



HFS Top 10 ServiceNow Services 2019

Excerpt for KPMG

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“ServiceNow continues to be the focus of significant enterprise investment. As a result, the provider community has never been under as much pressure to deliver high-value solutions to clients.”

—Ollie O’Donoghue, Research Vice President

What you'll read

| Topic | Page |
|--------------------------------------------|------|
| Introduction | 4 |
| Research methodology | 5 |
| Provider profile | 12 |
| Market direction and recommendations | 14 |
| Survey respondent demographics | 16 |
| About the authors | 18 |

Introduction

- The ServiceNow services market continues to grow significantly—fuelled by an insatiable enterprise demand for the platform. The provider community continues to balance challenges with meeting this increased demand as the talent crunch shows no sign of abating. Talent isn't the only challenge faced by providers; ServiceNow continues to push an aggressive innovation agenda that forces providers to redefine how they deliver value to clients—in some cases forcing them to bring in expertise outside of traditional services areas.
- ServiceNow's roadmap has attracted more clients with varied use cases, with a particularly bullish expansion into governance, risk, and compliance (GRC), playing into the hands of big consultancies and innovative providers. This brings with it significant challenges. Clients are looking more closely at the credentials and partnerships providers have with ServiceNow to ensure they have the knowledge and influence to guide engagements through the frequent releases. As a result, we're also hearing more about re-implementation work as enterprise leaders look to rebuild instances for greater flexibility and longevity. The big question for most enterprises is about how they can build more value through customisation without sacrificing the overall longevity of the platform.

Research methodology

This research is the result of data collected in Q2 and Q3 2019 through provider RFIs, structured briefings, client reference interviews, and from publicly available information sources. This information is supplemented by key findings from a large G2000 survey of enterprise leaders.

ServiceNow services providers were assessed on the following three main dimensions:



33.3%

Voice of the buyer

- Candid feedback from client references and the results from the IT services customer survey



33.3%

Ability to execute

- Account management capabilities
- Enterprise service management
- Footprint and scale
- Verticalized solutions and capabilities



33.3%

Innovation capability

- Vision for investments
- Automation and integration capabilities
- Consulting and thought leadership
- Solution innovation and development

Providers covered in this report

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accenture

acori
POWER UP YOUR BUSINESS

Cognizant

DXC.technology

evergreen

EY

FUJITSU

HCL

IBM

Infosys

KPMG

linium
A Ness Digital Engineering Company

TRIANZ

wipro

HFS Research

- **Talent crunch forces providers to rethink attraction, retention, and training strategies.** The talent market in the ServiceNow services space continues to be hyper-competitive, fueled by a mix of insatiable demand and slower than necessary talent generation. Providers recognize the importance of developing sizeable talent benches to cater to client needs, and are doing this through a variety of means. First, many are working with academic institutions, such as top-tier universities, to bring talent straight from graduation into the business. Second, services firms with a large engineering or application development capability are identifying high-potential individuals and bringing them into the ServiceNow practice. Third, they are accentuating talent pools with other skills sets, such as pooling broader consulting talent to bring into engagement to support subject matter experts. The results have been mixed, and it's highly unlikely these measures will provide the global market with the resources necessary to meet demand. We can expect the talent crunch to impact the market long into the future.
- **Balancing customization with longevity is the new focus for many enterprises.** From countless client reference calls and candid conversations with industry luminaries, one theme emerged ahead of the rest as a major challenge and talking point for the industry. ServiceNow continues to invest heavily in the platform and build out new and business-critical features. As a result, enterprises are trying to find a balance between keeping the platform in a condition where it can quickly build in new features and releases, and customizing it to bring in additional thresholds of value. Providers are advising this is rapidly becoming a table stake conversation at the selection phase for re-engineering and re-deployment work, often after previous ServiceNow instances have been deployed and customized using in-house teams or other providers.

- **Governance, risk, and compliance becomes the new battle ground.** Over the years, ServiceNow has pushed well beyond its traditional ITSM stomping grounds and more broadly into enterprise service management. The latest feature-set has pushed the platform firmly into the governance, risk, and compliance space with compelling use cases hitting the market around regulatory compliance, particularly GDPR, alongside myriad other business critical capabilities. Several of the service providers covered in this research are pushing into this space vigorously; however, it's hard not to see a natural stronghold forming around the big four consulting firms—all of which already have a strong GRC services capability built into their audit and advisory services. Standalone case studies for GRC business lines approaching the providers to support them in deploying ServiceNow tooling, outside of traditional routes in through ITSM and ESM, serve as a testimony to the growing relevance of the ServiceNow platform in the space and the potentially lucrative market that the right providers can move into.
- **ServiceNow Leadership change.** At the time of publishing, ServiceNow announced a change in leadership with John Donahoe leaving and SAP's Bill McDermott coming in as CEO. While the news is still fresh, candid conversations with partners covered in this research indicates the news is being met with a great deal of optimism. Many of ServiceNow's partners have developed business models dependent on the continued rapid growth of the firm – which some believe could be achieved with the support of McDermott's track-record of growing large enterprise accounts.

Research summary highlights



Highlight #1: ServiceNow source of major investment

Enterprises continue to invest heavily in the ServiceNow platform—ServiceNow has posted record growth year-on-year and the provider community are aggressively ramping up capability to meet market demand.



Highlight #2: Platform expands into key business areas

ServiceNow continues to invest in spreading the platform across a broader range of business areas—more recently GRC which alongside HR and Security, continue to be the most cited growth areas outside of ITSM for service providers.



Highlight #3: Talent crisis continues

To call the talent war in the ServiceNow space a crisis seems hyperbolic but rings true for many providers and enterprises. The market is highly competitive and enterprises are often left relying entirely on providers to bring talent into engagements. Providers on the other hand risk balancing cost with necessary investment in training and salaries to meet demand.

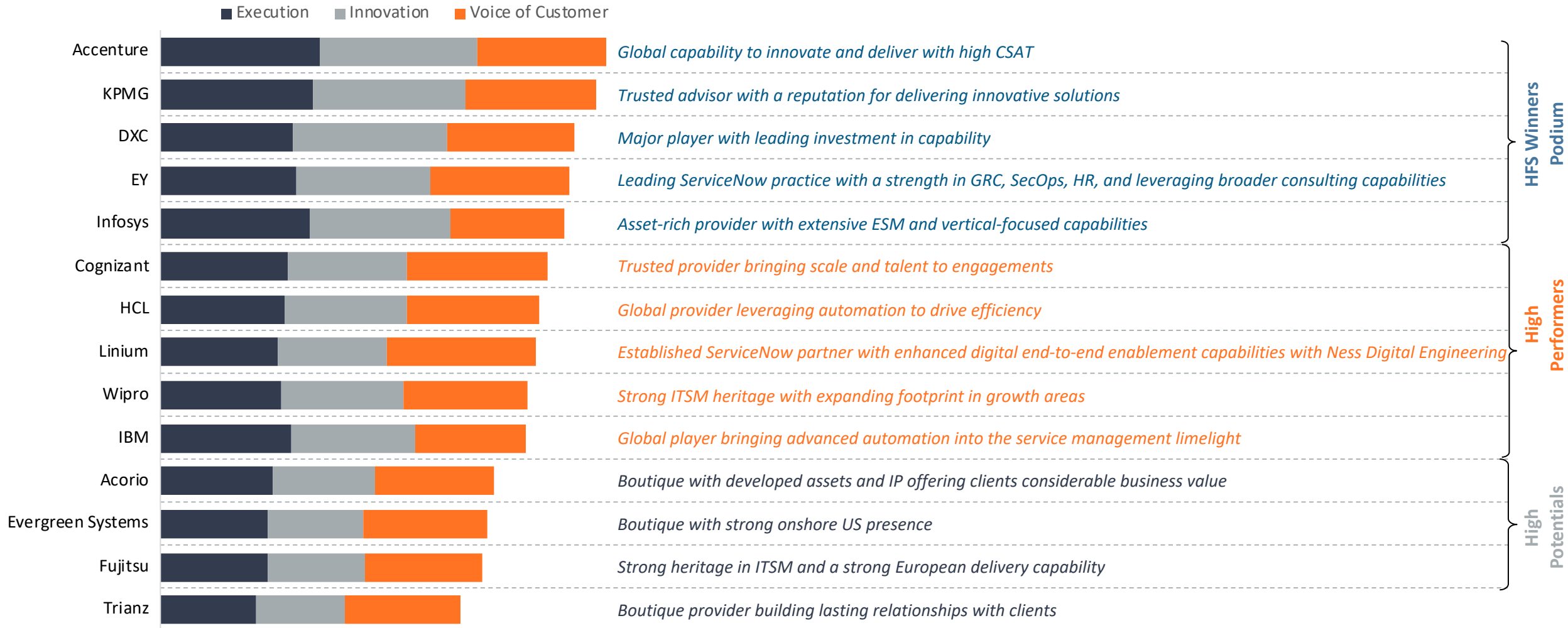


Highlight #4: Enterprises scrutinize provider partnerships

Enterprise leaders are spending more time scrutinising the partnerships status of providers—looking for evidence that providers have the insight and influence to continue building value out of the platform and drive greater longevity through strategic customisation.

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HFS top five products by individual assessment dimensions

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| HFS ranking | Ability to execute | | | | Innovation capability | | | | Voice of the customer |
|-------------|-------------------------------------------------------------|-------------------------------|---------------------|-----------------------------------------|------------------------|-----------------------------------------|-----------------------------------|-------------------------------------|-------------------------------------------------------------|
| | Account management capabilities | Enterprise service management | Footprint and scale | Verticalized solutions and capabilities | Vision for investments | Automation and integration capabilities | Consulting and thought leadership | Solution innovation and development | |
| #1 | accenture | KPMG | accenture | KPMG | accenture | IBM | KPMG | Infosys | linium <small>A Ness Digital Engineering Company</small> |
| #2 | KPMG | accenture | Infosys | accenture | KPMG | accenture | accenture | DXC.technology | Cognizant |
| #3 | HCL | EY | DXC.technology | Infosys | DXC.technology | DXC.technology | DXC.technology | accenture | EY |
| #4 | Infosys | Infosys | Cognizant | DXC.technology | EY | HCL | EY | KPMG | HCL |
| #5 | linium <small>A Ness Digital Engineering Company</small> | Cognizant | KPMG | IBM | Infosys | Infosys | Infosys | EY | KPMG |

Source: HFS Research, 2019

Provider profile

| Dimension | Rank | Strengths | Opportunities |
|-----------------------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HFS Top 10 position | #2 | <ul style="list-style-type: none"> • Partnership: KPMG has an almost unrivalled partnership with ServiceNow, which, according to the firm's clients, has helped boost the longevity of projects as KPMG has enabled them to build a development roadmap in lock-step with ServiceNow. • Talent: KPMG's clients value the access to top-tier talent they have been able to leverage throughout their engagements. For some, this involved bringing in consulting and advisory expertise from outside of the ServiceNow practice to support engagements. • Powered Enterprise: KPMG has developed a unique proposition, vetted and endorsed by ServiceNow, called Powered Enterprise – which pushes ServiceNow across IT, HR, Risk, and ESM. It is a constituent part of KPMG's broader powered enterprise thought leadership. KPMG has continued to fuel innovation with its knowledge and experience from delivering management consulting and business services. According to clients, the firm brings fresh perspective to engagements. | <ul style="list-style-type: none"> • Perception of technical capability: KPMG is well recognized as a trusted business advisor, but it suffers from a lack of broader market recognition as a highly technical services provider. To tackle this, KPMG should bring its considerable treasury of client stories to the market to reemphasize the point that the firm is able to bridge the gap between technology and business strategy. |
| Ability to execute | | | |
| Account management capabilities | #2 | | |
| Enterprise service management | #1 | | |
| Footprint and scale | #5 | | |
| Verticalized solutions and capabilities | #1 | | |
| Innovation capability | | Acquisitions and partnerships Partnership status: KPMG is a Global Elite Partner (top tier), a Global Systems Integrator (top tier), ServiceNow Catalyst Partner (KPMG is the only partner with a ServiceNow vetted and endorsed ITSM solution, Powered IT), and 2019 Americas Partner of the Year. Key partnerships: Apptio, Workday, Oracle, Flexera, Blue Prism, SailPoint, CyberArc, RSA, Microsoft Acquisitions: 2014: Cynergy; 2015: Triad Technology Partners; 2015: Nunwood | Operations and key clients <ul style="list-style-type: none"> • ServiceNow services headcount: 600 • ServiceNow CSAT score: 8.8 • Delivery center locations: The USA, Canada, Mexico, Brazil, Argentina, Columbia, Panama, Venezuela, Peru, the UK, Germany, Netherlands, France, Spain, Switzerland, India, Australia, Japan, Hong Kong, Singapore • Key clients include: CHS, Cox Enterprises, Fiserv, Nissan, Fortune 50 telecommunications provider, US federal government, US state governments |
| Vision for investments | #2 | | |
| Automation and integration capabilities | #7 | | |
| Consulting and thought leadership | #1 | | |
| Solution innovation and development | #4 | | |
| Voice of the customer | #5 | | |

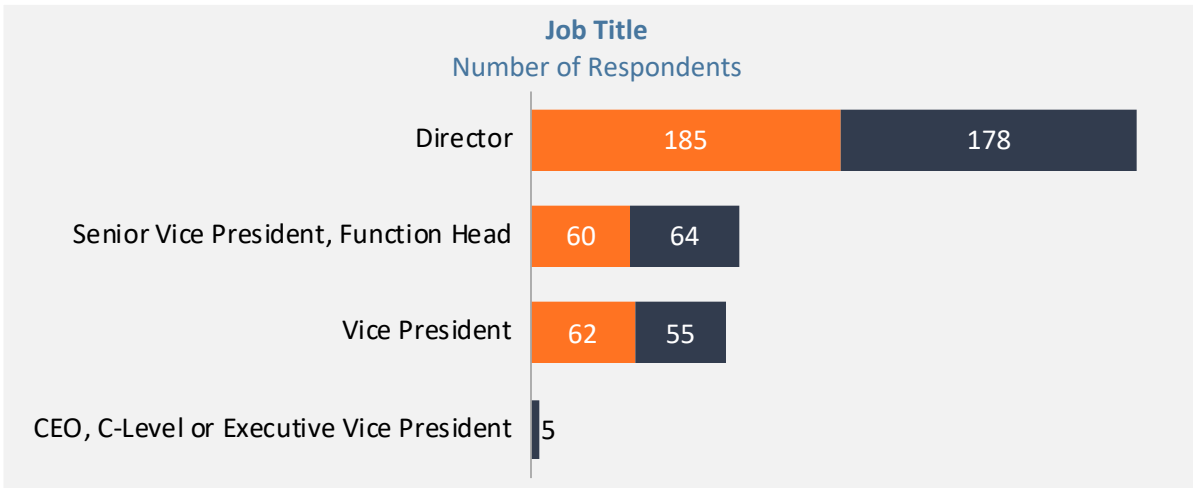
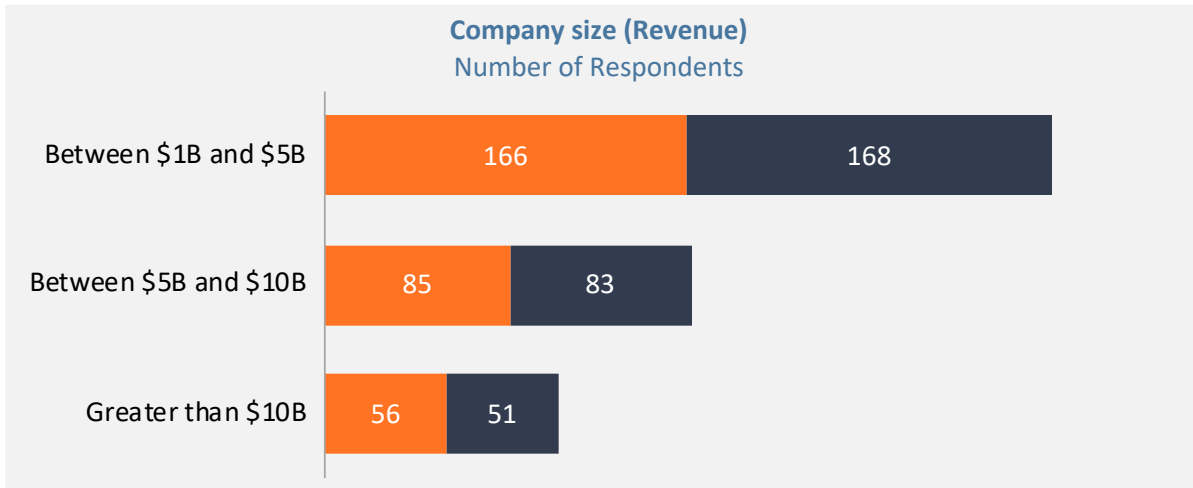
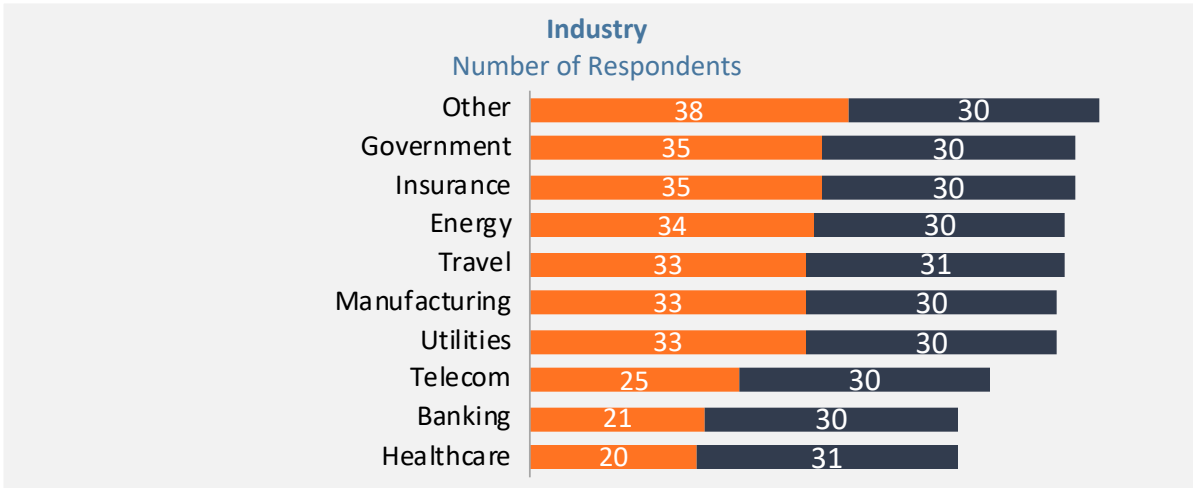
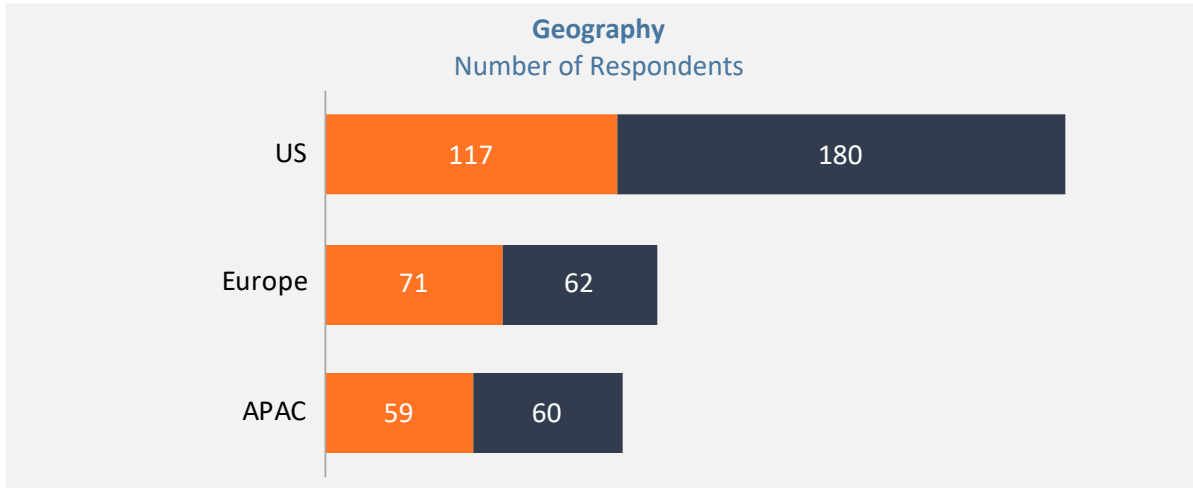
Market direction and recommendations

- The ServiceNow services market continues to show bullish growth—particularly as the platform stretches well beyond traditional ITSM and Service Management use cases. The challenge for enterprises and providers alike continues to be recruiting and retaining high quality talent. Internal training programs go some way to papering over the cracks—but the reality is the labour pool is punishingly shallow for a market that is growing so dramatically. While there are no clear solutions in place, leveraging existing assets and optimizing delivery will ensure providers can get the most out of the professionals they have, while also reducing mean-time to value for their clients.
- The Merger and Acquisition environment has not been as chaotic as it has been in previous iterations of this report, although many of the key investments are still bedding in—most notably Fruition Partners in DXC which is now driving major projects internally and externally. There's also the notable acquisition of Linium by Ness Digital Engineering, which has opened up fresh delivery capabilities for one of the largest independent ServiceNow practices.
- As ServiceNow continues to push the innovation envelope in the core platform, providers will have a job on their hands to keep layering value and capability over the top. For many this is readily achieved by providing consulting talent that can help place the platform in areas of the business that are far from its traditional stomping ground. But that comes with a challenge. First, the vocabulary and approach will need to evolve at a faster pace than it has been. And second, providers will need to blend talent and backgrounds from a broader set of individuals to better place ServiceNow as a solution of choice for non-traditional use cases.

Survey respondent demographics

About the survey

Survey 2017 2018



About the authors



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Ollie O'Donoghue is Research Director, IT Services. With many years experience in the IT services industry —as both a practitioner and a research analyst—Ollie understands the impact IT services have in the modern business environment.

Before joining HFS, Ollie was the Head of Research

and was an Industry Analyst for an ITSM Practice . He provided IT service and support organisations with the resources to deliver greater business value. There he developed a comprehensive research portfolio for the industry. He has researched and presented on a multitude of topics including automation, innovative support models, and real-time analytics. In 2017, Ollie was named second on a list of IT and ITSM experts to watch.



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Jamie Snowdon has primary responsibility for overseeing the development of HFS' Quarterly Market Index, in addition to managing and developing the firm's data-centric products and services. He works across the HFS analyst teams to define evolving services markets and create market size estimates and forecasts.

He also manages HFS' quantitative survey and benchmark data. Jamie has over twenty years experience in the IT and Business Services industry. In that time he has worked in a variety of roles including sales, marketing, consulting and as an industry analyst. Jamie's analyst career has largely been spent conducting data analysis including market size/forecast models, quantitative/qualitative survey analysis and competitive analysis.



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Martin Gabriel is a Senior Research Analyst at HFS Research, tracking global outsourcing deals in IT/BPO/Engineering services and supporting different practice leads in secondary research, data analysis and research writings.

Martin has over 5 years of research, analytics, and market intelligence experience in TCS and Xchanging. In his TCS role, he worked on point-of-sale and consumer panel data and on analytical projects, providing business insights to clients. He was responsible for analyzing retailers and consumer behaviour for various FMCG/CPG products to address diverse business issues and provide actionable recommendations for the future growth for clients. He performed extensive category reviews, brand management and trend analysis based on point of sale and homes scan data along with information from secondary sources. At Xchanging, he was part of the market intelligence team that supports Xchanging's vertical heads, strategy team and sales and marketing team.



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