

ITs all about Money

With the pressure of increased profitability across organizations, it is now turn for the IT departments to transform into profit centers, traditionally from being cost centers. CIOs are, by default, the captains responsible to turn the game on the other side. Having an IT infrastructure supporting computerization is not enough. The challenge today is to transform it from a cost to a profit center. The best practice for this is to align IT with business processes and bring in efficient cost optimization across all functionalities within the organization. It is thus important for the IT department to function as business partners with the company and understand its growth strategies. Today, a CIO needs to not only understand the business, but also initiate measures within the department that will translate into revenue for the company. There are several examples CIO could follow: L&T Infotech spinning out of L&T, NSE IT out of National Stock Exchange or more recent ones like the IT department at VST Industries.

Tech No Exception

Anoop Handa, CIO, Fullerton Securities and Wealth

In the current economic condition, profitability pressures are present across functions and the technology function is no exception," However, he does agree that the pressures are a bit high on IT since it has been proved to deliver value and boost efficiency.

Handa says that for most companies, IT is a cost center. But he adds, "Cost can become a profitability center too. In a way, all costs on IT can be turned into profits if a CIO aligns his business strategies with technology and cost."

According to Handa, gone are the days when IT guys used to manage servers and back-end processes. Now the IT guys are in the front. Along with the domain knowledge, they require a host of written, verbal, organizational and co-ordination skills too. And since businesses are increasingly being conducted in a virtualized environment, just being a tech guy isn't enough.

Handa feels that the focus on costs has not really changed the role of the IT department and they are not shifting from technology. On the contrary, CIOs who are well aware of business priorities and those who have totally aligned their IT strategy with business strategy have been able to deliver value through cost

effective technology solutions that are nimble, quick to deploy and deliver business benefits. These are the people who are valued and are becoming the trusted advisors. These CIOs will certainly be the most sought after in the coming times.

The strategic element of a CIO, according to Handa, has gained a lot of significance followed by operational alignment and partner management.

Currently, the complete alignment of technology with business is essential. Technology should not be treated as a hobby and the IT team should never implement new technologies just for the sake of technology/research.

There is no merit in pursuing any project or initiative in technology unless it delivers business value by increasing productivity, decreasing turn-around-time (TAT), enhancing customer experience, increasing revenues and providing superior customer service.

Some projects that Handa has implemented from a profitability perspective are CRM, DMS, risk management system and a portfolio aggregation solution. He is leveraging the SMS medium in a big way.

So, within the four walls of IT rooms, there always lurked profits. But, only now it is being pulled out of the shadows and being given all the limelight.

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