



Don't Waste Your ICT Investments

Are you ready for cloud computing? Before opening your wallet, take a good hard look at what your ICT infrastructure is really like.

After a decade in the doldrums, corporate IT spending is showing signs of waking up: companies worldwide are investing in mobility, cloud-based services and collaboration tools. According to new research by INSEAD, produced in collaboration with AT&T, these accelerating investments are led by the Asia Pacific region, where companies are investing a much greater percentage of their total ICT budgets in new technologies than in Europe.

Some 225 technology leaders from companies doing business in North America, Europe and Asia Pacific were studied for the white paper, *Building Competitiveness and Business Performance with ICT*. The results showed mobility is expected to consume 24 percent of IT spending two years from now compared with 14 percent three years ago; collaboration tools are expected to increase from 16 percent three years ago to 20 percent by 2015 and cloud-based services will see the fastest growth: from 11-26 percent over the same period. These new technologies are expected double corporate competitiveness – from 35 percent to 72 percent. But it will take more than spending to make these predictions come true. Unless your existing digital platforms and organisations are ready, you could be throwing your money away.

More than just spending

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“It’s important to remember that it is possible to waste investments in technology,” says **Theodoros Evgeniou**, Academic Director of **INSEAD eLab** and co-author of the paper. Companies that don’t have standardised digital platforms and processes could find themselves with a much lower chance of getting value out of their investments and at the same competitive level as companies that don’t make any IT investments at all, he adds.

On the other hand “companies that have more standardised digital platforms at the level of systems data and processes have more than twice the chance of getting value out of their investment in these technologies,” Evgeniou stresses.

Avoiding “infrastructure spaghetti”

Firms should also remember that simply adopting the newest technologies and doing so quickly can increase the risk of causing “infrastructure spaghetti” which can lead to project failure. “You need to change the organisation on many different levels, from the way people interact with each other to the way people work on a daily basis, the way people interact with customers, it’s a big change,” says Evgeniou.

Neither is it only the responsibility of the IT department to implement. “It’s the responsibility of

all senior management,” says **Nils Fonstad**, Associate Director of INSEAD eLab and co-author of the paper.

So how should firms avoid this trap? Fonstad says companies’ senior management teams should assess whether they’ve got what the report calls the right “key business enablers” in place and even if they have, “they should all work together to really strengthen them... there’s a lot of work in simply sustaining these key business enablers,” he says.

These enablers include:

- Achieving and sustaining a sufficient level of standardisation and sharing of technology, business processes and data components across the enterprise (creating a “mature digitised platform”)
- Gaining access to both IT-savvy business leaders and business-savvy IT managers
- Involving business management in all IT-related investments and management decisions

“These strong business enablers haven’t changed that much in the last 10-15 years,” says Fonstad. “The most successful companies that feature in this report have figured out that while technology may continue to change – and who knows what the next fad will be two years from now - these key business enablers will still remain relevant.”

Success through standardisation

In the paper, Evgeniou and Fonstad point to successful investment in and adoption of ICT in companies such as KONE Corporation, a provider of elevators, escalators and automatic building door solutions. KONE’s IT challenge was in providing 20,000 field technicians all over the world with standardised mobile support. The company responded by providing them with personal handheld devices to enhance customer service by ensuring proper scheduling, that the right materials are brought to site and that they are able to report back to headquarters with updates. “In the process, the CIO and her team have actually engaged more and more with the business and are now creating new services to help their customers with facilities management. They’re entering new territories they couldn’t have anticipated before thanks to the use of IT,” says Fonstad.

The example of KONE speaks to the most important enabler from the report, that of digital maturity, or having a mature digitised platform, defined as a company that has accumulated the components of a digitised platform in a coordinated and orderly fashion, with technologies, processes and data, standardised and shared across business units.

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The Role of Policy-Makers

Critical for the current global competitive landscape is increasing productivity - and new technologies have the capability to achieve that. But policy makers can also help companies achieve these goals. Fonstad says policy makers can help organisations strengthen their key business enablers and maximise the value from additional investments in technology. They can do this, he says, by expanding their work with universities and industries to ensure there are sufficient e-leaders to meet growing demand and by harmonising policies regarding data security and privacy to help firms strengthen and profit from the data dimension of their digitised platforms.

But for the CIO “it’s a question of being ready for it. If you’re not ready, you’ll waste your investment. If you prepare, your investment will return the value expected,” Evgeniou concludes.

Is your platform ready?

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