



Next Step in Digital Business Transformation: Delivering IT as a service

Rob Bamford and Clive Longbottom



Rob Bamford
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Biography

Rob Bamforth is a Principal Analyst working with Quocirca (www.quocirca.com), focussing on business communications, with particular emphasis on where communications impacts people and things through mobile, social, unified and machine-to-machine (Internet of Things) communications. His overall experience combines sales and marketing, with an in-depth understanding of technology development and deployment.

Business communications covers a wide area, encompassing telecommunications, convergence with IT and collaboration. It touches on employee and business effectiveness and efficiency as well as environmental and other external changes. Rob's perspective is on the business impact from large enterprise to SMB.

Rob joined the analyst community, establishing the wireless and mobile practice at Bloor Research prior to extending his interest in the impact of the convergence, or as he would rather say, 'collision' of IT and Telecommunications industries with his work at Quocirca. He has written numerous articles and many reports encompassing the impact and management of mobile devices, mobile security, the cloud, the Internet of Things, unified communications and video conferencing. Rob also presents and contributes in seminars, video interviews and webinars, has been involved in industry groups such as the EVUA and Mobile Data Association and for several years has been a judge for the GSMA awards at Mobile World Congress.

Rob is regularly quoted in the technology industry and mainstream business media and is a regular contributor of analytical content to various publications and frequently blogs on Computer Weekly. He regularly delivers presentations from formal keynotes at large events to informal off the cuff talks at executive dining evenings.



Clive Longbottom
Founder and Research Director – Business Process Facilitation
Quocirca

Clive Longbottom is the founder and research director of Quocirca (www.quocirca.com). Trained as a Chemical Engineer, Clive understands that everything within a business is predicated on process, and that the only point of technology is in making sure that the processes run efficiently and smoothly.

Business processes cover a multitude of sins, and therefore Clive is a technical generalist, covering areas as diverse as storage, servers, operating systems, IT platforms, data centres, systems management, on-line services, big data and analytics – in fact, pretty much anything that can have an impact on the business. He strongly believes that analysts that are too focused on a single area may be able to help the IT department, but that they will generally fail in what they should really be doing – helping the business.

Clive is regularly quoted in the technology industry and mainstream business media and is a regular contributor of analytical content to various publications and frequently blogs on Computer Weekly. He regularly delivers presentations from formal keynotes at large events to informal off-the-cuff talks at executive dining evenings.

Clive has been elected as a Fellow of the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA). As part of this, Clive has written on how technology can be used to help underserved areas of the planet, and can help in making life better for people without imposing a view of everyone needing to move to cities or to change their aspirations.

Keywords IT relationships, Budgets, IT as a service (ITaaS), Software as a service (SaaS), Finance
Paper type Research

Abstract

This article is an abstract of the report (www.quocirca.com/content/next-step-digital-business-transformation) that discusses how the current model for delivering IT is overstretched or, in some cases, broken. IT budgets and resources are tied up with



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the day-to-day issues of managing legacy deployments. A continuous struggle to simply 'keep the lights on' leaves little capacity for innovation or sufficient time to focus on addressing business needs. While, the traditional approach of 'evaluate, purchase and deploy' does not scale for businesses that increasingly need rapid access to innovation and commercial flexibility to dynamically address market challenges and user needs. The financial focus needs to switch from cost of ownership to value obtained and cost of use. The full report and research findings are available to purchase directly from Quocirca (www.quocirca.com).

Introduction

The perception of IT has changed in recent years. At one time, the apparent complexity of technology made the function difficult to penetrate; IT staff also maintained a tight control over access and use of the technology.

Over time, as capabilities grew, the IT function became more advisory and integral to the business, but still budgetary control for IT investment generally remained separate. For many the IT function had become too important, and could often be an obstacle or challenge to progress, rather than the enabler it should be.

The widespread adoption of technology by consumers now means that many more people are familiar with, and aware of, its capabilities. The IT function is no longer overseeing a 'dark art', but something more widely appreciated and adopted, if not completely understood.

However, IT departments have not moved their relationships closer to the business as many would have liked. IT can be seen as a cost centre rather than value enabler, and so where once IT reported directly to the board, it now increasingly has a finance-driven reporting line to the CFO. At the same time, technology products and services have become very accessible and affordable. Parts of the business often go ahead with the purchase and use of technology without involving the IT department – through a process often termed 'shadow IT'. Over time, this can become a financial and management nightmare for ensuring security, ongoing maintenance and professional operational control – never mind at a simple upfront cost level where economies of scale cannot be achieved through single contract negotiations

This report looks more closely at the evolving relationship between the IT function and other parts of the business and how it could be dramatically improved to the benefit of all parties, by using the flexibility now offered by modern networks and services, combined with an intelligent approach to the funding of IT spending. This leads to a model where IT assets no longer have to be owned, but can be delivered and consumed as a service.

The report includes new primary research conducted in the UK, based on a telephone survey of 100 IT purchasing decision makers.



The challenge of funding IT in a dynamic market

The demands for adding to IT capabilities have not diminished and overall IT spending is rising. IT spending is growing fast for almost one in five organizations and still growing slowly for a further two out of five. Faster growth is even more prominent in larger organizations.

Financial inflexibility

Even this growth may not be enough. New technologies, and their increasing adoption as organizations seek to increase competitiveness and productivity, means that finding sufficient funding is always a challenge. In some cases, this is not because of lack of funds within the business, but a reluctance to spend them due to broader pressures elsewhere or fears and uncertainty about the future. Significant changes in the economic and political landscape add to the lack of confidence, and this can spread quickly.

The business pressure to invest in IT does not go away and economic uncertainty is unlikely to reduce the competitive challenges faced by most organizations. Delaying IT investment is then often a false economy, resulting in lost opportunities in the short term and hasty decisions in the midterm in an attempt to catch up. A smoother approach would be more beneficial.

Within the organization, the reasons for funding difficulties split into 3 main areas:

1. Changes in requirements;
2. Amount available to spend;
3. Financial controls on how to spend.

The total amount available is affected by supplier pricing and how much budget was originally allocated. While few would turn down the opportunity to pay less for goods and services from a larger budget, neither item stood out as the most important.

But is IT meeting the needs of users and the business? Perhaps at certain times, but business requirements change fast and are recognized as the biggest issue for funding. How IT spends is also critical and many have constraints on capital expenditure.

Although it is true that many technology advances result in more functional offerings (faster, smaller, more capacity) at a lower cost, there is a tendency to want to increase the breadth of deployment to more departments and users, so any nominal savings per item disappear as more technology is acquired. Constraints on capital expenditure in IT budgets would then be a constraint to business growth. Current thinking is that more equipment needs to be purchased in order to meet the need. In reality this creates further problems. The IT estate grows, increasing the management challenge; ownership of fixed IT assets prevents the business from acting quickly to take advantage of new technology and changes by locking organizational spending into projects with long time frames.



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This limits IT decision makers' ability to adapt or respond in a way that maximizes value to the business.

People

Some of the challenge relates to people. Change can be quite unsettling and many that have reached a position of management or power will be reluctant to accept changes that might appear to, or actually do, threaten their position. The old IT truism of 'nobody ever got fired for buying IBM' demonstrates less a commitment to a particular supplier, but more a reluctance to change. Despite operating in a high-tech, fast moving, innovative industry, there is a highly conservative attitude in much of IT which often holds it back from building a closer relationship to the business.

Even with a progressive attitude, most IT departments struggle with human resources. In smaller organizations, it will be difficult to have enough people, but larger ones with well-staffed IT departments struggle to get the right mix of skills – and to get those skills to work effectively together. As IT continues to evolve and grow as a technical discipline, finding people with the right skills, especially in new areas of innovation, is a growing problem. Skills and staffing challenges are rising in importance for funding, being seen as more important than fitting within timescales and budget, in order for IT to deliver without compromising on projects.

Perhaps the right attitude is there, but there is a gap between the challenge of business demands running faster than the IT department, with all the complex technologies it now has to deal with, and it being able to apply its limited resources.

More budget and more technology is not the answer. The solution requires a different, more flexible, approach where the focus is on the dynamic usage of IT equipment and not on its ownership.

The full report can be downloaded direct from Quocirca at:

www.quocirca.com/content/next-step-digital-business-transformation



Recognizing that the IT market is in transition – not least in terms of how businesses consume their IT services – Rigby Capital was established in 2015 to help its partners (including vendors and service providers) to specialise in supporting the economic impact of consumption-based technology service solutions to their customers, alongside traditional IT financing solutions.

With an experienced team at the helm and backed by one of the UK's most trusted family-owned PLCs, Rigby Capital prides itself on being commercially oriented, transparent and unique in its approach by helping address the challenges of the seller in answering the problem of their customer.

The team at Rigby Capital specialises in asset inclusive services payment structures and software aligned subscription models with an emphasis on supplying benefits to the seller by addressing their cashflow and revenue recognition conflicts.

In the relatively short time since its inception, customer demand has validated the increasing requirement for this new approach to technology financing, and Rigby Capital has already built up a wide portfolio of customers (across all industries) and is working with a growing number of business partners – with plans for expansion into Europe.

For more information visit:

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Clarifying the business impact of technology

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organizations. Its analyst team is made up of real-world practitioners with first-hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organization's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to provide advice on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organizations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, IBM, CA, O2, T-Mobile, HP, Xerox, Ricoh and Symantec, along with other large and medium sized vendors, service providers and more specialist firms.

Details of Quocirca's work and the services it offers can be found at www.quocirca.com