Define your ServiceNow operating model

What’s in this Success Insight

This Success Insight will teach you how to define and build your operating model for ServiceNow. It will help you answer the following questions:

- What is a ServiceNow® operating model?
- How do I build the right operating model?
- How do I scale and mature a ServiceNow operating model?

Key takeaways

1. Your ServiceNow operating model defines how the Now Platform® delivers value to your organization. It defines how solutions are delivered on the Now Platform, including what you work on, how different parts of your organization come together to conduct the work, and how you measure and communicate the value of your work.

2. Keep your operating model definition simple and flexible. Its components—demand management, your team structure, metrics, and your communication and championship strategy—should be able to evolve with your business.

3. Your operating model should be demand driven. The key to scale is to review how your rapidly your operating model can meet business demands, and note where you need to adjust your processes, team, or communications to respond faster.

1. What is a ServiceNow operating model?

A ServiceNow operating model defines how the Now Platform delivers the digital workflows that create value and support your business strategy. If the Now Platform is your engine for digital transformation, think of your operating model as how you run that engine. It defines how work gets done on the Now Platform, by describing:

- How you will envision, evaluate, and prioritize opportunities to digitize workflow
- How you will create, deliver, and drive adoption of digital workflows in response to demand
- How you will measure the value you deliver, and communicate your success
In short, your operating model is your framework for generating value from ServiceNow. It defines the best practice for what you should build as part of the Now Value methodology, as depicted in Figure 1.

**Figure 1: The ServiceNow operating model and the Now Value framework**

You should be able to depict the four elements of your ServiceNow operating model with a clear and simple visual that you can share with stakeholders. It doesn’t matter what image you choose, as long as you can logically show how you evaluate your opportunities, how different parts of your organization interact to create value, and how you deliver and communicate measurable outcomes.
What’s the difference between my strategy, an operating model, and governance?

Your strategy describes what you will do, in terms of both:

- Business outcomes and the value you plan to capture
- The ServiceNow workflows you will implement to realize outcomes and value

The strategy should be set and approved by your executive sponsor and team or Center of Excellence and Innovation leader.

Your operating model shows how you will realize your business outcomes. It describes the capabilities you need to create and deliver value, using the digital workflows you implement on the Now Platform and how different parts of your organization operate and interact to support these capabilities.

Governance provides the rulebook that sets the constraints and boundaries that determine how your operating model performs. Good governance defines how decisions get made in your operating model, and who has the authority to make them. Your governance rulebook can change to adapt to changes in strategy, changes in technology (e.g., use of cloud technology), or changes in your regulatory environment.

Let’s illustrate this difference using a hypothetical pharmaceutical company. “Alpha Company” has organized based on four major capabilities: R&D, manufacturing, sales and distribution, and marketing. These are supported by shared services including finance, IT, HR, legal, and other services.

Alpha’s strategy is to improve its time to market and operating efficiencies. The shared services organization uses ServiceNow capabilities to digitize and automate workflows, creating value by improving key metrics reflecting the company’s business strategy.

The operating model shows how the ServiceNow team prioritizes, evaluates, and manages demand, delivers digital workflows in collaboration with process and service owners, encourages employees to shift to more efficient ways of working, and ultimately creates value for Alpha Company.

The governance model ensures that the operating model delivers value within the constraints set by Alpha’s business strategy and environment.

Imagine an (extreme) example in which the business focus on time-to-market pushes Alpha to ignore regulatory standards. This would not violate the operating model, but it would violate governance and would not be allowed.

In short, your operating model is your framework for creating value. Your governance model ensures your operating model works within the constraints of your business strategy and environment. You need both working hand in hand for a sustainable and competitive strategy.

For more on governance, see our Success Playbook, *Build a dedicated, dynamic governance process, policies, and team*.

2. How do I build the right operating model?

Before you start

First, you need to have a few prerequisites in place:

- A clear vision, definition of business objectives, and roadmap for the initial phases of your ServiceNow implementation
- An engaged executive sponsor
- A parallel effort to establish your governance model for ServiceNow that fits within your broader technology governance model
Step 1: Build your capability to manage demand

With these in place, your first step is to establish demand management for ServiceNow capabilities.

Why demand management? The experience of our customers suggests that once your enterprise first experiences the Now Platform in action, you’ll be inundated with requests for new workflows, configuration changes, customization, extension to existing workflows and customers, and other needs. You need to ensure that what you work on is aligned with your business objectives and keeps your stakeholders delighted by the value they receive and engaged in the decision-making process.

Your demand management process should include:

• A clear mechanism for demand intake that’s used consistently across the enterprise. You can use ServiceNow as a means for customers to submit new demands.

• A consistent scoring mechanism to evaluate, approve, and prioritize new demands, based on their contribution to business objectives. This should be defined by a demand board set up to administer your portfolio governance function.

• A process to move approved demands to a design board for solution definition and to the appropriate delivery team for development.

Note that many major ServiceNow projects that will go into your roadmap will start outside of your demand management process, through your organization’s business case and project development process. This doesn’t diminish the need to establish robust demand management processes for intake, scoring, and design—you’ll need demand management to ensure you have the capacity to support both major projects as well as the backlog of configuration, customization, and other workflow requests you will likely receive from process users and stakeholders.

Download our Success Playbook for step-by-step guidance on demand management.

Step 2: Build your capability to deliver and support ServiceNow capabilities

Second, you need to define your team for delivery and support of ServiceNow capabilities. There is no single one-size-fits-all model for your team, but a few recommended best practices to define the team structure you need for your organization.

• Figure out the number of team resources you need, by role and responsibility. The headcount and budget you need will depend on your business objectives and roadmap. In general, your sizing should be based on:
  • The number of ServiceNow applications you have (or will have). This typically corresponds to a wider set of business objectives and requires more headcount to manage value delivery.
  • Your enterprise’s general level of process maturity. If your enterprise is relatively less mature at processes, you’ll need more headcount to map and define those processes as you automate and digitize them.
  • The volume, diversity, and complexity of demands you expect. The higher any of these are, the more headcount you’ll need to deliver.
You should have sufficient headcount to support these roles and responsibilities. You can use our Platform Team Estimator to help determine the roles and headcount you should have in place.

The critical role of the platform owner

As you identify individuals to staff your team, pay particular attention to selecting the right platform owner. This leader needs to have the experience and skill to conduct informed, robust conversations with senior business stakeholders to understand and prioritize their needs.

Your platform owner is the critical link who ensures the work of the team is effectively managed to deliver on these needs.

- Figure out how you’ll allocate business analysts, system administrators, and developers into delivery teams. Ideally, you should think of your ServiceNow applications (e.g., ITSM) as products supported by discrete product owners and teams. As demands are prioritized and defined by your demand and design boards, they should flow as stories to product teams for development and delivery. This is illustrated in Figure 2.
Figure 2: Product team-based structure to deliver approved demands/stories for ServiceNow capabilities

Note that product owners and development teams may be housed inside or outside the ServiceNow team. When you start your initial implementation, it’s likely that you’ll have a simple model (for example, one product team) to support development. As you gain expertise and scale with ServiceNow, you will, in most cases, want to decentralize development to business lines.

ServiceNow’s application scope capabilities allow you to transition product ownership and development to business line development functions, particularly where you have specific configuration needs (e.g., a business department or region with unique regulatory requirement). You should make sure you have the right training and governance in place before you do this, to include consistent enterprise approaches to configuration and customization.

See our Success Playbooks on managing application development and avoiding customization pitfalls for detailed guidance on how to scale application development and product ownership outside of the core ServiceNow team.
Step 3: Implement metrics to direct your operations

Your operating model should include a measurement system to determine if the solutions delivered and supported by your team are realizing the outcomes you want. Your measurement system should answer two questions:

- First, identify whether the solutions you are delivering and supporting are realizing value. This consists of two steps:
  - Measurement of work activities and processes that deliver your business objectives (such as work performed by the service desk). This can be activated through key performance indicator (KPI) reporting in ServiceNow dashboards.
  - Connecting your initial business objectives to concrete measures of success, which starts with your KPI reporting but also includes estimates of financial value delivered. This effectively ‘closes the loop’ on your business case, and helps you understand whether you have the right solutions in place to meet your needs.

See our Success Playbook for more guidance on establishing a value management program.

- Second, identify whether your operating model is working effectively. This includes measuring the effectiveness of your processes for strategy development, delivery of new workflows, platform management, and championship of the Now Platform.

In both cases, your measurement system should provide guidance to decision-making for how you allocate resources or direct work. For measurement to be effective, you should (a) ensure that metrics are used either to frame decisions around strategy, governance, and management, or that (b) you have playbooks to respond to gaps in KPIs.

ServiceNow resources for measurement

ServiceNow’s Customer Success services can help in measuring the health of your operating model, through our Success Readiness Assessment and advisory support for value management. Contact your account executive for more information about our Customer Success and value management resources.

Because ServiceNow is a workflow platform, the metrics you need should provide insight into both the work done through the Now Platform (e.g., incident management), as well as the work done to manage the Now Platform. Both are relevant to the work performed by your team.

For example, you may use the mean time to resolve as a metric (or key performance indicator) to track the performance of your incident management process. To improve performance, you may, in collaboration with the incident management process owner, decide to reconfigure process steps, or deploy new capabilities (like machine learning). In this case, you should collaborate with process and service owners to determine which metrics are most critical to assess activities that drive business objectives.

You may also measure the number of customizations supported or similar measures to assess your management of the Now Platform. In this case, you may decide that this number is creating unnecessary support work for your team (or lengthening upgrade cycles) and should be reduced.

With both approaches, your operating model should avoid proliferating metrics. At a certain point, more metrics can confuse clear decision-making. Instead, focus on a limited set of metrics.
that have a clearly understood, demonstrated connection to your business objectives and actions your team can take to realize your business objectives. A starter scorecard is provided in Table 1.

<table>
<thead>
<tr>
<th>Business objective</th>
<th>Outcome</th>
<th>Key performance indicator(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transform IT productivity</td>
<td>Improve IT efficiency</td>
<td>Reduction in incidents and/or requests</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduction in mean time to resolve incidents and/or requests</td>
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<tr>
<td></td>
<td></td>
<td>Reduction in incidents/requests escalated to L2+</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduction of incidents/requests via effectively implemented emergency changes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduction in time to plan a change</td>
</tr>
<tr>
<td>Reduce outages and their business impact</td>
<td>Reduction in critical/major outages</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduction in time to triage a critical/major outage</td>
</tr>
<tr>
<td>Reduce IT asset costs</td>
<td>Reduction in % of end user devices that are not reclaimed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduction in % of orphaned or surplus servers discovered</td>
<td></td>
</tr>
<tr>
<td>Consolidate systems/tools</td>
<td>Increase in number of legacy systems decommissioned</td>
<td></td>
</tr>
<tr>
<td>Increase enterprise productivity</td>
<td>Reduction in employee time spent on IT-related data gathering and reporting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduction in employee time spent on requests/incidents/outages</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduction in manager time spent on IT-related data gathering and reporting</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Starter scorecard for transforming IT productivity

Step 4: Communicate your success and expand your opportunities

Why should you include championship in your ServiceNow operating model? Think of this as the equivalent of marketing and sales in a business operating model. You should develop a communication plan and campaign that focuses on three objectives:

- Sustaining adoption and usage growth among the capabilities you’ve deployed
- Promoting consistent approaches to digital workflows and experiences across business lines
- Building awareness and support for capturing new opportunities
The tactics you use to build championship will depend on your organization’s culture and context, but your plan should include:

- An assessment of your stakeholders’ change readiness and change resistance
- An action plan for your executive sponsor to promote opportunities with business leader peers
- A plan for both broad and targeted communications
- A program to enlist key influencers as champions for ServiceNow adoption

Championship should not be exclusively focused on adoption, nor should it be given attention only at go-live. Your operating model should resource championship as an always-on initiative, focused as much on identifying new opportunities for workflow transformation as much as on adoption of existing capabilities. The way to do this is to build and share success stories, using both metrics and storytelling as a means to inspire stakeholders.

This also means that championship should not be focused on one-way communication. Successful customers look to foster a dialogue, through which they can take the pulse of their stakeholders and adapt roadmaps and resources as needed. Effective championship should lead your organization back to your roadmap, as leaders and stakeholders envision new opportunities for digital workflows. Here’s an outline for an effective championship story that can start this dialogue.

**Championship story outline**

1. **Introduce ServiceNow**
   The goal of this section should be to ensure your audience understands the breadth of what ServiceNow can provide your organization (not just what you’re using today). Keep it brief, but don’t assume your audience knows what ServiceNow can do.

2. **Communicate the value of your success**
   This is the core of your story. Communicate what your business goals were, the solution delivered by the Now Platform, and the business value you realized as a result. Focus on the new experiences or workflows you’ve enabled rather than the technical details (e.g., “one-stop service delivery” rather than “ITSM implementation”).

3. **Provide context**
   Show the before and after in your story, using examples (and data) that are relatable and that make it real for your audience.

For more help, see our Success Template, Create your transformation story.

**3. How do I scale and mature a ServiceNow operating model?**

For most organizations, the tipping point for their operating model is when demand for ServiceNow capabilities expands beyond IT (or any single department). As ServiceNow becomes an enterprise platform, your operating model will need to evolve—in effect, it’s equivalent to how a business operating model would change as a business enters a new market.
Demand management:
- Revisit your demand evaluation criteria to ensure that you can apply them consistently to demands for new capability across the enterprise.
- You should educate new customers on these criteria, and you may want to consider representation from across the enterprise on your demand board.

Team structure:
- The key to scale is to shift configuration and development to business lines and departments where feasible, using ServiceNow low/no-code and application scope capabilities. To do this, you should evolve the product ownership model depicted in Figure 2. Product owners (e.g., for HR service delivery) may sit outside the core team and can be given decision rights for their scope, such as which development activities to prioritize. Note that as your operating model scales to include more product owners and stakeholders, your governance structure should evolve to ensure you have continued clarity around decision rights and decision-making processes.
- As they scale and mature, many customers transition from a platform support team to a Center of Excellence and Innovation. If you haven’t yet implemented ServiceNow, we recommend starting with this model so your operating model can scale and mature.
- A ServiceNow Center of Excellence and Innovation brings together teams for strategy, business engagement and delivery, platform architecture and support, and innovation. This ensures that organizational seams don’t get in the way as you take on new enterprise demands and deliver value. Note that the leadership roles for these functions are drawn from the product team–based structure in Figure 2, featured earlier. The essential principle behind a CoEI is to ensure that you remove friction in the organizational relationships and handoffs between these functions and the activities they lead.

![Figure 3: Recommended functions for a ServiceNow Center of Excellence and Innovation](image)

Download our Success Playbook for detailed guidance to stand up a Center of Excellence and Innovation.
Metrics:
- Maturing your approach to measurement is not a matter of more metrics. Your efforts should instead focus on scaling metrics-based decision-making, using ServiceNow’s reporting and dashboard capabilities.
- Work with your process and service owners to develop metrics and reporting that connect to the business outcomes they care about. Enable process users, like your service desk team, to use reporting to guide their work.

Communication:
- Promote channels for stakeholders to nominate and quickly pilot opportunities for innovation. Consider assigning an experience architect to focus on adoption and opportunity capture.
- Identify additional executive sponsors or champions who can communicate success and help stakeholders envision new opportunities.

The takeaway
Your ServiceNow operating model defines how work gets done on the Now Platform to create value. Your definition should focus on four essentials—demand management, team structure, metrics, and communications—with an eye toward keeping it simple and flexible so you can adapt to changing business needs.

Related resources
- Demand management
- Governance
- Team structure
- Value management and metrics

Championship
- Executive sponsor engagement
- Stand up a ServiceNow Center of Excellence and Innovation
- Champion success
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