The changing IT role

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Business units and the ordinary employee have become experienced and perhaps more demanding IT consumers. They place new demands and draw IT behaviour from their private lives into working life – and then they do not necessarily wait until the IT department takes the initiative. They want smartphones, cloud services, apps and access to networks and data 24 hours a day. Now. With or without the involvement of the IT department.

Seen from the perspective of the IT department, this results in some obvious challenges concerning security, economy and governance. This year's Expectation Barometer shows that the IT department has a task in finding a foothold in a new reality, which is characterised by cloud, information, mobility and social technologies.

These trends are making IT more accessible and much more integrated in the business than compared with just a few years ago. On the one hand, it results in drive and new opportunities for innovation in the business, and on the other hand, it potentially results in a few extra grey hairs in the IT department.

The challenge must be met, and the IT department needs to create a balance, where employees can purchase IT solutions in relation to their current business needs, such as various customer-oriented applications, and at the same time, IT must make sure to handle the subsequent complexity of integrations and ensure that the infrastructure is geared up to support it. And instead of being involved on the trailing edge of a project, it is far more advantageous to be involved from the start.

About NNIT Expectation Barometer

Every year, NNIT takes the temperature of an IT-related subject. We have looked at mobility and information management in previous years. This year we will look at how the IT role and IT's opportunity for value creation is changed under the influence of cloud, information, mobility and social technologies.

In total, 182 respondents, who all have an organisational affiliation with the IT department, have participated in the analysis.

In this Expectation Barometer, we focus on what challenges the IT department is facing, and we examine how based on the new trends, the IT department can position itself as a valuable partner that uses its technological knowledge and business insight to create new value for the company.

We present an analysis of the responses of the respondents within the following themes:

* New possibilities result in changed buying and use behaviour
* When IT meets the business
* The business-driven infrastructure

IT has the potential to create winners and losers in all industries – the winners are those who know how to combine ambition of the business units with the IT department's technical skills and insight.

So, dear IT people: There are a number of challenges to be tackled in 2014, and this is in no way business as usual, and instead of waiting for them to hit you, I can only urge you to seek them out!

Kind regards,

Karsten Fogh Ho-Lanng

Chief Technology Officer
NNIT

# New possibilities result in changed buying and use of IT

NNIT Expectation Barometer 2014 examines how the four key trends of cloud, mobility, information and social technologies impact the way companies purchase and use IT. Common to them is that their entrance into the business world has been motivated by the way we use IT in our private lives. It must be able to be implemented quickly, be easy to use and, moreover, not be subject to too many restrictions.

Technologies are so accessible that the business lines themselves can handle the purchase, which they are doing in a large extent. The motives of the business units to invest in the technologies are driven by an expectation that they can generate business value.

FIGURE 1

To what extent does a Line of Business purchase business-focused services on its own initiative in the following areas?

Scale from 1 to 6, where 1 indicates to very low degree, and 6 indicates to a very high degree.
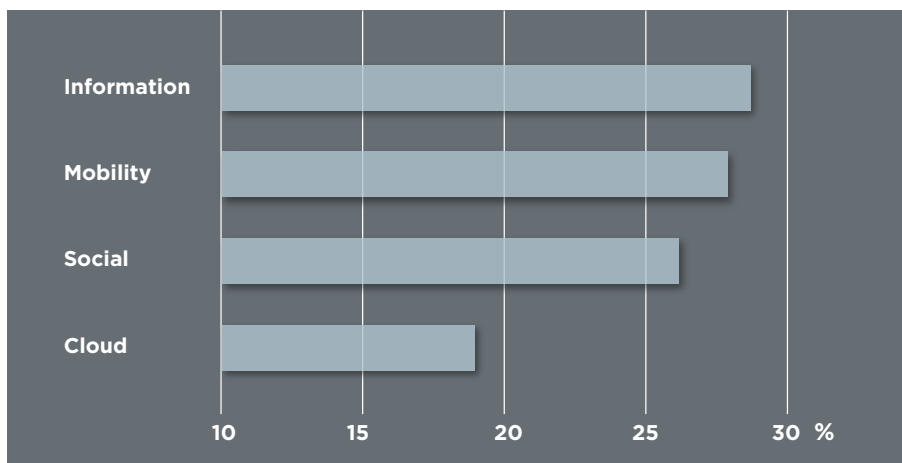
The graph shows the proportion of respondents who have answered 5 or 6.

Figure 1 shows that the business units mainly purchase information management solutions and mobility solutions, while cloud solutions and social solutions are purchased to a lesser degree. In particular, mobility is an area where the internal IT department typically is still in the process of building up skills, and therefore we see that the business shops externally in order to reach the goal faster.

The impact on the business and the challenge for the IT department seem to go hand in hand. Mobility is considered to be the only key trend, which actually results in a greater impact on the business than the challenges for IT.

Which trend do you estimate will have the largest business impact on your organisation in 2014?

(Prioritise the four trends)
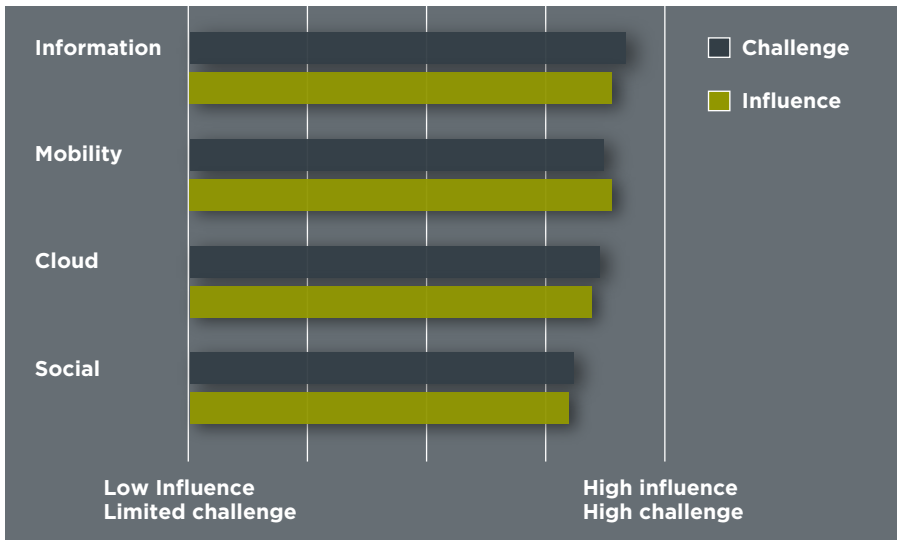
The respondents see the greatest value in information management and mobility and the least value in social technologies (see figure 2). We have seen from the last two Expectation Barometers that the value from information management typically comes in the form of better and faster business decisions, while mobility first and foremost is about increased efficiency and productivity, followed by agility and a new channel to the customer.

When IT meets the business

There is no doubt that the active IT purchasing behaviour of the business units gives the IT department challenges on a number of parameters, cf. figure 3. The primary challenges deal with the integration of the solutions and the maintenance of the security level, which the company wants. It is not surprising, since the business has a natural focus on the business value of the solutions rather than the technical implications and consequences. The challenges in relation to security and integration arise when the IT department becomes involved too late in the process after the solution design has already been decided, but where no one has thought about "best fit" in relation to the existing infrastructure and security policies. It results in extra work – tying up loose ends – for the IT department, which at the same time is at risk of being perceived as reactive and difficult, since this necessary work delays the process.

To what degree does a Line of Business' IT purchases result in challenges in the areas listed below?
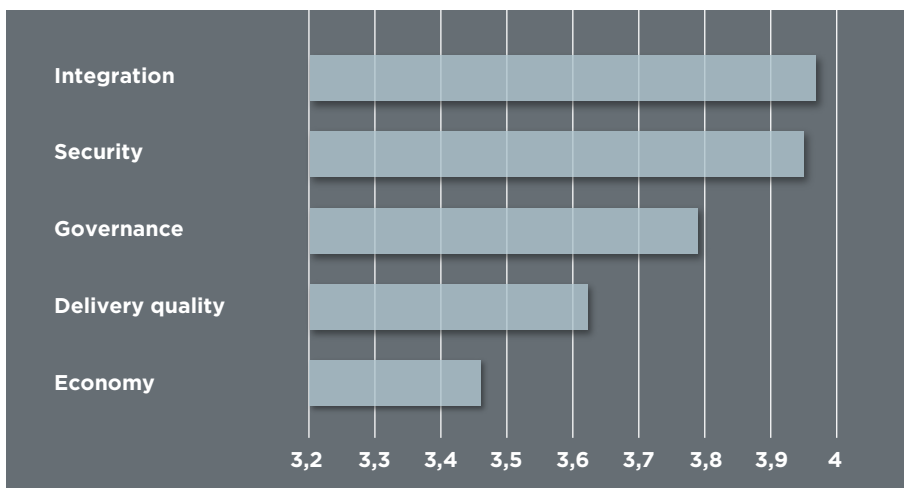

1 indicates to a very low degree, 6 indicates to a very high degree

The typical procedure for new IT solutions is that the IT department is contacted by the business with a description of the IT need for a given project, cf. figure 4. And (fortunately for the IT department) it is not very often that the business completely bypasses the IT department. It is interesting to see that less than 50% estimate that the IT department "often" or "always" contacts the business to discuss new business op- portunities. We consider that a low figure. It would be a good idea for the IT department to reach out more and act much more proactively in the work of identifying new requirements for IT solutions in the business units. Only in this way the IT department can detect problems concerning integration and security in the process. At the same time, the IT department can take on a more business development role based on their knowledge of the possibilities and limitations of different tech- nologies.

An example of this can be app development for a specific business line – should we go after a custom-designed solution tailored to the individual operating system or a platform generic solution? The business will typically focus on the superior user experience, which a custom-designed solution can provide. The IT department can enrich the discussion with more IT centric considerations such as security, integration and support challenges of the various solutions and not at least the total cost of the app development.

How often do you use the following procedures in your organisation when there is a need for new IT solutions?
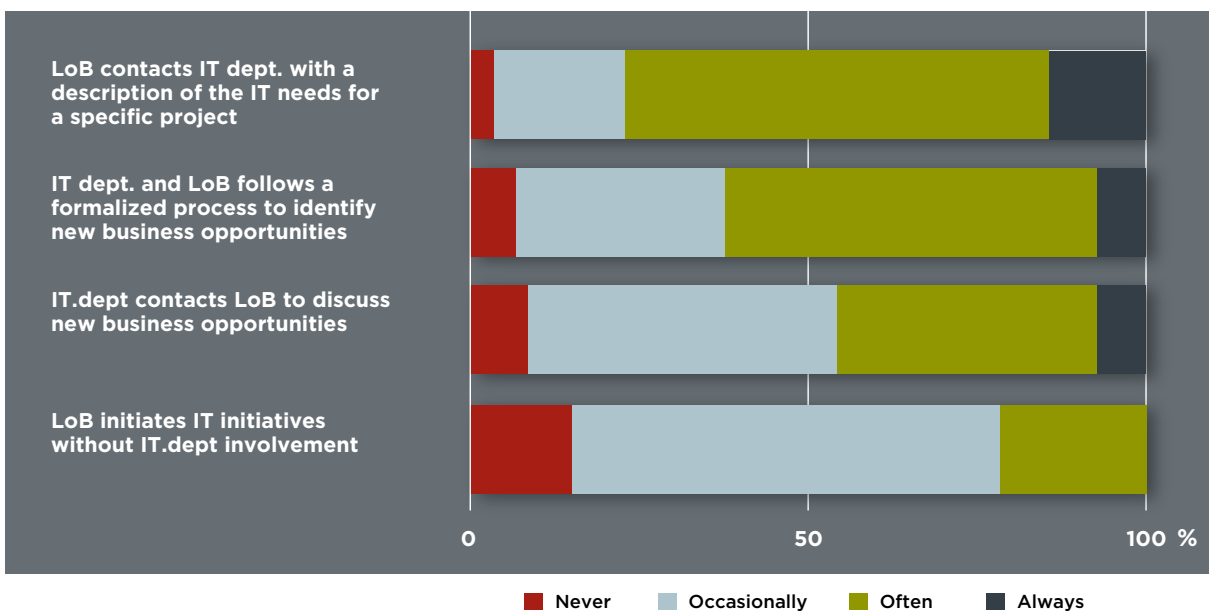
Not only will the IT department be massively exposed to new technologies; these also result in specific challenges, which require special skills and processes. The specific challenges per key trend are seen in figure 5.

Challenges per key trend in order of priority

Information	Mobility	Cloud	Social
1 Data quality	1 Device and OS support	1 Data security	1 Tough business case
2 Data volume	2 Security	2 Integration to existing systems	2 Governance issues
3 Lack of tools and competencies	3 Back-end integration	3 Standardization requirements	3 Local implementation of social tools

Figure 6 shows that it is the back-end staff function areas where the IT department is invited to the "innovation party", while the business bypasses the IT department in the customer-oriented areas such as sales and marketing, for example. In the customer-oriented areas there will often be much focus on launching the solutions quickly. Either due to a specific customer need, or because the competitors have launched solutions that require a quick response. And if the internal IT department has an image of being tedious and pulls out the V-model after two minutes, the business will decide to involve the department very late in the process. And then it is potentially already too late. Crucial choices have been made, deadlines have been agreed, expectations have been created – the frustration lies in wait. It is therefore crucial in the new reality that the IT department finds a way to obtain solutions at the speed the business wants, and at the same time can deliver the solutions in the necessary quality.

FIGURE 6

To what extent is the IT department directly involved in innovative IT/supporting projects in the following areas and core business processes?
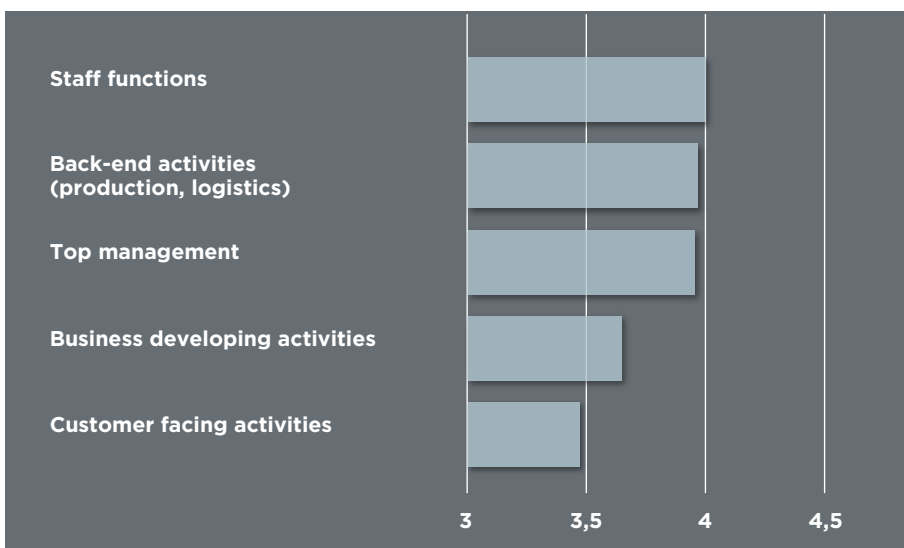
The graph shows the average score on a scale of 1 - 6,
where 1 indicates to a very low degree, and 6 indicates to a very high degree.

On the other hand, the more internally directed staff areas have a greater understanding of the importance of the necessary preparatory work, integration issues and security levels, since they already have a close cooperation with the IT department or are part of the same organisational unit. Finally, the circumstance can be due to the fact that the IT department simply lacks understanding of and insight into what is happening in the most customer-oriented areas.

In any case, the increased IT interest from business units makes a demand for a wider IT selection, primarily defined by the customer-focused units, while the IT department must still guarantee a reliable IT infrastructure. The following figure shows how the IT department tries to meet the challenge.

How do you ensure that a Line of Business can achieve the IT freedom it wants without compromising the underlying systems and data?

Our IT-employees works as consultants in LoB and offer assistance per project

We focus on developing an infrastructure capable of handling frequent changes

We help validate vendors of various applications and infrastructure solutions

We have developed a governance model, which employees have to follow

We don't want more freedom to LoB

0   50   100 %
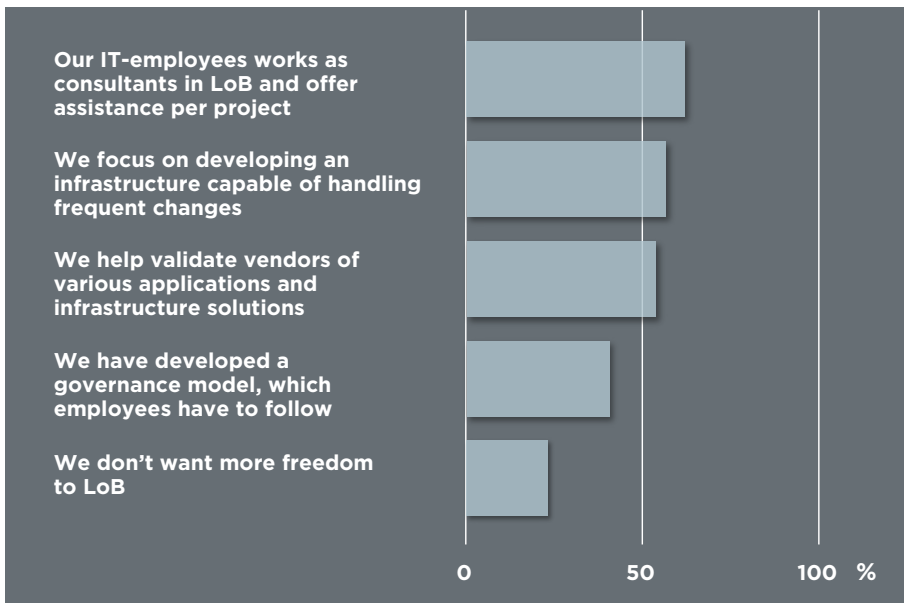
The respondents could mark two answers.

The approach to meeting the business units is a combination of "soft" methods and consulting assistance for the individual business line and then the more long-term approach, which focuses on making the infrastructure able to handle frequent changes.

22 % do not want to give business units more freedom. The response to that is simply: They take the freedom they want. So if the IT department wants to have an influence, it is necessary to provide a degree of flexibility, for example by setting up a number of IT options, which take the needs of the business into account, while the IT department does not completely lose its influence and control.

The business-driven infrastructure

Infrastructure is a key part of the solution to meet the needs of the business and create the platform for flexibility and stability. It is seen that the IT department first and foremost focuses on being ready to scale the infrastructure as the business grows or is in need of adjustments. Things are different for the remaining components of the infrastructure, and in particular on a parameter like "agility", the IT department can optimise the infrastructure to better match the needs of the business. "Transparency" scores lowest, even though it is here the business puts a value on the IT that it buys.

To what extent does the infrastructure support the following needs in the business?
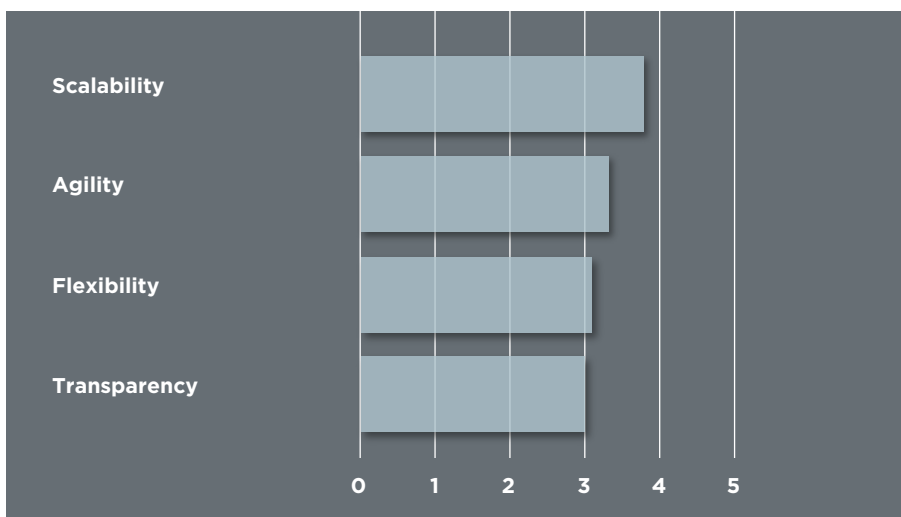

Scale from 1 - 6, where 1 indicates to a very low degree, and 6 indicates to a very high degree.

In line with the increasing demands for IT that are driven by the genuine business value that IT can lend to the company, the complexity of the underlying infrastructure increases. This makes it difficult to adapt the infrastructure, since even simple changes can have great consequences. At the same time, only a few IT budgets have increased in recent years, and many IT departments are forced to focus on operation instead of development. That is why many companies risk having a sluggish infrastructure, which will increasingly be challenged by the needs of the business for innovative IT solutions. The ambition is that the company will receive a flexible infrastructure, but that requires consideration and strategic choices and opt-outs.

The continuous improvement and development of the infrastructure is not a simple task and is often marked by significant barriers for the development, cf. figure 9.

What are the main barriers for the development of the infrastructure in your organisation?
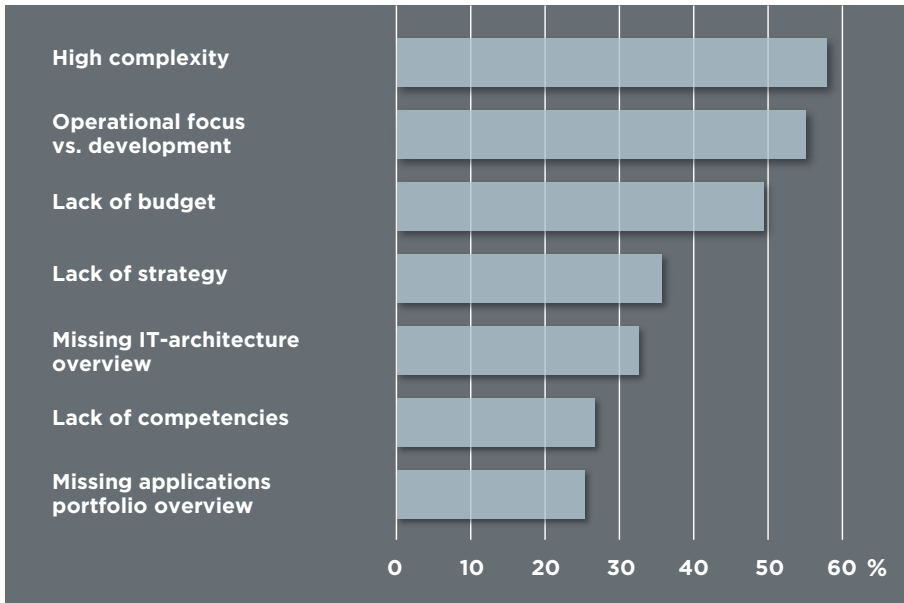
The respondents could mark three answers.

Conclusion

The new reality, where the business units set the IT agenda, does not only have challenges for the IT department. There are also opportunities in the form of the great potential for the customer-focused activities, where the IT department currently plays a minor role. With business insight, technical knowledge and deep understanding of the existing infrastructure, the IT department can prove itself as the business' most valuable partner.

The study shows that the four key trends (mobility, cloud computing, information, and social) accelerate the need to meet the new requirements from the business. In particular, the desire for a rapid implementation of the new solutions is at odds with the classic IT world, where the waterfall model is still the dominant approach to new IT projects.

Here, the IT department must develop new forms of governance, which make allowances for a faster and more agile process, as we know from scrum without it adversely affecting the operational reliability. These are initiatives that can increase the innovativeness and competitiveness – the price may be a small loss of the control of former times, but for the organisation, it is an advantage in overall terms.

The most important new requirements for the IT department are:

- Implementation models that can handle both large IT projects and smaller "here and now" IT projects
- An IT infrastructure that is prepared for frequent changes, but at the same time ensure stable operation
- An engagement model, which does not prevent innovation in the business, but which does not compromise the underlying infrastructure either
- A stronger governance model, which is better at detecting new IT initiatives in the business
- A clear IT strategy, which points to the business development role to a greater degree

Recommendation

Proactive role: NNIT will recommend IT managers to look pre-emptively at the possibility of taking on a more proactive role in relation to the business units and focusing on acquiring skills in order to be included in the customer-focused and business operating projects. Come closer to the business development units using a better engagement model, and see the needs earlier in the business.

Outsourcing: A more proactive and pre-emptive position also requires an opt-out. Because it is difficult to be deeply involved in the business units when the daily operations must also be optimised. Outsourcing is one of the handles that the IT department can use to create "room" in the organisation to focus on the business development role.

Strategy: Be sure to anchor your selections in a strong IT strategy that focuses on how we make the business agile, and how we adopt new technologies. In addition, it must be a strategic ambition for any IT department to focus on a business development role to a higher degree than is the case for many companies today.

Contact

You are welcome to contact Brian Troelsen, Business Development Director, NNIT, at +45 3079 5933 or BTRL@nnit.com, if you want to hear more about the IT role and how IT's opportunity for value creation will be changed under the influence of cloud, information, mobility and social technologies, or if you would like a more detailed explanation of this report.

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