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ServiceNow Trends

Foreword

Keeping track of trends around one of the most innovative companies in the world is not an easy task. The genesis for this publication was an ask, by a number of our clients, for Deloitte’s perspectives on ServiceNow, current trends, client use cases, innovation, and the direction ServiceNow is headed in. Informed by our experience delivering ServiceNow-enabled transformation programs over the past 10 years, we aim to reconcile broader market trends and contemporary business challenges with ServiceNow-driven innovation, to capture the current market momentum and chart the future path of the ServiceNow platform.

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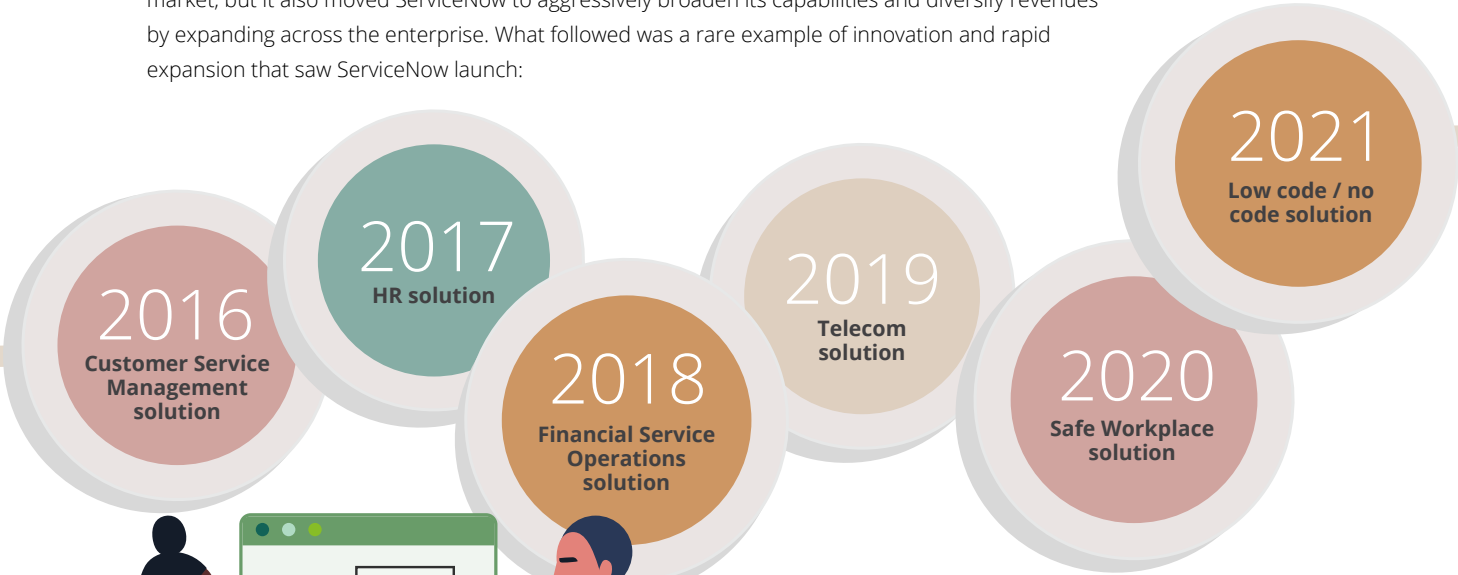
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Last 15 years

We can't understand or frame the conversation about future trends without addressing the past at a high level. Looking at their humble beginnings, one thing stayed constant; the fact that this was, and will continue to be, a cloud platform. ServiceNow is not a single product for a single purpose, industry, business function, or department. It is not a single workflow, but a platform that expands, evolves, grows, adds new capabilities, and provides a way for innovators to bring their ideas to life. And in the enterprise space, where clients are looking for simplification, agility, resilience, lower Total Cost of Ownership (TCO), and skilled talent while being filled to the brim with various on-premise, legacy, custom developed and best-of-breed software applications, this represents an opportunity at the core of Bill McDermott's claim that "ServiceNow will be the defining enterprise software company of the 21st century".

What gave ServiceNow a stronghold in an enterprise was their initial application of the platform in IT in early 2000. This defined ServiceNow as the platform for IT (service desk and IT systems management), often to its detriment today. The existential crisis of 2016, when ServiceNow settled the lawsuit with BMC and HPE, reinforced that positioning in the market, but it also moved ServiceNow to aggressively broaden its capabilities and diversify revenues by expanding across the enterprise. What followed was a rare example of innovation and rapid expansion that saw ServiceNow launch:



In addition, with semi-annual releases, ServiceNow brings hundreds of improvements and new capabilities to the underlying platform that enrich existing products. In addition, solutions are being developed by the growing ServiceNow ecosystem, opening new opportunities for enterprises to realize incremental value from their investment in ServiceNow. The market recognized this opportunity as well. After flat stock performance from the initial IPO in 2012, ServiceNow stock soared from \$86 in 2016 to \$531 at the beginning of 2022. With a \$15B revenue target for 2026, analysts are forecasting that the stock price may triple over the next 4 years.

Current Trends

When we looked at capturing ServiceNow trends, we realised that we need a multi-dimensional framework that will allow us to track trends across several broad vectors. Due to the nature of the platform, every change and each new capability produces omni-directional impact. For example, adding Machine Learning (ML)/AI to the platform core capability can have an immediate positive impact on every product, workflow and solution built on the platform regardless of the industry, sector, geography, and client. Similarly, finding new ways to digitize service delivery in a sector like Telecom may inspire solutions not previously thought of in other sectors like Tele-Health. Finally, trends also impact the context within which organizations use ServiceNow. Every organization using ServiceNow delivers services to internal and/or external clients and is as such a Service Provider, whether they see themselves that way or not. But some organizations are more so, as they are actively looking for opportunities to generate revenue by leveraging ServiceNow capabilities embedded within their services, product and solution portfolio. For those companies, trends become even more important, as they shape both their competitiveness as well as the efficiency of their offerings.

With this in mind, we will aim to look at each trend and its relevance to businesses based on three factors:



FOR THIS UPDATE, WE WILL LOOK AT THE FOLLOWING TRENDS:

- 1** Internal client service delivery: transformation at scale
- 2** External client service delivery: integrating global service delivery teams
- 3** Democratizing access to AI/ML
- 4** AI and ML enabled customer support
- 5** Data driven approach to business process digitization, optimization and automation
- 6** Disrupting legacy enterprise architecture
- 7** Rise of industry solutions on ServiceNow
- 8** Environmental, social and governance
- 9** Business service resilience
- 10** Operating to innovate

Internal client service delivery: *transformation at scale*

The COVID-19 pandemic had a significant impact enterprises and executives responsible for service delivery within their organizations. Never before has the ability to change with agility and transparency been more required. Furthermore, executives needed to revisit how they look at the employee experience, service cost and provider performance. With the need to accommodate remote workers and manage back-to-work logistics, executives found themselves struggling to digitally enable their strategies.

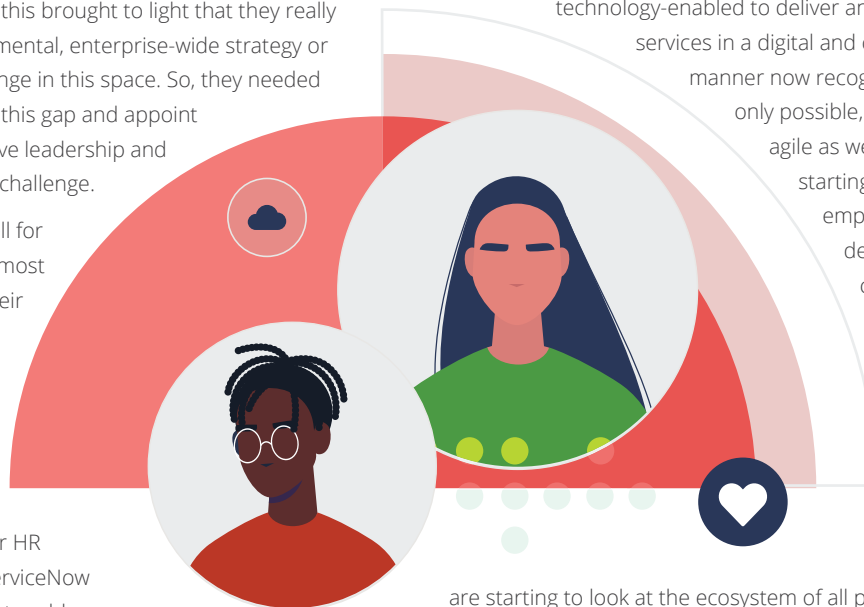
For many organizations, this brought to light that they really don't have cross-departmental, enterprise-wide strategy or governance to drive change in this space. So, they needed to move quickly to close this gap and appoint cross-enterprise executive leadership and funding to deal with the challenge.

This certainly worked well for ServiceNow. One of the most common obstacles to their enterprise aspirations has historically been a lack of clear client executive ownership and funded mandate for change across the enterprise. With their HR Service Delivery suite, ServiceNow was positioned perfectly to address this business need to transform. With the rapidly developed Safe Workplace suite,

enabled by several core platform capabilities like embedded performance analytics, ServiceNow filled the gap organizations were facing. This ability to respond rapidly and the new strategic footprint captured within organizations brought ServiceNow to the forefront of enterprise COVID-19 response and recover strategies.

This improved ServiceNow's visibility amongst enterprise executives that previously were not aware of the platform and its capabilities. Global organizations that were previously not technology-enabled to deliver and scale employee services in a digital and centralized manner now recognize it's not only possible, but it can be agile as well. They are also starting to look beyond employee service delivery to supply chain, finance and core business operations as areas that can benefit from these capabilities. And finally, organizations

are starting to look at the ecosystem of all partners and service providers they depend on, recognizing that there is a better and smarter way to consolidate, standardize, improve, and optimize delivery of services across their global footprint.



Deloitte has developed an offering to address the needs of our clients in this space. Deloitte Global Business Services on Now (GBS on Now), helps organizations scale internal services delivery capability globally, adopting the Center Office approach for the enterprise. To learn more, [click here](#).

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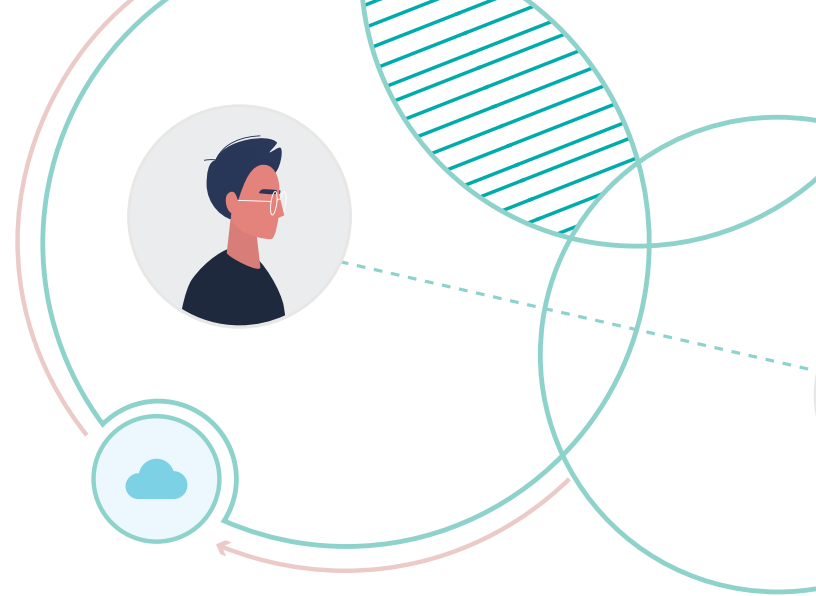
External client service delivery: *integrating global service delivery teams*

Similar to internal service delivery above, organizations looking to deliver consistent services to their customers with predictable quality, cost, compliance, and impact in an increasingly global marketplace can only do that by digitizing and transforming the delivery of their services. Historically, bringing together required capabilities such as language localization, omnichannel engagement, customer-centric experience, observability, field service, back-office integration/collaboration, performance management and automation required multiple applications with complex integrations that lacked an end-to-end view of the customer delivery and support experience.

With the introduction of Customer Service Management (CSM) and Field Service Management (FSM), supported by the core platform capabilities such as localization, AI/ML, agent desktop, service catalog, service mapping and Service Level Management, ServiceNow differentiates itself as one of very few platforms that can provide an integrated digital platform for global client service delivery.

Organizations looking to rethink their service delivery to clients should consider not only currently available ServiceNow products and core platform capabilities but also the expanding portfolio of 3rd party solutions and integrations, as well as the ability to rapidly create new solutions leveraging ServiceNow low code no code (LCNC) capabilities. Delivering all this on a single platform with an integrated data model and skill set that doesn't have an overly steep learning curve is attracting attention from service providers globally.

We expect to see ServiceNow continuing to differentiate in this space as they go head-to-head with established players like Salesforce. Anchored with strong observability and asset management capability, ServiceNow will have an advantage in proactive support context, an increasingly important aspect of improved customer experience.



3

Democratizing access to AI/ML

Machine Learning and Artificial Intelligence are rapidly capturing the imagination of enterprises across all industries, sectors, and geographies. The value these capabilities can deliver is significant but so is the investment required to stand up the capability and realize value. So, how can an organization that does not have capabilities like data science leverage AI/ML to improve its services, products, customer engagement and client experience....?

Depending on how an organization chooses to leverage ServiceNow, it likely already has a significant dataset of information related to their client interactions, employee engagement, technology performance, or all of the above. This data set is expanding rapidly, becoming more comprehensive and more valuable to ML and AI engines. Having these capabilities within the same platform further enables organizations to access these advanced capabilities without necessarily needing to make large investments and spend a lot of time.

With their acquisition of Element AI, ServiceNow has accelerated the process of democratizing access to AI for all of its customers. Eventually, ServiceNow products, solutions developed by the ServiceNow Partner ecosystem, and applications developed by the clients themselves will be able to tap into these capabilities.

To give some ideas on the art of possible, if a business process requires, the ability to review a document, summarize its context and determine the best person to make changes to it, ServiceNow AI/ML will be able to execute on that. In another example, if a process requires a worker to confirm a physical asset is in a good condition, they will be able to leverage Visual Anomaly detection to evaluate the asset state and establish any deviations from the normal state.

The examples are many, the most common ones today being time series analysis used to triage and self-assign tickets based on previous performance. Unfortunately, this doesn't mean that all of these capabilities are ready for prime time but ServiceNow is investing significantly in accelerating the delivery of these capabilities to market. For many clients, this will be the sure way to realize more value from the platform.



4

AI and ML enabled customer support

Clients leveraging ServiceNow as a platform for customer support do so for several reasons; omnichannel support, self service options, connecting front and back office in an integrated customer support workflow and more transparency with 3rd party tier 2 and tier 3 support. For some clients, this is a cost center. Others make significant profits providing for-fee customer support. In either case, the clients are striving to optimize the cost, experience, and effectiveness of their services.

An emerging trend in this space is AI and ML enabled customer support. With a focus on specific user journeys, organizations are looking to maximize the use of AI as a replacement for human action. What ServiceNow brings to the table is a set of standard platform capabilities like personalization, localization, entitlements, and self service,

all geared towards an improved customer experience. In addition, clients are also increasingly leveraging ServiceNow's integrated AI and ML capabilities to provide a chatbot conversational experience, smart recommendations and content that suggest how to resolve issues faster, automate classification, and route customer issues. This allows for more targeted customer support, as detecting similar issues can accelerate speed to resolution.

We see these solutions being specific to the sector and the business model for customer support. In addition, as clients move toward improving their customer services experience, we are seeing: an integration with CRM solutions to improve on customer context, an integration of support with field service management, and adoption of product management solutions to provide visibility to product teams.



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Data driven approach to business process digitization, optimization and automation

Any change, no matter how big or small, involves a move from what is current to some form of a future state. The same principle applies to business processes; organizations aim to take the way they do things today and improve through better process, better technology enablement, and better data to name a few. The issue is that most organizations don't have a good understanding of the current state of their business processes and therefore don't understand the magnitude and impact of the change they are about to embark on. This is on the opposite end of where most organizations want to be; they need to have the ability to drive "agile" change, realizing incremental business value on an ongoing basis.

For organizations looking to move towards more agile business process optimization and automation, we see ServiceNow and their recent strategic partnership announcement with Celonis as a significant new opportunity. Organizations will now have the ability to accelerate the full lifecycle of change, from understanding the current state and their performance, to the ability to digitize, automate and, in some cases, create fully autonomous business processes.

With Celonis' ability to leverage data to discover, monitor, and improve processes as they are, and ServiceNow's low code / no code capability to rapidly create digital workflows, organizations will have the opportunity to accelerate the pace of change and the way they execute processes, and improve transparency of value realized from their investment. Organizations will be able to apply this level of transparency and agility in many ways; as an ongoing incremental change to their business, as part of a large core ERP transformation program, or by realizing more value from their M&A initiatives, to name a few.

For organizations that adopt this approach, they will unlock the ability to leverage data to move from simply digitizing existing processes to creating more human-centred processes. This will unlock positive productivity and work experience and where relevant, create fully autonomous business processes that can be executed without any human interaction.



6

Disrupting legacy enterprise architecture

Expanding on the previous trend, we naturally think about a complex enterprise and business applications landscape supporting the current business processes. For many organizations, this is creating an unsurmountable challenge to operate and improve due to the lack of documentation, organizational knowledge, requirement for legacy skills, increasing licensing costs, cybersecurity exposure, not to mention modern digital capabilities such as localization, personalization, privacy and more. To transform this space, organizations are increasingly looking at moving from best of breed towards platform solutions, with ServiceNow being a great example.

ServiceNow core platform capabilities and Low code no code (LCNC) engine enable organizations to execute on legacy architecture transformation with a level of insight, scale, and speed not available before. The Application Portfolio Management (APM) can give companies the ability to:

Get a holistic view of their enterprise applications, architecture, operational use patterns, support costs, risk and business user satisfaction

Identify and prioritize specific applications that can add more value to the business if they can be rationalized, refreshed, re-platformed or retired.

Leverage existing ServiceNow products like ServiceNow's LCNC engine or solutions from one of many ServiceNow Partners to replace the existing applications with a ServiceNow enabled application set.

WHAT ARE THE BENEFITS?

Simplifies the capabilities and skills organizations need to have available to execute on their strategy, moving from a variety of programming languages to platform-based standardization.

By leveraging a platform with a single data model, the more applications that are developed, the richer data model becomes, allowing for better insight.

By choosing a platform like ServiceNow, organizations can more rapidly adopt the innovation that ServiceNow brings to the platform and use it to enrich the applications they create, with AI/ML being a great example

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Rise of industry solutions on ServiceNow

We hear a lot about “Industry Clouds” that pre-package a set of cloud services, applications and tools aimed at optimizing around a specific industry use case or challenge. All the hyper-scalers are doing it with the objective of creating a win-win for their clients and themselves. ServiceNow is no different, but being a SAAS platform, ServiceNow follows a different playbook.

With their integration capabilities and digital workflows, ServiceNow is developing industry solutions that are light weight and can both work with existing applications or be used to rationalize and replace legacy systems with modern digital workflows.

In one model, these workflows provide an increased capability for innovation and differentiated solutions that can be adapted to where the clients start their “industry cloud” journey. In another model, a partner in the ServiceNow Ecosystem develops an industry specific solution and makes it available to clients through a turnkey subscription model. In this case, clients can gain access to a solution that is used across their respective industry and is productized for time to value and an optimal solution + services approach.

We have seen the emergence of industry specific ServiceNow solutions across several industries and sectors. ServiceNow officially has solutions across Education, Energy & Utilities, Financial Services, Telecommunications, Healthcare and Government to name a few. ServiceNow partners are also delivering innovative industry specific solutions.

SOME EXAMPLES INCLUDE:

Deloitte's Supply Chain Logistics solution focused on optimizing logistics in the Automotive sector.

Deloitte's GovConnect solution focused on digitizing government services delivery example,

Deloitte's Commercial Banking solution focuses on improving the day-to-day banking experience for commercial clients.

With the focus on business issues and race towards industry solutions, we expect to see both ServiceNow as well as their partner ecosystem continue to innovate and drive industry specific solutions leveraging ServiceNow platform.



Environmental, social and governance

The increased focus on environmental and social sustainability by governments, businesses, the investor community, and society at large is driving the need for trust, compliance and reporting on many different aspects of ESG related activities. Considering that the possible impact on the environment and sustainability can be found across the enterprise, business processes, people activities and operating assets, a comprehensive strategy and approach is required. Further adding to the challenge is a lack of consensus and standards coupled with an increasingly complex regulatory and reporting landscape, particularly for those operating across multiple global jurisdictions.

We see clients starting to look at the ServiceNow platform as a serious contender for data capture, management and reporting on their ESG related data. Due to it being anchored in IT, where it supports management and operations of technological assets through capabilities such as Configuration Management Database (CMDB) and IT Operations Management (ITOM), ServiceNow is expanding already existing data set that include financial management, operational management, risk, and compliance of technological assets with ESG related information.

How does it work?

In addition to having location, ownership, configuration and performance information about that key server or network router that's essential to running a specific critical business information, ServiceNow can now store data such as energy consumption, ECO settings, configuration, and related energy consumption trends for the same asset.

What does this mean for you?

This allows organizations to report on energy consumption of their technological footprint, and further organize it by region, business unit, provider, business application...etc., all in order to drive better insights and decisions related to

their carbon footprint. With ServiceNow increasingly being used as the "Platform of Platforms", it's easy to see how this approach could work with other business assets, such as a manufacturing plant, refinery and supply chain networks, allowing organizations to collect ESG-related operational information from multiple systems and into one reporting and management system enabled by ServiceNow.

But the opportunity to leverage ServiceNow in this space doesn't end there. Once organizations have an integrated view into their ESG data, the questions is, how do they a) report on it, b) address different regulatory requirements and c) improve in areas where their performance is not in alignment with their expectations (or those of external stakeholders). ServiceNow recently announced an ESG solution that will leverage their Portfolio, Program and Project management as well as their GRC capabilities to manage a collection of remediation programs, organization launches, and their impact on an organization's ESG strategy.

We expect this ESG trend to continue and to see the ecosystem of ServiceNow partners come to market with solutions addressing different industries, business models and capabilities that organizations and regulators will need, to build more trust and transparency into the system.

Business service resilience

With contemporary challenges such as talent availability, work from home, supply chain disruption, technology legacy, pace of digital change as well as international politics and the related cyber security situation, the resilience of business services and supporting technology has never been challenged like this before. Being able to understand how these risks affect individual business services has not always been an easy task. However,

with emergence of technologies focused on greater observability of the business landscape, data management, digital workflows and automation, organizations are relying on these technologies more than ever before.

We see ServiceNow emerging as the key platform that helps connect different organizational and technological capabilities in a unified model, oriented towards increasing business service resilience. From a pure technology enablement perspective, organizations are increasingly using ServiceNow ITM capabilities to map business services to the technology they depend on. Through that view, organizations can better understand the risks of legacy infrastructure and technology-enabled availability and performance of their business services and have insight into the supply chain they depend on to deliver these services.

In addition, the same capability is used by security teams to understand vulnerabilities, risks, and exposure to cyber security incidents. IT operations teams are using the same capability to connect observability and detection with service operations in order to manage

the service performance, continuity, and availability.

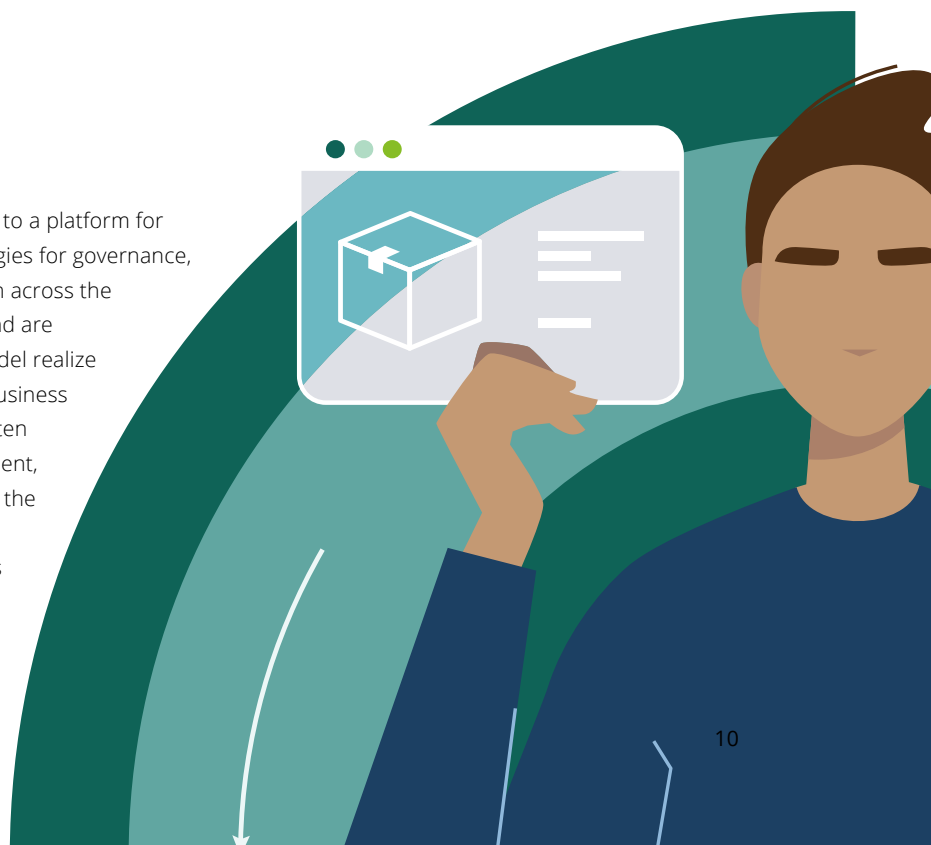
Finally, by having better insight into the technology, processes, data and supply chain around critical business services, organizations can better assess and respond to talent demand challenges driven by availability and capacity of skilled resources with knowledge and insight into the organization specific landscape. Leveraging their relationship with Hadera, ServiceNow will offer the ability to drive service resilience through Smart Contracts and Consensus Services to provide immutable, verifiable, and fairly ordered event data. This will allow clients to provide identity credentials, track assets and IP rights within complex service delivery supply chains.

We see this trend continuing to accelerate as the pace of digital transformation, talent shortages and cybersecurity challenges continues to test organizations and the way they deliver technology-enabled business services. Being resilient will require a multi-faceted approach and the alignment of key stakeholders with focus on specific business services. ServiceNow will continue to be a platform that can orchestrate this alignment.

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Operating to innovate

ServiceNow's expansion from an IT focused solution to a platform for enterprise workflows drives the need for new strategies for governance, operations, and sustainment of ServiceNow platform across the enterprise. Organizations that recognize this shift and are proactive in setting up an appropriate operating model realize more value, faster from their ServiceNow-enabled business change. Organizations that don't address this are often left behind with suboptimal value from their investment, 2 – 3 versions behind and without ability to leverage the ongoing innovation ServiceNow brings to the table. Here are the top 5 considerations we see our clients think through as they approach this challenge:



1 TALENT AVAILABILITY

ServiceNow is a relatively new, hyper-growth entrant in the enterprise platforms space. As such, there simply wasn't enough time to develop the required breadth and depth of talent around the platform in the marketplace. This, in turn, is resulting in quality, cost and value realization issues. For organizations considering medium to long-term roadmaps, sustainment, and operations of the platform requires putting in place strong talent development and retention programs or creating a strategic relationship with one or more partners from the ServiceNow ecosystem. The partners should be selected based on their demonstrated ability to develop, grow, and retain talent, as well as the service delivery excellence and innovation programs they bring to table.

2 GOVERNANCE

Recognizing that ServiceNow is rapidly becoming a preferred vehicle to drive digital workflow transformation, employee, and customer experience, as well as data enabled process automation, making sure the appropriate enterprise stakeholders are engaged in an effective governance model is paramount. From establishing the vision through transformation and investment strategy to adoption and value realization, various enterprise terms need to come together to support success. With executive sponsorship and alignment at the CxO suite and a product focused approach, governance around ServiceNow can shorten the time to, and expand the scale of, value realized from related investments.

3 DIRECTION, STRATEGIC ROADMAP, AND VALUE

While agile ways of working are preferred by many organizations and are the best way to realize value quickly, it is still important for organizations to establish a formal direction and strategic roadmap supporting their ServiceNow journey. Having the appropriate sponsorship, formalizing the areas where ServiceNow is expected to have change impact, understanding why and how change needs to be executed, forming adoption and integration strategies, value cases and business and organizational impact of the roadmap, will pave way for accelerated, value-focused and de-risked delivery.

4 ROLLOUT APPROACH

How organizations execute on the direction and strategic roadmap comes down to the rollout approach. Key considerations include business change and adoption, ServiceNow products needed, any low code / no code applications that need to be written, customization vs configuration strategy, innovation model, platform management strategy as well as 3rd party partnering.

5 PARTNER STRATEGY

While a lot of ServiceNow capabilities are user friendly and relatively easy to roll-out and use, there are also areas of the platform requiring deep, specialized expertise. For most organizations, this is not just ServiceNow expertise, but also skills and capacity required in their business operations, technology operations and architecture teams. While one approach is to adjust the pace of transformation based on the available skills and capacity, we see organizations increasingly wanting to accelerate and expand the impact and value of their investment in ServiceNow. This is where formalizing a partnering strategy, identifying core capabilities and required partner support, and establishing the flex model for partner delivery are often used approaches that work.

We expect to continue seeing an emergence of innovating models around Operate service delivery for ServiceNow. Product-focused organizations and asset-enabled innovation are the immediate opportunities organizations need to take advantage of.

Conclusion

This time, we looked at 10 trends we see shaping the enterprise space, and what our clients do to leverage the ServiceNow platform in response. This is by no means an exhaustive look and we will aim to continue to capture, and be on a lookout, for new ones. That being said, the impact and opportunity ServiceNow may have on organizations dealing with these challenges is significant and growing. We would be happy to connect with you and discuss these trends, your specific challenges and how you may want to think about addressing them with ServiceNow.



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