

# Wave Of The Future.

## How Businesses Can Keep Up With I.T.

The corporate digital divide is upon us. New technological alternatives (outsourcing, off-shoring and onshoring) and a new era of technology-oriented C-level officers (such as CIOs and CTOs) have become more integral to business processes, as the focus on information technology shifts from a necessary business expense to a profitable corporate venture.

### Rising popularity of IT outsourcing

A 2002 IBM research study confirms that executives are increasingly outsourcing information technology resources to help their companies reduce costs and better focus on core business strategies. The study demonstrated a strong correlation between outsourcing IT resources and financial performances and found that companies that outsourced IT outperformed their peers. Rational for outsourcing ranges from the need to extend global reach and staying on the bleeding edge of technology to gaining control of out of control IT functions by allowing an outside vendor to assume some of the risk.

But while technological integration into corporate boardrooms has become more prevalent, many business executives have been blind-sighted by the plethora of outsourcing options. Clearly, IT is trending towards outsourcing, but in what capacity? And which alternative is right for your business?

Gartner, a global provider of research and analysis about the information technology industry, warns business executives against evaluating outsourcing alternatives on the basis of a single measurement, such as cost.

Rather, an IT approach should be goal-centered and cost-effective, but must not compromise strategic value.

For many companies however, the task of managing multiple IT vendors has only created more cost and inefficiencies. This is the result of any number of causes, from being sold directly to different parts of an enterprise to a lack of a centrally managed approach which Gartner describes as “uncoordinated at best”. Companies are continually getting caught in the middle of vendor finger-pointing where the responsibility lies nowhere and the client gets stuck with the problem.

### The solution: A unified sourcing strategy

in which one vendor assumes the risk and responsibility of a company’s daily IT maintenance.

Many Houston companies have found a very attractive alternative in utility computing services. In its truest form, utility computing makes managing IT as simple as turning on a light switch or water faucet, allowing clients to manage expenditures on a “utility” basis with virtually no capital investment in IT.

### IT as a “Utility”

Just as electricity, water and telephone utilities allow customers to pay only for the amount of services they need, utility computing allows organizations to pay only for the technology infrastructure they require, without purchasing, managing and supporting a complex and expensive infrastructure in house.

With utility computing, companies enable their technology infrastructure to adapt, change and grow as their business necessities.

### “IT should be taken for granted”

Companies only need to purchase the amount of computing resources they need at any given point in time. The ability to purchase such 'bundled' technology (which includes network capacity, systems, applications, desktops, security and storage) allows businesses to drastically reduce total operating costs, while increasing the power of their systems. In the words of Nick Carr of the Harvard Business Review, “IT will deliver its greatest value when it becomes invisible to users, when it’s taken for granted”.

As utility computing gains popularity, more IT outsourcers and consultants will claim to provide the same or similar efficiencies. Your challenge is to create your own “utility computing guidelines” – goals you expect to achieve through signing on with a vendor. Contracts should be month-to-month and capital investments in IT should be minimal at the very least. Look for my next article in the Houston Business Review, which outlines IT alternatives and helps you create strategies on whom you can trust, internally and externally, with your information systems.

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