NEWS RELEASE

90% of European CEOs Say Being Agile is Critical, But Only 21% Are in The Advanced Stages of Their Agility Journey

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IDC research, commissioned by ServiceNow, shows a direct correlation between organisational agility and improvements in customer loyalty, talent retention and time to market

Staines, UK – January 19, 2021 – Almost three-quarters (72%) of business leaders and 90% of CEOs across Europe see organisational agility as critical in driving business performance and growth, yet many are overestimating their capabilities, according to new research from **ServiceNow** (NYSE: NOW), the leading digital workflow company making work better for people.

The survey of 873 senior decision makers from large businesses across Europe examined the agility of organisations, applying a bespoke assessment model to determine their maturity in this area.

Over half of European businesses claim to be very or extremely agile, but the research shows the majority of businesses across Europe are only at the start of their agility journeys.

A model developed by IDC to measure progress against five types of organisational agility (leadership, structural, process, portfolio and technology) reveals that only one in five (21%) businesses are in the top two tiers of agility readiness: 'synchronised' or 'agile'.

Almost half (45%) of businesses are categorised as 'in motion', in the middle of the journey, while 34% sit in the lower tiers of 'static' or 'disconnected'.

"Although few organisations have fully embraced agility, the urgency to become more agile is now clearer than ever. It's not only about surviving, it's about succeeding and to do so companies need to break the cycle of keeping pace to accelerate change", explains Phil Carter, IDC Chief Analyst Europe.

He adds: "But to know where to go you need to know where you are today and start building your own compass towards agility."

Agility brings benefits

Those businesses categorised as agile or synchronised cited clear benefits. Almost two thirds (65%) of business leaders in these top two tiers said they are either recovering or returning to growth, compared to just under a third (30%) of those in the lowest two tiers.

“Agility has long been recognised as a driver of business success, enabling companies to organise themselves in a way that prioritises efficiency and adaptability,” says Chris Pope, VP Innovation at ServiceNow.

“The research has identified a clear link between agility and tangible business outcomes, which is vital for businesses that are currently operating in the dynamic COVID economy. From customer experience to time to market, we can now prove a true correlation between advanced agility and better business performance.”

Building customer relationships

However, budgetary and revenue benefits only tell part of the story, as agile businesses are making clear gains in other areas of business performance as well.

Over half (53%) of agile businesses performed excellently in terms of customer experience, compared with fewer than a fifth (16%) of organisations overall.

This success is driven by flexible operating models, which allow businesses to quickly pivot to customer preferences and continuously integrate their feedback, increasing overall customer satisfaction and loyalty.

There is also an argument that this high level of customer experience is driven by a satisfied and skilled workforce. The research shows that agile companies outperform the market average by 10% with respect to talent attraction and retention.

Reaching the market faster

The ability to accelerate decision cycles and budget planning can give organisations a route to develop new solutions faster and more effectively.

Just under half (47%) of agile organisations consider themselves best-in class in time-to-market compared with a 13% average across all European businesses. And over a third (36%) of agile businesses reported an excellent market performance measured in market share wins compared with a 15% European average.

Moving forward

“Agility is not a destination, it’s a journey,” says Chris Pope, VP Innovation at ServiceNow. “The majority of European businesses are neither lagging behind or charging ahead, but sitting in that middle zone of having started without yet achieving their full potential. With only one in five European businesses currently in the advanced stages of their journey, there is a huge opportunity to drive agility into every aspect of their organisation.

“By partnering with experts who can show them how to harness this potential and build sustainable agility infrastructure, businesses can be ready, resilient and adaptable in the face of any future challenge, with the ability to bounce back and return to growth with confidence.”

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Research methodology

ServiceNow and its research partner, IDC, surveyed 873 executives about how agile they perceived their business to be and the measures and processes they have in place to aid their agility journey.

The respondents came from 10 European countries and represented five industries. Eligible respondents were individuals from IT and Line of Business (LoB) best qualified to answer questions about overall company's strategy, which means that eligible respondents were most likely senior decision markers participating in decision making or having knowledge of corporate strategy. A screening question was used to determine respondents' eligibility.

Countries surveyed: UK Ireland, France, Germany, Nordics (Sweden and Denmark), Benelux (Belgium and the Netherlands, Italy and Spain.

Industries surveyed: Financial Services, Government, Healthcare, Manufacturing and Telcos Media.

*Agility stages:

Static: Organizations that are fixed in their organigram, strategy, and budgeting cycles. Leadership does not show

interest in an agile culture and provides limited support for collaboration. Processes are not standardized or documented. Red tape prevents departments from innovating, so product development is slow and incremental. The technology stack is deeply anchored to on-premises legacy systems and there is no automation or custom software development strategy.

Disconnected: Organizations where collaboration is praised but leadership prefers predictable structures. Leadership invests to react when it sees bottlenecks. Organizational structures are stable, with collaboration encouraged at BU level. Standardized business processes are siloed in functions (e.g., finance, HR). New offerings are launched irregularly based on unstructured market insights. The technology architecture highlights "islands of innovation" in the cloud, which aren't always linked to "core" systems. Automation is in place in some parts of the IT function only.

In motion: Organizations where leadership reviews strategy and budgets on a fixed and recurring schedule. Knowledge sharing is widely encouraged, and teams are defined across products and services. Standardized processes flow between departments and are documented. New products are launched frequently but slowly, incorporating customer inputs. A "side-car model" characterizes the technology architecture with advanced digital platform coupled with a traditional "core." Business automation is applied to some key internal processes.

Synchronized: Periodic insights support frequent reviews of the strategy and budgets of these organizations. New initiatives are easily funded and "failed fast." Leadership has implemented some integration of operational and strategic agility. Teams bring together diverse expertise and are measured on key behavioral indicators (KBIs). Real-time information exchange enables process handovers between functions. A fail-fast culture for product or service delivery is emerging. Mid-managers are encouraged to rethink staffing and processes. The digital platform and the integrated "core" coexist and continuously communicate. Business automation is applied across teams.

Agile: Organizations where leadership constantly redefines budgets and strategy to drive innovation. An "open" workforce can be expanded to contractors, partners, and so on, depending on contingent needs and emerging skills gaps. Servant leadership invests in autonomous organizations where teams are self-formed and autonomously ruled. Robust knowledge sharing overcomes corporate boundaries, extending to the ecosystem. Processes are digitized and automated to enable self-service. Product development leverages a network of suppliers, academia, partners, and competitors. Sophisticated automation fluidly shifts from API, RPA, and workflow management as part of an integrated digital platform.

About ServiceNow

ServiceNow (NYSE: NOW) is making the world of work, work better for people. Our cloud-based platform and solutions deliver digital workflows that create great experiences and unlock productivity for employees and the enterprise. For more information, visit: **www.servicenow.com**.

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