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A new era of collaboration

By Marty Cole

For the first time, it is possible to create IT-based solutions that are flexible, timely and able to be tailored to short-term business needs. There's a catch, however: To tap into the true power of this next generation of solutions, companies need to collaborate across a broader business and IT ecosystem.

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For all their best intentions, and for all the amazing powers technology has afforded them, IT professionals through the years have often felt constricted in terms of their ability to support their organizations with timely and agile solutions.

Technologies and systems haven't always been nimble. Although IT executives wished for materials that were more malleable, what they had to work with was more like stone than clay. The resulting solutions they sculpted were often innovative and elegant, but they took time to create and were almost impossible to alter.

That's all about to change. New IT capabilities and a rapidly evolving business environment have created a once-in-a-generation opportunity for the development of more flexible and timely solutions. The industry is witnessing the convergence of business demand cycles and information technology capability cycles—timelines that have rarely been in sync. That has the potential to change how businesses are designed, how they execute their strategies, how they apply IT to business needs and how they collaborate both internally and externally.

Business and IT solutions are no longer set in stone. Services and applications can be developed and delivered faster, thanks to a suite of impressive innovations, including cloud computing, mobility, consumer technologies and the proliferation of standardized software components that are enterprise-grade and ready to go.

The payoff: IT-based solutions that are flexible, timely and able to be tailored to short-term business needs.

There's a catch, however. To tap into the true power of this next generation of solutions, companies

need to collaborate across a broader business and IT ecosystem: business units, alliance partners, the IT function, system and service integrators, vendors, outsourcers and more.

No one can go it alone anymore. Indeed, organizations unable to collaborate—those that cannot effectively manage the kinds of partnerships that encourage innovation and direct that innovation toward new strategic capabilities and business growth—will find themselves at a severe disadvantage.

A new focus

Over the past decade, IT professionals have seen their role evolve from their heritage as project-oriented technology and application providers to strategic partners providing services to the business. For some time, however, that partnership has been focused primarily on cost reduction and efficiency.

Today, the business goals of IT have been broadened. It's no longer just about costs; it's about growth and innovation. It's no longer only about supporting the business through advanced IT solutions; it's also about proactively influencing business strategy because of the unique capabilities of today's technologies.

Accenture's most recent high-performance IT research underscores the fact that adopting a more strategic role for the IT function is a clear hallmark of high performers. These organizations are much more likely to recognize the power of IT in improving employee productivity and satisfaction, delivering new products and services, and supporting R&D efforts. As one CIO we interviewed put it, "We used to just get the low-hanging fruit, but now we have moved into the innovation part of the equation."

Augmenting cost reduction with a growth and innovation mentality, however, also changes the attitude CIOs take toward their sourcing partnerships—how they are managed and how the goals of those relationships are plotted. For some years, CIOs have seen their sourcing partners—integrators, vendors and outsourcers—as a way to perform standard processes at less cost. Now, however, these partners are a source of innovation—and often the only way complex solutions can be delivered and managed.

So the required IT focus is strategic, but it's also collaborative. And that collaborative focus drastically alters the operating model that guides IT development. Collaboration is now the name of the game—between IT and the business, to be sure, but also among all the players that make up a total IT-based business solution.

Five strategies are especially important to enabling effective collaboration across a global ecosystem of partners.

1. Unite the thinking of business and IT around a process-based orientation

Technology developments have given business and IT executives what amounts to a common language.

In the past, that was not always the case. IT professionals have tended to think in terms of applications and technology building blocks, while business people have thought in terms of capabilities and higher-level needs. This lack of a common language created a barrier to the successful collaboration of IT and the business, and sometimes produced misaligned efforts and unmet business expectations.

Today, a common language based on business processes can be spoken. Aided by recent technology developments, IT professionals are moving away from thinking of solutions only in terms of a set of applications. Instead, they are starting to think in terms of the collective, end-to-end processes and capabilities that run the business, and then putting in place the flexible IT architecture and services that support those processes.

In turn, business executives are now thinking more broadly about designing their business—that is, re-creating

their business architecture—and then considering the underlying processes required to enable that design. In other words, business and IT executives start from different places in their thinking but can now arrive at a common language and, more important, a common way to think about innovation and creating a more efficient business.

Steve Furminger, group chief technology officer of global digital marketing agency RAPP UK, underscores the importance of this process orientation, which enables business executives to think in terms of business processes and optimal business design without necessarily needing to focus at a granular level on the configuration of applications necessary to make it happen. “Now,” says Furminger, “you can almost forget the technology and just say, ‘This is what we’re going to do.’ ”

Although this process orientation represents great promise, it also requires companies to focus on improving collaboration between business and IT, and putting in place more effective business process management—the methods, policies, metrics, management

practices and software tools to manage and continuously improve an organization's business processes. This can give both business and IT

greater clarity on strategic direction, better alignment of the organization's resources and increased discipline in daily operations.

2. Embrace a component-based architecture to deliver faster solutions and a more flexible business design

While IT professionals have traditionally worked like sculptors, solutions today can be built on service-based components that, much like building blocks, can be reconfigured faster and more readily as business needs change. A prime enabler of this component approach is cloud computing, a utility model for computing capacity, software and business functionality.

Although a certain amount of hype still surrounds the cloud—along with an exaggerated notion of how soon its full benefits will be realized—there are nevertheless already some clear benefits being delivered by cloud computing that will increase the collaborative nature of future IT-based business solutions. Cloud computing provides CIOs with meaningful answers to board-level questions about the current organizational IT environment, including how much it costs and how quickly new services can be delivered.

This new generation of IT solutions will also be delivered, and altered, dramatically faster. New Accenture-sponsored research from The London School of Economics and Political Science—survey findings as well as in-depth interviews with both business and technology executives—confirms that one of the distinctive benefits of a cloud architecture is delivering IT solutions that are faster to implement and more closely aligned with business needs.

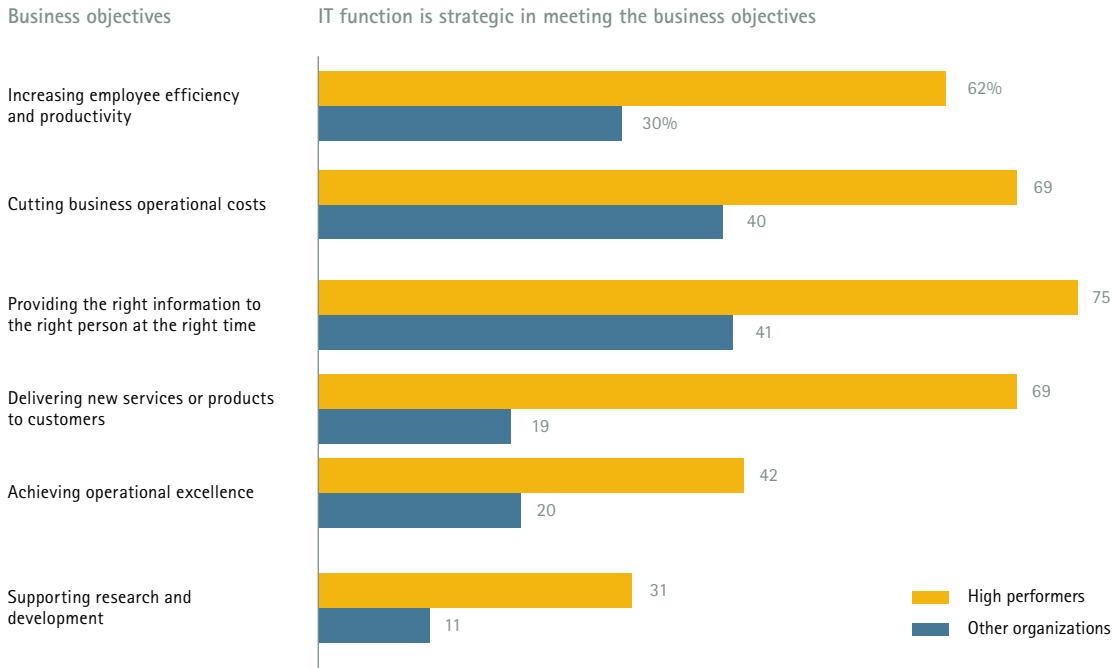
In effect, a company is acquiring a business service through the cloud, not just an application. That is, cloud computing becomes the IT underpinning for the process-based orientation of the new era of business-IT collaboration. Or, as Tim Barker, vice president of strategy for Europe, Middle East and Africa of Salesforce.com, told interviewers in the research study: “Cloud computing in its best form lowers the barrier to actually getting the business what it wants.”

In addition, with business and IT speaking the same language, and with more flexible technologies available quickly, companies can engage in the kinds of experimentation that can enable innovation. One way the cloud enables this experimentation is through the rapid development of lower-risk prototype systems.

Some of the respondents to the Accenture-LSE research talked about this capability in terms of “low-friction” activities. Whereas in the past a decision to create a prototype for a new system might involve the procurement and installation of new hardware (with the associated checks and delays that conventional purchasing and implementation require), cloud services can be provisioned rapidly and at low cost. These low-friction approaches encourage innovation because companies can acquire new services, use them where it makes sense, and then get rid of those services when they are no longer needed.

Strategic role

More than twice as many high performers recognize the strategic role of IT in meeting core business objectives than other organizations do.



Source: Accenture analysis

The flexibility of cloud services both enables better collaboration and changes the risk profile associated with innovation. Projects and processes that would have

been too risky to attempt if they required a major capital investment become worth trying if unsuccessful experiments can be decommissioned easily.

3. Create a structured process for broader collaboration

An even stiffer challenge in the new era of collaboration comes in managing the work of multiple players—the business and IT functions not only within the organization but also externally, across the broader ecosystem of partners, integrators and vendors.

Enterprises have evolved from a “buying extra capacity” mentality when engaging with external companies to a “buying services” mentality, which usually involves multiple vendors, solutions and skill sets. In part

because of the inherent flexibility of the new process and IT architectures just discussed, organizations have more options for creating strategic partnerships to help improve business agility and innovation.

Part of the value proposition underlying the new era of collaboration is being able to match real-time business needs with the most appropriate sourcing options. Organizations have an opportunity to reinvent how they source the delivery and management

of IT solutions—not only to save money but also to harness external capabilities more effectively to drive innovation and growth.

This is harder to achieve than one might think, since a CIO's existing partnerships have generally been established from a cost management perspective, not as a strategy to maximize flexibility and generate innovation. By being more proactive in their IT/business planning activities, CIOs can optimize internal processes to match business needs. That enables them to think more clearly about the types of sourcing relationships that align most closely with business objectives.

This broader sense of collaboration has several implications.

For example, how can companies make decisions about optimal partnering relationships? Proven track records, successful products and leading-edge technologies will certainly be among the key considerations when making a selection. But now external vendors will also be judged much more closely on their service perspective. New IT solutions, especially cloud-based ones, often remove the traditional buffers between the business and the customer. Now, companies have direct links with their customers, and that requires better service capabilities from everyone involved in serving those customers.

According to Wolfgang Feisst of SAP, software providers used to just make their products available to customers. “Today, we deliver a service that needs to run from the first time on. That means that every hour, day by day, we are faced with customer needs, and that means that a vendor must be able to deliver high levels of customer service.”

A second implication of collaboration: It is more important than

ever to put rigorous structures in place for managing the work of many, globally dispersed organizations, helping to coordinate work and handoffs, and ensuring that excellent communications are in place at all times.

Recent research from Accenture and benchmarking organization APQC underscores the importance of frameworks and reference models to support the collaboration of multiple stakeholders.

A process framework can accelerate the delivery of a business solution by giving professionals a firmer basis for interaction and the setting of expectations. A framework establishes a common language from the start. Organizations reduce the time spent mapping their specific activities to the activities of other organizations because everyone participating has the same, single process framework or reference model to map all processes to.

The framework needs to be managed centrally by the primary organization, although ownership of the processes defined by the framework should be distributed as widely as possible. Wide distribution of ownership of whatever is managed through the framework facilitates stakeholder buy-in of the adopted framework.

Stakeholders are more agreeable to adopting a collaboration framework when they understand that they are not required to actively manage and maintain the structure of the framework, but are instead asked to contribute their expertise to the centralized management body.

The use of quality and performance measures throughout all processes included in the framework is critical to success across organizations that have focused on using a common process framework. Measurement is not solely focused on outcomes;

it also includes in-process measures that provide data about how the process itself is working. Liam Ward, senior manager of business transformation at ING Insurance Asia/Pacific, notes the importance of this point: “We could map, design and create new processes. But if we didn’t understand the impact [on outcomes], it is difficult to justify the costs associated with the change.”

Typically, the activity of measuring performance is a separate function located in quality or performance management departments. But at Ward’s company, it has become an integral part of the process framework system. This type of integration provides real-time data about process results that can be used to adjust workflow and to forecast, with reasonable accuracy, what the results and value will be.

4. Invest in skills development, especially in relationship and supplier management

Two important points about skills development need to be made, given the new multi-sourced, collaborative IT environment.

First, with so many technology capabilities being supplied externally, IT organizations can find it harder to develop internal expertise about the IT services they’re running or using. But such expertise is critical to success. Accenture research shows that high-performance IT organizations are over seven times more likely than other IT organizations to have invested in workforce training in new technologies.

Given the new collaborative environment and the exposure to many different organizations and services, companies should focus on developing IT professionals who are skilled in many platforms and functions. It needs architects who can work across multiple disciplines that have historically been siloed within IT.

Training should help the workforce learn new skills to support emerging technologies and delivery models. At CLP (formerly known as China Light & Power Co.), for example, management has spent the past six

years transforming the IT workforce into a “smart army” of business-savvy technologists, leading to a significant cultural shift centered on business value creation, customer care, passion and innovation.

A second skills issue is that, in a collaborative environment, IT organizations require in-house personnel who are as skilled at developing and managing partnerships as they are at writing code. Managing suppliers requires skills that are often in short supply in many organizations. Also needed are skills to manage the internal business/IT interface. IT professionals are no longer simply “order takers,” but that means they need the capabilities to be active participants in business process development.

The imperative to develop better relationship management skills applies internally as well as externally. If business and IT are to take full advantage of the enormous opportunity they now have to collaborate and deliver more timely and strategic solutions, the business needs a relationship management role interfacing with the IT organization, just as IT has had with the business.

Companies, collaboration and the cloud

Following a major acquisition, Freeport-McMoRan Copper & Gold—the world's largest publicly traded copper producer as well as the world's largest producer of molybdenum and a significant gold producer—found that its existing technology infrastructure and enterprise systems environment was inhibiting its ability to support its growth effectively. The company launched a major infrastructure transformation and expansion initiative, with an extremely aggressive nine-month timeframe.

Leveraging a team of collaborators—including systems integrators, solution providers and major technology and ERP systems vendors—Freeport created a private cloud, with an installation

customized to meet its diverse demands for infrastructure scalability, flexibility and manageability.

The private cloud architecture enabled the company to scale storage and computing power, and also increased the speed of delivering the solution, by enabling rapid provisioning of the system landscape to support on-demand development and test environments.

By delivering a flexible, highly efficient and scalable open architecture platform, Freeport was able to revise its operating model, leverage emerging technologies and optimize internal processes.

5. Manage according to new governance models to encourage innovation and more rigorous business-case realization

Although the new collaborative environment holds great promise for faster delivery of innovations as well as solutions, the fact is that old habits die hard.

Too often, organizations are designed so that, unintentionally, innovation is stifled rather than nurtured. Sometimes an idea arising from one business unit gets strangled at the corporate level because it's not deemed important enough to compete for scarce investment dollars. Or decision makers may not have the patience to wait out an innovation if customer take-up is not immediate.

What's needed are governance structures that let in air and light across the enterprise and that also establish an environment where limited types of failure are tolerated as something that's actually important to eventual success.

Governance models need to be adapted to accommodate the broader relationships between IT and its collaboration partners. High-performance IT organizations closely manage

service providers to ensure they conform to the security and performance expectations of IT and the business.

Aligning the demand and procurement of the cloud and other external services requires higher levels of both stewardship and accountability.

From an end-user perspective, IT will be expected to manage the catalog of services available to the business to ensure consistent procurement processes while giving users the flexibility they need—and now expect—to quickly deploy or scale new services and functionality.

Companies' governance models should be designed to help CIOs run IT more like a business, which can help IT organizations secure future investments in timely, business-focused initiatives. In Accenture's high-performance IT research, nearly nine in 10 high-performance IT organizations say they develop a business case for nearly every new IT initiative, and they are eight times more likely than other companies to measure the benefits realized from these IT projects.

For further reading

"Cloud computing: Where is the rain?"
Outlook 2010, No. 3

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At CLP, business cases for new projects are developed jointly by IT and the business sponsor. ROI is categorized in two ways: tangible (will it deliver calculable returns to the general ledger or payroll?) or intangible,

recognizing that not all benefits may be readily quantifiable. This process has helped raise the realization rate for IT initiatives—the harvesting of quantifiable business benefits in the project business case—to 98 percent.

Business needs and IT capabilities are converging in a way that offers faster and more flexible IT solutions that can more directly support business goals, drive innovation and enable more agile business designs.

In the new technology environment, IT can be more agile and timely in responding to strategic needs and opportunities, making it a closer and more valued partner to the business. Tightly coupled with core strategy, technology becomes integrated with a company's strategic growth engine. Cross-functional teams work together seamlessly to speed innovation and significantly enhance the products and services the company can offer to its customers. Because technology investments are made based on their fit with business needs, this collaborative mindset also optimizes the technology's performance.

Beyond the "four walls" of a company, however, is where the collaborative promise—and challenge—truly arises. A company's partner ecosystem—alliance partners, vendors, service providers, integrators, universities and more—is now a source not only of efficiency and execution but of innovation as well. Those who can manage this ecosystem most effectively will be among the next generation of industry leaders.

Extracting business value from collaborative sourcing relationships is one of the key differentiators between high-performance businesses and those that are simply trying to keep up.

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