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CEOs urged to rethink corporate approach to IT
Corporate leaders should cultivate innovation at their companies

News Story by Laura Rohde

JUNE 17, 2004 (IDG NEWS SERVICE) - If CEOs don't want to be wiped out by their competitors, they not only have to invest in information technology but must also rethink how to deploy IT within their companies, a high-profile panel of IT executives told attendees of the Forbes CEO Forum in London today.

According to Andy Green, CEO for the Global Services division of BT Group PLC, the goal of a CEO should be to set up an IT system that will provide a company with real-time access to a single view of the customer.

"This is a leadership issue. I have been speaking to CEOs and CIOs from around the world, and I am concerned about how fast I have seen those leaders move away from a customer-centric view of the world. This is not a technological problem; it is a business leadership issue," Green said.

Two other members of the panel, Patrick de Smedt, chairman of Microsoft Corp. EMEA (Europe, the Middle East and Africa) and Amnon Landan, CEO of Mountain View, Calif.-based software vendor Mercury Interactive Corp., offered similar views. Both men called on CEOs to invest in IT, but to do so wisely and with an eye firmly on a broad plan that drives to create a culture of innovation.

"IT is still at a very embryonic stage. But how companies are deploying IT is still very amateurish," Landan said. "Top executives in companies today understand the technology, but they don't know how to apply it in an efficient manner. Frankly, the current picture is pretty bleak."

Standardization is important, the panel stressed, as is the need to drive the automation of business processes. In addition, the question from CEOs shouldn't be, "What is the new technology?" but rather, "How can we effectively integrate the technology we already have?" the IT executives said.

Green had three tips for CEOs: First, spend time on IT -- specifically with IT suppliers and with the IT staff within the corporation. Second, companies shouldn't run "IT projects" but strive to run "change projects," he said. "IT projects never work unless people's jobs change as a result." And third: The one exception to the second rule is to get companies to invest in a flexible Internet Protocol infrastructure.

"The good news is that I don't think this has to cost you a lot of money, but you must enable your company to be flexible in the way you move data around," Green said.

De Smedt pointed to Microsoft as an example of how executives should think about IT. "You have got to simplify your IT environment. For example, we have centralized all of our servers on Windows and have rid ourselves of mainframes. We also use no customized software; it is all packaged software -- for procurement, we use SAP -- and we are using relatively simple software to develop business applications that allows us to get much more value out of the information that we already have."

According to Landan, CEOs often fail in not having a notion of processes or of quality control. "The internal dynamics of IT operations is too often running in a vacuum from a technology point of view, which creates a misalignment," Landan said. "The IT guy is looking at what's happening on the network while not having an end-to-end business viewpoint. The CEO has to make sure that everything works for the end user."

Even London-based BT has a long way to go in making its IT processes customer-centric, Green said. "That, along with providing real-time access to information, are the biggest challenges at BT."

Green pointed to retail giants Wal-Mart Stores Inc. and Tesco PLC, search-engine company Google Inc., online banking services company Egg PLC and economy airline Ryanair Holdings PLC as examples of corporations that have successfully deployed technology to remake their business models around customer self-service.

"There has been no moment when IT has been more important. You must use technology to create new added value," Green said. He added that Europe is clearly lagging behind the U.S. when it comes to understanding and applying new concepts.

According to Landan, companies need a new breed of CEO, people who can bridge the gap between a company's labs and scientists and its business people, something that's beginning to happen in the U.S. but is still lacking in Europe.

A culture of innovation is very important, de Smedt said. "Look specifically at the software business Microsoft has," he said. "You build upon previous waves and create a virtuous cycle. Now we're only halfway into the adoption of the Internet side, and there is still enough potential to drive innovation forward."