ServiceNow Knowledge 2016

Service management and integration
Point of view

May 2016
Agenda

- Market trends
- Key challenges
- The EY SMI framework
- EY SMI service offerings
- Alignment with ServiceNow SIAM
- Value of SMI
- Appendix:
  - Use cases
  - Case studies
  - Team bios
  - Accelerators and enablers
IT outsourcing continues to grow but often fails to deliver

18% of 2014 IT spend was on outsourcing ... (1)

89% of companies cite the need to improve competencies and significantly raise their maturity levels to manage multisourcing successfully ... (1)

Between 40%—70% of outsourcing ventures fail to meet customer expectations (3)

... and outsourcing will continue to grow 5.8% annually through 2019 (2)

... while only 32% of companies feel positively about their ability to juggle multiple vendors (3)

In fact, just 52% of IT buyers would renew their contract with their current service provider (4)

(1) Gartner (3) Outsourcing Institute
(2) Research and Markets (4) Cisco
Many businesses are ill-equipped to effectively manage multisourcing

Outsourcing has its own set of issues, but effectively managing an increasingly complex and specialized supplier landscape is fraught with challenges. Many of these apply to both the suppliers and the retained organization. Without effective control of these areas, delivery costs can spiral out of control.

- **Lack of true partnership**
  - Incompatible delivery culture
  - Insufficient collaboration across suppliers
  - Poor architectural integration

- **Inadequate transparency**
  - Poor performance visibility
  - Lack of data/information access
  - Convoluted and labor-intensive reporting and analytics

- **Insufficient contracts**
  - Ineffective and tactical contract terms/SLAs
  - Contract compliance without value

- **Unclear expectations**
  - Ineffective and tactical contract terms/SLAs
  - Contract compliance without value

Companies that take a strategic and service-focused approach to service management can significantly reduce delivery costs and the application footprint for service management.
Service Management Integration (SMI) addresses these challenges by focusing on the end-to-end service, instead of individual service providers.

Service Management Integration (SMI) is an approach for delivering services to end-users and business stakeholders through collaboration with multiple service providers. In the SMI model a single function coordinates end-to-end service delivery across multiple services providers.

Multi-vendor ecosystem without SMI:
- Lack of a single point of accountability for the end-to-end service leads to finger pointing between service providers
- Service providers operate in silos. Communication and coordination is a challenge
- Inefficiencies due to lack of standardized processes and tools
- Customized processes and tools make it difficult to switch service providers
- Inconsistent supplier governance and performance management practices

Multi-vendor ecosystem with SMI:
- The Service Integrator is the single point of accountability for the end-to-end service. It coordinates service delivery across all service providers
- Common processes are standardized and enforced. Data is shared between service providers through integrated ticketing systems, service catalog, knowledge bases, and a federated CMDB
- Service providers can be onboarded and offboarded seamlessly as business requirements change or technological advancements create new opportunities
- Consistent supplier governance and performance management practices across all service providers
EY’s SMI framework enables a “plug-and-play” environment which reduces vendor lock-in and drives business results that span the service lifecycle.

EY’s SMI model is built on an ITIL-based service framework that oversees the Supplier Ecosystem. EY’s SMI framework provides a robust interface for service integration and accountability, spanning the breadth of the service experience from demand through delivery.

Key features

**Functional features:**
- Service Integrator coordinates operations between multiple vendors, facilitates communication between vendors and the client, and manages vendor performance on behalf of the client
- End to end SLAs with joint incentives/penalties for supporting vendors
- Vendor contracts describe expected behavior between vendors
- Clear definition of roles and responsibilities between the client, service integrator and vendors

**Technical features:**
- Standard processes and shared data sources across vendors
- E-Bonding between client and vendor ticketing systems
- Shared data sources: Federated CMDB, asset repository, vendor databases, metrics and reporting databases, ticketing data
- Integrated service catalog
- Service automation
- Real-time dashboards and reports
EY has a track record of assisting Fortune 500 clients with their SMI initiatives

We provide services across all phases of SMI implementation. We have integrated client ITSM solutions with their vendors to create “plug-and-play” environments, which reduce vendor lock-in. Leveraging our alliance with ServiceNow, we have configured the ServiceNow platform as per SMI requirements. Our pre-configured SMI solutions can be deployed quickly with minimal customization.

How can we help?

- Sourcing strategy
- Business case for SMI
- Current state assessment
- Future state design
- SMI request for information (RFI) and request for proposal (RFP)

Strategy, planning and mobilization

- Service Integrator selection and contract negotiation
- SMI organization setup
- Service integration and automation
- Transition of operations to Service Integrator
- Transformation initiatives to improve performance and reduce costs

Transition and transformation

Execution

- Steady state IT operations
- Steady state vendor and contract management
- Steady state performance reporting and review

- SMI RFI and RFP
- SMI readiness assessment
- Target state design
- SMI RFI and RFP design
- IT vendor risk management

- SMI operating model design
- E-Bonding and service integration
- Enterprise Service Automation (ESA)
- Transition and transformation support
- Organization change management

- EY SMI managed services
- Benefits realization
- Continuous improvement program
- Performance management
EY SMI service offerings align with ServiceNow's Service Integration and Management (SIAM) capabilities

<table>
<thead>
<tr>
<th>Vendor performance management</th>
<th>Performance analytics</th>
<th>IT service management</th>
<th>Governance, risk and compliance</th>
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</thead>
<tbody>
<tr>
<td>▶ SMI RFI and RFP</td>
<td>▶ End-to-end service level reporting</td>
<td>▶ SMI operating model</td>
<td>▶ Integration with Enterprise GRC</td>
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<tr>
<td>▶ SMI governance framework</td>
<td>▶ IT service quality dashboards</td>
<td>▶ E-Bonding and service integration</td>
<td>▶ IT vendor risk management</td>
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<td>▶ Vendor assessments</td>
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<td>▶ Process design and implementation</td>
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<thead>
<tr>
<th>Project and portfolio management</th>
<th>IT financial management</th>
<th>Service catalog</th>
<th>IT operations management</th>
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</thead>
<tbody>
<tr>
<td>▶ Major program transformation</td>
<td>▶ Service costing</td>
<td>▶ Enterprise service catalog</td>
<td>▶ Enterprise Service Automation (ESA)</td>
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<tr>
<td>▶ Project and portfolio management</td>
<td>▶ IT cost transparency</td>
<td>▶ Service catalog integration</td>
<td>▶ Service architecture design</td>
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<td></td>
<td>▶ Bill of IT</td>
<td>▶ Service catalog management process</td>
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Get started with a quick assessment of your multi-vendor management capabilities

Strategic direction
- Outsourcing strategy aligned with business strategy and outcomes
- Broad base of business stakeholders involved in supplier sourcing decisions
- Dynamic process of re-evaluating and updating supplier strategy

Performance management
- Mutually beneficial SLAs exist
- Defined and managed supplier scorecard and dashboard
- Performance analysis and assessment
- Frequent service level market reviews

Contract management
- Proactive management of supplier contract changes and updates
- Defined supplier contract risk management
- Frequent contract compliance reviews

Service lifecycle management
- Match SOWs and roles/responsibilities with current and future service catalog
- Interact with performance and demand mgmt. functions to ensure service levels aligned with business
- Real-time performance data/tools

Financial and business case management
- Proactive cost and invoice verification
- Financial market assessment and recommendations
- Volume discount tracking
- Benefits tracked against original sourcing business case

Risk and compliance management
- Risk identification and tracking
- On-going risk assessment
- Risk mitigation strategy development support and management
- Risk resolution monitoring and reporting

Governance and program management
- Program and project administrative support
- Governance process monitoring
- Issue tracking, prioritization and administration
- Deliverable obligations administration and reporting

Continuous improvement
- Defined innovation methodology and approach
- Improvement initiative timing and recommendations
- Process and technology optimization opportunities defined implemented and tracked

SMI maturity model

<table>
<thead>
<tr>
<th>Current state</th>
<th>Target state (2016)</th>
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<tbody>
<tr>
<td>1. Unreliable</td>
<td>1.0</td>
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<tr>
<td>2. Informal</td>
<td>2.0</td>
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<tr>
<td>3. Developing</td>
<td>3.0</td>
</tr>
<tr>
<td>4. Managed</td>
<td>4.0</td>
</tr>
<tr>
<td>5. Optimized</td>
<td>5.0</td>
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## Business and IT executives see value in SMI

### Value to CIO
- Ability to seize benefits in technology breakthroughs to reduce IT costs while delivering superior functionality to the business
- Single point of accountability for end to end service delivery to the business
- Effective framework for managing vendor performance
- Enterprise wide capability for managing IT risks and compliance across complex environments of IT service providers
- Provides a mechanism to increase alignment of IT priorities with business objectives

### Value to C-Suite
- Greater ability for IT to support the business strategy
- “Guiding Hand” for major initiatives including organizational change management and impact assessment
- An established, centralized framework with standardized mechanisms to evaluate processes, vendors and activities
- Integrate business objectives with IT support through an enterprise wide view of IT, risk and vendor management
- Post-transition vendor management, including key metrics analysis and critical knowledge of end to end processes

### Value to CFO
- Short and long term cost savings through optimization and ability to “plug and play” new vendors as needed
- Increased cost transparency for IT services to the business
- Provides a mechanism to quantify the value IT provides to the business in measurable results and metrics
- Ability to drive cost down within the business and IT as technology breakthroughs mature and cost saving opportunities arise
Incident management integration between client and vendors

End User calls the Service Desk with an incident. Customer and/or Service Desk representative receives notifications with incident status and other updates. User and/or Service Desk representative provides additional information. User receives resolution confirmation.

The Service Desk representative creates an incident ticket in ServiceNow. Incident is updated with status changes and comments from the vendor’s incident response team. Typical incident management attributes exchanged:
- Caller
- Configuration item
- Priority
- Status
- Short description
- Incident state
- Subcategory
- Additional comments

A ticket is generated in the vendor’s incident management tool, and is populated with incident information from ServiceNow. Incident attributes are exchanged between the client and the vendor’s IT service management systems using web services or SOAP APIs. Bi-directional information flow.

Vendor’s incident response team reviews incident information. Additional information required? Yes: Vendor’s incident management workflow is initiated in the vendor’s Incident Management System. Tickets are routed as per the workflow until they are resolved.

Incident management workflow is initiated in the vendor’s Incident Management system. Tickets are routed as per the workflow until they are resolved.
Key features of reporting capabilities:

- Service Integrator is responsible for end to end reporting, aggregating, analyzing, and summarizing, rolling up data from service providers into reports.
- Service Integrator will have access to various metrics from service providers and in certain cases access to raw data.
- Vendors are expected to track and communicate metrics and data to the Service Integrator within timeframes dictated by client reporting requirements.
- This will include SLA/OLA/UC compliance metrics, Performance, availability and Capacity metrics, Ad-hoc requests.
- Vendors are expected to be flexible and accommodate changes in list of required data attributes.
- SMI reports will include SLA/OLA/UC end to end reports, Investigation reports.
## SMI operating model design and E-bonding implementation

<table>
<thead>
<tr>
<th>Client</th>
<th>Client issue</th>
<th>Key elements of work</th>
<th>Benefits to client</th>
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</table>
| One of the Top 10 banks in the US | The purpose of this engagement was to identify and document process enhancements related to the Service Management Integration model. This included enhanced process workflows, roles and responsibilities, technology integration points, and performance metrics. EY was engaged to develop enhancements needed to the ITSM processes in scope and controls needed to support service integration. EY worked with the client teams to define strategy and develop the Service Management Integration approach. | • Developed and socialized Service Management Integration roadmap  
• Defined the specific changes client must make to the Incident Management and Request Fulfilment processes to achieve service transition readiness  
• Decomposed Service Level Agreements into client’s and Service Management Integrator’s service levels  
• Developed functional requirements and design specifications for the integration between client’s ServiceNow and the Service Management Integrator’s ticketing tool for key processes  
• Developed level of effort needed for ServiceNow implementation to integrate the client’s ServiceNow system with the Service Management Integrators ticketing systems  
• Conducted Service Management Integration planning sessions with vendors, key Service Providers, ITSM program team, and IT support teams to develop multi-year Service Management Integration roadmap  
• Supported program planning and deep-dive technical sessions by providing coverage for Service Management Integration considerations | • Directly supports client’s readiness for the service integration model by outlining the Incident Management and Request Fulfilment processes to support integration with Service Management Integrator and service providers  
• Process improvement was conducted in alignment with the client’s ITSM program objectives and guidelines to effectively manage dependencies and envision production deployment on the ServiceNow platform  
• Target state Incident Management and Request Fulfilment processes were developed based on EY’s industry experience and leading practices for Service Management Integration  
• Enabled the client with the ability to scope and plan improvement efforts needed to achieve readiness |
# Transition from outsourced to insourced SMI

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| One of the Top 5 banks in the US | The purpose of this engagement was to assist the client in launching a program to redefine its 10-year contractual agreement vendors. Through this program, the firm brought key functions in-house and identified new best-of-breed vendors for the rest of the functions. EY was engaged to improve service quality of the Lines of Business (LOBs) and clients; right-size the cost base, update commercial terms and SLAs to industry best practices; increase pricing transparency to improve ability to budget and benchmark; and establish a foundation for strong solution engineering, client engagement, operations and governance. EY worked with the client teams to define strategy and develop the Service Management Integration approach. | - Defined a robust operating model that leveraged leading practice frameworks including ITIL, COBIT, and ISO.  
- Conducted workshops with client stakeholders to define target state service management processes for 13 of the 26 ITIL processes across Service Strategy, Service Design, Service Transition, Service Operations and Continual Service Improvement.  
- Assisted in identifying requirements for Enterprise Voice, Data, Call Center Voice, Data, Trader Voice, Security, and datacenter SmartHands.  
- Conducted an organizational analysis across all in-scope functions to identify opportunities for resource rightsizing and develop estimates for cost savings to justify the transformation to the target-state operating model.  
- Conducted process awareness and alignment sessions for operations processes (Incident, Problem, Change, SACM, Event, Request) per vendor.  
- Conducted tabletop testing for operations processes and supported the development of transition to operations matrix.  
- Conducted user acceptance testing to show that onboarded vendors met the defined SLAs, OLAs, reporting requirements, and that their operations were in line with documented procedures.  
- Developed a framework to track benefits realized through the program, specifically from a cost savings and process maturity perspective.  
- Developed tool architecture and operations functions deployment | - Decreased cost base by introducing competitive environment (multi-vendor), and presenting cost transparency, this in turn helped the program to achieve several million dollars in savings.  
- Increased customer focus by aligning services to client needs at affordable rates as a top priority.  
- Implemented end-to-end internal ownership for incident resolution, event handling, project management, solution design and every other function across organizations and vendors.  
- Supported accountability by eliminating duplicative routines, and providing more direct control over product delivery; achieved service improvement through optimized technology, process, and organizational structures. |
# SMI operating model design and contract development

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| UK based Fortune 500 utility company | The purpose of this engagement was to assist the client in their global IS transformation program. This included application development, application maintenance, network services, cloud computing, enterprise services, managed print, client and desktop services, intranet collaboration and e-mail, and SAP “as a service”. EY was engaged to design an end state vision and target operating model that described a flexible plug and play best of breed vendor approach. The model allowed for new cloud and “as a service” providers to be included as opportunities arise. EY worked with the client teams to define strategy and develop the Service Management Integration approach. | ▶ Created future state process maps and RACI charts to establish the flow of information between SIAM, the client and service providers  
▶ Identified technology tools and requirements for SIAM and service provider information exchange  
▶ Implemented a global IS service desk to provide a single point of contact for all IS services  
▶ Created standard tools to analyze optimum component service levels required to support target end-to-end SLAs | ▶ Promoted standardization, rationalization and innovation of IS services at defined service levels on a global and regional basis within regulatory constraints  
▶ Supported long-term IS strategy and architecture driven by the organizations business plan in a multi-vendor environment  
▶ Strengthened and unified approach to provision of Critical National Infrastructure (CNI) |
Biographies

Dan Stavola
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Background
Dan is an Executive Director in EY’s Strategic Technology Advisory Services practice, where he is responsible for the design and delivery of infrastructure and operations-based advisory services. As a practice leader and IT operations specialist with over 24 years of experience, Dan has worked with leading global financial services firms in the design and delivery of IT performance improvement programs leveraging his deep industry knowledge and the pragmatic application of industry standards and leading practices.

Selected experiences:
- Served as the engagement lead and principal architect of a multi-year major IT transformation program. Focused on improving IT operations performance the program consisted of current state operational assessment and baseline, rationalization of all dimensions of IT resulting in cost rationalization, operating model redesign, IT optimization across the IT organization and a governing continuous improvement program.
- Served as the engagement lead in a data center consolidation of a banking and capital markets firm acquisition. The project included pre and post merger support, rationalization of technology and investment governance as well as migration and consolidation of IT operations and application and infrastructure technologies.
- Served as the engagement lead and principal architect of a program risk management office for a highly complex data center separation for a banking and capital markets firm divestiture. The project included both project risk governance, investment protection, and post separation operational risk management.

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Background
Aristide Toundzi is a senior manager in the EY Financial Services Technology Strategy practice. Aristide specializes in IT transformation in support of business objectives. This includes IT operating model design and implementation, operational excellence, IT Financial Management and IT service costing, IT process and controls transformation. Aristide has more than 13 years of IT consulting experience. He currently leads the FSO IT Operations team and serves as the global lead for Service Management Integration, a EY service offering.

Selected experiences:
- Led transformation of the IT shared services of a top three US bank.
- Aristide leads Service Management integration, an innovative EY service offering around Cloud Brokerage Services and Strategic Sourcing.
- Led an IT Service Management transformation at a New York based pension fund.
- Led the Program Management Office of the largest program at a US Government Sponsored Entity.
- Performed an audit of the Application Development and Maintenance function of a leading healthcare provider. Assessed process and controls maturity as well as ability to comply with industry regulatory requirements SOX, HIPAA.
- Performed a strategic assessment of the IT Financial Management function of a global manufacturing company and provided detailed recommendations in the areas of IT budgeting, IT accounting, and IT chargeback/cost allocation.
Background
Hardeep Sabharwal is a Manager in the Financial Services Organization of EY. He has strong experience in IT service management (ITSM), IT process governance and controls, IT Financial Management, and enterprise-level program management. Hardeep has in-depth knowledge of service-based IT costing, and specializes in integrating service management processes across multiple vendors using industry standards such as COBIT, ITIL and PMBOK.

Selected experiences:
- Designed target state IT operating models for multiple financial services clients. Key deliverables include functional models, process maps, KPIs, controls, data model, governance framework, and roles and responsibilities.
- Enabled a multinational utilities client to standardize processes across multiple vendors using the EY Service Management Integration (SMI) framework.
- Defined future state IT service management processes as part of an ITSM transformation initiative for a Fortune 50 bank.
- Improved product management practices for the IT Infrastructure group of a major investment bank by defining the future state infrastructure product catalogue, pricing strategy, and product management playbook.
- Identified improvement opportunities in the infrastructure provisioning process for a major investment bank to significantly reduce provisioning times for physical servers.
- Improved customer focus and cost transparency for multiple IT organizations by implementing IT service catalogue and consumption-based chargeback.
- Facilitated buyer-seller dialogue between the Business and IT for a major bank by implementing standardized, level-appropriate IT cost and performance reports for the Business, the CIO’s direct reports, and the application owners.
Appendix
Enablers and accelerators
About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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