



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

The IT department is already undergoing a radical transformation. As cloud computing reduces the need for in-house infrastructure, IT becomes more "consumerized", and an increasingly tech-savvy generation of workers evolves, the traditional IT department is being forced to make the transition from behind-the-scenes technical support to core, strategic team.

For years, the IT department has been burdened with the mundane and operational: lengthy software deployments, server maintenance, report creation and user support. But with the advent of cloud computing, many of these routine activities are simply disappearing, freeing up IT resources to focus on more strategic initiatives. Today's CTOs and CIOs are worrying less about maintaining the status quo and more about fixing real business problems with technology.

A reduction in infrastructure maintenance is clearly playing a part in this shift, but much of this new-found freedom is thanks to a new breed of user-friendly business applications. These SaaS-based web apps, together with a more tech-aware workforce, means there is less reliance on IT teams to identify, implement and troubleshoot new software. Business users are now able to do a lot of the everyday tasks that used to belong to IT, and they're telling IT decision makers what tools they need so they can do their jobs better.

The business intelligence (BI) industry is a great example of this. Traditionally, the IT team would spend months, or even years, setting up a BI solution in order to provide reports on a standard set of data. It was a time-intensive and expensive process that created ongoing reliance on the IT team to pull the monthly numbers and change the query for each new report. No wonder penetration rates for traditional BI tools have remained at just 20% for over a decade! With the emergence of cloud BI tools however, it's now possible for more tech-savvy business users to do these things themselves, from solution deployment to data modeling, building dashboards to ad-hoc queries. And it can be achieved in hours, not years. Over the coming months, this reporting function is likely to move even further away from the IT team as more cloud ISVs embed out-of-the-box analytics into their applications.

Put simply, not all projects that involve IT are run by the IT department anymore, and tangible benefits can be realized much more quickly. This is leading to greater collaboration within the business around technology purchasing decisions and less of the siloed, "IT-decides" approach.

The speed and accessibility offered by the cloud, and the prevalence of SaaS delivery models, is impacting IT-run projects in a similar way. The IT department can be far more agile and experimental with SaaS-based tools because the risks involved with trying something new are far lower than with on-premise alternatives. Trialing different SaaS solutions are cheap, quick and usually commitment-free. As a result, we're going to see many more IT decision makers that are happy to experiment with new technology and have greater confidence in ditching products that stop being the best tool for the job.

So, as cloud computing continues to gain traction over the coming years, I see the IT department becoming increasingly business-focused, more integrated with traditionally "commercial" teams and far more agile.

And, while a technical user support function will remain, it's likely to move from "how do I connect to the Internet?" to "why can't I access reports on my iPad?"

The mega-vendors are buying up pure-play SaaS companies. Will they succeed in using those acquisitions to help change their companies to the SaaS culture and business model?

The short answer is "maybe". Very few on-premise companies have successfully moved wholesale to SaaS delivery models. Many have launched smaller add-on SaaS services like analytics, that don't compete with their core on-premise offerings. Others have launched SaaS versions but find it very difficult to promote and sell both side-by-side.

Simply acquiring a pure-play SaaS company will not turn an established, on-premise vendor into a SaaS superstar. The change from one to the other impacts how a business is run at every level, not just on the technology side but on financial models, marketing techniques, customer onboarding methods, support policies... the list goes on.

In addition, the business culture is very different to that of traditional software companies. Deal sizes tend to be smaller with fewer upsell opportunities, and customers are more easily able to move vendors if they're not satisfied. As a result, today's SaaS companies tend to have a deep-rooted culture of customer service and a habit of continuous innovation.

Transitioning an enterprise sales team from large, upfront commissions to smaller subscription contracts is another huge challenge for vendors. Compensation could be a major sticking point for any company attempting an incremental move to the new model. The majority of salespeople will chose to keep selling what makes them the most money, and that's not likely to be SaaS.

Bringing on employees from acquired SaaS companies will go some way to addressing the cultural gap, but as mega-vendors, such as Oracle and SAP, continue to snap up vertical-specific pure-play SaaS companies to extend their reach, they'll need to get a combination of technological, business and cultural elements right if they're to succeed.

We should note, however, that these recent acquisitions aren't necessarily intended to signal a wholesale shift to the cloud, at least not immediately. Most of the mega-vendors are currently running various types of on-premise/on-demand hybrids, although no doubt this will change in the future. It's a delicate position. While they're are pitching a model where customers seemingly get the best of both worlds, they'll need to some smart messaging to keep hold of the on-demand customers they've acquired and convince an existing customer base that SaaS is more than just the latest fad after all.

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