

Service Management and Sourcing trends and insights report

Statistical analysis of Service Management and
Sourcing survey responses combined with Mason
Advisory's industry insights

2024

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Outsourcing	05 - 06	
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Chief Executive introduction

The management consulting profession plays a crucial role in assisting organisations across both public and private sectors.

With increasing focus and scrutiny on consultancy spend, it's essential to emphasise the value for money and tangible outcomes that consulting delivers. Rather than simply providing advice, the consulting profession is instrumental in driving delivery and achieving measurable results, ensuring that organisations can swiftly and effectively respond to market conditions.

I am proud of the work Mason Advisory does in supporting organisations with their technology, data, and digital needs. Research, such as this Service Management and Sourcing trends report, is invaluable in helping organisations understand trends and encouraging ongoing refinement and optimisation of their operations.

We hope you find these results and insights valuable and would be delighted to discuss any aspect of this report with you.



Paul Pugh
Chief Executive, Mason Advisory

Survey respondent insight

Figure 1: How many people make up your IT department?

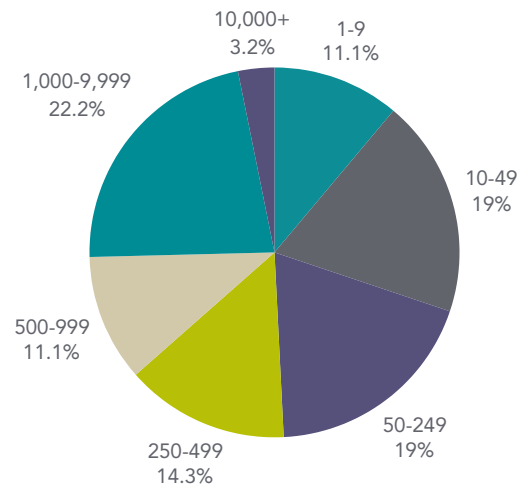
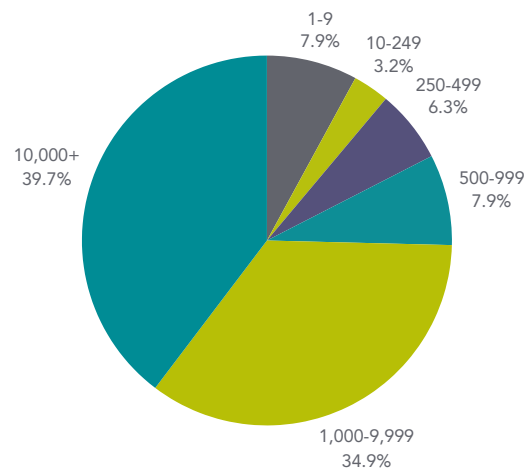


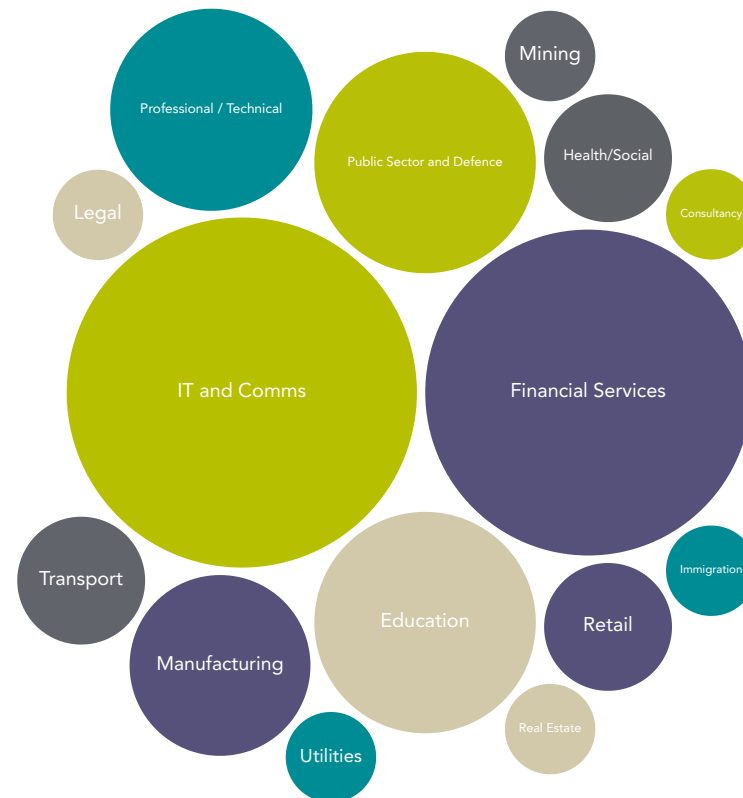
Figure 2: What is your business's employee size?



The data in this report were collected from a diverse range of business types, varying widely in employment size and IT department scale.

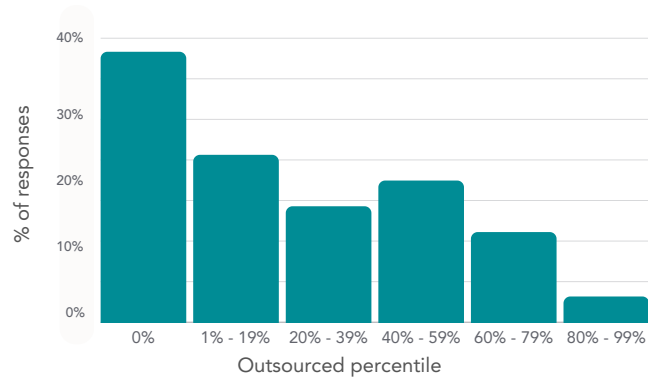
As a result, the report offers comprehensive insights that cater to various business models and organisational structures, ensuring relevance and applicability across different industry segments and organisations of any size.

Figure 3: What sector / industry is your business in?



Outsourcing

Figure 1: What percentage of your IT needs are currently outsourced?



We recognise that organisations operate within unique market situations and organisational contexts, so there is no one-size-fits all sourcing model. This is clearly illustrated by the wide range of IT outsourcing sourcing levels and the diversity of supplier tiers among survey respondents.

Application management, hosting and storage services are the most commonly outsourced due to the ability to conduct these services remotely or offshore, providing flexibility in resource levels.

Security operations often require heightened clearance and controls, meaning resources may need located in a specific country or of a certain nationality. Additionally, it is perceived that managing security operations internally, reduces the risk of exposure to security breaches.

We have observed significant cost savings and risk reduction through outsourcing network services, presenting a valuable opportunity for approximately 60% of the survey respondents.

Figure 2: What type of IT outsourcing vendors are you currently working with?

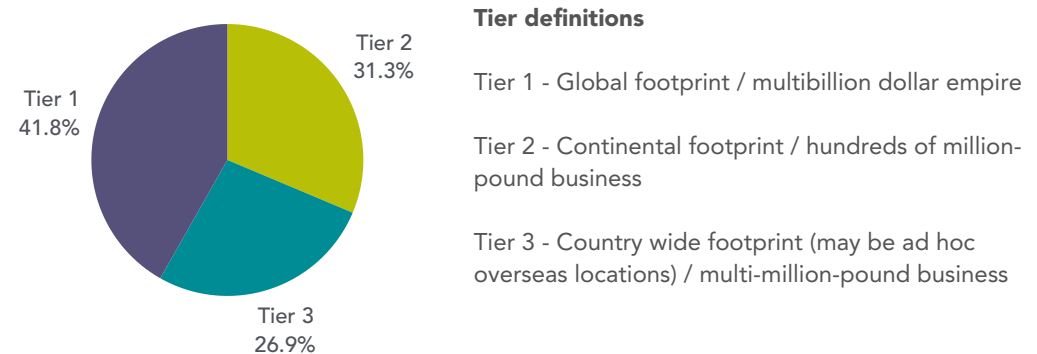
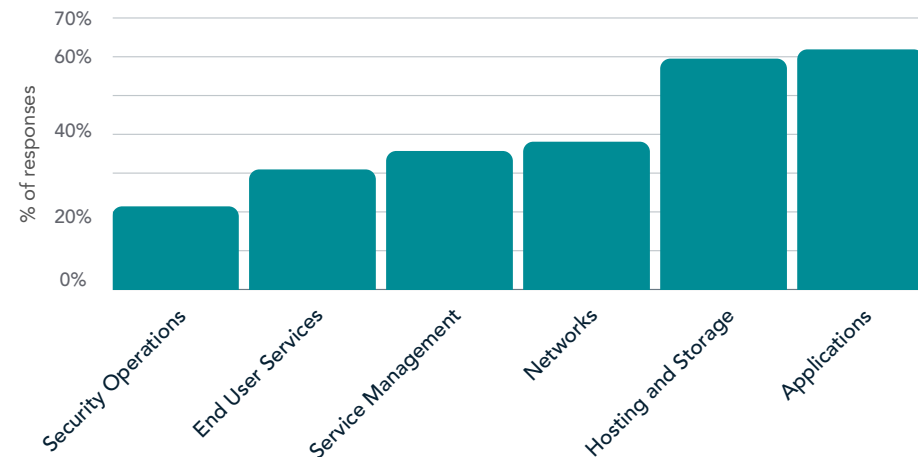


Figure 3: Which of your technology towers are currently outsourced / predominantly outsourced?



Outsourcing cont'd

Figure 1: How many vendors are you currently working with for IT outsourcing?

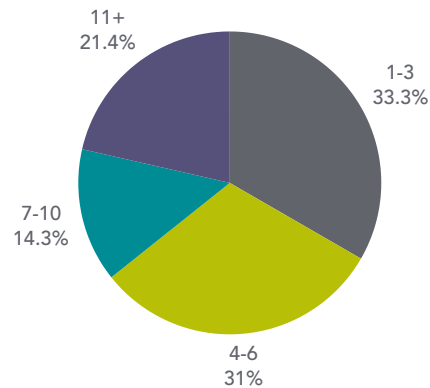


Figure 2: How satisfied are you with your current outsourced provider?

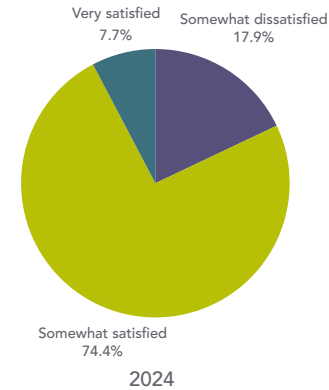
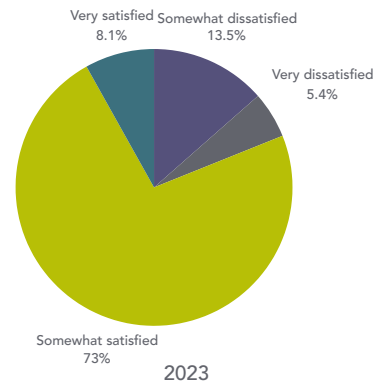
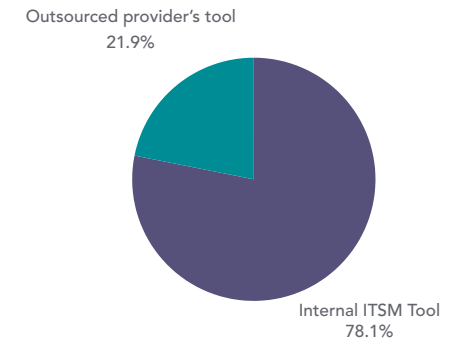


Figure 3: If you've outsourced part of your Service Operation, does the outsourced provider use your service management tool, or do they provide their own?

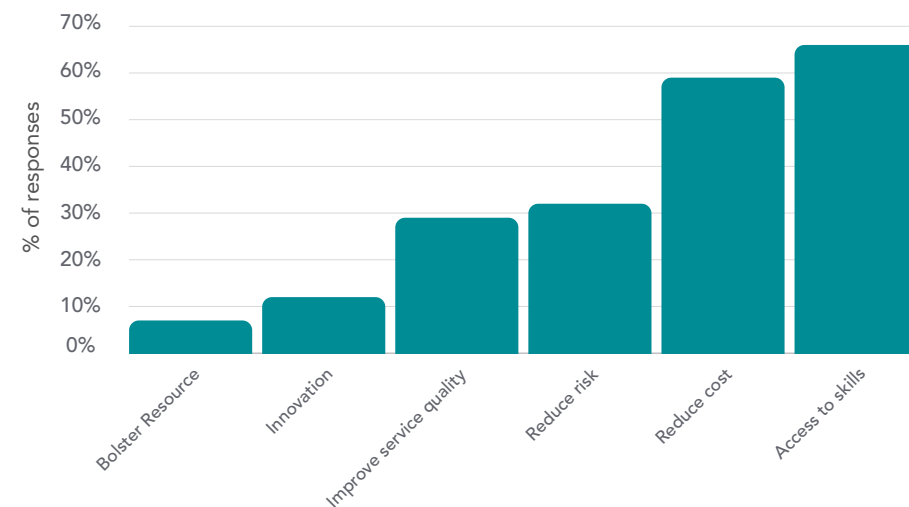


We see strategic partnerships as essential to supporting the delivery of organisational objectives and delivering significant value. These partnerships provide access to resources or skills where there is no time or strategy to become a subject matter expert (SME) in a particular area or when resource flexibility is required. Cost benefits can be achieved from sourcing resources nearshore or offshore, with service delivery being underpinned by formalised SLA's.

2023 to 2024 outsource provider satisfaction rates indicate a slight improvement. Where dissatisfaction exists, we often see this as a result of partnerships deteriorating over time or suppliers not being right-sized to the organisation. Going to market or re-contracting the service can support realignment of goals.

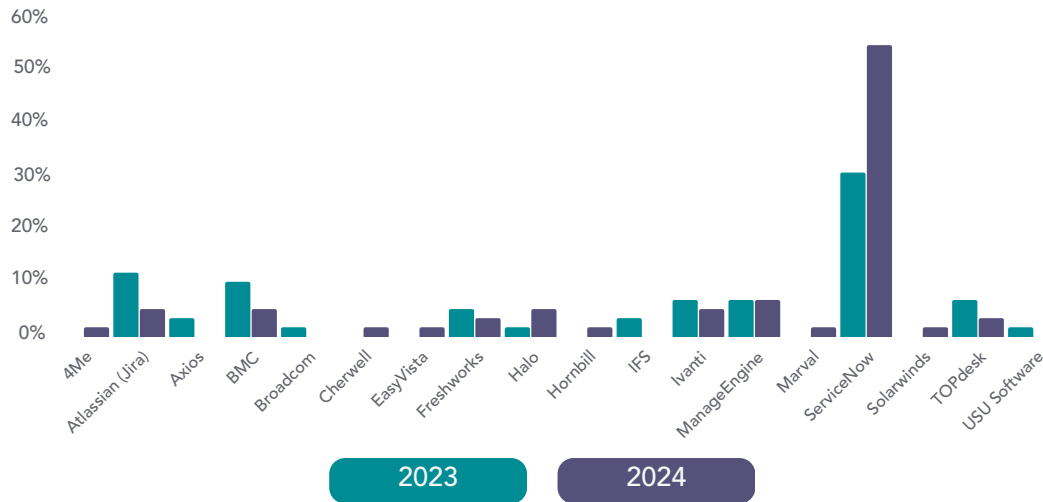
The landscape and scale of outsourcing is also changing due to new emerging technologies and ways of working. In future organisations are more likely to leverage 'Centres of Excellence' where services are purchased as a utility. However, it is important to have a well-established mature SIAM function supported by an internally owned ITSM toolset. However, time needs to be given for this to build and mature for it to be successful.

Figure 3: What are your objectives for outsourcing?



Service Management tool usage

Figure 1: What is the main service management tool you use today?



ServiceNow continues to be the most widely used tool with 55% of respondents deploying the platform. This aligns to a 2023 industry report estimating a 45% ITSM market share. ServiceNow's functionality and marketing / brand awareness, combined with its global reach and extensive partner ecosystem, are key contributing factors to its success.

The ITSM tool market is saturated with areas of differentiation becoming harder to find. Gartner have stopped producing its yearly Magic Quadrant because of this reason. Mason Advisory are seeing pricing, vendor relationship and enterprise needs becoming key factors when deciding on which tool to use.

Elsewhere, following significant market investment since their relaunch in 2019, we are seeing Halo ITSM expand its user base. With competitive pricing, a no-code approach and overall simplicity, we expect Halo to experience further growth into 2025, particular for low to medium mature organisations. Cherwell is due to go end-of-life in 2026, and it will be interesting to see whether organisations take the natural migration path to Ivanti (who acquired Cherwell in 2021) or take the opportunity to review the wider market.

IT remains the most commonly covered business service function. As more businesses adopt an enterprise service management model, we anticipate IT will share the platform with other areas across the business. HR is catching up. Facilities is the surprise in 4th place, as this is usually the most natural area to pair with ITSM (toilet blocked = Incident, new desk needed = Request).

Figure 2: Which shared business service function(s) does your service management tool cover?

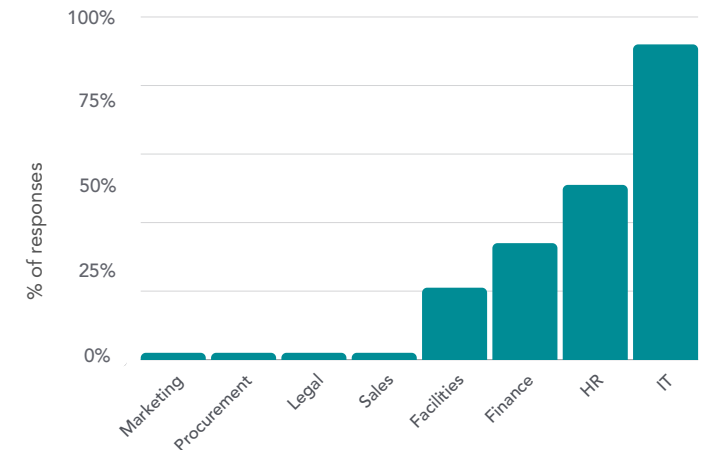
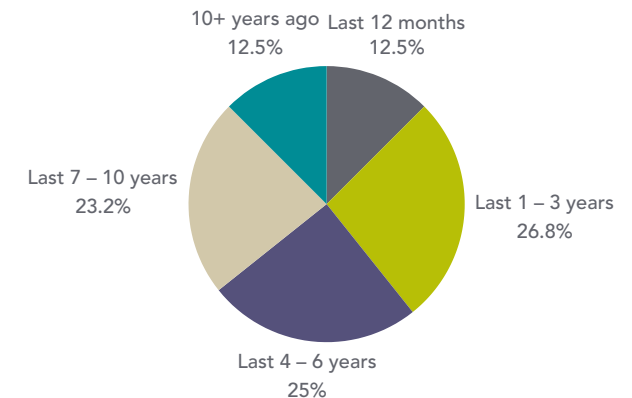
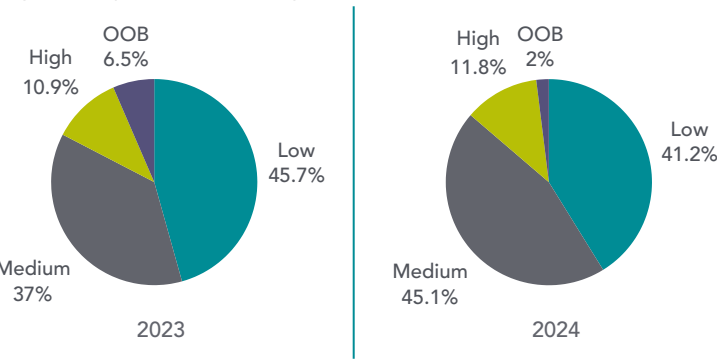


Figure 3: How many years ago was this tool implemented in your organisation?



Service Management tool customisation

Figure 1: Is your service management tool out of the box or customised?



Customisation definitions

Customisation	Definition	Examples
Low	Change may materially impact the platform upgrade path (i.e. additional change such as a break fix may be required to accommodate platform upgrade while retaining the requisite functionality)	<ul style="list-style-type: none">• Add fields to existing tables and forms• Create UI action to push a ticket to the next stage• Produce new business rules to enable business logic
Medium	Change may materially impact the platform upgrade path (i.e. additional change such as a break fix may be required to accommodate platform upgrade while retaining the requisite functionality)	<ul style="list-style-type: none">• Build additional states and stages to align to business process• Develop new custom discovery probes
High	Change drastically alters an OOTB functionality or could adversely impact the upgrade path of the platform (i.e. change may need to be rolled back to accommodate the platform upgrade)	<ul style="list-style-type: none">• Create new table in tool to capture additional data to support the module• Modifying existing tool scripts to enhance OOTB functionality• Develop new integrations that are not supported by the service management tool OOTB plug-ins for third-party applications

Figure 3: How is your tool currently managed and administered?

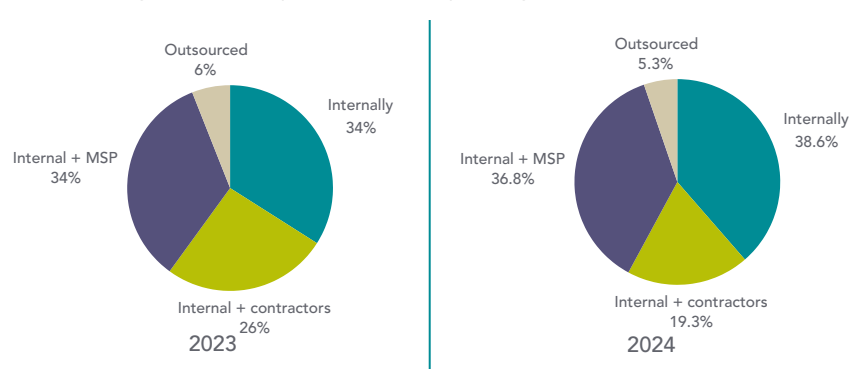
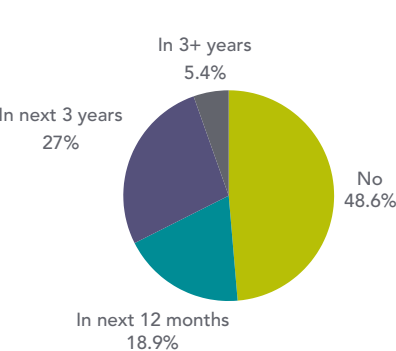


Figure 2: Do you have plans to return to the out of the box?



Three in five organisations implemented their SM tool at least 4 years ago, with 50% of organisations now planning to return to out-of-the-box configuration. Mason Advisory are seeing this move “back-to-box” as a growing trend (and need). Tools have moved on a lot since as recently as the mid-2010s when organisations were often encouraged to adapt to their specific needs using low code tech. A lot of the customised features are now available off-the-shelf, and the old customisations have created performance and maintenance challenges.

We recommend that organisations do not see this as ‘dead money’. Replatforming presents an excellent opportunity to not only provide a more performant solution and reduce support costs, but also to harness the latest capabilities and revitalise user engagement.

Tool management approaches (figure 3) remain largely consistent year-on-year, albeit not quite aligned to the trend we’re seeing in the market where organisations are moving to an “internal plus managed service provider” model. Mason Advisory clients are seeing material benefit in utilising a specialist partner to assist how their tool is managed and developed, with the partner providing deep technical knowledge and up-to-date product insight, while also helping to reduce overall platform management operation costs.

Note - Mason Advisory are fully independent and do not advocate one tool or MSP over another. We support organisations to obtain the most value from tools for their specific needs and circumstances.

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

Insight article

Transforming IT Support for Excellence: A proactive paradigm shift for a global professional services organisation

Case study

Service Management tooling satisfaction - how satisfied are you with the...

Figure 1: Breadth of offering

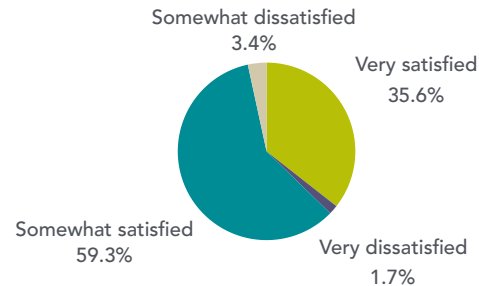


Figure 2: Functional capability

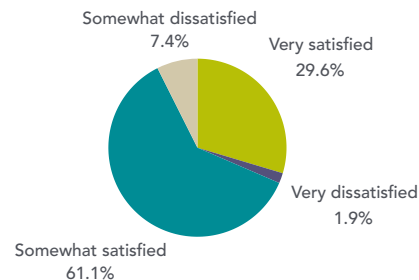


Figure 3: Licensing Flexibility

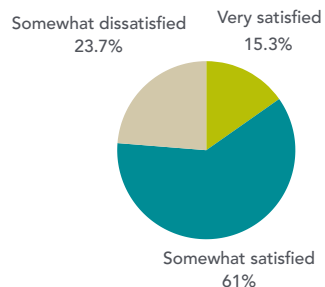


Figure 4: Technical Support

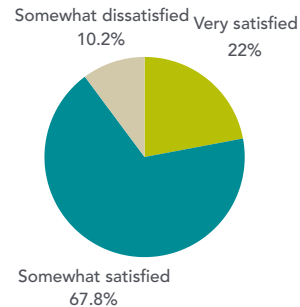


Figure 5: Value for money

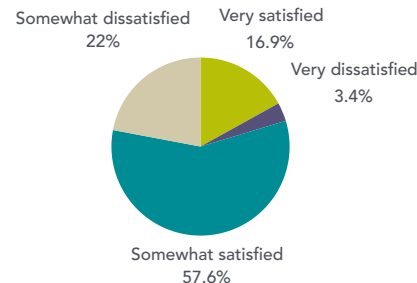
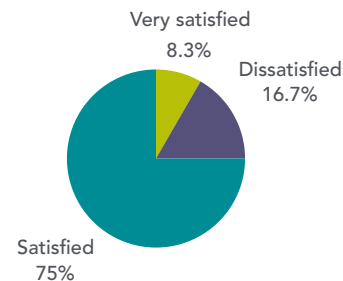


Figure 6: ITSM tool managed service provider



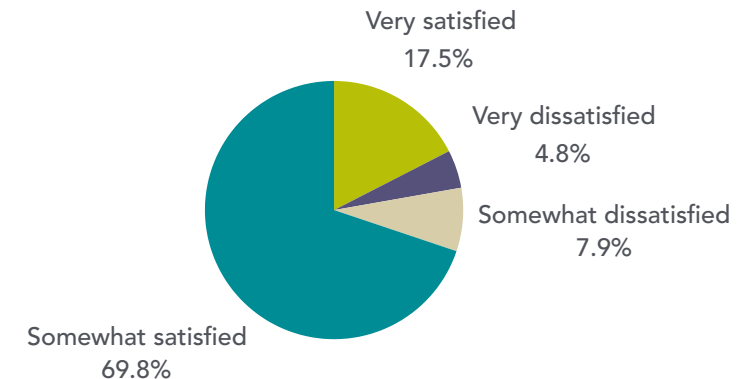
Tool satisfaction is strong at 85%. "Technical Support" and "Value For Money" stand out as areas of focus:

Tech Support - Dissatisfaction aligns predominantly to instances where the tool is supported internally. Mason Advisory see two common causes. 1. In SME organisations, platform support is often a "bolt on" role to other "day jobs", hampering tech support's ability to provide the service required. 2. In all organisations, there is a large reliance on the tool vendor's support capability, which is often not as responsive and tailored to a client's specific needs compared to internal experts or a specialist MSP.

Value For Money - 1 in 5 are dissatisfied. 2 in 3 of these relate to ServiceNow (noting ServiceNow makes up 55% of this data set). Competing organisation priorities / opportunities and higher prices has increased CFO scrutiny in recent years. At first deployment, it's easier to calculate tangible benefits e.g. reduction in agents/engineers due to automation. However, as new capabilities are added, fractional productivity improvements are harder to realise. Cutting through the marketing hype and focusing on tangible realisable value is key.

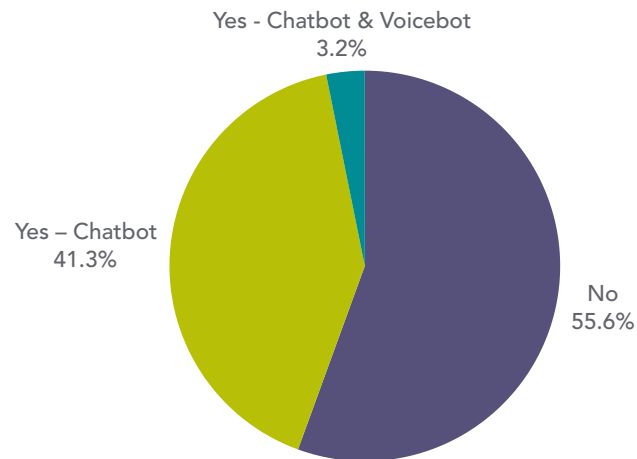
"Very dissatisfied" in figure 7 relates to the sun-setting Cherwell.

Figure 7: Overall, how satisfied are you with your current service management tool?



Service Management tool innovation

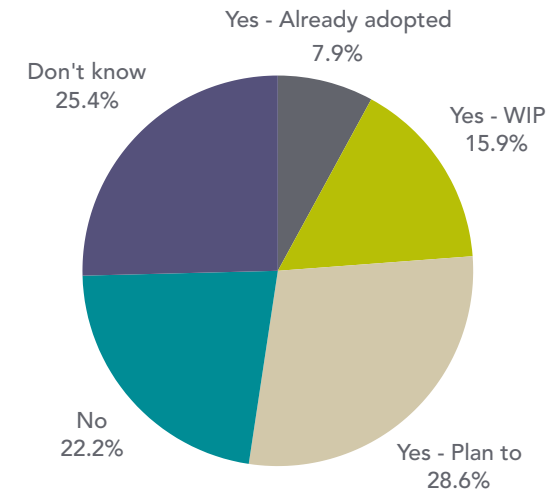
Figure 1: Do you provide users with a Bot to interact with prior to contacting the service desk via one of the above channels?



Over half of organisations are not using a Chatbot. Configured effectively, chatbots present a game-changing opportunity to improve service and reduce the cost of operation. Most service management tools now include a chatbot solution, and offer pre-configured common conversation flows (e.g. password reset). With the onset of GenAI capabilities (which over half of respondents are at least planning to use), the need to 'train' the bot and manage these conversation flows reduces, with the focus moving to ensuring quality content is made available. In the SM world, this means providing an effective knowledge base and service catalogue.

For further insight on the benefits of chatbots and how to get started, please click on the link to the right to view our insight article.

Figure 2: Are you adopting GenAI within your service management service?



Chatbots – can they really enhance the customer experience?



Chris Good

Insight Article



Run vs Change operations

Figure 1: Do you operate a Run and Change / Invest concept?

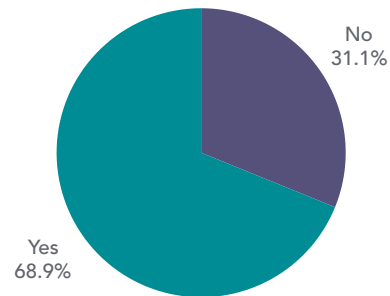


Figure 2: Do colleagues within the IT organisation record their time?

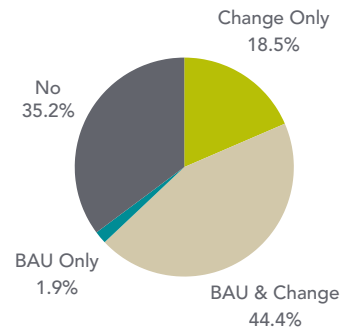


Figure 3: Which tool do you use to timesheet?

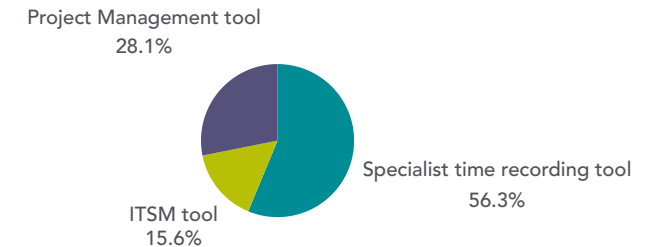
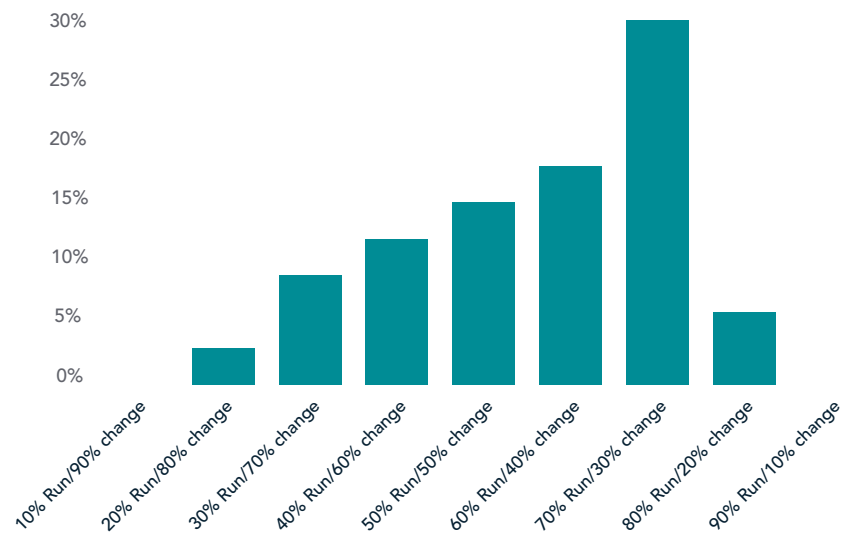


Figure 4: Approximately what percentage of effort does your IT organisation spend on Run / BAU vs Change (Project)/Invest?



In the modern world of DevOps and Agile, it's understandable to question the continued relevance of a Run / Change model. However, in our experience, DevOps and Agile heighten and support the need for effective Run / Change planning when executed well. The Run component remains the backbone of operations, ensuring that agreed services are maintained at expected service levels (e.g. proactive maintenance, fix-on-fail, root cause eradication, fulfilling service requests).

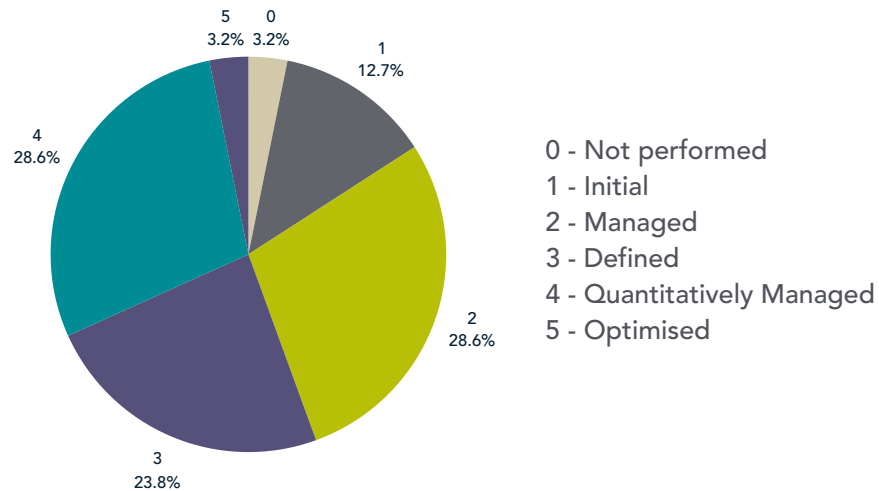
It's encouraging that most organisations operate within such a model, though a third still do not. The 70% Run / 30% Change effort split is the most prevalent range among respondents, which aligns with what we see when conducting time studies with clients prior to optimisation. After optimisation, organisations typically see a near-inverse of this ratio, with a leaner, highly productive Run operation accounting for 40% of effort, and Change then consuming 60% of resources. This shift enhances the organisation's ability to rapidly respond to market conditions or realise cost savings.

If you aren't currently tracking time, we recommend considering the following:

1. **Tool** - should you use module within an existing product, or a opt for a standalone specialist tool?
2. **Time recording codes** - are your team activities and services well defined? Is granular detail required, or is ease of use more important?
3. **Purpose** - what will the data be used for? How are you going to demonstrate the benefits of time recording?

Service Management maturity

Figure 1: How would you rate the maturity of your service management practices on average?



This is a new question for our 2024 report, and the responses are fairly evenly split across level 2, 3 and 4.

We ask this question at the start and end of our one-day “what good looks like in modern service management” training courses - these courses are a quick and powerful way to align on a vision of how you would like your organisation to operate, and to understand the tangible steps to get there. Interestingly, organisations often rate themselves higher at the start of the course than they do at the end. Why? Invariably it’s due to organisations seeing the interconnected service management big picture at the end of the course.

When we conduct a maturity assessment for clients, the common result is somewhere between 1 and 2. However, the number is very much secondary to setting out tangible actions to improve maturity specific to each clients’ need. By doing so, costs and risks reduce, and service and experience improves.

Level 5 (or even 4) isn’t for everyone. For some organisations, Level 3 (the minimum level we’d recommend) is ‘good enough’ based on their wider priorities and constraints, although we do recommend to drive a degree of continual service improvement at this level to ensure organisations do not stand still in this fast-paced environment (Level 3 today could be Level 2 in a few years).



Service Desk operations

Figure 1: Is your service desk operated internally or outsourced to a third party?

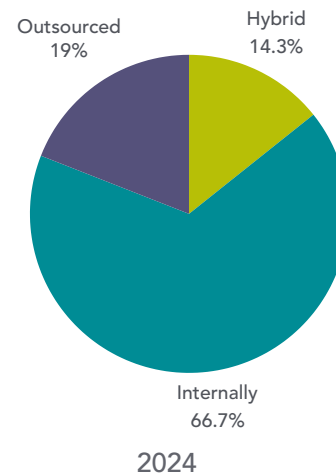
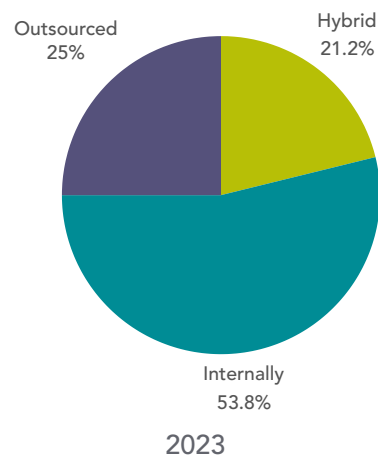


Figure 2: How many internal service desk agents do you have (FTE)?

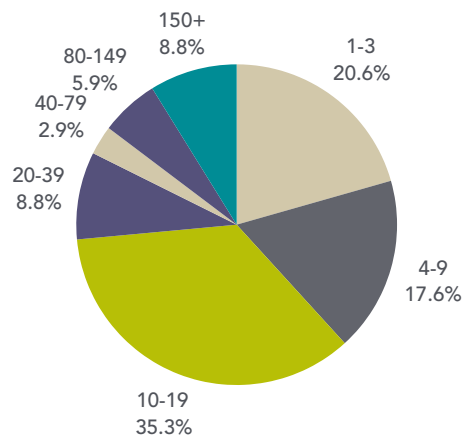
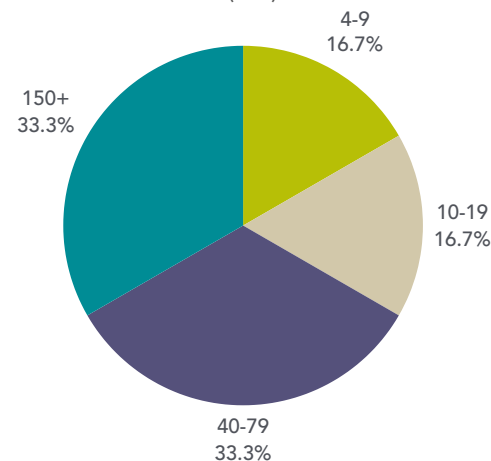


Figure 3: How many outsourced service desk agents do you have (FTE)?



Analysing these results against size of IT department, the most common responses are:

- Large (>1000 people) - Outsourced
- Medium - Internal
- Small - Hybrid

Comparing to last year, there has been a shift to internally operated service desks. Mason Advisory are also seeing this trend in the market. Easier to access automation (usually bundled as part of tooling packages) is reducing the need for traditional low-value high-volume 'commodity' style L1 service desk operations. Instead, a lower volume of higher-skilled L1.5 agents are being utilised who require a deeper understanding of the organisations they support. While financially costs could be lower via a specialist partner, the risk appetite and the ability to control appears to be changing.

The exception here is for smaller operations where the benefit of requiring fewer agents leads to rota challenges, especially for out-of-hours. Partnering with a specialist provider can be a cost effective way of addressing that challenge.

Service Desk contacts

Figure 1: What percentage of contacts to your service desk are related to password resets/account unlocks

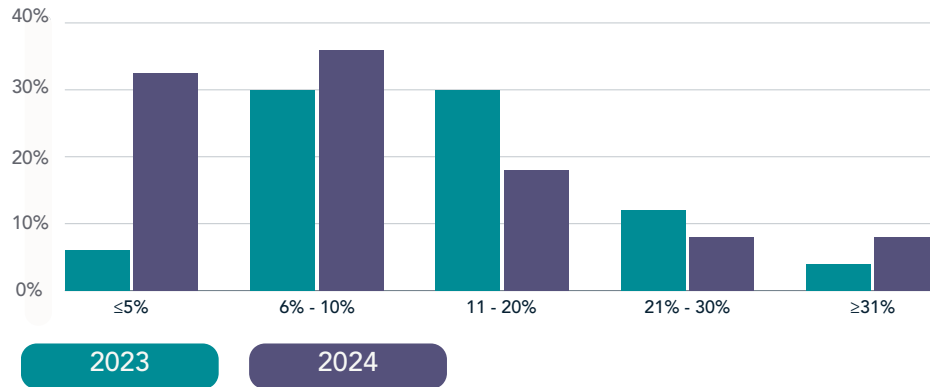
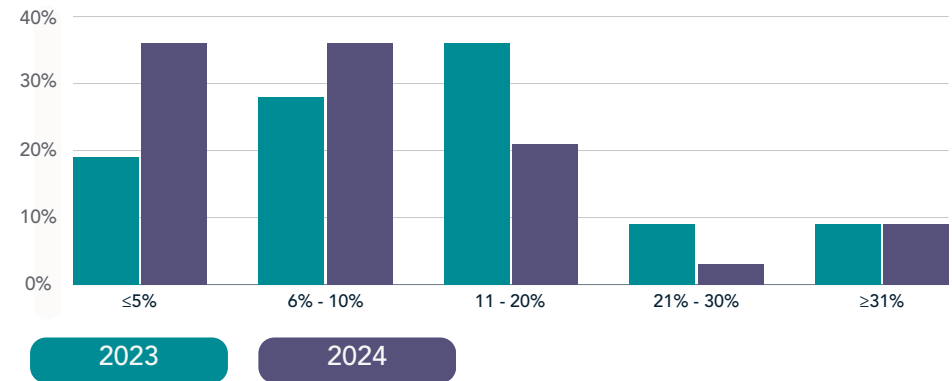


Figure 2: What percentage of contacts to your service desks are from users chasing updates on existing tickets?



Contacting the service desk is failure demand, (demand caused by a failure to do something or do something right for the customer.)

For service requests such as password resets, the majority can be addressed via self-service capabilities, and assisted with well-balanced security policies. For a third of organisations, password resets account for at least 1 in 10 contacts to the service desk.

Chasers add further failure demand, and can be avoided through clear expectation setting, effective end-to-end ticket management (including resource planning) and providing self-service capabilities. For a third of organisations, chasers account for at least 1 in 10 contacts to the service desk.

Both represent a staggering amount of human resources required to support avoidable activity, as well as productivity impacts to end users.

Service Desk contacts cont'd

Figure 1: Which channels are used to log service requests with human Service Desk agents (average percentage split)?

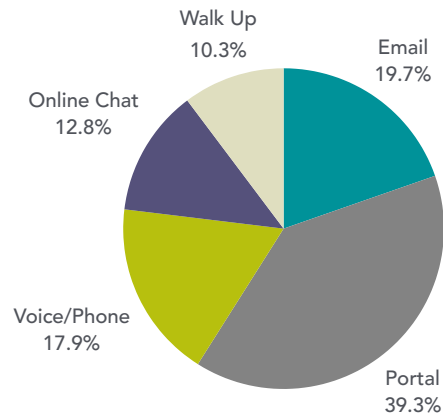


Figure 2: Which channels are used to log Incidents with human service desk agents (average percentage split)?

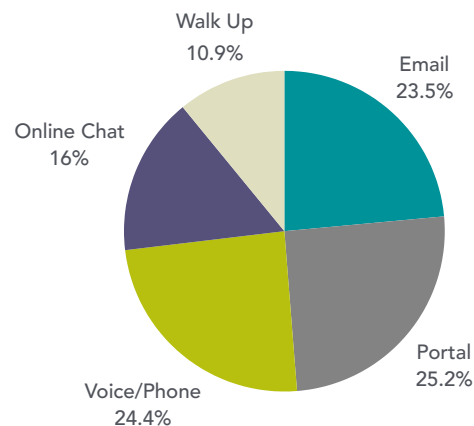


Figure 3: How many incidents do your end users raise per year on average?

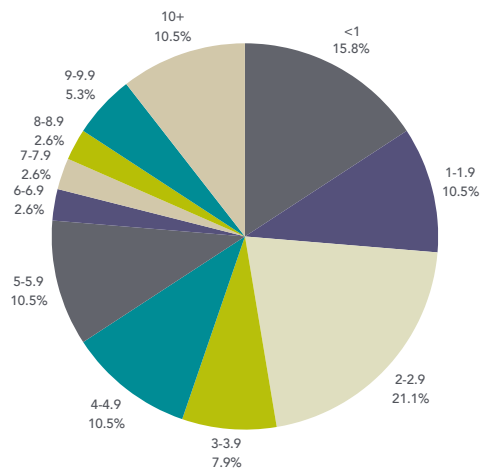
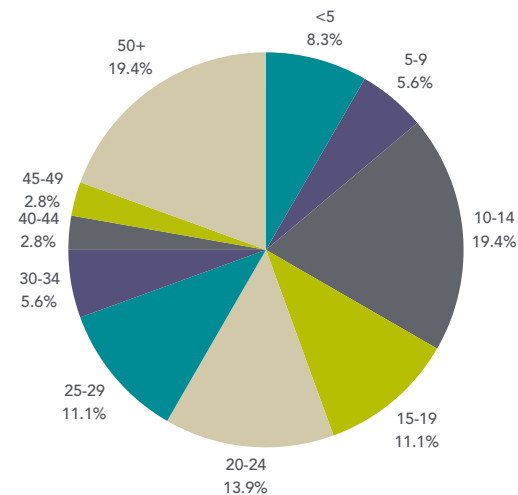


Figure 4: How many Incidents do your L1 service desk agents handle per day on average?



Colleagues will always require support, regardless of how much can be prevented and/or automated. The way in which support is presented and made available fundamentally impacts user experience and the cost of operation.

While digital fluency will vary from organisation to organisation and person to person, delivered well, the post-transformation standards that we experience are as follows:

- Service requests: 90%+ logged via service portal/chatbot.
- Incidents: 50% logged via service portal/chatbot. 30% chat.
- End user raised incidents per year: <2.7

How does your organisation compare? What benefits would your organisation experience?

Effective contact methods / tools is only one part. Providing high quality content (service catalogue and knowledge articles) is crucial.

Navigating how to "get things done" within organisations. It's time to simplify!



Chris Good

Insight Article

Service Desk contacts cont'd

Figure 1: How many major IT incidents does your organisation experience each month on average?

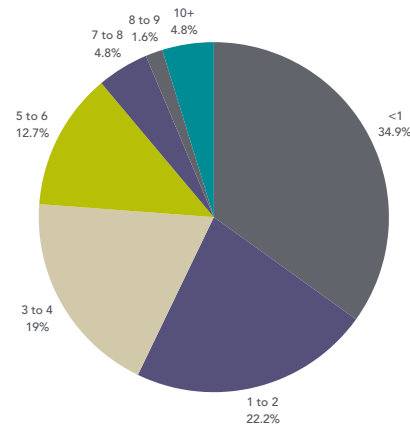
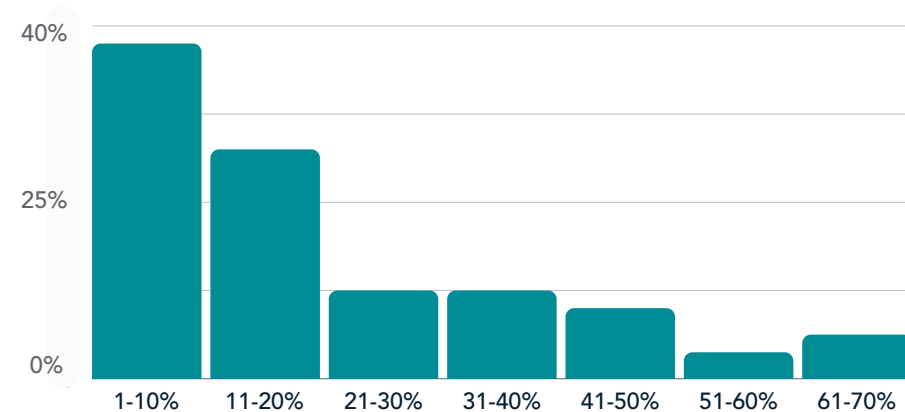


Figure 2: What percentage of incidents are caused by a change, be that a formal change raised under a request for change, an operational change, or an unauthorised change?



Major incidents fundamentally impact business operations, and place a major strain on support resources. While definitions may vary from organisation to organisation, based on our results, they are happening too often (almost a quarter of organisations experience 5 or more a month).

If an organisation is experiencing more than 1 a month, we would encourage a full review to identify ways to stabilise the impacted IT Services. The review should cover:

1. What component is causing the Incident?
2. How did the Incident occur / what was the reason for the Incident occurring? Based on our analysis of client data, change is usually the key driver of Major incidents, although that does not appear to be the case from survey responses.
3. Who (which technology provider) was at fault?

This should lead to the creation of a clear action plan to either prevent a reoccurrence, or reduce the probability and impact of a reoccurrence. Thereafter, installing an effective problem management practice will ensure organisations do not return to a high volume of major incidents.

Service Catalogue

Figure 1: In your service catalogue, how many distinct request catalogue items do you have?

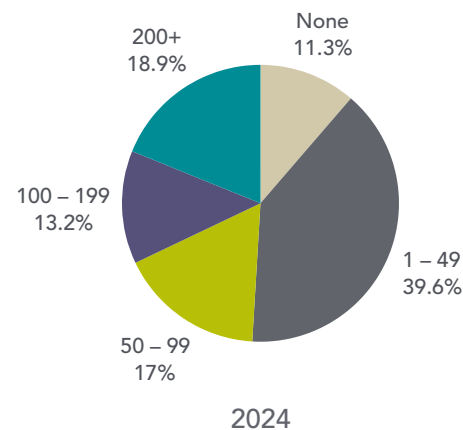
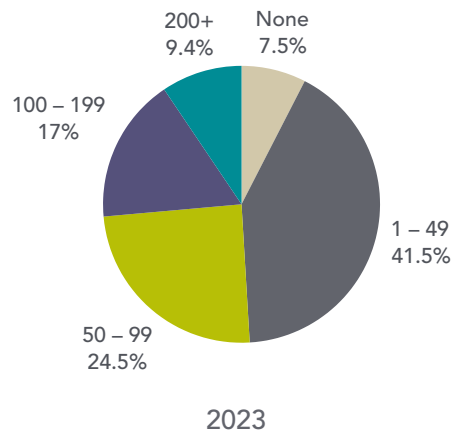
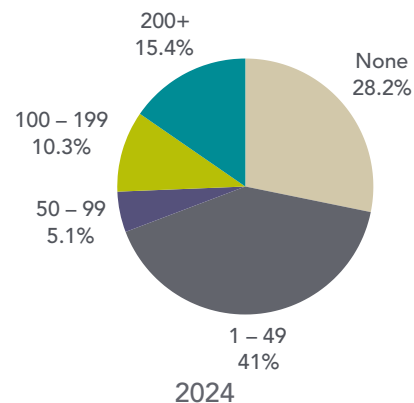
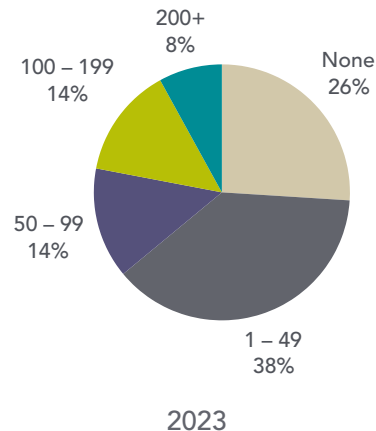


Figure 2: In your service catalogue, how many ongoing/breakable services do you have?



The data shows a significant increase in the number of distinct request catalogue items (that you raise service requests against) and ongoing/breakable services (that you can raise incidents against) from 2023 to 2024.

There are several potential factors behind this:

1. The importance of a comprehensive service catalogue is becoming more understood. Without knowing what your services are, how can you manage them effectively? Without showing users what's on your request catalogue, how do they know when to raise an idea/demand/work request for something else? An effective service catalogue is central to effective service management.
2. The rise in adoption of Enterprise Service Management (ESM), which extends IT Service Management (ITSM) practices beyond IT to other departments like HR, Finance, and Facilities. This expansion increases the number of services provided to users.

If you're unsure how to get started with building an effective service catalogue, Mason Advisory can help guide, coach and accelerate your delivery.

What is an IT Service? The 7 categories



Chris Good

Insight Article

Authors



Chris Good
Managing Consultant
email: chris.good@masonadvisory.com



Rachel Fielder
Senior Consultant
email: rachel.fielder@masonadvisory.com



Rowan Bradbury-Eason
Junior Consultant
email: rowan.bradbury-eason@masonadvisory.com

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.

Contact us

To get in touch, please email contact@masonadvisory.com or call +44 333 301 0093



OFFICES

MANCHESTER
Landmark
St Peter's Square
1 Oxford Street
Manchester
M1 4PB

LONDON
Bush House
North West Wing
Aldwych
London
WC2B 4PJ

Studio 202
77 Coleman Street
London
EC2R 5BJ