

INNOVATIVE BUSINESS SOLUTIONS

STATE OF THE ASIAN CXO 2010



**The August 2010
Survey of IT
Leaders in Seven Asia
Pacific Countries**

STUDY BY:



Fairfax Business Research

SPONSORED BY:



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This report was produced by *CIO Asia* Magazine, Fairfax Business Research and sponsored by Telstra International.

The report is based on the findings of a survey of IT leaders in public and private organisations in Singapore, Malaysia, Thailand, the Philippines, Indonesia, Hong Kong and India. The survey was designed by *CIO Asia* Magazine and Fairfax Business Research.

Our sincere thanks to all the survey participants for sharing their insights on the topic.

ABOUT CIO ASIA MAGAZINE

CIO Asia builds the IT business case for high level members of the executive suite. *CIO Asia* is read by Asia Pacific region's leading top-level business executives who make up the IT steering committee of major enterprises. These executives define IT strategy to deliver corporate objectives.

ABOUT FAIRFAX BUSINESS RESEARCH

Fairfax Business Research ('FBR') is the demand-side research division of Fairfax Business Media. FBR provides business intelligence and custom research services in Australia, New Zealand and across 11 countries in the Asia Pacific.

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Telstra International is a global telecommunications service provider and an expert in customer centric managed services, hosting and connectivity. With investment interests in over 50 subsea cable systems and operating licenses and landing rights in most major markets, we operate award-winning networks which are the largest and most diverse in Asia, serving over 200 of the world's top 500 companies facilitating access to over 1,500 PoPs in 230 countries and territories.

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Helping Yourself by Helping Others

Perhaps one of the strongest commendations an organisation can get for the research it does, is to have participants acknowledge the personal benefits they received by taking part.

More than 300 senior executives across seven Asian countries took the trouble to complete our 'State of the Asian CXO 2010' survey and it was heartening to read some of the comments from respondents, even before we crunched the numbers.

One respondent said: "A very good survey. This also helped me to review my SWOT analysis."

Another: "Good survey. I learned a lot and looked into myself to find areas for improvement as well as key factors for growth."

You can be sure these comments will be used in our marketing of our CXO 2011 research because they

Telstra International kindly provided valuable support for our research this year and, although this was pure serendipity, the results certainly pointed to a strong future for managed services, outsourcers and cloud computing service providers.

There were many positive revelations from the survey (see inside) but I also showed that CIOs, in particular, feel over-worked, unappreciated, under-valued and not as welcome as they should be into the executive power circle.

To be fair, our research this year involved about 85 per cent CIOs, with CEOs and CFOs making up the difference, so it's perhaps not surprising that the CIO statements dominated. Nevertheless, there are key messages in the CXO 2010 research that will be of value to all senior decision makers.

By measuring the executive mood in Asia, as we strive to do each year, areas where more work needs to be done,

Interpreting research results can sometimes be a challenging intellectual exercise, but there were some clear trends unearthed this year, particularly pointing to the long-standing issue of business-IT alignment and C-suite executive harmony.

show that answering some tough questions can help individual executives and enterprises alike, understand their strengths and weaknesses. Completing our survey questionnaire certainly helps the broader IT community, while also benefiting the individuals who take part.

Interpreting research results can sometimes be a challenging intellectual exercise, but there were some clear trends unearthed this year, particularly pointing to the long-standing issue of business-IT alignment and C-suite executive harmony.

loopholes that need plugging and attitudes that cry out for attention, are all brought into the light of day.

The value in research such as this is providing pointers to action that should help an enterprise overcome unnecessary hurdles that get in the way of success. We've completed the research project. It's now up to you to absorb the messages and act upon them.

Ross O. Storey
Managing Editor
Fairfax Business Media
Editor – CIO Asia magazine.



Blurring the Lines Between C-Suite Functions

Telstra International is delighted to have supported the 'State of Asian CXO Survey 2010' survey this year and expresses its sincerest gratitude to the more than 300 senior business leaders that took the time to participate and to CIO Asia Magazine for the privilege and opportunity.

Listening intently to customers is clearly something every business needs to prioritise, so it is rewarding to learn of the geographic diversity and range of industries survey participants represent as this undoubtedly increases relevance and value of the insight shared.

The world economy has tilted to Asia and we are facing truly exciting times. During the last 20 years, the fusion of globalisation with digital technology has led to the creation of continent spanning networks that intertwine every business transaction and social activity.

Herein rests perhaps the biggest opportunity for the telecommunications industry to assist customers in driving growth and productivity.

Commerce conducts itself through these networks in ever increasing volumes and at ever increasing speeds. Since 1990 for instance, trade flows have grown 1.5 times faster than global GDP and cross-border capital flows have expanded at three times the rate of GDP growth. Information flows have increased exponentially and it comes as no surprise the majority of survey replies were from CIOs.

So how does the modern CIO anticipate, plan, execute and capitalise on the fresh opportunities presented by this shift in the centre of economic gravity? What can be done to optimise the value from technology within the business? How, if you like, can IT be operated as a service?

Much like the Asian economy is creating excitement and enthusiasm, the global technology landscape has redefined itself blurring the lines between C-Suite functions. Many challenges still remain, though with the survey results revealing top issues such as not having enough time to think strategically and ever increasing complexity.

Herein rests perhaps the biggest opportunity for the telecommunications industry to assist customers in driving growth and productivity. Simply put, robust, scalable and secure networks now function as the central nervous system enabling network-centric applications to be delivered through managed services and Cloud Computing to optimise business performance.

For example, Cerebos and Jetstar Airlines have both leveraged managed services to help shorten their time to market and Visy and Komatsu have enabled Private

Cloud Computing to deliver mission critical ERP applications into hundreds of sites and countries.

It's often said with every cloud there is a silver lining and the 'State of Asian CXO 2010' study certainly shines some new light on senior business leader sentiments. I am confident you will discover genuine utility from its findings and naturally invite you to engage with the Telstra International team should you feel we can be of any assistance.

Tarek Robbiati
Group Managed Director
Telstra International



State of the Asian CXO 2010

Executive Summary

IT gets the Innovation Vote for CXOs

The Asian CXO is able to steer the business in the same direction, according to CIO Asia Magazine's annual State of the Asian CXO 2010 Survey. More than 76 percent of 301 respondents across 7 countries felt that the IT objectives have been effectively or very effectively mapped to the CEOs objectives and overall corporate strategy. An encouraging 20.6 percent see IT as leading the innovation charge across the organisation, while more than half (52.8%) have seen IT being used effectively to co-lead innovation initiatives in collaboration with business executive sponsors. Overall, it would seem that the majority of CXOs (67.1%) have used IT proactively to help drive new business possibilities and growth initiatives.

Time to Mean Business

The past 24 months have seen many companies seeking to 'trim the fat' and most have operated their IT on lean budgets. Asian companies are now getting ready for battle, with Business Process Optimisation along with a Business Intelligence ranking as top technology priorities and focus areas. Many have relegated cost management out of their top 5 priorities for 2011 and have instead promoted an IT-as-a-Service theme, resulting in the alignment of IT and business as the top management approach to increasing overall enterprise performance.

Overall, it would seem that the majority of CXOs (67.1%) have used IT proactively to help drive new business possibilities and growth initiatives.

Ingredients for Success

In preparing for the next wave of business competition, Asian CXOs are banking on IT as the weapon of choice. However, to enable IT as a true business innovator, several roadblocks need to be removed including alleviating IT from systems and infrastructure maintenance, being involved earlier in the decision making process, increasing the opportunity to demonstrate innovation, and sharpening the focus on how corporate culture can be adapted to allocate specific business unit responsibility to leverage IT innovation.

Market Opportunities

As Asian CXOs plan their 2011 strategies, most (70.43%) are not intending to increase headcount. However, there are several skill sets that are in demand namely Application Developers, Infrastructure specialists, Project Management, Networking and Database Management. From the Vendor community perspective, outsourcing opportunities will be available primarily in the areas of Data Centre, Networking and Storage. ●



The CXO in the Driving Seat

Global economic issues, natural calamities and heightened security threats are just some of the factors Asian companies continue to grapple with in 2010. Although, compared to the year before, 2010 has been relatively stable, which has allowed most companies to regroup and plan strategies for next 18-24 months. Over the years, the role of IT as a business enabler has become entrenched and now more than ever, the role of the CXO has evolved into a key function within business management. In fact, there is an expectation that when the economy turns, CXOs will need to be out in front leading with ideas on how their companies can aggressively and successfully tap into new opportunities.

Companies are now looking to transform and become what they needed to be instead of merely perpetuating what they have been. New products, new partnerships, new sales channels and new levels of co-creation with customers are being driven by new ways of finding and analysing information to secure true competitive advantage. According to industry observers this shift signals the evolving role of the CXO, which is now much more aligned with business drivers and corporate imperatives.

So what are the CXOs really thinking? CIO Asia spoke to 301 CXOs from seven countries including Singapore, Malaysia, Hong Kong, Indonesia, Thailand, Philippines and India to find out.

First off, who is the Asian CXO and what does he/she do? As expected, the CXO background is typically from IT, although there are cases with finance and various man-

agement group capabilities. If of an IT background, the CXO still needs to understand the business in order to effectively apply this experience and knowledge to business operations. This may seem to be stating the obvious but it is an important point especially when considering the relatively short experience of the average Asian CXO.

According to the CXO Asia Survey, almost half of the respondents (44.9%) only have experience of between 1 to 5 years, but despite this relatively short tenure, most executives pride themselves on having the necessary skill sets to perform. Most coveted are those with strong communication, leadership and management skills, followed closely with business and industry knowledge or specific change management experience (see Figure 1). Moreover, youth may in fact be a distinct advantage as

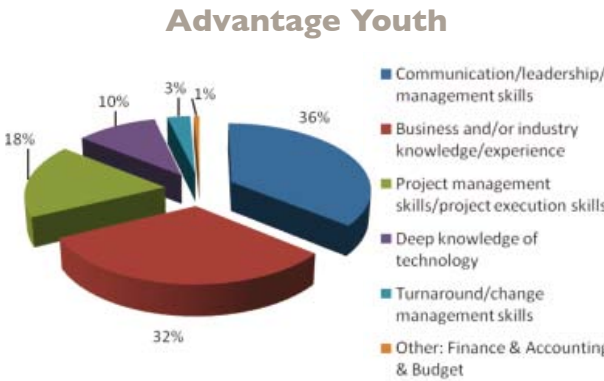


Figure 1: What are the strengths of the CXO?

fresh perspectives on how IT can be applied to the business are often made and the willingness to try new approaches such as social media and Cloud Computing can be higher.

The Asian CXO realises that communications channels must be opened and maintained with other business line leaders in order to understand the business requirements for the IT applications. Armed with business and IT knowledge, the CXO must then be able to formulate and execute various projects.

The typical Asian CXO certainly has a lot on their plate. Aside from looking at the big picture constant interaction within the organisation as well as with external parties is required to fully understand business processes and how to optimise them. Over 50 per cent of respondents listed “Strategizing and big picture planning” as their top activity, followed by 49.2 per cent who listed “Designing/optimising business process” (see Figure 2). This fact alone is crucial now more than ever before, with many CXOs under pressure to both reduce IT costs and yet deliver IT initiatives that support the business to drive improved results.

In fact, just about everything in large companies is becoming more complex. On the business side, regulatory requirements, partnership relationships, mergers, and acquisitions all help make business processes more complex. On the technology side, new distributed models, heightened demands for interoperability, and workflow automation all help make IT systems more complex. In the midst of all of this growing complexity comes a requirement for agility. Rapid changes in business models, customer expectations, and market conditions all put demands on the organisation’s ability to keep IT agile.

Bottom line, the challenge is how to build and manage IT systems that are becoming increasingly complex, whilst ensuring the needs of equally complex business processes are comprehensively addressed. On top of this, everything needs to be executed in a manner that allows rapid adaptation in line with constantly changing business requirements.

This situation is further compounded when remembering that the CXO is also a business leader required to constantly assess and measure the skill sets and experience of their teams and the expertise of outsourced and contracted resources. CXOs are grappling with growing pressure of sustaining skills through ongoing training, compensating staff sufficiently to retain value adding resources and hiring new and – in some cases terminating – staff. Over 30 per cent of respondents listed “Hiring, developing and managing staff” as one of their top activities. The challenge for CXOs is managing disparate resources across varied sources, while also motivating and developing employees that have often been hit financially and emotionally by cutbacks and redundancies.

CXOs need to see themselves as an intrinsic and revenue generating function that shares in the future prosperity and rewards of the group. ●



Figure 2: What are the CXO's top activities



CXO and Technology

IT Budget

As IT makes the transition from cost centre to business enabler, the CXOs budget increasingly faces the pressure to do more with less, or at the very least more with the same. The economic recession along with previous budget cuts sees most IT budget remaining constant for the next 12 months and the need for CXOs to justify and examine the ROI on IT projects is even more acute.

The majority of respondents (19.3 per cent) listed IT budgets between US\$100,000 to US\$499,999 per annum (see Figure 3). Over 59.8 per cent have this budget centrally controlled by the IT organisation, whereas, interestingly, 39.5 per cent have theirs under blended control between IT and various business units. This shows that some CXOs are already applying IT demand management strategies for better control and

CXOs are already applying IT demand management strategies for better control and prioritisation of work.

prioritisation of work. Some of these strategies could be chargebacks or cost allocation approaches, or even service catalogues with project based portfolio management.

Despite the constraints of budget, the Asian CXO has a certain amount of discretionary spending as well. Specifically, CIO Asia Magazine asked about projects that will provide new capabilities (discretionary) along with IT spend on infrastructure, support and maintenance (non-discretionary). This elicited a response of 26.6 per cent for discretionary spending of between 1 to 10 per cent of IT budget along with 21.9 per cent for non-discretionary spending for the same range. In fact, the trend remains very similar for both types of expenditure and it is likely the reason for this conservatism is the effect of global recession and how this makes securing approval

for discretionary spending even harder. In this scenario, implementing best practices in asset and procurement is the prudent course of action.

Technology Watch

The time has come for IT to lead the innovation charge and as economic history shows, previous global downturns saw the emergence of innovative and disruptive technologies that would have otherwise remained on the backburner had it not been for the drive for recovery. In the early 1980s it was the PC, in the 1990s CRM and ERP software and latterly the convergence of voice and data across the Internet has fundamentally redefined the way in which IT can be delivered and consumed.

So what are the possible innovation successors to these technologies? Social media could be one, although this

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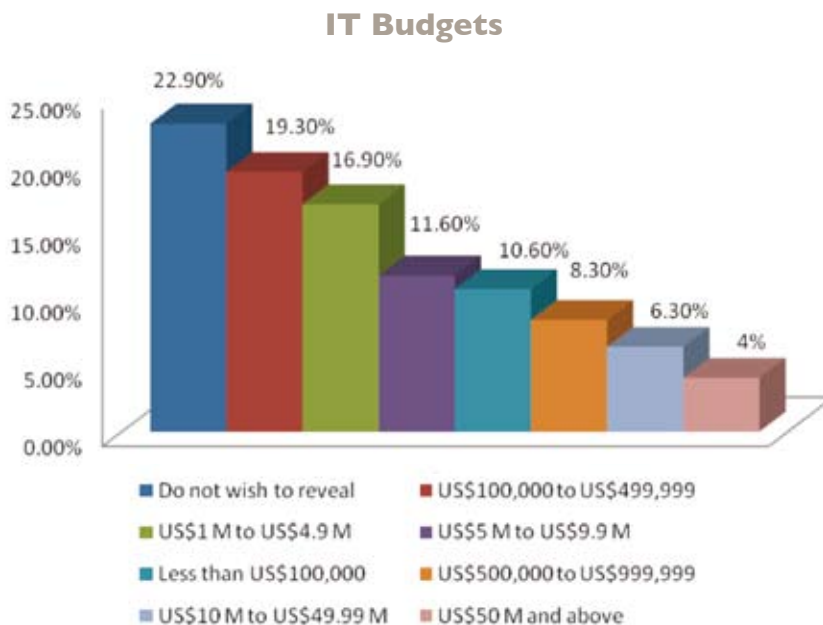


Figure 3: IT Budgets typically at 1 to 10% of overall business revenue

What CXOs have to contend with though, is the challenge of accurately assessing what constitutes core business versus non-core and if considering new deployment models such as Cloud Computing (whether a public, private or hybrid Cloud best meets the needs of their business).

seems to be more of a consumer mega-trend. In the corporate world most experts believe Cloud Computing is the next change driver.

Across the industry, definitions of “Cloud” such as Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS), and alternative delivery models such as Public, Private and Hybrid have all been frequently used buss words through 2010.

We already see Microsoft launching its Azure PaaS, Google’s App Engine rolling out of beta and Telstra’s Network Computing platform already being successfully deployed into customers’ operations including VISY and Komatsu. Similarly, we also see SaaS offerings like Google Apps, Salesforce.com Telstra T-Suite and even Symantec Hosted Services, possibly signalling the growing use of ‘Security-as-a-Service’.

As CXOs look within their organisation, their responses seem to indicate that they are in the midst of preparing for Cloud Computing, with 38.5 per cent of respondents listing the trend in their Top 5 priority list (see Figure 4). The

reinforcement for the technology also stems from the fact that 46.2 per cent listed Business process optimisation as the Top technology priority along with 39.9 per cent who wants to integration or enhance their existing system and process.

With an emphasis on agility, Cloud Computing promises to be a way of getting into the game quickly with the fire-power of the larger corporate organisation and at a low entry point. What CXOs have to contend with though, is the challenge of accurately assessing what constitutes core business versus non-core and if considering new deployment models such as Cloud Computing (whether a public, private or hybrid Cloud best meets the needs of their business). The allure of Cloud Computing is one of seamless integration with systems and processes and access to a library of best practices and increased agility.

It is interesting to note that cost management no longer features in the Top 5 priorities for CXO’s and that Business intelligence (BI) has moved in rank to claim second spot. This could be best explained when considering the fact that after being in cost control mode for the past 18-24 months, many organisations are already running ultra lean so BI is being utilised to analyse the business for new improvement opportunities. In fact Gartner has identified the global market for BI to be at least US\$6 billion in 2010. ●

2010	2011
Integrating/enhancing existing systems and processes	Business process optimisation
Business continuity planning	Business intelligence
Cost management	Integrating/enhancing existing systems and processes
Business process optimisation	Business continuity planning
Business intelligence	Cloud computing

Figure 4: Top 5 CXO Technology Priorities



The CXO and Business

Management issues

With the challenging economic climate in recent years, companies have been turning to IT as an enabler and this is not likely to change for 2011. Typically, the CXO has been busy with aligning IT and business goals. The aim has been to make use of IT effectively to achieve business objectives — not an easy task when you consider that many expensive IT investments have failed to deliver an adequate Return on Investment (ROI). For this reason, the search for Business and IT alignment is closely associated with attempts to improve the business value of IT investments in general.

Typically, the CXO has been busy with aligning IT and business goals.

The CXO is concerned with business transformation, in which organisations redesign how work is accomplished in order to realise efficiencies made possible by the effective use of IT. Thus, implementing IT to achieve its full potential for business value includes not only a technical component, but also an organisational change management component as well.

One of the key priorities from 2009 to 2010 was dealing with the issue of cost control. Organisations explored outsourcing options, reorganised their departments,

2010	2011
Aligning IT and business goals	Aligning IT and business goals
Controlling costs	Increasing enterprise efficiency
Improving internal customer (user) satisfaction	Controlling costs
Increasing enterprise efficiency	Process improvement
IT-enabled process improvement	Business continuity/risk management

Figure 5: Top 5 CXO Management Priorities

rationalised architectures, improved business processes and supplier relations. Whilst these are all effective cost control strategies many industry experts have cited poor execution as one of the most common reasons for failure. As the survey reveals, Asian CXOs have pushed up their focus on increasing enterprise efficiency through 2011, which now supersedes that of pure cost control (see Figure 5).

Proving the value of IT is essential and CXOs need to develop methodologies that allow the true measurement of the value of IT. Benchmarking the quality of IT service delivery is becoming an increasingly important practice.

In times of recession, IT budget benchmarking continues to be a hot topic for CXOs as this helps them qualify budgets and the business case for increased IT investment.

Along with proving the value of IT, the CXO will have to look at improving business performance by optimising business processes. Some may question the effectiveness of the CXO in this regard as this ostensibly process optimisation seems to be of a more business unit issue. However, given the fact that IT touches all aspects of the business, CXOs need to have a cross-functional view of the entire organisation to be truly effective. Besides, one of the core activities IT typical excels at is process modelling, which is extremely useful when utilised in combination with strategic business planning.

Having a technology platform that facilitates the integration of business processes with enterprise applications could free a company’s employees from dwelling on non-essential information allowing them to focus on the areas that boost competitive advantage.

Current Business Process

For the Asian CXO, the top business process that IT is being utilised to improve is accounting & finance (see Figure 6). This will not raise any eyebrows as businesses are all well aware of the Sarbanes-Oxley Act in 2002 which was a consequence of the Enron scandal. Public listed companies are thus exercising great care in their

accounting practices and in being compliant. As such, IT controls need to ensure complete and accurate processing of data not just for record-keeping purposes but for cash flow management and tracking.

As business becomes more complex, the organisational structure may follow suit and the performance and skill sets of individual employees need to be tracked for payroll and career advancement opportunities for example. There are many more elements to an effective Human Resource (HR) system of course, which is why CXOs have placed HR in their Top 5 business processes IT is being focussed at. Increasingly, organisations are moving their HR systems online such that employee self-service actions such as leave applications or viewing key HR data and changing details like addresses or bank accounts can be made over the web, assuming appropriate security measures in place.

Customer service is another important area for CXOs. Website and helpdesks aside, CXOs need to consider alternative channels that their customers may be utilising to make purchase decisions. Social Media Marketing is increasingly becoming an approach CXOs can utilise as a business tool. Unfortunately though, social media can still suffer from being perceived as a frivolous or casual endeavour but there are certain examples, such as ‘Chatter’ from Salesforce.com, that are helping to validate it as a viable business medium, especially for organisations with millions of customers.

Top 5 Business Applications Being Improved by IT



Figure 6: Top 5 Business Applications Being Improved by IT

Top 5 Business Benefits Being Improved by IT

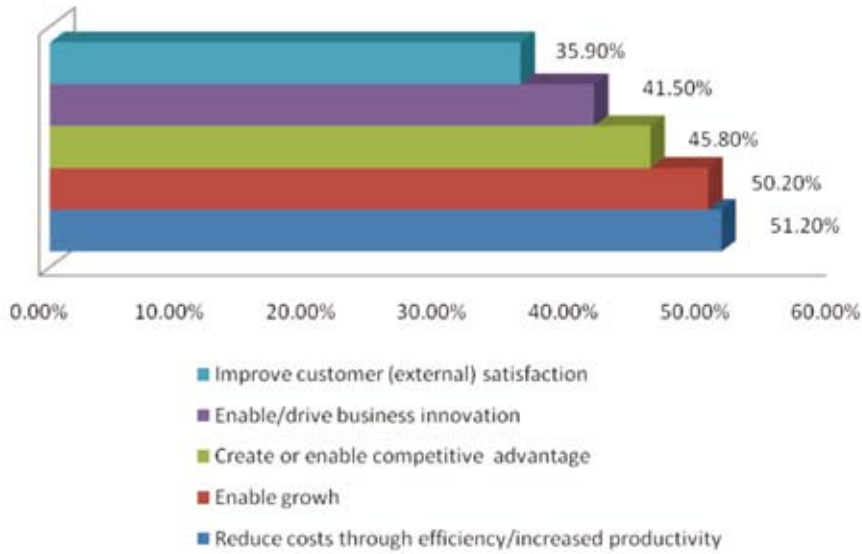


Figure 7: 2011 | Top 5 Business Benefits Being Improved by IT

There is an expectancy that the economy is or will rebound in the near future and CXOs want to ensure that their organisations are well placed to take advantage of the upturn.

The main advantage of an enterprise collaboration solution is the access to subject matter experts. Typically, call centre are manned by “handlers” or “screeners” who will divert the problem to an expert, wait for the response and revert to the caller. A social media style enterprise collaborative solution will have the question thrown to experts who can then respond directly and accurately to the query. As a customer, the feeling of direct touch could be priceless.

Business Priorities

The focus for CXOs in 2010 was on creating a competitive advantage for the organisation. Almost half (49.5 per cent) of respondents had this in mind while planning their IT strategies (see Figure 7). There is an expectancy that the economy is or will rebound in the near future and CXOs want to ensure that their organisations are well placed to take advantage of the upturn.

Having placed so much emphasis in cost control over the past 18-24 months, CXOs are confident their IT solutions have enabled the business to save costs. In fact, CXOs in Hong Kong and Indonesia are the most concerned with business cost, posting a value of 56.25 per cent and 69.23 per cent respectively.

Keeping customers happy was another concern for CXOs as well. CXOs from Malaysia (56.14%) and Philippines (51.85%) led the way as compared to Singapore CXOs with 28 per cent, relegating this focus area to the bottom of their Top 5 business benefits achieved with IT.

For 2011 there is essentially little change, save for the fact that CXOs are turning their attention back to cost management, but this time with an emphasis on efficiency and productivity instead. More than half of the respondents (51.2%) have listed this as their top business objective for IT implementation. Among those who are following the crowd are the Indian and Philippine CXOs who have different agendas. India is more concerned enabling growth (65.82%), cost reduction down with 36.71 per cent. Philippines, on the other hand, is sticking to the same tune for 2010 with 59.26 per cent wanting to keep customers happy while 48 per cent would look at cost reduction.

Overall, the CXOs continue to look at the same issues but will definitely changing their priorities going into 2011. ●



The CXO's Thoughts

Challenges

The nature of the Asian CXO can be perplexing. While there are instances where their title can be clearly defined as CEO, CIO, CFO, or CTO, for most parts of Asia, the role title is often a misnomer broadly would be better labelled as a C-Level executive hybrid, i.e. part business-man and part technologist. Like any business leader, the CXO needs to prioritise planning and to work through issues systematically. So what are the challenges that influence the effectiveness of their job most? At the top of the list, CXOs are still facing pressure on cost management and reduction (see Figure 8). A majority of 58.8 per cent feel that this would really hamper the ability of IT to innovate but at the same time, 46.8 per cent also realise the lack of technical skill sets within IT itself. Thailand CXOs however, are more concerned about business knowledge of their IT staff, and 60 per cent raised this as their top concern.

As organisations and systems become more complex, CXOs are finding an increasing need to justify the value and impact of IT. Only their counterparts in Indonesia and Philippines do not classify this aspect within their top 5 challenges, especially the Philippines CXOs, which show only 20.2 per cent raising it as a concern.

Other critical issues raised were a lack of time for strategic thinking and planning, with CXOs having to deal with operational issues and simply keeping the lights on. This also led to many feeling the lack of alignment between business goals and IT efforts.

I am currently playing a dual role of supporting the business by taking on Procurement and Supply Chain functions. This has helped me to understand the business better and as a result, I have been able to contribute much more to the IT development from the business perspective.

— CXO Respondent

Five Biggest Challenges to Effectiveness of CXO role



Figure 8: Five biggest challenges to effectiveness of the CXO role right now



Figure 9: Five biggest concerns for your enterprise role right now

Difficult but Good

The one thing that all CXOs agree strongly is the increasing complexity of the business environment with some 72.1 per cent finding it difficult to make clear IT decisions in their current enterprises (see figure 9). Perhaps it is due to the relatively young experience of the Asian CXO or lack of clear objectives from business unit heads, or even the slew of mergers and acquisitions, that may or may not result in loss of manpower. Perhaps day-to-day distractions impact the time available to assess and understand the potential value of social media or Cloud Computing. Either way, the CXO is sending out a clear signal that assistance is required.

A big reason for this feeling of anxiety to keep up with the dynamics of business or even technology is that the Asian CXO is now thinking more like a strategist or business innovator. As CXOs seek to drive improved performance, new approaches strategies can range from directly handling people, setting plans, managing risks and handling the financial aspects of the IT operations. Most importantly though, a CXO needs to change the mindset of the IT organisation from being technology-centric and siloed to becoming an accessible, reliable, service oriented organisation. An example of this could be thinking about IT-as-a-Service instead of the traditional asset management approach. Here, staff could be encouraged to think about IT service costs versus pure asset cost to create a re-wiring of the IT business model.

Business units could even be empowered to manage their IT demand. What could follow would be agreements with business units to more accurately forecast their IT demand need, which in turn could be reconciled with actual consumption.

In the case of cost control, experts have called for CXOs to move away defensive cost-cutting mechanisms such as contract re-negotiations or headcount reviews and instead look at proactive, sustainable solutions built around cost transparency and demand management. Cost transparency refers to knowing what you are paying for and as IT is a consumed by business units, they should be accountable for their consumption. Transparency could then be achieved by external benchmark or even third-party audits. In terms of demand management, the CXO has to make it clear to business units that IT consumption carries charges determined by “market forces” or aligned with market rates without any “in-house” specials. Only then can IT costs be transparent to the business.

Another issue is that IT is often involved too late in decision making process or is not given the opportunity to demonstrate value. Perhaps if IT is run as a business in itself, with business units being responsible to own and budget their requirements, active participation could be increased. The time may be right for the CXO to transform the mindset of the organisation. ●

