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2021 | Annual Survey Results

Insight & Vision:

Acorio's Third Annual ServiceNow Insight and Vision Report

INSIGHT **20**
& VISION **21**

At a Glance

79 percent of organizations have a Digital Transformation initiative and **65 percent** have a Service Management initiative.

Of those with a Digital Transformation initiative, **56 percent** noted that the initiative was started or increased in importance because of COVID-19.
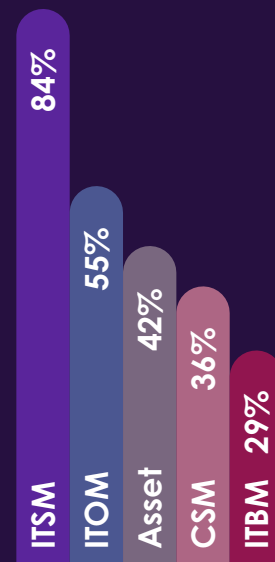
Of all the strategic business initiatives, AI and Machine Learning topped the list for being in the beginning phase, with **26 percent** saying they started their initiative in the past year.

76 percent of ServiceNow users confirmed that they use a strategic roadmap and/or governance process and of those responses, **54 percent** said their roadmap had changed in the past year.

76%
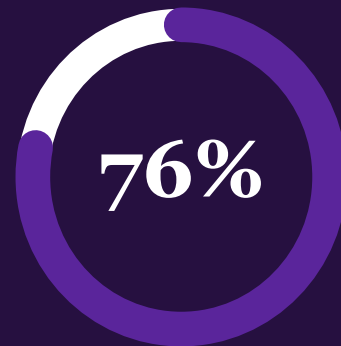
On average, respondents said that COVID-19 **slightly accelerated** their ServiceNow roadmaps.

This year, IT Service Management, IT Operations Management, Asset Management, Customer Service and IT Business Management were the **top five products** deployed by ServiceNow users.

84% ITSM
55% ITOM
42% Asset
36% CSM
29% ITBM

What's Inside?

INSIGHT **20** & VISION **21**

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From the Top

I am truly excited to welcome you to Acorio's 2021 ServiceNow Insight and Vision Report. The following report – with over 50 charts and insights - marks our third annual look at the innovations and strides being made in our ecosystem around the globe by leaders like you who are dedicated to purposeful digital transformation.

Over the past year, we've seen an incredible amount of loss and chaos in our global health, political, and environmental climates. But amid that turmoil, we also saw overwhelming amounts of generosity as businesses, non-profits, and individuals stepped up to help their communities. We saw agility and grace under pressure and the amazing way we can work together and collectively leverage technology to solve once-in-a-generation challenges.

Acting as a bridge over the challenges, and helping bring to light that good for both organizations and communities, sits an evolving technology strategy and digital transformation.

"It is critically important for leaders to use digital innovation to bring new thinking into customer and workplace experiences and streamline operations."

– Marci Parker, VP of Client Delivery, Acorio

There is nothing like a crisis to challenge your assumptions on what you think is realistic for your company or for technology to get done within a certain time period. And this year certainly pushed our constructs of what is possible. Whether it's transforming your customer support system, enabling your employees to work remotely, or driving asset management efficiencies, technology can be the defining competitive advantage. For us, there is one enterprise platform playing a pivotal role in facilitating this digital revolution: ServiceNow, the "platform of platforms" that is transforming right alongside their clients.

In looking for inspiration this year, I took so much courage from our own Acorio clients. We worked hand in hand with organizations rethinking how to support their customers, the teams who support their customers, and the technology that supports the teams who support their customers. New approaches have emerged on all fronts, changing the way and the speed at which digital transformation is emerging in the workplace.

Looking back at the past year, there are a few clients who continue to come to mind and remind our entire team of ServiceNow's true power. These stories range from highly public and discussed, like the reopening of a national sports league, to global healthcare companies who sent home their nearly 12,000 office employees to work remotely. For this particular client, within hours of the decision to go remote their Employee Advocates group recognized the significant impact this would have on their families and wanted to take action to support those transitioning into working from their living rooms (or closets).

In less than 6 business days, the Healthcare firm rolled out their new Emergency Relief for Caregivers app, built in the company's existing

ServiceNow HR Service Catalog. It was here in the app that employees who needed help providing care to children, grandchildren, or elder family members while they were working from home could submit their ticket for $500 in financial support.

This is the power of ServiceNow. And it's the power of digital transformation being at the hands of leaders who recognize the impact this type of technology can have on their communities. As you read through this year's report, I hope that you too find inspiration in what your peers are doing with their digital transformation strategies and ServiceNow platforms.

Ellen Daley

Ellen Daley, SVP, Acorio

About Acorio's ServiceNow Insight & Vision
Survey and Report Series

Launched back in 2018, our inaugural ServiceNow Insight and Vision survey set out to provide the ecosystem with a comprehensive look into the state of the platform. As we watch the staggering growth rate of digital initiatives, we are also watching the growth trajectory of the platforms that support them, including ServiceNow.

This year, we set out to fully understand ServiceNow's capabilities and technological potential amidst this tumultuous year from those who use the platform every day. Our 2021 Survey delivers primary data straight from over 450 customers, experts and technology leaders in our 3rd annual Insight and Vision Survey.

The following report summarizes hundreds of responses from leaders like you from across the globe into 38 pages and 51 charts highlighting key initiatives, platform products, challenges, KPI's, and results as seen over the past three years across specific industries and company sizes.

In 2021, your insights confirmed the growth of digital transformation - 18 percent year over year growth from 2020 to 2021 - a trend we are also seeing at Acorio's own clients. We were also gratified to further uncover the significant impact ServiceNow is having in bringing these strategies to life.

For additional Insight and Vision resources, along with information on research methodology and demographics, please see the end of this report.

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State of Transformation: Experiences are the New Currency of Digital Transformation

As businesses re-open and employees return to the office, the uncertainty of last year's business landscape dissipates more and more with each passing day. The COVID-19 pandemic changed every facet of our daily routines, from how we work to how we shop and interact with our communities. While the past year has challenged businesses around the globe, it has also catalyzed immense change and technological progress.

As our world became digital seemingly overnight, technology was the lifeline that held us together by enabling communication and connection regardless of physical distance.

These last 18 months have yielded generation-defining changes in digital corporate behavior and consumer expectations - including the global shift to digital, remote work, contactless banking, online retail, and more. The future of business that was discussed in hypothetical for the last couple decades has finally become our present-day reality.

So, what sets apart the companies that continue to thrive in today's business environment?

As we look at the enterprises that came out on top of 2020, including Amazon, Microsoft, Facebook, and Zoom, one common trait shines through: their shared ability to innovate rapidly in response to changing client needs.

ServiceNow shined in this respect as well, setting the standard for how technology firms can step up to help during a crisis. When last year forced businesses to rethink every working of their systems, ServiceNow offered steadfast support and quickly rolled out new innovations to its customers with a consistent cadence of off-schedule releases and new apps aimed to support teams responding to COVID-related business challenges, such as return-to-work and vaccine tracking apps.

"This year has shown how important digital processes are and how things must be able to be done in various locations and situations. We are still trying to move forward on the digital transformation process and ensure our technology strategy moves forward, as it is proving even more important to be able to service our customers."

- Telecommunications Executive

What are those current challenges of modern, digital-first organizations? And is there a common thread in business initiatives across industries? Our 2021 ServiceNow Insight and Vision Report dives deep into how digital

What is Digital *Transformation?*

Digital transformation is the integration of digital technology into all areas of a business, fundamentally changing how it operates and delivers value to customers.

It's also a cultural change that requires organizations to continually challenge the status quo and explore modern solutions. While digital transformation tactically looks different in every organization, its most common focus areas include (but are not limited to):

- Customer experience
- Operational agility
- Culture and leadership
- Workforce enablement
- Digital technology integration

leaders have built a foundation for resiliency in the face of a global pandemic and shares how they continue to accelerate digital transformation across the enterprise, using ServiceNow as their base.

All of the global shifts have translated into an acceleration of strategic initiatives to address those issues over the past several months. Customer experience, employee experience, and digital transformation – terms we've been hearing about for years – had historically remained nebulous in many organizations and manifested into little more than an aspiration while top and bottom-line savings remained the top priority.

That was, at least, until the pandemic forced both concepts into center stage for business executives.

According to survey respondents, the percent of organizations with mature or almost complete employee satisfaction or employee experience initiatives rose from 19 percent in 2020 to 23 percent in 2021, with 21 percent of organizations citing COVID-19 as the reason behind employee satisfaction and experience initiative acceleration.

This lies true for customer experience as well. In 2020, 9 percent of organizations began a new customer experience initiative and 18 percent of organizations cited COVID-19 as the reason behind the acceleration of customer satisfaction and experience initiatives.

As the growing focus on transformation and experience highlights, what was once a nice-to-have concept, is now a business essential for firms looking to remain competitive and has become linked to the push for other initiatives such as Shared Services.

Please select the following areas where your firm has strategic initiatives underway.
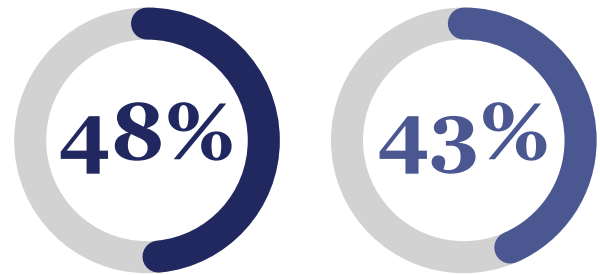
48% Employee Experience

43% Customer Experience

N: 413
Base: All respondents

In the following section we are going to look at the effects COVID-19 had on initiatives such as digital transformation, AI, shared services, and customer and employee experience. We'll also look at how technology like ServiceNow serves as the base for business change by enabling agility when paired with cultural shifts to enable new ways of thinking, working, and problem-solving in the workplace.

Technology Strategy: Business Initiative Growth Spurred By COVID-19 Creates New Business Value

Key Insights:

More than half of all respondents to this year's survey reported that their digital transformation initiatives started or increased in importance because of the COVID-19 pandemic (56 percent).

Nearly 40 percent of respondents listed Return to Work as a newly important priority for this year while one in four respondents reported starting Service Management initiatives or seeing existing initiatives increase in importance during the pandemic.

The execution of digital transformation is taking place in a multitude of spaces including with customers, employees, and within IT and technology departments.

COVID-19's impact on business initiatives is great. For example, this year's data showing over 80 percent of Financial organizations having started their AI initiatives during the pandemic.

Since 2018, we've witnessed a resounding shift among our respondents to recognize the powerful and evolving ways in which digital technology can create a competitive advantage. This year, we saw a record number of respondents, 79 percent, say that they had a digital transformation initiative, and 59 percent of those have been continuously working on them for more than a year, compared to 2020 and 2019 when only 61 and 63 percent had the same initiatives.

This trend grew especially relevant in 2020 as the pandemic forced firms to confront the reality that a continually evolving digital transformation strategy is, in fact, a make-or break requirement for a modern enterprise.

Yet, while the majority of leaders rate transformation as their top priority, our survey continues to receive reports of firms struggling to follow through and take action - with organizational resistance to change still sitting as the sixth largest challenge for companies, at 19 percent.

At Acorio, we're inspired by clients who have pivoted throughout the pandemic to solve their new challenges on existing business platforms (like ServiceNow). On the following page, you can see an example of why: Where one client solidified their ITSM strategy for the new decade using ServiceNow.

File Hosting Services Company Solidifies ITSM Strategy for the New Decade with ServiceNow

This file hosting services company has dedicated itself to developing and supporting a more intelligent way to work for over a decade.

The solutions they offer grant their clients an easier way to collaborate. With tools that facilitate remote work having exploded in popularity as a result of COVID-19 market shifts. The future of work now lies in a hybrid model that will rely heavily on companies like this one that offer solutions to facilitate telecommuting.

What results, if any, have you seen ServiceNow produce since your first implementation? | Technology Organizations

61%
Increased Automation
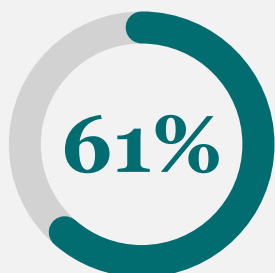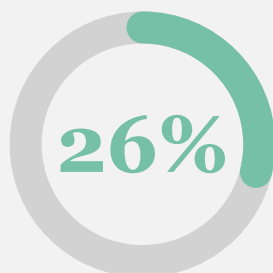
26%
Improved Customer Satisfaction

N: 90
Base: *Respondents who selected Technology, Internet & Electronics as Industry and who selected they use ServiceNow.*

In order to build resiliency and agility, they needed to consolidate their systems to manage their incidents strategically. Doing so would allow them to collect and act on data in real-time. The company's ServiceNow vision consisted of:

- Building a solid ITSM foundation that would scale with future growth.
- Crafting an engaging customer experience with best practice processes and automation.
- Enabling seamless communications across IT powered by Slack, Jira, and Pager Duty integrations.

One Project Spurs an Enterprise-Wide Transformation

The project now has visibility across the enterprise. It's been so successful that other teams that have been exposed to the IT Service Portal are questioning why they're not also leveraging the ServiceNow platform.

What started as an implementation of ServiceNow IT Service Management and Hardware Asset Management for the IT department has spurred a movement within the organization to shift towards a centralized Service Management strategy.

Supported by their new ServiceNow instance, the IT team is collecting more accurate data that is informing them of what incidents are occurring, where they're coming from, and what follow-up is needed, providing the foundation for their Service Management strategy.

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As revealed by our clients across the globe, in-the-trenches digital transformation requires companies to become true digital masters and to enable their organizations and leaders to improve the business using technology.

While Acorio data from 2019 and 2020 revealed that many organizations were already moving towards transformation, the past 14 months have boosted business digitization to a new level of strategic conversations.
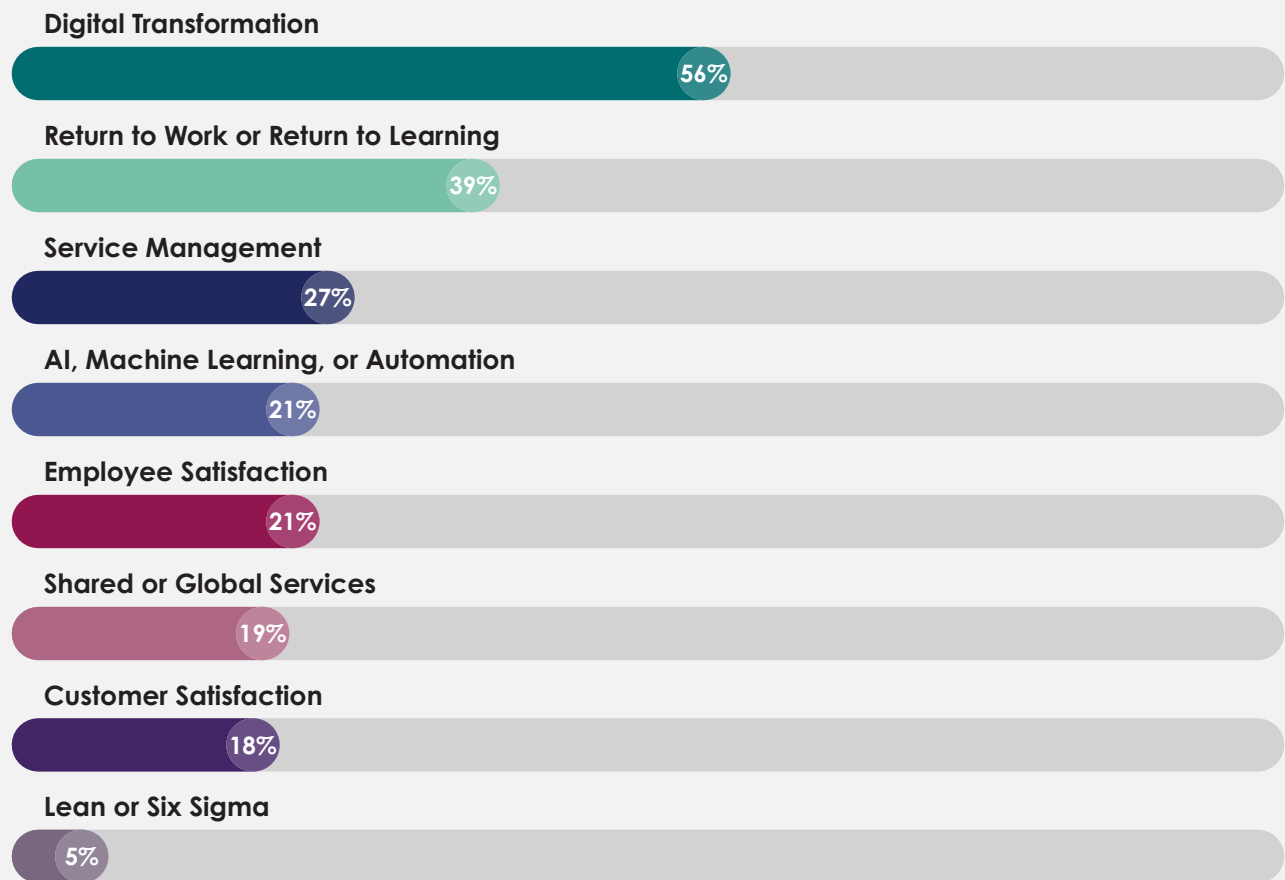
A result of the global healthcare crisis and its ensuing response, this newly elevated priority, which rose from 61 percent in 2020 to 79 percent in 2021, cuts across all industries and company sizes.

For example, financial services organizations cited digital transformation as an initiative 88 percent of the time, healthcare 80 percent of the time, and telecommunication organizations cited digital transformation 75 percent of the time. With three industries who experienced unique ecosystem factors over the past year, we can see the unifying promise of digital transformation.

"We've realized the importance of Digital Transformation and the pandemic has sped up our adoption and transition to new strategies."

- Operations Employee for a Healthcare and Pharmaceuticals Company

Which, if any, of your selected initiatives were started or increased in importance because of the COVID-19 pandemic?

Digital Transformation
56%

Return to Work or Return to Learning
39%

Service Management
27%

AI, Machine Learning, or Automation
21%

Employee Satisfaction
21%

Shared or Global Services
19%

Customer Satisfaction
18%

Lean or Six Sigma
5%

N: 413
Base: All respondents

In fact, more than half (56 percent) of respondents to this year's survey reported that their digital transformation initiatives started or increased in importance because of the COVID-19 pandemic. Nearly 40 percent of respondents listed Return to Work as a new priority for this year while one in four respondents reported starting Service Management or seeing their existing initiative increase in importance during the pandemic.

As for trends within verticals, Return to Work was the top priority listed by 63 percent of professionals from the Higher Education sphere, whereas only 28 percent of Manufacturing professionals reported starting Return to Work initiatives during COVID. Meanwhile in Healthcare, Digital Transformation initiatives at 61 percent overshadowed those of Return to Work, 42 percent.

Please select the following areas where your firm has strategic business initiatives underway. | Digital Transformation by Industry

81%
Healthcare

89%
Financial Services

75%
Technology, Internet & Electronics

69%
Education
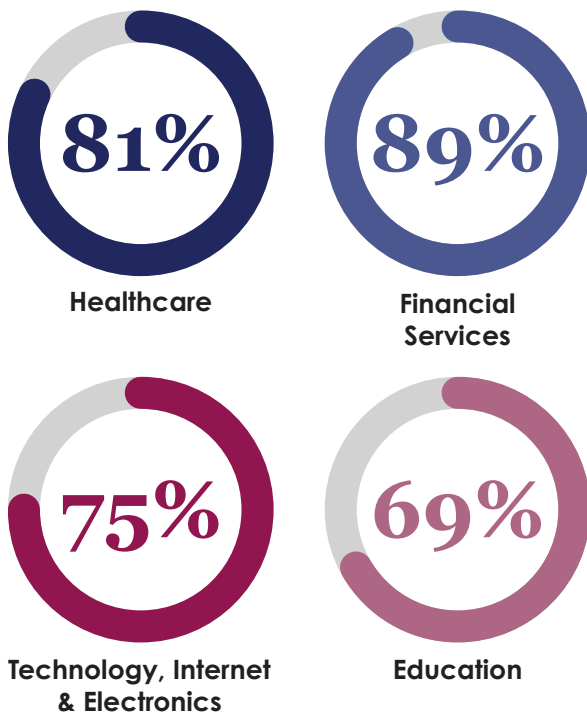
N: 68 (Healthcare), 54 (Financial Services), 127 (Technology), 48 (Education)
Base: Respondents who selected the indicated industry.

"We have made a concerted effort to transition all products and services to SaaS, PaaS, cloud-based operations where it makes financial, efficiency and performance sense. This has allowed us to reduce our dependency on on-premise solutions and increase accessibility to products/services by end users and customers."

- VP of IT, Education

Before COVID-19, while many enterprises were leveraging digital transformation to improve parts of their businesses, many more were stuck deploying transformation in silos, or facing strong headwinds of organizational resistance. The past year has forced traditional enterprises to rethink their technology (and the execution of those strategies) at a holistic level in their organizations in order to respond to their rapidly changing needs.
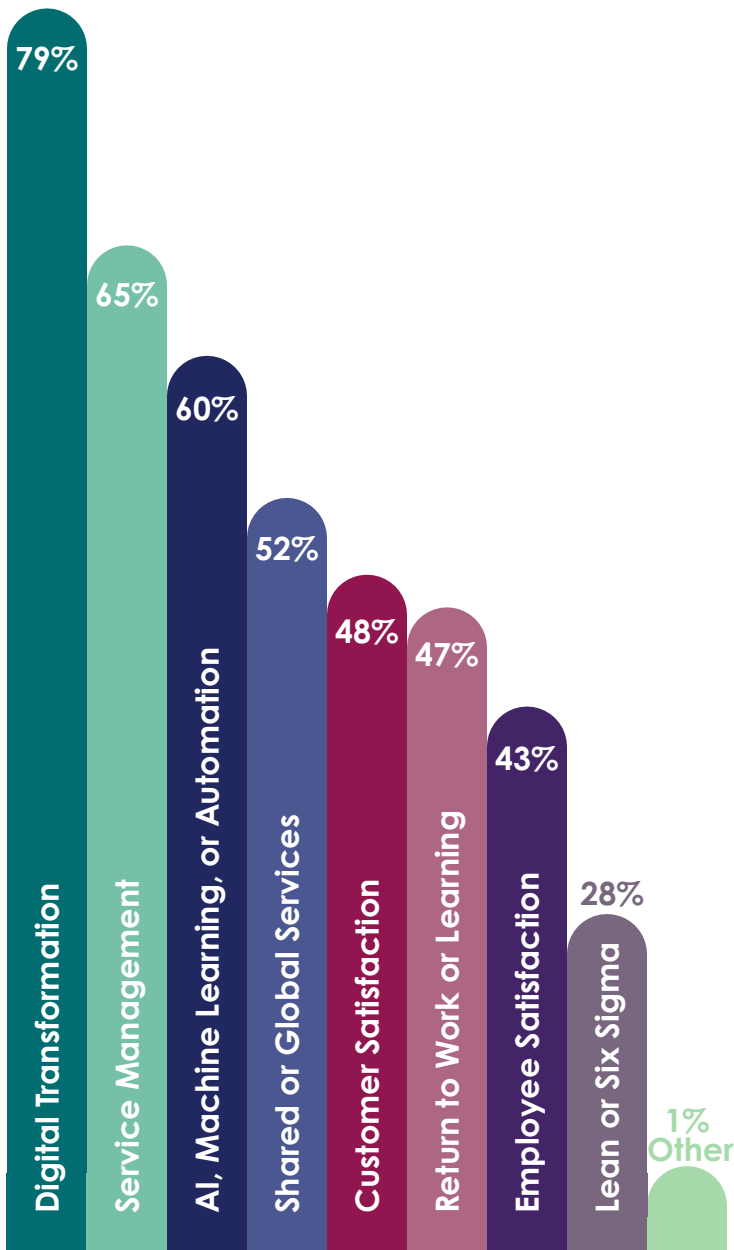
While there are many ways to look at how this is playing out holistically, one way is to look at the number of organizations who are expanding their ServiceNow product arsenal, moving from not just one IT product but connecting their instances to HR, Customer Service, Security, Facilities, and more. This year:

- 14 percent of companies taking the survey had only one product
- 23 percent had two
- 22 percent had three
- 18 percent had four
- 23 percent had five or more.

For this report, we categorized the execution of digital into three buckets: elevated employee experience, meeting customers' needs, and the execution of digital platforms. Learn more about these themes in the following three pages.

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1. Employees: Remain Competitive with an Elevated Employee Experience

Please select the following areas where your firm has strategic initiatives underway (in any function such as IT, HR, or CSM).

Category	Value
Digital Transformation	79%
Service Management	65%
AI, Machine Learning, or Automation	60%
Shared or Global Services	52%
Customer Satisfaction	48%
Return to Work or Learning	47%
Employee Satisfaction	43%
Lean or Six Sigma	28%
Other	1%

N: 534
Base: *All respondents*

In the three years of conducting our Insight and Vision survey, a recurring theme from respondents' answers and comments is that employees can be either the greatest inhibitors or the greatest enablers of transformation success - depending on whether your culture is agile and embraces change or actively fears and resists any digital evolution.

In 2020, employees sat on the front lines of transformation – literally, as front-line workers and doctors served communities, and virtually as remote teachers adjusted to remote schooling and IT teams acted within hours to track assets and support a global pivot to a fully remote workforce. In a strange and unprecedented year, everyone needed new forms of support as groups explored novel methods of evolving traditional working practices.

"We are doing our best to be flexible. As the need for flexible work location has risen, we have shifted to create processes for employees to be able to request and implement changing the work location with the company."

- Architect, Entertainment & Leisure Firm

Against this backdrop and fueled by a need to maintain engagement and productivity in new working environments, companies began focusing on their employee experience with the same intent and care that they do on their customer experience.

2. Customers: Using Technology to Broaden Your Audience

Please rate your overall status for each of your selected initiatives.

| 15% | 26% | 49% | 5% | 6% |

2021: AI, Machine Learning, or Automation Initiative

| 5% | 42% | 45% | 5% | 3% |

2020: AI, Machine Learning, or Automation Initiative

| 25% | 30% | 39% | 5% | 1% |

2019: AI, Machine Learning, or Automation Initiative

- ■ *Still Planning*
- ■ *Just Getting Started*
- ■ *Underway (1+ Year)*
- ■ *Almost Done*
- ■ *Complete*

N: 275 (2021), 159 (2020), 124 (2019)
Base: *Respondents who selected AI, Machine Learning, or Automation as a strategic initiative.*

While the customer's perspective has always been relevant, COVID-19 put a magnifying glass on the modern digital customer experience, as displayed by the seven percent growth this past year in companies deploying ServiceNow's CSM product. With the new focus, and often, new digital processes, the elements needed to deliver compelling and convenient customer experiences have shifted.

Based on this year's survey responses, here are the three areas where firms are focusing specifically to best serve their customers:

- **Customer intelligence**. Integrating customer data across silos and understanding customer behavior — efforts undertaken in the first phase of digital transformation — have become table stakes in delivering a
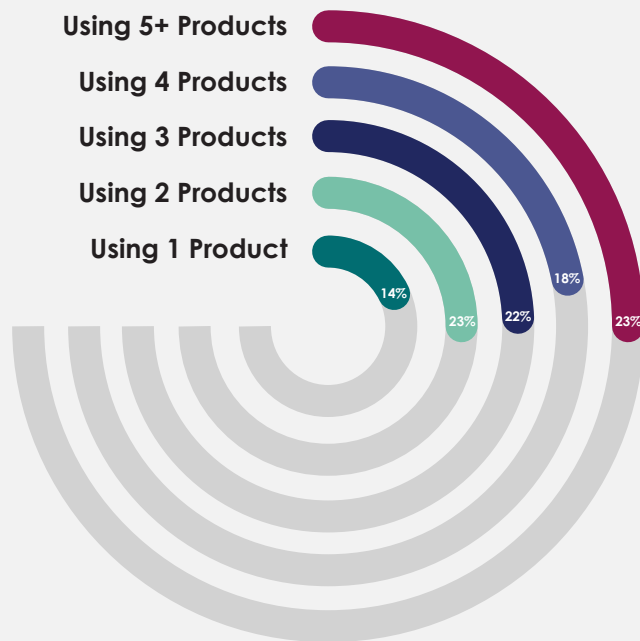
positive customer experience. This year's data and written responses show not only a higher level of interest in AI and Big Data, but also more tactical planning around adding these strategies to digital transformation initiatives.

As of last year, less than half of firms reported having any AI, Machine Learning or Automation initiatives underway. In the last year, that number has grown by 45 percent, with two thirds of respondents to this year's survey reporting those initiatives. Now, as Machine Learning has begun serving its initial promise, real-time customer intelligence can now enable highly personalized interactions.
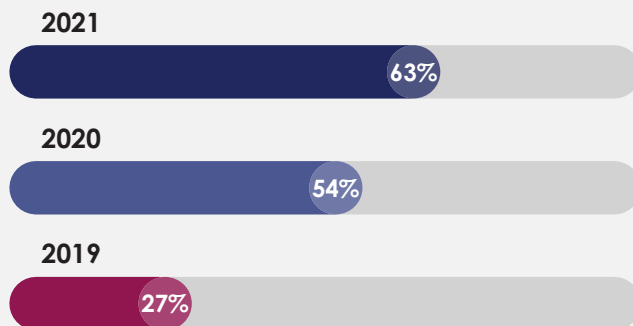
- **Experience design**. While compelling experiences are easy to recognize, they are hard to design and deliver. That's because this work requires equal measures of empathic creativity and technological prowess. When it comes to technology platforms, people continue to seek great out-of-the-box experiences in addition to custom app functionality. This year, nearly a quarter of respondents cited using custom apps on the ServiceNow platform (19 percent).

- **Emotional engagement**. Emotional connections with customers are just as essential as the technology in creating compelling customer experiences. At its essence, customer loyalty is relationship building, so ask yourself what you're doing to appease (and delight) your clients. Later in this report, we discuss the results of the ServiceNow platform, as well as KPI's to track. Take note of CSAT scores in both sections, as it's an important measure of engagement.

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How many elements of the ServiceNow Platform does your company currently have deployed?

Using 5+ Products

Using 4 Products

Using 3 Products

Using 2 Products

Using 1 Product

14%

23%

22%

18%

23%

Percent of Companies Using 3 or More Products Over Time

2021 63%

2020 54%

2019 27%

N: 317 (2021), 267 (2020), 210 (2019)
Base: All respondents who selected that their organization uses ServiceNow.

The foundation for today's transformation requires an effective cross-functional strategy, and a cohesive, well-structured digital footprint - the summation of technology, applications, and data that power a company's business processes.

An organization's drive for digital transformation can take several forms. Customers, employees, and the technology they are based on are all valid routes to transformation. Some strategies elect to focus on optimization and efficiency gains, while others set their sights on minimizing disruptions to boost business agility.

If we've learned anything from the past several months, it is that companies must align their transformation initiatives with the goals of the business and the value they aim to deliver to customers. Only when organizations "think big" and embrace the art of what's possible can they develop a vision for transformation that disrupts their industry and creates a value-focused path into their digital future.

Now, with the understanding of how firms are laying a strong foundation for their digital transformation initiatives, we can move ahead to discuss overall ServiceNow client and platform trends for 2021.

"In order to remain competitive as an employer as well as with our customers, our digital transformation initiative is *critical* to our success."

- Director, Mid-Sized Manufacturing Organization

Large Integrated Healthcare Network Achieves Sustainable Scale with ServiceNow

This nonprofit, integrated healthcare network is one of the largest in the Northeast with over 65,000 employees spread across dozens of hospitals, nursing facilities, and urgent care centers. Looking to drive the best patient outcomes and attract the brightest talent, they knew they needed to act swiftly and decisively to ensure business continuity despite an uncertain climate.

In addition to the organization's existing goals of achieving true agility and scale, a recent healthcare center opening exposed weaknesses in the connectivity of IT processes across the enterprise.

Their small IT department struggled to transition to a more service-based operating model. The provider had numerous IT Service Portals and places for employees to send requests. The IT department was running on an ad-hoc basis and employees had a disjointed user experience.

Fortunately, the provider knew the way they were currently operating IT was not sustainable. If they were to deliver on all of their expansion and innovation goals, they needed to re-imagine how work was filtered through IT and how services were delivered to their 65,000+ employees.

Although their ServiceNow Advisory project began with Acorio before the start of COVID-19, its outbreak midway through their roadmap upped the stakes for the healthcare provider. They realized that there was an added urgency to drive efficiency gains within their IT department and achieve scale across the organization to make them better equipped to handle disruption and increased demand.

The pandemic did not have any negative effect on the project's timing or budget, instead it put the healthcare organization in a better position to scale in response to the added stress and demand placed on its facilities. The nonprofit rapidly expanded capacity – adding thousands of beds and temporary sites to care for COVID patients with the right tools and resources.

What results have you seen ServiceNow produce? | Automation in Healthcare
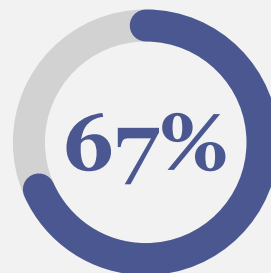
67%

N: 49
Base: *Respondents who selected Healthcare and Pharmaceuticals as their business industry.*

As a result of the project, they've shifted from tallying the number of incidents IT handled to measuring customer satisfaction levels and having the capability to show how they've sustained over time. The project sponsor has gained recognition for his work and has an effective way to measure change for key stakeholders thanks to this Advisory project.

They also have clearly defined and thoughtfully chosen KPI's and metrics that they can reference to demonstrate the value of ServiceNow serving as the single pane of glass for employees and IT agents alike.

The Promise of Digital Transformation, Service Management, and AI Initiatives Continues to Become a Reality

Key Insights:

Digital transformation is a well established strategic imperative. In fact, at the time of this year's survey, over half of respondents reported having an existing digital transformation initiative underway for more than a year, while an additional 13 percent noted that they had almost reached their original goals of the transformation initiative.

The foundations of digital transformation are also well underway at many organizations, even if they call them by other names: AI, Machine Learning, or Automation and Shared Services both have a mature base at 48 and 46 percent, respectively, having been underway for at least a year.

Progress of strategic initiatives varies by company size, with larger organizations taking the lead in mature progress or completion of digital initiatives. For example, 24 percent of the largest organizations (10,000+ employees) are nearly done with their digital transformation, compared to only 13 percent of their smaller counterparts.

While many organizations report early success in areas such as adopting new technology and offering customers new digital products, many of the world's top companies are still planning or just getting started on their transformation journey.

- In last year's report, 46 percent of the largest companies surveyed (those with 10,000 or more full-time employees) reported having 'just started' on AI, Machine Learning and Automation initiatives.
- Over the last year, that number has decreased by 54 percent, with only 21 percent of the same group reporting the same stage in our 2020 survey.
- Meanwhile, 55 percent of those companies today report having AI, Machine Learning and Automation initiatives underway for a year or more, increasing by 21 percent since last year.

As for other changes amongst largest enterprises, nearly one in five firms were just getting started on digital transformation initiatives back in 2019, whereas this year, that number has dropped to just under 12 percent. More and more firms are taking action in this area, as seen by this year's data where 63 percent of larger firms reported having digital transformation initiatives underway for a year or more, and 15 percent reported being almost done with their digital transformation initiatives. That's nearly double the number from last year's report, where only eight percent of firms reported being almost done with their digital transformation initiatives.

There is still progress to be made. Less than four percent of enterprises surveyed this year reported being done with their original Digital Transformation goals or initiatives.

While enterprises share overarching trends in their initiatives, an industry breakdown of this year's data provides perspective into the unique set of goals, challenges, and results faced by each vertical.

For example, Financial Services firms might put a higher importance on developing compelling value propositions for their customers, Technology firms may instead focus on improving business performance, or Healthcare might focus on reducing operational risk.

"Most of healthcare had to pivot to virtual health solutions to be viable in 2020. This accelerated platform build outs, which had a good start prior to the pandemic. Digital infrastructure was already in place for remote work, but we have new initiatives for consolidating around key platforms, including ServiceNow."

- Operations Manager, Healthcare & Pharmaceutical Company

Across industries, many organizations have struggled to keep pace with the demand for digitization, especially as consumers accelerated their adoption of digital channels for daily transactions during the COVID-19 crisis.

Technology Strategy in Financial Services

The Financial Services industry has historically had mixed success in technology. Institutions that were early adopters and innovators in technology built up a complex landscape of technical assets over decades and accumulated significant technical debt.

Some institutions have tackled this challenge; many others are behind the curve. Note that nearly 15 percent of Financial organizations are still planning or just getting started with their digital transformation.

- This year, 71 percent of Financial Institutions who responded to our survey reported having an initiative related to AI underway.
- This priority has grown 19 percent since last year, when 53 percent of Financial Services Firms in our 2020 survey reported having those same initiatives underway.
- These shifts demonstrate that the Financial Services Industry is set on making AI and analytics a core capability, which will in turn reward groups by creating a real-time and consumer-centric ecosystem.

Please select the following areas where your firm has strategic initiatives underway. | AI in Financial Services

71%
2021

53%
2020
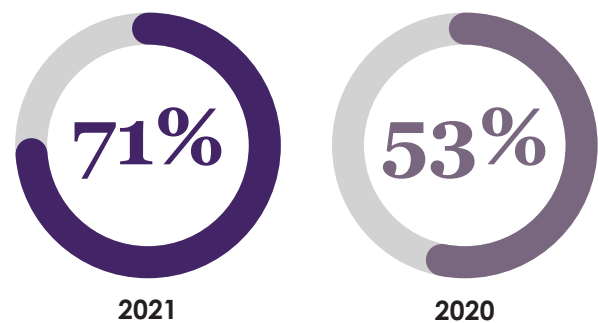
N: 62 (2021), 45 (2020)
***Base**: Respondents who selected Financial Services as their business industry.*

As AI technologies play an increasingly central role in creating value for banks and their customers, Financial Services organizations need to reinvent themselves as technology-forward institutions, so they can deliver customized products and highly personalized services at scale in near real time.
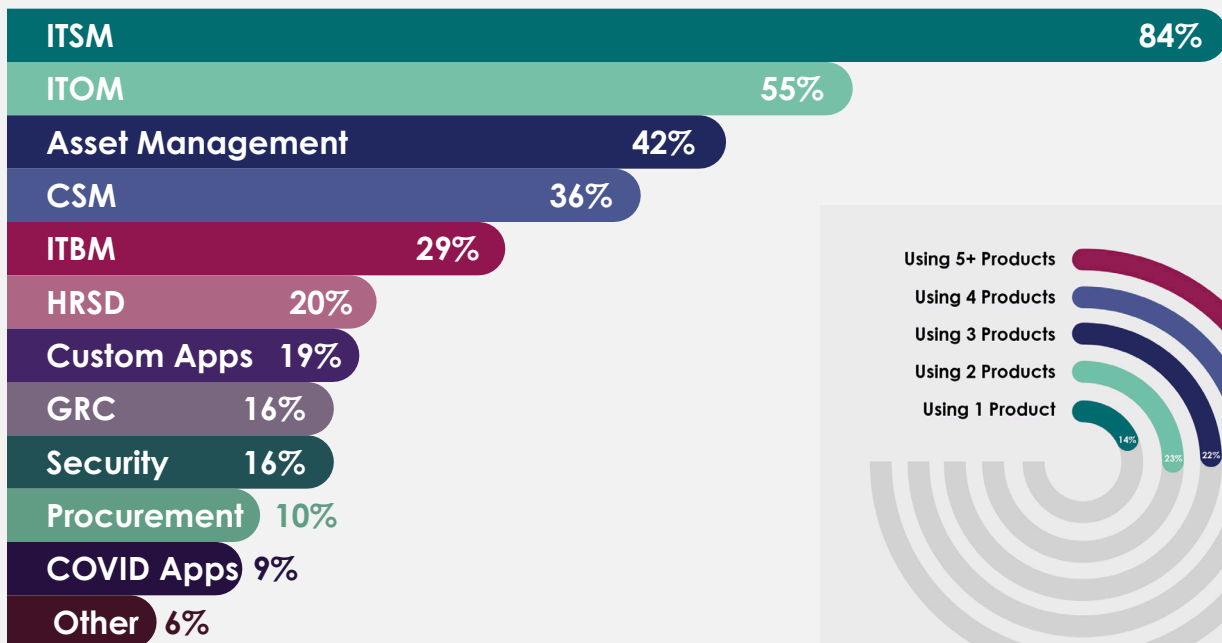
With this year's data showing over 80 percent of Financial organizations having started their AI and Machine Learning initiatives, it is clear this is where the future of fintech will lay – at least for now.

ServiceNow Platform: Key Products and Developed Roadmaps Build Resilient Businesses

The first section of this report covered our current state of digital transformation, and how businesses are using modern cloud-based technologies to achieve their business initiatives. Side-by-side with the acceleration of digital transformation, we can map a nearly equal growth of the platforms that fuel it, including ServiceNow.

Over the next several sections, we will look at the growth of the Platform, including which products businesses are implementing, whether they are using roadmaps for their journeys, challenges faced by platform users, KPI's tracked by leaders, and results seen.

Which elements of the ServiceNow Platform does your company currently have deployed?

Element	Percentage
ITSM	84%
ITOM	55%
Asset Management	42%
CSM	36%
ITBM	29%
HRSD	20%
Custom Apps	19%
GRC	16%
Security	16%
Procurement	10%
COVID Apps	9%
Other	6%

Using 5+ Products — 23%
Using 4 Products — 18%
Using 3 Products — 22%
Using 2 Products — 23%
Using 1 Product — 14%

N: 317
Base: All respondents who selected that their organization uses ServiceNow.

ServiceNow Continues Expansion Outside of IT Products

In addition to the platform's biannual release schedule, ServiceNow quickly responded to 2020 by releasing additional mini releases that included new solutions to better support their clients.

The platform also launched more partnerships (NBA, Zoom, and Uber, among others) and acquisitions (Loom Systems, Vendorhawk, and Element AI, to name a few) than ever before, another signal of expanded growth and success for the cloud platform.

With each new release and innovation, ServiceNow's platform continues to grow - and platform clients are paying attention. If our survey data is any indication, we continue to see clients mirror the platform's growth this year by expanding their roadmap strategy.

While ServiceNow's strong IT roots continue to shine through in this year's survey data with 84

percent using IT Service Management and an additional 53 percent naming IT Operations Management, the responses also display a clear expansion of ServiceNow's footprint throughout the Enterprise.

Not only does the platform occupy these traditional IT spaces such as ITSM, ITOM, and Asset Management, but for the third year in a row, it's now also growing so-called emerging product footprints, especially in Customer Service and Business Management.

Of course, the drive toward digital transformation – of which ServiceNow is the critical enterprise backbone - is multi-functional, multi-layered, and infused throughout every element of the organization. With ServiceNow powering these transformation strategies, we would expect to see the trends our data reveal increasing platform adoption and year-over-year growth.

Which elements of the ServiceNow Platform does your company currently have deployed?
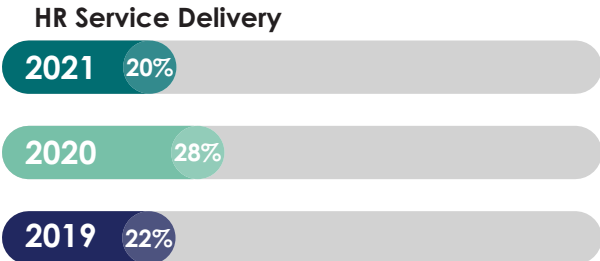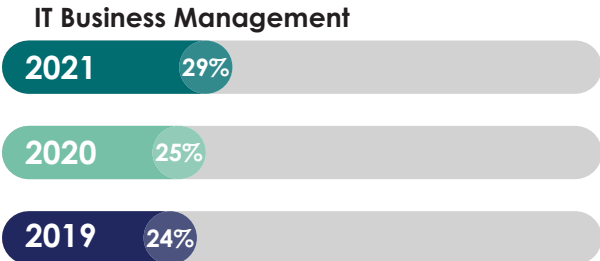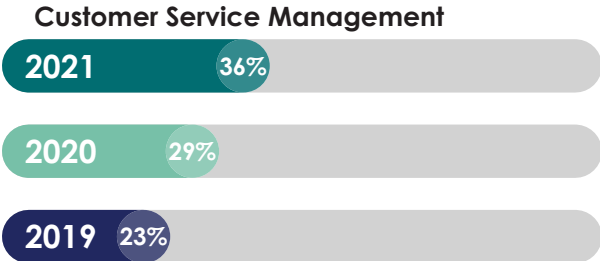
IT Service Management

2021	84%
2020	94%
2019	93%

Customer Service Management

2021	36%
2020	29%
2019	23%

IT Business Management

2021	29%
2020	25%
2019	24%

HR Service Delivery

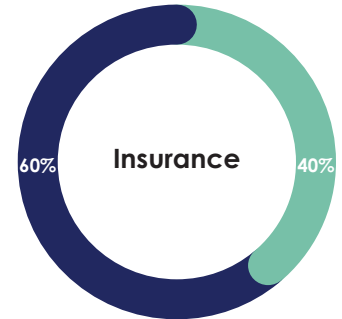|	
2021	20%
2020	28%
2019	22%

N: 317 (2021), 267 (2020), 210 (2019)
Base: All respondents who selected that their organization uses ServiceNow.

Record Number of Organizations Recognize Roadmaps as the Foundation of Platform Success

Knowing where to start can be the most important step in both your digital transformation and your ServiceNow journey. Following best practices will help you identify the right sequence and planning approach, showcase to your stakeholder the success of the project(s), and set you up for future growth alongside your organization.

However, over the years that we've conducted Acorio's Insight and Vision survey, responses have demonstrated that many organizations do not have, or do not know if they have any sort of roadmap or governance system.

Do you have a Strategic Roadmap (a strategy that offers a vision for your overall ServiceNow Platform use) or a governance process?

5%

21% 20%

15%

44% 54% 74%

27% 41%
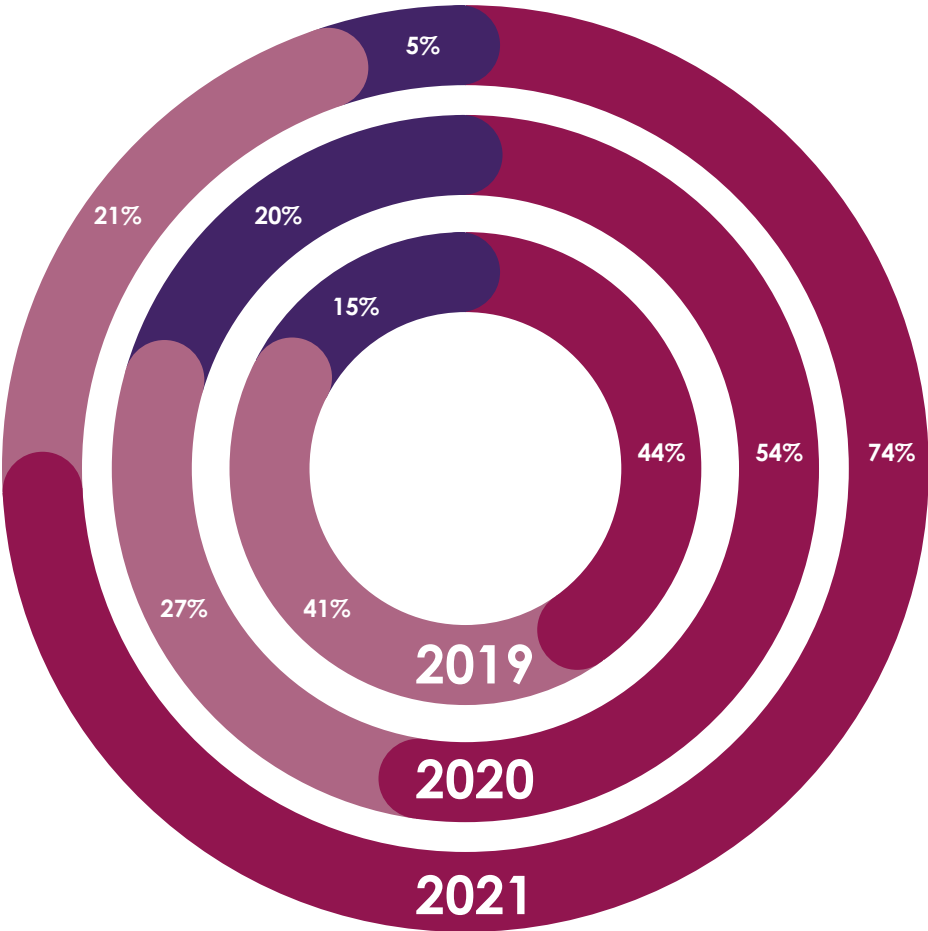
2019

2020

2021

- Yes, We have a ServiceNow Roadmap
- No, We don't have a ServiceNow Roadmap
- I'm Not Sure

N: 216 (2021), 239 (2020), 212 (2019)
Base: All respondents who selected that their organization uses ServiceNow.

INSIGHT 20
& VISION 21

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Has your ServiceNow roadmap, governance process, or strategy changed in the past year?

2021

5%
42%
52%
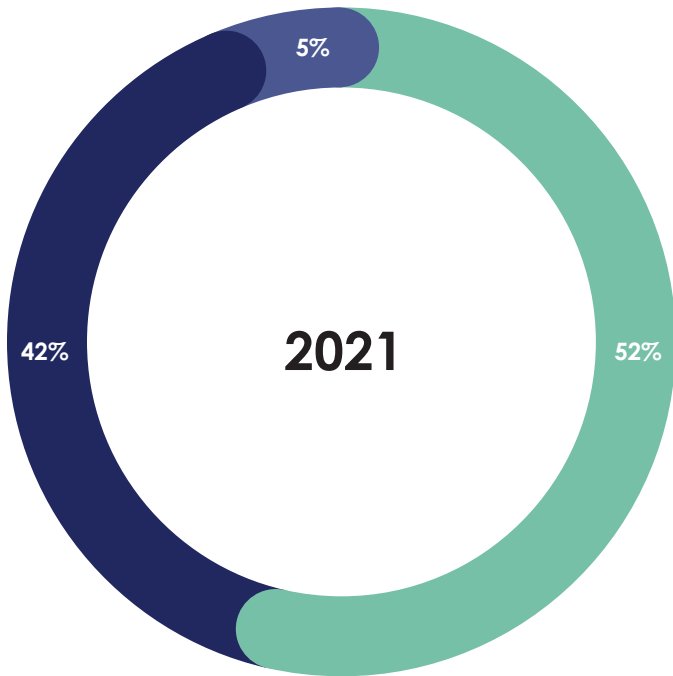
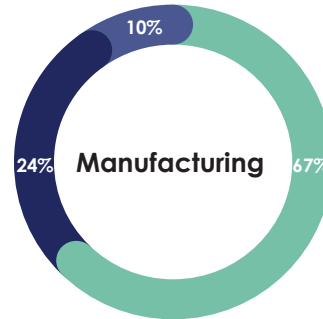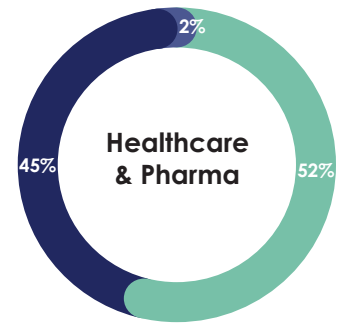Yes, Our Roadmap Changed
No, Our Roadmap Didn't Change
I'm Not Sure

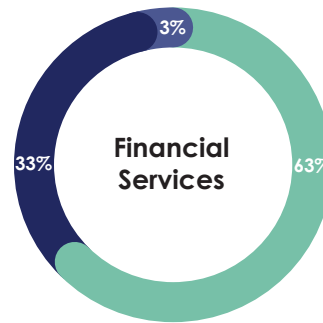**N**: 255
Base: All respondents who selected that their organization uses ServiceNow.

Financial Services — 3%, 33%, 63%

Healthcare & Pharma — 2%, 45%, 52%

Manufacturing — 10%, 24%, 67%

Insurance — 60%, 40%

Yes, Our Roadmap Changed
No, Our Roadmap Didn't Change
I'm Not Sure

N: 30 (Financial Services), 44 (Healthcare), 21 (Manufacturing), 20 (Insurance)
Base: All respondents who selected that their organization uses ServiceNow and who selected the indicated industry.

ServiceNow and digital transformation both come with unique and complex challenges during the journey, including inevitable change, which can easily become overwhelming without the right guidance or preparation.

To safeguard against that, firms should define a disciplined approach focused on analyzing impacts of the proposed changes within a company in a holistic manner. Leadership must also enable management to understand the change and its impact on various parts of the company.

But while a roadmap can and should be defined, it doesn't need to be rigid. The COVID-19 pandemic was the most blatant of reminders to businesses that strategies and

roadmaps should be built with flexibility and contingencies, because circumstances will change (and thankfully they won't all be as drastic as a severe global health crisis).

While it will always be specific to your unique business and industry, an example of a high-level roadmap for digital transformation might consists of four phases, with each phase comprising of multiple major activities. Remember that no two roadmaps are the same, just as no two company missions are the same:

1. Assess external and internal situation.
2. Develop strategy and assess business impacts.
3. Architect business solution.
4. Establish initiatives and deploy solution.

"Our ServiceNow roadmap this year is focused on leveraging features and functions that we have yet to leverage to aid in operational excellence, particularly in HR."

- *Architect, Enterprise Transportation Organization*

Key Insights:

When it comes to ServiceNow, results can be placed in one of two buckets – either as tactical results or transformational results. For example, increased automation is a transformational result while reduced time to address an incident is a tactical result – although both might be intrinsically linked.

For the third year in a row more efficient workflows remained the top result of ServiceNow, at 65 percent in 2021.

For our 2021 survey, we added two new insights for a more comprehensive understanding of KPI's tracked. These included; enhanced governance (27 percent) and compliance to federal and, or, state regulations (10 percent).

What results have you seen ServiceNow produce? | More Efficient Workflows

65%

N: 275
***Base**: All respondents who selected that their organization uses ServiceNow.*

ServiceNow CEO Bill McDermott has also coined "just workflow it" as the platform's catchphrase, and we see why. ServiceNow has an inherent ability to align and streamline internal work processes in a system of engagement.

Defining a new space of business technology as a "platform of platforms," part of ServiceNow's competitive advantage is how extensible it is to solve IT issues, Customer Issues, Human Capital Management issues, etc. because it was built on a fully integrated holistic platform that drives real productivity in the enterprise.

Platform clients agree. For the third year in a row, survey respondents reported more efficient workflows as the top result of implementing the ServiceNow platform, 65 percent. We also see this in the increase in time to resolve an incident, 54 percent, and increased automation, 55 percent.
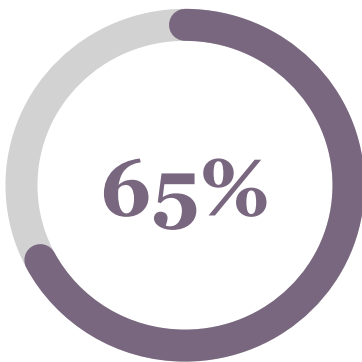
Tracking ServiceNow Results with Standardized KPI's

While significant cost savings was not a top result of implementing the ServiceNow platform (only 14 percent) as compared to efficiency gained, it remains a top KPI tracked.

This data is particularly interesting given the economic backdrop. This survey launched during a time where many organizations are coming through a period of depressed budgets and market challenges.

In light of that timeline, it's not surprising to see survey respondents list dollars and cents as the top concern this year. Lack of cost savings as a result could indicate that

businesses are quantifying platform results such as downtime reduction and reduced service times as monetary gains for both top-line revenue and bottom-line cost-cutting.

There is a big caveat in this data that is worth noting in a year of unprecedentedly quick transformation: Measuring tactical success is different than tracking transformation.
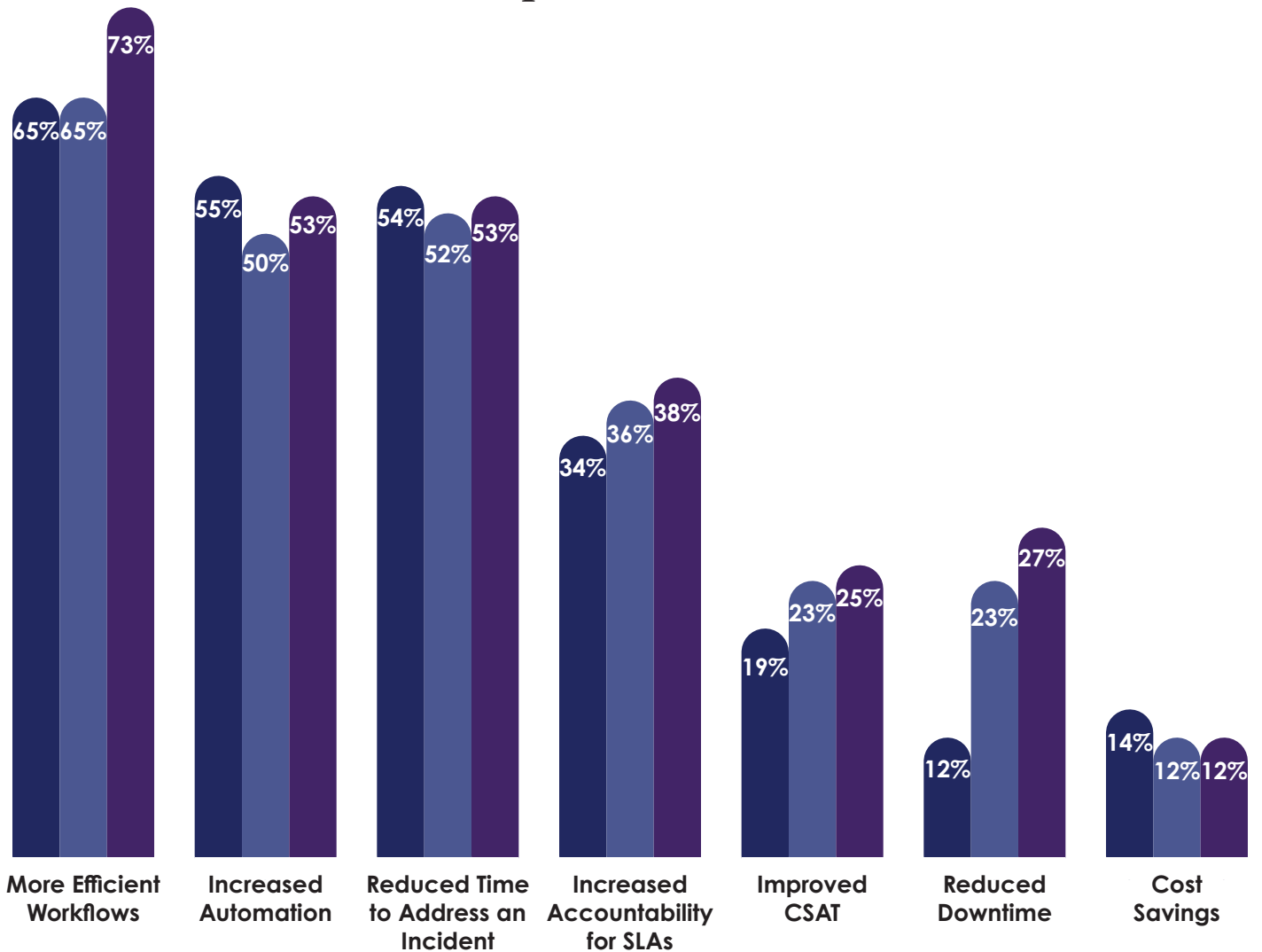
Threaded through these responses, we see an ecosystem tracking largely transactional KPI's, such as mean time to repair, and not a true balanced scorecard needed to measure production, efficiency, CSAT, employee

experience, etc. - the next step for leaders looking to both understand and prove out the value of their ServiceNow investment.

"We're continuing to partner with ServiceNow to implement additional service management processes to increase the efficiency and efficacy of our services."

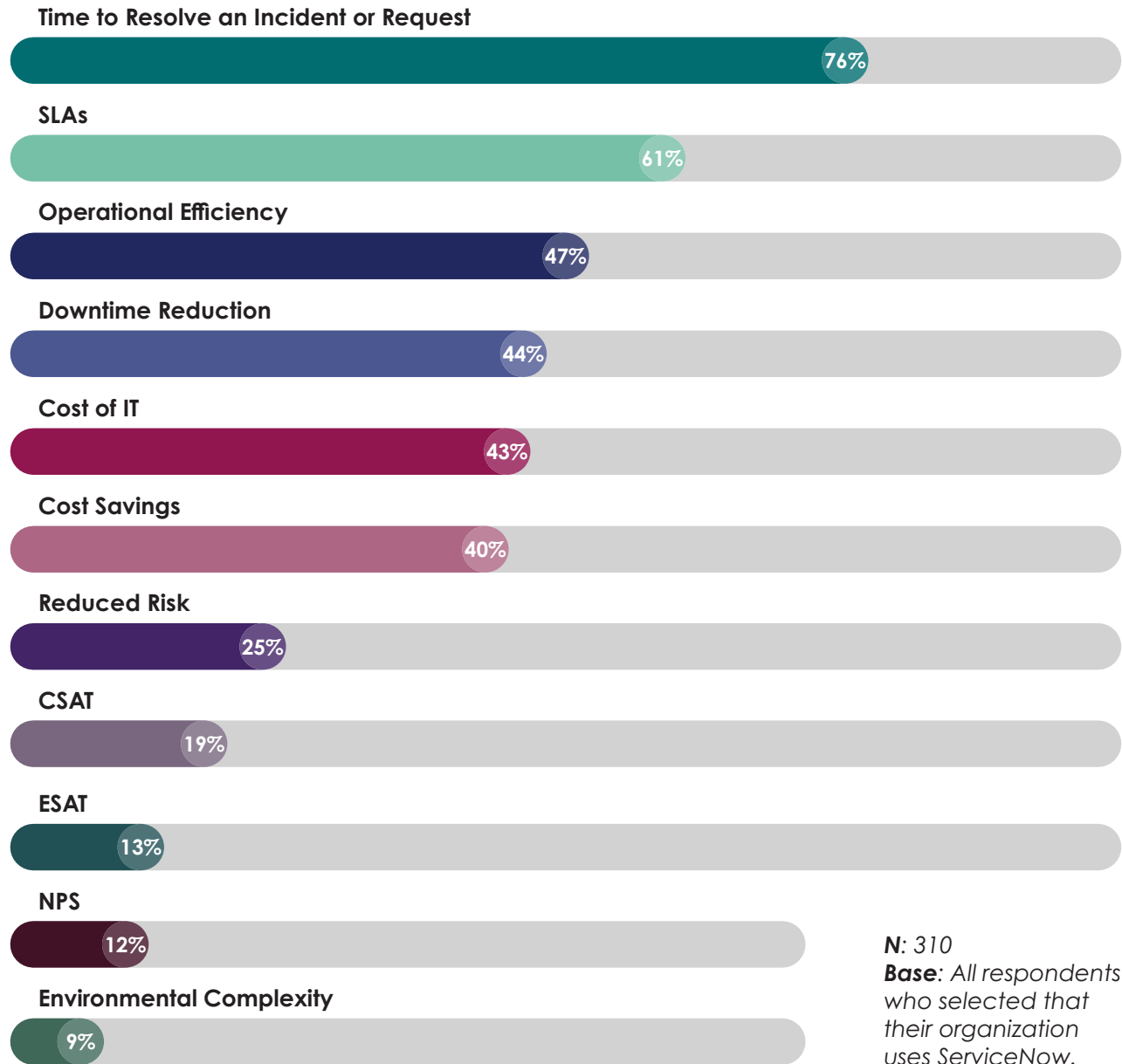*- IT Professional, Healthcare & Pharmaceutical Company*

What results have you seen ServiceNow produce since your implementation?

More Efficient Workflows	Increased Automation	Reduced Time to Address an Incident	Increased Accountability for SLAs	Improved CSAT	Reduced Downtime	Cost Savings
65% / 65% / 73%	55% / 50% / 53%	54% / 52% / 53%	34% / 36% / 38%	19% / 23% / 25%	12% / 23% / 27%	14% / 12% / 12%

■ 2021
■ 2020
■ 2019

N: 275 (2021), 254 (2020), 187 (2019)
Base: All respondents who selected that their organization uses ServiceNow.

INSIGHT **20**
& VISION **21**

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What Key Performance Indicators (KPI's) do you or your business leaders track?

Time to Resolve an Incident or Request
76%

SLAs
61%

Operational Efficiency
47%

Downtime Reduction
44%

Cost of IT
43%

Cost Savings
40%

Reduced Risk
25%

CSAT
19%

ESAT
13%

NPS
12%

Environmental Complexity
9%

N: 310
Base: All respondents who selected that their organization uses ServiceNow.

As a company begins to implement and develop solutions, leaders will have to be able to show the results of these changes. They must be able to demonstrate the tangible business impact of digital transformation to their executive team, stakeholders and customers.

Here are several key digital transformation KPI's that technology leaders should use to measure their progress.

1. **A Combination of External and Internal Success Metrics**. External success is measured by consumers, so your Net Promoter Score and additional feedback loops provide a good set of KPI's.

2. **Hours Saved**. Hours saved may seem hard to quantify, but as more and more is automated or becomes a tech process, it's a hugely important measure of progress

and innovation, especially for digital transformation. Find a way to measure it, track it and constantly improve it. "Efficiency" is vague—an hour saved should be the basic unit of progress.

3. **Operational Improvement**. Count the number of processes that currently run on new software and quantify how it has affected productivity (a.k.a. the volume or value of outputs relative to the resources investment). This will give you some insight on the overall level of adoption and usability. You can then use this information to learn where to simplify processes, provide greater training or introduce automation.

4. **Experience**. One of the most important KPI's to track when going through a digital transformation is customer or employee experience. Whether it be through surveys, ESAT scores, CSAT scores, and, or, NPS scores, experience metrics should be a valuable part of your KPI arsenal.

5. **Workforce Productivity**. The bottom line of digital transformation is to create value by improving employee productivity and business performance through automation. This means that with time, higher revenue and/or profit will be generated per employee. Track digital transformation using revenue per employee, this will display which direction the transformation is going.

Global Medical Company Brings its ITSM Instance into the Future Using ServiceNow

Moving away from their parent company, this pharma organization was eager to gain its independence. Their system and processes needed to be built with the underlying belief they were made to grow and continuously improve. ServiceNow was uniquely poised to serve as the enterprise platform upon which they would build their solution. The platform could be expanded to multiple organizations and help reduce their future application footprint and requirements.

The team had to think not only about the immediate project and getting them onto their own ITSM instance, but also on what continuing maintenance would cost to ensure scalability for the future, thinking in terms of both finances and human effort.

The new ITSM rollout left them with an instance that provides visibility, increases efficiency

and security, and serves as a foundation for their expansion ambitions. The project's key objectives were achieved, including:

- ITSM implementation and an established framework for onboarding services into the organization's new environments.
- Enablement of client admins, functional roles, and end-users.
- Established a framework for future expansion and updates for the platform.

What results have you seen ServiceNow produce? | Reduced Time to Address In Healthcare
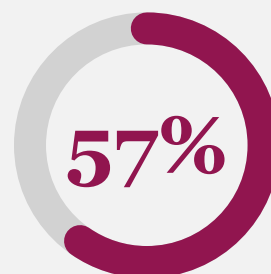
57%

N: 49
Base: *Respondents who selected Healthcare and Pharmaceuticals as their business industry.*

INSIGHT **20**
& VISION **21**

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"Our goals are to maintain and improve all our customer and financial metrics, while innovating and adding more products to our ServiceNow portfolio."

- *Architect, Enterprise Telecom, Technology, Internet & Electronics Organization*

Cost and Lack of Experience Are Top Challenges Impacting ServiceNow Success

Key Insights:

Challenges of the ServiceNow Platform have taken on even greater weight, partly as a result of the pandemic and a fast shift to remote work. Cost of the technology and its implementation has remained the top challenge, growing from 41 percent in 2019, to 45 percent in 2020, and 49 percent in 2021.

In addition to the cost of the technology, the other challenges that grew in prominence this year included technical challenges with the implementation (at 20 percent, up from 16 percent in 2020), and struggling to integrate with existing technology (at 20 percent, up from 17 percent in 2020).

"As a HR professional, I am very excited about the solution you offer and I know it will change how HR will work in future for the better. The challenge is implementing it well so we get good user adoption from the outset"

- HR Manager, Global Retail Enterprise

Before this year, organizational resistance was a top ServiceNow Platform challenge for firms – but this year we saw it drop to 19 percent from 34 percent the previous year. But in a year when the entire world was required to adapt, we experienced extreme external forces that actually enabled leaders to align their change management programs with very little hand wringing and push back - of course due to the significant rate of external change we all faced at the time.

The second challenge of the Platform remains lack of experienced resources, with 29 percent of organizations listing it as a challenge in their ServiceNow organization. Leaders must position their employees to meet changing needs in order to bridge the gap between business needs and the technology available to help drive those outcomes.

In the past year, the number of organizations that have a roadmap is at nearly 74 percent, a record high. This shift has resulted in the drop of firms that list roadmap growth as a challenge to only 23 percent (almost the same percentage of organizations that do not have a roadmap). By building flexibility into their roadmap plan, firms can adjust to any new challenges or changes.

To achieve ServiceNow success, an organization needs to both recognize the importance of strategic roadmaps while also making them flexible enough to handle new market realities, and build in a culture of organizational change management to handle organizational resistance.

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Which of the following do you consider challenge areas to your organization's ServiceNow implementation?

Cost of the Technology & Implementation

2021 — 49%

2020 — 45%

Roadmap Growth

2021 — 23%

2020 — 41%

Organizational Change

2021 — 19%

2020 — 34%

Over-Customization

2021 — 13%

2020 — 19%

Lack of Experienced Resources

2021 — 29%

2020 — 41%

Struggle to Integrate with Existing Technology

2021 — 20%

2020 — 17%

Technical Challenges

2021 — 20%

2020 — 16%

Roadmap Delays due to COVID-19

2021 — 17%

N: 321 (2021), 262 (2020)
Base: All respondents who selected that their organization uses ServiceNow.

To ensure enterprises maintain that momentum of transformation and empower a smoother technological transition, company leadership must capitalize on lessons learned this year about their team's adaptability and work to understand the key roadblocks to acceptance.

Next, IT leaders must work to understand where technology is trending, be able to communicate that vision within their own organizations and identify where education within their company is needed to implement new technologies.

"Digital Transformation is fundamentally a business change program. This is very difficult in an environment where staff are working remotely."

— IT Director, Non-Profit

True transformation requires employees to embrace change and adopt an all-inclusive shift in mindset. This encompasses many changes, but especially around ways of

working that leverage technologies like cloud, data analytics and AI. The cultural and behavioral changes required to be successful cannot be overlooked.

This is especially true when you consider that ServiceNow challenges do not appear as one off phenomenon. Instead, we saw in the survey results that respondents cited as many as seven challenges and included write-in comments about how challenges compounded each other. For example, one respondent wrote that the cost was a barrier to true executive sponsorship and therefore organizational resistance was high.

The success of today's digital leaders is marked by their ability to establish new ways of working, deploying training and development programs focused on nurturing new behaviors, and perhaps most importantly, building a culture where tools and technology adoption is mandatory and welcomed.

Among our own ServiceNow clients, we see firms embracing this mindset to include people into their technology and process strategies by:

- Offering training and development programs focused on new behaviors and mindsets and including those new behaviors in performance management systems.
- Focusing on retaining, engaging and developing existing employees instead of simply recruiting new employees.
- Quantifying the gap between current and needed skills to deliver digital products and services.
- Training employees with digital skills across the organization, not just in IT.

Digital Transformation and ServiceNow Challenges are Often Faced in Groups

Seeing 3+ Challenges
Seeing 2 Challenges
Seeing 1 Challenge

20%
22%
38%
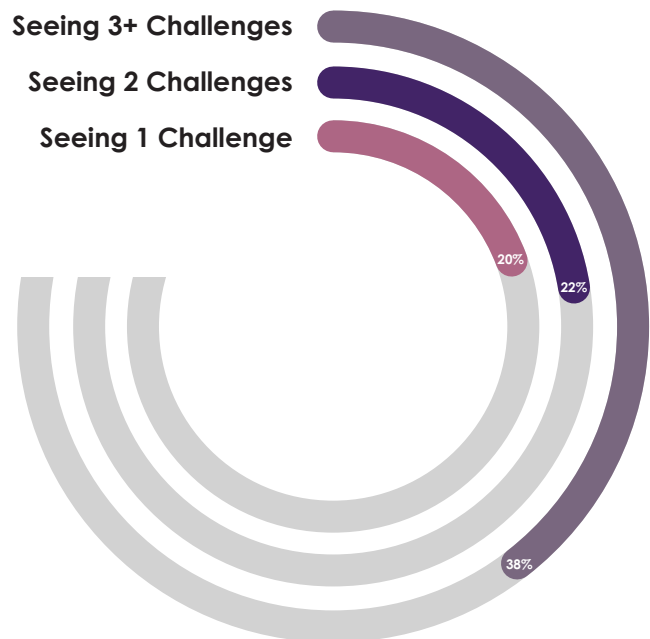
N: 321
Base: All respondents who selected that their organization uses ServiceNow.
Question: Which of the following do you consider challenge areas to your organization's ServiceNow implementation?

Which of the following do you consider challenge areas to your organization's ServiceNow implementation?

19%
2021

34%
2020

N: 321 (2021), 262 (2020)
Base: All respondents who selected that their organization uses ServiceNow.

INSIGHT 20 & VISION 21

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"ServiceNow is our future. We are looking to leverage the platform to better serve our customers, meet state requirements, and implement workflows that will improve efficiency in our processes."

- IT Director, Educational Institution
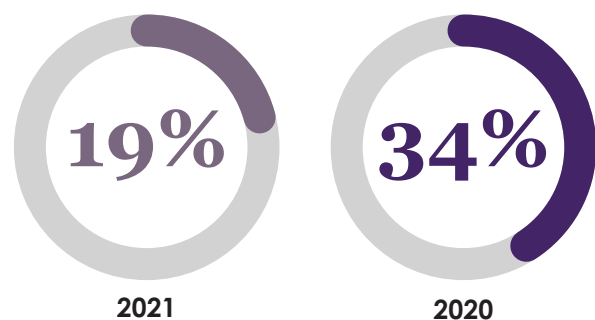
Looking Ahead: People, Culture, and the Closing Gap Between Future Capabilities and Reality Redefines Growth Paths

If you've followed digital transformation trends over the past few years, you may notice repetitive contenders: Cloud, AI, IoT, along with others have remained relevant in projects across the business landscape, either during their development or first implementation phases.

With hastening digital transformation, businesses of all types are looking to the future of technology to remain relevant.

While the core future tech concepts are still there, we're actually starting to see many of them in a new light of possibility. In 2020, we were able to implement many of the mainstream identified "cool" technologies that had previously only been known in concept and testing, including: 5G, AI and machine learning, connected cloud, and others and the post-pandemic environment has positioned to become even more widespread.

AI, cloud, edge computing or blockchain, the technologies behind digital transformation, efforts typically get the headlines. Digital leaders know that these technologies are simply enablers - the vehicles for moving the organization forward. The adoption strategy around these technologies is most critical,

particularly around two inflection points: people and culture. These are the defining factors for the DNA of an organization. Shifting mindsets and creating new ways of working are what will ultimately define successful and sustainable digital transformation.

To conclude the survey, we asked all respondents what future trends they were most interested in learning about and possibly seeing in the ServiceNow platform. While all the future trends organizations cited as most critical last year - digital transformation, AI, ESM strategies, and customer experience - remained at the forefront of importance this year, we saw a sea level decline for interest in nearly every future trend.

This data reveals that, perhaps, the "future" of these concepts - digital transformation, AI, and ESM - has already stepped into the present. Future trends experiencing new growth this year were customer experience, big data, and virtual agent, all of which are important future components for those currently undertaking digital transformation, shared services, or ESM initiatives.

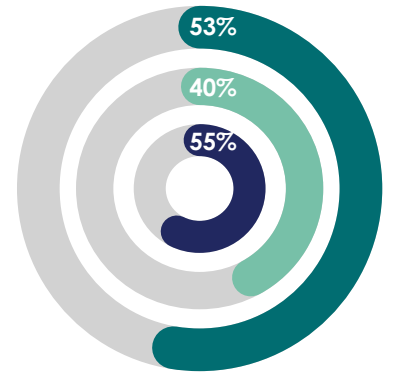Read on to see this year's data about future trends.

Which, if any, of the following future trends are you interested in?
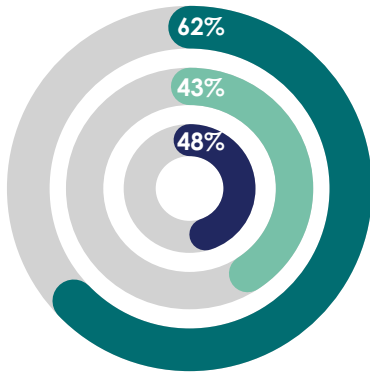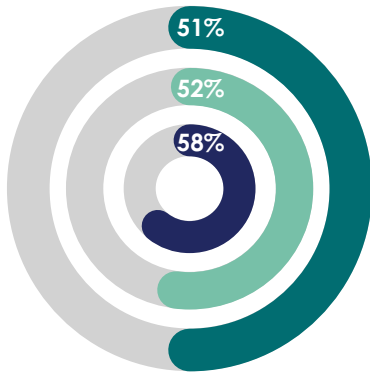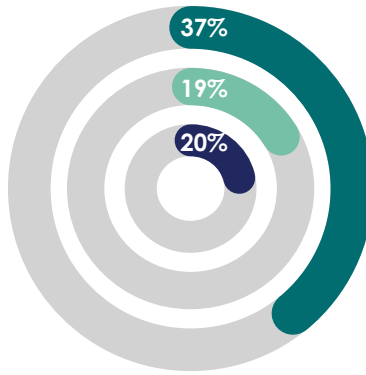

Digital Transformation
- 62%
- 43%
- 48%
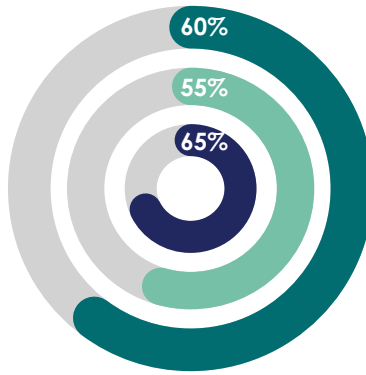
Artificial Intelligence (AI)
- 60%
- 55%
- 65%

Enterprise Service Management (ESM)
- 53%
- 40%
- 55%

Customer Experience
- 51%
- 52%
- 58%

Shared Services
- 37%
- 19%
- 20%
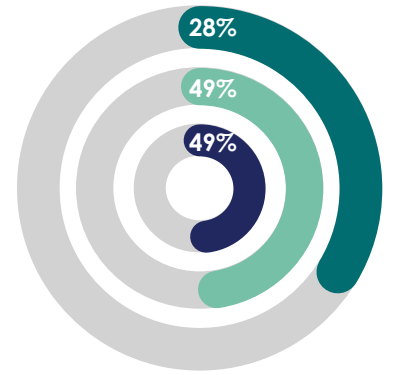
Big Data & Analytics
- 28%
- 49%
- 49%
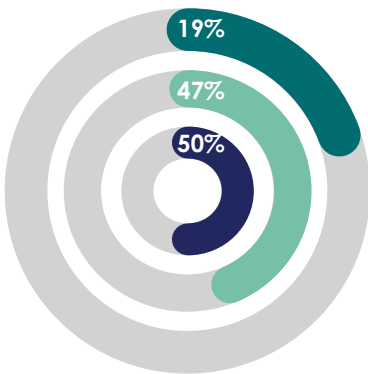
Virtual Agent Technology
- 19%
- 47%
- 50%
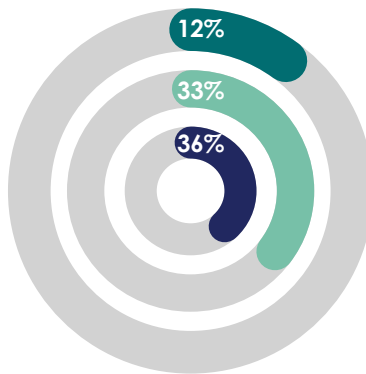
Internet of Things (IoT)
- 12%
- 33%
- 36%
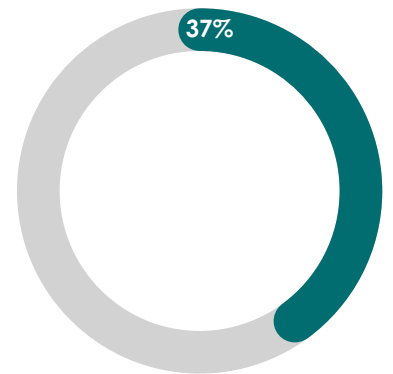
Return to Work Strategies
- 37%

- 2021
- 2020
- 2019

N: 370 (2021), 292 (2020), 123 (2019)

Base: All respondents who selected that their organization uses ServiceNow.

To conclude this report we'll look back and summarize at a few of the key points that were brought to light in this year's data.

During a period in which every company was forced to rethink its digital strategy due to the unforeseen toll of COVID-19, more than half of respondents to this year's survey reported that their digital transformation initiatives started or increased in importance because of the COVID-19 pandemic. And, as companies eye what the future workforce looks like, nearly 40 percent of respondents listed Return to Work as a newly important priority for this year.

Innovation in Advanced Automation is Becoming Intertwined with Digital Transformation Efforts

In last year's report, 46 percent of the largest companies surveyed (those with 10,000+ full-time employees) reported having 'just started' on artificial intelligence (AI) and machine learning (ML) initiatives. Only 21 percent of the same group reported the same stage in our 2020 survey. Meanwhile, 55 percent of those companies today report having AI, Machine Learning and Automation initiatives underway for a year or more, increasing by 21 percent since last year.

Digital Transformation Initiatives are Becoming More Common

Nearly two-thirds of larger firms reported having digital transformation initiatives underway for a year or more, and 15 percent reported being almost done with their digital transformation initiatives. That's nearly double the number from last year's report, in which only eight percent of firms reported being almost done with their digital transformation initiatives.

When it Comes to ServiceNow, Roadmaps have Changed

More than half of ServiceNow roadmaps changed across industries in 2020 due to the pandemic outbreak. COVID-19 served as an unwelcome reminder for businesses that strategies and roadmaps should be built with flexibility and contingencies, because circumstances will change and need to be adaptable during times of crisis.

Thank You.

This survey and report are a product of your passion for leading digital transformation, the ServiceNow ecosystem and a dedication to sharing your ideas and journeys with your peers. We are honored to be on the journey with you and can't wait to see what you and your businesses have in store next.

Acorio's 2021 ServiceNow Insight and Vision Survey Demographics and Methodology

Acorio's ServiceNow Insight and Vision Survey was conducted completely anonymously through an online platform, SurveyMonkey.com. We received 492 responses from individual participants, all of whom were required to provide demographic information, including company size, job role, department, company industry, and whether or not they used ServiceNow. Additionally, all respondents were asked about their business initiatives and the impact of COVID-19. The remaining questions pertained only to respondents who are using or have used ServiceNow (75 percent) and were not required.

Ultimately, respondent demographics in the 2021 ServiceNow Insight and Vision Survey included the following:
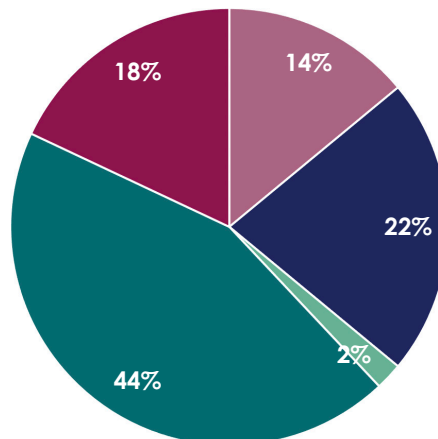
Which best describes your company size?
n = 492

- 13%
- 7%
- 13%
- 18%
- 51%
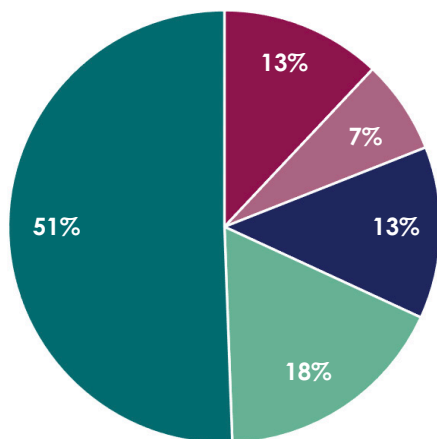
■ Less than 500
■ 501 - 1,000
■ 1,000 - 5,000
■ 5,001 - 10,000
■ More than 10,001

Which best describes your personal role?
n = 492

- 18%
- 14%
- 22%
- 2%
- 44%

■ Director and Above
■ Manager
■ Technical Consultant or Architect
■ Individual Contributor
■ Other

Which best describes your industry?
n = 492

25% Technology & Internet
14% Healthcare
11% Financial Services
10% Education
6% Insurance
5% Manufacturing
3% Retail
3% Energy
2% Government
2% Business Support
2% Construction
2% Entertainment
2% Food & Beverages
1% Transportation
1% Aerospace
1% Nonprofit
1% Automotive
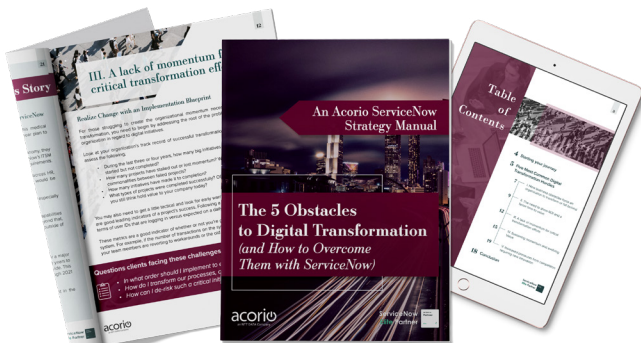1% Advertising
>1% Not employed
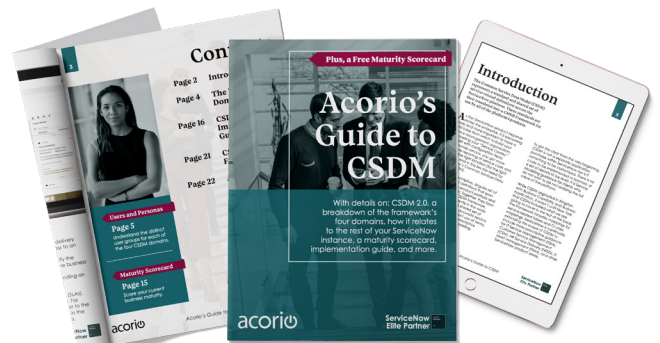>1% Agriculture
>1% Real Estate

Acorio's ServiceNow RFP Template and Guide
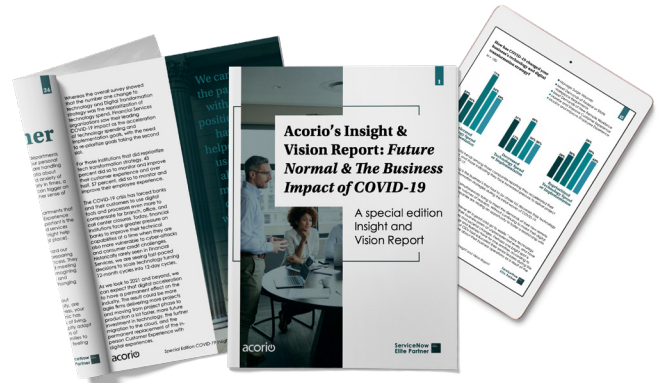
Special Edition Insight and Vision Report: COVID-19

Acorio's ServiceNow Advisory eBook

Your Guide to ServiceNow and CSDM
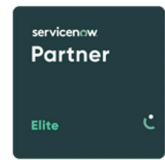
Transforming Your Customer Experience with ServiceNow

A New Vision for Asset Management Strategy

INSIGHT 20 & VISION 21

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