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Magic Quadrant for IT Service Management Tools

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IT service management tools are vital for infrastructure and operations organizations to support and deliver IT services. This research profiles the market for enterprise ITSM tools to help I&O leaders select tools that meet their specific needs.

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. However, some non-I&O departments (such as HR or facilities) adapt generic ticket-handling and workflow capabilities for their own use.

ITSM tools are classified based on ITSM capabilities and integration with IT operations management (ITOM) solutions as follows:

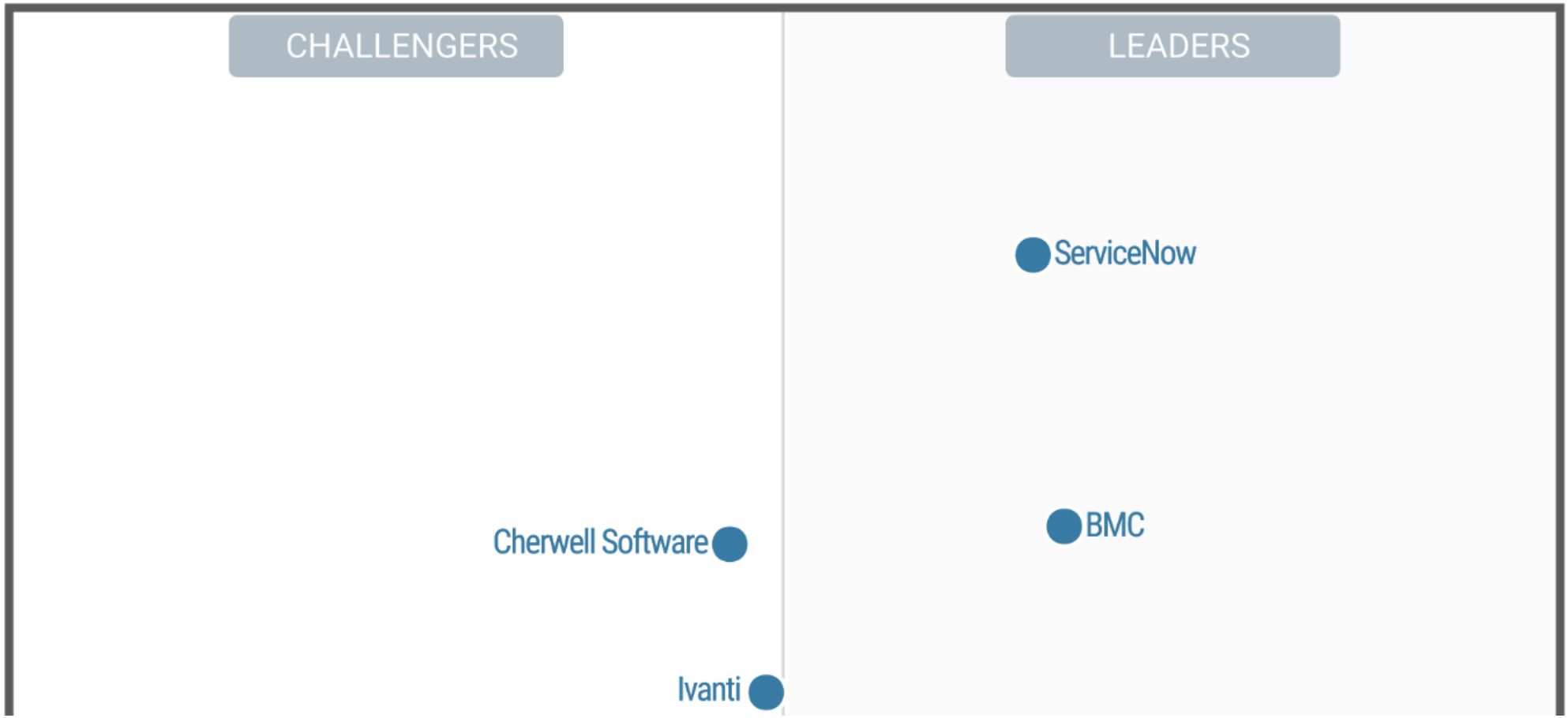
- **Basic** ITSM tools have some ITSM capabilities and limited integration with ITOM solutions.
- **Intermediate** ITSM tools have good ITSM capabilities, and provide some basic ITOM functions or integrate with intermediate third-party ITOM solutions.

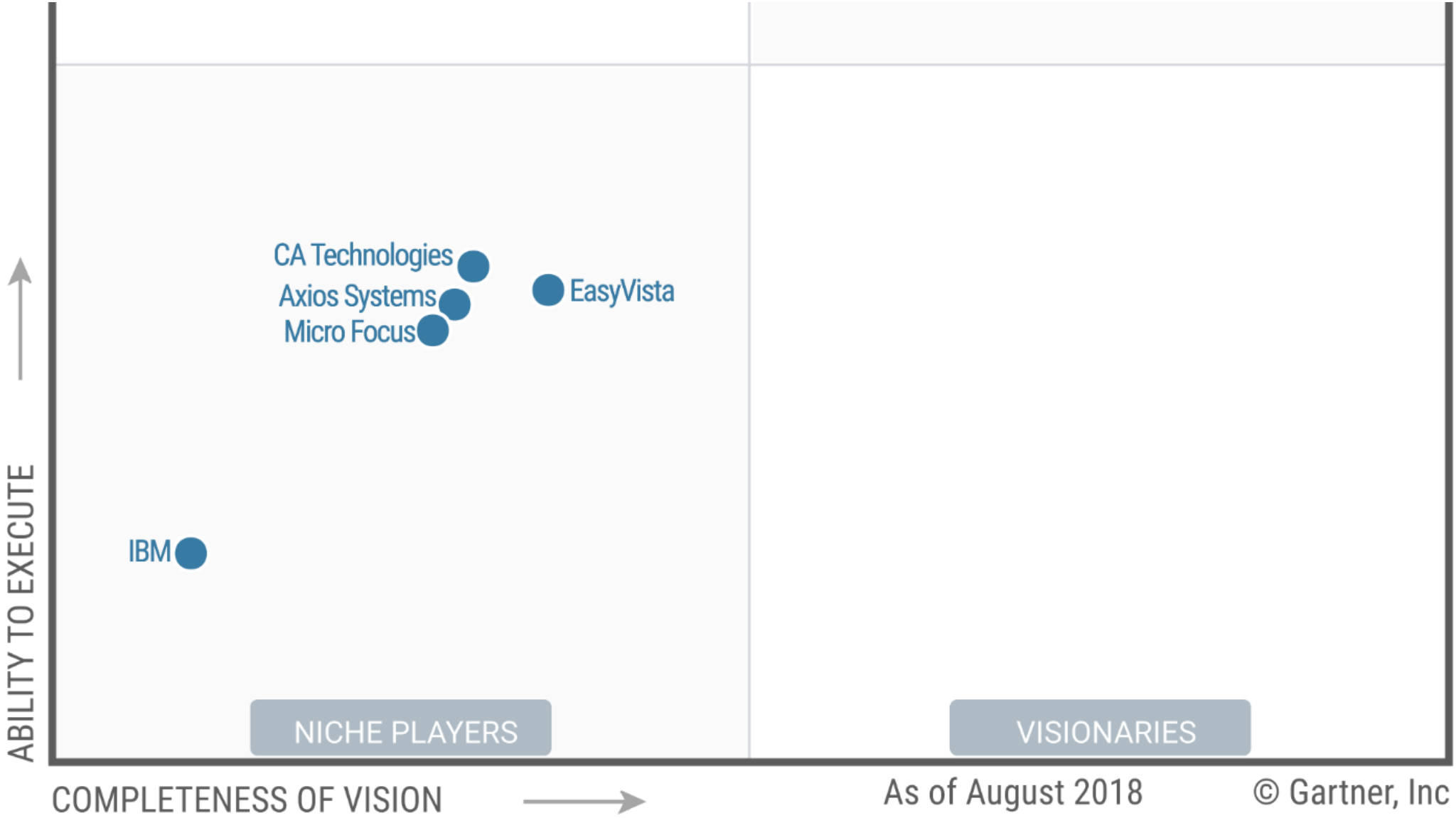
- **Advanced** ITSM tools have a full range of ITSM capabilities, and provide broad ITOM functionality natively or integrate with advanced third-party ITOM solutions.

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 delivery automation minisuite or the performance analysis 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





Source: Gartner (August 2018)

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 augments its ITSM product with its ITOM and IT business management (ITBM) products as add-ons.
- Axios Systems has maintained relationships through a customer engagement program that includes regular postsales meetings in addition to focus groups, customer meetups and online forums.
- Most customers have updated to recent versions of assyst instead of maintaining legacy installations, demonstrating their continuing engagement with the product.

Cautions

- Axios Systems has the smallest market share of the vendors in this Magic Quadrant, and growth in customer numbers and revenue have lagged behind the company's competitors.
- 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.
- The company has experienced a significant decrease in the number of resellers and implementation partners for Latin America.

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 Service Management Suite contributing to the "product or service" factor of Ability to Execute. In May 2018, KKR announced its intention to acquire BMC. As this was after the evaluation period for this research, Gartner has not identified any short-term impacts on the company, its products or the analysis represented in this research.

Strengths

- Remedy Service Management Suite's Smart IT user interface and Smart Recorder improve usability and flexibility, and demonstrate BMC's innovation with ITSM tooling ahead of 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

- Market perception of the Remedy brand among Gartner clients continues to be associated with legacy experiences.
- Many Gartner customers report that the typical bundling and pricing options require them to spend more to purchase add-ons to get advanced capabilities such as Digital Workplace Advanced.
- BMC's tools for addressing the needs of lower-maturity organizations (Remedyforce, Track-It and Footprints) appeared on few Gartner client shortlists during 2017.

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. In July 2018, Broadcom announced its intent to acquire CA Technologies. As this was after the evaluation period for this research, Gartner has not identified any short-term impacts on the company, its products or the analysis represented in this 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 delivered a new user interface for service desk analysts in June 2016, but updates to other aspects of the user experience are still a work in progress.
- Gartner's market share analysis concludes that CA Technologies' revenue share of the ITSM market has decreased on average each year from 2014 through 2017.
- CA Technologies currently lacks a SaaS-based ITSM tool offering, instead relying on management service provider (MSP) and partner-hosted versions of its on-premises product for customers looking for a SaaS-based ITSM tool offering, despite the declining popularity of traditional on-premises software.

Cherwell Software

Cherwell Software offers one ITSM product called Cherwell Service Management that is targeted at organizations with intermediate I&O maturity. This tool is evaluated in the Critical Capabilities companion research. In April 2018, KKR announced an additional investment $172 million in Cherwell. As this was after the evaluation period for this research, Gartner has not identified any short-term impacts on the company, its products or the analysis represented in this research.

Strengths

- Cherwell has continued to drive good customer engagement and attract a loyal following of satisfied customers.
- Cherwell maintains a growing set of third-party integrations and community-driven extensions to its platform via its Mergeable Application (mApp) Exchange.
- Cherwell has been successful marketing its ITSM platform targeting the needs of intermediate maturity I&O organizations and was second most frequently shortlisted in Gartner inquiries in 2017.

Cautions

- Although Cherwell has introduced enhancements and new technology integrations, not enough of its R&D spend has translated into enhanced organic tool capabilities or user experience improvements.
- Cherwell's focus on expanding to other areas of the business outside of ITSM opens it up to the risk of decreased innovation for its core product.
- Cherwell has seen strong partner growth in North America and EMEA, but it is essentially flat elsewhere. In some regions, customers have reported difficulty in sourcing implementation partners.

EasyVista

EasyVista offers one ITSM product called EV 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 acquisition of Knowesia positions the company well for future digital workplace and virtual agent capabilities by providing it with an established knowledge management tool.
- EasyVista has more than doubled the number of out-of-the-box ITOM integrations in 2017 to better address the needs of upper-intermediate to advanced-maturity I&O customers.
- EV Service Manager can run on-premises and via SaaS, and the installed customer base is uncommonly well-balanced across both modes.

Cautions

- EasyVista targets basic through advanced-maturity I&O organizations, but Gartner's Critical Capabilities research determined that EV Service Manager is not strongly suited to meet all of the requirements of advanced-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.
- Gartner has seen a significant decrease in placement of EasyVista on customer shortlists.

IBM

IBM offers one ITSM product, Control Desk, which 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.
- In addition to traditional North American and European markets, IBM has extensive global partnerships and resources in Asia, where many other ITSM 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 had no major product upgrades over the past three years and has not sufficiently developed Control Desk to be competitive in the ITSM tool market. 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.
- IBM struggles with selling outside of its existing customer base because it markets Control Desk primarily to existing IBM customers, and often relies on it being sold as part of a larger outsourcing, ITOM or IT/OT purchase.

Ivanti

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

Strengths

- Ivanti has marketed effectively through channels that cater to organizations with low to intermediate I&O maturity, and regularly appears on Gartner customer shortlists during inquiries.
- Ivanti has created opportunities for customers to migrate from legacy HEAT and LANDESK products to the current platform.
- Ivanti continues to improve customer satisfaction through initiatives such as customer advisory boards, which allow customers to provide input influential to the future direction of the product.

Cautions

- The majority of Ivanti's 2017 revenue is derived from its other products, such as those for asset management, endpoint management and security.
- Although Ivanti continues investing in a multitenancy SaaS platform, the majority of its legacy customers have not completed the migration from on-premises to cloud.
- Ivanti's R&D investment is comparable to its competitors in this Magic Quadrant, but it's not clear whether the allocation for the ITSM product will be sufficient to continue to gain advantage in this area.

Micro Focus

Micro Focus offers one ITSM product, Micro Focus Service Management Automation (SMA), which is targeted at organizations with intermediate to advanced I&O maturity. This tool is evaluated in the Critical Capabilities companion research.

Strengths

- Micro Focus SMA, as well as all of Micro Focus' other ITOM tools, uses the company's Container Deployment Foundation (CDF) as a means to provide deployment options in a number of different environments.
- Micro Focus has global reach and a good balance of direct and partner-sourced sales.
- Merging legacy Hewlett Packard Enterprise (HPE) and Micro Focus customers results in a larger target customer base that presents growth and cross-selling opportunities.

Cautions

- Gartner customers have reported in inquiry that disruptions associated with the divestiture of HPE ITSMA to Micro Focus have left them uncertain about future product directions and the associated risk to their existing product investment.
- ITSM tools are a relatively small portion of the overall revenue for Micro Focus, and in comparison to the rest of the organizations appearing in this Magic Quadrant.
- Apart from several major ITSM shows and local meetings convened through industry/professional associations, Micro Focus' marketing efforts have primarily been directed toward either internal or HPE-centric audiences.

ServiceNow

ServiceNow offers one ITSM product (ServiceNow IT Service Management) targeted at organizations with various levels of I&O maturity. ServiceNow IT Service Management is evaluated in the Critical Capabilities companion research.

Strengths

- ServiceNow’s global reach with local sales and support organizations and strong brand recognition dominates customer shortlists, and its ITSM tool revenue market share is almost triple that of the closest competitor.
- 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]).
- As a result of ServiceNow's dominant market position, its platform has helped build a strong partner ecosystem including professional services and integrations.

Cautions

- Interactions with Gartner clients indicate that some organizations with low I&O maturity struggle to demonstrate sufficient value from their ServiceNow investments and sometimes start with a less-expensive alternatives to meet their needs.

- As the majority of ServiceNow transactions today include more than one licensable product/application, many Gartner customers report having difficulty explaining the pricing/licensing models to senior management.
- While new, optional features (e.g., incident categorization based upon machine learning) offer the potential for operational cost savings, the shift to usage-based pricing has the potential to increase budgeting risk due to unplanned increases in total annual spend, as feature utilization increases.

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

Micro Focus has been added, replacing HPE following HPE's spinoff of its software business and subsequent merger.

Dropped

HPE has been dropped, replaced by Micro Focus following HPE's spinoff of its software business and subsequent merger.

Inclusion and Exclusion Criteria

To qualify for inclusion, 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, and 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 2016).
- Have at least $23 million in annual revenue derived from ITSM products.
- Have at least 20 new customers added during 2017 with either a contract value of $300,000 for purchase of perpetually licensed ITSM tool software or an annual contract value of $150,000 for a 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), 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 2018.

Evaluation Criteria

Ability to Execute

Product or Service: The criterion refers to the core goods and services offered by the vendor for the defined market. It 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/Description section and detailed in these 12 critical capabilities:

1. **Incident and Problem Management:** Incident ticketing and problem management are 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, updatable 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, and to enable business users to solve their own IT issues and also to help their 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. **Artificial Intelligence for IT Operations (AIOps) Augmentation:** AIOps augmentation in ITSM uses big data, machine learning and other advanced analytics technologies to improve the overall effectiveness, efficiency and error reduction for I&O staff. It is important for intermediate and advanced use cases to automate and support complex environments.

9. **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.

10. **Data Source/ITOM Tool Integration:** The tools' abilities 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.

11. **Total Cost of Ownership (TCO):** 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.

12. **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 companion 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 to invest in the product, to offer the product and to 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: This criterion refers to 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: This criterion defines a vendor’s ability to respond, change direction, be flexible, and achieve competitive success as opportunities develop, competitors act, customer needs evolve, and market dynamics change. It also considers the vendor's history of responsiveness.

Marketing Execution: Marketing execution is the clarity, quality, creativity and efficacy of programs designed to deliver the organization's message. The goal is 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: This criterion includes 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
Operations	Not Rated

Source: Gartner (August 2018)

Completeness of Vision

Market Understanding: This criterion is about the 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: In this context, marketing strategy refers to a clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: This criterion refers to the strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates. These affiliates 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 is the core of this criterion.

Business Model: Business model refers to the soundness and logic of the vendor's underlying business proposition.

Innovation: This criterion refers to direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: This is 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
Offering (Product) Strategy	High
Business Model	Medium

Evaluation Criteria ↓	Weighting ↓
Vertical/Industry Strategy	Not Rated
Innovation	High
Geographic Strategy	High

Source: Gartner (August 2018)

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 2017 (jointly accounting for more than 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.

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 many have focused on innovation outside the scope of ITSM tools.

Niche Players

Axios Systems, CA Technologies, EasyVista, Micro Focus 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 they are 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 (i.e., a Gartner ITScore for Infrastructure and Operations rating of 2.5 or higher).

It is not a direct evaluation of the ITSM products that these vendors offer. This analysis is complemented by the "Critical Capabilities for IT Service Management Tools," which applies 12 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 companion research, 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 "6 Smart Steps for ITSM Tool Selection Success"). The best vendor will meet the organization's requirements and provide integration with broader IT operations management capabilities (see "Strategy 2018 Strategic Roadmap for IT Service Management").

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 "The Reality of ITSM Tools as Enterprise Service Management Tools").

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, rather than focusing strictly on implementation, select a vendor that can truly help your I&O organization reach its maturation goals. The key opportunity is the use of technology to support and consolidate gains in delivery maturity.

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 the expanding importance of ITSM 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. The goal of which is to integrate responsibilities across technology silos with common processes, collaboration and the reinforcement of an organizational commitment to shared objectives.

The ITSM tool market is composed of hundreds of products that claim to provide IT organizations with the ability to track and resolve issues affecting the IT production environment. The 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 value to be gained is in how they can support the IT organization to deliver and improve upon IT services and more reliably demonstrate how these services underpin key results.

The true value that ITSM tools provide to IT organizations 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 at 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 by vendors looking to differentiate themselves in a competitive market. (This is accomplished 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.) 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. But the level of I&O maturity often dictates the use of broader capabilities, and higher I&O maturity is required to fully ascertain and realize 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 ITSM tool will present higher TCO than an intermediate or a basic tool.

The ITSM market is relatively mature in terms of capabilities and is forecast to continuing growing. Vendors focused on low- to intermediate-maturity use cases can be expected to focus on core ITSM competencies (for example, incident management, change management, problem management, etc.). They will find novel ways to leverage emerging technologies, and selectively pursue non-ITSM use cases to differentiate themselves in an already crowded landscape.

Vendors focused on higher-maturity use cases can be expected to develop and execute platform strategies to distinguish themselves from simple SaaS applications, providing more flexibility and product capabilities. While average transaction and organization size may be much larger, the purchasing cycle is also longer and more complex. Given the total cost of initial investment required and the time, money and effort associated with replacing products, larger customers are considering and engaging with vendors as strategic partners. As a result, they are less likely to migrate to another vendor upon reaching the end of a subscription period — even when a clear business case for a move might be made.

Evidence

Gartner's "Market Share: Enterprise Infrastructure Software, Worldwide, 2017" analyzes market share data for ITSM vendors as part of overall IT operations software revenue. This market has grown from an estimated $1.3 billion in 2010 to $3 billion in 2017.

See "KKR to Acquire BMC Software From Investor Group" (http://media.kkr.com/media/media_releasedetail.cfm?releaseid=1068611) for details on the announcement of the BMC acquisition.

See "Broadcom to Acquire CA Technologies for $18.9 Billion in Cash" (https://www.ca.com/us/company/newsroom/press-releases/2018/broadcom-to-acquire-ca-technologies-for-18-9-billion-in-cash.html) for details on the announcement of the CA Technologies acquisition.

See "KKR to Invest $172 Million in Cherwell Software" (https://www.cherwell.com/company/newsroom/press-releases/2018/04/kkr-to-invest-$172-million-in-cherwell-software) for details on the announcement of the additional investment in Cherwell Software.

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.

By Kenneth Gonzalez, Rich Doheny,
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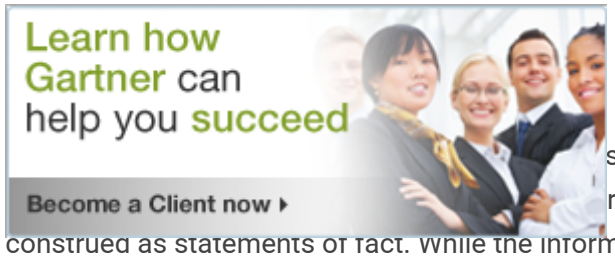

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