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Lane Cooper

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By  
Lane F. Cooper  
**BizTechReports.Com**

### **Introduction**

It is impossible to even begin a discussion on key business trends in the global economy and its impact on the IT community without at least commenting on the current financial crisis. When we set out to survey over 500 IT professionals and executives conducted by **BizTechReports.Com** and **TransformationEnablers.Com** at the end of the summer of 2008, we did not anticipate the sudden and dramatic shift in the fortunes of the global financial sector.

But as the results of our survey came in, and we began to analyze the responses, it became clear that the steady analytical minds of today's IT community – and the actions that they have stated they intend to take – carry with them the basis for an effective long-term response to the current economic and commercial stress.

Individual organizations, agencies and institutions that are not directly associated with the immediate state of capital and credit markets can do little to address the immediate ramifications to the shock. Words like “panic” that have resulted from the crisis of confidence – are emotional concepts. While these concepts are relevant to business, they are in some ways too transient in nature to address with an effective IT strategy. But in others, they are perfectly on point.

For instance, a significant portion of our respondents (45 percent) indicated that corporate risk management was a business imperative that was of “high importance” in terms of priorities that the IT organization is being expected to support. This clearly shows that issues like governance, compliance, security, and other issues that address risk, are coming under the growing influence – if not control – of IT leadership.

Once the immediate exigencies of the day are resolved, and credit begins to flow in a manner that allows global business to return to some sort of sense of normalcy, we can expect to see a renewed strategic dialog on how things like automation, collaboration, document retention and information management can help prevent – or at least mitigate – similar developments in the future. You might think of this as “SarboX 2.0” on a bigger and more global scale.

In an unexpected and unintended way, it is more likely than not that the current crisis will further elevate the strategic role of IT in their organizations. Certainly that was the sentiment of our respondents.

Stepping back to see the big picture, our survey of senior IT professionals and executives across a broad cross-section of vertical industries around world, shows that there is a growing consensus to respond to globalization by harnessing infrastructures and applications to:

- Centralize Management of IT Operations
- Optimize Business Processes (to improve the customer experience, accelerate time-to-market and enable anytime/anywhere access to key information resources)
- Increase Innovation Initiatives

It is interesting to note that the above priorities carry within them overlapping areas of interest. As we shall see, the issues bulleted above are not mutually exclusive areas of activity.

**How important are each of the following business imperatives in terms of priorities that your IT organization must support?**

Item	High importance
<b>Improving customer responsiveness</b> (For example, this may require more integration among call center, CRM, order-taking and other systems)	63.8%
<b>Reducing costs/ improving TCO</b> (For example, this may include improving the cost efficiency of IT operations by adopting best practices such as ITIL in support of standardization, automation)	63.1%
<b>Speeding product delivery/time to market</b> (For example, this may demand you free up IT resources from maintenance/operations to devote to new projects)	56.6%
<b>Ability to deploy or support employees anytime/anywhere</b> (For example, this may change mobile access requirements to enable access to key corporate resources from multiple devices)	53.7%
<b>Improving the execution of business processes</b> (For example, using BPM technology in support of this)	50.0%
<b>Ensuring IT resource/budget availability for strategic business initiatives</b> (For example, this may include the use of outsourcing of non-core assets)	48.1%
<b>Corporate risk management</b> (For example, this may have an impact on IT auditing/security functions)	44.6%
<b>More agile, streamlined and integrated supply chains</b> (For example, this may demand better integration with more partners' systems, exploiting RFID technology, etc.)	40.9%
<b>Global/international expansion</b> (For example, this may require a more cohesive and streamlined IT infrastructure)	38.4%
<b>Business integration due to M&amp;A</b> (For example, integrating acquired technology assets)	23.6%

**SOURCE: TechnologyEnablers.Com and BizTechReports.Com**

## Key Findings:

Over half (56 percent) of those we questioned reported that the role of IT has become more strategic to their organizations in the last 12 months. And to back this assertion up, we noted a slight increase in the number of CIOs that reported directly to the CEOs rather than through COOs or CFOs from 2007 to 2008 (from 48 percent and 50 percent respectively).

- **Globalization:** The elevation in the status of IT leadership coincided with shifting priorities at both the corporate and IT level, according to 56 percent of our respondents. The most oft-cited reason for a change in corporate focus revolved around globalization. A full 57 percent indicated that they will have to support a business that will be more global in 2009 than it was in 2008. As a result, many organizations are revisiting the organizational structures that are currently in place.
- **Centralize Management of IT Operations:** When we asked about the biggest impact that globalization would have on IT operations, an overwhelming 67 percent of our respondents told us that they plan to have a more centralized IT organization in 2009 compared to 2008. Centralization was deemed by our respondents as the best way to manage the complexity of running far flung operations. IT leaders are therefore developing and enforcing common operating procedures, consolidating and rationalizing key infrastructure elements and are depending increasingly on open and standards-based technologies.
- **Business Process Optimization:** Improving execution of business processes was cited by 40 percent of respondents as the most important business imperative IT must not only support but enhance. On one hand, these findings mean that there is increasing IT representation during initial discussions of business process design; technology departments are not being asked to automate procedures that were developed without their input. On the other hand, IT is now being measured against a much broader set of performance metrics. Rather than simply showing compliance with technical service level agreement (SLA) requirements, IT is being held accountable to the business outcomes of re-engineered processes. For a growing number of IT professionals, the ability to demonstrate operational cost reductions, fresh revenue generation and deliver differentiating capabilities are emerging as the new yardsticks of measurement. In ranking the importance of metrics against which IT professionals will be measured in the wake of optimization initiatives, the top vote getters were:
  - 64 percent -- improving customer responsiveness
  - 63 percent -- reducing costs/ improving TCO
  - 57 percent -- speeding product delivery/time to market \
  - 54 percent -- ability to deploy or support employees anytime/anywhere
  - 50 percent -- improving the execution of business processes

It is interesting to note that there was a strong correlation among organizations pursuing active globalization strategies and those striving to develop an IT infrastructure that supports mobility and remote access connectivity.

- **Increase Investments in Innovation:** While cost reduction has long been the currency of the realm in many IT departments, a majority of our respondents (67 percent) reported that executives will invest more resources in 2009 than in 2008 to fund innovation initiatives that do as much to contribute to the top line as to the bottom line. In 2008:
  - 32 percent allocated between 6-15 percent of their IT budget to innovation initiatives in their IT departments.
  - 24 percent allocated 16-25 percent of their IT budget to innovation initiatives in their IT departments.

When we asked where those innovation dollars were going:

- 44 percent – plan to invest in business process management (BPM).
  - 43 percent - plan to invest in cross-departmental collaboration strategies.
  - 41 percent - plan to invest in customer relationship management (CRM) strategies.
  - 32 percent - plan to invest in streamlined project management strategies.
- **Operational Cost Reductions Fund New Priorities:** One interesting shift in focus is the relationship that now appears to exist between cost-cutting initiatives and efforts to develop new competitive differentiation and/or revenue generation projects. Where once these two activities may have been managed by unrelated business owners, a more nuanced approach is emerging. For instance, among those respondents who reported that they were adopting Business Process Outsourcing (BPO):
    - 55 percent indicated that the principal decision-making factor was simple cost reduction.
    - 38 percent, however, saw BPO as an opportunity to free-up resources for innovation.
    - 36 percent considered BPO as an important tool in enabling business process optimization.

Rather than simply dropping cost reductions directly to the bottom line, we seem to be approaching a critical mass of IT organizations that are first looking for ways to reallocate financial, technical and human resources to projects that can contribute to meeting mission-critical objectives of the organization.

- **IT Budget Prospects for 2009:** At the time that we conducted this survey, the financial crisis had yet to fully bloom. That said, we had gone through a summer that had been projecting a global recession due to high fuel prices and uncertain equity and real-estate markets. In this context, our respondents for the most part projected a tremendous amount of stability in IT budgets for upcoming year.

Only 1 in 5 anticipated a contraction of their budget, while 53 percent projected current levels of funding would be maintained, and slightly over a quarter (26 percent) were looking forward to at least a modest uptick in enterprise IT investments.

The full impact of the global financial crisis has yet to fully play itself out. But it is reasonable to assume that if credit markets do not work themselves out, then there will be negative consequences – perhaps serious ramifications – on IT spending plans.

**Please rate each of the following challenges for IT to meet its objectives through 2009.**

Item	Big challenge	Moderate challenge	Not much of a challenge at all	Total
Reducing costs	52.6%	41.5%	5.9%	559
Achieving strategic advantage	48.9%	42.1%	9.0%	556
Optimizing business processes	47.8%	47.7%	4.5%	554
Maintaining a competitive edge	43.0%	44.6%	12.5%	554
Freeing-up resources for innovation initiatives	40.5%	45.2%	14.3%	553
Managing risk	26.6%	59.7%	13.7%	553
Optimizing asset utilization	26.0%	57.7%	16.3%	553
Supporting globalization	24.9%	34.1%	41.0%	554
Supporting mobility	19.3%	55.3%	25.4%	555

Source: *TransformationEnablers.Com and BizTechReports.Com*