



REALISING REAL BUSINESS VALUE THROUGH IT

BCS Editor **Justin Richards** talks to management consultant **John Thorp**, President of The Thorp Network, about the IT function, project management and realising business value through the implementation of IT.

How do you think organisations can best realise real business value through the implementation of IT?

If you look at the focus of most executives on IT, it's on the technology and the cost of the technology. They talk value, but when push comes to shove it's to keep the cost down. Executives will often go and formulate a business strategy and then toss it over the wall to IT and say: how are you going to support us? I think in today's world, where technology not only enables strategy, but it actually shapes strategy, if the people developing strategy are not aware of the opportunities that technology presents then they won't have a complete view of what their strategy could be.

And I'm not suggesting that technology drives strategy, because ultimately the business has to determine strategy, but it has the potential to shape it and if the CIO is not part of the team and kept the CEO aware of what the opportunities are around technology and what the organisational change implications of those opportunities are, such that they can make decisions based on both attractiveness and achievability, they're both going to miss out on opportunities and screw up opportunities. They have to get ahead of the game in terms of understanding

the technology, and the organisational change that the technology can both shape and enable, and they have to own that. They cannot abdicate that to IT.

That's not just a business problem; we still have CIOs who are quite comfortable in their little technology world and don't really want to get into that business world. I'm amazed that it still occurs, but it does.

Why do you think CEOs and CIOs often have different priorities when it comes to their IT strategy?

It's a generalisation, but I don't think CEOs have a very clear understanding of what they should expect from the CIO and CIOs are therefore confused and it astounds me that we are still writing that CIOs should have more of an understanding of the business. We knew that 30 years ago, yet we're still cutting down trees to write that, it's unbelievable.

I think most CEOs are rather like a client I had two decades ago who said 'John, I know this stuff is important, but I'd really rather focus on the core business and leave that to someone else.'

Well today technology is imbedded in all parts of the core of most businesses, and

'this stuff' is not just about technology – it's about the opportunities that it presents and the change that's required to capitalise on those opportunities and, unless the executives take ownership of that, we are going to continue to fail miserably, as with the National Programme for IT and Health (NPfITH).

When the NPfITH was first announced, I wrote a letter to *The Economist*, saying it's very noble that the government was spending all this money on technology to fix the National Health Service, but if they thought technology alone was going to fix it they were dreaming. It's not about the technology, it's about the change and that was going to cost at least three times as much and take at least three times as long. If they didn't manage it that way it was going to fail, and... guess what?

CEOs are very good at saying they know IT is important, but anything with an IT label, for whatever reason, gets thrown over to IT. If you look at what Hewlett Packard tried to do, and Forrester too, they have renamed it business technology, but they are throwing out the wrong word; it's technology we need to get rid of. The minute CEOs see the word technology they think it's something technological and

they abdicate it to IT. Whilst I might have some doubts about the competence of some executives, most of them are pretty bright people and we've been talking about this for long enough, I have to believe they have some understanding of this.

I worked for IBM for 15 years and had a lot of respect for IBM as an organisation, but I don't believe that in their marketing school they train their sales people to make their customers aware of this point. They don't tell them, 'Now, you've made the sale, before the client signs, you've got to make sure they understand how difficult this is going to be, that they understand the full extent of the organisational change they're going to have to put in place.' That's a module that hasn't been created yet.

Why do you think CEOs assume that anything to do with IT is the domain of the IT function?

It staggers me that we're still having this debate because there's been so much written about it. CEOs really want to hear that it's simpler and all they want to hear is 'plug in this technology, build it and it will come. Despite the graveyard of disasters they continue to operate that way and it appears that no-one is interested in fixing that.

Executives need to meet on a regular basis with the CIO to understand what's happening in the IT world, the opportunities that it presents, and the implications for the business – it's a stupid thing that it doesn't happen enough.

Until you create that dialogue it won't happen and when you create that dialogue what you are then doing is you are bringing IT into the strategic planning space because they're now realising that, if they don't understand that when they're doing strategy, and they don't include IT at that stage, they're going to miss out.

Why do you think there is a common business culture whereby the CIO has to continually justify or defend IT's contribution?

I sometimes think that the IT function single-handedly invented 'English as a second language'. They continue to talk about the technology and trying to get their technology department recognised instead of having business discussions with their executives. Forget the technology, just talk about what's important to the business, what their issues are, and then how you can help them.

Don't lead with the technology; I think the shutters come down when you do that. They don't want to hear about servers and whatever. I think if we try to convince them it's important by talking technology and coming up with all this technology, quite frankly they don't care. They want to know how you're contributing to business value and how you can create and sustain business value, and until you have that conversation you're going to be on the back foot.

Is the IT function the right term to use anyway – you suggest using information services in your blog.

I think the word technology really trips people up and that information is actually the key word and services is what it's all about. Twenty years ago, I wrote a position paper with a large Canadian client on the role of IT in the organisation where we clearly differentiated between IT and IM. Information technology is the 'what' of technology capabilities, while information management is the 'why' and the 'how'; why you're going to do this and how you're going to use it to create value for the business.

IT is clearly a technical responsibility to deliver the technology capabilities with availability and reliability and security etc. But IM is a business responsibility and I think we still haven't crossed that bridge and, again, part of it is a labelling issue.

The IT function as we know it I don't think is going to continue, but there will still need to be a function around the delivery and use of technology services. The focus will shift to the use and the brokerage and management of external providers of many of those services. I think it's a fundamental shift; I think it's an enormously exciting time. But it will only be exciting if IT leadership stop moaning 'we don't get respect' and get on with earning it.

Executives should realise they can't leave this stuff to the IT function. They have to take ownership of the use of technology services and take accountability for the management of the change that is required to make effective use of that to create business value. I think if I were just starting in this space now I would think this was a really exciting time and probably much more suited to what I like doing. When I started I loved programming, but I've come a long way since then.

I think the information technology function, as it exists today, probably has

the best view across the business, more than anybody, and if they're looking at it the right way they have the most integrated view across the business about how all this stuff ties together and how it needs to tie together.

What are the biggest issues/challenges your area faces now and in the near future?

To get a clear understanding of the roles and responsibilities related to information technology across the executive, the line of business and IT. There's no clarity of that in most organisations – that's the underlying problem.

Going back to strategy, most strategic planning exercises in organisations are a waste of time. They come up with either motherhood statements that look great on a T-shirt, and everyone can agree with, but no one understands what it means to them, or they're not strategic, they're tactical. I would argue that if you actually do have a clear strategy – and you do need to have a clear strategy the governance processes that help you execute that strategy consist of portfolio management and programme management. Those are not mature processes in most organisations, but there's no point in having portfolio management if you don't have a clear strategy because you have no context for making portfolio decisions.

I talk to many business people, non-executive business people and IT people and the lack of clarity of the desired outcomes of the strategy is a huge problem. When I did information system plans, or information resource plans, as we called them at DMR, I spent a significant amount of my time doing what I euphemistically called strategy translation; by taking somewhat 'loosey goosy' statements and driving that down into a clear vision of what they wanted the organisation to become and agreeing some principles about how they wanted to get there. In other words where did they want to get to, what were the rules of the road, and what were the key areas they needed to focus on in order to get there. Once we did that then we had a context for making portfolio decisions around IT.

I think there needs to be an enterprise strategy, which has components of IT and HR, and it should go beyond an annual ritual to an ongoing thought process.

A former colleague of mine defined strategy as 'a continuous improvement

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on a general sense of direction'. I think it's pretty good actually because you don't want to get too prescriptive. Things move on and you need to recognise that you are going to be continually changing and both the destination and how you're going to get there is going to change.

Project failure is a big subject in the UK – what have you learned from your involvement in various projects that could benefit our members?

Make sure there's clear ownership – executive ownership–clarity of what you're trying to achieve, that there is initial and ongoing engagement of all the stakeholders, and be prepared to change both the destination and the journey.

If you don't have a business owner or sponsor who is actively engaged and putting considerable time into a project, then don't even start it. You need to have conversations with the business to help them to understand what they need, rather than what they think they want, what they have to do for the project to be successful, and in many cases that they should not be embarking on certain things, or they need to embark on them very differently.

If it's not important enough for a senior executive or senior manager to take a significant amount of their time to own and be responsible for a project, then walk away from it. If you haven't got enough time to do what I would call due diligence upfront, in other words making sure there is clarity of the outcomes you are trying to achieve, and if you don't have active engagement of the stakeholders, don't do it.

What are your thoughts on recent trends like big data, cloud and BYOD?

I think we are now in what I described a couple of years ago as a 'perfect storm' in terms of all these things happening. I think that's been picked up by others. I think that, both from the supply and the demand side, there is a confluence of events that is triggering fundamental changes.

There is no doubt that the role of IT is being increasingly questioned at the moment. If you look at the supply side the cloud, which, while not the only part of supply, is

probably the nearest incarnation of what vendors, such as IBM, have always been looking to be; the IT utility. Why should we all spend all this money doing this, with varying degrees of success or failure, and be almost unable to respond to the pace of change, rather than leave this to people whose business it is to do that?

I don't think the vendors have got this sorted yet, but I think there will be a push, not just for cost reasons, but because it enables organisations to stop worrying about the technology per se, and put their effort into working out how to use it to create business value, and to be able to do so more quickly.

That's one part; another thing driving this really is the whole big data thing. At the moment the big winners in the big data arena are storage vendors. The volume of data is now growing at a phenomenal rate, and the storage challenges are huge, but it is the analytic piece now that's becoming extraordinarily important. I think the whole world of analytics is changing. We are moving beyond the days when you had to build huge structured databases that never did work very well. I think the whole analytics piece is huge and I think it's presenting huge opportunities and challenges.

With reference to BYOD and social media, a lot of what goes on now is going on external to the organisation, which, in terms of access to the organisational systems, is creating a lot of angst, that's why I think that, in the end, external providers can react more quickly to that everchanging environment. Also the social media conversations that are going on external to the organisation, are increasingly important to be aware of and organisations need to know what people are saying about them and so I think it's a huge, huge change that is taking place now.

What do you think the future holds for the IT industry?

There will always be a technology industry; people are going to be producing technology. Looking at the software side, I think the industry is going in two ways, in that we have the ERP model,

which is all too often 'one (very large and expensive) size fits nobody', and an open source software as a service/ apps model where you can pick and choose what works best for you from a set of modules that all work together.

My confidence that it will happen in the near term is about zero, in that there is no benefit to the traditional vendors in agreeing on standards because then they'll have no advantage over each other – if I can pick and choose then I don't need to buy anything from Oracle or whoever because I can put together the bits I need from here, there and everywhere. It's not in these vendors' interest to come out with a common set of standards, and I think it is unlikely to occur in my lifetime.

With regards to the role of IT in business, I think the technology aspects of it are evolving to what business always wanted which is not a provider of technology but more a broker of technology services facilitating getting the services from whatever source is the best and managing 'the between' those sources and the business – it's going to be more of a broker and relationship manager.

The real role of the head of that function, whatever it's going to be called, will be as a trusted partner, with the business helping them to understand the opportunities that existing and new technologies present to the organisation; evaluate the attractiveness and achievability of those within the context of organisational change; and manage IT-enabled business change. This will involve pushing the responsibility for making the decisions about the selection and use of technology, and the accountability for getting value from that use to the business – where it belongs.

About John Thorp

John Thorp's career in IT goes back 50 years. He has probably done most things in and around technology over the last 50 years. In 1997, he wrote, together with DMR (which later became Fujitsu Consulting) a book called *The Information Paradox*, and later became involved in doing what was then called IT strategic planning or information resource planning. More recently his focus has shifted to change management and, beyond that, to overall enterprise governance.