

Enterprise Service Management: Strategic Back-Office Function Transformation

DO MORE WITH LESS

MOZΔIC

Summary

In a world where doing more with less is the new normal, back-office functions are often neglected, leading to inefficiencies that can cripple an organisation's ability to grow and adapt. Enterprise Service Management (ESM) offers a solution by extending ITSM principles across the enterprise, streamlining operations, and enhancing service delivery.

This whitepaper explores the vital role of ESM in modern businesses, showcasing how it can transform cumbersome and complex processes into seamless, value-driven experience, in areas such as employee onboarding, property management, and health & wellbeing support.

Despite its clear benefits— cost reduction (est. savings of 20% across CapEx & OpEx), time savings (~20% productivity increase) improved experience (70-80% uplift in user satisfaction) and process simplification (reducing forms by 40%) —many organisations struggle to kickstart their ESM journey. We'll outline the common barriers and provide actionable strategies to overcome them.

Mozaic's phased approach to ESM transformation ensures you can start confidently, with a clear roadmap and measurable outcomes. Ready to unlock the full potential of your back-office functions? Dive in to discover how ESM can drive real business impact.

Introduction

In today's competitive landscape, organisations are under increasing pressure to deliver exceptional services while simultaneously reducing costs and improving efficiency. As digital transformation accelerates, the focus tends to be on customer-facing innovations and new technologies. However, the backbone of any large organisation—its back-office functions—often remains overlooked. These essential services including HR, Procurement, Finance, IT, Facilities Management and others, are critical to keeping the business running smoothly.

Yet, many of these functions are burdened by outdated processes, manual workflows, and siloed systems. This not only creates friction but also hampers the organisation's ability to respond quickly to new challenges and opportunities. The result? Slower service delivery, increased operational costs, and a suboptimal employee and customer experience.

Enterprise Service Management (ESM) offers a transformative approach to addressing these challenges. By applying the principles of IT Service Management (ITSM) across the entire enterprise, ESM enables organisations to streamline operations, improve service quality, and enhance overall productivity. Whether it's automating routine tasks, centralising knowledge, or improving service request clarity and visibility, ESM ensures that back-office functions are no longer a weak link but a strategic asset.

In this whitepaper, we will explore how ESM can revolutionise your organisation's approach to service management, providing the foundation for sustainable growth and long-term success.

The Importance of ESM

As organisations navigate the ever-increasing complexities of modern business, the efficiency and effectiveness of corporate and back-office functions have become critical to overall success. More organisations are also reconsidering shared services as a way of reducing duplication and improving consistency of service delivery. While front-end innovations and customer-facing technologies often steal the spotlight, it is the seamless operation of back-office services that enables an organisation to deliver on its promises. Enterprise Service Management (ESM) is not just a service delivery framework; it is a strategic approach to transform these essential functions, ensuring they contribute to, rather than detract from, business objectives and value.

DRIVING OPERATIONAL EFFICIENCY

ESM breaks down silos across departments, enabling a more integrated and coordinated approach to service delivery. By standardising processes and defining and embedding workflows, ESM reduces duplication of effort and minimises the potential for errors. One organisation onboarded 16 departments onto a single platform. This not only streamlines operations but also frees up valuable resources, allowing teams to focus on more strategic tasks.

ENHANCING SERVICE QUALITY AND USER EXPERIENCE

The application of ESM extends beyond simple process automation. It includes improving the clarity and quality of services delivered to both internal and external stakeholders. With better visibility into service requests and clearer communication channels, ESM ensures that issues are resolved more quickly and accurately, leading to higher satisfaction rates and an improved reputation for reliability. The experience of prospective customers or staff, service delivery teams and customers is radically improved – one implementation at a UK Government organisation lifted user satisfaction by 74%.

ENABLING AGILITY AND INNOVATION

In a rapidly changing business environment, agility is key. ESM equips organisations with the tools to respond swiftly to new challenges and opportunities. By automating routine tasks and providing real-time insights into service performance, ESM enables a more proactive approach to service management. This agility also supports innovation, as teams can reallocate time and resources from mundane tasks to initiatives that drive growth and competitive advantage.

SUPPORTING STRATEGIC GOALS

At its core, ESM aligns back-office functions with the broader strategic goals of the organisation. Whether it is through cost reduction, improved compliance, or enhanced employee and customer experiences, ESM ensures that every part of the organisation is pulling in the same direction. This alignment is crucial for maintaining a competitive edge in today's market, where operational excellence is a key differentiator.

ESM is not merely a tool for improving back-office efficiency—it is a foundational strategy for driving overall business success.

By optimising these critical functions, organisations can unlock new levels of performance, ensuring they are well-positioned to meet the demands of the future.

Key Challenges and Pain Points

For many organisations, the management of back-office services is fraught with challenges that can undermine efficiency and effectiveness. These pain points are felt across all levels of the organisation, from customers to teams and leaders. Below, we outline the common issues that Enterprise Service Management (ESM) seeks to address.

FOR CUSTOMERS:

- ▶ **Cumbersome processes:** Customers often face manual, paper-based forms that are not user-friendly, leading to frustration and delays.
- ▶ **Lack of transparency:** There is often limited visibility into the progress of requests, with customers left in the dark about when their issues will be resolved.
- ▶ **Disjointed support:** Customers frequently experience being passed around different teams in search of the right person to assist them and other unnecessary delays, leading to a poor experience.
- ▶ **Limited self-service options:** Many organisations offer inadequate self-service capabilities, forcing customers to rely on direct support for even simple requests that should be able to be completed without human assistance.

FOR TEAMS:

- ▶ **Manual workflows:** Teams often rely on manual tracking of workflows between departments, leading to inefficiencies and errors.
- ▶ **Repetitive data entry:** The need to repeatedly input the same data into different systems (often described as 'swivel-chair' operations) wastes time and increases the risk of mistakes.
- ▶ **Non-standardised requests:** Without standardisation, incoming requests can vary widely, making it difficult to prioritise and manage workload effectively.
- ▶ **Disparate knowledge sources:** Teams often struggle with disparate and siloed sources of knowledge, making it challenging to find the information needed to complete tasks efficiently.

FOR LEADERS:

- ▶ **Lack of demand visibility:** Leaders frequently have an inaccurate view of demand due to disparate channels, making it hard to allocate resources effectively.
- ▶ **Inconsistent reporting:** The absence of standardised service reporting leads to fragmented insights and hampers decision-making.
- ▶ **Inability to match capacity to demand:** Without a clear understanding of demand, matching team capacity to workload becomes nearly impossible, resulting in either overburdened teams or underutilised resources.
- ▶ **Compliance risks:** Non-compliant data handling processes increase the risk of regulatory breaches, which can lead to significant financial and reputational damage.

Example: Employee Onboarding

To illustrate the transformative power of Enterprise Service Management (ESM), consider the complex and often cumbersome process of employee onboarding – often an early candidate in an ESM transformation roadmap. This critical capability touches multiple departments within an organisation—HR, IT, Facilities, and Legal, to name a few. However, without a unified approach underpinned by an ESM platform, onboarding can quickly become a disjointed and frustrating experience for both new hires and internal teams.

THE TRADITIONAL ONBOARDING EXPERIENCE

In a traditional setup, employee onboarding involves a series of manual steps, each managed by different teams using disparate systems. Typically, the process includes:

- ▶ **HR Teams:** Collect employee data and conduct background checks.
- ▶ **IT Teams:** Set up user profiles, provision devices, and grant access to necessary systems.
- ▶ **Payroll Teams:** Ensure the employee is correctly set up for tax and payment purposes.
- ▶ **Facilities Teams:** Arrange physical site access and workspace setup.
- ▶ **HR and Team Leaders:** Coordinate induction training and initial task assignments.

FROM THE NEW HIRE'S PERSPECTIVE

This fragmented approach often results in a poor onboarding experience. New employees may find themselves filling out repetitive forms, facing delays in receiving essential equipment, or being unable to access critical systems on their first day. The lack of coordination can leave them feeling undervalued before they've even started their role.

FROM THE SERVICE TEAMS' PERSPECTIVE

Behind the scenes, teams are juggling multiple tasks with limited visibility into the overall process. Manual data entry, reliance on outdated systems, and poor communication between departments lead to errors, delays, and frustration. This inefficiency can also burden managers, who struggle to balance demand across the capacity in their teams and ensure tasks are completed on time and to standard.

THE ESM-ENABLED ONBOARDING EXPERIENCE

With ESM, the onboarding process is transformed into a seamless, integrated experience that benefits both the new hire and the organisation:

- ▶ **CENTRALISED PORTAL:** Upon accepting an offer, the new hire receives a personalised welcome email with a link to the ESM portal. This portal serves as a one-stop shop for all onboarding activities.
- ▶ **AUTOMATED WORKFLOWS:** The ESM platform automates the flow of information between HR, IT, Payroll, and Facilities, ensuring that each task is completed in the correct sequence without unnecessary delays.
- ▶ **REAL-TIME TRACKING:** Both the new hire and the service teams can track the progress of each onboarding task in real-time, ensuring transparency and accountability.
- ▶ **KNOWLEDGE INTEGRATION:** The ESM platform integrates with knowledge bases and other resources, providing the new hire with immediate access to the information they need to get started effectively.

FROM THE NEW HIRE'S PERSPECTIVE

The onboarding process becomes a positive experience, with clear guidance and timely access to all necessary resources. The new employee feels supported and valued, setting the stage for strong engagement from the outset.

FROM THE SERVICE TEAMS' PERSPECTIVE

Teams can work more efficiently, with automated workflows reducing the manual workload and improving accuracy. Managers have better oversight, enabling them to address any issues before they escalate. Robust service reporting allows effective management of current performance and delivers trend and analytical data to drive continuous improvement.

THE IMPACT OF ESM ON ONBOARDING

By streamlining and automating the onboarding process, ESM delivers tangible benefits by not only improving the experience for new hires but also enhancing operational efficiency across the organisation, radically improving a traditionally complex, multi-departmental process for service delivery teams and their leaders.

Whilst Employee Onboarding is often an early candidate in an ESM implementation roadmap, the principles and benefits extend far beyond to areas such as Facilities and Estates Management, Complaints and FOIs, Risk Management and Mental Health & Wellbeing.

Benefits of ESM Transformation

Investing in Enterprise Service Management (ESM) delivers a wide range of benefits that extend across the entire organisation. By optimising back-office processes and enabling more efficient service delivery, ESM helps organisations achieve key strategic objectives, particularly in today's environment where doing more with less is imperative. Below are the primary benefits of undertaking an ESM transformation.

COST REDUCTION – EST. SAVINGS OF 20% ACROSS COMBINED CAPITAL AND OPERATING COSTS

ESM helps organisations streamline operations, reducing the need for manual processes and minimising errors that can lead to costly rework. By automating routine tasks and improving resource allocation, ESM enables significant cost savings across multiple functions.

For example, a top global university implementing ServiceNow as part of their ESM strategy achieved a 5-10% reduction in operational costs, more than offsetting the cost of implementation. When considering capital and operating costs combined, our modelling suggests savings of up to 20% are achievable.

TIME SAVINGS – 20% INCREASE IN PRODUCTIVITY

The efficiency gains from ESM are particularly evident in time savings. By automating workflows and integrating disparate systems, organisations can dramatically reduce the time required to complete key processes, lifting productivity significantly in the process.

For instance, a large UK university reduced the time taken to provide software access from three days to just 20 minutes, and similarly, reduced the onboarding process from up to five days to mere seconds. These time savings not only enhance productivity but also improve the experience for both employees and customers.

ENHANCED SERVICE QUALITY AND USER EXPERIENCE – 70-80% UPLIFT

With ESM, organisations can ensure a consistent, high-quality service experience across all functions. By centralising knowledge and providing clear, transparent processes, ESM improves the accuracy and speed of service delivery. This not only boosts customer and employee satisfaction but also builds a stronger, more reliable organisational reputation.

Organisations can see uplifts in user satisfaction of 70-80%.

DEMAND DEFLECTION AND REDUCTION – 170% INCREASE IN SELF-SERVICE

ESM enables better self-service capabilities, allowing users to resolve many of their issues without needing direct support. This not only reduces the demand on service teams but also empowers users with quicker access to the information they need.

A large public health services provider saw a significant impact here, with 28% of users successfully finding answers through knowledge articles, leading to a reduction in support requests. Another organisation saw an increase of 170% in monthly self-service incidents after implementing an ESM portal.

PROCESS AND SYSTEM SIMPLIFICATION – 40% REDUCTION IN FORMS

ESM standardises and simplifies processes across the organisation, leading to a more coherent and manageable system architecture.

For example, Imperial College London aligned 16 departments on a single ESM solution, significantly reducing complexity and improving operational efficiency. Similarly, by decommissioning outdated systems and consolidating forms and workflows, another organisation was able to eliminate 32 shared mailboxes and reduce the number of forms by 40%.

IMPROVED COMPLIANCE AND RISK MANAGEMENT – REDUCE WORKLOADS BY 75%

ESM provides greater visibility and control over processes, reducing the risk of non-compliant data handling and other regulatory breaches. By standardising workflows and centralising data management, organisations can more easily adhere to compliance requirements and mitigate risks, protecting both their reputation and bottom line.

Some ServiceNow customers have reported reducing compliance workloads by up to 75%.

Barriers to ESM Adoption and How to Overcome Them

Despite the clear advantages of Enterprise Service Management (ESM), many organisations face significant barriers when it comes to initiating or fully realising their ESM transformation. Understanding these common challenges and how to address them is critical to ensuring the success of your ESM strategy.

LACK OF A SINGLE TRANSFORMATION SPONSOR

A successful ESM transformation requires strong leadership and clear accountability. Without a dedicated sponsor, the initiative can lose momentum and struggle to gain traction across the organisation.

Ideally, the transformation should be championed by a Chief Transformation Officer (CTxO), Chief Operating Officer (COO), Head of Corporate Services or equivalent. If such a role does not exist, the CEO or another senior executive should take ownership to ensure alignment with strategic goals and to drive the initiative forward. A fully engaged Executive team gives the highest chances of success.

INABILITY TO ARTICULATE A BUSINESS CASE

One of the most common hurdles is the perceived difficulty in building a strong business case for ESM. Organisations often struggle to quantify the benefits or may fear the investment required.

By breaking down the implementation into manageable, phased projects, organisations can demonstrate achievable value at each stage. A considered sequence to your implementation can deliver early value, build momentum and tackle complex and riskier areas at a suitable juncture once the delivery pattern has been proved. Approaches such as bottom-up functional assessments, cost-benefit analyses, pilot phases, and real-world case studies from similar organisations can be invaluable in illustrating the potential return on investment.

CONCERNS OVER PAYBACK PERIODS

Another barrier is the concern over the time it takes to realise the benefits of ESM. Some leaders worry that the payback period will be too long or that initial costs will outweigh the benefits.

It is essential to identify high-impact areas where ESM can deliver quick wins. Focusing on processes that are high volume, high effort, and low efficiency can ensure that early stages of the transformation deliver visible, impactful results, thereby justifying further investment.

FEAR OF ADDING ARCHITECTURAL COMPLEXITY

There is often a misconception that implementing ESM will add to the complexity of the existing IT landscape, requiring extensive integration efforts.

In reality, a well-executed ESM strategy can actually simplify the IT estate by identifying and decommissioning redundant systems and streamlining processes. Leading ESM platforms come with strong integration capabilities that can easily connect with existing enterprise applications, reducing the burden on IT teams.

LACK OF FOUNDATIONAL SYSTEMS

Some organisations feel they lack the necessary foundational systems to begin an ESM transformation, particularly if their current ITSM platform is limited or outdated.

Most leading ESM platforms deliver out-of-the-box capabilities that can be quickly deployed and configured to meet specific needs. Mozaic can help organisations rapidly implement a foundational ESM platform, enabling them to move forward with confidence.

UNCERTAINTY ABOUT TRANSFORMATION SCOPE

The scale of an ESM transformation can be daunting, making it difficult for organisations to know where to start. This uncertainty can lead to paralysis by analysis, where too much time is spent planning and not enough time executing.

Organisations should adopt a phased approach, starting with a clear vision and a Minimum Viable Product (MVP) that addresses the most critical pain points. Mozaic's strategic executive-level workshops can help define this vision and scope, ensuring that the transformation is both achievable and impactful. One consideration for implementation planning is that cross-functional processes (such as employee onboarding) typically add complexity and might be implemented after an initial wave of deployments.

How to Get Started with ESM

Embarking on an Enterprise Service Management (ESM) transformation may seem like a daunting task, but with the right approach, you can achieve significant results quickly and effectively.

Here's how you can get started:

▶ DEFINE YOUR ESM VISION AND OBJECTIVES

Start by aligning your leadership team on a clear vision for ESM. This vision should be closely tied to your organisation's strategic goals, whether that's enhancing operational efficiency, improving customer and employee satisfaction, or reducing costs. Engage in strategic executive-level workshops to discuss the potential impact of ESM across different functions and to identify key priorities. Defining a Minimum Viable Product (MVP) and an aspirational end state will help you focus on the most critical areas first while keeping sight of the long-term goals.

▶ CONDUCT A FUNCTIONAL ASSESSMENT

Understanding your current state is crucial. Work with individual teams across your corporate functions to assess the services they deliver, the channels they use, the pain points they experience, and the systems they rely on. This bottom-up assessment will provide a detailed picture of where the most significant opportunities for improvement lie. It will also inform the sequencing of your ESM implementation, ensuring that you tackle the most impactful areas first and address complex cross-functional processes once you have momentum and confidence in your approach.

▶ DEVELOP A ROBUST BUSINESS CASE

A well-structured business case is essential for securing investment and buy-in from stakeholders. Combine insights from your top-down strategic vision and bottom-up functional assessment to create a compelling case for change. Your business case should include a clear articulation of the benefits, an assessment of the costs and risks supported by volumetric data and a detailed implementation roadmap. Highlight quick wins and early benefits to build momentum and demonstrate value early in the process.

▶ BUILD YOUR IMPLEMENTATION ROADMAP

With a solid business case in place, the next step is to develop a detailed implementation roadmap. This roadmap should outline the key phases of your ESM transformation, from initial planning through to full deployment. Prioritise areas where you can achieve the most significant impact in the shortest time and build flexibility in to your roadmap to smoothly adapt to any changes or challenges that may arise during the implementation.

▶ CHOOSE THE RIGHT ESM PLATFORM

Selecting the right ESM platform is critical to the success of your transformation. Consider platforms that offer robust integration capabilities, scalability, and out-of-the-box functionality that can be configured to your specific needs. Leading ESM platforms such as ServiceNow and BMC Remedy are popular choices, but the best platform for your organisation will depend on your existing IT landscape and any unique requirements you may have.

▶ ENGAGE AND EMPOWER YOUR TEAMS

Successful ESM transformations are not just about technology; they also require cultural change. Engage with your teams early and often, ensuring that they understand the benefits of ESM and are equipped with the necessary skills and tools. Provide training and support to help them adapt to new processes and systems. Creating opportunities for feedback and continuous improvement throughout the transformation journey will increase buy-in.

▶ MONITOR PROGRESS AND ADAPT AS NEEDED

Once your ESM transformation is underway, it is essential to monitor progress closely. Use metrics and KPIs to track the impact and value of your implementation, and be prepared to adapt your approach as needed. Regularly review your roadmap and business case to ensure that you're on track to meet your objectives and that any challenges are addressed promptly.

The key to a successful ESM implementation lies in careful planning, clear objectives, and phased execution – undertaken in quick succession to deliver significant benefits, rather than as a protracted programme of work.

Conclusion and Call to Action

Enterprise Service Management (ESM) is more than just a toolset or platform; it is a strategic approach that can transform your organisation's back-office functions into a powerhouse of efficiency, innovation, and value creation. By breaking down silos, automating processes, and enhancing service delivery, ESM enables organisations to meet today's demands while positioning themselves for future success.

BARRIERS CAN BE OVERCOME TO REALISE SIGNIFICANT BENEFITS

The benefits of ESM are clear: cost reductions, time savings, process simplification, and improved service quality, to name a few. Yet, the journey to ESM transformation requires careful planning, strong leadership, and a commitment to continuous improvement.

The barriers may seem significant, but with the right approach—starting with a clear vision, a robust business case, and a phased implementation roadmap—they can be overcome.

NOW IS THE TIME TO TAKE ACTION

If you're ready to explore how ESM can unlock new levels of performance within your organisation, Mozaic is here to help.

Our comprehensive ESM Assessment framework, coupled with our deep industry expertise, provides the guidance and support you need to embark on your transformation journey with confidence.

Whether you're just beginning to consider ESM or you've already started but need a strategic boost, reach out to our team for a discussion. We're committed to helping you achieve your goals.

Together, we can ensure you are Future Ready – transforming your back-office functions into a strategic asset that drives business success.

The Future of the Operating Model

As a recognised leader in IT and Digital Operating model design and transformation, Mozaic has delivered wholesale change in over a hundred, large complex estates over the past 10 years – possibly more than any other single organisation during that period. Our team includes ex-CIOs and CTOs from across a broad range of industries, giving us a unique perspective on the past, and on the next phase of operating model change that will affect us all.

THE SERIES

This whitepaper is one of a series that looks at the future of the operating model and details the specific areas of change that organisations will need to embark upon to transform to Enterprise Product and achieve excellence in technology delivery.

The papers in the series are:

- ▶ The future of the technology operating model
- ▶ Focusing on value
- ▶ The importance of culture in transformation
- ▶ Measure the things that really matter
- ▶ Aligning sourcing models to support Enterprise Product
- ▶ Value stream management - it's time to stop throttling change
- ▶ Data driven operations
- ▶ Addressing legacy constraints
- ▶ Unleashing data's potential
- ▶ Cloud for Digital Excellence
- ▶ The Evolution of Service Management
- ▶ Bridging Business & IT: Unified Value Measurement
- ▶ SIAM Reinvented
- ▶ **Enterprise Service Management: Strategic Back-Office Function Transformation (this paper)**
- ▶ Harnessing AI & Innovation in the Legal Sector

The full catalogue of papers can be found on the Mozaic website at <https://mozaic.net/insights/>.

Accompanying the series, Mozaic offers a range of complementary workshops, which look in more detail at the subject areas, and help teams to better understand the challenges and opportunities in their context.

If you would like to know more, please contact us at info@mozaic.net or call us on 0203 709 1625.

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