

Information Technology 2.0:
IT's Evolution
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By Dr. Elizabeth Joyce

Over the last three decades, IT has changed business.

Over the next few years, business will change IT.

Indeed, the ongoing alignment of IT with business signals a new vision of IT as a true business enabler and differentiator. The evolution of IT – or IT 2.0 – has drastically impacted the structure of many IT organizations. In the IT 2.0 world, the structure and composition of IT will evolve as the line between technology and business blurs.

This shift is giving IT professionals unprecedented opportunity to become the business leaders of tomorrow while also giving IT organizations a seat at the table in the corporate boardroom.

According to Gartner, the demand for IT infrastructure expertise will shrink by 30 percent or more by 2010. Similarly, 40 percent of staff in IT organizations will have substantial business and non-IT experience by 2010. Among the top skills will be project management and leadership, negotiation and contract management, business process re-engineering, and third-party provider management.

This transition to a business-focused environment will require IT organizations to adapt and keep pace by maintaining a blend of business and technical experience.

Information and Technology

Until now, the focus of information technology has largely been on technology. Today, however, the emphasis has shifted to information. After all, information drives business. It is truly the currency of the global economy. Individuals and enterprises rely on it to govern nations, conduct business transactions, and make personal decisions. Information enables businesses to analyze and project customer needs, make better management decisions, measure business performance, improve operations, drive business transactions, and more.

At the same time, technology now serves as the foundation for ensuring that information is accessible to the business anytime and anywhere. In many businesses, the IT infrastructure is highly complex, heterogeneous, and geographically dispersed. Data centers consist of a wide range of operating systems, hardware, and software all working together for one purpose: to get the right information to the right people at the right time.

Indeed, meeting business needs has always been the goal of technology. In the past, however, this was often done primarily through inward-focused back-end processes. Today, however, it requires IT to extend its focus to externally focused front-end

processes as well so that customers, systems, processes, and information can come together to benefit from an increasingly digital economy.

IT personnel, in turn, are being required to expand their skill sets to take business-facing roles. While technology specialists will continue to provide value, personnel who have a blend of both business and IT knowledge will become a fundamental factor in ensuring the success of an organization.

Business-Savvy IT

As IT aligns with business, IT organizations will be comprised of individuals who not only have a technology background but who also understand the business sector. From the CIO down, these professionals will be instrumental in ensuring that IT can—and does—consistently contribute to the bottom line.

CIOs are already observing this shift. Today, the CIO typically reports directly to the CEO rather than to a CFO or other executive. What's more, CIOs are taking their place in boardrooms across the country. These changes not only underscore IT's value to the business but also they also highlight the growing importance of business savvy in meeting corporate expectations.

Perhaps one of the most significant contributions of the business-focused IT professional will be gaining executive sponsorship for IT projects and budgets for IT investments. Executive sponsorship facilitates the cross-functional alignment necessary for any successful engagement. For example, an executive directive to protect the company's brand and reputation and thwart fraud by ensuring that all applications and information are secured enables the collaboration and support for a security initiative that might otherwise be difficult to achieve.

The business-focused IT professional can also overcome another common challenge: funding. An individual who can articulate his or her organization's needs in business terms, making clear how various IT investments will help meet important business objectives, is much more likely to receive budget approval than the professional who simply makes his or her case based on IT needs.

CIO Leadership

Needless to say, it takes time, effort, and diligence to improve the relationship between IT and other business units. It starts with a CIO who is able to lead the change from an "us" versus "them" mentality and build trust with business unit leaders. In fact, one of the most important jobs of today's CIO is to help business units understand what IT does for them and can do for them to make them more efficient, cost-effective, and productive.

To that end, CIOs and business-focused IT teams will replace more technical performance metrics with language that describes the business results that

are being achieved. Business-focused IT professionals will learn to collaborate with others and manage projects, from coordinating projects to supporting risk assessment and budgeting for those projects.

Of course, developing such expertise in-house may not be feasible for all organizations. Those companies may choose to use outside vendors to gain needed skills. A growing number of providers now offer operational services as well as residency services. With operational services, organizations can outsource key IT functions in order to improve efficiencies, control costs, and focus on larger business objectives; these services are typically delivered under specific service level agreements (SLAs) and may be offered on-site, remotely, or through a combination of both. Residency services also provide consultants who may work on-site or off-site but they may not include SLAs and instead involve consultants on a fee basis.

Whether opting for third-party services or developing business-focused IT expertise in-house, the IT 2.0 organization will be driven by a commitment to using the most appropriate technology to meet critical business objectives. In this new environment, business skills will complement technology expertise to create an IT organization whose resources and projects are aligned with corporate goals and strategies.

The result will be a more efficient, agile, and profitable business that has the expertise, practices, and tools to thrive in an increasingly competitive global marketplace.