Blueprint: Modernizing Your ITSM Practice to Drive Digital Transformation

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A Blueprint for Modernizing Your ITSM Practice to Drive Digital Transformation

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Initiatives: I&O Operations Management; Evolve Service Management and Cloud Operations

Increased business model change and speed of delivery have rendered manual, nonadaptive, centralized IT service management practices obsolete. Infrastructure and operations leaders need to modernize services and adopt holistic approaches to service delivery to drive digital technology initiatives.

Additional Perspectives

- Summary Translation: A Blueprint for Modernizing Your ITSM Practice to Drive Digital Transformation
(09 March 2023)

More on This Topic

This is part of an in-depth collection of research. See the collection:

- Research Roundup for Achieving I&O Efficiency and Effectiveness Gains in China

Overview

Key Findings

- Infrastructure and operations leaders who do not understand their organizations' digital transformation goals and associated business model changes risk poor IT service delivery, due to erroneous decision making misaligned with business strategy.

- I&O leaders find that conventional, manual and centralized IT service management practices do not support the necessary speed of delivery and the pace of change in hybrid digital environments, resulting in increased cost and toil, as well as diminished effectiveness.

- Managing ITSM practices without taking a broader view of the I&O service delivery landscape is insufficient when striving to meet the demands of a digitally transformed organization.

Recommendations

I&O leaders responsible for ITSM should:

- Incorporate the organization's digital business goals by reviewing digital transformation plans and collaborating with IT executives, such as the chief digital officer, chief product officer and other product leaders to understand digital ambitions and the associated strategies.

- Develop an ITSM practice modernization strategy that includes future-state goals and embraces automation and agility. "Stress test" where current ITSM people, process and technology investments will hold back the organization's digital ambitions.

- Establish a service operations tooling integration blueprint by capturing and modeling all service-operations-related technologies and the associated services needed to drive the digital business.

Strategic Planning Assumptions

By 2025, 70% of organizations will implement structured infrastructure automation to deliver flexibility and efficiency, which is a significant increase from 20% in 2021.

By 2025, IT leaders who align digital workplace investments with current and desired levels of maturity and overall digital ambitions will reduce the waste associated with untimely and unsuitable activities by 50%.

Introduction

Digital Transformation Is Upending Traditional ITSM Practices

Organizations are aggressively pursuing digital transformation as a way to advance their business practices and deliver more value. In a Gartner 2022 survey of 281 corporate board of directors (BoD) members, digital technology initiatives were identified as one of the top two strategic business priorities for 2023-2024. [1]

Unfortunately, gaining alignment with digital technology initiatives can be challenging. According to the 2023 Gartner CIO and Technology and Executive Survey, [2] the top two key difficulties faced when developing a vision for digital change are:

- Integrating the digital vision with existing enterprise-level strategies

- Agreeing on a shared vision across different parts of the enterprise

Driven by these digital transformation goals, disruptors are emerging. If left unchecked, they will break traditional IT service management (ITSM) practices, descriptions of which follow.

Cloud-First Strategies

Infrastructure and operations (I&O) leaders need to understand digital technology initiatives, agree on the shared vision and integrate their strategies with the digital vision. This is of particular importance as organizations aggressively pursue cloud-first strategies or adopt hybrid digital environments.

ITSM Platform Expansion

ITSM platforms are rapidly expanding beyond traditional core IT infrastructure library (ITIL) functionality. ITSM platform vendors are building deeper, out-of-the box integration capabilities to encompass a broader array of technologies:

- IT operations management (ITOM)

- DevOps pipeline

- HR systems for onboarding

- Digital employee experience (DEX) tools

Product-Centric Operating Models

To drive digital strategies, many IT organizations have adopted product-centric operating models. In the face of these models, I&O leaders have the challenge of becoming more agile and meeting their increasing demands. In the Gartner's 2021 How to Evolve IT Service for Better Customer Experience Survey, [3] the top three challenges the organization's ITSM function faces or expects to face, while working with product teams, are as follows:

- The need to become more agile and responsive to the needs of product teams

- Knowledge sharing from product teams

- The lack of adaptive ITSM practices

DevOps Practices

Many clients tell us that their organizations have adopted DevOps practices to improve their speed and frequency of delivery. These practices are often driven by the development organization at the behest of business customers. DevOps practices can automate many of the manual processes associated with change, release and deployment. If I&O leaders are not engaged and aligned, highly centralized and manual change management practices can quickly become bottlenecks that inhibit value delivery.

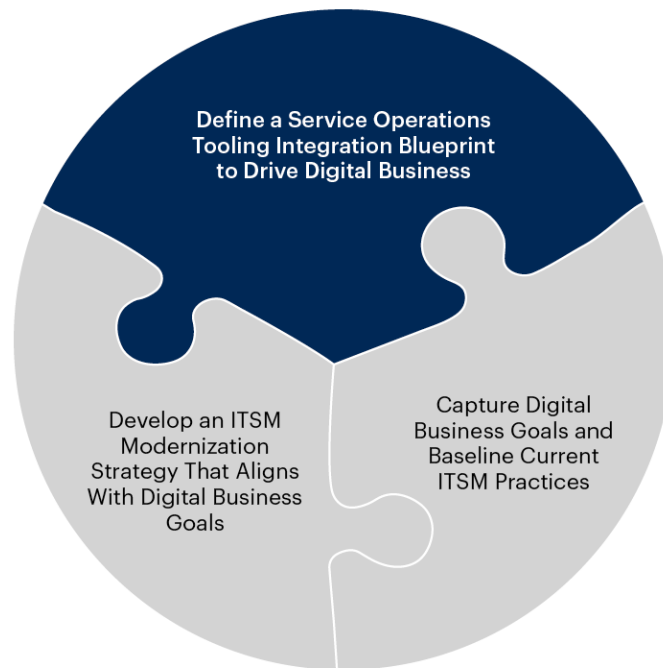## Three Steps to Modernize Your ITSM Practice and Drive Digital Transformation

Regardless of whether the IT organization has adopted product-centric operating models, centralized and highly manual service management practices do not enable the speed of delivery required by a digitally transformed organization. Federating targeted responsibilities and automating processes enable faster, more-regular deployments, while avoiding bottlenecks. In addition, the adoption of advanced monitoring tools and rapid expansion into cloud environments are outmoding I&O-centric service delivery models. I&O leaders need to rethink how they run their organizations, as well as look more broadly across all aspects of service delivery to keep pace and optimize value.

I&O leaders should leverage this research to modernize ITSM practices in line with the organization's digital transformation efforts (see Figure 1), as outlined in the three steps below:

- Capture digital business goals and baseline the current ITSM practices

- Develop an ITSM modernization strategy that aligns with the digital business

- Define a service operations tooling integration blueprint to drive the digital business

Figure 1: ITSM Practice Modernization for Digital Alignment

ITSM Practice Modernization for Digital Alignment

Define a Service Operations Tooling Integration Blueprint to Drive Digital Business

Develop an ITSM Modernization Strategy That Aligns With Digital Business Goals

Capture Digital Business Goals and Baseline Current ITSM Practices

Source: Gartner
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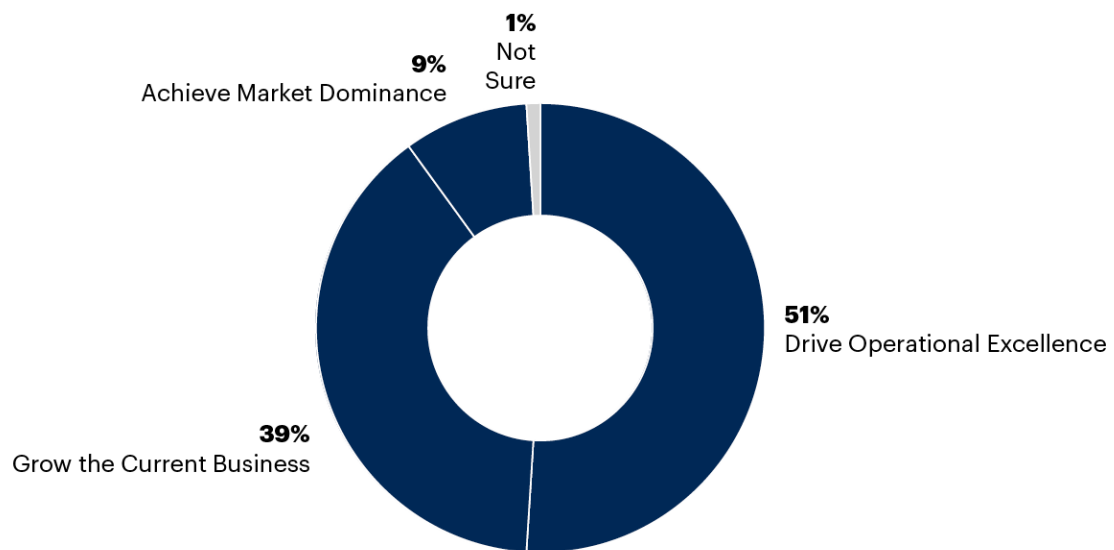
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Analysis

Capture the Organization's Digital Business Goals and Baseline the Current ITSM Practices

Incorporate Digital Business Goals

I&O leaders must account for the extent to which the organization will leverage digital technologies and capabilities to enable business model changes and transformation. According to Gartner's CIO and Technology Executive Survey, driving operational excellence leads to digital ambitions (see Figure 2).

Figure 2: Enterprise's Digital Ambitions

Enterprise's Digital Ambitions
Percentage of Respondents

1%
Not Sure

9%
Achieve Market Dominance

51%
Drive Operational Excellence

39%
Grow the Current Business

Source: Gartner
778434_C

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In addition, the same survey indicated that the top five objectives of digital investments during the past two years are as follows:

1. Improve operational excellence

2. Improve the customer (or citizen) experience

3. Grow revenue

4. Ensure business continuity and resilience

5. Increase employee productivity

Optimally, the organization will have a digital transformation plan that defines the current and desired state. This plan can be used to determine where ITSM capabilities are inadequate to drive digital transformation. Not all organizations will have a formally established plan. I&O leaders should collaborate with IT executives and product leaders to understand digital ambitions and the associated strategies. This will be foundational for ensuring that the I&O strategies and the associated service management practices align with and drive the overall direction.

Baseline of Current ITSM Practices and Capabilities

I&O leaders should next capture a baseline of the current ITSM practices (see Table 1). This list will include core practices, such as incident, problem and change management. The list should also include points of integration established with the ITSM platform. This will become the basis for the practice modernization strategy, so the list should be as complete as possible.

Table 1: Example of Current State ITSM Practice List

(Enlarged table in Appendix)

ITSM Practice ↓	Current State ↓
Incident Management	Centralized through desk, manual ticket creation. Integrated notification system.
Change Management	Manual setup and approvals.
Problem Management	Static incident reporting and review.
Event Management	No integration. Manually combine data from multiple sources for analysis.
Knowledge Management	Static list of reference documents.
Service Catalog	Phone and email request submission.
Configuration Management	Manually updated configuration management database (CMDB). Some data is still maintained in spreadsheets.
Monitoring and Observability	Several integrated monitoring tools passing alerts to ITSM platform for ticket generation.

Source: Gartner (February 2023)

Prior to establishing a modernization strategy, I&O leaders need to ensure that current ITSM practices are meeting business outcomes. Attempting to modernize an underperforming practice will not achieve the targeted result. For example, the current ITSM practice may be proficient at managing and closing tickets. However, if business-impacting production outages are still pervasive, foundational improvements are needed. Carefully review feedback, along with performance metrics associated with the practices. If current performance levels are lacking, implement remediation plans prior to modernization. ITIL 4 identifies four dimensions for managing services in digitally transformed organizations:

- Organizations and people

- Information and technology

- Partners and suppliers

- Value streams and processes

I&O leaders should assess their current practices across all four dimensions to determine the changes that need to occur to proceed with a modernization plan. (If a more-strategic assessment is needed to gauge overall I&O maturity, I&O leaders should complete the IT Score for Infrastructure and Operations.)

In the context of our modernization efforts, this information should be leveraged as the foundation for driving your digital business. The capabilities and integrations identified will act as inputs to your service operations tooling integration blueprint. The guidance that follows provides details on building the modernization strategy to drive your organization's digital transformation.

Develop an ITSM Practice Modernization Strategy That Aligns With and Drives Digital Business Goals
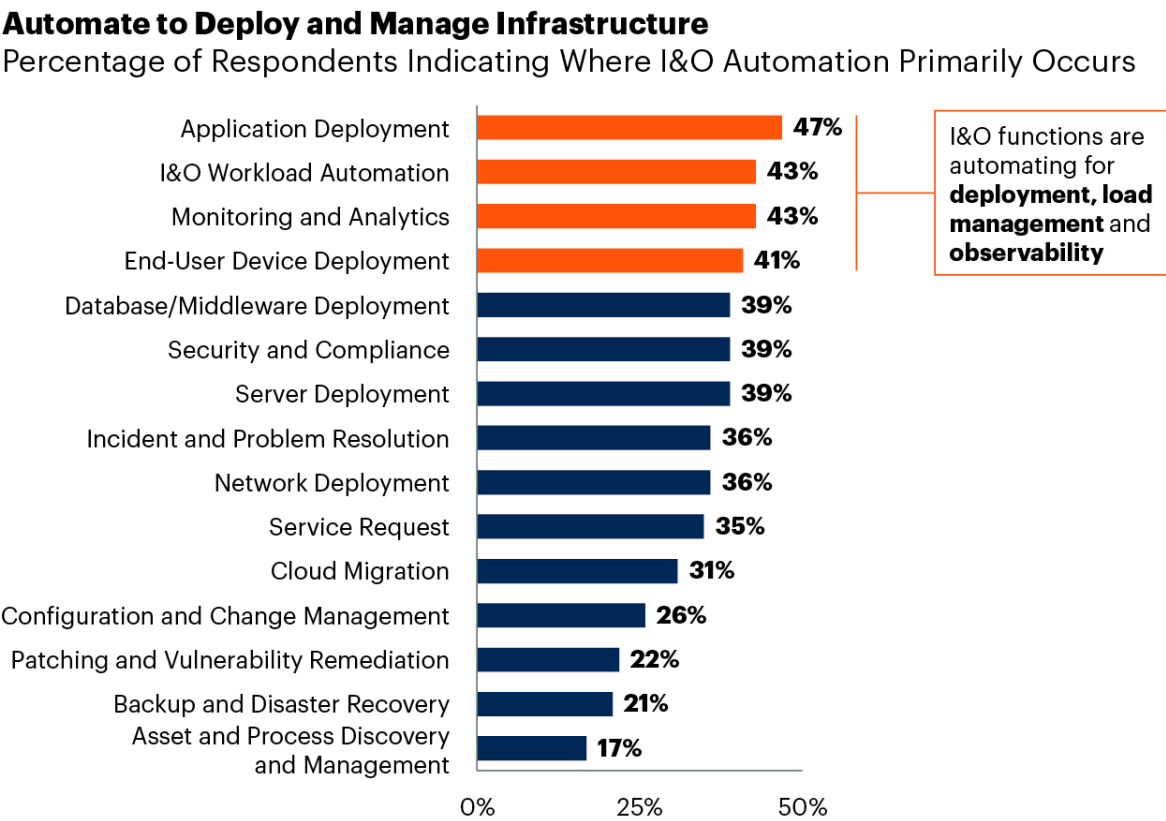
Identify Gaps Between Current Service Delivery and Digital Transformation

Once current ITSM practices are captured, I&O leaders should identify opportunities where these practices do not effectively drive digital business goals. For example, current capabilities may not adequately cover or integrate with the monitoring in hybrid cloud environments. Or, application teams may now be automating deployments, while current ITSM practices still rely on manually generated change records. In addition, the organization may have deployed digital employee experience and/or digital experience monitoring tools that are not integrated with the ITSM platform or processes for things such as automated ticketing, large volumes of alerts or automated paging/notification.

I&O leaders should also factor in planned advancements in service automation. Adapt and integrate ITSM practices with the overall I&O automation strategy to meet the advancing demands of your digital organization.

Gartner's Adaptive Automation in Infrastructure and Operations survey [4] shows that I&O functions are automating in a number of key areas (see Figure 3).

Figure 3: Automate to Deploy and Manage Infrastructure

Automate to Deploy and Manage Infrastructure
Percentage of Respondents Indicating Where I&O Automation Primarily Occurs

Category	Percentage
Application Deployment	47%
I&O Workload Automation	43%
Monitoring and Analytics	43%
End-User Device Deployment	41%
Database/Middleware Deployment	39%
Security and Compliance	39%
Server Deployment	39%
Incident and Problem Resolution	36%
Network Deployment	36%
Service Request	35%
Cloud Migration	31%
Configuration and Change Management	26%
Patching and Vulnerability Remediation	22%
Backup and Disaster Recovery	21%
Asset and Process Discovery and Management	17%

I&O functions are automating for **deployment, load management** and **observability**

n = 304 senior IT I&O leaders, their peers and direct reports

Source: 2022 Gartner Adaptive Automation in I&O Survey

Q: Where does automation primarily occur in the following IT infrastructure deployment and/or infrastructure operation workflows within your IT I&O organization? Select all that apply.

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I&O leaders should capture input/insight as to the automations in place today and/or on the roadmap for future enhancements. This can include a broad class of technologies that are used for monitoring, data-gathering, managing and self-healing.

As part of the digital transformation effort, many organizations have adopted product-centric operating models. They not only drive agility, they enable IT to better align with the business. Given the rapid pace of change associated with these product-centric models, highly centralized and manual ITSM practices can become bottlenecks to value delivery. For example, application teams could be looking to deploy multiple code releases each week, or even each day. A centralized, manual change approval process will not support the needed speed of change. Site reliability engineers (SREs) resident on product teams may be in a better position to provide Level 2 or Level 3 support than a centralized team.

I&O leaders need to identify opportunities for federating services to support these new operating models. This may require balancing centralized oversight with added product team enablement. Practice leads, such as change managers and incident managers, would act more as coordinators and enablers, ensuring that standards are observed, but allowing for more-distributed execution. I&O leaders will benefit from close collaboration and alignment with product team leadership as a part of the digital strategy.

(A good reference on product team support and enablement can be found in How to Integrate ITSM Teams With Product Teams.)

Develop an ITSM Modernization Strategy That Aligns With Digital Business Goals

The steps we have outlined above should drive the practice modernization strategy, which includes a vision of the future state. The strategy should align directly with the digital business goals and focus on the areas that will add the most value. This strategy does not include every ITSM practice; rather, it involves those that require modernization to drive the organization's digital ambitions (see Table 2).

Table 2: Example of ITSM Practice Modernization Strategy

(Enlarged table in Appendix)

ITSM Practice ↓	Current State ↓	Digital Business Goal ↓	Future State — Digitally Aligned ↓
Incident Management	Centralized through desk, manual ticket creation; integrated notification system	Improve the customer (or citizen) experience	Auto incident ticket generation, automated notification to product teams, self-diagnosis, self-healing
Change Management	Manual setup and approvals	Grow revenue through rapid value delivery	Autogenerated in alignment with automated deployments; federated approvals
Event Management	No integration; manually combine data from multiple sources for analysis	Improve operational excellence	Centrally captured, event correlation, intelligent pattern recognition and anomaly detection; coordinate with SREs and product teams
Configuration Management	Manually updated CMDB; some data still maintained in spreadsheets	Ensure business continuity and resilience	Service dependency mapping, which accounts for digital hybrid environments
Digital Employee Experience	Not integrated with an ITSM platform	Increase employee productivity	Digital experience tools integrated with ITSM platforms for automated ticketing, surface actionable insights and drive self-healing automations

Source: Gartner (February 2023)

This practice modernization strategy should then be reviewed, investments determined and validated with leadership to ensure alignment. This is also important for continuing to connect activities back to targeted business outcomes.

Completing this step should drive important, strategic thinking around modernizing your service management to support digital transformation. (For additional information on this topic, see 2022 Strategic Roadmap for IT Service Management.)

Define the Service Operations Tooling Integration Blueprint

Once digital business goals are identified, and the ITSM Practice Modernization Strategy has been established, the next step will be to define the ITSM tooling integration blueprint.

The Service Operations Tooling Integration Blueprint will identify all related technologies and the associated services that need to be integrated with your ITSM platform to drive digital business goals.
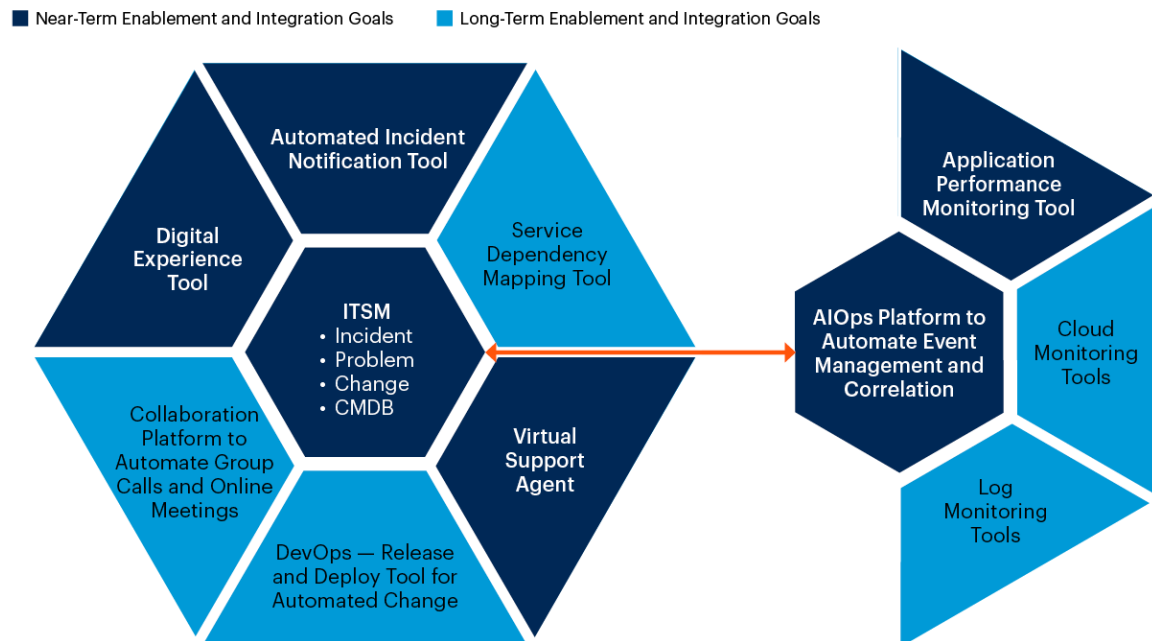

The number of separate technologies will vary significantly from organization to organization. This number will vary depending on how many practices are resident in the out-of-the-box ITSM platform.

As a part of this modeling exercise, note the level of automation associated with each integration point. This will be extremely helpful moving forward, as additional opportunities for automation are identified. (For a helpful companion reference on rationalization and optimization, see 3 Top Priorities to Optimize Your Investments in Application Performance Monitoring Tools.)

This exercise requires I&O leaders to identify all services/data flows that are needed for critical operations, such as managing events and alerts as early signals of possible events, incidents and changes in the environment. Gartner clients indicate it is common for SaaS and cloud instances to be deployed without the knowledge and engagement of the service management team. Given the broad scope of this effort, allocate four to six weeks for the initial gathering of information and drafting of the blueprint. Creating this tooling integration blueprint helps ensure visibility and eliminates duplication of efforts. Indicate which services and their associated integrations are planned for the near term, and which are planned for later enablement.

The priority of digital business goals should drive decisions regarding budget, timing and resource allocation. For I&O leaders, this is often at the intersection of business criticality and usage. The complexity of integration efforts must also be carefully scoped and factored into the equation. When formalizing plans, I&O leaders must consider technology, processes and people. In our example in Figure 4, we use color coding as a designator for the timing.

Figure 4: Service Operations Tooling Integration Blueprint Example

Service Operations Tooling Integration Blueprint Example

Source: Gartner
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As a checkpoint, I&O leaders should validate the completeness of this Service Operations Tooling Integration Blueprint with stakeholders across IT. Once established, your Service Operations Tooling Integration Blueprint becomes instrumental in driving your hybrid digital environment. Gartner clients indicate numerous benefits to approaching the environment holistically, including:

- Ensuring completeness of coverage in increasingly complex environments

- Eliminating duplication of effort/tool overlap

- Driving collaboration, particularly in cases in which different parts of the IT organization own or manage different tools in the model

- Establishing a cohesive strategy and driving integration

I&O leaders should continuously engage stakeholders to ensure alignment and to adjust and adapt as digital strategies change. Gartner recommends adopting an agile, iterative approach for feature delivery. Doing so enables faster value realization, while allowing for planning adjustments. Cross-team collaboration around practice modernization is equally as important as the tool integrations. As your business evolves, so, too, will the blueprint evolve as a driver for optimizing the performance of your ITSM practices.

Evidence

[1] **2023 Gartner Board of Directors Survey on Business Strategy in an Uncertain World.** This survey was conducted to understand the new approaches adopted by nonexecutive boards of directors (BoDs) to drive growth in a rapidly changing business environment. The survey also sought to understand the BoDs' focus on investments in digital acceleration; sustainability; and diversity, equity and inclusion. The survey was conducted online from June through July 2022 among 281 respondents from North America, Latin America, Europe and the Asia/Pacific (APAC) region. Respondents came from all industries, except governments, nonprofits, charities and nongovernmental organizations (NGOs), and from organizations with $50 million or more in annual revenue. Respondents were required to be a board director or a member of a corporate BoD. Respondents who served on multiple boards answered for the largest company, defined by its annual revenue, for which they were a board member.

Disclaimer: The results of this survey do not represent global findings or the market as a whole; instead, they reflect the sentiments of the respondents and the companies surveyed.

[2] **2023 Gartner CIO and Technology Executive Survey, CIO Research Group (14 October 2022).** This survey was conducted to help CIOs and technology executives overcome digital execution gaps by empowering and enabling an ecosystem of internal and external digital technology producers. It was conducted online from 2 May 2022 through 25 June 2022 among Gartner Executive Programs members and other CIOs. Qualified respondents are the most-senior IT leaders (for example, the CIO) for their overall organization or some part of their organization (e.g., a business unit or region). The total sample is 2,203 respondents, with representation from all geographies and industry sectors (public and private).

Disclaimer: The results of this survey do not represent global findings or the market as a whole; instead, they reflect the sentiments of the respondents and the companies surveyed.

[3] **2021 Gartner How to Evolve IT Service for Better Customer Experience Survey:** This survey was conducted to understand the degree of adoption of employee experience management plans for internal IT services. It also identified the ITSM practices moving toward a federated environment and key areas of service desk interactions that have been automated or are planned to be automated. The research was conducted online from November 2021 through 16 December 2021, among 300 respondents from North America (n = 105); Europe, the Middle East and Africa (EMEA; n = 85); and the APAC region (n = 110). Respondents were screened to be managers and above who were confident in answering questions about I&O-related topics. Topics included ITSM, employee experience (EX) management initiatives, DevOps and IT service desk at organizations of $50 million and more in worldwide revenue across organizations from all industries. Respondents were from organizations following ITSM practices, supporting/planning to support product teams in one to two years and undertaking EX management initiatives.

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[4] **Gartner's 2022 Adaptive Automation in Infrastructure & Operations Study:** This was conducted to understand the current state of implementation of automation initiatives and determine what factors lead to successful automation strategies and outcomes in automating infrastructure deployments and operations. It involved 304 senior IT I&O leaders, their peers and direct reports with IT automation initiatives in their scope of responsibilities. Participants were from North America, EMEA and APAC, across industries and companies with $1 billion or more annual revenue.

Recommended by the Authors

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A Buyer's Guide to ITSM Platforms

Use the Service-Optimizing I&T Operating Model to Become a Business-Centric Provider of I&T Services

2022 Strategic Roadmap for IT Service Management

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Source: Gartner (February 2023)

Actionable, objective insight

Explore these additional complimentary resources and tools for Infrastructure and IT Operations Executives:

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