

CIO Discussion: Keeping The Lights On, When It Matters

How today's CIOs deliver strategic IT

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When Google goes down, it is national news. When our mail goes down, it is Thursday.

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ServiceNow recently brought together nine enterprise CIOs and IT leaders to discuss how to successfully execute IT strategy in today's world. They represented large IT organizations from a broad cross-section of industries, from manufacturing and logistics to financial services, from professional and business services to scientific research. In a two-hour, roundtable discussion, they shared their experiences and pooled their thoughts on modern best practice for delivering IT services.

In particular, ServiceNow wanted their views on how technology could help CIOs in three areas:

- Reducing costs and proving the financial value of IT
- Enabling business results through more agility—using new technology models and strategies to drive growth
- Evaluating and prioritizing new requests for IT and ensuring resources are deployed effectively

Participants spoke openly and freely, on the understanding that their names and companies would not be identified beyond the confines of the room. This briefing paper summarizes the key findings of the discussion.

Using Outsourced and Cloud Providers

Outsourcing to cloud services and Software as a Service (SaaS) providers is seen as an inexorable trend. Geoffrey Moore's analysis of core vs. context, outlined in *Dealing with Darwin*, is useful for understanding which activities are most appropriate for third parties. Keep core activities close and monitor their performance carefully. Let someone else take on the burden of managing context.

There is a strong case for retaining application development teams in-house as those teams are familiar with how the business operates (although some elements of less-critical development can use outsourced contractors under supervision). But outsourcing infrastructure and

technology makes sense as it becomes commoditized. SaaS is a way of outsourcing the underlying technology while remaining in control of the application and process layer.

There are concerns about how to govern and monitor those outsourced service providers. It raises the question of who owns the process and how do IT teams remain accountable and in charge? There are few standards in this area at present.

In the end, IT owns the delivery. While new models offer many benefits, there is a common tax applied in terms of additional complexity. It's a question of successfully managing and coordinating multiple vendors and suppliers. A shift in focus and skill set is required to be successful in leveraging new models and modern technology.

IT no longer dictates.
IT participates in
a community.

IT staff have to learn to be conductors of the orchestra rather than players, meaning that their role is to run the business of IT and help manage third-party SaaS or cloud providers that make up the service value chain. This in turn demands procedures to be defined and communicated across IT and the suppliers to ensure proper delivery of services.

Changing the Support Culture

One way to reduce the overload on the service desk is to take advantage of emerging social and self-service models. Some organizations have successfully outsourced large chunks of support to online user communities. Users—especially the younger generation—are often willing to help each other or to research and do things online for themselves. They are becoming smarter at searching for answers on the Web or contacting a knowledgeable colleague or friend. For such users, calling the help desk becomes a last line of support.

The flip side of the coin is that these smarter, more tech-savvy users expect more freedom in the IT they use and how they use it. Organizations need to strike the right balance between freedom and standardization.

The success of self-service support strategies is really dependent on the prevailing culture in an organization or industry. For example, financial verticals are trained to pick up the phone when selling products or finding help, and so the same behavior applies to IT support. To cater to different users and different degrees of support, IT has to keep multiple channels open, from online self-service to telephone and in-person interaction. There will always be certain privileged groups that expect and require high-touch, personalized support.

With that said, it's sometimes possible to force change by insisting that users go through an automated process for initial contact. If this frees up enough support resource to then resolve issues faster, the impact on user satisfaction can actually be positive. Inviting feedback from users is another useful element that can be introduced in a self-service environment.

The cultural element should be considered when introducing new patterns of interaction—will users adapt, and if not, can anything be done to help them adapt?

Keeping the Lights On

An oft-quoted statistic asserts that most IT organizations spend at least 80 percent of their resources and budget on maintaining existing infrastructure and applications – otherwise known as “keeping the lights on.” The roundtable participants agreed this was an accurate figure leaving the remaining balance available for initiatives that help grow the business and increase revenue.

Maintaining day-to-day operations may be a thankless task, unnoticed except when a failure occurs, but it is part of IT's responsibility and contributes immense value. Keeping the lights on is as fundamental to IT's role as balancing the books is for finance.

At the same time, that professional duty also extends to ensuring that IT helps save the company money and enables the business to drive revenue and increase customer satisfaction.

It's very tempting for an IT leader to keep his or her head down and stay focused on operational continuity. Often, the business will encourage IT to “stick to its knitting” and not rock the boat. But doing so without examining the underlying components is not enough. While there's comfort in keeping the lights on, do you really know where all the lights are and how much it's costing you to keep them burning so brightly?

Which lights to keep on and when it's time to turn them off are questions that are not often asked. Often too much armor plating is built in merely to minimize the occurrence of risk rather than confronting and evaluating risk factors.

Understanding where the costs are spent and what they're spent on is a crucial first step towards managing and controlling the operational overhead of “keeping the lights on.”

Keep the lights on
and turn off the ones
you don't need.

Mapping and Measuring the IT Landscape

The popular image of a white-coated technician jealously guarding the IT infrastructure as if it were a personal fiefdom is dangerously misleading. Most of the lights that IT has to keep illuminated are not of its own making. Applications are typically implemented and justified by business divisions. Then, IT inherits the responsibility for keeping them up and running.

In most organizations, the result of this organic evolution is that the IT applications estate is rarely mapped and quantified. Whenever an audit is done, it invariably throws up multiple examples of overlaps or duplication of functionality. A typical large enterprise will have literally thousands of application instances deployed across the organization, and it's not unusual for a third or more of them to be surplus to requirements.

Furthermore, the infrastructure each application is running on may be totally out of kilter with what's needed. The platform resilience and disaster recovery status of any given application often bears no relation to its actual business value to the organization.

Establishing and measuring key performance indicators (KPIs) is fundamental to understanding the value that's being delivered and where costs can be saved (or where extra investment is needed). But surprisingly few IT organizations measure their operations against KPIs. They are held accountable for the IT infrastructure but are rarely encouraged to establish metrics to measure its cost-effectiveness.

In many cases, IT may not know what data to include in its KPIs. For its part, the business has probably not given the matter any thought either. The advice from CIOs that have done this is: simply get started. Assemble the data you have and take it to the CFO or the COO. There will be people in the finance department who understand how to build KPIs. Just putting data in the hands of business constituents and leaders will help identify the right metrics to map that data to business processes. Once initiated, you can fine-tune what you're measuring as you go.

Measuring what you're doing is fundamental to this exercise. If the data is not being captured, you can't report on it. CIOs should strive to capture and use operational data so they can monitor KPIs in more detail. Keep it simple, and aim for standardization, but do it. Good data drives awareness to demonstrate the positive impact of IT on the business. It helps distinguish core operations from non-core, and identifies the relative contributions of legacy infrastructure, recent implementations and new initiatives.

Once you understand and measure what you're doing, you can learn how to do it better. Be aware that once you've got some KPI data, it will raise questions that may demand action. For example, it may expose vulnerable infrastructure or support-heavy applications that need attention. Be brave and use the data to your advantage.

Effecting Change

A survey of North American CIOs carried out for CIO Magazine's CIO Executive Council in December 2009 found that a fifth believe they'll be focusing this year on activities that drive business strategy. Armed with accurate data and meaningful KPIs, it's easier to assess the cost-effectiveness of existing infrastructure and the potential value of new projects. Still, it is not comfortable being in the minority of CIOs who want to effect business transformation. Change requires courage and leadership.

Sometimes the best way to achieve change is to be radical. A decision to cut the number of application instances across an enterprise by, say, a third concentrates the mind. Thinking on this scale forces all managers and departments to follow through a tough-minded review process that would not take place in a more gradual change process. Going lean helps expose issues that otherwise remain covered up—and sends a message of serious intent.

Whatever the scale of your review to identify duplication and overlap of instances, it's a good idea also to examine the level of support, redundancy and disaster recovery allocated to each application. Ensure there's enough resource being funneled to

Leverage data and put it in front of business leaders to help fine tune KPIs.

applications that are mission critical, and scrutinize how much is spent on those that are less crucial. Some applications consume disproportionate levels of support resources or infrastructure, and often the only obstacles preventing action are inertia and fear of change.

To ensure resources are balanced correctly, reach out to the business and understand the criticality of the services IT is providing to the business. You might be surprised that what IT believes to be critical is simply categorized as a “nice-to-have” by the business.

New projects require business cases, which should be scrutinized to understand how the initiative will help the business either make money or save money. If it does not address one or both requirements, then what contribution does it make?

Skills management is becoming increasingly important. Understand what your IT personnel are good at and how to best leverage their skills. Build up their business acumen so they can use technical knowledge to solve business needs, both internally and when managing suppliers. Encourage them to better communicate the value IT provides.

As well as scrutinizing applications, remember that sometimes business processes can benefit from pruning. Adopting a SaaS application, for example, is an opportunity to review the processes in use and to what extent they add value proportionate to the cost of support.

About the author

Phil Wainwright is one of the world's foremost authorities on emerging trends in business automation. He is a prolific writer with a ZDNet blog on Software-as-a-Service, an eBizQ blog on The Connected Web, and a series of influential analyst reports to his name. He serves as CEO of Procollux Ventures, a London-based strategic consultancy working with leading business automation vendors and their customers.



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