Meeting the agility challenge

Increasing the time, range, and ease of implementing change
The new business imperative

Companies are challenged to meet critical objectives such as cutting costs while both keeping pace with the enormous rate of change and creating solutions to drive the business forward. As a result, agility has become the new business imperative.

Experts agree on the central role that agility now plays. According to the GartnerGroup, “Progressive enterprises have adopted workplace agility as a competitive imperative.” Giga calls agility a “critical element to deal with continuing innovation.”

The survival of every enterprise hinges on the speed, range, and ease with which it can implement change. Agility must characterize the business itself as well as the information technology (IT) environment on which it depends.

As research by META Group states, “During the operational life of complex, highly integrated systems, the largest and fastest-growing total-cost-of-ownership (TCO) factor is change (i.e., adaptability). Users must continue to emphasize adaptability as their primary design goal to deliver lower TCO.”¹

Organizations that fail to meet the agility challenge will not develop the organizational capabilities to adapt to and even invent change—and, ultimately, will be left behind in the marketplace. In terms of IT capabilities, the risks go far beyond service interruptions, unmet service-level agreements, and escalating costs. For example, the struggle to manage complex, inadequate legacy systems can consume more than 40 percent of staff time. That’s nearly half an organization’s IT expertise devoted to stopgap fixes of outmoded technology and processes that can’t keep up with yesterday’s demands, much less today’s or tomorrow’s.

Meeting the agility challenge not only helps solve these problems; it also increases the ability to leverage core competencies, generate new revenue streams, and even become a breakout force in a given market or industry. Agility also opens the door to new markets, as GE Capital has demonstrated by spending as much as 50 percent of its time focusing outside the businesses it currently manages.²

For all these reasons, increasing agility—as measured by the time, range, and ease of implementing change—is imperative for every organization today.

Characteristics of an agile business

The essence of business agility has been defined by John Oleson, author of *Pathways to Agility*, as “... the ability to respond with ease to the unexpected. It means that the unexpected has been anticipated and the capability has been built so that the response can occur with ease.”

An agile business can quickly:

- Understand market dynamics and anticipate customer needs
- Design, introduce, or modify products, services, and processes
- Implement a new value delivery system, even if that means reshaping the information infrastructure
- Identify resources (people, goods, and information) internally or externally

When facing a major change in business, such as a merger, acquisition, or divestiture, agility may mean the fastest time to effective operation. When introducing a new product or service, it may be the fastest time to market or the fastest time to revenue and profit. When entering a new line of business or adopting a new business model, it’s the flexibility of the IT environment to support that change.

Characteristics of an adaptive enterprise

By some estimates, the business environment is changing seven times as fast as IT’s ability to enable change. Yesterday’s IT environments were built for stability and manageability. Even the re-engineering initiatives of a decade ago were more concerned with redesigning processes once than making those processes easy to change over time.

The new agility imperative demands an adaptive enterprise that has the capacity to evolve as needed and deliver measurable improvements in business agility without disrupting IT functions or business processes.

Unlike most IT environments, an adaptive enterprise responds to new business conditions and opportunities, supports the speed of business change, takes advantage of new technologies, rapidly accommodates unanticipated changes, and demonstrates the value of IT through a measurements-driven approach.

An adaptive enterprise can:

- Grow or shrink in alignment with business needs while reducing costs
- Quickly implement new business models
- Enable frequent business process and product changes
- Rapidly distribute and collect information and provide access for customers, partners, and employees
- Integrate or split in response to mergers, acquisitions, divestitures, or restructuring

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The agility gap

In many cases, “the agility gap” between business and IT stands in the way of achieving these goals. IT staff often fail to understand the nature or purpose of the information going over the infrastructure. Just as problematical, business executives and IT clients typically don’t understand the problems inherent in designing, building, integrating, managing, and evolving an IT environment that can deliver the results they want.

Businesses must access appropriate sources of guidance and information and move forward as quickly as possible, using a phased approach to:

1. Profile, prioritize, and plan agility improvements
2. Architect and build an adaptive enterprise
3. Manage and measure agility results

Phase 1: profile, prioritize, and plan agility improvements

Drivers for agility vary, so it’s essential to identify business challenges and processes in which agility is a factor. Key considerations include the company’s business strategy and model(s), relevant industry and technological trends, competitive pressures, the overall economic climate, and the regulatory environment.

No single “agility solution” exists. However, businesses must start laying the groundwork by taking the following steps to develop an agility profile:

- Identify business challenges or opportunities for which agility is a factor. What are the barriers between employees, customers, and partners and the information they needed five minutes ago? How can business measure the value and usefulness of IT? How can the use of IT resources be accurately measured and allocated? What does it mean for a particular business to be agile?
- Create a contextual analysis, including market trends and industry issues, that forms a sound basis for the organization’s unique agility requirements in terms of its IT environment (people, capabilities, processes, technology, and information) and business results.
- Benchmark desired results through IT agility metrics and assessment. How agile is the business now? What will it take to achieve the desired results? How can priorities be set to yield the greatest benefits as quickly as possible? What is the investment justification for these changes?
Completing an agility profile is the first step toward achieving rapid, focused results.

The second step is building consensus between IT staff and their business clients on business agility needs and issues—and on what solution areas have the greatest potential for positive impact. A trusted advisor with both expertise in agility requirements and the knowledge to architect and build an adaptive enterprise can facilitate consensus building, streamline the process, and help establish a framework for delivering measurable results.

This framework requires effective prioritizing:

- Facilitation of agreement between business and IT on priorities for IT investments and business results
- Evaluation of potential solutions in terms of their impacts on people and processes, system functionality, technology requirements, and implementation

The resulting agility plan (the third step in this phase) needs to include an IT evolution roadmap and an investment justification model. The agility plan should specify activities, timeline, resources, and budget, and it should include specific deliverables for each phase. Resource requirements must be mapped against existing capabilities, including training plans or elements of selective outsourcing. Finally, the plan needs to incorporate agility management and measurement capabilities.

Phase 2: build an adaptive enterprise that enables business agility

Designing and building an adaptive enterprise requires the understanding that agility is more than an attribute of something that already exists. Every element of the IT environment needs to be considered, from network to application infrastructure to data. An adaptive environment must be architected according to the four fundamental adaptive design principles—simplification, standardization, modularity, and integration—and must be built to utilize agility metrics and diagnostics.

Adaptive enterprise solutions need to deliver against some combination of the three key agility metrics: time, range, and ease. This means reducing the length of time it takes to effect a needed change (time); expanding the breadth and complexity of changes an organization can handle (range); and making the cost, effort, and risk of changes more manageable (ease). Desired areas of improvement will vary from one organization to another. For some companies, all three metrics may be involved. For others, it might simply be time.

A small regional airline focused on time and ease. The airline’s IT environment needed to be “always-on”—because when planes don’t fly, business is lost. The system also had to be easy to maintain, and it needed to enable flexible, Internet-based connections to the airline reservation system, hotel partners, and others. Key agility design principles for this project were simplification and integration.
Phase 3: manage and measure agility results

“The real business value delivered by IT tools,” says the GartnerGroup, “is not captured in typical IT metrics [e.g., response time, and hardware utilization]; real value must be expressed in business terms and from the perspective of management and users.”

While there is a relationship between agility and traditional IT measurements, agility stands alone in its ability to enable and influence strategic business change. It influences and links other key dimensions of IT, such as total cost of ownership (TCO, including ROI), service levels, and risk management. In order to increase business agility through an adaptive enterprise, qualitative and quantitative models must link IT investments to business results.

Agility metrics and diagnostics are currently being developed in the U.S. and Europe by leading-edge business analysts. These innovators have identified the need to evaluate the impact of IT investments on assets, turnover (sales), profit, and other key business elements. When looking at agility measurements of IT capability, important considerations include these:

- How can the value and usefulness of IT be measured?
- How can an enterprise pinpoint what exactly needs to be changed in its IT environment in order for the business to become more agile?
- How can the impacts of investments targeted to improve agility be quantified?
- How can a decision model be created that is sophisticated enough to define, measure, and track agility and—at the same time—provide a framework transparent enough to accommodate a manager’s judgment?
- How can periodic reviews and real-time changes be integrated with ongoing investment dynamics?

Meeting the agility challenge

Adaptive enterprise solutions enable ongoing business agility improvements. Successful solutions include measurement-based profiling and assessment services, architectural models and roadmaps driven by adaptive design principles and agility metrics, answers to key business and IT challenges, and ongoing measurement and management services that optimize performance and evolve the IT environment.

Businesses need access to expertise to accomplish these results. Any potential partner must be a thought leader on this new frontier. The partner should be a trusted advisor—a big-picture thinker who can take a collaborative approach; has a well-developed understanding of how to apply adaptive design principles; and combines business experience with expertise in agility, IT infrastructure, consulting, integration, and services.
While there are a number of ways to increase business agility—as measured by the metrics of time, range, and ease of implementing change—any effective solution will be based on the fundamental adaptive design principles. (For more information, see the HP white paper: Adaptive Design Principles: Enabling Business Agility through IT Infrastructure Improvements.)

Decisions that businesses make today impact their ability to achieve affordable agility in the future. Meeting the agility challenge requires companies to increase the time, range, and ease of implementing change while simultaneously reducing costs in these areas. Organizations also need to carefully consider when to own, borrow, or rent IT resources to meet their requirements for capacity on demand. The goal should be to move beyond isolated cost considerations to the real value of business opportunities that are enabled by agility.