IT BUDGETS / CURRENT AND EMERGING / **2-SPEED** / EMPLOYMENT / ABOUT / ABOUT / KEY
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2-SPEED IT FOCUS

KEY FINDINGS

Adoption of 2-Speed IT is moving at pace

60% of respondents see a need for 2-Speed IT, of which around two thirds have already implemented it or are in the process of implementation. The industry sectors that are most likely to adopt a 2-Speed approach are Retail and Healthcare. In the case of Retail this is due to the ever increasing need for speed and agility in a fiercely competitive Digital world, whilst at the same time keeping backend enterprise applications stable and robust.

Can the two speeds work together?

When it comes to implementing 2-Speed IT, a number of respondents have concerns that the two speeds cannot operate effectively together. This is more evident in organisations that have not yet implemented, with around 15% believing that they cannot work effectively together.

Interestingly, our respondents who have already implemented 2-Speed IT, or are in the process of doing so, appear to be more neutral as to whether the

> **"60% of respondents see a need for 2-Speed IT with Retail and Healthcare leading the charge"**

> **"The jury is out as to whether the two 'speeds' can work together effectively"**

two speeds can work together. This is possibly down to the maturity of 2-Speed IT operating models and processes, with the jury being out on its success with a number of organisations.

Undecided as to whether skills are transferable between the two modes

Almost 50% of respondents do not believe that skills are transferable between the steady and fast modes. Of those who have the experience of implementing a two speed model, this figure drops to 20%. Others remain undecided.

Looking to external support to define and execute

Only 17% of our respondents believe they have the in-house capability to run a 2-Speed operation. Around two thirds of those who have already implemented 2-Speed IT utilised external support, and nearly all of those that are considering a 2-Speed operating model believe that they need external support. Consultancy and advisory firms are the first choice for most organisations

when considering implementing 2-Speed IT, with systems integrators and infrastructure providers coming second.

The supplier landscape is shifting with the implementation of 2-Speed IT

It seems contradictory that whilst around 30-40% of organisations would look to their suppliers to help implement a 2-Speed approach, only a quarter of organisations believe that their suppliers are capable of working in a 2-Speed environment.

Coeus' experience in recent years is that organisations implementing a 2-Speed approach often change their suppliers, utilising cloud or niche providers to provide the agility and flexibility that they are looking for in their Digital platforms. That is not to say, however, that traditional enterprise outsourcing suppliers and contracts are unimportant or dwindling – often these are in addition to enterprise applications and provide organisations with new channels to their customers.
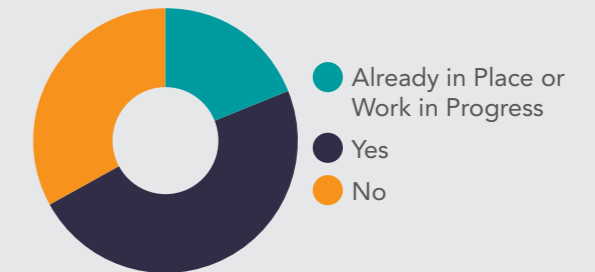
The adoption of 2-Speed IT

- Already Have It
- In Development
- Expected 1-3 Years
- No Requirement

Is a 2-Speed IT approach required?

- Already in Place or Work in Progress
- Yes
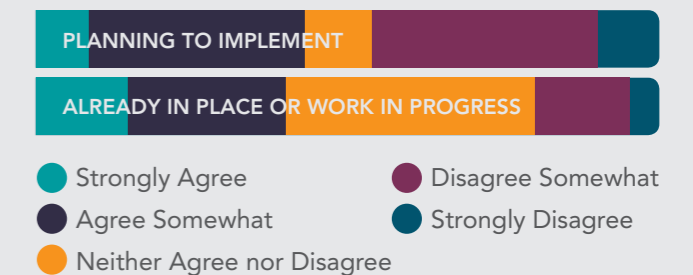- No

Rate the following statement: Mode 1 (steady speed) and Mode 2 (fast speed) IT functions can work in partnership

PLANNING TO IMPLEMENT

ALREADY IN PLACE OR WORK IN PROGRESS

- Strongly Agree
- Agree Somewhat
- Neither Agree nor Disagree
- Disagree Somewhat
- Strongly Disagree
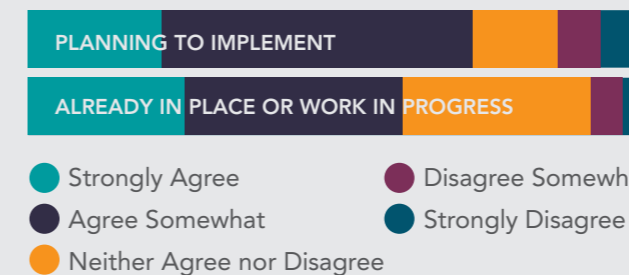
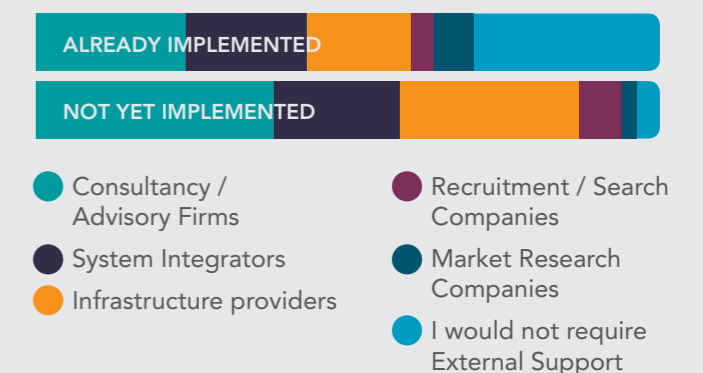### Rate the following statement: Mode 1 (steady speed) personnel can operate effectively in a Mode 2 (fast speed) operation

PLANNING TO IMPLEMENT

ALREADY IN PLACE OR WORK IN PROGRESS

- Strongly Agree
- Agree Somewhat
- Neither Agree nor Disagree
- Disagree Somewhat
- Strongly Disagree

Where did/would you look for 2-Speed IT skills?

- Permanent Hire
- Contract Resource
- Consultancy / Advisory Firms
- Infrastructure Provider
- System Integrator

Where did/would you look for external support when implementing 2-Speed IT?

ALREADY IMPLEMENTED

NOT YET IMPLEMENTED

- Consultancy / Advisory Firms
- System Integrators
- Infrastructure providers
- Recruitment / Search Companies
- Market Research Companies
- I would not require External Support

Do you believe your current suppliers are capable of running a 2-Speed IT operation?

27% Yes
29% No
44% Unsure

Are you planning any changes to your supplier landscape as a result of 2-Speed IT?

31% Yes
25% No
44% Unsure

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👁 INSIGHTS

A 2-Speed IT approach can help an IT organisation seize the opportunities afforded by the Digital economy, allowing it to sense and react in near real time to the market, customers and competitors. However, before committing to a 2-Speed IT operation there are a number of questions an IT organisation should answer.

Do you need to run a 2-Speed IT operation and why?

Most organisations will benefit from running a faster, more agile approach to IT development and operations, but not all. For those organisations operating a more agile environment it is inevitable governance will be reduced and all the checks and balances of a more mainstream IT approach will not be there. This will not be appropriate for all organisations within all sectors such as critical power generation, aspects of financial services or secure services. Be clear on what services and which customers, whether internal or external, are going to benefit and why.

What systems and processes need to run more quickly?

Even within a fast paced consumer driven environment not all systems need to run at a quicker pace, typically only around 10-30 percent of systems would benefit from a faster approach within an organisation. By their very nature, back office accounting and core processing systems need the greater governance, reliability and control of a more traditional approach. It is only the consumer facing or differentiated internal systems, where real value in the market place can be gained, as they need a faster approach. Be sure about where the value lies and only target those systems for a faster approach in the first stages.

Do you have the skills, experience and resources to execute?

To run a faster IT operation successfully you need talented multidisciplinary teams to work with new processes, tools and governance. The majority of organisations do not currently have sufficient internal resources to operate in the new way. Many organisations will look to recruit externally but the resources will be scarce in the marketplace as organisations compete for the same people. IT organisations are going to have to 'grow their own', supported by externals where appropriate at key moments.

How are you going to make the changes to your IT operating model and organisation?

Running a faster IT stream will inevitably require changes to the IT operating model and organisational structure. The changes that will need to be made depend on the business model, current IT structure and supplier landscape. In addition, Mode 1 and Mode 2 need to work together as Mode 1 deals with Enterprise systems, such as finance, which by the very nature of Commercial Mode 2 systems need to be interfaced together to allow real time transactions and customer order processing. It is critical a 'wall' is not built between the two teams as like the systems they develop and support, they are in fact joined at the hip.

What tools, processes and governance are you going to need?

The new approach will require investment in new tools, processes and governance to enable a truly faster outcome. Ensure there is a clear value case for the faster approach and secure the right level of funding to invest in the tools and new ways of working otherwise it will not be possible to make the current approach 'faster'.

How successful organisations have started

Start with a single project or programme reducing the risk and cost of a major IT transformation. Allow the project to run using new agile methods, processes and tools. Once there is a working model up and running move resources to new structures over time.

Success can be increased by investing in additional resources to document the new methods and processes so that they can be used by additional projects and programmes coming into the 'fast' stream. (Figure 1)

2-Speed IT is interconnected with other developments

Figure 2 shows three additional themes that are interconnected with 2-Speed IT and currently evolving within the industry.

🔸 Figure 1

IT Operating Model example showing how some organisations have successfully implemented 2-Speed IT
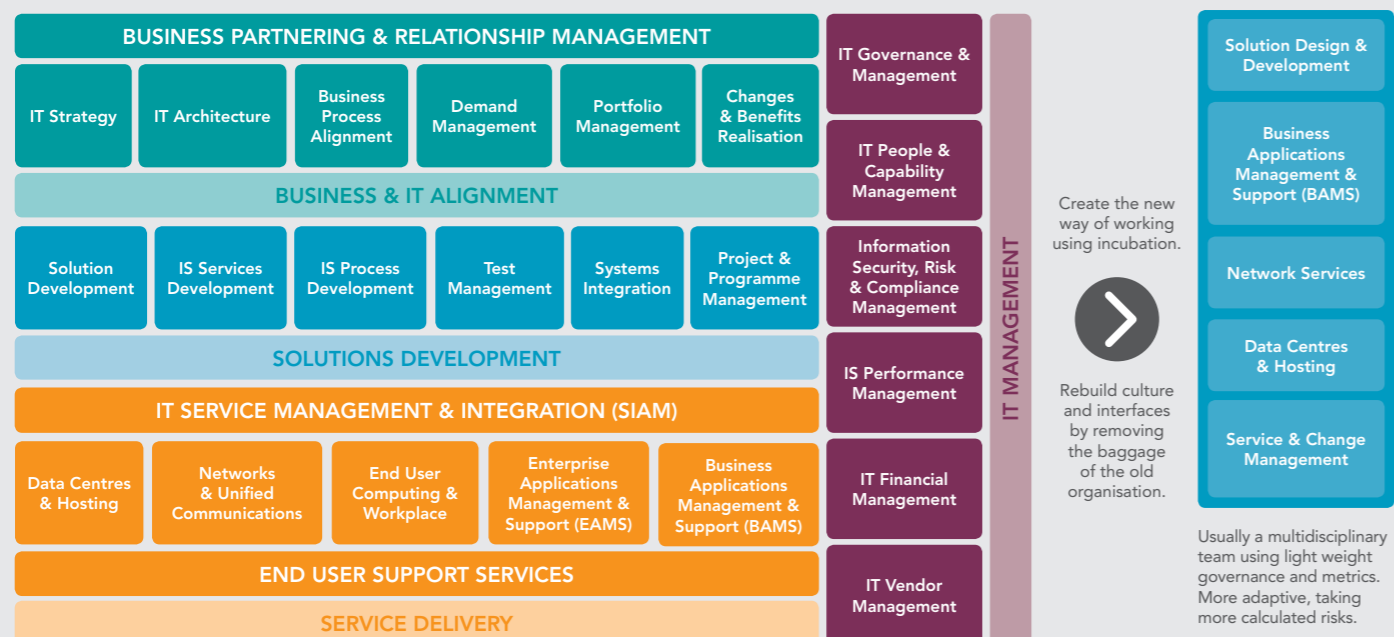

Project / Programme

🔸 Figure 2