

This year's Gartner Fall Symposium/ITxpo – held from 3rd through 7th November in Cannes, France – was organized around the theme of IT and the economy. This report offers an overview of what was on attendees' minds and what they learned from Gartner analysts and each other.

KEY TAKEAWAYS

Many attendees in the sourcing and vendor relationships community are concerned that as long-term contracts start to come up for renewal and renegotiation, they want to improve pricing, performance metrics, service-level agreements and contract flexibility. The impact of global sourcing models as more and more countries become viable outsourcing destinations is also a hot topic. Several presentations spoke directly to these concerns. Some of the most popular and well-attended presentations of the conference are described below.

CONFERENCE HIGHLIGHTS

Perfecting the Three Pillars of Vendor Management: Contract, Relationship and Performance

The keys to effective vendor management are managing contract conditions, keeping vendor relationships aligned with the organization's business goals and ensuring that vendors meet or exceed their performance metrics. Organizations that are most effective at this have mastered all three disciplines through effective organization, vendor management competencies and formal performance management programs. For maximum effectiveness, vendor management leaders should:

- Create a definition of vendor management.
- Develop a vendor manager competency model.
- Define the right performance metrics and measurement model.
- Balance knowledge with process in vendor management disciplines.

Workshop: Developing Vendor Management Dashboards

At a workshop, Gartner analysts asked about three dozen attendees to develop sample vendor management dashboards to track the most important kinds of metrics for the four major classes of vendors: strategic, legacy, emerging and tactical. For each class of vendor, the participants developed metrics that would speak to and satisfy four kinds of stakeholders: IT operations, IT management, business unit leaders and executives.

Each category of vendor and each type of stakeholder will have different priorities; for example, when dealing with tactical vendors, IT management will tend to be more interested in issues such as benchmarking, risk compliance and risk of vendor lock-in. The business, on the other hand, will more likely be concerned with cost and performance metrics. Some other pointers from the workshop were:

- Dashboards for strategic vendors need a top-down approach.
- Dashboards for emerging vendors need to be scalable, since those vendors may become major suppliers later on.

Place Your IT Services and Sourcing Bets Wisely

In the coming five years, technology and sourcing forces will bring even greater change and volatility. To make sense of this complexity requires taking a step back and looking at the big picture. Tactical, well-intentioned initiatives may work to solve short-term outcomes, but most will be moderately successful or outright failures.

Gartner believes that nine major forces will impact most organizations' sourcing futures:

- Externalization of IT services spending
- Primacy of business guiding IT
- Globalization of IT services supply and demand
- Ubiquity of the Internet
- The force for legacy modernization
- Green IT consciousness
- Explosion of sourcing choices
- The imperative for sharing
- Maximizing outsourcing through governance excellence

Organizations should take time to identify these forces. It's a first step to move from tactical decision making to strategies that will help organizations choose investments wisely, intelligently select partners and prioritize critical issues. Mere cost-cutting or tactical outsourcing will not enhance competitiveness.

Global Sourcing: State of the Market and Future Trends

Several trends have marked the outsourcing market recently. The leading India-heritage service providers continue to extend their capabilities and grow their geographic reach. Buyers of IT services and business process services have moved beyond the early obsession with cost. Meanwhile, traditional providers continue to invest in acquiring Indian service providers and expanding their market reach.

Buyers need to look beyond short-term savings and take a more strategic approach to outsourcing. Gartner's recommendations for organizations considering a global sourcing strategy include:

- Consider the impact of future acquisitions or mergers on your deal and plan for it within your contract. Consider including clauses that allow for termination or renegotiation of the contract in the event your provider is acquired.
- Beware of lengthy cost-reduction deals. Concerns over the effects of an economic downturn require vigilance in contracts.
- Because so many factors can change overnight, be sure to look at all available country options.

Gartner's Top 30 Locations for Offshore Services

Organizations that use global resources must invest in appropriate evaluation and selection methodologies not only for the vendors they engage with, but also for the countries that constitute their global delivery model (GDM). The right country for one buyer is not necessarily the right country for another, so it is necessary to determine the criteria that are most important to you. For many, cost is the dominant criterion; this may come to the fore increasingly in the event of an economic downturn. However, hasty decisions resulting from the need to lower costs are often "costly" in several respects in the long term, as they fail to meet the real needs of the buyer.

Gartner's recommendations for organizations that are planning to adopt a global sourcing model are:

- The first question should always be "why?" Establish consensus on why you should outsource, what would change and the business outcomes expected. This sets the stage for all the other decisions that follow.

- Before determining which project(s) to source offshore, evaluate the overall complexity of the project, starting with the clarity of requirements.
- Determine what kind of deal you want and its intended value for your enterprise before choosing country or vendor
- Use a country evaluation model to compare a shortlist of countries, using weightings that reflect your circumstances.
- Review Gartner's list of the top 30 locations for Offshore Services
- Determine which vendors are the right fit for your organization – don't just seek the leaders.

Alternative Delivery and Acquisition Models Are Changing How IT Conducts Its Business

Several forces in the evolution of the service market are acting as tipping points that will accelerate the transition toward a new market structure that emphasizes global delivery, virtualization, SOA, consumerization, IT industrialization, the emergence of asset-based services that answer a specific business or technology pain point, and IT utilities. These changes together will redefine every aspect of how IT is delivered to the business: from where, how, for what kind of services, by whom and why. Organizations considering alternative delivery models should:

- Understand the various models and services (for example, software as a service and IT utilities) that are already in use or set to become viable for use in various the industries.
- Evaluate which models and services are most appropriate today and yield the best risk/reward ratio; also, evaluate current sourcing maturity.
- Communicate with key vendors and other providers as to their alternative delivery and acquisition model (ADAM) offerings as a precursor to possible changes in the IT portfolio.
- Review current IT architectures, infrastructure, services, applications and sourcing practices to encompass ADAM opportunities.

KEYNOTES

Welcome Address and Analyst Keynote

There are no easy or safe decisions in the next year – get over it. Be smarter, conquer your fear and make the hard choices. We are in a new age in which IT is still essential... But so is change. Gartner recommends you take action now; examine your inventory, rank it to find your priorities, question everything you have, protect your key people who can deliver your priorities, reconsider each budget line, plan for multiple futures and then choose where to cut AND where to spend.

IT is very good at acquiring systems but it's time to learn how to "manage what you have." Use this opportunity to move from the accidental legacy architecture you have inherited toward a 21st Century sustainable architecture. Use the downturn to modernise and prepare for the return to growth; remember this is your chance to get executive support for the change process so you can do what's necessary.

It's also time to innovate. It's time to "learn to let go" instead of always seeking to control and stamp out user driven innovation and technology choices. Find the opportunities for reinvention. By cultivating innovation and recalibrating your awareness of where differences can be made you will be able to drive down costs and harness new ideas. You need to upgrade or you risk lower speed, lower power and performance than more agile competitors. Do rationalise your portfolio but be careful! Exploit commoditization, use the cloud, and leverage partners where appropriate. Take stock and decide what you need... And what you can change. We live in interesting times; it's time to focus, it's time for courage, it's time to get started.

Mastermind Interview: Ian Livingston, CEO, BT

For the next year, things are going to be tough across the business world. The key message from Ian Livingston, CEO of BT, is you should plan for it – being prepared won't harm you. No one is recession proof. No one is going to escape the present climate unscathed. Companies should be looking at both the top and bottom line simultaneously, to cost cutting as well as continuing to seek opportunities for revenue growth.

Remember that in this difficult time the need for green IT is not going to go away. And with innovations like telepresence and virtualization, it isn't a case of paying for green IT at the expense of the business. Green IT can and does save you money if approached sensibly, and is something customers want to be a part of.

Reducing headcount is definitely going to be one of the core approaches CEOs adopt; it's inevitable. When talking to its customers, BT is finding that they are examining costs and looking to refocus on higher growth regions of the world. The opportunity for IT is to streamline the bureaucracy and to move to a position where the CIO and the key IT management are change leaders and change enablers contributing to overall business efficiency and effectiveness.

Radical moves in the name of cost cutting are not the right approach. Use technology and process to reduce failure, work on increasing agility and ensure customer experience is at the forefront of each decision. This has to be the answer; making the organization more able to realize opportunity and deliver to customers more effectively. Don't force people to use new technologies; think about where social networking technologies, cloud computing, Software as a Service (SaaS) and remote working can make life better for the business and for employees and use the technology to serve those ends – make people want to use the new approaches.

Mastermind Interview: Contractions and Balance: Business is IT and IT is Business: Steve Chambers, CIO and Valerie Dias, Executive Vice President, Chief Risk and Compliance Office, Visa Europe

How to get Business and IT to work effectively together is a constant question. The first step is to stop asking the question – the divide between business and IT does not exist unless you create it. In Visa, they have formed joint project boards and everyone is encouraged to continually ask "why?" It's vital to identify, in clear business terms, the purpose and goal of a project. Success must be measured in business terms – how will the project positively impact the business?

It's important that everyone understands that they are all part of the one organisation. Creating trust at all levels across the business and within IT is critical. Visa ensures this by having an IT directorate embedded throughout the organisation. All project teams should ask the "why?" question when they are asked to undertake a project. This close relationship between business and IT can be the key to achieving competitive advantage. If IT is not closely aligned to the business, a gap is created that will add unnecessary risk, time, complexity and cost to a project. A key objective for any CIO should be to minimize this space.

Overcoming scepticism can be a difficult hurdle. Leaders need to be firm in their beliefs, demonstrating on a practical level that their ideas and solutions can work. This process may take some time, but over time, behaviours and attitudes will begin to change. Success breeds change, which in turn breeds more success. Leaders need to have a sustained vision and purpose to ensure this.

People, politics and personalities are often the root cause of conflict. Conflict can, however, be useful, so long as it is focused on solving the challenge and moving forward. But when conflict becomes about entrenched positions and blame, then it benefits no one.

If you can't articulate the value of technology spend... then all you are doing is spending money. Always, always, ask "why?"