

If you *stay* ready,
you won't have to *get* ready

Perspective:

How the innovative are
staying ready for IT 2.0

As IT leaders survey their landscape, they see a generation of people and technologies coming to an end. Practitioners of the first generation are transitioning away from IT, and legacy technologies are unable to deliver new capabilities required for success.

IT 2.0 represents an IT function anchored by a new generation of people and technologies. It delivers more value, costs less, reacts more efficiently, and enables the business to leverage new processes and capabilities like never before.

Innovative companies are preparing now by investing in modern approaches, tools and technologies. They believe their future success depends on their ability to *stay* ready, as opposed to having to *get* ready.

IT must evolve from being a supporter to an enabler.

The need for change

Today's businesses face an unprecedented amount of volatility. Executive agendas are dominated by shorter windows of market opportunity, more demanding customers and staggering amounts of regulation and compliance. Reprioritization of business resources has become a regular and necessary exercise to maintain competitive positioning.

As businesses work to respond, many have begun to look to the IT function as a critical component of the success strategy. To be successful, IT must evolve from a purely supporting function to an enabling function. IT must enable the business to be more agile, more connected, more consistent and more precise.

However this evolution is not necessarily simple. Many IT functions are operating based on first generation resources: legacy systems and applications that cannot easily support new requirements, and resources that are not readily prepared to leverage new approaches, tools and technologies. Couple this with the fact that while more is expected of IT, less is given. IT executives are under constant pressure to do more with less.

The evolution

Technology Blue believes that a major evolution of IT is approaching. Some would argue that the evolution has already occurred. However we don't agree. We believe that while many of the changes are underway, many companies have yet to face their most difficult challenges.

Some companies are staying ready by continually investing in information technology: modernizing application portfolios, optimizing business processes, better managing decisions and improving their customer relationships. Others are watching the horizon while continually cutting back resources and expenditures, waiting for the time to get ready.

IT organizations must eventually deal with these upcoming challenges; however the difference between those who stay ready and those who wait to get ready is the difference between who gets there first. And in many cases, it could be the difference between a business that thrives and a business that merely survives.

IT 2.0 represents an evolved IT function capable of enabling business agility, consistency and precision. What does IT 2.0 look like? The vision will certainly differ for each organization. However Technology Blue believes that common characteristics will be prevalent. Equally important, we believe successful companies are staying ready by making key changes to their IT assets.

From supporter to enabler

IT 1.0 is exemplified by an IT function whose value is measured by level of infrastructure support, response times, system up time and application portfolio management. Core systems are generally more complex, have longer development cycles and require specialized labor resulting in slower time to market and high cost per change. The IT 1.0 function objectives are generally separate from overall business objectives, with IT simply considered a cost of doing business.

Next generation IT maintains the technological infrastructure while delivering information and capabilities to the business where and when needed. Business users will create differentiation and competitive advantage by managing strategic logic through non-technical interfaces. New processes will speed time to market and reduce cost per change, promoting a leaner and more efficient collaboration between IT and the business.

The IT 2.0 function objectives are closely tied to business success. Value is measured by the level of capabilities provided, business objectives met and overall ability to respond to market changes and opportunities.

Innovative companies are staying ready by investing in modern technologies and architectures that support agility, flexibility and scalability. Service-oriented architecture initiatives are enabling legacy modernization to extend the ROI of core systems and enable integration within the enterprise. Key metrics enable executives to drive and sustain business value from the IT function, ensuring IT is a strategic component of success rather than just a cost of doing business.

Strategic assets

IT 1.0 software development strategy favors “build” instead of “buy”. Developers are skilled practitioners and masters of their systems and technologies. They build solutions from the ground up by leveraging capabilities of the platforms and development languages. Developed solutions are key strategic assets. They provide differentiation in the market and ultimately competitive advantage.

IT 2.0 requires a new focus on strategic assets. The ubiquity of affordable hardware and software enables companies to leverage the same architectural foundations and solutions. Development strategies shift from “build” to “buy”. Decisions, processes and events are the new strategic assets. Market differentiation and competitive advantage requires the IT function to deliver capabilities that allow strategic management by the business.

Innovative companies are staying ready by adopting new disciplines that maximize the value of their strategic assets. Decision Management (DM) is helping companies automate and improve their day-to-day decision-making. Business Process Management (BPM) helps companies improve the efficiency and consistency of their business processes. Event Processing (EP) helps companies correlate and make strategic decisions about events throughout the enterprise.

Although custom built software solutions will certainly deliver value to the business, they require specialized skills and knowledge to maintain. IT 2.0 is more about agility, flexibility and lower cost, and these new disciplines are accelerating the transition. Companies making investments to stay ready are positioned to consistently out-perform their competition.

The upcoming resource gap arguably presents one of the biggest challenges IT organizations will face.

Resources

IT 1.0 resources are the pioneers of core systems and applications. They possess years of knowledge and experience in maintaining the countless evolutions of source code that has become the DNA of an enterprise.

IT 2.0 defines the next generation of IT practitioners. They are well-versed in modern technologies and architectures, and are well-prepared to apply new disciplines that will support future business functions.

Many companies realize the challenges ahead. Core systems, applications and business success are at risk as IT 1.0 resources transition away from IT. The upcoming resource gap arguably presents one of the biggest challenges IT organizations will face. Companies are staying ready by implementing key changes to their technological and resource strategies:

- Migrating legacy systems and applications to new platforms and architectures where possible.
- Recruiting and educating new IT practitioners in modern methodologies, standards and practices.
- Leveraging strategic outsourcing to perform less critical tasks, or to develop new capabilities while key resources maintain existing strategic assets.

Infrastructure

Employee and functional interaction is significantly changing. Resources are relying more on information technology to gain access to timely and accurate data. They are leveraging assets from other functional groups and collaborating to develop new and innovative solutions to address business challenges.

IT 1.0 maintains an infrastructure that supports traditional resource needs. Data is typically not shared, and functional groups generally have independent applications that address their business needs. Processes are less connected, and networks handle modest data loads. Minimal security requirements are sufficient because interactions with external services and data sources are minimal.

IT 2.0 must maintain a connected, robust, safe and efficient infrastructure that facilitates collaboration between functional groups and resources. Connectivity must be fast and reliable to support service-enablement, managed decisions and optimized processes. Robust security ensures the integrity of the enterprise when leveraging external services and data sources.

Infrastructure

Innovative companies are improving their infrastructures with higher-bandwidth, faster and more secure technologies. They are creating a corporate ecosystem that encourages more meaningful collaboration between employees, functional groups and a geographically dispersed work force. Social media will play a critical role in how they communicate with their employees and customers. Green technologies will encourage environmental awareness and drive down computing costs across the board.

Cost of ownership

IT 1.0 is widely characterized as a cost a doing business. Without technological and resourcing options, companies have few alternatives to reduce IT expenditures. They must continue to support core systems and resources to preserve competitive advantage.

Driven by the need to do more with less, IT 2.0 represents and IT function with a lower cost of ownership. It leverages new technologies that reduce the need for specialized labor, reduces costly maintenance cycles and relies upon diverse resources to build and deliver core capabilities.

Innovative companies are integrating new strategies and technologies to reduce the overall cost of ownership of IT. They are:

- Offshoring tasks and projects not only as a cost play, but to capitalize on world-class talent and broader development and support windows.
- Converting software usage from an ownership model to Software as a Service models.
- Outsourcing day-to-day maintenance of workstations, desktop software and enterprise applications.
- Adopting green technologies to reduce costs and increase environmental responsibility.
- Implementing work-from-home programs to reduce overhead costs of maintaining employee work places.

Making the transition

Many companies struggle to find the balance between preparing for the future and maintaining the current. Yet future success depends on an effective transition to an agile, faster and lower cost IT function.

Staying ready requires making investments in information technology today. Runners don't win marathons on one day of preparation. It takes months of time, energy and commitment to ensure optimal performance when it matters most. The same is true in business. What we put in today we reap tomorrow. Companies that wait to get ready may ultimately find that their preparations are too little too late.

Technology Blue believes outsourcing can help. Experienced partners can identify critical areas for improvement and develop roadmaps for successful transformation. Deep investments are not necessary. Developing new strategies can position a company to take advantage of future technologies that are becoming more affordable. Strategic evolution is the first step to making the transition, and provides a springboard for implementing more meaningful changes.

Contact Technology Blue to learn more about how we are helping companies stay ready for IT 2.0.

Technology Blue helps bring about meaningful change and lasting success through a broad range of outsourcing services covering:

- Strategy
- Application
- Infrastructure
- Management

Why outsource to Technology Blue?

- Enhance core capabilities in key areas
- Leverage expertise to increase innovation
- Liberate resources to focus on core competencies
- Improve service quality
- Reduce costs
- Speed time to market
- Increase business performance
- Maximize profitability
- Solidify competitive advantage

Copyright © 2009 Technology Blue, Inc.

About Technology Blue

Technology Blue is an information technology strategy firm based in Pittsburgh, Pennsylvania.

With a strong commitment to deliver value through innovative approaches, tools and technologies, Technology Blue partners with its clients to help them transform and modernize to achieve greater competitive advantage. Its home page is www.technologyblue.com.