

Information Technology Service Management Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The information technology service management market is expected to witness a 2.02% CAGR over the forecast period. Information Technology Service Management, hereafter referred to as ITSM, defines all IT-related activities that include creating, delivering, supporting, and managing the customized solutions executed to achieve the business goal of the IT organizations.

Key Highlights

Being an end-to-end service, ITSM is not limited only to designing and delivering appropriate IT Systems, applications, or resources. It focuses mainly on adopting a specific process approach to a company or a project. The final objective of ITSM is always set up individually regarding the customers' unique needs and values. Additionally, ITSM clearly defines the roles and permissions of people involved in the project, partners, and third-party providers of services, products, and new technologies. The IT organization tends to focus more on managing IT services and applications for its short-term and long-term strategic goals. ITSM offers many advantages, such as cost reduction, automation of repetitive tasks, and data gathering in one place, which strongly impact the organization's overall performance, helping them achieve its short-term and long-term strategic objectives. Therefore, with the evolving IT industry dynamics, the ITSM market is expected to witness prolific growth in the forecast period. Moreover, with the advent of technology such as AI and ML, the ITSM market is gathering further momentum to provide services to IT enterprises. One of the top trends in the ITSM market currently is artificial intelligence (AI). Organizations can utilize various AI technology tools to promote natural language processing (NLP), business process optimization, clustering, knowledge management, automated problem incident response, and machine learning (ML). According to Gartner IT Symposium 2021, by 2025, the 10% of enterprises that establish AI-engineering best practices will generate at least three times more value from their AI efforts than the 90% of enterprises that do not.

According to a recent survey by ITSM tools in September 2021, about 84% of the surveyed respondents across organizations of all sizes understand the adverse impact their service issues and failures have on business operations. In addition, most organizations

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have either started or are planning to use ITSM capabilities outside of IT, with 57% having strategies in-flight and another 14% planning to extend service management capabilities outside of IT. Only 21% of organizations have no plans. The most minor and influential organizations are likely to be well-advanced with their service management strategy.

The growing demand for cloud ITSM adoption is analyzed as the key driving factor for the market during the forecast period. With the increased adoption of cloud-based technology, cloud-based ITSM vendors have more potential.

The COVID-19 pandemic benefited the market, owing to the rise in remote working and the expanding digital transformation of enterprises. Businesses are looking for business processes that are seamless, efficient, and accessible from any location. Many companies have completed their digital transformation and decided to remain fully remote or operate on a digital and in-office hybrid model. Thus, IT teams can expect a sharp rise in the need for internal IT support and ITSM software, thereby boosting the studied market growth.

Information Technology Service Management Market Trends

IT and Telecommunication Sector is expected to Hold the Largest Market Share

Modernizing IT service management for the IT and telecom sector is an evolved approach, bridging the gap between traditional, on-premise, and cloud-based IT systems. It increases operational efficiency and effectiveness. Thus, consolidating how data is captured, analyzed, and shared across enterprises provides an improved experience for internal IT employees and external constituents.

With rapid technological advancements, telecom businesses are continually focusing on innovation. Thus, they are upgrading their infrastructure while developing state-of-the-art solutions to serve their customers, including innovation, customer service, infrastructure setup, and human resources.

Moreover, ITSM solutions' implementation helps telecom enterprises gain unified visibility into invoices, expenses, usage, and assets across their entire communications, cloud, and software license portfolio. Thus, reducing the overall costs and enhancing productivity, mainly by improving visibility, while providing a finely tuned set of processes to manage existing IT infrastructure. Moreover, IT companies are focusing on adopting ITSM with the increasing demand across cloud-based models. With this growing adoption of cloud-based ecosystems, companies have expanded their partnership through new offerings across the cloud platform.

In November 2021, Tata Communications announced the launch of Tata Communications GlobalRapid; an end-to-end managed unified communications as a service (UCaaS) to enable enterprises to deliver digitally advanced, sophisticated, and intelligent collaboration experiences for employees. Tata Communications becomes a one-stop shop to address all global businesses' digital-first, cloud-first unified communications requirements with this new ITSM.

According to 5G Americas, growth in 5G subscriptions is expected to continue into the foreseeable future, reaching 3 billion subscriptions by 2025. That includes 600 million subscriptions from 2023 to 2024 and 2024 to 2025.

North America to Account for the Most Significant Share

North America is presumed to be the most significant revenue-generating region, as there is a particular focus on innovations in the US and Canada. These nations have the world's most competitive and quickly adopting Information Technology Service Management markets. A higher rate of infrastructure growth and the massive growth of data from all industry verticals are expected to make North America one of the top potential markets for growth.?

North America is a prominent market for ITSM, owing to the high adoption of cloud technology and the growing need for improving IT services by the end-user industries in the region. According to a survey report on IT Management by Site24*7, 62% of

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respondents reported ease of management as the top factor in cloud shift, closely followed by business continuity (60%) and scalability (59%).

A report published in March 2022 with a survey named "A hybrid cloud adoption survey" with 900+ IT professionals suggested that most businesses (93%) are adopting a hybrid of cloud and on-premise solutions or migrating fully to the cloud within five years. The survey was majorly done in North America and Europe, where 43.8% of respondents were from North America. Thus, the growing transition toward cloud platforms is expected to drive the demand for IT service management solutions in the coming years.

In December 2021, the Department of Homeland Security and the Coast Guard announced the employee performance management program for 8,000 employees. Supervisors and employees use this automated tool and the Fed HR module called E-Performance, which will enable employees to access and update their performance cases throughout the year.

The region is witnessing an influx in the adoption of IT service solutions to increase efficiency and maintain the productivity of organizations. The adoption has been adopted by IT and telecommunication giants, BFSI, and government agencies.

Owing to remote working practices post-pandemic, most organizations are also taking preventive measures to secure their mobile devices and equipment provided to the employees. The Canadian Centre for Cyber Security encourages the Canadian cybersecurity community, especially critical infrastructure network defenders, to bolster their awareness of and protection against Russian state-sponsored cyber threats. The cyber center joins the United States and the United Kingdom in recommending proactive network monitoring and mitigations.

The market is witnessing the growth of cloud-based ITSM, owing to the rapid adoption of BYOD policies for improved productivity, employee satisfaction, and cost-effectiveness. These policies require remote accessibility of information, which is facilitated by cloud-based ITSM solutions.

Information Technology Service Management Market Competitor Analysis

The managed services market is dominated by major players, such as IBM Corporation and Atlassian Corporation PLC, with a solid client base. These players are constantly providing increased and enhanced offerings. The companies are employing powerful competitive strategies to sustain themselves in the market and retain their clients. This factor intensifies the competitive rivalry in the market.

Overall, the degree of competition is high and expected to remain the same throughout the forecast period as players offer various services depending on the customer's needs.

In January 2022, Atlassian Corporation PLC acquired Percept.AI to improve the AI engine for natural language understanding in Jira Service Management. The company aims to create an integrated experience for the customers in the market. Through Percept.AI, the company seeks to deflect the vast majority of tier-1 support questions, provide users with a great experience, and free up IT teams to focus on more complex tasks.

The supply chain business unit of Ivanti, Ivanti Wavelink, launched Ivanti Neurons for Industrial Internet of Things (IIoT) to help organizations further automate and optimize their supply chain operations. With Ivanti Neurons for IIoT, organizations can rapidly build scalable applications that integrate into existing processes, driving operational efficiency.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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