Business Transformation through IT Transformation
Leveraging the New Economics of IT

How businesses can transform through making IT assets work more effectively

A VMWARE REPORT FEATURING GARTNER RESEARCH
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Executive Summary

The role of the modern Chief Information Officer continues to evolve. Today companies need them to be IT leaders who drive substantive change throughout the entire organization, not reactive managers primarily concerned with budgets or IT systems and services efficiency. In today’s fast-moving market, productivity is paramount and utilizing IT systems and assets effectively is the key to staying ahead.

IT leaders must today be much more progressive and contribute visibly to an organization’s overall productivity and prosperity. As Gartner says, “Some businesses are now asking the IT organization to think about how to drive and grow revenue, a trend that is counter to the history of IT organizations”. It is a fact that modern-day IT leaders now have a responsibility for creating and driving IT-led revenues, and for delivering value to their company’s bottom line. No longer can a company’s IT strategy be focused solely on delivering technological services and solutions to keep a company ticking along. Today it must identify and implement solutions that can enable and empower workforces to ever-higher levels of performance.

Virtualization and cloud computing technology development have led to a logical end product - IT as a Service (ITaaS). Virtualization laid the foundations for cloud computing which today delivers greater agility, flexibility and reliability, but also essential productivity benefits. Cloud computing in turn has become an enabler that is today an essential part of an IT leader’s strategic approach. True business transformation through IT transformation requires a genuine change of mindset. ITaaS is the philosophy with which progressive IT leaders can truly change the game and drive their organizations forward.

VMware is at the forefront of powering this business transformation through ITaaS. Progressive companies today focus on the differing levels of value that their IT philosophy can bring to operations. IT leaders can and must think about more today - IT-led revenues, IT productivity and ultimately their impact on overall business productivity.

Changing CIO Priorities

1. Deliver systems and solutions to enable competitive advantage, not just support
2. Drive productivity and IT-led revenues
3. Implement processes which empower consumerized workforce, not limit them
4. Contribute positively to the organization, evolve from cost center perception
5. Become Value Creators

The role of the CIO is changing, as is that of traditional IT - and so too the perception of the value IT departments deliver. CIO leadership is critical to developing the relationship between IT and business stakeholders and to driving the success of enterprise IT as a service. CIOs simply must grow to become proactive business leaders whose job is no longer that of a reactive support team manager. By embracing a proactive approach to both solutions and end-users, and by being increasingly flexible and agile, IT departments and their leaders can become Value Creators.
Evolution Towards IT as a Service

The economic changes that have taken place within IT in recent times both complement and inform the need for evolved IT thinking. Today’s CEOs have cost reductions high on their lists of priorities alongside growth, and IT leaders must address this by changing the relationship between IT and the rest of the business. The commoditization of IT resources and delivery of them on a service basis creates a leaner, more agile organization with reduced costs of ownership and lower downtime. VMware helps companies concentrate on core duties – running their business – without worrying about IT support needs.

Expectation levels on IT have increased, meaning that departments can no longer operate simply as cost centers. CIOs must become proactive business leaders who seek to enhance the organization’s productivity and profitability via their department’s activities.

In practice this means creating IT-led revenues, increasing productivity within their own area and throughout the company. The benefits are multiple; IT resources are freed up to become core elements of strategic projects, increased agility and scalability deliver opportunities to drive competitive advantage. Engaging with an organization’s front office and being flexible enough to create systems and applications that help them to be more productive is another key element of evolved IT thinking.

Oxford University

Key highlights:
• One of the world’s oldest Universities
• Many remote users - 19,000 students and fellows, up to 9,000 staff
• Major private cloud and public cloud project - Hybrid cloud-based Database as a Service
  – Self-service database which researchers use and amend quickly and conveniently
  – Brings data together centrally, securely
  – Reduced need for researcher to build individual databases on scattered servers

“VMware naturally understood what we wanted to do, and they guided us through some complicated principles in the software which would have taken us months to get our heads around. VMware does exactly what we need.” - Dr Stuart Lee, Director of IT, University of Oxford

While virtualization has delivered many benefits to business, cloud computing is today all around us and has helped take application delivery to the next level. Cloud computing is one of the building blocks with which an IT leader can create a strong foundation within a company on the way to full ITaaS capabilities.

VMware has been at the heart of this evolution, creating solutions that support IT departments as their remits broaden. VMware makes it possible for the CIO to take their department forward through smarter IT investment in virtualization and cloud technologies.

IT leaders must now also employ service-based IT thinking to impact positively on a company’s bottom line by way of shared services. Consolidating back office systems through cloud solutions helps create a more agile, more adaptable entity where staff are able to be more productive and where resources are maximized.
Business Transformation through IT Transformation

Leveraging Existing Infrastructure and Services

• CIO able to target IT-led revenues
• Bespoke systems support organizational revenue generation
• Shared services drive leaner, more efficient processes
• IT return on investment measured by productivity, not cost

Enhanced IT thinking allows organizations to consider new ways of working - opening up new routes to deliver services to stakeholders can help to drive IT-led efficiencies.

With every organization seeking to create and exploit every possible competitive advantage available in a crowded marketplace, VMware ITaaS helps IT leaders to deliver more than return on investment from IT systems.

By bringing together essential business operations such as finance, human resources, supply chain, legal and procurement under the umbrella of a shared IT services structure, economies of scale can be formed. The result is an organization where IT creates a far more agile business. This enhanced agility and flexibility positively impacts productivity and profitability by encouraging faster revenue growth, long term cost reductions and faster response to potential risk.

Companies that were quick to adopt virtualization are reaping the benefits today. They have the agile platforms in place that simplify migration to full-blown cloud computing and pave the way to ITaaS. By looking at which areas of IT are ripe for transformation into more effective, efficient systems, forward-thinking CIOs commit their organizations to smarter, more productive futures.

Maximizing Infrastructure

Making the most of an existing infrastructure plays a role in business transformation using IT. Many organizations have network infrastructures which are fit for purpose but which are under-utilized. Productivity and profitability can be enhanced by modernizing infrastructure using evolved IT thinking.

Groupe Adeo

Key highlights:

• World’s fourth-largest home improvement retailer, annual turnover of €12.8 billion
• Headquartered in France, with 24 companies across 11 countries, 62,400 employees
• Handles supply chain logistics for leading brands such as Leroy Merlin, Bricoman/Bricomart
• The provisioning time of IaaS services reduced from 2 weeks to less than 1 hour
• Empowered developers reduce workload on system administrators
• Productivity increased

“75% of our servers are currently virtualized which will shortly grow to 80% by the end of the year. With VMware, this virtualization helps us not only to reduce the infrastructure costs, but also to optimize the use of our computing capacity.” - Benoît Mailliet Production Management and Support, ADEO Services
However the nature of infrastructure itself has evolved. Once a CIO’s role was to implement infrastructure to support company activity. Today commoditization of IT means thinking differently. IT leaders must ask themselves what is more important - focusing on infrastructure or on delivering best practices to users? The demanding end-user wants more than just a network; they want a full application and service delivery platform. Infrastructure transformation can bring added value to existing revenue-generation systems and processes by empowering a more demanding workforce used to living with the cloud. Similarly cost savings available through cloud solutions also impact on profitability.

Changing Corporate Cultures

Another important factor to consider when tackling business transformation is the evolution of the end-user. The past decade has seen a paradigm shift in user habits that has seen people’s personal and professional lives change dramatically. A workforce is no longer made up of end-users, but of consumers, to whom technology and application delivery are second nature.

**REVLO**

Revlon

Key highlights:

- Savings and cost avoidances of over $70 million
- Revlon cloud runs approximately 531 applications to enable product distribution to over 100 countries on 6 continents
- Cloud makes 15,000 automated moves a month, 14,000 transactions a second
- Previously took 6-8 weeks to add a server to the data center - now takes 5 minutes
- 500% increase in server capacity through virtualization at no cost
- Savings from IT used to drive profitable growth

“We’ve essentially taken the infrastructure out of the way of the business. VMware is the core of our cloud. It is the center of the ecosystem and it allows us to be very fast. Simplicity equals speed, speed equals competitive advantage. Our chief function is making systems work for people, rather than the people working for the system.” - David Giambruno, Senior Vice President and Chief Information Officer

All that the modern employee in a progressive organization needs to know is that they can access and utilize applications on-demand, reliably and securely. This in itself makes the CIO’s mission to deliver value more straightforward. Their workforce now demands high quality connectivity and application delivery at all times in everyday life, so why should the situation in the workplace be any different? Thinking of IT in terms of service delivery to consumers rather than as a business cost can help CIOs contribute proactively to overall business transformation.

The modern always-on end-user can also be a campaigner for IT transformation within an organization, helping the CIO change thinking and attitudes. Expectation levels and the evolution from end-user to technology consumer have meant that employees are ever on the lookout for new ways of working more effectively through IT. Culture change is something that the whole business needs to embrace, as it affects everyone. CIOs are ideally placed to influence this transition, using IT transformation to help bring about business transformation.
The changing role of the IT leader

It is indisputable that the role and responsibilities of today’s CIO have changed beyond recognition. Historically IT leaders were neither required nor expected to be competitive - those days are no more. The evolution of the IT leader means engaging with front office operations to empower them, being customer-facing like never before and working to support business values rather than just the business.

There has never been a better time for IT leaders to contribute to company growth and prosperity. Gartner maintains that IT leaders should “allocate 10% of your next strategic planning cycle to revenue generation”. But they must get involved – identifying areas where cloud computing and ITaaS can make the company stronger and then engaging with the relevant stakeholders to make it happen – this is where the CIO becomes a genuine value creator. This is now the era of the end-user as consumer and of the tablet PC-carrying CIO. Smart IT leaders must understand the demands of their workforce as consumers and proactively tailor service and application delivery accordingly.

VMware enables progressive IT leaders

VMware is leading the way in transformational change through world class business transformation solutions. Businesses and entities are able to shift themselves from being organizations where IT departments are cost centers to ones where IT contributes positively to the business strategy.

VMware helps IT leaders to put in place the required infrastructure models that encourage IT departments to innovate. The CIO now manages a department that delivers core services driving business productivity while not neglecting traditional needs. Organizations can combine enterprise-level datacenters with internal and external cloud operations, with no risk to network security. VMware ITaaS leverages existing IT operations and builds on hardware and software already in place – this is the nature of ITaaS evolution. The end result is a smart, agile IT department that delivers services in an on-demand format, cost-effectively.

By embracing cloud computing and ITaaS thinking, organizations can reap the benefits of delivering applications and data to employees anywhere, everywhere and at any time. This is the key to business transformation through IT - it is a message of increased flexibility, adaptability and productivity.

The VMware roadmap to ITaaS deployment encompasses IT production, business production and automation. Infrastructure virtualization and initial cloud solution rollout are step one, step two sees companies speed up cloud infrastructure through implementing it to business-critical applications. Step three is the full transition to ITaaS having proactively addressed staff and process issues along the way. This is the path to business transformation through IT transformation. VMware provides a range of Advisory Services – taking both a business and technology perspective – to help you end up in the same place your business wants to be.

NYSE Euronext

Key highlights:

- Cloud deployment addresses needs of capital markets community
- Supports exchanges and clients around the world - cultural and regulatory issues
- Secure and reliable cloud system

“Our cloud services now address the needs of more than 1,000 financial services companies which lets them maximize their computing resources while maintaining record low-latency transmissions and global market access with industry-standard security and platform reliability.” - Stanley Young, CEO NYSE Technologies
VMware business transformation - in line with Gartner research

Companies which invest proactively in IT are those which will see the most dramatic impact on their business revenues. Granting increased responsibility to the CIO and to business-focused IT executives can create a more productive IT department which in turn helps the organization drive growth. The accompanying Gartner CIO Advisory Report emphasizes that “Competitive advantage through 2015 will depend on the ability of organizations to leverage their investments in IT in concert with new ways of doing business”⁴. VMware understands this and validates ITaaS as the next practical and profitable step in true business transformation. The evolution of the IT department from cost center to a productive team, which drives change throughout an organization, is the culmination of virtualization and cloud strategies.

The VMware philosophy is that ITaaS will be the driving force behind true business progress through IT-led revenues, enhanced IT productivity and resultant business productivity – enabling CIOs and IT leaders to become true Value Creators and propel the next wave of enterprise growth.

<table>
<thead>
<tr>
<th>The CIO of Now and the Future:</th>
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<tbody>
<tr>
<td>• Front office engagement – IT at the pace of the business</td>
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<tr>
<td>• Changing corporate culture, empower cloud-savvy staff</td>
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<td>• Encourage innovation, deliver always-on platforms</td>
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<td>• Implement intelligent, progressive processes</td>
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<tr>
<td>• Smart sourcing of right solutions for growth and productivity</td>
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<tr>
<td>• Use ITaaS to evolve from cost center to value creator for the business</td>
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<tr>
<td>• Become Value Creators - propel enterprise growth</td>
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1, 2, 3 - Source Gartner: Gartner CIO Advisory: The New Economics of IT, Jorge Lopez, Ken McGee, June 2011
Appendix

Gartner CIO Advisory: The New Economics of IT
29 June 2011 | ID:G00213702
Jorge Lopez | Ken McGee

The traditional role of IT and its value are being changed by what Gartner calls the “new economics of IT.” This research, which is focused on the CIO, describes the new sources of value through IT that provide game-changing capabilities for companies seeking competitive advantage.

Overview

Traditionally, CIOs and IT focus on improving business productivity as the core of IT’s value. In this research, Gartner reviews three additional sources of IT value that, together, form a “new economics of IT”: IT-led revenue, IT productivity and business productivity. Here, we examine the perspective of the CIO.

Key Findings

• An emerging source of IT economic value stems from focusing on producing revenue for the business.
• A major trend that will continue in the light of economic volatility is a focus on IT productivity.
• The ability to execute on the new economics of IT sets a powerful career platform for the CIO.

Recommendations

• CIOs should construct a comprehensive plan that steadily increases the total revenue supported by total IT budgets each year (total revenue/IT budget).
• Expand your business experience to ensure that you understand how IT can produce better results. Take an assignment reporting to a business unit general manager, and write down three things IT can do now to improve business results.
• Build a lean IT initiative in your business to drive greater business performance from powerful IT capabilities.

Strategic Planning Assumption

Through 2020, corporations will see the amount of total revenue supported per total IT investment dollar triple in size.

Analysis

As we analyze the future of IT, we can learn lots from reviewing the past and how corporations viewed their investments in information technology. First, with very few information systems (at the time, mainframe computers) installed more than 30 years ago, and for a long period through the late 1980s, their demand appeared nearly infinite. CEOs could simply add IT to payroll or accounting and expect to see remarkable performance improvements. Then, as these information systems grew in number, demand grew yet again, with the critical priority to integrate them together, which led to the rise of ERP, CRM and e-commerce.

This demand continued steadily until the early 2000s, when the dot-com bust forced a reassessment of information systems. During this period, it became clear that, although there were still opportunities for investment, corporations were looking at IT as having diminishing returns, especially when compared with the quantum leaps in productivity that were ushered in during earlier eras. IT industry growth slowed dramatically as a result, and we now face a different environment, one where business and government institutions will expect increased contributions from IT for comparable or less cost. This is the “era of rising IT productivity,” and it accelerated during the Great Recession. As expectations turn to growth for corporations and away from recession, we see a new dynamic emerging: a rise in IT-led revenue that includes scenarios such as the entrepreneurial CIO (see Figure 1).
The new economics of IT reflects an emerging set of observations and trends that, together, form a new set of rules for IT investment (see Figure 2):

- Some businesses are now asking the IT organization to think about how to drive and grow revenue, a trend that is counter to the history of IT organizations.
- Board directors and CEOs say they are mindful of economic volatility ahead, so CEOs are prudently managing their overall level of costs in the organization, which includes the investments made in IT, to reduce exposure to another economic downturn.
- Board directors and CEOs still believe that IT has the potential to make rising strategic contributions to the business that include finally delivering on the promise of IT for business productivity.

### Figure 1. The History of IT Value

![Figure 1. The History of IT Value](image1)

Source: Gartner (June 2011)

### Figure 2. New Economics of IT

![Figure 2. New Economics of IT](image2)

Source: Gartner (June 2011)
In the context of the new economics of IT, CIOs must ask themselves and prepare responses on these questions:

• How can we deliver more value from the investment in IT?
• How can we help deliver revenue and earnings to the enterprise?

Note that, in all cases, we are not seeing an abandonment of the classic mission of IT in business productivity, but rather a movement to add more value onto what exists. Looking at the three components of the new economics of IT – IT-led revenue, IT productivity and business productivity – we see a new set of tools that can be used by business strategists to pursue growth ahead.

**IT-Led Business Revenue**

Traditionally, IT was not expected to bring in revenue. It’s mission was to support the ability of the business to improve its overall productivity, one performed well for more than half a century. A new behavior has surfaced — CIOs are asked to help in the activities that drive revenue or, something even more rare but growing, to build a new business that drives new revenue. In both these cases, the requirements for IT are very different from the traditional support organizational mind-sets of the past. We are not saying that those older mind-sets are in any way obsolete or even declining, but we are saying that a new order is emerging that is starting to transform the way business views IT, and it starts with this new component of the economic model for IT.

An example of the new order is that of Terry Kline, CIO of GM, who said, “I prefer the problem of using IT to sell cars to the problem of what to do if this or that plant and its data center close.”

When CEOs were asked the question, “Do you measure and give incentives to your CIO against a personal revenue target?” Thirty-three percent of survey respondents said, “Yes, we currently measure and give incentives.” Another 24% said, “No, but we plan to measure and give incentives by 2015.”

With this level of interest by CEOs, it is only a matter of time before CIOs must, as a normal course of planning, include contributions to revenue in their strategies.

Among the more surprising findings of the past year have been the identification and discovery of a new role – the entrepreneurial CIO. This is the emerging observation that a number of CIOs from different parts of the world are being asked to take on building new businesses into new markets or with new products, with responsibility for revenue. The success of the entrepreneurial CIO is dependent on two things: the entrepreneurial maturity of the CIO and the IT organization, as well as the entrepreneurial maturity of the enterprise where the CIO works.

Gartner’s research on the entrepreneurial CIO shows that businesses that choose to have their CIOs report to top management also now have a powerful executive who is comfortable with being assigned profit and loss (P&L) responsibility and building on it. Combined with an understanding of game-changing technologies for the business, this can provide the basis for substantial competitive advantage. Moving the organization to a position that takes advantage of those combined capabilities is and will be the challenge for businesses seeking competitive advantage in the time ahead.

The “from-change-to” framework in Figure 3 delineates the changes that need to occur for this to happen. Among the most challenging is the mind-set that the human and information assets available to IT can be used to drive new revenue. One of the most effective ways of building the level of confidence to get there is to initiate a pilot program. The IT organization should work directly with the business units to identify and then execute on some localized or specific projects that can produce revenue. It should also use success in these endeavors to build the next larger initiative.
CIO Advisory: Allocate 10% of your next strategic planning cycle to revenue generation. The exact form of this can be – if, for example, you are in the automotive industry – as simple as helping your organization sell more cars or creating a new leasing business for specialty automobiles.

IT Productivity

We are in a period of great skepticism in IT, which may be forgotten with strong economic growth, if that occurs. But for now and into the near future, CIOs must confront the fact that they will face CEOs who will challenge their spending assumptions by saying, “I cut your budget in half and we are still running the company. What happens if you don’t get the additional money?”

During the past three years, corporations have undertaken cost-cutting measures that took on several forms:

- Shared services
- Consolidation of data centers and business applications
- Renegotiation of maintenance agreements

Of course, there were many more, with the overall objective to reduce the amount of IT expense in the company, allowing reallocation to other revenue-producing initiatives.

In doing this, corporations realized financial benefits that amounted to an increase of total corporate earnings that, in some cases, were as high as 2% of total revenue. IT budgets that were cut in half still allowed the company to continue its operations. The productivity of the IT organization – because it still supported the same revenue, but at half the cost – could be said to have doubled its productivity. This ability to reduce IT spending yet continue profitable operations has made CEOs skeptical of claims that more IT spending is needed, even though it might be the right thing to do. It is important for the CIO to understand the mind-sets of the CEO and the board of directors toward this to ensure a workable relationship.

The focus on IT productivity is to do something that, until now, many professionals in IT did not think possible: to think differently about IT, in a way where total revenue is realized with an IT budget that is growing more slowly than total revenue (see Figure 4).
Instead of allowing IT to be the realm of technical specialists who speak in incomprehensible technical jargon, productive CIOs focus on making IT the realm of business-interested IT executives who continue to raise their knowledge of the enterprise. For many CIOs, the amount of transformation required in the business to achieve advances in IT productivity is a surprise, yet organizations such as P&G have demonstrated it can be done and produce business results.

The key trends in IT productivity are the current strategies for improving the amount of revenue supported by a given investment in IT, including shared services (the consolidation of HR, finance, procurement, supply chain, legal and IT functions in a business to gain greater economies of scale), the centralization of data centers and the consolidation of business applications. These are the results of years of policies that built new IT systems on top of older ones, and these are what we do now to compensate for the uncompetitive positions that we now see in corporations.

The additional trends of change automation, which reduces the manually intensive nature of software changes, cloud services, maintenance value, and the simplification of platforms and vendor landscapes, are other components meant to help in developing new architectures that will provide the foundation for more-efficient deployment and usage of IT into the future (see Figure 5).
Figure 5. Mapping the Changes to a More Productive IT Organization

<table>
<thead>
<tr>
<th>Structure</th>
<th>From</th>
<th>Change</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vertical silos</td>
<td>Independently exploring IT</td>
<td>Tighter integration of strategy and execution</td>
<td>Horizontal structures optimizing business outcomes through shared IT</td>
</tr>
<tr>
<td>Focus on the advances in data-processing volume from Moore’s Law</td>
<td>Target earnings per IT employee</td>
<td>Focus on the cost and flexibility advances from the Internet and metadata</td>
<td></td>
</tr>
<tr>
<td>Supporting the processes of business operations</td>
<td>Data-supported decisions and systematized execution</td>
<td>Enabling the management processes of change and improvement</td>
<td></td>
</tr>
<tr>
<td>Mind-Set</td>
<td>Belief that IT is a growing cost best capped by percentage of revenue</td>
<td>Belief that IT can radically improve its internal productivity</td>
<td>Belief in IT as investment best measured by its productivity contribution</td>
</tr>
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</table>

Source: Gartner (June 2011)

CIO Advisory: It is time to stop thinking about merely cutting IT costs and focus on improving the capabilities of the company within the current spending targets. Convene a task force to plan the support of business initiatives at costs that will baffle the competition. Look to other industries for benchmark examples that can inspire your thinking.

Business Productivity

The last of the components of the new economics of IT is a reprise of the traditional role of IT: improving business productivity. This relies on the ability to automate manual tasks and processes, improve the capability and efficiency of automated tasks and processes, and improve the reach and value of information for business purposes. With CEOs shifting to a growth agenda in 2011 and 2012, the need to advance the productivity of a business through IT remains an urgent priority.

But what is business productivity, and how is it measured? Business productivity is a measure of the results gained from a particular set of resources. The objective is to grow the productivity of a business from quarter to quarter as part of business strategy, but to do so at a rate that exceeds the competition in your industry. Making comparisons between your organization and other organizations in your industry – even across other industries – is important to sustaining the ultimate objective of business productivity: maintaining competitive advantage.

The path that a business takes to gain more productivity from its IT investments is expressed as a range of maturity (see Figure 6), starting with IT being considered a commodity and a utility. At that level, basic automation and productivity improvements can be made, but they concede much greater improvements to competitors that would use them to damage the business. It’s far better for the enterprise to position itself where it can fully leverage the capabilities of IT in its industry to inflict competitive damage on others, rather than endure it. The ability to look at IT as a primary driver for business model innovation, while the business itself is on a path to continuous reinvention, would move the business to the top tier of competitive advantage. That top tier enjoys the profitability that comes from superior competitive advantage and will not concede its leadership willingly.
Executives expect IT to raise productivity by extending its influence in enterprise operations through a combination of business process, information analytics, and workforce automation and improvement. As important levers of productivity, these three changes are key to enhancing capabilities needed in a recovering economy.

In the course of ensuring that the business is operating in a fashion that enhances its business productivity while also improving its IT productivity, the framework for cost optimization (see Figure 7) is very useful. It helps draw a line between the actions that affect IT internally (yet produce cost reductions) and the actions that are more deeply integrated with the business being supported. For example, the ability to enable innovation and business restructuring is a complex and difficult journey that can take a year or more for a specific initiative. Yet, when done correctly, it can yield returns to the business many times the time invested. At the lowest level are matters that are entirely under the control of the IT organization: deferral of refreshing PCs from three years to four years, for example.
CIO Advisory: Concentrate on integration of the “value network” to find areas where IT can make substantial contributions. The example of Maruti Suzuki is instructive, where savings in supply chain inventories of 84% were realized and enabled growth.

Conclusion
In many ways, the new economics of IT is a statement of what has happened to many other parts of business: finding value in segments of the organization that can realize revenue (IT-led revenue), restructuring the business model to leverage costs for competitive advantage (IT productivity), and re-engineering the way business is conducted to build the business around information (business productivity).

Competitive advantage through 2015 will depend on the ability of organizations to leverage their investments in IT in concert with new ways of doing business. The capabilities that emerge from the new economics of IT – restructuring, streamlining and building new sources of revenue – build not only critical sources of competitive advantage, but a new career path for the CIO. Having an executive who is comfortable with all the dimensions of the new economics of IT means this executive is capable of much higher achievements on behalf of the business.