Service Management tools: should I manage in-house or via a partner?

What's involved in managing a Service Management platform and should you manage in-house or outsource to a third-party partner?

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The "manage software in-house v outsource to a third party" debate has been around for years. It's long, nuanced, with no right or wrong answer; there are merits to both approaches.

In this article we review the costs and benefits associated to a specific area of this debate: Service Management tools. Service Management (SM) tools have come a long way over the last 30 years.

- from self-built solutions (hands up if you created / used a Lotus Notes 'database' as your "Service Management" / ticketing tool?),
- to vendor provided products which were hosted on premise,
- to the modern day where most tools are cloud-based products with a plethora of integration opportunities.

The way in which SM tools are managed has also evolved, and we have experienced a material shift in the approach clients are taking.

We'd like to be transparent upfront. Mason Advisory are an independent digital and technology advisory organisation, and we do not advocate one tool over another (let alone management approach) without first identifying the specific requirements and constraints of each client we have the privilege of working with. This article comments on trends while providing areas that you may wish to consider when making an informed decision.

Why manage a Service Management tool?

To ensure the tool is performant, being utilised effectively, and aligns with the organisation's objectives. When the tool is first launched, the implementation project will likely have taken on this responsibility. However, an SM tool doesn't stand

In research conducted by Mason Advisory, report published Dec 2023, 60% of organisations surveyed managed their tool in-house (either through internal resource or contractors), 6% fully outsourced and 34% via a hybrid model.

still. The product needs to be continually 'fed and watered' to ensure the tool remains fit for purpose.

What's involved in managing a Service Management tool?

1. User Management: Managing user access, roles, and permissions. This includes ensuring the right people have appropriate access to different parts of the platform while maintaining data security.

2. Monitoring and Maintenance: Monitoring the platform's health, performance, and security. Regular maintenance tasks such as applying patches are crucial to keep the platform secure and up to date.

3. Incident Resolution: Issues will invariably occur on the platform. These will need to be investigated, resolved, and preventative actions introduced to avoid a repeat.

4. Ongoing Platform Configuration (and sometimes customisation… although customisations should be minimised to reduce challenges with future upgrades):

   - Adjusting workflows, forms, and fields to capture and process data efficiently – likely be fulfilled via a Service Request using 'Run' resource,

   - More material changes such as deploying new modules, creating integrations to other products to enable seamless data and communication flows, and/or harnessing automation capabilities –

likely be fulfilled via a project (Idea/Demand/Work Request) using 'Change' resource.

5. Request Catalogue Management: The products and services that your service organisation provides will evolve over time. Your Request Catalogue will need to be updated to reflect this, whether that's new Catalogue Items (including associated, forms, fulfilment workflows and SLAs), amendments to existing Catalogue Items, or retiring Items.

6. Deploying Vendor-Provided Upgrades: Most leading SM tools provide regular upgrades to existing modules. These need to be assessed, and, where approved, deployed.

7. Platform Governance & Change Management: To support the above, effective governance mechanisms should be established to ensure any changes that are made to the tool are aligned to strategic objectives, platform design principles (which in turn is informed by organisation policies and regulations) and change management standards. These should be regularly reviewed for relevancy and effectiveness. This is a crucial and often overlooked element. Without this, we often see platforms which are underinvested resulting in limited value, and/or heavy customisation resulting in slow/no realisation of benefits of vendor provided upgrades.

8. User Training and Support: Providing training and support to users to maximise their productivity on the ServiceNow platform. This includes creating documentation, conducting training sessions, and providing the Service Desk with support for platform-related queries.

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Who is involved in managing a Service Management tool?

While there are many surrounding stakeholders (e.g. Architects, Business Analysts, Domain experts), there are three key roles:

- SM tool Product Owner – accountable for the tool and the effective execution of the eight activities listed above. Responsible for and operates #7 (Platform Governance & Change Management)

- SM tool support engineers – those who execute activities #1 to #6.

- Service Management Practice Owners – those who own the Practices (and associated Processes) that are executed on the SM tool e.g. Project & Portfolio Management, Incident Management, Request Management, Event Management, etc. They are accountable for the effective operation of their Practice and will drive requirements/demands onto the SM tool Product Owner.

Should I manage the SM tool in-house, or via a third-party partner?

There are several factors to take into consideration:

1. Service Performance Needs: do you require the service to be supported 24 x 7 or Monday to Friday 0800 to 1800 (or somewhere in between)? Is your Service Management tool a strategic platform that requires fast Incident resolution, or is it less critical and there would be minimal disruption of the service was unavailable for a day or two? Supporting a highly available 24 x 7 service with in-house resources would likely be more expensive compared to utilising the economies of scale a partner could achieve..

2. Expertise / Skills: are the skills required to support the platform readily available on the

market? Is training readily available and straight forwards? If the answer to one or both questions is no, you will likely experience high staff turnover and / or need to break internal salary levels to retain staff.

3. Vendor / Partner Risk – Is the tool vendor the only entity that can provide the managed service, or is there a network of partners? If only the vendor, there's a heightened risk if the vendor were to fall into financial difficulties. In addition, pricing would be less competitive compared to an open market of multiple potential partners.

4. Partner Delivery Confidence – linked to points #2 and #3, if you do choose to utilise the services of a partner, how confident are you in their delivery capability and quality? Have you received reliable references? Either way, including suitable clauses in the partner agreement to drive quality behaviours would be of benefit.

5. Scalability & Flexibility – Is the use of your SM tool likely to change over time? If fixed, that's easier to plan for with internal resource. If growing (or shrinking), utilising the flexibility that comes with a partner (having ensured flexibility is built into the agreement) would likely be of material benefit. For example, if new modules or features become available, or another area of your organisation would like to use the same tool, having the option to utilise 'burst' capacity resources from a partner to meet this demand would likely be much faster and at a lower cost.

6. Integration Requirements – Will your SM tool need to integrate with other tools (likely in modern Service Management)? If so, how are those other tools currently managed (in-house or outsourced)? When teams need to collaborate, is it clear how this is to be achieved practically and commercially?

7. Exit Strategy / Knowledge Transfer – As with all outsourcing, we recommend considering (and defining) up front your approach should you need to change vendors and / or managed service providers. If support is in-house, would the same resource be retrained, or an alternative approach taken? If outsourced, what level of Knowledge Transfer would be required to ensure a smooth handover.

8. Cost – Taking all the above into consideration, what does the cost profile look like of both options. For in-house, this should include hiring, training, re-training, and paying (fully loaded costs, not just salary) your resources. For an outsourced managed service, ensure there is cost transparency built into the agreement; are you paying for a certain number of hours, a certain number of changes, or specified outcomes. All have different benefits and costs.

What is the latest trend in managing SM tools?

We have seen a shift away from organisations employing a fully in-house support model. The SM tool ecosystem continues to grow rapidly. Skillsets in these areas are in demand and are being drawn by the career path and salary that a managed service provider can offer. Retaining this talent internally is proving challenging, costly and is seen as unnecessary given the alternatives available. In addition, especially with enterprise SM tools, it is becoming increasingly challenging (and unrealistic) to keep pace with the plethora of new features that frequently become available, something that a dedicated and effective managed service provider would be closer to, thereby providing your organisation with high quality, timely insight for your consideration.

However, the most successful organisations appear to be operating a hybrid model. The SM tool Product Owner (who should

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always be an internal colleague whose objectives fully align to those of the organisation using the tool) is supplemented by part-time internal resources from the corporate apps team who can execute low complexity changes (where required) and assist with ensuring the managed service provider executes their changes in alignment with change management practices.

In summary, effective management of a Service Management tool requires a combination of technical expertise, understanding of organisational processes, and continuous communication with stakeholders to align the platform with business objectives. In today's fast moving SM tool landscape, utilising a qualified and well sourced SM tool managed service provider together with an effective internal Product Owner should help effectively balance cost vs delivery need.

Seeing a managed service provider as simply augmented developer resource misses the core value they bring. Modern client focused providers will:

- proactively bring insights and suggestions to you,

- politely challenge customisations that could:
  - be achieved via a different more industry aligned approach, or,
  - impact future upgrades, or,
  - impact wider strategic direction,
- and provide important flexibility.

If you require support with Service Management tooling, we'd be happy to help by sharing our experiences, accelerator blueprints and knowledge to create a tailored recommendation to your specific needs. Please send your enquiry to contact@masonadvisory.com to discuss further.

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About Mason Advisory

Mason Advisory has offices in Manchester and London and employs over 100 staff, with plans to continue its expansion. We enable organisations to deliver value through digital & technology transformation, solving complex business challenges, and helping clients set strategy through the intelligent use of IT resources including architecture, cyber, operating model and organisational design, service management, and sourcing. We operate in sectors such as financial services and insurance, legal and law, government, health and social care, emergency services, retail, FMCG, transport, and not-for-profit.

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