

**IT Strategy: Coping with Economic and Technological changes**  
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The need for organisations to have a clearly communicated IT strategy has never been greater, with significant pressures on investment and increased risk aversion. This comes at a time when a range of significant technological changes are emerging, including Software as a Service, virtualisation, and cloud computing.

Key to the development and use of an effective IT strategy are:

- Making sure one exists in the first place.
- Ensuring that the IT Strategy is being driven by the overall organisational strategy rather than simply reacting to the latest technological 'fad'
- Making the IT strategy relevant to general management
- Communicating it to non-IT specialists in language and terms they can readily understand.
- Delivering the key benefits within a fast changing technical and economic environment.



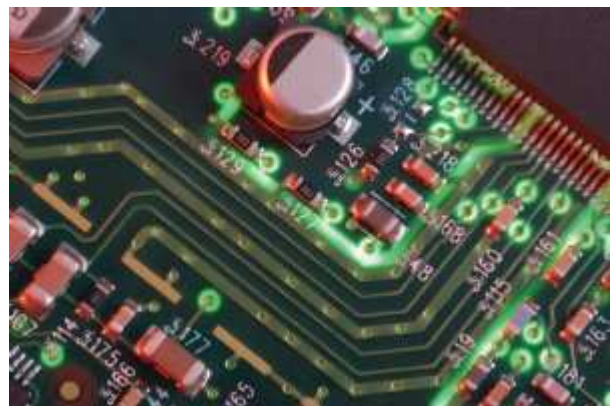
All strategies must be clearly focused on delivering measurable benefits for the organisation and in line with its general business objectives. Sadly, in the current economic climate, many organisations are failing to undertake any form of strategic planning and are simply intent on implementing a range of short term tasks that ensure survival. The lack of a clear strategy could prevent the organisation from properly assessing or adopting some of these new technologies, which are designed to provide efficiencies and may well be highly appropriate.

With the economic downturn biting into development resources available to technology companies, many are seeking ways in which they can help clients gain efficiencies through either use of improving communication infrastructures, such as widespread broadband, or more effective use of existing technology through improved server management systems. Many of these ideas are not new but are being offered in a more deliberate and well-publicised manner.

*Good IT strategy saves money.*

Software as a Service (SaaS), whereby organisations can access configurable standard applications on an, effectively, rental basis, remains something of an enigma. Suppliers are pushing hard, highlighting the flexibility offered whilst minimising costs through the shared advantages of multi-tenanted vanilla applications.

The key challenges for organisations considering SaaS as an alternative to the more traditional licensed software model include the resilience of communication links, contractual limitations such as minimum user numbers given the likelihood of downsizing in the current economic conditions, the need for a differentiation in the software to accommodate perceived competitive advantages, and the ability of the SaaS provider to deliver real cost savings in the medium to long term.



Virtualisation has been successfully used by a number of organisations seeking to significantly reduce their investment in server hardware as previous generations of systems come up for renewal. The use of virtualisation management software is also allowing many IT departments to introduce internal - cloud' configurations through which more efficient use can be made of IT resources and infrastructure while maintaining or improving the service to business users.

However, the use of cloud computing based on external providers introduces a range of additional challenges and risks, including the legal implications of storing sensitive data in unknown storage facilities. In addition to potentially opening the organisation to action under the Data Protection Act, such reliance may provide an unhealthy advantage to the supplier should contract relationships break down.

As staffing is amongst the highest cost elements of most organisations, outsourcing is again featuring in many option appraisals. As it has been in the past, key to the success of any such outsourcing arrangements is the willingness and ability of the organisation to define their requirements and manage any eventual contracts to ensure that anticipated benefits are actually realised.

In devising an effective IT Strategy the availability of technology is rarely the problem. By far the bigger challenge is ensuring the organisation is clear on what its aims and objectives are, and to design and build the required systems to allow for sufficient flexibility to accommodate changing circumstances.

Increasingly, the role of IT directors and managers is moving away from assessing and implementing new, more complex technology. The role has evolved into a more commercial role incorporating significant change and contract management responsibilities. While opportunities such as Software as a Service and cloud computing offer potential savings and greater flexibility, they also introduce a series of new risks and challenges which the IT director or manager will be expected to manage.

The introduction of an external provider for any form of key service, but particularly IT, raises a wide range of legal, compliance and operational issues. While some, such as ease of access from remote sites, may be to the organisation's advantage, many introduce new forms of risk which require a different form of management.

IT directors and managers have a critical role to play in ensuring that their organisation for gains maximum benefit from these types of technology, whilst also recognising and managing the risks on behalf of their non-IT colleagues and communicating the clear benefits that such technologies can deliver via an IT strategy.

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