

Is IT Really Just Another Utility?

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When Nicholas Carr's article "IT Doesn't Matter" was first published in the Harvard Business Review (May 2003), CFOs and CEOs across the globe rubbed their little hands in delight at the prospect of constraining the high costs of IT. CIOs began looking for burger franchise opportunities in Florida.

Mr. Carr was essentially correct, and, if people had chosen to look beyond the title's clever sound bite opportunity, they would have seen the logic of his premise. A premise which explored the fact that technology is ubiquitous in all businesses and technology, of itself, provides no competitive advantage.

Competitive and strategic advantage within a business resides in its people, the corporate culture, management and how the company uses technology. He argued that more effort should be spent on stabilizing and securing the 'core' technology infrastructure rather than in following a revolutionary, technology driven path to certain business extinction.

He followed through on his arguments in the spring 2005 issue of the MIT Sloan Management Review and produced a sequel entitled "The End of Corporate Computing." Here he explored the commoditization of IT to its logical conclusion: a mature industry organized to supply an efficient product (cost effective, resilient and evolutionary). He envisioned the commoditized provision of IT services and products by utility-based technology companies.

A Look at Carr's Theory Today

To an extent, I can see his vision already at work. When I arrive at work in the morning I expect to be able to gain keycard access to a secure building, flick the lights on, boot up my computer and open my e-mail account to begin my day. I'll need to pull up a Web browser to check the latest news online, do a bit of research and access basic services like file directories and printers. I expect these systems to operate without failure or downtime in much the same way that I expect the lights to come on, the taps to provide water and for there to be air conditioning and/or heat to make my day as comfortable as possible.

These expectations do not distinguish my company from any of our competitors, but sometimes the execution does. I/We pay great attention to security, change control and reliability and employ some great people to achieve this. Because these technology functions just happen, IT has become largely invisible to the majority of the company. IT has evolved into 'business-as-usual' and expenditure on the 'core' is just an inherent cost of doing business.

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When IT does fail, it becomes the topic of the moment and is cited as a key factor in lost revenues and opportunity. That means IT and the technologies it employs ARE intrinsic to the very fabric and wellbeing of a modern company. In fact, a good reliable 'core' can become a competitive advantage when competitors have failed in core IT provision. But the fact remains: a strong technology 'core' ain't strategic and it ain't funky. It's just there ... a basic building block of 21st Century corporate opportunity.

Engineering Lost Potential: An IT & Business Issue

It is an accepted and well-documented fact that IT infrastructures are over engineered and underutilized. Nicholas Carr makes reference to studies that indicate most network servers only use 10 to 35 percent of their available processing power while desktop PCs only use 5 percent. He also says that more than half of data storage capacity is wasted.

No argument there at all, and Sarbanes Oxley et al have also increased this widespread squandering of resources. I would add a slight caveat to the foregoing: As a CIO who is responsible for business continuity, I need to over engineer my infrastructure not under engineer, but the fact remains as stated, we are wasting potential.

But let's be clear: This is not only an IT issue. It is also a business issue. If I had a dollar for every time I heard that a user was too busy (or important) to add value to corporate data, validate data or observe basic systems best practice policies, I wouldn't need the burger franchise. It's amazing how many of these same people have time enough to answer and generate personal e-mail, book holidays online or even play the markets during working hours.

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The message here is that we have significant corporate assets invested in IT and we ALL need to use them more effectively and efficiently. It's not a technical thing; It's a people thing. Better training and management teams leading by example across all areas will help businesses harvest the fruits of their IT investments.

IT: Utility or Competitive Advantage?

So has IT become a utility that simply needs to be used more thoroughly? Yes and no. There is a point at which I deviate from the purely utilitarian hypothesis of the Carr article title as I still believe that there are revolutionary technologies coming our way and innovations that will assist me in delivering a frictionless business. For example, some of what I see in Web 2.0 gives me hope that a better engagement model with my customers is not only possible but downright essential. Therefore, when a technology is targeted and used effectively, IT is adding competitive advantage.

For IT to be both a reliable utility and driver of business value, I want my company to embrace and foster a technological Darwinism (call it 'Survival of the Clickest') with a light hand. I do not want to embed hugely expensive technology across our organization, but rather clip on elements to the core that are used to differentiate us as a company and satisfy our markets and customers (modules, if you like, that build value, increase market share and can be flexed easily to reflect demand). This is a rare thing—like a blue moon—but a rare thing worth striving for.

IT Competitive Advantage Is a Company Job

Where could I, as a CIO, create competitive advantage today? Could it be by working closely with business to align IT provision to the business strategy? I could also find a cure for the common cold, climb Everest or be the first portly, balding CIO to swim the Atlantic. But I look dowdy in a lab coat, am not keen on heights and would be at risk of being harpooned by a Japanese whaler.

The reality is that for IT to add value I must mirror and deliver against a business strategy that encompasses and lends itself to technology input, output and measurement. When that occurs, IT can deliver great value. But to do this, I need the yin to IT's yang. The yang says 'IT Must Align Itself to the Business.' That can only be achieved with a consenting yin that says 'The Business Must Align Itself to IT.' When an entire organization (business departments and technology departments) works together to achieve IT and business alignment, IT can transcend the utility role and become a true partner in building competitive advantage.

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