



# The future of IT

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**Manchester.** October 2011

A Computer Futures Roundtable Report

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## The Computer Futures “The future of IT” roundtable brought together a diverse mix of senior decision makers from across the IT sector for an evening of networking and lively debate.

Following the results of the “Future of IT” survey Computer Futures hosted a series of roundtables across Europe. The topics discussed included the changing face of IT, the pros and cons of outsourcing, the growth of Cloud Computing and issues of morale and retention.

### The changing face of IT

The IT sector is one of continual change and this is no more obvious than in late 2011 against the backdrop of a testing economic climate.

Decision makers across both private and public sectors are being forced to evaluate their practices, account for all expenditure and ensure that their departments are delivering best value and ROI. However, this is not a trend that is exclusive to the IT sector; it has been emerging for several years and has been exacerbated by the current downturn rather than being caused purely by it.

#### According to the panel:

- IT is no longer a cost centre, it's a department that is expected to generate revenue and account for every pound spent.
- There are no “gimmies” in IT anymore; the days of blank cheques from IT departments are no longer.
- The major costs facing IT companies today lie in the implementation of new software and payment of consultancy fees.
- Shrinking budgets across both private and public sectors has led to a squeeze in testing and training. Many companies are also trying to keep the use of consultancies to a minimum.
- Best value has become the mantra in the public sector at a time when budgets have been hit hard.
- Cutting staff further is not an option as this would hamper performance. Increasingly amalgamation of departments and the importance of shared services are being highlighted as the ways in which to generate future savings.
- Key decision makers in the public sector are becoming far more risk averse with managers increasingly fearful of not just risk but also the cost associated with risk prevention.

- If the fiscal value of implementing software is not instantly obvious then projects are de-prioritised for those that deliver revenue/cost benefits from day one. IT departments also have to act extremely quickly whenever a potentially lucrative new system or project is brought forward. Time is of the essence and companies lose their competitive edge if they don't act on each opportunity in a timely fashion.
- Tightening budgets mean that companies and organisations are choosing not to pay for maintenance service contracts and are instead often relying on warranties and repairs. For example, historically a server was expected to last between 3 and 5 years before replacement. Now many companies are expecting between 7 and 8 years with a culture of ‘break fix’ permeating IT departments.
- In the past IT Managers and Directors had to force their way into the boardroom in order to influence decisions affecting their departments. Today's Head of IT is expected to be far more commercially aware, to have the ability to speak the jargon free language of the boardroom and to drive change.
- As well as being technical experts, many of today's more successful CIO's, CTO or IT Directors often have experience, or are learning further skills in areas that have increasingly impacted on their role within IT, for example accounting, business studies etc.
- Social media is also having a growing impact in determining future plans.

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## Third party management

More than 60% of survey participants said that they presently outsource at least one part of their IT function. This concept generated some interesting debate during the roundtable and as many benefits as negatives were listed. Companies like being able to hand over potentially problematic IT functions but at the same time they begrudge the lack of control that this inevitably brings.

### According to the panel:

- Outsourcing companies want to make their money and therefore they don't approach your projects in the same way that your employees would. One strong feeling was that outsourcing companies do not have the same financial or emotional investment in their assignments as employees do which could have ramifications on deadlines, service levels etc.

Overall, there appears to have been a shift in the way IT consultancies are perceived, which is no doubt linked to the tightening of budgets and the fact that suppliers are under increasing scrutiny. With that in mind our panel raised the following concerns:

- Many outsourcing companies offer round the clock support but, with others, you are at the mercy of standard working hours and time zones, which has the potential to lead to longer lead times, delays and communication issues.
- On the whole, the panel agreed that outsourcing is not a simple way of divesting responsibility. They recognised that outsourcing requires very careful management and budgeting. They recognised that a third party company is likely to charge overtime as soon as their employees work beyond the contracted hours. These are issues that can be ironed out with clever contract negotiation, before the work commences.
- Many of our participants recognised using outsourcing options for day-to-day management and maintenance of PC's, desktops etc.
- Cloud Computing is the buzz word of the day. However many of the IT decision makers we spoke to felt compelled to look beyond the jargon. They have highlighted that it is many things to many people, but is essentially just the ability to manage services out of house. There is currently little need for Cloud Computing services in the public sector.
- Participants agreed that Cloud Computing could be particularly effective for start-up companies. It offers impressive flexibility and scalability which is essential

during growth. After starting in the cloud, many smaller companies then choose to obtain their own less prohibitive physical software.

- Cloud Computing is currently no cheaper than managing in-house. It has been compared to a 'pay as you go' system with very low entry level costs that can escalate dramatically with time. It is seen by many as "the cost that keeps on costing."
- Few companies currently offer all necessary Cloud Computing services under one umbrella. Therefore IT decision makers are looking at hybrid models, using the cloud for some services and keeping others in-house. Smaller companies are using the likes of Google or Amazon apps for much of the same service without the costs. The panel recognised that this was not a viable option for larger businesses who cannot rely on the software being available long-term.
- In 2011 companies and organisations are storing and grouping huge amounts of information and data under the Business Intelligence umbrella. Unfortunately few are taking full advantage of the opportunities this presents. The panel recognised that organisations still tend to throw all their data into a MIS without understanding what is relevant to their organisation and how they can best use it. BI then tends to follow the same rules and procedures and means companies get little value from having a BI programme.
- When people started talking seriously about Business Intelligence there was a feeling that it would immediately solve a plethora of issues by identifying trends and guiding business growth. However this data is not being effectively managed and therefore has been described as "a panacea of untapped growth".

***"Cloud Computing is seen by many as 'the cost that keeps on costing'."***

## Morale and recruitment

A massive 78% of survey respondents highlighted morale issues within their IT teams and this was something that was echoed at the Manchester roundtable. This is certainly not exclusive to IT - the morale of any department is challenged when they are put under increased pressure to deliver, yet the topic encouraged some lively debate.

### According to the panel:

- IT professionals generally seek roles with high earning potential but job satisfaction, recognition and an understanding that their work is valued are far more important factors for morale.
- Morale issues in IT departments cannot be pinned on one issue alone.
- Some despondent IT professionals feel that they do not have enough vision of the “end game”. They often work on projects that don’t see the light of day for several months which impacts on morale.
- Today IT professionals across both private and public sectors have to be far more customer facing. Colleagues from other departments have become tech savvy, interested and aware. Today’s IT professional has to play more of an educational role and often has to link with other departments in a customer service role.
- This customer service focus has been welcomed with open arms by stronger characters who are embracing their new responsibilities in this area. However, the quieter IT professionals who have traditionally seen IT as purely a tech job can often feel demoralised by the shift.
- To improve both morale and communications many businesses are now asking their IT professionals to sit with different departments so that they can see the bigger picture and how their work fits in.
- Retention does not appear to be a major issue at present. Despite the costs involved in losing employees and training up new people, some churn is considered a good thing as it keeps the IT department fresh and brings new skills into the organisation.
- Traditional methods of attracting staff remain popular but increasingly employers are using the likes of LinkedIn to find talent. Professional IT networking groups are also becoming an important resource in generating strong prospects. People who invest their spare time at these events are showing that they are interested, up-to-date and engaged in the sector.

*“Morale issues in IT departments cannot be pinned on one issue alone.”*

Computer Futures organised several successful roundtables across Europe and we were particularly impressed with the insight from Manchester. We look forward to hosting similar discussions in the future, events that present excellent networking opportunities for our key clients.

**The full ‘The future of IT’ report will be released in early 2012 and will be available to download from [www.computerfutures.com](http://www.computerfutures.com)**