The ITSM Benchmarking Report 2019

An AXELOS publication

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Foreword

There is no question that digital transformation has become an essential focus for most organizations – and central to the role of IT service management (ITSM) practitioners.

AXELOS' latest ITSM benchmarking report – reflecting the views of over 1,600 professionals worldwide – suggests that more than half of enterprises now have a recognized strategy for digital transformation.

However, the success of digital transformation initiatives is not founded in the IT department alone. It's only when transformation is organization-wide, with internal and external stakeholders at the core, that it creates genuine value and transcends the concept of technological change.

At a time like now – when a diverse set of skills is paramount to digital transformation – it's encouraging to see the enduring popularity of the ITIL best practice framework; 88% of practitioners view it as the best approach for creating value through services.

And 2019 has also heralded the latest evolution of the framework, ITIL® 4. The content of the new guidance – while retaining the core expertise already known to ITIL-certified professionals – has been expanded to reflect the demand for high velocity IT, co-creation of value and end-to-end product and service management.

By integrating ITIL practices with delivery methods such as Lean, Agile and DevOps, and making the guidance more accessible to people beyond the IT department, we have worked hard to ensure ITIL 4 meets the needs of modern organizations.
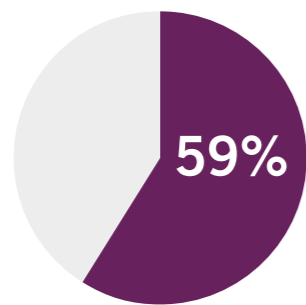
Business leaders worldwide acknowledge the importance of professional certification to support operational excellence, improve employee and customer satisfaction, and to keep pace with ever-changing technology and customer demands. Having access to relevant, professional training to build the necessary skills within your organization, is essential to meeting your business and digital transformation goals.

Margo Leach
Chief Product Officer
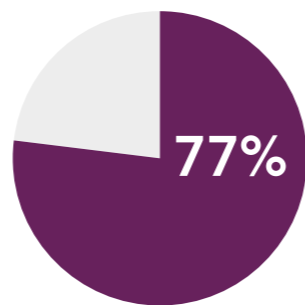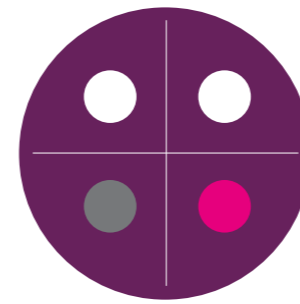AXELOS Global Best Practice

Executive summary
The key insights from our research

Challenges such as **emerging practices and new technologies** are pressuring ITSM. At the same time, entrenched issues, including lack of visibility and siloed ways of working, appear to be getting worse.

5 years

Cloud and automation technologies are likely to have the biggest impact on organizations in the next five years, followed by AI, IoT, and machine learning

59%

Digital transformation in organizations is gathering pace, with **59%** now having a "recognized programme". The question remains whether this heralds a holistic digital change across organizations or something restricted to IT.
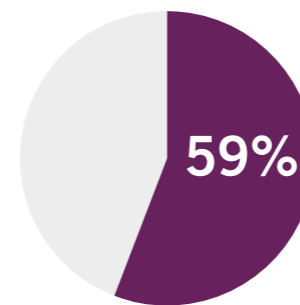
77%

With digital transformation initiatives demanding faster delivery of new products and services, ITSM plays a crucial role in providing governance and control. Consequently, ITSM professionals expressed confidence in their organization's investment in their expertise; **77%** say ITSM is an important component in digital transformation.

59%

Professionals identifying an alignment of ITSM goals and overall business strategy has increased by more than one third to **56%**. Although a significant improvement, the ultimate target for ITSM-business alignment should be far higher.

43%
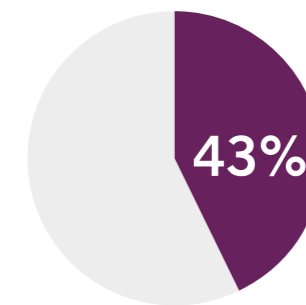
ITSM should be an important topic for the C-suite: **43%** of ITSM professionals believe board members and senior management should be ITIL-certified.

75%
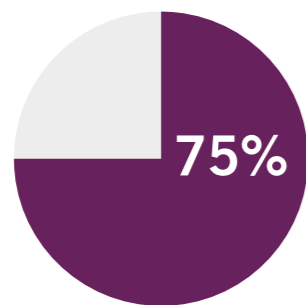
Nearly **75%** of ITSM practitioners are convinced that retraining will help them to plug the skills gap, meet organizational needs, keep up with technology, and remain productive.

Organizational ITSM maturity has increased by **more than a quarter**. This will support successful digital transformation.
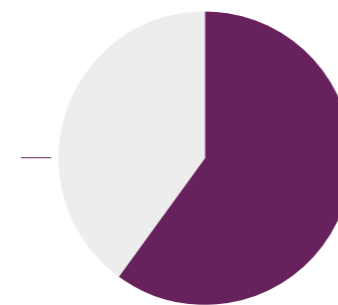
Almost two-thirds of ITSM practitioners invest in continuing professional development (CPD) to improve their skills, progress their careers, and gain personal satisfaction. However, a lack of training and development time is making it more difficult to pursue CPD and threatening the organization's competitiveness and effectiveness.

70%
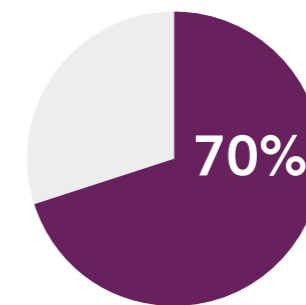
70% say ITIL is the most common best practice framework in organizations.

Key insights

Digital transformation
Opportunity and risk

How challenging is digital transformation in 2019?

The North Carolina State University's Enterprise Risk Management Initiative, in collaboration with management consulting company Protiviti Inc., found that the perception of the risk of not embracing digital transformation had leaped from **tenth to first place in a year.**

The perception is strongest in organizations who are trying to transform their existing operations and legacy technology infrastructures and who are in competition with organizations that were 'born digital'.

However, instigating digital transformation does not automatically lead to successful change. The Harvard Business Review explained, "If people lack the right mindset to change and the current organizational practices are flawed, DT (digital transformation) will simply magnify those flaws … Digital transformation should be guided by the broader business strategy."

> "Digital transformation is not merely an evolution in IT but a holistic business change affecting the entire organization."

The ITSM view

AXELOS' research shows that **59%** of organizations have a recognized digital transformation programme in place, which suggests significant progress since our study in 2017, when organizations were just starting to move towards digital transformation.

One challenge, when quantifying the take-up of digital transformation, is understanding whether it is organization-led or IT-led. Digital transformation is not merely an evolution in IT but a holistic business change affecting the entire organization.

Digital transformation takes place when the whole organization changes the way it operates in order to provide more value for its stakeholders. The type of technology that will support a successful transformation is a secondary question.

Speed of departmental change

The pace of digital transformation varies by organizational area. The IT department is often the most open to change. **21%** of ITSM professionals said they were ready to accept change, followed by: the central business functions, customer-facing departments (**both 11%**); marketing/communications (**10%**); data & information management, finance (**both 8%**); end product/service, operations (**both 7%**) and sales (**5%**). The least open to change are employee services, distribution, manufacturing, internal infrastructure / processes, and online services at less than **5%**.

Fastest pace of digital transformation change is in:

- ■ **Inward-facing (62%)**
- ■ **Outward-facing (35%)**
- □ **Universal (6%)**

N.B. does not sum to 100% as respondents could state multiple areas

Function	%
IT*	21%
Central Business Functions**	11%
Customer Interactions	11%
Marketing & Communications	10%
Data & Information Management	8%
Finance	8%
End Product / Service	7%
Operations	7%
Sales	5%
Employee Services	3%
Distribution & Manufacturing	2%
Internal Infrastructure / Processes	2%
Online Services	2%
All Business Functions	6%

0   25   50
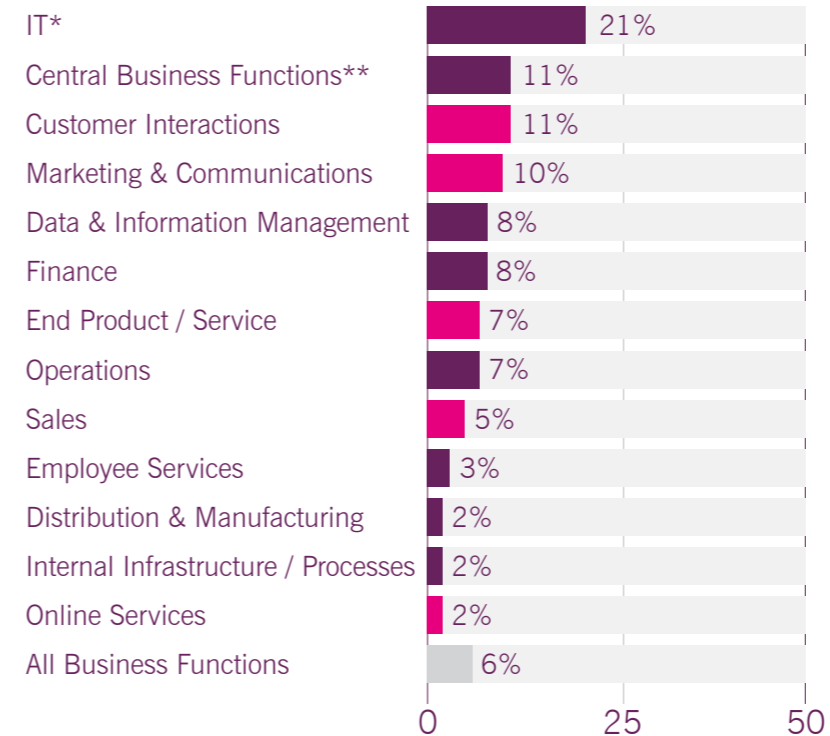
* includes IT departments, Network and Technology services, Software development etc.
** includes Administration, HR, Project Management, Legal, R&D, Resource Management etc.

Ideally, digital transformation happens holistically across the organization. However, the larger and more distributed the organization, the greater the challenges of transformation. Departments that are more process driven are often more prepared to change their ways of working.

The role of ITSM in digital transformation

ITSM will be significantly involved in helping organizations to digitally transform over the **next five years**. ITSM professionals feel overwhelmingly confident their employers recognize this, with over three-quarters (**77%**) saying organizations treat ITSM as an important component in digital transformation. **74%** believe that the ITSM function is sufficiently supported and resourced to deliver on the objectives of digital transformation.

> "The IT department is often the most open to change (21%). The least open to change are employee services, distribution, manufacturing, internal infrastructure / processes, and online services, all at less than 5%"

An increased cadence of delivery of new products and services is vital for any organization in the modern climate. ITSM needs to provide IT governance, control, and understanding at the business governance level in order to enable the smooth adoption of change and improved workflows and responsibilities in the work practices of ITSM professionals.

Transformation

ITSM demonstrates its importance by providing the organization with clarity around how services connect and how data is protected; it is an enabler and a support to digital delivery.

ITSM professionals should ensure that the organization's perception of their work is based on whether the IT department understands their colleagues' needs and how they engage and interact with the business to co-create value.

ITIL's role within successful digital transformation

ITSM professionals believe the ITIL framework can improve the organization's chances of successful digital transformation:

- improved service delivery and customer satisfaction (**67%**)
- keeping IT systems up-to-date through continual improvement (**57%**)
- creating a more stable service environment to support business changes (**53%**)
- providing better management of business risks, service disruption, or failure (**51%**)
- greater visibility of IT costs and assets (**44%**)
- reduced costs through improved utilization of resources (**43%**).

ITIL 4, the latest version of ITIL, launched in February 2019, promotes increased speed, agility, and flexibility via the service value system and guiding principles.

Thinking of services as a means to co-create value is a central theme of ITIL 4, encouraging the IT function to become an integral part of the organization. Engaging with the business and working with all stakeholders is essential to value co-creation. ITIL should be considered part of overall business governance rather than a standalone framework for ITSM.

ITIL 4 definitions

Service value system:

A model representing how all the components and activities of an organization work together to facilitate value creation.

Four Dimensions:

To support a holistic approach to service management, ITIL 4 defines four dimensions that collectively are critical to the effective and efficient facilitation of value for customers and other stakeholders.
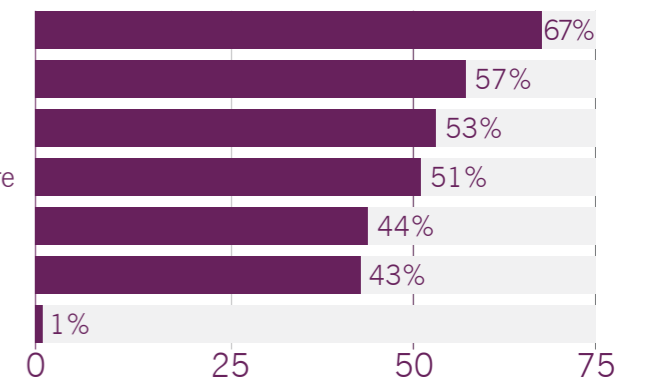
Guiding principles:

Recommendations that can guide an organization in all circumstances, regardless of changes in its goals, strategies, type of work, or management structure.

Value co-creation:

Joint activities performed by a service provider and a service consumer based on agreed and available service offerings.

Ways ITIL improves success in digital transformation:

Improved service delivery and customer satisfaction	67%
Keeping IT systems up-to-date through continual improvement	57%
More stable service environment to support business changes	53%
Better management of business risk and service disruption or failure	51%
Greater visibility of IT costs and assets	44%
Reduced costs through improved utilization of resources	43%
Other	1%

0   25   50   75

The state of ITSM and organizational strategy

"The C-suite cannot afford this knowledge gap. Digital transformation is too important to the modern organization."

Considering the growing emphasis on digital transformation within the organization, and the essential role that ITSM plays in supporting transformation, how has the alignment of ITSM with business strategy evolved since AXELOS' previous ITSM benchmark study?

AXELOS' 2017 report showed that ITSM and executive leadership needed to be more aligned to make a success of digital transformation.

Then, fewer than half (**41%**) of ITSM professionals saw a parallel between their function's goals and the overall direction of the business, despite more than **60%** viewing ITSM as critical to supporting business success in the coming five years.

According to our latest benchmark study, **56%** say ITSM is aligned with business strategy, which is an increase of more than a third. **18%** claim it is 'very aligned'.

While the increase is significant, more could be done. The activities within ITSM should support what the organization wants to achieve. If, as our survey shows, **44%** believe ITSM does not do this at present, then they see ITSM solely as an operational function that runs a service desk and a tool.

Instead, they should be asking:

- What are our services?
- Who are our customers?
- How do we co-create value?

ITSM needs to understand the organization's strategic business goals and to recognise ITSM's role in supporting the goals in the delivery of business outcomes, rather than merely IT outcomes.

Bridging the gap between the C-suite and ITSM
Generally, ITSM has not been a topic for the boardroom. The result is a lack of awareness among board members of what they do not know or what they should ask.

The C-suite cannot afford this knowledge gap. Digital transformation is too important to the modern organization. A greater understanding and appreciation of ITSM's role among senior executives can make a difference to organizational change.

88%
of ITIL-certified professionals believe ITIL is the best ITSM framework

43% of ITSM professionals believe C-suite executives and senior management should have a detailed knowledge of, and certification in, ITIL. **53%** think the top team should at least know about ITIL principles.

Understanding ITIL could help senior executives address other challenges facing ITSM in the organization. For example, **79%** of our survey respondents say ITIL helps their organization to bridge silos, allowing work to flow smoother and faster between departments.

The concept of supporting senior management in their decision-making is reflected in the design of ITIL 4.

The ITIL Strategy module focuses on leadership, management, and strategy direction; developing skills in planning, identifying risk, and building digital strategy are imperative at the organizational level.

Strategy

"AI Engineering, machine learning, automation and IoT development are considered either extremely or very important to ITSM."

Working in isolation and with a lack of information

The number two problem in the previous ITSM report was the "lack of visibility on work both inside and outside the ITSM team". That is now the number one issue, cited by **36%**. The number four issue, the presence of "siloed working/lack of a common goal", is now number two for **33%** of respondents.

Other challenges have grown, including the "inability to respond to increasing demand and project scopes either too large or trying to do everything at once". There are also newer challenges, including "issues in integrating emerging practices" (**31%**; third place) and "difficulty in adopting new technologies" (**28%**; sixth place).

ITIL 4 encourages ITSM practitioners to adopt and adapt whichever framework or way of working they believe is relevant to the organization, including Agile, DevOps, and Lean. Its guiding principles support customer-centric collaboration, holistic working, and obtaining continual feedback.

Retraining, not straining in ITSM

Working with emerging technologies is an 'exciting' prospect for an overwhelming majority (**83%**) of ITSM professionals. **73%** understand that adopting new technologies will mean they need to retrain.

Training should be combined with certification wherever possible. According to AXELOS' The Power of Professional Certification, **97%** of business decisionmakers worldwide say: "Certification has a positive impact, bringing higher efficiency and employee satisfaction." They see the primary benefits of this as meeting organization/industry requirements (**58%**), keeping pace with changing technology, and improving productivity (**both 54%**).

Clearly, decision-makers within the organization recognize this, but is it being translated into formal training?

ITSM professionals believe organizational skills are already strong in the three IT job roles that will be the most important over the next five years:

- **Cloud Architect** – **52%**

- **Cloud System Engineer** – **52%**

- **Automation Tester** – **45%**

- Machine Learning Engineering: **31%** claiming strong organizational skills vs **39%** weak

- IoT Development: **30%** strong vs **38%** weak

- AI Engineering: **28%** strong vs **41%** weak

Current skill levels in the organization for chatbot engineering, blockchain, AR, and VR development are relatively weak.

Technology and business impact

The impact of emerging technologies on the organization is unavoidable. ITSM has a critical role in evaluating the technologies and recommending how they can help the organization co-create value with stakeholders.

Respondents to our survey suggested Cloud (**68%**) and automation (**58%**) could have the most significant impact on the organization over the next five years. AI (**41%**), IoT (**38%**), and machine learning (**36%**) had the potential to affect the modern workplace. Chatbots (**24%**), virtual reality (**21%**), blockchain (**20%**), and augmented reality (**19%**) were judged as less likely to have a significant impact.

And how will the organization be tested by these technology changes?

Half of ITSM professionals acknowledge a growing skills shortage and a worrying lack of understanding about how these emerging technologies can benefit the organization (**47%**). They highlight the inability of legacy IT systems to keep pace with change (**45%**) and map the resulting changes on roles and responsibilities (**42%**).
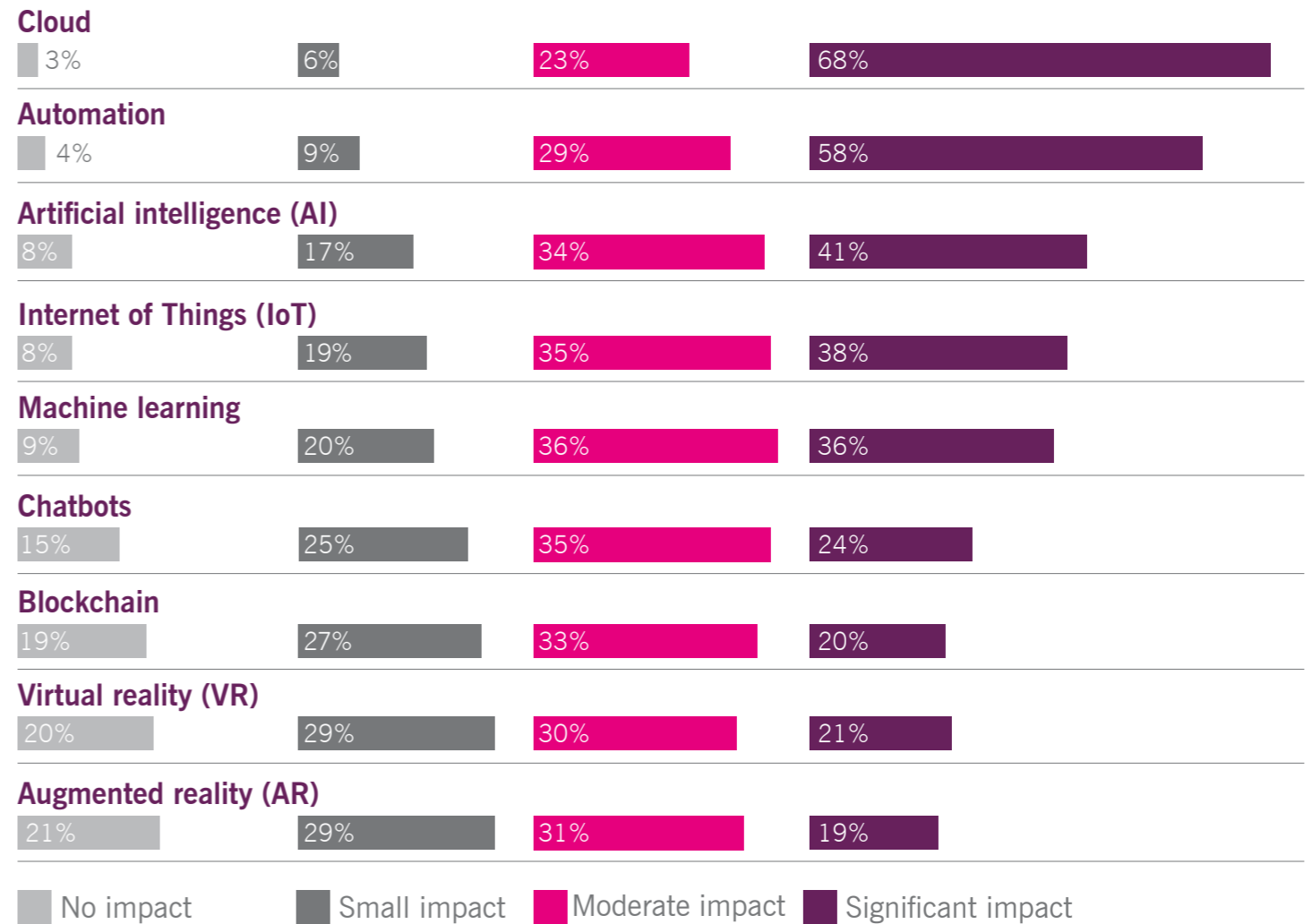
A possible outcome of this will be the organization failing to keep up with its competitors, and/or investing in the wrong technologies.
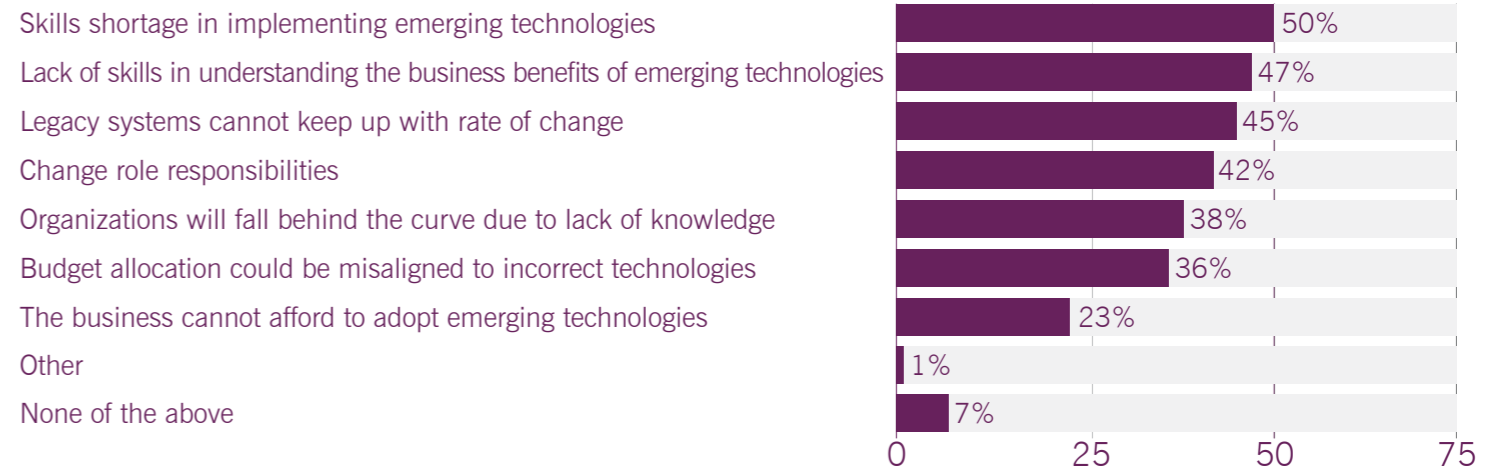
Impact

"Respondents to our survey suggested Cloud (68%) and automation (58%) could have the most significant impact on the organization over the next five years."

Expected impact of emerging technologies:

Cloud
| 3% | 6% | 23% | 68% |

Automation
| 4% | 9% | 29% | 58% |

Artificial intelligence (AI)
| 8% | 17% | 34% | 41% |

Internet of Things (IoT)
| 8% | 19% | 35% | 38% |

Machine learning
| 9% | 20% | 36% | 36% |

Chatbots
| 15% | 25% | 35% | 24% |

Blockchain
| 19% | 27% | 33% | 20% |

Virtual reality (VR)
| 20% | 29% | 30% | 21% |

Augmented reality (AR)
| 21% | 29% | 31% | 19% |

■ No impact   ■ Small impact   ■ Moderate impact   ■ Significant impact

Expected consequences of emerging technologies' impact:

Consequence	%
Skills shortage in implementing emerging technologies	50%
Lack of skills in understanding the business benefits of emerging technologies	47%
Legacy systems cannot keep up with rate of change	45%
Change role responsibilities	42%
Organizations will fall behind the curve due to lack of knowledge	38%
Budget allocation could be misaligned to incorrect technologies	36%
The business cannot afford to adopt emerging technologies	23%
Other	1%
None of the above	7%

0   25   50   75

Skills landscape

The training and skills landscape in a digitally transforming world

ITSM professionals balance career development and personal fulfilment. AXELOS' The Power of Professional Certification shows **66%** of individuals use certification to build new skills and gain professional confidence (**52%**).

Updating professional knowledge and skills is essential for meeting the demands of organizational change. It should be an ongoing process that is encouraged and facilitated by employers.

Continuing Professional Development (CPD) enables practitioners to do their job as effectively as possible (**61%**) and helps career progression (**59%**).

Career advancement runs in parallel with a sense of personal achievement. Practitioners value keeping up to date with industry knowledge (**62%**), satisfying their appetite for learning (**53%**), and being exposed to ideas outside the scope of their day job (**42%**).

Just over a third (**36%**) use CPD to keep their qualifications current and to increase salary.

In search of CPD
The obstacles to CPD have shifted in the past two years. The cost of learning and development which was previously the number one challenge is still an issue but, in 2019, the reluctance to allow staff time away from work for career development is more likely to prevent the ITSM professional from developing their skills and knowledge, as is the lack of organizational support for ongoing learning and certification.

Many organizations do not spend their entire ITSM training budgets. This frequently happens because ITSM professionals are under pressure to prioritize their responsibilities in the workplace before their own career development. Managers need to understand the value of supporting their staff's career progression. Otherwise, they will have a workforce that feels trapped and loses confidence.

This does not just impact the individual. The lack of engagement can induce the organization to become less efficient, effective, and competitive. Encouragingly, decisionmakers recognize the benefits of certification: according to The Power of Professional Certification, they recognize an improvement in job efficiency (**83%**), team communication (**79%**), and competitiveness (**73%**).

If the C-suite recognizes the risk of falling behind in a fast-changing world, it needs to establish continual learning and improvement as core capabilities, with mechanisms to allow ongoing skills development and time set aside for employees to step away from their daily tasks.

"Managers need to understand the value of supporting their staff's career progression. Otherwise, they will have a workforce that feels trapped and loses confidence."

Realizing value
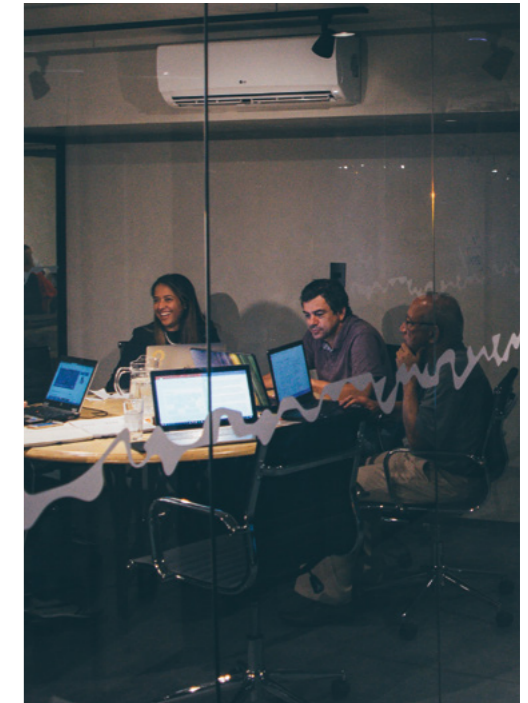
The value of ITIL

ITIL is the most-widely adopted framework, according to our survey.
Of over **1,600** ITSM respondents from across the world, **74%** are ITIL-certified and almost **70%** say ITIL is currently in use in their workplace. A further **9%** plan to study ITIL this year. More than **90%** see ITIL as valuable (up **11%** on 2017), with almost

two-thirds (**61%**) calling it 'very valuable'. In all, **88%** agree that ITIL is the best framework for ITSM.

Enabling better service, performance, and personal development ITIL practitioners are clear about its value for their organization and their personal career development.

89%

ITIL certifications are important to CPD according to **89%** of the respondents to our survey.

88%

88% say ITIL certification improves specialist skills.

86%

86% claim it has improved their confidence.

ITIL certifications are essential for ITSM staff (**83%**).

83%

80%

80% have improved their management skills.

77%

77% say ITIL has helped them implement effective organizational change.

73%

73% have experienced increased project success.

The organization

64% highlight its contribution to 'constantly improving performance'.
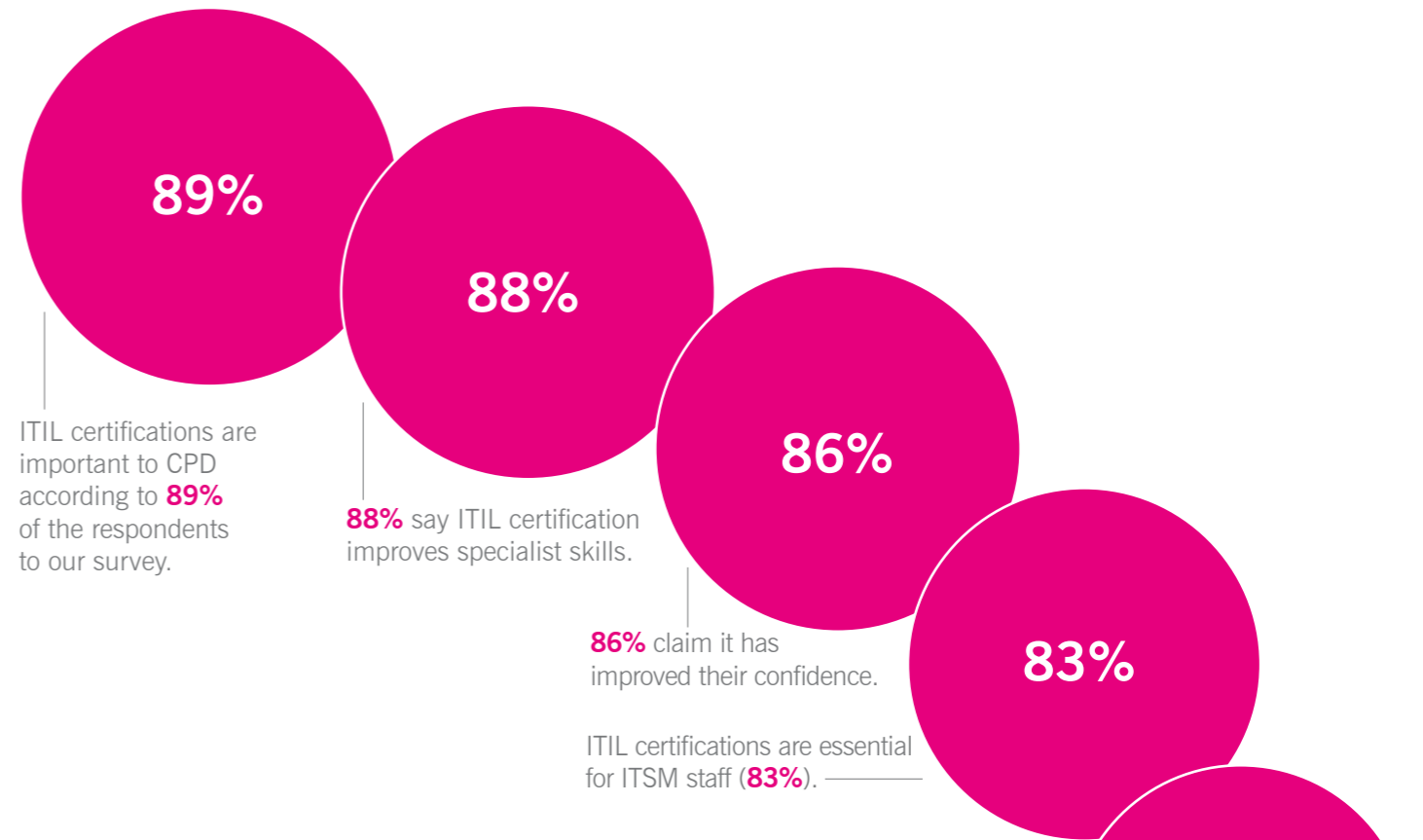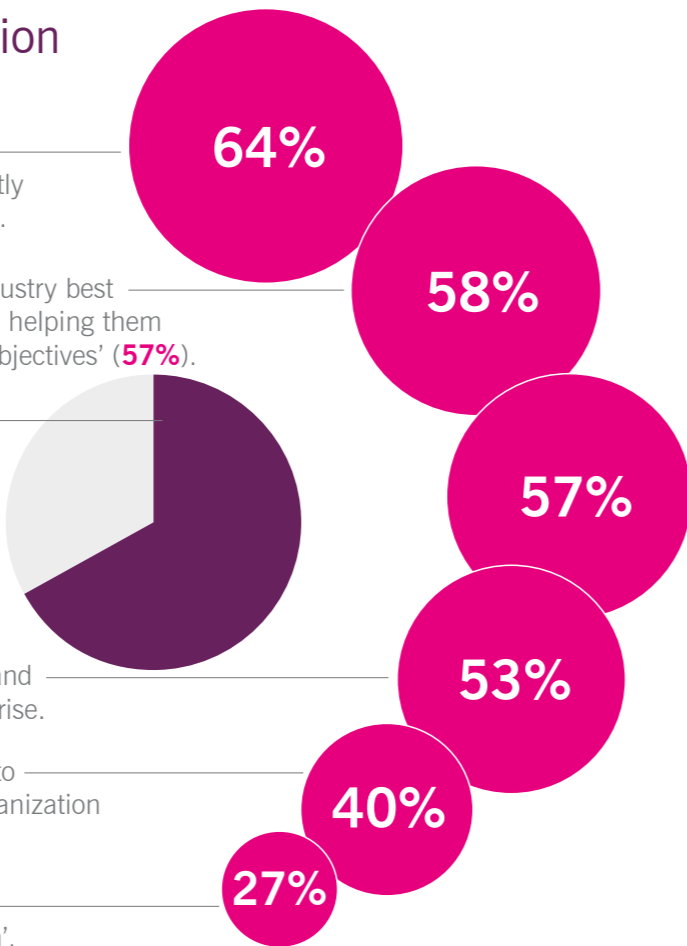
64%

58% consider it the industry best practice 'gold standard', helping them 'deliver organizational objectives' (**57%**).

58%

Two-thirds of our survey respondents say that ITIL enables their organization to deliver better customer service.

57%

53% say it adds 'trust and credibility' to the enterprise.

53%

40% note ITIL's ability to help 'streamline' an organization for faster working.

40%

27% call ITIL a 'facilitator for innovation'.

27%

The individual

68% of respondents believe it is important for practitioners to certify in ITIL while in their first job.

Almost **25%** advocating studying ITIL while at university or via an apprenticeship.

64% cite its importance for career progression.

64%

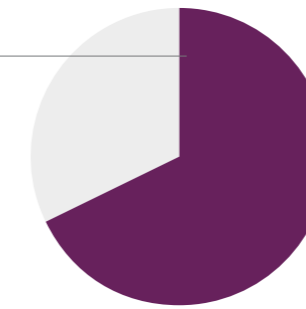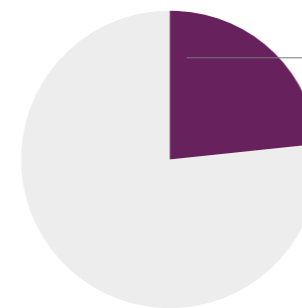**61%** say it increases salary prospects; the ITIL Master certification is particularly valued.

61%

50% have got a new job with the help of ITIL.

50%

39% have achieved promotion.

39%

35% have increased salary.

35%

Transformation and development

Conclusion

Digital transformation

This year's ITSM benchmarking report reveals how digital transformation has fixed itself firmly on the organizational agenda. And there are key learnings to consider when embarking on a digital transformation programme:

• Digital transformation goes beyond IT alone: it is about holistic organizational change which focuses on customers and creation of value

• ITSM is an important factor in successful digital transformation, reflected in the strong support and resources it receives within organizations

• ITSM practitioners are well-placed to ensure good governance and appropriate controls are deployed to keep digital services operational

• Strategic alignment between business and ITSM, while improving, needs to advance further to fully co-create value and meet organizational goals.

Training and development

A faster-moving and ever-changing business environment, coupled with emerging technologies and growth in different IT methods and practices, means the workforce needs to remain current:

• There is an overwhelming recognition of a skills shortage and the need to re-train to remain relevant in ITSM

• High demand for skills in cloud architecture, cloud systems and automation testing will be followed by the need for wider knowledge in AI, machine learning and IoT

• ITSM practitioners are investing in their own Continuing Professional Development (CPD), primarily to be more effective at work, progress their career and build confidence

• Employers need to create more time for ITSM staff to engage in learning, training and development away from work. This has a dual benefit of improving employee satisfaction and ensuring the organization has access to the latest skills and remain competitive.

Other frameworks and AXELOS

AXELOS is working with academic institutions around the world to embed the ITIL and PRINCE2® syllabuses and exams within the program of academic study, which will allow the student to benefit from an enriched learning experience, introduce them to the concept of IT-enabled services, and enhance their employability by offering a vocational qualification.

A feast of frameworks

ITIL is not the only framework or method that supports organizational change and improvement. Many other frameworks address the concepts of value and value streams. The risk is increased when an immature organization adopts any given framework as a goal in itself, rather than as a method to solve specific problems. Whatever framework is adopted to incorporate end-to-end governance, business relationship management, DevOps and ITIL, the aim should be the co-creation of value.

By design, ITIL 4 is aligned with Agile, Lean, and DevOps and enables end-to-end value streams by working with developers, the business, and all other stakeholders. Its latest evolution is much simpler, more open, and collaborative. ITIL 4 is flexible and business-focused, and it challenges the perception among some non-ITIL practitioners of ITSM as an obstacle to business outcomes.

About AXELOS

AXELOS is a joint venture company, created in 2013 by the Cabinet Office on behalf of Her Majesty's Government (HMG) in the United Kingdom and Capita plc, to manage, develop and grow the Global Best Practice portfolio. AXELOS boasts an already enviable track record and an unmatched portfolio of globally-recognized best practice qualifications.

AXELOS is responsible for developing, enhancing and promoting a number of best practice frameworks and methodologies used globally by professionals working primarily in IT service management, project, programme and portfolio management and cyber resilience.

These methods, including ITIL®, PRINCE2®, MSP® and our collection of cyber resilience best practice products, RESILIA®, are adopted by private, public and voluntary sectors in more than 150 countries to improve employees' skills, knowledge and competence in order to make both individuals and organizations work more effectively.

AXELOS is committed to nurturing best practice communities on a global scale. In addition to our globally-recognized certifications, AXELOS equips professionals with a wide range of content, templates and toolkits through our CPD-aligned My AXELOS subscription service and online community of practitioners and experts.

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Acknowledgments

Savanta is a market research company with offices in London and New York, Savanta offers a full range of integrated intelligence services at global scale, married to deep sector, issue and methodological expertise, delivered with an entrepreneurial spirit and client-first mindset.

AXELOS would also like to thank our partners who supported us in the promotion of the benchmarking survey. We benefited from a strong level of response from around the world and special thanks must go to ITP Japan, itSMF Chapters, Knowlathon, QuintJapan, PeopleCert, SDI and TSO

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