

# Redesign Your IT Operating Model to Accelerate Digital Business

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**Can your operating model support your digital ambition?**



**If the answer is no, then you need to design a new one.**

# Key Issues

1. What is an I&T operating model?
2. What does the I&T operating model look like for digital business?
3. How should CIOs design and build their new operating model?

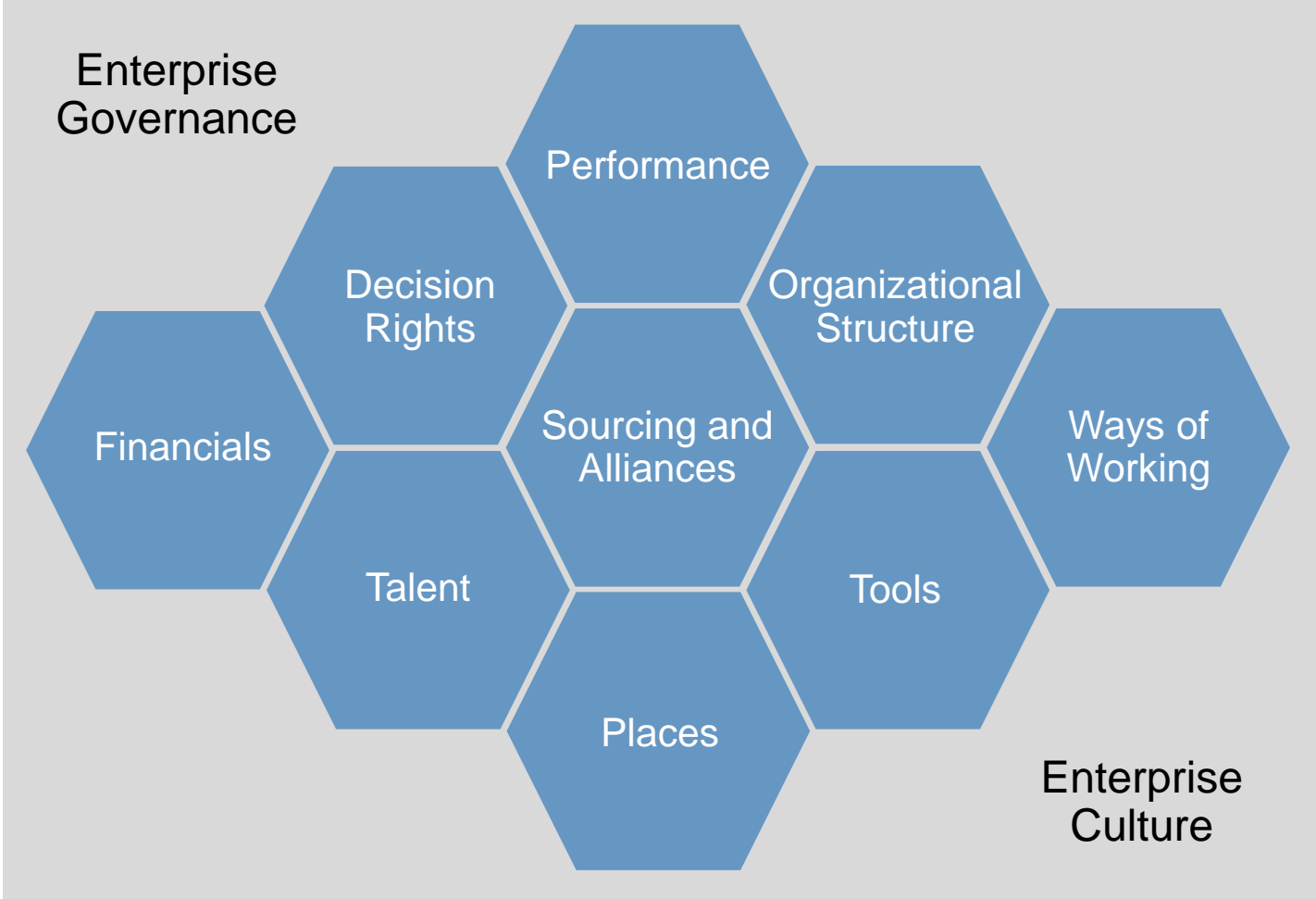
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An **I&T operating model** describes how the information and technology capabilities the enterprise requires to successfully execute its strategy will be delivered

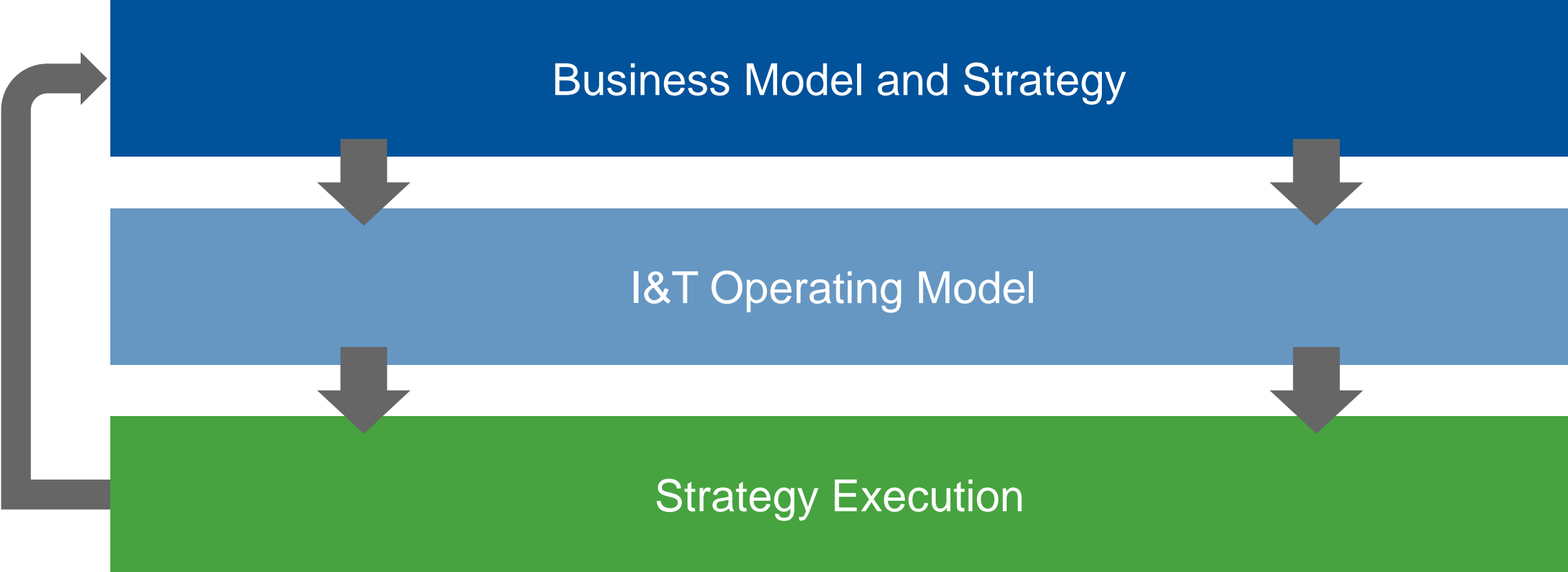
**"How We Do Things Around Here"**

# Nine Operating Model Components That Are Configured to Create the Required Capabilities



# Business Strategy and Model Shape the I&T Operating Model

## Gartner's I&T Operating Model Framework



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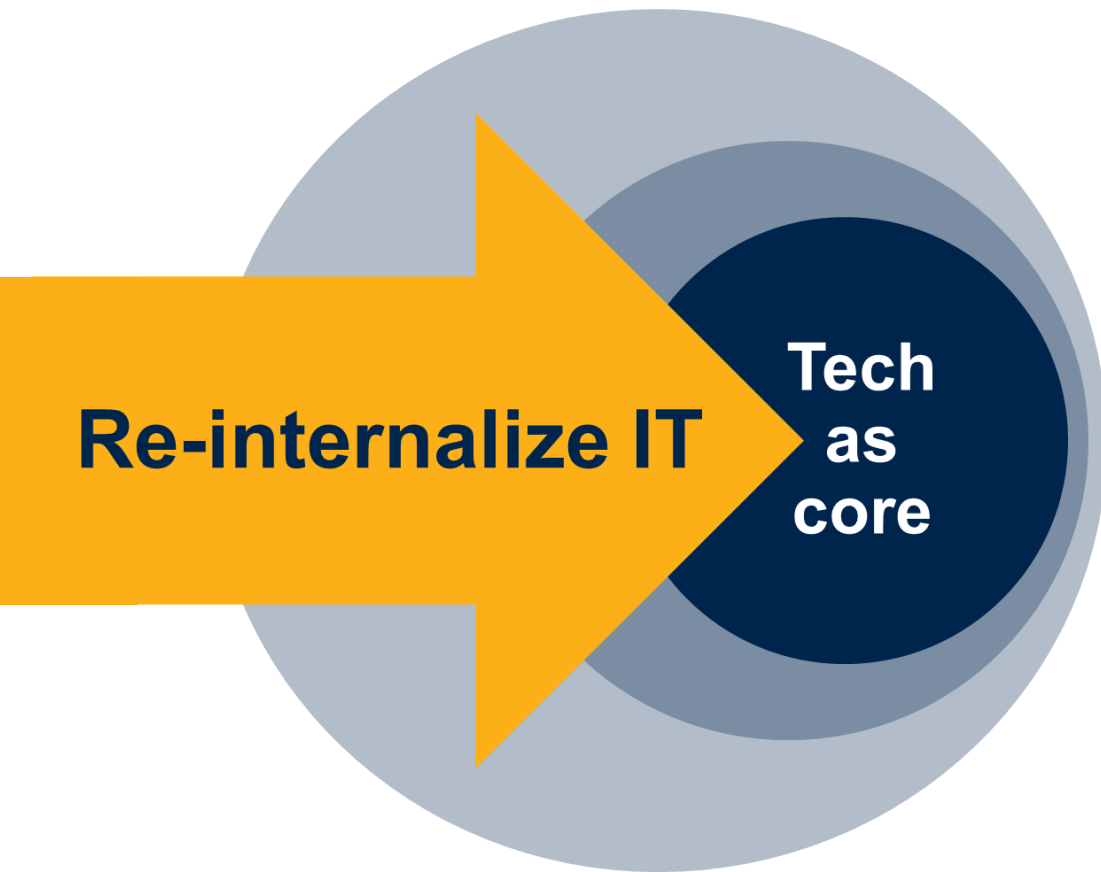


"The world has changed. Just ask yourself: If you were a brand-new digital company, would you have the operating model of an IT department, or the model of a software engineering firm?"



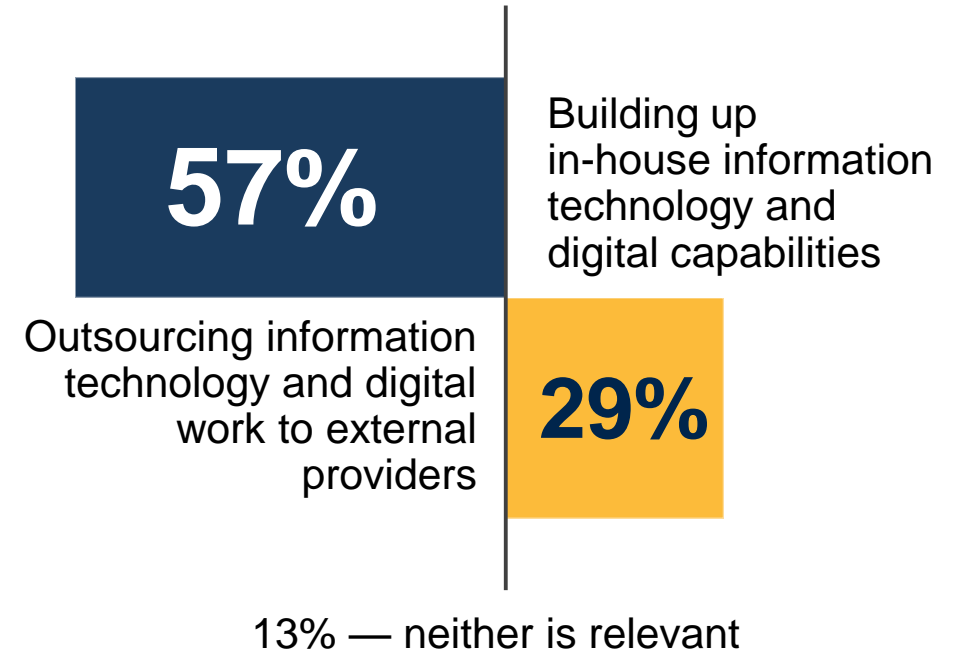
**Karl Gouverneur,**  
VP, Head of Innovation, Workplace  
and Corporate Solutions at  
Northwestern Mutual

The I&T operating model for digital business is likely to be very different to your current operating model



n = 388, Global CEOs and Sr. Business Executives

**In 2017 to 2018 which of these will be the stronger focus at your company?**



Note: Percentages may not add up to 100% because of rounding.

**To support digital business, the I&T operating model will need to deliver new capabilities**

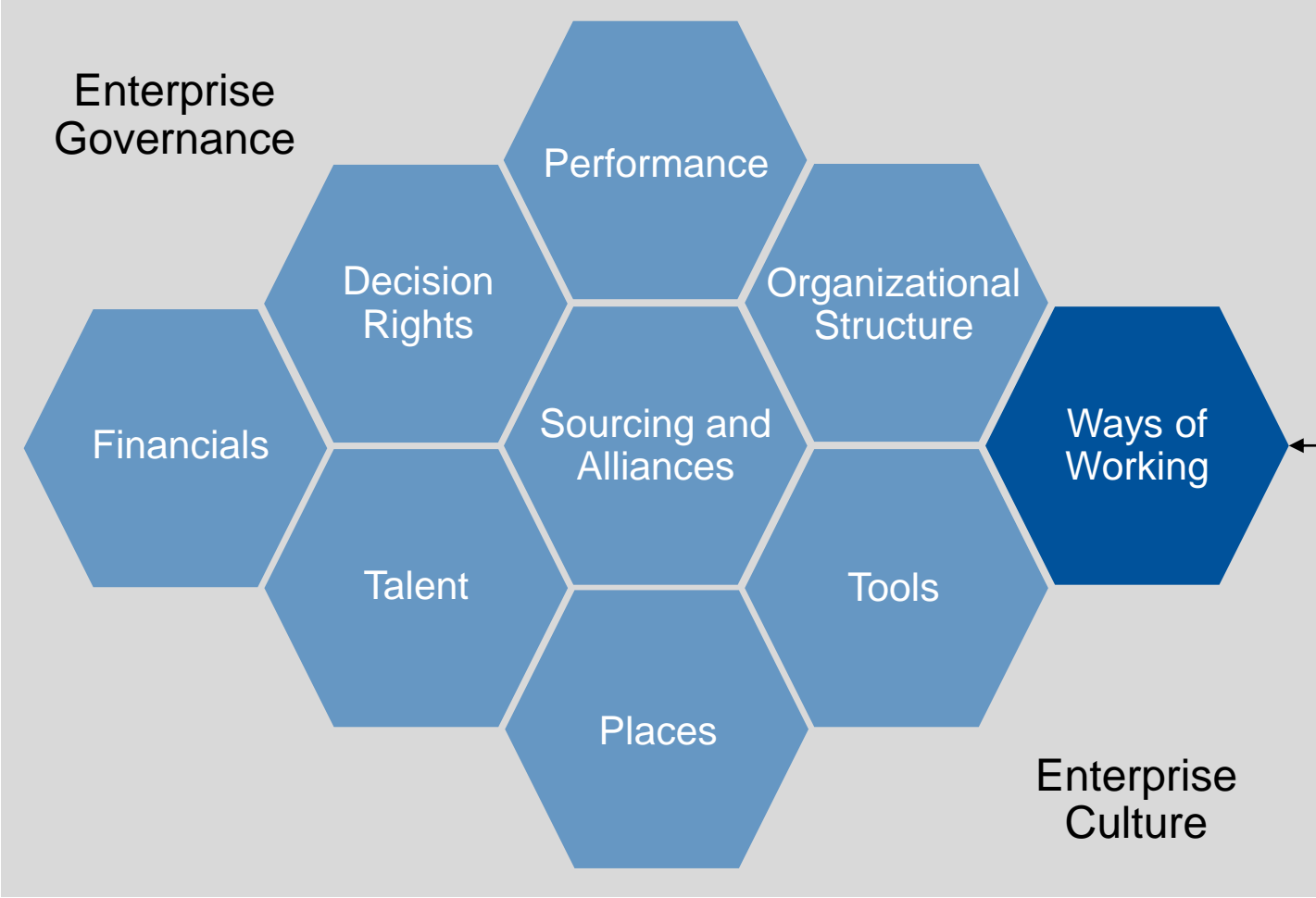
"The I&T operating model continually evolves in line with business needs, but with the quickening pace of digital and technology advancements over the last seven years, every facet of the model has been stressed."



**Kevin Humphries,**  
SVP — Enterprise Infrastructure  
Services at FedEx

The I&T operating model will need to be optimized for agility,  
speed and innovation

# Achieving These Goals Typically Starts With New Ways of Working



- Agile/Iterative
- Product Management
- DevOps
- Lean
- Design Thinking

# And the Decision to Adopt New Ways of Working Impacts the Design of the Other Components



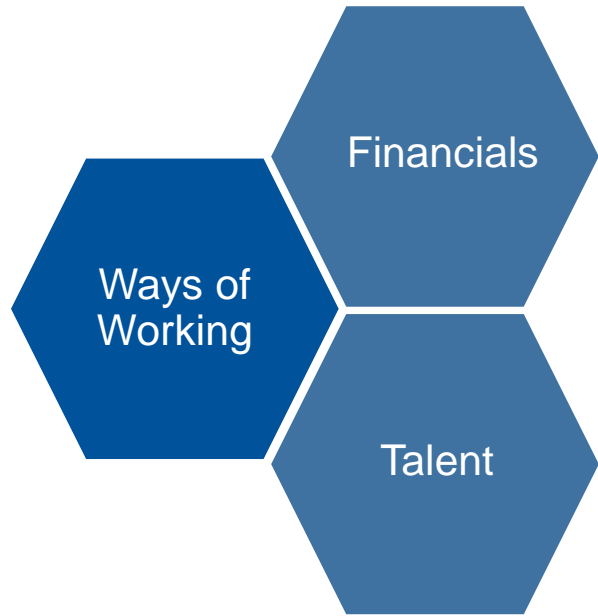
"A nimble organization that can adapt to how the world of technology is changing starts with recruiting. But how we develop our talent is equally crucial."



**Rob Alexander,**  
CIO at Capital One

A decision to adopt new ways of working has implications on the type of I&T talent you will need

# And the Decision to Adopt New Ways of Working Impacts the Design of the Other Components



- Allocate funding/costs to products/business units
- Funding for shared technology held centrally

- Recruit new people with required skill sets/experience
- Develop broader skills and knowledge of existing staff

# And the Decision to Adopt New Ways of Working Impacts the Design of the Other Components





"It's not about centralized versus decentralized. To me this is a polarized, older way of thinking. To meet or exceed customer and marketplace demands, we need to use a much more complicated matrix for operating and staying as fast as possible."



**Kevin Humphries,**  
SVP — Enterprise Infrastructure  
Services at FedEx

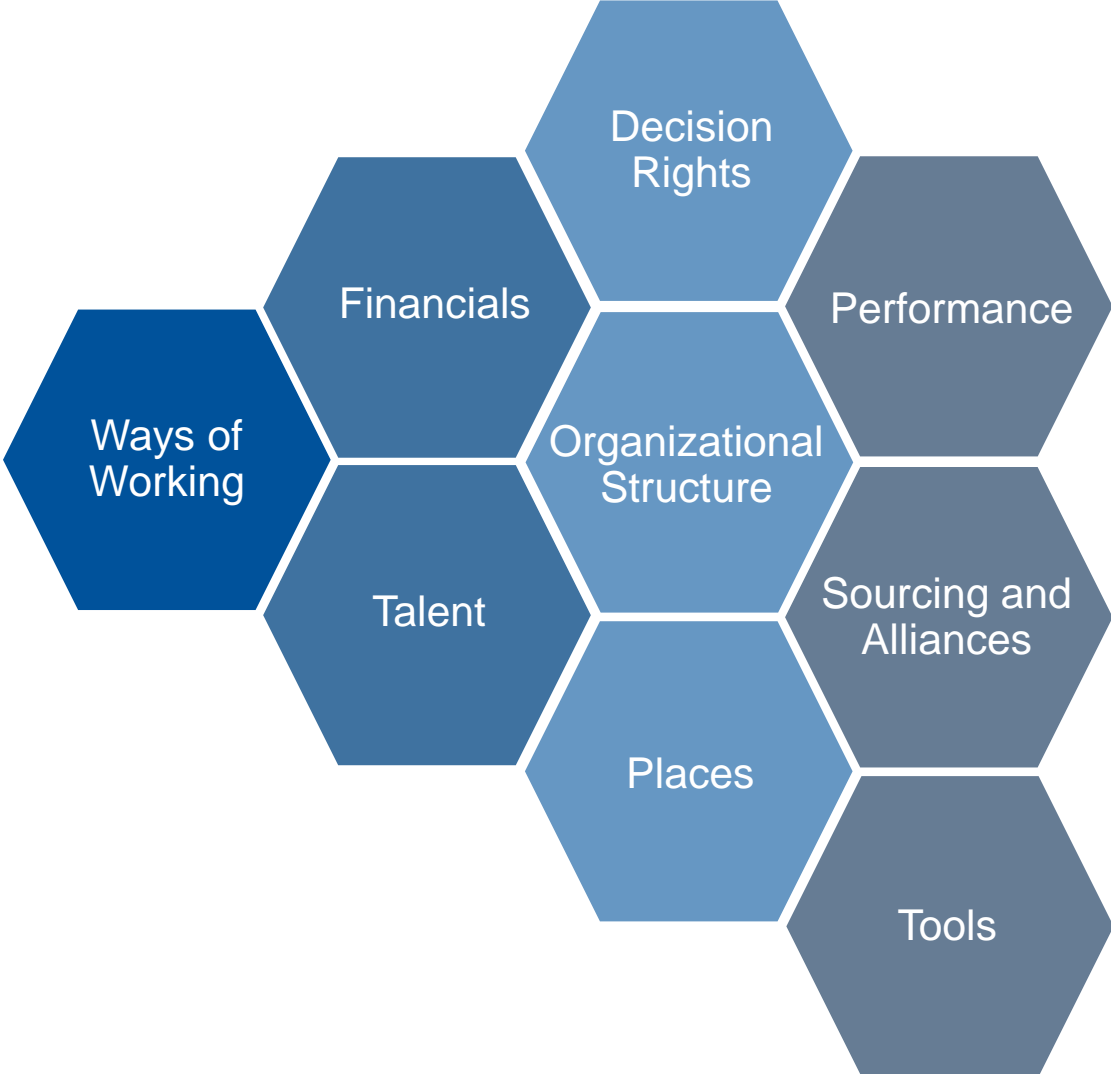
Digital business requires a more sophisticated or "integrated" operating model

# And the Decision to Adopt New Ways of Working Impacts the Design of the Other Components



- Business ownership: Product roadmaps, prioritization and budget allocation
- Centralize: Platform, strategy, architecture and security
- Adopt a flatter structure, with smaller self-managed empowered teams comprising IT and BU staff
- Centralize IT resources but align to products/business units
- Colocate IT and business unit staff
- Rebalance onshore, nearshore and offshore locations

# And the Decision to Adopt New Ways of Working Impacts the Design of the Other Components



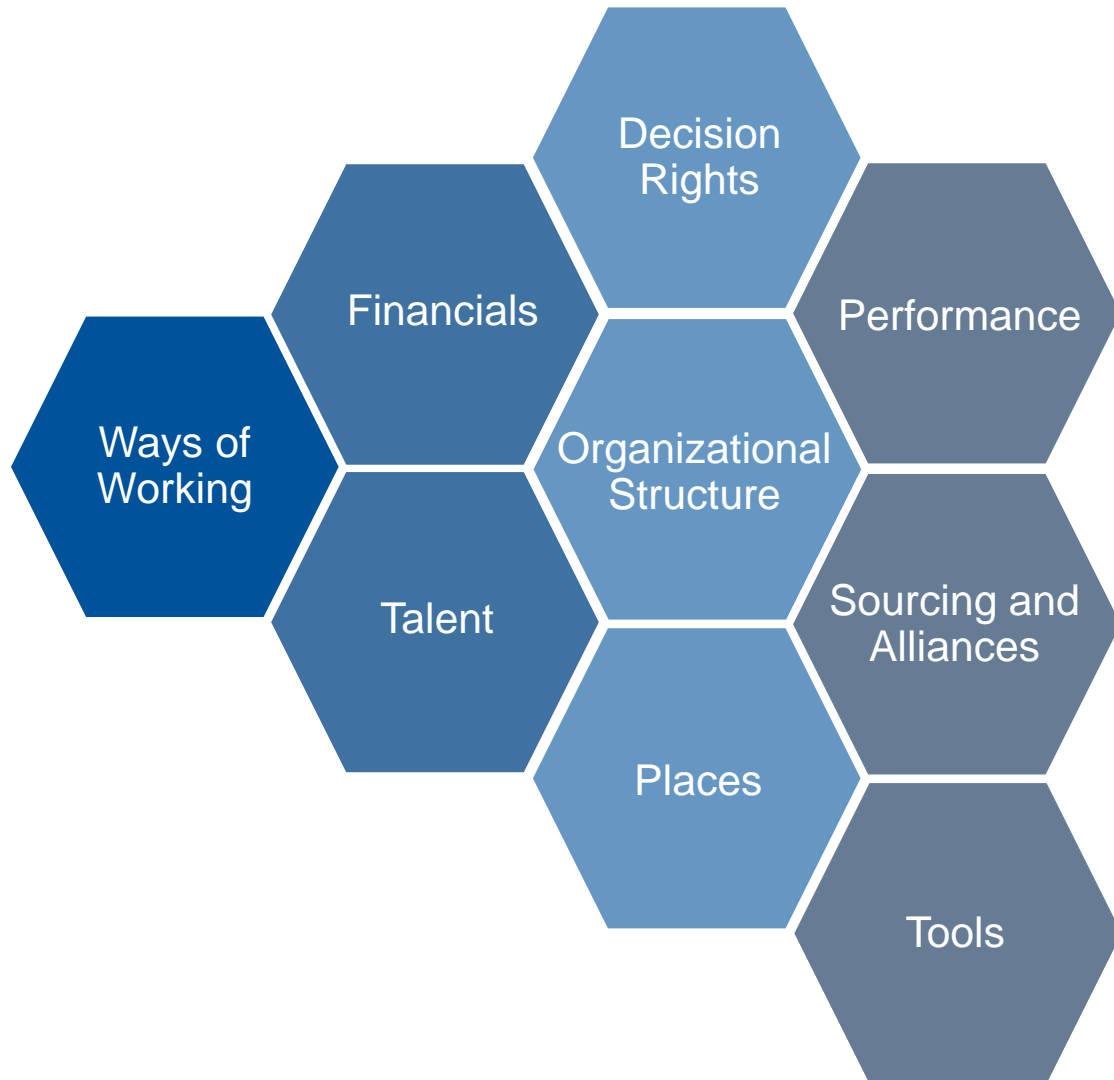
"The core of our transformation was moving to a partnership model with joint accountability for delivering digital solutions."



**George Hunt,**  
GM Digital Services and  
CIO, Sydney Water

A more integrated operating model leads to joint accountability for delivering IT and business outcomes

# And the Decision to Adopt New Ways of Working Has Impacts Across the Other Components



- Business units and IT jointly accountable for business outcomes
- Increase focus on team rather than individual performance
- Adopt bimodal sourcing
- Redesign sourcing processes to enable rapid selection and onboarding of new partners
- Automate testing and release to support continuous delivery

# Your New Operating Model Will Require Changes in the Enterprise Operating Model



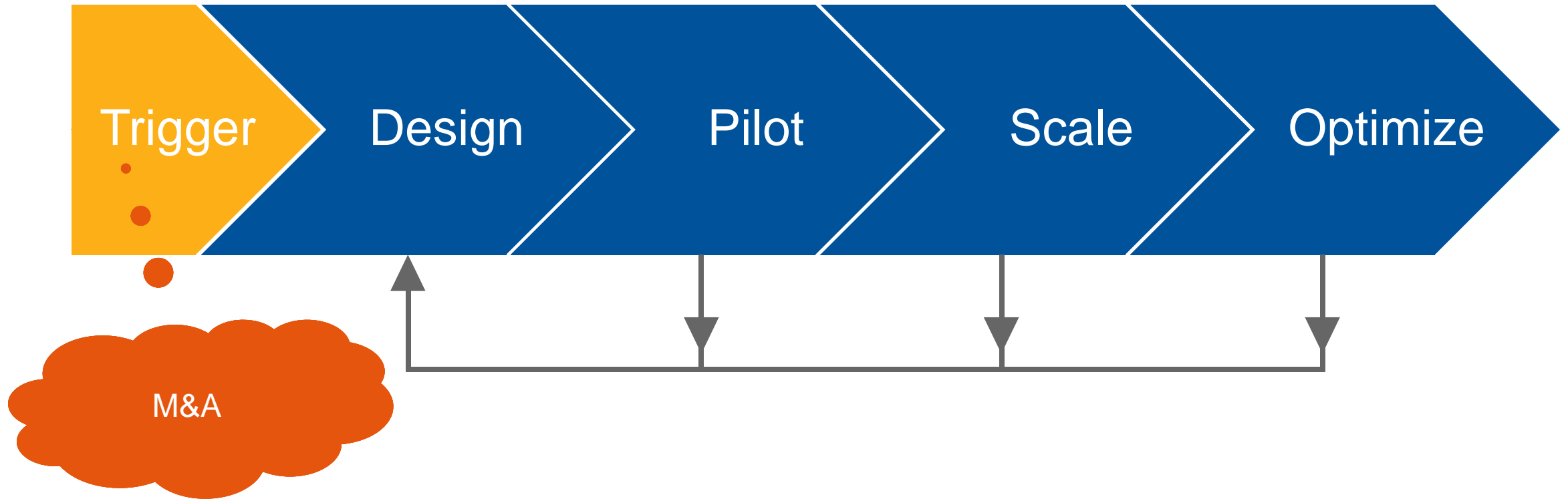
I&T becoming an enterprise asset requires changes in accountabilities, prioritization and how investment decisions are made

The integrated I&T operating model is underpinned by an enterprise culture of collaboration, learning and engagement

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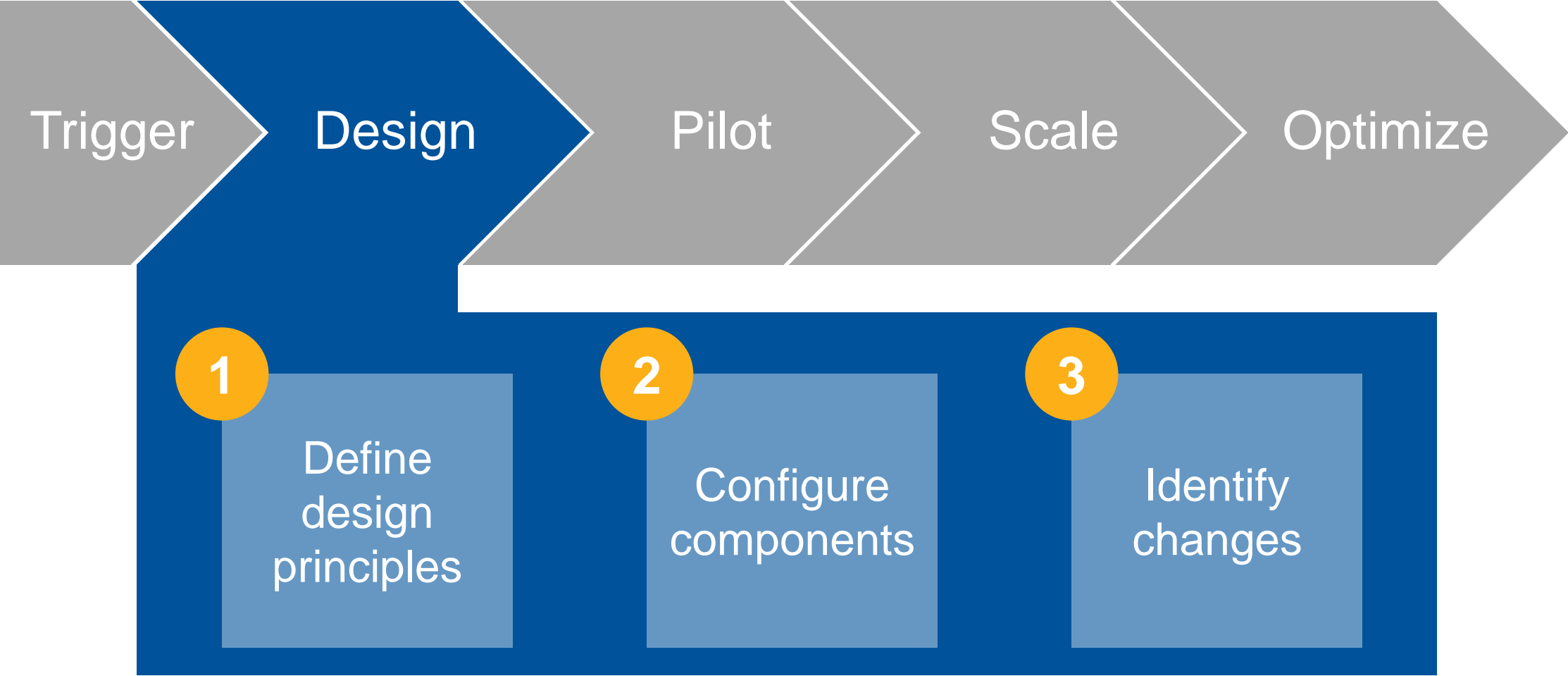
# A Structured Approach Produces Better Results



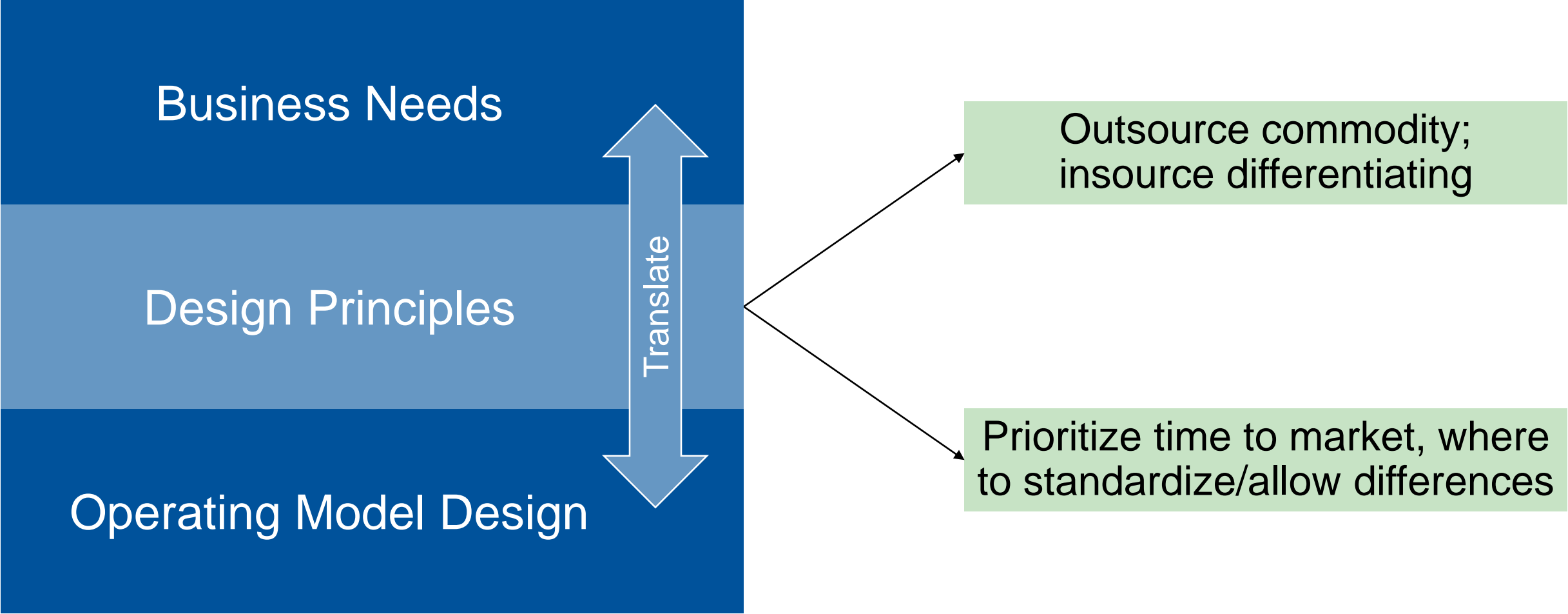
- Scan for triggers that require a change in the operating model
- Respond using a structured and iterative approach



# Three Steps to Developing Your Operating Model Design



# Define Design Principles Based on the Trigger



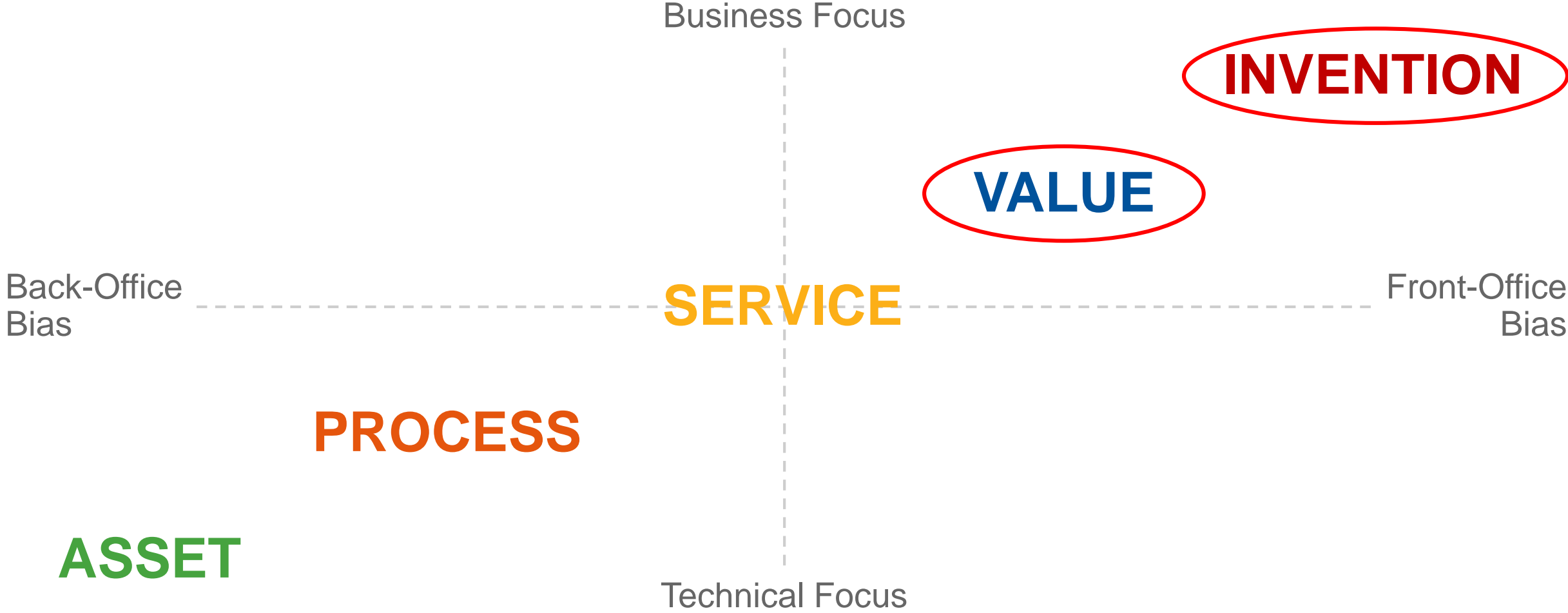
"Our lesson learned would be not only to plan the change, but also to look holistically across the landscape of changes being contemplated."



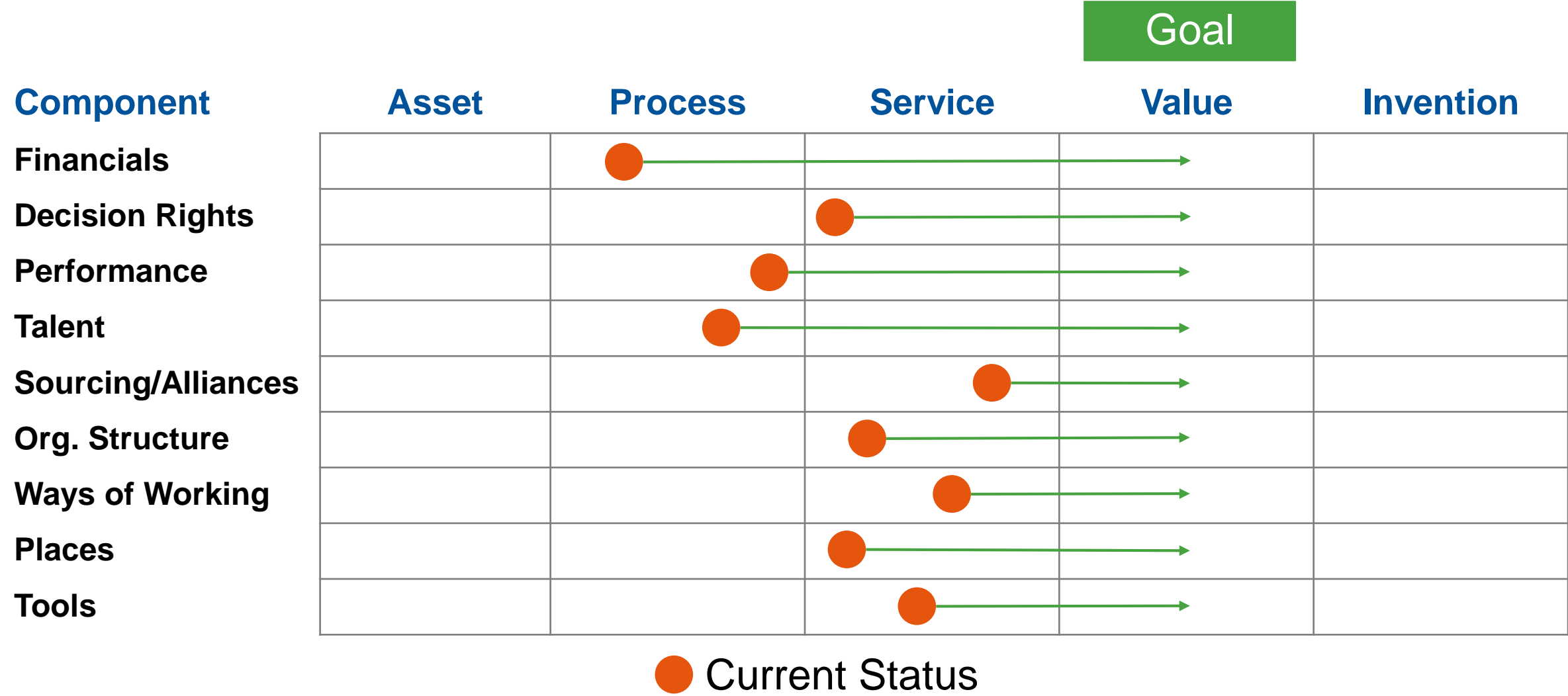
Managing Director at BankCo

However you create your design, all components need to be reviewed to ensure that the operating model remains balanced

# Use Gartner's Operating Model Patterns to Accelerate Your Design and Configure the Components



# Assess the Gap Between Your Current and Target Models



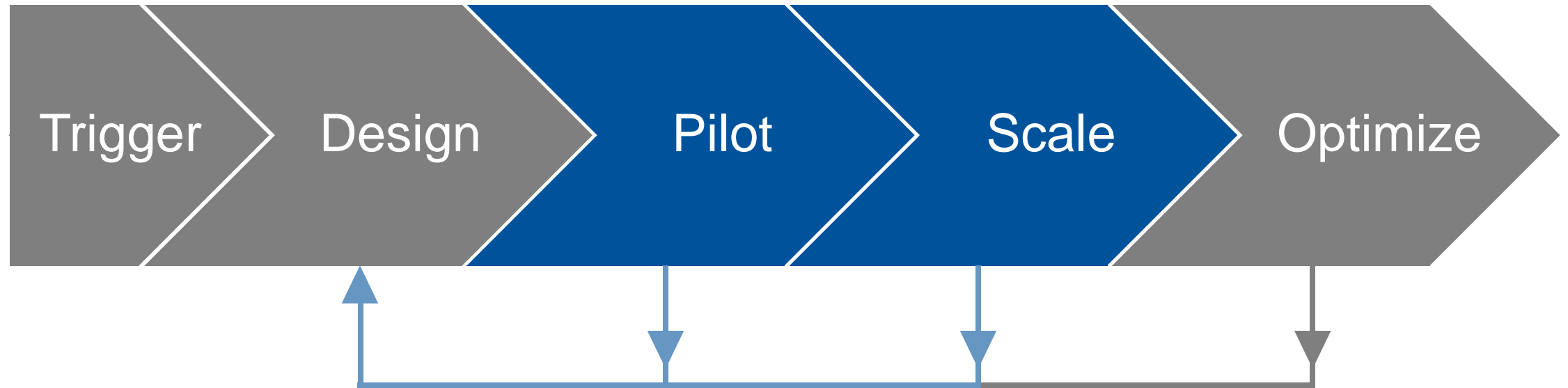
"Since large sections of the IT organization had been outsourced for years, it lacked some basic capabilities. Over three and a half years, we have been evolving the I&T operating model through a series of phases."



**John Quinn,**  
CIO at Medicines and Healthcare  
Products Regulatory Agency

If the gap is significant, then an intermediate stage may be necessary to build the missing parts

# Use Pilots to Test and Develop Your Design, Then Scale Quickly



- Use pilots to test operating model changes before they are deployed more widely
- Scale quickly once the design of the new operating model has been tested and refined

"Choosing the right pilot is crucial to success. And you need to be prepared to refine your design and make 'in-flight' changes during the pilot."



**Tom Bauer,**  
CIO at Hagerty Insurance Agency

Piloting operating model changes requires business stakeholders who are willing to be part of a test bed



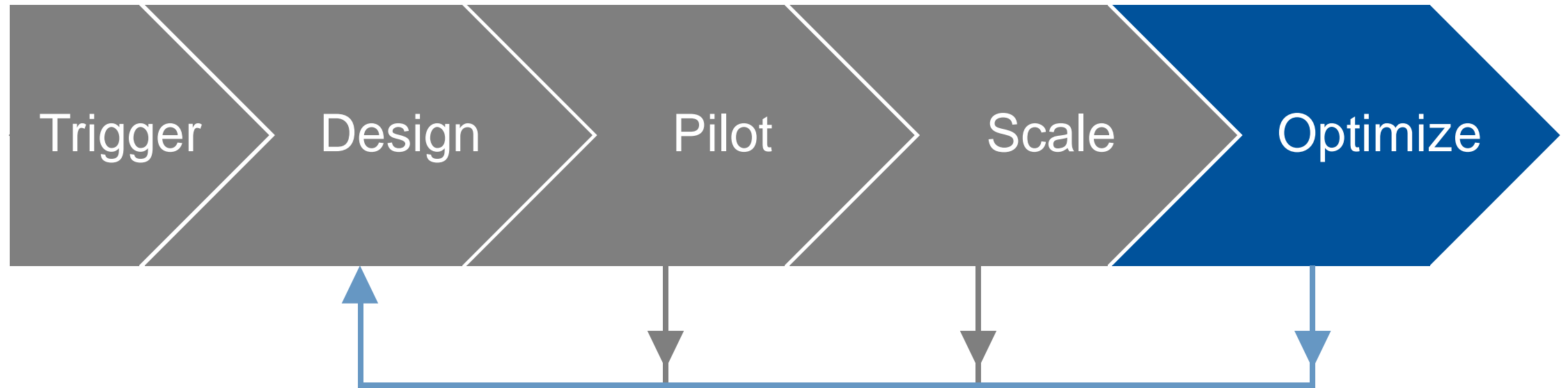
"We had a team that went into various areas and started helping other teams implement with the right language, ways of working and toolset. Then they'd move on to the next area. It was a formal sort of adoption plan."



**Stuart Warner,**  
Head of Technology, U.K. and  
Europe, Fidelity International

Scaling will be a major program. Establish a transformation office, and use phases and workstreams to implement changes.

# It's an Ongoing Process — Optimize to Stay Relevant



- The operating model design should not be viewed as something that is fixed or static once deployed
- It will need to evolve to meet the changing needs of digital business, to exploit technology changes and to respond to other events

"When you move to a new operating model such as this, you are never done. The process is continuous. You are always optimizing, adjusting, evolving."



**Rob Alexander,**  
CIO at Capital One

Scan for potential triggers on an ongoing basis and adjust the operating model as required

# Recommendations

- ✓ Evaluate your current operating model and answer this question: Does it support your digital ambition? If not, redesign it.
- ✓ Define a set of design principles that reflects business needs.
- ✓ Design your I&T operating model holistically — use Gartner's operating model patterns to guide your design.
- ✓ Use pilots to test operating model changes before they are deployed more widely, then scale quickly.
- ✓ Scan for potential triggers on an ongoing basis and adjust the operating model, as required.

# Recommended Gartner Research

- ▶ [Redesign the IT Operating Model to Accelerate Digital Business](#)  
Ian Cox, Donna Scott and Simon Mingay (G00344440)
- ▶ [What Is an I&T Operating Model, and How Do You Accelerate Its Design Process?](#)  
Ian Cox and Simon Mingay (G00342071)
- ▶ [Monetize Your Business by Adopting the Value-Optimizing I&T Operating Model Pattern](#)  
Donna Scott, Remi Gulzar and Bill Swanton (G00340604)
- ▶ [Drive Disruptive Innovation by Reinventing the I&T Operating Model Pattern](#)  
Donna Scott and Monika Sinha (G00343310)
- ▶ [Governance and Culture Are the Fabric of Your I&T Operating Model](#)  
Remi Gulzar, Jamie Popkin and Others (G00335265)

For more information, stop by the Experts Desk in the CIO Lounge.