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White Paper

4 Trends Today's IT Leaders Must Master

Delivering the new technology goals of the Business while balancing the demands of existing systems requires a new approach from IT Leadership.

INTRODUCTION

Information Technology has become the defining feature of living in the 21st Century. It shapes us from birth through death in every aspect of our lives and in the coming years will be even more present. For IT Leaders this megatrend will bring major challenges and require new ways of organizing and managing the people and workloads that will advance their companies into the digital world.

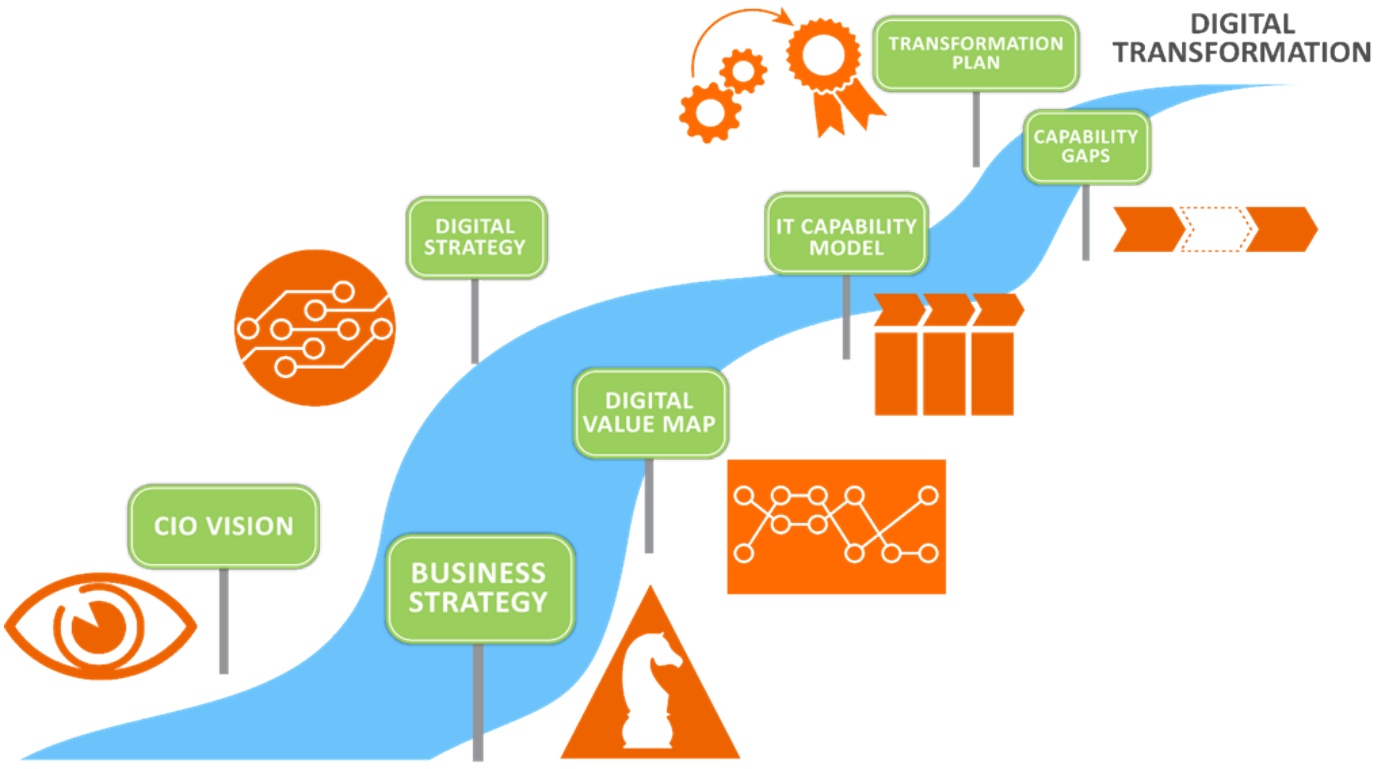
This eBook discusses 4 trends today's IT leadership will need to understand and effectively leverage to successfully guide their organization forward in the New IT.

1. Rethinking IT's role as Technology and Business merge.

2. Focus on the external customer and revenue growth.

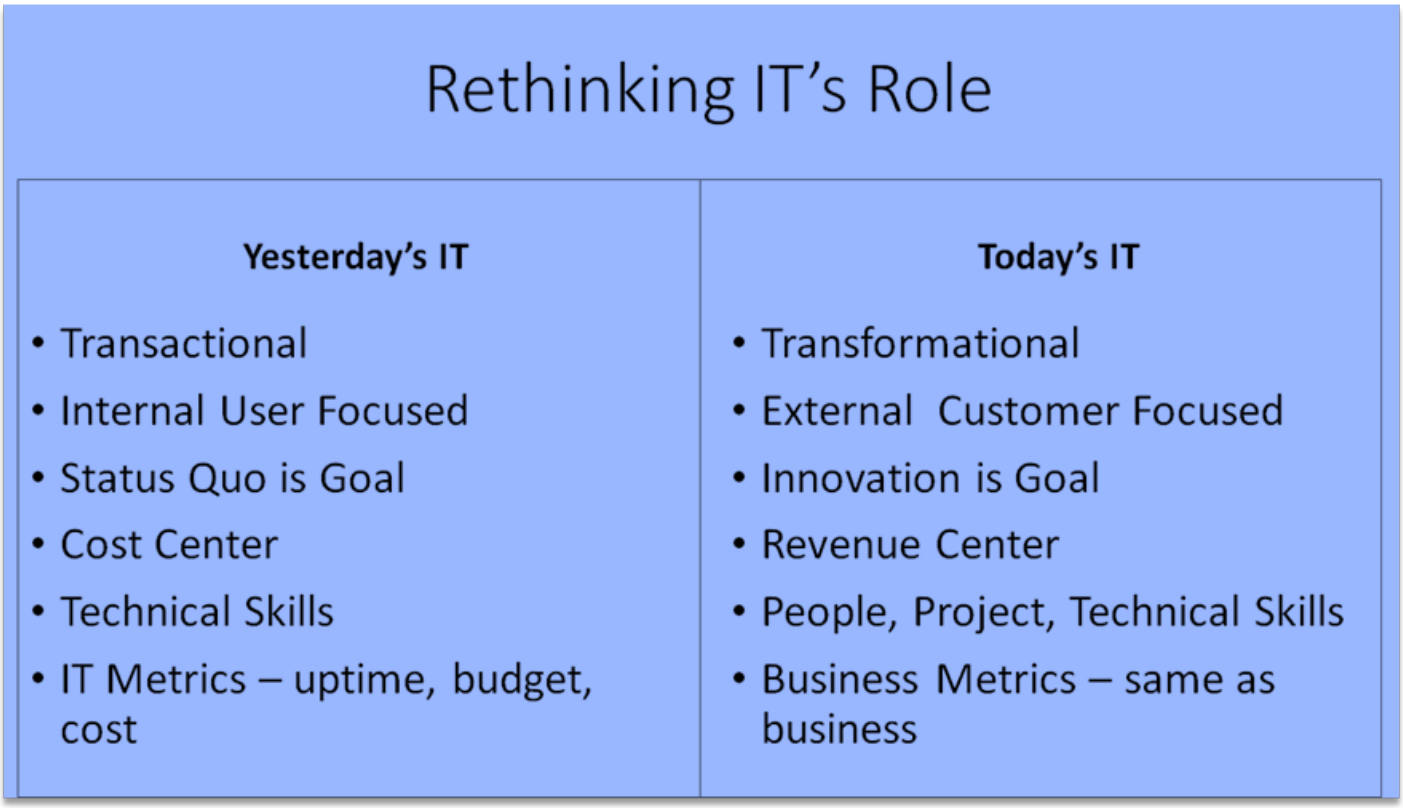
3. Focus on productivity to be able to achieve digital transformation.

4. Balancing innovation and keeping systems running.



RETHINKING THE ROLE OF IT

Once upon a time, Information Technology was considered a back office function. IT played an important support and enabler role, but not one that helped shape business strategy, or even had much direct involvement with external customers. In the past, leaders in other functions would develop the company strategy and determine what technology they would need to enable that strategy. IT was only needed to execute the technology plan and then support it. As an IT leader you were measured on the success of the execution and the success of continuous support. Guaranteeing high uptime, meeting budgets and keeping the Status Quo were the goals and measures.



Then the world decided to go digital. IT became an integral part of our daily business and personal life. The ability to connect real time with consumers and businesses through the growth of the web, smartphones, tablets, wearable devices, cloud services and Internet of Things increased the demands on organizations to innovate or become obsolete.

IT no longer is just the transactional system that records your business activity and the hardware/infrastructure to support that system. It has become a primary means to find, attract, inform, engage and retain customers. It is the main driver in gaining intelligence on how to grow and transform the business. It has become the primary platform to communicate in both our business and social lives. And now IT allows our things (industrial equipment, appliances, cars, elevators, etc) to communicate valuable data to each other and to us.

As a result IT became central to the overall strategy of many businesses. This convergence of business and technology has presented CIOs with both challenge and opportunity. The challenge is to move away from the conventions that have defined IT for the past 40 or so years. The opportunity is to lead the business in transformations which drive increases in customers, revenue and profit, leveraging the new status of technologies role in business to advance the company at large. In the past, not accepting new challenges resulted in the status quo but in the new, faster, ever-changing digital world it means obsolescence.

GE Wants to be a Top Software Company

GE formed GE Digital last year with the goal of becoming a top 10 software company by 2020. Bill Ruh, Chief Digital Officer heads the business already with $ 6 Billion in revenue to compete against IBM in the Internet of Things arena. In an interview with Forbes he said "We're taking a lesson from the consumer side of the internet — the Googles, Facebooks and the Amazons, These businesses figured out how to manage large volumes of information and utilize it to provide new kinds of services." GE did this to:

- Focus IT on business growth
- Drive the IoT/Big Data trend into all they do
- Keep up with IBM

FOCUS ON THE EXTERNAL CUSTOMER

Walker Information, a consulting firm, predicts by 2020, the customer experience will overtake both product and price as the key brand differentiator. Companies that sell to consumers have taken a lead in this area. Although B2B companies are behind, they are beginning to bridge the gap in the areas highlighted in the table Customer Experience in B2B Behind the Times.

Customer Experience in B2B is Behind the Times

	B2C	B2B
Primary sales approach	Online	Salesperson
Browsing / Finding product	Keyword search	PDFs or Paper catalogs
Ordering process	Online	Some items online but most call
Payment	Credit card	PO or Credit Card
Turnaround	24 hours	48 hrs + based on avail.
Order status	Real time email or text	Call or login to an old portal
Customer support	Live chat and extended hours	Call during business hours

Ford Motor Becoming a Software Company

Software companies are becoming automakers and automakers are becoming software companies. Some big changes are happening within the most iconic of industries. Ford is one of the leaders with their Blueprint for Mobility. This blueprint is shaped around four mega-trends they feel are on the horizon:

- The world is becoming more urban with greater numbers of people concentrated in cities.
- The global middle class is growing with greater number of people with aspirations for mobility.
- Air pollution and health quality as both the above contribute to more health related concerns.
- Consumer priorities are changing especially for those born after the 1980's.

As a result Ford sees connectivity and technology as the primary enablers to meet the challenges brought about by these trends. Sensors, cameras, software, hardware all communicating together to solve traffic problems, avoid traffic accidents and sharing rides whether with drivers or fully autonomous. To do this they will be:

- Focusing IT on business growth (increasing car connectivity)
- Innovating technology in hardware, software, sensors, cameras, etc.
- Competing with Tesla, Google and Uber

Many IT organizations view internal users as the “customers” - Finance, Sales, Operations, Marketing, etc. It has not been until recent years that IT organizations have begun to view the real customer, buying the product or service, as their customer. Supporting the internal user is an important function and can also indirectly serve the customer. However, in the new IT, technology leaders that are looking to transform their companies should focus on the end customer and the many touch points they go through, from initial awareness, decision to purchase, delivery, continued support and establishment as a long term customer.

Intel’s IT Becomes Revenue Generator

When IT focuses on gaining customers they become a revenue center instead of the traditional cost center. Kim Stevenson, CIO of Intel, wanted the perception of her IT team to transform from a group that sets up servers and configures PCs to one that actively solves business problems such as gaining customers and revenue.
Stevenson’s team developed software for analytics to help sales make better decisions on outbound calls, improve pricing decisions, inventory decisions and how to better bundle products. All together these projects added $ 351 million in revenue. Demonstrating IT’s value in terms of revenue improved the perception of the team within Intel.

JetBlue's Focus on Customers

JetBlue's IT organization has transitioned their thinking about IT transactions to creating the best customer experience for anyone traveling on JetBlue. In an interview with CIO magazine, CIO Eash Sundaram, said "We think of ourselves as a customer service company that happens to fly planes."

At the airport this meant eliminating an unnecessary check in process. On board it meant providing a superb free Wi-Fi experience for business and entertainment using their own satellites. Equipping flight attendants with iPads to provide customer info on loyalty memberships, birthdays and connecting flight to proactively provide needs personal experiences.

IT teams were dispatched to new JetBlue markets to fully understand specific customer desires and needs. They were embedded into Sales, Marketing and Operations with the same goal. JetBlue is also changing performance metrics, as of Sundaram and his team's performance is based on how much customers enjoy traveling with the airline.

Companies are learning that by enhancing user's experience at every touch point they are able to generate more engagement resulting in greater revenue while at the same time reducing the cost in acquisition and retention of this base. Since these enhancements in user experience increasingly rely on data exchanges and analytics to both measure and anticipate customer needs and reactions, IT organizations are able to play a front and center role in the outward facing customer lifecycle.

This shift in mindset requires some major changes and rethinking IT's role to go beyond the boundaries of the company:

1. IT needs to understand and interface with the real customers.
2. IT will need the skills require to effectively manage customer engagement.
3. IT will need to move from cost center to a revenue center.
4. IT will need to be measured on customer satisfaction, growth and retention vs. system uptime, budgets and costs.

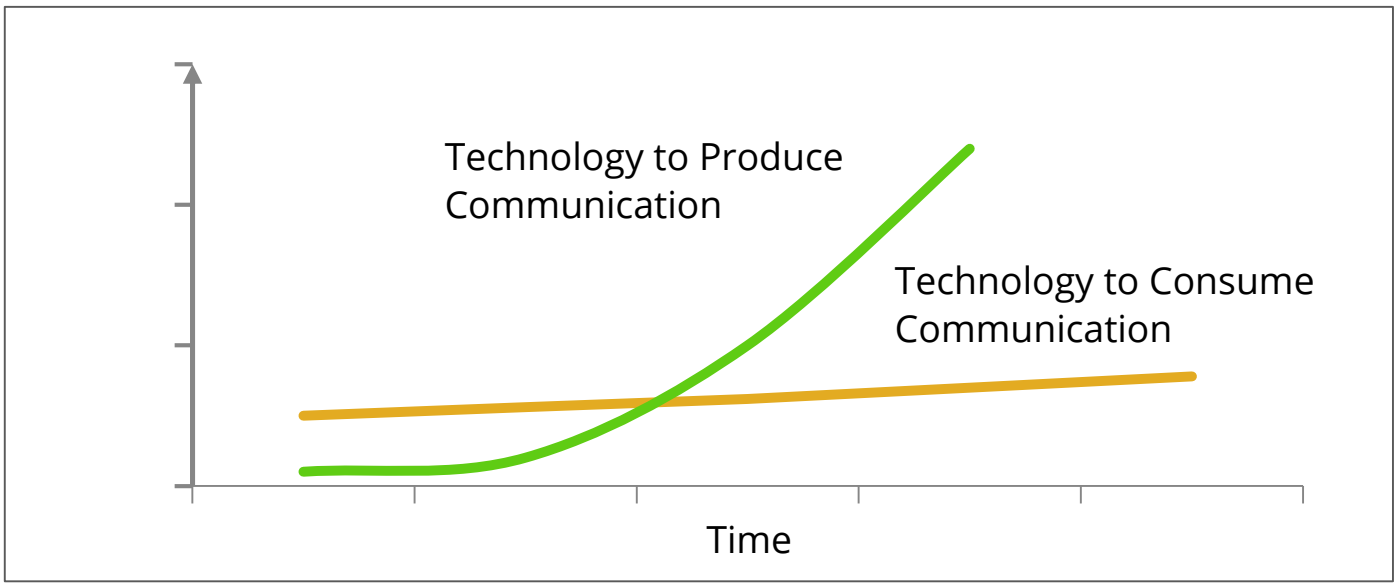
FOCUS ON PRODUCTIVITY

As companies transform into digital companies the workload for IT increases at a fast pace. The ability to make this transformation happen with new technology, while still keeping the lights on for existing technology, is a challenging productivity problem. Measuring productivity and implementing strategies to improve it will have to be a major focus for IT leaders managing today's IT.

There are three areas IT Leaders will need to review and address to improve productivityCommunications/Collaboration, Multitasking, and balancing innovation against running the current system.

Communication and Collaboration Overload

Email, internet, smartphones, social media and so many other communication software and devices have greatly improved our abilities to communicate and improved our lives. However they have all become so good at dramatically increasing our ability to produce communication but we still rely on the same old eyes, ears and brains to consume it.



Improvement Steps

1. Helping teams with managing/using email more effectively, using frameworks like Getting Things Done (GTD), and employing smart company practices to help minimize internal email.
2. Helping team develop good meeting management skills.
3. Developing practices to allow managed collaboration without becoming a continuous flow of distractions.

Communication and Collaboration Overload

When it comes to keeping IT systems up and running, multitasking seems to be a requirement. Quite often it's even written as a desired skill on many job postings. However, research is revealing that multitasking is more damaging than beneficial.

The on demand service requests, 24/7 time-frame and service response commitments that IT support requires, result in days filled with many distractions. So it's understandable IT leaders are looking for the women and men in capes with the big letter “M” for Multitasking emblazoned on their shirts.

However, workplace evidence, cognitive studies, and our own personal experiences have revealed the unsustainability of Multitasking, especially when applied to knowledge-based cognitive functions. The need for continual multi-tasking contributes negatively to our personal health and happiness, and can greatly diminish the outcome of organizational efforts as highlighted by the following factors:

- Only a Very Few of Us Can Do It A cognitive study by the University of Utah found only 2% of the population can multitask effectively. The rest of us are not very effective. However, more than 50% of the population believe they are very effective.
- It's Highly Unproductive Several studies have found Multitasking (primarily task switching) can be 40% less productive than batching similar tasks. Similar to a machine there are time and costs to change over from one task to another.
- It Causes Errors The error rate for someone performing many tasks in a task switching environment compared to one with much fewer switches is much higher. Task switching especially when it may not be planned such as in IT support are disruptive and errors are higher in a disruptive environment.
- We Get Stressed In a study of two groups performing the same tasks with and without task switching the heart rate was higher among the task switching group. The constant switching can provide a feeling of lack of control and lack of accomplishment. Both can be stressful.
- It Makes Us Unhappy If the first 4 reasons alone don't make you unhappy then you may be someone prone to crave multitasking. You may value being busy over being productive. You may believe you are part of the 2 %. Or you may have trouble focusing, so you welcome distractions to get out of having to focus. Bottom line, you probably still fall prey to being less productive than you can be and creating a less healthy work environment for you or your team.

BALANCING INNOVATION & KEEPING SYSTEMS RUNNING

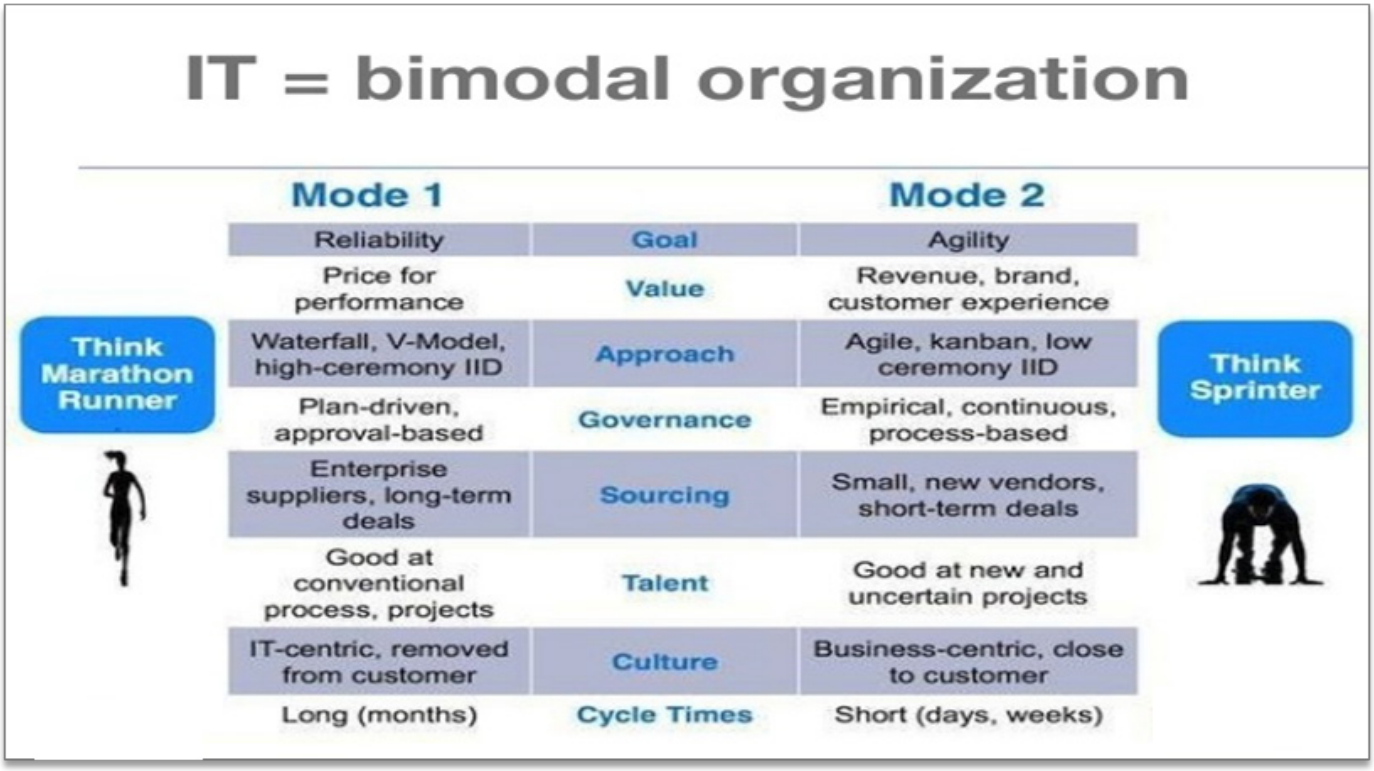
Balancing innovation while supporting current systems is the biggest challenge for leadership in the New IT. It's possible to be productive within both areas, but in the age of digital transformations, the company's perspective is that more time, money and talent should be spent on innovation rather than keeping systems running.

Maintaining existing processes and technology has become the status-quo expectation for those outside of IT. True value will only be recognized when the IT organization actively contribute to revenue growth, whether it be through the development of new products and services, or by providing new ways in which to acquire or retain customers. This is where the innovation side of IT comes to play. However, most IT organizations are still faced with the challenge of available resources and needing to use the same set of people to deliver on both types of activities.

Bimodal IT Solution

One solution for overcoming this challenge is to implement a bimodal methodology within your IT organization. A bimodal framework separates activities into two separate but coherent groups - one focused on the needs of current systems, acting predictably and reliably, and one focused on innovation, pushing exploratory, transformative efforts (see IT=bimodal organization table for the major differences).

This two-group approach to IT is meant to allow one team to focus on improving the process, efficiency and cost of core services while allowing the other to focus on rapid development and testing cycles on new ideas for leveraging technology in an effort to expand the business.



Bimodal IT Solution

A more incremental approach to balancing the needs of existing systems while also sustainably delivering on digital growth and innovation priorities, can be achieved by establishing a Strategic Delegation program within the IT organization. Strategic Delegation is a work-management method designed to provide in-house IT resources, particularly those providing unique specialization with Senior-level experience, an open production channel in which non-business-critical IT tasks can be offloaded as needed.

The execution of these tasks, as well as the management of the delegation channel itself, is primarily handled by an outside, third-party service partner, however, companies such as pharmaceutical giant Pfizer, have achieved significant increases in their productive output by using an internally created division to manage the strategic initiative for them.

Different than traditional, flat-rate outsourcing relationships, where IT functions are entirely removed from the organization wholesale based on a rigid scope governed by a minimum quantity or cost requirement, Strategic Delegation programs more closely resemble the consumption-based approach of the “as-a-Service” model, where a customer’s use of services is flexible, on demand, and designed to ebb and flow with the immediate needs of the IT organization. This more nimble approach to outsourcing, or task-sourcing, allows in-house IT resources more control and variability in selecting which system tasks get offloaded based on their current value to business priorities and availability of resources within the organization.

Following a knowledge transfer to your delegation partner on an individual task’s work procedures, communication routes and escalation provisions, any IT function can be made available for offloading whether it be on a prescheduled, repeating-basis, or as needed when conditions dictate. The prime task targets for delegation are routine operational and maintenance tasks of the IT systems as they provide a lower value to strategic goals, and they have easily measurable outcomes with clear objectives from the outset.

Along with reducing the strain, error and attrition, which commonly results from continuous overtime, overnights and weekend work, a successfully established Strategic Delegation program provides an “always oncall, always available” outlet to resolve production bottlenecks as they occur, keeping key in-house IT resources focused on the planning, testing, delivery, promotion and training efforts driving transformative technology investments.