



IT Transformation: Creating a strategy for success

Debra D'Agostino
Deputy Director, Americas
Economist Intelligence Unit

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Introduction

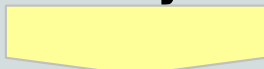
- ***IT Transformation: Creating a strategy for success*** is an Economist Intelligence Unit briefing paper, sponsored by Cisco.
- The Economist Intelligence Unit's editorial team conducted the survey and wrote the report; the findings do not necessarily reflect the views of the sponsor.
- Our research was based on a survey of more than 950 information technology (IT) professionals worldwide, as well as desk research and in-depth interviews with executives from around the world.
- Our thanks are due to all survey respondents and interviewees for their time and insights.



The research

Objective: Assess firms' approach in transforming their IT departments to better align with business goals

Survey



Independent survey conducted in January 2008

950 IT professionals: 23% C-level
26% Mid-level managers
50% Frontline workers

Global reach : 35% Western Europe
21% Asia
15% North America
13% Latin America
11% Middle East

Large firms & SMEs (31%: >10,000 employees)

Interviews



Capgemini

Evonik Degussa

General Motors Corporation

Advanced Micro Devices

Sun Microsystems

United Parcel Service

What is IT transformation?

IT transformation refers to initiatives meant to significantly improve the way corporate IT departments operate and support their businesses. As such, IT transformation initiatives can include the following:

- **Reallocating budgets**
- **Creating cross-functional teams**
- **Reorganising IT reporting structures**
- **Centralising/decentralising resources**
- **Outsourcing/insourcing IT processes**

Key findings

- ✓ ***IT respondents are in favour of pursuing IT transformation within their organisations. Only 9% feel the disruption outweighs the benefits.***
- ✓ ***As part of this transformation, IT organisations are focusing on their relationships with their non-IT business units. 57% say that improving IT's responsiveness to business requirements is a top IT objective in 2008.***
- ✓ ***Transformation, though, may require significant change. In many cases, operating models are being revamped to better align with business.***

Key findings

- ✓ ***For success, frontline workers need up-to-date information about objectives. Priorities are not always well communicated through the IT organisation.***
- ✓ ***Those that have completed transformation initiatives report cost savings and smoother operations as a result. Only 2% report no tangible benefits.***

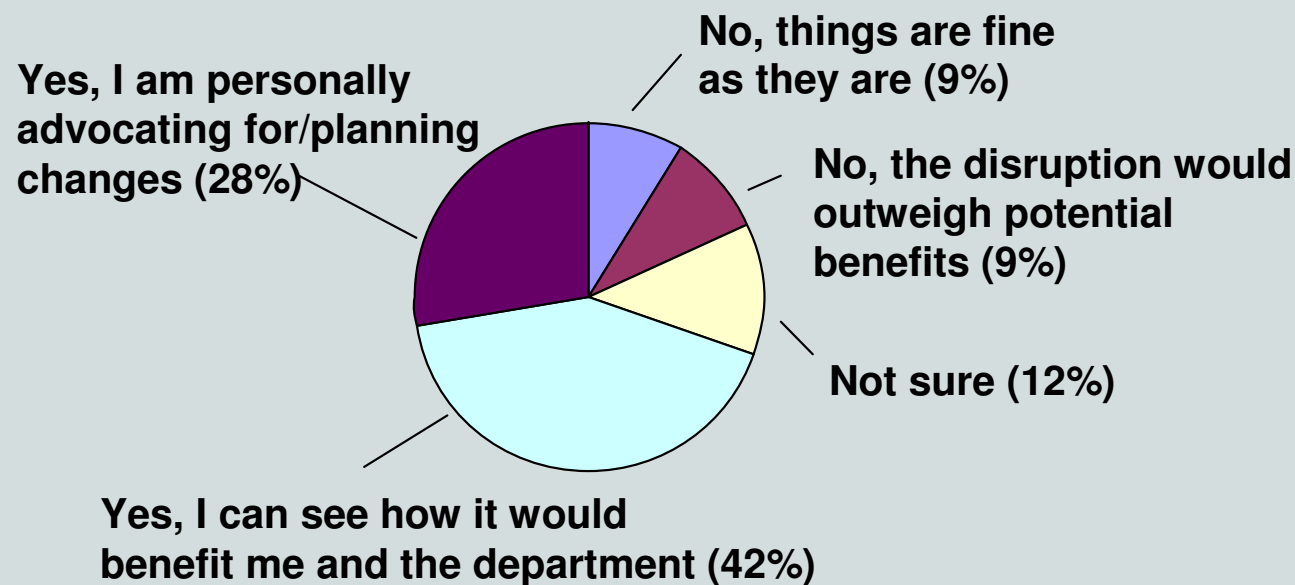
Key findings: Global Responses

Regardless of size or geographic location, companies realise that their IT organisation needs improvement.

Are you in favour of pursuing IT transformation within your organisation? (Global responses)

IT transformation would most benefit the overall business through:

- Cost savings (46%)
- Smoother, more flexible operations (45%)
- Improved communication with customers and partners (34%)

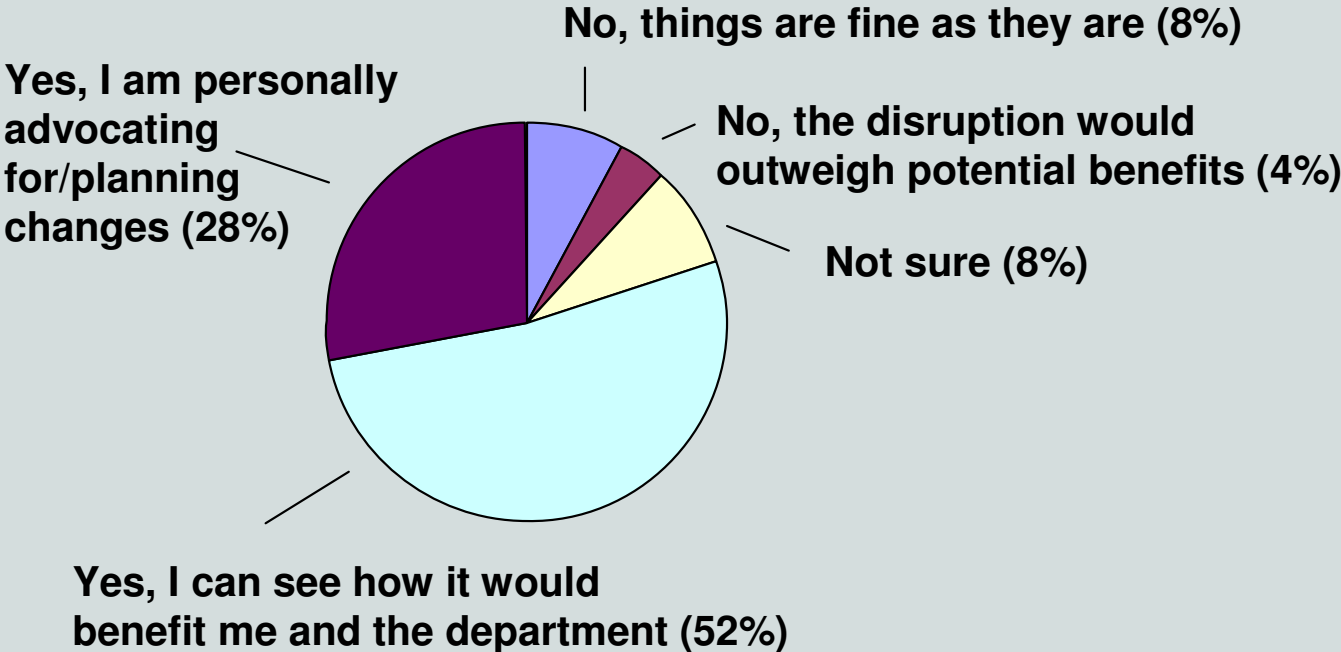


Key findings: APAC Responses

Companies in the Asia-Pacific region are more likely than the global average to see the benefits of IT transformation.

Are you in favour of pursuing IT transformation within your organisation? (APAC responses only)

IT transformation would most benefit the overall business through:

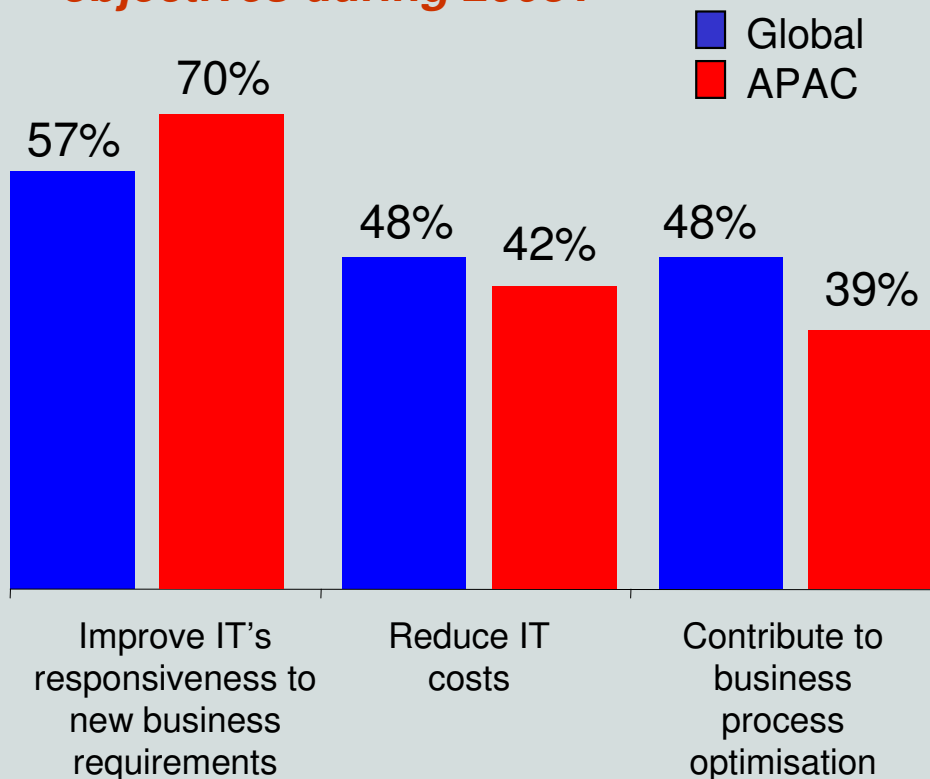


- Smoother, more flexible operations (69%)
- Cost savings (48%)
- Improved communication with customers and partners (39%)

Key findings

As such, IT departments are focusing on building stronger relationships with their business partners.

What are your IT organisation's top objectives during 2008?

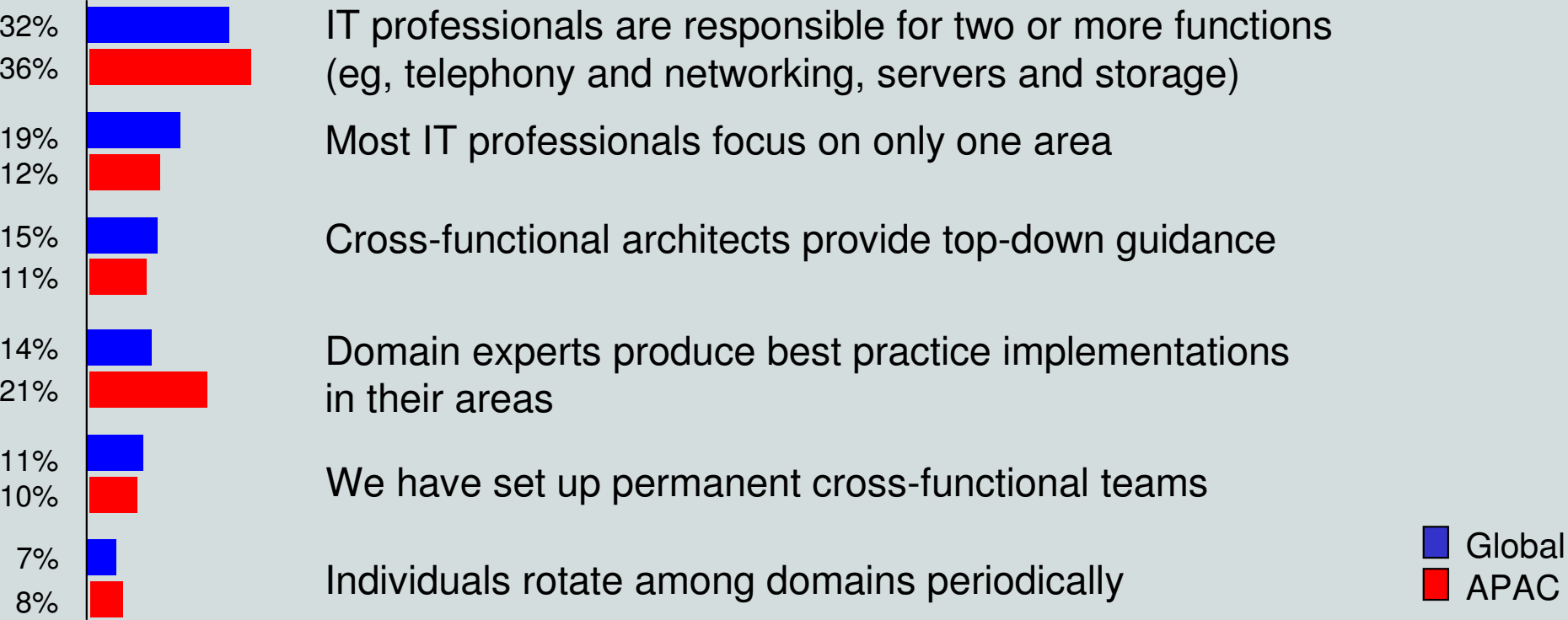


- 77% agree or strongly agree that their company's IT department is working to improve the way it communicates with non-IT departments, compared with 82% for APAC.
- 63% agree or strongly agree that IT works with non-IT departments to understand their needs, compared with 79% for APAC.

Key findings

To become more flexible, many IT departments are re-evaluating or have recently changed their operational structures.

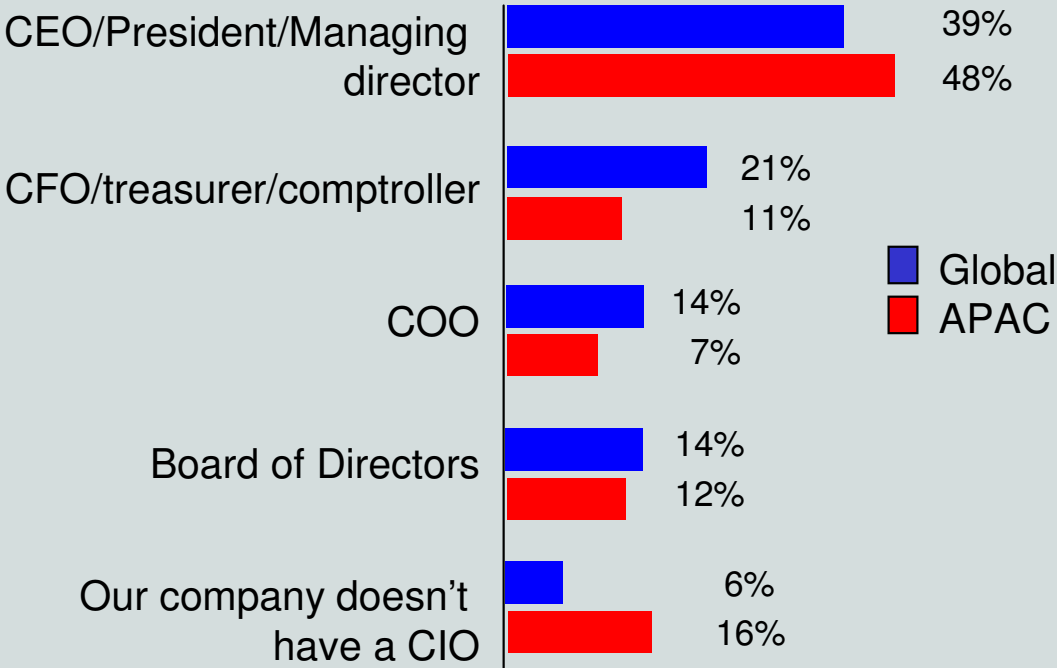
How does your company's IT organisation typically manage operational domains?



Key findings

In an elevated role, the CIO must ensure that obstacles are addressed and overcome.

To whom does your organisation's CIO/head of IT report?



- Staying on time and within budget is the biggest obstacle when it comes to IT transformation, according to 38% of respondents globally. In APAC, change while continuing IT operations (31%) and finding the right partners to help with the transformation (30%) are also significant obstacles that must be addressed.

Close-up: India

What can companies learn from India?

- ✓ *57% of Indian respondents say their CIO reports directly to the CEO, compared with 48% in the Middle East, 42% in the US and 35% in France and the UK.*
- ✓ *Companies based in India are far more likely to have goals associated with interacting with business counterparts.*
- ✓ *Indian respondents were most likely to identify their companies' organisational structures as "very effective".*



Close-up: China

Companies located in China are:

- ✓ *more likely to value intra-IT collaboration and have IT professionals focus on more than one domain*
- ✓ *most likely to have IT departments that are focused mainly on cost-cutting*
- ✓ *less likely than companies in other countries to have a CIO*
- ✓ *more likely to have budgets allocated on demand, indicating a reactionary rather than proactive approach*



Conclusion

Key lessons from the research:

- **Addressing corporate cultural issues is key.** IT executives must work to communicate goals, and build bridges up and down the chain of command.
- **IT transformation is not a cure-all.** Changing processes will do little good if IT professionals do not communicate regularly with business partners.
- **Walk before you run.** Assess the length of time it will take to complete the effort, as well as the costs, risks and benefits.
- **Track—and publicise—success.** Not only will it strengthen IT's reputation among business partners, it could help build momentum for future IT initiatives.

Thank you

Debra D'Agostino
Deputy Director, Americas
Economist Intelligence Unit
111 West 57th Street
New York, NY 10019

212-698-9751
debradagostino@eiu.com