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Technology is Not Enough
– What’s Needed to Make
Business IT Successful



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***Boiling the IT Frog: How to Make Your
Business Information Technology Wildly Successful
Without Having to Learn Anything Technical***

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Agenda

- Magic in IT
- Trust and IT
- IT Infrastructure
- ROI and Project Selection
- IT Projects
- Software Maintenance
- IT Strategy

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Technology versus Magic

- “Any sufficiently advanced technology is indistinguishable from magic.”
– Arthur C. Clarke
- In Magic, we expect
 - A mystical language
 - The impossible
- Therefore, we
 - Don’t expect it to follow logic
 - Don’t apply our common sense.

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Technology as Magic can get you in trouble

- Unreasonable trust
 - DEC MRP example: Order quantity calculation
- Illogical thinking prompted by computer systems
 - Best Buy example: exchanging a DVD
- The attraction of wizardry
 - Delta Airlines example: changing a ticket

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Gartner “Hype Cycle” Example



Source: Gartner “Understanding Gartner’s Hype Cycles, 2007” by Jackie Finn and Alexander Lindén (June 2005)

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Two Different Aspects of “Magic”

1. “Magic” systems make people give up their common sense
2. Inflated expectations of new technology make people distrustful when they discover the reality of the technology

- Moral 1: Stay grounded and be skeptical. There is no real magic in IT
- Moral 2: If the basic principles underlying a technology or system can be clearly explained to the users, then false expectations can be prevented.

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If IT isn't Magic, then what is it?

- Hint: It isn't about software, hardware, networks and systems

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IT is all about:

- Infrastructure,
- Projects,
- Maintenance,
- Strategy, and
- Trust

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Trust is the Most Important

- If your IT organization doesn't have a mutually trusting relationship with its users/customers, then IT won't be successful, no matter how successful you are with every other aspect of IT

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How IT Can Build Trust

- Clarify; simplify; use business language
- Under-promise and over-deliver
- Be consistent
- Think like your customers
- Communicate both good and bad news

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How Business Can Build Trust

- Focus on:
 - Results
 - Process changes you would like to achieve
- Suggest ideas on how to do something in IT, but recognize that they may not be applicable
- Don't over-specify an IT solution
- Motivate an IT organization by measuring its contribution to *business* success.

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IT is all about

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Infrastructure Secret 1

- There is no “right” amount of money to spend on infrastructure
- What companies spend on hardware and software is directly related to
 - Risk
 - The depth of their pockets

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Infrastructure Secret 2

- The fewer Information Technology products you have, the better off you'll be, as long as you've chosen good products.

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Infrastructure Secret 3

- Almost any software and hardware will work in the short term, but you'll see the difference in the long term.
 - Difference appears in training cost, support cost, compatibility with other software and hardware, scalability to larger volumes, ease of integration with other software and hardware, and in the viability of the vendor

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Infrastructure Secret 4

- If you're going to use off-the-shelf software, then use the business processes that come with it.
 - Differentiate between a reason (why you are a certain way) and an excuse (why you stay that way)

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Two Ways to Select Projects

- Top Down
Choose a project because it contributes to a major business goal
- Pick the Best
Compare all projects and choose the ones that have the highest number score (e.g., ROI)

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"Pick the Best" is Difficult

- ROI only works in theory
- Project interdependency causes problems when you approve a project but not its prerequisites
- Infrastructure improvement projects usually hard to justify
- Development estimates are usually wrong

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Project Success is Uncommon

- In 2006,
 - Only 35% of software projects were completed on time and within budget
 - 19% of software projects were abandoned
- In 1994,
 - 16% of software projects were completed on time and within budget
 - 31% of software projects were abandoned

Source: Standish Group studies, and 3/1/2007 *SD Times*

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Biggest Reasons for IT Project Failure (in my experience)

- Starting the wrong project
- Not including prerequisite steps
- Going for home runs instead of base hits
- Project duration greater than the job tenure of the sponsoring executive
- "Gathering" requirements instead of *negotiating* them
- Not enough contingency planning

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Maintenance

- Like farming: uncultivated fields don't need maintenance, but once you add more cultivated land, you have to spend effort every year to keep it up

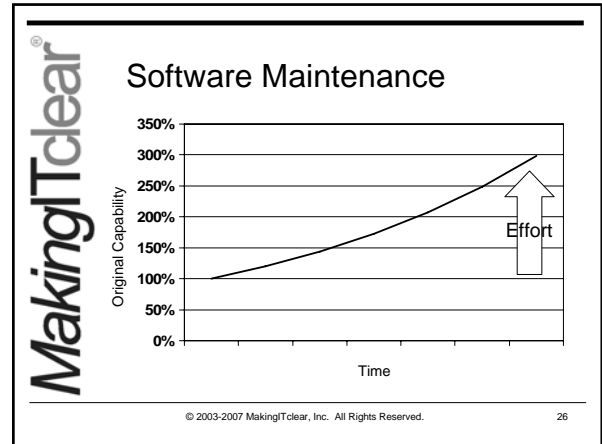
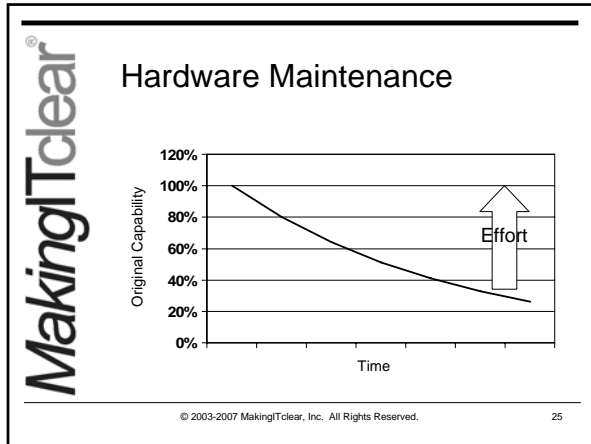
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Projects Decline over Time as a Percent of Total IT Budget

The graph shows three lines on a coordinate system where the vertical axis represents the percentage of the total IT budget (0% to 100%) and the horizontal axis represents time. The 'Projects' line starts at 100% and decreases linearly towards 0%. The 'Infrastructure' and 'Maintenance' lines start at 0% and increase linearly, with 'Infrastructure' rising slightly above 'Maintenance'. Both 'Infrastructure' and 'Maintenance' lines appear to converge towards a 50% share of the budget as time progresses.

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Do we expect this sports car

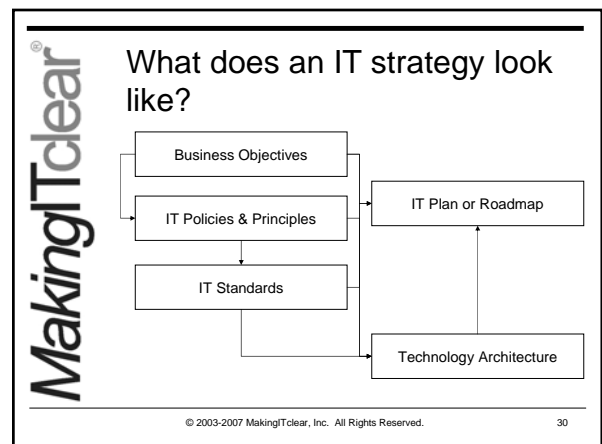
To be capable of transforming into this van if our business requirements change?

Not for hardware, But people expect that for company software!

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- Strategy**
- The element of IT most often forgotten
 - Think of systems as buildings, and strategy as city planning
 - IT Strategy is what differentiates average IT from great IT
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Recap

- Magic in IT isn't a Good Thing
- Without Trust, IT is Useless
- The Four Biggest IT Infrastructure Secrets
- Why ROI Isn't the Best IT Project Selection Method
- The Six Biggest Reasons for IT Project Failure
- Software Maintenance isn't Like Other Maintenance
- The Five Key Components of an IT Strategy

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Remember:
You can't make IT successful by improving the Information or the Technology.

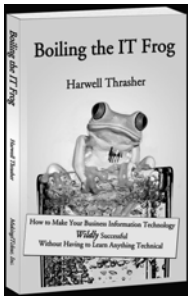
You make IT successful by improving the way you deal with people, processes, and change.

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Q & A

- For more on the material in this presentation, see my book, available on Amazon.com
- For additional information (including book lists and white papers) and for a free subscription to my monthly email newsletter, visit www.makingITclear.com
- Additional questions or inquiries to:
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