



## PTS Perspective

### The IT Function in the Digital Age

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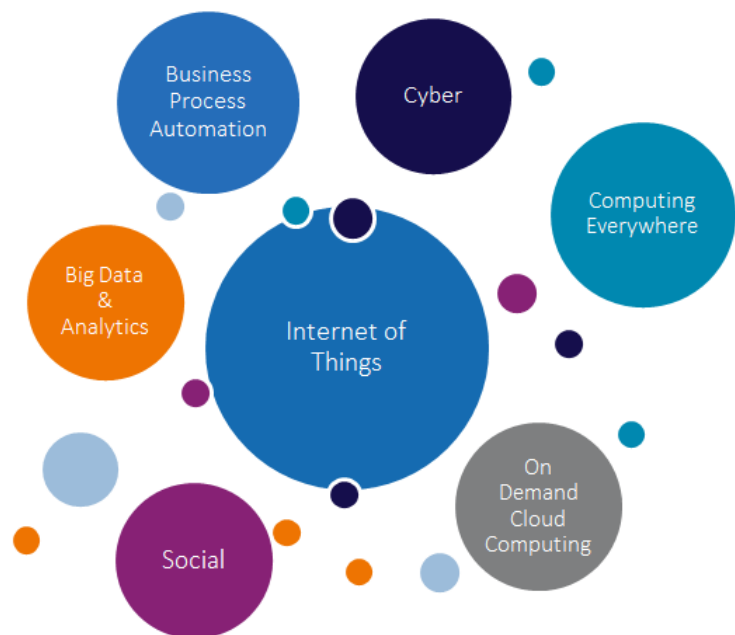
*What does digital mean for the IT function, and how can your IT function transform to adapt?*

The identity of IT within an organisation is in the midst of a seismic shift thanks to the myriad developments in technology, consumer behaviour and business best practice. These developments include:

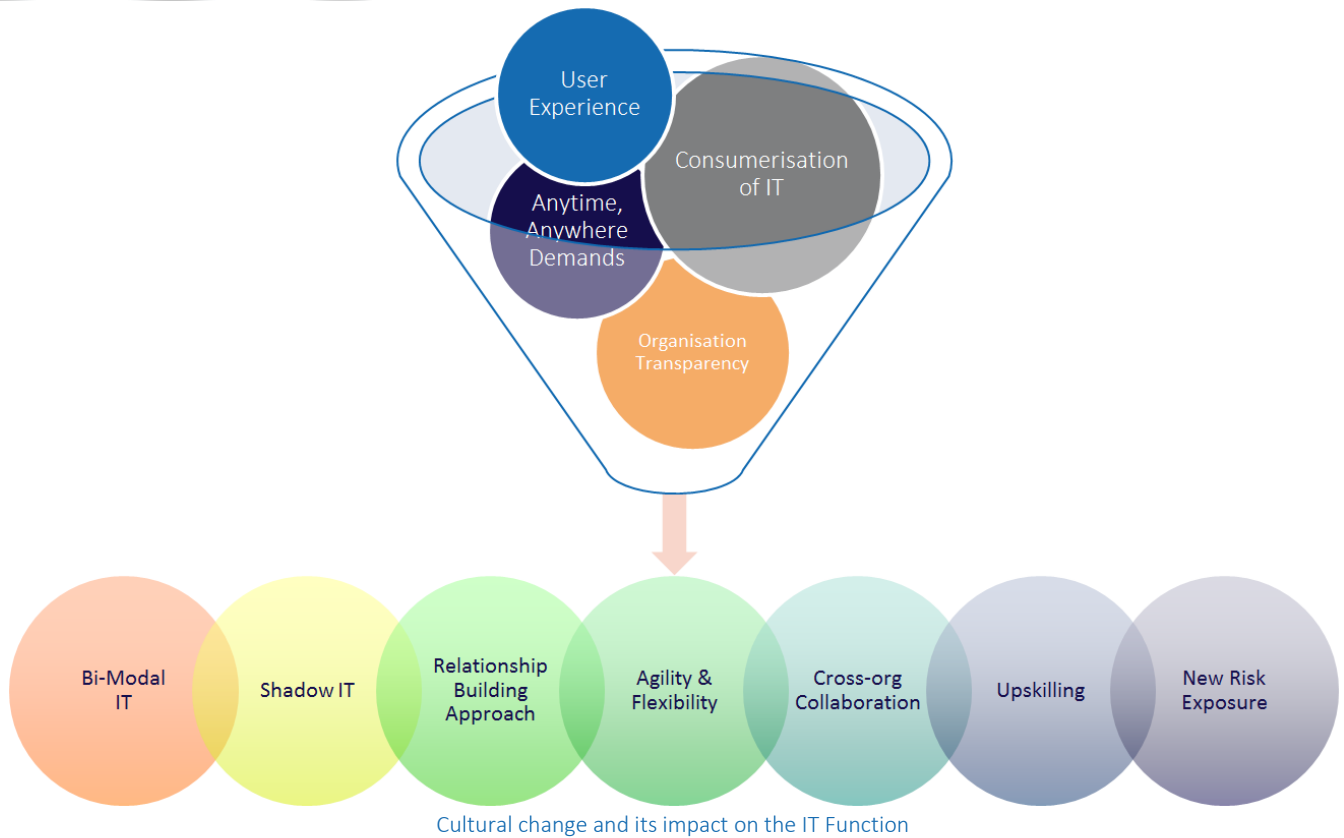
- The increasing desire for an **Optimum, Uncompromised Technology Experience** for staff and customers ‘anytime, anywhere’
- The emergence of the **Internet of Things** – the blurring of the physical and virtual world – allowing the IT landscape to grow dramatically. This ranges from the ubiquity of smartphones and tablets to developments in wearable technology and smart buildings
- Increasing enthusiasm for **Computing Everywhere** and **Advanced Analytics** equipping organisations with the ability to manipulate, interpret and make informed business decisions based on **Big Data** from countless and increasing sources
- The **Consumerisation of Technology** shifting the balance of power away from IT as other parts of the organisation have increasing autonomy over IT spend
- Developments in **Social Technologies** and changes in **Workplace Demographics and Attitudes** enabling staff to demand more organisational transparency and the democratisation of data.
- The proliferation of data and connected devices increasing the threat and consequences of cyber attacks

The changes described above form the base that defines the digital business age. How the IT function must adapt to meet the changing demands of its stakeholders in a digital world is another matter. In this paper, we will do three things:

- Explore the real business impact of these changes
- Paint a picture of what the digital IT Function of the future will therefore need to look like
- Offer guidance on how organisations today can begin to adapt to this new way of operating



Characteristics of the Digital Revolution



## The Business Impact

In this new digital era, businesses are asking whether their IT function is capable of meeting the expectations of its organisation and customer base whilst maintaining a focus on current priorities around security, maintaining BAU and managing technology risk. Whether or not IT matches this expectation and continues to deliver value rests on its ability to overcome the following challenges:

### Two Speeds of IT

Innovation cycles are rapidly contracting; think how quickly iPods became obsolete thanks to technological change, compared to the tapes and CD players that preceded it. Meeting the new demands of the business requires a much more agile approach to developing and productising ideas based on technology change. For example, banks have had to move incredibly fast to incorporate mobile payments into their customer offering – faster than the traditional IT function is used to moving.

And yet, the IT team cannot abandon its commitment to pragmatism, caution and low risk tolerance; after all, a mobile banking error will have serious repercussions to the customer and the reputation of the bank.

Does IT have the ability to operate at two speeds to remain innovative, agile and responsive and keep a high tolerance for trial and error, as well as deliver secure, risk-averse IT services and maintain business continuity? And how will these two modes of the IT function interact with each other?

### Shadow IT

Other functions within the organisation, frustrated with the traditional IT department, are readily circumventing the IT function thanks to the ease with which they can procure solutions through the cloud. Anything from marketing analytics tools to CRM and ERP solutions can be easily implemented without the need to understand the technological implications. However, putting sensitive company information on cloud-procured platforms exposes the organisation to increased risk, and the IT team should be made aware.



Faced with a more peripheral role in purchasing decisions concerning technology made by the Marketing, HR and Sales teams, will IT be able to offer timely, strategic guidance and support without stifling creativity?

### Business Relationship Management

Businesses are quickly realising the cost-savings made in outsourcing sizeable chunks of the IT function. Can the retained in-house IT team adapt its approach from one of 'keeping the lights on' to one that can continually manage relationships with third party and cloud providers and the rest of the business?

### Breaking Organisational Siloes

With the proliferation of Internet-enabled devices and the increasing convergence of previously disparate technologies onto one network, how can the business and IT ensure that cultural and structural siloes within the organisation do not inhibit progress? For example, to enable a truly smart building requires building management systems – run by facilities management – to run on the same network as Unified Communications – run by IT. Are those functions equipped to collaborate with each other?

### Business Process Automation

Digital software is also now available that eliminates or automates business processes across sectors. How will the IT team cope when the bulk of its current workload evolves from the status quo?

## The Digital IT Function of the Future:

Tomorrow's business environment will be characterised by even more dynamic working practices, boundless agility and rapid time to market. It is clear that the Digital IT Function will be shaped dramatically by these changes.

We combined our industry knowledge with the views of our C-Suite clients to create a picture of the digital IT function of the future, in terms of Strategy, Structure, Governance, Systems, Style, Staff and Skills.



### Strategy

Due to the changes above, IT will preside over technology that directly impacts the experience customer (internal as well as external), as well as the business's ability to make more informed decisions. Therefore, two changes will happen at the strategy level. One, the business will treat IT as a value generator rather than an overhead. Two, as digital begins to influence business strategy as well as IT, the IT function will have to adopt a more business savvy approach to the development of its own strategy. This will probably be aligned to the appointment of a CDO (Chief Digital Officer).

The trend towards cloud adoption will also mean that a technology service would have to be strategically important to be kept in-house. Most will be outsourced to a third party that will be able to manage the service more efficiently and effectively.

Business Intelligence strategy will consolidate all important data internal and external to the organisation so that it can make more informed strategic decisions around identity, positioning, target markets, key initiatives and investment opportunities more quickly than ever before.



## Structure

The IT function will serve two distinct and contrasting purposes; to ‘keep the lights on’ in relation to current services, and to rapidly deliver innovative IT services to meet changing business and user needs and leverage new technologies.

To do this, the IT function will be structured differently. The more traditional function will be relatively much smaller, as most applications and infrastructure will be outsourced. IT Project Management and Business Support will provide necessary skills and resources to implement business projects and enable change. Innovation Management Teams will provide the ability to assess and adopt new technology seamlessly.

## Governance

The traditional IT function will become more devolved. The central IT function will have less control as operational and business intelligence software drive efficiencies across the enterprise, resulting in different, decentralised governance structures.

Operating in a two-mode state – finding the optimum balance between agility and innovation, and stability and security – will be paramount. A lot of thought will be applied to the governance structure between these modes of IT to ensure that the different speeds of working or appetite for risk does not compromise their ability to interact and collaborate.



Risk will be treated just as seriously but will take a different form. SLAs will form the bulk of an organisation’s risk mitigation strategy, rather than internal processes, technology and staff. The organisations will be much more comfortable with the notion of data sitting outside of the company firewall, providing that it has sufficient confidence in its third party providers and the strength of the contracts that bind them.

For systems that remain in-house, Business Continuity Planning will place greater emphasis on preventing malicious cyber-attacks, rather than mitigating for human error, as most processes will be automated.

## Systems

There will be considerably fewer legacy systems managed by the IT department of the future, as these typically cause unwanted risks and issues and take up valuable time and resources to maintain. What can be moved to the cloud will be; other departments might use an ‘app store’ to purchase or access applications from the cloud.

Sandbox environments will exist in order to test new applications within the business at low risk, and therefore tolerance of failure will be lower and a ‘fail-fast’ approach to new systems will prevail. Agile development and rapid change will be the key to ensuring success in a digital world. Data driven insight will become the norm as the mantra will be about improving the customer experience through technology enablement.

## Style

The IT department will work closely with the business and be more friendly, open and collaborative. IT will demonstrate leadership, showing the business new ways to solve problems and identify new opportunities. There will be a particular focus on generating thought leadership to share within the business and drive the



adoption of a digital business. The department will be empowered to say “yes”, overcoming the barriers that would have once prevented objectives from being achieved.

### Staff

The IT team will have a much smaller headcount than ever before. Staff will be friendly and approachable with good social skills; exceptional technical acumen will not be enough in the new environment. The rest of the business will have a higher degree of awareness and will be represented by individuals that are increasingly more comfortable with a high rate of change.

### Skills

IT will have business support and project delivery skills at its disposal. The team will consist of ‘innovation people’ with a mix of technical knowhow and business and customer understanding. They will be able to sell new ideas to the business and manage both business and systems change through data-driven insight and analytics. Skills in manipulating and analysing data sets through technology tools will be the norm.



### How to Adapt

Building the Digital IT function of the future will require the implementation of a transformational journey. PTS’s experience in technology transformation suggests that it will be absolutely paramount to take into consideration a number of key elements to ensure successful outcomes along the journey. These include:

#### 1. Start as you mean to go on

Offering the business rationale for a transformation can be fraught with complexity and difficulty in gaining support from the key stakeholders in the business. However, if you harness digital technologies available in the marketplace, you can make use of big data to help generate meaningful and powerful strategies and business cases that will offer your teams compelling justification to undertake the transformation you need, in an agile fashion.

#### 2. Look to the horizon, but build in quick-wins

Transforming an IT function is typically a multi-year project. And yet, considering that customers have ever-changing preferences and expectations, organisations cannot wait months, let alone years, for its IT function to change. An ability to marry a long term vision which transcends short term trends, with quick wins throughout the transformation journey, is difficult, but crucial.

#### 3. Sponsorship

There will be many challenges along the way – difficult conversations, curveballs that threaten to blow you off course, and simply heading into uncharted territory. To make transformation a success requires senior buy-in and engagement, so that you know that whatever challenge does arise, the board has your back.

#### 4. Benefits realisation and tracking

Many projects fail to meet business expectations because clear objectives and KPIs were not set from the outset. As simple as it may sound, making sure that the business benefits are articulated and communicated from the start, and that each individual objective and KPI is designed to achieve these benefits in some form,



is the only way of being able to look back at the transformation journey having achieved what you set out to do.

#### 5. Technology is a means, not an end

Whilst an IT Transformation is a good opportunity to refresh your technology portfolio, remember that there are overarching business objectives that the technology should enable. If you treat technology implementation as an end to itself, you will fail to realise much more important organisational goals.



#### 6. Programme Management with a hint of Agile

You could bring on board the best project managers to help you transform, but if you apply a waterfall approach, when you hit the final year of the project, you will find that the goalposts have moved. You cannot afford to keep your head in the weeds and treat this as just another project; you will need to mobilise quickly to achieve targets in short time frames, but then come up for air to assess progress against the long term objectives.

#### 7. Pilots can't rebuild a plane mid-flight

Assuming that your internal IT team can manage the transformation is like expecting a pilot and crew to rebuild a plane mid-flight; they won't always have the wherewithal to do it, and even if they did, they're already preoccupied with their day job.

Make sure that you have properly factored in the time, resources and sheer energy required to undertake a transformation, and that the programme team can be completely focused on their roles and responsibilities. You cannot afford to lose momentum at any stage of the project due to a lack of resource.

#### 8. Digital Pegs in Digital Holes

Do you have the right skillsets and expertise to know what a successful transformation looks like? Understanding the technology landscape requires experts in technology. Ensuring that staff are engaged requires change management skillsets. Managing a large transformation programme requires seasoned Programme Managers. Reworking governance structures requires GRC experts. And delivering upon an overarching vision requires Business transformation experts.

#### 9. Your staff may want change; they don't necessarily want to change.

The execution of the transformation programme could be flawless from a technical, structural or procedural perspective, but if your people are not engaged, the transformation will fail. What is perhaps the biggest risk in any project can be mitigated in a number of ways:

- Enter into dialogue with your internal stakeholders well in advance of any change to canvas opinion and co-create the solutions that will form the basis of the transformation – people are much more likely to buy into ideas if they feel they have helped to shape them
- Be extremely clear to all staff what the transformation entails, its value and rationale and how it will impact and benefit them as teams and individuals
- Empower staff with authority and accountability



- Incentivise staff in the right ways to enable individuals through training on processes and technology – factor in enough time to train and upskill staff
- Never underestimate the cultural shock of change; make sure that your project team has the skills and capabilities to deal with this

## 10. Data is your friend

The business will be keen to see that progress is being made and benefits realised. From a governance perspective, data will help you to demonstrate whether you are achieving the benefits set out in the business case not just at the end of the transformation/transition, but at a BAU stage. With a properly constructed Business Intelligence and Data Analytics strategy, proving to the business that the transformation is realising tangible value will be much easier.

## Conclusion

Market and technology forces are pressuring organisations to rethink their IT and business strategies in the digital age. Yet there are ample opportunities for those that transform successfully and in an agile fashion. Remaining relevant to digital consumers that are shifting their social and purchasing experience from the physical to the digital world will yield significant value to those organisations. Bringing products and solutions to market much more quickly but in a controlled way will bring the prospect of first mover advantage. Leveraging big data within and outside of the organisation will help senior management to make better informed business decisions.

So long as firms recognise the opportunities and threats of digital on the business and IT function, whilst appreciating the scale, complexity and importance of the transformation that needs to happen in order to adapt, organisations across all sectors have the chance to benefit hugely from this changing landscape.

*PTS Consulting is a global IT Consulting and Project Management firm that specialises in converged IT Infrastructure. Since 1983, PTS has delivered vendor-independent, bespoke solutions to some of the world's biggest names from strategically located offices in 11 countries. Our expertise in converged IT, Audio Visual, Physical Security and Critical Systems Infrastructure enables our clients to enact business transformation and realise their strategic objectives. Our highly motivated global team has delivered over 12,000 assignments in 85 countries and our commitment to success makes the difference between mediocrity and excellence on mission critical projects.*

