The innovator's perfect storm:

Agile, Project Management, Information Security and Cloud

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The environment within which we and our organisations operate is almost without exception competitive and volatile with a constant undercurrent of uncertainty. This applies to all industries and organisation types whether government, public, privately owned or not-for-profit. In order for you and your organisation to continue thrive in this context, requires constant adjustments to products, processes and so on, to meet these ongoing complex set of demands.

Nothing comes for free. Occasionally, innovation is accidental. However, the reality is that for the majority enterprises, innovation results from a number of factors including: an appropriate culture that that fosters innovation, effective orchestration and alignment between the various management and governance frameworks as well as validating opinions with evidence in the support of key ideas and decisions.

The flat earth

For some time now, technology has flattened the earth. No longer are we restricted by distance in areas of communications and the instantaneous global shipment of electronic artefacts, be they family photos, software applications, financial trades, and so on. Technology influences are truly global, yet our organisations still have multiple boundaries and barriers that hinder internal innovation and transformation. Some of these are reinforced by functionally specific governance frameworks, combined with organisational inertia, can make it difficult to innovate and maximise the potential of new technologies.

The compression of time

In addition to the 'flat earth' concept, time is being compressed. In 2008, Rupert Murdoch was quoted as saying "*The world is changing very fast. Big will not beat small anymore. It will be the fast beating the slow*." How right he was.

Organisations and individuals are expected to take less time to do things, fuelled by the pervasiveness of handheld devices in a 24 hour working world. Impatience is the norm for individuals, clients and organisations for products and services. Executives have to constantly manage internal tensions created by parts of the organisation wanting to adopt the latest technology but are sometimes held back by the apparent need for governance and controls. This is most apparent in some organisations that are aggressively shifting to the Cloud, where the 'need for speed' often trumps appropriate risk, total cost, project management governance and related considerations.

In this mix, how do the foundational enterprise technology management frameworks contribute or hinder this rush to get products and processes 'out the door'? Do the conventional methodologies such as agile application development, project management and information security need to be redesigned or to have their rigour diluted to meet the new environment?

Underestimating complexity

Senior managers with functional responsibility over specific vertical silos of the organisation may underestimate the overall complexity of their own business as a whole. From a functional perspective, specific methodologies exist to support specific activities.

Typical of these foundational frameworks relating to the delivery of **IT capabilities** are effective and efficient governance frameworks in areas such as agile application development, project management and information security.

Importance of internal alignment and coherence

Some organisations thrive despite themselves, and paradoxically, can also be innovative. The accidental success of organisations arising from poorly managed or semi-chaotic environments, whilst often newsworthy, is not the focus of this whitepaper.

In the main, successful organisations make serious attempts at evolving clearly articulated and aligned strategies and business plans. A prerequisite for transforming these plans into reality, however, largely depend on effective and efficient management and governance frameworks.

They also attempt to nurture enterprise-wide innovation through a deliberate strategy, which should align with the overall strategy for the organisation.

Misting over

Along comes Cloud computing. Whilst Cloud is the most widely discussed topic in the enterprise IT space at the moment, its full potential to deliver sustainable value with known cost and risk will not be fully realised unless a systemic and integrated view of cloud is taken in the context of your business.

So, what can the senior executives in the organisation do to ensure real and sustainable innovation in the perfect storm of enterprise IT?

To help frame this discussion, consider the following:

Consideration 1: Align functionally specific methodologies

Standardised, proven methodologies within specific disciplines such as Project Management, agile and information security, in and of themselves, are self limiting. Each discipline is only really effective when applied in a coordinated orchestration with the other key moving parts of the organisation.

To illustrate the point, a highly effective, well governed Project Management process could, for example, deliver on time, on budget a new aircraft. Problem is that it might just not fly! Agile development, on the other hand, promotes waste elimination and efficiency based on the concepts of iteration and collaboration. The challenge here is that, in certain respects, innovation can be inefficient, and possibly seen as wasteful. On the security and risk front, having an inappropriately meticulous and rigorous focus on risk and information security may give rise to an unduly risk-averse culture that

inhibits innovation and 'pushing the envelope'. The interaction and co-dependence between the various disciplines should not be underestimated in all but trivial, localised technology projects.

> **The message:** Understand how the functionally specific methodologies support or hinder each other, and assess the impact of these interactions on your organisation as a whole.

Consideration 2: Stop shadow boxing

The phenomenon of 'Shadow IT' departments is real. In the eyes of line-of-business stakeholders and executives, Cloud is sometimes seen as a panacea for a range of short term challenges, including simplifying IT, lowering cost, speeding up IT project delivery times, and giving business stakeholders the power to make decisions for their parts of the organisation, sometimes independently of enterprise IT, or with limited IT involvement.   Shadow IT is associated with the 'democratisation of IT' effect.

In Gartner's analysis piece of August 2011 'How CIOs Should Deal With Shadow IT' they state that 'Shadow IT is a significant issue for most enterprises', so this effect is real, and probably already thriving in your organisation without you realising it.

The adverse consequences and risks of bypassing effective governance and due diligence have been well documented in my earlier articles and a range of other sources.   The key benefit of identifying shadow IT early, is to expose and act on the issues causing shadow IT to exist in the first place.

Senior executives should make a conscious executive decision on how to manage the diversity of opinions in their organisation on how, what, where and when IT systems, especially standalone Cloud should be deployed.

> **The message:** Implement appropriate companywide policies formalising your position on the uncontrolled and viral deployment of technologies, and define your strategy for managing shadow IT

Consideration 3: Understand the role of the technology evangelists

Each technology has its own purists. These are sometimes termed 'evangelists', whose primary purpose is to promote a specific technology solution with a view to broad adoption. They can also act as an inhibitor to effective collaboration within the organisation due to the polarisation of opinions that could arise from their singular view of the world.

Technology evangelists, however, can play an important part in airing for scrutiny, new technologies and processes which may not have otherwise been visible. They can, and do act as the turbocharger for initiatives and projects aligned with their core competency, once they take hold.

There are real risks, however, should the tech evangelist promote an idea or technology whose path to adoption bypasses important cost, governance and risk due diligence processes. Perfect solution, wrong application and unexpected adverse consequences can result, long after the tech evangelist has

moved on to the next big thing.   Moreover, be able to distinguish the true technology evangelist from an opinionated acolyte of a particular vendor's offering.

If the technology evangelist has a clear understanding of your business, the complexities thereof, and has evidence based, balanced views of the risks, costs and related considerations, they can be your biggest asset.

> **The message:** Nurture, but guide the true technology evangelist, if you are fortunate enough to have one.

Consideration 4: Design well

At the core of any successful innovation or business transformation lies good *design*, be that technical, organisational, structural or process. Good design needs to occur at multiple layers and requires deliberate and careful orchestration to bring to fruition. The appropriate culture is one of transparency, integration, alignment and collaboration, something that is often in short supply in siloed organisations with a fragmented approach to enterprise wide innovation and transformation initiatives.

Essentially, making a conscious decision to transition from a *current* state to a *future* state has inherent risks – any change may fail to meet expectations, or even worse, produce negative returns and set you back. Paradoxically, doing nothing obviously has its own risks of obsolescence! Change has Darwinian certainty. The quote attributed to Harold Wilson (British Prime Minister 1974-1976) "He who rejects change is the architect of decay. The only human institution which rejects progress is the cemetery" is more relevant now than ever before.

> **The message:** Apply good design to all levels of your organisation for long term survival.

Consideration 5: Don't forget to fly the aircraft

Any (successful) pilot will always tell you that their most important function is to fly the aircraft. It is easy to get distracted with the various dials, switches and navigational equipment, with potentially bad consequences.

The analogy is 'Don't forget to run the business'. Being distracted by new and local attractions, including Cloud, may stop you from doing what is really important in your business. The consequences of this are also not always immediately apparent.

> **The message:** Focus on your business, and not just the latest technology initiatives.

Consideration 6: Managing the mixed messages

Your organisation is not an island. You are immersed in a sea of opinions and propositions. A common theme in all organisations is the need for adaptability; organisational agility and innovation and these

are invariably on the 'most wanted' list for organisations CEOs. In the 2012 PWC CEO Survey[1], 75% of CEOs plan to change innovation capacity in 2012, of which 24% expect 'major change'. This extensive survey is based in input from 1,250 company leaders from 60 countries. Paradoxically, the eighth annual KPMG 2012 Audit Institute Report[2] identified "IT Risk and Emerging Technologies" as the second-highest concern for audit committees, which is unprecedented in the history of the report.

So, in a nutshell, there are mixed messages out there. On the one hand organisations (and their customers) demand speed, innovation, agility and value, largely facilitated by technology. However the adoption of new 'transformational' technologies, Cloud in particular, without effective consideration of the enterprise wide, systemic and longitudinal risks, are potentially either setting themselves up for future problems, or not maximising the opportunities, or both. If, however, the organisation suffers from strategic myopia, or the key decision makers are only planning to be around for the short term, this is not going to be a problem!

> **The message:** Develop a clear listening strategy and have a defined process for assessing the relevance and implications for your organisation.

Consideration 7: Price in risk

Finally, and probably most importantly, if your organisation operates in a high compliance, high penalty or high risk environment, your risk management processes will no doubt be mature and regularly reviewed for efficacy. Dormant risks that surface in the future will cost you real dollars. Attempt to understand these costs, and how to manage, mitigate or transfer these risks.

However, in the perfect storm of IT, and particularly with the emergence of Cloud computing, the conventional risk models based on risk impact / probability analysis may be completely flawed if your underlying assumptions and assessment framework does not encompass every aspect of the Cloud ecosystem (including the provider's provider!).

At the heart of this lies effective procurement as well as ongoing due diligence on your cloud ecosystem. Achieving this is a current complex and volatile mix of constantly evolving cloud solutions, security, legislative changes is not a trivial exercise. This will most likely be the topic of my next whitepaper

> **The message:** Pay particular attention to how you price in risk to your cloud initiatives

In conclusion, I trust that this whitepaper has given you some useful perspectives of how the interaction between your existing IT governance frameworks, innovation and Cloud computing can drive sustainable value in your organisation. At the end of the day, most organisations are complex, with many moving parts. How effectively and efficiently these moving parts are orchestrated, will determine your long term fate.

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[1] http://www.pwc.com/gx/en/ceo-survey/pdf/15th-global-pwc-ceo-survey.pdf
[2] http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Documents/kpmg-2012-audit-committee-issues-conference.pdf

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About Rob Livingstone Advisory Pty Ltd

His practice delivers a highly experienced, tightly integrated Advisory and Consulting service to companies of all sizes, with core competencies in short term, complex, high value engagements requiring sensitivity, rigour and absolute independence.

Rob's practice also delivers the highly regarded *RLA CIO Mentor*^{TM} proprietary program aimed at helping IT professionals and managers meet the challenges in an increasingly complex, demanding and volatile working environment.

Author of the book *Navigating through the Cloud*, Rob is also a renowned independent authority on Cloud computing, and in demand as a speaker and advisor. He is also a regular columnist and contributor to number of leading magazines including CIO and Australia and CFO in the USA.

He is also a Fellow at the University of Technology Sydney (UTS) and teaches postgraduate students in the areas of leadership, strategy and innovation on UTS' flagship Master of Business in Information Technology Management (MBITM) program

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