



iCore

**TRANSFORMING
IT TO MEET THE
DIGITAL AGENDA**

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The opportunities and impact of the evolving digital world is significantly changing the face of business, forcing many leaders to re-examine the relationship between the business and IT and question the ongoing efficacy of their current operating models and strategies. With the integration of digital technologies and business processes, a digital transformation strategy is a strategic enabler to drive greater business value, but comes with significant management of change challenges.

The fast-changing digital world offering constant new and improved technology is moving at a pace at which different approaches must be adopted to meet business demand. This is not only a potential competitive advantage but an imperative for survival in the growing digital economy.

What are the considerations for senior leaders within the business and IT to optimise the use of Digital and offer competitive advantage to the organisation?

Introduction

This paper explores the opportunities and challenges for IT leaders seeking to offer competitive advantage to the business as it moves towards a Digital Strategy. It draws attention not only to the IT impacts but the fact that the business and IT need to be closely aligned to achieve the competitive advantages that Digital can offer an organisation.

Change Drivers

Why does IT need to transform itself to accommodate a developing digital business strategy? What are the key drivers forcing IT leaders to rethink their current operating model and question the ongoing value that they offer the business? Typically these indicators are:

- **Volume** - Demand from the business for new products and innovations is increasing and therefore driving a greater volume of projects through the organisation.
- **Pace** - Business demand is not only driving an increase in project volume but also driving a decrease in time to market, forcing IT projects to move at a pace that current delivery models struggle to support.
- **Change** – In addition to deliver more and deliver faster, consumers also want upgrades and changes to their products more frequently and seamlessly, forcing IT into increasingly faster cycle times that potentially carry more risk to the environment.
- **Cost** - IT leaders are under increasing cost pressures to deliver more for less or to find a way to maintain running costs and absorb an increase in throughput and operational tempo.
- **Stability** - In addition to all the above IT leaders are still tasked with running a stable operational environment and not causing unplanned business interruptions or outages.

In essence, the business is demanding that IT *'get closer'* and *'go faster'* yet maintain a stable environment without adverse changes in the cost of IT.

Challenges

Fully understanding what digital transformation is to all aspects of an organisation is challenging and generally much further reaching than apparent at first sight. The cultural and change issues being experienced and confronting IT leaders, employees and suppliers are difficult with the adoption of unfamiliar technologies, methods and approaches. The issues are:

- **A Trusted Partner:** The relationship between IT and the business needs to be tighter. IT can no longer operate in relative isolation to the business as most business service offerings are becoming increasingly dependent on IT. Business strategy and IT strategy need to be joined and Service offerings need to be end to end with the *'customer experience'* acting as the key focus
- **Which Approach:** Should you use Agile, ITIL, SCRUM, LEAN, DevOps, IT4IT, COBIT, Cloud? Each digital business strategy will be different because each organisation, its drivers, market and customer needs are different. Generally, the answer is a mixed model as the organisation will be moving towards technologies that demand a different approach but legacy and aspects of traditional IT will still be present
- **Go Fast - Go Slow:** Not all Projects and Business Services will require the same approach in terms of delivery and support. *'Systems of Record'* that demand a low risk and high stability profile will demand a different delivery and support mechanism than *'Systems of Innovation'* which are built for rapid, regular change, can handle a *'fail fast'* approach and demand a *'go fast'* delivery and support model
- **Shape:** Adopting different delivery and support mechanisms is also likely to mean adopting a different organisational Model and team structures. Will service Management still work in silos, do you need *'virtual teams'* or a *'product cell'* structure moving forward?
- **Costs:** *'Faster, Cheaper, Better'* Identifying where cost can be optimised while maintaining and improving the IT service offering continues to be a challenge. IT leaders need to find ways to *'Optimise and Automate'* where possible to support the digital mantra and keep costs at acceptable levels for the business
- **Sourcing:** Suppliers and 3rd Parties are becoming an increasing element of the IT Operating Model and provide a greater level of complexity to any transformation activity in support of a Digital Business Strategy. IT leaders will need to work with Industry to optimise the cost/service challenge across the value chain
- **The Journey:** Depending on the starting point, most IT organisations are faced with a significant transformation challenge to meet the developing needs of the business. Understanding the cultural, behavioural and communications requirements to support a transformation are as vital as the technology, process and organisational changes.

In addition to the direct IT capability challenges, similar consideration must be given to supporting processes such as financial budgeting and approval, IT Governance, Demand and resource planning. There is little point adopting an Agile Development and Service

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management approach if the underlying fabric that supports IT remains slow and hard to do business with!

Solution

It is imperative that IT leaders establish a clear understanding of what the business means when embarking on a Digital Strategy. The use of the word 'Digital' has many meanings but irrespective of how it is used this generally results in a need for IT to operate in a different way and utilise different methods to achieve the requirements of the business within cost and people constraints.

Review and assess '*where are you now?*' and '*where do you want to be?*'. Is the current operating model workable or do you need to transform the way that people work together. Adopting a new methodology is often not enough to meet changing business demand in a '*go faster*' world. An IT strategy aligned to the business is likely to demand a mixture of organisational change, behavioural change, methodology and process change all optimised through the best use of technology and automation.

Build and improve communications providing employees and suppliers a greater assurance as to what digital transformation means to them and how it integrates with the business and IT strategies going forward. Share your view of the journey and make engagement a continuous activity to keep your organisation fully brought into your vision of a transformed IT to support the new business strategy.

Summary

Digital transformation for any business is about doing things differently, to create and streamline capability, removing the boundaries between the business and IT worlds to provide leaner, faster, seamless solutions to the consumer.

Transforming IT to align with the Digital business strategy can be complex and revolutionary. The continuous nature of the Digital world demands fundamental changes to IT in terms of organisational shape, process capability, culture, behaviour, and technology in both delivery and support.

Digital transformation is much more than process redesign; it is about structuring new IT and business operations to ensure competency through the exploitation of digital technology aligned with organisational capability to provide true business advantage.

iCore has provided consultancy and pragmatic delivery helping many organisations to change their IT Service Delivery to adapt to new and emerging technologies, frameworks and working practices.

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