

The New IT Platform: Bridging the Gap Between Business and IT

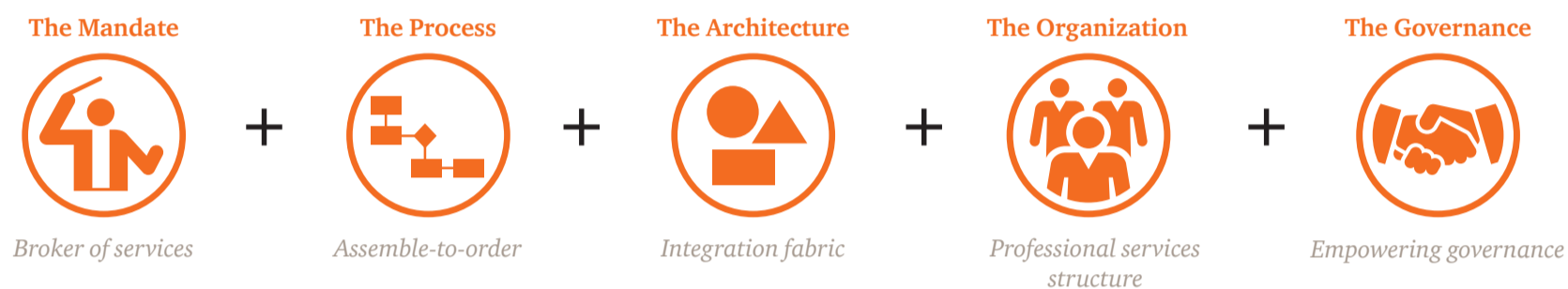
The gap between business and IT is growing wider, according to PwC's 6th Annual Digital IQ survey of nearly 1,500 business and technology executives. When asked if business and IT share an understanding of the corporate strategy, only 54% of respondents agreed, down from 60% last year.

As the expectations of the business increase, IT's ability to respond decreases. The business is facing rapid change, technology-empowered consumers and increased ease of access to cloud-based technologies. This combination of forces demands that the IT function evolve.

Only 16% of Digital IQ respondents rate IT as "excellent" for its ability to manage business requirements to integrate digital capabilities into the core business and 47% of technology spending is now outside of the CIO's budget. IT needs to evolve its skills, update its operating model and institute more flexible architecture and technologies.

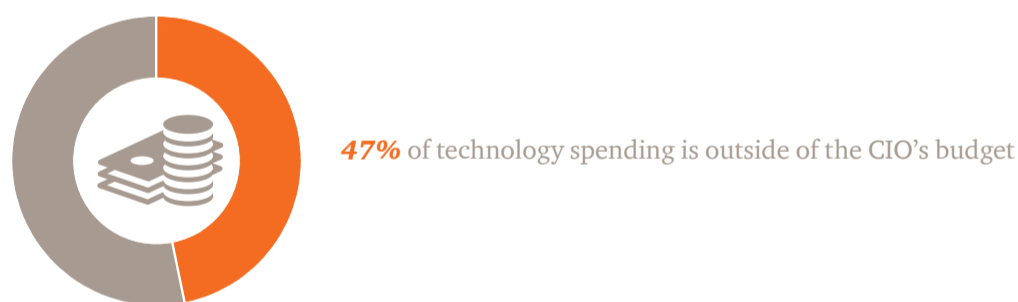
The New IT Platform will serve as a bridge to bring the business and IT together. It includes significant changes in the following areas: the CIO mandate, process, architecture, organization and governance.

The New IT Platform



The New CIO Mandate

The relationship between the CIO and business unit leaders is eroding. Part of the problem is that the central pool of technology spending is evaporating and giving rise to technology deployments unknown to the IT department. CIOs need to redefine their roles. Rather than being the controller of technology spending, CIOs should orchestrate the availability of modern IT services that business users need such as access to the cloud, mobile and enterprise apps.



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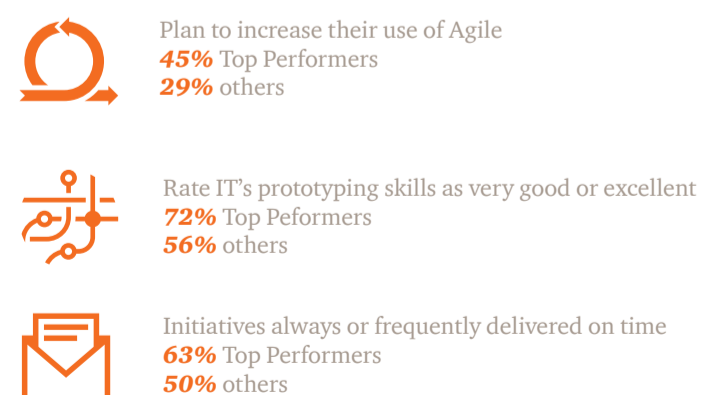


Those who rated the relationship between the CIO and Business Unit Leaders as very or quite strong

The New Process for Delivering Solutions to the Business

The IT department is used to thinking long-term about technology investments and setting goals of 12-18 months for delivering solutions to the business. Digital companies that emerged from green-field environments that can update code monthly, weekly and even daily are raising customer expectations for the delivery of products and solutions. IT needs to adopt more agile methods to meet the ravenous demands of business units and customers. What's required is a fluid & iterative assemble-to-order approach to develop business services. The business and IT need to work consistently, collaboratively and incrementally.

Top performers score higher on integration and delivery.

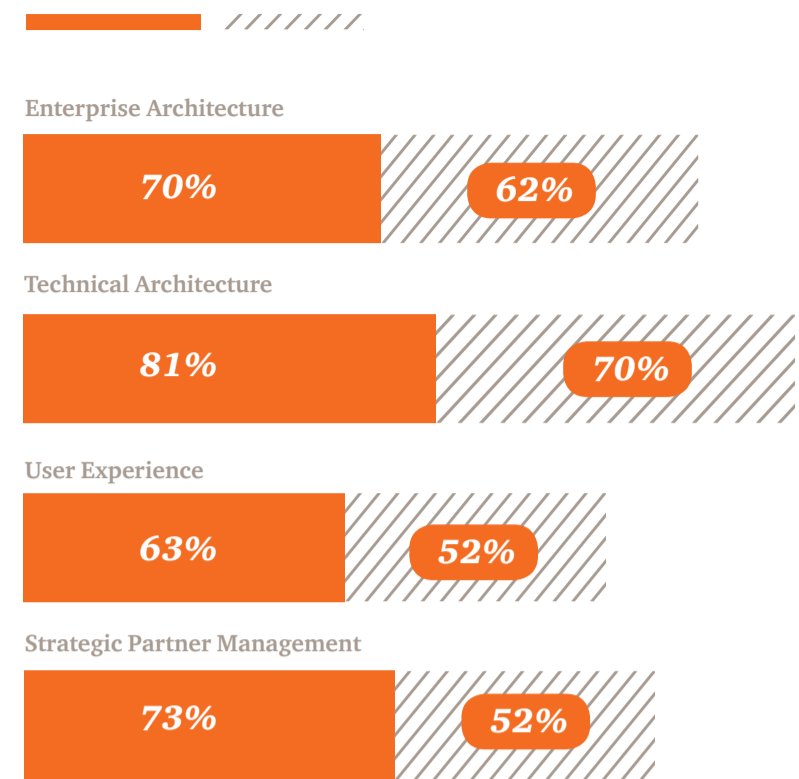


The New Approach to Enterprise Architecture

Enterprise architecture and integration must become critical IT competencies to avoid silos. Instead of point-to-point integration, IT needs to create an integration architecture where each layer deals with a distinct integration issue, and together it provides a highly flexible architecture. An integration fabric enables internal and external stakeholders to easily plug in. From a data perspective, the integration fabric focuses on pulling data from multiple sources and storing it in its native form and then only deciding how to bind to and query the data when and where it is needed. Using this approach, powerful Big Data and analytics tools provide insight previously not even contemplated.

IT's integration and architecture skills

Top Performers | All Others



Those who rated the skills as very good or excellent

The New IT Organization

Employees with multi-disciplinary technology expertise, deep business domain knowledge and an ability to evaluate the impact of decisions across the enterprise will become essential. The IT department needs to build and acquire digital skills such as enterprise and technology architects; project, program and business requirements managers; and quality assurance and vendor management specialists. They should also nurture skills in prototyping, user experience design and security.

Reasons for using third parties

-  We don't have the skills internally **28%**
-  Third parties are less expensive **27%**
-  We have the skills, but we are too slow to deliver **16%**
-  We have the skills, but it's too difficult to work with our internal team **14%**

Q: What is the primary reason you use third parties for strategic, planning, implementation or day-to-day work related to digital/Information technologies.

The New Form of IT Governance

As technology spending spreads throughout the enterprise, central control of IT needs to give way to a more free market oriented form of governance that eases restrictions but maintains boundaries to reduce risk. Savvy IT departments will empower employees to act in the best interests of the business by establishing guardrails for technology procurement; accommodating and accelerating collaboration to make procurement decisions based on business needs and making governance

less overt and more intrinsic. As more processes are automated, IT can bake in business rules and policies. The assemble-to-order process provides a range of allowable, customizable building blocks; a flag is raised only if one of the guardrails is violated. Some standards involving security will be crafted to continue to hold IT accountable. The measure of success will be how well the enterprise as a whole can integrate technology into the business.

To have a deeper conversation about how this subject may affect your business, please contact:

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