



A New Model for Industry Research

Sometimes IT for IT's Sake can be a Good Thing

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I've seen it many times: the living proof of the adage that the "cobbler's children have no shoes." Technology firms who have the worst IT systems, accountants who keep miserable records of their own businesses, even photographers who have few pictures of their own families.

In retail IT, the last 10 years have seen a significant shift in power over investment decisions. Where once IT departments were stewards over systems that ran the business, they are now more often the janitors that are maintaining systems that business users select. Much of the budget control – and with it, the power over technology investments – has shifted firmly away from IT and into lines of business.

In many cases, and I think as an overall trend, this shift has been a good thing – with limits. Technology should never be the barrier to a company achieving its objectives, as long as the flip side is acknowledged: if you work *within* the constraints of technology, you can often achieve more than if you worked against them.

However, there is one area where the shift seems to have gone too far, and that is in regards to IT as a business function itself. The last five years in particular have seen the advance of sophisticated tools for managing IT operations – tools that build integration maps and transaction flows automatically, saving time and money spent on maintaining documentation. Tools that provide asset management to help IT departments keep a handle on all of the technology and data assets that are scattered throughout the company. Development tools that help track time against projects, to get a better understanding of development vs. maintenance activities, and how much it actually took to build an application.

But with business control over IT budgets, there has been precious little available to help make the IT department itself more efficient. For many IT leaders, it has been a fight to get business users to see the value of investing in IT infrastructure projects, even though making life easier for the IT department often means faster, more efficient deployment of

business leaders' pet IT projects. Because of these issues, many IT departments are like the cobblers whose children have no shoes – they run technology to support the business as best they can, but do so at the neglect of their own internal operations.

So it's refreshing to hear a story about an IT department investing in technology that actually helps the IT department run itself more efficiently – IT for IT's sake, if you will. That story comes from Robert Fort at Virgin Entertainment, who recently implemented INETCO's Insight solution, a payment transaction monitoring tool that helps the IT department more effectively manage and monitor that most critical transaction stream.

Now, I don't want to overplay the importance of this implementation – in the grand scheme of things, this is not on the scale of replacing a point of sale or merchandising system. And I would argue that Fort is one of the most progressive CIO's out there today, so it wasn't exactly a struggle to take on this project. But there are two trends hidden in this story that I want to call out.

The first is the obvious – sometimes the business has to let IT invest in tools that help it become a more effective department. By doing so, a rising tide of capability within the IT department lifts all boats. And sometimes the business case to support these kind of investments isn't going to be all that clear. In the case of transaction monitoring for Virgin, it was clear, but that isn't always going to be true.

The second trend is more subtle. We found in our recent benchmark on in-store technology that for the first time, infrastructure concerns, over the investment expense of store systems, topped the list as a barrier to improving the customer experience. We used to see that store infrastructure was protected from the complexity that plagued enterprise architectures, but with pressure to provide differentiated and personalized store experiences, that's just not the case any more.

The result is that when something goes wrong, it's almost impossible to identify the failure point – and an increasing number of failures come from unintended consequences of more centralized apps in the store. Transaction monitoring, something once relegated to the data center, is becoming a critical part of ensuring a quality customer experience, especially at the point of payment.

So while the INETCO/Virgin story is a small one in the grand scheme of IT strategy and investment, I also see it as something of the canary in the coal mine, heralding more complexity and challenges around store technology. Investing in IT for IT's sake now – giving the IT department the tools it needs to simplify its infrastructure and how to manage that infrastructure – may be the only way to prevent even more critical challenges in the future.