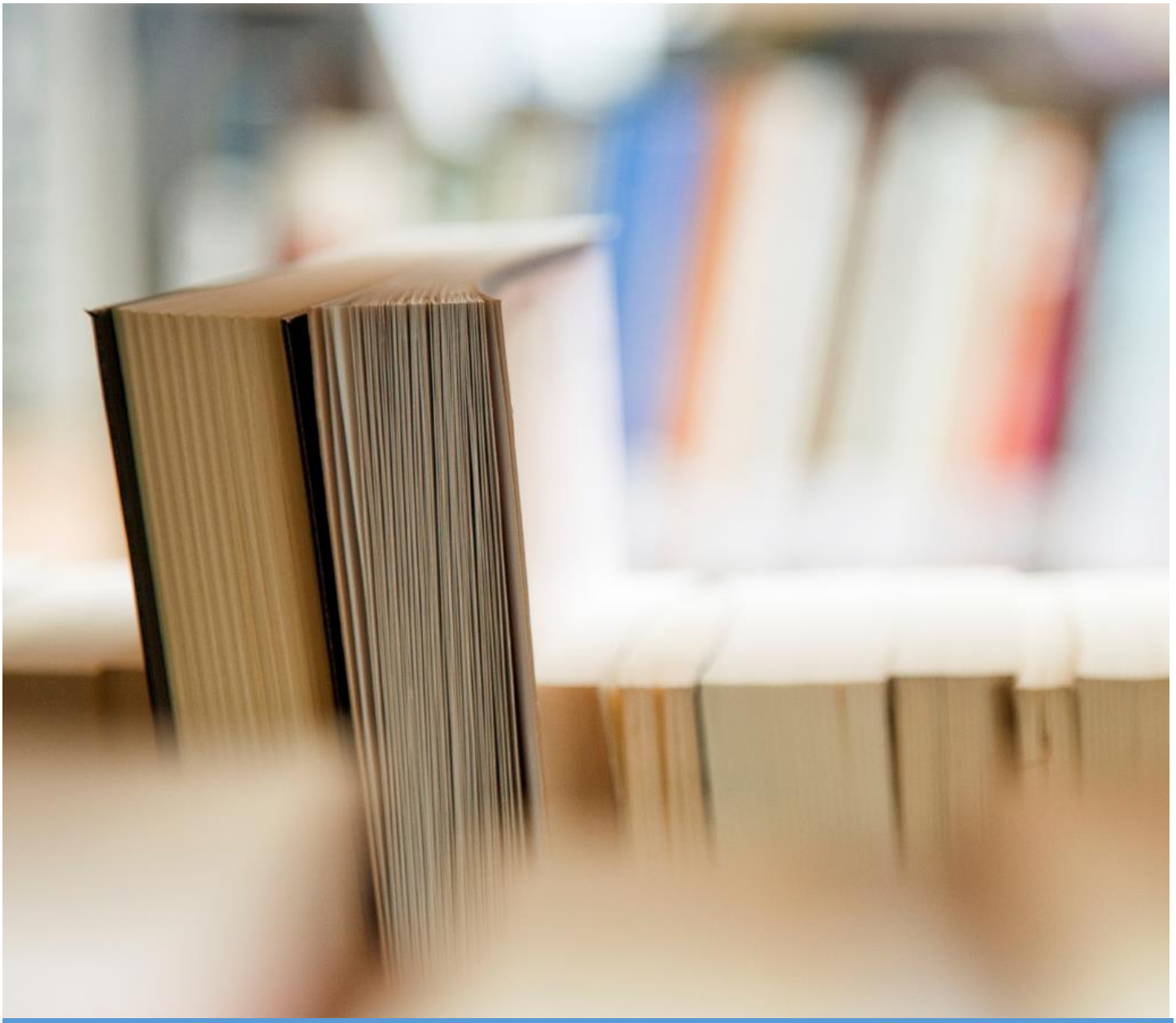


A flexible approach to Enterprise Service Management (ESM)

Ujjwal Kumar, Parul Agarwal

8/18/20

ESM

Enterprise leading Service Management

We are in the midst of an emerging new age digital era, marking the onset of the fourth industrial revolution, more commonly known as Industry 4.0.

Whilst Information Technology has been, and as expectedly, is at the forefront of this revolution, the real success of its outcome will be determined more on integration of IT and Non-IT sections of the enterprises.

Though, IT Service Management has matured progressively and is at the core of this phenomenon, however, a closer look reveals widespread gaps in adoption. Evolution of Service Management beyond IT, better known as Enterprise Service Management (ESM) suggests the adoption has been sluggish and it is strictly limited in terms of coverage within organisations (HR and less commonly finance or facilities), leaving a large space for growth within other untouched areas of an enterprise.

With the advent of ITIL®4, a perfect ground has been laid for this framework to be extended to the enterprise and drive the IT digital accolades to its next milestone. Furthermore, the underlying problems limiting this growth must be identified and addressed to clear the path for the enterprise to lead the next service management revolution.

Challenges with a Business Case

It is plain evident that expansion of Service Management best practices to the rest of the enterprise requires a strong business case and a complete buy-in from strategic layer of enterprises; as this initiative would inadvertently lead to an enterprise-level transformation program (unless it is already in the pipeline for a pre-planned initiative).

This Process-level transformation would not only fast pace the enterprise-level velocity, impacting the end Product, but also openly challenge the People aspect coaxing innovation as an end output.

As seen in many cases, there is often no business case or it is not compelling enough to encourage leadership to support this. This is evident from the relative low number of CxO executives (<30%) championing the cause.

One of the factors contributing to this problem is the relative intangibility of benefits of such initiatives, plus the common fear factor associated with changes. These, in conjunction with other ground-level challenges, play towards pushing or postponing this change. A business case is often considered to be robust when it is supported by either cost savings or revenue growth potential. The primary benefit of enterprise service management is the value it brings to an enterprise. It is also closely linked to employee and customer experience. Certainly, these could result in a boost to the organisations' reputation, brand image and eventually stock value, at the same time it may not translate to numbers with any amount of certainty.

In some cases, estimated to be <40%, the initiatives are driven by business needs and there is a higher probability of having close to tangible benefits laid out within the business case.

In other cases, however it is often to exploit the ITSM tools' capability or improve employee and customer experience. This may, at first glance, look reasonable but it is perhaps the prime factor limiting the success of this digital revolution. It implies that the next generation IT is still perceived as foreign, bringing all associated incredulity with it. Most obviously, it is observed that IT still owns the primary responsibility of supporting service management.

Figure 1. Business Drivers for Service Management outside of IT
Source: HDI samanage - The State of Enterprise Service Management

There are multiple factors that add to the issue surrounding a business case.

1) **Size of the organisation** plays a key role in this. Decision making and speed is typically much faster in small size organisations. Additionally, depending on their business needs, it could be straightforward deploying multiple initiatives.
2) **Competing initiatives and frameworks.** In order to improve operational efficiency, quality and innovate, enterprises often deal with initiatives surrounding business transformation, automations and cloud implementations leveraging multiple frameworks and

methodologies such as ITIL®4, Lean, Six Sigma, COBIT®, IT4IT™, Agile, DevOps. This can be overwhelming for business sponsors accentuating the issues surrounding the business case.

3) External dynamics, at the same time, cannot be overlooked. Instances like early 2000s recession with the collapse of the speculative dot-com bubble, the great recession during 2007-2009 and the most recent COVID-19 recession starting March, 2020 almost always play decisive role in business prioritisation. They present the most unpredictable challenges and test the enterprise's readiness for a major change.
4) In addition to challenges mentioned earlier, there is another aspect of leadership which influences the business case. Often, CIOs are seen as champions of service management initiatives and lead largely technical divisions of the enterprise to modernisation. The CFOs and CEOs, on most of the occasions rely on CIOs to steer the improvements and innovation. This results in their palpable lack of interest and understanding of enterprise service management initiatives. Unless the tide turns the other way and CEOs & CFOs start championing this, we are unlikely to witness a shift of focus towards ESM.

Figure 2. CxO championing Service Management outside of IT
Source: HDI samanage - The State of Enterprise Service Management

Digital Era and People Factors

Since the onset of Industry 4.0, digital technologies, especially Cloud, IoTs and Artificial Intelligence (AI) have increasingly started playing key roles in bolstering operations of organisations.

At the same time, another revelation, though slightly overlooked, has been of much significance, which is the Customer Experience and Employee Experience. Whilst Digital technologies largely removes human dependencies at multiple levels, at the same time, their operations and optimal usage largely depends on humans, namely customers and employees. As a matter of fact, at the very core of this industrial revolution is the shift in people strategy.

Some of the key shifts are:

People first, products second

People building and supporting digital technologies, People championing change

Flat over tiered

As we move towards a much leaner and high velocity work place, it is imperative people take complete ownership and act as industry in their own right. This

Learning and adaptability over skills

With newer technologies exploding into the market at great pace, it requires the new era staff to be much more adaptable with greater learning ability. Existing skills, though important, has given way to learning ability as the new desired skill for new employees.

HR 4.0 over traditional HR

Traditional HR approach to manage people by hiring people based on skills and experience, handling payrolls, handling people as purely resources has proven to be ineffective in keeping up with the organisation velocity required in the digital age. At the same time, digital technology has transformed the manner and speed with which HR manage their day-to-day work, with increased automation and intelligence available required to strategize Human resource (asset in the new era) management.

However, going by the available information, we can see industries are prioritising products and technology initiatives over employee and people.

The following figure statistics implies organisations are willing to invest heavily in virtualisation, IoT, automation whereas embracing employee self-service and automation figures much lower in the list.

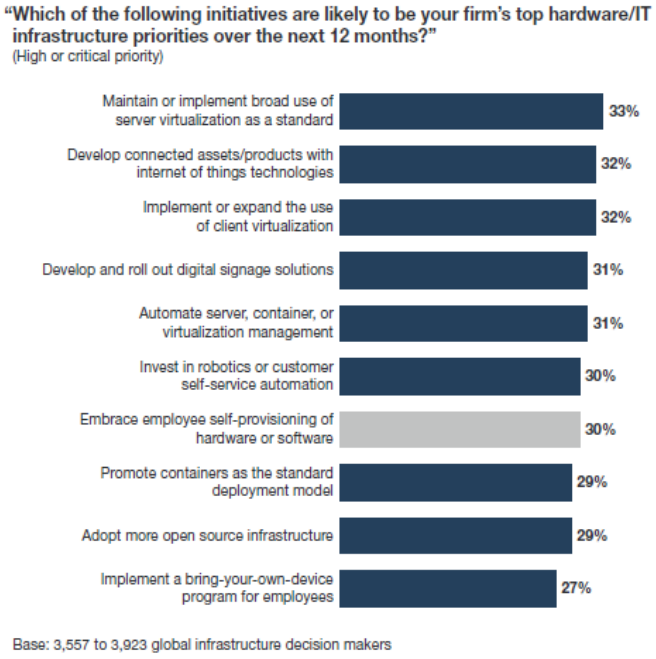


Figure 3. Top initiatives survey, Forrester
Source: Forrester Data Global Business Technographics® Infrastructure Survey, 2017

Evidently, there exists a gap between the required focus on people to be ready for the digital revolution compared to the focus people related initiatives are currently getting. This brings the important point to think over how best we can expand the required focus on people areas outside technology and only IT.

Considering the need for expanding key focus beyond IT, it boils down to the question whether enterprises have an option not to digitise and eventually embrace ESM? This question becomes even more prominent considering the more recent impact of COVID-19 on the corporate world.

The pandemic has forced corporates to introspect and reassess their operating models and priorities. It has definitively pushed digitization from "good to have" bracket to "must have" bracket.

There also seems to be a consensus it is no longer about sustaining growth but survival itself. Post pandemic world will take a while to stabilise and economies may take longer to recover than ever before.

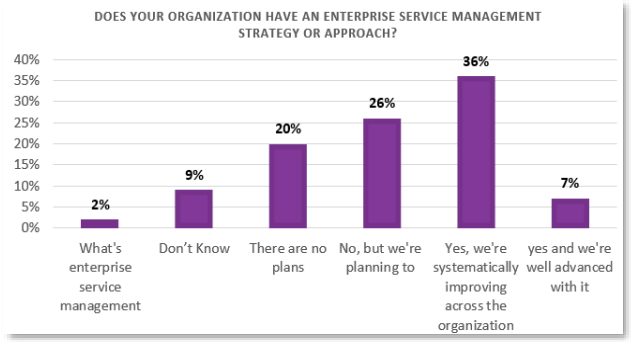
At the same time, this is likely to accelerate the need for digitisation and enterprises, sooner rather than later, will need to get their framework ready for this sudden demand. Getting the framework right involves optimising integration of supporting frameworks necessary to support fast paced digitisation namely ITIL®, IT4IT™, Agile, DevOps, Lean, COBIT®, SIAM and others. Flexibility of approach is crucial for its success.

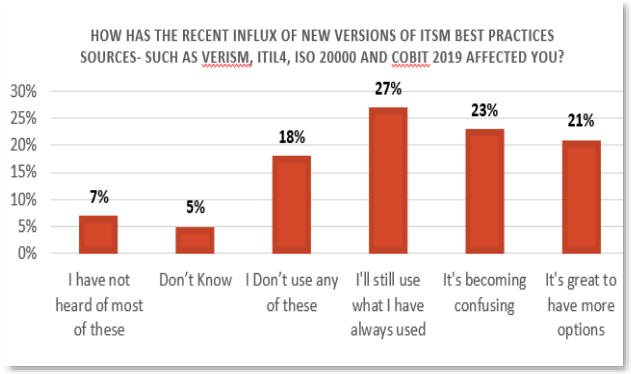
It, therefore is a matter of time when digitisation would span across all functions of the organisation and they will aim to provide values and services in a uniform manner.

The Current State of Industries

A quick look at the current state implies industries have to spring back in the post pandemic world and set themselves aright almost urgently for the next generation of service management involving functions beyond IT.

Based on a recent information, only 36% of the organisations have an active plan for enterprise service management. Only 21% of them currently use ESM for more than 1 functions; 36% of them are using it in any capacity. From framework perspective, only 21% of respondents stated they welcome the new age frameworks needed for high-velocity digitisations the current state.





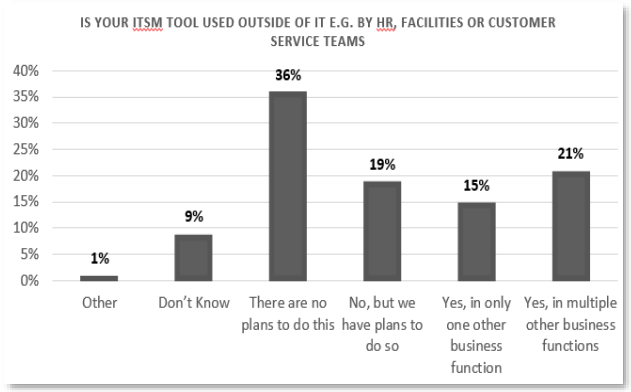


Figure 4. Enterprise Service Management Survey

Source: SysAid- The Future of ITSM – Survey Results 2019

How ESM helps

Imagine you are a finance and procurement staff expected to handle procurement of a new digital product for the operations. You would need to start pulling together all the paperwork, list all vendors, connect with other departments, specialists and go through myriad other processes. Receiving the quotes, evaluating them and completing all the paperwork will conclude this cycle consuming time, energy and resources.

The whole process can be tedious and daunting at times. This is where ESM could help. You could provide the required inputs following simple steps and at the click of a button start an automated flow.

This flow would do all the paperwork and collaboration for you. The process will all be documented on the ESM system and be as quick as you could make it.

How this can help the wider Enterprise is illustrated in the subsequent sections:

Integrated IT Service Management

In the ESM world, IT Service Management is not a stand-alone discipline but part of a much wider enterprise. It is automated, intelligent and well integrated. Service Desk is digitised and is equipped with state-of-art knowledge management, intelligence and automations. Incident, Problem, Change and Release Management practices are lean, largely automated and value driven.

It has a centralised Configuration management Database (CMDB) at its core with automated discovery, service mapping and configuration management practice supporting it.

IT infrastructure, is well guarded by automated event management and self-healing is embedded in the operations ecosystem. With increasing prevalence of cloud technologies, replace over repair is the order of the day.

Customer Service Management

Enabling Customer Service Management can automate and boost customer service agent (CSA) as well as business user experience manifold. The ESM will automate routing cases to CSAs, enable self-service through web-portals.

Business user can use sophisticated knowledge base to self-help on common queries and issues.

Advanced knowledge management and intelligence will help reduce lead time of cases.

By integrating with other enterprise service management areas, business will be benefiting from all the right information and services at the right time.

Human Resource Management

Enterprise Service Management can play a key role in bolstering overall HR function to be I4.0 ready.

HR Self-Service Portal will provide staff with a single, modern system for all HR actions.

Using an ESM system will ensure centralisation and visibility of HR requests.

Using a modern, flexible, state-of-art secure system will ensure audit and regulatory compliance.

Digital HR system will also provide platform for centralised automated system for Leaves, System for Employee Benefits.

Resource Demand, Recruitment and hiring will also gain much from ESM systems. End to end management of talent lifecycle is well supported by ESM whereby the complete lifecycle can be managed. It can start from the attract phase of the lifecycle, then it can seamlessly transition into the hiring process followed by engaging them, developing them throughout their stay in the organisation, growing them, retaining them and finally, separating with them when they part way with the organisation at the end of the lifecycle.

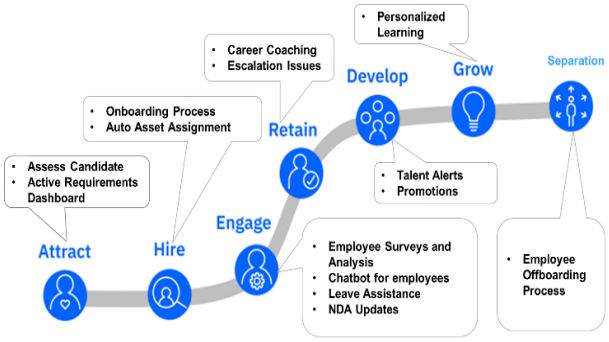


Figure 5. Talent Management Lifecycle
Source: Produced by Author

One of the largest benefits can be in the area of onboarding process. Employee onboarding could require multiple approvals and multiple actions from various departments. For instance, it involves creating a domain user, providing the right level of accesses, providing hardware and software, mobile phones, implying it interfaces with IT asset management practices.

Having an ESM system can be easily leveraged to automate the onboarding process with centralised management and tracking of each part of onboarding. This also helps highlight any potential pain areas hampering the flow of a seamless and effective onbaording. Since onbaording could require multiple access provisioning, software provisioning and hardware provisioning.

Likewise, employee separation can be automated and result in enhanced leaver experience and compliance for the Organisation.

ESM can be extended further to Learning and Development, Personal development, Mentoring, Performance Management and many other HR areas.

Asset Management

Organisation's physical and logical assets have gained much more prominence over the recent past. Limited visibility of organisation's assets and their related information has proven to be costly for many organisations. In the era of Cloud and IoTs, it has become more challenging but even more important to be in control of all assets.

Key aspects making this area a mandatory part of ESM are:

- Information of all assets and their related cost.
- Management of licenses as their expiry can have widespread impact.
- Stock Management – It is key to maintain and track the inventory and available stock. Lapse in this area can delay the availability of essential assets and at the same time cut unnecessary spends.
- Information Security and Data Protection are integrated with Asset Management to protect hardware/software assets and protect data in relation to all assets.
- Asset Lifecycle needs to be tracked and controlled to efficiently reuse assets and also plan for upgrade or modernisation
- Cloud and IoT related asset information is another key aspect of Asset management. It helps track the cost of these assets as well as helps plan for additional requirement or releasing unused or unwanted assets.

Financial Management

Every area of the enterprise is directly or indirectly linked to its financial management. Each asset in the organisation has costs.

In this era it is even more important than ever before:

- It ensures OPEX do not run out, which is essential for supporting the cloud services.
- Each initiative and project has cost and risks.
- It is essential to ensure appropriate budgeting, financial planning, chargeback, and payback.

In the digital era, financial management needs to demonstrate much more flexibility and adaptability. Automations of financial workflows including procurements with external vendors. Contracts are key for managing suppliers and track their relevance, expiry and take appropriate actions. This can also embed into financial management

To top it all, it is one of the key components of ESM.

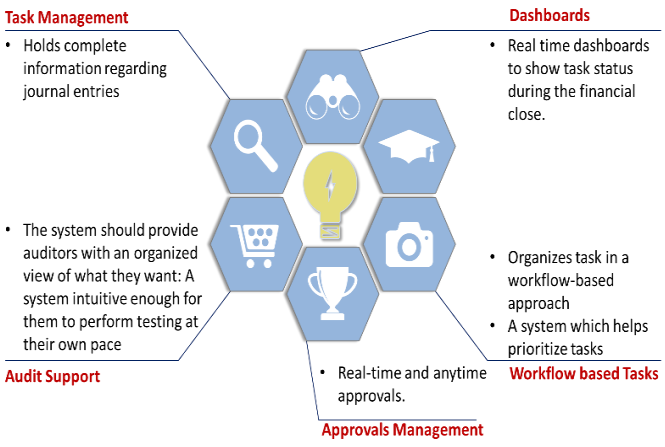


Figure 6. Finance Operations use case
Source: Produced by Author

Information Security Management

With the surge of digitisation and recent pandemic impact on industries, security threats have increased manifolds. In some cases, cyberecurity threats have gone up 5 times. WHO has reported Cyber-attacks have doubled in recent times.

Bringing Security Management into ESM fold is of paramount importance since it clearly will be an area of major focus over the coming days.

Overarching Security Operations framework, Security related case handling, Threat detection, Risk Management, vulnerability response can be automated and integrated into ESM to optimise management of Information Security.

Attackers have gained more intelligence and brought in more sophistation into their mode of operation. An integrated and intelligence solution will help find indicators of compromise.

An ESM system will also support STIX and TAXII to support threat intelligence. This will also provide a key foundation for Security Audits and compliance management.

Facilities Management

ESM including facilities management provides a one stop platform for users to report any maintenance and repair request, physical security requests including building passes, security badges, new desk space, phones, cleaning, office equipment, parking, health and safety.

Field Services Management

Enterprises have often certain functions that require on-site services from field technicians so that services can be provided swiftly and seamlessly. If these are not integrated and part of ESM, the costs of handling on-site issues using disparate, unconnected systems without automation or visibility into the processes can be significantly high. Embedding Field Service Management into ESM will result in such tasks getting addressed faster. Zeroing down on root cause of such issues and resolving them in a timely manner will become feasible. Field engineers can be empowered with access to all of their tasks using the offline applications as part of ESM system.

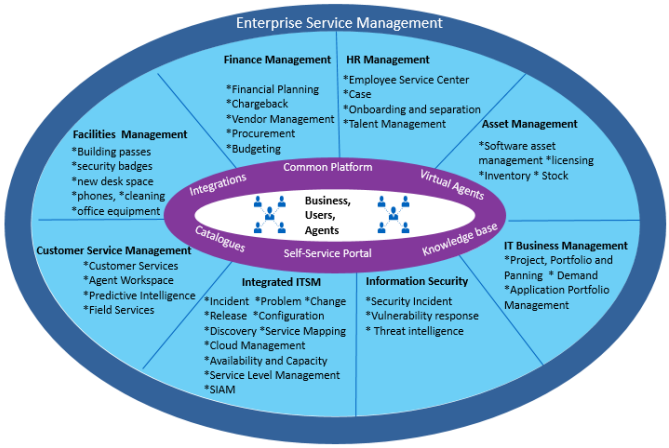


Figure 7. Enterprise Service Management Eco-System
Source: Produced by Author

Means to get there

Moving from traditional ITSM to ESM requires shifts at multiple layers. It involves shift in culture, operating models, processes and technology. Evidently, there is a need for establishing the right framework. However this needs to be essentially flexible since it involves numerous considerations.

First of all, every organisation is unique owing to their combination of values, vision, and domain. Applying the same framework may have inconsistent result on individual organisation. Often this will not yield the desired output.

At the same time, with abundance of frameworks such as ITIL®, COBIT®, IT4IT™, DevOps, Lean and Six Sigma, it often leads to conflict and incorrect usage of such frameworks. At the same time, there is no one size fits all framework. A certain value stream may require A, B, C framework to be applied whereas another value stream within the same organisation may require D, E, F frameworks to be applied.

It may appear that a large transformation initiative to transform from ITSM to ESM will be needed to achieve this. However, this will involve large costs, resources, time and focus from a significant number of staff. At the end of the program, we may still not achieve the desired output whatever frameworks we choose. In the digital era, things move quickly and large-scale transformation drivers become outdated by the time it reaches its conclusion.

There are multiple dimensions that are critical for the success of this transformation. The following dimensions can help build a fabric which will ensure value is created as per specific business requirements

a) **Resources** – As discussed in earlier part of this paper, people play a pivotal role in the digital era. Additionally, assets, funds, time, knowledge are key elements.
b) **Environment** – Impact of environmental factors such as culture, competition, statutory and regulatory requirements on value stream/service provision is significant and is a key dimension.
c) **Industry 4.0 Emerging technologies** – New age technologies defining I4.0 namely Internet of Things (IoT), Big Data, Cloud, Automation, Virtualization are always at the core of digital era initiatives or requirements.
d) **Management frameworks** – This dimension provides the much-needed support to the other key dimensions. They provide the guidelines and principles that can be applied specific to the requirement. This includes:

- Industry Best Practices Frameworks such as ITIL®, COBIT®, IT4IT™, CMMI-SVC
- Operating Models such as VeriSM™
- Industry Standards such as ISO/IEC 20000
- Approaches, Models and Concepts such as DevOps, Agile, Lean, Six Sigma SIAM
- Portfolio, Program and Project Management

Having established the key dimensions, it is equally important the overall framework is flexible and adoptable based on the organisation specifics.

Thankfully, the need for such approach is already up on the table and there are many entities who have come up with a flexible framework.

One approach, however, that stands out is VeriSM™. It is an operating model owned by International Foundation for Digital Competences (IFDC, Netherlands). With its core pillar in Management Mesh, it provides an extremely flexible operating model that can be tailored based on the size of the organisation and the need. It can be simple and at the same time extremely complex based on the specific need.

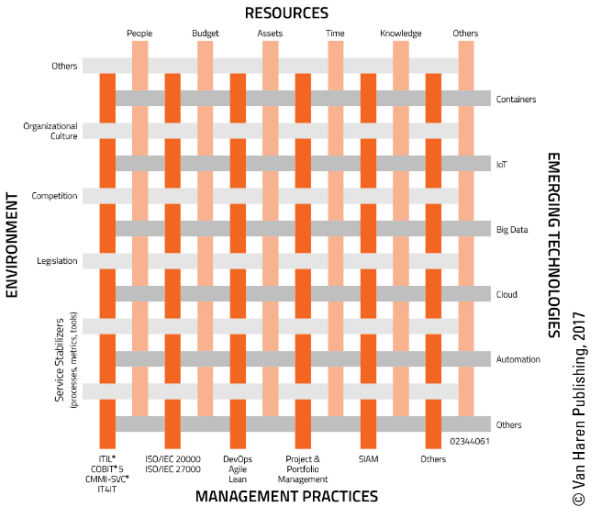


Figure 39 The Management Mesh

Source: VeriSM™ - A service management approach for the digital age

Figure 8. VeriSM™ Management Mesh

Key Recommendations

There is substantial merit in extending Service Management to your enterprise. It is more a question around "how" rather than "if". The following 3 key steps are recommended to get there:

A) Develop a clear vision of your firm's digital objectives

Begin with chalking out a clear vision of your firm's target digital technology state. Factor in Resource, Environment, and technology specific requirement to achieve the target state.

B) Make use of a flexible operating model

A flexible approach is key to the effectiveness of deploying Enterprise Service Management. Flexible operating models such as VeriSM™ can be leveraged to optimise usage of the right framework needed to achieve your digital objectives. Based on the Management Mesh, apply the required frameworks for the specific use cases to achieve your organization's objectives.

C) Choose the right partner(s)

It is essential to choose the right partner(s) and specialists who match your vision and help you apply the right frameworks and support you throughout and beyond the digital revolution. In case of multiple supplier, you can choose a partner to help with providing Service Integration and Framework (SIAM). This becomes relevant when you employ multiple suppliers and partners

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