded.

While there have been several smaller new entrants to the service desk management software space over the past few years, many providers are still primarily focused on ticket management. For the purposes of this study, the inclusion criteria helped ensure the maturity of the product offerings.

ESSENTIAL BUYER GUIDANCE

Disruptive trends such as the consumerization of IT, BYOD, mobility, and virtualization are driving increasingly heterogeneous and hybrid IT environments that, in turn, are adding significant complexity to IT service and support within the enterprise. In addition, business users are demanding fast and easy access to a wide range of technologies, residing both on-premises and off-premises, in order to enhance productivity.

As a result, IT organizations must remain focused on improving service delivery to business users and reducing costs while also increasing operating efficiency and agility. Even with continued budget constraints, IT organizations are increasingly seeking solutions that can aid in effectively addressing the increasing levels of complexity in how business users seek to access and consume technology resources as well as IT support.

More than ever, IT organizations need the ability to deliver services and support to business users that are leveraging disparate hardware and software platforms often across dispersed geographies. Therefore, advanced mobility optimizations, intuitive self-service, and collaboration capabilities will increasingly differentiate service desk management software product offerings.

In addition, service desk software delivered through SaaS will also continue to be a growth driver as customers continue to seek solutions that reduce up-front capital expenditures as well as ongoing maintenance costs. What's more, SaaS-based solutions can often offer faster procurement and delivery time frames than on-premise implementations.

Choices of delivery models are driving deals based on a prospect's need for reducing administration burdens and IT infrastructure and operations costs, rapid time to value, ease of upgrades, and so forth. A spectrum of models is needed, ranging from on-premise to hosted to hosted and managed to true multitenant SaaS.

VENDOR SUMMARY PROFILES

ServiceNow

ServiceNow is rated as a Leader in this IDC MarketScape. In addition, the company is the fastest-growing vendor evaluated in this MarketScape. ServiceNow, founded in June 2004, is publicly traded and headquartered in Santa Clara, California.

Based on IDC's market share reports, ServiceNow has been experiencing significant growth over the past few years with its SaaS-based service automation platform. In fact, the company nearly doubled its employee head count in 2013 to support new customer acquisitions as well as product and infrastructure expansions. Likewise, a notable portion of ServiceNow's growth can be attributed to customers' increased utilization of the platform to manage service relationships outside of the IT department and across line-of-business units such as HR, facilities, and finance.

Strengths

ServiceNow offers a single cloud-based service automation platform that enables customers to build a single data model that can be accessed by multiple applications. The platform's underlying architecture allows services and applications to share the same data model and code to assist IT organizations in reducing the fragmentation of their IT environments as well as improving service support.

ServiceNow went to market with its social IT management and self-service functionalities in advance of many of its competitors and is credited as a front-runner in providing SaaS-based IT service management solutions. What's more, the platform's advanced automation and communication processes delivered through a simplified, Amazon-like interface have contributed greatly to the modernization of IT service delivery.

ServiceNow offers rich integrations between IT service management and IT operations management capabilities such as workflow and discovery automation as well as systems configuration and cloud provisioning functions. The solution enables customers to configure complex workflows using drag-and-drop functionalities.

ServiceNow also supports a broad range of ITIL-compliant functions including discovery, CMDB population, incident management, change management, problem management, asset management, and release management. In addition, the recently announced event management functionality allows customers to create alerts by collecting events from existing third-party infrastructure monitoring tools (like Splunk and Netcool). These events are evaluated automatically using out-of-the-box and custom filters and turn alerts into incidents.

The ServiceNow platform's application creation, task automation, and single system of record capabilities are increasingly driving usage of the product to expand outside of the IT department and into line-of-business units such as HR and facilities. ServiceNow has amassed several strategic partnerships and product enhancements aimed at extending its advanced service management capabilities beyond the IT service management space.

In fact, customers we interviewed indicated that they have seen significant ROI from transforming their business unit's call center style of service delivery by replacing emails, spreadsheets, siloed point solutions, and phone calls with ServiceNow's automated and user-centric online support, forms, knowledge bases, and collaboration technologies.

In addition, ServiceNow has maintained strong marketing and branding, which has helped contribute to the company's significant growth in the highly competitive and crowded service management software space.

Challenges

Customers have indicated that configuring the solution for the unique needs of their organizations often requires hiring third-party professional service providers. In addition, larger enterprise customers have stated that ServiceNow's reporting capabilities are limited and require the use of third-party tools to generate reports that correlate massive data loads against unique key performance indicators.

However, many of these customers acknowledged that they are just starting to become familiar with ServiceNow's new reporting capabilities gained through the company's acquisition of Mirror42.

ServiceNow has also recently released a more streamlined and simplified pricing structure that aims to alleviate customer concerns in regard to the company's product pricing becoming increasingly complex and difficult to understand as new features and functions continue to be made available on the platform.

To that end, as ServiceNow continues to expand its product offerings into both IT operations and line-of-business applications, it will enter new markets and will likely have to overcome many of the same challenges of its larger competitors in regard to scale, pricing, and the risk of diluting its messaging.

Therefore, it will behoove ServiceNow, as it continues to grow, to further develop not only its internal sales and marketing teams but also those of its partners in order to address the needs of specific lines of business, verticals, and regions.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC believes that a vendor's success in the service desk management software arena is greatly driven by offering solutions that allow IT departments to control, standardize, and optimize services delivered to end users in hybrid IT environments made up of converged, virtualized, on-premises, and cloud resources as well as reduce costs and gain operating efficiency and agility.

Service desk management software continues to significantly contribute to growth of the problem management market as IT organizations seek solutions that enable advanced mobile and social collaboration with their customers, intuitive self-service, and robust workflow automation capabilities as

well as to offer tight integrations with infrastructure and operations solutions. When evaluating service desk management software vendors, it is more important to focus on the solutions the specific vendors provide than to focus on the size of the vendor. Many vendors in this IDC MarketScape offer unique capabilities that can minimize the initial cost and effort of deployment, simplify management, and improve user experience.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Service desk management software tracks, records, and manages incidents related to IT client devices, infrastructure, and operations. Service desk management offerings include IT help desk applications and related problem determination and resolution applications. To the extent that IT Infrastructure Library (ITIL) and IT service management-based solutions help in the resolutions of problems and implementation of changes, those functions are not included as part of service desk management software but are considered as factors in the breadth and depth of the portfolio strategy. Service desk management software may be offered in both an on-premise or a SaaS-based delivery model.

LEARN MORE

Related Research

- *IDC's Software Taxonomy, 2014* (IDC #249238, June 2014)
- *Worldwide Problem Management Software 2013 Vendor Shares* (IDC #248781, May 2014)
- *Worldwide Problem Management Software 2014-2018 Forecast: Heterogeneous IT Environments Drive Market Growth* (IDC #247243, March 2014)
- *Worldwide IT Asset Management Software 2013-2017 Forecast Update: Global Currency Slows Market Growth* (IDC #244631, December 2013)
- *Worldwide Problem Management Software 2013-2017 Forecast Update: Market Slightly Impacted by Unsettled Global Exchange Rates* (IDC #244650, November 2013)
- *Worldwide Software Distribution 2013-2017 Forecast Update: Stable Growth Despite Fluctuating Global Exchange Rates* (IDC #244632, November 2013)
- *Worldwide Problem Management Software 2012 Vendor Shares* (IDC #241054, May 2013)

Synopsis

This IDC study represents a vendor assessment of the service desk management software market using the IDC MarketScape model. The rapid proliferation of disruptive trends such as the consumerization of IT, BYOD, mobility, and virtualization is driving increasingly heterogeneous and hybrid IT environments that, in turn, are adding significant complexity to IT service delivery and support within the enterprise. And, equally, if not more importantly, business users are becoming increasingly more mobile and reliant on self-service technologies; therefore, IT organizations must find innovative ways of engaging and empowering their customers to remain relevant and effective in their respective organizations.

Service desk software continues to significantly contribute to the growth of the problem management market as IT organizations seek solutions that enable the optimization of IT service delivery to an increasingly mobile and global workforce. As a result, more and more customers are looking for service management solutions that offer integrated collaboration capabilities such as live chat, remote access, and self-service tools to facilitate enhanced collaboration between IT staff and business users as well as to provide efficient access to IT services and support across multiple device types.

"As IT environments become ever more hybrid, service desk management solutions that offer advanced integration with both on-premises and cloud-based technologies will increasingly gain traction in the enterprise. Likewise, the need for better change control, discovery, software license management, and compliance tracking is also helping drive demand in this market," says Robert Young, research manager, Client Device and IT Service Management Software.

"In addition, service desk software delivered through SaaS will also continue to be a growth driver as customers continue to seek solutions that reduce up-front capital expenditures as well as ongoing maintenance costs. What's more, SaaS-based solutions can often offer faster procurement and delivery time frames than on-premises implementations.

About IDC

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