

‘Triangulate’ your IT for business value

The role of the CIO/CTO is shifting towards the “balancing” power in enterprises, being responsible for operational stability, innovation and business value generation simultaneously.

From Enabler to Innovation Driver

Have you looked closely at the portfolio of IT initiatives in your company lately? If so, you might have found an interesting change in topics happening. There’s a significant shift in the role of IT, moving towards business value orientation and innovation for quite some time now. IT is no longer only in a pure enabler function but feels a pull to be the driving force in business innovation.

The CIO / CTO responsibilities cross the old borders and interfaces towards the business. There are numerous examples, e.g. IT managers being responsible for the companies’ portfolio management process are no longer an exception but seem to become best practice.

At the same time old responsibilities remain: Management of the complex legacy architectures and assets, meeting improved requirements towards security and the new innovation role are pulling into opposite directions – budget-, resource- and competence-wise. Those IT organizations being able to balance these dimensions in one portfolio will be able to generate a real competitive advantage.

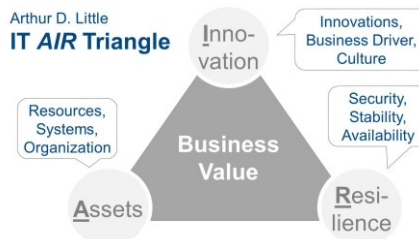
Manage the IT “AIR” Triangle

Arthur D. Little research shows sustainable Business Value is generated when three different levers are being successfully played at the same time:

First, by efficiently managing the existing IT assets: budgets to invest into innovation can only be secured by reducing the maintenance cost for legacy systems, architectures and platforms. At the same time the IT organization has to reinvent itself and question current structures and governance towards more agile and flexible approaches.

Second, by ensuring operational stability and resilience. Without proofing stable systems, the role shift towards a more innovation driving IT will fail at businesses’ suspicion. In the same arena security plays an increasingly significant role. Organizations have to deal with many new possible security hazards (e.g. “bring your own device”) and find answers in the culture of IT usage as well.

Last, but not least, IT should play a much more prominent role in innovating the business, from a process as well as a product perspective. But playing that role effectively leads to additional investment in new resources, working modes and competences competing with the other levers for rare budgets.



All levers within this triangle are usually pulling into opposite directions. Focus is no longer an option: balancing these is the key towards a real IT business value proposition. But where to start?

Homework first

Experience shows it’s an enormous challenge to improve all levers at the same time. But a step-by-step approach will do the miracle: Securing day-2-day operations is from a business perspective – always essential. While ensuring the operational stability and dealing with new security requirements CIOs / CTOs can tackle the assets dimension in a first step and evaluate the existing IT portfolios especially the legacy and complexity in applications.

By a structured assessment of the application landscape regarding its business value proposition a huge step towards a less complex and more value oriented IT can be done. Not only will systems be evaluated towards their (measurable) value: migrating or shutting down applications with a bad value proposition or a lack in process support frees funds to invest into innovation driven IT. Even large landscapes with more than 1,000 applications can be “value assessed” within three months’ time. Return on invest for such projects comes usually within the first year of implementation.

Sustainable IT Value

Having done the “homework” it is essential to save the gains in a sustainable long-term perspective. During assessing the value proposition a root cause analysis helps to identify drivers and hindering factors for IT business value. These can be actively managed in a value oriented portfolio management approach being closely linked to business strategy. The resulting shift from maintenance cost towards IT investments and innovation gives the last dimension of the triangle a kick-start. By introducing value orientation with reducing complexity in the legacy short term and making it sustainable within the portfolio long term, CIOs / CTOs will be able to balance all dimensions of the triangle at the same time and maximize business value... driven by IT.

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