

IT OPERATING MODELS: 4 EXAMPLES FOR DIGITAL ENTERPRISES



Now more than ever, CIOs must revisit their operating models and look for ways to improve IT's impact on the enterprise organization whether through full IT integration, partial integration, vendor collaboration or a stronger focus on quality and speed.

Universal Drivers of Change in IT Operations

CIOs today face new operational challenges as the IT industry responds to the key influences driving changes in the industry. Some of these are interrelated.

Technological Disruption

In recent years, IT has seen the emergence of many disruptive technologies powered by the adoption of cloud technology. These include changes to on-demand or "as-a-service" offerings, [cybersecurity](#) considerations and the Internet of Things (IoT).

Changes in IT Integration

In the past, IT was mostly viewed as the back-office service responsible for setting up new employees with necessary technology, giving tutorials, configuring programs and patching up equipment. In each instance, the IT professional responded to a request, completed the work and

closed the ticket with the service desk. This embodied a largely responsive approach to IT.

Today, the natural flow of IT operations is changing into one that is more proactive and forward-thinking. Business leaders increasingly understand that IT cannot only be responsible for “keeping the lights on” but they must also focus on enabling business transformation.

Enterprise Demand for Solution-Focused, Visionary IT Strategy

It is critical that enterprise organizations hire people who not only possess technical expertise but who also understand how technology impacts the business. As such, IT organizations look for visionary leadership to help them focus and plan software implementations, create efficiency and improve service quality and culture.

Globalization

Technology has made it easier for people within organizations to connect with each other, vendors and clients all over the world. As enterprise IT organizations respond to a market that demands globalization, changes to IT operating models are necessary.

Four Examples for Digital Enterprises

Given the diverse needs of enterprise organizations, there are a number of ways a company could change and adapt their IT operating model.

Trend #1: Full Integration

As the name suggests, a full integration model requires that IT is present in every aspect of the business. Therefore, CIOs must respond by expanding IT resources outside of a single, back-office department and into an approach that involves seamless integration across business channels starting with operations and processes all the way up to corporate IT.

This need for organization-wide digitization is driven by customer demand for increased service delivery and desire for speedy service that is versatile. Implementing this strategy results in improved internal and external service delivery as well as value creation.

Companies that adopt this approach are often those that already place a heavy emphasis on data and analytics to monitor the needs of the customers they service. However, full integration takes things a step further, empowering employees to push their limits, set goals and anticipate customer need. Instead of only measuring results, IT will also be responsible for helping to drive them.

A culture shift is required for this approach to be most effective. Team members should be encouraged to use customer data points to create new and innovative projects. An ether of innovation and forward thinking must be present in a fully integrated IT culture.

Trend #2: Partial Integration

In a partially integrated approach, the IT organization works hand-in-hand with other departments to achieve specified business-focused results. These models are ideal for companies whose success is based on IT service delivery and outcomes. Overall, the yardstick is business transformation.

IT departments should respond to IT integration in a number of ways. These include:

- Creating new roles such as Business Analysts, Service Specialists, Solution Specialists and Chief Innovation Officer
- Digitizing processes where efficiency is improved
- Implementing new performance management processes
- Utilizing data and analytics at all levels of the organization
- Fostering a culture of innovation and solution-focused business success
- Investing in technology
- Practicing professional development that helps IT professionals understand their impact on the value of the organization
- Creating processes to support End-to-End service delivery and fulfillment of business goals

Trend #3: Vendor Collaboration

In a world powered by cloud services and IoT, enterprise organizations find increased benefit in outsourcing IT functions. The benefits include:

- Reducing IT and labor costs
- Ensuring that trained, certified professionals are handling your IT business
- Introducing a renewed commitment to solution-based focus on key business principles outside of IT

This is a preferred model for many enterprise businesses that don't offer IT services to customers. These companies appreciate that they don't have to directly hire qualified professionals to handle IT functions. But even IT service providers benefit from outsourcing parts of their business to other vendors in a cost-effective approach for any growing business.

In the past, outsourcing has produced mixed results because organizations have struggled to manage the quality of 3rd party output. However, choosing a vendor collaboration model reduces this risk.

In a vendor collaboration model, businesses leverage technology to remain connected to vendors. Vendors produce an output to the organization, and the organization manages service levels and overall quality. The organization must ensure the final product is a success, and they do so by ensuring vendors are trained to company service levels and with a heavy emphasis on communication and collaboration.

When it comes to vendor collaboration, IT organizations respond by positioning their resources in the following ways:

- Creating new roles including Service Managers, Supplier Relationship Managers, Vendor Management Directors, Service Integrators.
- Engaging suppliers in the early stages of annual planning.
- Shifting IT's role to improving supplier service levels and managing costs.
- Ensuring multiple vendor relationships are in place and vendor lock-in does not occur.
- Including provisions for managing relationships and creating value in the face of incidents.
- Ensuring that technology infrastructure is able to support multiple vendors on a [service platform](#).

Trend #4: Focus on Quality and Speed

Organizations are turning to culture changes like implementing Agile principles and [DevOps](#) within their organization to improve service delivery, quality and speed. The principles of Agile include the following:

- Consistently delivering incremental business value
- Transparency
- Reducing risk
- Remaining adaptable until a certain point in the project

By delivering products and services in increments, enterprise organizations can save time, money and other resources by creating the minimum viable product. Agile teams work on projects, often in Sprints, maintaining constant communication with business users throughout the process. Team members are well versed in a number of coding languages and use them to program on-demand cloud services to meet enterprise needs.

In addition, there are several considerations to be implemented to ensure a focus on quality and speed:

- Creating new roles such as adding DevOps team members, Scrum teams, Agile Coach and Business Development Manager.
- Reinforcing knowledge of business model on development teams.
- Understanding how IT constraints limit development.
- Implementing processes for rapid prototyping.
- Ensuring a stronger emphasis on security must exist in an environment where developers are assessed based on speed.