

**Situation Normal,
Everything Must
Change**

Strategy

Co-evolution, disruption, changing industry structures, customer-centricity, digital game-changers, trust, risk mgmt, **Growth vs Austerity**

Developing an *Outside-In* Operating Model

Value Creation & Business Alignment

Retained IT, product IT, architecture, BRM, soft skills, shared services, governance, **Agility**

Revitalizing the Enterprise Skill Set

Consumerization & the Employee

Mobility, post-PC platforms, double-deep skills, apps, agents, identity, privacy **Collaboration & BYOT**

DIY/Self-Service Strategies

Learning from Web 2.0

Amazon, Google, SaaS, cloud computing, TEBS, organizational life-cycles, commoditization, strategies, tactics & practices, **Competing in an Open World**

The Future of Data & ERP

The Changing Nature of Work

Social media, employee engagement, transparency, big data, sustainability, green IT, **3D Printing, The Marketing/IT Relationship**

Weapons of Mass Discussion

Research-Based Services

Visioning, strategy, advice, coaching, executive education, diagnostics, assessments, staff development, training workshops, presentations, events, study tours

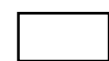


2012 Research

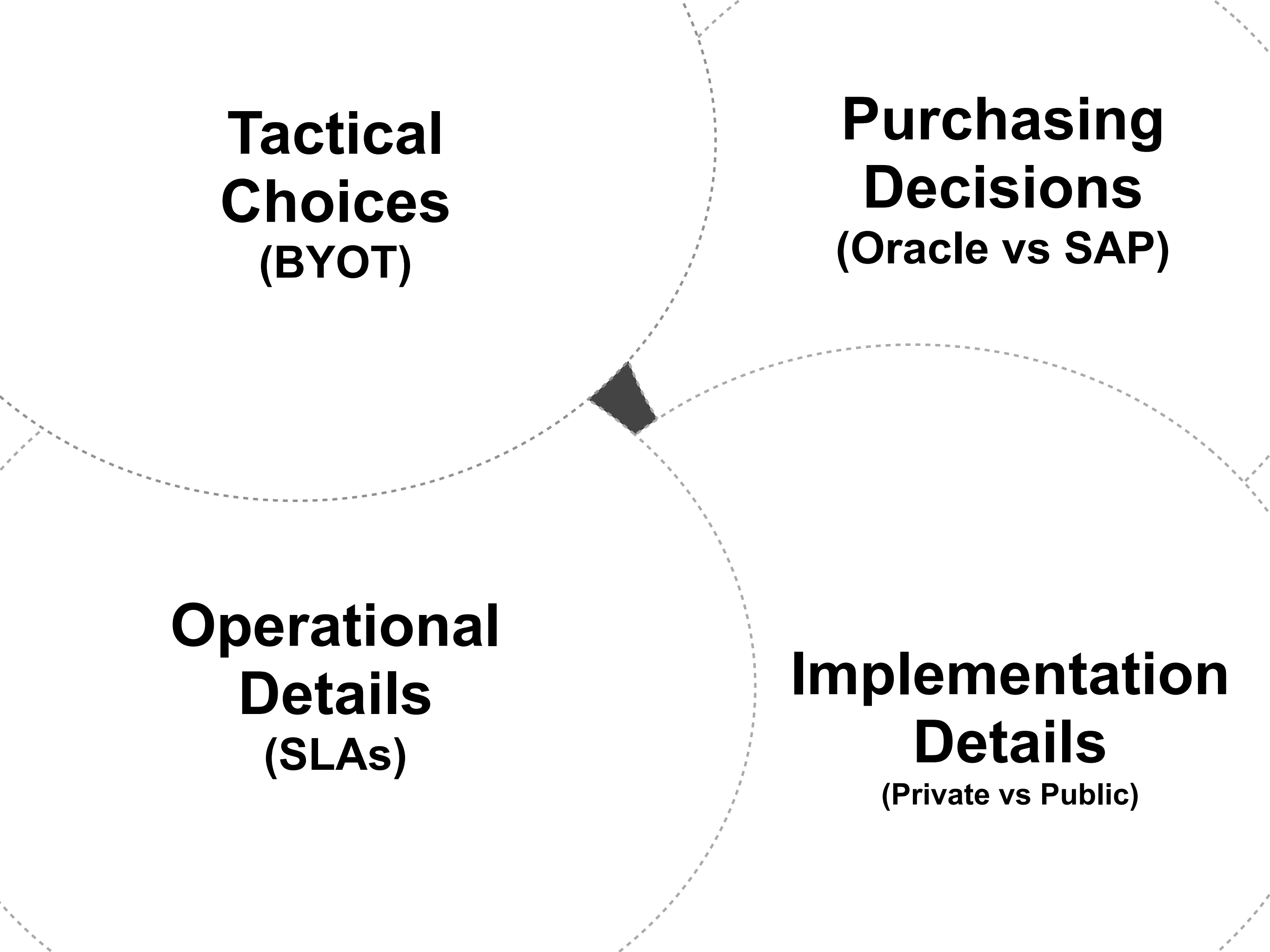


2013 Research

Previous Research



STRATEGY



**Tactical
Choices**
(BYOT)

**Purchasing
Decisions**
(Oracle vs SAP)

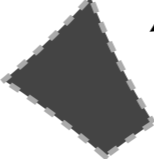
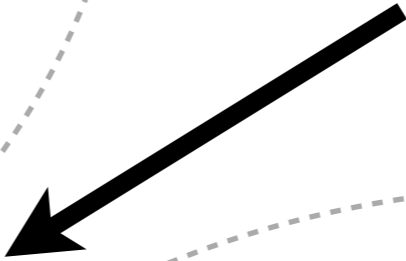
**Operational
Details**
(SLAs)

**Implementation
Details**
(Private vs Public)

**How?
What?
When?**

Why?

Vague



A photograph of a green tank in a desert environment. A dog's head, wearing a military-style cap, is mounted on top of the tank's turret. A speech bubble is overlaid on the image, containing the text "Bombard the hill!".

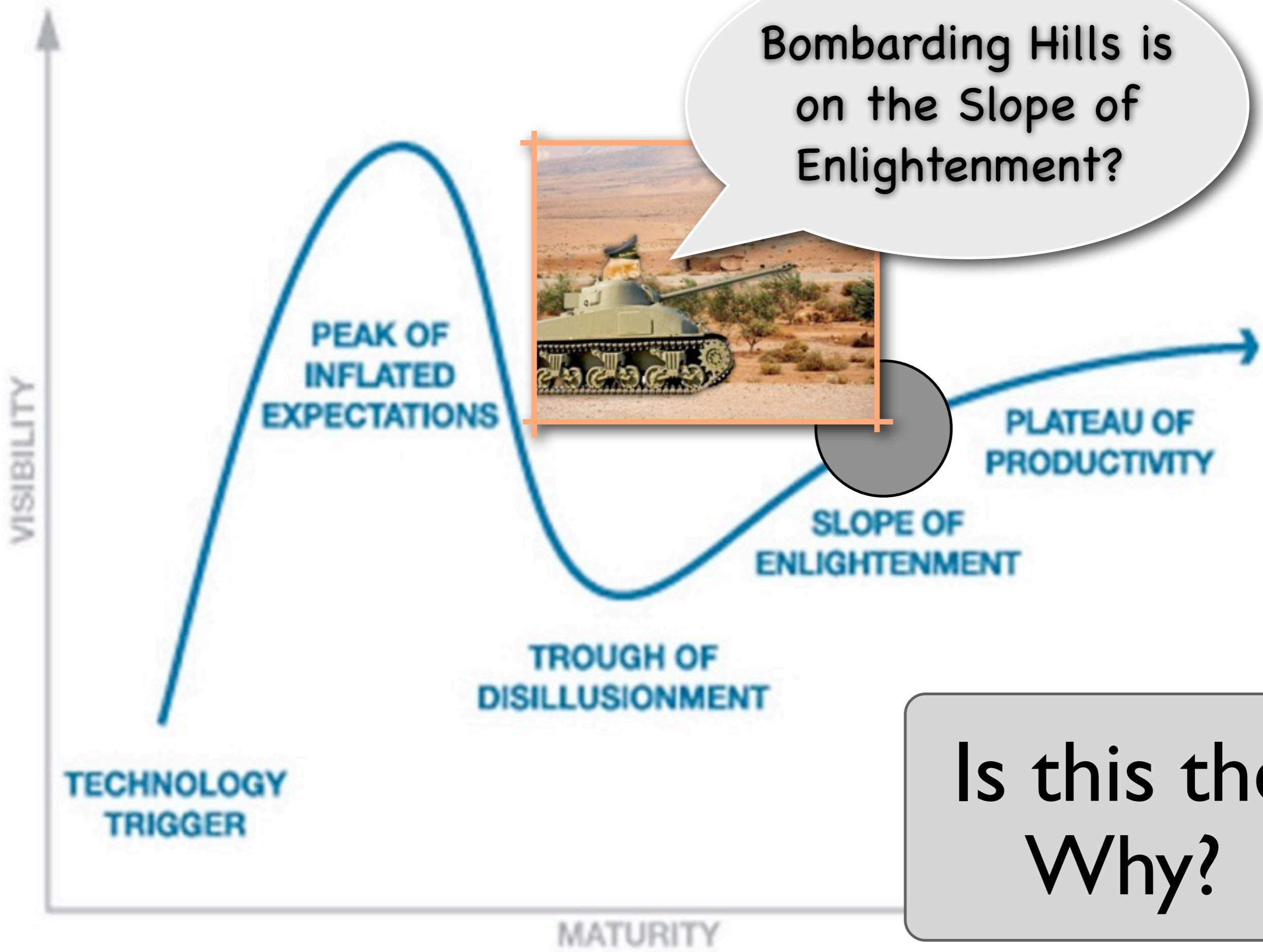
**Bombard the
hill!**

But Why?



ABC Report
67% of successful
generals bombard
hills

Is this the
Why?



Bombarding Hills is on the Slope of Enlightenment?

Is this the Why?

Possible
where

Why?

Cut off supply
lanes?

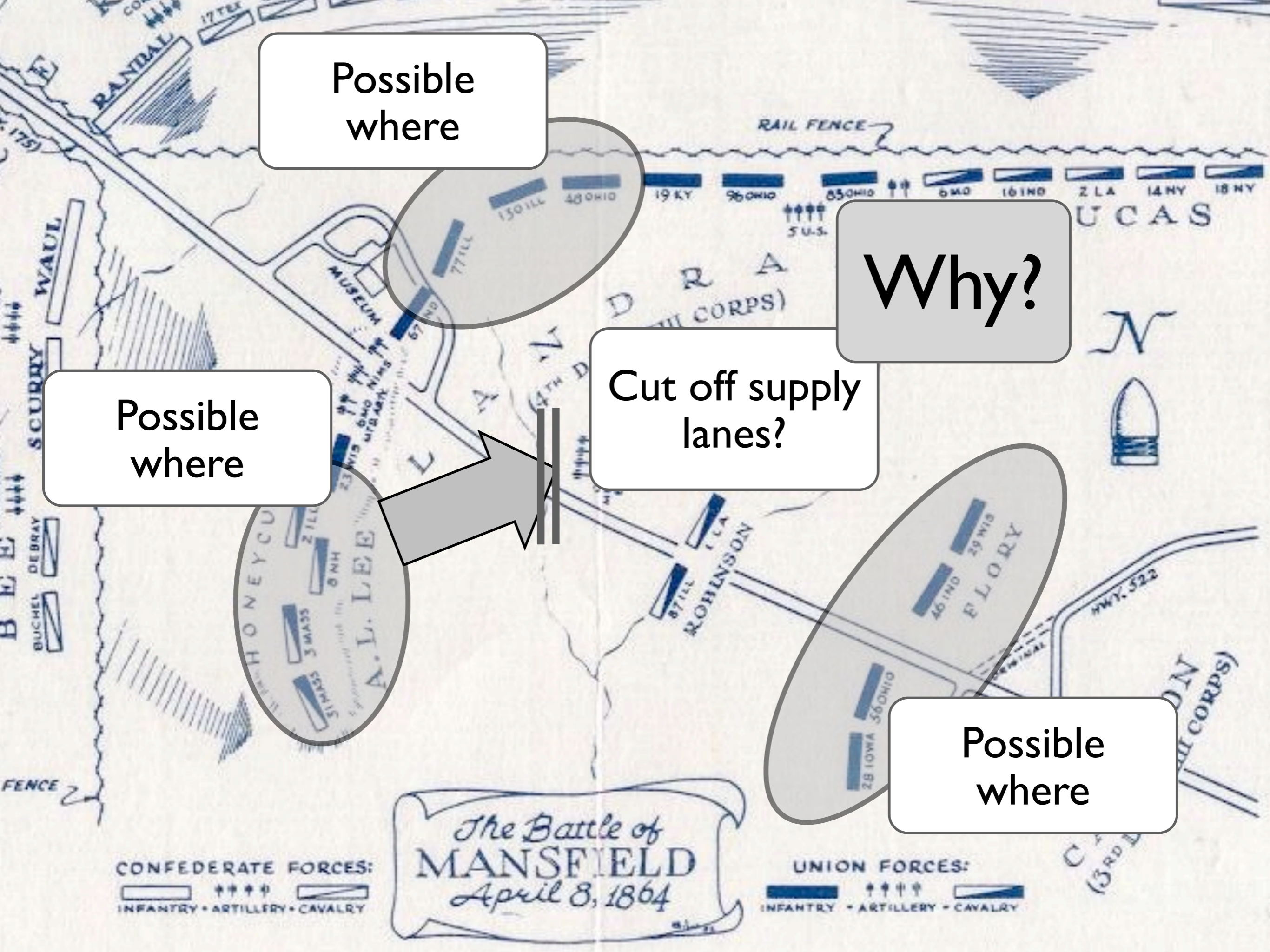
Possible
where

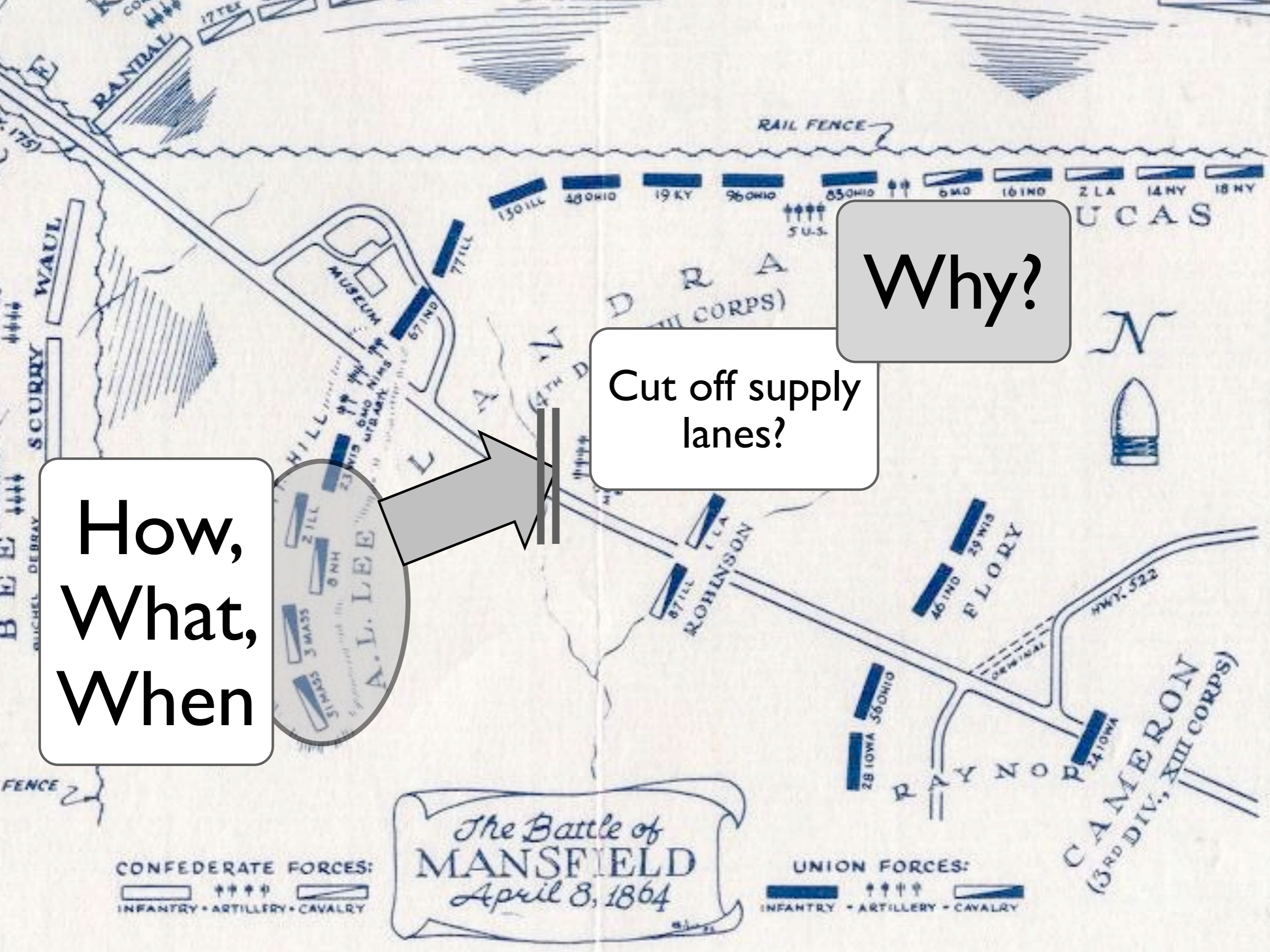
Possible
where

*The Battle of
MANSFIELD
April 8, 1864*

CONFEDERATE FORCES:
INFANTRY • ARTILLERY • CAVALRY

UNION FORCES:
INFANTRY • ARTILLERY • CAVALRY





Why?


Cut off supply lanes?

How,
What,
When

*The Battle of
MANSFIELD
April 8, 1864*

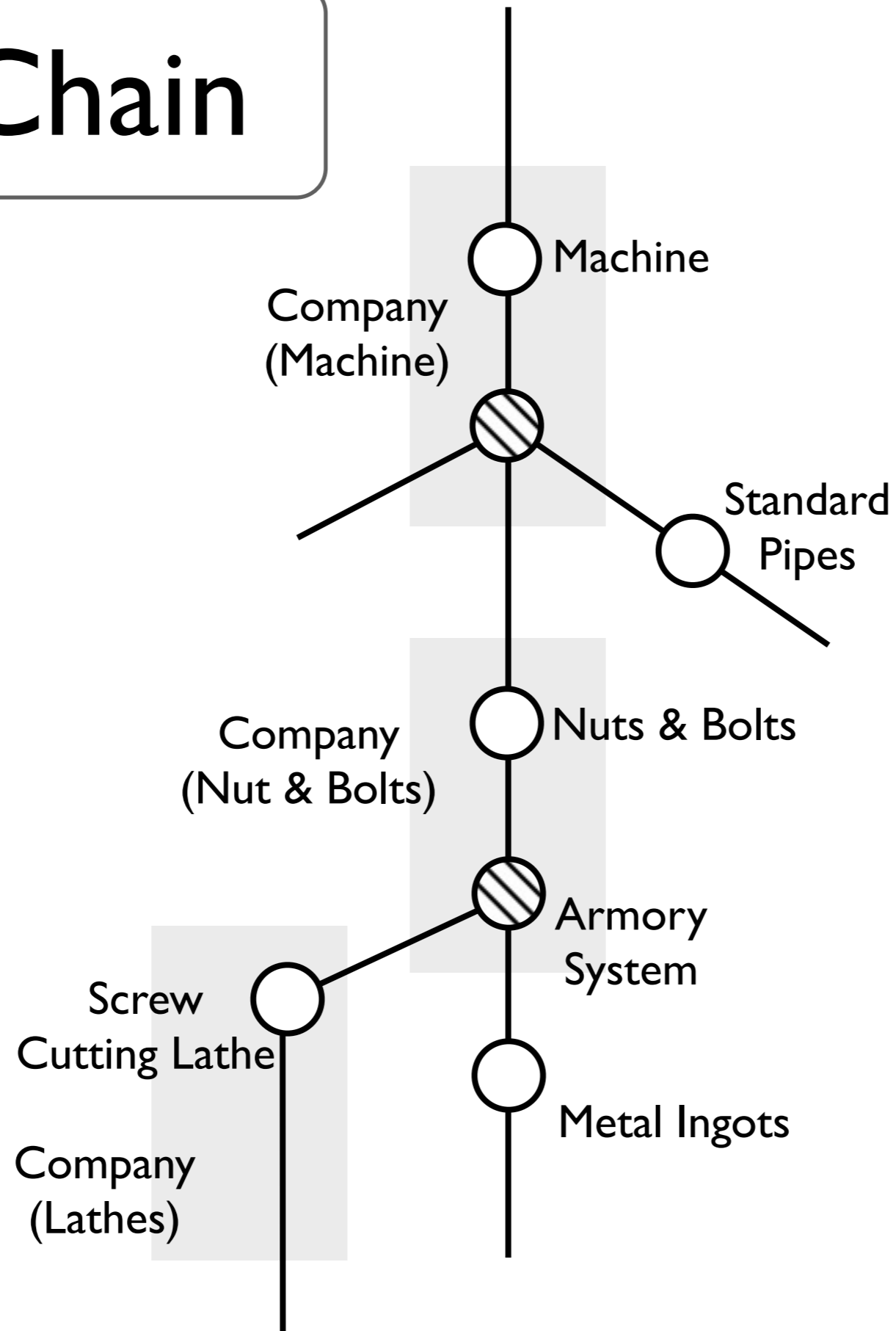
CONFEDERATE FORCES:
INFANTRY • ARTILLERY • CAVALRY

UNION FORCES:
INFANTRY • ARTILLERY • CAVALRY

A ginger cat is the central focus, wearing round black-rimmed glasses and a light pink button-down shirt. The cat has its mouth wide open, sticking out its pink tongue. Its eyes are wide and green. The background is a laboratory or office setting with shelves of glass bottles and equipment. A white speech bubble is overlaid on the left side of the image.

**How do
you map
business?**

Value Chain

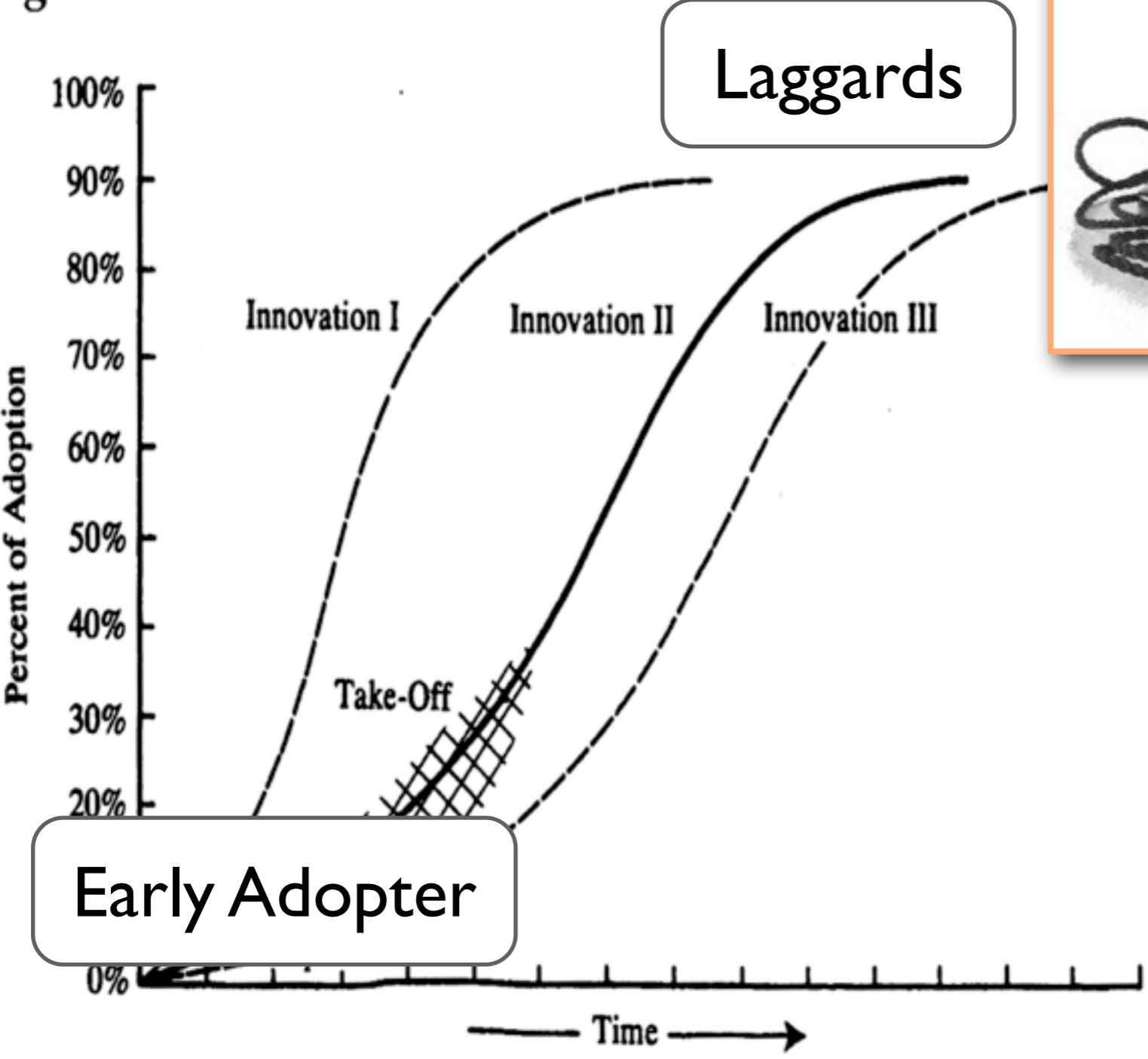


Nokia



... but value
chains change ...

Figure 1-2. The Diffusion Process



... due to innovation ...



**It's all
random ...**

Hang on ...



Evolve

Figure 1-2. The Diffusion Process

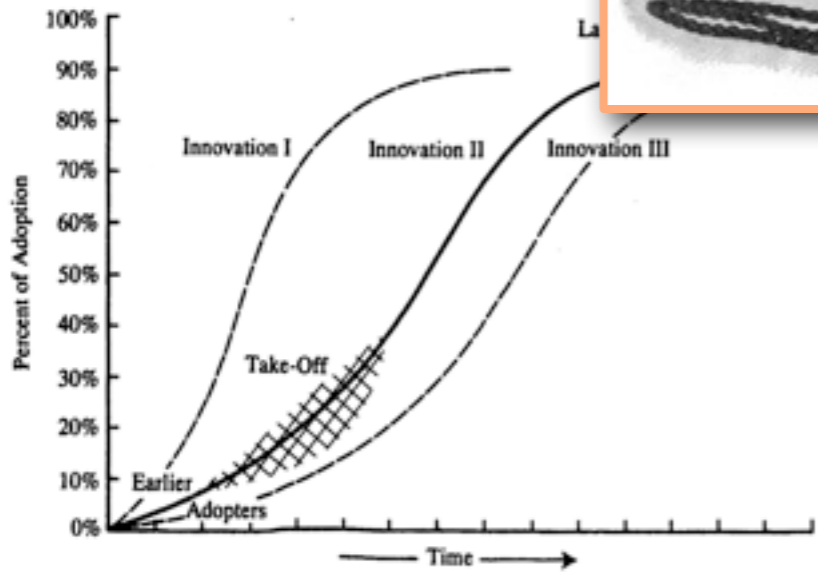
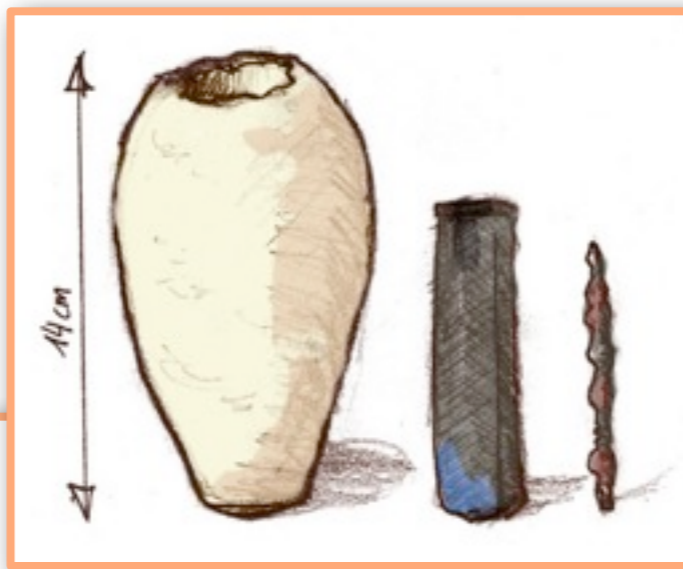


Figure 1-2. The Diffusion Process





Evolve

Figure 1-2. The Diffusion Process

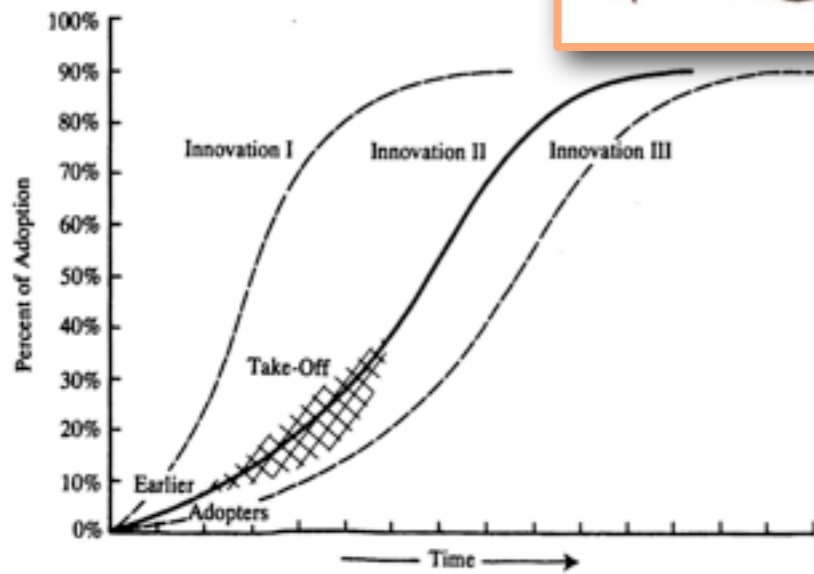
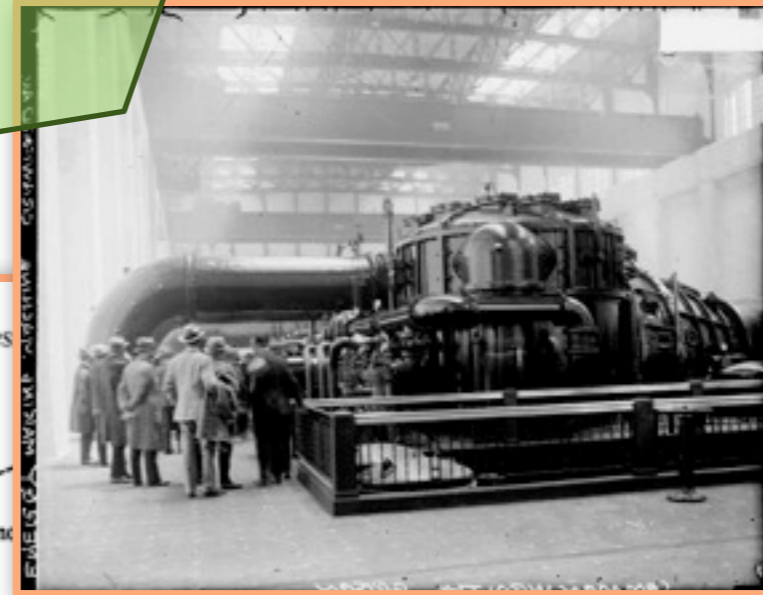
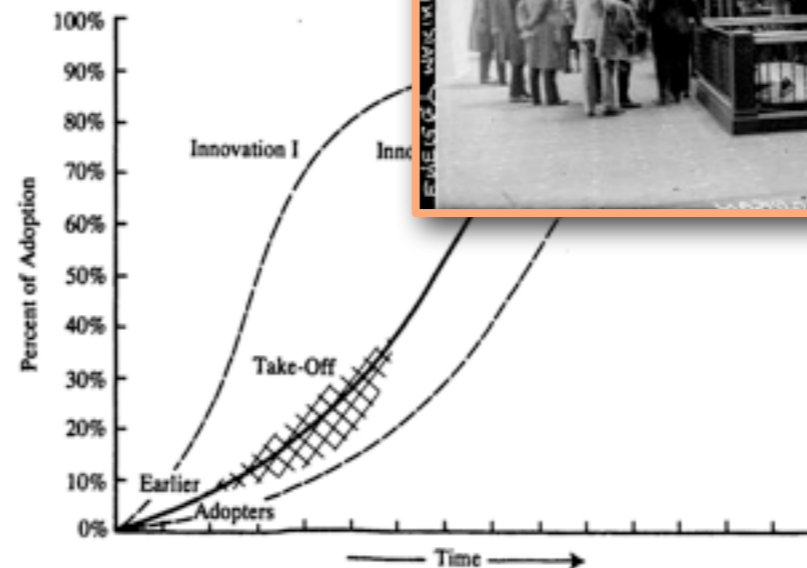
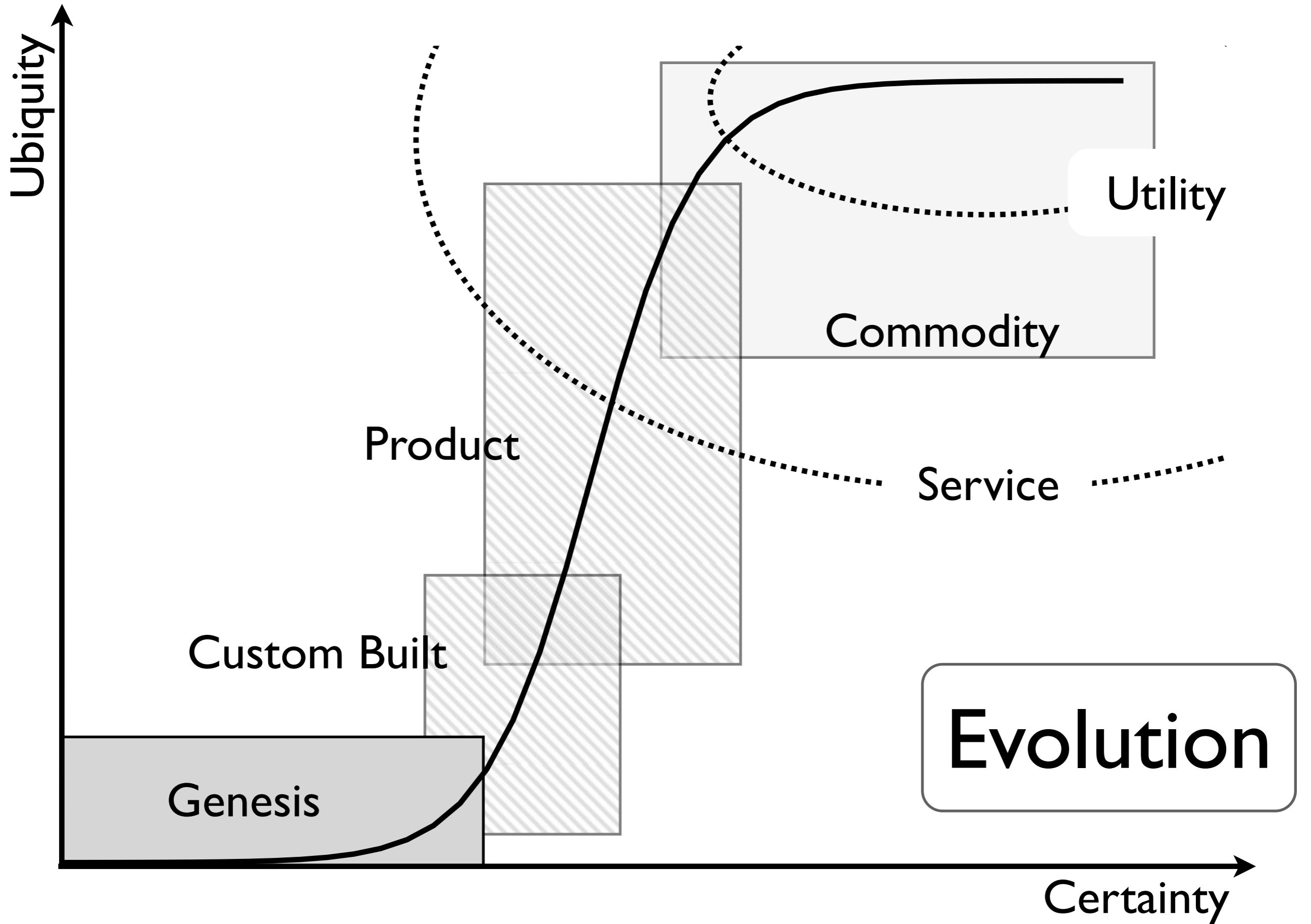


Figure 1-2. The Diffusion Process





Ubiqunty

Certainty

Genesis

Custom Built

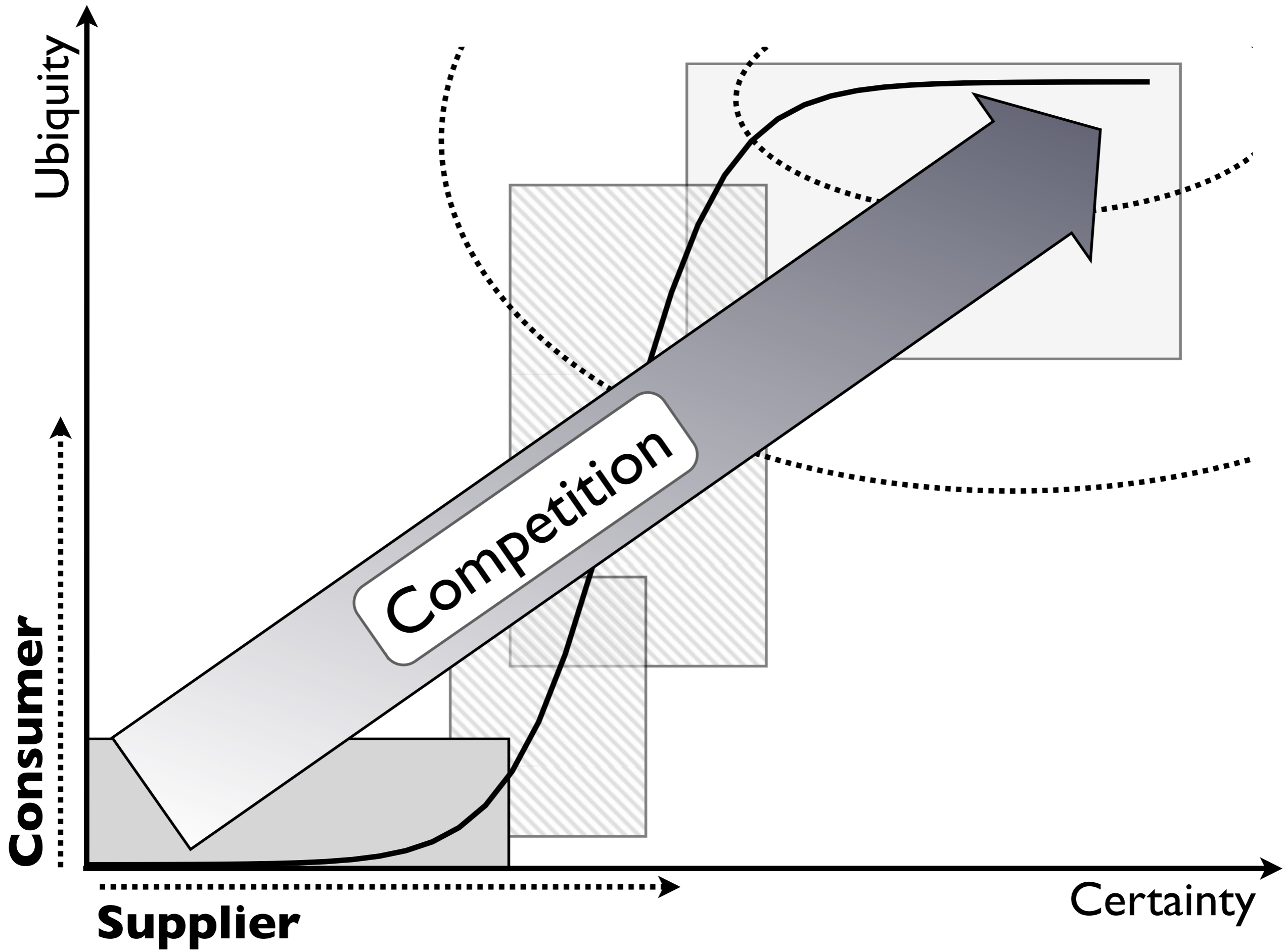
Product

Commodity

Service

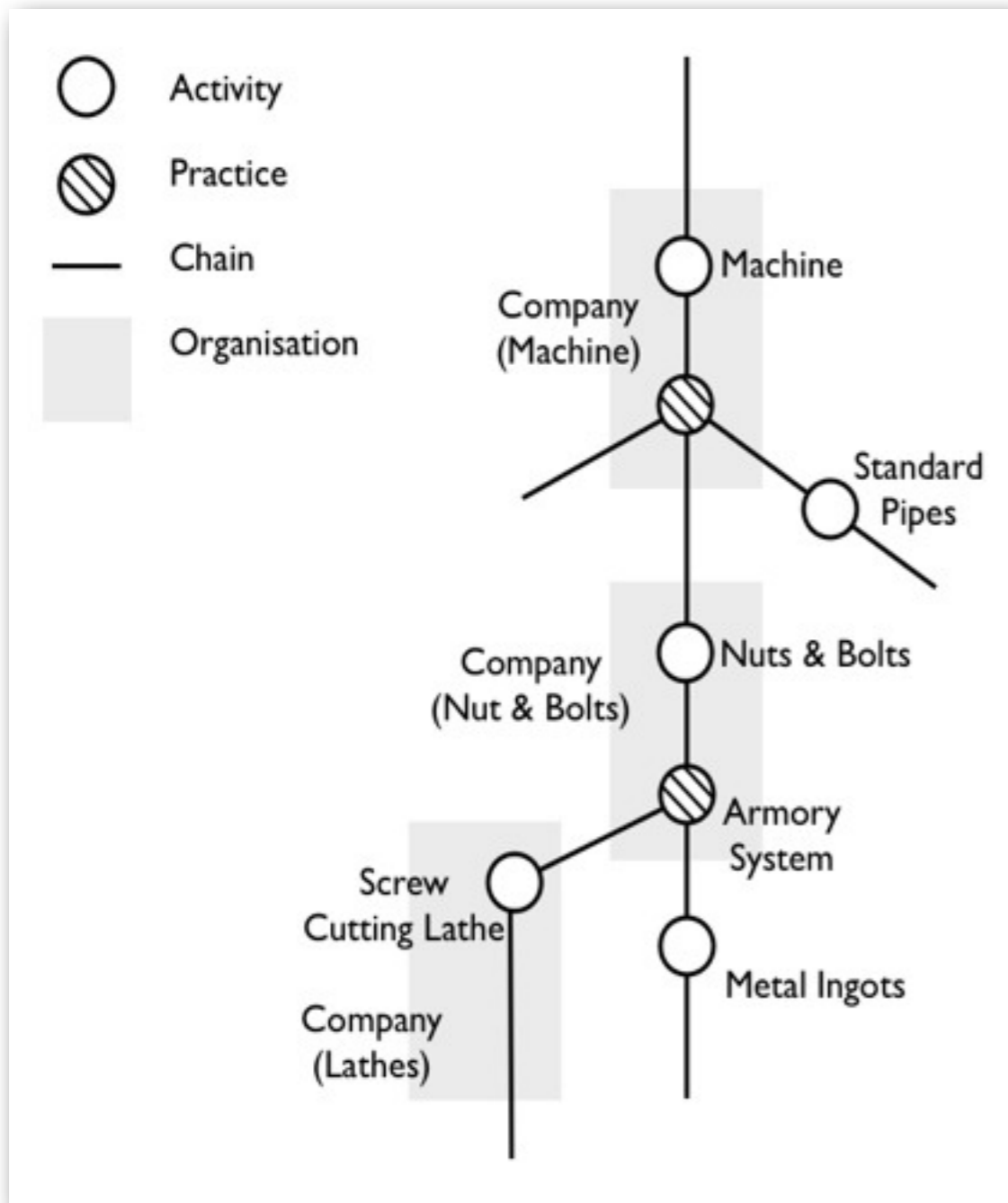
Utility

Evolution



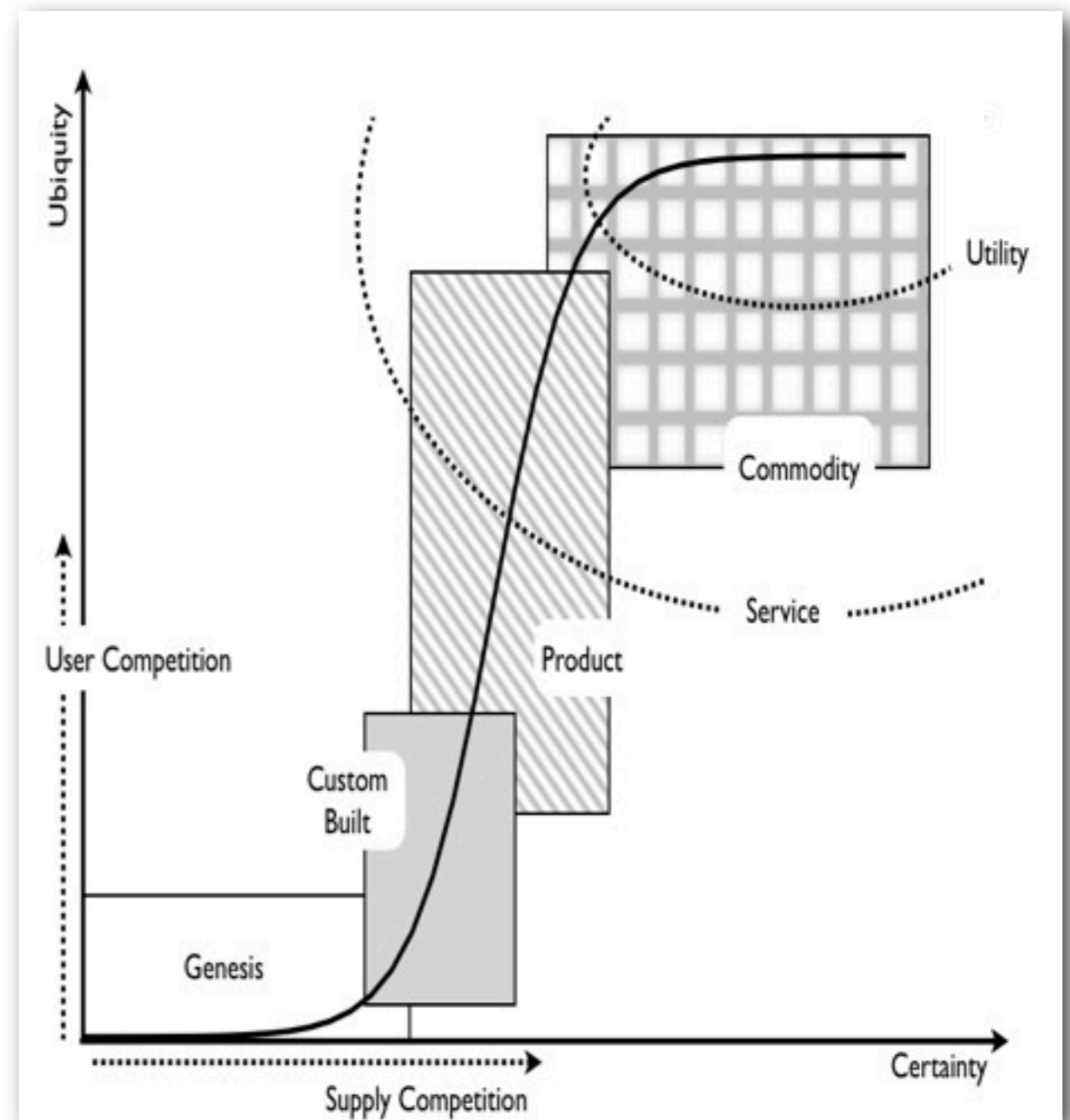
Value Chain

(describes organisation)



Evolution

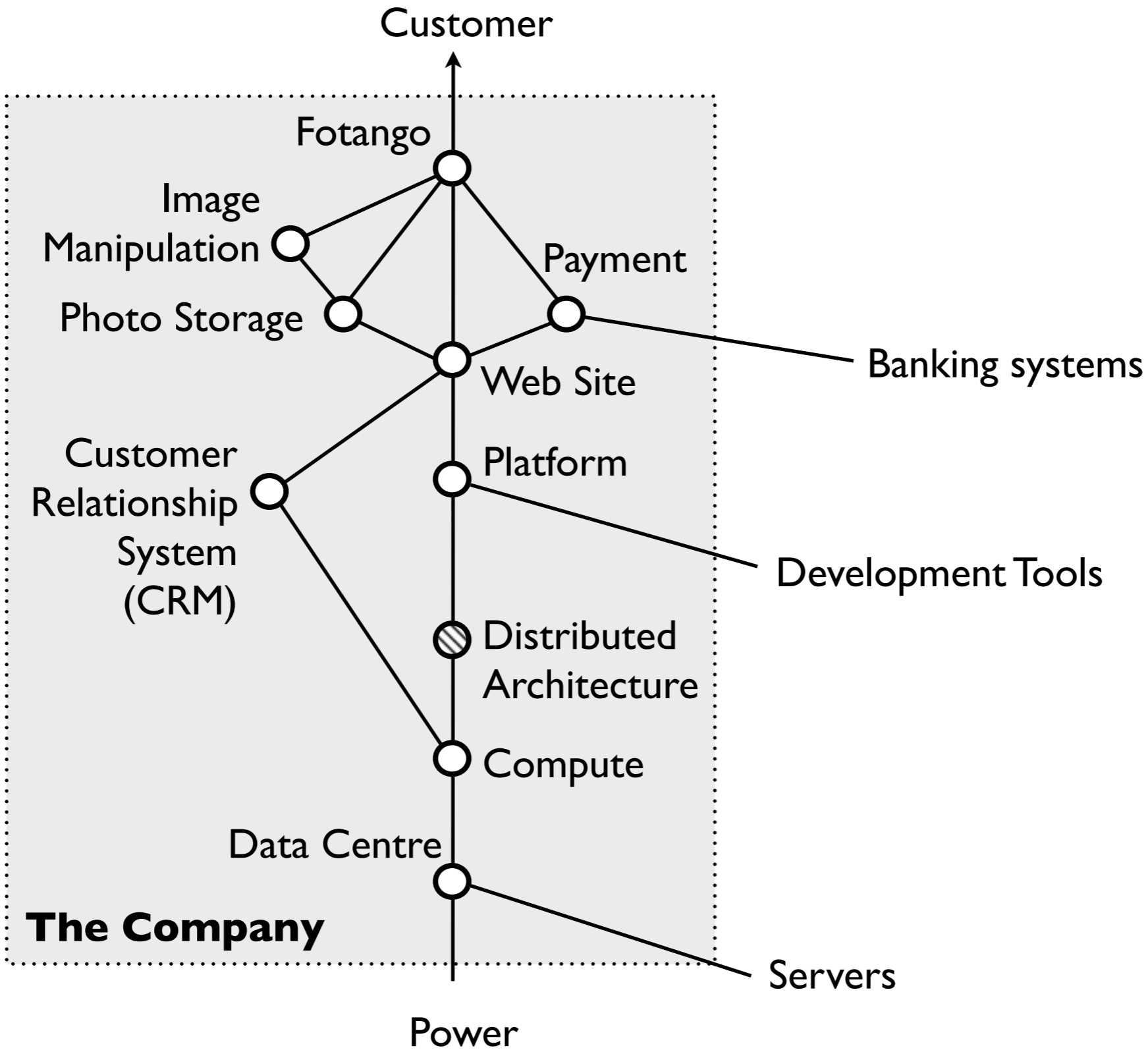
(describes change)

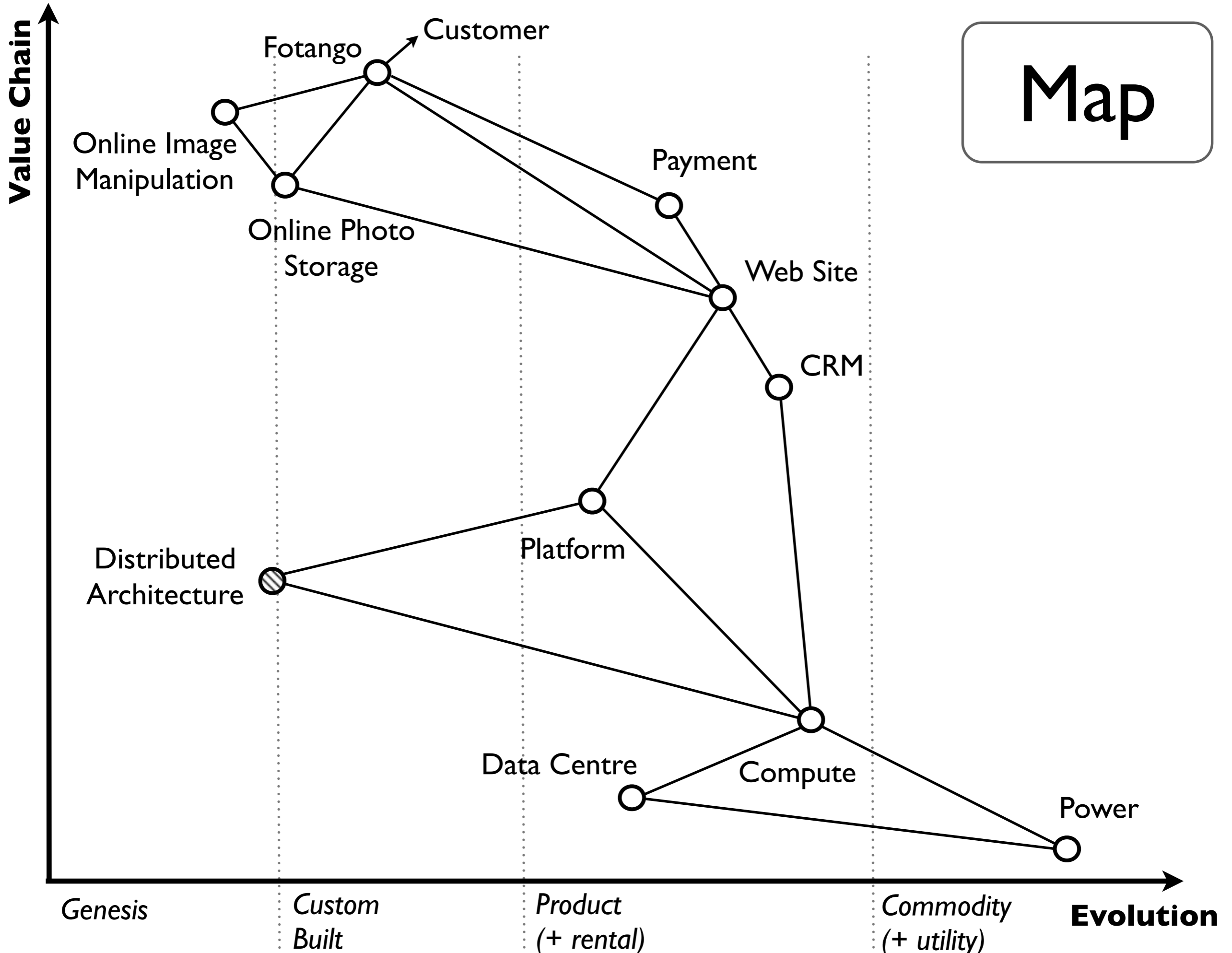




What if we
combine?

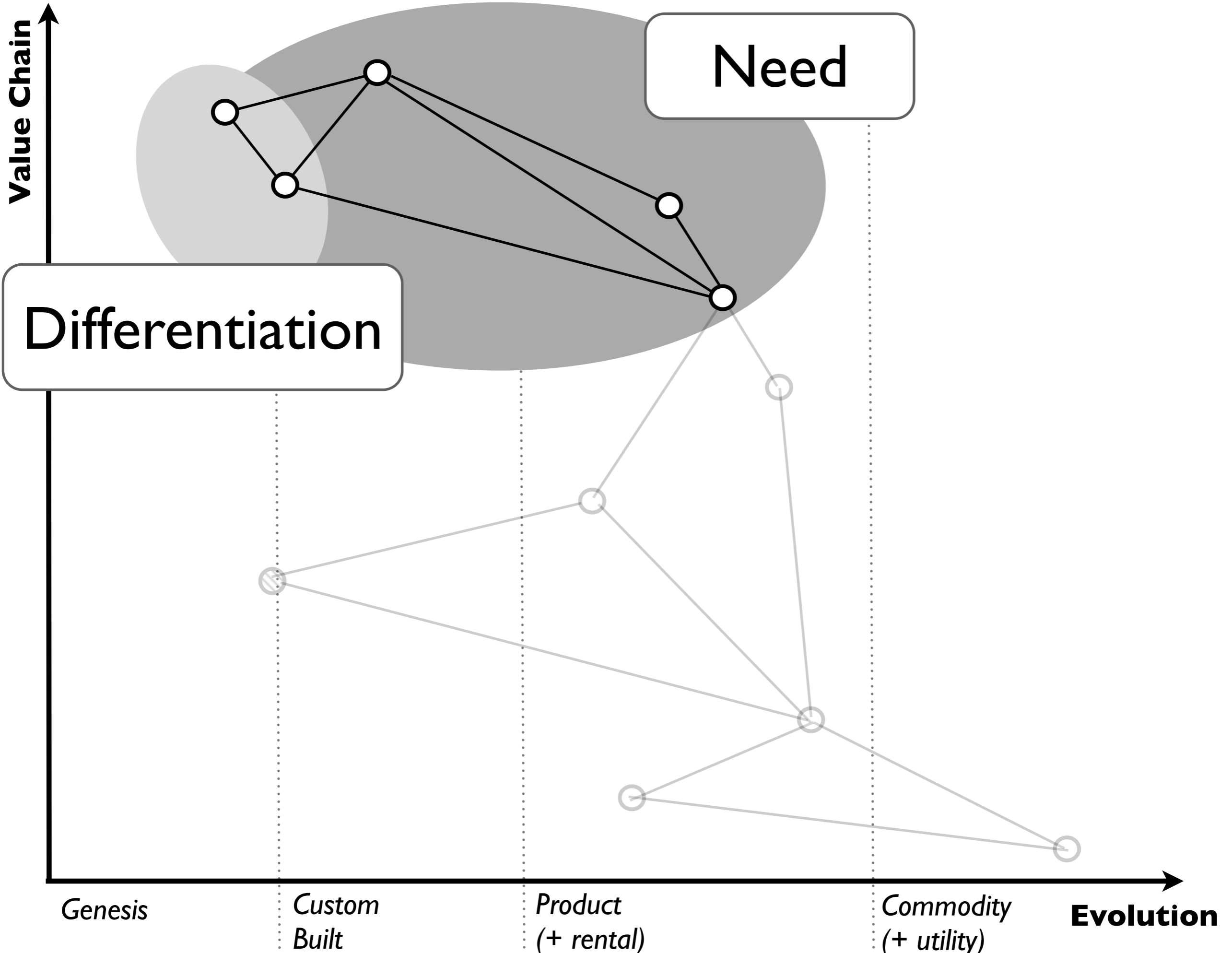
Value Chain ↑

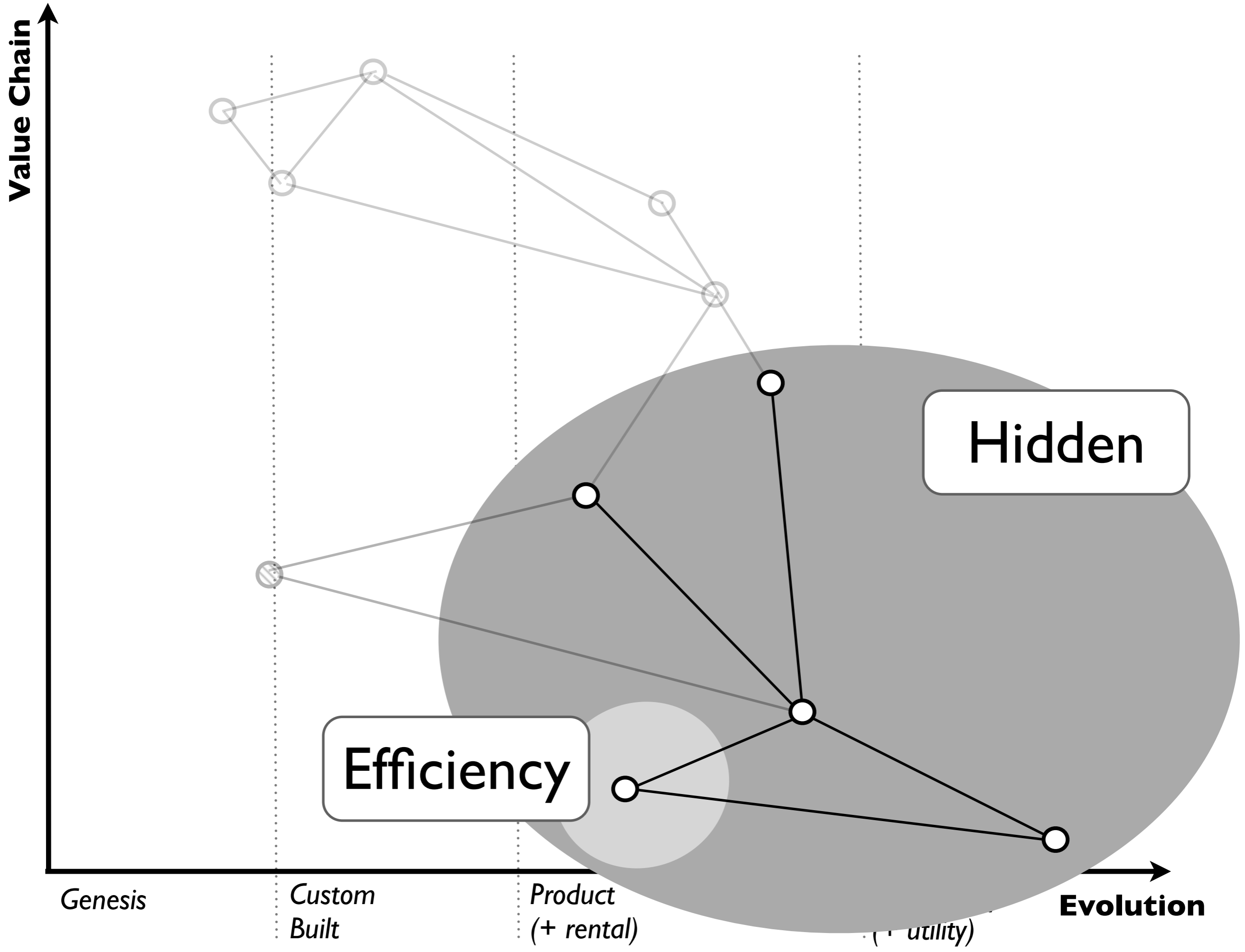




Lesson 1

Needs vs Efficiency





Value Chain

Genesis

Custom
Built

Product
(+ rental)

(+ utility)

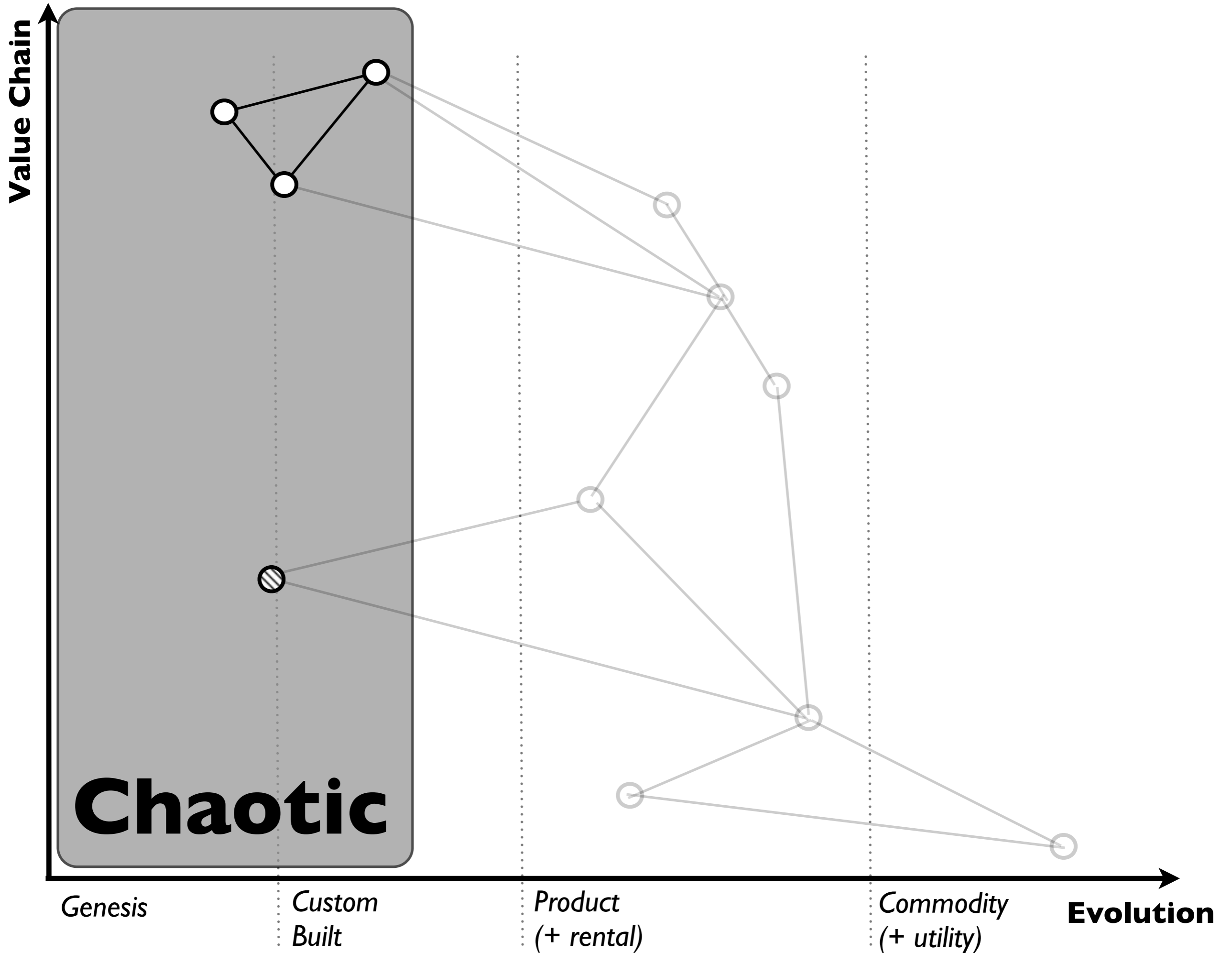
Evolution

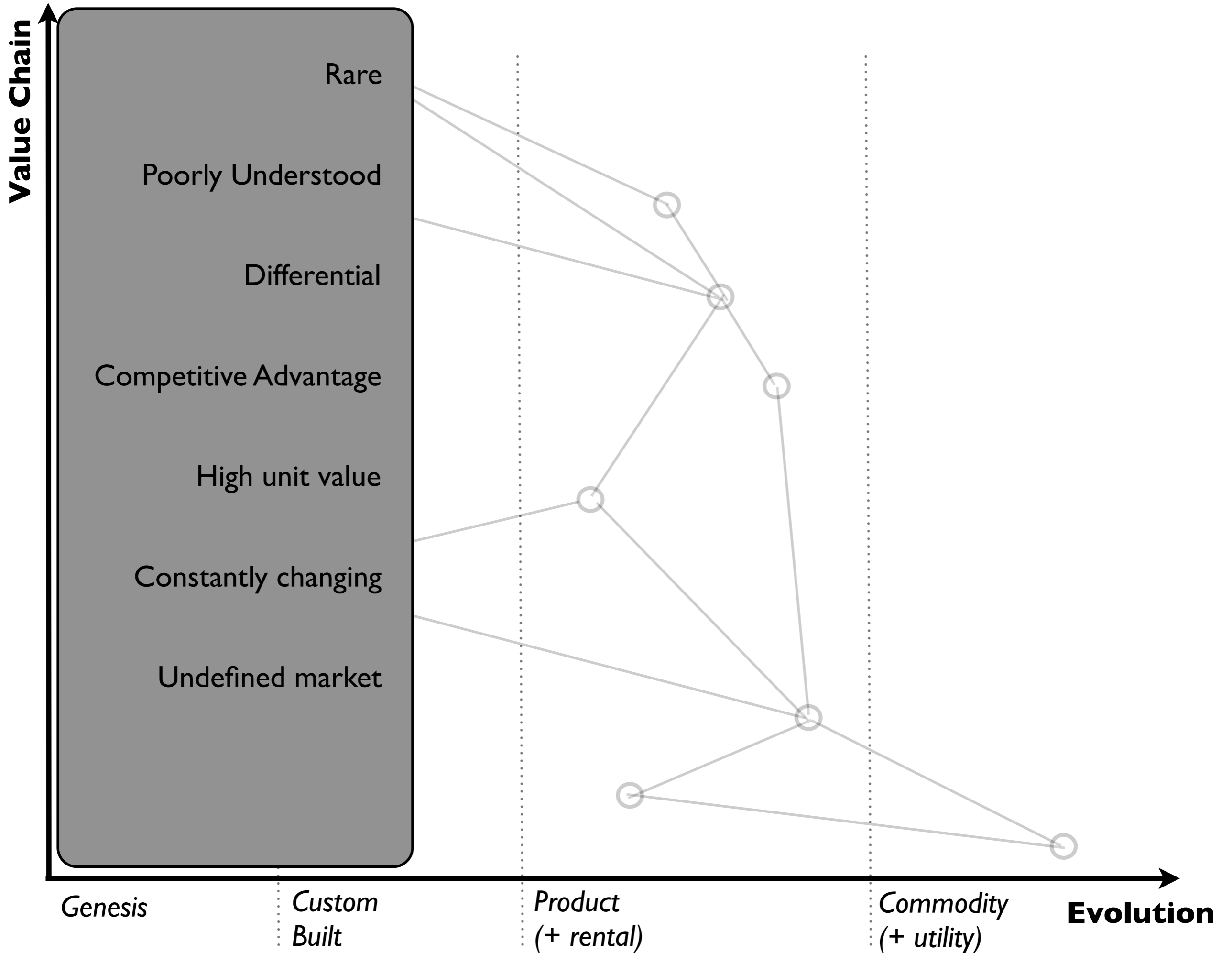
Hidden

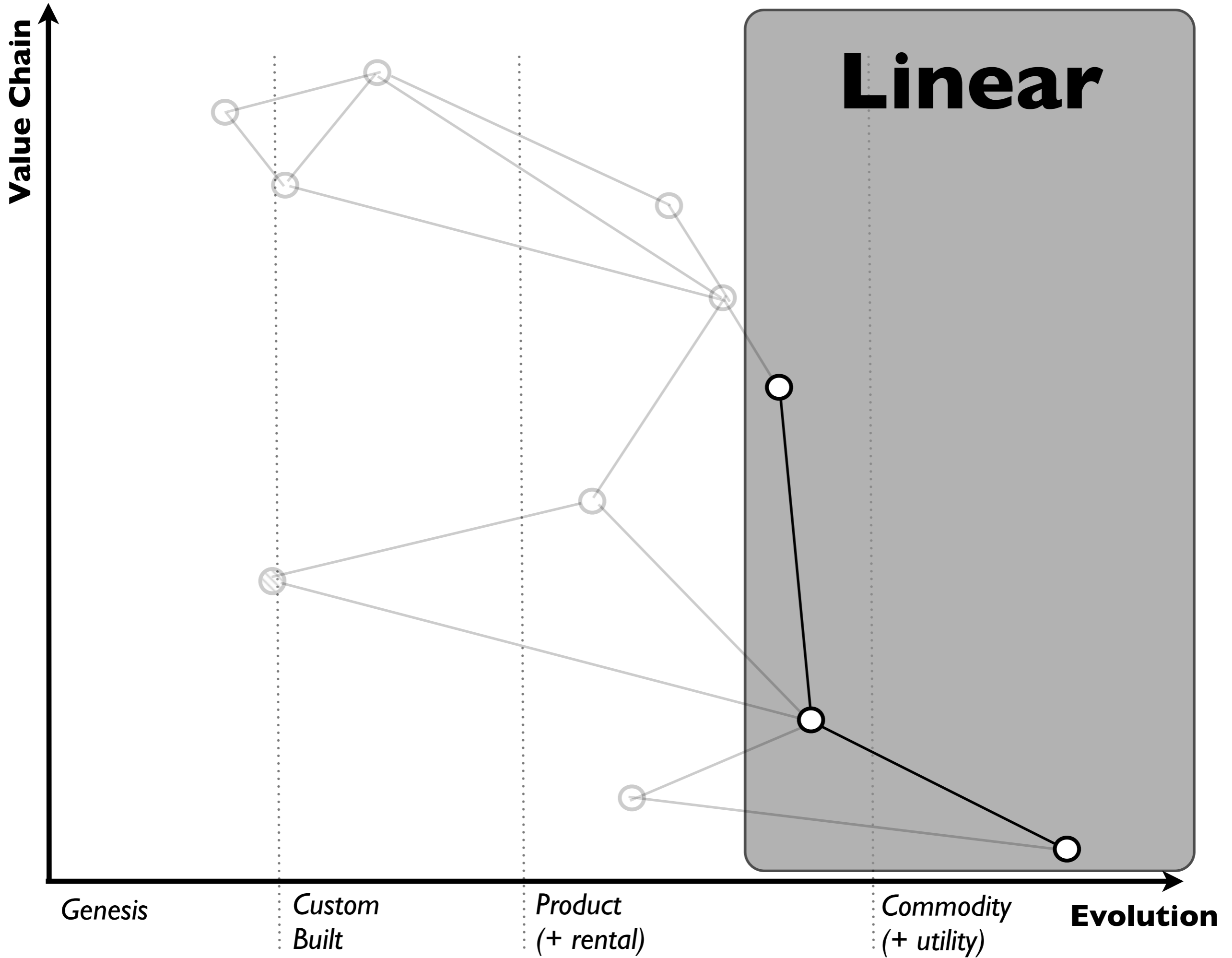
Efficiency

Lesson 2

Competition Changes Everything







Value Chain

Linear

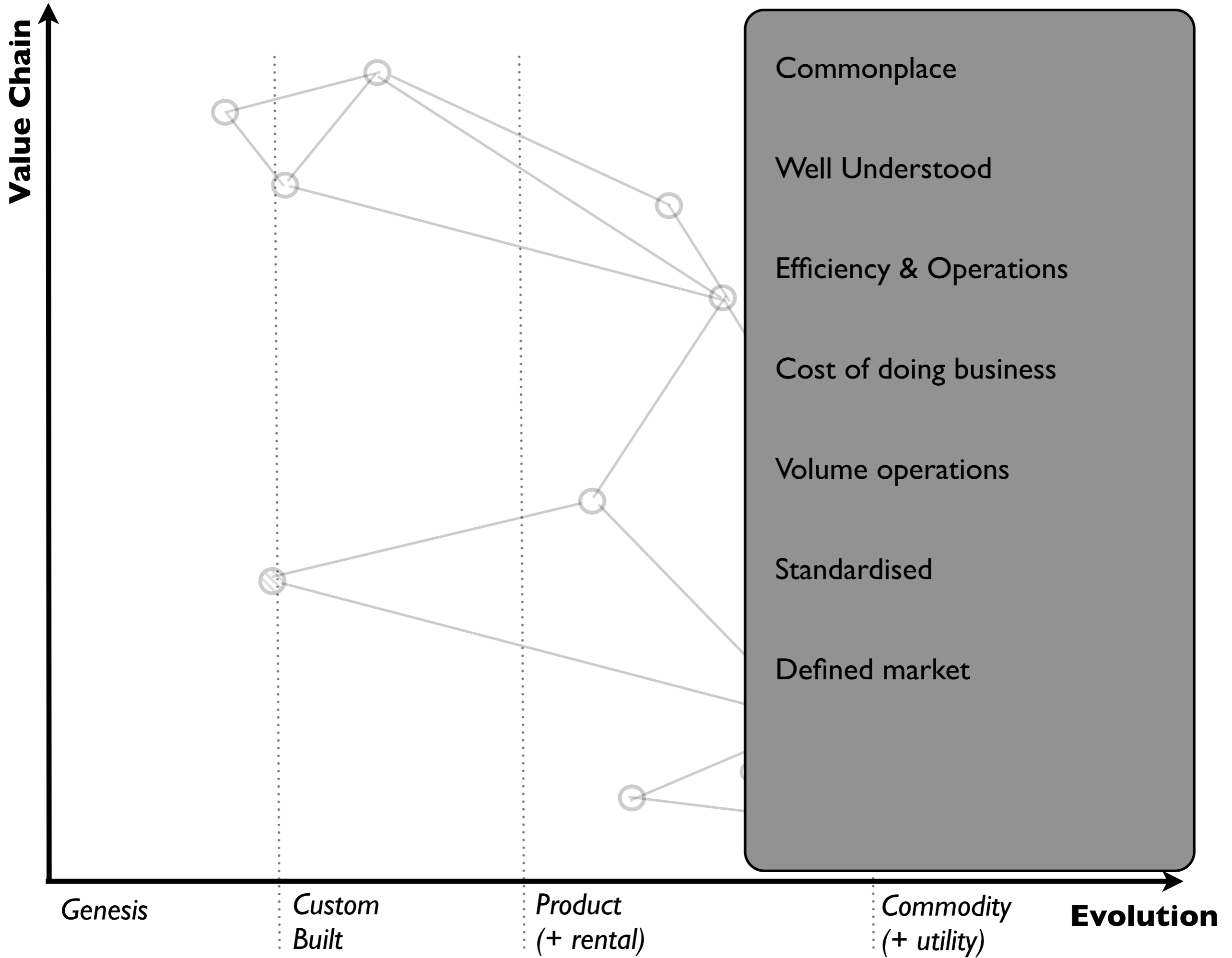
Genesis

Custom
Built

Product
(+ rental)

Commodity
(+ utility)

Evolution



Value Chain

Evolution

Genesis

Custom
Built

Product
(+ rental)

Commodity
(+ utility)

Commonplace

Well Understood

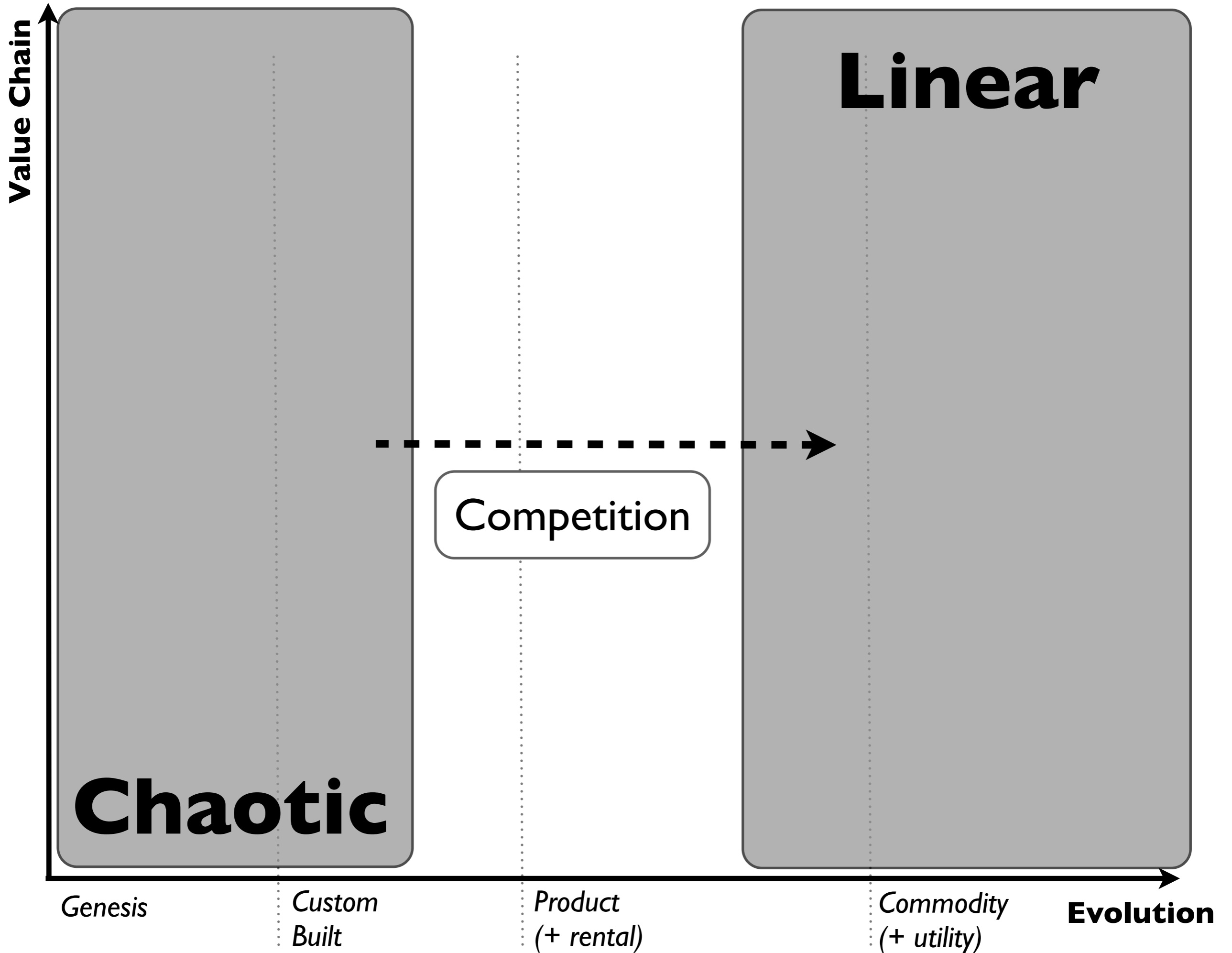
Efficiency & Operations

Cost of doing business

Volume operations

Standardised

Defined market



Value Chain

Linear

Chaotic

Competition

Genesis

*Custom
Built*

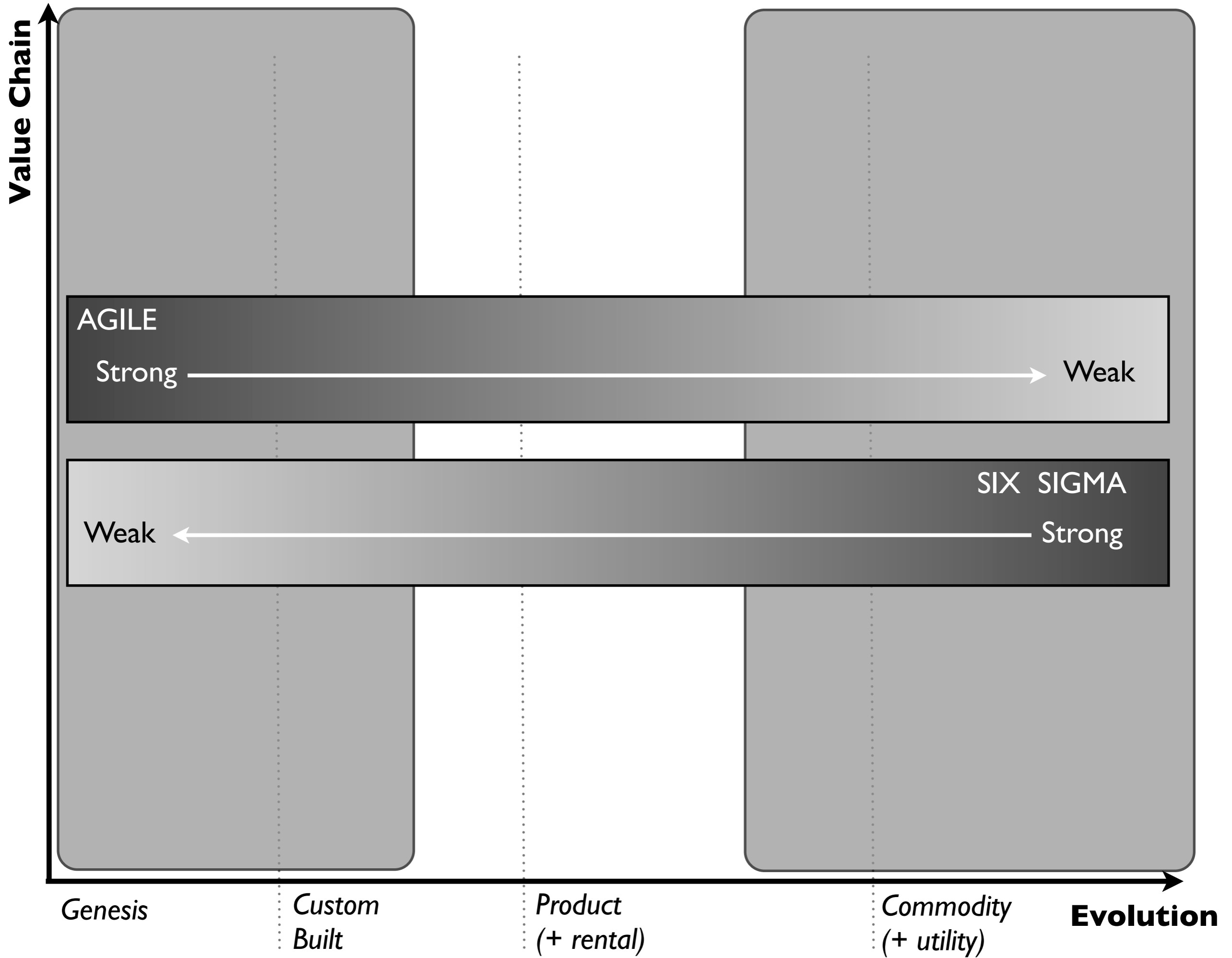
*Product
(+ rental)*

*Commodity
(+ utility)*

Evolution

Lesson 3

One size never fits all



Value Chain

AGILE

Strong

Weak

SIX SIGMA

Weak

Strong

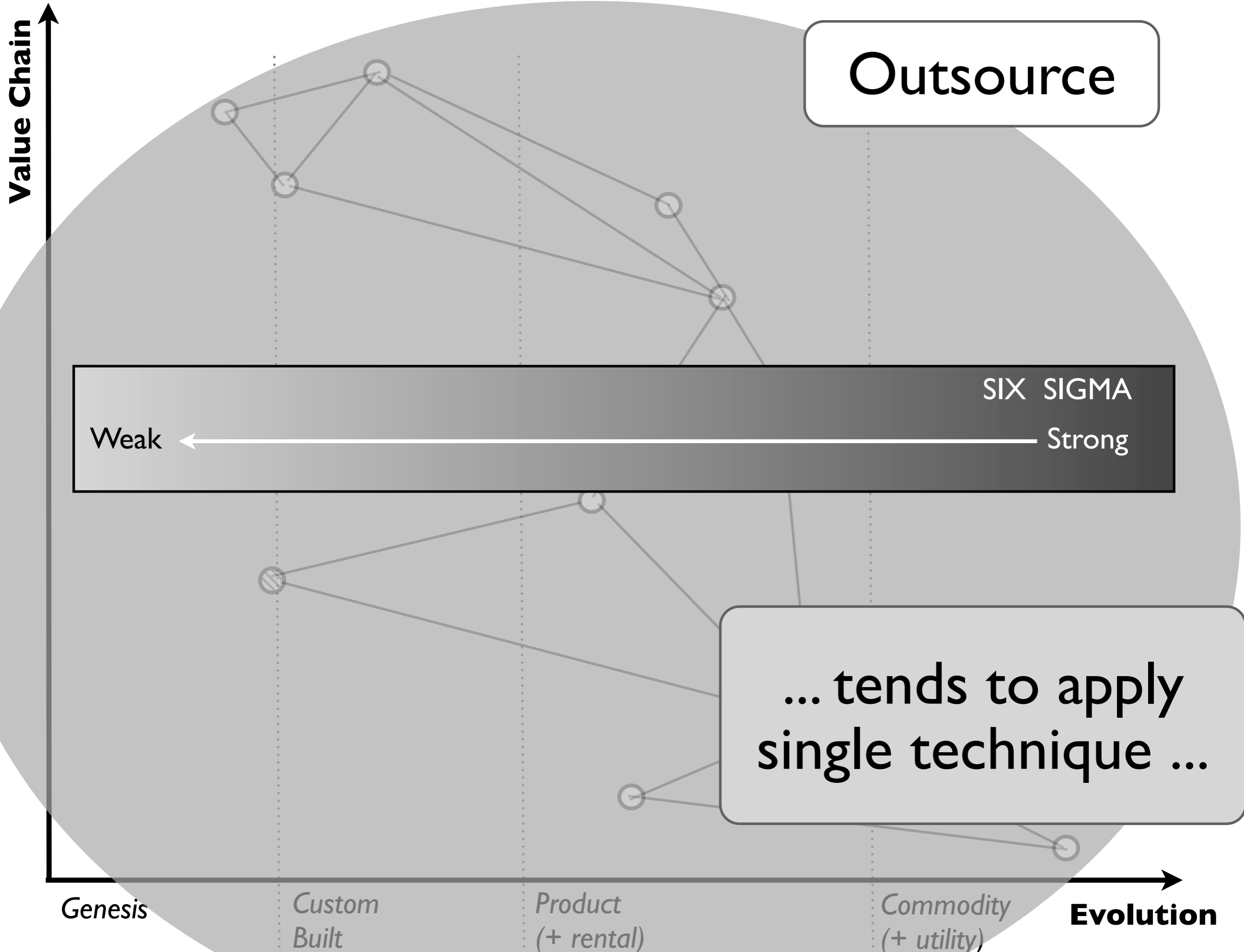
Genesis

Custom
Built

Product
(+ rental)

Commodity
(+ utility)

Evolution



Value Chain

Outsource

SIX SIGMA
Weak ← Strong

... tends to apply single technique ...

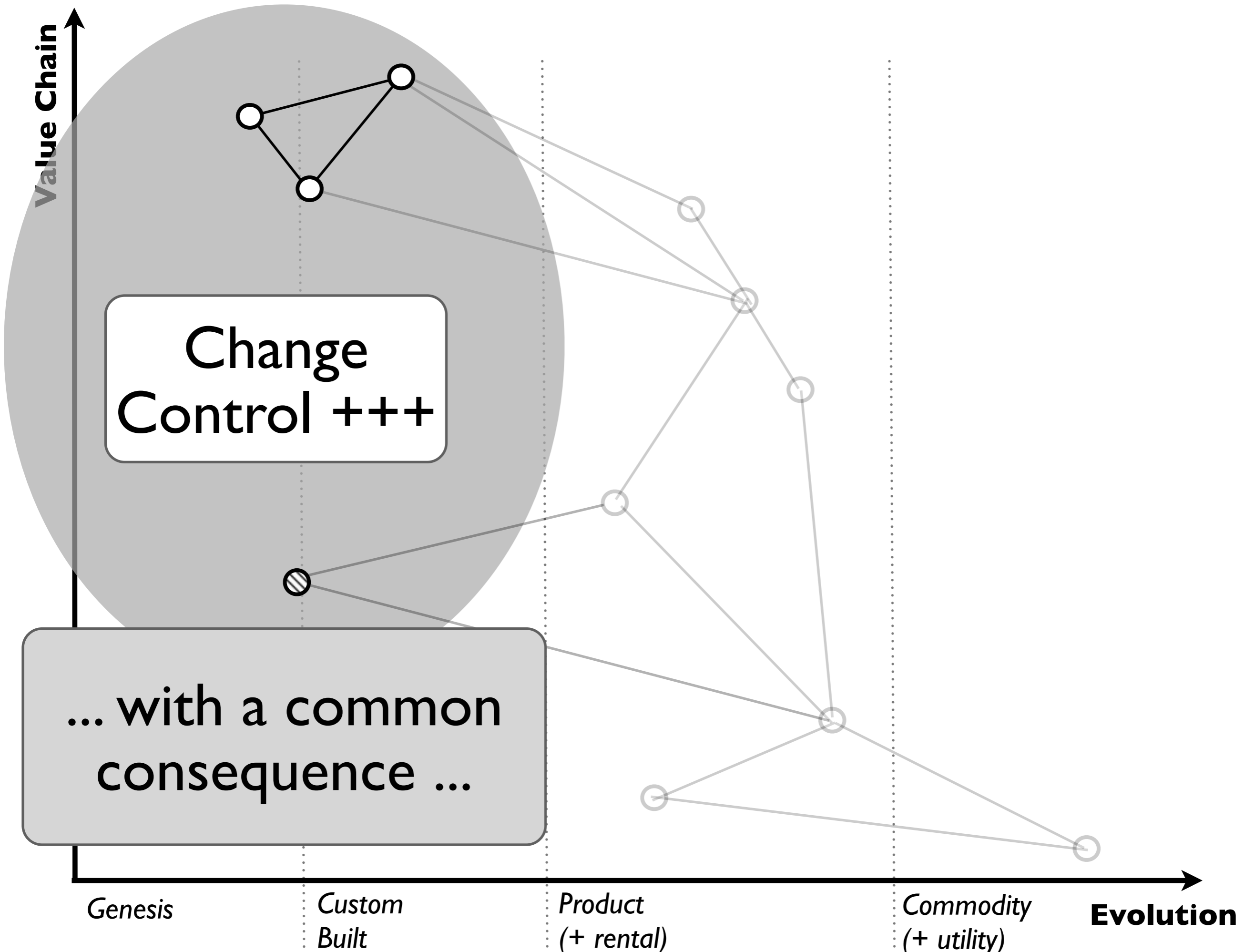
Genesis

Custom Built

Product (+ rental)

Commodity (+ utility)

Evolution



Change Control +++

... with a common consequence ...

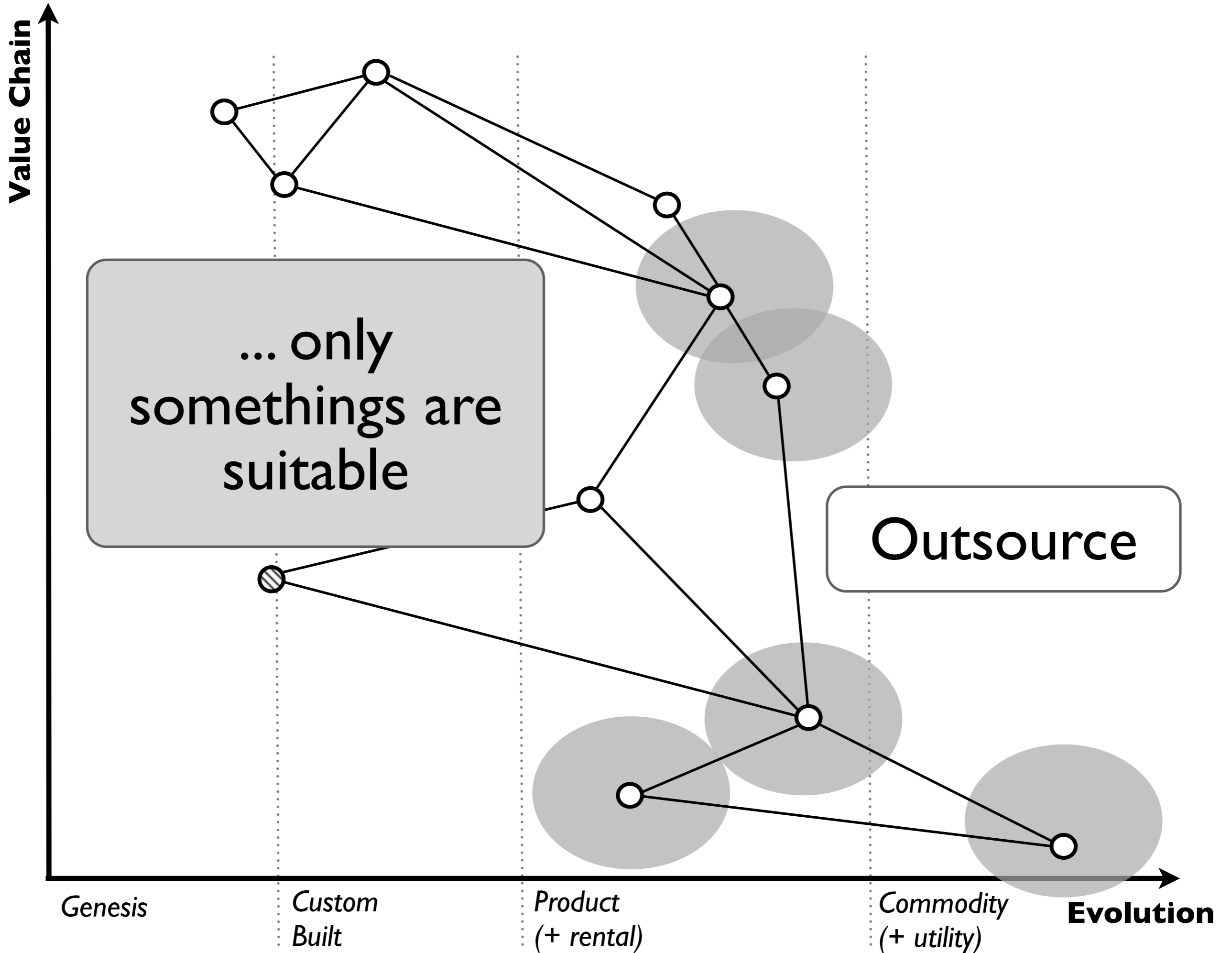
Genesis

Custom Built

Product (+ rental)

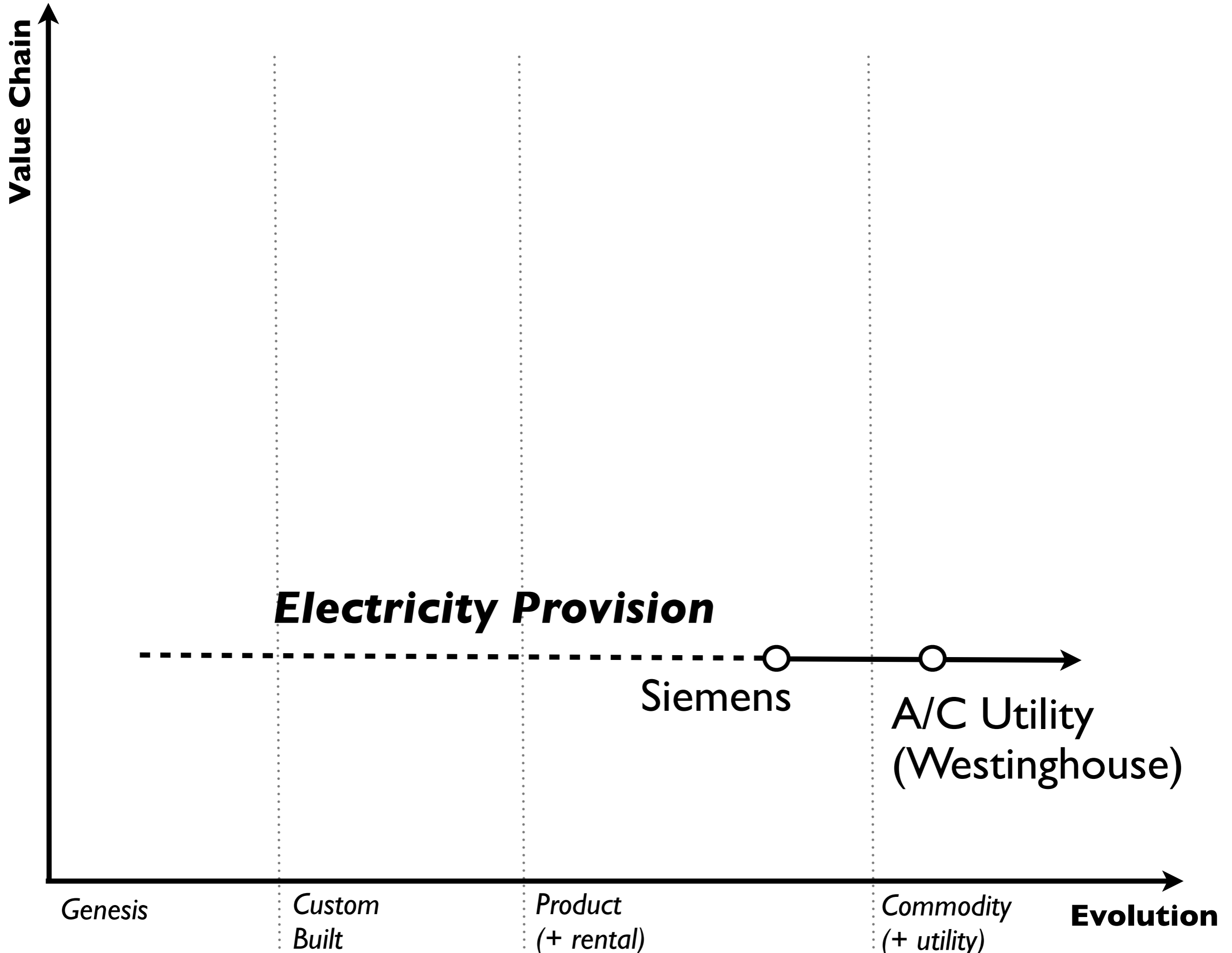
Commodity (+ utility)

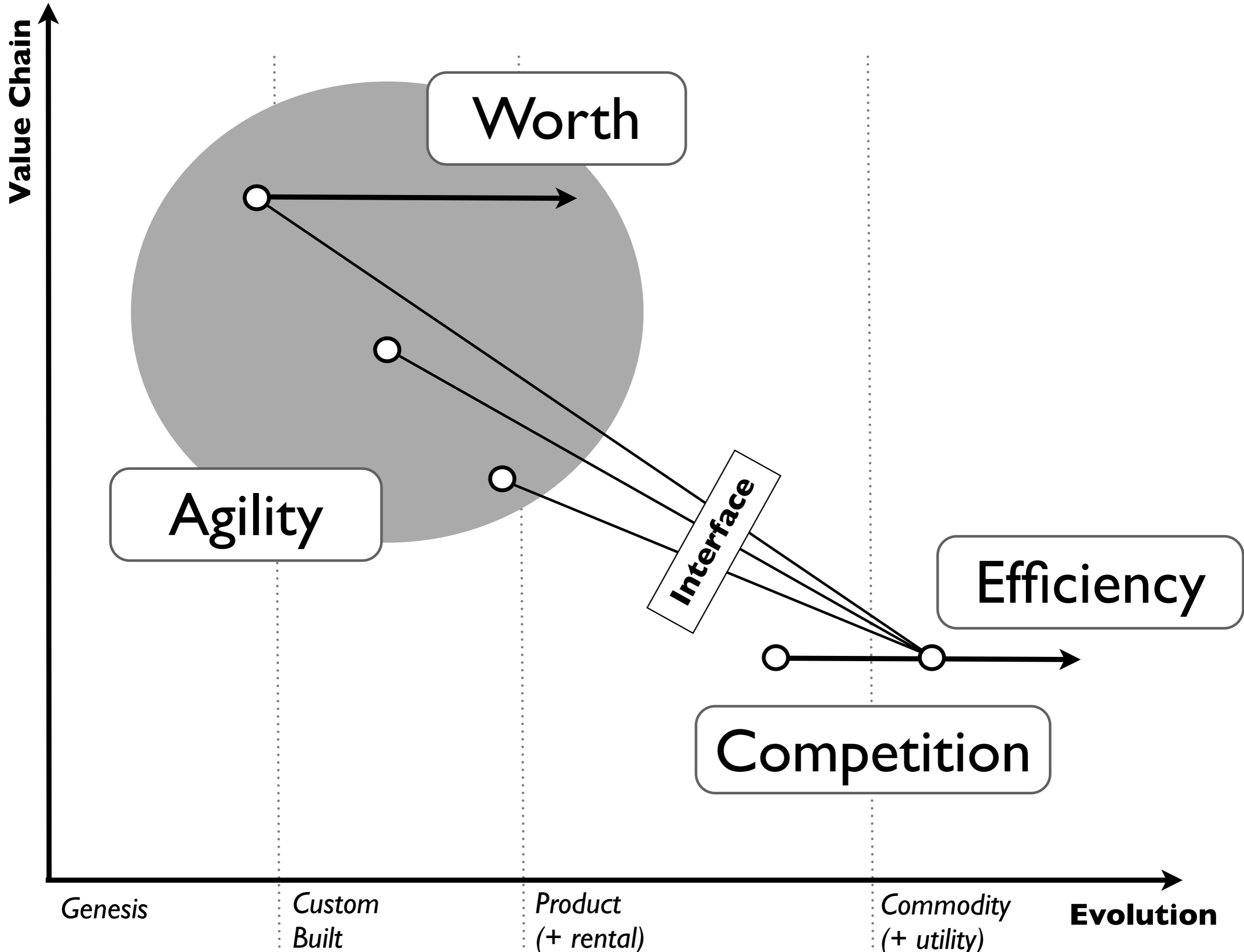
Evolution

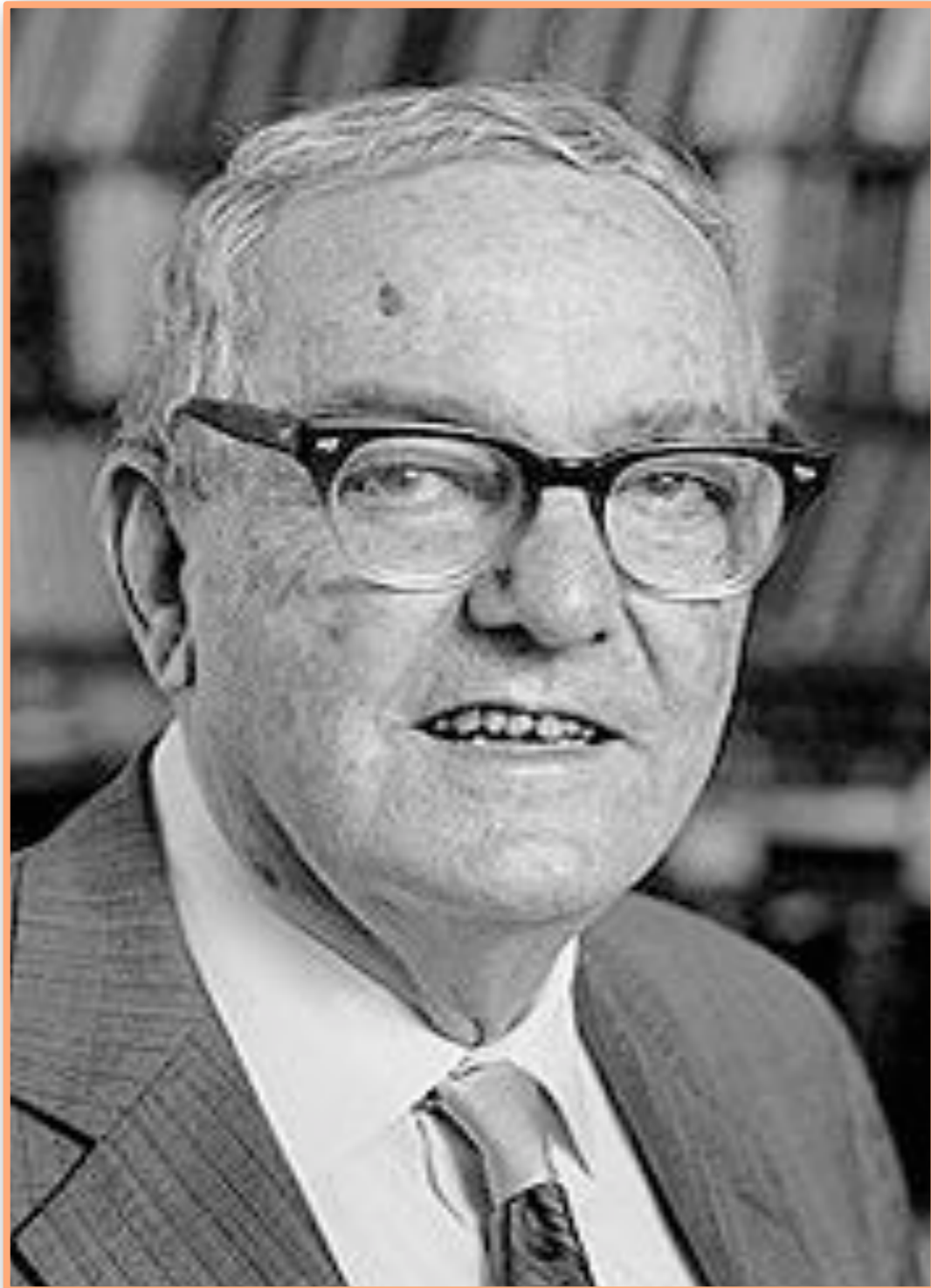


Lesson 4

Efficiency enables Innovation







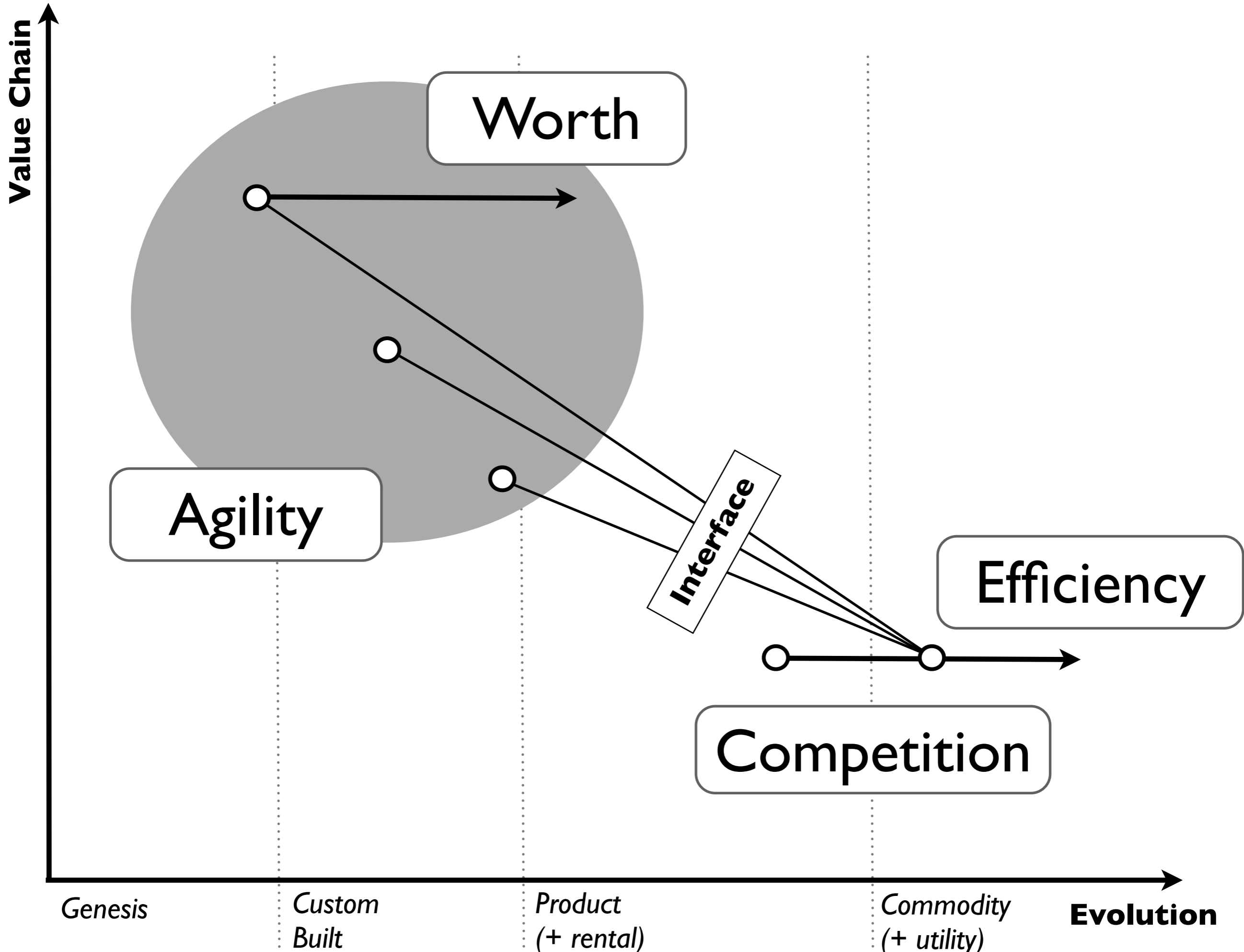
Componentisation Herbert Simon

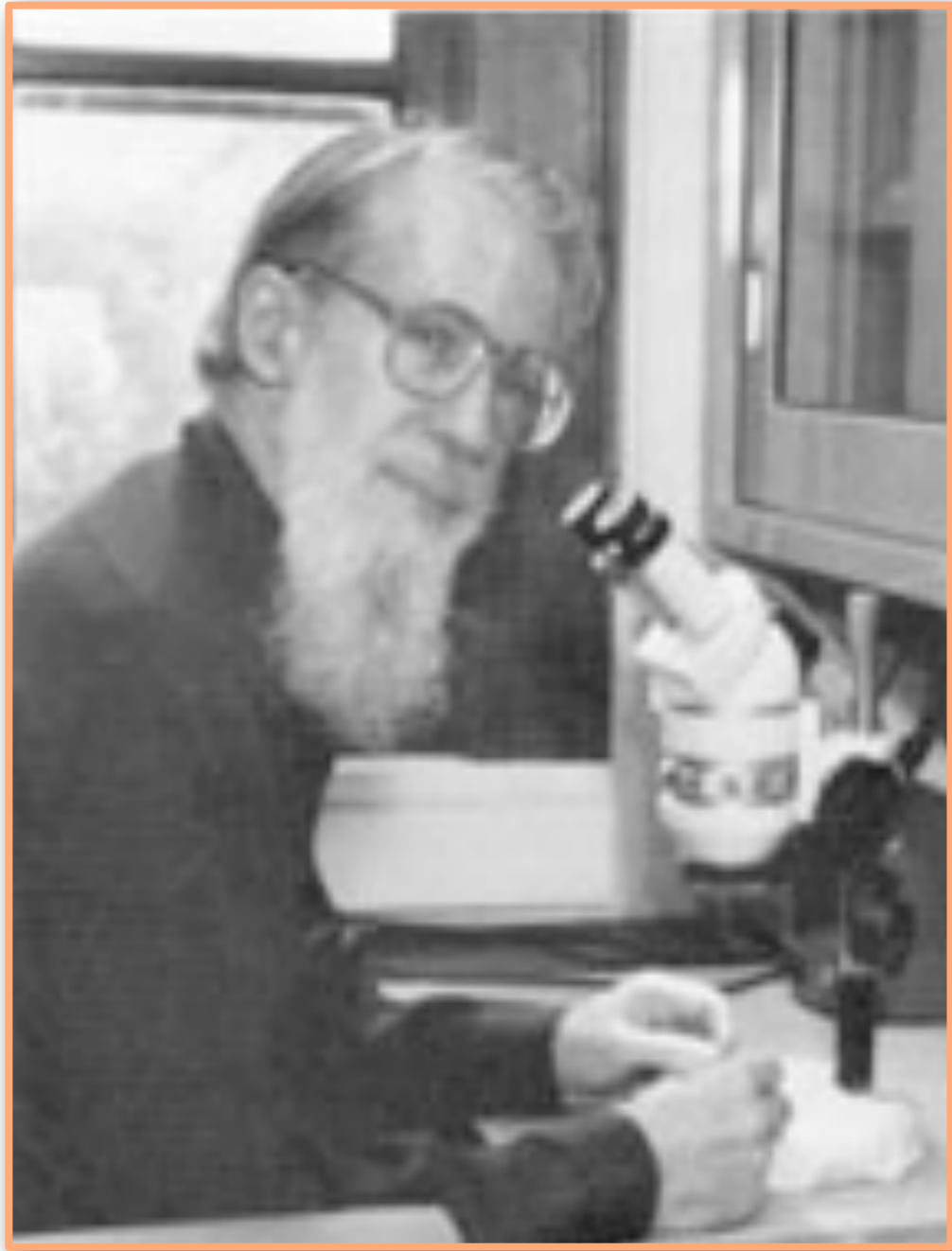


Creative Destruction Joseph Schumpeter

Lesson 5

Choice is an illusion





Prof. Van Valen

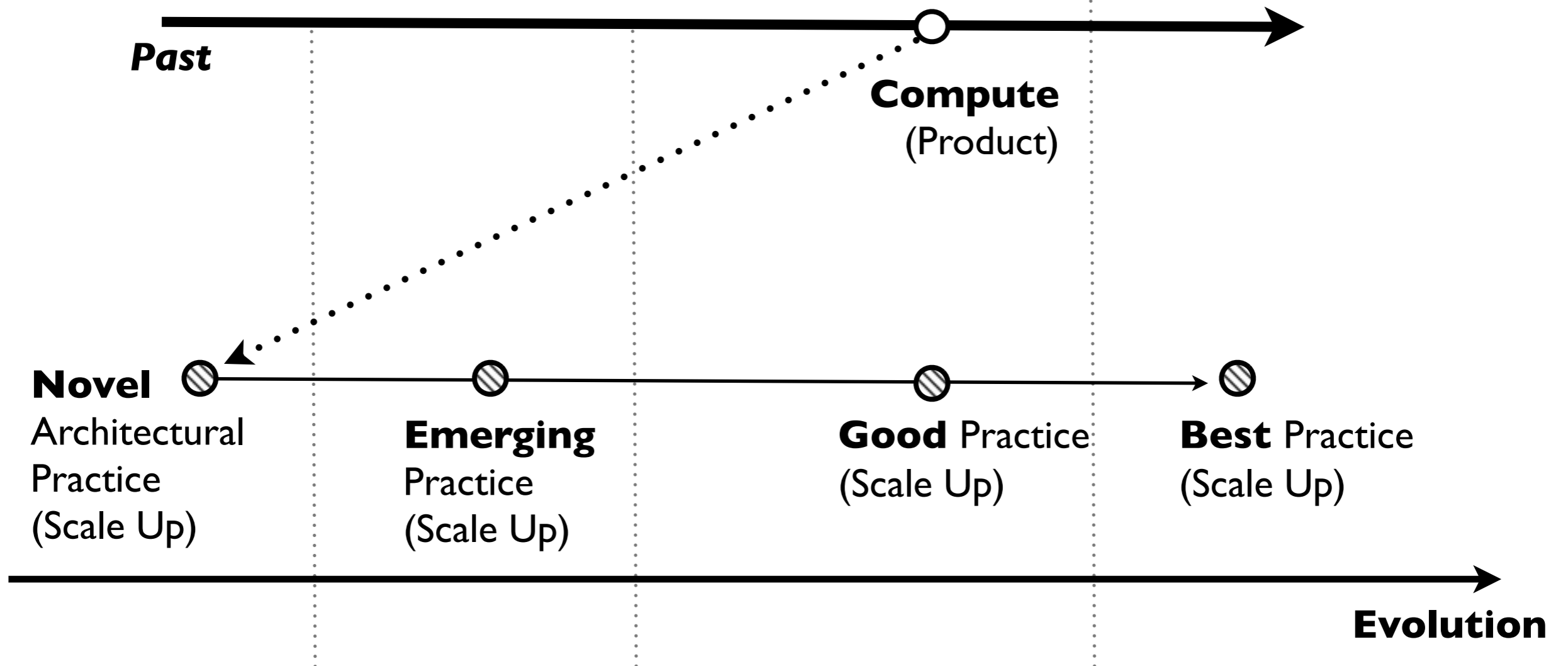
“Red Queen”

The need to constantly evolve in order to stand still relative to a surrounding ecosystem

Lesson 6

We have inertia

Computing Infrastructure

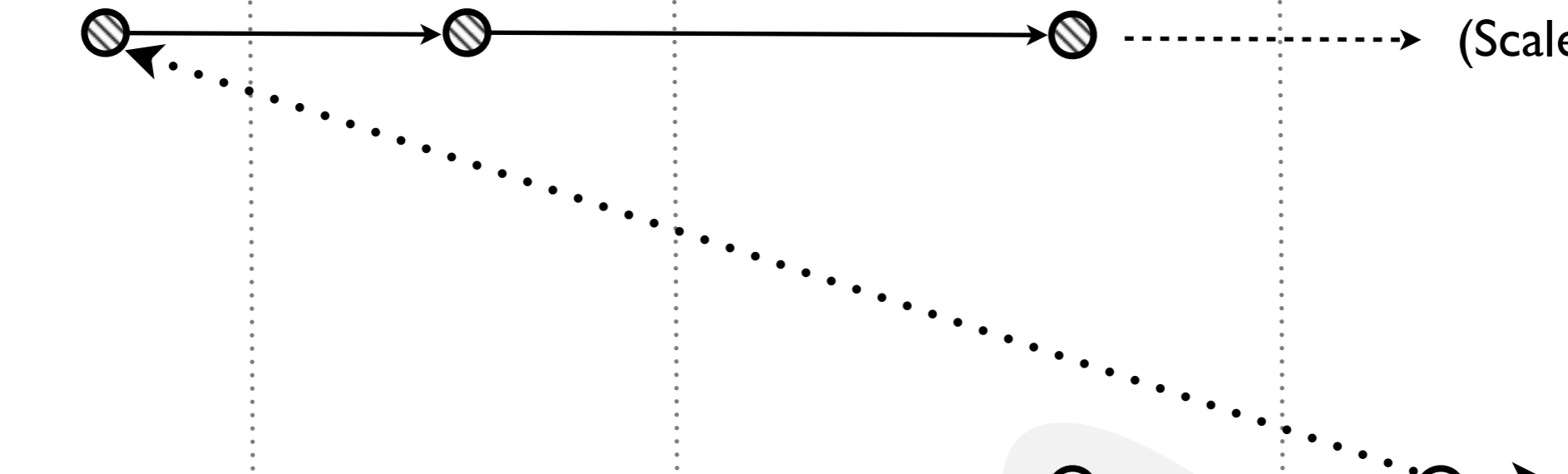


Novel Architectural
Practice
(Scale Out,
Distributed Systems)

Emerging
Practice
(Scale Out)

Good Practice
(Scale Out)

Future Best
Practice
(Scale Out)

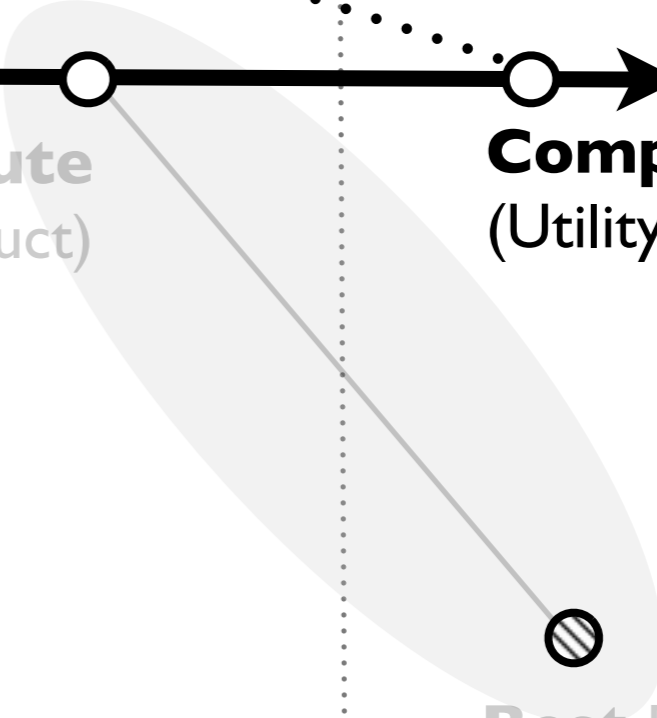


Past

Compute
(Product)

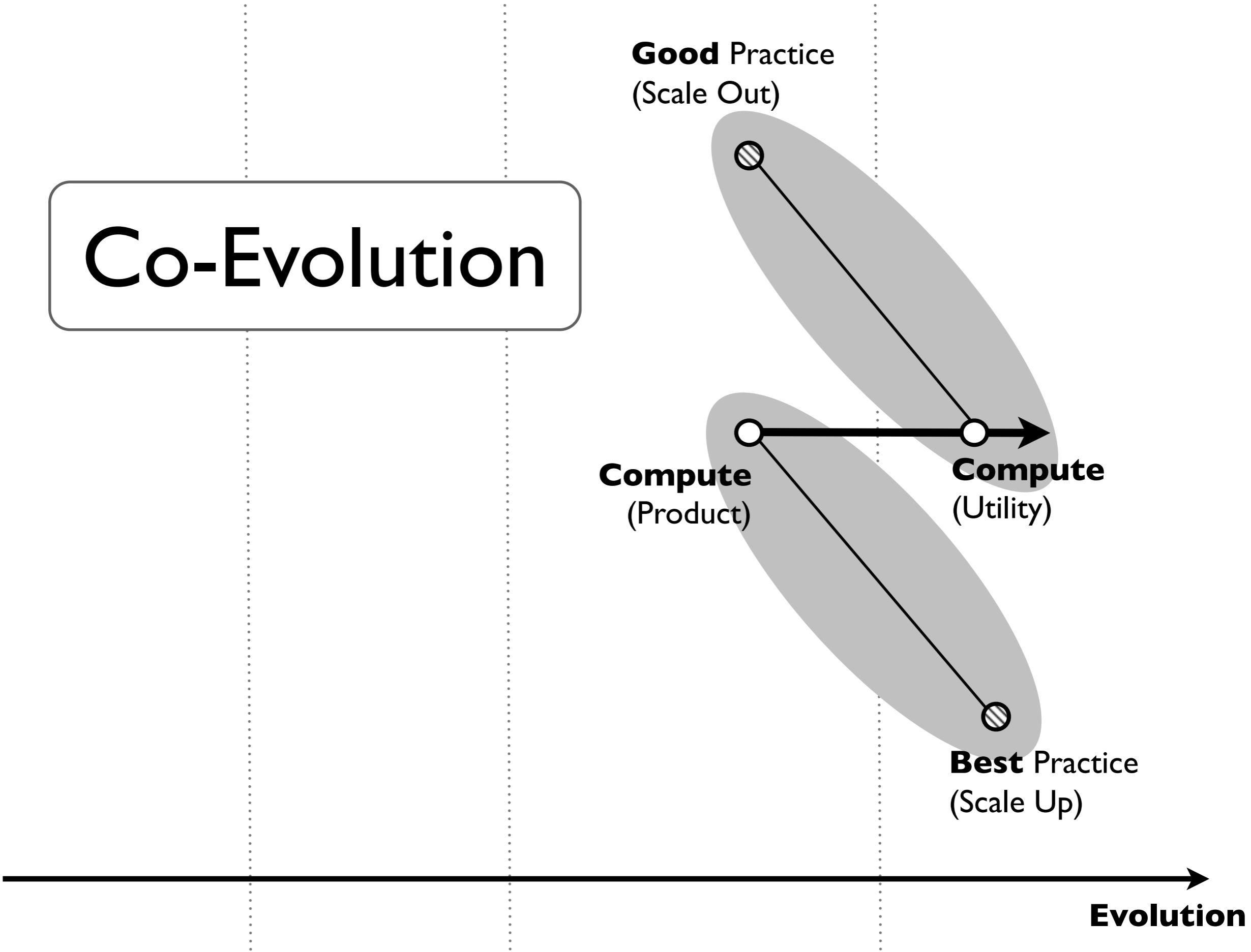
Compute
(Utility)

Best Practice
(Scale Up)



Evolution

Co-Evolution



But we want the benefits ...

Good Practice
(Scale Out)

New Estate
"DevOps"

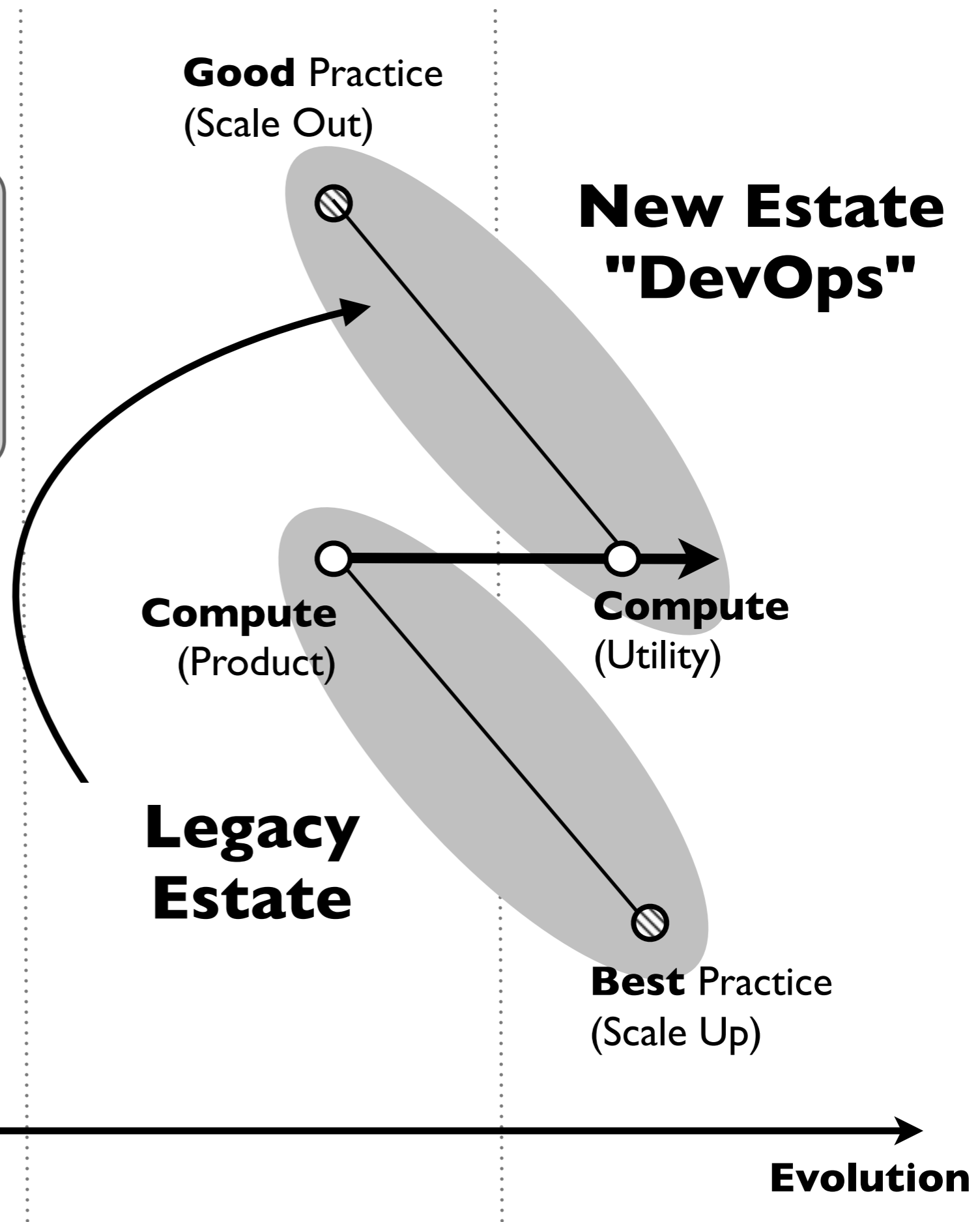
Compute
(Product)

Compute
(Utility)

Legacy Estate

Best Practice
(Scale Up)

Evolution



But we don't want to re-architect ...

Cost

Good Practice
(Scale Out)

New Estate
"DevOps"

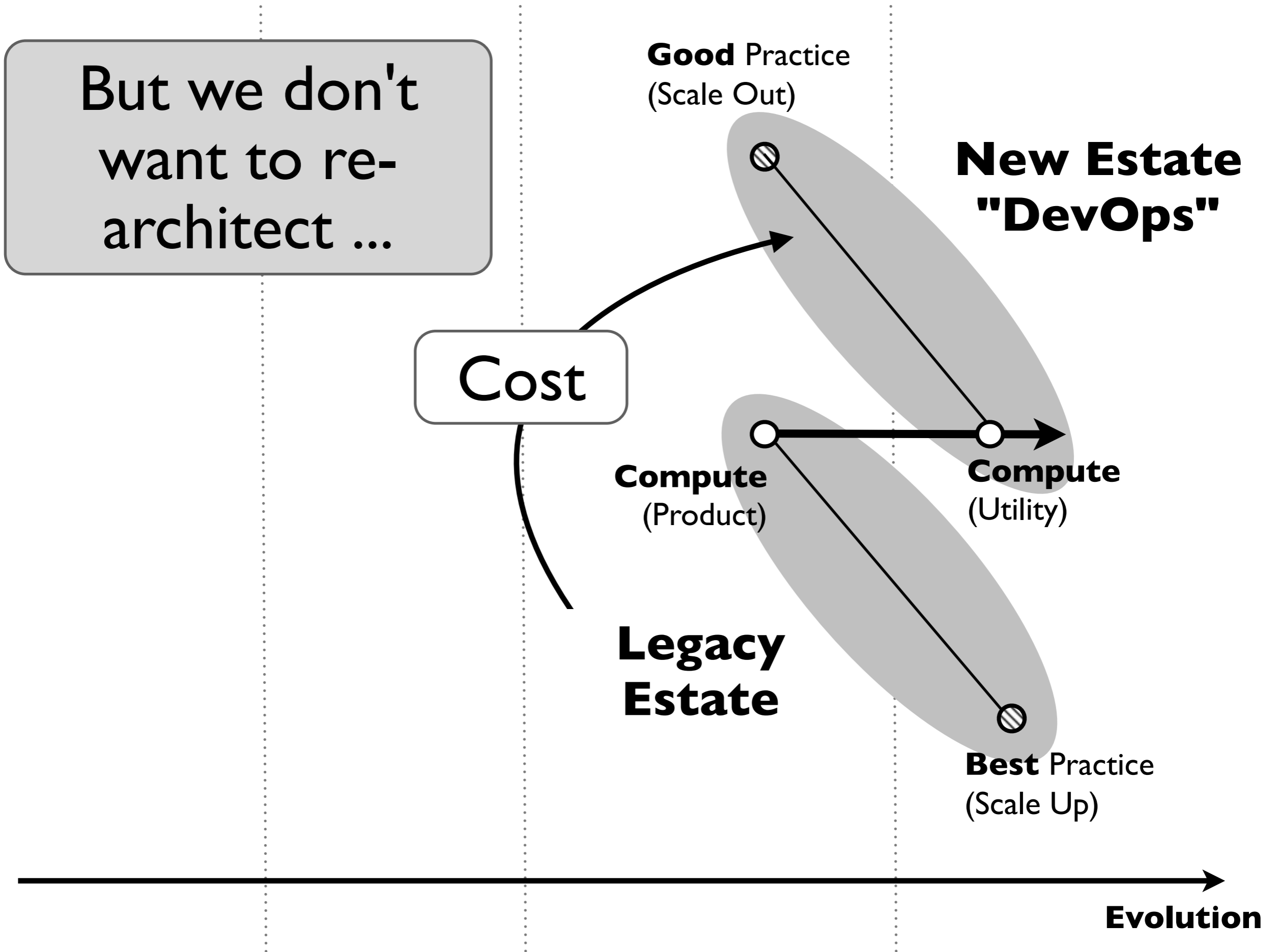
Compute
(Product)

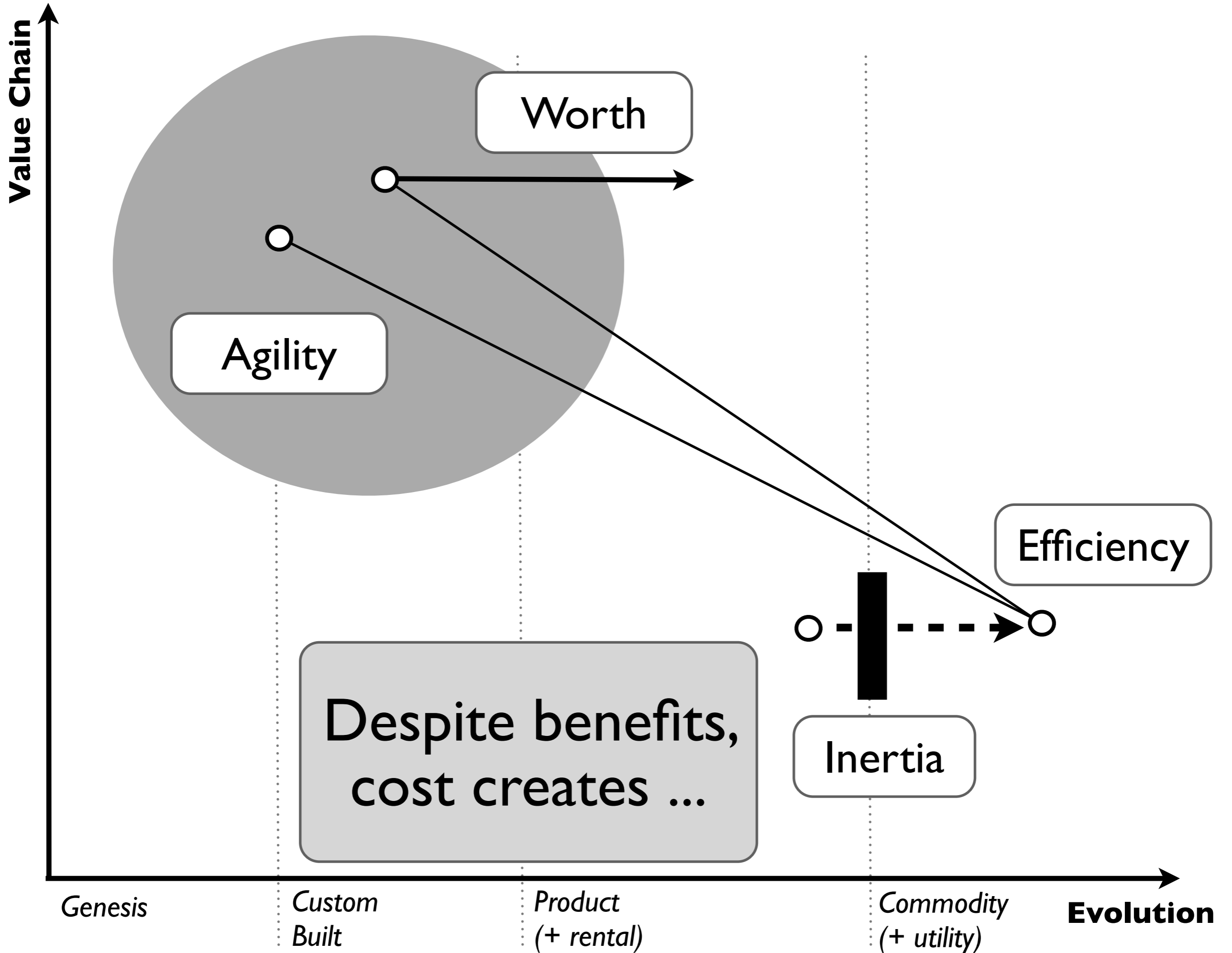
Compute
(Utility)

Legacy Estate

Best Practice
(Scale Up)

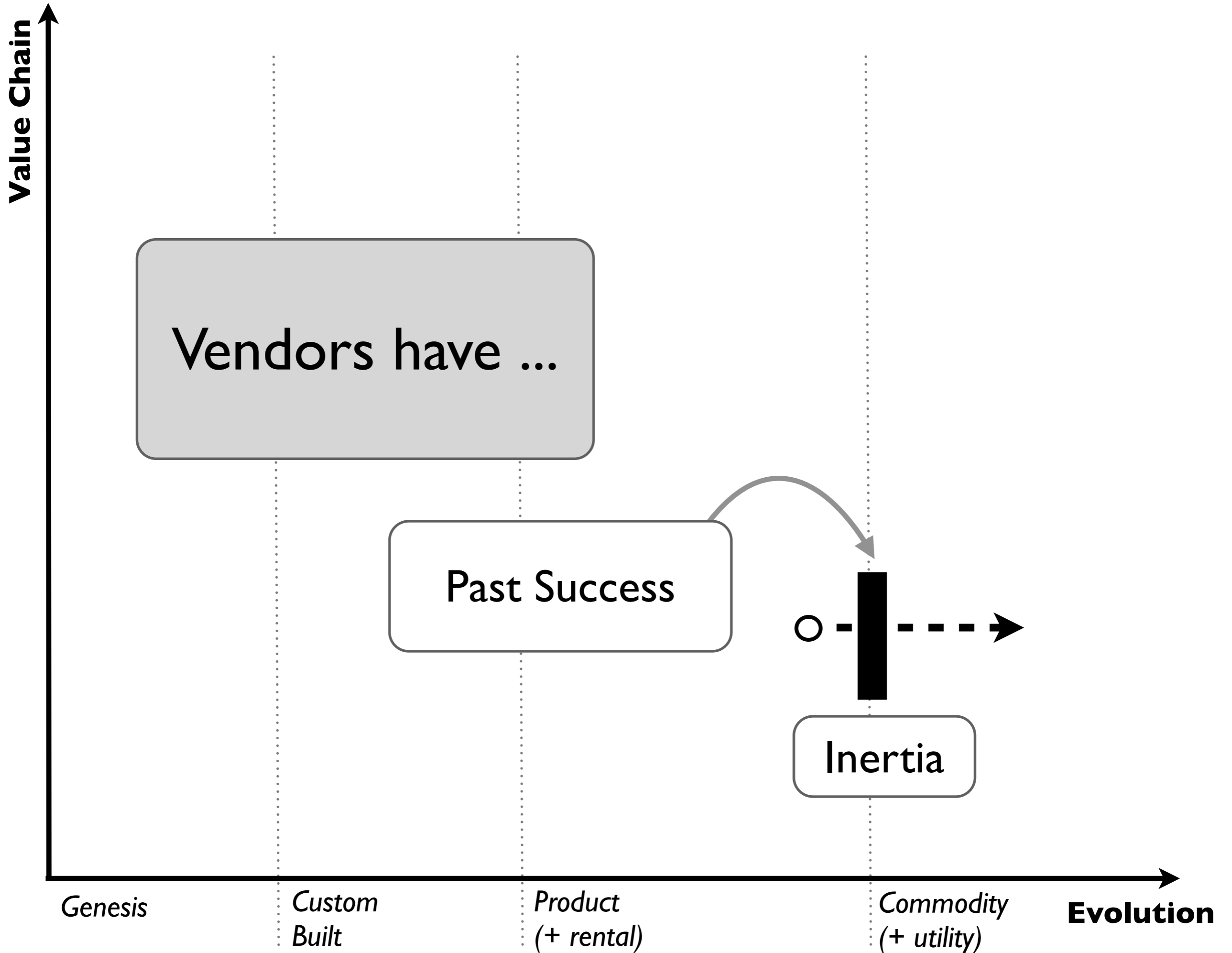
Evolution





Lesson 7

Inertia Kills



Million

\$2,000

\$1,500

\$1,000

\$500

\$0

2007

2008

2009

2010

2011

2012

2013

2014

2015

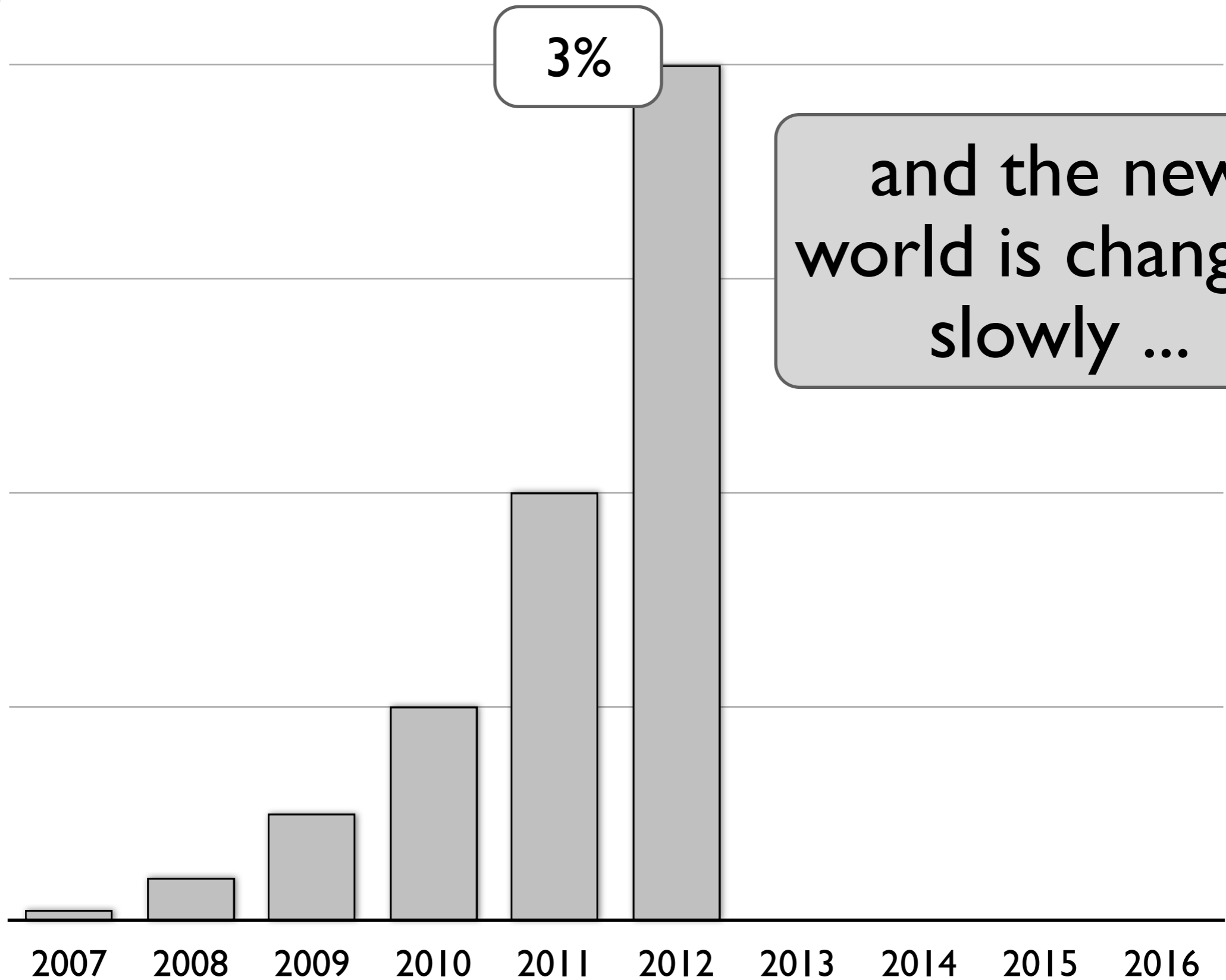
2016

3%

and the new world is changing slowly ...



Analyst Estimates for EC2 Revenue



Million

\$30,000

\$22,500

\$15,000

\$7,500

\$0

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

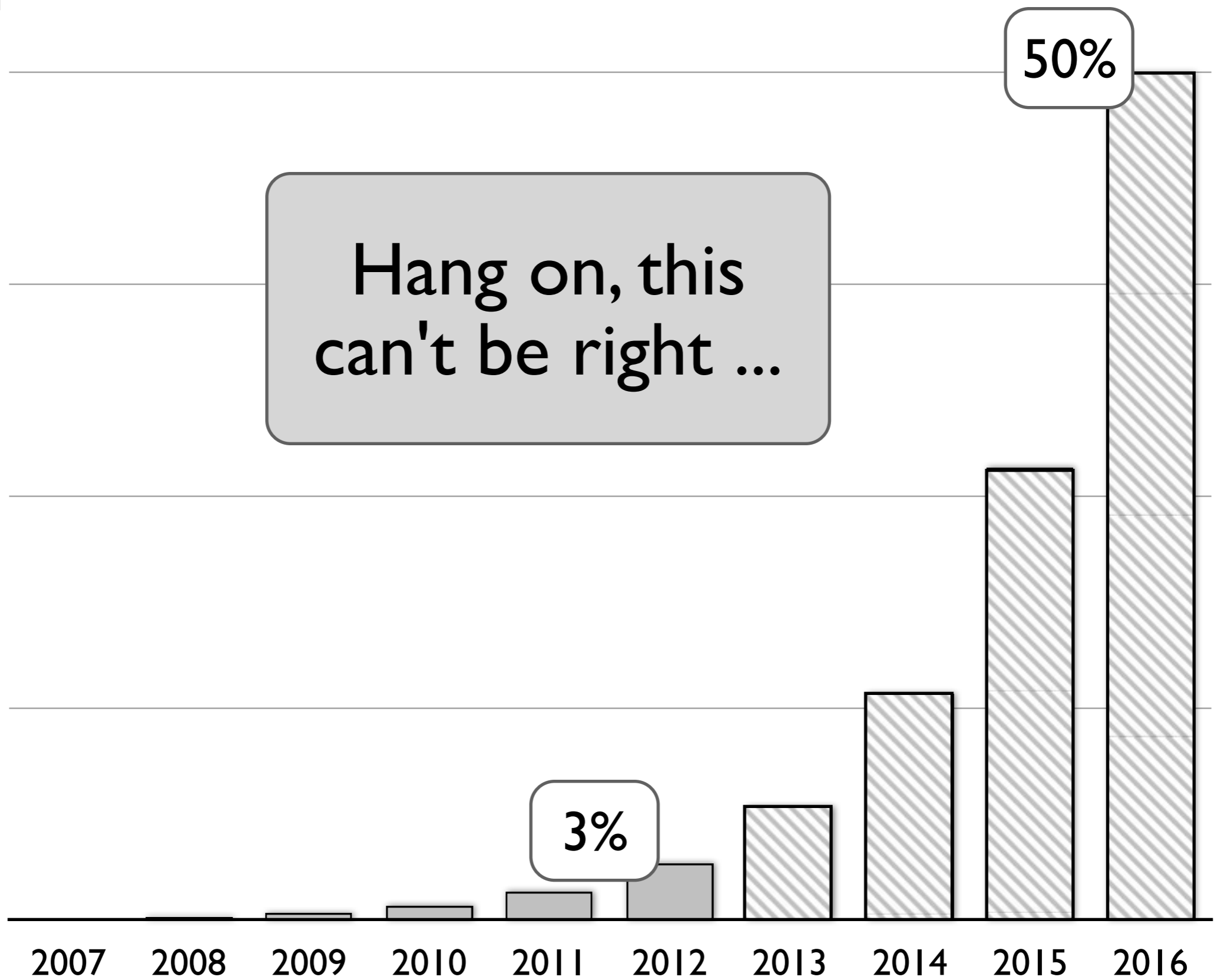
Hang on, this
can't be right ...

3%

50%

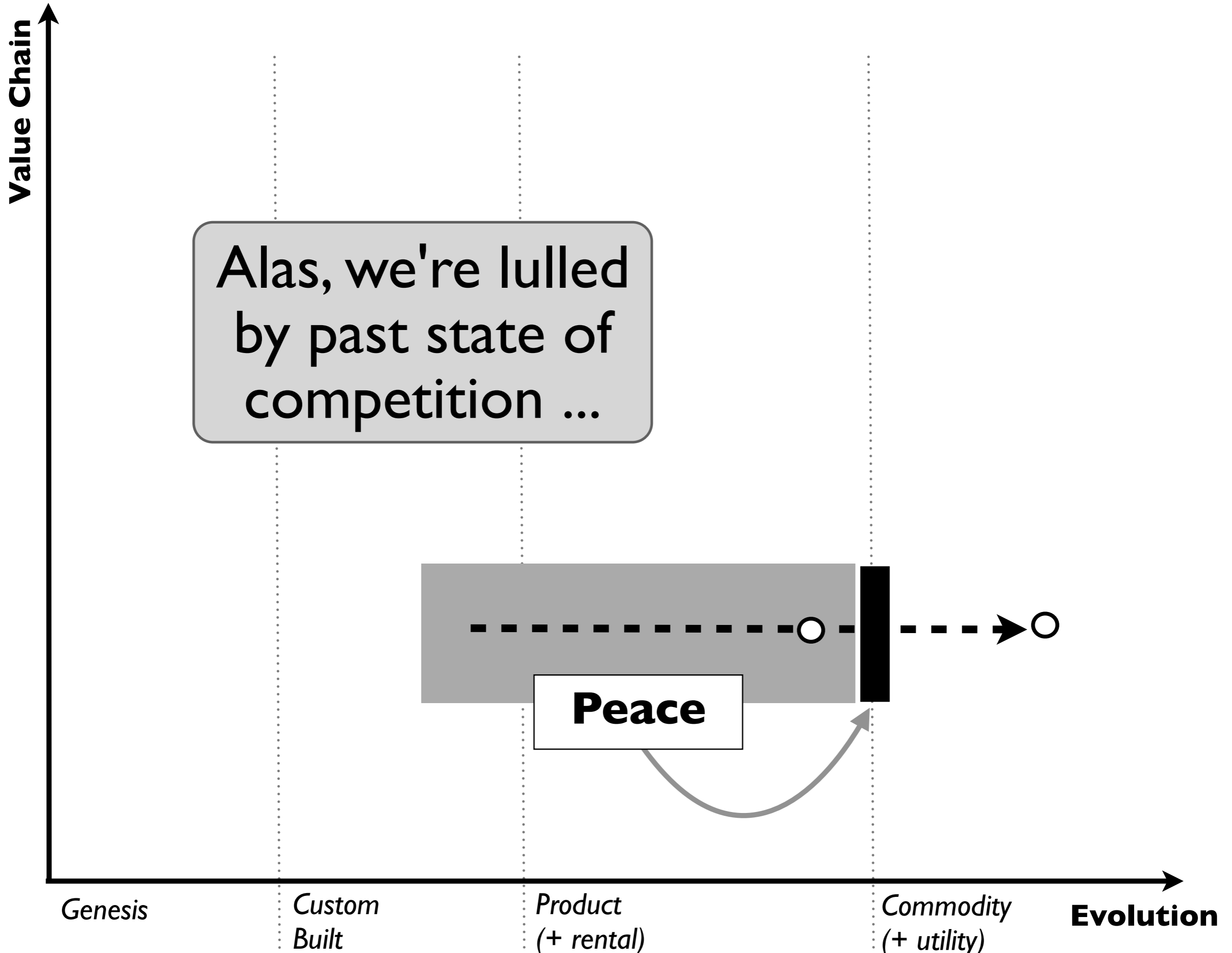


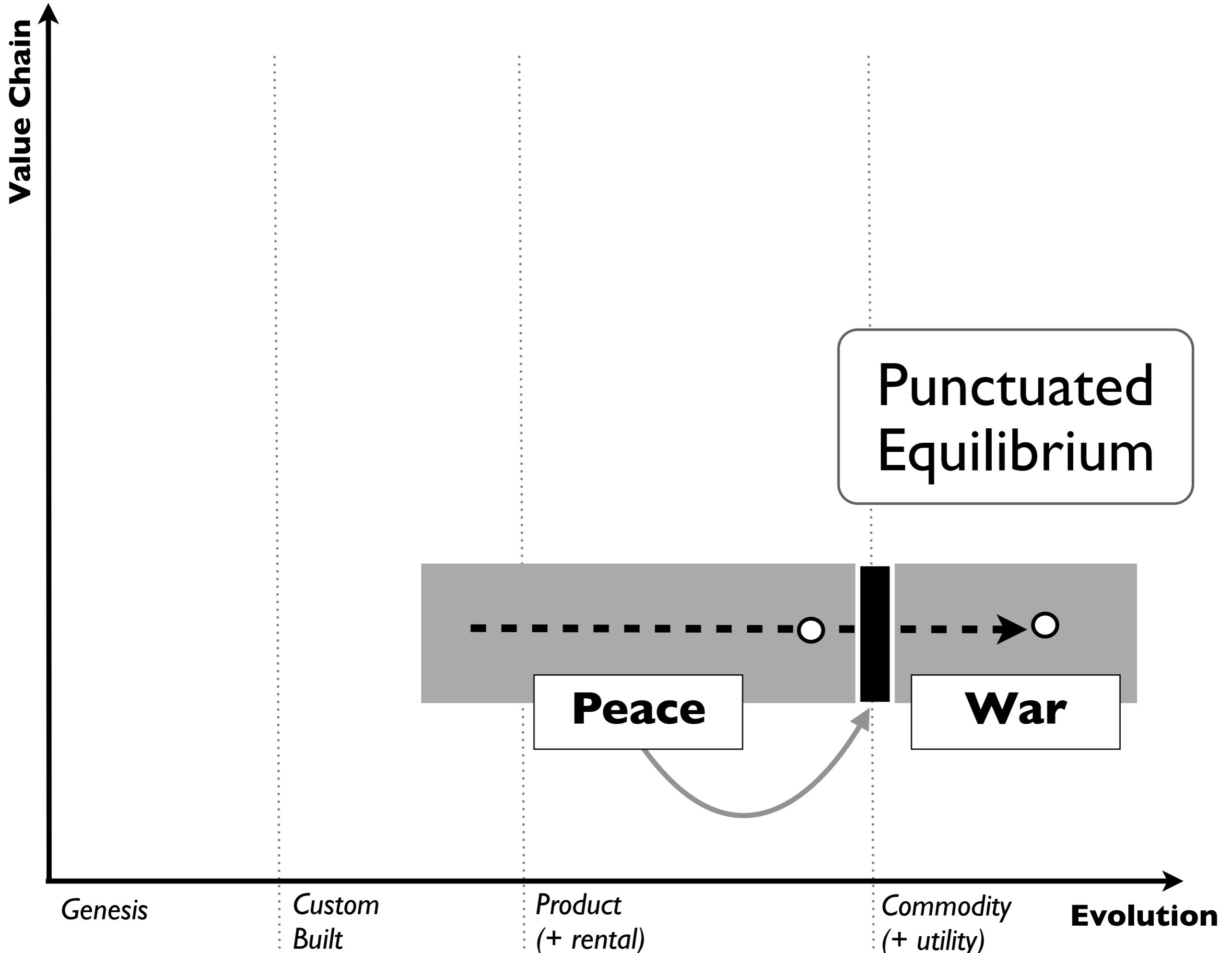
Analyst Estimates for EC2 Revenue





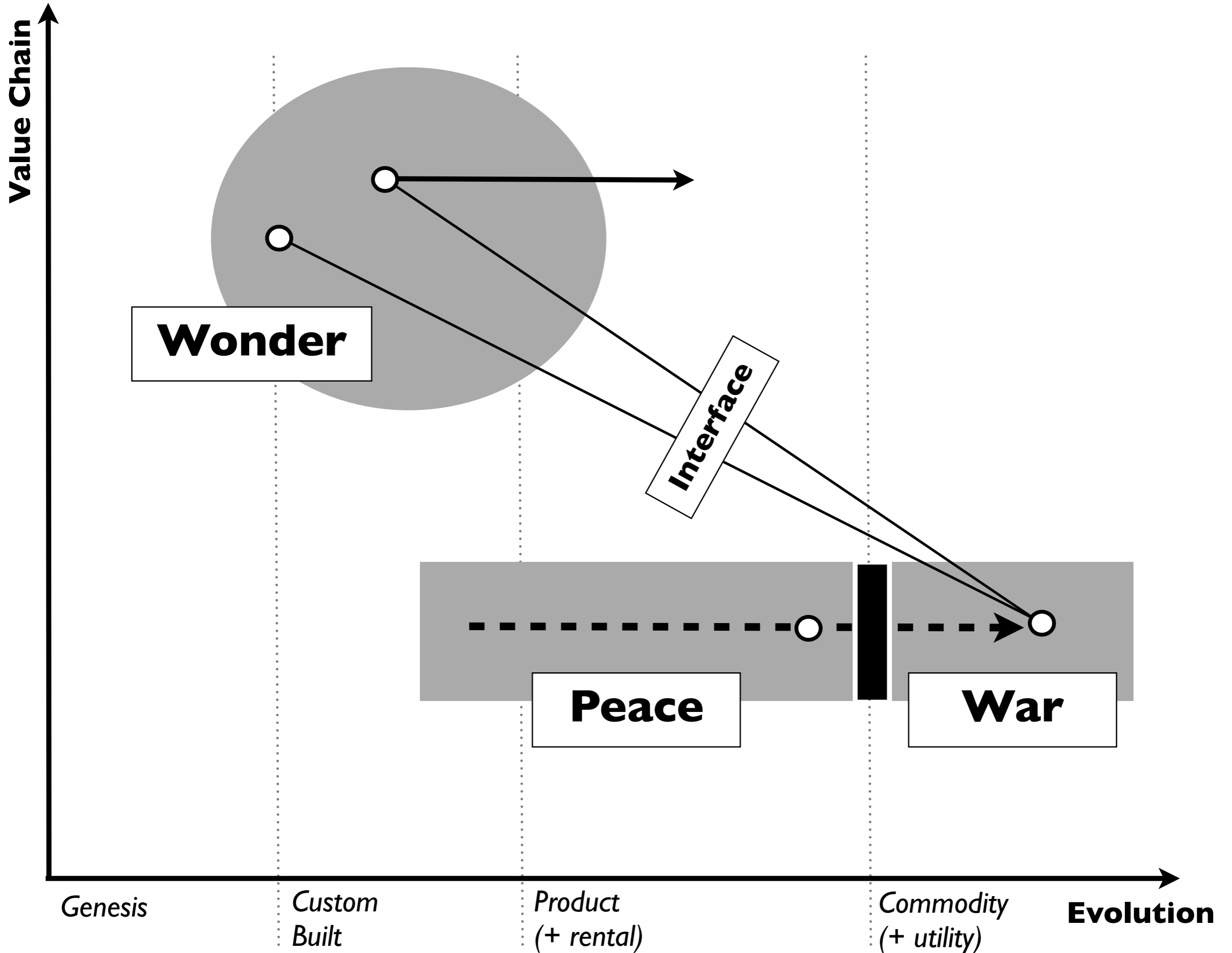
**IT
change is
slower!**



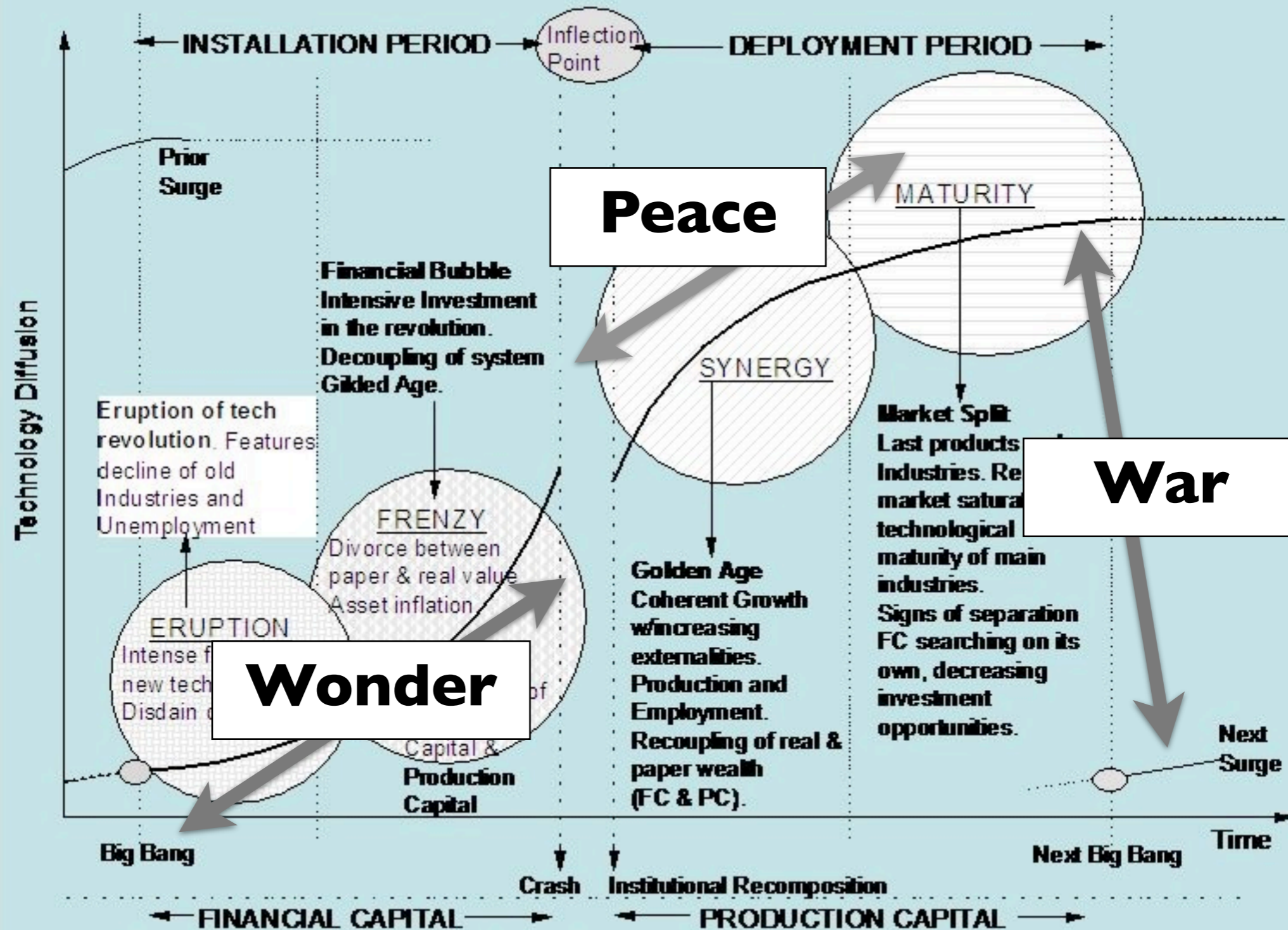


Lesson 8

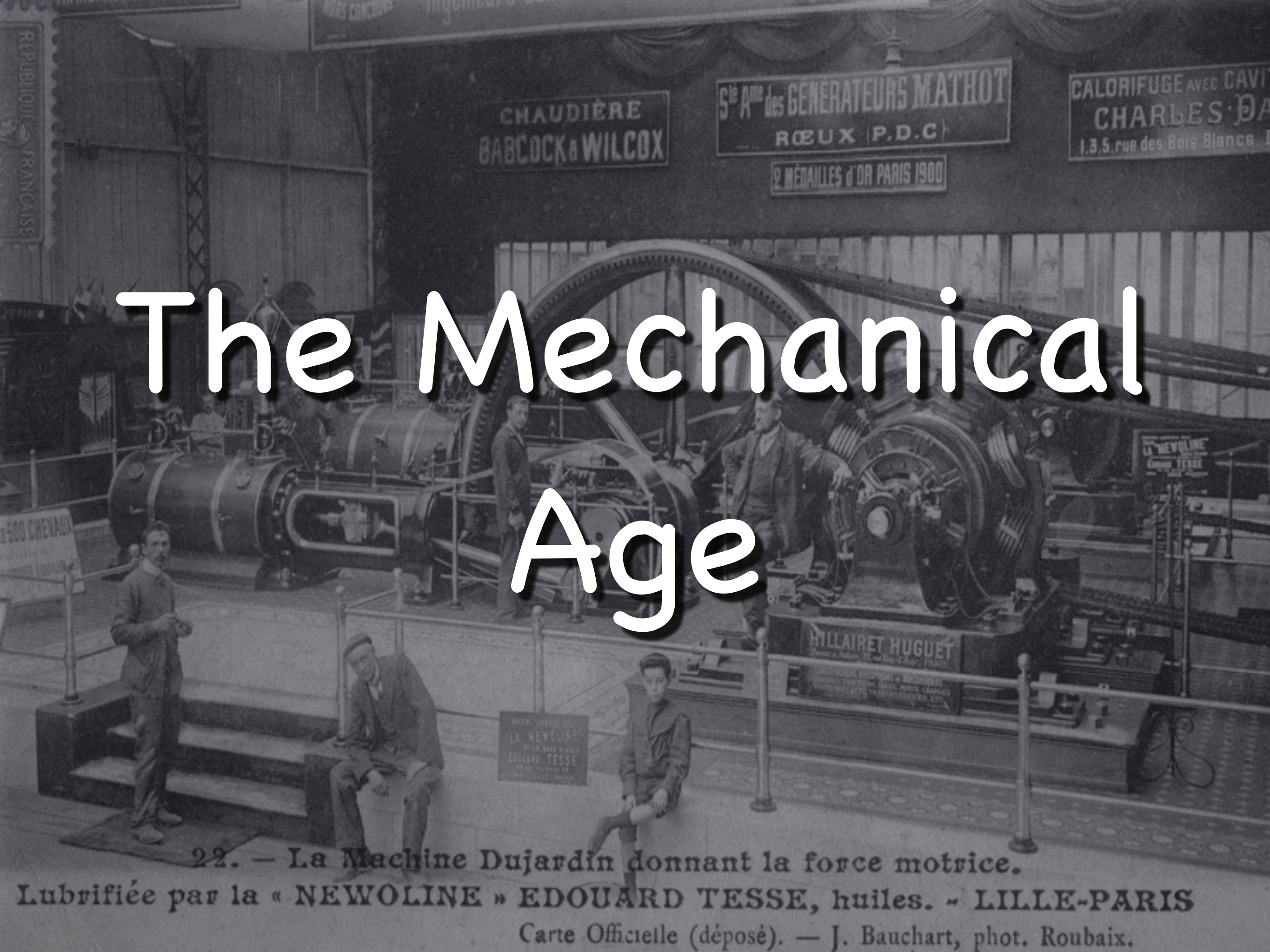
Cycles



Long Waves or K-Waves



* Carlota Perez, Technological Revolutions and Financial Capital
Page 74. Edward Elger Publishing, 2002



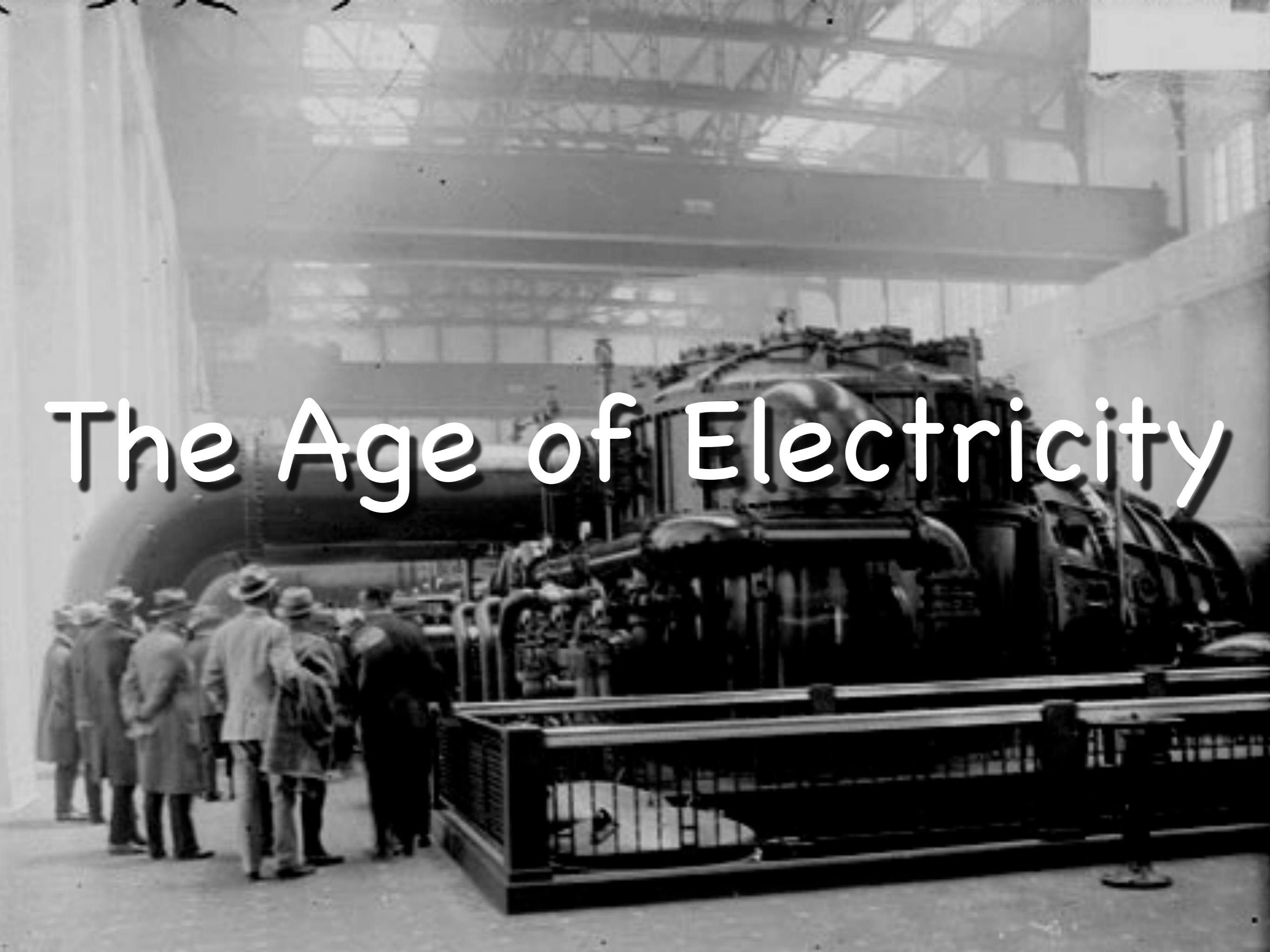
The Mechanical Age

22. — La Machine Dujardin donnant la force motrice.

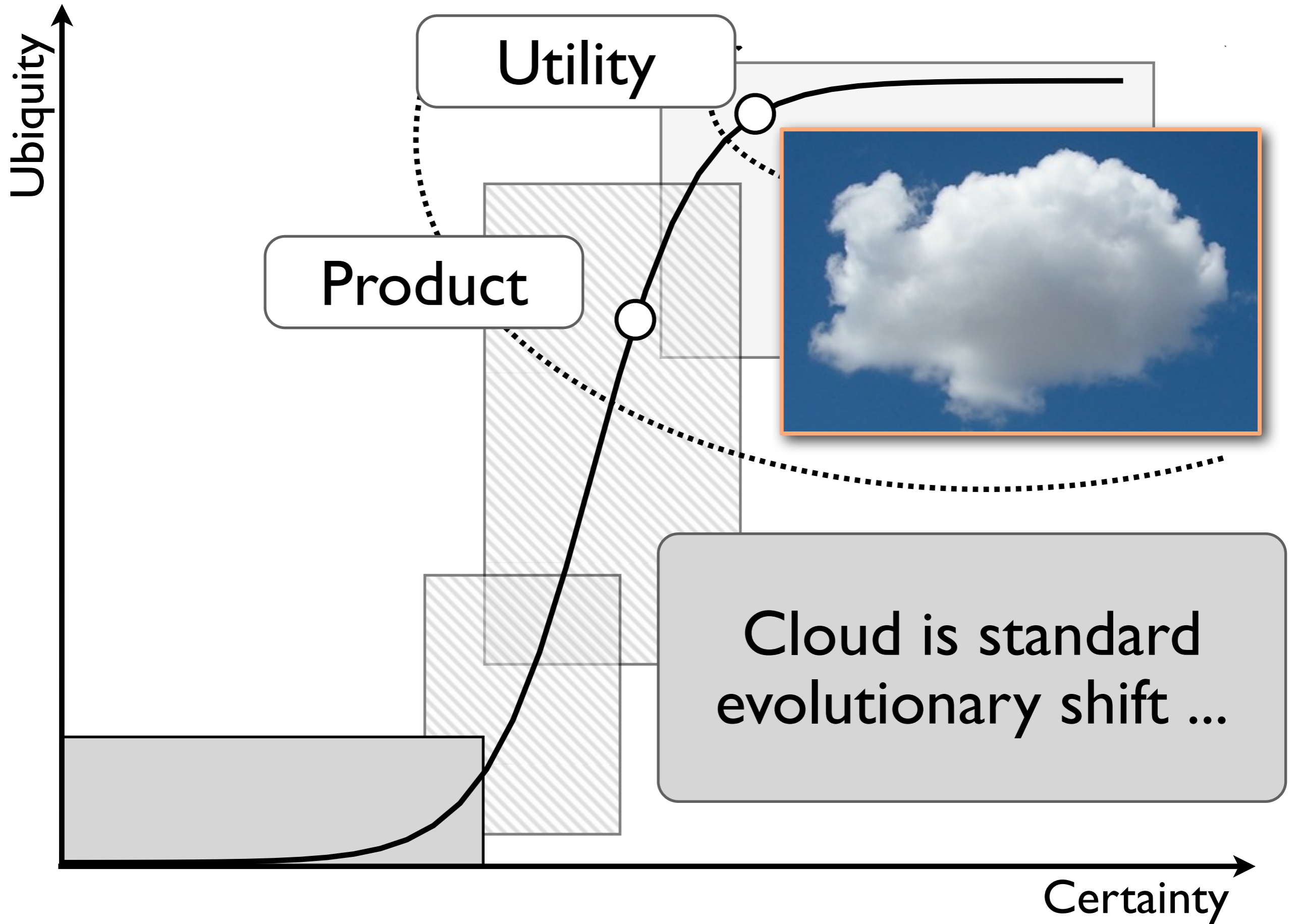
Lubrifiée par la « NEWOLINE » EDOUARD TESSE, huiles. — LILLE-PARIS

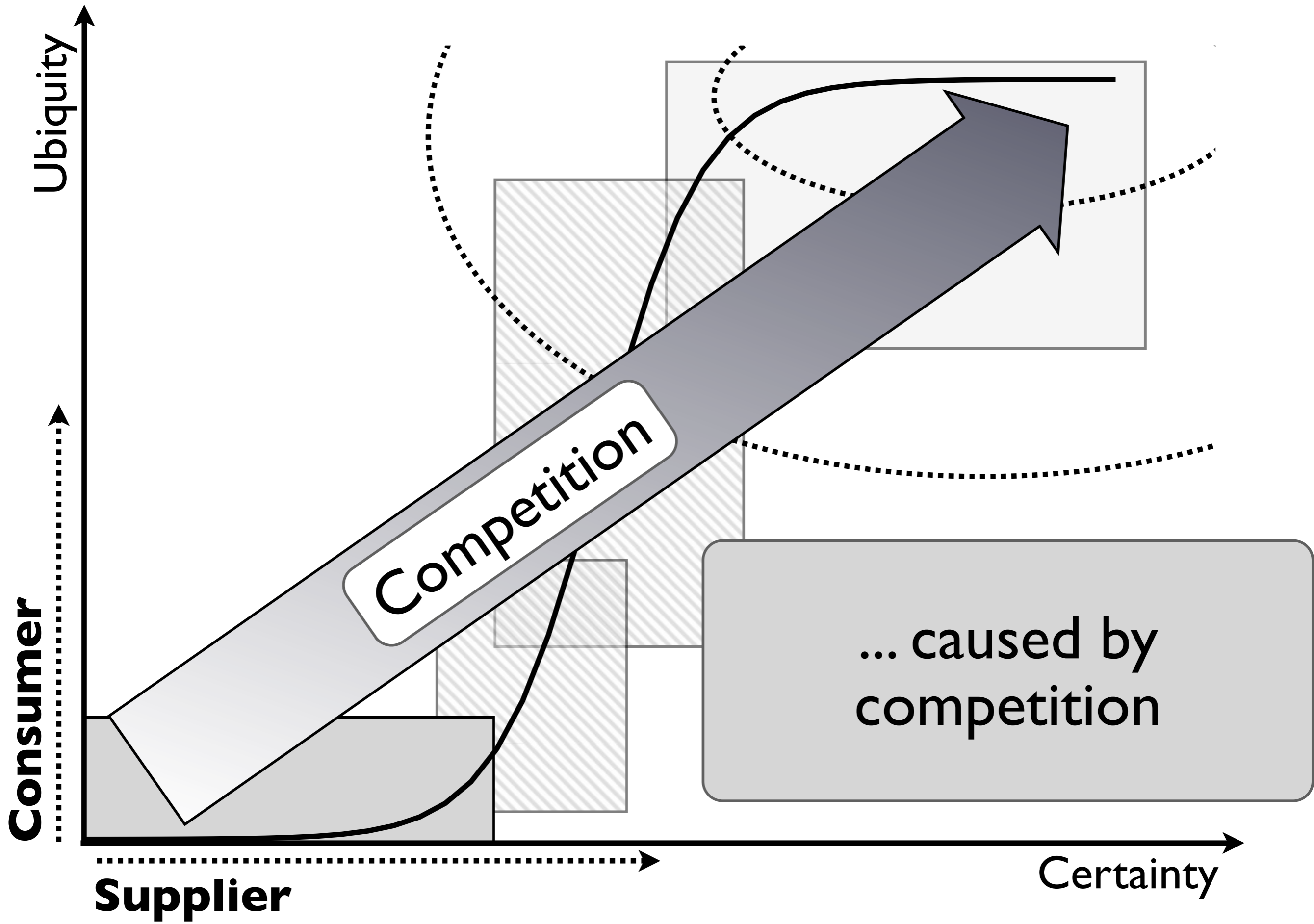
Carte Officielle (déposé). — J. Bauchart, phot. Roubaix.

The Age of Electricity



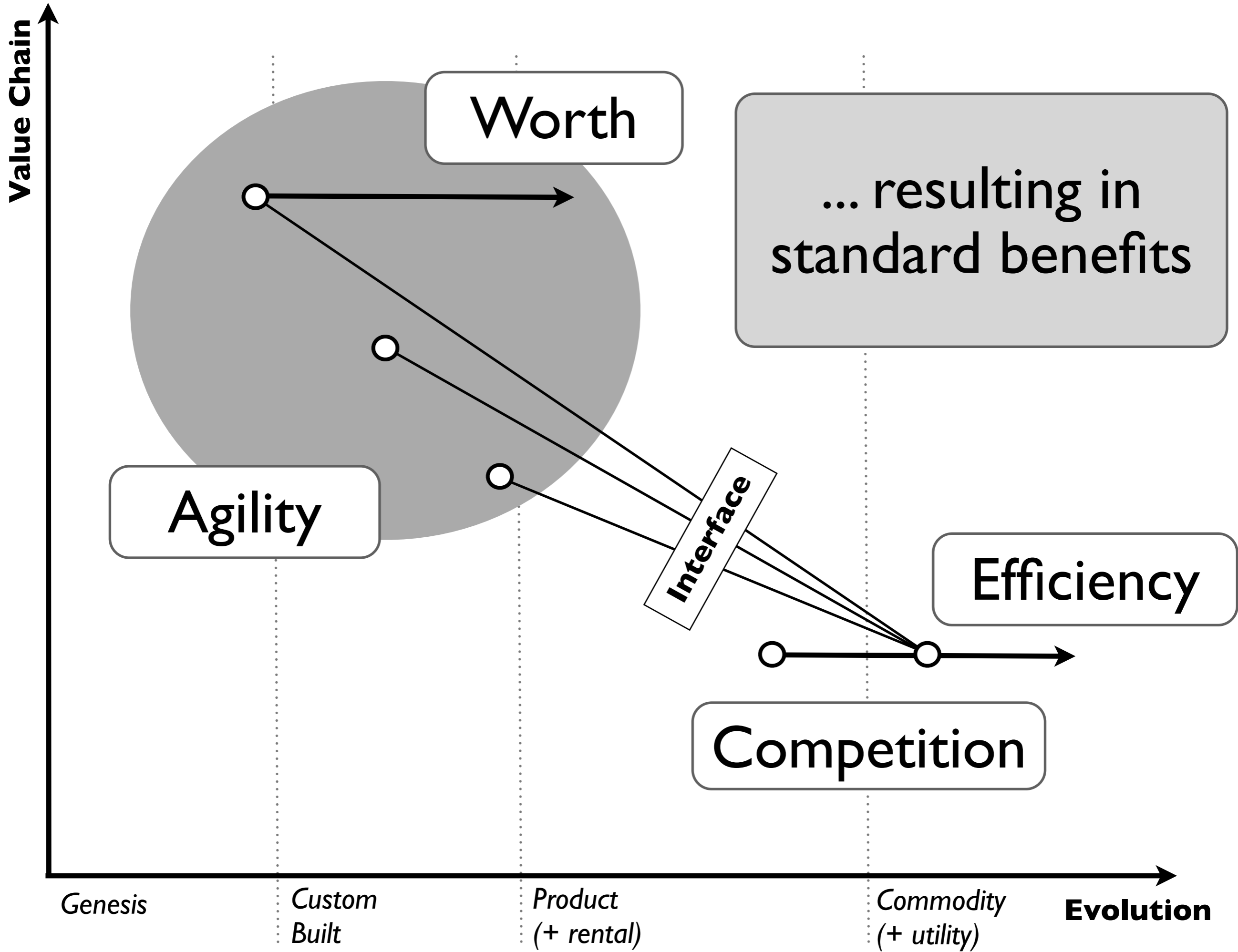


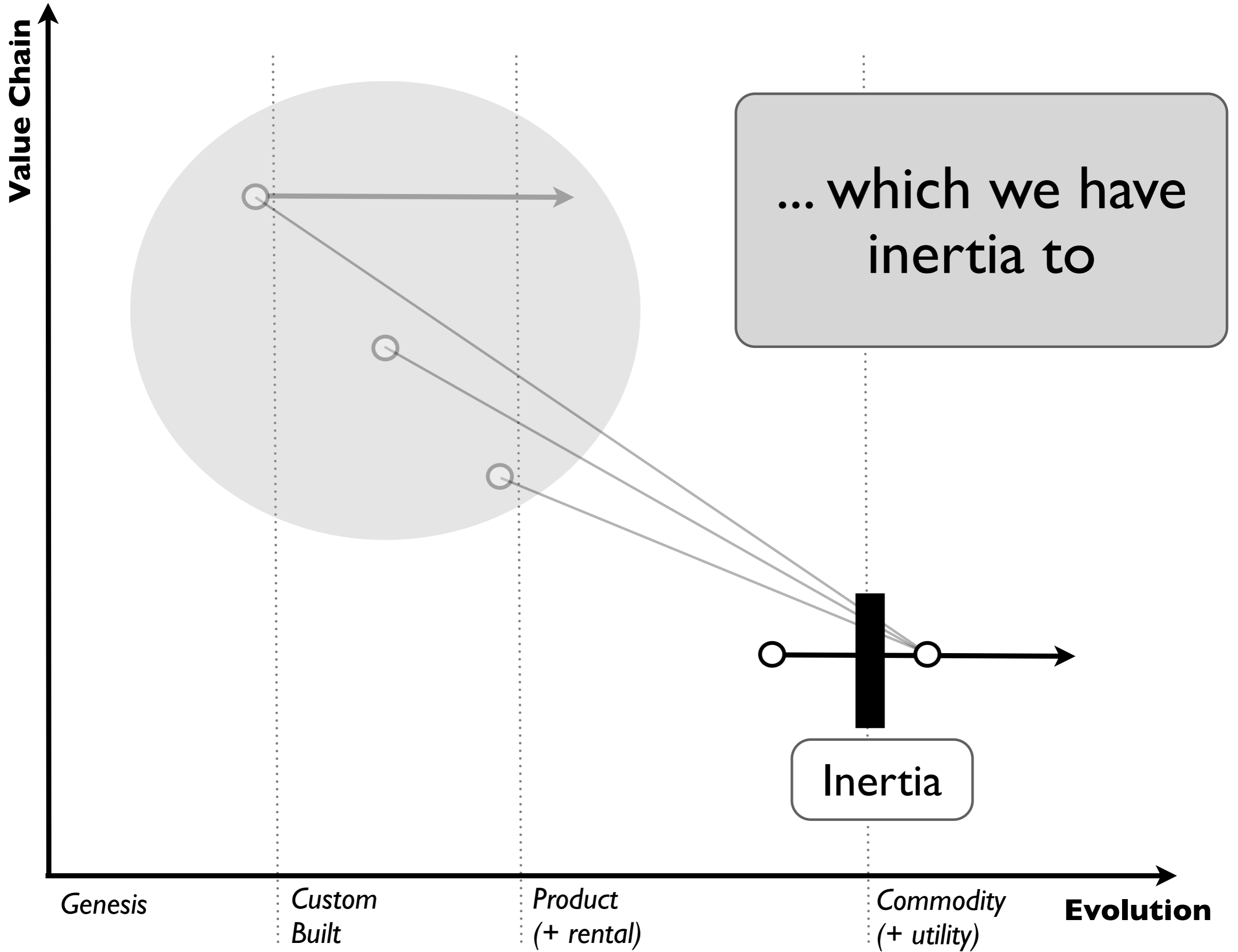


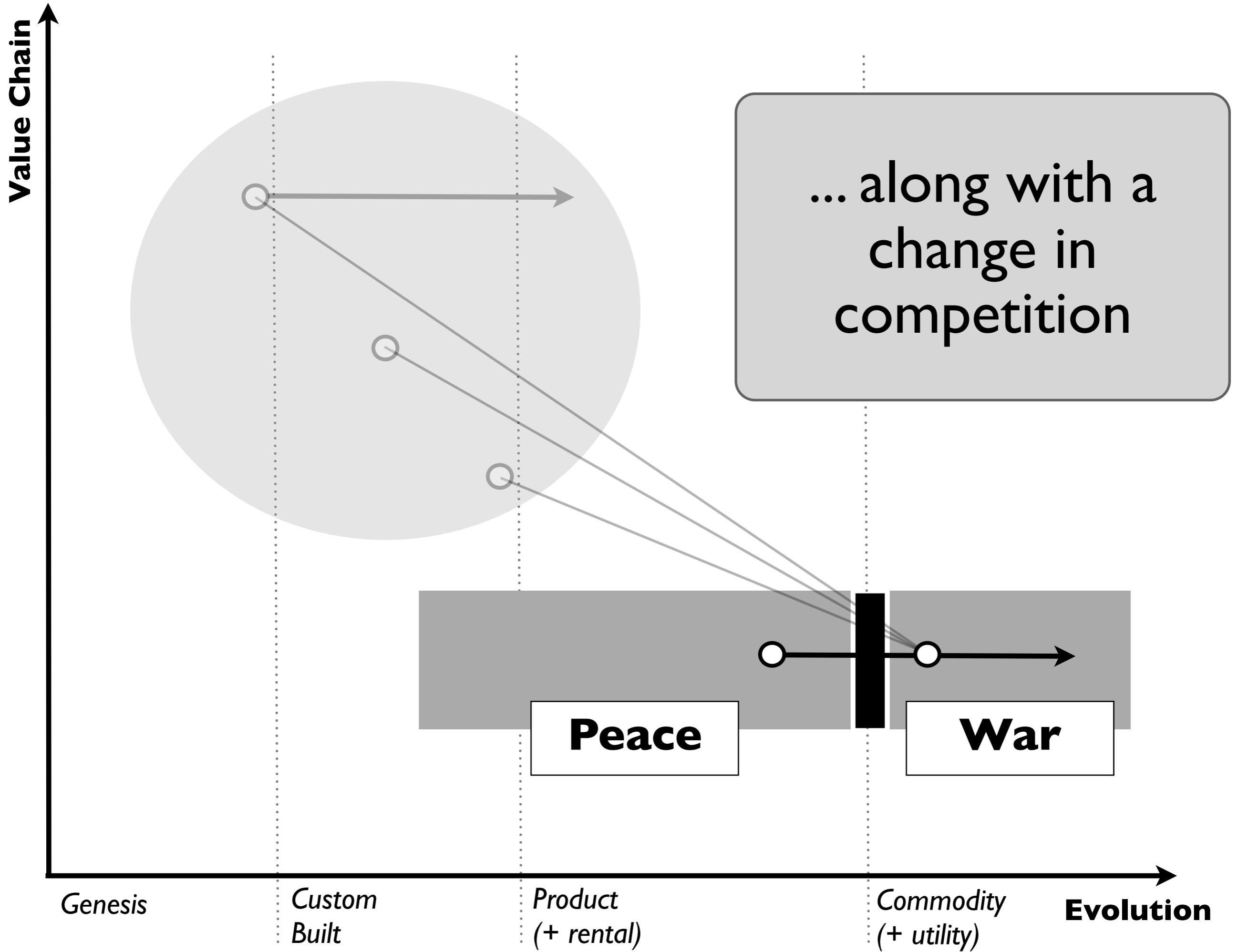


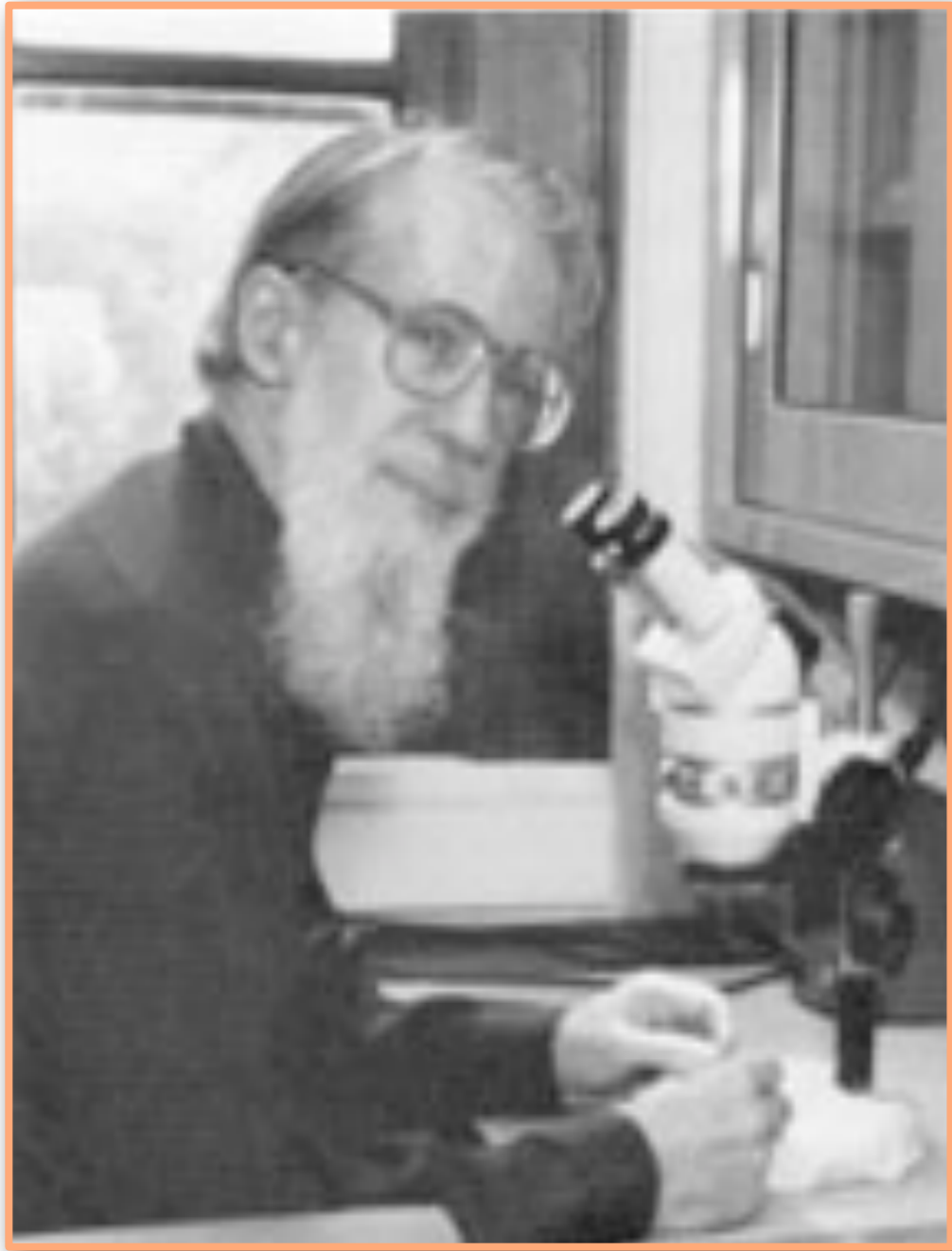
Competition

... caused by competition









Prof. Van Valen

“Red Queen”

The need to constantly evolve in order to stand still relative to a surrounding ecosystem

... that kills

Situation Normal, Everything Must Change

... bought the T-
Shirt



**New organisations
form because ...**

Co-Evolution

Good Practice
(Scale Out)

New Estate
"DevOps"

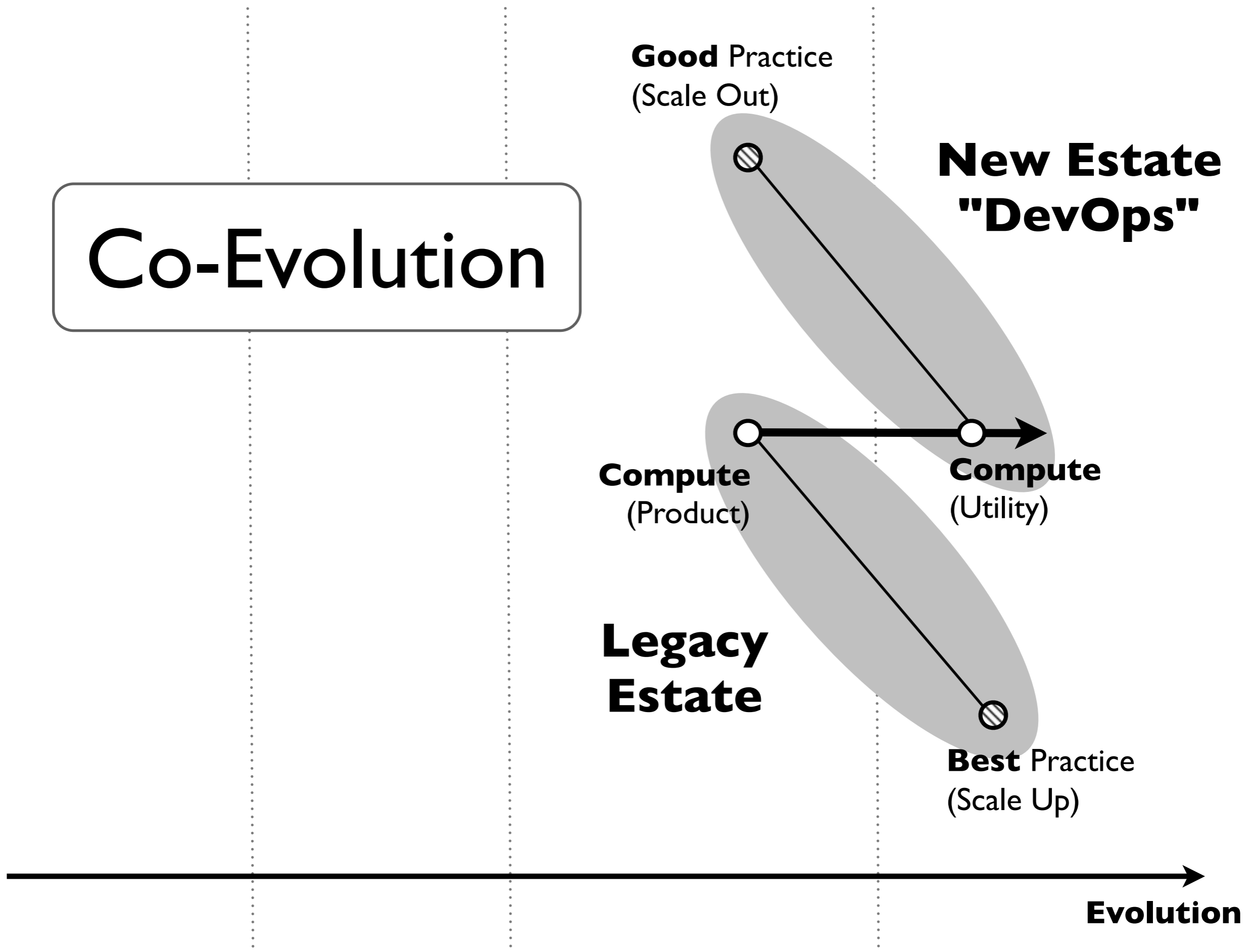
Compute
(Product)

Compute
(Utility)

Legacy Estate

Best Practice
(Scale Up)

Evolution



View on Open Source

60%

Three forms of organisation in the wild ...

30%

20%

10%

0%

Nothing

Cost

Rely

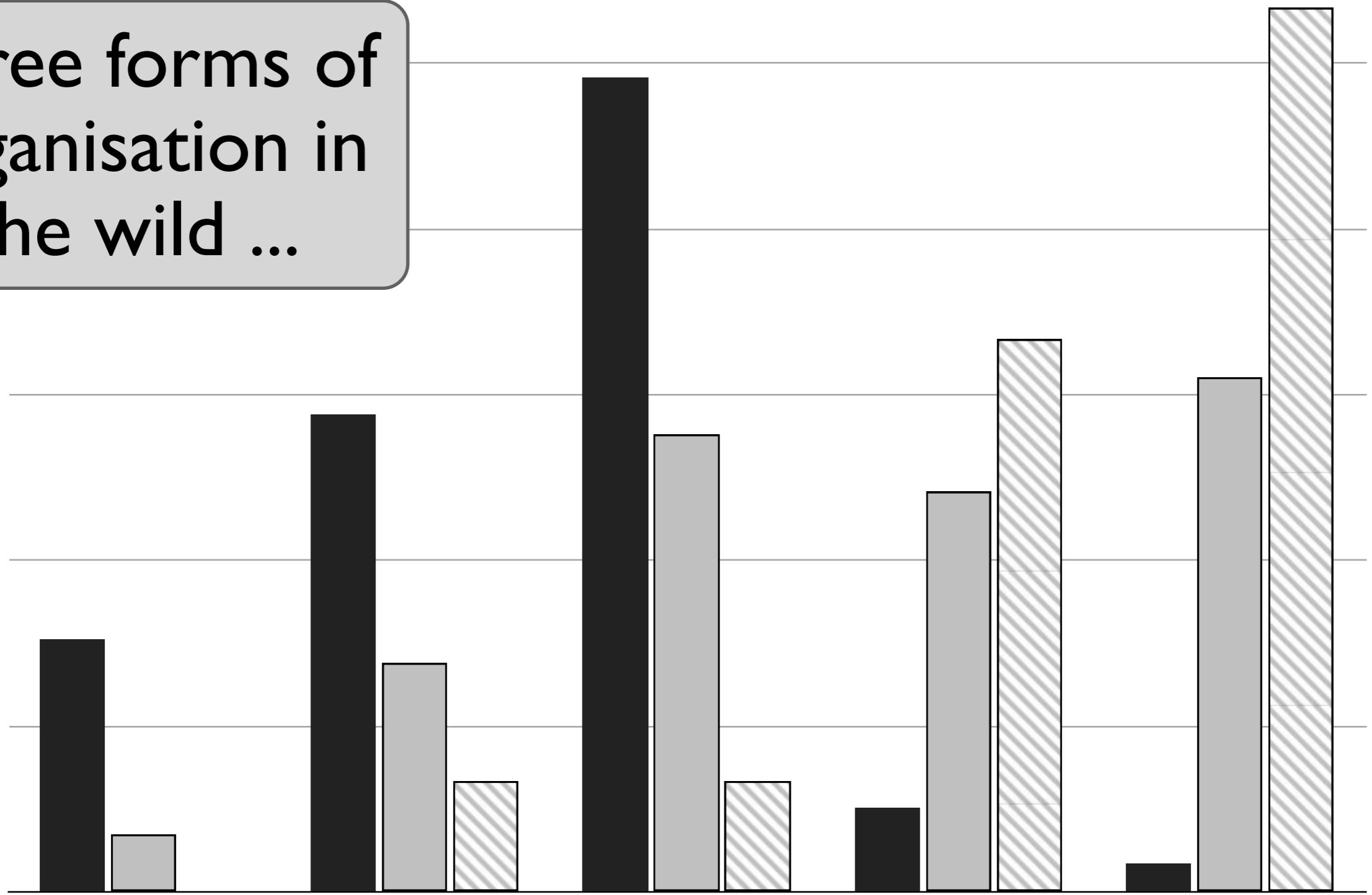
Engaged

Weapon

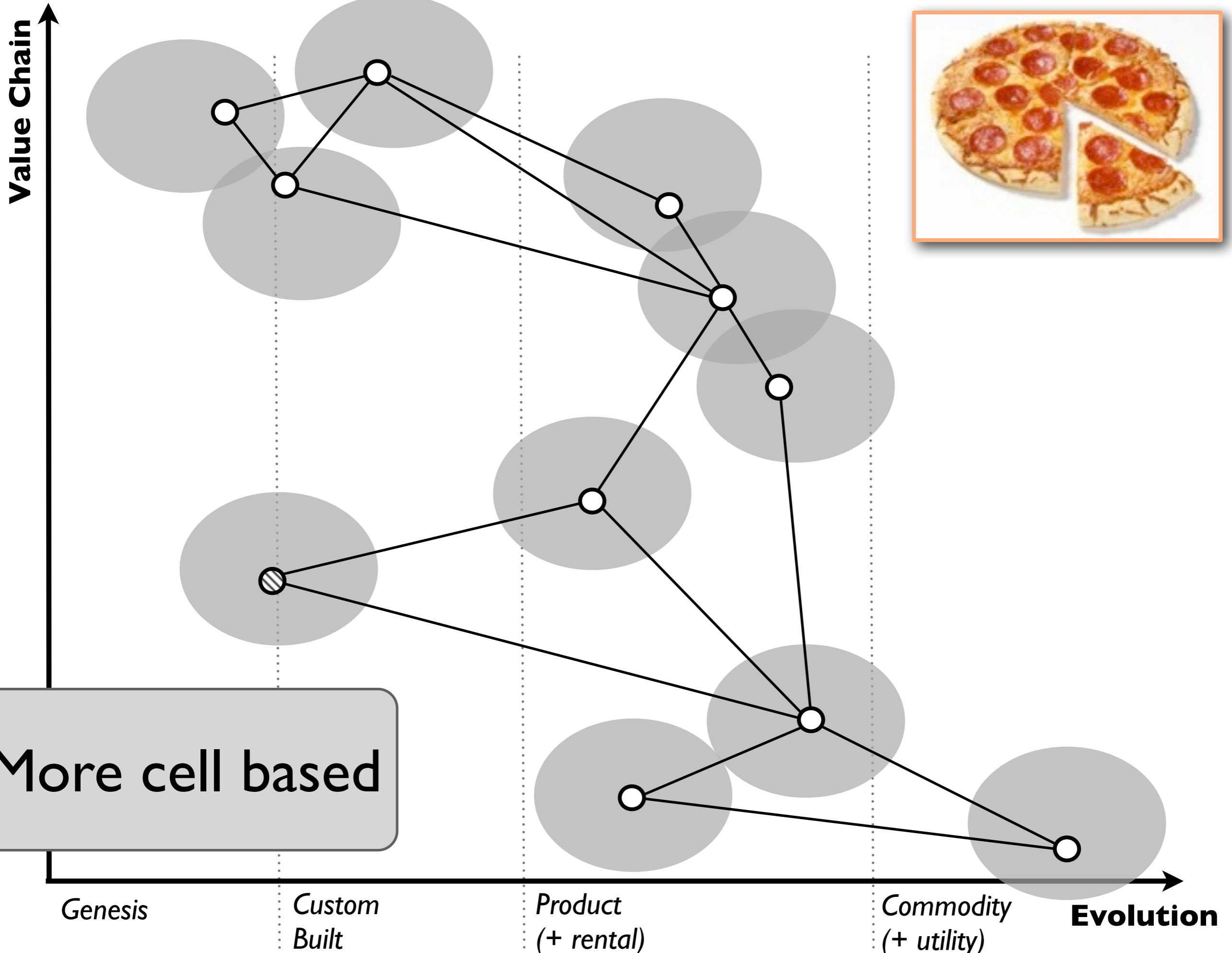
 **Traditional**

 **Web 2.0**

 **Next Generation**



Type		Traditional	Next Generation
Structure	Organisation	Departmental	Service / Cell
Culture		Inertia	Fluid / Gameable
Corporate Focus		Profit	Disruption
Open source	Strategy / Tactical	Cost Reduction	Weapon
Learning		Analysts	Ecosystem
"Big" Data		Used	Driven By
Resilience		N+1	Design For Failure
Failure Testing	Practice	Disaster Recovery	Chaos Engines
Capacity		Scale Up	Scale-out
Technique		Single	Mixed
Deployment		Change Control	Continuous
Infrastructure	Activity	Enterprise Class	Commodity



Value Chain



More cell based

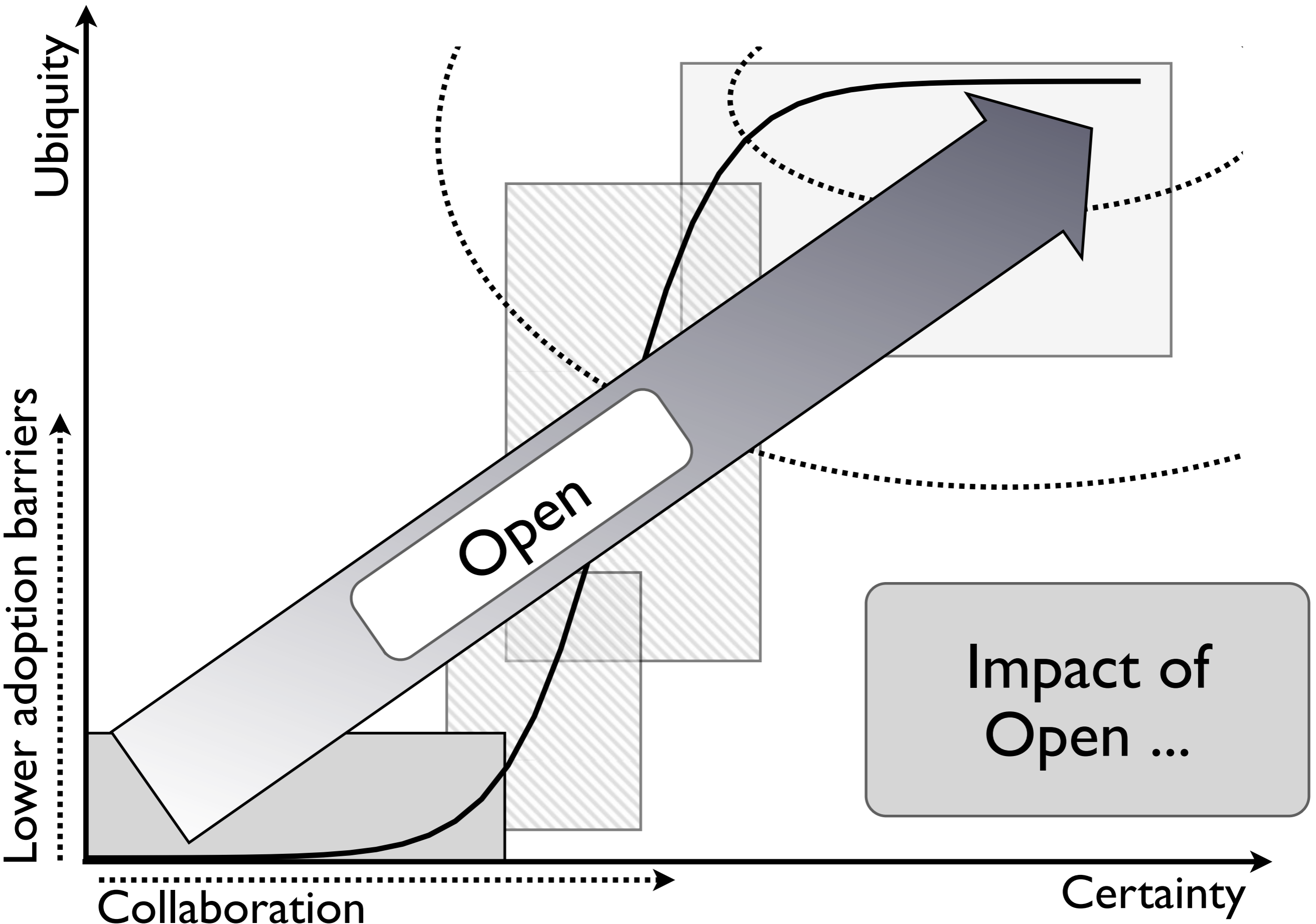
Genesis

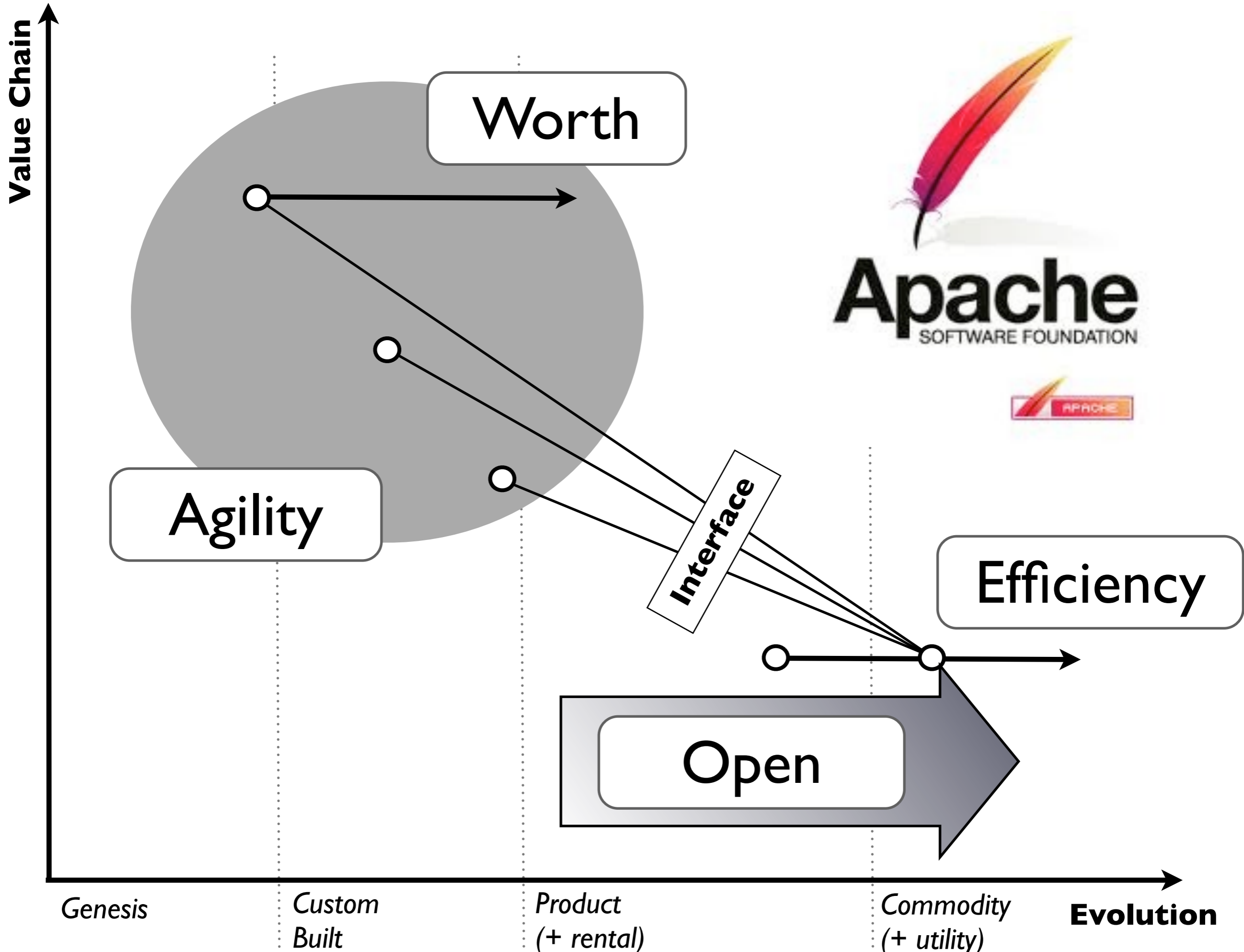
*Custom
Built*

*Product
(+ rental)*

*Commodity
(+ utility)*

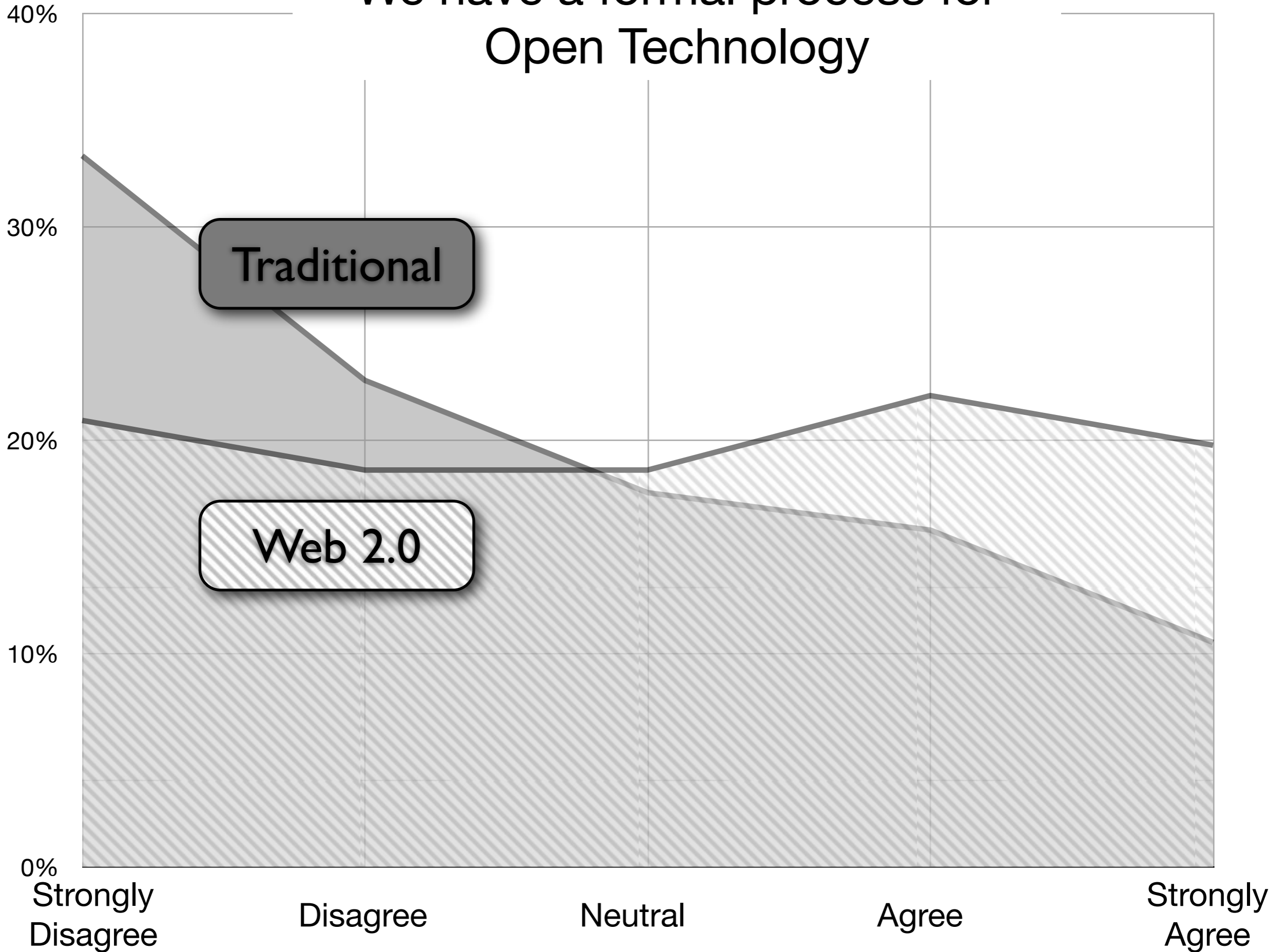
Evolution



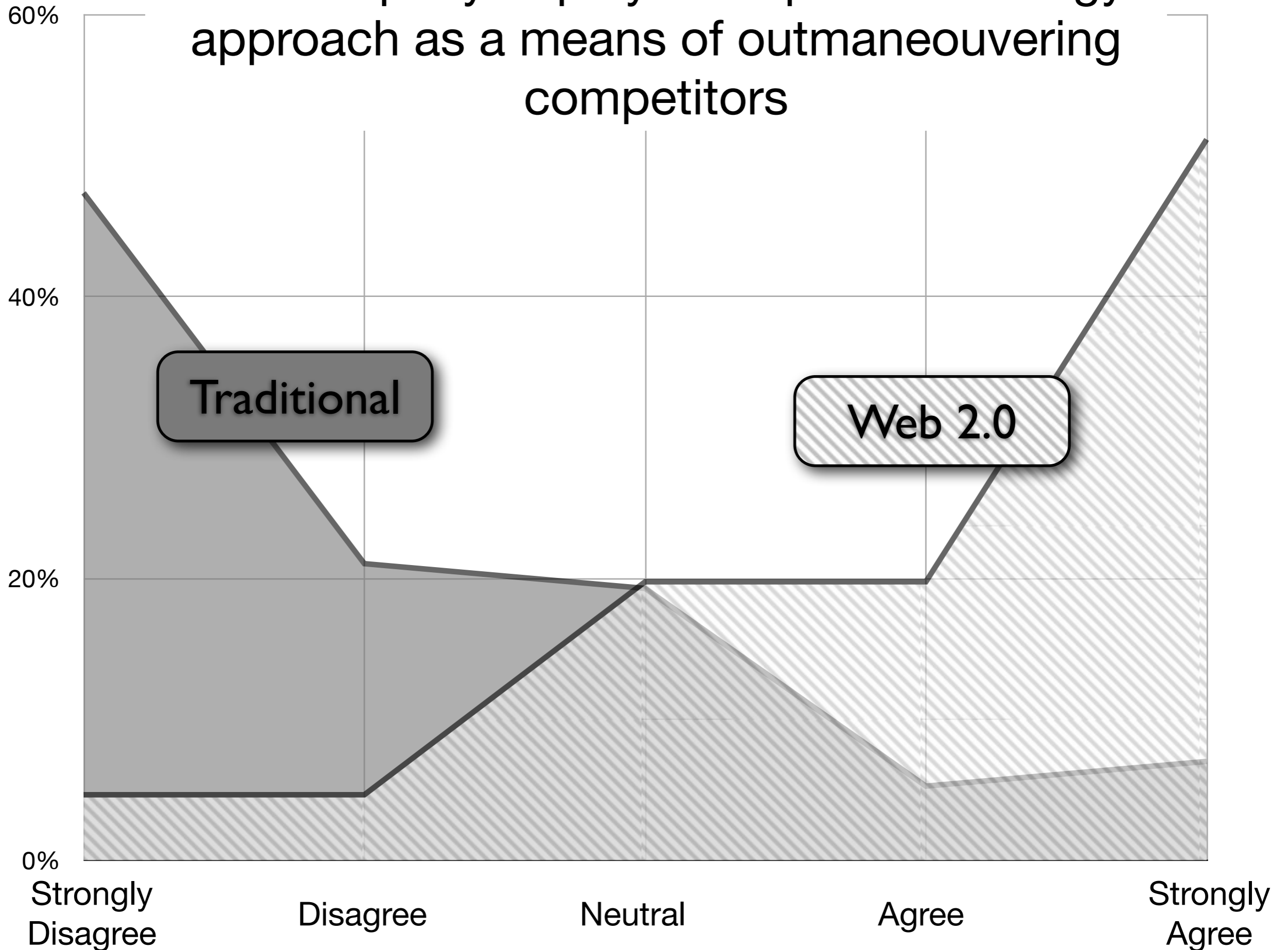


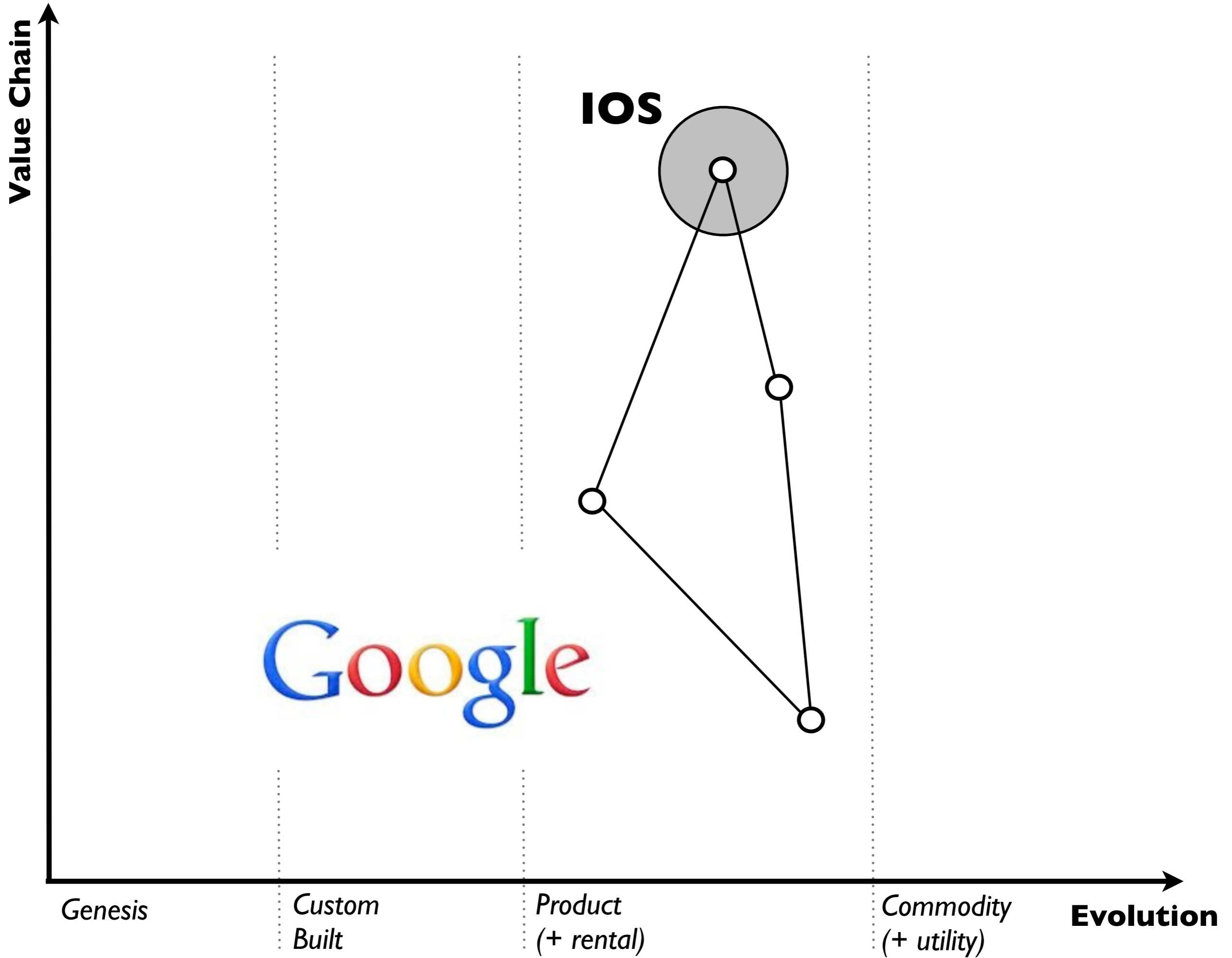
90% of large
organizations use
open source

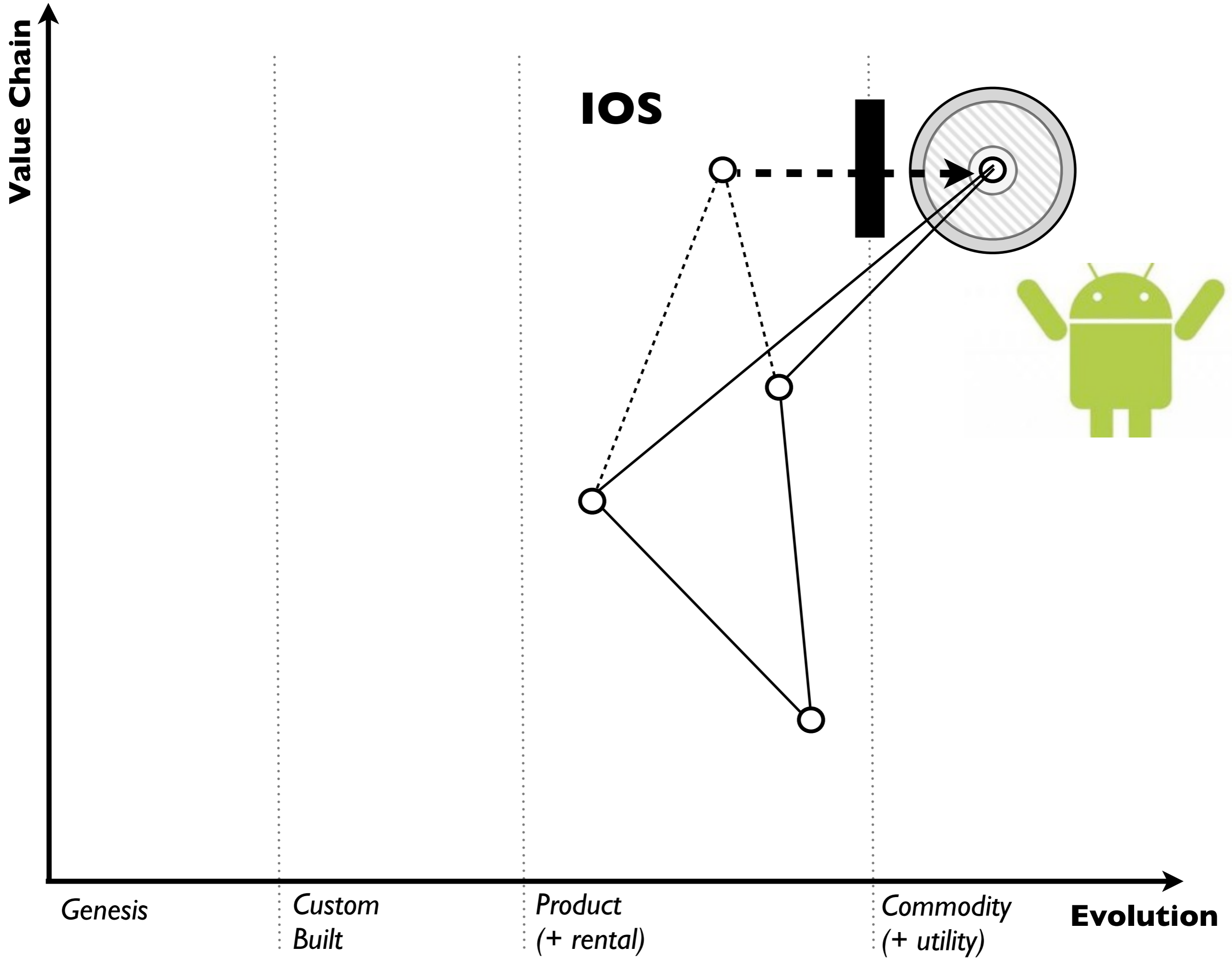
We have a formal process for Open Technology

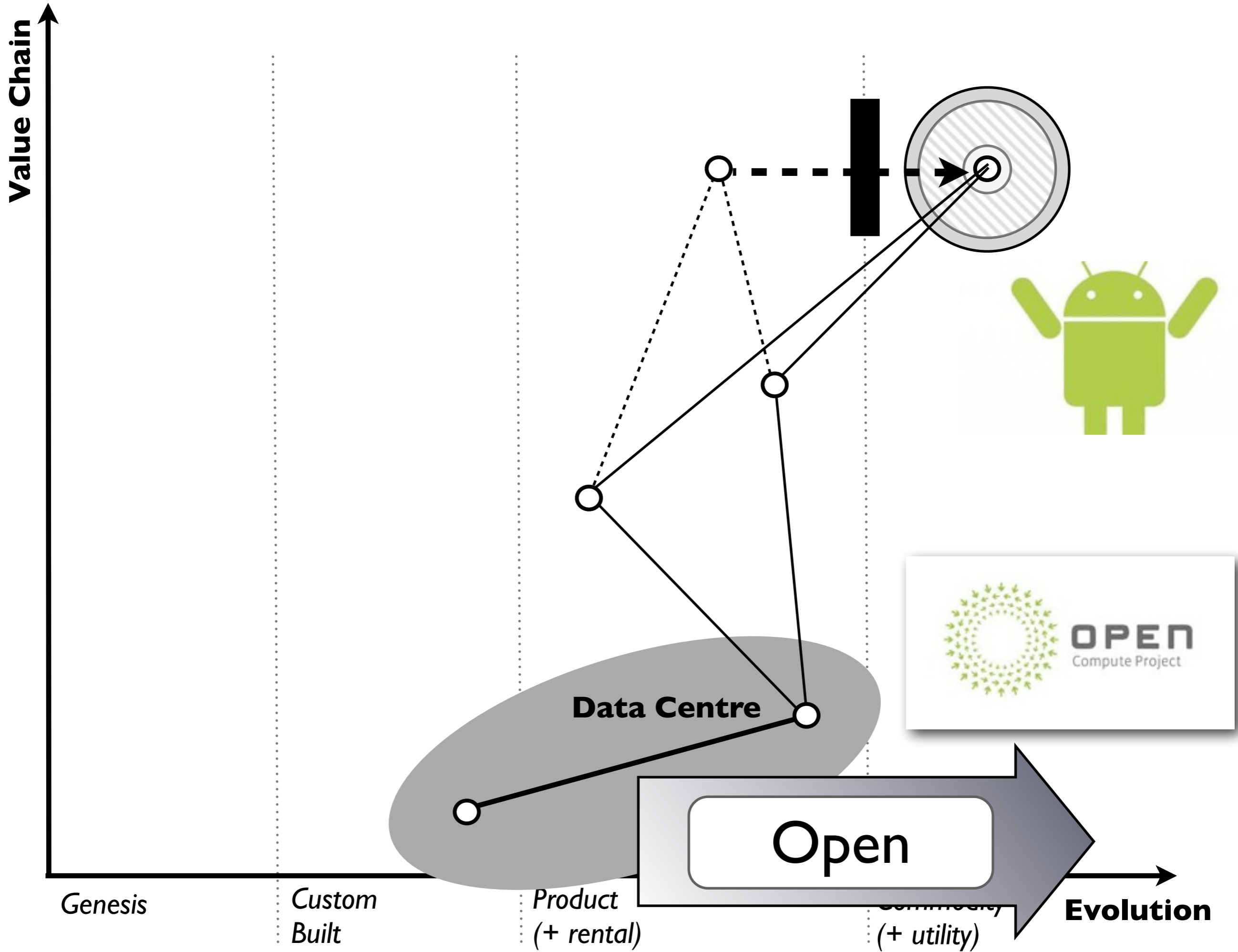


Our company deploys an open technology approach as a means of outmaneuvering competitors









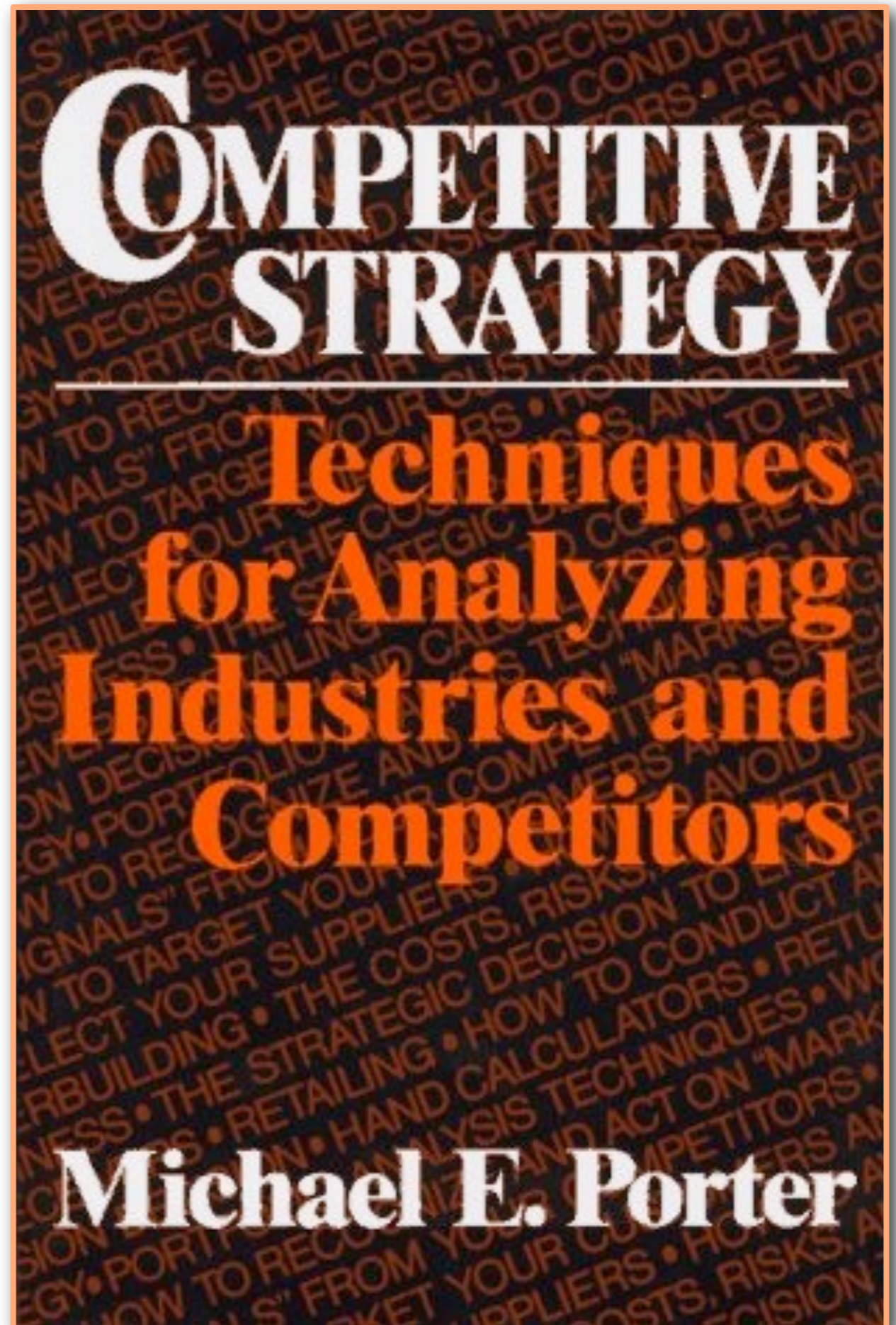
Type		Traditional	Next Generation
Structure	Organisation	Departmental	Service / Cell
Culture		Inertia	Fluid / Gameable
Corporate Focus		Profit	Disruption
Open source	Strategy / Tactical	Cost Reduction	Weapon
Learning		Analysts	Ecosystem
"Big" Data		Used	Driven By
Resilience	Practice	N+1	Design For Failure
Failure Testing		Disaster Recovery	Chaos Engines
Capacity		Scale Up	Scale-out
Technique		Single	Mixed
Deployment	Activity	Change Control	Continuous
Infrastructure		Enterprise Class	Commodity

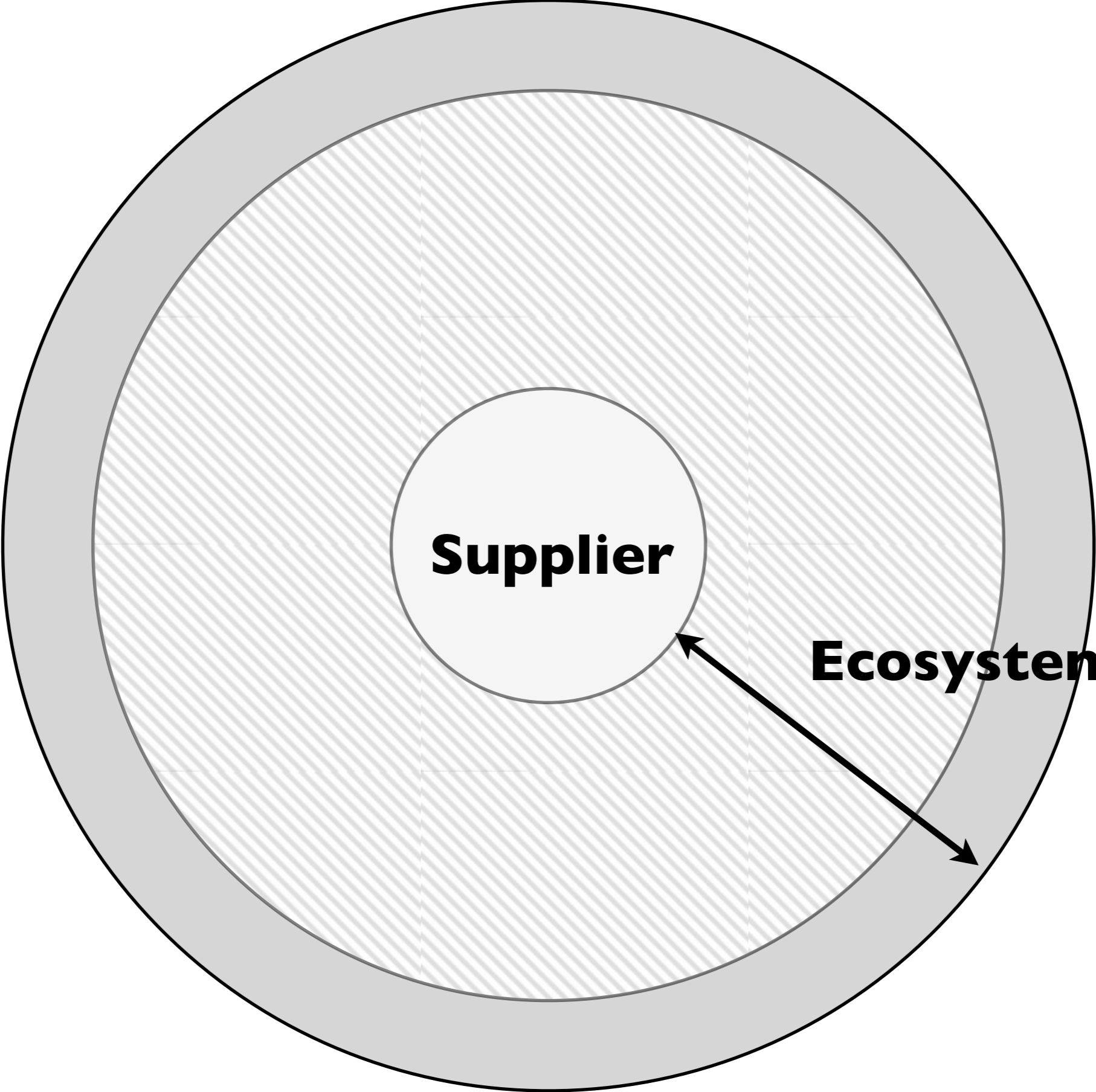
Choose one ...

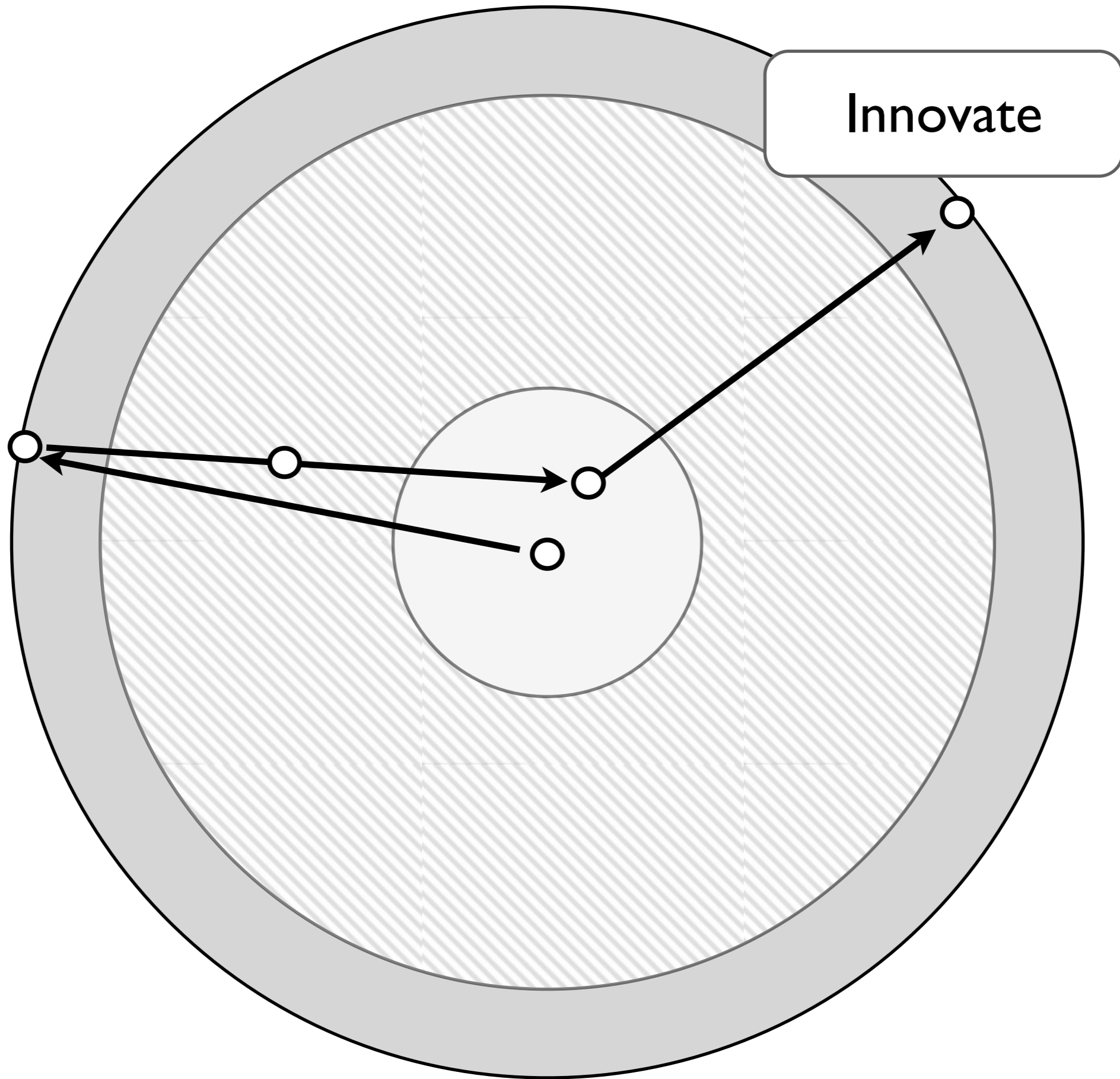
+ Innovation

+ Customer

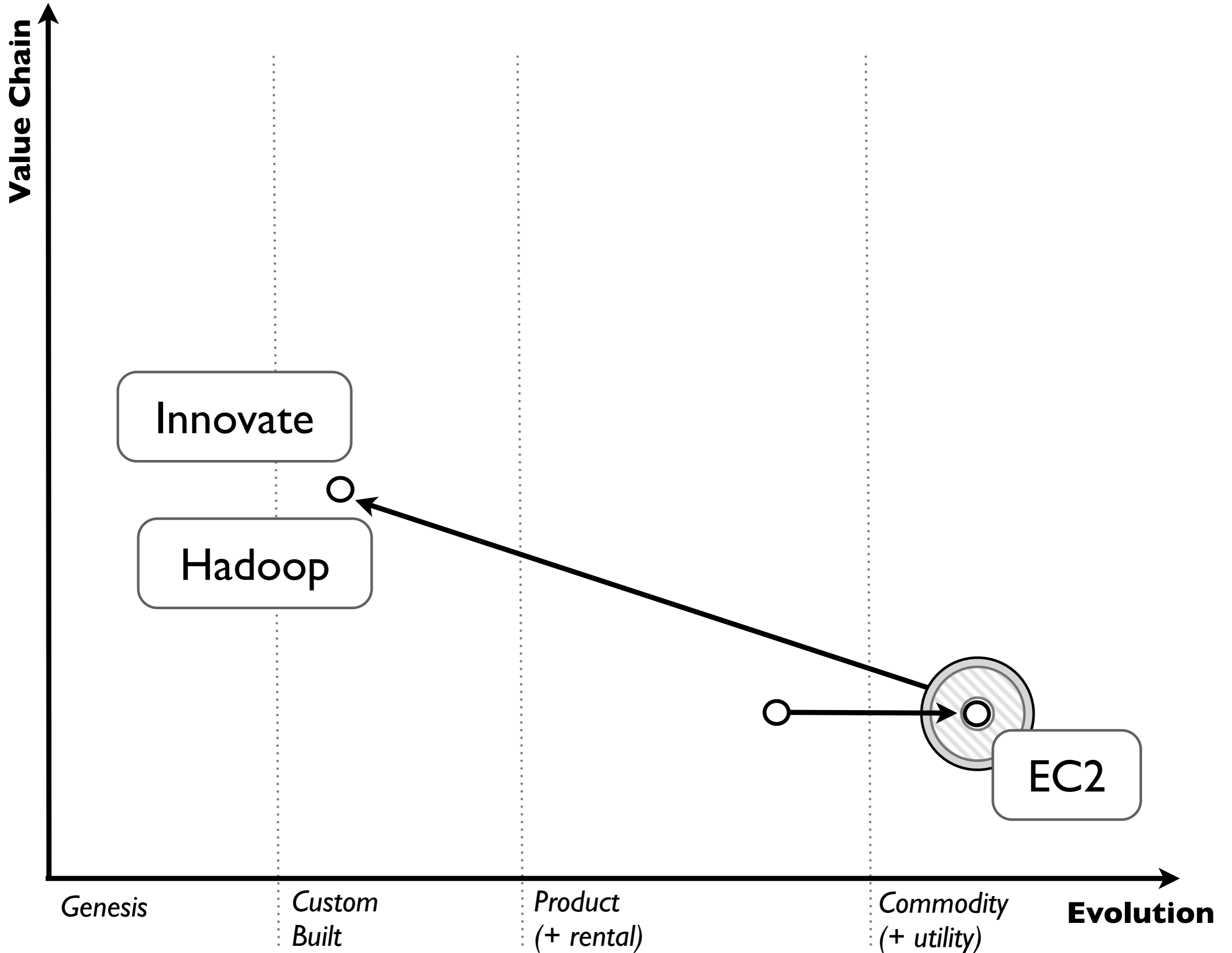
+ Efficiency

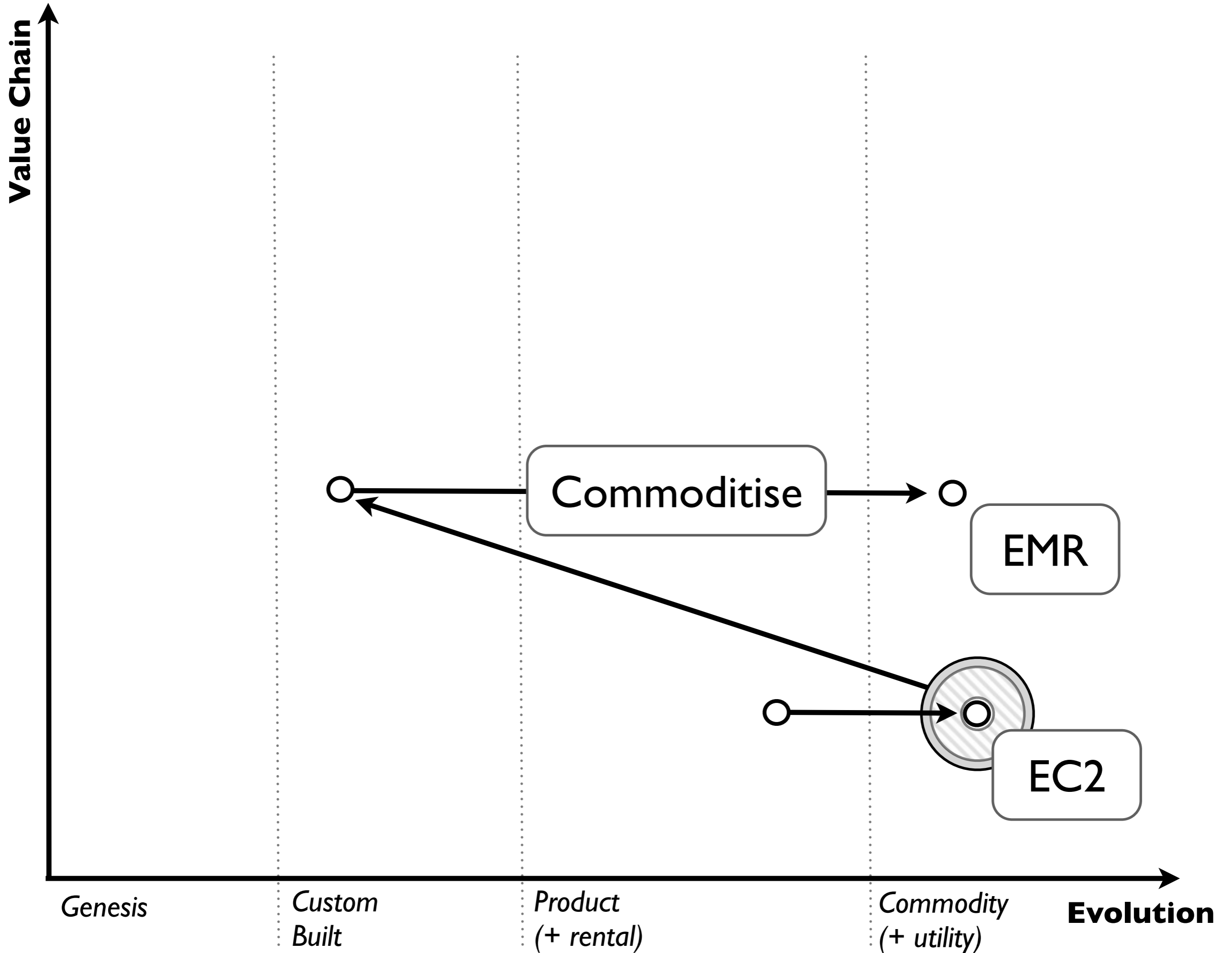


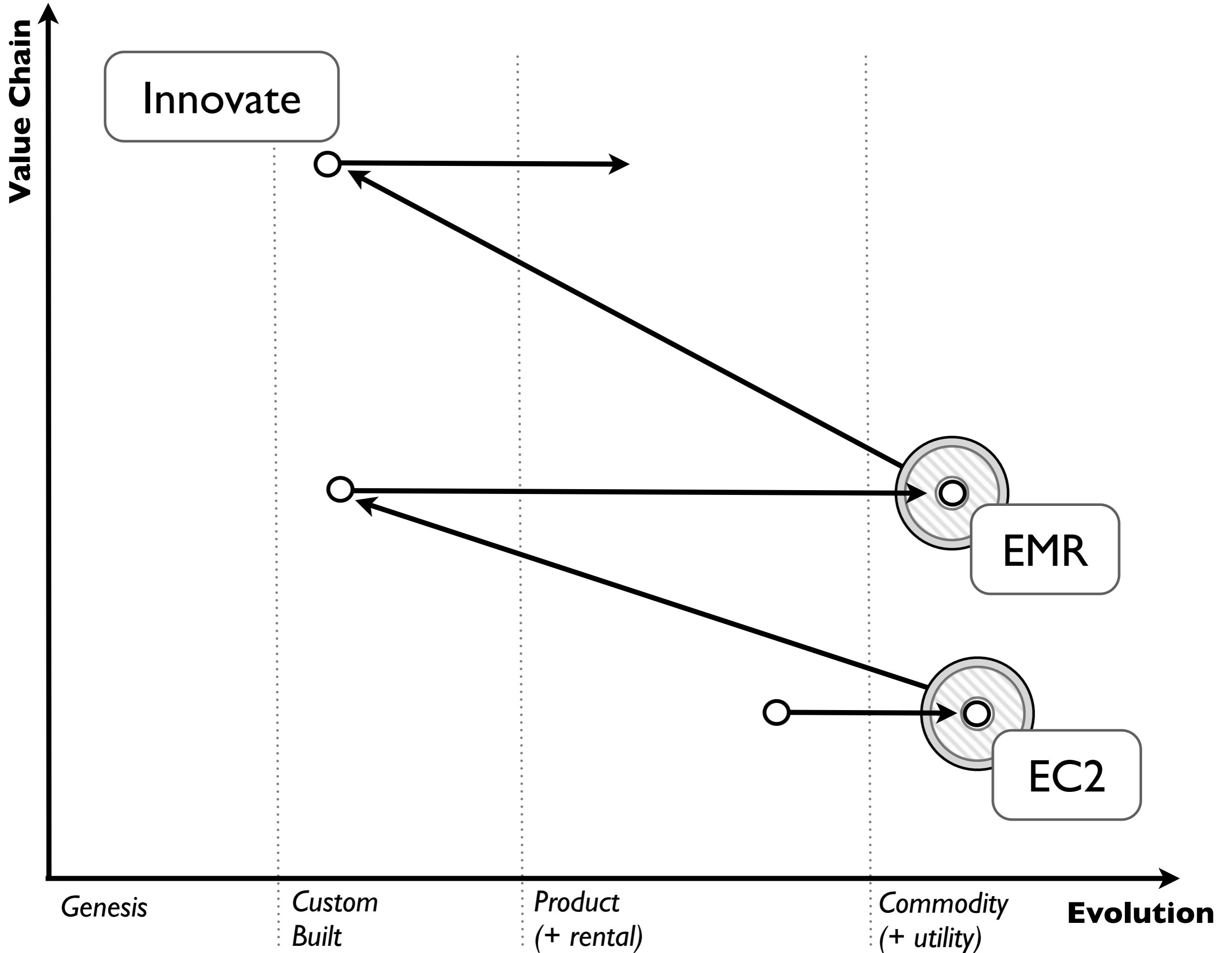


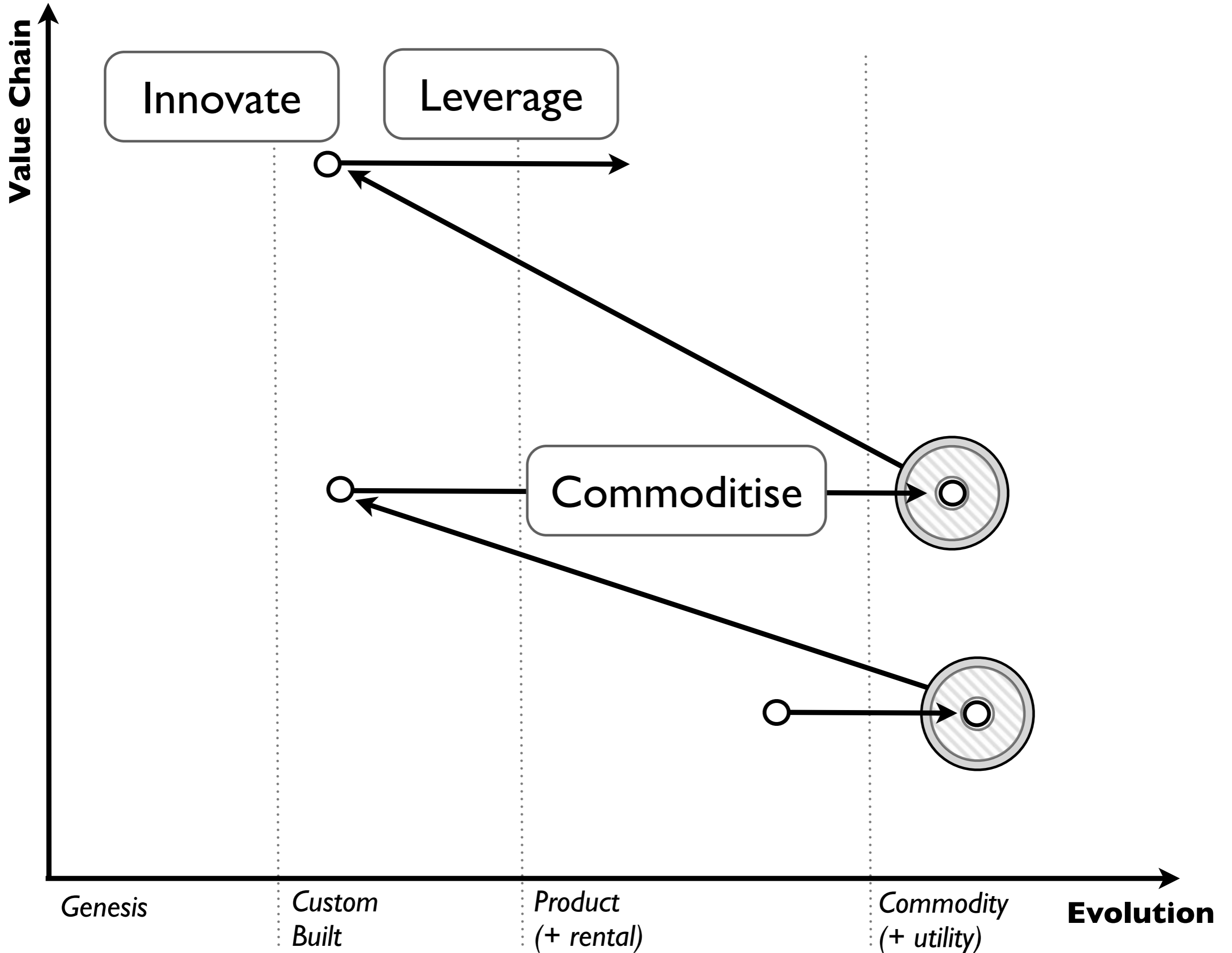


Innovate







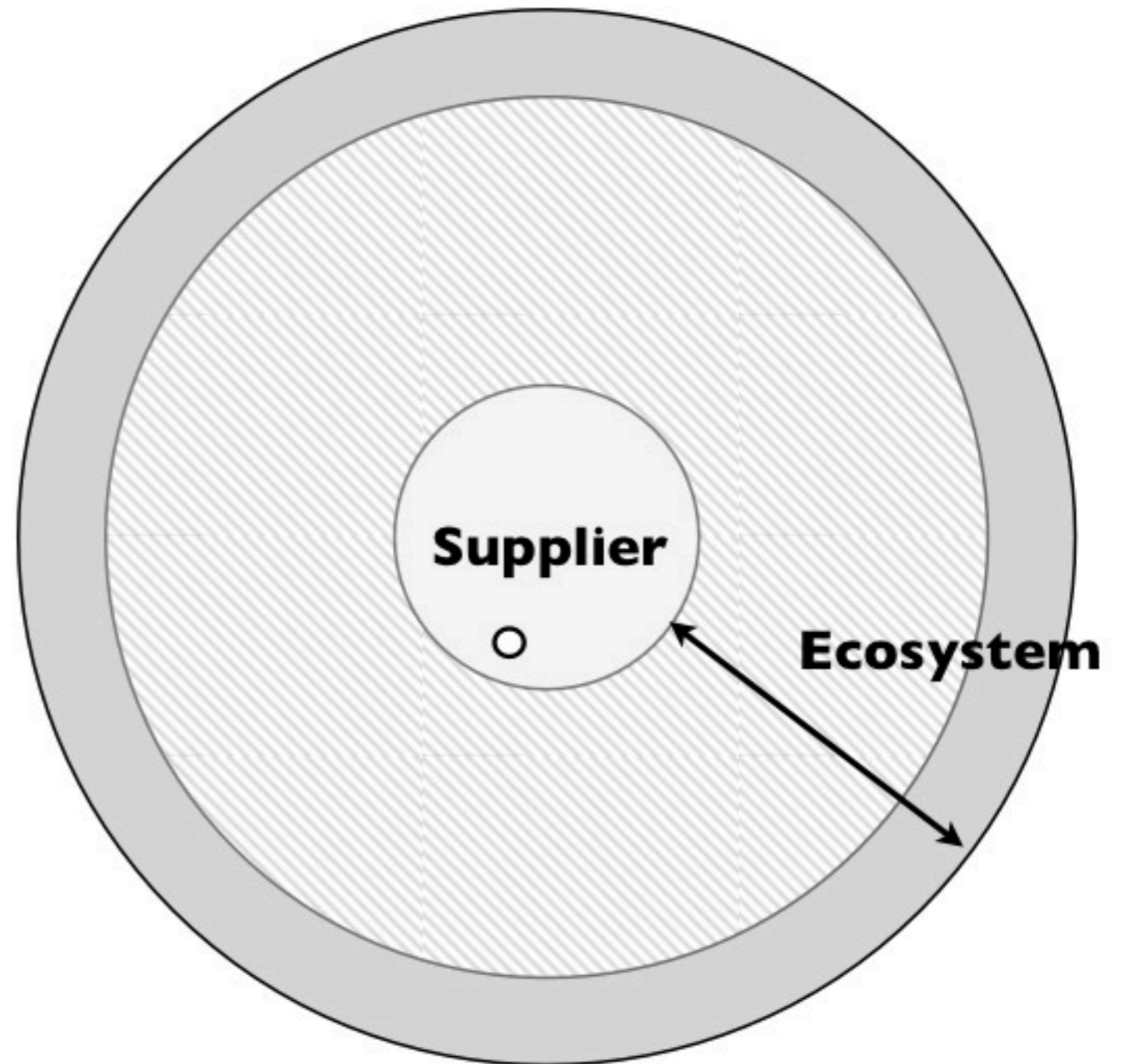


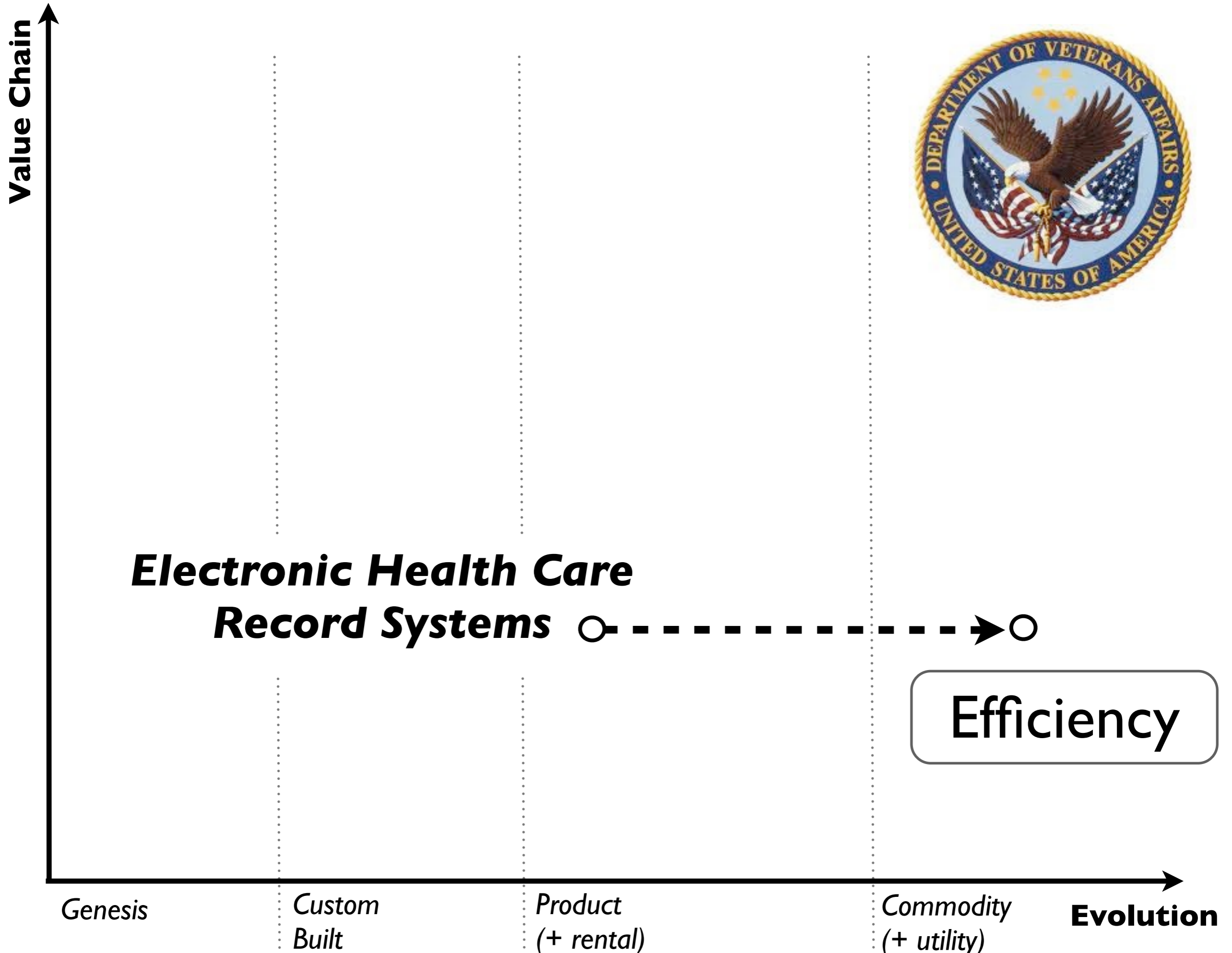
Choose All ...

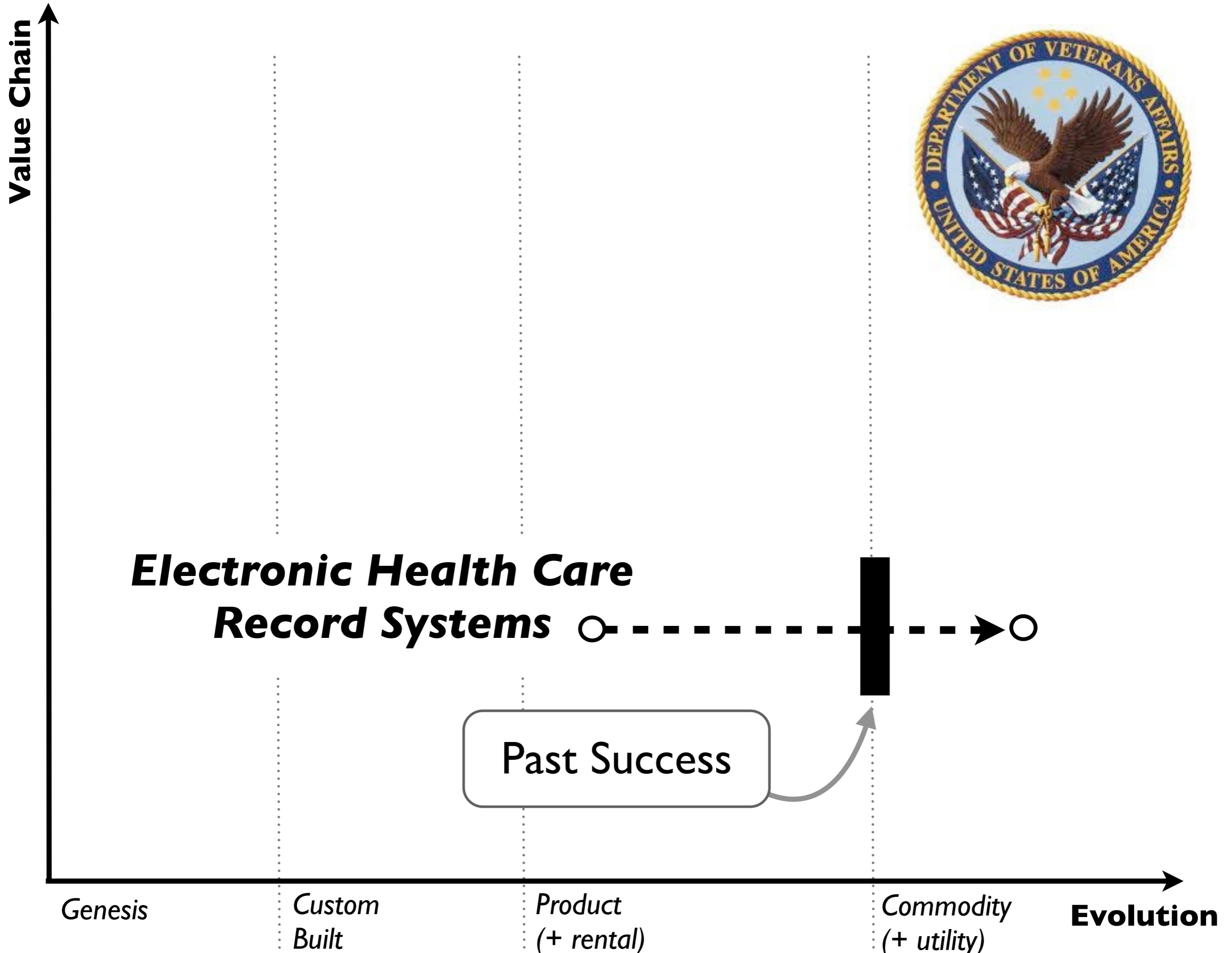
+ Innovation

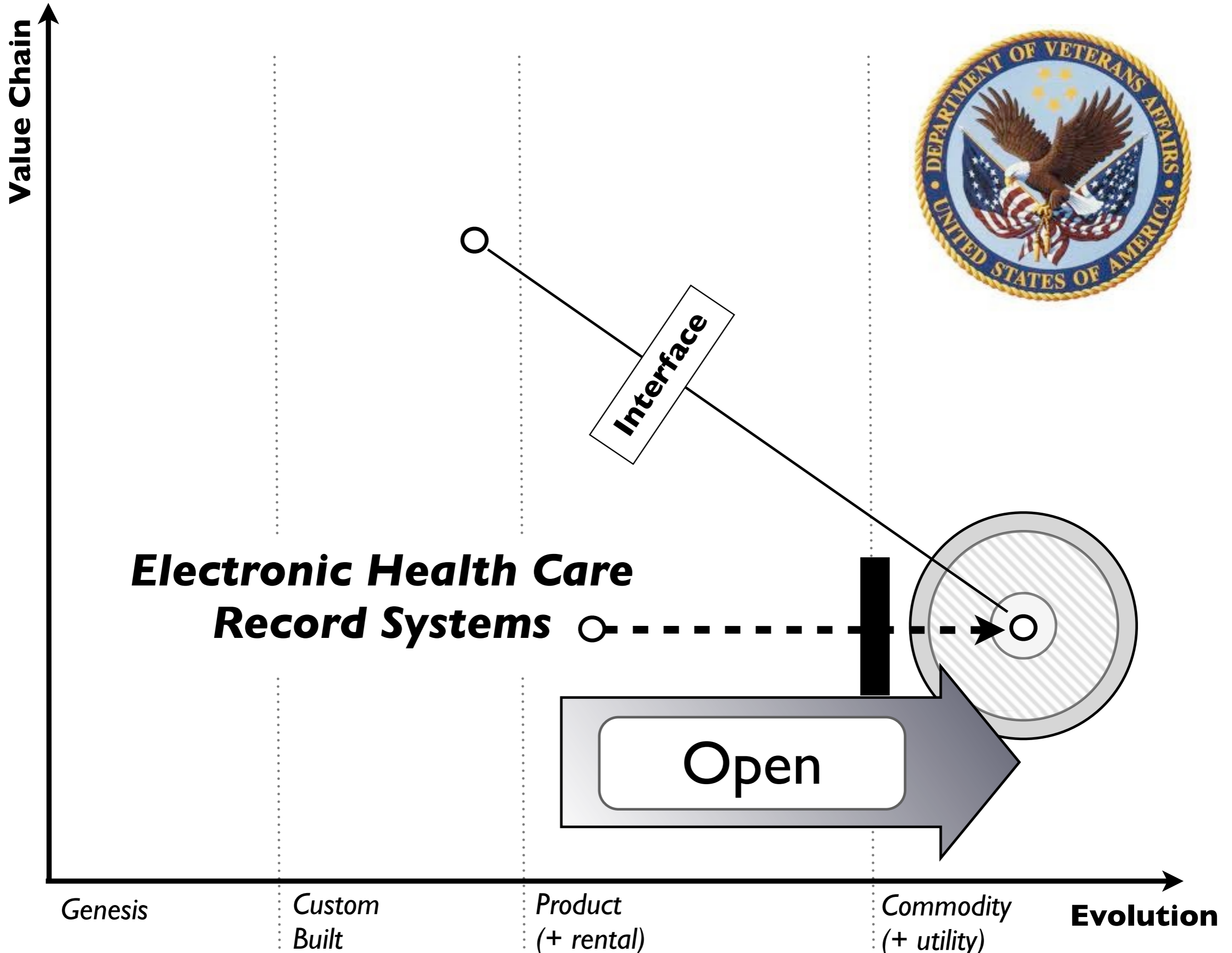
+ Customer

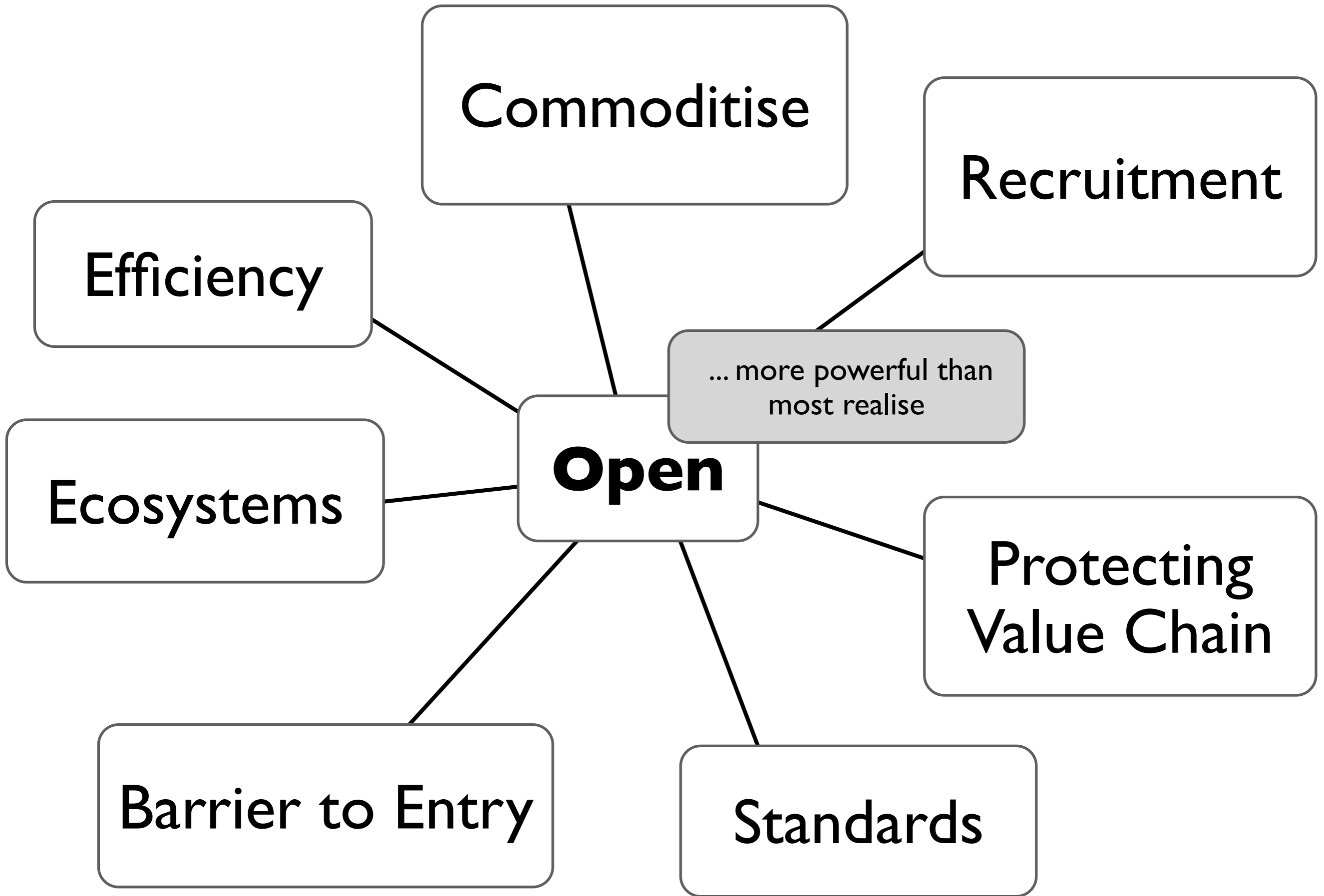
+ Efficiency





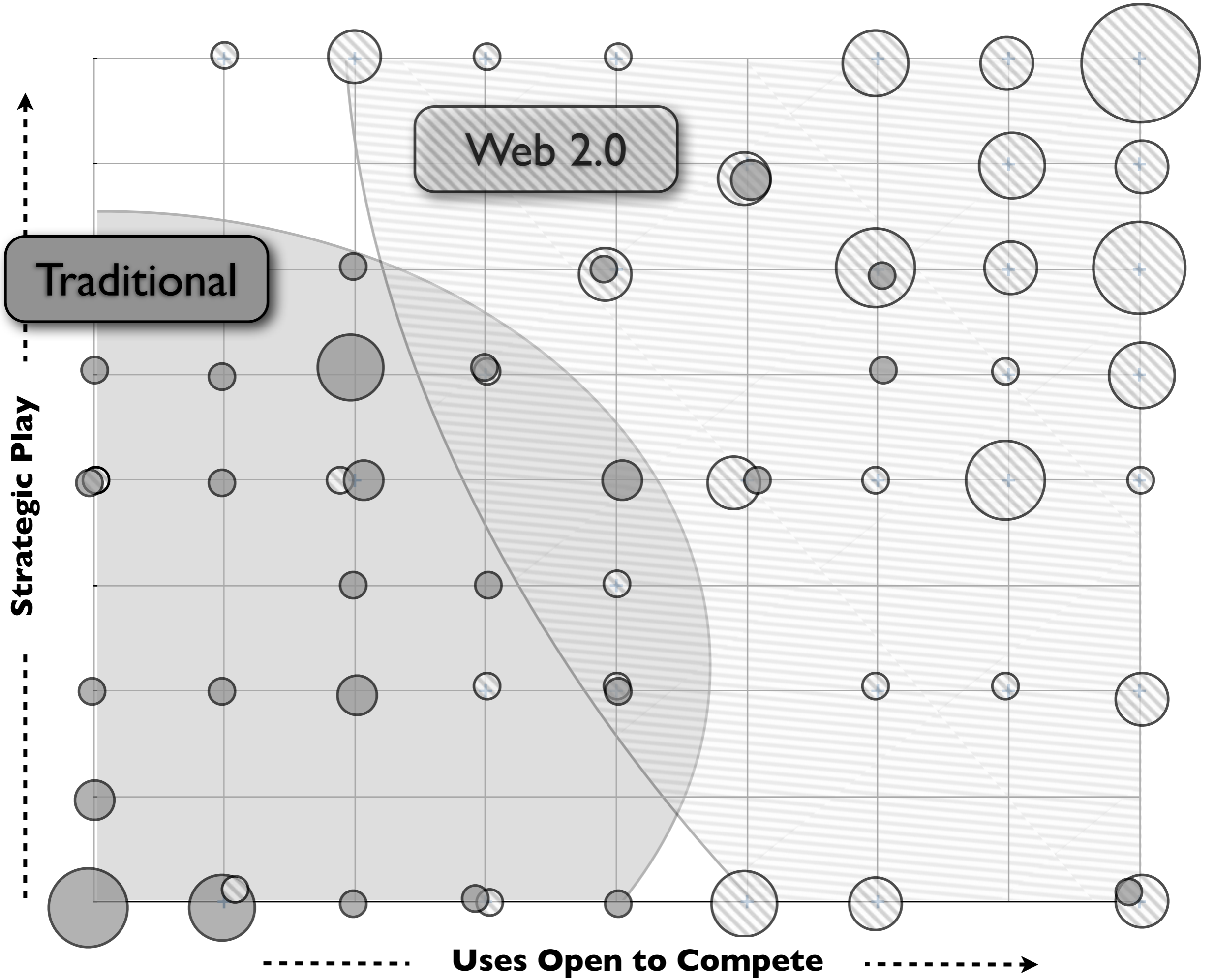




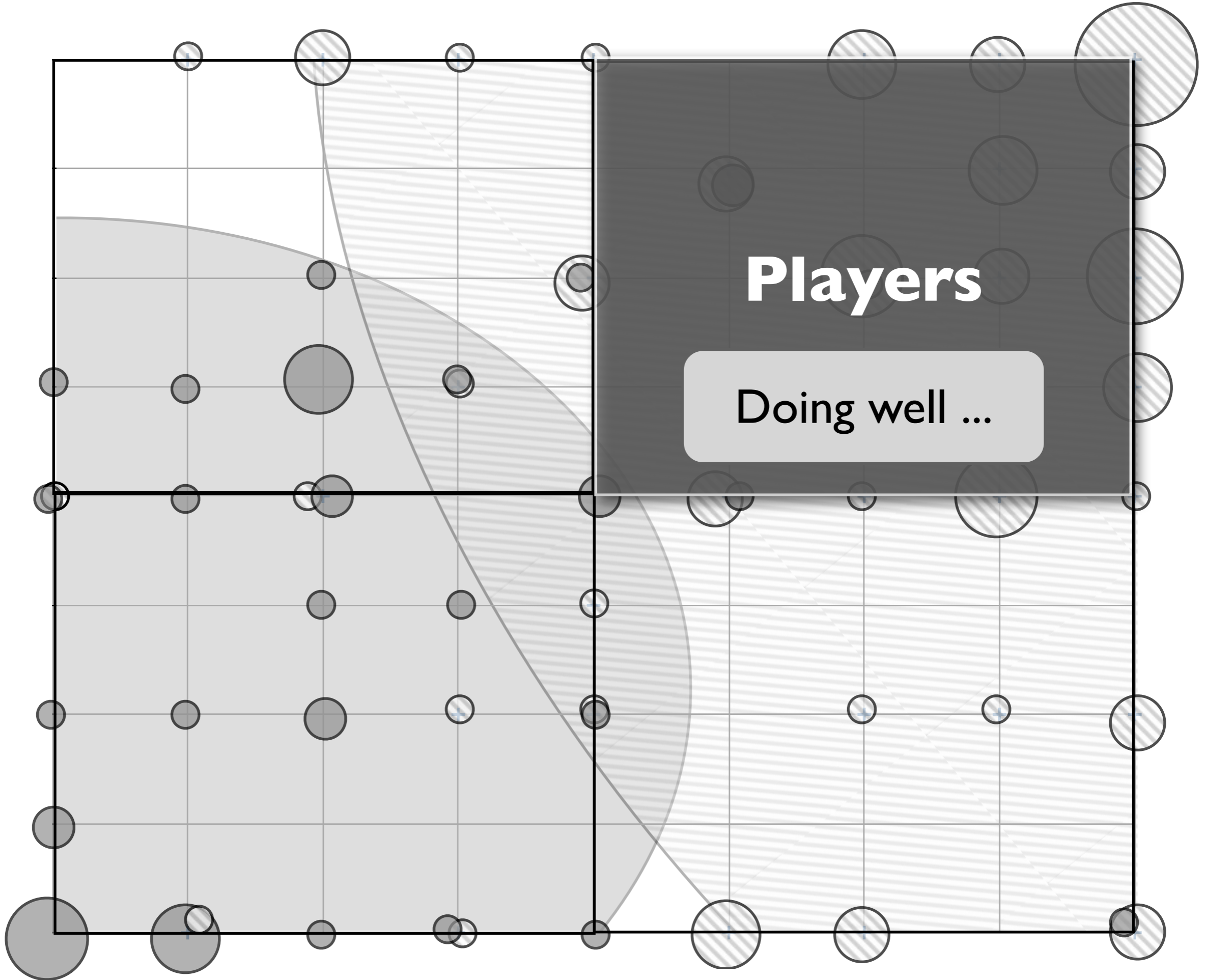


..... **Strategic Play**

..... **Uses Open to Compete**



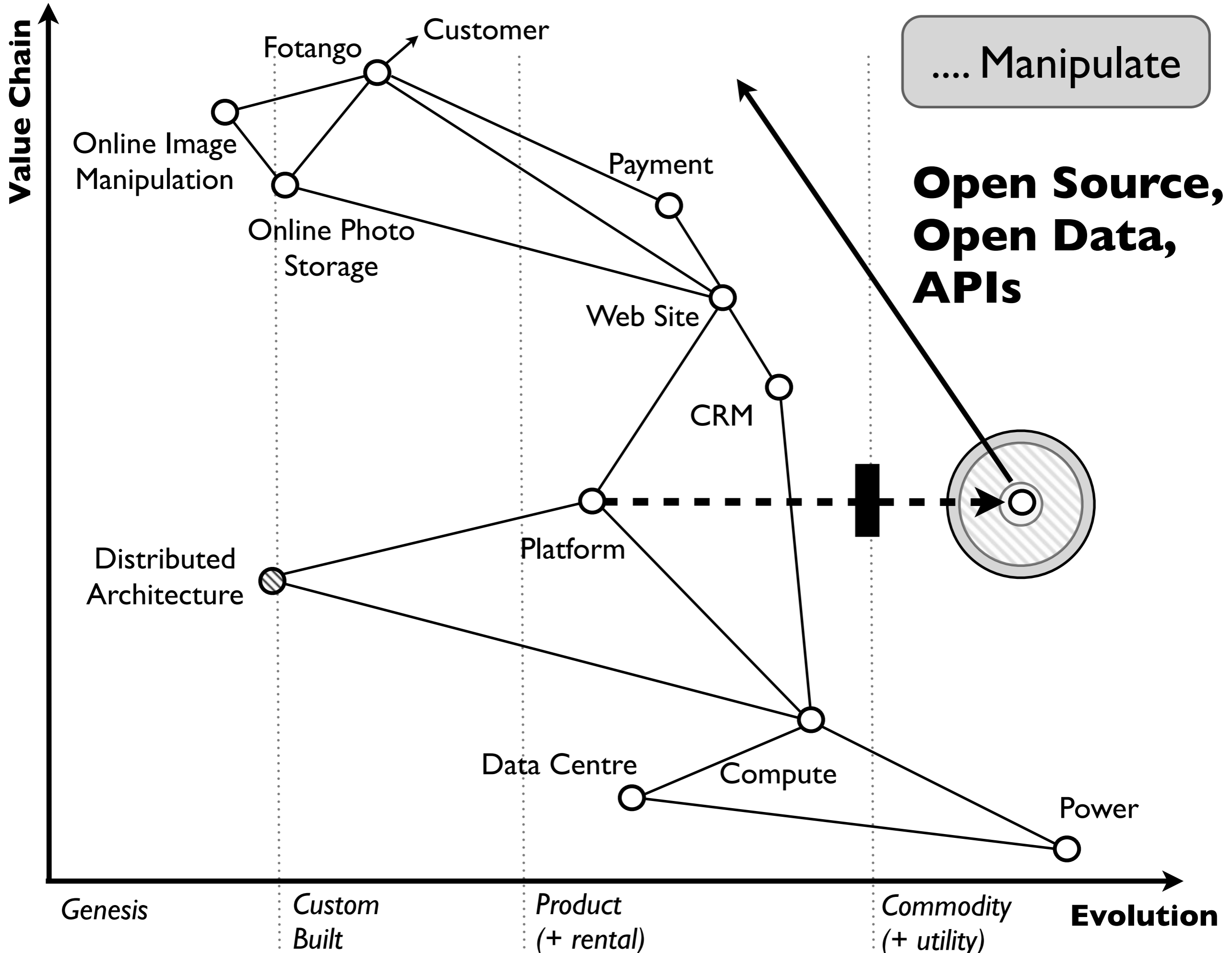
.....
Strategic Play
.....



.....
Uses Open to Compete
.....

Type		Traditional	Next Generation
Structure	Organisation	Departmental	Service / Cell
Culture		Inertia	Fluid / Gameable
Corporate Focus		Profit	Disruption
Open source	Strategy / Tactical	Cost Reduction	Weapon
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Capacity		Scale Up	Scale-out
Technique		Single	Mixed
Deployment		Change Control	Continuous
Infrastructure	Activity	Enterprise Class	Commodity

... More like



....Tend to

Use
IT as a
weapon

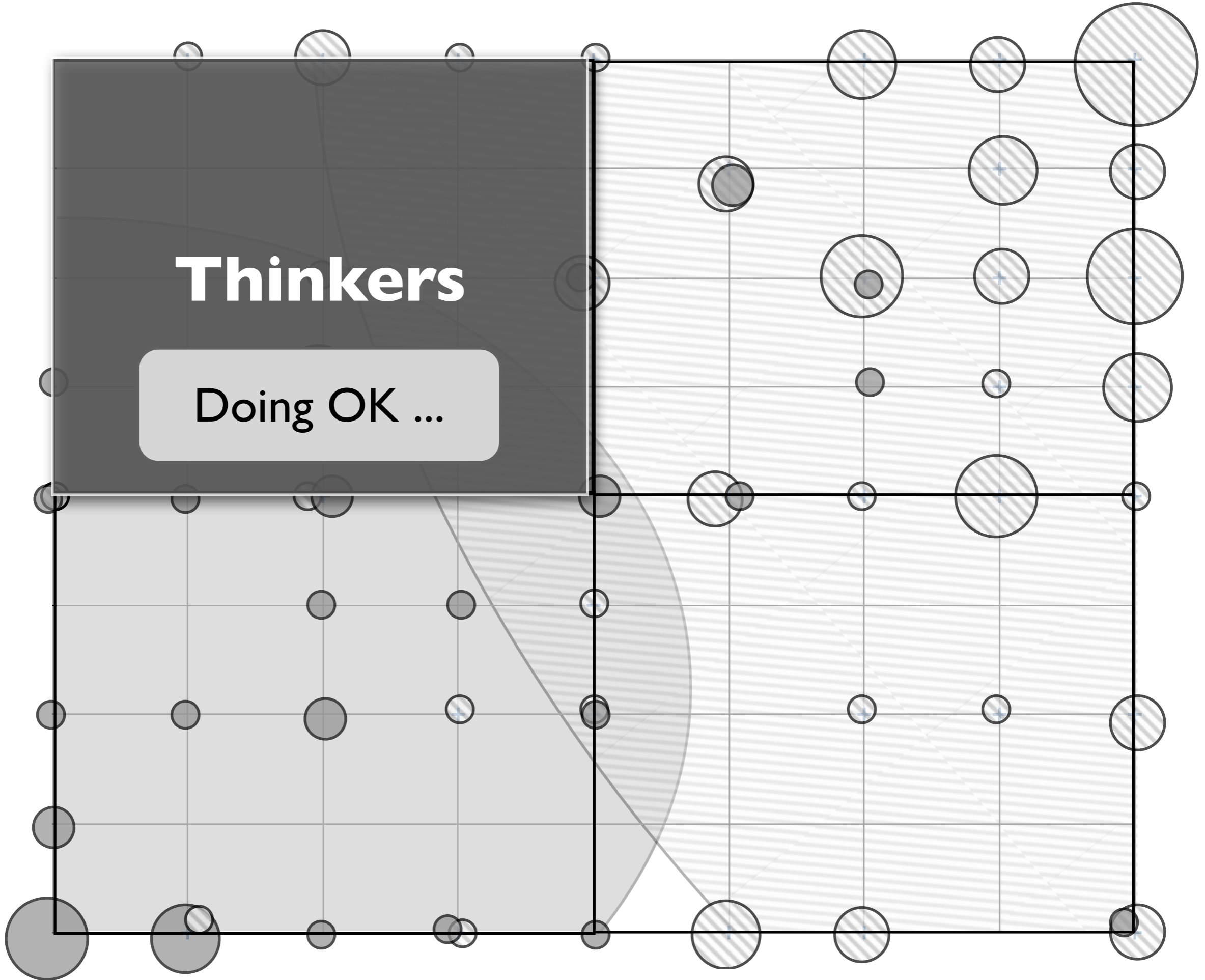


.....
Strategic Play
.....

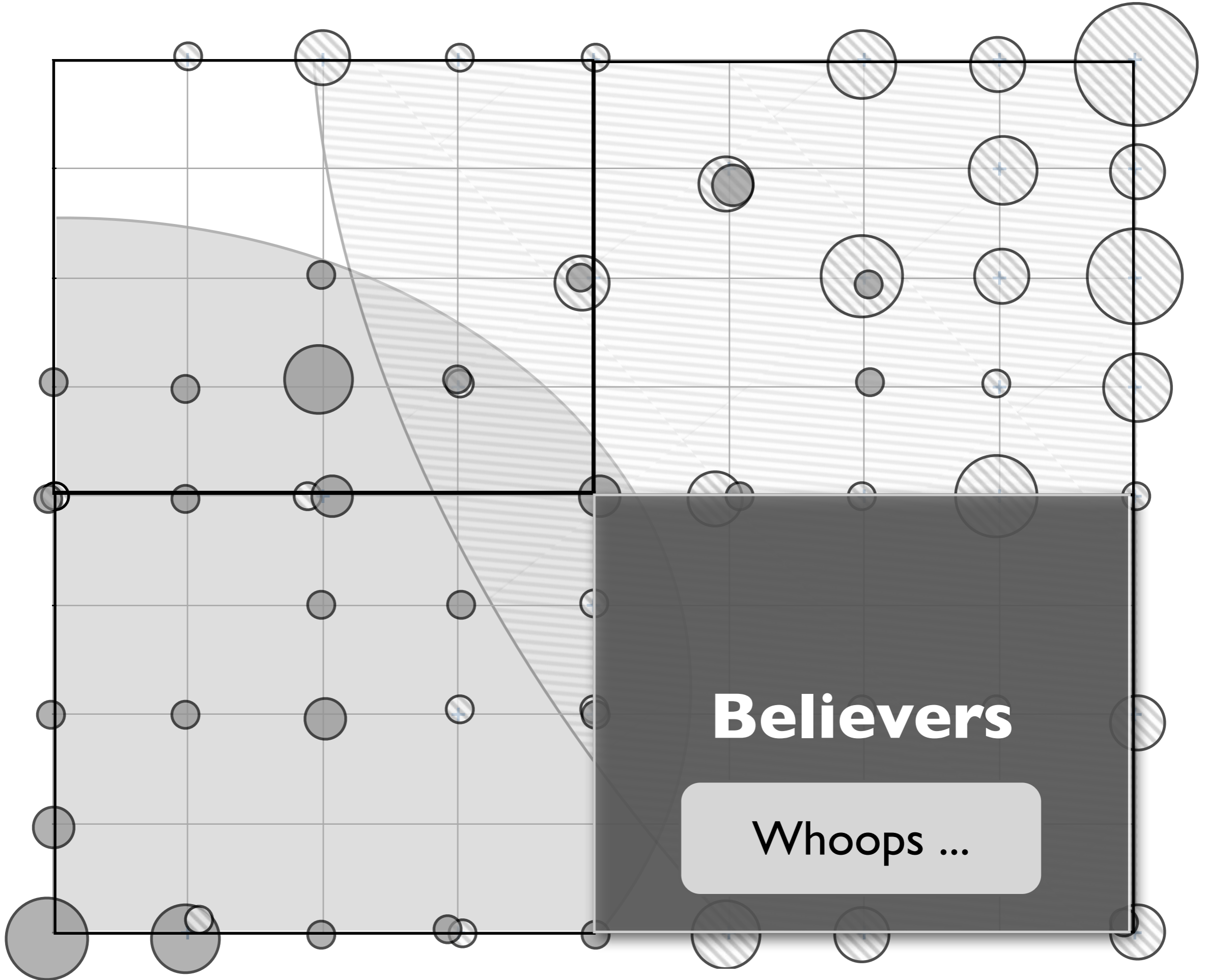
Thinkers

Doing OK ...

.....
Uses Open to Compete
.....



.....
Strategic Play
.....



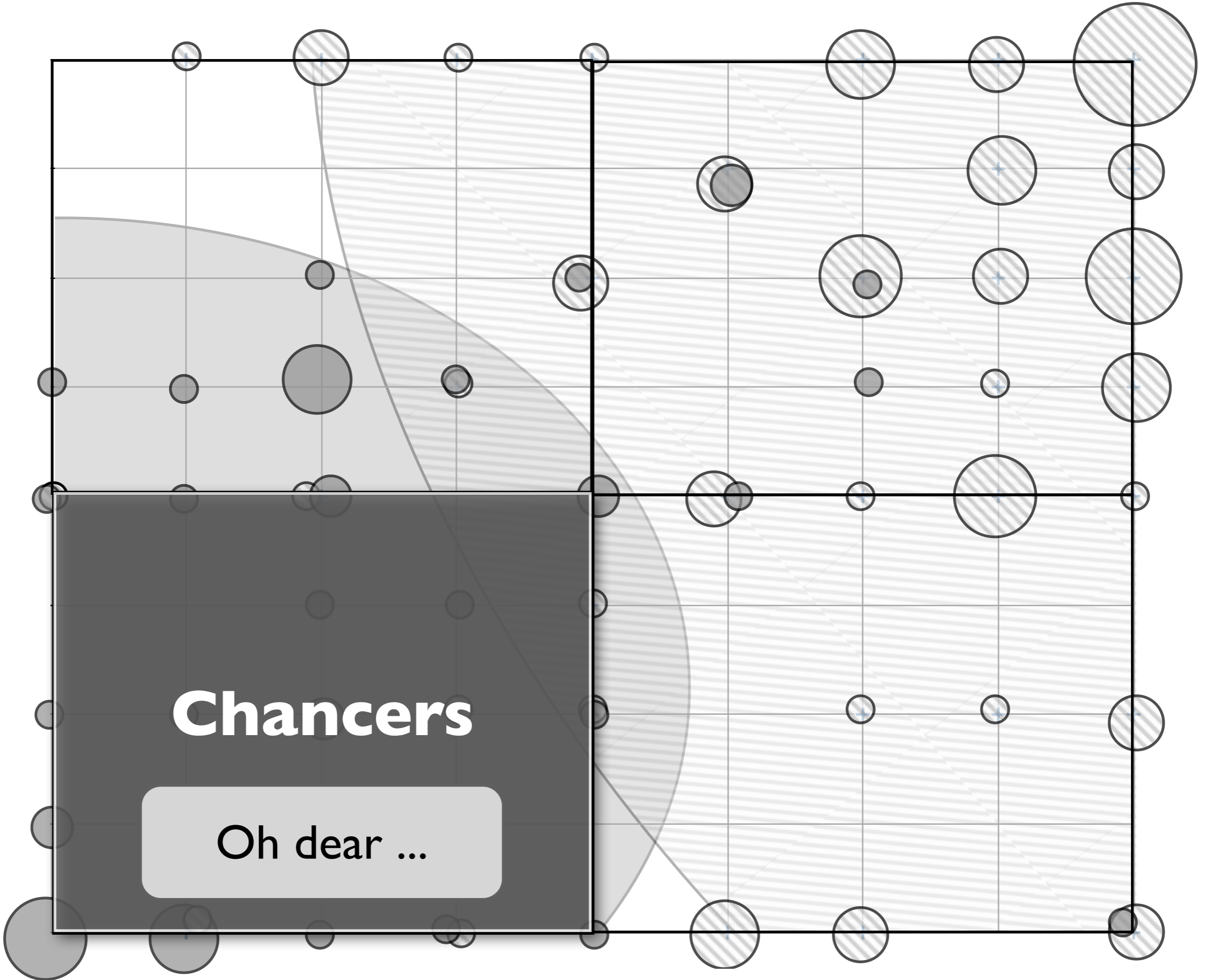
..... **Uses Open to Compete**

Strategic Play

Chancers

Oh dear ...

Uses Open to Compete



Look Like ...

Type	Traditional	Next Generation
Culture	Departmental	Service / Cell
Corporate Focus	Inertia	Fluid / Gameable
Open source	Profit	Disruption
Learning	Cost Reduction	Weapon
"Big" Data	Analysts	Ecosystem
Resilience	Used	Driven By
Failure Testing	N+1	Design For Failure
Capacity	Disaster Recovery	Chaos Engines
Technique	Scale Up	Scale-out
Deployment	Single	Mixed
Infrastructure	Change Control	Continuous
	Enterprise Class	Commodity

Strategy / Tactical

Practice

Activity

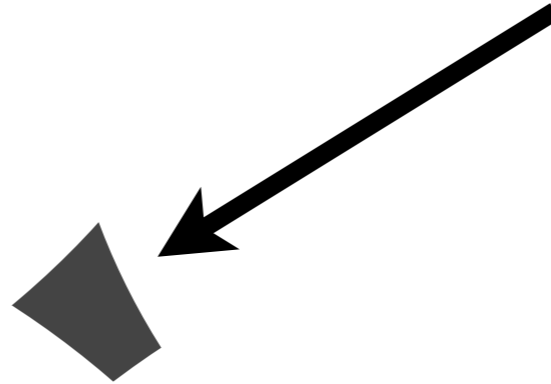
Lots of big documents ...

IT STRATEGY

Not so big on ...

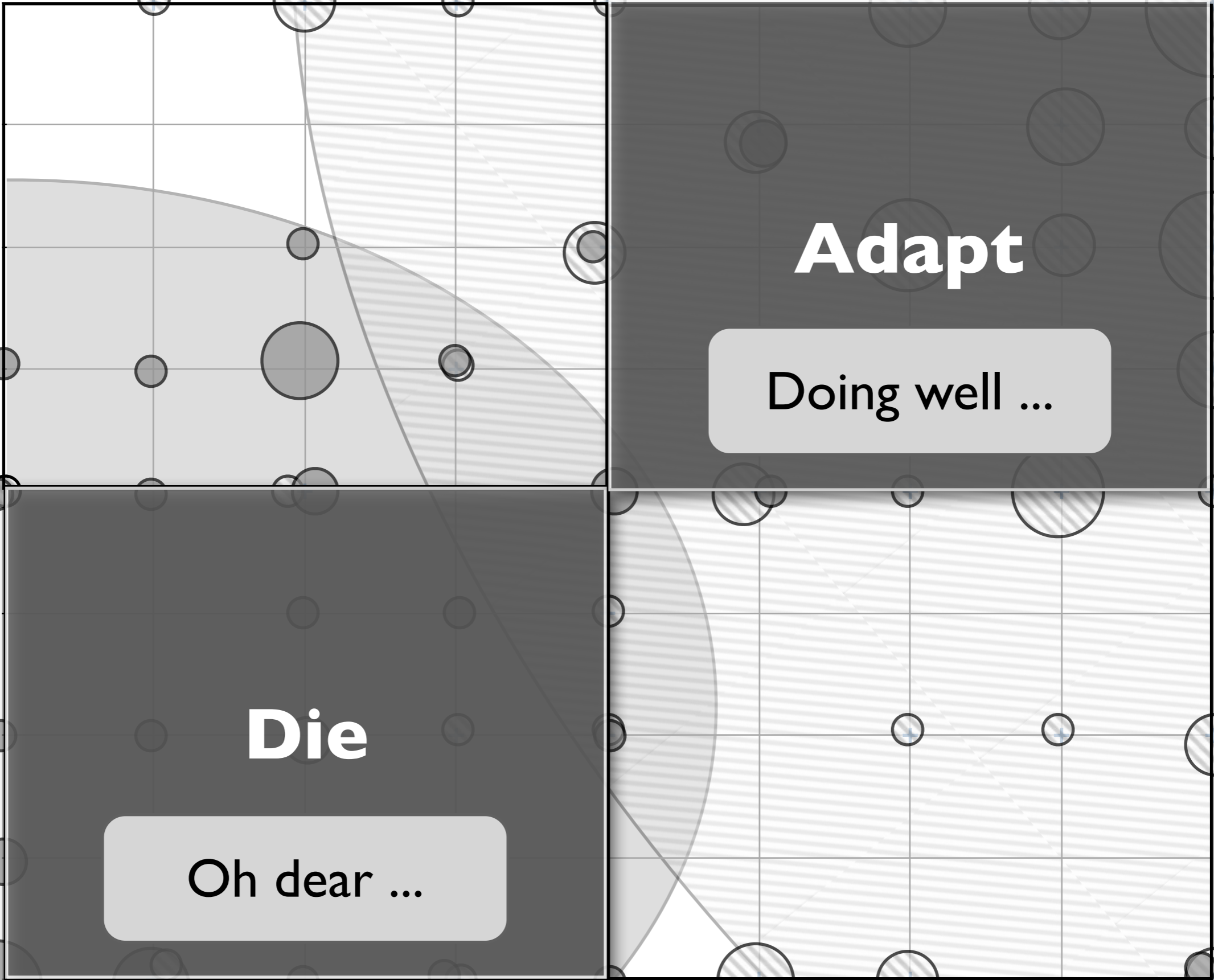
Why?

Vague



Strategic Play

Uses Open to Compete



Die

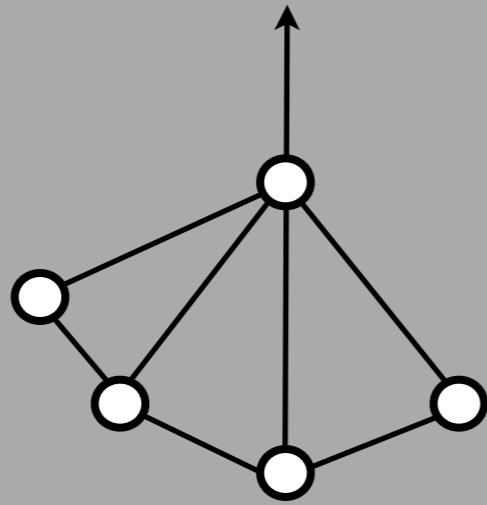
Adapt

Oh dear ...

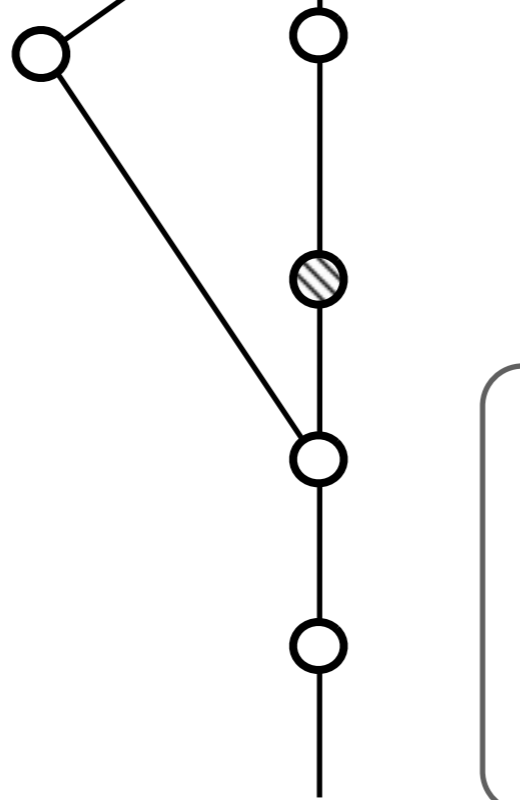
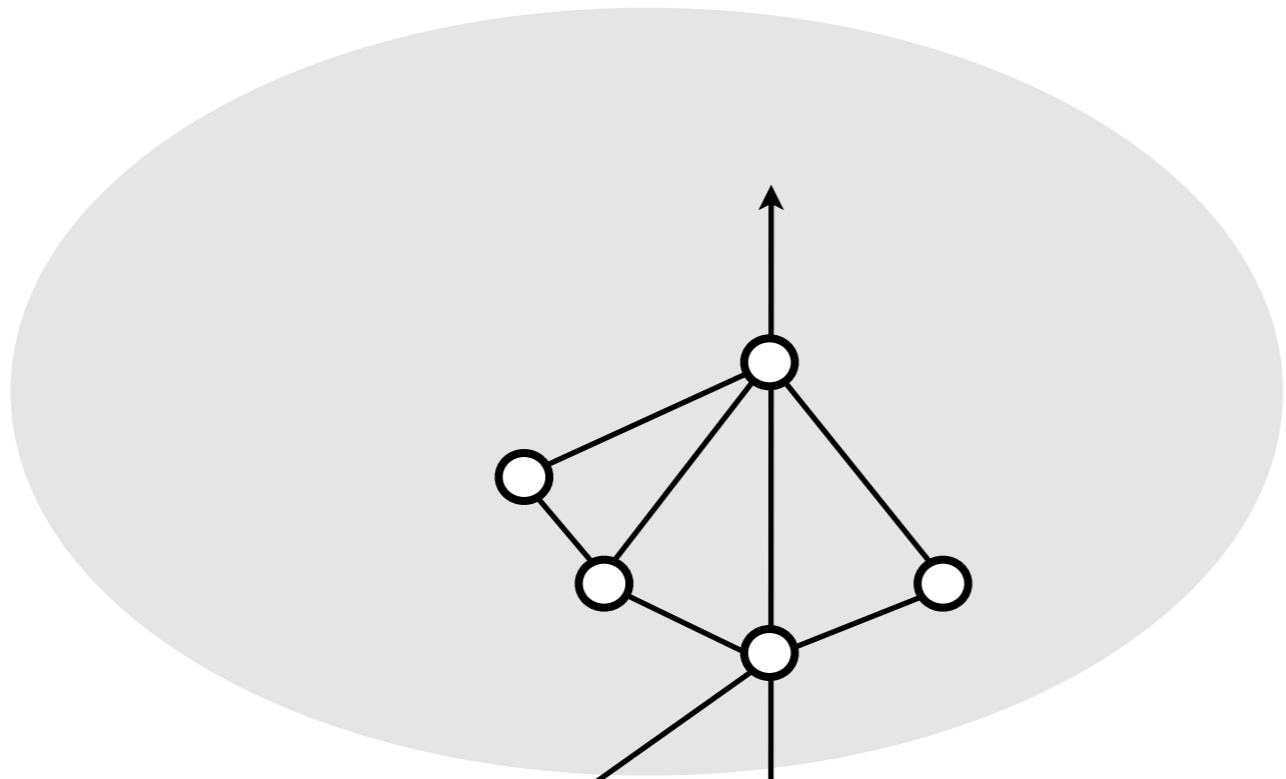
Doing well ...

What to do?

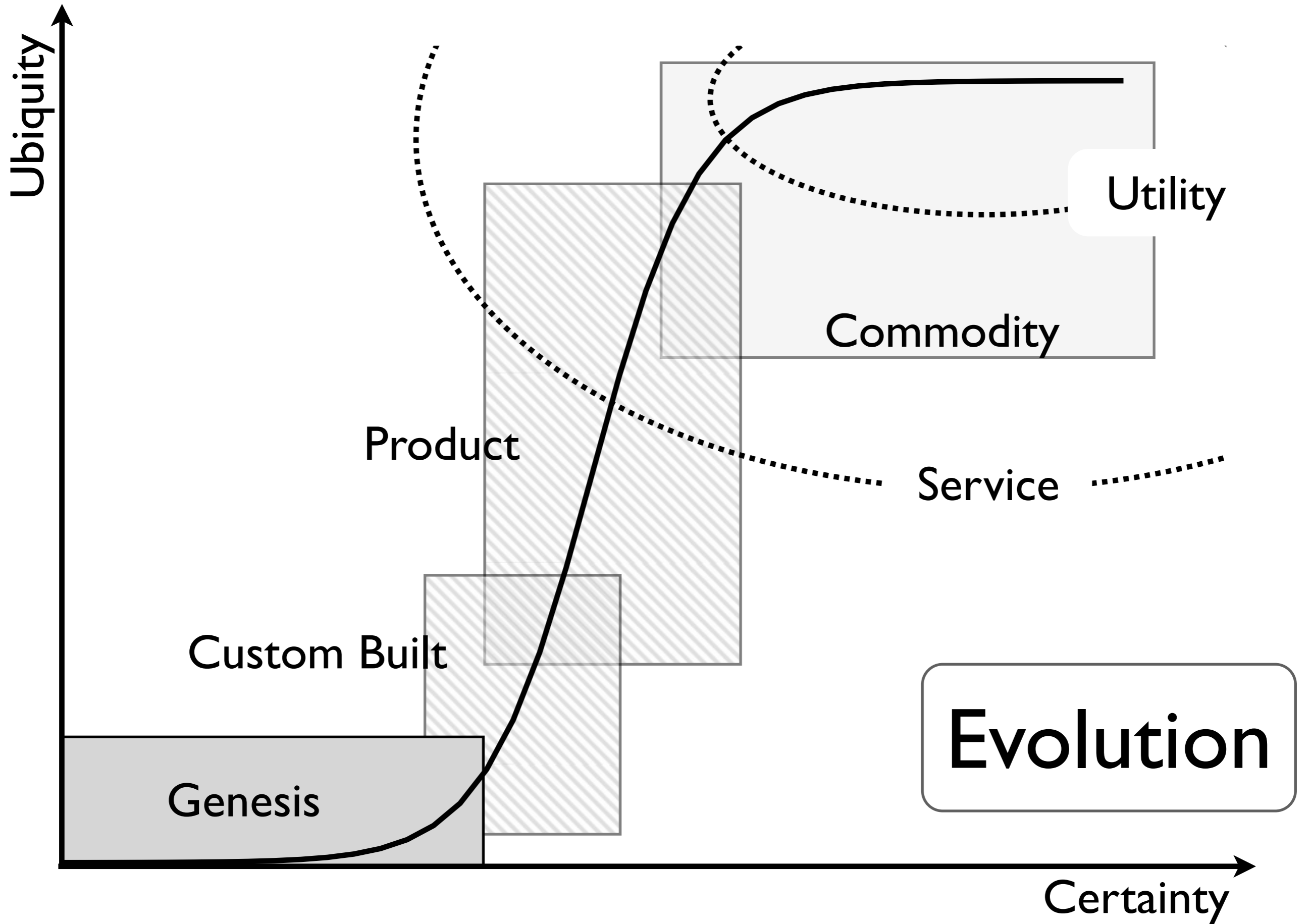
Need

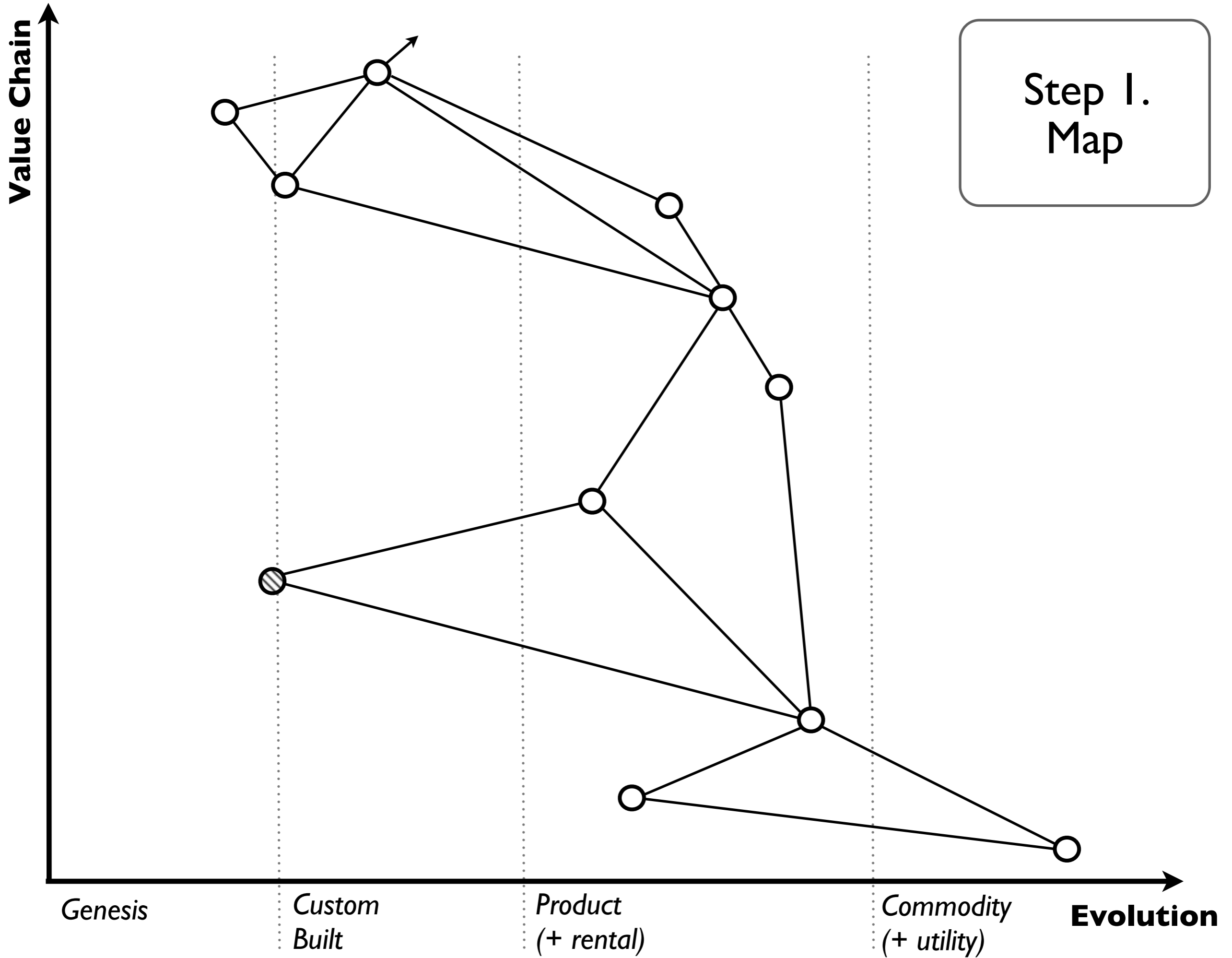


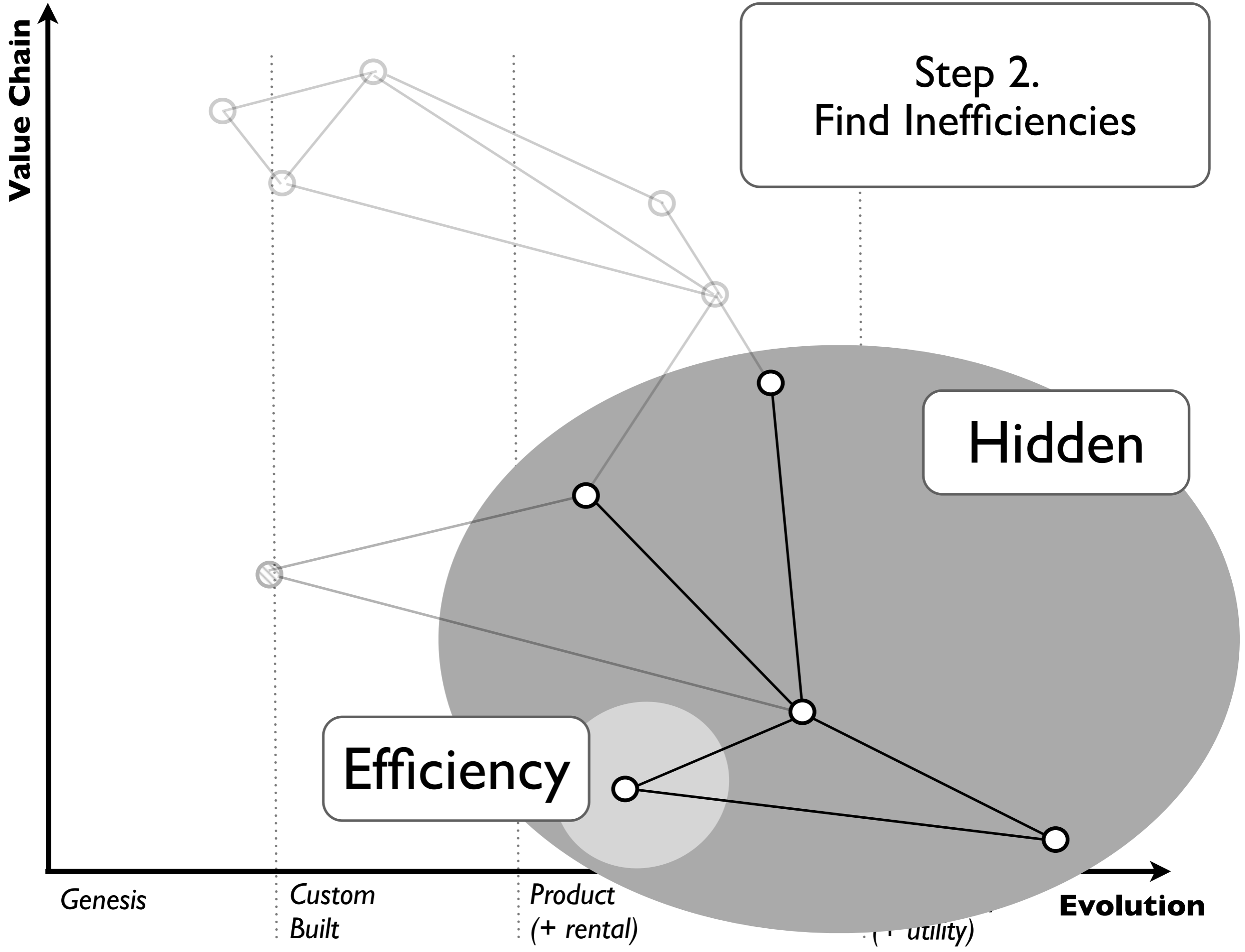
Value Chain

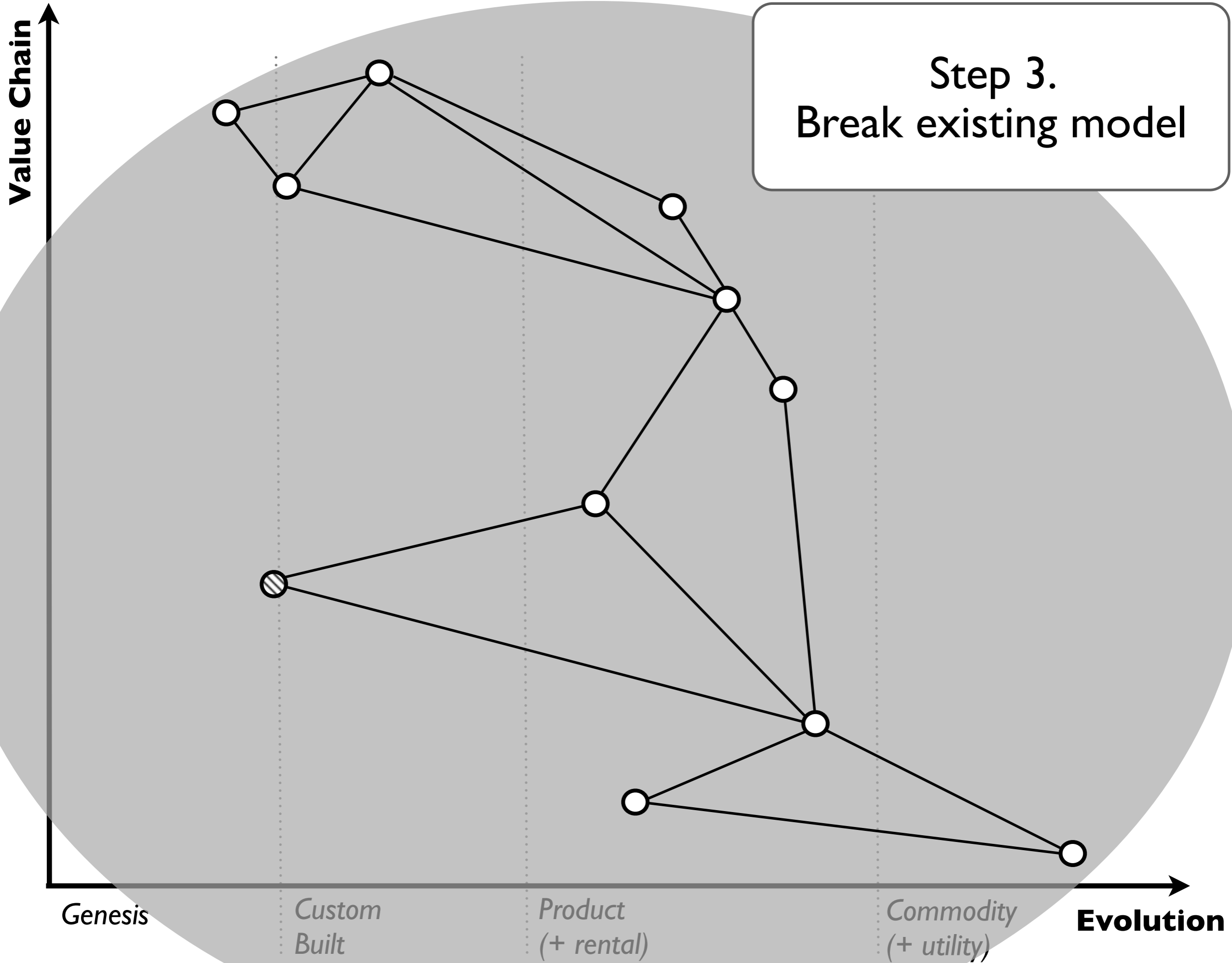


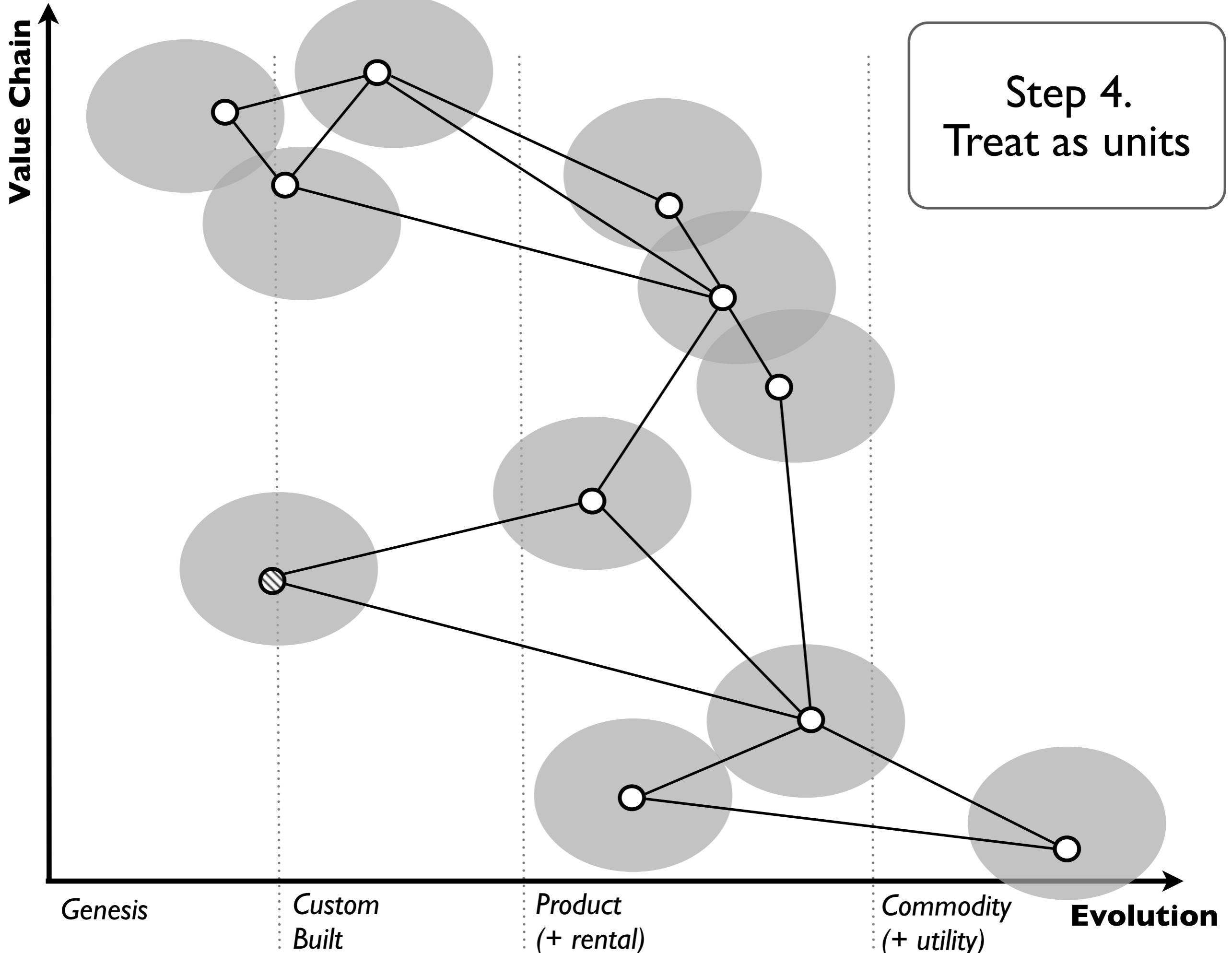
**Value
Chain**











Step 4.
Treat as units

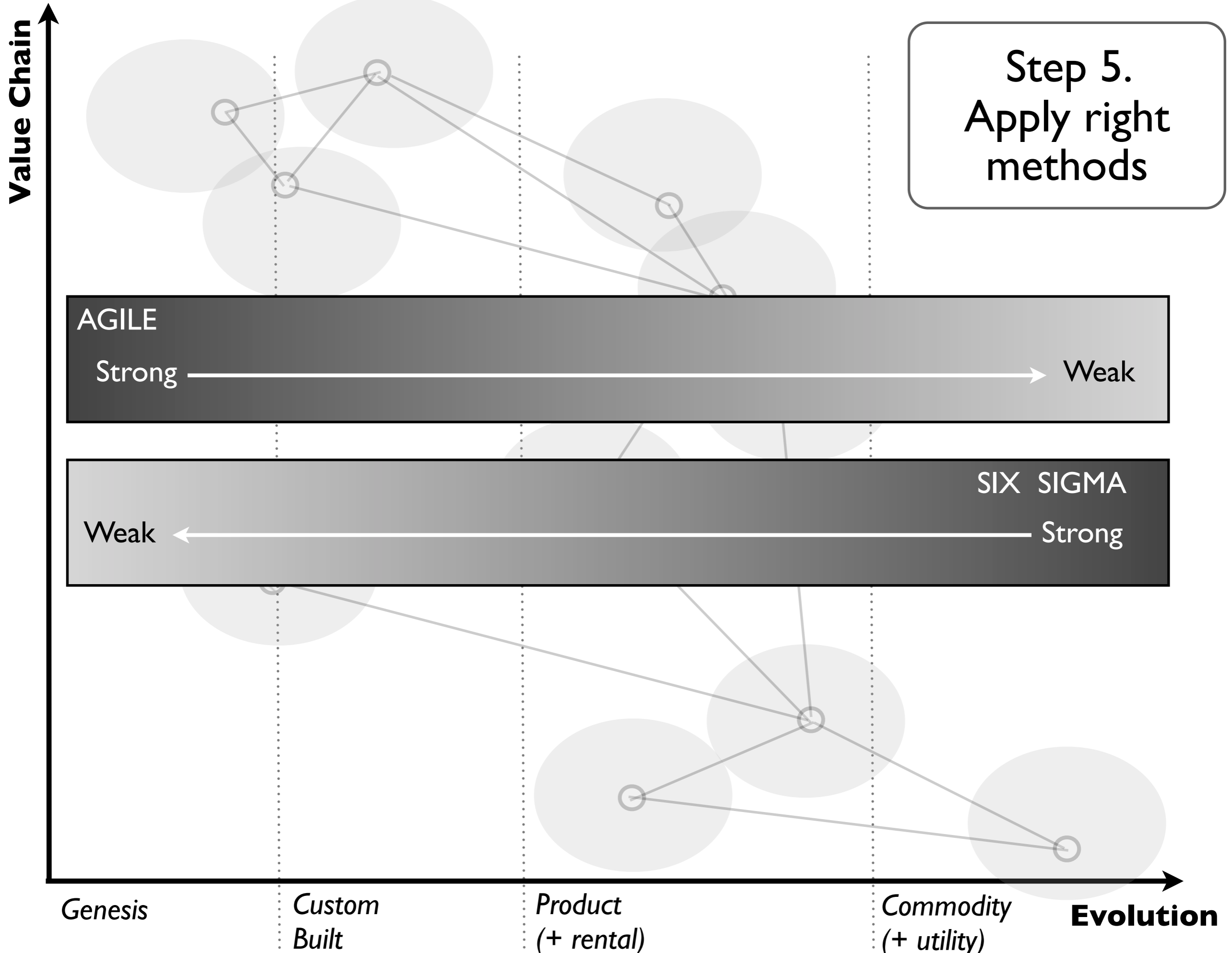
Genesis

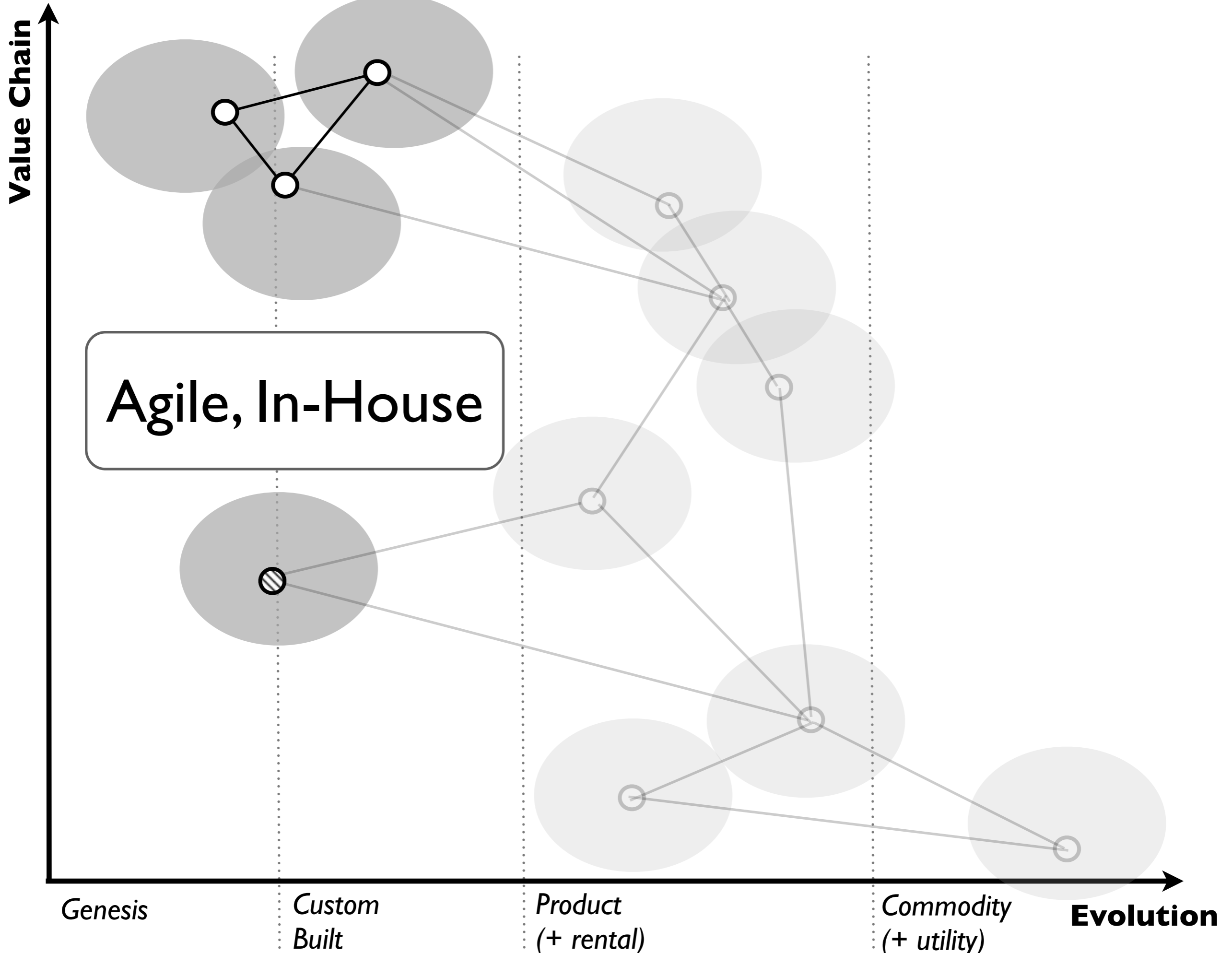
Custom
Built

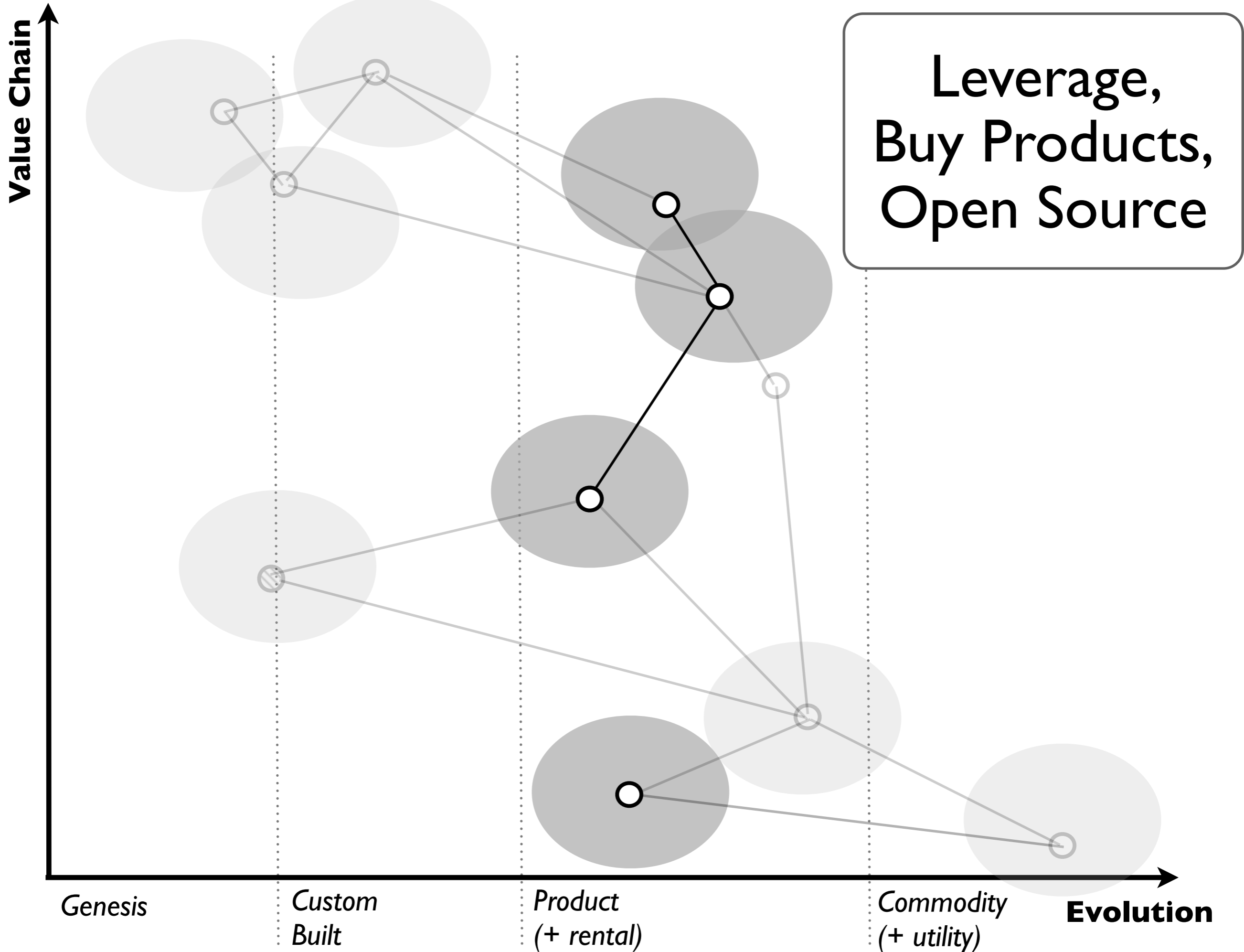
Product
(+ rental)

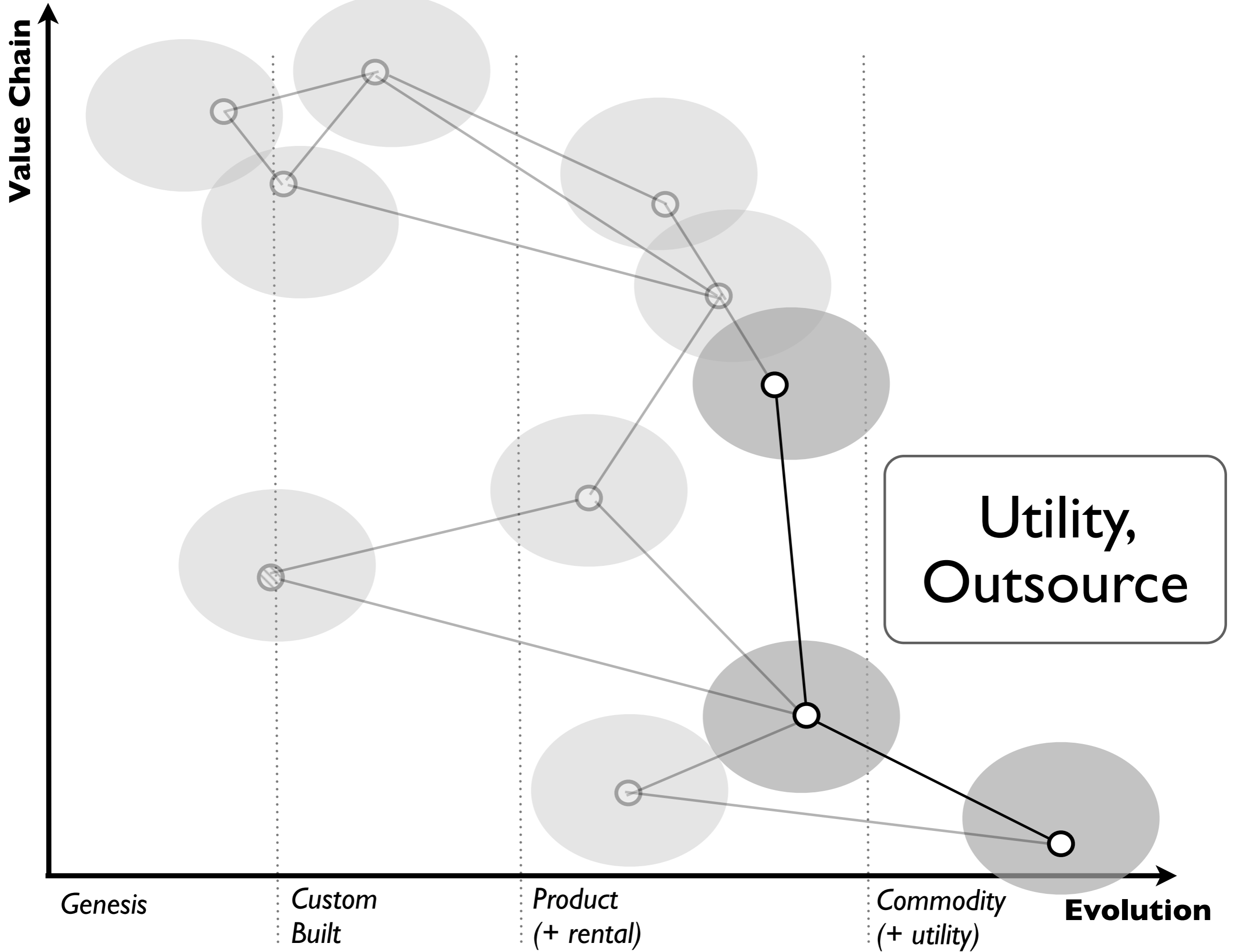
Commodity
(+ utility)

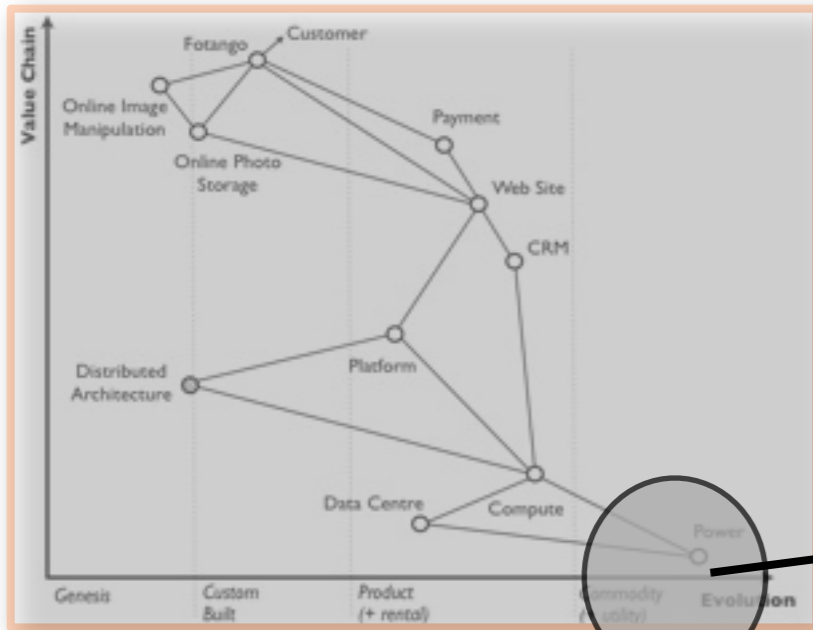
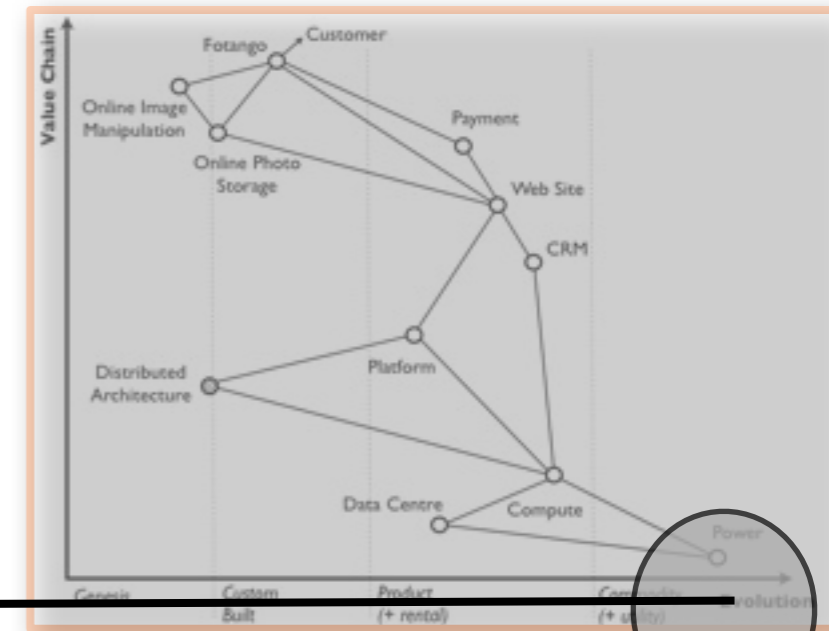
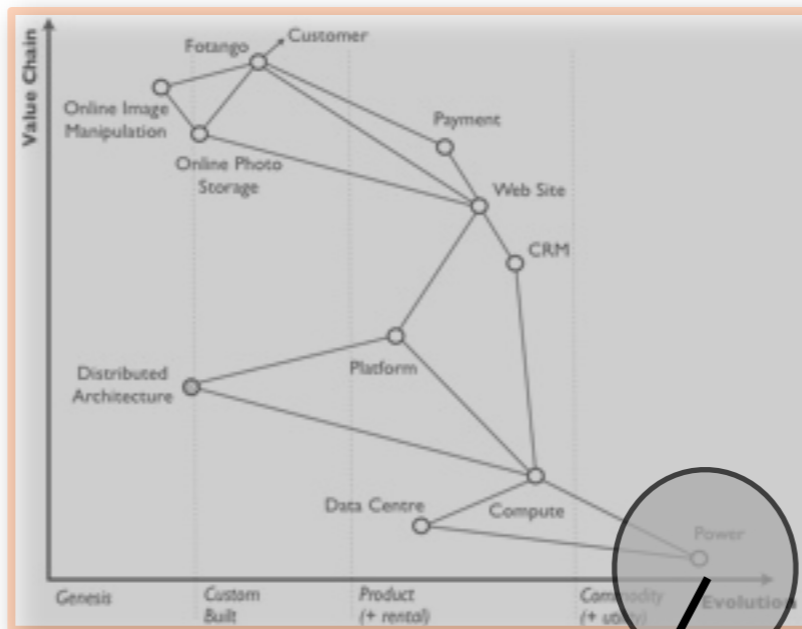
Evolution



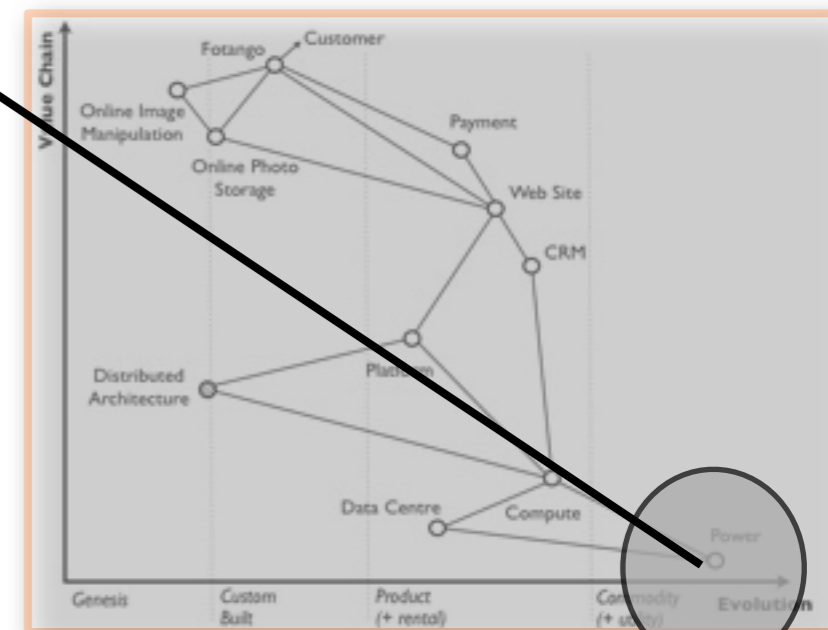
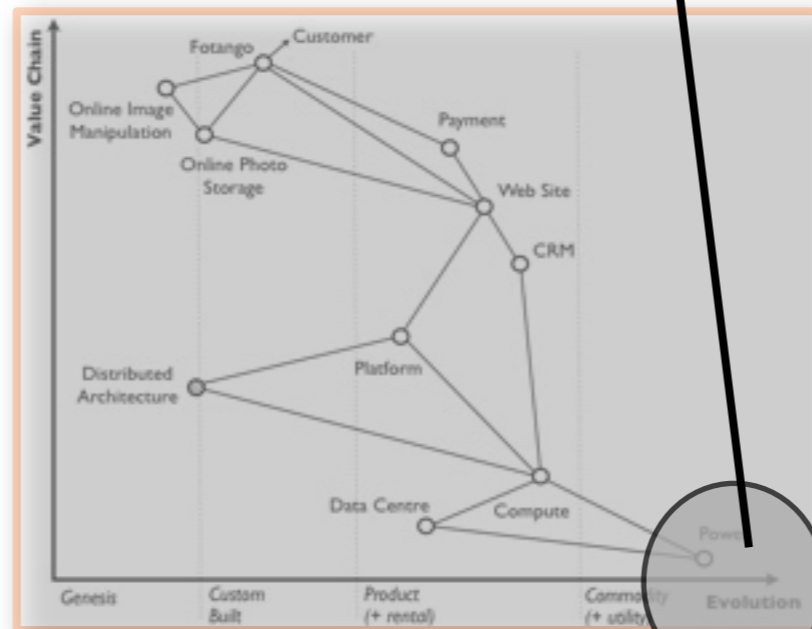


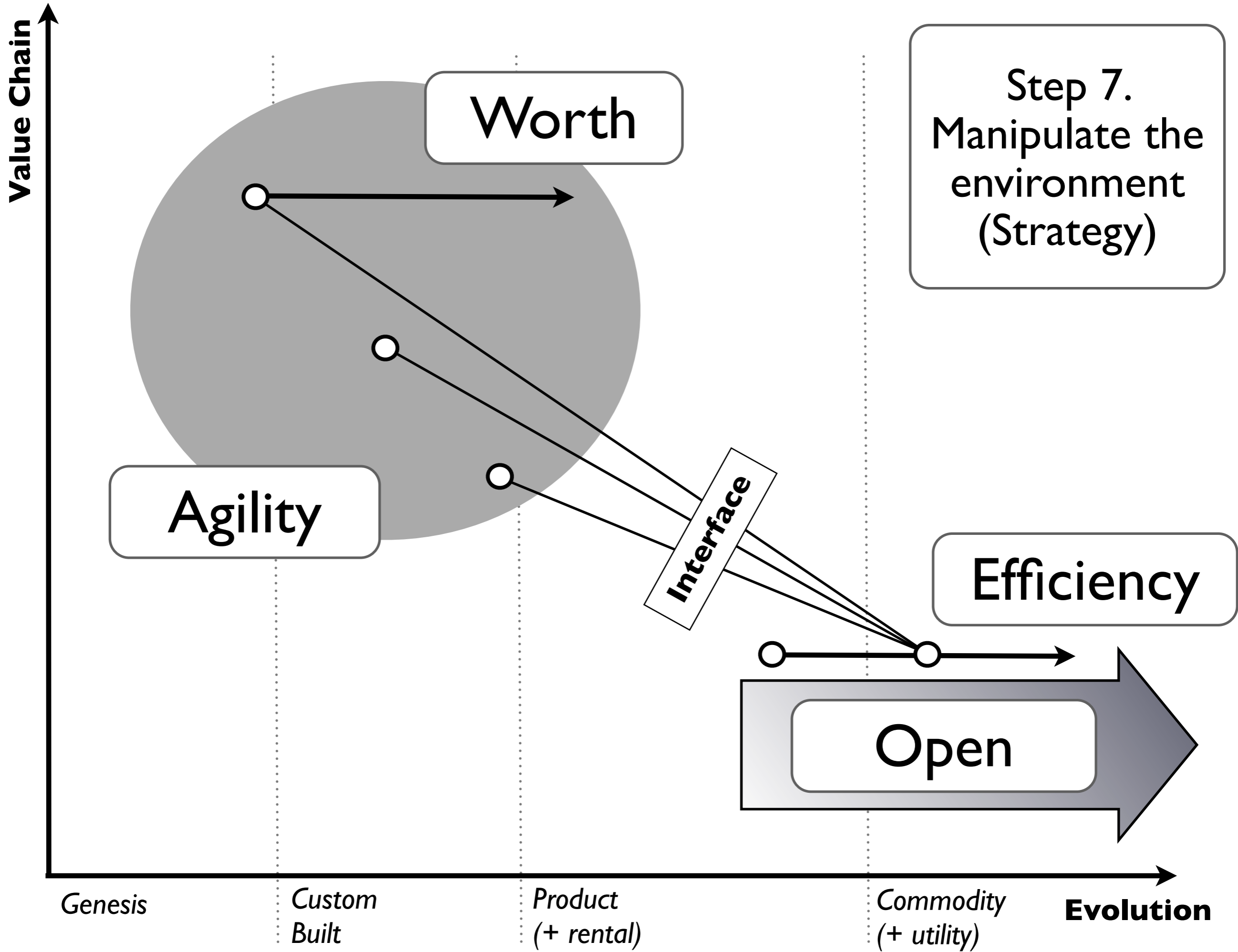






**Step 6.
Find shared
components**





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