

Magic Quadrant for IT Service Management Tools

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Summary

IT service management tools are vital for infrastructure and operations organizations to manage support and delivery of IT services. This research profiles the market for enterprise ITSM tools to help I&O leaders make better selections.

Market Definition/Description

IT service management (ITSM) tools enable IT operations organizations, specifically infrastructure and operations (I&O) managers, to better support the production environment. ITSM tools facilitate the tasks and workflows associated with the management and delivery of quality IT services. These are most heavily used by IT service desks and IT service delivery functions. Some non-I&O departments (such as HR or facilities) adapt generic ticket-handling and workflow capabilities for their own use.

Previously, Gartner has called ITSM tools by the name IT service support management tools (ITSSM tools).

ITSM tools are classified based on ITSM capabilities and integration with IT operations management (ITOM) solutions (see "ITSSM Tool Selections Require an ITSM and ITOM Tooling Strategy") as follows:

- Basic ITSM tools have some ITSM capabilities and limited integration with ITOM solutions.
- Intermediate ITSM tools have good ITSM capabilities, and provide some basic ITOM functions or integrate with intermediate third-party ITOM solutions.
- Advanced ITSM tools have a full range of ITSM capabilities, and provide broad ITOM functionality natively or integrate with advanced third-party ITOM solutions.

ITSM tools are components of the experience management minisuite of ITOM tools, which focuses on improving the overall level of quality and efficiency with which the I&O organization supports end users. ITSM tools may optionally integrate with other tools from the automation minisuite or the availability and performance minisuite for deeper overall ITOM capability (see "IT Operations Management 2020: Shift to Succeed").

Magic Quadrant

Figure 1. Magic Quadrant for IT Service Management Tools



Vendor Strengths and Cautions

Axios Systems

Axios Systems offers one ITSM product called assyst that is targeted at organizations with high I&O maturity. This tool is evaluated in the Critical Capabilities companion research.

STRENGTHS

- Axios Systems concentrates exclusively on providing ITSM solutions (as well as IT asset management).
- Axios Systems has maintained good relationships with customers (particularly in Europe) and provides a customer engagement program that has had good success in North America, including regular postsales meetings in addition to focus groups, customer meet-ups and online forums.
- Most customers have updated to recent versions of assyst, demonstrating a continuing engagement with the product from customers, as opposed to legacy installations.

CAUTIONS

- Axios Systems has the smallest market share of the vendors in this Magic Quadrant, and growth in customer numbers and revenue have lagged the industry during the evaluation period for this research.
- The majority of Axios' customers and marketing efforts are focused on Europe primarily and North America secondarily; it has limited support presence in other regions.
- Axios Systems has invested in a SaaS platform; however, relatively few of its customers are using it.

BMC

BMC offers four ITSM products (Remedy Service Management Suite targeted at organizations with high I&O maturity; Remedyforce [via the Salesforce platform] and FootPrints targeted at intermediate I&O maturity; and Track-It for basic I&O maturity). Remedy Service Management Suite and Remedyforce are evaluated in the Critical Capabilities companion research, with the score for Remedy contributing to the "product or service" factor of Ability to Execute.

STRENGTHS

- Remedy Service Management Suite's Smart IT user interface and Smart Recorder improve usability and flexibility, and demonstrates BMC's innovation ahead of the other vendors in this market.
- BMC has a broad ITOM portfolio, making it a viable partner for mature I&O organizations that need to extend their ITSM tool.
- BMC has the largest enterprise ITSM customer installed base available for ongoing nurturing and upsell opportunities.

CAUTIONS

- Despite BMC's recent innovations, it has not been able to increase Remedy's mind share among Gartner client shortlists over the past year, and customers frequently associate previous experience with legacy implementations as a concern.
- Salesforce's salespeople suspended promotion of Remedyforce for most of 2016 and 2017, and BMC's midmarket SaaS ITSM tool appeared on few Gartner client shortlists as a result.

- Customers using FootPrints have reported dissatisfaction with the usability and performance of the product.

CA Technologies

CA Technologies offers one ITSM product called CA Service Management that is targeted at organizations with high I&O maturity. This tool is evaluated in the Critical Capabilities companion research.

STRENGTHS

- CA Technologies has a strong global reach supported by a good balance of direct sales and a broad network of system integrators and resellers in EMEA and Latin America.
- CA Technologies remains a well-known brand with high levels of market awareness that help it to sell its ITSM software to enterprise customers.
- CA Technologies offers a broad portfolio of ITOM tools that integrate directly with its CA Service Management product.

CAUTIONS

- CA Technologies invests a lower percentage of its revenue in the development of its ITSM tool than its competitors in this Magic Quadrant; and while CA delivered a new user interface for service desk analysts in June 2016, updates to other aspects of the user experience are still a work in progress.
- CA Technologies divested CA Cloud Service Management, which has left the company with only a partner-hosted version of its on-premises product for customers looking for a SaaS-based ITSM tool offering, despite the declining popularity of traditional on-premises software.
- Gartner's market share analysis concludes that CA Technologies' revenue share of the ITSM market has consistently declined each year from 2010 through 2016.

Cherwell Software

Cherwell Software offers one ITSM product called Cherwell Service Management that is targeted at organizations with medium to advanced I&O maturity. This tool is evaluated in the Critical Capabilities companion research.

STRENGTHS

- Cherwell has continued to drive good customer engagement and attract a loyal following of satisfied customers.
- Cherwell has increased its capabilities in wider ITOM functions and maintains a growing set of third-party integrations and community-driven extensions to its platform via its Mergeable Application (mApp) Exchange.
- Cherwell spends a larger percentage of its revenue on research and development of its ITSM tool than its competitors in this Magic Quadrant.

CAUTIONS

- Customers in search of additional ITSM features, beyond what Cherwell offers in its core ITSM product, may need to license additional products from third parties, which can lead to additional costs.
- Cherwell's desire to win enterprise accounts has left some to question its midmarket focus, which was once the primary focus of this vendor.
- Customers in some regions report difficulty in sourcing implementation partners for Cherwell's ITSM products.

EasyVista

EasyVista offers one ITSM product called EasyVista Service Manager that is targeted at organizations with basic to advanced I&O maturity. This tool is evaluated in the Critical Capabilities companion research.

STRENGTHS

- EasyVista's customers have reported success in configuring workflows and custom forms within the tool without needing to write code, although some SQL knowledge is sometimes required.
- EasyVista IT Service Manager can run on-premises and via SaaS, and the installed customer base is uncommonly well-balanced across both modes.
- EasyVista raised \$8.4 million in funding, which it is using to fund acquisitions and expand its global presence.

CAUTIONS

- Despite growing revenue, EasyVista has one of the smallest shares of the market in this Magic Quadrant, ranking 11th overall for worldwide ITSM tool revenue in 2016.
- EasyVista targets basic to high-maturity I&O organizations; however, Gartner's Critical Capabilities research determined that its ITSM tool is not strongly suited to meet all of the requirements of high-maturity I&O organizations.
- EasyVista has a limited presence globally; its focus is strong in Europe and is improving in North America, but it has few partners and customers in Asia.

HPE

Hewlett Packard Enterprise (HPE) offers one ITSM product called HPE IT Service Management Automation (ITSMA), which is an integrated bundle that includes HPE Service Manager, and is targeted at organizations with high I&O maturity. This tool is evaluated in the Critical Capabilities companion research. In 3Q17, HPE will spin off ITSMA and other ITOM software products to Micro Focus.

STRENGTHS

- HPE currently has strong brand recognition and a global reach, with its professional services organization available in all major regions.
- HPE currently offers a broad portfolio of ITOM tools that can integrate directly with its ITSMA product.

- HPE's big data capabilities enable its customers to improve search and analytics in areas such as incident management, change management and knowledge management.

CAUTIONS

- In 3Q17, HPE will spin off its ITOM software including ITSMA to U.K.-based Micro Focus, a vendor that has a history of maintaining the status quo of its acquired products instead of nurturing them.
- HPE stopped selling Service Anywhere in late 2016, shortly after the announcement to sell the ITOM software portfolio to Micro Focus, and consequently has no SaaS-based ITSM tool offering on the market.
- Despite migration programs to encourage customers to update their software, many of HPE's ITSM customers are running older versions of HPE Service Manager.

IBM

IBM offers one ITSM product called Control Desk that is targeted at organizations with high I&O maturity. This tool is evaluated in the Critical Capabilities companion research.

STRENGTHS

- IBM currently offers a broad portfolio of ITOM tools that can integrate directly with its Control Desk product.
- IBM has extensive global partnerships and resources in Europe and Asia, where many other vendors lack significant local presence.
- IBM has an opportunity to leverage Watson technology in future releases for its "cognitive service management" strategy for artificial intelligence and service desk automation purposes.

CAUTIONS

- IBM has not developed Control Desk to compete aggressively in the ITSM tool market, and Gartner clients rarely consider it on their shortlists when choosing a new ITSM tool.
- A majority of IBM's ITSM customers are running older versions of its ITSM product, and there were no updates to the product between February 2016 and 1 March 2017 (the evaluation cut-off date for this research).
- IBM struggles with selling outside of its existing customer base because it primarily markets Control Desk to existing IBM customers, and often relies on it being sold as part of a larger outsourcing or ITOM purchase.

Ivanti

Ivanti was formed by the merger of Landesk and Heat Software in early 2017. Ivanti offers one ITSM product called Ivanti Service Manager that is targeted at organizations with intermediate and high I&O maturity. This tool is evaluated in the Critical Capabilities companion research.

STRENGTHS

- The merger of Landesk and Heat Software gives Ivanti a solid base to challenge the market leaders, backed by good automation for enterprise device management.
- Ivanti has marketed effectively through channels that cater to organizations with low to medium I&O maturity.
- Heat Software (now part of Ivanti) improved customer satisfaction through initiatives such as annual customer advisory boards, which allow customers to provide input influential to the future direction of the product.

CAUTIONS

- Despite the investment in a multitenancy SaaS platform, few of Ivanti's legacy customers are using its products via the cloud subscription offering.
- The majority of Landesk and Heat Software's combined 2016 revenue is derived from its other products such as asset management, endpoint management and security.
- Ivanti's merger has led to uncertainty over the product and licensing roadmap of its ITSM tool for legacy Heat and Landesk customers.

ServiceNow

ServiceNow offers two ITSM products (ServiceNow Service Management Suite and ServiceNow Express) that are targeted at organizations with high and low I&O maturity, respectively. ServiceNow Service Management Suite is evaluated in the Critical Capabilities companion research, with its score contributing to the "product or service" factor of Ability to Execute.

STRENGTHS

- ServiceNow dominates customer shortlists and its ITSM tools' revenue market share is double that of the closest competitor, making it the prime target for technology and implementation partners, and subsequently resulting in a wide choice for its customers.
- ServiceNow has been improving its wider ITOM capabilities over the past few years, through the maturation of earlier acquisitions that complement its ITSM product (such as service dependency mapping for configuration management database [CMDB]).
- ServiceNow's global reach is improving with more regions reporting better availability of local sales and implementation partners compared with other competitors.

CAUTIONS

- Stricter approver licensing, named-user-only subscriptions and the bundling of noncore product features make it confusing for ServiceNow's customers to achieve favorable deals.
- Customers report that implementation and management of ServiceNow's ITSM tool requires greater time and resources than they expected when selecting the product.
- ServiceNow's strategy to promote its products for activities outside of ITSM is creating some uncertainty around ServiceNow's dedication to innovate within the ITSM tool market.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

Ivanti has been added, replacing Heat Software and Landesk following the merger of the two vendors.

Dropped

Heat Software and Landesk have been replaced by Ivanti, which is the result of the merger of those two vendors.

Inclusion and Exclusion Criteria

To be included in the 2017 Magic Quadrant, vendors must:

- Sell and market an ITSM product that includes functionality for IT incident management, problem management, change management, configuration management, release governance, IT user self-service (for knowledge and request management), IT knowledge management, IT service support analytics and reporting, SLA management with regard to incident and service requests. Also a graphical process designer must be available to manage the above workflows.
- Have at least 35% of customers using versions of software across the ITSM product portfolio that are less than 18 months old (released after 1 September 2015).
- Have at least \$23 million in annual revenue derived from ITSM products. ¹
- Have at least 10 new customers added during 2016 with either a contract value of \$200,000 for purchase of perpetually licensed ITSM tool software or an annual contract value of \$100,000 for subscription to ITSM tool software.
- Have sales presence or a partner network that includes at least two offices (regional office or reseller partner) in each of three or more of the following regions: North America, Latin America, Europe (Western, Eastern and Eurasia), Middle East and North Africa (including Sub-Saharan Africa), and Asia/Pacific (Mature, Emerging, Greater China and Japan).

Because Gartner bases its main evaluation on real user experiences, rather than on future releases or recent releases that have been broadly tested, the product versions considered as part of this evaluation must have been generally available by 1 March 2017.

Evaluation Criteria

Ability to Execute

Product or Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in these 11 critical capabilities:

1. Incident and Problem Management: Incident ticketing and problem management is required by all IT organizations that use ITSM tools. This enables them to manage the life cycles of IT incidents and problem records from recording to closing. These are core capabilities in which all ITSM tools must be competent.
2. Change and Release Management: Integrated change and release management is important for organizations focused on intermediate and advanced IT service management capabilities to control the governance and risk of changes to I&O.
3. Configuration Management: Configuration management is important for organizations focused on intermediate and advanced IT service management capabilities to maintain an overview of service assets to aid other processes such as change and incident management.
4. Self-Service/Request Fulfillment: Service request fulfillment is important for IT organizations focused on providing business users with a convenient way to interact with the IT organization by presenting incident and request tracking services, technical IT components and IT services in the form of an orderable service catalog.
5. IT Knowledge Management: Knowledge management is a key area of differentiation for all use cases. The knowledge portal should enable end users to resolve simple incidents themselves. The tools should create knowledge bases for relevant, updateable content that is useful for IT and business users.
6. Collaboration: Collaboration features are key for digital workplace use cases to help IT staff work together to solve IT incidents and problems, to enable business users to solve their own IT issues and also for those business users to help colleagues.
7. Reporting and SLA Management: Reporting and dashboards are key for all use cases, because they support, enhance and extend collaborative decision support (strategic and tactical) and communication with IT and business leaders.
8. Process and Workflow Design: IT organizations in all use cases need out-of-the-box, preconfigured forms, fields, workflows and reports that are compatible with industry best practices and standards for IT service management.
9. Data Source/ITOM Tool Integration: The tools' ability to integrate with other tools and the ability of those tools to integrate with ITSM tools is increasingly important, particularly for organizations that use software from other ITOM minisuites.
10. Total Cost of Ownership: License and subscription costs for ITSM tools vary considerably, as do ongoing costs for support and administration. Many organizations overbuy when selecting an ITSM tool.
11. User Experience and Flexibility: Product configuration flexibility is an important factor that distinguishes different ITSM tools for different maturity levels. IT service desk users, in particular, benefit from a streamlined and intuitive UI.

These product criteria are evaluated in the critical capabilities research for IT service management tools (see "Critical Capabilities for IT Service Management Tools"). The critical capabilities score from the advanced-maturity I&O use case is used to derive this

rating. The ITSM product that is targeted at large enterprises with medium-to-high I&O maturity is used where multiple products from a vendor qualify for inclusion in that research.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products. Gartner's Financial Statement Scorecard methodology (see Note 1) is used as one data source for vendors that are public companies.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This mind share can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	High
Market Responsiveness/Record	Medium
Marketing Execution	Medium
Customer Experience	Medium

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Operations	Not Rated

Source: Gartner (August 2017)

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product Strategy): The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	High
Sales Strategy	Medium

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	Not Rated
Innovation	High
Geographic Strategy	High

Source: Gartner (August 2017)

Quadrant Descriptions

Leaders

BMC and ServiceNow are positioned in the Leaders quadrant. Both vendors have executed well, and are the two largest vendors in the ITSM tool market by revenue in 2016 (jointly accounting for over 60%). Both vendors exhibit the levels of product, marketing and sales capabilities required to drive market acceptance.

Challengers

Cherwell Software and Ivanti are positioned in the Challengers quadrant. These vendors have also executed well, growing market share and improving their ITSM products and overall viability levels enough to participate well in the general-purpose market with competitive products. The vendors that formed Ivanti with their merger in January 2017 were previously in the Niche Players quadrant, but their combination has meant that Ivanti has a stronger base from which to challenge the market leaders if it can execute effectively.

Visionaries

Vendors appearing in this quadrant deliver innovative products that address operationally important I&O organizational challenges — namely, business user engagement and IT collaboration — but have yet to gain significant market or mind share. This year, no vendors fit this description as they have focused on innovation outside the scope of ITSM tools.

Niche Players

Axios Systems, CA Technologies, EasyVista, HPE and IBM are positioned in the Niche Players quadrant. These vendors have strengths in particular areas of ITSM, but generally have not invested in satisfying all the requirements to demonstrate Completeness of Vision and the Ability to Execute. The vendors in this quadrant focus on a small segment, or are

in the process of ramping up go-to-market efforts and have yet to develop the vision to break out, or scaling down their offerings by retiring products.

Context

The Magic Quadrant for ITSM tools assesses the viability of vendors and their competitive strength in the ITSM tool marketplace. The vendors featured here produce ITSM tools that are of interest to large I&O organizations that have an intermediate-to-high I&O maturity (Gartner ITScore for Infrastructure and Operations of 2.5 or higher).

It is not a direct evaluation of the ITSM products that these vendors offer. This analysis complements the "Critical Capabilities for IT Service Management Tools," which applies 11 critical capabilities that differentiate the most popular large-enterprise-focused products on the market, and three I&O-maturity-related use cases (plus two for digital workplace). The use cases filter and prioritize the capabilities that will have the greatest beneficial impact from ITSM products offered by these vendors. Gartner strongly recommends that organizations use this research in conjunction with the Critical Capabilities, inquiries with analysts, and other Gartner research to define their requirements and select solutions that match their needs.

Organizations should not base choice of vendor solely on its proximity to the Leaders quadrant. IT leaders must create a list of criteria that describes their needs, and select vendors that best meet those requirements (see "Redesign Your ITSM Tool RFP Process for Better Results"). The best vendor will meet the organization's requirements and provide integration with broader IT operations management capabilities (see "ITSSM Tool Selections Require an ITSM and ITOM Tooling Strategy").

Capabilities for processing workflows such as HR, facilities, business asset management and others that are not activities associated with IT service management are not evaluated in this research (see "Be Wary If Buying an ITSSM Tool to Use Beyond ITSM 2.0").

Plan to select a vendor that can work with you for at least five years, and that invests in the ITSM market. Prioritize skills, training, process and proper product implementation, because these factors will influence your experience with a product more than the specific functional capabilities. Finally, select a vendor that can truly help your I&O organization reach its maturation goals.

The predominance of low I&O maturity within this market will ensure that demand for basic tools remains significant. Gartner regularly advises clients to also consider ITSM vendors not found in this Magic Quadrant.

Market Overview

Previously, Gartner used the term "IT service support management (ITSSM)" to refer to the operational tools used by IT support teams. Gartner now uses the term "IT service management (ITSM)" instead. This terminology change reflects ITSM's expanding importance to more than just support organizations. It also enables our clients to find relevant content more easily. Gartner will continue to segment ITSM tools as basic, intermediate and advanced. All active research on gartner.com that refers to ITSSM remains valid and should now be interpreted as describing ITSM tools.

I&O organizations looking to increase IT process maturity have looked to ITSM tools aligned and preconfigured to industry best-practice frameworks to integrate responsibilities across technology silos with common processes, collaboration and the reinforcement of an organizational commitment to shared objectives.

The ITSM tool market comprises more than 400 products that claim to provide IT organizations with the ability to track and resolve issues affecting the IT production environment. ²The majority of ITSM products are basic or intermediate tools that focus on IT service desk and ticketing functions targeted at lower-maturity I&O organizations. Although all ITSM tools provide these core ticketing functions, the true value that IT organizations can gain from ITSM tools is their ability to deliver tightly integrated processes and functions that correlate with the activities of the broader IT organization. Some innovative features can be found in advanced ITSM tools, but these are aimed and priced to suit few organizations. The market has been stable for many years, but recently some significant vendors have consolidated their offerings, through mergers and product retirement. On one hand, this reflects the advanced maturity of the market; on the other, it also creates new vendors and products that could potentially challenge the current leaders. An ITSM tool market with fewer, stronger offerings will benefit I&O leaders, more than a market with a high number of vendors that can offer only minor differentiation and limited competitiveness.

Integrated incident and problem management, along with request fulfillment, reporting and dashboard capabilities, make up the core functionality of ITSM tools. Differentiation in this space comes from integrated change, configuration and release capabilities, as well as service request management, knowledge management, and the ability to integrate with broader ITOM functionalities and third-party data sources. Integration with broader ITOM tools is key, because midmarket IT organizations often buy cost-effective tools that struggle to demonstrate cross-domain ITOM tool interoperability. Regardless of their size, organizations should select ITSM tools that blend the right mix of ITSM requirements, ease of use and ease of integration with broader ITOM functionalities (see "ITSSM Tool Selections Require an ITSM and ITOM Tooling Strategy").

Understanding the needs of the business user is an important component of tool selection, because a large part of the business perception of the IT organization stems from interactions with the IT service desk. ITSM products are being enhanced and developed with context-aware capabilities, as well as better front-end UIs for business users (via IT self-service for request management and knowledge management and other channels, such as IT support live chat, walk-up support and virtual support agents) by vendors looking to differentiate themselves in a competitive market. Recent emphasis on the digital workplace (see "Create a Business Manifesto for Digital Workplace Success") requires product selections to strongly prioritize the user experience for the business consumer, which may previously have been an afterthought. Reducing any friction in the support process gives back time that is better spent on productive outcomes, which is better for the business and employee satisfaction (see "Design IT Self-Service for the Business Consumer"). I&O leaders can foster higher levels of business user engagement via the IT service desk by leveraging contextual information gathered on end-user interactions. This information can be used to improve business user experiences with the IT services that the I&O organization supports and delivers.

IT organizations generally start with incident management and initially intend to use the complete set of capabilities that ITSM tools offer. The level of I&O maturity often dictates the use of broader capabilities, because strong process management is required to fully

ascertain value. As IT organizations mature, the desire to integrate broader ITOM tools becomes a requirement. Historically, ITSM tools were purchased based on cost, leading to situations in which IT organizations purchased tools that met the requirements of the IT service desk, but not the needs of the broader I&O organization. As IT organizations look to purchase new tools, they must review their ITOM tool portfolios and determine which tools must integrate with their ITSM tools. They must also recognize that the varying maturity levels across I&O processes and tool leverage will affect potential linkages.

I&O organizations that plan on achieving or retaining Level 1 or Level 2 I&O maturity should consider basic and intermediate tools to avoid overspending on tools that provide value by integrating with broader ITOM functionalities. I&O organizations intent on achieving maturity Level 3 or higher within 18 months should consider advanced ITSM tools to gain value from solutions focused on a broader, end-to-end context of IT service support and delivery. Predictably, an advanced ITSSM tool will present higher total cost of ownership (TCO) than an intermediate or a basic tool.

The ITSM market is maturing quickly, with low barriers to entry. Vendors are increasingly concentrating product development on non-ITSM use cases in search of margin and differentiation as market saturation of basic and intermediate ITSM tools continues. If this trend subsists, the evolution of the ITSM tools market will stagnate.

Evidence

¹ Gartner's report "Market Share: All Software Markets, Worldwide, 2016" analyzes market share data for ITSM vendors as part of overall IT operations software revenue. This market has grown from \$1.3 billion in 2010 to \$2.6 billion in 2016.

² As of 25 May 2017, ITWNET (also known as ITWorldNET) shows 433 products. Although some are duplicates, Gartner has encountered products that are missing from that list.

Note 1

Gartner's Financial Statement Scorecard for Public Companies

Gartner's Vendor Financial Statement Scorecard methodology measures a combination of growth, profitability and liquidity based on a company's financial results from public financial statements according to generally accepted accounting principles (GAAP). Gartner uses a standard methodology to derive its vendor financial statement scorecard to provide a like-for-like view among a pool of more than 750 vendors using publicly available financial information. The four basic criteria are: (1) revenue growth (trailing twelve months, year-over-year revenue growth); (2) profitability (trailing twelve month GAAP net profit margin) with net income as a percentage of revenue; (3) balance sheet liquidity (current ratio) as current assets divided by modified current liabilities (which adjusts for the presence of deferred revenue); and (4) cash flow based on the trailing twelve months of cash flow from operations as a percentage of the trailing twelve months of revenue. For companies with large amounts of net debt, a fifth criterion, net debt divided by trailing twelve month cash flow from operations, is incorporated. Gartner's policy is to use financials based on GAAP in calculating the ratios needed for the Vendor Financial Statement Scorecard (see "Understanding the Methodology Behind Gartner's Financial Statement Scorecard for Public Companies").

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the

scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.



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