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Comprehending the IT Challenge

For too long, finance has misunderstood and failed to comprehend the true costs and resources required for many IT (information technology) projects. Issues such as migration and integration are simply pushed off to the IT Department to handle. The two functions (finance and IT) struggle against one another. Additionally, finance does not define its role in relation to IT and vice versa; i.e. there needs to be a marriage of strategies. Likewise, some IT projects continue unabated with no supporting value analysis, leading to unacceptable ROI's (Return on Investment). According to Gardner Group, 51% of all IT projects go over-budget by more than 200%.

Since IT is a significant part of a company's strategy and a major driver for best practices, Finance needs to fully grasp the role and strategies of IT. One good starting point is to find solutions that fit with both (Finance and IT) strategies. A fully integrated and seamless end-to-end suite for running the business may provide a solution that fits well with both Finance and IT. For example, many organizations are fragmented with different business units and departments each running their own applications. The end result is a desperate mix of applications and platforms, contributing to enormous bottlenecks in information flow, redundant activities, increased costs, less control over data, and paralysis for the organization when it is forced to change its business model or scale up due to growth. And to compound matters, with each new release of an application, the migration difficulties grow making the IT challenge increasingly difficult.

Desperate Applications and Systems:

Human Resources => PeopleSoft
 Financials => SAP
 Budgeting => Microsoft Excel
 Inventory => Microsoft Access
 Customer Relations Management => Siebel
 Supply Chain Management => i2
 Business Intelligence => Cognos
 Web Services => BAE Systems
 Directories => Novell
 Portals => Plumtree

Suppose we could take this entire mess and put it into one single platform where scalability and integration were built into a single suite of products. Instead of a patchwork of desperate solutions where everyone is doing their own thing, we pull every part of the business together into one system and put a single IT strategy in place that works for everyone. Additionally, we no longer view Enterprise Resource Planning as another IT project; it is now viewed as a rapid business transformation project for removing the enormous disparities that are strangling the company.

What throws a monkey wrench into this whole equation is when management initiates a project that creates disparity, such as a merger and acquisition or a reengineering project. And at the same time, Finance has failed to fully grasp the true costs of desperate systems and how it impacts negatively on the company. Therefore, the Non-IT parts of the business need to comprehend the IT Challenge of trying to turn apples into oranges because of disparity. Turning apples into oranges is not how data should be managed and from an IT perspective, the management of data is how the company gains its competitive advantage.

Now that we understand the disparity issue and its ramifications, let's discuss another common issue confronting almost every IT project – time. In his book *Good to Great*, author Jim Collins examined all Fortune 500 companies and found that a mere 11 could be classified as "great." One of the most significant drivers for moving a company into the "great" category was time. Great companies took their time, showing high levels of persistence and patience with major initiatives such as IT projects. Contrast this to most companies where there is a mad rush to put some quick solution or patch in place that buys a little more time. Great companies are careful and prudent in making sure technology really fits with the values, strategies, and competencies of the organization over the long run and not the short run.

Collins also points out that great companies use technology (such as Enterprise Resource Planning) to accelerate transformation and not to reinvent the company. IT projects are viewed as complementary to the strategies of the organization and not the essence of the strategy itself. The core values (leadership, customer relationships, innovative products, strategic partners, etc.) that drive the organization have little to do with technology. They have more to do with people and processes with technology as an enhancer or tool to assist with execution.

"The good-to-great companies never began their transitions with pioneering technology, for the simple reason that you cannot make good use of technology until you know which technologies are relevant." – *Good to Great* by Jim Collins

In conclusion, it's high time for Finance and other management functions to fully understand the real costs associated with desperate systems. Moving to one fully integrated suite of products may not please different departments, but it will have profound positive impacts on improving efficiencies and saving costs on an enterprise wide basis. Finally, don't forget that "great" companies have never viewed technology as the roadmap to reinventing the company. And great companies have always allowed "time" to work in their favor by giving people the flexibility to revisit the entire life cycle of IT – working through continuous iterations until IT really begins to work and mesh with value creation for the organization.