On the Radar: ServiceNow provides unified vendor risk management with its Now Platform

Integrating vendor risk into a holistic way of viewing work processes for business agility

Summary

Catalyst

Digital transformation is not only changing the way that IT is managed, but also the ways in which entire businesses operate. New devices, cloud services, user experience demands, and automation capabilities are presenting businesses with new challenges, as well as a huge number of potential benefits. Siloed processes of the past created missed opportunities for business performance enhancement. ServiceNow's Now Platform has evolved well beyond its IT service management roots, and has become a solution that can enable and support employees across an entire business with capabilities that can help them work more efficiently. It supports the company's vendor risk management solution, which provides a centralized process for managing an organization's vendor portfolio and completing the vendor assessment and remediation lifecycle.

Key messages

- Strong focus on vendor performance and business operational value to the organization, as well as risk, via tiering, enabling assessment-related decisions.
- Vendor assessments are made with a functionally rich combination of questions and document requests, tailored to the size and criticality of the relationship.
- Issues and remediation can be customized for granting exceptions and for governance.
- Integrated governance, risk, and compliance (GRC) capabilities, and a utility-based model where customers pay more as they get more value from the solution, differentiate the platform from its competitors.

Ovum view

By investing in a range of new platform capabilities over recent years, and its success in growing to nearly double its size every 18 months, ServiceNow has evolved into more of an enterprise service management offering, rather than just being a solution of value and appeal to the IT department. The key value of ServiceNow's Now Platform is in how it can help reduce work frictions and inefficiencies that often result when tasks and workflows extend across different business units. Different business functions, including vendor risk management, can benefit by being able to interact across a single technology layer, and the automation, operational, and analytical capabilities offered by it.

Recommendations for enterprises

Why put ServiceNow on your radar?

The Now Platform takes a refreshing and advantageous approach, tying risk management to business operations for a more holistic view. From its background in IT service management, the approach of dealing with IT asset management and a more case management and automation approach to risk assessment helps address business operational issues of performance, value creation, and productivity. ServiceNow customers considering the adoption of vendor risk

management will find numerous advantages in using the company's solution to gain value from their existing corporate information within the platform.

Highlights

Background

ServiceNow has evolved well beyond its origins of IT service management. The Now Platform is now capable of supporting broader enterprise efforts around business process and workflow automation. The deep level of integration between the different modules offered is what helps differentiate the Now Platform from more specialized offerings. In recent years, the company has developed new cloud services to enable the operation of business functions other than just those that are IT related, including HR, security, and customer service teams. The vendor risk management component is part of a broader perspective on the new work model addressing business costs for production, resolution of issues, and productivity of employees.

Current position

ServiceNow has made significant investment in the platform and has been nearly doubling its workforce every 18 months. Its vendor risk management solution was launched in 2017 (Jakarta release) as part of the company's Governance, Risk, and Compliance (GRC) product, and has become one of the fastest growing modules (in customer adoption and revenue) within the GRC portfolio, with strong uptake within the existing customer base.

The Now Platform's vendor portfolio is used as a repository for vendor information and is the foundation for this solution's enablement of vendor risk management. Operationally, this starts with tiering vendors by importance and risk, using information from internal assessment questionnaires. The vendor tier score dictates the vendor risk assessment that best fits the criticality of the vendor. Vendor risk assessments can be customized from templates, with requests for supporting documents and the frequency of assessment also tailored to the organization. Many organizations deploy a variety of assessments (e.g. SIG Lite for smaller vendors) to suit vendors of different scale and type. Integration with security ratings vendors also aids in more accurately identifying the appropriate vendor tier and subsequent vendor risk assessment. Automation capabilities enable a new vendor risk assessment to be sent whenever a tier or security score change causes increased risk of the vendor to the business.

The solution's vendor portal (which can be tailored to the host organization's look and feel) enables vendors to log in, submit completed assessments and supporting documents, and communicate on issues and tasks using self-service. The vendor's primary contact receives the assessment within the portal, and can invite other collaborators to complete portions of the assessment. Risk assessors also access the portal to analyze questionnaire results, and review any issues via workflows (typically requesting more information from the vendor), documentation of audit observations, and remediation or acceptance of any problems.

Licensing for the solution is based on the number of vendors assessed (per legal entity in the case of "group" structures). This is at variance with other elements of the ServiceNow GRC portfolio, but in

other respects integration with those elements is advancing well across policies, risk, and audit requirements, as well as more broadly across CMDB and vendor performance functionality.

Data sheet

Key facts

Table 1: Data sheet: ServiceNow

Product name	ServiceNow Vendor Risk Management	**Product classification**	Governance, risk, and compliance
Version number	London release	**Release date**	September 2018
Industries covered	All	**Geographies covered**	All
Relevant company sizes	3000+ employees or more	**Licensing options**	Number of vendors assessed
URL	www.servicenow.com/grc	**Routes to market**	Direct and partners
Company headquarters	Santa Clara, CA, US	**Number of employees**	7,200 employees globally

Source: Ovum

Appendix

On the Radar

On the Radar is a series of research notes about vendors bringing innovative ideas, products, or business models to their markets. Although On the Radar vendors may not be ready for prime time, they bear watching for their potential impact on markets and could be suitable for certain enterprise and public sector IT organizations.

Further reading

Assessing the Requirements for Enterprise Governance, Risk, and Compliance (GRC) Solutions, IT0018-001468 (April 2015)

"CEOs lack understanding of information security risk," IT0022-000502 (August 2015)

Author

Alan Rodger, Senior Analyst, Infrastructure Solutions

alan.rodger@ovum.com

Ovum Consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum's consulting team may be able to help you. For more information about Ovum's consulting capabilities, please contact us directly at consulting@ovum.com.

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