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Driving radical business transformation

Increasing productivity, unlocking new revenue opportunities,
and powering competitive advantage

Transformation is the new mantra of IT organizations

For many years, IT was focused almost exclusively on managing technology—in other words, keeping the lights on. Now, IT is expected to align with the business and become an equal partner in business success, increasing productivity, unlocking new revenues, and powering competitive advantage.

Transformation is about creating radical new business value. For example, think about the internet of things (IoT). If your company manufactures consumer products, how do you connect them to the internet to create new value? Perhaps it's an oven that contacts your support team when it's about to fail or outside trash cans that let local sanitation departments know when they need to be emptied. That's truly radical transformation.

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Technology is at the forefront of transformation

No one knows technology better than IT. That's why IT is uniquely positioned to lead, generating revolutionary ideas and bringing them to fruition. This applies across industries, whether your company is in manufacturing, financial services, retail, transportation, or any other sector. It's an unprecedented opportunity, but for many IT organizations driving transformation is an enormous challenge.

How do IT organizations strike a balance between carving out budget for transform while still delivering operational excellence?

Let's be clear. IT still has to keep the lights on. It's a matter of survival. Yet, there's a dilemma. When you spend most of your time surviving, there's no time to transform. How do IT organizations strike a balance between carving out budget for transformation while still delivering operational excellence? And remember—this isn't a zero-sum game. Transformation drives additional operational demands as new capabilities move into production.



Driving transformation in a cloud-first world

Given IT's central role in transformation, one thing is certain: It's no longer acceptable to spend 80% or more of IT budgets just keeping the lights on. IT organizations recognize this. It's one key reason why so many are adopting a cloud-first strategy. By lowering the overhead of deploying and managing IT infrastructure, the cloud frees up some of that time and money running the business and gives IT organizations the opportunity to align with the business and support their transformation.

Yet, the cloud is just part of the puzzle. While the cloud has the potential to increase velocity in the short term and lower costs in the long term, it's enabling technology, not a blueprint for fundamental IT transformation. To truly align with the business—and deliver business value—IT needs to transform itself.

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Creating business alignment

Most IT organizations begin this transformational journey by trying to lower operational costs and the amount of time their resources spend in this area. That makes perfect sense, and we'll come back to that later. But ask yourself this: If you could wave a magic wand and instantly free up 40% of your IT budget and time, what would you do with the money? And equally important, why? How do you align with the business and make the best choices? And what roadblocks lie in your way?

How do you:

1. **Capture business demands**—creating a clear understanding of business needs?
2. **Make the right investments**—prioritizing demands to maximize business returns?
3. **Lead the transformation curve**—identifying radical new opportunities to create business value?
4. **Measure and manage business outcomes**—ensuring that your investments are delivering value?

Let's look at each of these individually.

1. Capturing business demands

For many IT organizations, identifying and tracking investment opportunities is a huge challenge because they have no easy way of capturing incoming demands, and it's typically a bottoms-up annual exercise. In many cases, they don't even have visibility of their demand pipeline. Instead, disconnected information from multiple sources is scattered over thousands of emails and hundreds of spreadsheets, making it impossible to see the whole picture.

By bringing all your demands into one place, you create a clear, integrated view of all your investment opportunities, and can define a process and governance framework that is right for you.

So, how do you overcome this roadblock? The key is your starting point: corporate strategy. From there this defines your IT strategy, goals, and portfolios and programs that support those goals. This gives you a true north star to shape IT's direction. From there centralize demand management and bring together all of the strategic and operational data to analyze in real time. By bringing all your demands into one place, you create a clear, integrated view of all your investment opportunities, and can define a process and governance framework that is right for you. Equally important, it gives you a consistent baseline to discuss these demands with the business and be able to continuously plan and re-prioritize as markets shift.





2. Making the right investments

Of course, it's not enough to just capture demands. Demands will always outstrip your capacity to deliver, and some demands just don't make business sense. To make the right investments, you must evaluate and prioritize business demands. And you need to do this systematically on a level playing field. Otherwise, your decisions will be arbitrary and you'll lose credibility with business stakeholders.

Creating clear, consistent business cases

Again, the answer is to centralize demand management. With the right demand management system, you can create clear, consistent business cases—capturing requirements and objectives, gathering relevant background information, and modeling the benefits, costs, and risks of each demand.

These business cases should have high-level resource requirements. This isn't meant to be an arduous process and slow you down. It's to give you a better idea of the resource demand in IT. Finally, you'll be able to compare business demand vs. IT's capacity to deliver and this is when you can really start changing the conversation with the business.

Scoring demands based on strategy

And because all the business cases are in one place, it's easy to compare demands and score them against your business strategy, allowing you to make fact-based investment decisions.

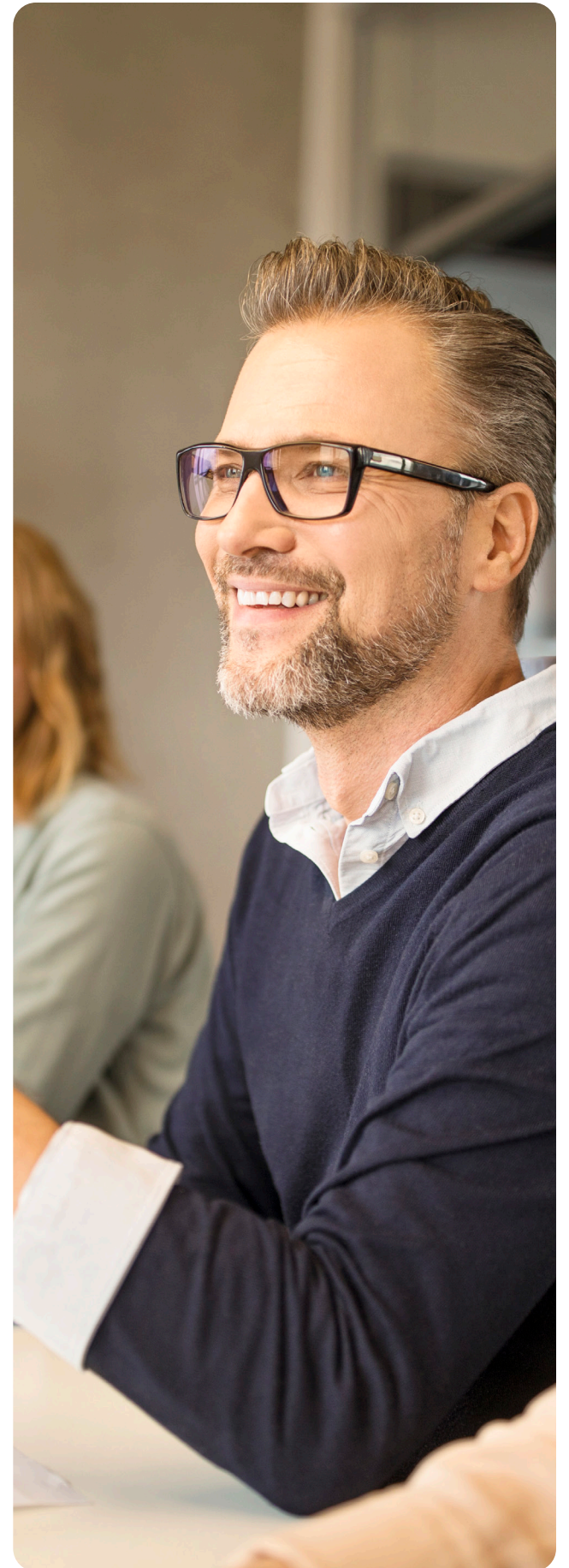
If your demand management system is linked to your project and agile management tools, you can also allocate your specific resources and teams across your investment portfolio.

3. Leading the innovation curve

With demand management, you can prioritize high-value, transformational investment opportunities; however, demand management doesn't generate transformation—people do. And, transformative ideas can come from anywhere, including executives, business stakeholders, enterprise architects, service and application owners, and more. You need to find the right balance for your organization. What you don't want is a frenzy of ideas that are not aligned to the goals discussed earlier.

By standardizing your process you can reduce the number of projects that turn into headaches, focusing on—and expediting—the ones that are going to truly transform your business.

To tap into either or both of these approaches, it's crucial to build a funnel of transformative ideas. Ultimately, these ideas fuel demands, which is why it's critical to look for a demand management solution with built-in ideation capabilities. This is not just about capturing ideas. People must be able to collaborate, develop ideas, and turn ideas into demands. These ideation capabilities must be available for everyone—not just IT staff. And most importantly you need to define your governance process, which isn't meant to slow you down, but rather accelerate the process. By standardizing your process you can reduce the number of projects that turn into headaches, focusing on—and expediting—the ones that are going to truly transform your business.



4. Measuring and managing business outcomes

Once you invest in a demand, it flows through into your service delivery chain—first as a project or agile epic, and then into your operational environment. At this point, it's critical to meet your business objectives based on benefits. It's no longer paramount to deliver on time, and on budget, but more importantly to deliver on benefit. And that means measuring and managing business outcomes. So we talked about using your goals as your direction; well these outcomes should be impacting your goals. And if they are not, you need to put a process in place to learn, improve, and adapt.

A business example

Let's say the business is creating a new employee onboarding service. There's a development effort, so you need to measure and manage project costs; however, that isn't enough. If the business case calls for a three-day onboarding turnaround time, this must flow through as a clear project requirement. Also, it has to be measured and managed once the service goes live. Similarly, if the goal is to reduce onboarding costs by 30%, this must be measured across your service desk, asset managers, IT operations, and other affected areas.

Focusing on success factors

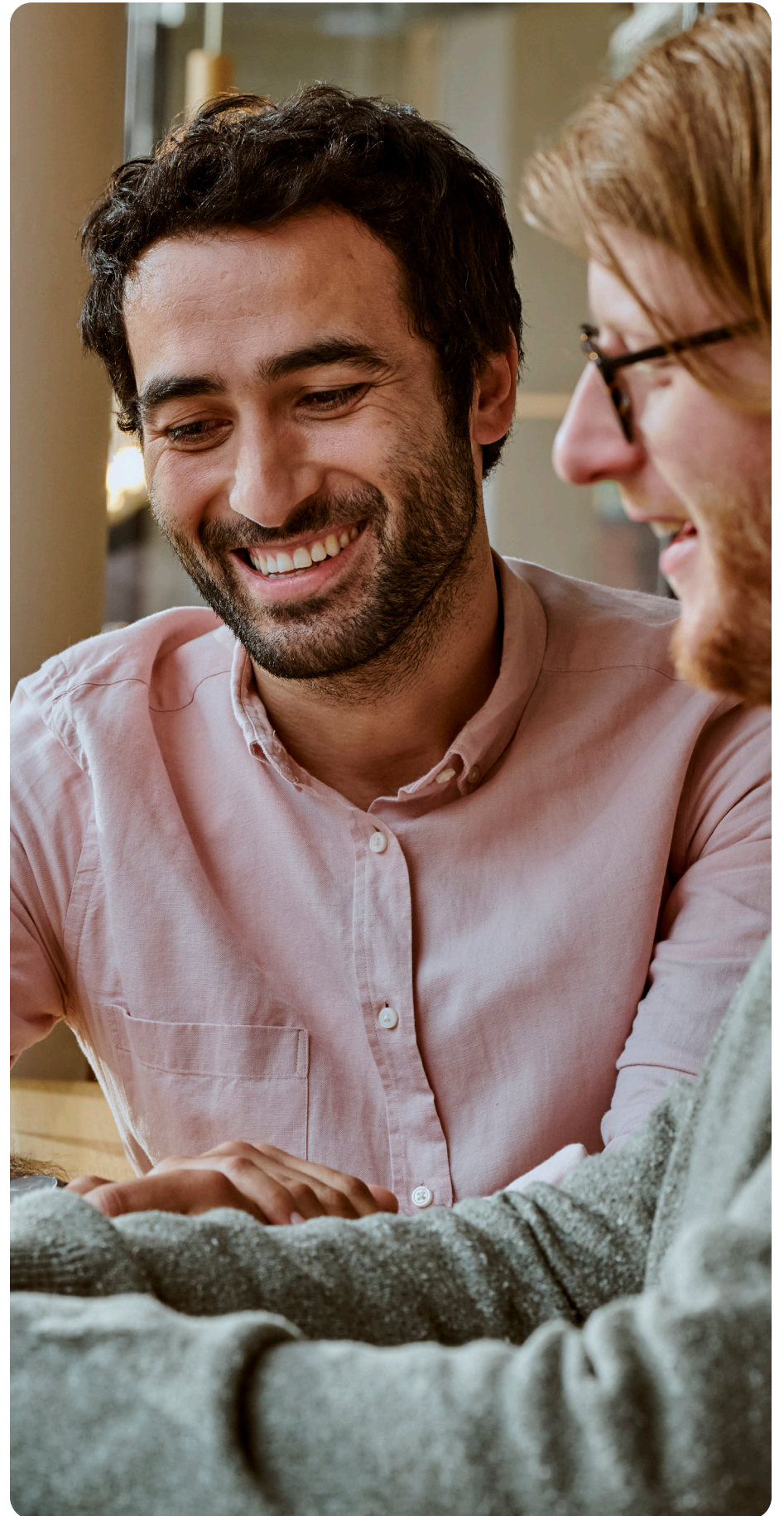
Yet, here's the reality: Many IT organizations don't or can't measure business outcomes. They manage project costs, but they don't measure critical downstream success factors such as service costs and usage, service quality, user satisfaction, and quantified business benefits. It's like buying a stock based on an analyst's price target and then never tracking the actual stock price. There's no way to know how the stock is performing.

Why is business alignment difficult?

Aligning the business is a challenge because stakeholders and information are siloed—spread out across multiple IT systems: application portfolios, project portfolios, and projects managed with Agile methodology as well as financial, service, and operations management solutions. Each one has its own processes and sets of data, so there is no opportunity for automation.

Bringing this information together is a huge undertaking, making it problematic to measure and manage business outcomes. And if you can't measure the outcome of your work, it's near impossible to learn and adapt—which is what transformation is all about.

Organizations need to think about this as a more agile and continuous approach. That means planning in smaller chunks, planning more iteratively, and as business priorities shift, IT's priorities shift. When we get too hunkered down with complex demand plans, precise resource plans, above or below the line, we end up with rigid and burdensome planning processes. This leaves us with something that can only be supported on an annual basis. By moving away from these inflexible, annual processes, we can be more adaptable for the business, and drive more value.



Strategic planning and delivery will bring alignment

Rather than wrestling with disconnected systems or sky-high integration costs, consider moving to a strategic planning and delivery platform that brings together your service portfolio, application portfolio, project management, service management, financial management, and operational processes.

By breaking down data and process silos, you'll get the end-to-end service visibility you need to measure and manage the performance of your project, application, service, vendor, and financial portfolio.

But this isn't just a tooling exercise, this is about improving the experience for everyone in your organization so they can focus on transforming the business. So we want to always keep an eye on how we are enabling your entire organization to close the gap between strategy and execution of work.

- Business leaders have IT's work aligned to their strategy.
- IT leadership can better drive your digital transformation progress.
- IT strategy has the connection into the business to optimize investments.
- Enterprise architects can align business capabilities to the business strategy.
- PMO has visibility into everything going on so can it can move faster.
- IT service delivery isn't just supporting services but becoming part of the strategic planning and execution conversation.

And ultimately your most important resource, your workers, have everything they need to do their jobs in a modern and user-friendly environment.



What about keeping the lights on?

As mentioned earlier, many IT organizations start this transformation journey by reducing operational costs. By streamlining and automating processes, moving workloads to the cloud, and consolidating on strategic platforms to eliminate redundant applications, they can free up resources to drive transformation. But where does one automate? Which apps are migrated to the cloud? And where does one cut?

Driving cost reduction is no different than driving innovation—and it involves the same service-aware business processes we've just been talking about.

Here's why:

- You must build a pipeline of cost-cutting ideas in the same way that you need to collect ideas to drive transformation.
- You need to whittle these ideas down into a smaller number of promising demands such as retiring redundant applications, migrating apps to the platform, or consolidating apps on strategic platforms.
- You must compare the costs, benefits, and risks of these demands, prioritizing those that give you the best outcomes within your budgetary constraints.
- You need to measure and manage the results, making sure you are delivering on benefit.



Start your journey

By taking a structured, business-oriented approach to planning you can identify areas to optimize your operations, and areas to invest in transforming the business.

It's not an either/or choice—one leads naturally into the other. That's how you can align IT with the business, optimize operations, and drive radical transformation.

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