



# How Modern ITSM Tools Support Digital Transformation in IT and IT Services

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# Digital transformation isn't just about the introduction of new technology—it's about better business.

## Key Messages

- Digital transformation isn't just about leveraging technology. Instead, it's about better business. There's a need to improve your organization's IT service management (ITSM) capabilities for the increased dependency on IT service delivery and support in a digital world.
- New technology-enabled products and services will need high availability and swift IT support. As will the superior, technology-enabled customer engagement mechanisms. Then, there's the need to improve back-office operations. Better ITSM capabilities will help with all three needs.
- Your ITSM tool will need modern capabilities such as a consumer-like look and feel and the deeper capabilities offered by Business Intelligence and other platform-based abilities. Improvements across people and processes will be needed too.
- IT will either need to lead with digital transformation or "get out of the way." Not just with new products and services and improved customer engagement mechanisms. But, also with the required back-office digital transformation improvements.
- Start by transforming your ITSM capabilities. Think of this as "getting your ITSM house in order." Importantly, this transformation needs to cover all three of people, processes, and technology to successfully enable the required digital transformation.
- People aspects will be key to both ITSM improvement and digital transformation. From having the right people, with the right mindset and skills, in the right roles. To them being able to effectively collaborate with others and work with the automation that's increasingly the norm.
- Focus on the value and outcomes, rather than the mechanics, of any given ITSM process. With the emphasis no longer on what's done, but what's achieved through what's done. In terms of the ITIL® 4 ITSM best practice guidance, it's thinking about "practices" rather than processes.
- ITSM technology will need to help, not hinder, work getting done and the delivery of the desired business outcomes. For example, consumer-like self-service backed by automation, artificial intelligence (AI)-enabled capabilities, integrated Business Intelligence, and low-code platform-based capabilities.





## Introduction

Your ITSM capabilities will help with your organization's digital transformation, but they might first need to be digitally transformed before they can then help with the corporate level need for digital transformation.

To support this statement, the AXELOS ITSM Benchmarking Report 2022<sup>1</sup> found that the level of digital transformation achievement differs relative to the reported level of ITSM success. For example, 57% of the organizations with great ITSM success also had great digital transformation achievements (and none of these organizations struggled with digital transformation). While the level of struggling with digital transformation grows significantly as the level of ITSM success decreases (as shown in the right-hand column of the table below).

Reported ITSM success	Great DX achievements	Good DX achievements	"We have struggled"
<b>Great</b>	57%	43%	0%
<b>Good</b>	9%	69%	22%
<b>We're getting there</b>	3%	58%	39%
<b>We've still much to improve upon</b>	4%	40%	56%

Source: AXELOS ITSM Benchmarking Report 2022. This paper looks at the connection between ITSM and digital transformation. Explaining what's involved and providing advice on how to digitally transform your ITSM capabilities before using them to support the new and improved IT services that make up your organization's corporate-level digital transformation.

<sup>1</sup> <https://my.axelos.com/resource-hub/report/the-axelos-itsm-benchmarking-report-2022>

# What Digital Transformation Means for Your Organization

Your organization already understands that in order for it to win its ongoing battle against both its traditional competitors and new (potentially disruptive) market entrants, it needs to invest in its digital future. It needs to invest in digital transformation.

But what does digital transformation mean for your organization?

An appropriate answer is needed before getting into the detail of the connection between ITSM and digital transformation (and how modern ITSM tools support digital transformation in IT and IT services). And that answer has three parts.

## Digital Transformation and Its Three Elements Explained

It's hard to remember a time when there wasn't a buzz about digital transformation. Especially on the back of the successes of technology-enabled companies such as Netflix, Uber, and Airbnb. These are, of course, great examples of how technology-enabled companies—with technology-based products and services—can disrupt their market's status quo. But such companies' successes can also give the impression that digital transformation is only about the creation of new products and services that leverage technology and data.

Your organization's digital transformation needs to be so much more. The following definition, from MIT Sloan, is a great way of breaking digital transformation out into three key elements:

"The use of technology to radically improve performance or reach of enterprises... to change customer relationships, internal processes, and value propositions."<sup>2</sup>

Where the three key elements are:

1. The introduction of new products and services based on technology and data exploitation.
2. The improvement of customer engagement mechanisms, again using technology and data.
3. The improvement of back-office operations, i.e. the practices employed by business functions such as human resources (HR), facilities, and IT.

Importantly, the third element underpins both of the first two customer-facing—or front-office—elements. And enterprise service management—"the use of ITSM principles and capabilities in other business areas to improve performance, service, experiences, and outcomes"—is an established ITSM-based mechanism for achieving this. Plus, it's a great opportunity for IT to further demonstrate its business value—but only if your organization's ITSM capabilities are already digitally transformed.

<sup>2</sup> <http://sloanreview.mit.edu/article/the-nine-elements-of-digital-transformation/>

## Digital Transformation is About More Than Technology

It's important for organizations, and all those involved with digital transformation, to recognize that digital transformation isn't just about leveraging technology. It's instead about better business and addressing business pain points and the opportunities for new and increased revenue streams.

It should also be appreciated that digital transformation is a people change initiative, rather than a technology project, because it alters the traditional ways of working. Therefore, it requires organizational change management tools and techniques to successfully bring employees along with the change and to minimize the inevitable resistance to change along the way.

In addition to this, it's important to recognize that digital transformation isn't a one-time implementation of new technologies or a one-time people and process change for that matter. Instead, digital transformation needs to be viewed as an on-going initiative—one that will continually seek to improve your organization, its capabilities, and its results.

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## How Digital Transformation Affects the ITSM Landscape

IT organizations and their ITSM capabilities have long been under pressure to “do more with less.” With this more recently evolving into the need for “better, faster, cheaper” ITSM operations and outcomes.

Digital transformation turns the dial even further, with the need to get your ITSM capabilities right for the increased dependency on IT service delivery and support in a digital world. Plus the increased expectations of employees that are not only informed by their consumer-world experiences but also the new demands of hybrid working. Think about it:

- The new technology-enabled products and services need high availability and swift IT support – with this not only a customer and employee expectation, but also a key factor in the latter's productivity.
- The harmonization of data and processes, and the alignment of systems, are needed to improve collaboration between different groups.
- The superior, technology-enabled customer engagement mechanisms need high availability and swift IT support too—since which organization wants to risk a customer-affecting IT outage in today's world of customer-experience-based strategies?

Digital transformation and ITSM tools help organizations to produce and consume data in order to improve services, customer satisfaction, and the speed with which IT can react to and proactively address business needs.

Your ITSM capabilities, therefore, need to be the best they can possibly be at supporting the various front-office business and IT services that your organization will rely upon going forward. A big part of which is ensuring that your ITSM tool(s) or platform has modern capabilities such as a consumer-like look and feel and the deeper capabilities offered by Business Intelligence and other platform-based abilities. But it will also require improvements across people and process too—and what this entails is returned to later.

## What Digital Transformation Means for Your Organization

Digital transformation, while not simply a technology change, does rely on the quality of the technology, or IT services, provided by IT (and of the support provided by the IT service desk). And it's something that organizations need to improve, and quickly, whether the IT organization is involved or not.

### IT Needs to Lead with Digital Transformation or Get Out of the Way

This might seem a pointed thing to state, but it's true. Your organization will attempt to digitally transform, and quickly, whether the corporate IT organization can keep up or not. So, there's an opportunity here for IT to lead on digital transformation. Not just with new products and services and improved customer engagement mechanisms. But, also with the required back-office digital transformation improvements— where an enterprise service management strategy can help to improve the operations and outcomes of other business functions such as HR and facilities.

So, as a minimum, don't let your IT organization become a blocker to digital transformation across all three of:

1. New product and service development and delivery.
2. Customer engagement mechanism improvements.
3. Back-office digital transformation efforts.

Because, while it might seem like an old term to still use in 2022, “shadow IT” continues to be a risk to IT organizations and their parent businesses. With it even easier for business functions to circumvent the IT organization by self-serving via Cloud service provider services. Such that the inability of the IT organization to “move at the speed of business” will bring with it the most modern of “shadow IT” issues related to governance and compliance, financial efficacy and economies of scale, standardization, interoperability, and IT-support delivery among others.

So, as the section-title says, IT needs to lead with digital transformation or to get out of the way. This starts with ensuring that its ITSM capabilities are fit for purpose for the digital world the organization needs to operate in.

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## Start by Transforming Your ITSM Capabilities

To progress, there's a need to assess and improve your organization's ITSM capabilities. Think of it as "getting your ITSM house in order." In many ways, it's actually the third element of digital transformation applied to ITSM—the improvement, or digital transformation, of back-office operations.

Importantly, this transformation needs to cover all three of people, processes, and technology. This triumvirate of change is returned to in a later section, but for now it's important to recognize that the necessary digital transformation is vital in terms of:

1. Helping to deliver the required higher-quality IT and business services to meet both business and employee expectations
2. Bringing about improvements in back-office operations that can then be shared business-wide through enterprise service management.

In the case of the latter need, take your current IT self-service capability as an example. If too few employees are using it—likely due to how it was designed and launched (including its marketing)—then why would you want to:

1. Promote the ineffective self-service capability to employees or customers as a great alternative to the telephone and email IT support channels?
2. Share what's currently a suboptimal service and support capability with other business functions?

So, it's imperative that your organization gets its ITSM capabilities right, and house in order, on two counts.

## Recognize the Benefits of Digital Transformation for ITSM

In improving your organization's ITSM status quo, the opportunities across people, processes, and technology should be heavily influenced by the high-level benefits of digital transformation. With these pretty evident because, after all, it's what ITSM does—it improves business operations through the delivery of high-quality, technology-enabled capabilities.

These high-level digital transformation benefits include:

- Quality of service improvements
- Increased operational efficiency
- Customer/employee experience improvements
- Cost reductions (helped by automation and the associated manual labor savings)
- Better insight into performance and governance.

Importantly, these benefits not only apply to the improvement of your core ITSM capabilities, but they're also available when:

- Transforming wider IT capabilities. For example, in digitally transforming your organization's information security management capabilities.
- Other business functions use the digitally transformed ITSM capabilities, including platform-based capabilities, to improve their operations and outcomes.

In terms of the latter, the AXELOS Enterprise Service Management Industry Report 2021<sup>3</sup> found that two-thirds of organizations had ongoing enterprise service management strategies. With the key aims being to meet the need for process standardization and optimization, digital transformation enablement, and employee productivity improvement.

But what needs to be improved to digitally transform your ITSM capabilities? This is explained in the next section, along with some tips on digital transformation success.

<sup>3</sup> <https://my.axelos.com/resource-hub/report/enterprise-service-management-industry-report-2021>

## How to Improve Your ITSM Capabilities Via Digital Transformation

This paper has already explained what digital transformation is and why it's important to ITSM, plus how ITSM is important to digital transformation across all three of its elements. This final section offers help in the form of:

- The key drivers for ITSM digital transformation
- Examples of the required ITSM improvements across people, processes, and technology
- 5 tips for digital transformation success.

### The Key Drivers for ITSM Improvement

If you remember back to earlier in this paper, it's important to appreciate that digital transformation isn't just about the introduction of new technology—it's about better business. Hence, when looking at how your organization's current ITSM capabilities might need to be improved upon—to support the corporate-level digital transformation—the opportunities are across all three of people, processes, and technology. And the need to improve business outcomes, not just IT operations, should be a key enabler.

There's, therefore, a need to recognize two critical drivers for ITSM improvement beyond digital enablement: the focus on value and the need for superior employee experience.

The first of these—value—has slowly crept up on the IT industry and ITSM during the last decade. With it finally taking center stage in the ITIL® 4 ITSM best practice guidance. This focus on value significantly affects ITSM, and IT service desk, strategies and operations—moving the emphasis from “what it costs to do things” to “what's achieved (through what's done).”

The second—employee experience—is a more recent trend in ITSM, having taken over five years to find its level of importance in ITSM and IT per se. What employee experience means to IT organizations has also evolved over this time and, while employee happiness (with IT) is important, what's even more important is how IT service delivery and support operations help or hinder employee productivity. This need to focus on productivity improvement is expressed in a Forrester Research quote which states that:

“Psychological research shows that the most important factor for employee experience is being able to make progress every day toward the work that they believe is most important.”<sup>4</sup>

<sup>4</sup> <https://go.forrester.com/blogs/the-employee-experience-index/>



## Examples of ITSM Improvements (Across People, Processes, and Technology)

These drivers are relevant across the following people-, process-, and technology-related ITSM improvement opportunities for digital transformation.

### People

When digitally transforming your ITSM capabilities, the people aspects are key. From having the right people, with the right mindset and skills, in the right roles. To them being able to effectively collaborate with others and to work with the automation that's increasingly the norm in IT service delivery and support operations.

In terms of the former, ITSM has already evolved from being technology-focused to service-focused (and perhaps customer-focused), and now it—and the people in ITSM roles—also need to be employee-centric and value-focused. In terms of the latter, the ability of people to work with, rather than against, the new technology is multifaceted—covering, for example, the loss of high-volume, low-value tasks to chatbots and automation, working with virtual assistants to deliver a better employee experience (to those being served), and fully benefitting from the platform capabilities—and the bespoke workflow automation—of modern ITSM tools. Low code platforms have potential to greatly enable this.

Ultimately, ITSM tools (or platforms) should make life easier for IT professionals, not harder. Especially because 2022 research from ITSM.tools found that 89% of ITSM professionals think that working in corporate IT will get harder over the next three years.



## Process

There's a need to focus on the value (and outcomes), rather than the mechanics, of any given ITSM process. With the emphasis no longer on what's done, but what's achieved through what's done. Plus, as evidenced in the new ITIL® 4 ITSM best practice guidance, there's now a need to think of what were previously ITIL v3/2011 processes in terms of capabilities (or practices to use the ITIL 4 terminology).

There's also likely the need to improve these capabilities to better meet business needs in light of digital transformation. While your organization might not have adopted all of the ITIL processes/practices listed below, the respective levels of improvement needed across them is eye-opening.

Process / Practice	Adoption level	Working well	Needs improving
Service desk	89%	52%	48%
Incident management	89%	49%	51%
Service request management	85%	39%	61%
Change enablement	84%	36%	64%
Problem management	80%	31%	69%
Knowledge management	79%	20%	80%
Asset management	78%	27%	73%
Relationship management	77%	23%	77%
Continual improvement	73%	27%	73%
Financial management	72%	38%	63%
Service catalog/self-service	69%	29%	71%
Supplier management	69%	29%	71%
Service design	64%	30%	70%
Service configuration management	64%	27%	73%

Source: AXELOS, ITSM Benchmarking Report 2022

Then there's the need for consumer-like capabilities in the workplace, with this not simply an attempt to "keep up with the consumer-world Jones" but a proactive attempt to reduce employee friction and to increase their productivity.

## Technology

Your ITSM technology needs to seamlessly work with the improved processes and people capabilities. With this technology that helps, not hinders, work getting done and the delivery of the desired business outcomes.

This covers a lot of ground. Some of which has been available in ITSM tools for years, such as basic workflow automation. Whereas there are also newer capabilities needed to fully bring about the next evolution of ITSM for the digital world. For example:

- Consumer-like self-service and self-help capabilities—backed by automation—that bring self-help capabilities to wherever employees are working (rather than requiring employees to seek out a web-based self-service portal). This can be via a mobile app or embedded within popular work applications.
- AI-enabled capabilities, where machine learning helps with both the “heavy lifting” and the “heavy thinking” of IT service delivery and support. For example, intelligent ticket triage/processing, chatbots as the first point of support for end users, and virtual agents that augment the knowledge and capabilities of ITSM staff.
- Integrated Business Intelligence as a way to understand trends and improve analytics. A means to understand roadblocks, review resources, and reveal latent demand.
- Low-code platform-based capabilities that allow IT to quickly create new apps that help service-and-support employees with their workflows and work. With these capabilities extensible to wider IT operations and other business functions in enterprise service management scenarios.



## 5 Tips for the Successful Digital Transformation of Your ITSM Capabilities

When looking to digitally transform your ITSM operations, the following five tips will help:

1. **Think of your ITSM capabilities as exactly that.** Rise above the all-too-common view of ITSM as simply a set of processes, to appreciate the need for the right blend of people, processes, and technology to deliver the desired business outcomes. Improving just one of these elements, or even two, without paying due attention to the third will likely not deliver the optimized ITSM capabilities your organization needs to successfully operate in the digital world.
2. **Recognize that digital transformation is not an IT project.** Whether this is digital transformation per se or the digital transformation of ITSM, it's ultimately about changing the traditional ways of working. It's about supporting a modern workplace, where employees can self-serve where possible, as well as allowing groups to collaborate easily and naturally – especially in hybrid working scenarios. It's about fostering communications and operating at the speed set by the business. And, thus, it's a significant people change with the need for organizational change management tools and techniques to help gain buy-in and to reduce the likely resistance to change.
3. **Don't underestimate the importance of back-office digital transformation.** This view is backed by World Economic Forum (WEF) research, including in a WEF paper called "The Digital Enterprise: Moving from experimentation to transformation." Which states that organizations shouldn't "... layer a new economic model on top of a legacy business." And that organizations must appreciate that, while "Customer engagement is essential, great product and services are mandatory, and an innovative economic model may be table stakes, without operations all of that fails."
4. **Ensure that your ITSM tool is well-suited to the needs of digital transformation.** Look for platform-based capabilities such that your organization can avoid the challenges of the siloed apps/ point solutions approach. Digital transformation is an opportunity to consolidate and streamline, and a platform that's well-suited to service delivery and offers more than just ITSM capabilities will be an advantage. For example, platforms that are extensible and integrated with advanced capabilities such as Business Intelligence, low code / no code, and bots. That facilitate your company's digital transformation journey by supporting self-service—starting with IT and growing out to support the enterprise as a whole.
5. **Take a value-based approach to digital transformation.** Make your digital transformation decisions based on (business) value and better outcomes, not on the available technology. This applies to both the digital transformation of your ITSM capabilities and digital transformation per se.





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