Rethinking Corporate IT:
5 Simple Strategies for Transforming IT Into a
Business Enablement Powerhouse

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INTRODUCTION

Even before COVID-19, the drumbeat was growing among leading enterprise organizations that it was time to rethink the traditional corporate IT Department. The pandemic disruptions have only accelerated the need for IT to transform from functional experts into a key innovation resource - emerging as a true strategic partner that can help a business chart a new way forward in the post-coronavirus era.

Through this guide, we would like to offer actionable advice that CIOs can use to shed the old, reactive, "keep the lights on" approach and reposition IT as a "Business Enablement Powerhouse" infused with a strong commercial mindset, true business insight, and accelerated speed to market.

RAUL VEGA,
CEO & Founder | Auxis

In Today's Fast-Paced World, a Competitive Edge Relies on Digital Transformation

The speed of business is faster than ever before – and even before the current disruption, many enterprises understood that attaining a competitive edge relied on digital transformation. In the 2019 IBM Global C-Suite Study, half of CEOs said their current business model is **threatened** by competitors using technology to create more compelling value propositions.
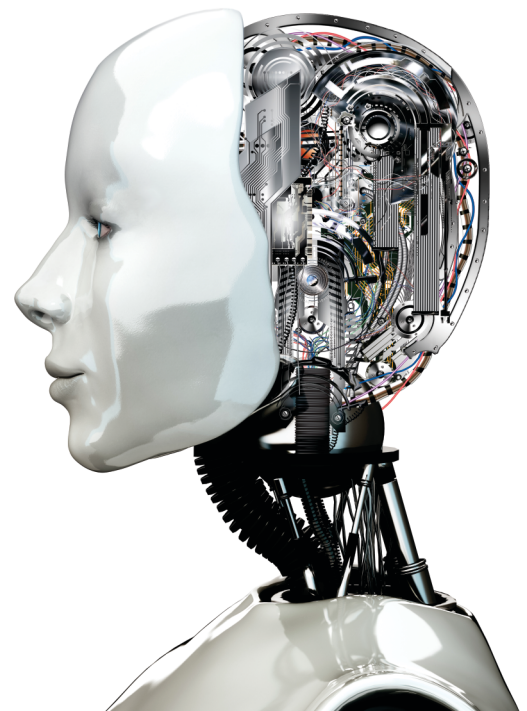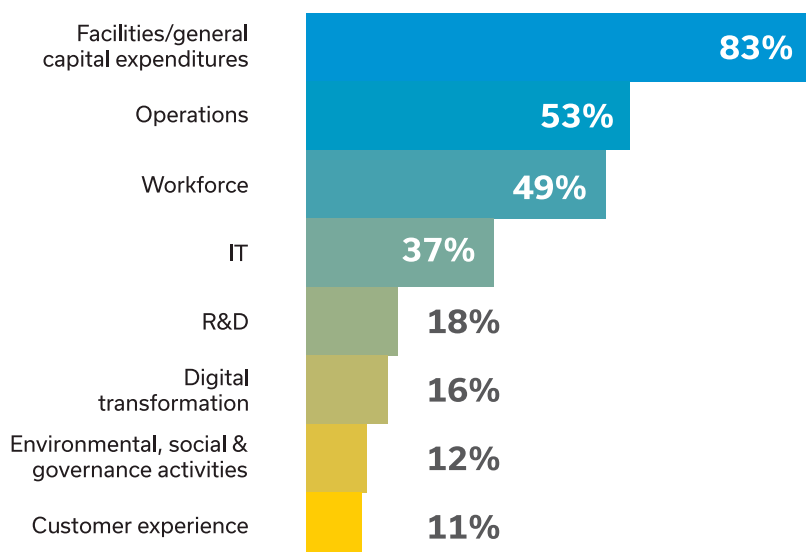
They're right to be concerned: **52%** of companies in the Fortune 500 have either gone bankrupt, been acquired, or ceased to exist since the year 2000, the *Harvard Business Review* reports.

In 2019, Forbes said **70%** of organizations either had a digital transformation strategy in place or were putting one together. Nearly 80% of CEOs said their organization's **growth** is tied to the ability to challenge and disrupt any business norm, states the KPMG 2019 US CEO Outlook Survey.

But the global pandemic sharpened the C-suite's focus on the need to quickly and strategically deploy technology solutions that could make operations more nimble and resilient in today's rapidly evolving business environment. Even as 80% of CFOs implement cost-containment initiatives to help their organizations weather the pandemic, only **16%** are cutting investments in digital transformation. Instead, PwC's COVID-19 CFO Pulse Survey found that **nearly half aim to accelerate efforts,** grasping the critical advantage technology provides.

Establishing a modern IT Department is more important than ever and will be driven by a new mindset, reskilled workforce, strong partnerships, agile methods, and a collaborative service delivery ecosystem. In fact, a survey by Forrester Research ranks the CIO - not the CEO - as the most **important** organizational leader for enabling business transformation.

Which of the Following Planned Investments is your Company Considering Deferring or Cancelling as a Result of COVID-19?

Category	Percentage
Facilities/general capital expenditures	83%
Operations	53%
Workforce	49%
IT	37%
R&D	18%
Digital transformation	16%
Environmental, social & governance activities	12%
Customer experience	11%

Source: PwC's COVID-19 CFO Pulse Insights - 11 May, 2020

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Success in Digital Transformation is Dependent on Overcoming Structural Organizational Roadblocks

A whopping **80%** of digital transformation projects fail to meet their desired goals. Unfortunately, the complexity of digital transformation initiatives - combined with unrealistic expectations of IT from other functional leaders - doom most organizations to frustration, cost overruns, and project failures. This outcome could easily be avoided.

The bandwidth of the IT department is one of the biggest areas executives commonly fail to properly address before embarking on a digital transformation effort. When IT is already stretched thin on delivering day-to-day operations, it's nearly impossible to expect their successful execution on the innovation agenda that the business needs.

Among the biggest structural challenges for many IT departments is time, focus, and funding. Expectations placed on corporate IT leaders today are too broad and stretch them way too thin, requiring expertise in such diverse areas as governance, project management, software applications, data analytics, applications development, business processes, change management, security, internal controls, networking, communications, data center operations, service management, and more.

Additionally, as Gartner and others have consistently observed, **80%** of IT department budgets and labor capacity are commonly consumed by day-to-day operational activities like supporting end-users and maintaining existing software and infrastructure devices. Under this environment, team members are often in "firefighting mode," reacting to situations that are mission-critical to "keeping the lights on" but add little value to building new digital capabilities. And that leaves little time or money for the essential tasks of innovation that support the corporate growth agenda.

Bottom line: a successful digital transformation program is only going to work if you have a strong, stable IT operation that can effectively and efficiently deliver day-to-day business support activities.

> **80% of CIOs still agree that it's challenging to find the right balance between business innovation and operational excellence**
>
> *Source: IDG 2019 State of CIOs Survey*

Keeping the lights on

Innovation

5 Simple Strategies for Transforming IT into a Business Enablement Powerhouse

Fortunately, there are some strategic actions IT leaders can take to modernize and transform their IT operations so they can successfully make the transition to becoming Business Enablement Powerhouses. Follow our roadmap to learn how to deliver on day-to-day demands while freeing critical team members to focus on the business enablement activities that deliver commercial value to the organization.
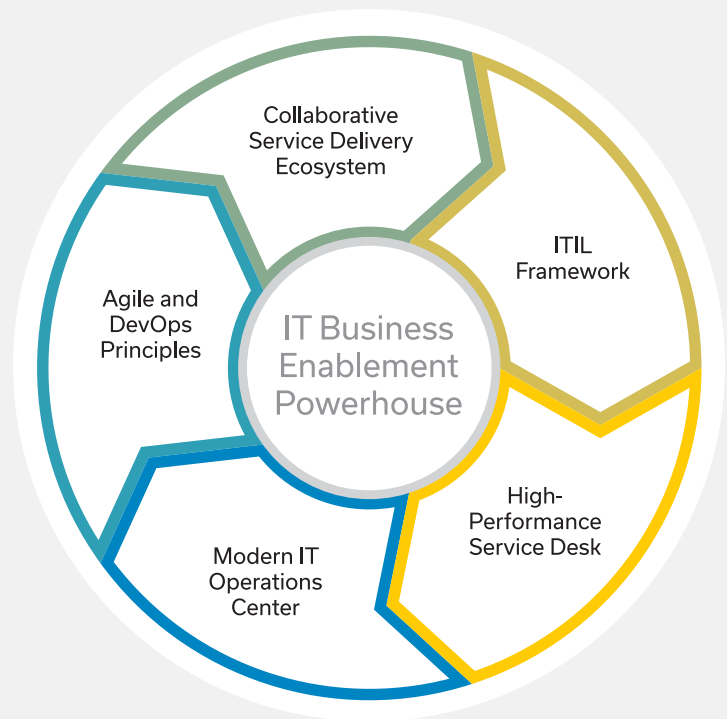
Roadmap for Transforming Traditional IT Departments into Modernized Business Enablement Powerhouses

Incorporate Robust Performance Management Principles and ITIL Practices into your Organization

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That's a mouthful of buzzwords – so, what exactly does it mean? Put simply, some simple steps can transform IT from a structure that's reactive and based on "best efforts" into a well-run operation that's proactive, systematic, process-driven, and data-oriented.

Here's how: **ITIL (IT Infrastructure Library)** is a highly regarded framework of guidelines and best practices for delivering IT services. Utilized throughout the world by industry giants like Microsoft and Disney and **a mainstay of Auxis managed services,** ITIL improves IT service management by building a process-oriented mentality and culture. *CIO* magazine **credits** ITIL with helping businesses manage risk, strengthen customer relations, establish cost-effective practices, and build a stable IT environment that allows for growth, scale, and change.

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Implement a Modern High-Performance Service Desk to Simplify and Streamline End-user Support

Under the traditional, reactive approach to end user support, any IT team member might be tasked with any issue that comes in. Formalizing specialization and focus is an important step in the journey of transforming IT into a Business Enablement Powerhouse.

End-user support isn't a core business function in terms of commercial differentiation, but it often defines IT's effectiveness for the rest of the organization. Building a **modern High-Performance Service Desk** enables CIOs to keep end-users happy while drastically reducing the involvement of engineers and senior technical team members. It extends beyond the "break and fix" approach that characterizes outdated "help desk" functions, providing world-class support that can resolve up to 80% of user issues.

Transforming from a "help desk" mentality to a High-Performance Service Desk is one where CIOs are increasingly looking to third-party partners. **Outsourcing this function** to a reputable provider can offer the process maturity, tools, resources, and expertise to sustain the highest level of end-user support. And that frees in-house talent to focus on activities that drive greater commercial value.

Without standardized processes, IT can't escape the reactive approach. ITIL creates a proactive structure for how incidents are brought into IT, how they are handled, and how they can be escalated. That way, "keep the lights on" tasks are appropriately filtered to junior team members, leaving senior resources free to focus on higher-value activities.

ITIL also emphasizes change management. This is critical to having a well-run IT operation. It allows IT leaders to take control of operations by tracking and documenting all changes performed on their systems and applications. Managing change properly - and preventing unauthorized changes – reduces downtime and forces the culture to understand the change impact before changes are applied. It also helps IT plan how to revert the change in case it's not successfully completed.

ITIL's defined structure further enables analytics for tracking IT performance metrics. Performance management practices are absolutely critical to running a high-performing IT function but are often severely lacking. Key metrics that cover service quality, productivity, capacity, availability, business continuity, and financial considerations are often unknown, poorly calculated, or not widely utilized within the IT operation. Successful CIOs need to have robust analytics combined with a multi-tiered service delivery management framework that ensures operational visibility, alignment, and accountability.

Implement a Modern IT Operations Center to Take Point on Day-to-Day Operational Activities

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A Modern IT Operations Center (ITOC) is another critical foundational step to transforming IT into a Business Enablement Powerhouse. The ITOC acts as the "Eyes and Ears" for a properly managed IT environment. It assumes ownership of the infrastructure and software-related operational activities that typically distract high-level IT resources from more value-added tasks, such as 24x7 monitoring, proactive systems administration, and Level 2/3 troubleshooting.

A highly functioning ITOC creates the foundation for stable, well-controlled operations, but it must be structured properly to truly enable an IT Department's transformation into a Business Enablement Powerhouse. The ITOC is not just a "NOC" with a fancy new name.

The Modern ITOC harnesses digital data across the full spectrum of connected devices, is highly automated, and leverages machine learning and artificial intelligence to ensure focus on events that matter. It then engages the proper team members to drive critical issues to resolution. In addition to monitoring and full incident management, the ITOC should also handle most routine SysAdmin functions and play a key role in Security Incident Management.

Like the Service Desk, the ITOC is a function where leading CIOs are often looking to simplify their focus and internal organizational complexities and leverage third-party partners. A reputable outsourcing provider can serve as a cost-effective, world-class solution for handling these critical yet non-commercial-differentiating tasks. High-quality providers have an existing structure in place – people, process, and technologies - that are much easier to scale and simple to plug into existing operations.

Build a Collaborative Service Delivery Ecosystem that Seamlessly Combines Internal Resources with Third-Party Partners

4

Despite the overall high unemployment rates reported during the pandemic, the shortage of skilled IT workers continues to reach unprecedented levels. The U.S. Bureau of Labor Statistics predicts there will be 1 million more computing **jobs** than skilled candidates to fill them this year. In such a hot job market, the tech industry also reports the highest employee **turnover** of any business sector with a churn rate of 13.2%.

Even at full staff, overworked IT operations struggle to stay current amidst the breakneck speed that business and technology changes occur. And as technology becomes even more pervasive and complex, it's nearly impossible for a single department to maintain best-in-class service levels across every activity.

Establishing a hybrid service delivery ecosystem that merges internal resources and third-party partners into a single unit gives organizations the edge they need to compete in the modern business world. Not only will this strategy streamline IT's focus, but it facilitates the overarching goal of developing and maintaining the most critical skills and capabilities in-house.

To accomplish this, CIOs should identify the critical core competencies that drive true commercial value and differentiation for their business. All other activities can be considered candidates for leveraging a third-party partner.

Implement Agile and DevOps Principles and Practices

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Speed is everything in today's business world. The ability to keep pace is a critical component of an IT Business Enablement Powerhouse. Adopting foundational **Agile** and **DevOps** practices better aligns IT with customer needs and speeds development cycles. Together, these philosophies rejuvenate the antiquated IT approach by streamlining processes, enhancing feedback loops, improving visibility to the business, and enabling incremental building. Ultimately, they drive a much faster pace of innovation that accelerates speed to market and delivers competitive value.

Modernizing the IT Operating Model Enables Modern CIOs to Claim their Place as Strategic Business Partners

The modern CIO is integral to helping the CEO drive operating results, leading an IT Department that sits at the axis of strategy, operations, and digital transformation. But at the same time the need for creative IT disruption is exploding, IBM's 2019 Global C-Suite Study reports that "fewer organizations are finding it possible to pursue innovation on their own."

Using our roadmap for transforming traditional IT Departments into modernized Business Enablement Powerhouses ensures CIOs of a seat at the proverbial table, playing an active role in driving business strategy and growth.

About Auxis

Founded in 1997, Auxis helps organizations modernize and achieve peak performance in their back office so they can operate at their optimal level and become more competitive, agile, and innovative in an ever more disruptive world. We focus on three primary areas: Finance & Accounting, Information Technology, and Customer Service.

Auxis IT services include a combination of consulting and nearshore outsourcing across Service Desk, Infrastructure Operations, Cloud Transformation, Process Automation, Analytics, and Application Development. Recognized as a Top Global Outsourcer by IAOP, we have served hundreds of companies and built a unique delivery model that is focused on customization, flexibility, and faster speed to benefit. Our hands-on, "roll-up your sleeves" team is comprised of former industry professionals, not career consultants, that can effectively provide both operational strategy and implementation.

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