

The Business Value of Information Technology is Now a Competitive Differentiator

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IT is becoming a partner with the business

Information Technology (IT) department in many firms is changing from a cost center to a trusted business partner within the enterprise. The change is needed to give the business the tools to be competitive in this global marketplace.

For too long, IT has been and acted like a cost center. IT has been focused on technology alone. The IT department has not been focused on how technology and processes can help the organization achieve its vision or to address Strengths, Weaknesses, Opportunities, and Threats (i.e. SWOT analysis) that impact the business.

As a cost center, IT is simply providing services such as email, data storage, business application access, desktop management, technical support and so forth. All of these services can and have been outsourced to vendor(s) based on cost and level of service. From a business perspective, if the IT department cannot provide the level of service needed at a reasonable cost, outsourcing is a reasonable approach.

IT has much more to give the business, however. As a trusted partner, IT can work with the business to provide the exact services the business needs at a price that the business wants to pay. The IT department has the advantage of working with the business to better understand and share in the business vision. With this understanding, the IT department should be better able to provide a list of services that the business would find critical in achieving the firm's objectives.

IT Processes and Procedures are Maturing

With concepts and policies such as Information Technology Infrastructure Library (ITIL), IT has recognized it must provide valuable services that help the organization accomplish its objectives. ITIL is a set of standards for how IT should work with the organization. This standard fits organizations ranging from small firms to large enterprises.

ITIL describes a comprehensive set of IT procedures, policies, and tasks for the organization. One goal of ITIL is to list the services and resources it can supply. In order to provide this list or menu, IT must work with the business to make sure this list fits the businesses goals.

The Service Desk is one example how ITIL is working toward providing an easy, streamlined process to help the organization. The Service Desk is basically a "one call for service". The Service Desk provides solutions to agreed-upon services such as password resets. The Service Desk creates service tickets and routes the tickets to the correct resolvers for other issues.

Quality have become a concern for the IT Department

IT has recognized the need for quality. This is measured by metrics such as up time, service desk tickets, and other measurable objectives that are important for the organization.

The IT department is slowly adapting to the business needs. In the past, the IT department, vendors who provide IT equipment and/or services and even general vendors ranging from retail goods to automotive to industrial machinery have focused on features. Sometimes these features are not even based on customer need. It is easier to sell features than reliability.

Providing quality products can be a challenge because of the need to meet deadlines, lower development costs and integrate products into complex environments. However, this tendency to accept lower quality is coming to an end. Customers are starting to realize that lower quality results in lower productivity and/or more rework.

The business needs systems that are reliable. Each hour of down time could result in lost worker productivity and/or lost customer sales. Depending on the size of the organization, the lost sales and productivity could be large. In less tangible terms, the down time can result in lost employee moral and/or customer satisfaction. Perhaps the worst outcome would result in a customer becoming dissatisfied and taking all their future business to a competitor.

What can IT do?

IT can and must continue to become more business-centric.

- 1) Improve communications. IT must communicate with the business in terms that are clear. Rather than talking in terms of MegaBytes and Gigahertz, IT needs to talk in term of Return on Investment (ROI), competitive advantage and other metrics used by business. By communicating with the business, IT can better understand the needs of the business. It is not the job of the business leaders to know technical jargon. IT must communicate clearly with the business in order to be a trusted resource when the business is looking for solutions.
- 2) Focus on business needs. IT needs to work with the business to focus on upgrades and systems that support business needs, rather than just reflexively provide those that are the newest technology. While a server upgrade may be valuable, there needs to be a demonstration of how it improves reliability, lowers costs or adds valuable services for the business to accept this cost. The organization is not in business to add servers and workstations. To earn the organization's trust, IT must show value.
- 3) Provide a catalog of services for business. A catalog lets business know what the initial and ongoing costs are for a product or service as well as what the incremental costs would be for additional levels or features. This enables the business to decide what it wants rather than the IT department simply stating what the business will get at this price. One example would be to provide information on different levels of services for email. The business may decide that it wants regular email, that it does not want the extra cost and security risks of off-site web access but is willing to accept the costs and risks of mobile device (smart cell phone) email access. Another example may be offering different response times for problems. The business may decide that a 24-hour response to a problem is acceptable; that any shorter times would be too expensive given the number of problems and the typical severity level of cases. The business may also decide that it wants a shorter response time for critical applications such as the web-based order system and that the business is willing to pay the extra cost rather than risk lost customers.
- 4) Manage projects with proven methodologies. Using established tools and methods from professional organizations such as the Project Management Institute (PMI) vastly increases the probability of a project being completed on time, within budget and with the expected deliverables. For example, it is very easy for a project to expand in scope due to unforeseen needs or shrink in scope due to budget or unplanned problems. By using good project management, these risks can be reduced so the project delivers what was originally promised at the cost and time originally agreed upon.
- 5) Manage IT projects as a complete system. Often projects are delivered in a vacuum. Without considering all of the "moving parts" both internal and external to the project, there is a risk of

problems and/or conflicts. Too often projects miss the impact they may have on systems that the project interacts with or even on totally unrelated systems. In one example, one software application upgrade resulted in the complete shutdown of an e-commerce application, despite the two systems appearing to be unrelated. It is critical to plan, develop and test the complete system.

- 6) Manage projects with input and buy-in from all stakeholders. Frequently, a simple requirement is missed or the stakeholders do not realize all of the impacts of a design. By working with stakeholders to understand and document all details, the risk of system conflicts and problems for the project will be reduced. For example, in one case a project assumed that the system load would be basically even throughout the day. Thankfully, a department manager noticed that their staff liked to collect the data and enter it all at the end of the day, causing a system peak load at 4:30 pm.
- 7) Have a strong project sponsor. All projects need a strong sponsor at the leadership level who can help resolve roadblocks for the project and take responsibility for the project. Too often projects do not have a strong, committed sponsor who will ensure that there is the funding needed for the project, help to establish buy-in from all departments, obtain key resources and address other such problems.

Conclusion

IT is a key strategic asset to the organization. IT offers opportunities to:

- Lower costs
- Reduce service time
- Improve quality
- Add new services to address weaknesses and/or create opportunities

With tools and techniques like ITIL and Project Management, IT can be a valuable partner to the business.

IT has recognized the needs of business. By improving reliability and working to address the true requirements of businesses, IT is becoming trusted partner with business.

Providing unneeded features that are not fully tested or developed only undermines this trust. This only leads to a growing dissatisfaction and the opportunity for new competitors to fill an unfilled need.

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