

In Brief*

The time has come for discipline and governance in the IT Revolution

Information Technology has become a powerful enabler but the speed and spread with which it has done so has left a legacy of costly redundancies and inefficiencies in companies and government alike.

Challenges in the private sector

- The price of oil is in flux and the downturn has hit Alberta. IT has to work harder and smarter to help companies operate efficiently.
- A swing away from building as quickly as possible to a focus on cash conservation has resulted in sharp cuts in IT spending.
- IT systems with redundancies and inefficiencies have become a liability in an economy that demands more agility and innovation than ever.

Challenges in the public sector

- “Redundancies in technologies, applications, and information across public sector departments and agencies add unnecessary costs to IT. Public sector organizations are looking to manage costs through efficiencies gained by consolidating and rationalizing these redundancies and increasing the number of shared services.”
- The need for collaborative systems integration – “Information required to deliver citizen oriented services is rarely stored in one place and accessible by all who require it. IT projects are now challenged with connecting and making available this information.”
- Solving these issues will present privacy and security challenges. The need to meet stringent security and privacy standards and appropriate governance and controls is imperative. There is increased public scrutiny in this area.

In just a few decades, Information Technology (IT) has transformed the way we do business, taking a pivotal position as an enabler in just about every function in every sector, both private and public. Technology is now pervasive: there is no aspect of business or government in which it doesn't have a role. This profound change has occurred at a remarkable speed, simultaneously introducing a multitude of new applications, systems and upgrade after upgrade, all focused on solving individual problems, improving specific processes in this function or that department.

In the race to keep up with boom-time demands—and with money readily available—both the private and public sectors took advantage of these new technologies. But they often did so in a piecemeal fashion adding layers of complexity and redundancy to their IT infrastructures. This has resulted in costly redundancies and siloed solutions that fail to fully leverage the connecting and enabling power of technology.

With the current downturn and the challenges that will come with the upswing, there is an urgent need for rationalization, for cleaning of IT houses to achieve immediate cost-savings and more importantly to create the type of seamless IT infrastructure necessary to bring IT's connecting and enabling capabilities to the next level and position companies and government for success.

The time is now

- The downturn offers organizations an opportunity to take advantage of the slower pace to rationalize and optimize their IT infrastructures and establish effective IT governance before the fast-paced demands of an upswing take hold.
- Siloed solutions to individual problems are no longer enough. The need for a seamless, lean and fully leveraged IT infrastructure with the proper governance

to maintain it will be essential for success through the downturn and in the new economy. Those who fail to act now risk being dragged behind by a sluggish and cost-wasting IT infrastructure.

The problems

- Faced with the need for large reductions in the operating costs within IT, many are responding with rapid rationalization. But without long-term strategy and effective governance, this can lead to gaps, disconnects and compromised security of data.
- Few organizations have a handle on what their true IT costs are because the costs are often partially hidden.
- IT infrastructures laden with complexities, redundancies and lack of integration have inefficient information-sharing—which hampers agility and effectiveness.
- During rapid-growth periods, IT departments grew just to keep up but often did not develop clear, productive and effective roles for all IT staff—a legacy which is costly in these days of shrinking budgets.
- Unclear governance and accountability for technology can impede integration, particularly in the public sector.

Some key steps

- Identify all IT spending—including all hidden costs— and benchmark these against competitors and best practices to ensure that costs and practices are close to industry norms.
- In the short term, revisit service levels, vendor prices and software licensing agreements.
- In the midterm, create a plan to rationalize application portfolio. Decommission systems in limbo, consider outsourcing, trade up on skills.
- In the long-term, undertake a transformation of the IT function. It's essential to drill down to look at all key issues and needs that should have been addressed by technology solutions but were not, such as a wider sharing of databases or replacing paper processes.
- Getting agreement on what the priorities are—and how they are aligned with the overall strategy—can be complicated and requires thorough analysis.
- Develop steps to streamline and optimize IT operations and bring discipline to how IT is delivered.
- Establish the necessary framework, governance and skills for an integrated IT infrastructure with a common platform, processes and standards that ensure IT is effectively leveraged and fully aligned with the organization's goals and objectives today and tomorrow.

The benefits of an IT house cleaning

- Short-term and long-term cost reductions.
- Improved IT efficiencies will lead to increased productivity and efficiency throughout the organization.
- Because of IT's pervasiveness, the process can identify problems—and solutions—in other areas of the organization.
- A seamless IT infrastructure that closes existing gaps and disconnects, enabling communication and informed connectivity in the entire operation.
- A roadmap for effectively integrating future IT additions and upgrades with existing systems.
- The in-house skills, training and processes needed to sustain a lean and fully integrated IT infrastructure for the long term.
- A robust, cost-effective IT infrastructure with best-practices and services that provides high-value insight and information throughout the organization, enabling agility, flexibility and innovation, which will be key to success in the new economy.

The PwC advantage: We know how to build value

Value drivers	PwC perspective
A big-picture view of operations	<p>PwC offers a holistic approach and understanding of how and where IT fits in every aspect of the organization.</p> <p>“We have a breadth of view and depth of expertise in all areas of business that allows our people to make recommendations on the entire operation. We look at the big picture, at all the pieces—not just IT—because we understand the interconnectedness of processes,” says Jonathan Hirst, Director, IT Advisory, PwC Calgary.</p> <p>The same is true of our government practice. “Restructuring of the health care system, for example, requires expertise in IT, healthcare and finance,” says David Vojaceck, Director, IT Advisory in PwC’s Edmonton practice. “We bring together all those specialists.”</p>
A pragmatic approach that puts theory into practice	<p>The PwC technology practice team has experience working in industry.</p> <p>“Across the firm we engage people who have worked in industry and have both the theory and practice,” says Mark Leach, Director, IT Advisory, PwC. “It’s important to understand where the client is coming from and to be able to put ourselves in their shoes so we can help execute change. That ability sets us apart in the marketplace.”</p>
Strong, client-centric advisors who can assess technology needs without a vested interest	<p>PwC is focused on the client—and only the client. There are no hidden agendas.</p> <p>“For most of the areas we engage in we do not have a stake in a particular technology or solution that a technology firm would,” says Jonathan Hirst. “We don’t come in with an agenda other than to help our clients improve performance.”</p>
A fresh perspective that will keep you ahead of competitors	<p>PwC can provide insight, perspective and innovation that isn’t always obvious to the client—particularly in a downturn when money is tight. We bring objectivity to the table but we do so by first understanding the client’s position.</p> <p>“How do you make the investments that are required to stay ahead when you’re being forced to cut back? It’s a question many business owners are facing,” says Tony Balasubramanian, Leader, IT Advisory, PwC Alberta. “It starts by understanding where you are starting from and we can help you do that. Our own IT department just gained a 92% satisfaction rating through implementing a more disciplined approach.”</p>
Expertise in business transformation	<p>Expertise in aligning People, Process and Technology in transformational initiatives is critical for success. PwC has this expertise.</p> <p>“IT may be the only area that knows business processes from one end to the other, giving insight and leverage into helping make private and public sector business operate more effectively. PwC brings the strength of people, process and technology capability to transform business using enabling technology. It’s about accelerating the delivery of benefits in ways that are sustained long after a transformational initiative is done.” Says Kevin Cathro, Vice President, Advisory, PwC.</p>

Our team

In Alberta, PwC has assembled a team with global hands-on experience in driving performance improvement through IT, finance and operations transformations for companies around the world. Call one of our practitioners below to talk about how we can help you make change stick.

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