For the second year in a row, ServiceNow Governance, Risk, and Compliance (GRC) Named a Leader in the Integrated Risk Management (IRM) Magic Quadrant (MQ)

The Gartner MQ is one of the most accessed assets on ServiceNow.com and a great sales tool.

> How to use this document
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> Gartner has stringent rules on using their research. This internal-only document is a guide to accessing, understanding and leveraging the report, while remaining compliant with Gartner's usage policies that protect the report's objectivity and credibility. This internal

Figure 1. Magic Quadrant for Integrated Risk Management Solutions

Source: Gartner (June 2019)

The News

ServiceNow is positioned as a "LEADER" for the second year in a row in the **Gartner Integrated Risk Management MQ (July 2019)**. There is also an associated critical capabilities report.

An external copy of the report, you can share with customers can be found here

Gartner has also published an IT Risk Management MQ and will publish a Vendor Risk Management MQ both with associated critical capabilities reports that ServiceNow GRC is represented in.

> Gartner Definition: Over the past 10 years, risk management programs have matured to focus on not just compliance but also the interconnected nature of operational risk across an enterprise. Gartner defines this approach to risk management as integrated risk management (IRM). In plain English, IRM is a program and processes to measure and manage risk & compliance with the goal of making a business run better.
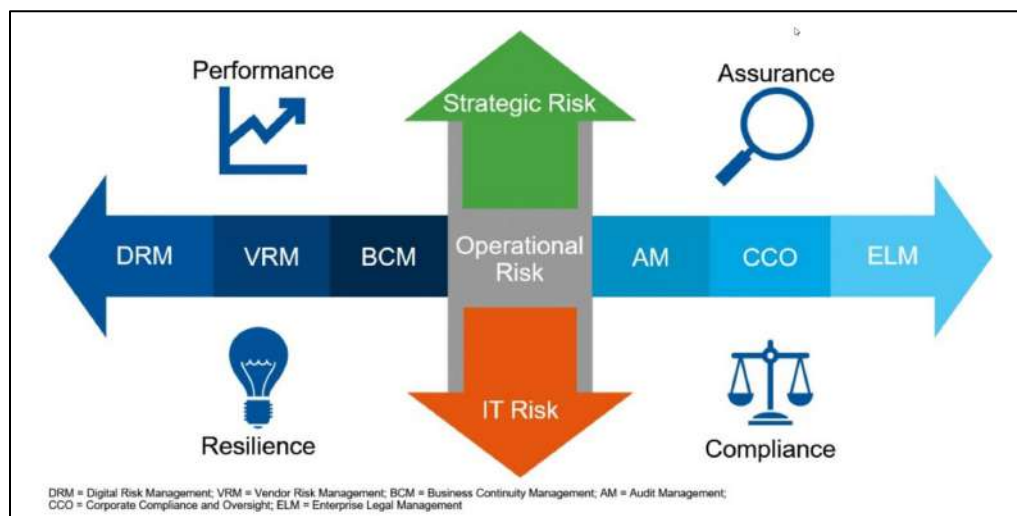
Why Gartner's Categorization of IRM and GRC is good for ServiceNow

Many believe GRC and IRM are the same thing, but that is not the case for Gartner and this shift plays to ServiceNow's strengths.

Gartner defines IRM solutions as the combined technology, processes and data that enable the simplification, automation and integration of strategic, operational and IT risk management across an organization.

Gartner continues to see increasing demand from organizations that want integrated options to enable enterprise-wide risk management initiatives. According to Gartner, by 2022 more than 50% of large enterprises will use the IRM solution set to provide better decision-making capabilities to propel digital business, up from 35% in 2019.* **Gartner continues to forecasts the IRM solution market will grow at a 11.8% CAGR from $5.3B in 2017 to $8B in 2021.**** Growth is driven by digital transformation, a greater maturity in organizations' risk management programs, as well as an increasing number of regulations and compliance requirements that organizations are subject to.

Gartner evaluates IRM technology solutions for balance by determining how well they enable the six primary IRM technology use cases illustrated in this diagram.

DRM = Digital Risk Management; VRM = Vendor Risk Management; BCM = Business Continuity Management; AM = Audit Management;
CCO = Corporate Compliance and Oversight; ELM = Enterprise Legal Management

Source: Gartner

The Gartner IRM MQ is most relevant to the "Respond to incidents, vulnerabilities, and enterprise risk fast" customer conversation, where enterprises are evaluating solutions that help reduce their risk exposure.

Our Take

- Debuting as a leader in last year's inaugural magic quadrant put us on everyone's shortlist. The fact that Gartner recognizes the evolution of our vision as evidenced by the movement of our dot to the right solidifies our leadership position. Gartner specifically called out our continued "commitment to delivering workflow-rich user interfaces, supporting a wide range of risk users across the enterprise".
- Gartner continues to see us as a disruptive force that has rapidly invested and developed IRM capabilities. The IRM market is still young and very similar to the ITSM

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market 5-7 years ago; a market where several antiquated and non-innovative on-premise vendors are ripe to be disrupted by a cloud platform, which is both scalable and configurable.

- Gartner sees the ability to address digital risk (DRM in the above graphic) as one of the most important aspects of IRM. ServiceNow can address digital risk like no other vendor. The single platform nature of our solution allows GRC to embed risk management and compliance activities into digital workflows across the enterprise, using the CMDB for context to prioritize risk. Cross-functional workflows and data sharing across Security, IT, and the business (HR, customer service, etc.) remains critical to our leadership position. In addition, the integration with Security Operations that allows for rapid remediation through IT also remains an important factor.

- The market is new and is rapidly evolving. The integrations available with our IRM Ecosystem of technology partners, implementation/integration partners, and a continued clear vision and ability to execute will be essential for our success.

What this Means to You

1. **GRC becomes relevant beyond IT.** This IRM definition allows us to use GRC to continue to break out of IT at ServiceNow and become relevant to other members of the C-Suite (CFO, CCO, CRO, CHRO, CLC) besides the CIO. This leadership position will help you land 'better together' value props with other ServiceNow Products (i.e. HR, Finance, ITOM, and CSM).

2. **ServiceNow is a Leader for the second year in a row in IRM and represents the future of the market**. Emphasize the fact that Gartner sees the unique value and evolving vision of ServiceNow. This is due to not only the richness of the GRC offering and platform-based approach but our focus on the customer experience and the importance of the cloud-based platform for providing the deployment model of the future and the data necessary for an integrated view of risk across the organization and with vendors.

3. **Tell the 'better together' story for Security, Risk, and IT**. Security operations provides context on cyber risk and compliance, HR provides insight on privacy and conduct use cases, CSM provides context into market conduct use cases, and ITSM and ITOM provide access to IT use cases like IT compliance, cloud compliance, and IT Risk. GRC/IRM brings it all together to identify, prioritize based on the business, and respond to risks across the organization.

4. **Address Digital Risk and privacy regulations together.** Digital Risk is no longer a compliance activity by auditors inside an enterprise but inherit in nearly every activity an organization performs. It is absolutely necessary to be able to invisibly embed IRM into these digital workflows to ease user adoption and improve organizational risk posture. The number of privacy regulations worldwide (like GDPR) is staggering and a challenge to any global organization. Use the IRM MQ to talk about how ServiceNow can help organizations comply with global privacy demands through the full policy lifecycle management, regular risk and vendor risk assessments, internal audit, and visibility for all leaders in the organization.

5. **Promote ServiceNow's Leadership position.** Gartner sees us as a leader across several product areas and has positive things to say about our overall strategy. We are a force in the market and one of the 5 key platforms organizations standardizing on. Bottom line - we're a long-term partner that customers can trust.

The Competition

There was a consistent realignment downward in this year's MQ along the ability to execute axis especially in the Challenge and Leader quadrants. Amongst the leaders, **ServiceNow is still the highest in ability to execute**. Additionally, for completeness of vision every leader that retained their leadership position lost ground except ServiceNow. **ServiceNow was the only leader from last year to improve in completeness of vision.** (These statements are for internal discussion only)

Lockpath became a new entrant into the Leader quadrant this year.

- They have a strong, easy to use, cloud-based solution (less than 30% are on-premises). QuickStart via AWS provides good time to value, but their lack of a robust partner ecosystem and primarily North American presence limits their ability to execute. Workflows for complex and large scale IRM projects require what Gartner calls a "moderate amount of administrative configuration effort". Like the more mature GRC solutions, they lack a built-in CMDB and single enterprise platform for continuous monitoring. Lockpath is not a truly enterprise platform, and they lack capabilities around data security, globalization, localization, and DevOps that ServiceNow excels at.

RSA Archer (Dell), IBM OpenPages, and MetricStream all have mature GRC offerings and all these vendors dropped on the "Completeness of Vision" axis. A large part of that may be their lack of a modern platform and primarily on-premise model that inhibits their ability to innovate and execute against their visions. Most integrate with ServiceNow to gain access to a CMDB and other organizational context.

- Archer dropped in both ability to execute and completeness of vision. Archer is still seen as the leader in the GRC market. They employ a maturity-based approach to segment targeted buyers that helps align sales and support experts. Additionally, they have a large install base, a broad vertical strategy, and many partners in EMEA and APJ. However, product deployment time and the complexity of the solution continue to plague Archer. Major customer complaints of Archer include user experience and the total cost of ownership in keeping the solution up and running.
    - o Competitive team note: Archer has execution challenges. Their on-premise solution and inability to scale hurt them technically. They say they are "working on a cloud strategy", but the deployment model is not yet available. Customers continue to grow weary of Archer and their lack of innovation, our number of replacements is growing.

- MetricStream dropped in both ability to execute and completeness of vision. They have a good global presence and have been pouring money into R&D converting an on-premises offering to a SaaS offering. They continue to suffer from deployment issues including contact and response time issues. In addition to an inability to address customers feature requests and missing features on mobile device (an incomplete product strategy).
    - o Competitive team note: MetricStream (and all the other leaders) must integrate with products like ServiceNow or BMC Atrium for a satisfactory asset management database. This begs the question, why buy MetricStream plus ServiceNow (or another vendor) when you can get it all with ServiceNow? Because of the lack of platform flexibility, every installation is a custom-built solution and must be supported as such. In addition, to upgrade the solution to a new version you must rip and replace.

- IBM OpenPages improved very slightly in ability to execute and dropped in completeness of vision. OpenPages Version 8 has a new UI for first-line-of-defense users. Deployment models include on-premises, hosted, and SaaS. IBM has a geographically diverse user base with a focus on Operational Risk. Their use of Watson for risk management predictive analytics helps them to show innovation and position in the Leader quadrant – although most IBM customers are not yet using the capabilities. However, they are plagued by lengthy sales cycles, frequent customization changes, slow time to value, and pricing woes.

Responding to Gartner "Cautions" about ServiceNow

We are extremely pleased by on our continued strong performance in the Magic Quadrant. However, if customers or prospects have questions or concerns based on Gartner "cautions" about ServiceNow in the report, we offer the following to help you in your conversations:

- **Sales Execution/Pricing:** *"Pricing due to bundling and subscription complexity can be challenging for clients."*

  - **Response:** This continues to be a caution. Last year we updated our pricing to an unrestricted all user model to match industry best practice. This year we are again adjusting our packaging and pricing to align more closely with the IRM solution sets to reduce complexity.

- **Implementation:** *"Customers have noted that some implementations, such as workflow configurations, can be more time-consuming than expected; though best practices and implementation partners can help accelerate."*

  - **Response:** Although Gartner did acknowledge that we have developed best practices and have partners that can help, implementation remains a concern. We suggest all ServiceNow customer deployments include certified ServiceNow or Partner delivery staff, ensuring that customer expectations are exceeded in terms of delivery and outcomes. We will continue development use case accelerators for popular frameworks and regulations and best practice guides, but it is not recommended that clients self-deploy.

- **Product/Services:** *"ServiceNow partners with Fairchild Resilience System for BCM programs; hence, for the purposes of IRM critical capabilities, it doesn't have native BCM support."*

  - **Response:** There are enhancements to the GRC portfolio of applications in each release. As the portfolio matures features such as Business Continuity Management may be addressed. In the interim, with Fairchild as one of our IRM Ecosystem partners it will become more tightly aligned with our GRC solution.

Share the News

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Please direct customers, prospects, partners to this version on ServiceNow.com: https://www.servicenow.com/lpayr/gartner-magic-quadrant-integrated-risk-management.html

Share our posts on social, press release, and the approved presentation slides. No other slides can be created without Gartner's approval.

If you have any questions about this report, Gartner or any other analyst relations issue related to the ServiceNow Platform, please contact Shaun Mayo Senior Manager, Analyst Relations.

For product or marketing assistance please contact either Lal Narayanasamy, Director, Product Management or Teresa Law, Sr. Product Marketing Manager for GRC.

Looking for information on other analyst reports or GRC in general visit the GRC Sales Success Center. IRM specific information can be found in the Integrated Risk Management folder.

 * Gartner Security and Risk Summit presentation by Jie Zhang, "The Magic Quadrant and Critical Capabilities for Integrated Risk Management", June 2019

** Gartner Security and Risk Summit presentation by John Wheeler "Outlook for risk management technology", June 2019