Enabling business transformation
How ServiceNow can be an integral part of a Living Systems approach
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Modern enterprises succeed when they can move fast, adapt to change and show resilience when confronted by the unexpected and the unforeseen. That was true long before the COVID-19 pandemic rocked the world. It’s all the more essential now.

As we come through the humanitarian and economic crisis of 2020, it will be the companies that are set up for technology-led innovation, with high levels of systems resilience, that will enhance their already strong competitive positions. In fact, Accenture’s research shows these companies (the Transformers) enjoy double the revenue growth of their less advanced peers.¹

Why? Because they take what Accenture calls a “Living Systems” approach, tackling big changes in small increments, reducing operating expenditure, and reinvesting the savings in a virtuous circle of transformation.

That’s the ambition. But, of course, it’s not always easy to do in practice. Most large companies have made huge investments in complex, multilayered legacy systems. They can’t simply wipe the slate clean and start again overnight. What’s more, it can often be almost impossible to know where to begin. Especially if you can’t see which legacy systems are still delivering real business value (and should be retained and refactored) and which are effectively obsolete and can be decommissioned.

So the reality is that even future-focused companies must continue to manage their legacy estates, and the siloed operations, technical debt, redundant tools, and aging processes that go with them. And they must do so amid tightening budgets in the post-COVID world.

But, by taking a Living Systems approach, they can evolve their systems iteratively over time, creating the advanced capabilities that will provide competitive advantage in the years to come.
What makes a Living System?

Accenture’s Living Systems approach is a technology-powered business transformation that enhances organizational agility, revenue growth and customer experience. It does this through a series of evolutions that create a more customer-centric, digital, lean, and future-ready organization.

Living Systems is an approach that creates value by moving several different levers of change, including strategy, organization, technology and talent, in an agile way:

01 A flexible technology core for sustainable change. Developing a secure cloud architecture that is resilient and adaptive to accelerate innovation, data-driven analytics, sustainability and business value.

02 Growth strategy reimagined. Organizations that want to unlock the full value of technology need a growth strategy that is unified across business and technology.

03 Empowering people to innovate. Adopting a “human + machine” approach, where humans and technology bring out the best in each other and improve workforce efficiency.

04 New practices for agility and experimentation. Ensuring a continuous cycle of innovation by adopting modern engineering capabilities and co-creating MVPs with the business.

05 Realign your organization to put technology at the heart of the business. IT service delivery breaks down functional barriers, becoming “product aligned”, focused on business value and measured by business KPIs.

In the following sections, we’ll explore how one cloud platform, ServiceNow, support elements of a Living Systems approach in further detail.
Supporting a flexible technology core for sustainable change as a cloud platform of business transformation

ServiceNow supports the reimagination of growth strategies by helping organizations unlock the full value of technology and enabling the visibility of enterprise IT. The ability to understand exactly an organization’s assets and their true value to the enterprise is a key component of a reimagination strategy that ServiceNow supports. Here’s how.

Some organizations have built a configuration management database (CMDB): a database to store information about infrastructure and applications and the relationships and interdependencies between them. To take this further, leveraging an application portfolio management framework like ServiceNow’s Application Portfolio Management (APM) functionality with the CMDB and adding a standard and shared set of service-related definitions across the platform known as the Common Service Data Model, or CSDM results in a more complete picture of the application portfolio. This, plus a discovery process, software asset management, and cost modeling shows which enterprise applications are in use and how significant each is to the organization (using indicators such as cost, quality, risk, user satisfaction, and business alignment).

Application Portfolio Management provides a “single pane of glass” which the ServiceNow platform can use to manage IT dynamically. It helps the organization understand and baseline the current state of its data maturity. This also provides the visibility necessary for taking a zero cost based-approach to help cut out unnecessary cost from the IT estate for iterative reinvestment in new sources of growth.
What’s the value of your data?

Data lakes, data warehouses and analytics capabilities are now common within large enterprises. However, few can truly say they have a CMDB working on a data pattern that acts as the living heartbeat of the enterprise. And even fewer can say their data pattern is aligned with the workflows and processes that the data supports.

One leading aerospace and defense client’s experience illustrates the challenges. Their legacy environment required a lot of process customization. Additionally, a lack of horizontal continuity across tools as well as data quality issues meant teams not only had to switch between systems to handle incoming requests, but also coordinate with CMDB administrators to ensure ticket accuracy. While they were managing to provide a high level of service, they were overtasked simply keeping the lights on and were missing opportunities to innovate and increase value. The CMDB was getting cluttered with aging data that wasn’t being retired. And a significant amount of detailed knowledge was trapped in this highly efficient team, limiting the client’s ability to decentralize decision-making or create self-service opportunities.
Reimagining growth strategies with a Zero-based Mindset for IT (ZBIT)

The core principle of ZBIT? Instead of focusing solely on taking cost out of the old, you look to shift those freed-up resources to the new.

To make this sustainable, you need to aggregate and map all new business demand against a catalog of existing business capabilities. That way, you can see whether you’re already doing what is being proposed somewhere else (and whether that existing application can be extended for the new functionality). ServiceNow provides a single system of engagement to support this value-driven IT strategy.

This growth strategy is unified across business and technology and the evolution into a more data-driven, intelligent enterprise. All new application services work in concert with other applications and populate a data lake that can be mined for insights into the true extent and capabilities of the portfolio. There are two areas where this will be transformative: bringing a simple consumer-grade experience to the digital workplace and managing technical services with greater efficiency and effectiveness.

For more on the zero-based mindset, see https://www.accenture.com/us-en/about/events/the-big-zero
Consumer-grade workforce experiences

Every day, we see and experience the benefits of the digital age. We shop digitally based on recommendations tailored to our unique preferences. We arrange transport at the tap of a finger. We stream content on any device instantly. These and other consumer services have raised the bar for what we all expect a digital service to be.

But what about when we get to work? It can be a very different story. Processes and systems are often aging, cumbersome, complex, and confusing. Things take longer than they should and involve more steps than they need. And it’s not just a question of productivity, it’s also about employees feeling valued and well supported with modern user-friendly applications. More and more people are even deciding to switch companies based on these kinds of experiences.

By using ZBIT to shift the collective mindset from a “this is how it’s always been done” to “this is what’s possible”, companies can modernize their applications to support the needs and expectations of today’s workers. For example, enterprise applications should be well organized and easy to consume. So why not create an app store to let people find what they need? And why not tailor this experience based on each user’s role and work functions? By introducing modern experiences like this across the enterprise you can both support your employees and help them transform their ways of working for the new.

Enhanced management of technical services

A common problem in legacy organizations is that IT is seen as a “black box” cost center. IT may not know the direction the business is headed, but it will be the one left responsible for the software that gets implemented. And when a traditional waterfall approach is taken for development, IT can often find that business priorities have changed by the time services are delivered.

By enabling technical teams to choose the most optimal services to support business capabilities and by leveraging automated data-driven management (known as “AIOps”), IT organizations can kick-start their journeys to digital maturity and leverage the full power of an enterprise IT platform like ServiceNow.
Empowering Innovation: Accenture’s own journey to user-centered applications

Accenture consolidated hundreds of employee support portals into a single ServiceNow portal. It allows our people to get help with everything from financial and other data requests to automated fulfillment to background check management to payroll and benefit services. This action helps the organization leverage streamlined technologies that enables innovation, supporting Living System’s element of innovation empowerment.

For more details on our experience with ServiceNow, see here: https://www.accenture.com/us-en/case-studies/about/servicenow-at-accenture

To manage application sprawl and shift away from legacy services and products, Accenture has also begun a process of application consolidation, including select functions within HR, finance, legal and facilities. To date, more than 1,200 enterprise services have been migrated to a single ServiceNow platform.

The cost reductions that resulted have enabled Accenture to invest in its digital transformation faster, including:

- **Unifying end-to-end lifecycle management of 1.5 million hardware, software and workplace assets, from purchase to retirement.**
- **Improving IT operations with dynamic operational insights into application and service health.**
- **Leveraging machine learning to perform automated data-driven decisions.**

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Invoking collaboration between the business and IT for agility and experimentation

Based on our experience with helping companies ensure a continuous cycle of innovation as part of a Living Systems approach, we’ve identified a set of actions that drive stability, resiliency, and prepare for growth. It’s important to take simple steps to start, such as creating a solid data foundation.

Create a solid foundation to reign in data

To build a platform for enterprise IT that supports an incremental Living Systems aspiration, you need a great data foundation. That means making the configuration management database (CMDB) the heart of enterprise IT and setting an organization-wide taxonomy with a common service data model (CSDM). This will standardize terms and categories across service offerings, business services, and application services and ensure everyone in the organization is speaking the same language.
There are four steps to making this a reality.

**STEP 1**

Begin by evaluating the current state of your CMDB. Identify configuration items (CIs) you already know about. Correlate the infrastructure CIs to application services. Understand that service mapping is a journey. So start by mapping servers to the various instantiations of application services. Once application services are defined, it will be much easier to correlate them to business applications.

**STEP 2**

Start to build out the technical services and catalog to support the CSDM. Examples might be environments (Dev/Test/Prod) or support groups for incidents. Keep in mind that a technical service may have multiple service offerings. Use the accumulated know-how of technical teams to ensure offerings are well defined.

**STEP 3**

Now build a business services portfolio encompassing the various business services and service offerings you provide. For example, a healthcare organization might have a business service for patient registration with associated service offerings, which is part of a broader care delivery portfolio.

**STEP 4**

Finally, define the high-level business capabilities the organization requires to execute its business model. Typically, this will include an IT management capability and a compliance capability, among others. Getting this right can be tough and needs executive buy-in and leadership. Use the opportunity to show the relationships between business capabilities and business applications to expose the whole picture and total cost of ownership.
Focus on identifying business value priorities

Business applications are like the tip of the iceberg – the parts of IT that the business can see and touch, in contrast to the much larger estate (e.g. web services, microservices, containers, middleware, database, storage, network infrastructure) which hides below the waterline. This “invisibility” to the business can make it difficult for IT to make the case for technology investments such as system upgrades, increased storage capacity, or network infrastructure changes.

An application portfolio management framework helps solve this by making the true value of the organization’s applications more tangible, and therefore more visible and manageable. It exposes any proliferation of tools solving the same problem and encourages careful consideration of an application’s purpose and relationship to business needs. By focusing on business value, the application portfolio becomes the key collection point for data alignment and process alignment across IT and allows the service catalog to be defined and prioritized based on business criticality.

What’s more, since business applications touch almost every area within the IT value chain, they’re critical in driving investment decisions. Organizations must continuously rationalize and assess which applications they invest in, maintain, replace, or retire as business models change or business strategies are executed.

Don’t repeat yourself: The risks of application sprawl

An opaque IT organization can cause massive inefficiencies, especially when it becomes so large that it starts solving the same problem many times over. In one auto retail organization this was so pervasive that it ended up creating a dozen tools, spread across two operating units, five regions and multiple countries, for doing exactly the same thing: helping customers find the right tire size.
Continuing the journey: putting technology at the heart of business

As you move on to the more sophisticated actions such as identifying business value and investment decisions, you can work towards breaking down functional barriers and leading to evolving team structure and culture.

Make transparent investment decisions in tooling and people

With an application portfolio management framework providing a lens into the portfolio, the enterprise is ready to start rationalizing its applications. That means taking a strategic view of which business applications should be kept, which should be replaced or consolidated, and which should be retired. The action reflects the “Realign your Organization to put Technology at the Heart of Every Business” pillar of Living Systems. The goals of this exercise should be to enhance operational efficiency, reduce complexity, and lower the total cost of ownership (TCO) to the business.

By assessing applications within the portfolio based on their value to the business, the enterprise gets a much more accurate picture of the cost/benefit balance of each existing and proposed application. This is about much more than the simple upfront cost, and needs to account for the total costs of running, maintaining, and fixing the application over its lifetime. By constantly monitoring all these factors, the value assessment can be adjusted in real time.
The result is a more vital, adaptive and scalable application landscape, and an enterprise better able to:

- Identify security risks in legacy applications and replace accordingly
- Retire redundant applications to control sprawl
- Standardize business operations and common technology platforms
- Introduce innovation, cutting-edge technology and better business processes
- Understand business needs and thus evaluate vendors and negotiate terms

In contrast, enterprises that are unwilling or unable to rationalize their portfolios risk being stuck with high-cost low-value applications that limit their ability to plan and modernize the IT landscape. The result is missed business opportunities as well as organizational inertia and sluggishness in responding to changing market conditions.

The increased visibility that APM provides can also be used to rethink the organizational structure. With increasing numbers of applications being developed in the marketplace, enterprises have far more third-party options than in the past. But, if not carefully controlled, this can lead to an ever-growing number of different applications being procured.

One solution is to create a central Portfolio Manager role charged with assessing the impact that replacing or retiring applications will have on business units, departments or even the entire organization. This individual can provide consistent guidance on application rationalization decisions, taking into account a much more holistic appraisal of their effects. They can also help avoid “innovation squeeze” where entire change budgets are consumed by simply “keeping the lights on”.

Identify security risks in legacy applications and replace accordingly
Retire redundant applications to control sprawl
Standardize business operations and common technology platforms
Introduce innovation, cutting-edge technology and better business processes
Understand business needs and thus evaluate vendors and negotiate terms
Bring it all together to fuel zero-based IT (ZBIT)

With the common service data model and application portfolio management framework in place, the enterprise is ideally positioned to drive forward its digital transformation towards a Living Systems aspiration and start building a truly customer-centered organization that can thrive in the digital economy.

However, digital transformation is hard. Especially for large organizations with extensive legacy estates. Often it comes down to a lack of alignment across the business and the challenges of taking a successful innovation pilot and scaling it up. According to Accenture’s Future Systems research, Leaders who innovate at scale grow at a rate of 2x greater than Laggards who innovate in silos.

Increasing the return on digital investments

Accenture’s research has found companies can increase their return on digital investments (RODI) by focusing on certain key “deficits” across the organization. It reveals that the largest incremental RODI at stake is typically found in alignment and infrastructure deficits. A strong CSDM and mature APM structure can help remove both these deficits, and many others can be mitigated by adopting a “zero-based” mindset (see further below).

<table>
<thead>
<tr>
<th>Categories of organizational challenges</th>
<th>Industry-wide RODI achieved despite organizational challenges (a)</th>
<th>Industry-wide RODI opportunity by overcoming organizational challenges (b)</th>
<th>Industry-wide incremental RODI at stake c=(b-a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alignment Deficit</td>
<td>9.4%</td>
<td>17.8%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Infrastructure Deficit</td>
<td>8.8%</td>
<td>17.2%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Skills Deficit</td>
<td>9.7%</td>
<td>16.2%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Partnership Deficit</td>
<td>9.7%</td>
<td>15.7%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Measurement Deficit</td>
<td>10.6%</td>
<td>14.7%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Cultural Deficit</td>
<td>10.8%</td>
<td>14.5%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

Getting the whole organization on the same page

Often, those at the front line of executing a transformation lack visibility into and alignment with what the customer and the business actually needs. By breaking down executive directives into the business capabilities that drive business processes, companies can start to properly describe customer—and thus business—needs from top to bottom. This is critical in aligning the organization’s digital transformation initiatives with those business capabilities. From here, those business capabilities can drive the data patterns used by enterprise architects to plan the technologies that will empower the digital transformation.

Historically, in companies in which IT was seen as being unable to keep up with the speed of demand, shadow IT organizations emerged which created or purchased point solutions to solve discrete problems. Those solutions often overlapped, creating a mishmash of applications with duplicated software, unnecessary integration costs, and data hygiene problems. Sometimes, the organization had to use analytical platforms just to make sense of this mass of unrelated and uncorrelated data. However, an established common service data model can finally equip companies with the means to end this cycle of waste with proper application rationalization.

Innovating at scale

Scaling a pilot project across the enterprise introduces a range of challenges. Budgets can run dry, resources can become unavailable, and behavior and culture can prove resistant to change.

To solve the financing question, the key is to look to drive up efficiency and eliminate waste in operations and use the resulting cost savings to create a self-funding approach to digital transformation. What’s more, shifting people away from continuously “putting out fires” and reskilling them with more value-adding capabilities will create a large pool of resources for scaling innovation.

To solve the cultural question, the enterprise should look to apply an agile approach across the entire organization. This can create a culture of innovation from top to bottom which will weaken or remove the behavioral or psychological obstacles to change.
Conclusion

Creating stability, resiliency and growth means going on a journey of digital transformation.

The goal? To use the ServiceNow platform to transform organization-wide visibility and control of enterprise IT by applying an application portfolio management framework to the configuration management database using a consistent set of data terms and definitions.

The demands and expectations of the digital age mean this journey was already necessary. Now, in the post-COVID world, it’s absolutely critical. For those still in the early stages of a digital transformation, it may seem daunting. But there’s good news. Whatever your level of digital and data maturity today, there is a well-defined route map, including proprietary assets and accelerator tools from companies like Accenture.

Leveraging an enterprise IT platform like ServiceNow to move towards a zero-based IT (ZBIT) mindset can be an important part towards embracing a Living Systems approach. Helping companies move towards becoming a Transformer, this approach creates the agility, resilience, adaptiveness, and user-centricity companies need to lead their industry into the future.
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