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A Frost & Sullivan White Paper

Intelligent Service Management: 4 Principles to Modernize IT Service and Operations Management



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Introduction

It is widely accepted that employees now have higher expectations at work based on the high quality service they receive from their favorite digital or consumer companies. According to a survey by Harvard Business Review Analytic Services, 77% of organizations say good employees will look for a new employer if their current job does not provide the tools, technology, or information they need to do their job well, while 82% say employees' happiness on the job is significantly impacted by how well their workplace technology performs.¹ With rising employee expectations, companies will increasingly take a customer and service-centric approach to delivering IT Service Management (ITSM) and IT operations management (ITOM) to drive employee retention and job satisfaction.

At a time when service management teams need to cope with increased demands with a lower headcount and heightened expectations, new and intelligent digital services and support experiences will be leveraged to enable agents and employees to be more productive.

This whitepaper looks at the latest developments in ITSM and ITOM, drawing on the most recent research to understand what is currently possible and where transformation is occurring. It focuses on four principles that will enable companies to modernize their ITSM and ITOM and deliver delightful employee experiences. Companies should be prepared to infuse intelligence into their service management systems to keep up with a fast changing business environment.

Companies should be prepared to infuse intelligence into their service management systems to keep up with a fast changing business environment.



Principle 1: Deliver an Exceptional Employee Experience with Intelligent Technologies

With increasing numbers of Millennials and Generation Z in the workplace, there is an expectation of having flexible, intuitive, easy-to-use and modern tools and services at work. Employees are used to high-quality consumer-world experiences from their favorite digital companies, and not delivering on expectations can lead to employee turnover as well as frustration for agents. Lost productivity caused by IT issues or related support has an impact on employee satisfaction as well as on business operations and customer experience. IT teams are crucial to provide employees with the necessary tools and resources to both complete and excel at their tasks and projects. Taking an employee-first approach to IT is no longer a “nice to have” but is necessary for building a successful business.

Employees have shown that they are willing to self-serve, especially for uncomplicated, simple issues. Self-service driven by artificial intelligence (AI) chatbots can quickly and accurately handle employee service requests, thereby reducing turnaround time for tickets. This makes the self-service experience more effective and engaging and increases employee satisfaction. As AI continues to improve and develop, the self-service experience can be elevated by providing relevant responses to employee service requests based on their intent and appropriately transfer the request to a service desk agent (if required).



Another way to streamline operations management and ensure speedier services to employees is through orchestration, which aims to automate the delivery of low-level services by uniting disparate apps or tools with a no code approach. Orchestration provides the ability to integrate, coordinate and manage diverse systems and applications to optimize frequent, repeatable processes. For example, employee onboarding is frequently a slow and frustrating experience for new employees. Orchestration can configure workflows across the organization to provide a simple and more streamlined onboarding experience that allows employees to be productive from day one.

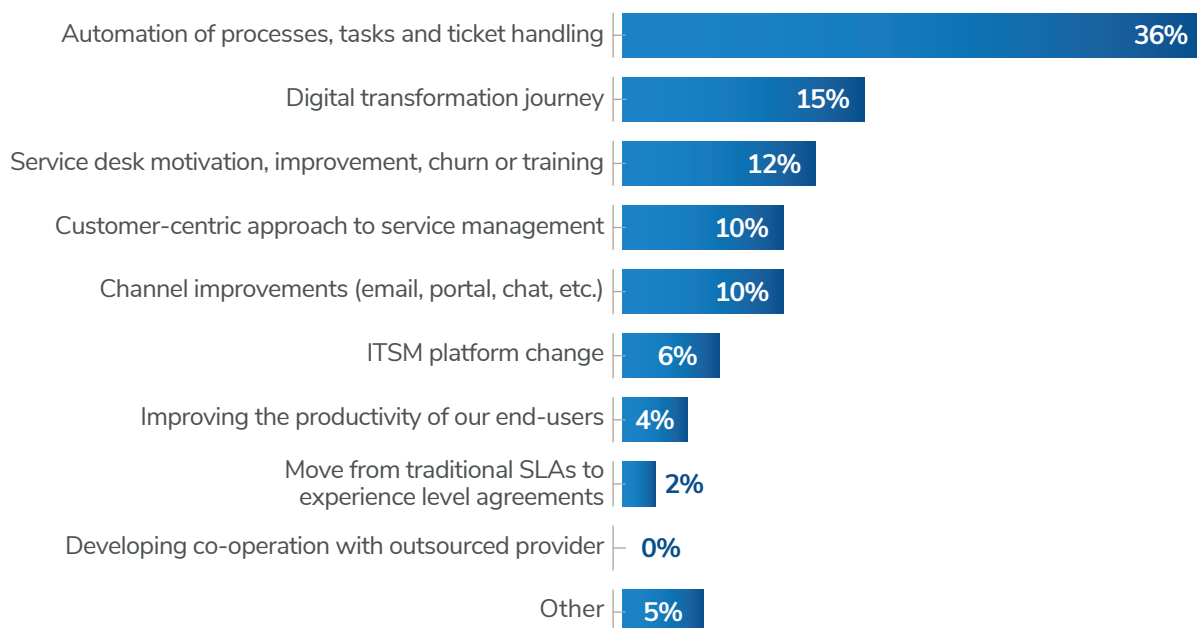
With an omnichannel experience that employees expect, IT teams should be available via multiple touchpoints that are widely used in an organization, not just through raising a service desk ticket via an IT support portal. These channels include phone, email, live chat, service portal, virtual agents and office collaboration tools (such as Microsoft Teams and Slack). A multi-channel service delivers a positive employee experience by providing the power of choice to the employee and also simplifies collaboration between service desk staff in handling employee service requests.

Remote working with new work locations and hours makes it critical for employees to have the flexibility of an omnichannel experience and to have access to IT support 24/7.

Improve agent experience through automation

Generally, self-service and orchestration tools free up service desk agents to deal with more complex and high value issues, which has been shown to be more rewarding for agents. Automating key IT services enables agents to eliminate time spent on manual and mundane tasks and helps to relieve heavy workloads. According to Freshworks' Service Desk: 2021 and Beyond Survey, 97% of respondents agreed that technology has improved their working life, and the vast majority of respondents say that the automation of processes, tasks and ticket handling will be the main focus area for IT departments in 2021 (Figure 1).

Figure 1. Main area organizations/ IT departments will focus on in 2021



What main area will your organization/ IT department be focusing on in 2021?
(Source: Freshworks, Service Desk: 2021 and Beyond)

For example, Freshworks' AI solution for ITSM, Freddy AI, empowers agents with smart AI recommendations, helping them lower handle times and improve their productivity by automatically classifying tasks and incidents at scale. Freddy AI saves 35% of agents' time allowing them to focus on other important issues, while providing 24/7 support to employees. This virtual agent uses pre-trained NLP to understand frequently used terms and provide relevant responses. It can be deployed in minutes with a low/no code set up. Organizations that adopt AI see a 60% improvement in the average resolution time.²

“ While it can be an effective way to reduce support costs and improve the efficiency of IT, ultimately technology should enhance the service IT provides and improve the working lives of staff and customers. ”

—Freshworks, *Service Desk: 2021 and Beyond*

Focus on agent health and wellbeing

It is expected that we will see a continuation and broadening of work-from-home adoption due to a number of benefits. It is a way to cut down on the cost of brick-and-mortar office space, but also to build on the environmental and social benefits from reduced commuting. Working from home also enables companies to draw from a larger pool of talent further away from physical offices, including more highly qualified and motivated individuals, and more diversity.

However, working from home has challenges and the past 18 months have had an impact on agent work-life balance, with higher workloads, less distinction between work and leisure hours and less social interaction. This can result in reduced productivity, lower morale, increased sickness and greater employee churn. According to the Freshworks' Service Desk survey, around 60% of IT service management professionals felt their work life was responsible for making their emotional wellbeing worse. This is partly due to the fact that the delineation between work and home life has blurred and agents feel like they are 'always on' and find it difficult to disconnect from work while at home. It is important that companies keep remote agents engaged with weekly meetings or team calls, one-to-one meetings or chat channels for problem solving. Online social events like coffee or lunch breaks can also engage agents and increase satisfaction.

This new normal, alongside emerging technologies means that agents will need to focus on developing new skills to meet user and business demands. This means setting some time aside to upskill and practice self-development, which is also an essential part of staff satisfaction and retention.

Implementing employee management software can help to reduce strain on service desk staff by streamlining workflows and processes, automation and integrated service delivery. It can provide management with a snapshot of how much time is being spent on specific tasks, providing transparency and identifying problem areas where more personnel and resources are needed.

Through the reduction of mundane and repetitive tasks, it can provide more agent job satisfaction and reduce stress and potential burnout.

Ultimately, the future of ITSM will be combination of technology and the human touch. Technology should enhance processes and improve the working lives of staff while increasing productivity and cutting costs. Soft skills, such as empathy, problem-solving and adaptability, are key to embracing an employee-centric approach, which is key to attract and retain talent, including agent health and wellbeing.



Principle 2: Integrate Service and Operations Management with Intelligent Automation

Traditionally, one of the weaknesses in ITSM and ITOM is lack of integration, with service management channels that are siloed and disconnected. Breaking down these silos and combining ITSM and ITOM can streamline services and enhance efficiency. Unified operations can reduce the impact of outages and enhance business continuity.

Artificial intelligence in IT operations (AIOps) tools can leverage data from multiple sources to automate simple, repetitive tasks and reduce the number of tickets agents need to deal with. AIOps uses big data, analytics and machine learning technologies to enhance IT operations. However, over and above automation, AIOps can be used to pivot from reactive to proactive problem management by predicting outages and finding the best resolution to issues through prioritizing events based on

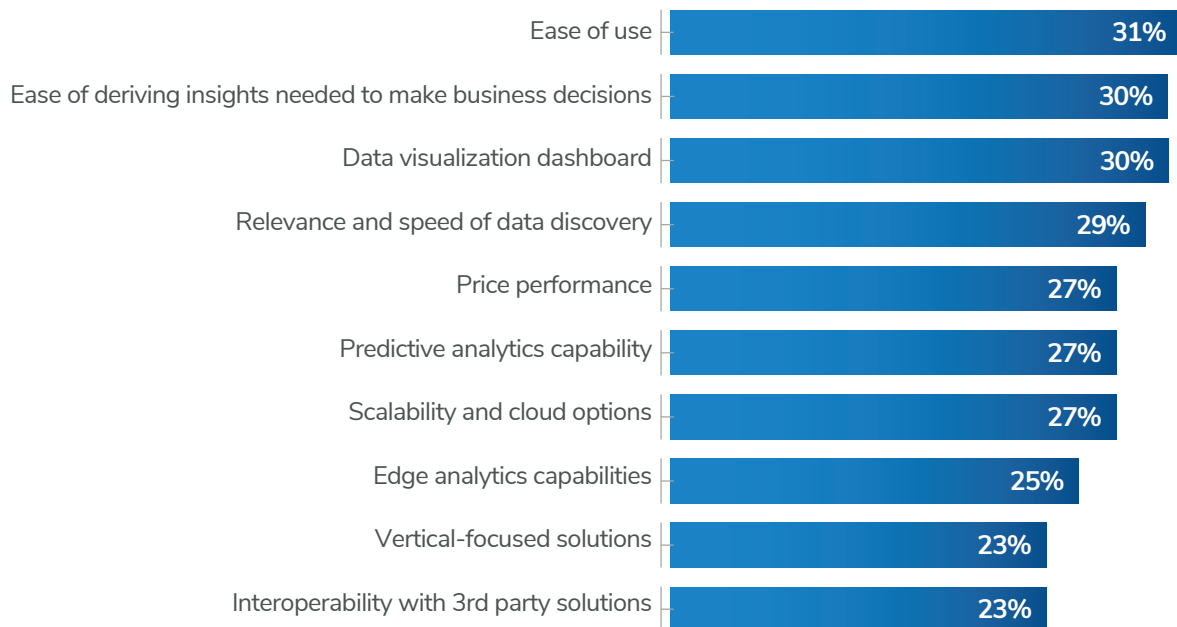
business and revenue impact. AIOps can also learn from historical incidents to understand why they occurred and how they were remedied, reducing workloads and speeding up resolution time. AIOps tools need access to data for accurate, real-time insights. This requires a modern ITSM platform that is synced to ITOM and removes data silos.

The successful implementation of AI relies on leveraging high quality and relevant data. While it's easy to generate data, the effective capturing and utilization of data to operationalize insights is more challenging. An integrated analytics tool enables a number of benefits for ITSM. This includes measuring agent performance through data points such as average resolution time, average first response time and tickets resolved and tickets deflected. An analytics tool should also make generating periodic reports quick and easy to improve service delivery.

According to Frost & Sullivan's 2021 CX Predictions Survey (Figure 2), providing data solutions that are easy to use, produce deep insights to facilitate better decision-making, and better data visualization capabilities are the most critical growth factors for digital transformation.

As a result of these requirements, no-code/low-code service management platforms are experiencing explosive growth. These automation platforms are intuitive, intelligent and easy to set up. Without needing programming experts to build new tools, no-code platforms have simple, natural interfaces that quickly respond to business needs, making the business more agile and speeding up the development of new applications. With no-code systems, even non-technical users can modify or create new workflows to support your company's pre-built and custom-built applications and achieve IT operational maturity.

Figure 2: Top Purchase Decision Factors in Selecting Big Data Analytics Solutions, Global, 2021



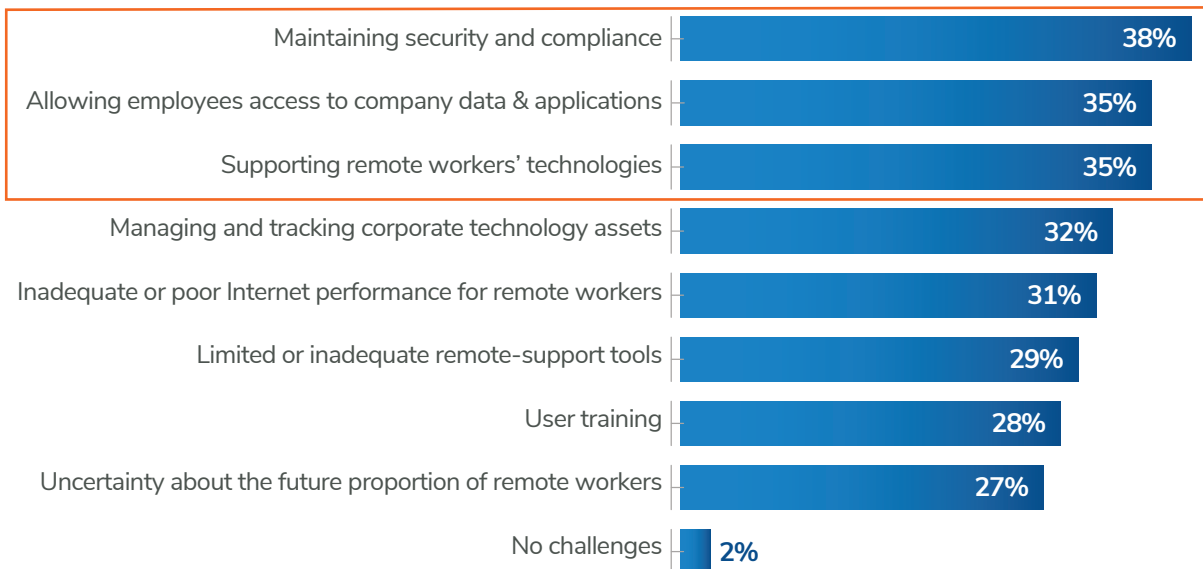
N=1,236 What are the top three features (value proposition) you seek when purchasing your big data analytics solutions?
(Source: Frost & Sullivan 2021 CX Predictions Survey)

Principle 3: Be Flexible and Scale with Ease

Recent events have highlighted a number of challenges for ITSM and ITOM especially with the sudden, widespread shift to working from home. This has greatly increased the volume of service requests, calls, emails and account requests to service desks. Service desk staff have had to overcome technical challenges related to security and remote support, learn how to use different collaboration tools and become more empathetic to employee requests.

According to Frost & Sullivan's 2021 CX Predictions Survey (Figure 3), maintaining security and compliance was a top challenge for IT departments to contend with when staff moved to work from home. Enabling access to company data and applications as well as supporting remote workers' technology were also amongst the top challenges.

Figure 3: Top IT Challenges Supporting Remote Workers, Global, 2021



N=3,284

What are the biggest challenges IT admins are experiencing with regard to supporting remote work, besides budgets constraints? (Source: Frost & Sullivan 2021 CX Predictions Survey))

But the upheaval has also accelerated a lot of changes that companies may have been slow to implement, including digital transformation and enhanced digital self-service. Innovation during the crisis has resulted in the further automation of workflows and service orchestration.

The move to a more consistent, seamless, omnichannel experience relies on leveraging technology and there will be a shift change in attitudes to using assisted channels. Technologies such as voicebots and chatbots, as well as advanced analytics, AI and NLP are being leveraged to create a simpler and more streamlined self-service journey. These technologies mean that customers can speak naturally (either through voice or text) to find solutions for a variety of issues, and AI-based conversational agents can understand and respond appropriately.

The effectiveness of remote IT support can be maximized with an intuitive, flexible and scalable knowledge management system. An extensible product which can be easily customized is important to adapt to a company's specific requirements and workflows, as well as to enhance collaboration tools that are already being used. In addition, moving from legacy IT tools to the cloud can help scale as per the business demands and improve the speed and agility of IT management.

In Frost & Sullivan's own journey towards digital transformation and better digital self-service, the company has deployed Freshservice as a system that is easy to use and customize. This includes using a number of automation options, the analytics module (for tickets, assets and other sections) and the project management module which can be linked to other project management and collaboration systems. The major benefit has been the migration from an internal system based on Microsoft Notes to a centralized Freshservice system that enables tickets to be sent from a web portal, email or mobile app enabling access from any device and faster resolution time.

While ITSM is designed to remove the roadblocks of managing internal systems, its real value lies in its ability to support business goals. As IT departments become more efficient, it frees up more time to spend refining existing services and introducing new customer-facing applications. This enables companies to scale and develop innovative and new capabilities.



Principle 4: Demonstrate Business Value and Fast ROI via a Modern, Intelligent ITSM Platform

Businesses are modernizing and digitizing at astonishing rates. The sudden pivot to virtualized customer experiences and employee interactions resulted in businesses having to prioritize investments to accelerate their digital transformations. A Frost & Sullivan survey of over 1600 global IT and business executives showed that improving business processes, customer experiences, and productivity were more critical to business success than typical top-line enhancing measures such as innovation and time to market.³

Figure 4: Top Global IT Business Goals Shift in 2020



In order to meet this demand for enhanced but remote experiences, adoption of new technologies such as cloud infrastructure and edge computing have been growing by double digits.⁴ Within a few short years, the majority of businesses recognize that they will need a very different arsenal of tools and technologies in order to compete and thrive.

Figure 5: Adoption of New Technologies to Meet Demand Enhance Experiences in 2023

Implementation of Foundational Technologies	% of businesses with stated technology	
	in 2021	by 2023
Collaboration tools	56%	90%
Flexible networking	53%	89%
Modernization of company data center(s)	53%	91%
Hybrid and/or multi-cloud	49%	88%
Becoming “data-centric”	48%	90%
Modern application development platforms	47%	88%
Edge	47%	87%
Open source	46%	84%

Keeping up with rising expectations and the digitalization of businesses requires a modern, intelligent ITSM platform to achieve faster time to value. It should be intuitive and easy-to-use and not require a technical background to use effectively. A product that can achieve an ROI and drive agent adoption within a few months is preferable to a system that takes a long time to implement and learn.

For example, one of the largest American manufacturers and retailers of golf equipment has seen response times cut in half despite a 250% increase in ticket volume through the implementation of Freshworks’ Freshservice solution. With the sudden shift to work-from-home, the company had to configure new environments in less than a week. The decrease in response times was largely achieved through redirecting user queries to a self-service portal, which also increased employee satisfaction ratings.

Another way to enhance business value is to combine back office functions (such as HR, Finance and Facilities) and their service desks to help to improve efficiency across service and support teams, leading to a better customer experience. Enterprise Service Management (ESM) can streamline a number of tasks for teams. In HR, for example, this includes leave requests, employee onboarding, training and staffing and salary enquiries. In finance, this could include sending invoices, tracking payments or approving expenses. A good ESM solution will be cloud based and integrate intelligent processes such as machine learning and self-service tools. As more business units use similar systems and solutions, the ROI increases significantly and it gives employees a common experience when raising or managing incidents across the organization.

The industry has reached the edge of the hype cycle for AI and is actively harnessing a set of AI technologies to infuse intelligence across ITSM and ITOM. According to a survey by Freshworks, the vast majority of IT managers (93%) are currently exploring or deploying some level of AI technology for ITSM/ITOM modernization. Data shows that organizations that have adopted AI into their service strategies are reaping the benefits. However, many organizations are not ready to implement highly cognitive technologies, with 19% of UK businesses saying they are not ready to meet the growing demands of increased service inquiries and higher service expectations. For UK businesses, speed, cost and integration with legacy systems are the biggest challenges preventing them from implementing AI to enhance IT service systems.

“Users of AI want greater automation, reduced complexity, and a simplified approach with modern IT tools that delight businesses of all sizes. AI is no longer a futuristic concept, it’s a must-have.”

—Freshworks

Organizations that actively adopt AI will see an improvement across all KPIs including response and first assign times. It is important that businesses invest in AI and virtual agents to empower their agents and boost productivity.



The Last Word

The current environment has accelerated digital transformation in companies, including the deployment of intelligent digital services and support experiences. Ultimately, the future of ITSM will be combination of technology and the human touch; technology should enhance processes and improve the working lives of staff while increasing productivity and cutting costs. In the future, forward-looking ITSM/ITOM practitioners should think about the following:

- Great employee experience translates to great customer experience. Elevating AI and self-service with omnichannel support can result in improved employee satisfaction and better service to customers.
- Self-service and orchestration tools free up service desk agents to deal with more complex issues, which has been shown to be more rewarding for agents and can reduce stress and potential burnout.
- Unified operations, through combining ITSM and ITOM, can reduce the impact of outages, enhance business continuity, streamline services and improve efficiency.
- The move to remote working has resulted in the use of new collaboration tools. An extensible product which can be easily customized is important to adapt to a company's specific requirements and workflows, as well as to enhance collaboration tools that are already being used.
- A modern ITSM system should be intuitive and easy-to-use and not require a technical background to use effectively. A product that can achieve an ROI within a few months is preferable to a system that takes a long time to implement, learn, and adopt.
- Enterprise Service Management (ESM) can streamline a number of tasks for teams, enhance business value and increase ROI.

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- 2 Freshworks: The Freshservice Service Management Benchmark Report 2021.
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