

Don't just do it; Think IT: The IT Organization of the Future

Today, technology has the potential to actually drive business strategy, and need no longer remain just an enabler of business. This means that information technology (IT) organizations in companies must play a role that is substantially different from their traditional role, involving a greater component of unstructured and creative thinking than in the past. As we'll demonstrate, IT organizations unwilling or unable to play this new role will risk eroding value in their companies.

To perform this new role, IT organizations must realign their resources, because many of the necessary skills are not always readily available. It is extremely unlikely, given current resource profiles, that IT organizations will be able to effectively make this crucial role transition on their own, moving from primarily "doing" to mainly "thinking" and "envisioning," which portends, as we shall see, the rise of a new, enhanced IT organization.

Here is a framework to guide and manage the transformation of IT organizations to the desired "thinking" mode, from their current position on the "doing-enabling-thinking" continuum.

The "Thinking" Imperative for IT

In the past, the IT organization mainly performed the function of providing back office support to business. There was a clearly discernible "business" versus "IT" divide in most organizations. "Business" provided "IT" with system requirements, and then it became the latter's responsibility to deliver those requirements. The traditional role of the IT organization was thus focused largely on "*doing*" — meaning activities associated with systems implementation.

Instead of reacting to existing business needs, the focus of the new IT organization needs to be on creating competitive advantage for the enterprise via innovative applications of emerging technologies.

Risk of value erosion

Strange though it may sound, even as technology increasingly becomes a source of competitive advantage in business, IT organizations themselves may become a source of value erosion in the enterprise if they do not proactively reorient themselves. IT organizations that continue to operate more towards the “doing” end of their role continuum, either through inability or unwillingness to change, will jeopardize the businesses they are intended to support, and actually destroy value.

This erosion in corporate value could occur due to the Possibilities Gap, the Realization Gap, or, more than likely, both. The term “Possibilities Gap” denotes the gap between “as possible” and “as envisioned”. The risk of this arises if “business” drives the organization’s thinking independently, with little or no involvement of the IT organization. We define the “Realization Gap” as the gap between “as envisioned” and “as delivered,” and it results from slips in translating what is envisioned into action.

It is more difficult to bridge the Possibilities Gap because it requires fundamental enterprise-wide change in order to align the business and IT organizations. Bridging the Realization Gap represents a “quick win” for organizations, since it is more tactical in nature and is addressable in ongoing initiatives.

Companies must consciously guard against the occurrence of the Possibilities and Realization Gaps, by acquiring and building the requisite “thinking” capabilities and also putting in place appropriate “enabling” and “doing” capabilities.

The “Thinking” IT Organization

A “thinking” IT organization:

- proactively identifies opportunities for exploiting new technologies to create and pursue new business opportunities;
- evaluates these technologies and the resulting opportunities to determine their value to, and impact on, existing and potential business;
- embraces innovative mechanisms to access and utilize the best possible resources (whether in-house or outside); and
- adapts itself to changes in the environment on an ongoing basis.

In performing its “thinking” role, the IT organization needs to play four distinct and critical roles — **Explore**, **Engage**, **Enable**, and **Evangelize** — *in addition* to the traditional roles of “doing” and “enabling”.

Explore

In this role, the IT organization is responsible for exploring and deploying new technologies to drive business transformation. This requires the IT organization to be knowledgeable about industry, business, and technology trends. It must also be empowered to make decisions for adopting these technologies within the enterprise.

Engage

The IT organization needs to engage the organization’s internal and external customers, suppliers, and business partners to create new business possibilities and enhance process efficiencies. For example, this could involve predicting customer behavior to identify and develop new products, services, and channels.

Enable

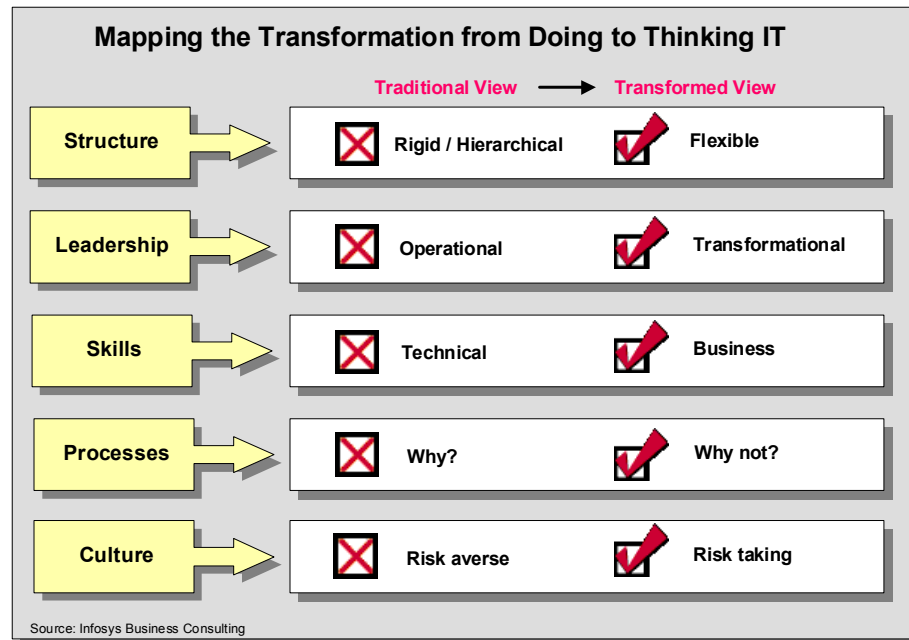
The IT organization has an equally important role in enabling the technology and/or information infrastructure that underpins the delivery of IT services. This involves selecting and defining the technology architecture and configuration to meet the needs of its customers, as well as pursuing continuous improvement of its capabilities, processes, and delivery strategies. This is largely an extension of its traditional role, with one major difference: the focus is now on “getting it done” rather than “doing it”.

Evangelize

The transformation of the IT organization must be part of a greater organizational transformation to make the corporate mindset more accepting and embracing of change. The IT organization therefore has a role to play by evangelizing the power and capability of technology for driving greater competitive advantage across the business organization.

The Transformation to a “Thinking” IT Organization

The shift in perspective from an internal IT organization to an external and virtual IT organization, and from primarily “doing” to “thinking” requires all facets of IT organizations — structural, attitudinal, procedural, and cultural — to undergo significant transformation. It is only through radical change that the IT organization can rejuvenate itself to face future challenges and guide the enterprise towards greater competitive success.



Transformation in IT Organization Structure

IT organizations, like the rest of the enterprise, have generally been characterized by relatively rigid and hierarchical structures with limited sharing of resources, knowledge, and best practices between its various groups.

Such rigid and hierarchical structures, while having sufficed in the context of the IT organization’s predominantly “doing” role, will not be appropriate as the IT organization focuses more on “thinking”. Instead, a new and more flexible organization structure that is

task-based and brings together the best and most appropriate skills and resources for the specific task must replace the formal and/or rigid IT organization structure.

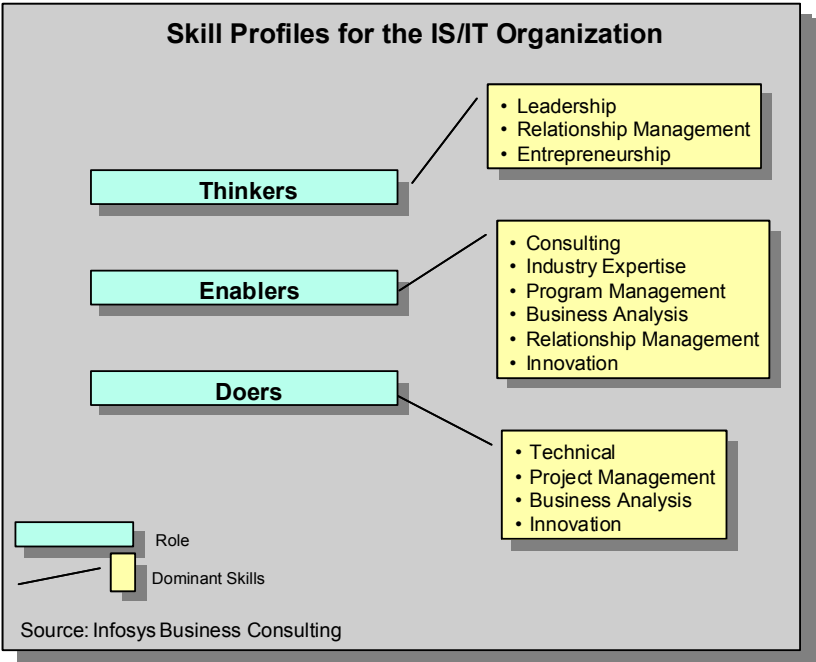
Transformation in IT Leadership

The traditional role of the IT leadership must change in the context of the overall transformation of the IT organization. This change must occur along two lines:

- The focus of leadership must move from operational to transformational. This requires the CIO to identify and pursue technology-enabled growth-driven business strategies, rather than only deliver what business has requested.
- The leadership must work to change the business perception of the IT organization. The CIO must ensure that the IT organization is seen as an internal partner committed to generating business value and not just as a “cost island” separate from the rest of the enterprise.

Transformation in IT Skills

The IT organization needs to perform all the roles — thinking, enabling, and doing — to proactively meet business requirements. Each role requires a set of dominant skills, and it is the sum total of these skills that the IT organization must ensure is available to it at all times.



The increasing proliferation of new technologies, coupled with shortening technology lifecycles, makes the task of maintaining updated technical skills in-house extremely arduous. Instead of acquiring and developing all the requisite business, process, and technical skills in-house, the IT organization must go outside itself to complement and supplement specific skills.

Transformation in IT Processes

The overall transformation of the IT organization from “doing” to “thinking” IT must also be reflected in a transformation of the key IT processes, including envisioning possibilities, decision-making, implementing, and measuring performance.

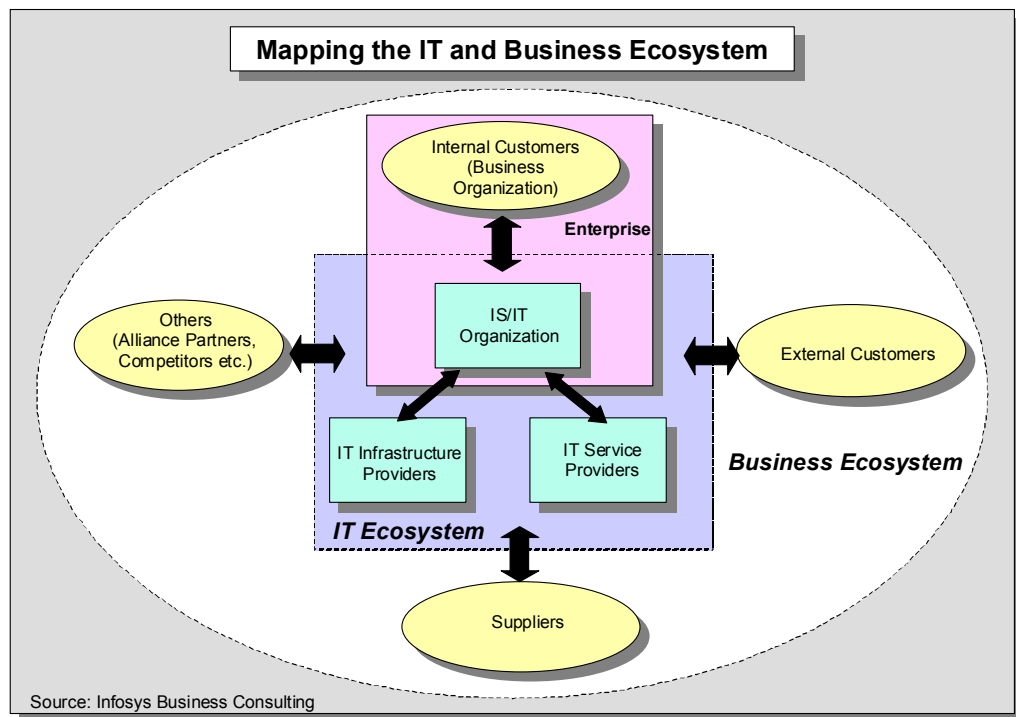
Transformation in IT Culture

The successful transformation of the IT organization must be rooted in the transformation of its culture. Future business wisdom will be about taking risks and embracing change, not resisting it. The IT culture needs to change from being cost focused to business value focused; from enterprise focused to extended-enterprise focused; from incremental efficiency focused to quantum business-growth focused; from being risk averse to perceiving risk as opportunity; and from being transaction oriented to being relationship oriented.

Enabling the Thinking IT Organization

Even as the IT organization shifts its primary focus to thinking and enabling, it continues to remain responsible for “doing” as well. To effectively fulfill its expanded roles, an IT organization needs the appropriate mix of “thinking,” “enabling,” and “doing” capabilities. We view this enhanced IT organization as an IT Ecosystem.

Just as the biological ecosystem has multiple members, the IT Ecosystem comprises multiple constituents, such as the enterprise IT organization itself, service partners, infrastructure providers, hardware vendors, software vendors, customers, and even competitors. This IT Ecosystem makes a large, virtual pool of skills and resources available to the IT organization for performing its various roles.



The idea of a business ecosystem — where business organizations have varied partnerships, alliances, and joint venture models with each other — for achieving multiple objectives, is fairly well accepted. Our concept of an IT Ecosystem applies the same principles to those entities engaged in delivering IT services to internal and/or external customers. Further, it envisages the IT Ecosystem existing as a part of the larger business ecosystem, therefore driving closer linkages and interactions between its various constituents.

Conclusion

IT organizations will have a greater — and different — role to play in enterprises of the future than they did in the past. They must transform themselves radically to fulfill this new role. A shift in focus from “doing” to “thinking” will require them to look outside their traditional in-house resource base and access resources from the larger IT Ecosystem.

All aspects of the IT organization — structure, leadership, skills, processes, and culture — must be transformed for the IT organization to effectively discharge its thinking role. IT organizations unwilling or unable to play this new role will risk eroding value in their companies.

The transformation of the IT organization is an ongoing journey, because the environment is in a constant state of flux. The IT organization, like its larger business enterprise, must constantly assess how best it can provide the maximum value to its customers and stakeholders, and then transform itself to deliver this increased value.