

Chapter 2

Lowering the Center of Gravity around Enterprise IT

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ABSTRACT

In this chapter, we look at three key reasons why corporate development projects fail and how a technology and innovation management program can change a company's approach to information technology. First, we briefly provide context to typical IT management issues, covering business-as-usual management with the role it plays as part of supporting the enterprise and the issues that arise because of it. We then review three common issues – solutions that are dead on arrival, dead by committee and dead by adoption. An introduction to IBM's Technology Adoption Program describes one such innovation management discipline demonstrating through three brief case studies how to mitigate the common plagues of development projects. While the issues with technology and innovation management are obviously wide and varied, this chapter focuses on the need for a formal initiative to manage innovation. Similarly, fully understanding the workings of a program such as TAP is of considerable scope. The benefit to the reader is our focus on driving the decision making around technology to the users – the community – as a core part of making decisions.

INTRODUCTION

Enterprise IT is most commonly managed by one or more Chief Information Officer serving the needs of the business through unit representatives and committees. Formal processes exist to help develop

initiatives, determine budget needs and to release funding. This environment supports traditional solution development, but inhibits innovation. The CIO ends up spending time on relationship management, where business unit representatives are the customers. Moreover, this tends to force the utility tasks (infrastructure management, power, network etc) to be at the center of the CIO's responsibilities,

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with development projects managed by process and committee.

A survey on software project success and failure shows that around 50% of failures are due to scheduling and budget reasons. 27% failed because of customer dissatisfaction. (Cutter Consortium, 2005) Traditional solution development is a necessary part of delivering technology to the enterprise, however, if normal solutions face these odds, how do the riskier emerging technology and innovation activities make it through?

The next generation CIO realizes that treating operations as a utility, possibly outsourcing it, allows him/her to focus on delivering major IT transformation for their constituents and creating innovation programs leading future development. It is not enough to manage IT through a one-size-fits-all process. Additionally, simply sponsoring innovation initiatives fails to deliver an alternative management process to achieve faster, cost effective and valuable development.

Early in 2005, the CIO's Technology and Innovation Team realized the need for the creation of a new discipline, the Technology Adoption Program (TAP). By understanding where the team struggled in the past, the group came to this realization as they are uniquely positioned to institute change. The primary goal is to accelerate invention and innovation in the company, shortening the distance from creator to services, assets, offerings and IBM product. TAP is an innovation management program that is founded on lowering the center of gravity, driving the power of IT decision making into the hands of early adopters and innovators, radically shifting how technology is identified, developed, evaluated and transitioned.

BUSINESS AS USUAL

The job of the Chief Information Officer (CIO) is complex. Consistently under pressure to reduce the costs associated with the delivery of Information Technology (IT) services, CIOs are being asked

to deliver strategic value for the enterprises they serve. Many organizations are looking to their teams to provide the foundation to fuel business growth in the coming years. In this environment, senior IT executives are challenged to find business methods and processes that allow them to effectively manage their investments while still meeting their growth objectives. By necessity, they must place their primary focus on a model of delivering a company's information on a technology infrastructure that is efficient; keeping an eye on stability of their systems, reliability of their information and cost-effectiveness of the delivery. Once they have squeezed the last drops of efficiency out of the system, reduced costs to near minimum, and implemented IT as a service utility to their organization, these same senior IT executives turn to drive flexibility into their organizations.

DELIVERING IT IN A LARGE ENTERPRISE

The rationales for rigorous processes within the enterprise IT function are evident. In order to contribute to their enterprise objectives, it is necessary that the IT and business strategies are well aligned (Alter, 2005). To achieve this alignment, the organization needs a strong IT governance program in place that controls both investment and project execution. In larger organizations with multiple business units executing on business strategies, IT governance requires the CIO Office to act as a coordinating function to ensure that the utility services and investments they provide, deliver maximum benefit for the enterprise as a whole. The pipeline begins with a set of processes to prioritize investment and spending from a portfolio of potential initiatives. Depending upon the discipline employed by the organization, each proposed initiative is supported by the creation of business cases with estimates of project duration, cost, savings, productivity

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