



IDC MarketScape

IDC MarketScape: Worldwide IT Service and Incident Management Software 2017 Vendor Assessment

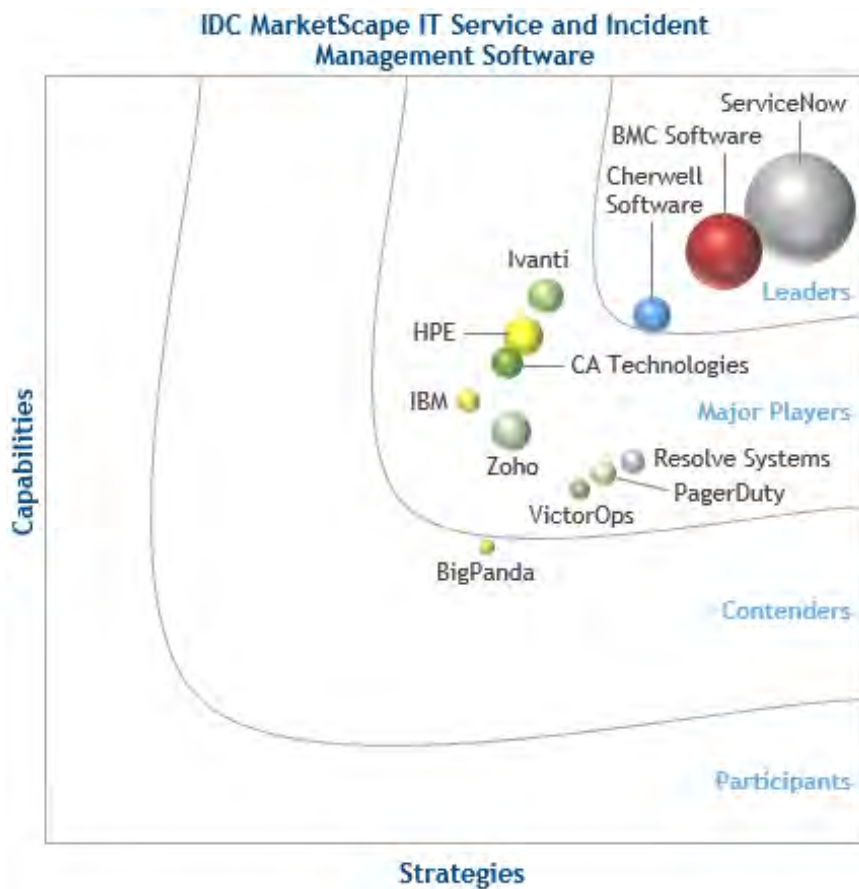
Robert Young

THIS IDC MARKETSCAPE EXCERPT FEATURES: VICTOROPS

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide IT Service and Incident Management Software Vendor Assessment



Source IDC, 2017

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide IT Service and Incident Management Software 2017 Vendor Assessment (Doc # US41894917). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

The IT service and incident management software has long served as the entry point for business users to provision technology services and/or gain support from the IT department. However, while IT service and support organizations have worked hard over the years to align their service and incident management practices and tools with the needs of the business, the enterprise's accelerated movement toward digital transformation is presenting IT with a seemingly impossible challenge to keep up with user demand. Likewise, corporate IT resources being increasingly deployed on dynamic virtualized and cloud infrastructures are significantly increasing the volume and complexity of the IT service and incident management tasks and processes.

Without consistent, reliable, and measurable engagement with business users, it can be an uphill battle for IT staff to determine and measure the effectiveness of the services that they deliver to the organization. Therefore, over the past three to five years, there have been significant advancement in user interface design and self-service capabilities within IT service management and incident management software, fostering wider adoption and utilization of these solutions and best practices across companies large and small. In addition, more and more enterprises are seeking to embrace more holistic approaches to IT service and incident management via software solutions that unify the people, processes, and tools associated with IT network, security, and development operations as well as further supporting business operations' use cases.

Likewise, across each of the IT, development, network, security, and business operations domains, most organizations have amassed massive amounts of data regarding their end users' preferences, priorities, and practices in terms of technology consumption and needs. Thus artificial intelligence (AI), machine learning, and automation capabilities present a significant opportunity for IT service and incident management software vendors to offer products that allow customers to surface this abundance of operational data and leverage it to drive improved service experiences via real-time self-service provisioning, troubleshooting, and customer engagement for both internal- and external-facing technology services.

To that end, IDC suggests that IT service and incident management vendors increasingly bring solutions to market that offer AI and smart automation capabilities that leverage machine learning and analytics technologies. The convergence of these technologies stands to allow IT incident and service request volumes to be shifted away from the phone and email inbox and be handled through autonomous agents and automated processes, enabling a more efficient self-service and automated delivery model. What's more, AI-enabled service and incident management stands to enable support staff to be dedicated toward higher-value/business-impacting activities, enhancing the perception of the entire service organization in terms of its business value.

IDC believes that to better compete with newer entrants, incumbent IT service and incident management software vendors must aggressively evolve their product offerings and messaging to

address emerging DevOps, security operations (SecOps), and line-of-business (LOB) use cases as well as embrace new delivery models, packaging, and pricing. Likewise, as companies of all sizes increasingly seek to embrace holistic service and incident management practices, it's essential that software vendors target both enterprises and SMBs by integrating product lines into solution-based offerings and establishing price points and packaging that attract customers upmarket and downmarket. In addition, legacy vendors will also need to implement strong go-to-market campaigns to combat perception issues about legacy products in the market.

This IDC study represents a vendor assessment of the IT service and incident management software space using the IDC MarketScape model. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the marketplace and help anticipate a vendor's ascendancy. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to predefined criteria and one another and highlights the factors expected to be the most influential to success in the market, both short and long term. Key findings include:

- Many enterprises are viewing IT service and incident management more holistically, including incidents generated by end users and systems alike. Thus customers are often seeking IT service and incident management solutions that can scale network operation centers (NOC), IT operations (ITOps), IT service desk, and customer care centers.
- IT service and incident management software is experiencing a period of rapid innovation and growth by the increasing importance of controlling, standardizing, and optimizing IT services delivered to end users in hybrid IT environments made up of converged, virtualized, on-premises, and cloud resources.
- The proliferation of tablets, mobiles, and BYODs accessing applications deployed on dynamic virtualized and cloud infrastructures is greatly increasing the volume and complexity of IT service and incident management tasks.
- IDC's research shows that cost and impact on IT staff productivity continue to be top decision drivers when it comes to making any type of management software decision. Vendors that will be most successful in the IT service and incident management software arena will be those that can deliver rapid time to value via unified, intuitive graphical user interfaces, mobility optimizations, advanced user self-service capabilities, seamless integrations across service modules, and ever-increasing scalability in terms of the scope, breadth, and depth of coverage.
- IT service and incident management delivered through software as a service (SaaS) will also continue to be a growth driver as customers continue to seek solutions that reduce up-front capital expenditures as well as ongoing maintenance costs. What's more, SaaS-based solutions can often offer faster procurement and delivery time frames than on-premises implementations.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

While the IT service and incident management software market is increasingly becoming a crowded and competitive space, this IDC MarketScape is intended to provide a short list of vendors that IDC believes to be the most mature in terms of offering the most complete mix of business and technology strategies and capabilities for delivering a IT service and incident management portfolio of solutions and services.

To that end, the vendor inclusion criteria are designed to enable evaluation of the IT service and incident management solution's capabilities in facilitating the efficient and effective delivery of IT service and support across a wide range of systems, infrastructures, and device types including those residing on-premises as well as in the cloud.

To be included in this IDC MarketScape, vendors must meet the following criteria in each IT service and incident management software offering, including both on-premises and SaaS-delivered solutions, with at a minimum, the offering supporting any of the following IT service and incident management functions:

- IT service request logging, tracking, and delivery
- Ticket assignment, notification, and escalation
- Incident tracking, reporting, monitoring, and remediation
- Incident and/or problem root cause analysis, automation, and remediation

In addition, to be included in this IDC MarketScape, IT service and incident management offerings, including on-premises and cloud (SaaS), must be producing an annual combined commercial revenue of at least \$10 million by December 31, 2016, or show enough momentum to likely gain this amount of revenue in 2017. Services that are limited to free subscription offerings that are not generating revenue are excluded. Revenue must be generated by software product license, maintenance, and/or SaaS service subscriptions – revenue from professional services for activities such as onboarding, and planning is excluded. Offerings can be delivered strictly on-premises or in the cloud (SaaS). However, solutions made available through flexible delivery models, including cloud (SaaS), on-premises, or hybrid delivery options, may score higher in select evaluation criterion.

While there have been several smaller new entrants to the IT service and incident management software space over the past few years, many providers are still primarily focused on ticket management. For the purposes of this study, the inclusion criteria helped ensure the maturity of the product offerings.

That said, this IDC MarketScape included both large service management platform vendors and vendors (i.e., Resolve Systems, PagerDuty, VictorOps, and BigPanda) that offer solutions which are often leveraged by customers to add additional value on top of service management platforms as opposed to fully replace them.

ESSENTIAL BUYER GUIDANCE

Disruptive trends such as mobility and cloud computing are driving increasingly heterogeneous and hybrid IT environments that, in turn, are adding significant complexity to technology service and support within the enterprise. In addition, business users are demanding fast and easy access to a wide range of technologies, residing both on- and off-premises, to enhance productivity.

What's more, today technology is more connected to the productivity of internal employees and external customers than ever before. Thus it will behoove IT organizations to seek solutions that address or allow them to holistically account for the entire incident management life cycle.

That said, IT organizations must remain focused on improving service delivery to business users and reducing costs while increasing operating efficiency and agility. Even with continued budget constraints, IT organizations are increasingly seeking solutions that can aid in effectively addressing

the increasing levels of complexity in how business users seek to access and consume technology resources as well as IT service and support. Likewise, it's recommended that IT buyers look toward solutions that offer advanced knowledge base and automation capabilities (including artificial intelligence and machine learning), allowing them to shift left low-priority and/or repetitive incidents as well as reduce the number of incident escalations to level 2 and 3 admins.

Embracing a holistic IT service and incident management practice will often require organizations to connect disparate monitoring and management tools. These connections stand to allow organizations to leverage automated workflows, task, and process automation and postmortem analysis to reduce the occurrence as well the mean time to repair (MTTR) of incidents. Likewise, implementing solutions with a wide range of out-of-the-box and bidirectional integrations across software utilized in network operation centers, IT operations, and IT service and support centers will be essential in executing efficient and effective service and incident life-cycle management.

In addition, IT organizations need the ability to deliver services and support to business users that are leveraging disparate hardware and software platforms often across dispersed geographies. Therefore, advanced mobility optimizations, intuitive self-service, and collaboration capabilities will increasingly differentiate IT service and incident management software offerings. In addition, choices of delivery models are driving deals based on a prospect's need for reducing administration burdens, IT infrastructure and operations costs, rapid time to value, ease of upgrades, and so forth. A spectrum of models is needed, ranging from on-premises and containers to hosted, hosted and managed, and true multitenant SaaS.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape.

VictorOps

VictorOps is rated as a Major Player in this IDC MarketScape. VictorOps is a privately held company headquartered in Boulder, Colorado. In 2016, the company announced funding of \$15.2 million in a Series B round.

Founded in 2012, VictorOps serves as a single source of record for end-to-end incident management processes. Likewise, VictorOps offers out-of-the-box integrations with event monitoring software as well as relevant modules or functions within IT service management software that may serve as part of the resolution. In this way, VictorOps allows customers to address the incident management life cycle from monitoring through stakeholder communication.

VictorOps' solutions are delivered as SaaS only and available in a seat license model with two main product editions: Standard and Enterprise. The Enterprise edition adds features including the Incident Automation Engine, SSO, unlimited API calls, StatusPage and ServiceNow integrations, and unlimited data retention. In addition, VictorOps also offers special discounted pricing for developers on call.

Strengths

VictorOps has over 70 integrations partners in categories ranging from alert monitoring, chat, development, ticketing, and security tools. In addition, via the VictorOps API and outbound webhooks, customers can build integrations with major LOB apps and services, such as CRMs, chatrooms,

document management systems, and portfolio management systems. Furthermore, VictorOps' out-of-the-box integrations with event monitoring software (i.e., SolarWinds, AppDynamics, Nagios) and IT service management solutions (ServiceNow, BMC, and CA Technologies) allow administrators to manage, collaborate, remediate, and learn from critical, time-sensitive incidents that require rapid response.

VictorOps helps customers address and resolve customer escalations in a timely manner as defined by the service-level agreements by enabling them with capabilities to track issues as they happen and ensuring that the right people get notified. Likewise, customers that spoke with highlighted VictorOps' value in enabling them to consolidate alerts from disparate sources into one system and route incidents to the correct admin or team via multiple channels. As a result, customers have improved MTTR and mitigated the financial ramifications of downtime, including lost revenue, customer attribution, and damaged brand reputation.

VictorOps also enables customers to aggregate alerts into one timeline view, allowing them to efficiently access details about alerts and actions that are likely causing and/or impacting a given service. In addition, several customers we spoke with highlighted the benefits of VictorOps' Incident Automation Engine's transmogifier in continuously improving their operational processes via executing alert annotations, runbooks, smart alert routing, and postmortem reports. What's more, the VictorOps' administer portal allows customers to set up and manage their escalation policies, rotations, teams, paging policies, integrations, alert criticality, calendars, and incident management workflow.

VictorOps has typically targeted midlevel IT operations, network control center, and IT support professionals in terms of enabling them to more effectively manage alert notifications and on-call schedules. However, more recently, the company's growth strategy has been focused on actively enhancing its product portfolio and associated go-to-market messaging to target the DevOps community.

For instance, Jason Hand, DevOps Evangelist at VictorOps, won the 2016 DevOps.com evangelist award and has published several articles and a book on ChatOps. In addition, in early 2017, VictorOps launched its Incident Management Maturity Assessment, an evaluation and education program for organizations that wish for more modern approaches to incident management.

Challenges

VictorOps has gained a notable customer awareness and market traction in the alert notification and on-call schedule management space, particularly in regard to addressing traditional network operation center and IT operations use cases. That said, to gain increased traction outside of these traditional environments, VictorOps will need to clearly articulate and demonstrate its capabilities in meeting the needs of development, IT security, and customer support teams that are also seeking end-to-end incident management platforms.

VictorOps' customers will increasingly expect its solutions to seamlessly support use cases consisting of a mix of on-premises, public cloud, and mobile architectures. Thus the company must align its product enhancements and go-to-market positioning with a keen focus on advanced automation, machine learning, predictive analytics, and business intelligence capabilities that span disparate architectures.

In addition, some reference customers indicated that they would like to see improvements related to the VictorOps reporting capabilities, specifically the ability to gain more visibility on incident trends and to create larger sets of custom/executive style reports.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

IT service and incident management software tracks, records, and manages incidents related to the IT client devices, infrastructure, and operations. IT service and incident management offerings include IT help desk applications and related problem determination and resolution applications. To the extent that IT Infrastructure Library and IT service management-based solutions help in the resolutions of problems and implementation of changes, those functions are not included as part of IT service and incident management software but are considered as factors in the breadth and depth of the portfolio strategy. IT service and incident management software may be offered in both an on-premises model or SaaS-based delivery model.

LEARN MORE

Related Research

- *Worldwide Problem Management Software Market Shares, 2016: SaaS Delivery and Advanced Self-Service Capabilities Fuel Double-Digit Market Growth* (IDC #US42578417, May 2017)
- *Worldwide Software Distribution Forecast, 2017-2021* (IDC #US42507717, May 2017)
- *Worldwide IT Asset Management Software Forecast, 2017-2021* (IDC #US42511617, May 2017)
- *IDC PlanScape: Artificial Intelligence-Enabled IT Service Management* (IDC #US42356317, March 2017)
- *Worldwide Problem Management Software Forecast, 2017-2021* (IDC #US42301717, February 2017)
- *IDC's Worldwide Software Taxonomy, 2016* (IDC #US41572216, July 2016)
- *IDC MaturityScape Benchmark: Unified Device Management in the United States, 2016* (IDC #US41550516, June 2016)

Synopsis

This IDC study represents a vendor assessment of the IT service and incident management software space using the IDC MarketScape model. Disruptive trends in mobility and cloud computing are driving increasingly heterogeneous IT environments that, in turn, are adding significant complexity to technology service delivery and support within the enterprise. To that end, many IT organizations are quickly discovering that traditional service and incident management practices and tools, which often rely on manual/high-touch processes, are not able to scale to meet the demands of the business. While automation has long held the promise of reducing IT staff's reliance on repetitive "keeping the lights on" tasks and freeing IT staff up to engage in higher-value initiatives, IT staff have largely lacked the trust in fully automating complex IT processes.

However, with advanced technologies available in the market for gathering, analyzing, and correlating unprecedented amount of IT and business user-related data, IT organizations are better positioned than ever to create smarter, faster, and more automated service and incident management practices. Likewise, IDC expects that artificial intelligence (AI) technologies for service and incident management will increasingly be leveraged to tap into large sets of unstructured and structured data sets to drive advanced automations aimed at enhancing service delivery and support experiences via task, process, and decision IT automation. For instance, artificial intelligence, machine learning, and advanced automation-enabled incident and service management software can be used for processes such as proactively scheduling service calls, intelligently assigning tickets, reporting network outages, and helping users provision new devices and/or software.

In addition, AI-enabled service and incident management is particularly well suited for mobile workers as it can allow for global 24 x 7 IT service and support availability. Likewise, IT organizations should seek IT service and incident management software solutions that offer integrated collaboration capabilities such as live chat, remote access, and self-service tools, to facilitate enhanced collaboration between IT staff and business users as well as to provide efficient access to IT services and support across multiple device types. As IT environments become ever more hybrid, incident and service management solutions that offer advanced integration with both on-premises and cloud-based technologies will increasingly gain traction in the enterprise. Likewise, the need for better change

control, discovery, software license management, and compliance tracking is also helping drive demand in this market.

"IT service and incident management will continue to evolve from a reactive to a proactive posture in terms of both adopting and supporting new technologies. Thus IT support staff will seek solutions to better utilize its massive storage of data associated with business users' preferences, priorities, and practices to create faster, smarter, easier, and more intuitive interactions with its customers," comments Robert Young, research director, IT Service Management and Client Virtualization Software. "Savvy IT leaders will increasingly seek IT service and incident management solutions that offer Big Data-driven predictive analytics, automation, and artificial intelligence to reduce the need for manual processes, such as filling out forms and sending emails, and deliver an experience that end users prefer and enhances IT and business productivity."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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