The March roundtable reflected that a gap does exist between where our Membership firms believe their IT organizations should be relative to the effective global organization and where they actually are today. The roundtable provided an effective forum for sharing experiences, ideas and strategies to overcome this gap. Peter Todd introduced the topic by highlighting the overall drivers of global systems and the categories of coordination requirements necessary to attain those systems. The discussion that followed filled in the details and presented many interesting ideas for dealing with the global issues.

Introduction and Overview

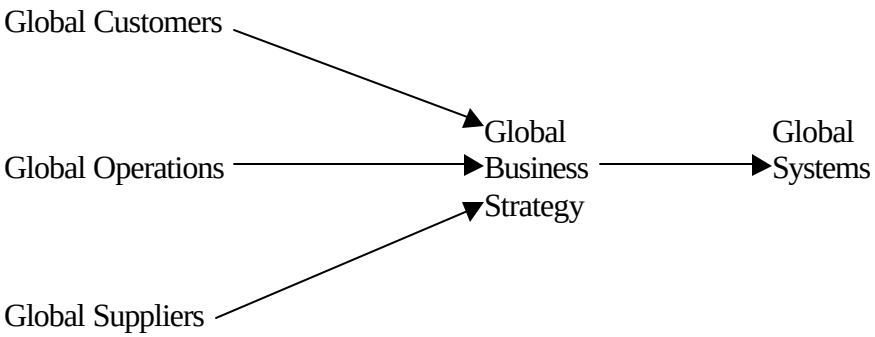
The global IT environment is different for a number of reasons:

- Extended geography
- Diversity in culture, language and understanding
- Differing regulatory requirements and political regimes
- Differences in technological infrastructure, delivery capabilities and expertise
- Differing economic trade-offs (cost of capital versus labor can vary by location changing the economics of alternative solutions)

These same issues were addressed on a lesser scale when IT systems started integrating on a national basis. Now the problems are compounded. Project managers and teams are less familiar with the global differences they will encounter and those differences are a lot more complex than differences they have faced before.

The Drivers and Inhibitors to the Global Organization

The drivers of global systems development can be displayed schematically:



Specifically the drivers, enablers and inhibitors to develop and deploy IT in the global environment are listed below:

Drivers of Global IT are related to the following factors:

- Economic pressure to
  - Reduce costs
  - Leverage global assets
  - Achieve economies of scale
  - Open new market opportunities
- Knowledge enhancement efforts to
  - Support global expertise
  - Leverage knowledge base
- Service improvements focused on
  - Serve a global market
  - Serve global customers
  - Improve overall quality of service
  - Serve a changing business
- Management desire to
  - Manage IT consistently globally
  - Standardize business processes
  - Improve communications
  - Be fashionable

Enablers of Global IT are:

- Emerging, enabling technology
- Better international cooperation

Inhibitors to global IT are related to a variety of factors, including:

- Economic limitations
  - Costs frequently are more than estimated
- Technological constraints such as
  - Common availability of and access to technology
  - Lack of country infrastructure
  - Lack of technological standards
  - Finding local sources of expertise
- The difficulty balancing needs on a global basis
  - Different cultural understanding and expectations
  - Achieving globalized centralization
  - Balance between local versus global optimal solutions
  - Achieving internal political balance
  - Being flexible yet achieving standardization
- Security concerns
  - Security and control of data and systems

- Management and business process considerations
  - Regulatory compliance
  - Achieving alignment with the global business
  - Time zone differences
  - Overcoming north American ethnocentrism
  - Defining scope

In summary, the participants addressed the drivers and inhibitors under the following categories:

- Planning, organizing and controlling
- IT infrastructure
- Data standards and information sharing
- Business processes and systems development

Planning, Organizing and Controlling Issues

The special challenges that are associated with aligning IT with the business strategy in the global environment include:

- Recognizing that there are local differences and the need to be flexible in solutions
- Ensuring that the IT investment is being applied in the most effective manner
- Knowing who you are serving both internally and externally
- Identifying core processes and systems
- Marketing IT globally
- Selling projects to upper management
- Tying the IT strategy to the business strategy and then pushing it down the organization
- Building credibility with management and managing their expectations

Developing the IT organizational structure to support the global business can be accomplished in different ways.

- Focus on the IT customer and align the structure around segments of the customer base (i.e. product line structure)
- Manage applications locally, and the infrastructure globally (federated structure)
- Local, regional, corporate structure (3 tiered structure)

But be careful to 1) not assume that the domestic staff can keep track of and manage a changing international environment, and 2) applications must be looked at from a business perspective and should be implemented based on a cost/benefit analysis rather than just attempting to standardize processes.

IT Infrastructure Issues

There is a need to establish standards, but not just at the technology level. Decisions have to also be made relative to which spoken languages will be supported and team structures. People

need to be convinced that standardization is the correct approach and then those standards will need to be mandated down the organization.

In the area of system availability, a suggestion was made to not commit to 24/7 availability because it can't be achieved unless cost is no object. Availability must be aligned with the business objectives. Selecting vendors in the global environment adds some additional criteria concerning their resources locally and globally.

Data Standards and Information Sharing Issues

Data needs to be looked at as a corporate asset. In the global environment ownership of data is at the global level and no longer at the local level. This can be a very difficult concept to sell. It is also important to convey the idea that the data belongs to the business and that IT is merely the custodian for it. The business determines who is responsible for the data. People need to be educated that there is a value to everyone in sharing information.

Business Processes and Systems Development Issues

Business processes also need an owner. IT is not the owner, just the enabler. Identifying the best processes is difficult in the global environment because of the local differences. However, the best process may the one that is most doable. You need global teams to build global systems.

Summary

Global systems and global IT organizations become a driver for growth, they are not just intended to lower costs. Moving from a local environment to a global environment is desirable from a standardization point of view but some flexibility must be left to address local issues. Aligning business and IT strategy in the global environment is even more important because so much of the old organization and processes have to be discarded and reconstructed. Business metrics must be determined to measure the success or failure of this effort.

Additional Information

http://disc.cba.uh.edu/isrc.html/

An ISRC Topic Brief on The Development and Deployment of IT in the Global Organization can be found under the "Research" menu.

Survey Results

Survey forms were completed by the member firms represented at the seminar. These questionnaires asked where the firms currently stood on a "limited global coordination" to "extensive global coordination" scale (1 to 10) versus where they should be. The differences between the means for each of ten categories were computed. The results showed that there was a

significant difference in every case. The firms currently are less globally coordinated than they feel they should be. Listed below are the ten categories, the difference in means between where people feel they are in terms of the need for global coordination and where they need to be. The ratings were provided on a 10-point scale. The largest shortfall was over four points related to the need for the coordination of global IT support services. The smallest gap was 1.8 in the area of IT management control. In, general you should note that there were significant shortfalls in all areas of global coordination, suggesting that this is an important area for additional management attention.

CATEGORY	*DIFFERENCE IN MEANS*
IT support services	4.1
Application functionality	3.8
IT operations	3.5
Business processes	3.4
Data standards	3.2
IT planning	2.6
Ability to share information	2.6
IT organization structure	2.3
IT infrastructure management	2.3
IT management control	1.8