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Thought Leadership Paper
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Improve Business Agility Through Platform Consolidation



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Executive Summary



Business leaders recognize that they must take advantage of new digital technologies to stay competitive, to improve customer retention, and to increase employee satisfaction. Many organizations fail in their transformations when trying to incorporate legacy platforms to manage hundreds of loosely coupled applications that span the enterprise in addition to new, business-critical applications created by IT and line-of-business (LOB) developers. To succeed in truly transforming a business for the digital age, the underlying technology architecture must be assessed and modernized.

Platform simplification and consolidation helps drive agility across the business and allows IT to focus more resources on driving revenue growth. Consolidation can make IT architecture management simpler and speed up the rate of application deployment while simultaneously lowering total costs. Consolidation can also provide greater visibility into data throughout the business, empowering employees to make actionable decisions quickly. The goal should be to create a technology architecture better suited to support the ongoing digital transformation required to grow revenue in today's economy.

In April 2018, ServiceNow commissioned Forrester Consulting to evaluate platform consolidation plans and anticipated benefits. Forrester conducted an online survey with 367 global decision makers involved with application development platforms, enterprise architecture strategy, and digital transformation efforts to explore the importance of platforms to digital transformation. Mature organizations, who have consolidated their application platforms at the enterprise level, report greater benefits from their digital transformation efforts than those who have not yet consolidated their platforms.

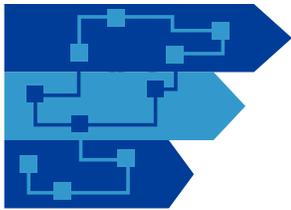
KEY FINDINGS

- › **Over 90% of organizations are interested in a unified platform.** The benefits of consolidated platforms are tangible: Companies who have successfully consolidated to a single platform report shorter time-to-market with new apps, more business agility, better innovation, and increased security. Platform consolidation also improves employee productivity inside and outside of IT, increasing employee satisfaction and making the company more attractive for hard-to-hire talent.
- › **A holistic digital business strategy is required to unlock these benefits.** Digitally mature organizations that digitize business strategy to focus on company-wide transformation have seen more success, more quickly, than those who have not. Broaden your firm's digital thinking to develop an enterprise-wide digital business strategy to help unlock the benefits of platform consolidation across the business.

Digital Transformation Impacts All Parts Of The Business

Today’s companies recognize that digital transformation is far more than a surface level facelift: They must fundamentally transform their business to simultaneously achieve operational agility using emerging technologies and create new sources of customer value as a digital business. Organizations that continue to boost investments (to improve internal operations alongside customer-facing digital experiences) realize business benefits such as higher revenue, improved customer retention, and higher employee satisfaction.

In this study, 50% of respondents have a digital business strategy in place that defines how the company will create new sources of customer value and revenue; throughout this study, we’ve noted these respondents as highly mature. Approximately 22% of respondents have limited digital business strategies — these are denoted as “medium maturity”. A full 28% of respondents have disparate digital strategies set by individual business groups or no digital business strategy in place at all; these are low maturity respondents (see Figure 1). Organizations must digitize their business strategy to maximize revenue growth. This requires closely evaluating operations, infrastructure, and business processes in support of customer outcomes. In surveying decision makers across the maturity spectrum, we found that:

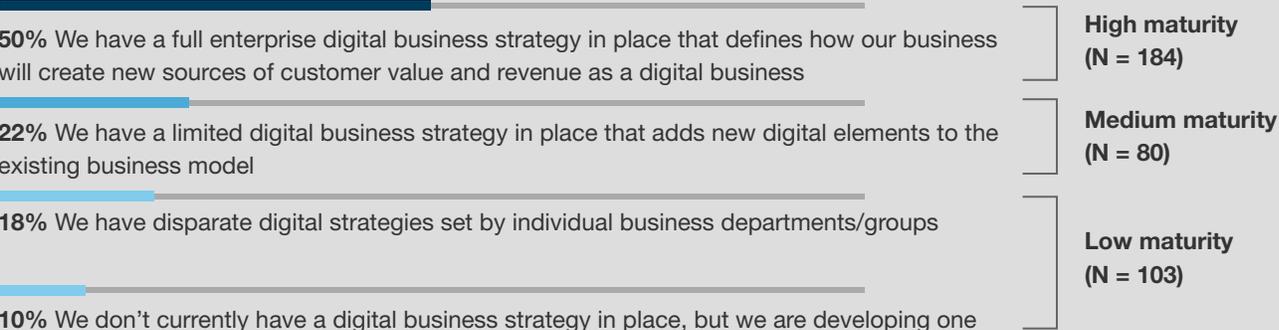


- › **Organizations must see digital transformation as a continuous journey.** More companies now recognize the continuous nature of digital transformation. Seventy-five percent of respondents increased their transformation investments last year. A whopping 88% plan to increase their digital transformation budgets in the next one to two years. Notably, over a quarter of highly mature organizations — i.e., those with a comprehensive enterprise-wide digital business strategy — plan on increasing their digital transformation budget by more than 25% in the next one to two years, further underlining the fact that digital transformation is a continuous process.

Figure 1

“Please select which response best describes your company’s digital business strategy? Think of a digital business strategy as:

A strategy that lays out how your organization will use digital assets to create new sources of value for your customers to drive revenue growth in the future and create operational agility in service of customers.”

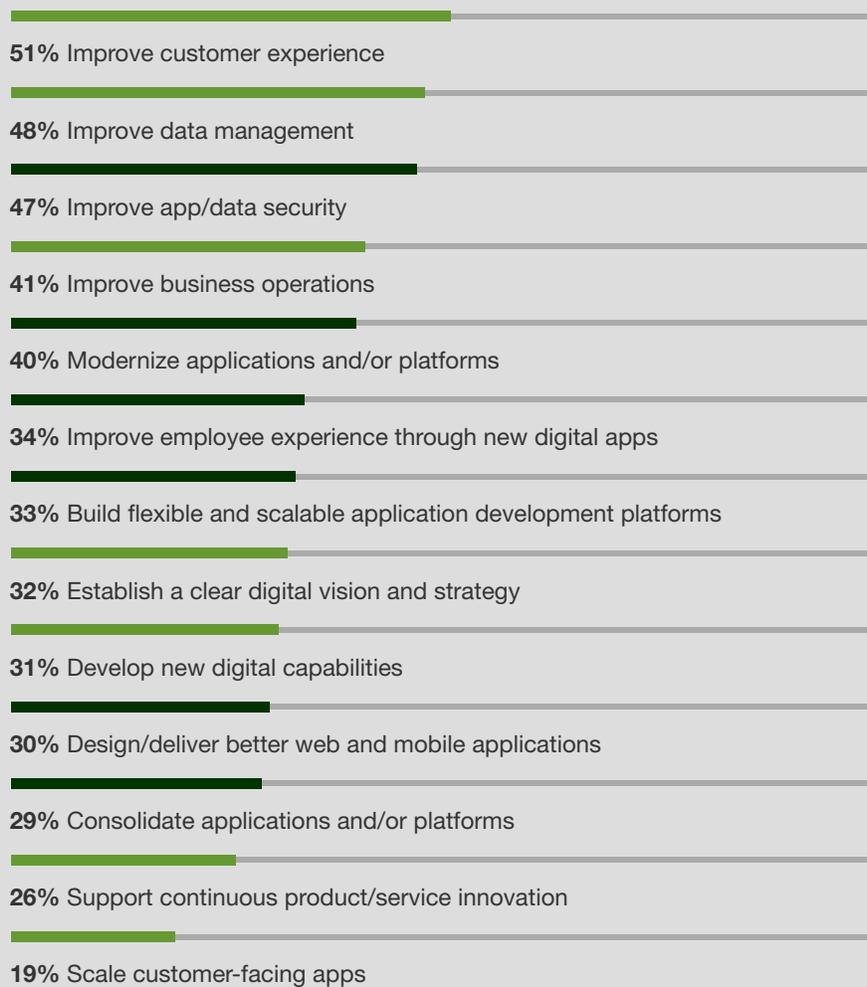


Base: 367 global decision makers involved with app dev platforms, enterprise architecture strategy, and digital transformation efforts
Source: A commissioned study conducted by Forrester Consulting on behalf of ServiceNow, April 2018

› **Digital transformation is more than a front-end makeover.** Digital improvements that focus on operational effectiveness remain a key part of digital transformation journeys. When asked about their digital priorities, decision makers listed: data management (48%); application and data security (47%); business operations (41%); and modernizing applications and platforms (40%) as top areas for improvement — in addition to improving customer experience (51%) — over the next 12 months. The emphasis on both front-end and back-end improvements underscores the importance of a holistic view of digital transformation (see Figure 2).

Figure 2

“Which of the following tasks/goals related to your digital business strategy will your company be most focused on in the next year?” (Application simplification/platform consolidation goals highlighted in dark green.)



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- › **Consolidation, insights, and simplification are the most important aspects of a holistic digital strategy for organizations.** Respondents found consolidation a key part of improving application and data security (see Figure 3), followed by instant access to data to make real-time decisions and simplified technology architecture more easily navigable — suggesting a need to simplify systems to move faster, keep up with demands, and make better business decisions. Organizations are struggling to navigate complicated technology architectures quickly and easily to keep up with the pace of business as well as digital customers.
- › **A wide range of business applications platforms are ripe for updates.** Top of the list for most companies are mobile platforms/applications, client relationship management platforms, customer service and support applications, and integration platforms. The wide range of forms and functions of these applications further adds to the difficulty of executing transformation, especially as many of these applications are legacy applications customized on-premises. Such legacy applications provide unique challenges, since they create an application architecture that is complex and burdensome on IT departments to maintain and update, reducing IT agility.

Figure 3

“In considering your digital business strategy, to what extent are the following important to your organization?”



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Companies Struggle To Maintain The Profusion Of Apps And Platforms

Organizations are now facing the challenge of orchestrating a successful digital transformation, which requires transforming hundreds of applications across multiple platforms. While they recognize that these overly complex environments are in need of consolidation, they must be careful in their approach to avoid disjointed strategies that can create further challenges down the line.

› **Business applications are developed across a tangle of platforms.** Business are maintaining an average of 284 applications across their organizations, with many firms maintaining over 1,000 apps. What results is so much complexity that many developers struggle to even keep up with mandatory regulatory changes. Just 26% of organizations have consolidated application development to a common platform, with 69% using multiple platforms to create business-critical applications. The high volume of applications and lack of a common platform creates a maintenance nightmare for IT.

Rather than taking stock of their existing enterprise tools, many firms are carrying over discrete purpose-built applications directly into the cloud — without considering if all are really needed. This effect is even further compounded at large organizations (those with 5,000 or more employees); these companies maintain an average of 472 applications and while they tend to have a common platform more often than smaller organizations, they are also more likely to maintain more than five platforms for application development (see Figure 4). This underscores that just because a company is large, it does not mean it is digitally mature.

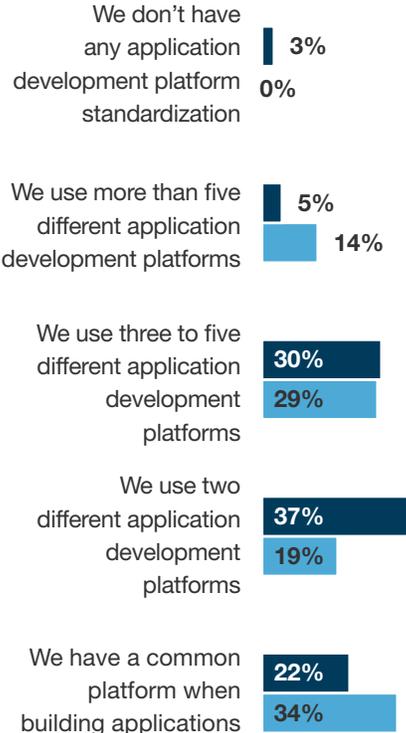
› **Companies are building new platforms without resolving old challenges.** Organizations are moving applications quickly to the cloud. However, rather than taking the opportunity to redesign their applications for the cloud, many companies are replicating on-premises system architecture, effectively “dragging and dropping” purpose-built platforms into the cloud. As well as failing to take full benefit from cloud architectures, this approach creates major technology challenges in maintaining different protocols and standards between legacy systems (23%) and integrating new technologies (23%).

› **Organizations struggle with a profusion of applications, inconsistent data, costly maintenance and complicated infrastructure management.** Over half reported that their existing technology architecture management is too complex (54%) and expensive (51%) (see Figure 5). The third greatest challenge for respondents was an overabundance of applications (44%) and complicated governance (44%).

Figure 4

“How many application development platforms has your organization standardized on?”

- SMB (500 to 4,999 employees) (N = 259)
- Large (5,000+ employees) (N = 108)



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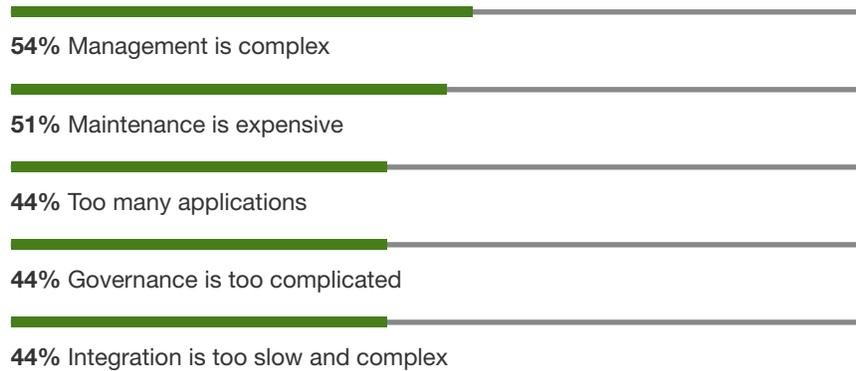


› **To make matters worse, employees with platform-specific skills are a limited resource whose time is eaten up by maintaining legacy applications.** Businesses report that their top people-centric challenge in carrying out their digital business strategy is the time investment in building and maintaining applications. Because so few companies have a single, unified application development platform, it's unsurprising that hiring and maintaining talent with platform-specific skills is the second highest challenge for decision makers — a modern low-code/no-code application development platform can alleviate the need for specialist developers.

Figure 5

“Which of the following areas present the biggest challenges, with respect to your existing technology architecture?”

(Showing top 5 challenges)



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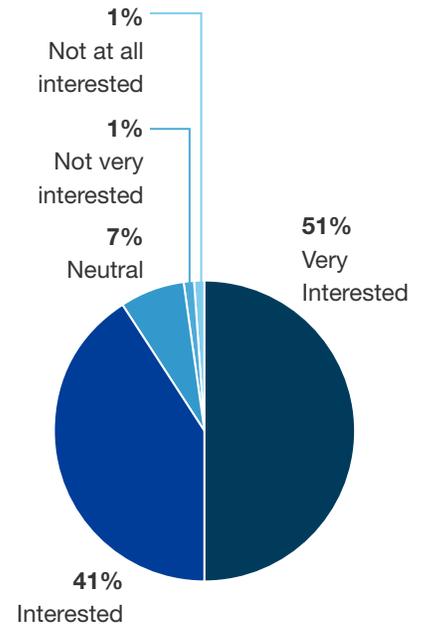
Unify Your Digital Business Strategy, Then Your Platform

Organizations recognize that they must simplify their application platforms to create true business agility and meet evolving customer expectations quickly. To that end, they are eagerly exploring single platform solutions to simplify the challenges they face in digitally transforming their business. However, as they inch towards platform consolidation, they must be mindful of creating a unified digital business transformation strategy to truly maximize the benefits of PaaS.

- › **A comprehensive and well-communicated strategy is paramount.** A disjointed strategy can lead to further challenges down the line; the top reported barrier to employee productivity is a lack of vision for the transformation. Without a guiding light, new apps and platforms will fail to provide the clarity and insight which are currently inhibiting workers. Lack of visibility into workflows and inefficient or incomplete applications to support business processes will continue to stymie progress — to that end, businesses are looking for solutions.
- › **Over 90% of organizations are interested in a unified platform.** Given the level of complexity introduced by new applications, it is no surprise that 92% of respondents are interested in a single platform that enables them to build, integrate, and run custom-applications in a cloud-native environment (see Figure 6).
- › **Sixty-two percent of organizations have begun to consolidate to a handful of core platforms.** However, only 19% of organizations surveyed have consolidated to a single platform. A mere 9% of organizations surveyed have no plans to consolidate their platforms. Taking a closer look at mature organizations — i.e., organizations with a full enterprise digital business strategy in place — we find that mature organizations have simplified their platforms at significantly higher rates than less mature organizations (see Figure 7). Over a third of highly mature organizations have consolidated to one unified platform, suggesting that there may be significant benefits to platform consolidation in connection with digital acceleration.

Figure 6

“To what extent are you interested in a single platform that enables you to build, integrate, and run your custom applications in a cloud-native environment?”

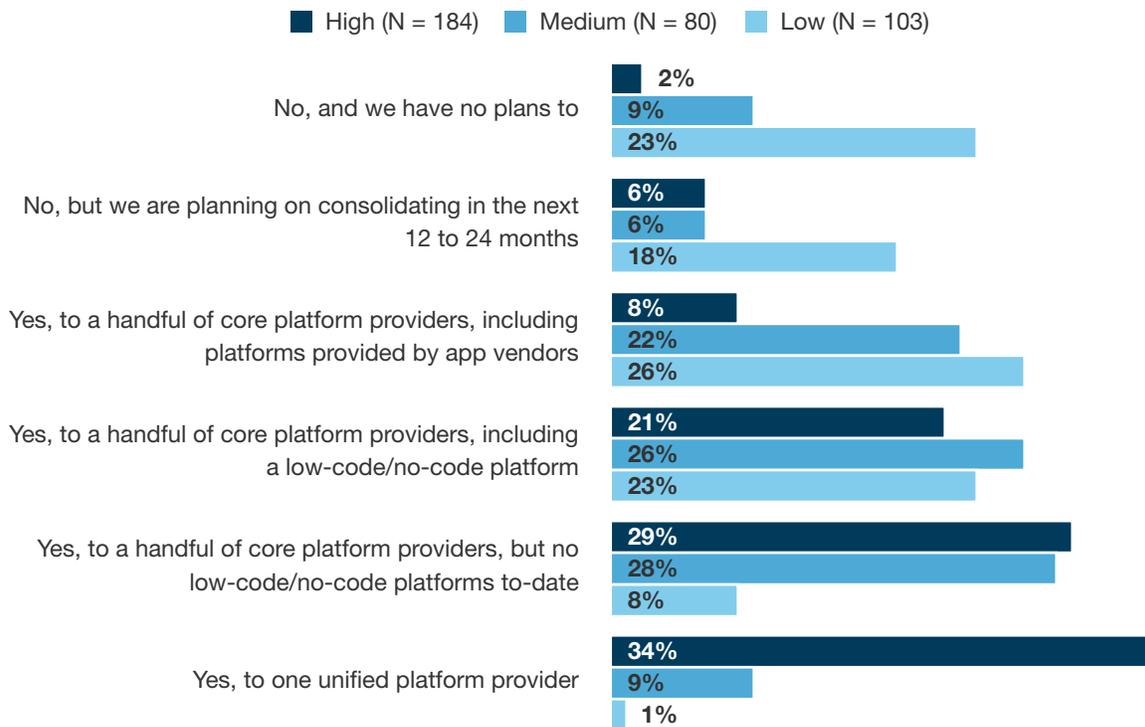


Base: 367 global decision makers involved with app dev platforms, enterprise architecture strategy, and digital transformation efforts
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Figure 7

“Has your organization undergone any platform consolidation to date?” (Shown by level of maturity)



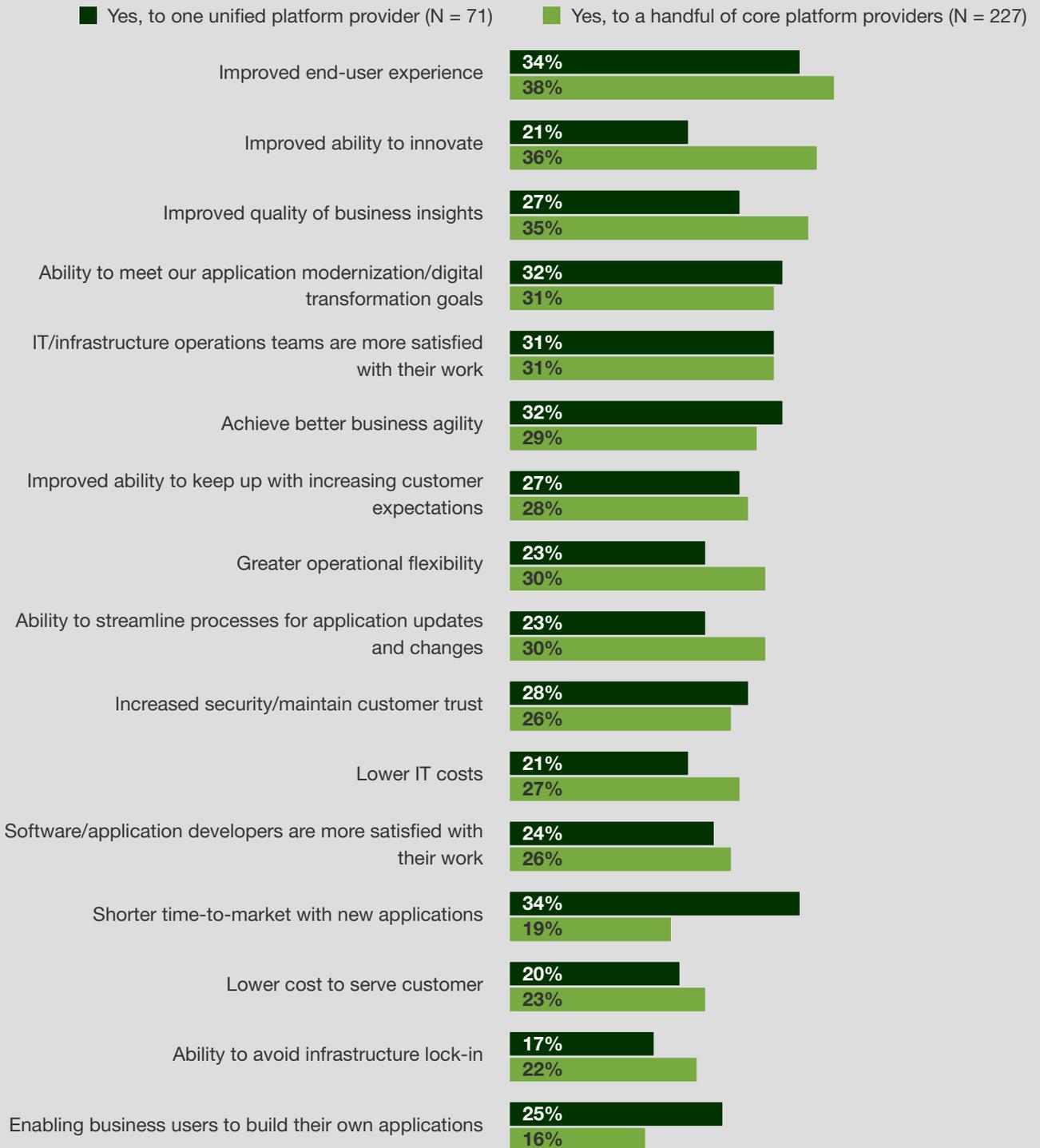
Base: 367 global decision makers involved with app dev platforms, enterprise architecture strategy, and digital transformation efforts
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› **Even compared to organizations that have consolidated to a handful of platforms, organizations with a unified platform provider report greater business agility.** While digitally mature organizations are more likely to have unified to a single platform provider, over 75% of organizations on a whole have consolidated to a handful of core providers. Notably, companies who have successfully consolidated to a single platform provider report even greater levels of business agility as well as shorter time-to-market with new applications, bringing them closer to their digital transformation goals than even those who have consolidated to a handful of core providers (see Figure 8).



Figure 8

“What benefits has your organization realized from consolidating your app platforms?”



Base: 298 global decision makers involved with app dev platforms, enterprise architecture strategy, and digital transformation efforts
 Source: A commissioned study conducted by Forrester Consulting on behalf of ServiceNow, April 2018

Key Recommendations

Not all business applications have the same commercial value to your business. By identifying the business capabilities that create customer value, you identify the capabilities where you must develop world-class applications. For all your other applications, your aim should be to simplify in order to create IT and business agility.

To help accelerate your journey toward digital maturity, consider these next steps:



Stop wasting your developers' time. App developers are a scarce resource. To maximize business value, focus application developers on creating differentiating customer experiences. Consolidating application platforms provides a more effective application development environment for your business employees and developers alike, empowering them to work on more high-level challenges, rather than constant maintenance.



Innovate faster and accelerate your transformation journey. You must simultaneously speed the deployment of new digital experiences for customers and employees while reducing the maintenance effort required. Platform consolidation can be an important accelerant in your journey to digital maturity — 33% of companies say consolidation improved their ability to innovate. Standardize on a PaaS platform to accelerate application development cycles and innovation across IT and LOBs.

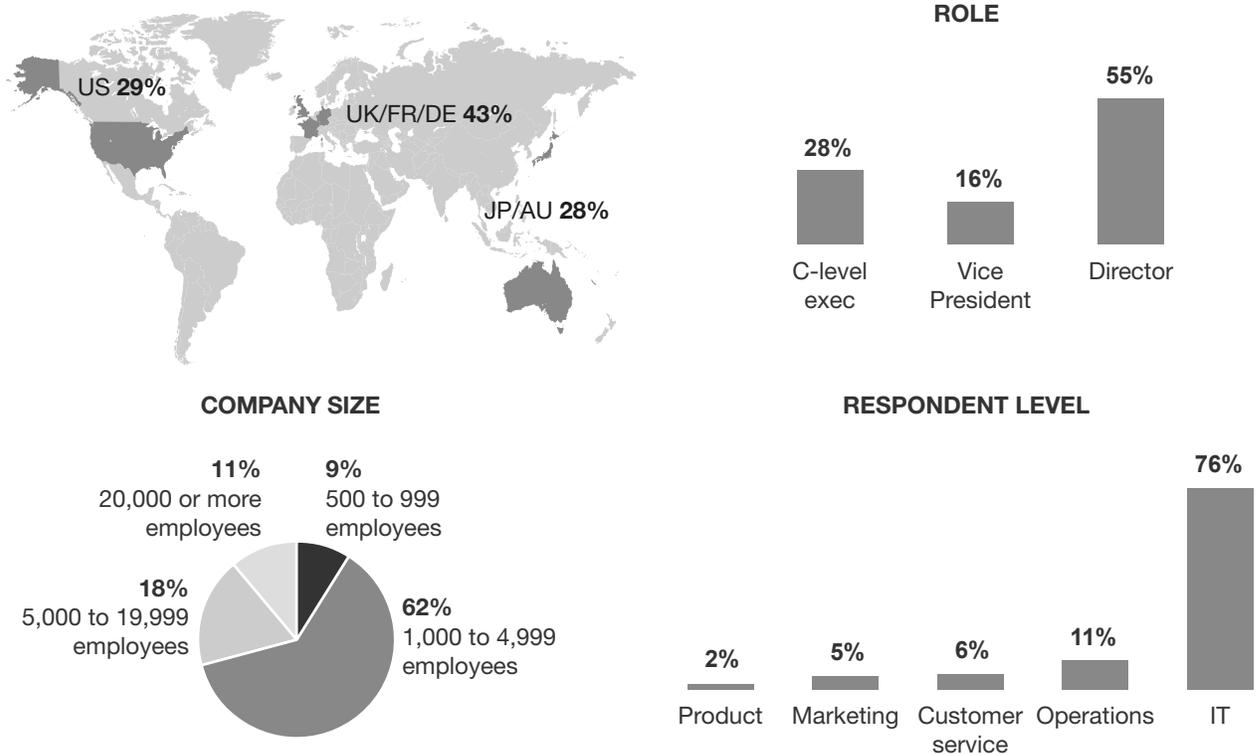


Drive revenue growth through an application platform. To transform your business, you must create the opportunity for app developers and employees to work hand-in-hand with customers to create customer value and drive revenue growth. Twenty-eight percent of companies gain the ability to better meet customer expectations through platform consolidation and a quarter of digitally mature organizations recognize that a single platform has enabled business users to build their own applications, a top benefit of consolidation. Removing complexity from your business process helps create the business agility you need and frees up precious developer resources to focus more on creating world-class customer experiences that drive the bottom line.

Appendix A: Methodology

In this study, Forrester interviewed 367 decision makers involved in applications development platforms, enterprise architecture strategy, and digital transformation efforts across all industries in the United States, United Kingdom, France, Germany, Japan and Australia to evaluate platform simplification and consolidation to support flexible, dynamic IT services across the enterprise. Survey participants included decision makers in product, marketing, customer service, operations, and IT. Participants were provided with 26 questions that pertained to their digital transformation strategy and application and platform consolidation efforts. Respondents were offered incentives as a thank you for time spent on the survey. The study was completed in April 2018.

Appendix B: Demographics/Data



Base: 367 global decision makers involved with app dev platforms, enterprise architecture strategy, and digital transformation efforts
 Source: A commissioned study conducted by Forrester Consulting on behalf of ServiceNow, April 2018