

## Round Table Allied, Aligned

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*Senior executives agree: IT and business people must work as partners to achieve business innovation.*

On 1 November 2006, *CIO Asia* assembled 10 top information executives from diverse industries and sectors at the China Club in Singapore, so together we could attempt to answer the question: How do you maximise the value of IT to the business? The discussion at the *CIO Asia's* latest executive roundtable event, sponsored by BMC Software, invariably became one about the role of the CIO and his IS organisation, and how best an enterprise can effect business-IT alignment.

Read on for notable comments from some participants.

### **BEING PRACTICAL**



#### **Kelvin Wee, director, supply chain development Asia-Pacific, BAX Global**

I find interesting the concept of having your best IT and business people, detached from their daily duties, go out and form committees to develop an end-to-end solution that works comprehensively to meet business needs.

And as an additional benefit, the two sides understand and appreciate one another's work better. Conceptually that's very good. But if you think further, if the people you wanted were those who were very valuable to the business, their managers would not release them to you in the first place.

We tried something similar some years back. And it didn't fly because of that reason. We ended up having people who didn't quite understand the business coming in to help us design our dream end-to-end system.

So I think we have to strike a balance between getting the time of our best people and having them maintain their contribution to their respective profit and loss areas. There is an independency in this relationship between IT and the business. You can't really detach them and say that one can exist without the other because there's such strong correlation. We have to recognise that, and make every enterprise project a joint effort.

So based on that understanding and our experience to date, we have always held both parties jointly responsible, whether the relationship is at the top or the bottom of the corporate hierarchy. All projects must have two owners and if one fails, the other has to take responsibility for that failure too.

#### **Teo Chin Seng, CIO, ST Engineering**



On the issue of IT infrastructure library (ITIL) methodology. Here in Asia, IT is run very lean. Typically, the Asian IT house is certainly leaner than counterparts in the West. Many organisations here adopt a lot of the best practices that ITIL bears, but they do not adopt the ITIL discipline down to the letter.

Our organisations are so lean we have to divide our time between keeping our IT infrastructures agile to meet business needs, and at the same time keep to the adopted framework, and observe good governance. So a good framework and methodology are good to have but in practice, they really serve as reference points, and not as the only means to success.

But they are good and necessary, given the increasing complexity of our setups as our businesses globalise. They can also work to rally together IT and the business in a collective effort towards a common cause. Which really shouldn't be a worry.

I know we often read about 'us' versus 'them'. My frank opinion is because IT is so ingrained in the business, this divide between the two is not real. IT is not a separate department, it is the business itself today. This de-alignment, it's not there. In fact, the question here is how do we couple all the way from the board level down to the guy working at the bottom level. The moment we are in the business process, the business will bring us along.

### **ROI MAY NOT BE RIGHT**

#### **Foo Yin Kee, director, Communications and IT, Singapore Management University**



IT should not provide return on investment (ROI) because there's no way it can use ROI as a measure. IT in business is about innovation, it's about enabling business. But only business can get ROI. Of course, IT can help by lowering costs and the business can leverage that to get ROI.

So far, a lot of us have been concentrating pretty much on operational projects, with special focus on how to cut costs. For projects that we don't believe in, we say to the business that if they take sole ownership of it, we'll still go with them. There are bound to be differences between us but the mutual respect has to be there to make things happen.

If you roll out anything that is innovative, it will need tweaking, and at the back end you are not facing customers, so you'll need feedback from the business. If you include the business guys, the process of fine-tuning is easier and more importantly, more effective. At the end of the day, we have the users answer the ROI question, not the IT people.

IT people are smart. Too smart for a lot of people. They forget that the business world is not necessarily rational. And if you try to apply pure logic along the lines of, 'if it is not zero, it must be one, and there is no in-between', there'll be a stalemate between IT and the business.

### **Samuel Liu, deputy director, Info Services, Singapore's Republic Polytechnic**



All our IT projects are partnerships. If the IT people see a project as a new innovative initiative, we would take ownership, and we will sell it to the business people all the way from the CEO and his deputy down to the line managers. But after we've sold the projects, the middle managers will have to own it too, because they are the ones who use and own the processes enabled by these projects. It's a partnership because even though the business managers own a project, it's the IT people who deliver it. So IT and the business have to shoulder the responsibility together to ensure we are doing our best to make a project a success.

As for using ROI as a measure for IT, it kills innovation.

#### **PARTNERSHIPS ESSENTIAL**

### **James Lim, IT director, United Premas**



IT is a co-driver of our business. Usually we're measured by the EBIT (earnings before interest and tax) we contribute to the business. Reason being United PREMAs is a very service-oriented company, we manage anything from town councils to bus lane enforcements. In a service environment, we need to differentiate our services and that's where IT comes in.

What we have done over the past two years is transform what was essentially an IT and technical operation into a business operation. We have developed an adaptive model whereby IT gets involved in the business. IT can also help the business develop new business opportunities. In a sense, we guide the business. And that's why we are measured by the overall EBIT of the business.

We provide a lot of advice and consultancy to the business, on matters like how and where it should be heading. And we have a very strong model within the enterprise, within the company that incorporates business analysts or business alignment managers in every business operation, to make sure that across the IT and business operations people understand their processes.

That leads to closer looks at how we can enhance the business, through the better differentiation of our services, as compared to those of our competitors, and how we can offer our IT services as a service rather than as a technology or application. At the end of the day, our performance is very much driven by how the company performs as a whole.

#### **CIO TRANSLATOR, DRIVER, CHANGE AGENT**

### **Waleed Hanafi, senior VP, CIO, Global Refund Group**



I often find myself asking: Is there a way of simplifying maturity levels or describing where an organisation's at when it comes to its level of business-IT alignment? When I look at a company, whether I'm in a consulting role or CIO role, really there are three kinds of projects.

There are control projects, where you've arrived at the kind of company that's in a mess, where there's either a lack of leadership or there are competence or poor investment problems, and you're faced with the day-to-day work of putting enough control processes to clean up and make the technology platform function. Basically, fixing it so it would do what it should have been doing in the first place.

After that you get into cost reduction, as you're trying to optimise what you have. And then finally, you get into revenue generation. At the revenue generation point, that's where you are fully aligned with the business, and in my experience that's where you're leading the business.

I take to the CIO office the role of the strategist. I have more leisure time than the business leaders do to think about what's going on in the world. Perhaps, I've been lucky. I find that I can drive strategy rather than implement it because I have the ability to see both worlds. Yet, there's this huge fear of IT. And I keep waiting for it to go away. I keep assuming that I'm going to be unemployed eventually because everybody's going to finally catch on that this is not all that hard. And that when they figure out that they've been paying me all these years,

that they could've done it themselves, maybe they're going to get angry. But up to now that hasn't happened.

So we still have this role to play as the translators between the technology world and the business world, and I just keep wondering: It's all common sense, why is this so hard?

### **Freddie Low, director—Asia Network Services (MIS), Polo Ralph Lauren Sourcing**



Change management is key in the CIO role. There was a time IT would dictate what technology the business should use. But that has changed, particularly over the last couple of years.

Now we find ourselves partnering business units to work towards their needs more than telling them what is good in the market. We have business cases to see to and we have to constantly work at aligning the technology with the business needs and building that partnership with them and sharing the costs. And we are sharing in the ownership and efforts we make in driving the business with them. And that's because we have come to realise that if we define the things that work together from the start of the initiative, a lot of great projects can get even better. This perspective can only be gained from a close and yet dynamic relationship between us in IT and the business.

### **George Wang, group head of chief architecture office, Reuters Asia**



What are we looking for? If it's IT staff, of course we're looking for IT skills. But more importantly, we are looking at building a programme for architects, architects for building the relationship to bridge the business and IT.

And so the people we're looking at right now are people with very good communication skills, have some kind of idea as to how to make financial justifications, and basically forge strong relationships with the business. So the architect as we envision him is a business relationship manager. One who manages the relationship between IT and the business, translates the business for IT, makes sure the IT understands what the business is, and also makes sure the business side understands IT.



## **BSM DRIVES INNOVATION**

### **Mark Stabler, director, worldwide marketing and BSM strategist, BSM Software**



Business service management (BSM) is not a framework, it's a collection of integrated solutions that operate from that enterprise resource planning (ERP) single-source of truth, that CMDB, that has to be managed.

Now, if you do BSM in a robust ITIL-based environment, you have a very effective infrastructure that can be managed by cost or managed to reduce cost from enhanced efficiencies and processes. In our experience, we have found devices and systems that our customers never even thought they had.

These bits of technology were then made available to work for them again. BSM has helped them manage their cost allocations, reduced equipment cost, and even managed their virtualised infrastructures successfully. All these translate into cost and other resource savings, which in turn means they have more money to put into innovation. So really, BSM drives technology innovation back into the business.

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