The three roles of IT (Part 1 of many parts)

Introduction:

Many years ago, I wrote a book called "What business really wants from IT." The book was translated into Russian, and I have enjoyed some success here lecturing and running workshops in Moscow and St. Petersburg. One of the problems with the ideas in that book was that it was far ahead of the thinking at the time (not only in Russia but everywhere in the world.) In reading several of the Expinet articles, which I enjoyed very much, I think it is time to republish my ideas, because I think Russia and the world can use them now more than they could in the past.

Therefore I will write a series of articles based on the research I did, and revolving around what I call the "Three roles of IT." I will expand on these three roles to help CIOs understand and communicate:

- The company and IT strategy
- The project portfolio
- IT maintenance and operations
- The six types of value that IT adds to the organization
- How to budget for IT in ways that non-IT executives understand
- How to prioritize IT projects so that you are not a victim of the ROI (Return on Investment) trap
- How to build an IT strategy in an afternoon (I did this for a post office organization once)

I ask two things:

- I do not speak Russian, and all of this, including the diagrams goes through an online translator. I also have it peer-reviewed by an Expinet member. However, there will be mistakes in translation, and there will be misunderstandings. Please comment at the bottom of the article, and I will do my best to explain if I can. (When I talk about CIOs for instance, I see in Russia that these positions are called IT Directors normally.)
- Please feel free to use the ideas I publish here. *But please do not change them*. I had a large bank use my three roles but changed them to "Run the business, grow the business, change the business." Their project failed because their three "roles" are nothing like mine. Even though I was not involved (they read my ideas in an article like this one), they blamed me.

Enough contractual clauses! Let's get started.

What business really wants from IT

I asked about 100 CEOs to ignore everything that magazines, consultants, and their own CIOs told them. Could they tell me in their words what they really wanted their IT department to do?

The answers were remarkably similar from all of them and can be summarized as follows:

"Deliver IT without fuss.

Get involved in business operations and improvements.

Give us appropriate leadership."

These three statements are what business really wants from IT.

This is peculiar, because when I asked CIOs about these three things, they said that this is what they were doing. And CEOs said they were not doing these three things at all.

The problem, after I investigated further, is that some of the words were invisible to people.

CIOs saw: 'Deliver IT. Business operations and improvements. Leadership."

CEOs saw: "Without fuss. Involved. Appropriate."

And this is the basis of problems that have existed for CIOs and CEOs for years.

Because delivering IT without fuss is not easy or cheap to do. And being involved in the business is difficult for IT people (who have real IT jobs), and for businesspeople (who don't need IT people telling them what to do, and how to do it.) And finally something that is appropriate to a CEO is meaningless to a CIO. CEOs want their business to succeed, and CIOs want the technology to succeed. (It is more complicated than this – See my latest book: Reinventing the C-Suite)

I was able to help CEOs and CIOs understand the problem by introducing a new concept called "business momentum."

Business momentum

Let us take a step back, and then we will come back to the three roles of IT.

Every organization has its own momentum. This is a combination of its mass, speed, and direction, and it is unique to each business.

An organization's mass is related to its size, its geographic spread, its reputation and importantly, its inertia (the resistance to change of direction.)

And organization's speed is related to how fast normal business transactions must happen. The speed of a mobile service provider's transactions (milliseconds) is very different from the speed of a mining company's transactions (weeks, months, and years).

An organization's direction has something to do with its strategy, but it is also connected to its market and its environment. For instance, is the organization trying to grow, or trying to survive? Is it buying other companies, or is it a target for being bought? Is its portfolio of products stable and secure or are disruptions constantly affecting sales? These are "direction" questions.

The good news for CIOs and IT directors is that they do not have to calculate their organization's business momentum. It is a concept, and I've never actually estimated or counted a specific business momentum.

The way IT directors use the concept of business momentum is to talk about how the activities of IT affect business momentum. So some activities like cost cutting in operations have the danger of reducing business momentum, while others, like new digital products may increase momentum.

Also, delaying maintenance or new software releases may affect business momentum in the future, but will have no effect now.
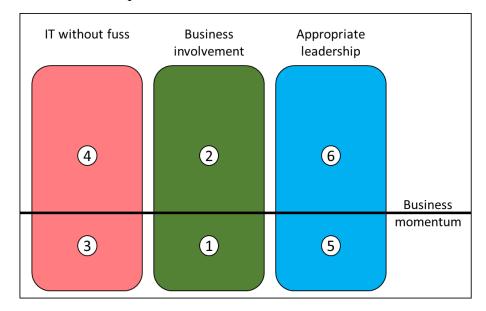
It is now possible to link the three roles of IT and business momentum.

The three-role model

If we link the three roles of IT:

- Deliver IT without fuss,
- Get involved in business operations and improvements
- Provide appropriate leadership,

With business momentum we produce a model for IT as follows:

The "business momentum" line cuts across all three roles. Below the business momentum line is all the activities that IT must do to maintain the momentum exactly as it is – no improvements, and no degradation. (This "maintain business momentum" will be a very important concept in future articles.)

Above the "momentum line" is what IT must do to improve the business momentum. Some of these activities are IT projects, but as we will see in later articles, many activities "above the line" are not projects at all.

So we have introduced three critical concepts here:

- Business momentum, and the concept of IT being critical to "maintain business momentum."
- Three roles of IT and the fact that business momentum is affected by each role.
- The concept of "below the line" (BTL) which is where IT maintains momentum, and "above the line" (ATL) where IT improves momentum.

Now, we need to look at each "class" of activity for IT above and below the line. Class 1 is below the line in the "business involvement" role of IT. This is a wonderful class to explain to businesspeople because it includes all the business specific applications and systems that IT runs for the business. Why it is wonderful to explain, is that it is different from Class 3, which is where IT runs all non-business-specific infrastructure, systems and applications. So in Class 1 we have financial systems, ERP, CRM, procurement, marketing, sales systems and so on. But in Class 3 we have networks, hardware platforms, Cloud, collaboration, and so on – systems and infrastructures that have not been designed for a specific business function. Already this helps CIOs claim the right to decide on these systems, but importantly, Class 3 also contains what I call "IT for IT" systems like ITSM systems e.g. Servicenow), or IT call-center systems, or portfolio management systems.

Class 5 is a special class because it refers to systems that help the leadership team in the organization. Usually, BI and data analytics systems fit here, and sometimes I put EA systems in here if they are being used by the organization to model their future options. Leadership is about the future, and any system that helps the organization move into the future goes here. Many organizations put their design systems like CAD, or process design systems here. One car manufacturer told me their virtual "crash-test" system goes into class 5.

In my next article, I will discuss Classes 2, 4, and 6, because there are nuances to this model that show it has 15 classes in total, not these 6 presented here.

For now, it is important for IT Directors and CIOs to consider what IT does below the line, and perhaps start to categorize their IT systems, platforms and infrastructures into the BTL roles. Remember that the purpose of BTL activities for IT are to maintain business momentum.