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IT is dead.
Long live IT!

Why enterprise IT must reinvent itself

By Mazen Baroudi and Matthew Taylor

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Is the IT function still relevant in an as-a-service world, where business services are available on demand, anytime, anywhere, on any device? With the availability of cloud-based offerings, the business has more choices than ever before when it comes to sourcing its technology needs— and enterprise IT isn't necessarily their first choice.

According to Accenture's survey-based research (see "About the research"), IT is no longer seen as the optimal organization to quickly achieve business outcomes, nor are they seen as the main source of innovation. In fact, six in 10 survey respondents claim that IT does not have a significant influence on their choice of as-a-service provider. Rather than working *with* IT, many business leaders are choosing to work *around* IT.

Unfortunately, such workarounds could be putting the business at risk. "As-a-service" is not synonymous with "easy."[1] If the business is to drive the right outcomes from as-a-service providers, it needs to partner with IT, based on a sound integration framework, to create consistent, secure, end-to-end as-a-service offerings that mesh effectively with core legacy IT.

CIOs have the opportunity to be a key enabler and innovator in the migration to an as-a-service model. However, IT needs to make fundamental changes in mindsets and skill sets to make that opportunity a reality. IT should reinvent itself to become a service broker, driving technology-led business solutions where some services are provided externally, and others by IT as a competing provider.

To excel as a service broker, IT needs to adopt a service-first mindset leveraging internal and external service capabilities. A good place to start is to establish common services back to the enterprise (e.g., IaaS, PaaS, analytics, unified communications and collaboration, and security) to run the business. Governance also becomes more important to drive decisions and must be planned and executed so as to allow greater flexibility as an as-a-service provider. IT is well-placed to maintain its role in providing effective governance—not just by controlling but also by providing better solutions through partnerships and even white labeling.

70% of respondents were CIOs/CTOs with the remainder being C-level decision makers in digital, strategy or risk.

Everyone thinks they're a CIO

Let's begin with the fact that business unit leaders and managers are increasingly contracting with cloud-based service providers, with or without the support of enterprise IT. Our study found that more than 80 percent of respondents are aware that various forms of as-a-service are always or frequently available to meet their needs. More than 70 percent of respondents said that they do not involve internal IT until after the as-a-service option has already been selected. Almost 40 percent involve IT only at or after implementation. In effect, business unit leads are acting as CIOs by selecting their own technology-led business solutions. This means that the IT organization's monopoly over enterprise IT services is gone. Business units will continue to bypass IT in some cases unless IT becomes relevant in the new as-a-service environment.

Enterprise IT is at risk of being pushed to the back of the business

To traditionalists, the diminished influence of enterprise IT is a strange development, so what explains it? At many companies, IT is no longer seen as a provider of essential business outcomes, nor of innovation. Our research found that 77 percent of respondents feel that the IT organization lacks the skill sets for an as-a-service world. Forty-two percent believe that enterprise IT takes longer to implement solutions; 39 percent say that IT adds limited value. In addition, Accenture's 2015 Technology Vision survey found that expectations for enterprise IT to drive innovation dropped from 71 percent to 34 percent over the past two years.[2] Enterprise IT is at risk of being marginalized.
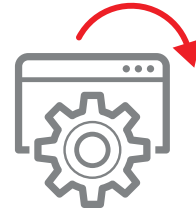
Here's the problem, though: Bypassing enterprise IT could be putting the business at risk

Business users may underestimate the challenges and risks of IT delivery, particularly in the areas of service and data integration. The end-to-end IT landscape could begin to fragment. That means that governance and risk

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77% of respondents feel that the IT organization lacks the skill sets for an as-a-service world

management are becoming more important. Just over half of respondents said there are risks involved with bypassing IT including security, cost overruns and delayed delivery. Enterprise IT has a critical balancing act here: enabling services and platforms that improve productivity while also protecting against fragmentation and security threats across the broader ecosystem. Adopting cloud-based services need not lead to chaos. Offering an enterprise-grade yet entrepreneurial approach is one way enterprise IT can accelerate as-a-service adoption when implementing such solutions.

How can enterprise IT regain the trust and confidence to be a player in the as-a-service world?

We recommend four strategies that can help enterprise IT enable the business to derive more value from as-a-service provisioning.

1. Self-test your IT organization

Assess your IT organization and its performance as a service broker by asking questions in areas such as new feature availability, how quickly new services can be introduced, response time for resolving problems, how you are charging clients for products and services, and so forth.

2. Adopt a startup mentality

Why have so many webscale companies and startups been disruptive to their industries? In part because they were not encumbered by legacy operating models, and therefore could move faster. In an as-a-service environment, established enterprises should be adopting practices and modes of operation that enable them to act like a startup and move at the same speed—while still leveraging their larger scale.

That will mean taking a greenfield approach, creating new business groups and reinventing parts of the operating model that were put in place to protect the stability of the legacy business: processes, governance, functions, KPIs, tools and organization structures. See figure 1 for examples of such changes.

Just over **1/2** of organizations surveyed said there are risks involved with bypassing IT including security, cost overruns and delayed delivery.

Operating model component

Examples of change in an as-a-service environment

FUNCTIONS
How we organize oursleves to deliver services

Traditional Plan, Build, Run (PBR) is shifting to rapid iterations of ongoing PBR such as Continuous Implementation and Continuous Delivery (CI/CD).

PROCESSES
How we execute the work

Service catalog is changing to end-user subscribed services. Provisioning is shifting to automated tool-based. Onboarding and account management are becoming critical.

INTERFACES
How we interact to deliver consistent services

Interfaces are moving from people based to tool and automation based.

GOVERNANCE
How we make, sponsor and enforce the right decisions

Tower/pillar governance (such as a governing body over storage) is changing to governing body over cloud automation (what can and cannot use cloud).

ORGANIZATION, ROLES & SOURCING
How we assign accountability for doing the work

Role requirements are moving from deep knowledge in specific areas like server, storage and network to broader skills across all areas and increased focus on integration and orchestration management. With automation and new testing processes, developers do much of the testing, which means fewer errors get passed on.

PERFORMANCE METRICS
How we measure effectiveness

Instead of being focused mostly on internal IT, metrics are shifting to more transparent metrics built for rapid development and accommodation of failure.

TOOLS
The enabling technologies we use to deliver productivity and agility to service executions

Tools are becoming increasingly software defined; they are moving from supporting engineers doing work to engineers defining and automating the work to scale their efforts.

Source: Accenture

3. Don't let the old organization kill off the new one

There is a group within your organization (an important one) that seeks to sustain the current business model; and then there is another group (inside and outside your organization) that seeks to disrupt it.[3] Think of the sustainers as white blood cells that will fight off anything that seems foreign to the status quo. In the transition to a service broker model, you need to find the disruptors and nurture them before the sustainers kill them off. The disruptors help the organization evolve to the next level, offering new business models, processes, tools and organization structures.
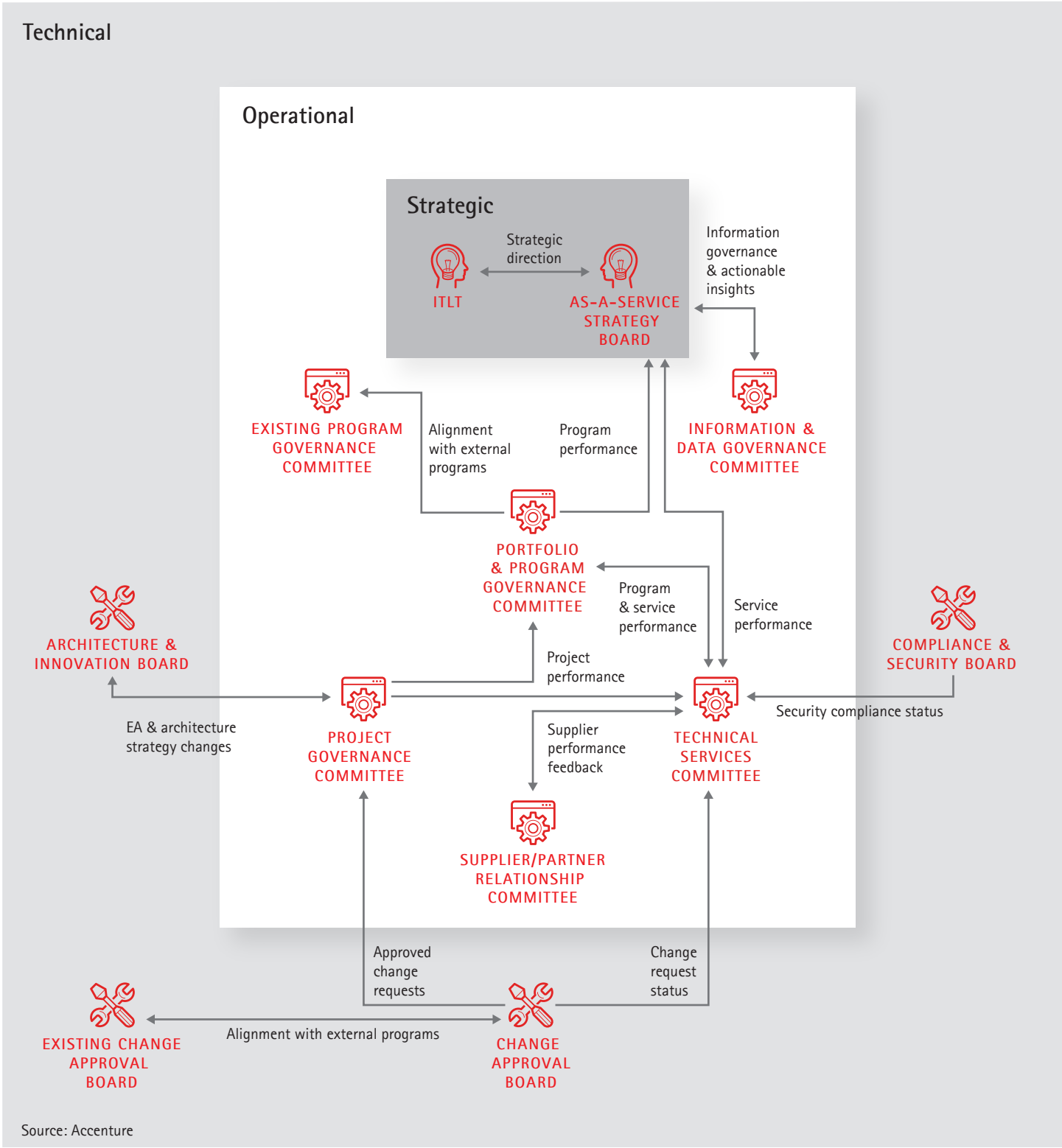
Some good advice: Be a business enabler, not a blocker. Adopt a product/business unit mindset for creating technology-driven business solutions that drive revenue first and cost-takeout second.

4. Act like an external service provider, not a monopoly

As we've said, you're not a monopoly for all IT services anymore, so strategies, attitudes and behaviors have to change. That means changing the way IT operates so it views itself as an organization that (1) competes with other cloud and service providers for the same capabilities and (2) also enables those competitors wherever appropriate.

At the same time, it is important to provide value to the business with a governance model appropriate to the as-a-service era—governance structures that accelerate adoption, help manage change and reduce risk. Figure 2 depicts the key governance boards and committees at three levels—technical governance, operational governance, and strategic governance—as well as the types of information flowing between the various entities.

FIGURE 2 | An effective governance structure for the as-a-service era helps the enterprise IT organization drive business outcomes faster.

Technical

Operational

Strategic

ITLT ←→ Strategic direction → AS-A-SERVICE STRATEGY BOARD

Information governance & actionable insights

EXISTING PROGRAM GOVERNANCE COMMITTEE

Alignment with external programs

Program performance

INFORMATION & DATA GOVERNANCE COMMITTEE

PORTFOLIO & PROGRAM GOVERNANCE COMMITTEE

Program & service performance

Service performance

ARCHITECTURE & INNOVATION BOARD

COMPLIANCE & SECURITY BOARD

Project performance

EA & architecture strategy changes

PROJECT GOVERNANCE COMMITTEE

Supplier performance feedback

TECHNICAL SERVICES COMMITTEE

Security compliance status

SUPPLIER/PARTNER RELATIONSHIP COMMITTEE

Approved change requests

Change request status

EXISTING CHANGE APPROVAL BOARD

Alignment with external programs

CHANGE APPROVAL BOARD

Source: Accenture

Does your enterprise IT function operate effectively as a service broker and service provider? Here are a few questions to help you find out:

1 | Does your department operate as a cost center or revenue generator?
The ability to sell or re-sell cloud services to enterprises, customers and companies outside of your organization could be a viable model to keep IT at the forefront of the business. Another key factor is the formulation of key performance indicators. IT needs to be able to prove its worth to the business and drive an innovation agenda not only in the technology it provides but in services. The services should be priced out in a transparent, utility-based model allowing for the best solution (inside or outside) to be leveraged and integrated.

2 | How often are you proactively pushing new technologies and software features to the business?
This is a key component of what SaaS solution providers deliver. If you are going to compete, think about the frequency of business-relevant updates like webscale companies do.

3 | What is the next product you are planning to build for your clients and how long will it take to deploy?
Innovation is critical to driving value as an enterprise IT provider and solutions should follow a minimum viable product (MVP) approach with rapid enhancements to the production solution.

4 | When problems arise, how many options do you provide users for entering a service ticket, and how quickly do you resolve?
Rapid resolution time and multi-channel service options are key to the service provider model. Customers (employees, partners, end users, executives, and investors) are expecting digital solutions where tickets and support can be seamlessly requested and managed through multiple channels (telephone, text, mobile app, web app, Instant messaging, etc.).

5 | Have you developed your solutions to be platform based, allowing you to easily identify all resources associated with an offering in case you need to swap out for an offering available in the market? Better yet, are you enabling a platform-based approach and driving the market to deliver those platform solutions?
Consider selecting high-growth disrupters in your overall platform ecosystem. For example, think about financial technology (FinTech). Can you acquire a FinTech solution and know exactly how it will affect your staffing, resources and financial needs?

Long live IT

The as-a-service model offers unprecedented opportunities for companies to leverage advanced technology solutions at speed for competitive advantage. Rather than being diminished in importance by as-a-service, enterprise IT has an opportunity to make fundamental changes and reinvent itself as a service broker. In this new role, IT can not only protect the business but also help it achieve greater outcomes.

The old IT is dead. Long live the new IT.

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About the research

This point of view draws on a 2016 survey of more than 1,800 executives from multiple industries across North and South America, Europe and Asia Pacific on a variety of technology strategy topics related to cloud, legacy systems and everything-as-a-service (XaaS). Seventy percent of respondents were CIOs/CTOs with the remainder being C-level decision makers in digital, strategy or risk.

Notes

1 See "The New World of As-a-Service: The Power of AND," Accenture 2015. https://www.accenture.com/t20150909T222412__w__/us-en/_ acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/ Operations_2/Accenture-As-a-Service-POV2-9915.pdf

2 https://www.accenture.com/us-en/insight-technology-trends-2016.aspx

3 See Clayton M. Christensen, *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail*, Harvard Business Review Press, 1997.

About Accenture

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