

IT & Business Integration

Make The Case For Building A Better Business Model



Despite its prevalence in the enterprise, the IT department is often treated like it's just one of several cost centers in the eyes of upper management. Oftentimes, business managers turn to IT to handle a specific task, such as managing email or data archiving,

but after the project is up and running, business choices are made without including IT decision makers.

Now, instead of looking at IT as a standalone entity that is on call to handle only certain business needs, many small to midsized enterprises are integrating IT and business from a management and decision-making standpoint—and reaping huge benefits in operations efficiencies as a result. In the IT department, that means making sure that every investment solves a business need, as opposed to investing in a technology for its own sake.

“Any change [in IT investments] should impact one of three business areas: you want to lower risk, lower cost, or add more value by enabling the business to make better margins,” says Clive Longbottom, service director of business process facilitation at Quocirca (www.quocirca.com). “You need to find a match that will apply to one of those three.”

■ Day-To-Day Business Involvement

A first step in integrating IT with business operations should involve assuming that virtually every business process involves IT and communicating its role to the business managers. “Business-line managers need to have a clear idea of where they're headed and of the problems they are trying to solve and be open to IT suggestions,” says Susan Snedaker, principal consultant and founder of VirtualTeam Consulting (www.virtualteam.com). “Many times, IT will approach a problem very differently and sometimes come up with a simple, elegant solution that the business-line manager may never have thought of.”

As a counter example, not including IT in the business-making process can become an issue after plans are initiated. “I've seen many companies panic at the last minute because they forgot to include IT in a decision or an initiative until it was far too late,” Snedaker says.


Combining IT with business processes should also involve paying very close attention to users' needs, Snedaker says. “I've seen a lot of IT staff come at a business problem as ‘we cannot do that’ for one reason or another, when, ultimately, it can be done,” she says. “I've also seen a trend where IT staff says ‘this is the only way it can be done,’ which is completely untenable for the user and also not a viable solution. Somewhere between the perfect end user and IT worlds, there is a workable, acceptable solution [that is] maybe not perfect in either world, but serviceable.”

■ The Cost Of Doing IT Business

The IT cost structure should also play a key role in business decisions, as IT infrastructure costs in particular are increasingly becoming more of an issue.

Key Points

- Every IT investment should have a tangible business benefit.
- Take the IT cost structure into consideration before making business decisions.
- The role of CIO is growing more important, with CIOs serving as a liaison between IT and the business.

“Previously, when space and electricity were cheaper, you didn’t have to worry as much about costs. But today, data centers are \$100 million processes,” says William Nelson , director of product management at Rackwise (www.rackwise.com). “The stakes are higher, so now you have to tie everything together and understand it all.”

IT costs should especially be considered when your enterprise expands to different geographic locations, Nelson says.

“You need to better understand what a move is really costing in dollars and cents for IT,” he says. “When deciding between building a data center in either Singapore or Chicago, you have to compare real estate, equipment, power, and other costs for data centers. You then can determine whether that [particular IT investment] is more efficient locally or globally.”

■ The CIO Rises Again

CIOs were once given near star status in the business world, especially at Fortune 500 technology firms, but they lost much of their luster after the dot-com bust in early 2000.

“CIOs were thought of as strategic contributors through the late 1990s, but in the bursting of the dot-com bubble, they were, as a class, demoted to mere caretakers of the communications and computing infrastructure,” says Roger Kay, founder and president of analyst firm Endpoint Technologies Associates. “Ever since, CIOs have been trying to win their way back into the core of the business, but budgets have been tight and progress has been slow.”

But today, as enterprises increasingly begin to accept the idea that it makes sense to better integrate IT with business operations, the role of the head IT manager should hold more sway. An active CIO that has the same status and decision-making authority as a CFO, COO, or a similar position in the hierarchical structure can help to formalize IT’s role in key business decisions. “There are increasing examples of businesses that rely strategically on [CIOs] and IT for their success,” Kay says.”


Indeed, the CIO’s role should only further strengthen any enterprise’s business model. “If you have a savvy C-team, your CIO has an equal voice at the table and can help drive strategic deployment of technology to support—and better yet, enhance—the business objectives,” Snedaker says. “The new breed of CIO works with the CFO, COO, and CEO to help develop business strategies that leverage technology appropriate for the firm.” ■

by Bruce Gain

Three Quick Tips

1. Combine IT and business in one job. Business managers need a better understanding of IT, while the tech guys need a better grasp on how IT decisions will improve business processes. So why not make sure that at least one person has both skills? “I’d recommend companies look at defining a position that is a sort of business/technology integrator role, who can speak business and technology and be the intermediary between two worlds that seem to collide more often than they collaborate,” says Susan Snedaker, principal consultant and founder of VirtualTeam Consulting (www.virtualteam.com). “Often, project managers fill this role, and if that’s the case, they need to be included and given the authority that comes with the responsibility of bridging that gap.”

2. Create department-by-department budgets. Itemizing how much different departments spend on IT can help to better manage costs, while making sure that IT investments are really furthering business needs, says Calvin Nicholson, director of product marketing for Server Technology (800/835-1515; www.servertech.com). “Each department often has a free ticket. In accounting, if they think they need new servers, then they just take them,” Nicholson says. “But if they are billed for power out of a budget for the amount of infrastructure they use, then they probably would be more concerned about how many servers they have running.”

3. Track and analyze. Is there someone really tracking IT investments and costs and then weighing the data against benefits to the business? To do that, software system tools are recommended, says William Nelson , director of product management for Rackwise (www.rackwise.com). “You need modeling and data center intelligence, which can make sense of that mountain of data,” Nelson says.