

Technology

By Steven Landberg

Organizational strategy is as important as the technology strategy.

Shifting IT Success Factors

Technology organization approaches are becoming more complex and varied as they address evolving needs and use expanding alternatives. The chief executive officer and chief information officer are restructuring their technology organizations to better meet their current information technology challenges and future development needs, and to take full advantage of the variety of talent solutions that now are available.

Global technology resources, IT consulting services, outsourcing providers, technology alliances, contract IT talent and internal shared technology service organizations have created alternative talent sources that can be effectively deployed to better meet technology and business needs. Technology organizations are therefore facing a myriad of organizational trade-offs that are impacting their organizational structures and approaches being used. Some of the major IT organizational trade-offs include:

- Deploying centralized vs. decentralized IT organizational structures to provide cost efficiencies, shared service capabilities and common infrastructure while enabling strong integration with operating businesses;
- Insourcing vs. outsourcing of technology resources where various key activities are performed internally vs. the lower cost and flexible structures via third-party providers;
- Focusing internal vs. external technology resources on maintenance vs. development activities to keep legacy systems operating as well as create newer applications;
- Concentrating on technology strategy and implementation leadership vs. delivery itself for the internal IT function; and
- Using temporary contract talent vs. core full-time employees to provide greater flexibility.

Leading technology organizations are using combinations of solutions to best meet their needs rather than fully relying on a limited number of options. However, the organizational strategy and its resource allocation between these options is where the real trade-offs are being made.

The IT organizational structure should reflect current support and future development requirements of the business, existing technology capabilities and the ability to effectively use alternative resourcing options.

Evaluating various IT organizational approaches needs to take into account a number of key aspects, including:

- Business strategy and technology enablement requirements;
- Business organization structure;
- Current technology infrastructure and applications capabilities;
- Existing IT organization strengths and gaps;
- Top IT talent sourcing, hiring and retention track record;

- Ability of the organization to effectively manage outsourced and consulting providers as well as contract labor resources and strategic partners; and

- Capability to effectively coordinate and integrate onshore and offshore efforts.

The technology talent needed to lead the use of various approaches and structures is placing different demands on the leadership team. The CIO role now requires strong organizational leadership, design, negotiations and influence skills, along with technology expertise and business acumen. The IT management team increasingly needs to be able to lead, coordinate and monitor core internal and external organizational resources, as well as work effectively with business leaders. In today's environment, structuring and managing service level agreements has become as critical a skill as directly managing IT talent.

Leading technology organizations are using combinations of solutions to best meet their needs rather than fully relying on a limited number of options.

IT talent sourcing approaches need to be strategic and well coordinated in order to make effective trade-offs between options including cost, control, availability, time-frames and knowledge transfer. Developing and regularly updating the IT organizational strategy has become an essential element in driving success and requires significant cooperation between HR and the IT function.

The technology function needs to increasingly focus on organizational strategy as a critical determinant of its success. The IT organizational strategy must reflect both the business and technology strategies for an enterprise as well as the availability of a broad range of resourcing alternatives. The organizational strategy should include the structure, use of internal and external capabilities as well as respective roles, internal vs. external talent requirements, core vs. variable resourcing needs, and quality vs. time and cost trade-offs. The organizational decisions have become as complex as the technology choices. IT leaders need to focus on developing and implementing effective organizational strategies as much as the technologies they will deploy. BR

Steven Landberg, a Best's Review columnist, is managing director of Landberg & Associates, Greenwich, Conn. He can be reached at insight@bestreview.com.

