

Eight Trends Will Change the Role of the IT Organization

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Diminishing returns from automation and other trends will alter the relationship of the IT organization to the business. Augmenting the performance of knowledge workers will take precedence over automating routine operations.

WHAT YOU NEED TO KNOW

Eight major trends have given the IT organization a new mission: narrow, focused efforts to help selected users discover new threats and opportunities, innovate, team, lead and learn to help the company achieve its objectives. The IT organization must stop thinking of itself as a department that implements new technology to replace manual processes. Automation will yield fewer gains from now on, so companies will have to use technology in a different way to gain competitive advantages. Organizations will become more decentralized and will have to work more with external organizations to generate business; therefore, it will become more difficult for the IT organization to control the IT environment. Knowledge workers will face new demands on their time and talents and will, in turn, demand better support from workplace technologies.

ANALYSIS

Until now, the IT organization has primarily proven its value to enterprises by driving down costs via automation. However, most tasks that can be easily automated already are. Soon, the returns available from new automation projects will start to diminish. This and several other key trends will reshape the world of work, and the missions of CIOs and IT organizations will have to change in response.

Trend 1: Enhanced business growth emerges as key for CIOs

Delivering projects that enable growth tops the priority list for CIOs in 2005, according to Gartner's latest survey (it ranked 18th in 2004, and didn't even make the list in 2003). Companies can only go so far in cutting costs. Driving new business and creating new competitive advantages remain the only enduring ways for enterprises to succeed.

Recommendation: Corporate management will likely not fund broad, sweeping infrastructure projects. Focus on multiple, small, iterative efforts to raise the impact of selected key employees and increase business (see "Identify 'Innate' Collaborators to Stimulate Change"). This recommendation applies equally well to public and private sectors.

Trend 2: Returns decline on automation investments designed to drive down operating costs

The era of massive automation projects on the shop floor and in the office is nearing its end. Automation has already eliminated more manufacturing jobs than remain in the workforce, and many categories of office work have virtually disappeared (such as bookkeepers, draftsmen, cashiers, telephone operators, secretaries, tellers and file clerks). Certainly, processes remain to analyze, redesign and automate, but in the next decade, investments to enhance the creative and analytical powers of workers will deliver a bigger return than investments in automation (see "High-Performance Workplaces Promote Revenue Growth and Productivity"). Consequently, the IT organization will increasingly focus on augmenting the uniquely human activities that create value:

- Creativity (such as writing better proposals and building more-effective marketing campaigns)
- Discovery of opportunities and threats
- Innovation in products and processes
- Commercialization of innovations

- Organizational and change leadership

Recommendation: Look at the business objectives your CEO is charged with meeting, and identify the select groups of key people who will contribute most to completing them. At which key behaviors will these key workers have to excel? Apply your resources narrowly to help them succeed (see "Refocusing on Strategic Collaboration").

Trend 3: Decision making becomes more decentralized

Companies that enter the "virtuous cycle" of decentralized decision making will enjoy an advantage. IT investments tend to pay the highest returns when made by organizations with decentralized decision making (see "IT Investment and Decentralized Authority Will Increase ROI"). Those investments empower individuals to make more decisions, thereby reducing management bottlenecks, improving agility and enabling the enterprise to extract more value for its investment in people. In this way, IT investments compound and produce further gains. (Of course, decentralized decision making pays off only when people work within preset guidelines; otherwise, chaos results.)

Recommendation: If your company practices centralized decision making, educate senior management about the higher returns possible with decentralization. Incorporate a gradual migration to decentralized decision making in your plans to support business growth.

Trend 4: Enterprises focus on the core competencies that drive their competitive advantage and outsource the rest

Companies have already outsourced many functions. This trend will continue, which means that companies will increasingly collaborate with trusted partners, suppliers and even customers to sustain their operations. Collaboration across enterprise boundaries — sharing objectives, information, processes and projects — is becoming the norm. Today, for example, hundreds of firms located around the globe may collaborate to design a new car, which will ultimately be assembled from components manufactured everywhere as well. Therefore, the IT organization should excel at supporting a larger business "ecosystem," not just the enterprise.

Recommendation: You no longer provide IT for your company; rather, you now serve workers inside and outside your company who pursue your company's goals within the wider IT ecosystem of the extended enterprise. Analyze the business ecosystem to understand its IT and information requirements, and develop a technical architecture driven by business needs. Enable workers to move across the boundaries of your company easily and securely. Start with hosted collaboration, but don't restrict your efforts to basic technologies (such as instant messaging) or just one type of application. Productive relationships in the business ecosystem require more than simple collaboration tools.

Trend 5: Companies demand higher skills from workers, particularly creativity and analytical skills

Companies want more workers who can "think on their feet," and this demand is outstripping supply (see "New Knowledge Worker Demands Will Challenge IT Practitioners"). Again, automation has squeezed most routine jobs out of companies, and nonroutine, cognitive tasks represent the bulk of what's left. IT practitioners have the opportunity — even the obligation — to help companies raise the workforce's skills.

Recommendation: Approach this challenge with a range of initiatives. Extend your e-learning platform across the enterprise and keep expanding the roles and subjects for which content is available. E-learning can help a dispersed workforce learn quickly and with minimal disruption to its jobs (for example, see "Build an E-Learning Program to Support Compliance Efforts"). Evaluate technologies such as expertise location and automatic search and retrieval. Start

projects to capture tacit knowledge (knowledge about doing their jobs that workers have picked up informally) so it can be shared among communities of practice. Above all, corporate and business managers should recognize the value of collaboration and create a reward system for employees who help their peers.

Trend 6: Multitasking "ad hoc" agencies replace fixed-function bureaucracies

In a classic bureaucracy, everyone has a permanent function with power over a specific domain, but companies have long been moving toward "ad hoc," in which people may tackle several transitory assignments (such as sitting on a task force with a specific objective and short life span). In this way, companies can flexibly deploy people who can think on their feet to take on new challenges and to drive constructive change. Ad hoc assignments today span enterprise, geographic, linguistic and cultural boundaries. People will have to work more with others who have different skills, experiences and motivation. Workers will have to expend more effort to create productive relationships across these gaps.

Recommendation: Implement tools to help key employees stay on top of a complex array of responsibilities, and to help them understand and bridge the many gaps that separate them from their collaborators. (Gartner will discuss this issue in forthcoming research.)

Trend 7: Consumers drive the IT industry, and consumer technology sets the tone within companies

The IT organization has never succeeded — in the long term — in keeping out devices and software that it doesn't want inside the enterprise. In the future, consumer technologies will introduce workers to new functions and set their expectations for what IT should be able to do. For example, today's teenagers heavily use instant messaging in multiple chat sessions simultaneously, and they will work in this style when they arrive in the workforce in a few years. If the IT organization doesn't supply what they need or want, workers will find the technologies they need elsewhere and use them on the job. The difference between what people can do at work and home, or at one's desk and on the road, will diminish. Technology will weave itself more intimately into the fabric of work and life, so people will be able to use information in new situations.

Recommendation: Create a supportive environment in which users can test the latest gadgets and concepts the IT organization is considering. Create a "sandbox" type of environment where users can demonstrate what they've found — even if it's not from an approved vendor. Exploit consumer technologies wherever possible. Establish policies and practices to accommodate this diffusion of technology.

Trend 8: Knowledge about new technologies spreads more rapidly and shortens the time that they can provide a competitive advantage

This trend will force the IT organization to alter its strategy. Companies will value IT organizations for being continually responsive to changing needs and circumstances more than for implementing individual blockbuster projects. To support this small-project approach, the IT organization will generate more value by linking different data sources and systems, often across enterprise boundaries and often for ad hoc work.

Recommendation: Cut your big-project ambitions and structure your organization to quickly tackle smaller, ad hoc projects that create business value. Delivering smaller projects faster will also reduce the challenge of convincing companies to allocate large amounts of money for big, slow-moving projects. Work toward an IT environment that's adaptable, even if you have to sacrifice some control.

Key Issues

What are the wants and needs of users?

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