



*With various forces combining to transform the IT landscape, how do you see the role of the IT department evolving?*

## **Put the Lights Out on Your IT Operation . . . and increase profitability by 10%**

The role of the IT department is changing in three key ways and each is very exciting for those working in the industry and those served by our IT colleagues. These changes also have massive and exciting implications for investors and senior executives leading their businesses.

As Nicholas Carr explains in his book, *The Big Switch*, the data center is going the way of the electric utility. We are finally seeing the real shift of compute operations moving out of the enterprise's four walls to third party service providers – many which will become the utility computing service providers of the future.

This tectonic shift in our industry is driving three key changes for today's IT department professionals and they must figure out where they will land in this evolution: (1) at the utility compute service provider, (2) as a key vendor manager on behalf of the enterprise, managing those utility and related relationships, or (3) "moving up the stack" and being a better enabler of applications on behalf of end users.

### **Putting the Lights Out**

Many of us in the industry today bemoan how much time and energy our IT employees or service providers spend "keeping the lights on," or simply ensuring the compute infrastructure that empowers our employees works properly. We spend much of our days fixing bugs, hosting conference bridges when a network connection goes down, and rebooting servers when they fail. As compute moves out to utility providers, we finally have the opportunity to put the lights out in our own data centers and have our staff focus more on how to apply that utility service to applications we really care about.

I recently interviewed over a dozen of the worst internal critics of the IT Department at a billion dollar revenues high tech client of Appnomic. One of my favorite interviews was with a pricing analyst. He is convinced that if he could simply trust his IT department to avoid getting sucked into the crisis of the day and spend a little more focus on more fully implementing a pricing analytics application he is running, that he could increase profitability at the company by over 1% of revenues. 1% of revenues equates to a 10% increase in this company's profitability!

We are doing our best to help this client get out from under their day to day operations so the IT department can afford to shift the allocation of IT budget from "keep the lights on" staff to more valuable application operations staff. The best thing they could do is outsource the entire "keep the lights on" operation, put in place a vendor manager, and work with end users like this pricing analyst to make a real difference at their company. They are making strides in that direction.

### **Manage the Vendor or Vice Versa?**

Having been on all sides of IT operations, I am often befuddled as to why clients often try to dig so deep into a vendor's operation by requesting detailed reports, overly frequent review meetings, and the like. The buyers who get the most from their vendors leverage the focus, expertise, and resources of those vendors.

Upon reflection, I guess it's not so befuddling. We are so used to running an operation, it is hard to let go and trust it to someone else. Can you imagine how the Vice President of Electric Generation at the Burlington Coat Factory behaved when he was told it was time to shift the whole electric generation facility to Edison Electric Power Utility? Well, it is time to let go and say hello to reality in the IT world. The data center is moving and we better get on board with this massive change or we'll lose more than our pride of ownership along the way.

Why not take that expertise we have gained over the years to either join the utility operation or to ensure the outsource vendor is as good as they can be? Well, it's not that easy.

It is an art and a science to bring a hammer to the costs spent with outside vendors while also getting the most from those people who serve you. Managing the future IT utility and related

vendors who will supply the required services or technologies to enable enterprise IT departments to better focus “up value”, requires more than the typical procurement office or IT department is equipped to manage. Buyers need to be better informed and clients need to better motivate and ensure vendors provide what they commit without getting sucked into a black hole of operations which is what we are trying to get out of in the first place!

### **Whip Open Your App for that!**

Finally, it is way overdue for IT to get more out front with internal user clients on what users are trying to achieve with their part of the business and technology. Instead of following the end user revolution where users are flipping open their wallets to present a credit card to use a favorite cloud app for their operation, IT should be out there sharing best practices, culling out those apps they can help spawn throughout the organization, facilitating integrations with other SaaS and on-premise apps to enable better usability and productivity, etc.

Users want IT to lead, follow, or get out of the way. It is now time for IT to get out of the way of keeping the lights on and lead on application leverage for their enterprises – of course, that is where the greatest value lies.

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