

Change is in the air—and in the boardroom

Technology and process management is increasingly on the board's radar

It's just a rumble in the distance now but it's not hard to tell that sweeping changes in the relationship between business strategy and technological application are coming. The two are getting discussed more often in boardrooms, according to several recent studies.

One sure sign of this is the new buzz phrases popping up in recent literature, including: Application performance management; business process management; service oriented architecture; and hybrid IT. Another sure sign is in the frequent use of the word "change." Examples of the trend:

- "Many organizations have now passed the definitional stage of cloud computing and are testing cloud architectures inside and outside the enterprise and over time, the cloud will simply become one of the ways that we do computing, and workloads will move around in hybrid internal/external IT environments," says Chris Howard, managing vice president at Gartner. "As a result, the traditional role of the enterprise IT professional is changing and becoming multifaceted. A hybrid IT model requires internal and external IT professionals to support the business capabilities of the enterprise."

- "The industry mindset needs to change for organizations to capture the full business value of business process outsourcing, where engagements are measured by business outcomes and improving clients' business performance rather than just cost reduction," says Mike Salvino, group chief executive, Accenture.

- "Business process management...presents innumerable challenges in areas such as organizational change, measurement systems, communications, business analysis, improvement methodologies, and vendor selection," says John Dixon, research director at Gartner. (Read more about this in the article "Five business process management pitfalls to avoid" in this issue of Tech Topics.)

Two major factors seem to be pushing senior management into bed with the tech providers: the need to boost performance, and the need to manage risk.

Regarding the first factor, a study by Compuware found that more than 80% of CIOs expect their business customers and users to demand better performance from their websites and applications in 2012. Nearly 90% said they need full visibility of all user behaviors, business transactions, complaint resolutions, and conversion rates through a single system to eliminate time spent correlating between tools.

"There is no question that applications are more critical to business success than ever before, and that their performance must be guaranteed," says John Van Siclen, general manager of the Compuware APM Business Unit. "Today's complex, dynamic applications start with a user perspective, not an old-style data-center-first view. Rather than simply react to problems after they have impacted users, new generation application performance management is designed to optimize the speed of key transactions, proactively fix issues before they impact users, and dramatically reduce the time it takes to get new features and functions to market. In short," says Van Siclen, "new generation APM provides a competitive advantage to those who wield it."

Regarding the second factor, a KPMG survey found that corporate boards increasingly want assurances that governance, risk, and compliance issues are integrated effectively and efficiently. The most successful companies, KPMG found, are those that are working toward a holistic, or converged, view and adjusting the governance framework, including board oversight, to better integrate business risk and compliance management.

“Organizations clearly are giving more prominence to integrating governance, risk, and compliance activities, though most companies remain at a fairly early stage, confronted with issues such as the complexity of the undertaking and a lack of experienced executives in-house among the remaining key challenges,” says John Farrell, partner at KPMG.

While the various buzz phrases mean different things, referring sometimes to outsourcing, sometimes to in-house development, and sometimes to a combination of the two, what they have in common is a sense that business depends on new and better technology, and technology depends on more innovative approaches by business. Accenture captures this in research described in a recent press release titled “Behaviors and practices must change [there’s that word again] for companies to achieve full business value of business process outsourcing.”

It winnows it all down into what it calls eight core management behaviors and practices which, upon reflection, could be applied to any new business/technology relationship:

- Take a holistic approach to managing the scope of the BPO [or other tech] relationship.
- Adopt a collaborative approach to governance.
- Make change management a priority.
- Focus on benefits beyond cost reduction.
- Target strategic business outcomes.
- Leverage domain expertise and analytics.
- Align the retained organization with the outsourced processes.
- Use technology as a source of innovation and advantage, not just as the infrastructure of delivery.

And remember the old TV commercial tagline: “Change is good.”

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Source used in this article include:

Behaviors and Practices Must Change for Companies to Achieve Full Business Value of Business Process Outsourcing, Accenture Study Finds

Study Reveals Nearly Half of CIOs Not Confident Their Organizations Are Able to Meet Increased User Expectations in 2012

Gartner Says Hybrid IT is Transforming the Role of IT

Boards Raise Focus On Risk; Senior Execs Demand Convergence With Governance, Compliance: KPMG Survey

Five business process management pitfalls to avoid

About the Author

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