

# Rethinking 2009 IT Priorities

*Are you doing what's easy? Or what's right?*

It was the drop heard around the world. If your company is like most others, your customers are delaying or canceling many orders. It's likely that both they and you are stunned by the economic downturn. Everyone is trying to gauge its consequences and figure out a response. It's also quite possible that you're already cutting costs and people and are rethinking your IT priorities for 2009.

Several observers have cautions to offer: there are potential pitfalls if you react to the conditions you're seeing now. Companies that emerge as winners will prepare not just for the current downturn but for the upturn that will follow it. Within the crisis—for those who know how to take advantage—are some key opportunities.

By Alan Drummer

To help you plan how to rise with the upturn, *CIO Digest* collected some key observations and suggestions from the Corporate Executive Board and IT leaders representing Symantec customers and business partners.

## How bad is the damage?

Few people have a broader and deeper perspective on the current financial crisis than Dr. Jay Shankavaram and his team. As a managing director in the IT practice of the Corporate Executive Board, he and his colleagues have conducted more than 7,500 discussions since September 19, 2008 about the current financial crisis, speaking with executives drawn from the organization's 150,000 members. The membership represents

more than 4,700 companies, including 80 percent of the Fortune 500 and 75 percent of Financial Times Stock Exchange (FTSE) Index.

"This crisis truly feels like a once-in-a-lifetime occurrence," says Shankavaram. "It's been triggered not by any one sector as in the dot-com bust but by macro-economic events which are agnostic of geographies and sectors. No industry sector is insulated.

We are noting a high degree of caution and anxiety, and that's commensurate with conditions because indicators don't look promising for immediate relief."



## Finding patterns of wisdom

To help its members plan, the Corporate Executive Board works with them to tap their collective experience of what's effective and what's not. Together, they've reviewed thousands of 2009 operating plans from a cross-section of executive teams. Findings have been summarized

by five imperatives offered in "Avoiding Mistakes in an Economic Crisis: Executive Guidance for 2009." The report is available free at [www.executiveboard.com](http://www.executiveboard.com).

Notes Shankavaram: "The leaders across functions in organizations recognize that this downturn is something that cannot be fixed easily and immediately. It will actually take several months. A decisive, measured response is critical at this point. Status quo is not an option. We're clearly also seeing that when you go through aggressive cost-cutting, you can cut through fat to muscle and probably end up at the bone, creating performance and delivery risks.

You want to avoid that, because in three or six months, things are going to change. How do you prepare yourself with a measured response that allows you to spring back quickly?”

### The easy thing to do: cut costs

Many organizations are implementing 10 to 20 percent cuts, and the temptation, Shankavaram reports, is to accomplish those cuts by halting capital expenditures and reprioritizing the IT project queue.

Robert Taylor is witnessing this. He recently retired as the CIO at Fulton County, Georgia, which includes the city of Atlanta. Now, he provides IT solutions to state and county governments as CEO of Kenn Technologies, a Symantec business partner. “I’m seeing my clients accomplish their cutbacks by eliminating capital projects and delaying their technology refreshes,” he says.

Another type of popular cut is to put software licensing on hold, says Gary Cannon, president of Colorado Springs-based Advanced Internet Security, Inc., a Symantec Gold Partner.

IT organizations are also putting pressure on vendors to renegotiate costs. That’s the strategy at Screen Actors Guild–Producers Pension and Health Plans (SAGPH). The non-profit that serves 45,000 SAG members and their dependents by processing 700,000 pension and healthcare claims a year.

“Our IT staff is already lean,” says Kevin Donnellan, assistant CIO at SAGPH. “We want to keep service levels high and avoid layoffs by implementing five percent cuts with our professional services and managed service providers.” The only capital projects he plans on implementing are upgrades for applications that handle core services.



Kevin Donnellan, Assistant CIO, Screen Actors Guild–Producer Pension & Health Plans (SAGPH)

### The right thing: spend to save

An excess focus on cost-cutting can be a distraction and a trap, points out Skip King, principal and corporate officer of The Alchemy Solutions Group. King works with organizations to analyze and measure the business value they’ve achieved, or are projected to realize, from a given initiative or solution set.

The problem, King notes, is that companies are losing their focus on creating and selling unique value. “What we are seeing from the manufacturers’ perspective,” he says, “is a steady decline in revenues and margin for organizations that insist on representing their products and services as a commodity.”

He points out that companies who are innovative in representing the value of their products and services are more competitive.

While they are not winning all the available projects in this economy, they are winning a significant number of them and at a much higher margin. “In the IT industry,” he says, “sales organizations need to represent the value of their product or service instead of the typical price, feature, and function. It has been said that ‘if you can’t price your value, all you can price is your cost.’ That’s what we’re seeing globally as the economy continues to tighten.”



#### Avoiding Mistakes in an Economic Crisis: Five Imperatives

1. Improve Cost Discipline
2. Protect Growth Initiatives
3. Leverage Your Financial Strengths
4. Exploit Risk Opportunities
5. Make Critical Talent Plays

Source: *Executive Guidance for 2009. The Corporate Executive Board. www.executiveboard.com. November, 2008.*



Robert Taylor,  
CEO, Kenn Technologies

It's just as important for IT teams as it is for companies to focus on value, not costs, several experts note. For instance, it's especially important for IT teams to sell the value of capital expenditures that may be painful to make now, but will reduce costs and risks later.

For instance, Kenn Technologies' Taylor notes that when he was CIO of Fulton County, he was able to sell his government during the post 9/11 recession

most capital expenditures except those connected to a quick ROI.

One of the capital projects they're interested in is to automate application license management with a solution such as the Symantec Endpoint Virtualization Suite. "They can use a license management tool to see that they've got a thousand licenses of a certain application, but only 600 people are using it," Cannon says. "As a result, they can reduce the number of licenses they buy. The solution also enables them to automatically

harvest licenses that aren't being used, or were needed for only a short time, and redistribute those licenses to other users. And finally it reduces support costs."

#### The right thing: spend to grow

Another kind of capital expenditure to protect from cuts is any project that will better position a company to bounce back, says Shankavaram. In tough times, the Corporate Executive Board has

Shankavaram. In this cost-conscious environment, he suggests that CIOs should protect select capital projects that form a critical platform for growth by assigning accountability and authority to a senior executive to champion them as a "growth guardian."

"IT has the unique process vantage point to look across silos and suggest important initiatives" Shankavaram says. "Supply chain and operations are good examples—The IT department could say to its peers, 'Let's apply technology to identify and reduce waste in production and delivery processes.'"

A strategic capital outlay can make a critical difference, especially in a downturn. SAGPH's Donnellan reports that during the recession of 2002 SAGPH elected to migrate to HP server blades to take advantage of their remote management capability.

The move has paid off since. "We've been able to offer our services 24x7 now; whereas it was business hours only before," Donnellan says. "We run two of our three data centers lights-out. We're managing more than seven times the number of servers that we had six years ago (150 servers compared to 20), yet we have one less person on the IT staff."

#### The easy thing: cut people

Layoffs have come in waves. November, 2008 saw 533,000 jobs lost in a single month—the largest monthly loss since December 1974.1 As of November, 1.9 million jobs have been lost in the current recession, which began in December 2007. This surpasses the 1.6 million jobs lost during the 2001 recession.

#### The right thing: protect high performers

The effect of seeing so many job losses is that employees become disengaged, the Corporate Executive Board points out. As companies eliminate nonperforming staff, they

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—Dr. Jay Shankavaram, Managing Director, IT Practice, Corporate Executive Board

on the value of funding a major IT security initiative. It worked to point out the risk of not making the expenditure: it had cost them a million dollars earlier to remediate a malicious code attack.

Similarly, Advanced Internet Security's Gary Cannon notes that several of his firm's customers are canceling

found the standings of competitors in a sector can rapidly change.

It may be tempting to cut a capital project that would improve sales force effectiveness, for instance, and get some temporary benefits. "But that would compromise the ability to respond to an upturn quickly," observes

The rules of the game determining winners and losers are rewritten in downturns.



place additional responsibility on the desks of high performers. This can over-burden high performers and cause them to disengage as well.

“The best practice,” says Shankavaram “is to be honest with high performers, educate them on the circumstances, and integrate them into some of the planning efforts. Don’t compromise on training and development—that could be one of the key projects that you protect. There may be inexpensive, affordable ways of delivering training, but don’t get rid of it.”

### Bottom line: IT is positioned to drive business value

The most important step and one of the biggest opportunities, Shankavaram notes, is for IT departments to transform themselves from thinking in terms of order-taking and execution to thinking in terms of how the business can create and add value.

“This is the time for IT leaders to lead the charge and set the tone in terms of what are the new information levers that will drive competitive advantage following the recession,” Shankavaram says. “It’s important for IT to own this, because sources of information that will deflect business performance and influence organization fortunes will

dramatically change over the next six months. CIOs and IT leaders have the unique vantage point—the view across silos—to seize the opportunity and set direction here.”

Two examples suggest the leadership role IT can play. With capital tight, companies will be focusing more on sourcing externally when it comes to new services. “In IT, we’re seeing a fair amount of focus and interest over cloud computing and software as a service,” Shankavaram notes. “Vendor performance and financial solvency are a concern from what we’re hearing. So IT is in an ideal position to develop real-time alerts on vendor performance and financial solvency.”

There will also be new forms of compliance similar to Sarbanes-Oxley to ensure more clarity and rigor in governance, Shankavaram points out. “How well is IT prepared for that?” he challenges. “The new information levers that businesses will have to manage will be different. So is IT prepared to lead through these challenging times?” ■

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“Lost: 1.9 million jobs,” cnnmoney.com. December 5, 2008.

## Symantec Cost Cutters

**Symantec Endpoint Virtualization Suite:** Reduce administration and licensing costs through application streaming for on-demand delivery and centralized license management. Virtualization places applications and data into managed units to reduce costs and increase flexibility.

**Altiris Workflow Solution:** Define, design, and deliver automated processes and workflows that drive business and reduce costs.

**Symantec Control Compliance Suite:** Dramatically reduce the cost of managing compliance through process automation.

**Symantec Enterprise Vault:** Reduce storage and e-discovery costs by enabling users to archive, store, manage, and discover unstructured information across the organization.

**Veritas CommandCentral Storage:** Gain centralized visibility and control across physical and virtual heterogeneous storage environments to improve storage utilization, optimize resources, increase data availability, and reduce capital and operational costs

**Veritas Storage Foundation:** Centrally manage explosive data growth in heterogeneous environments, maximizing utilization, providing data protection, reducing costs and gaining flexibility.

**Veritas Cluster Server:** The industry’s leading cross-platform clustering solution for minimizing application downtime. Reduce costs through central management tools, automated failover, features to test disaster recovery plans without disruption, and a true N+1 “roaming spare” capability enabling maximum availability without the cost of a dedicated spare per application.

**Symantec Endpoint Protection:** Seamlessly integrates technologies such as antivirus, antispyware, firewall, intrusion prevention, device and application control in a single agent and management console, increasing endpoint protection and helping lower total cost of ownership.