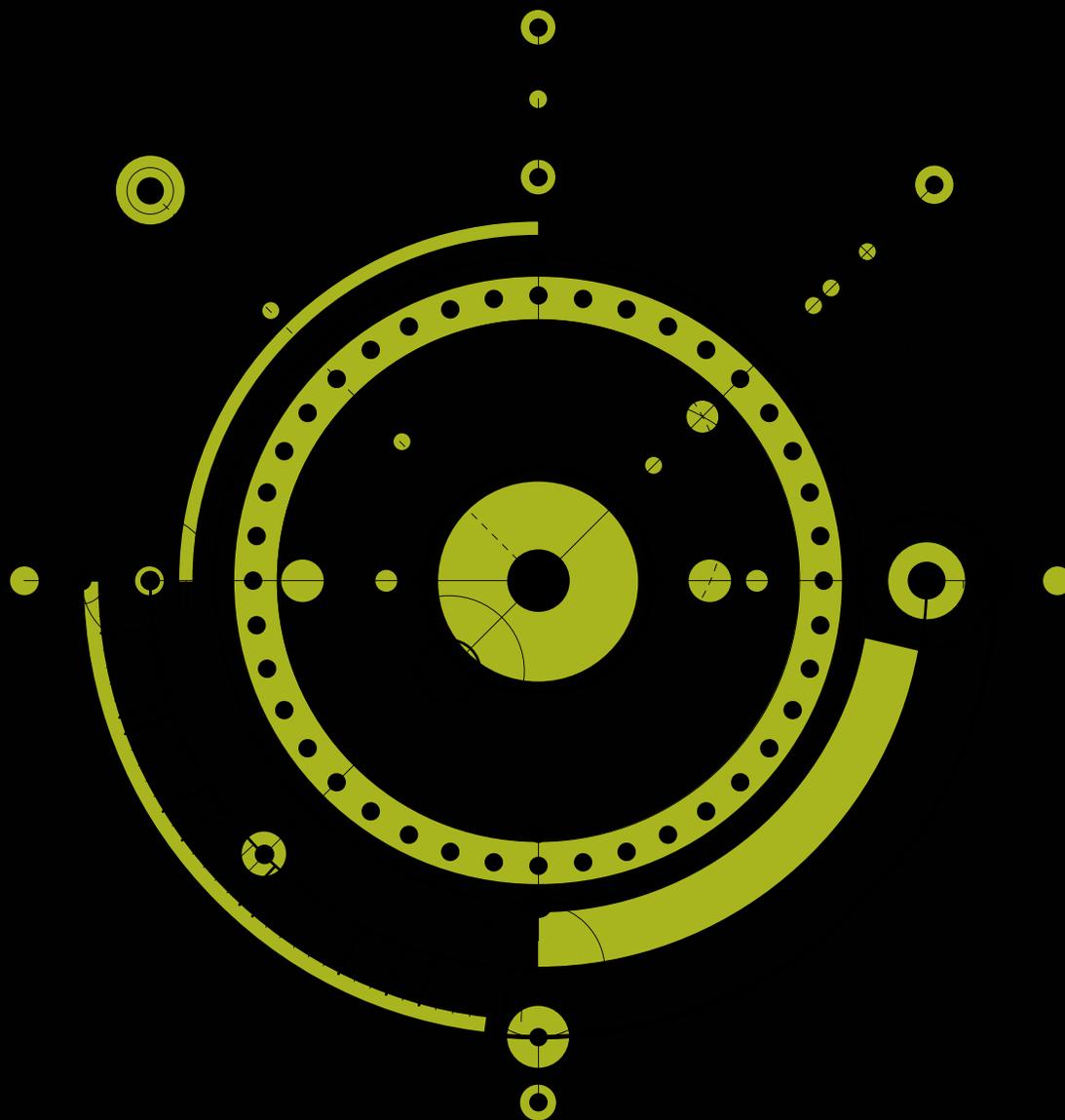


Deloitte.



**Rethinking IT in an age
of disruption**

Nine Big Shifts impacting Technology Operating Models

Technological developments are disrupting industries and organizations more extensively, more frequently, and more radically than ever before. Today, an organization's ability to capitalize on technological disruption is a prerequisite for success in almost any industry. This has inevitable ramifications for their IT functions, which are becoming bigger, more heterogeneous, more pervasive, and more complex—and more difficult to manage effectively.

Almost every business organization is now dependent on its IT function to compete, to differentiate itself and ultimately to succeed in its industry. The challenges of rapid technological development are exacerbated by the volatility and ever-changing nature of the demands on IT functions within their respective business context.

We at Deloitte think the disruption from digital technology can be described as 9 Big Shifts.



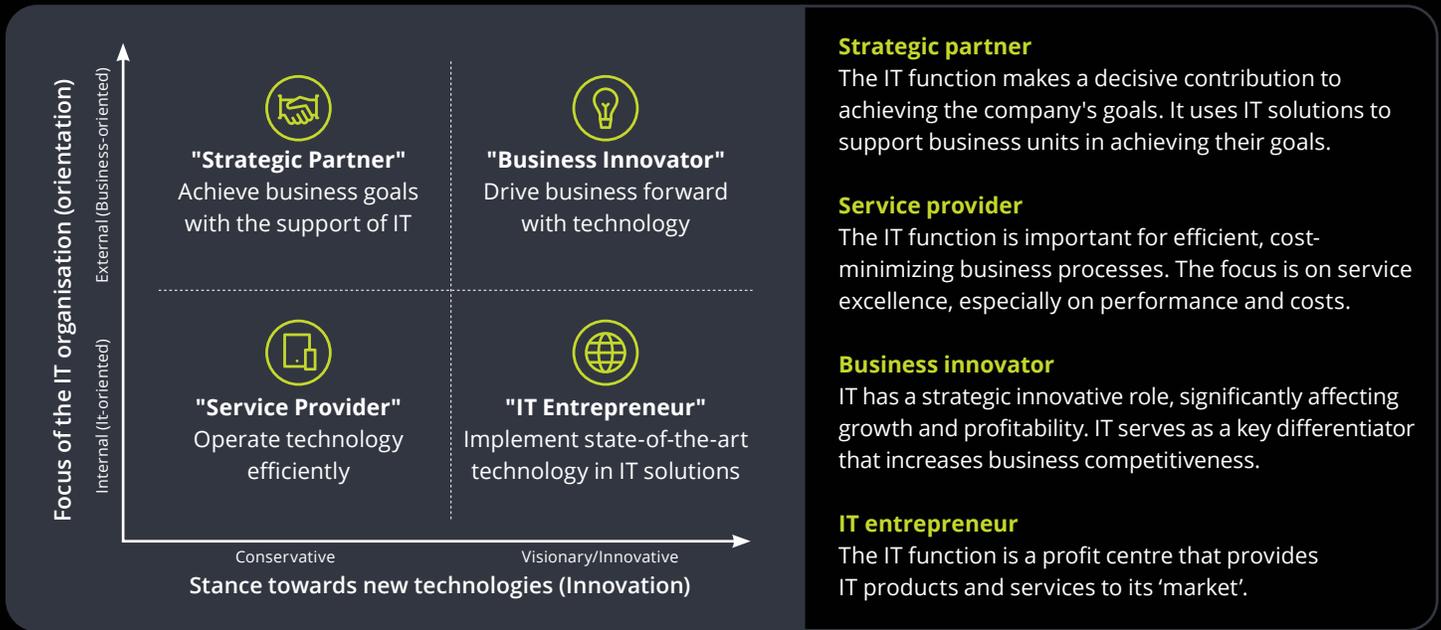
IT organisations are struggling to adapt to these 9 Big Shifts in a rapidly changing environment. Common challenges for IT functions are to find ways of:

- modernizing legacy technology and processes
- transforming the IT function as an Agile and DevOps strategic partner to the business
- advising and driving the digital agenda of the company.

Businesses are demanding faster access to new technology, increased adoption and seamless deployment. To keep up with these demands the role of IT is evolving.

It is time to rethink the role that IT plays in organisations

IT functions are not only struggling with the 9 Big Shifts, but also with changes in their role within the organisation. In a 'traditional business', the role of IT is one of 'service provider', with the sole task of operating the technology efficiently. By restricting the IT function to such a narrow role, it cannot support the 9 Big Shifts we are seeing in the marketplace today. Four perceptions of the role of IT are shown in the diagram.

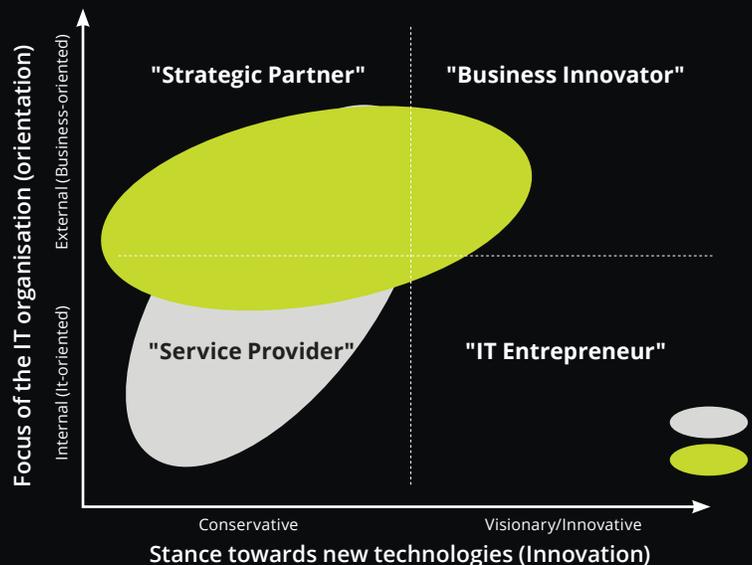


Common perceptions of the role of IT are shown in the diagram below. The IT function sees its role as a strategic partner and business innovator, whereas the rest of the business organization thinks it should be playing a more traditional Service Provider role as well.

Our experience is that in almost every organization, the IT function and the rest of the business have fundamentally differing views on the role of IT. Reasons for this misalignment in views are that:

- IT is **overambitious** in wanting to achieve continually -evolving standards
- traditional businesses **view IT only as a support function** not as an enabler for business
- IT operations are often **outsourced** and therefore the IT has less influence over the business.

In order to bring about positive change, there needs to be a realignment of the ways that IT interacts with the rest of the business.



Strategic questions to be addressed

Successful businesses are increasingly dependent on smart technology solutions to thrive, and there is pressure on traditional companies from digital start-ups that are innovating rapidly. Companies need to change fundamentally the way they identify, trial, evaluate, and scale new digital technologies and make them business relevant. Technology needs to become a fully integrated part of the enterprise operating model, moving beyond its traditional service provider operating model. The challenge for CxOs and their IT function is to transform the business and deliver value at scale, leveraging the right technologies, skills and resources. For the design and delivery of technology-enabled business capabilities, CxOs should ask themselves the following questions:

ANALYSIS OF EFFECTS

- Which parts of the business (products/services, market segments, business units, organizational roles, external partnerships) will be most affected by digital change, and which parts will benefit most?
- How transformational for the company will each big shift be? Will it shake the organization to its core—or will it be just a smaller change?

WORKFORCE

- What workforce competencies are most critical to the success of digital business today, and what will they be five years from now? What competencies are lacking in the IT organization?
- What will be the main approach taken to build strength in these critical roles?
- How can the organisation reskill and develop the current workforce?

INVESTMENT

- Where should the investment shift in order to compete effectively against industry peers and enable the digital business to mature and scale?
- How can the company differentiate itself in the digital world?
- How can the organisation make efficient use of our outsourcing partners?

To continue to thrive, companies will need to change their Technology Operating Models —the way in which they configure their operations to execute their business (technology) strategy. This is a multi-year task, consisting of successive small steps, and the complexities should not be ignored. Companies need to develop a clear IT transformation roadmap and commit to it. This transformation cannot happen in isolation from the rest of the business: the business, its culture and the ways of working together must change too.

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