SERVICE

IT Strategy

A new breed of IT Strategy has emerged

Developing an IT strategy has traditionally been a cyclical process, in response to either a known technology shift (e.g. ERP systems coming to end of life) or a business-driven requirement (e.g. M&A activity, growth and international expansion, efficiency and cost-reduction programmes).

These drivers remain critically important but the advent of the fast paced 'digital revolution' has added new dimensions to developing an IT strategy:

- An annual or multi-year cycle no longer works; you need a dynamic and responsive approach to IT strategy development

- Customer interfaces are becoming ever more digitised, throwing IT into the forefront of business operations

- Consumers are generating data at an astronomical rate, from which businesses can derive previously unavailable insight, and so enable customisation of their products and services

- Technology is being used in different ways, to develop new products and services rather than just support business operations.

The IT function can only support this if they are truly integrated with their business customer and have the capabilities and capacity to respond quickly. As well as closer business partnering, we have seen a shift towards "bi-modal" ways of working, a merger of development and operations ("DevOps") and an organisational shift from functional IT to product centric teams.

In many sectors, IT is fast moving from supporting the business to being the business. Not only has IT moved from a being a passive support function to an enabler of growth in recent years; it is now becoming the power-house of growth. And as the IT strategy increasingly sits at the heart of the business strategy, so the role of the CIO is fundamentally beginning to shift. Read more about our views on the changing role of the CIO.

The impact of Digitisation

Nearly all our clients are grappling with digital and the impact it is having on their businesses. The digital revolution is changing the demand on IT, driving new ways of thinking and a new breed of IT strategy. Some of the key themes driving these changes include:

- **Changing role of IT:** digital is becoming a preferred route of customer interaction with the business, as well as enabling brand new products and services. E-commerce continues to grow apace and online systems have replaced many other face-to-face

"The advent of the digital revolution has made the need for a clear, current and dynamic IT strategy more critical than ever. And as the transformational opportunities presented by technology spread from the back-office into the faster-paced front-office, organisations are realising that it is a very new breed of IT strategy that is required."

Simon Close
Partner

activities, changing the demands on IT and requiring a greater alignment between business and IT strategies. The digitisation of products and services that the business provides means IT is no longer confined to the traditional 'back office' supporting role i.e. running the infrastructure, enabling shared services and enterprise platforms etc.

- **IT are partnering ever more closely with the business and, in some instances, becoming embedded within the business:** there is no doubt that there is a need for IT to be closer to their business customers so they can quickly react to this new and varied demand. Different organisational are reacting in different ways:

  — some are putting in place/strengthening business partners who sit at the top team of the business unit they support;

  — others are re-organising their IT function into product or business-unit centric teams;

  — and in some cases, the IT team is embedded within the business team (this particularly common in marketing departments who manage and run their own digital marketing).

There are pros and cons to each approach and the reality is there is often a hybrid of all three. Regardless of the approach, it is critical that IT create a relationship with the business that enables them to understand the full scope of activity underway across the business and enforce core standards, but where they are flexible enough to support, host and interface with applications that are developed and run by the business as required.

- Feeding data hungry businesses: 90% of the data in the world today has been created in the last two years alone. The Internet of Things, Big Data and the Cloud are all making it possible for organisations to benefit from this vast data. More importantly, the business customer has developed a strong appetite for analytics and insight: customer intimacy is required to retain existing and win new customers, while efficiencies can be driven out of a deep understanding of operational performance. This is driving new requirements in the way IT services are provided and the skills required to support them. Read more about our views on Digital, Big data and Cloud.

- Development of Bi-Modal IT strategies: traditional needs for an IT function remain (e.g. End User Computing, support, service desk etc.) through the provision of a stable cost-effective base to 'keep the lights on'. However, the inexorable move of the entire IT estate to the Cloud, including use of Software-as-a-Service (SaaS) for all core functions, is changing the role of IT to manage more by outcomes (service and supplier management), than incomes (specifying and building IT systems and infrastructure). IT functions need to be able to manage this transition to new core technology, becoming more flexible and reactive to adapt to the more immediate demand driven by the digital revolution. They also need to recognise the new skills and organisational capabilities this change demands. This is creating a need for 2-speed IT functions: one speed to manage the changing, traditional components of IT, and another, more agile speed able to cope with immediate, digital business demands.

Responding with a three-tiered IT Strategy

These new challenges do not make the customary demands on IT disappear, they are additive. Where traditionally, an IT Strategy might focus on 'keeping the lights on' and/or core system development, it is now necessary to look through a third lens to enable the digital agenda. Responding to these three tiers requires different capabilities and proximity to the customer and only by considering all three, can you be successful in this new world:

1. 'Keep the lights on': efficiently delivering a reliable, resilient and flexible infrastructure and application estate. This element of the strategy will focus on delivering as low as feasible IT cost, while meeting the right SLAs for the business;

2. 'Developing the traditional business': progressing new solutions to improve the traditional core business (e.g. CRM, ERP systems). This element of the strategy will focus on traditional margin improvement IT projects centred on a robust business case and benefits realisation;

3. 'Enabling the Digital Agenda': there is now the need to be responsive and flexible to accommodate the current and future digital demands and needs from the business, which may result in new digital products and services. The pace of change makes this hard to plan, so the strategy must focus on building an agile IT function capable of rapidly responding to new business demands, in collaboration with the business. Critical success factors include;

   a. being close to the business with deep and strong partnering relationships and;

   b. recognising the changing role of the CIO from an internal supplier focussed on technical knowledge to an outward facing leadership role defining and implementing innovative IT capabilities through engagement with and co-ordination of 3rd parties.

How we can help

Through our work with many of the world's leading companies, supporting them with the development, design and implementation of their IT strategies, we offer a compelling combination of industry and business knowledge relevant to your sector, functional understanding, technology (including digital) expertise and the transformational change know-how to make it all happen.

We help CIOs, their senior teams and executives within the business to understand how best to move their IT strategy forward – and we work closely with them to get on and make it happen. We don't try and tell you what your strategy should be; we bring highly experienced and talented people, who work as close-knit part of your team, to help you develop the right strategy for your business with real ownership.

With our 'low volume, high value' model, we won't overwhelm with large teams or take months to produce results. Typically, only using one or two highly experienced and high calibre people, we can help you develop your IT strategy in just a few weeks. Above all, this is about sound judgement; doing enough analysis, engaging with the key stakeholders and drawing on our experience to help our clients make a confident call on what's right for them.

Our experience

Here are just a few examples of our work in this space:

- **We helped a major global manufacturing organisation develop an IT strategy after a significant Merger & Acquisition event.** During a multi-billion-dollar takeover of a competitor, sizeable synergy savings were identified through unifying the legacy IT functions. We worked with the newly integrated team to develop an IT strategy for the group which was aligned to the new organisational structure. This included refreshing the roadmaps for IT investment and clarifying the revised operating model and organisation structure of the combined IT group.

"Berkeley provided strong process orientation and focus to the activity. There was also a strong push to get to the final output." Group CIO

- **We helped a global packaging organisation develop a group IT vision and strategy to drive efficiencies out of a highly federated IT organisation.** This organisation had undergone dramatic, acquisitive growth in recent years, which had resulted in a highly federated organisational structure and a very diverse technology landscape. We worked with the newly appointed CIO and the business IT teams to develop an IT vision, defining "the art of the possible" for technology and an IT strategy and target operating model. The IT strategy was developed through consultation with the business to understand their requirements on IT, while also addressing the issues of an overly complex application and infrastructure estate. The target operating model was developed to drive efficiencies out of an IT function that was delivering a very localised service, but in an ineffective way.

- **We helped a music rights management organisation develop a new IT strategy to respond to a rapidly shifting, digital market place.** The music industry was undergoing a massive transformation with consumption of music shifting from traditional means (such as CDs) to digital downloads and streaming. All components of the organisation were being reviewed, to understand how they could respond to this shift in market dynamics. Berkeley were engaged to help the team develop an IT strategy which focussed on responding to this change. The strategy focussed on the likely future business requirements and included a target application portfolio, supporting technical architecture as well as a business case and roadmap to support the transition.

"Working with Berkeley was fun, interesting, challenging and ultimately incredibly useful. Berkeley's no-nonsense approach brought clarity to some of our most complex business strategy challenges. Their advice was always considered, frank, constructive and informed by their experience, and has helped ensure that our strategy can be implemented rather than sit on a shelf." Executive Director for IT

- **We helped a multinational, government funded investment bank to enhance their IT strategy to better support their business.** As the bank continued to grow and change the way they worked, they recognised the need to strategically review and refocus their IT, which played a critical part in supporting their increasingly diversified operations and they were committed to modernisation. In six weeks through a focussed and intensive strategic review, we helped them set a strong strategic direction for their IT. They gained a clear understanding of the issues and challenges, what they should focus on and what this meant in terms of investment and timescales.