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ServiceNow Market Intelligence Report 2025

The insights you need to stay ahead in the ServiceNow AI revolution

K2 Partnering Solutions

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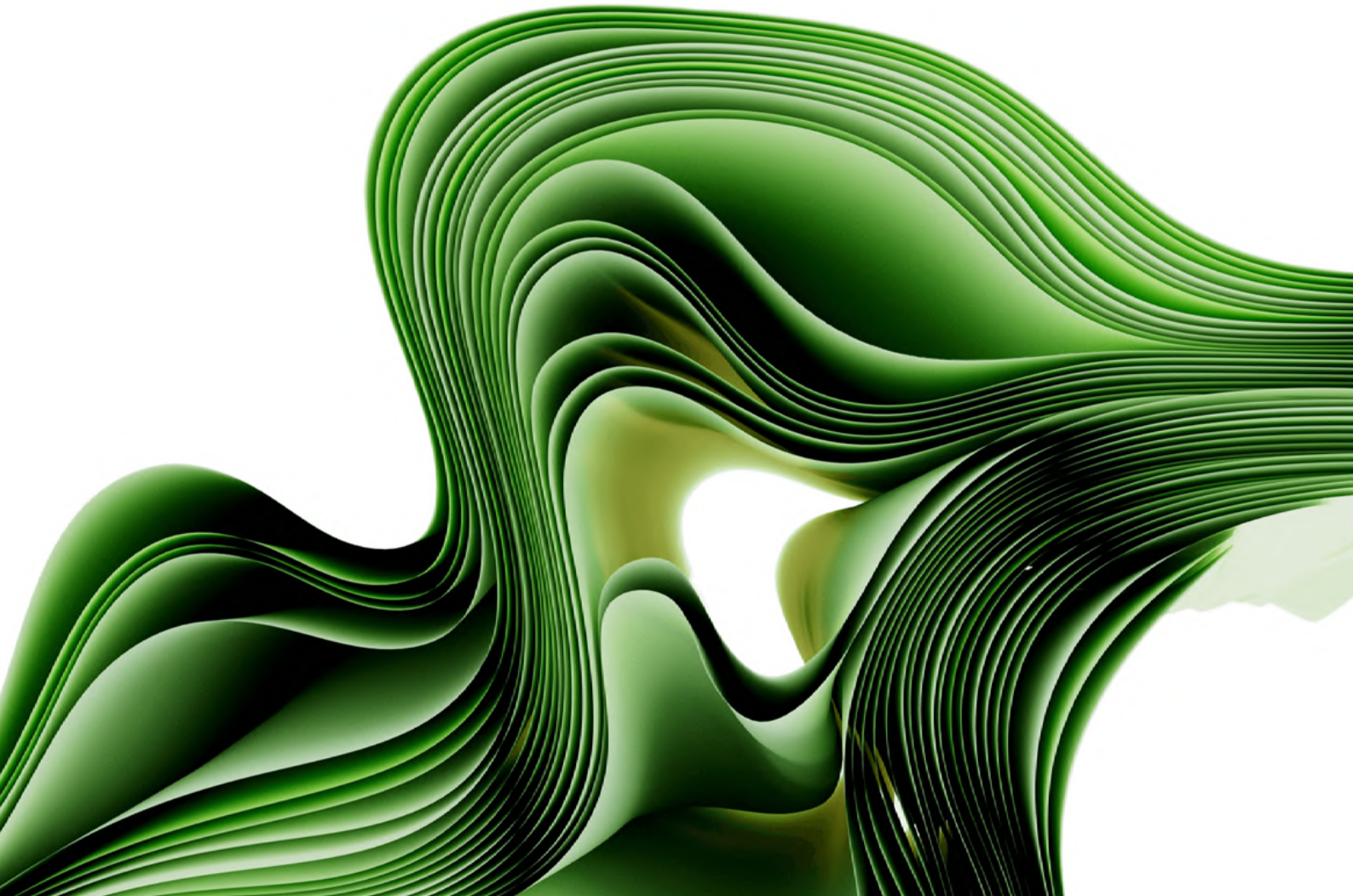


INTRODUCTION

Demand soars for ServiceNow transformation solutions amid AI boom

+55%

YoY increase in demand for K2's ServiceNow project solutions (2024)

+43%

YoY increase in supply of new ServiceNow services (2024)

K2 Partnering Solutions has seen demand for our ServiceNow transformation services surge by **55%** globally year on year, based on internal data that spans consulting, talent, and training solutions.*

*Combined K2 ServiceNow transformation solutions for consulting, contract staffing, permanent recruitment, and training: 2023 vs 2024.

However, the supply of services for ServiceNow projects has only increased by **43%** in the same period, leaving some organizations struggling to fully realize the potential of their investments.

What does this mean for businesses relying on ServiceNow? The *ServiceNow Market Intelligence Report 2025* reveals the key factors driving this demand surge, including the rapid rollout of artificial intelligence (AI) capabilities via the Now Assist tool. This report also examines whether the supply shortage will ease in 2025 and explores other critical developments shaping the future of ServiceNow.

Discover how shifting dynamics in geographic markets, service offerings, and delivery costs could impact your ServiceNow transformation projects this year, with insights from exclusive K2 Partnering Solutions data and expert commentary from Marilyn Nelson, Global Head of K2's ServiceNow Consulting Practice. With over 20 years of experience, Marilyn provides a unique perspective, and we're excited to feature her analysis throughout this report.

Read on to see what's next for ServiceNow and how these changes could affect your business.

The K2 Partnering Solutions ServiceNow team

Meet Marilyn Nelson, Ph.D

Global Head of ServiceNow Consulting Practice, K2 Partnering Solutions

Marilyn is a globally recognized ServiceNow expert who is spearheading the growth of our industry-leading ServiceNow practice. She brings deep expertise in strategic advisory, international project delivery, and organizational transformation. A United States Air Force veteran, Marilyn has held senior roles at several top firms, including Accenture and KPMG.

1 SERVICENOW DEMAND

Exploring the critical trends boosting ServiceNow projects

Why has demand for K2's transformation solutions in the ServiceNow space increased by 55% year on year (YoY)?

The rise is partly due to the growing adoption of the ServiceNow platform itself, which naturally drives increased demand for the external services that support it. In Q4 of 2024, ServiceNow subscription revenues grew by **21%** YoY in constant currency, reaching $2.866 billion. By the end of 2024, the company had 2,109 customers with more than $1 million in annual contract value, marking a **12%** YoY increase.

However, the factors behind the surge in demand for project solutions are complex and varied, extending well beyond the increase in ServiceNow subscriptions. If your company uses ServiceNow, understanding these trends is crucial. By staying ahead of them, you can unlock the platform's full potential and strengthen your AI transformation strategy. Let's take a look at the key drivers.

Organizations need more help getting started with AI

ServiceNow heavily invested in AI throughout 2024, building on the launch of its generative AI (GenAI) assistant, Now Assist, in September 2023. In the fourth quarter of 2024 alone, the company introduced more than 150 new innovations focused on autonomous and responsible AI.

These included an AI governance tool, expanded multilingual support, and purpose-built GenAI solutions for configuration management, contract management, legal services, and health and safety.

In March 2025, ServiceNow's Yokohama product release introduced new AI agents across CRM, HR, IT, and other areas. The company also expanded its partnership with Google Cloud earlier this year to bring AI-powered tools to millions of users. Additionally, it announced a $2.85 billion acquisition of AI firm Moveworks to enhance its agentic AI capabilities.

> *"In many cases, corporate leadership mandates AI adoption, but their teams aren't fully equipped to use it effectively."*

While this wave of recent AI advancements brings greater efficiency to the platform, some businesses are feeling initially overwhelmed by the expanding range of options. An increasing number of companies are using Now Assist for the first time. In Q4 of last year, Now Assist service desk deals grew by over **150%** quarter on quarter, according to ServiceNow data.

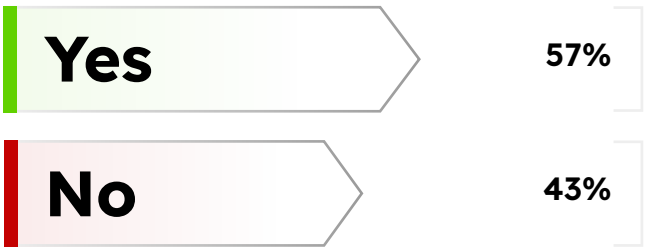
"In many cases, corporate leadership mandates AI adoption, but their teams aren't fully equipped to use it effectively. Companies might not have a Chief AI Officer or an AI team, yet they've purchased ServiceNow AI licenses and expect a return on investment," explains Marilyn Nelson, Global Head of K2's ServiceNow Practice, whose insights shape this report's analysis.

The lack of in-house AI expertise is a key driver of the growing demand for the ServiceNow project solutions that K2 provides. Instead of building a ServiceNow AI strategy from the ground up without the necessary knowledge, companies are turning to K2 for proven expertise in both ServiceNow and AI.

1 SERVICENOW DEMAND

ServiceNow expands further into the CRM market

Can ServiceNow become a genuine competitor to Salesforce?



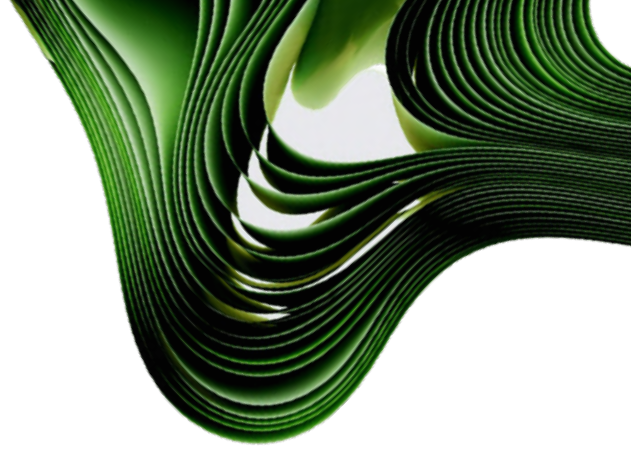
Source: *K2 Partnering Solutions poll, March 2025*

ServiceNow has recently accelerated its push into the customer relationship management (CRM) market, now its fastest-growing business segment. In early 2025, CEO Bill McDermott outlined his goal of adding CRM as a core component of the platform through an expansion of its already popular customer service management (CSM) capabilities.

His efforts seem to be paying off. A majority (**57%**) of respondents in a new K2 poll believe ServiceNow has the potential to rival CRM giant Salesforce, while the company was also recognized as a leader in the 2024 Gartner Magic Quadrant for CRM, Customer Engagement Center.

"By positioning itself as a CRM platform, ServiceNow is expanding its ability to manage customer relationships, track business initiatives, and compete with Salesforce in certain areas," says Marilyn. As a result, K2 Partnering Solutions has seen more organizations seeking advice and support with ServiceNow's CRM functionalities.

> *"Organizations that relied on Cherwell are searching for the best alternative, with many turning to ServiceNow."*



ServiceNow capitalizes on a trend toward unified systems

By strengthening both its AI and CRM capabilities, ServiceNow is addressing a growing need to reduce technology fragmentation. "Many companies want to consolidate their applications to cut costs on licensing, upgrades, and maintenance," explains Marilyn Nelson, Global Head of K2's ServiceNow Consulting Practice. "Rather than relying on multiple specialized tools, they're looking for a single platform that seamlessly integrates IT, sales, marketing, legal, and other functions."

ServiceNow CEO McDermott has also recently highlighted his company's ability to fully automate workflows across organizations, setting it apart from competitors with its unified platform, architecture, and data model.

As Cherwell retires, ServiceNow becomes the best replacement

In late 2023, US tech company Ivanti announced it would retire its IT service management (ITSM) platform, Cherwell Service Management, by the end of 2026. As the deadline approaches, organizations that relied on Cherwell are searching for the best alternative, with many turning to ServiceNow, the industry leader.

At K2 Partnering Solutions, we've seen an increase in businesses seeking guidance on their options, and many are already committing to migrating to ServiceNow. They now need expert support to ensure a smooth and successful implementation.

1 SERVICENOW DEMAND

Companies are more advanced in their digital transformation

The increasing demand for K2's ServiceNow project solutions is also driven by companies reaching a more advanced stage of their overall digital transformation, one that requires sophisticated ITSM capabilities. "Not long ago, 'digital transformation' was just a buzzword," says Marilyn. "Many organizations claimed to be transforming, but in reality, they were merely replacing one legacy system with another without fundamentally reengineering their processes."

Today, businesses are moving beyond cloud migration. They are reevaluating their entire application landscape, centralizing data, and fully leveraging AI – all of which align perfectly with ServiceNow's strengths as a platform.

> *"The increasing demand for ServiceNow project solutions is also driven by companies reaching a more advanced stage of their overall digital transformation."*

Licensing changes drive increased SME adoption

While we've already highlighted the YoY growth of ServiceNow among its largest clients, K2 has also noticed a growing trend of small-to-medium-sized enterprises (SMEs) transitioning from manual processes to ServiceNow's enterprise automation platform.

ServiceNow was previously less accessible for SMEs, but recent changes to its minimum license purchase requirements have made it more affordable for them. "ServiceNow offers significant benefits to companies of all sizes, which is one of the key reasons demand for consultative services is increasing," says Marilyn Nelson from K2 Partnering Solutions.

The **55%** YoY growth in demand for K2's ServiceNow project services reflects a broader shift in the enterprise technology landscape. As organizations accelerate AI adoption, consolidate their application ecosystems, and explore ServiceNow's expanding CRM capabilities, many are seeking expert guidance to effectively navigate these advancements. What kind of external ServiceNow expertise do companies require? Let's take a closer look in Part 2.

2

PROJECT TYPES

Consulting outpaces other ServiceNow solutions

+95%

YoY increase in demand for K2's ServiceNow consulting solutions (2024)

In Part 1, we explored how businesses are increasingly seeking external support for ServiceNow and discussed the factors behind this trend. But what specific transformation services are they looking for?

Our data shows that demand for K2's ServiceNow consulting services is growing at a much faster rate than for other solutions (such as contract staffing, permanent recruitment, and training), with a **95%** year-on-year increase in 2024 – significantly surpassing the already impressive **55%** overall growth.

According to Marilyn Nelson, the surge in consulting is driven by the impact of AI on the ServiceNow ecosystem. "As AI transforms the platform, companies are shifting away from relying on an internal 'yes team' to handle routine ServiceNow tasks.

Instead, they are turning to expert external advisors for support at every stage – from developing an AI strategy and project implementation to ongoing application management services. When you're unsure where to start with AI, specialized consultancy is essential."

How is this rising demand for ServiceNow consulting and other project solutions unfolding across regions? Let's explore in the next section.

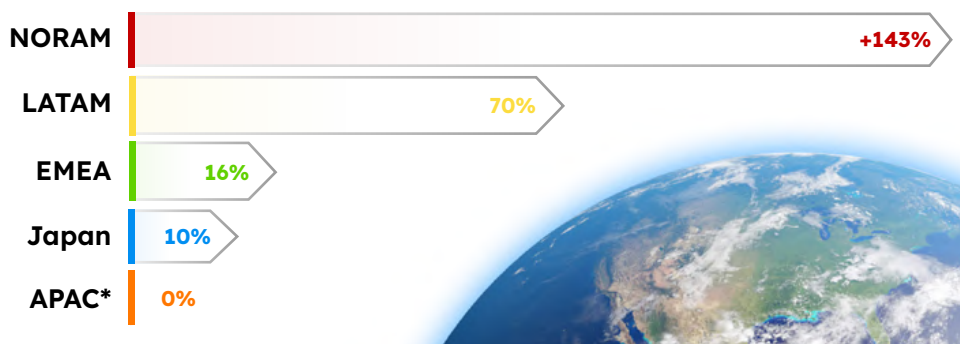
> *"As AI transforms the platform, companies are shifting away from relying on an internal 'yes team' to handle routine ServiceNow tasks."*

3

REGIONAL TRENDS

ServiceNow demand accelerates in the Americas

YoY change in demand for K2's ServiceNow transformation solutions by region (2024)



**Excluding Japan*

3 REGIONAL TRENDS

With a global presence, K2 has a unique perspective on shifting regional demand for ServiceNow transformation solutions. Our data shows that every region, except APAC (ex-Japan), experienced double-digit growth year on year. APAC's ServiceNow surge occurred earlier this decade, making it more challenging to maintain the same momentum.

EMEA's **16%** expansion aligns with K2's expectations, while Japan's comparatively slow **10%** increase is largely due to a shortage of Japanese-speaking ServiceNow specialists needed for project implementation. In 2025, this under-supply is showing signs of easing.

The fastest expansion is happening in NORAM and LATAM, each driven by distinct factors. Let's explore how these two key growth markets are evolving and what's fueling the surge in demand.

NORAM

Early adopters seek upgrades

North America is ServiceNow's most mature market, with the company headquartered in the U.S. and its largest customer base located there. While year-on-year growth might typically be slower in such a well-established region, demand for K2's project services actually soared by **143%** in 2024.

Although global factors contribute to this trend, the U.S. market has a unique dynamic. As some of the earliest adopters of ServiceNow, many U.S. companies extensively customized their ServiceNow instances over time.

However, as ServiceNow has integrated many of these custom features into its core platform, organizations are now returning to its out-of-the-box version to fully leverage the functionality in its latest releases. As a result, we've seen a growing demand for support in making this transition.

LATAM

Brazil drives ServiceNow momentum

Marilyn Nelson explains that ServiceNow has recently focused on expanding its footprint in Latin America, particularly within the financial, telecom, media, and manufacturing sectors. This growth has contributed to a **70%** YoY increase in demand for K2's transformation solutions in 2024, according to our data.

Within LATAM, Brazil is leading the charge. "We've seen a rise in multinational companies nearshoring their ServiceNow projects to Brazil, driven by cost benefits and a highly skilled IT workforce. Brazil has traditionally been a strong market for K2 Partnering Solutions, so we're well-positioned to capitalize on this growing demand," says Marilyn Nelson.

Additionally, the enforcement of Brazil's General Data Protection Law (LGPD), which has been in effect since 2020, is prompting companies to rely more on trusted enterprise platforms like ServiceNow to securely manage their data. "There's a strong convergence of factors driving ServiceNow demand in Brazil, and we're excited to be a key partner in this ServiceNow expansion."

As demand for ServiceNow support services rises in LATAM and other regions, project costs are coming under pressure, as we'll discuss in Part 4.

4 PROJECT COSTS

Costs remain under control despite YoY rise

+5%

YoY increase in ServiceNow project costs (2024)

Increased demand for ServiceNow solutions has helped drive up the average cost of delivering projects, although the rise is a comparatively modest **5%** year-on-year, according to our data.*

*Change in average daily billing rates for K2 ServiceNow projects.

Here's why costs are staying in check:

Global delivery models

The growing adoption of nearshore and offshore solutions in LATAM and other cost-effective regions has enabled more companies to shift project delivery to locations with more competitive pricing.

Training programs

ServiceNow is expanding the number of certified professionals through its RiseUp training initiative. K2 University, our education division, is an Authorized Training Partner for RiseUp and is helping companies worldwide build the ServiceNow expertise they need.

Long-term partnerships

As a ServiceNow partner, K2 prioritizes long-term client relationships over short-term gains. "Even as demand for our ServiceNow solutions has grown, we remain focused on delivering value - offering competitive project rates and serving as a trusted partner in the ecosystem," says Marilyn Nelson.

While cost pressures will always exist with a widely adopted and growing technology like ServiceNow, we expect expenses to remain manageable over the next 12 months.

In the following section, we will explore some of the other broad ServiceNow trends that will impact your business in the coming year.

"As a ServiceNow partner, K2 prioritizes long-term client relationships over short-term gains."

5

MARKET OUTLOOK

Six critical trends reshaping ServiceNow

This report has provided an in-depth analysis of the current ServiceNow market. But what lies ahead for organizations using ServiceNow?

In this section, we turn to Marilyn Nelson for her expert predictions on the key trends that will transform the market in the second half of the year and beyond.

1

ServiceNow supply shortages are likely to ease

The shortage in the supply of ServiceNow services highlighted in this report will start easing by the second half of 2025. K2 Partnering Solutions is rapidly expanding our global network of ServiceNow consultants to support project delivery, which already comprises 4,300 experts, along with a highly skilled in-house bench.

2

Technical expertise takes center stage in ServiceNow projects

Companies are increasingly prioritizing technical over functional expertise in their ServiceNow projects, building on a trend K2 observed in 2024. That year, demand for roles such as architects, developers, and engineers grew much faster than for functional positions like help desk and systems administrators. For instance, demand for engineers alone surged by over **40%** year on year, according to K2 Partnering Solutions data.

In 2025, this trend is accelerating as ServiceNow projects become even more technical and AI-driven. The platform's deepening integration of AI (see #3 below) is driving the demand for AI development expertise. At the same time, as ServiceNow projects become more complex, they require deep technical proficiency to architect, design, and maintain.

3

Companies need more help navigating Now Assist

We anticipate continued growth in the adoption of Now Assist, the GenAI tool, which requires a ServiceNow Pro Plus or Enterprise Plus license. Companies that haven't yet upgraded are missing valuable opportunities to improve efficiency, from faster issue resolution to more informed decision-making.

"However, many organizations don't fully understand the potential applications of Now Assist's features," says Marilyn Nelson. "In these cases, we work closely with them to develop strategic roadmaps, ensuring they can leverage AI tools effectively to achieve their business goals."

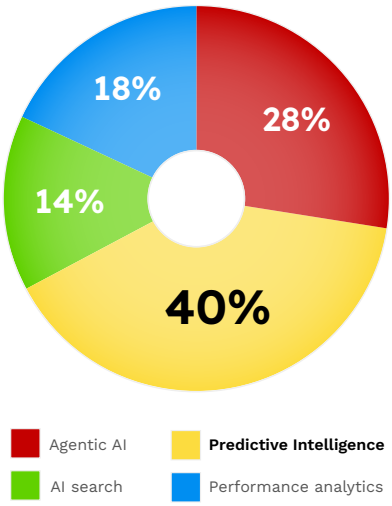
> *"Many organizations don't fully understand the potential applications of Now Assist's features."*

5 MARKET OUTLOOK

4 Your competitors are prioritizing predictive intelligence

As technology vendors like ServiceNow expand their AI capabilities, which categories of AI features are most valuable to businesses? A recent K2 poll found that predictive intelligence – AI-powered forecasting – ranks the highest. ServiceNow has been focusing on this technology in key areas such as major incident detection and smart recommendations.

"This aligns with the conversations K2 Partnering Solutions is having with businesses in 2025 about maximizing their use of ServiceNow," says Marilyn Nelson. "They want to understand how predictive intelligence can drive real benefits – for example, identifying opportunities where AI can resolve customer inquiries, reducing the number of calls to customer service teams."



K2 poll: Which AI features are most useful in enterprise technologies like ServiceNow, Salesforce, and SAP?

5 Understanding the ServiceNow-Salesforce dynamic is essential

As we discussed in Part 1, ServiceNow's expansion into the CRM market is gaining momentum this year. John Ball, Senior Vice President of CRM and Industry Workflows at ServiceNow, spoke in early 2025 about what "sets ServiceNow apart" in CRM, a sector led by Salesforce. ServiceNow wants to go beyond "simple request intake to orchestrate the end-to-end customer service process through workflow automation, integrations, and data on an AI-powered platform," Ball said in a press release.

At the same time, Salesforce is making moves into the ITSM space, traditionally dominated by ServiceNow. In March 2025, Salesforce CEO Marc Benioff emphasized this shift, stating that Salesforce is "building new apps, like ITSM." While the platforms remain distinct, they are increasingly competing in areas like customer service management, employee experience, and marketing automation.

"In 2025, businesses are looking for joined-up strategic advice on Salesforce and ServiceNow – not just to understand the differences between them, but also to explore how they can work together for greater efficiency," says Marilyn. "With dedicated ServiceNow and Salesforce practices, K2 Partnering Solutions is well-positioned to advise on effective integrations."

5 MARKET OUTLOOK

6 The customization trend is coming to an end

Many large organizations have spent years customizing their ServiceNow platforms, but the recent introduction of complex AI features is making this approach increasingly challenging. Upgrading a heavily customized ServiceNow instance to a new release can take over two months, as additional developers are needed to resolve conflicts between custom code and new features. Marilyn Nelson notes that organizations with minimal customizations can complete upgrades in as little as two weeks.

This year, K2 Partnering Solutions is providing advice and project delivery to reduce in-house customizations, enabling organizations to move toward a more out-of-the-box state. “It’s a trend we saw in the U.S. last year, and in 2025, it’s gaining traction globally,” says Marilyn. “Adopting standard solutions is far easier than continuously building bespoke ones, saving significant time and resources.”

As organizations navigate these six key trends in the ServiceNow landscape, they will need expert advice to capitalize on AI advancements and ensure their projects remain competitive.

6 CONCLUSION

AI advancements create opportunities

This report reveals that while ServiceNow’s AI innovations offer immense benefits, implementing them can be complex, driving businesses to invest in expert guidance.

Here are the most important takeaways from the report and what they mean for you:

- **Demand for K2’s ServiceNow transformation solutions has surged 55%** year on year, with even faster growth in consulting services and strong momentum in NORAM and LATAM.
- **AI advancements and ServiceNow’s CRM expansion are key drivers** behind this demand spike, reshaping how businesses use the platform.
- **The ServiceNow market is becoming more competitive**, with the supply of services lagging behind demand, leading to higher project costs.
- **Despite cost increases, project inflation remains under control**, and we anticipate only slight pricing adjustments in 2025.
- **Supply shortages are expected to decrease this year**, providing businesses with greater access to expert guidance on implementing ServiceNow AI.

This report makes it clear: your competitors are turning to expert ServiceNow support to gain an edge in efficiency and decision-making. Don’t get left behind in a fast-growing market. K2’s ServiceNow consulting practice, led by Marilyn Nelson, can help you plan, implement, and optimize ServiceNow projects to get the most from AI-driven innovations.

ABOUT K2

ServiceNow consulting that drives AI innovation

AI advancements in ServiceNow are transforming how businesses operate, but without the right expertise, implementation can be costly and complicated. As an official ServiceNow partner, K2 Partnering Solutions provides the expert guidance to make AI work better for your business.

Why choose K2 Partnering Solutions for ServiceNow?

- **Comprehensive consulting expertise**
  From strategy to delivery and AMS, we offer an extensive range of ServiceNow solutions for all your business challenges.
- **ServiceNow partner**
  Access the most cutting-edge ServiceNow technologies by working with an official ServiceNow partner.
- **Agile global delivery options**
  Reduce costs with our flexible onshore, nearshore and offshore capabilities.

90+ ServiceNow clients globally.

105 ServiceNow technical specialists at K2.

159 Certifications across all ServiceNow modules.

92% High customer satisfaction rating for ServiceNow.

20+ Markets served with expert ServiceNow solutions.

9+ Years as a trusted ServiceNow provider.

Discover our end-to-end ServiceNow solutions

Strategic advisory

K2's specialist ServiceNow advisory expertise transforms your business goals into actionable strategic plans that power growth.

Project delivery

Seamlessly implement critical ServiceNow projects, leveraging K2's innovative methodology, S-Imple.

AMS

Optimize existing ServiceNow infrastructure with K2's proprietary Thrive solution for application management services (AMS).

Official training

Accelerate your team's success with expert-led training from an official ServiceNow partner.

Book your complimentary consultation with K2's specialist ServiceNow team

Receive personalized, actionable ServiceNow advice in a free 30-minute consultation.

- Learn how to get started with ServiceNow's advanced AI solutions.
- Discover smarter ways to implement and scale ServiceNow projects.
- Ask our experts how to overcome your biggest ServiceNow challenges.

Secure your free consultation today!

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