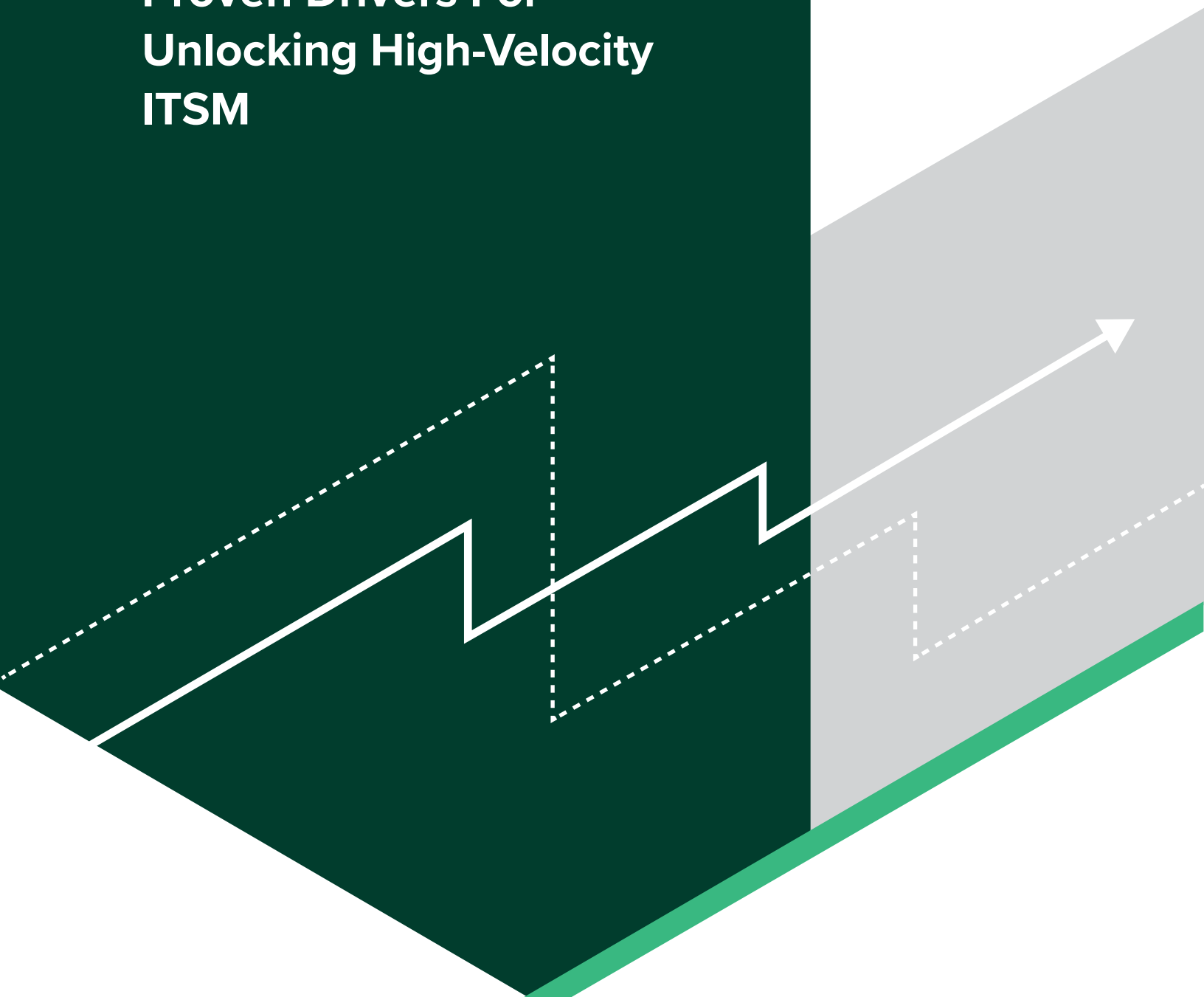
A Forrester Consulting
Thought Leadership Paper
Commissioned By Atlassian

October 2020

Proven Drivers For Unlocking High-Velocity ITSM



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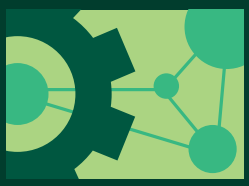
Executive Summary



High-velocity ITSM is driven by an obsession with a culture of collaborative, cross-functional product teams and practices that prioritize autonomy, speed, and flexible integrated technology.

With the global outbreak of the COVID-19 pandemic, uncertainty has become the new normal for many organizations. As a result, I&O organizations have been tasked with navigating and adapting to these uncertain times. And if organizations want to survive and thrive, they'll need to start responding with higher velocity in a manner that is both faster and more sustainable.[1] Leading I&O organizations must become nimbler and more flexible in their support and partnership with development, embracing the DevOps culture of collaborative teams, practices, and technology.

Atlassian commissioned Forrester Consulting to evaluate the key drivers at play during uncertain times for high performing I&O organizations. Forrester conducted an online survey with 649 respondents who have responsibility for IT service management (ITSM) initiatives in their organization to explore this topic. The survey was fielded during the COVID-19 pandemic, and it found that those high-velocity organizations which embrace more agile and integrated teams lead their industry in terms of performance, positive outcomes, and readiness to change. Organizations can thrive in today's market by focusing on collective (rather than siloed) effectiveness when it comes to people, practices, and technology.

KEY FINDINGS

- **I&O organizations require high velocity in uncertain times.** Organizations tackle uncertainties differently, and we found that I&O organizations, which are high-velocity high performers, are more likely to leverage capabilities that focus on flexibility, speed, and reliability, than their low-performing counterparts that lag behind. Nearly seven in 10 (69%) high performers currently leverage DevOps/continuous delivery as opposed to 43% of low performers.
- **Organizations lag behind due to their focus on siloed efficiencies.** Unlike high performers, low performers struggle to pivot and adapt to change as demonstrated by the focus areas and tools they use to achieve their initiatives. Low performers do not prioritize agility and speed of delivery, and in fact, only 37% of low performers find continuous delivery/release automation important to achieving their technology initiatives. Low performers also significantly underutilize metrics that are focused on customer value and speed of delivery.
- **High-velocity service management is driven by focus on integrated people, practices, and technology.** High-velocity ITSM is driven by an obsession with a culture of collaborative, cross-functional product teams, practices that prioritize autonomy and speed, and flexible integrated technology. We found that 90% of high performers plan to invest more heavily in smart, integrated tools to best position their organization's development moving forward, as opposed to 62% of low performers.

I&O Organizations Require High Velocity In Uncertain Times

Today, IT organizations are facing unprecedented changes in the market, and I&O professionals are the ones who face the bulk of the pressure to respond. To appropriately pivot and adapt, IT organizations and leadership must have the right tools, insights, and processes to know where to look. Most importantly, they must operate at high velocity, encompassing speed, direction, and quality all at once.

In our survey of 649 ITSM decision-makers, we found that organizational priorities impact performance. Respondents were categorized into two groups of I&O professionals: 239 high performers and 222 low performers. Their performance was based on how each approached team structure, ITSM practices, tools/technology, and performance metrics (see Appendix B). Of the total 649, only 188 respondents were classified as neutral, meaning their survey responses did not categorize them as a high performer or low performer. We found that:

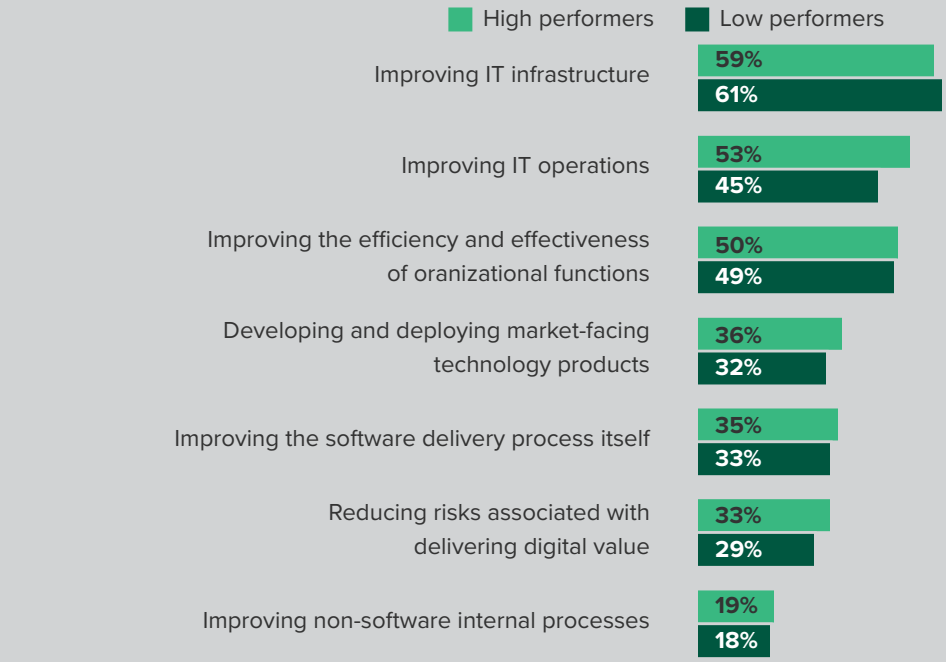
- **Organizations prioritize different initiatives in an unprecedented market.** At the start of 2020, high performers top initiatives focused on outcomes that drive high-velocity delivery and customer value (see Figure 1). Due in part to the effects of the COVID-19 pandemic, high performers have been more likely than low performers to further focus their priorities on customer-facing value and innovation. Additionally, high performers are better able to shift priorities from keeping the lights on to investing in greater innovation. In fact, 47% of high performers are now focused on developing and deploying market-facing technology products, as opposed to only 29% of low performers. Additionally, 48% of high performers now say they will prioritize improving the software delivery process, which is critical to organizational development, compared to 36% of low performers.
- **Modern practices leveraged by high performers help drive these priorities.** High performers are most likely to leverage more modern practices such as cloud, DevOps, and AI for IT operations to better enable business agility, flexibility, and self-service. Most high performers outpace low performers in leveraging cloud operations management (73%), DevOps (69%), and AIOps (54%) (see Figure 1). Because of this, high performers are better positioned to adapt to change because of the capabilities they use today.
- **High performers have more confidence navigating uncertain times, and they experience greater business outcomes as a result.** When asked to assess their overall organizational outcomes last year, 58% of high performers exceeded or significantly exceeded expectations, compared to just 24% of low performers. Similarly, high performers had higher confidence levels than low performers across various technology initiatives. Nearly all (92%) high performers said they were confident or extremely confident they could improve IT infrastructure, as opposed to 69% of low performers.

78% of high performers expressed that their organizations were prepared for big changes before COVID-19, compared to just 42% of low performers.

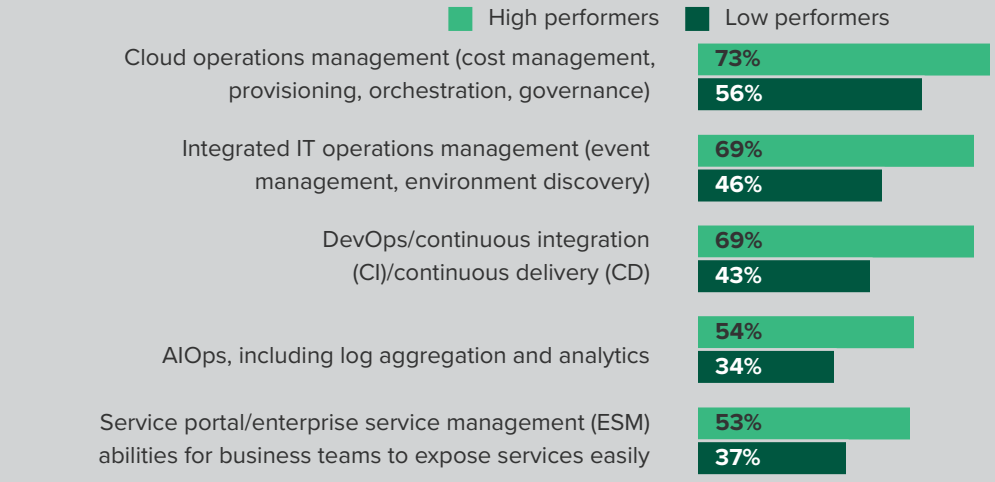
› **High performers feel more prepared to take on unplanned shifts.** A strong majority (78%) of high performers expressed that their organizations were prepared for big changes before COVID-19, compared to just 42% of low performers. This preparedness may have been driven by having the right tools and technology in place: 87% percent of high performers said they had the right tools in place to pivot and respond to the pandemic, as opposed to 59% of low performers.

Figure 1

"Which of the following were your organization's top technology initiatives at the start of the year (January 2020)?"



"The following are functionalities/capabilities present at some organizations. For each, which does your organization use currently?"



Base: 461 global decision-makers with responsibility for ITSM initiatives
Source: A commissioned study conducted by Forrester Consulting on behalf of Atlassian, July 2020

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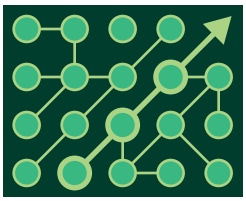
Organizations Lag Behind Due To Focus On Siloed Efficiencies

Comparing the side-by-side performance of high performers and low performers illuminates three key challenges that low performers face with their IT strategy: 1) a lack of focus on key delivery initiatives; 2) not recognizing as many areas of improvement; and 3) the steps they choose to tackle for agile growth. Low performers struggle to pivot and adapt to change because of their focus on siloed efficiency metrics, rather than on collective efficiency metrics that align to key business objectives such as customer value and speed.[2]



Only 37% of low performers find continuous delivery/ release automation important in achieving their technology goals.

LOW PERFORMERS DON'T PRIORITIZE CUSTOMER VALUE AND SPEED

An organization's use of metrics sends a powerful signal about their priorities and values. Metrics and KPIs reveal organizations' current focus and future roadmaps. When I&O teams effectively carry out their priorities, they position themselves to enable wider business success — these metrics are key indicators of the level of enablement of modern business needs. Our study shows that high-performing organizations measure performance against metrics that underscore how much they value high velocity, innovation, and customer value. In contrast, low performers underutilize these same metrics. The following key metrics have been appropriately leveraged by high performers and underutilized by low performers:

- **Mean time to recovery (MTTR).** The use of MTTR signals a commitment to speed and customer issue resolution, and this ensures customer value. Low performers underutilize these metrics, compared to high performers (46% vs 54% of high performers).
- **Number of deployments.** A desire for speed, software-driven innovation, and commitment to quickly deploying customer value are indicated by organizations that measure performance against the number of deployments. Not surprisingly, we found that the number of deployments is a favorite of high performers (61%), compared to low performers (46%). High-performing I&O teams are able to facilitate a higher number of deployments because they have the appropriate resources to better accelerate deployment velocity and to bring increased agility into change management processes.
- **Change failure rate.** This metric not only demonstrates an organization's commitment to speed but also to reliability and stability. We found that 52% of high performers currently measure change failure rate, as opposed to 38% of low performers (see Figure 2).

Metrics such as MTTR, number of deployments, and change failure rate are appropriately leveraged by high performers and underutilized by low performers.

These metrics are used more frequently by high performers, and high performers also report better results. High performers deploy more frequently than their counterparts, with 75% deploying up to 100 times per week, and have a lower average MTTR of 52.7 minutes.

Figure 2

High-Velocity Leaders Perform Better On Key Metrics

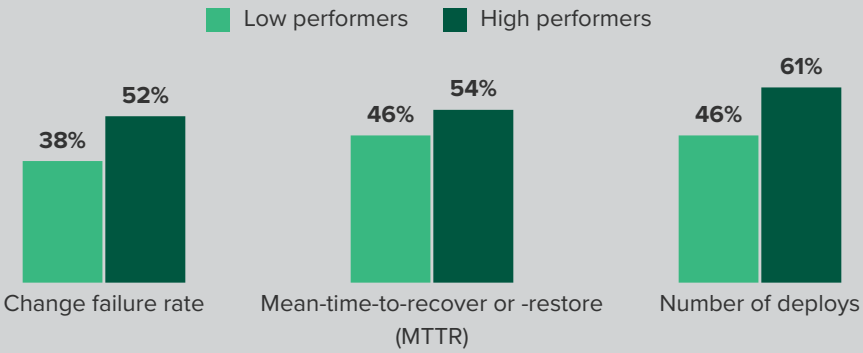
Average MTTR (in minutes)

- High performers: **52.7**
- Low performers: **66.9**

Average deploy frequency (deploy between once a week to 100 times per week)

- High performers: **75%**
- Low performers: **53%**

"Which of the following metrics does your organization use to measure outcomes?"



Base: Variable global decision-makers with responsibility for ITSM initiatives
Source: A commissioned study conducted by Forrester Consulting on behalf of Atlassian, July 2020

HIGH PERFORMERS PRIORITIZE VALUE; LOW PERFORMERS FOCUS ON COST

Low performers are less likely to prioritize high velocity, innovation, and customer value, leading to a more limited view of areas of opportunity than high performers. In fact, high performers, not low performers, actually report a higher average number of areas (4.7) needed for improvement in adopting agile frameworks (see Figure 3). This suggests that high performers may be more aware of opportunities for improvement and efficiencies. Despite their success — or perhaps because of it — high performers aspire to make further changes and are more self-aware. This agile mindset of seeking feedback, continuous improvement, and incremental changes are key tenets of modern thought frameworks.

Similarly with metrics, areas that need improvement send a powerful message about an organization's priorities. Examining the areas of improvement that have been identified by high and low performers showcases their focus on value and cost, respectively. While the focus on security and quality of digital services/products is high for both groups, we begin to see greater differentiation when it comes to matters that drive business value:

- **Speed of delivery.** High performers are more likely to see speed of delivery as an area of improvement (43%) or key focus of service management and customer value, rather than cost.
- **Team/organizational culture differences.** We also found wide gaps between high and low performers when it comes to challenges with cultural differences (42% vs 28%, respectively). This suggests that top performers — more so than low performers — are focusing on driving business value by transforming culture, e.g., between development and operations teams.

High performers are more likely to see speed of delivery as an area of improvement (43%) or key focus of value, rather than cost.

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› **Addressing technology outages.** The biggest gap between high and low performers in terms of improvement areas is outages (46% vs 27%, respectively) (see Figure 3). High performers are laser-focused on ensuring value by improving upon speed and velocity within their organizations. As high performing organizations are deploying more frequently, managing potential outages of critical business apps and services becomes a high priority.

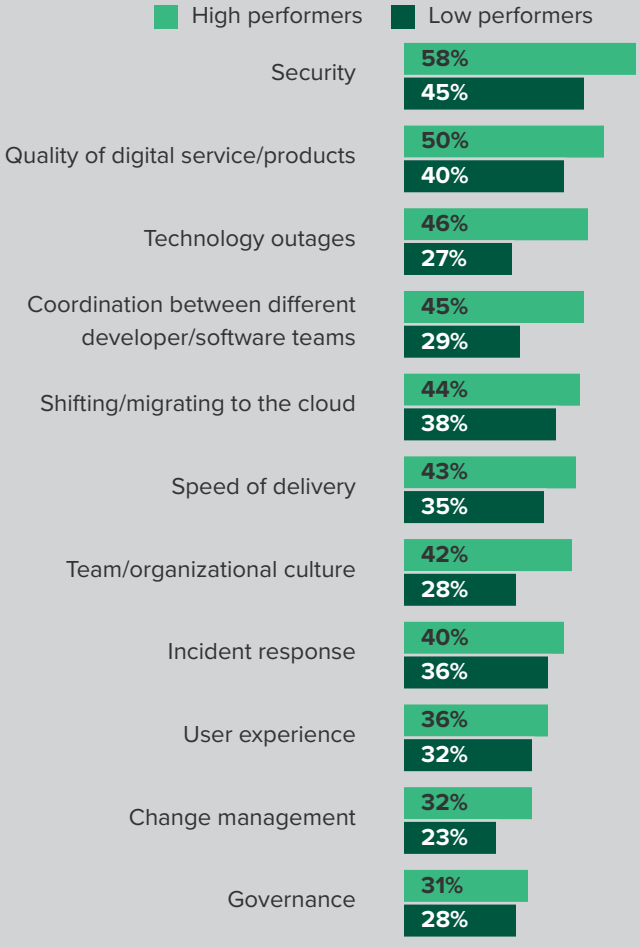
By contrast, low performers are predominantly constrained from adopting agile operating models due to budget (49%) and the lack of technical skills (37%). This suggests that they have less breathing room to prioritize improvements that enable business value.

Figure 3

High Performers Focus On Continual Improvement

High performers report **4.7** areas of improvement, on average, as compared to only **3.2** for low performers.

"Which of the following technology-related issues do you recognize as key areas for improvement within your organization?"



Base: Variable global decision-makers with responsibility for ITSM initiatives
Source: A commissioned study conducted by Forrester Consulting on behalf of Atlassian, July 2020

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LOW PERFORMERS STRUGGLE TO NAVIGATE BASIC CHALLENGES

Some of the practices that are most widely expected from organizations — catalog of services/workflows, knowledge management, cloud, integrated management, and platform as a service (PaaS) — should be baseline characteristics, but that is not the case for low performers. Low performers, as compared to high performers, are currently under utilizing their catalog of services (35% vs 51%), knowledge management (50% vs 63%), cloud operations management (56% vs 73%), integrated IT operations management (46% vs 69%), and PaaS (45% vs 62%). Moving forward, low performers need to focus on improving their process from start to finish, aligning their focus on key collective efficiency metrics that drive customer value.

High-Velocity ITSM Is Driven By Focus On People, Practices, And Technology

High performers in I&O transformation prioritize a *people* culture of collaborative, cross-functional product teams that have culture-driven *practices* which prioritize autonomy, and functional, flexible *technology*. Focusing more effort on any, or all, of these tenets can help bring about positive benefits to all organizations.

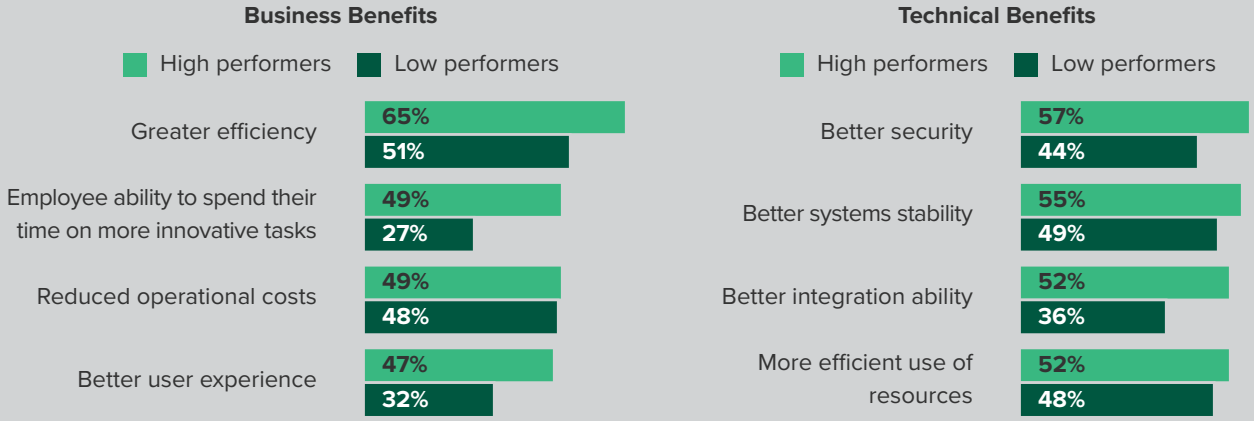
ENABLE INTEGRATED, CROSS-FUNCTIONAL PRODUCT TEAMS

In order to move away from silos, firms must embrace service management that connects processes and embraces teams of diverse skills. Integrated operational models that embrace collaboration, integration, and work visibility are essential. Organizations that utilize semiautonomous DevOps/product teams experience the benefits of this autonomy; 49% of high performers say employees are able to spend time on more innovative tasks, as opposed to only 27% of low performers (see Figure 4).

Additionally, high performers experience a higher level of cross-functional collaboration: 52% of high performers say they experience better integration ability as a result of their semiautonomous product teams, vs just 36% of low performers.

Figure 4

High Performers Employ Integrated, Cross Functional Product Teams



Base: 443 global decision-makers with responsibility to ITSM initiatives
Source: A commissioned study conducted by Forrester Consulting on behalf of Atlassian, July 2020

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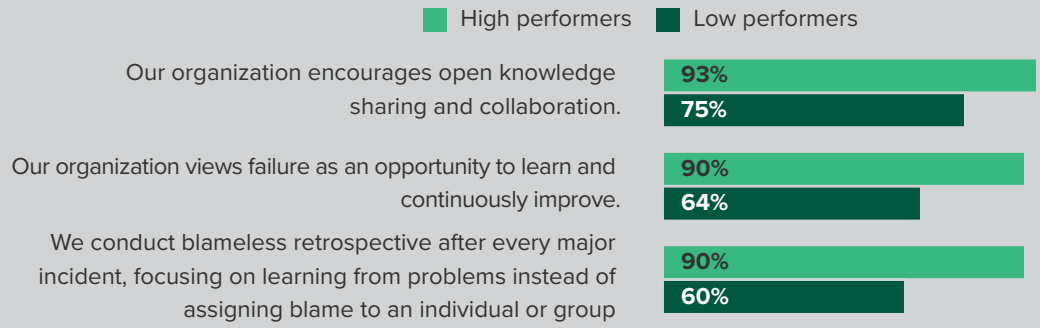
CREATE CULTURE-DRIVEN PRACTICES THAT EMPOWER TEAMS

Modern, culture-driven practices prioritize team autonomy, collaborative communication, and visibility into tracking results; they enable organizations to pivot easily when needed. As compared to low performers, high performers are more likely to create blameless retrospectives after every major incident (90% vs 60%), view failure as an opportunity to learn/continuously improve (90% vs 64%), and encourage open knowledge sharing and collaboration (93% vs 75%). All of these practices allow employees to be more autonomous, which in turn fosters continuous improvement in the culture and ultimately leads to employees feeling more empowered (see Figure 5).

Figure 5

High Performers Create Culture-Driven Practices That Empower Teams

"Please indicate your level of agreement with the following statements as they pertain to your organization."
(Showing agree/strongly agree options only)



Base: 461 global decision-makers with responsibility for ITSM initiatives
Source: A commissioned study conducted by Forrester Consulting on behalf of Atlassian, July 2020

EMPHASIZE FLEXIBLE TECHNOLOGY THAT SUPPORTS HIGH-VELOCITY TEAMS

To support their teams and these processes, high performers must look beyond one-size-fits-all tooling and rely on flexible tools and technology to give their teams the agility they need to do their best work. High performers are more likely to utilize flexible tools and advanced technology that helps them emphasize agility and speed, such as continuous deployment, software and development tools integration, enterprise service management (ESM) beyond IT, and artificial intelligence/machine learning (AI/ML) (see Figure 6).

- **Integrated tools between IT operations and development.** High performers are more likely to invest in smart, integrated tools to best position their organization for high velocity moving forward, i.e., nearly nine in 10 (89%) high performers plan to invest more heavily in IT ops and dev tool integration, as compared to 62% of low performers. These integrated tools not only connect and accelerate workflow, but they also cut through silos by creating visibility between IT operations and development teams. Similarly, high performers (45%) are more likely to invest in virtual agent tooling in the next two years, as compared to only 32% of low performers.

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- **Accelerate deployment velocity.** High-velocity I&O teams need to evolve their release management practices to respond with more agility and adapt to change, such as moving toward standard changes. In doing so, deployment velocity increases as service management teams are able to get through change approvals faster, enabling deployment teams to work faster. This trend toward higher-velocity deployment is only amplified by the current state of the world. In response to uncertainty around vaccines for the COVID-19 virus, and the general unstableness that that leads to, 85% of high performers have increased their release frequency across their portfolio, nearly double as much as low performers (47%).
- **ESM beyond IT teams.** Leading, high-velocity IT organizations also find value by extending and broadening ITSM platform integrations and capabilities across the entire enterprise. We found that 41% of high performers say that their ITSM platform is used throughout their entire organization, including with business units. Meanwhile, 29% of low performers say that their ITSM platform is *only used by IT*.
- **AI/ML.** Lastly, we found that high performers are more likely to leverage AI/ML to gain critical insights to best support their tech initiative. Nearly half (46%) of high performers say AI/ML is one of the most important tools in achieving tech initiatives, as compared to 37% of low performers.

Figure 6

High Performers Emphasize Culture-Driven Practices Flexible Technology That Supports High-Velocity Teams

AI/ML is one of the most important tools in achieving tech initiatives.

Low performers = **37%**

High performers = **46%**

We are planning on investing in virtual agent tooling in the next two years.

Low performers = **32%**

High performers = **45%**

We plan to invest more heavily in ITSM tools moving forward.

Low performers = **62%**

High performers = **89%**

We increased our release frequency across our portfolio in response to uncertainty.

Low Performers = **47%**

High Performers = **85%**

Our ITSM platform is used throughout their entire organization.

Low performers = **28%**

High performers = **41%**

Base: 461 global decision-makers with responsibility for ITSM initiatives
Source: A commissioned study conducted by Forrester Consulting on behalf of Atlassian, July 2020

WHAT'S NEXT FOR HIGH AND LOW PERFORMERS ALIKE

Moving forward, I&O organizations should consider investments in solutions that support cross-functional teams to deliver on agility, flexibility, reliability, and customer-facing value. High-velocity performers should evaluate and benchmark themselves against the performance of their teams, practices, and technology.

Key Recommendations

Forrester's in-depth survey of ITSM decision-makers yielded several important recommendations to drive high velocity through three distinct methods: 1) an increased focus on value; 2) prioritization of a culture-driven, integrated practice and operational model; and 3) an effort to utilize more efficient practices.

Time to value rules. In world that is increasingly being defined as volatile, uncertain, complex, and ambiguous (the VUCA world), a few points' worth of gained efficiency pales in comparison to the game-changing responses to emerging market dynamics. And those responses have a very short shelf life in the competitive economy. The ability to continuously execute experiments at speed lies at the heart of modern business success. Additionally, ensure that your KPIs are aligned to your values and measure them on a continuous basis to track progress.

Invest in product team practices. Move from functional silos exchanging work orders, to cross-functional "build/run" teams that have the skills and resources to get their jobs done. Growing evidence shows that such teams deliver better business results and are associated with higher levels of innovation and organizational performance. If not adopted already, new operational models such as agile and DevOps can provide additional functionality.

Stop playing the blame game. Finger-pointing leads to delays in analyzing and remediating problems. Incidents in complex systems often have a multitude of contributing factors, so avoid looking for one root cause. Adopt blameless retrospectives to improve culture and accelerate remediation.

Cancel the change approval board (CAB), but keep the change process. Instead of the weekly CAB meetings, start delegating change approvals to the product teams, allowing them to work out dependencies with other product teams. Keep logging change records, preferably in as automated a fashion as possible. Integrate change management with your DevOps pipeline so that changes flow seamlessly and experimentation and innovation are not delayed. Speed up process and increase efficiency by leveraging low-risk standard changes and automating aspects of these changes where possible.

Start embracing and expanding ESM. The DevOps pipeline culminates in services and products released for consumption, ideally then made available via your service portal in an integrated, end-to-end architecture. Organizations also are extending the service portal into HR, finance, research contracts, communications, and other enterprise-shared services, so that end users can discover the valuable services available to them as participants in the enterprise. This will shorten provisioning lead times, save costs, encourage IT productivity, and even improve employee experience.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 649 decision-makers with responsibility for ITSM initiatives in North America, EMEA, and APAC to evaluate the current landscape, trends, and future of ITSM for the enterprise. Respondents included manager+ ITSM decision-makers in a variety of industries. Respondents were offered incentives as a thank you for time spent on the survey. The study was completed in July 2020.

Appendix B: Performance Cut Methodology

Survey respondents were scored based on their use of leading technologies, processes and ITSM practices, performance metrics, and operations from five questions within the survey instrument. Respondents could receive a maximum score of 55. These scores translated into three distinct groups: high performers that scored above 45 points (N = 239), low performers that scored below 39 points (N = 222), and all others (N = 188).

Appendix C: Demographics

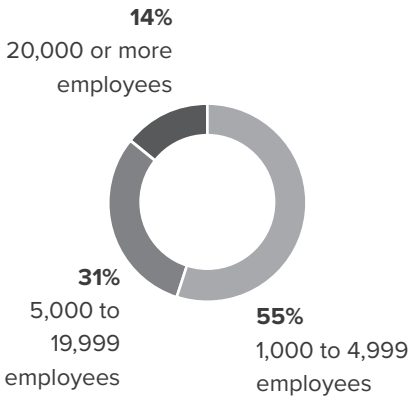
COMPANY GEOGRAPHY

US: **25%**
CA: **8%**

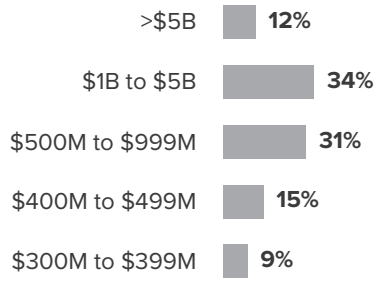
JP: **9%**
SK: **9%**
ANZ: **9%**

FR: **16%**
DE: **16%**
UK: **9%**

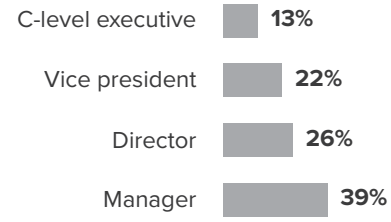
COMPANY SIZE



COMPANY REVENUE



POSITION IN ORGANIZATION



Base: 649 global decision-makers with responsibility for ITSM initiatives
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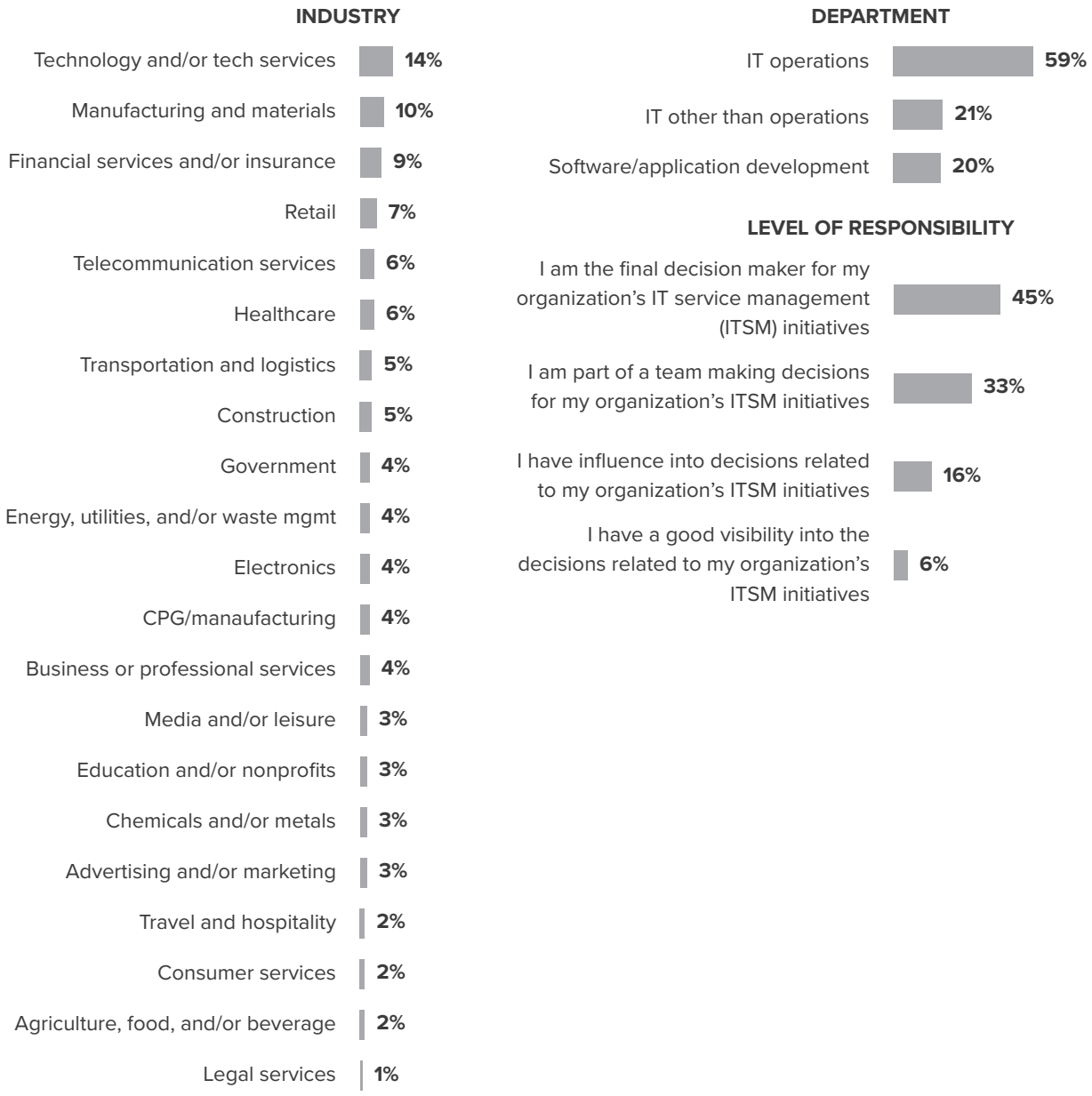

Base: 649 global decision-makers with responsibility for ITSM initiatives
Source: A commissioned study conducted by Forrester Consulting on behalf of Atlassian, July 2020

Appendix D: Endnotes

[1] Source: "Research Overview: Modern Technology Operations," Forrester Research, Inc., August 3, 2020.

[2] Source: "Top 10 Trends That Will Shape Modern Infrastructure And Operations In 2020," Forrester Research, Inc., December 6, 2019.

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