

January 2026

Deep Dive on AI-native ITSM

Introduction

What is AI IT Service Management?

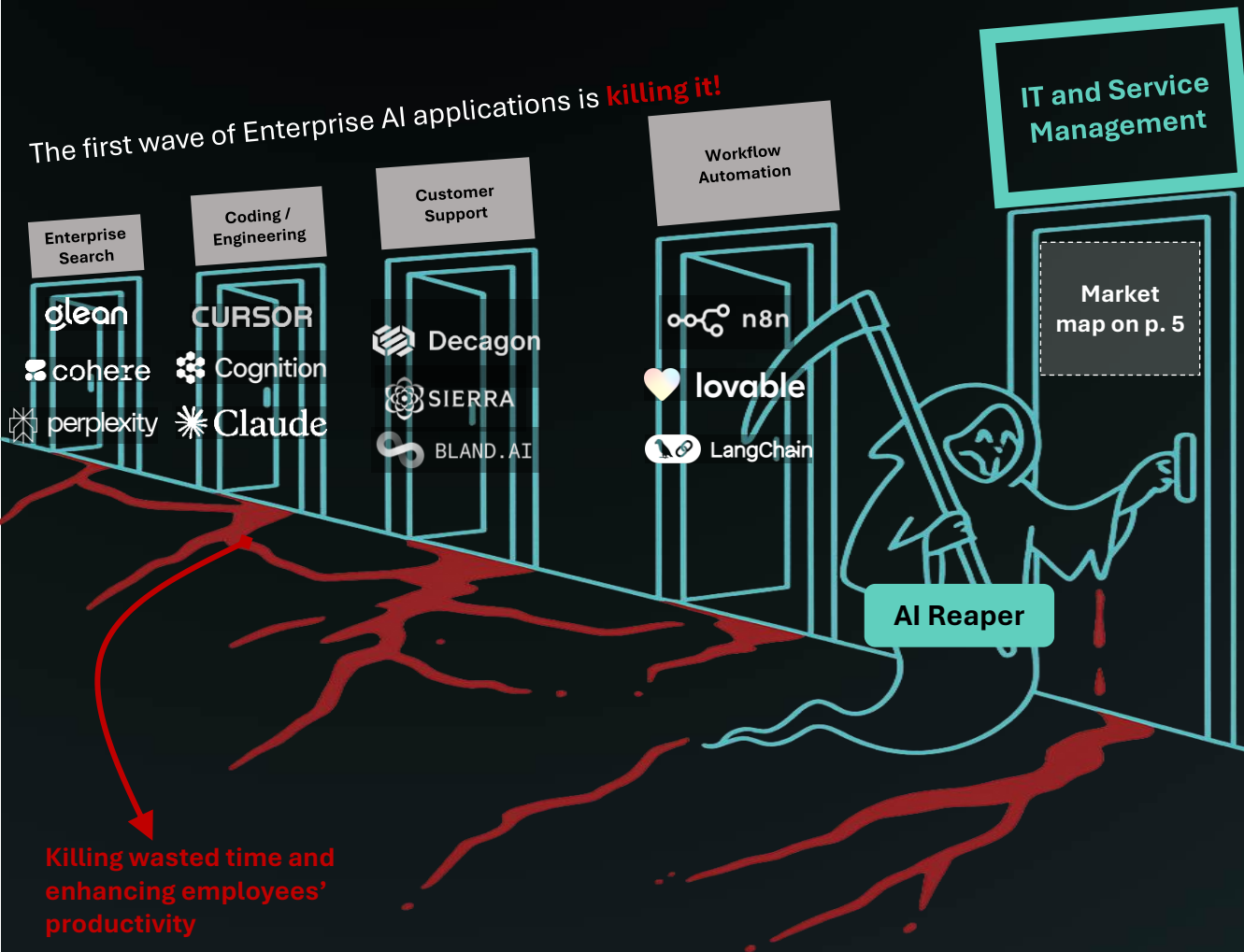
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The Next Enterprise AI Shockwave Will Hit IT



IT has seen limited impact from AI...

- IT is **historically a cost center**, not a growth engine
- “Cursor-like Copilots” aren’t useful for IT; IT **requires action-taking**
- Fragmented & **legacy tech stack** with high blast radius

...but the next enterprise disruption is happening in IT.
What is changing?

Reasoning and action agents are becoming practical

LLMs are much better at planning multi step workflows. Tooling like MCP, function calling unlocks full autonomy, not just copilot iteration

IT is the front door to all internal services

With high ticket volume and quantifiable ROI, IT is the first automatable service department; but it holds the key for expansion into the full enterprise such as HR, Finance, Facilities, Legal, and more

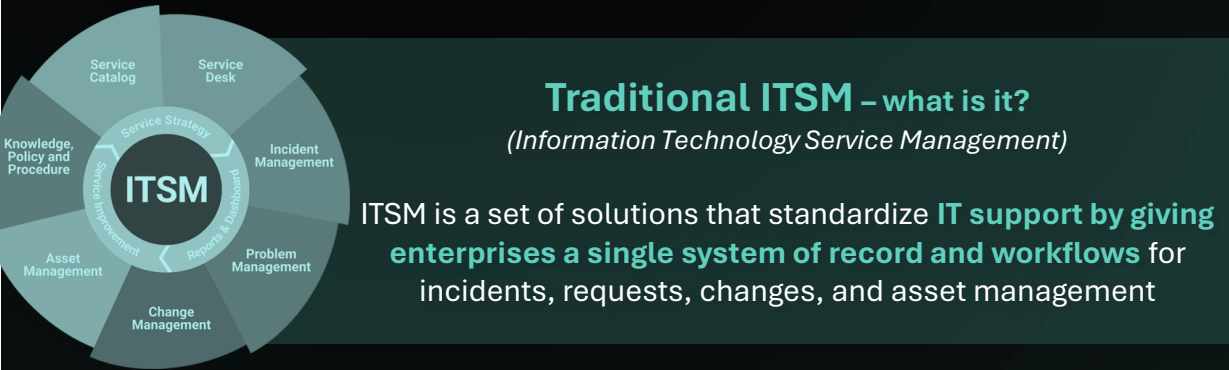
Budget and importance expand with the IT unlock

Once employees learn “I just ask the IT assistant for anything” the limited “cost center” view gives space for an enterprise productivity unlock

Introduction

What is AI-native IT Service Management (ITSM)?

First Things First, What is ITSM? (IT Service Management)



Traditional ITSM – what is it? (Information Technology Service Management)

ITSM is a set of solutions that standardize **IT support by giving enterprises a single system of record and workflows** for incidents, requests, changes, and asset management

ITSM Explain Like I’m 5: when employees email the IT department to download a new tool, recover a password, share file permissions, etc., **ITSM is the system that captures, routes, and automates these requests.**

Most common resolutions include:

- Access management** ▶ password resets, MFA unlocks, new app access, SSO issues, group or distribution-list membership, shared files
- Software** ▶ install or upgrade apps, assign licenses, troubleshoot crashes, request new tool approvals
- Onboarding**
- Devices and peripherals requests**
- Remote access requests**
- Network access**

ITSM Incumbents

servicenow Jira bmc helix freshservice

These platforms are powerful but often heavyweight to implement. Most have already **begun adding AI products into their systems**. E.g. ServiceNow acquired Moveworks (Mar-25) to enhance its AI offering and Atlassian integrated Halp (a Slack-based ticketing app) into Jira

ServiceNow is the iconic company in the IT & Services space
The below is a visualization of their product offering

100s of applications for most common IT & Ops needs – all centralizing data into the ServiceNow Ticketing Database. Strong **integration & ecosystem moat**

- IT Applications** (across ITSM, ITOM, DevOps)
- Dev Platform** (No-code, RPA, AI) – Facilitate custom or ad-hoc needs allowing enterprises to built tailored apps
- Ticketing System** (System of Record, Data model (CMDB)) – **Strongest moat & key product.** Effectively, the System of Record of IT & Ops within enterprises

However, there are fundamental challenges with the current tech stack

- **Heavy manual work and slow turnaround.** Users & IT lose hours on easy fixes. Unacceptable, particularly in the age of AI
- Tool sprawl and swivel-chair operations. **Data is scattered and errors creep in;** one execution surface is needed.
- **Mostly reactive.** Teams learn about problems from tickets instead of signals; aim for proactive detection and auto-remediation.

In this research, we highlight the companies solving this problem – alongside insights from dozens of industry conversations

AI-native IT Service Management Startups are Emerging to Reinvent IT

A new Gen of startups is reinventing IT Service Management (ITSM) from the ground up with AI.

These companies recognize that modern support should meet employees where they already work – in team chat tools like Slack or Teams – rather than in legacy portals

AI ITSM Market Map

AI ITSM Focused	Ticketing / IT Assistant
Ravenna Serval CONSOLE atomicwork FIXIFY echelon Risotto Harmony siit + more in stealth	SuperOps.ai Lena AI thread ClearFeed

Key Incumbents	AI ITSM Product
servicenow	Now Assist (embedded GenAI across ITSM, HR, and CRM) is now strongly complemented by Moveworks
ATLASSIAN Jira	Atlassian Intelligence + Virtual Agent for conversational intake for Slack/Teams, AI-driven knowledge answers, ticket automation
freshworks	Freshdesk Omni, Freddy AI (GenAI assistant across agent)

Others: Aisera, ConnectWise, Zendesk, BMC Helix, Salesforce, Sysaid, Resolve

AI-native ITSM Startups Are Reimagining IT, Conversationally...

- Even teams with modern stacks still waste time on “Level 1 work” like password resets and access requests. These platforms are **built from the ground up for auto-resolution** and self-service support, freeing IT staff to focus on higher-impact tasks
- Instead of routing users to ticket portals, AI-native ITSM embeds directly in **collaboration platforms like Slack and Teams**

...with Actions Speaking Louder than Words....

- They integrate deeply with company **systems to take real actions** (reset accounts, provision access) and learn from each interaction - not just respond with FAQs.
- Deployment is lightweight, on top of existing tools without rip-and-replace

...and Plan to Transform IT from Reactive to Proactive

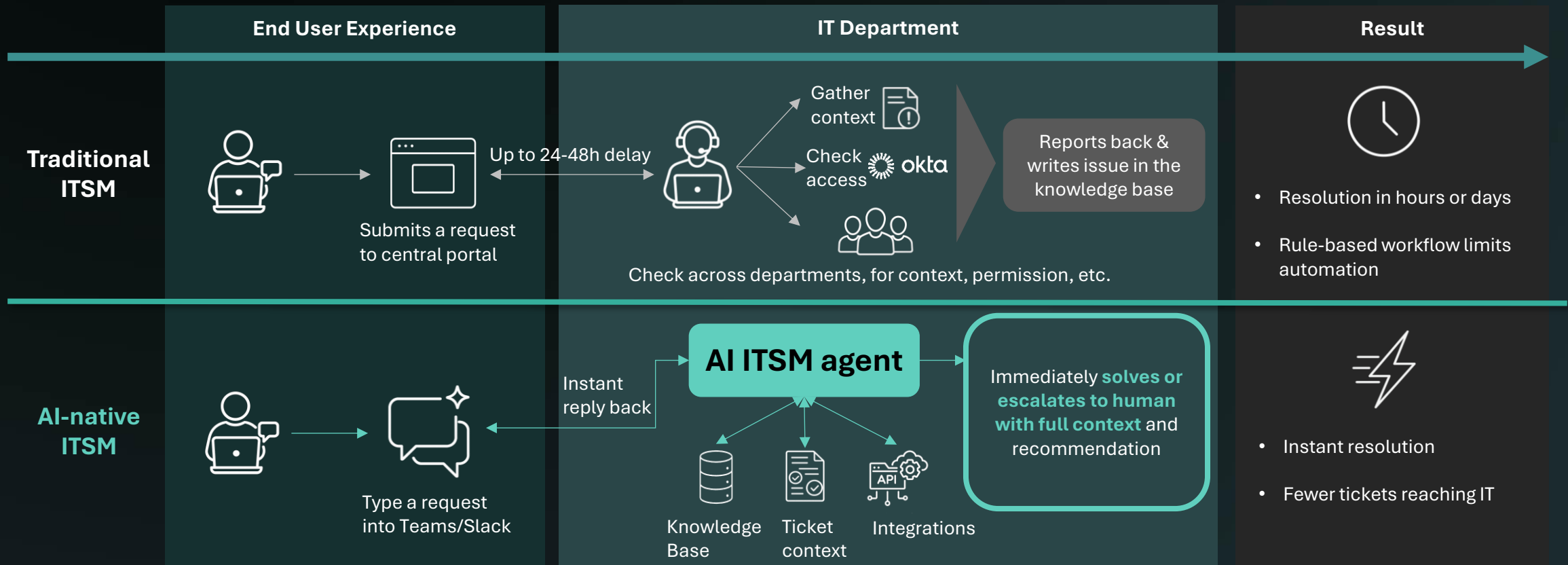
- Legacy ITSM reacts after tickets are filed; **AI-native systems anticipate issues before they escalate**. By combining contextual memory and system integrations, they can pre-empt common requests and engage human staff only when necessary

Buyer Gravity & Competitive Positioning

- Most AI-native startups act as downstream AI layer rather than full replacement to ServiceNow. **Startups are winning more momentum in SMB & MM**
 - **Enterprise** (ServiceNow-centric): Prefer tight ServiceNow adjacency; value AI as a layer, not a rip-and-replace option yet
 - **Mid-Market & SMB** (Jira-led): More open to adopting AI-native suites if the breadth of functionality is credible and pricing is competitive

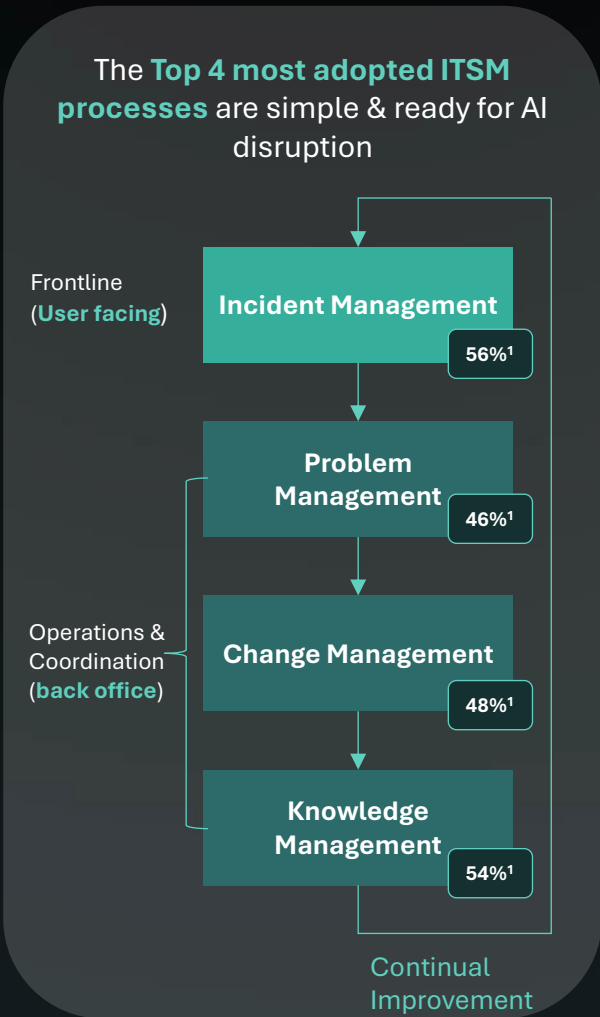
AI-native ITSM Simplifies and Owns the Workflows Through Agents

AI systems replicate and augment IT analysts — automating interpretation, investigation, and execution to reduce manual effort and improve resolution times






What are the Use Cases AI is “Actually” Going After?

AI is transforming ITSM from manual ticket handling to **autonomous, conversational, and predictive workflows**, reducing response times, improving accuracy, and freeing IT staff to focus on higher-value work

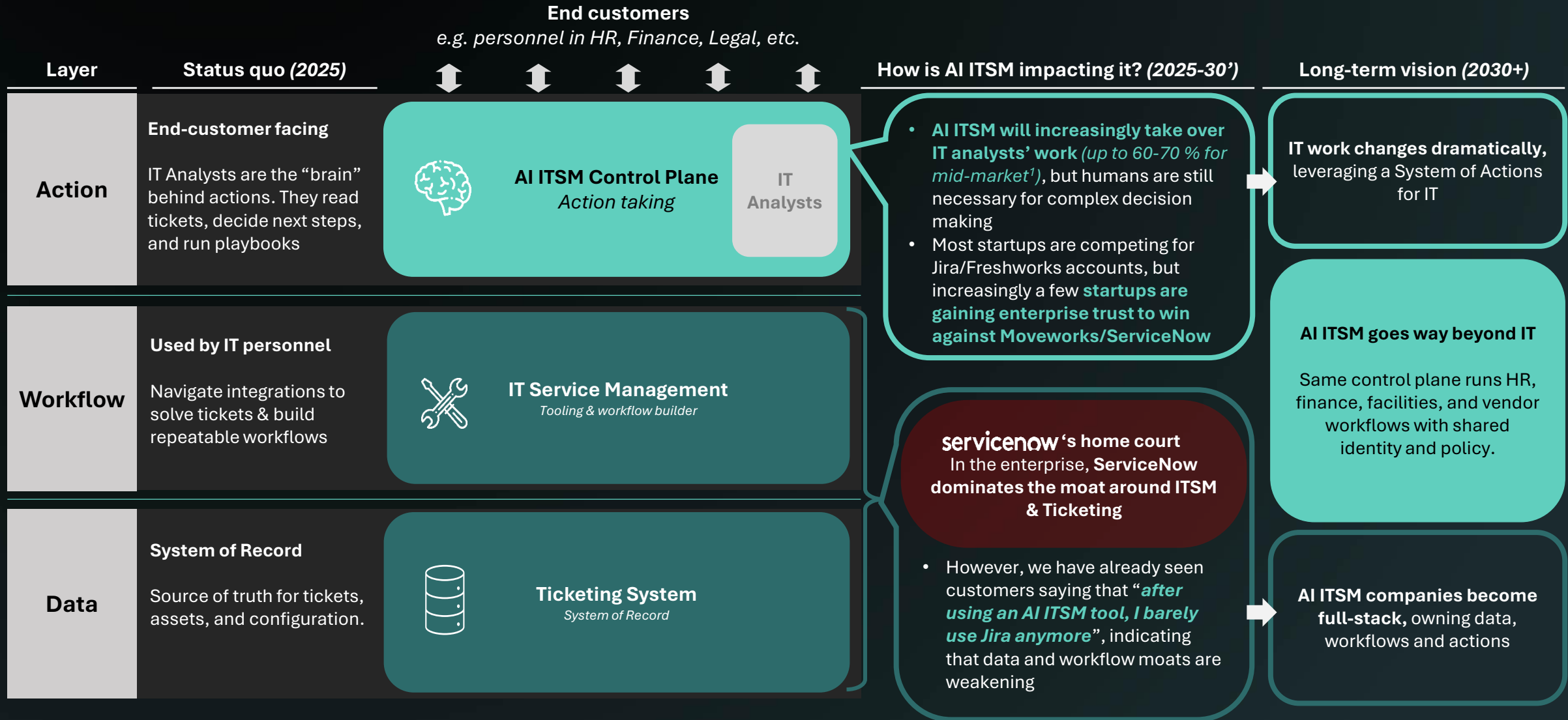


AI is going after the **Core ITSM Processes** (non-exhaustive list)

	 Incident Management	 Change Management	 Knowledge Management
Traditional ITSM	<p>20–50% of help desk calls are password related</p> <p>A Tier 1 agent manually verifies identity and resets the password (at \$70 per reset!)</p>	<p>“Small” changes lead to long delays</p> <p>Non-routine changes (e.g. data migration) require full manual assessment and recurring CAB² meetings</p>	<p>Knowledge mgmt. is reactive, if existent at all</p> <p>After resolving incidents or change requests, engineers manually write KBs; most become outdated or unread</p>
AI-native ITSM	<p>Requests never reach IT, solved in Slack.</p> <p>AI authenticates, verifies the user request, and resets passwords instantly with zero agent involvement</p>	<p>AI supports investigation, reducing labor and risk</p> <p>Auto-assesses and reports risk & impact to analysts, allowing IT to spend more time on high-risk changes</p>	<p>Proactive knowledge + supporting prevention</p> <p>AI monitors system activity, updates knowledge on possible issues and how to prevent them</p>
Outcomes	<ul style="list-style-type: none"> • MTTR⁴ shrinks from hours to seconds • Automates labor 	<ul style="list-style-type: none"> • Uncovers & mitigates risk • Automates labor 	<ul style="list-style-type: none"> • Prevents future incidents • Automates labor

(1) HDI Survey, % of ITSM processes adopted by organizations (2) CAB = Change Advisory Board; (3) KB = Knowledge Base articles; (4) Mean Time To Resolution

AI ITSM Is The System of Action of IT






(1) Future expectations of interviewed IT Leaders in mid-market

The Right to Play

Why and How can these startups succeed?

The Status Quo is Labor Intensive, Offering a Quantifiable ROI

AI does not eliminate IT. It reallocates human cycles from repetitive triage to higher-value engineering work

	Key tasks	Automation potential (by 2030) & How <i>% of labor hours automated</i>	Impacted Workflow Cost <i>Headcount x Salary x % of Automation = impact</i>
 <p>Tier 1 Service Desk / Help Desk</p>	<p>Handle common, simple, repetitive issues for end users Examples: Unlock/reset accounts; Basic troubleshooting (Wi-Fi issues, printer not working)</p>	<p>80%+</p> <p>●●●●●</p> <ul style="list-style-type: none"> AI chatbots Automated password resets, triage, and routing Workflow execution with minimal human input 	<p>~850k x ~\$60k x 80% = ~\$40bn</p> <p>Tier 1 is the most repetitive and has the highest AI suitability</p>
 <p>Tier 2 Specialist Teams</p>	<p>Handle complex issues that Level 1 cannot resolve Example: Network engineers fixing VPN or firewall issues</p>	<p>60%+</p> <p>●●●●●</p> <ul style="list-style-type: none"> AI-assisted triage and diagnostics Recommended solutions and knowledge retrieval Runbook execution 	<p>~250k x ~\$75k x 60% = ~\$11bn</p> <p>Tier 2 benefits more from AI-assisted diagnosis than full automation</p>
 <p>Tier 3 Engineers / Developers</p>	<p>Address deep-rooted problems and architecture issues Example: Debugging custom code in ServiceNow or ERP systems</p>	<p>30%+</p> <p>●●●●●</p> <ul style="list-style-type: none"> AI-driven analytics and detection Predictive maintenance Analysts still do most of the design and root-cause resolution 	<p>~120k x ~\$100k x 30% = ~\$4bn</p> <p>Tier 3 is harder to replace, but heavily augmented with analytics and code-gen</p>
			<p>Total Impact = ~\$55bn</p>

servicenow is the Benchmark, but AI is Creating Room for New Entrants

The company has proven the value and moat of a strong tech business in IT, but they are not sleeping on AI

ServiceNow is extremely valuable and continues to grow at scale

Market cap:
~\$190bn

Revenue, Growth:
\$12.7bn (22% YoY)

Market Share
in ITSM: >40%

- **ServiceNow commands over 40% of the ITSM market** and continues expanding across HR, Finance, and other workflows. Most dominant for large enterprises.
- Yet as organizations adopt AI, they **face fragmented data, limited scalability, and governance challenges** that prevent end-to-end automation.

ServiceNow is moving fast with AI, with two key initiatives:



Acquisition pending

- Front-end conversational AI agent for employee service and ticket automation and resolution
- Use proprietary "MoveLM," a LLM for intent detection, semantic search, and action routing

Now Assist

- Native GenAI suite embedded in ServiceNow workflows
- Summarizes incidents, analyzes prior actions, and recommends next steps

Now Assist has \$250m of ACV, targeting \$1bn by 2026

Why did ServiceNow acquired Moveworks? (\$2.85bn, Mar-25)

ServiceNow's Now Assist brings AI into its workflows, while **Moveworks serves as the conversational front-end that turns employee intent into action.**

Key benefits for the acquisition:

- 1) **MoveLM:** Moveworks Agentic AI reasoning engine "MoveLM" will further improve ServiceNow's self-service for employees
- 2) **Unified AI stack:** Moveworks interprets user requests through MoveLM and initiates ServiceNow actions; Now Assist completes the loop by summarizing incidents, generating responses, and optimizing workflows
- 3) **Customer Expansion:** Strengthens ServiceNow's mid-market and enterprise footprint with Moveworks' strong traction and enterprise presence

Moveworks' existing presence

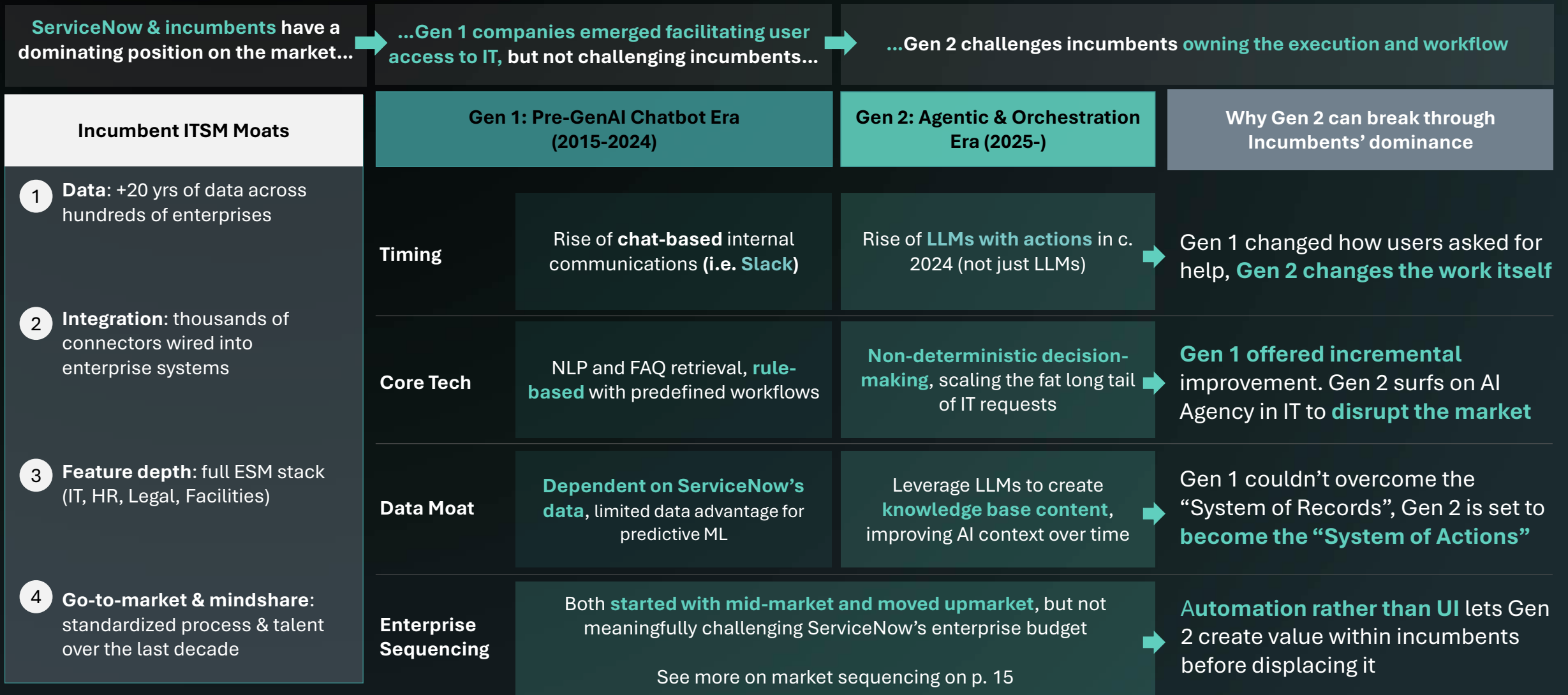
- 350 enterprise customers, with strong traction especially in mid-market (100-2000 FTEs). As of Sep-2024, Moveworks reached \$100m in ARR (Annual Recurring Revenue) and served 10% of the F500

TLDR

ServiceNow is a category-defining competitor...

...but the Moveworks acquisition only highlights the space of AI-native companies in the IT industry

Why Now? The Current Gen Challenges Incumbents by Being AI-native



The Current Tech Is the Worst It Will Ever Be, By Far.....

We are seeing fast iteration with multiple levers for improvement still untouched

Performance
improvement over time
(in IT hours saved)

Gen 2 (2025-) – new AI ITSM startups

- Automating the long-tail of tickets
- Own the action knowledge base

Gen 1 (2015-2024) – Pre-Gen AI Chatbots

- Classifying and automating low-hanging fruit tickets
- Streamlined IT comms & UI

2025 was the performance inflection point

Gen 2 companies **already have strong performance**. But we expect them to **surf improvement levers to compound 10x+** more IT agency

AI Reasoning

Broader AI research improving reasoning & memory

Multi-modal AI

AI-native text, unlock screen sharing / voice walkthrough

Data Moat

As startups scale, edge cases benefit from real case data

Agent Marketplace

Pre-build agent workflows increase trust and determinism

Increased # of Integrations

Performance skyrockets when agents have full agency across apps

IT Sr. Manager: “9 months ago we had a demo and I estimate **we would have automated 5-10%** of our tickets. Now, just after Oktane 2025, I think **this number is closer to 20-25% already**”

Getting to the Enterprise Service Management (ESM) Promised Land

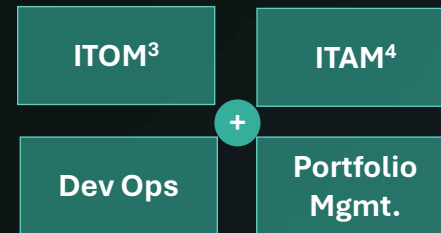
Expanding Service Management for AI-native IT

2025 US Baseline – AI ITSM Core (\$10bn+)

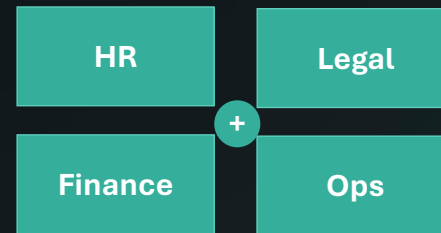
2030 Expansion – ESM & AI Service Automation Layer (\$100bn+)

	# of FTEs ²	\$ per seat/year	Market size	Total
Enterprise	16m	\$150	\$2.4bn	\$10bn
Mid- Market	40m	\$100	\$4bn	
SMBs	75m	\$50	\$3.7bn	

ITSM expands to larger IT Landscape



ESM expands beyond IT



ITSM, ITOM, ITAM all run on the same primitives: identity, device, app, and asset data

- Most resolutions (restart, change config, push policy, provision access) already live in ITOM/DevOps tools

ESM also shares the same workflow structure and data graphs

- HR, Finance, Legal, Ops share the same pattern: intake → triage → approval → action
- All rely on one data graph: people, roles, policies, spend, systems

“ESM is not about extending ITSM into the rest of the enterprise – it is about **how work and value flow through an organization, and how technology supports that workflow.**” — Doug Tedder, Tedder Consulting

ServiceNow’s TAM¹ has consistently increased to >\$300bn over the last 15 years

2012: \$13bn

2018: \$110bn

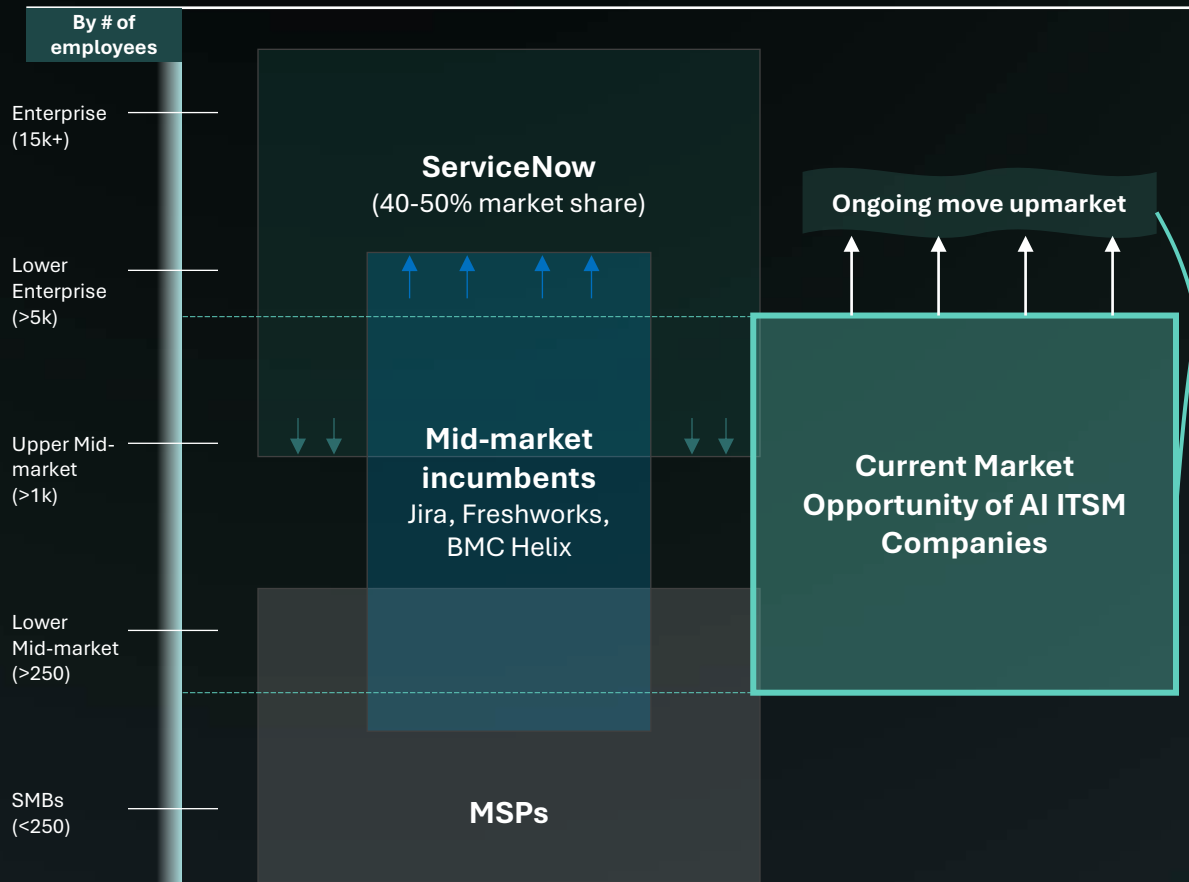
2023: \$260bn

2027E: \$350bn

(1) Gartner, Sep-25 (2) Davidson, Jun-25; IT Operations Management; IT Asset Management;

To Reach the Broader Vision, They are Gaining Traction in the Mid-Market

AI ITSM companies are crafting a niche in the **mid-market** and are **already landing some lower enterprise customers**



Why AI ITSM startups are thriving in the mid-market:

The mid-market is overloaded, understaffed, and out of options...

ServiceNow is too costly; Jira/Freshworks can't keep up

1. **AI fits the way these companies already operate:** Slack/Teams-first, lightweight processes, little attachment to legacy workflows
2. **Fragmented tool stacks make AI orchestration more valuable:** MM IT teams often juggle 10–20 disconnected SaaS tools; AI that stitches them together creates leverage they cannot get elsewhere.
3. **Value appears without prerequisites:** no CMDB¹ cleanup, no taxonomy redesign, no six-month rollout — just instant relief on real tickets

How we expect them to win in the enterprise:

1. **Enter by layering on top of ServiceNow:** integrate into existing workflows and become the fastest path to value
2. **Control the primary entry point for work:** employee demand shifts from the portal to AI, pulling volume into a new interaction layer
3. **Shift workflows upstream:** classification, enrichment, and routing occur before ServiceNow
4. **Expand horizontally across functions:** once IT proves ROI, adoption spreads to HR, IAM, and Security
5. **Grow into a platform:** lightweight modules and an AI-native workflow engine form the foundation for long-term system-of-action ambitions

(1) Configuration Management Database;

AI-native IT Operations, AI ITSM is Very Strategic for Multiple Markets

These newcomers and established systems want to reinvent their industries and AI ITSM is a core piece of their strategy, either through (1) deep partnerships, (2) acquisitions, or (3) expanding into the market with similar capabilities

COLLABORATION HUBS

ENTERPRISE AI ASSISTANTS

glean cohere Claude Copilot

Becoming the “AI frontend”, they will rely on AI ITSM to provide action-taking in IT / enterprise systems

INTERNAL COMMUNICATIONS

slack salesforce zoom Microsoft Teams

Losing space to AI Assistants and seen as “integrations”; they want to partner deeper with agentic companies

INTERNAL WORKFLOWS

HR & IDENTITY

workday ADP RIPPLING okta Microsoft Entra ID

Legacy platforms want to get close to AI ITSM to maintain their relevance in an age of agents

AI ITSM

Central piece of the enterprise, connecting the end user to IT workflows

Work in progress...

We expect a generational >\$50bn company here by 2035

WORKFLOW AUTOMATION

zapier n8n UiPath Lovable AUTOMATION ANYWHERE

These companies want to be fully embedded in customers’ workflows
E.g. Aisera’s Automation Anywhere acq. (Nov-25)

IT OPERATIONS

TICKETING & IT

servicenow freshworks Jira

The System of Record for IT, being part of AI ITSM is an existential question

CUSTOMER SUPPORT / CRM

zendesk Decagon INTERCOM salesforce

Own the front door for customers; need deep AI ITSM ties to be more than a channel

What We Believe Will Be True by 2030

DTCP Predictions

Expectations by 2030	Reasoning	Details
Action Orchestration Gain Space	LLM chat is commodity; durable value comes from policy-aware actions, execution, and workflows.	<ul style="list-style-type: none"> • Vendors win by owning deep action connectors, safe execution, and audit-ready approvals. • Multi-step flows become the standard : clarify intent → assess risk → execute full request. • Auto-resolution rises to 40–50% as runbooks turn into playbooks.
ITSM Expands into Full ESM	IT is the starting market but a service management platform is more useful if used across the enterprise	<ul style="list-style-type: none"> • Companies consolidate IT, HR, and Finance requests into one AI entry point tied directly to systems of record like ServiceNow, Workday, and Salesforce. • Domain agents operate on shared organizational context, reducing handoffs and eliminating fragmented processes. • Integrators report faster ESM adoption when functions share one surface.
Big Platforms Move Fast	Customers prefer one AI surface tied to system-of-record data; platforms defend the front door.	<ul style="list-style-type: none"> • ServiceNow, Microsoft, Salesforce, and Zendesk accelerate acquisitions to secure the enterprise AI interface (Moveworks as early proof) • Independent bots get squeezed unless they own a system (SAP/Salesforce) • Middleware chat-to-ticket bots lose relevance
IT Agent Marketplaces are Ubiquitous	Development of hundreds of specialized agents that possess centralized governance, routing, and monitoring	<ul style="list-style-type: none"> • Agent marketplaces grow e.g: SAP change agent, Okta access agent • Moveworks' Marketplace signals demand for packaged, plug-in automation capabilities. • ITSM evolves into a central policy engine that governs routing, permissions, and agent-level execution rights.
Trust, Audit, and Safety Decide Who Scales	No enterprise scales agent autonomy without risk scoring, approvals, and auditable controls	<ul style="list-style-type: none"> • Predictive ops replace reactive help desks; incident volume becomes an anti-metric • End-to-end change management becomes automated: dependency checks → blast radius → rollback → evidence • Observability, ITSM, ITOM, ITAM, and GRC finally converge around audit trails • RBAC, immutable logs, in-chat approvals, and model governance become non-negotiable