"Keeping the lights on" has long ago ceased to be sufficient to define success for IT departments. Rather, successful IT departments are striving to understand and translate business objectives into enabling and transformational technologies that are ready when the business is ready. Yet:

- ❖ Innovation in technology continues at a dizzying pace, reducing IT departments ability to keep up, let alone, stay ahead
- ❖ IT talent is difficult to acquire and when acquired, difficult to retain
- ❖ Business is demanding, and rightfully so, more from IT
- ❖ Preparing for disruption and rapidly adjusting to "New Norms" is paramount for survival

These changes are not abating. Rather, they are accelerating. The current model of constantly expanding, retraining, and realigning to deliver IT capabilities is not sustainable for small and mid-size organizations. How can these organizations get more value out of IT with less IT? Can IT focus on facilitating business success while outsourcing and managing the supply and demand for IT?

Current Situation: Small and mid-size organizations with $50 to $200+ million in revenue that are growing organically and/or via M&A or are barely surviving may be spending 3-6% of revenue and/or 4 to 8% of operating expenses on IT (including human capital). Per Gartner, 75%+ of IT spend is on "keeping the lights on". IT teams are faced with the daily challenges of maintaining and upgrading existing technologies with limited budgets in an ever-evolving business environment.

While many organizations may have industry and organization specific technologies, there are common technologies that all organizations use. These include:

- ❖ Financial, HR and marketing systems
- ❖ Collaboration systems including telephone and video conferencing technologies
- ❖ Custom software applications such as public, private web sites and other
- ❖ Connectivity to the internet
- ❖ Information security to protect data assets
- ❖ Copiers, printers and some still use faxes
- ❖ Servers to connect, integrate, backup and run all these technologies

And you certainly need expert IT staff and consultants to keep IT humming.

Complications to Current Situation: Innovation in technology has been on heavy steroids for the past 2 to 3 decades. New technologies are introduced at a very rapid pace – Some of it turn into home runs while other strike out. Emerging and maturing technologies such as: Machine Learning (ML), Robotics Process Automation (RPA), Internet of Things (IoT), Artificial Intelligence (AI), data analytics, cloud and everything (software, infrastructure, platform) as a service can revolutionize how we work and how we run our organizations. You may be wondering:

- ❖ Which of these technologies can help you compete and accelerate growth?
- ❖ How do you manage your users' easy access to the plethora of subscription-based cloud solutions that enable collaboration while also protecting your data assets?
- ❖ Which technologies provide the most value in the short and then in the long term?
- ❖ Is there a roadmap that will accelerate value while working around business and technology dependencies?
- ❖ Which partners are best positioned and culturally aligned to help you?

Your organization is probably already leveraging cloud and other emerging and maturing technologies. However, with your IT department stretched thin to support everyone with their current technology needs while "keeping the lights on", do you have the right expertise to upgrade existing technologies and identify, evaluate and roll out new technologies that will add business value? Are organizations with aggressive recruiting tactics poaching your most talented technologists?

For IT to enable business growth, IT must remain a few steps ahead of business needs with the right technologies at the right times. To maximize value and minimize risk, a paradigm shift to the future IT Ecosystem is under way.

Potential Solution: The IT ecosystems of the future will likely look very different than they do today. Conditions are ripe for organizations to use small teams of IT experts that focus on working with their business partners to identify and prioritize opportunities and needs while outsourcing

and managing the implementation of the enabling technologies. The small IT department can then be agile and align demand for IT services to the right consultants and outsourcing 3rd parties.

Outsourcing and the use of IT consultants are not new concepts. In fact, they have long been tenants of successful IT organizations. Many organizations already outsource printer and copier service, HelpDesk, use software in the cloud and 3rd party data centers. Many organizations already use IT consultants when they need unique skills, are overwhelmed with the amount of IT work or need help delivering strategic IT initiatives.

What is required to maximize IT value while minimizing the risk of finding and retaining the right IT talent, is more effective outsourcing. Each one of the outsourced IT functions that are described in figure -1- could slide under Internal IT if it provides a competitive advantage, requires regulatory compliance or is supported by a clear value proposition.
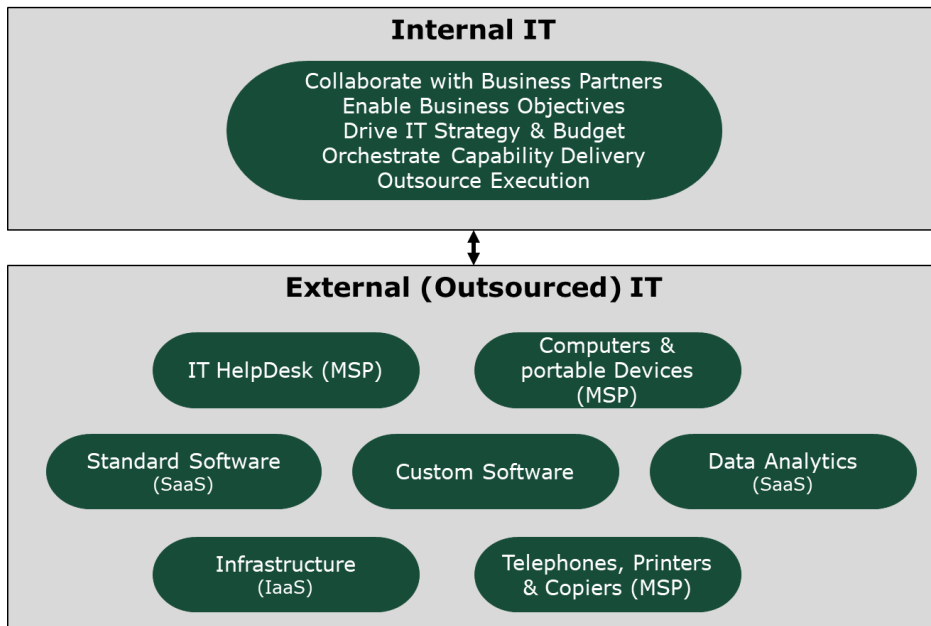
Internal IT

Collaborate with Business Partners
Enable Business Objectives
Drive IT Strategy & Budget
Orchestrate Capability Delivery
Outsource Execution

External (Outsourced) IT

IT HelpDesk (MSP)

Computers & portable Devices (MSP)

Standard Software (SaaS)

Custom Software

Data Analytics (SaaS)

Infrastructure (IaaS)

Telephones, Printers & Copiers (MSP)

Figure -1-

Key roles and responsibilities of the IT team of the future and therefore must be retained internally:

❖ Collaborate with internal business partners to identify opportunities where enhancements and new technologies can accelerate delivery of business objectives

❖ Identify emerging technologies and processes that will deliver the desired business objectives

❖ Develop and be accountable for the IT strategy and the IT budget (**all** IT spend)

❖ Lead the IT Governance process

❖ Own the IT architecture and technology stack and processes

❖ Identify, select and manage external IT partners to build, deliver and maintain the IT capabilities that are critical for business success

Under this model, the IT department must be strategic, collaborative, possess a high business acumen, innovative, inquisitive about emerging technologies, highly experienced in vendor management and possesses strong project management skills.

Such a model will provide significant benefits including:

❖ True partnership with business users - listen to their needs and enable them to deliver their business objectives

❖ A nimble and agile IT organization with a long-term vision that can quickly pivot to address business objectives

❖ Best fit technology and IT human capital as business needs evolve and new technologies mature

❖ Where important, shift capital investments to operating expenses

❖ Reduce IT headcount and associated expenses

This model is clearly not suitable for all organizations. Industries that are regulated and industries requiring government clearance may not be able to take full advantage of this model. For everyone else, it is worth your consideration.

Future state for delivering IT capabilities and tactics to ensure success for small & mid-size organizations

IT Function or Capability	Future State	Keep an eye on…
Enable Business Strategy & Objectives	Internal IT	1) IT leaders are inquisitive, trusted & "invited to the table" 2) Business & IT leaders are collaborative & open-minded
Provide Help Desk Support	Outsource	1) Metrics to track performance & user satisfaction 2) Rate of turnover at MSP 3) Acceptable information security technology & processes
Manage Custom Software Applications	IT Consultants maintain & enhance	1) Is custom software truly a differentiator? 2) Relevant intranet/internet sites
Manage Standard Business Applications (Finance, Supply Chain, Marketing, HR, Office Collaboration)	Maximize use of SaaS	1) Ability to share data & processes with other systems 2) Ability to control timing of rolling out new features to avoid disruption of operations 3) Training on new features 4) Level of customization & exit strategy
Data & Data Analytics	IT Consultants maintain & enhance	1) Relevant & action-oriented dashboards & reports 2) Ability of business users to generate adhoc reports
IT Infrastructure (servers, Backup & Recovery, Info Security, DR/BC)	Maximize use of IaaS	1) Multi-clouds for cyber-security & DR/BC purposes 2) Industry & governmental compliance
Computers and Portable Devices	Outsource	1) BYOD portable devices; secured by MDM software 2) Develop standard computer images 3) Metrics to track performance & user satisfaction
Telephones, Printers & Copiers	Outsource	1) Avoid long term contracts 2) Avoid service plans for desktop printers & copiers – replace when they break

CASE STUDY – STONEHENGE CAPITAL

STONEHENGE CAPITAL is a Columbus, Ohio based Private Equity firm with affiliates in 12 locations in the US. A total of 150 associates support 8 evolving lines of business including Tax Credit, Growth Capital, Community Development and other niche financial products and services.

Michael Savakinas is the director of IT for Stonehenge and its affiliates and IS the IT department. He uses a Managed Service Provider (MSP) to back him up and has determined that a SaaS, IaaS model provides the most value. He sees his role as "Translate, analogize and orchestrate" complex technology concepts and deliver IT capabilities. To be successful in his role, Michael strives to maintain a good understanding of the business of Stonehenge and its affiliates. He meets regularly (quarterly) with the business leaders to keep abreast of business opportunities and challenges so that he can evaluate if and how IT could help address them.

Benefits of Outsource and Orchestrate IT Delivery Model

➢ *Knowledge and subject matter expertise are readily available*
➢ *Speed for delivering value*
➢ *30-50% cost of a fully staffed IT department*
➢ *Easy chargeback of IT services to business*
➢ *Efficient and scalable*

Risks of Outsource and Orchestrate IT Delivery Model

➢ *Vendor and product selection and management are critical for success, especially for multi-location organizations*
➢ *Anticipating business demand*
➢ *"What if I'm hit by a truck?"*

Lessons Learned of Outsource and Orchestrate IT Delivery Model

➢ *Attend vendor and technology conferences to keep abreast of relevant enhancements to existing and emerging technologies*
➢ *Try out products and services before committing to long term contracts*
➢ *Ensure flexibility and clear exit strategy in contracts*

"This model works for us because it provides us with the most agility, value and quick access to knowledge capital."   Mike Savakinas, IT Director

About The author:

Ahmad Sinno is president of Cedar Consulting, LLC – A consulting firm that is focused on helping clients develop and execute business enabling IT strategies. Ahmad has held many leadership roles at technology and consulting firms including CompuServe and Accenture. He has also been CIO at Bricker & Eckler and MedVet and acting CIO for many of his clients. You can find him on LinkedIn at: https://www.linkedin.com/in/ahmadsinno/