



The Post-Recession CIO

Five things to get right in the second half of 2010



As economies and businesses begin to emerge from the recent global downturn, executives are beginning to understand that the worldwide recession was not just another turn of the business cycle, but rather this new era will not be the same as seen before. Like the past 24 months, the business future will continue to include tighter credit, thoughtful consumer spending, greater government involvement in business affairs and an air of consistent uncertainty.

For executives responsible for their company's IT, the implications include ensuring increased productivity, identifying, advising and using IT more effectively to meet post-recessionary objectives, and embracing viable disruptive technologies that will shape their company's future economics. Successful CIOs have the daunting task of leading their organizations arm in arm with their executive peers in a manner different than the past. With this in mind, we see five critical areas that CIOs will need to get "right" in the second half of 2010 to help them in this challenge.

Driving Top Line Growth through Disruptive Solutions

Business enablement has always been the charter for the IT organization, however, with companies focused on emerging from the recent recession, this enablement takes renewed focus, especially in the area of top line growth. Throughout the recession, companies spent much of their efforts on the unpleasant tasks of cutting costs wherever possible, including postponement of strategic initiatives and letting go of talented resources.

With the post recession period underway, companies are now refocusing on the top line, seeking new ways of expanding revenue channels. For the post-recession CIO, the implication is the need to identify disruptive technologies that can produce significant sales growth quickly, while evaluating existing, supportive technology enhancements. Whether through real time analytics for sales teams, enabling social networking models to increase new customer acquisition or supporting new modes of selling thru value chain partner collaboration like the CPG - Retailer store in store concept that leading players including Wal-Mart and Target Corp. are working towards by providing grocery offerings along with their traditional product suites. CIOs that can align their thinking and action plans towards driving top line growth for the company will be far ahead of their peers in the near future.

No longer is simply finding new ways to "keep the lights on" at lower costs a major focus, but instead, enabling their company to expand into new markets and sales channels quickly, improving product development speed, and maximizing the effectiveness of the Sales and Marketing teams should be the new agenda.

Blending With Business in a Demand - Supply Model

The ongoing struggle for many CIOs has been to develop relationships with their business peers that are more collaborative in nature. This ongoing challenge is one that is a must to solve for post-recession CIOs as the speed in which business decisions are being made requires greater forward visibility.

The successful CIO in 2010 will be able to achieve a “seat at the table”, where strategic business decisions are being made, rather than waiting to see what results and reacting with supporting plans. However, blending IT with the business does not stop with the CIO; it is the overall business demand management infrastructure that needs to be in place if IT organizations are to coordinate the vast inflow of requirements targeted on post recession business needs.

Traditionally, CIOs have tried to solve the dilemma of getting closer to the business by seeding individuals into the various business units of their company. CIOs need to consider developing IT Demand and IT Supply teams in their own organization. The Demand teams act as technology-savvy liaisons, jointly reporting to the CIO and business heads, while residing in the IT team to coordinate across business units. IT Supply teams, in shared development structures, are made up of internal or externally outsourced resources who take the IT Demand teams forward post requirements definition activities. For instance, a \$78B Consumer Products organization has built a global business services group that straddles the business-IT gap through its designated Demand-Supply teams so as to increase business satisfaction and drive down overall operating costs.

With so much at stake early in the post recession period, CIOs must ensure that their organization breaks the inconsistent business-IT connections of the past to reap the benefits of better coordination of multiple business requests, faster Time to Company (TTC) of business enabling technologies, broader career paths for scarce talent and improved internal and external customer satisfaction.

Creating Innate Expenditure Management Capabilities

Fiscal responsibility across each functional area of a company is critical now more than ever during post-recession recovery. IT organizations have known this as they are consistently the targets of cost cutting and control. Going forward, three critical expenditure management capabilities the CIO must help to create in the company include 1) New ROI models, 2) Business Chargebacks and 3) Fiscal-related performance measurement systems across IT roles.

First, the successful CIO will partner with their CFO peer to adopt formal ROI models that demonstrate returns throughout initiatives and not just post completion that traditionally have not often been assessed. No longer are simple financial metrics the basis for the ROI models, but rather

business value variables including increased customer acquisition, retention and sales growth, customer satisfaction, agility and speed need to be included into the formula.

Next, CIOs must push for business chargeback models that not only enable the IT organization to focus on the diverse business requirements, but reduces the misalignment of business expectations with IT execution. Many company business units enjoy a “no cost” relationship with their IT brethren, bombarding teams with countless requests while having no fiscal responsibilities as the IT organization bear the brunt of trying to balance the needs of the company with reduced budgets. This model cannot be sustained in the post recession era if organizations are going to emerge ahead of the competition. The CIO with support from the CFO needs to be the catalyst towards such a model.

Finally, the CIO needs to formalize relevant fiscal related responsibilities and incentives for all IT roles. Managing to a budget needs to be a must for each individual within the IT organization. Like a family whose belt tightening was done by each member, so too the need for the post recession IT family. The CIO should also enable other parts of the business to control their own costs and not being focused just in the IT organization. Within most companies, IT budgets are 10% or less of total company spends, so the other 90% needs the CIO’s help in providing the right technology-enabled productivity tools to allow such controls to occur.

Using IT Critical Positions as a Competitive Advantage

While most IT organizations require work to be coordinated across many jobs, there typically are only 5 to 7 that are key to meeting the CIO’s strategic vision and business outcomes. These jobs, called critical positions, are ones that are either pivotal to the strategy or significantly affect key performance measures such as develop and maintenance costs, system up-time or customer experience. Because of how tightly coupled these positions are to the CIO’s strategy, an absence of qualified workers for a critical position can have devastating results.

With the rebound economy in a beginning stage, most business executives are preparing for aggressive sales volume growth. As discussed earlier, IT executives should determine the key systems enabling sales volume growth and while doing so, identify all critical positions supporting these systems. Next, executives should ensure that (1) the best available talent is currently staffed in these positions (2) proven retention strategies are being used to keep the talent in these positions and (3) when turnover occurs, continuity plans exist to ensure the organization has the talent to provide uninterrupted services.

Talent is quickly becoming the next competitive advantage for organizations. Ensuring that IT has a foundation for attracting and retaining its critical positions is a strong first step towards enabling business success and thus needs to be on the CIOs agenda into the second half of 2010.

Creating Next Generation Working Environments

The past 18 to 24 months brought provided CIOs the opportunity to begin considering new work processes and structures that need to be expanded to manage the oncoming next generation workforce. Traditional models of onsite resources were pushed further into the virtual model to drive down costs and leverage variable, often times external, capabilities. In order to maximize the effectiveness of the CIOs future work teams, greater flexibility will need to be build into individual roles and supporting infrastructure for next generation workers is far different that their historic peers.

The changing workforce demographic will force new processes, policies and supporting technologies that will take some time to plan and implement. Unfortunately, time is relatively short and CIOs need to begin addressing the fact that millions of Baby Boomers will be departing from the labor pool soon and Generation X, Y and Z replacements have diverse expectations that have not been dealt with before in most companies. The CIO needs to create new environments that allow for greater mobility, plug and play infrastructures that accommodate the finicky technology choices these new generations demand and opportunities for new and different work on a regular basis.

CIOs and their HR peers need to collaborate tighter than ever before as HR establishes new offers that attract, onboard, develop and retain the oncoming workforce while at the same time, establishing processes and tools, such as Knowledge Management repositories, that can extract the years of experience that will soon walk out the door.

A tribal knowledge culture still runs rampant in most IT organizations and for companies to minimize the loss of productivity that often occurs during workforce changes, the better the CIO gains a better understanding of needs and expectations of the newer employee base while organizing the historic, valuable information of his current teams, the better positioned the company will be as it moves forward.

Summary

For post recession CIOs, those who survived deep budget cuts, layoff scenarios and pressure to deliver more with less, the future looks relatively bright. However, the light at the end of the tunnel could be a train if key areas are not immediately planned and executed well, including 1) sales growth enablement, 2) tight business coupling, 3) expense optimization, 4) critical role filling and 5) next generation organization readiness. It may seem that many of these same areas have been discussed time and again as important for any CIO, but at no time in our recent business history has the entire global economy been impacted, including those involved through global companies and companies wanting to be global.

Fundamental shifts in CIOs' focus need to occur, for it is not certain that another recession is so far away that they have the luxury of moving in a crawl-walk-run mode in this post-recession period.

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