A BOLD BUT CRUCIAL IT MOVE FOR THE CONNECTED AGE

Insights on a new Enterprise IT model from the CEO of Everest Group

A keystone is the wedge-shaped stone placed in the middle of an arch. The other elements in an arch depend on this architectural foundation as it connects the sides together and distributes the weight down the sides. Without the keystone, the arch would collapse.

We're now entering the marvelous future we currently refer to as the Connected Age. It will change everything about the way we communicate, accomplish tasks, and conduct business processes.

Imagine the following scenarios

You're the new Chief of Value Creation (CVC) at a company called Turning Analytics. The company's solutions leverage in-house technology and predictive modeling capabilities to help businesses turn their innovative ideas to realities. You proposed a new line of business to your company where your solutions help clients rediscover innovative ideas they had in the past, but which did not work, because they were ahead of their time or because the enabling / supporting technologies were unavailable.

You just returned from a trip to a cancer center where you learned good news. Before cognitive computing technologies, your routine blood test that indicated melanoma, leukemia, or any one of the more than fifty kinds of lymphoma, would have caused

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weeks of dreadful anxiety and expense as you underwent invasive biopsies and nuclear scanning tests. Although these procedures were necessary as they enabled the oncologist to identify the type of cancer, assess its stage of growth, and determine treatment possibilities, they would have resulted in absences and low performance on your new job. With cognitive computing, your oncologist was able to quickly narrow down your condition to one variety of lymphoma, assess the stage, and begin one of the new treatments through pills! No damaging side effects of chemotherapy, you escaped biopsies, scans, and weeks of anxiety, and in just three days, you had the diagnosis and treatment protocol.

As you deplane from your flight, a sensor device on your briefcase lights up and directs you to your luggage. As you walk towards your car, your smartwatch enables you to talk to your colleagues and alert them on your arrival time for a discussion with Infosys representatives on collaboration opportunities on two aspects of your new line of business. As you leave the airport, you rely on your car's smart seatbelt to transfer data about your heartbeat, blood pressure, and temperature directly to your electronic medical record, so your doctor is alerted on any conditions he needs to address. When you arrive at the office, your assistant uses the smart shirt embedded with sensors that you are wearing, to detect your emotions. The shirt alerts you when your stress level or management style borders on behavior that could result in disgruntled employees.

Possibilities such as those in the above scenarios are conceivable due to digital transformation. As exciting as they are, they are also volatile and disruptive. With its new technologies and the 'things' in the Internet of Things, the Connected Age is an environment rich with opportunities for your business to create innovative, highly differentiating products and services. But it's a fast-changing world; so, regardless of the industry, business success in this environment requires eliminating barriers, such as data trapped in silos and thus available only in fragments to decision-makers, lack of alignment and collaboration across the enterprise, and slow time-to-market.

To accomplish these success criteria, your company first needs to position the keystone that enables holding up the weight. Although it may not be evident, the fact is that without this keystone, your company actually cannot move from where it is today to its future vision in the Connected Age.

The keystone: A new IT model

Your company first needs to position the keystone. Without it, your company can't move towards the future – into the Connected Age.

Digital technologies supporting the Connected Age connect people, resources, data, knowledge, and ideas. These connections change us in two ways: the way we communicate with others, and the way we do 'work'. Everything – including interactions and decisions – becomes more immediate, more informed, more precise, and more anticipatory.

The keystone is to radically rethink and reorganize your company's IT to an 'Enterprise IT-as-a-Service' model so that it achieves faster response times and is aligned with the value your service lines present to the business.

Borrowing from the Infosys 'Renew-New' strategy, embracing new ideas requires renewing your business capabilities. The digital revolution, Internet of Things, and connections everywhere force companies to act faster to achieve new value and share decision rights with a variety of business stakeholders. However, centralized enterprise IT is unable to meet these needs. This is because, from the ground up, the layers of centralized IT (data center infrastructure, application development, security) are designed to be as efficient, robust, and cost-effective as possible – which does not fit with speed and shared decisions.

Some organizations have attempted to address this dilemma with business stakeholders purchasing 'rogue' IT – individual point solutions that meet their separate needs. But this solution gives rise to the same problems that distributed computing did, years ago. These independent decisions and purchases end up creating 'islands' of automation that cannot be integrated or scaled later, and also expose the organization to compliance and security risks. Therefore, this solution is not sustainable.

Centralized enterprise IT can't create or seize opportunities in the Connected Age because its functional approach doesn't work. Neither can the bolt-on technology approach of stakeholders, that results in automation islands with siloed data. What will work is a new, reconceived IT service delivery.

How to reorganize into an 'Enterprise IT-as-a-Service' model

In essence, rather than IT being aligned functionally, you must align it as a series of service lines. Each service line needs to be designed; first, for the value it provides to the business and second, for speed. IT must be anchored in, and measured on its relevance to business value, rather than efficiencies and cost-effectiveness per technology function. In addition, it must be architected in a way that significant components are moved to the cloud and DevOps capabilities are leveraged so that IT services are far more agile and available at a lower cycle time.

However, shifting centralized, functional enterprise IT to an as-a-service model is not a trivial task. First, it requires defining IT differently with the user-perspective metrics on business value that the service provides. Next, it requires taking a supply-chain view of IT, reorganizing each component along service lines rather than function lines.

Paradoxically, your organization will also achieve significant efficiency gains by reorganizing into an as-a-service model. This is because the centralized IT model based on functions necessitates paying for over-capacity in the data center, server, and middleware layers. When you reorganize IT along the as-a-service line, you will cut through those over-capacitation inefficiencies and deliver IT more efficiently and cost effectively.

The mosaic of devices and business models in the Connected Age change the way we communicate with clients / customers, employees, partners, and colleagues, allowing us to anticipate their need for action before the action is required. In the area of machines, for instance, communications from sensors enable replacing parts before they break down. No downtime!

Additionally, technology changes the ways in which we interact with others. The days of unwanted emails to customers are over, as are situations where we deluge them with information at the wrong time, thus contributing to noise. New technologies enable personalized interactions that are truly useful and delight customers. It changes our ability to target and reach new market segments and involve ourselves deeper in helping our customers succeed.

Digital technologies also change the nature of work. We can use cognitive computing (like IBM's Watson) and analytics as thinking companions to dramatically enhance our knowledge, make decisions faster, and be more effective at work.

Then there's robotics and service delivery automation that change the way we perform back-office functions by speeding up cycle time, improving accuracy, and reducing costs. At Everest Group, we conducted research on how automation impacts tasks in the finance and accounting process. We found that on average, fairly simple automation tools can eliminate 40 percent of resources performing repetitive functions. In one particular case, automation eliminated almost 80 percent of resources. The same scenario and outcome apply to other business processes. Besides cost savings and user / customer satisfaction, automation eliminates mundane tasks that frustrate employees. Once freed from these repetitive tasks, they can be retrained to perform more fulfilling knowledge-based tasks.

Creating all of these advantages and many marvelous opportunities for your business requires rethinking and shifting to a new enterprise IT model. It is a radical departure to fundamentally align IT to an Enterprise IT-as-a-Service model, and it is not easy. But businesses that accomplish this shift have the keystone and the path to success with compelling technology that is far more responsive to business needs, compliant, scalable, and sustainable over time.

About the Author

Peter Bendor-Samuel
Chief Executive Officer, Everest Group

Peter Bendor-Samuel founded the Everest Group in 1991 with the vision to assist the then nascent outsourcing and global services industry to evolve more powerful and effective mechanisms to create and capture value. Over the past two decades, he has led the Everest Group to be on the frontier of the global services industry, ensuring that the firm is constantly at the intersection of how leading firms take advantage of disruptive technologies, innovative service vehicles, and game-changing talent models.

Under Peter's stewardship, the Everest Group has evolved into a firm with a reputation for delivering high-quality consulting and research through a culture of individual and firm excellence, combined with a collaborative and values-based culture. This excellence model allows the firm to consistently be recognized for generating innovative insights and solutions that define and shape the next generation of global services.

Peter is the author of the industry best-selling book, 'Turning Lead Into Gold: The Demystification of Outsourcing'. He is a regularly featured thought leader in international business media including the Wall Street Journal, New York Times, and Financial Times, and is a frequent keynote speaker at various industry events.

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