How Software as a Service ———

has changed the dynamic between business and IT

Software as a Service (SaaS) and cloud infrastructure have fundamentally altered the dynamic between business units and the IT department.

Traditionally, the relationship between IT and other business units had been mildly adversarial, as IT juggled the complexities of 'keeping the lights on' while trying to continuously improve and innovate to meet business needs.

According to Julie Ember, SaaS transition specialist at TechnologyOne, IT professionals are facing ever-increasing demands for the services they provide to businesses.

"The complexity of IT environments, the rate of change, the cost pressures, the increasing security risks and the growing needs of the business has resulted in many IT teams straining to deliver, let alone provide innovation and improvements," Ember said.

"Business managers cannot afford to rely on internal IT service areas to deliver the applications and platforms they need to get the job done."

The expansion of the IT 'as-a-service' industry, mainly through SaaS, has enabled business managers to select, procure and deploy the applications they need with minimal IT involvement.

"Business units are able to contract the services they need to receive timely upgrades, feel safe and secure and deliver to their mobility needs," Ember added.

As the operating landscape shifts dramatically for IT departments, chief information officers (CIOs) are increasingly recognising the need to be closer to other business units, according to the findings in a recent report by IBRS: The State of Enterprise Software 2019.

IT: Adapt or be left behind

Cloud-delivered enterprise solutions are breaking down the traditional dynamic between business and IT.

The main challenge for IT, according to the report, is that the IT function often tends to be noticed only when things fail.

As a result, for many IT groups, a driving goal has been to ensure applications, networks and technology infrastructure run smoothly to the point of being invisible.

Inevitably after years of operating under such conditions, traditional IT teams have developed a culture and way of working that avoided risk and perfected ways to run complex infrastructure systems with minimal interruption.

Now, however, cloud-delivered enterprise solutions are breaking down the traditional dynamic between business and IT, according to the IBRS research.

The IBRS report says that with cloud services, IT could be liberated from this focus on failure avoidance and instead turn its attention to continuous improvement and innovation. And, if they do not, business units will work around them.

Business units now hold the purse strings

Business units are able to take over the selection, procurement and deployment of complex systems when they are provided as a service.

One of the clearest pieces of evidence of changing reality is that IT groups are no longer the primary decision makers nor the budget holders for enterprise solutions. Key business units have overtaken the mantle as technology budget holders.

While marketing has been procuring enterprise-grade martech solutions independent of IT for at least the last three-to-five years, for the first time finance, sales, human resources, field workforce management and customer service groups now control their budgets for enterprise solutions.

According to Dr Joe Sweeney, author of the report, "Human resources departments have been acquiring specialised and often siloed SaaS solutions for a number of key areas, including hiring, learning, certification tracking and performance management.

"Business units are able to take over the selection, procurement and deployment of complex systems when they are provided as a service."

The SaaS business model pushes the management of IT risk onto the service provider whose business posture and cost base is better deployed managing that risk, leaving businesses to focus on what they do best - meeting service level requirements and fulfilling customer needs.

Despite all this, it is important that IT is still part of the decision-making process when it comes to enterprise software decisions.

As Julie Ember explains, "IT has a key role in ensuring the service is safe and secure, has the integration capability needed to support business processes across the organisation and has the right commercial arrangement to ensure the business gets what it expects.

"IT should take on a governance role to ensure all parts of the business are considered in procurement decisions."

Fewer complaints with SaaS

When business units led the purchasing decisions, satisfaction was higher.

One of the biggest traditional complaints from business users when it comes to enterprise solution deployments is the solution "does not work the way they do".

However, Dr Sweeney noted, when the business unit decides to accept software that makes them change the way they work, the change happens naturally.

The study found that when business units led the purchasing decisions for enterprise

solutions, satisfaction was higher, due to the business units taking ownership and being directly responsible for any trade-offs in business functionality.

In contrast, when the IT group delivers an enterprise solution that has process trade-offs, staff often resist change.

Find out more

Find out more about the shift in how enterprise technology is procured and what it means for your business in the 2019 State of Enterprise Software Report. Download the full report or hear an in-depth analysis in this webinar from IBRS researcher, Dr Joe Sweeney.

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