

A Perspective on Information Technology from a Senior Technology Strategist

Nicholas Vitalari, Senior Vice President of Research and Advisory Services at Computer Science Corporation (CSC) Index, spends most of his time on the phone, in meetings, or rushing to a plane. He is responsible for developing the practice area for technology within a management consulting firm that specializes in business re-engineering and technology strategies—particularly something he terms “digital strategy.” When not engaged with clients, he also reviews emerging technologies and their potential strategic impact on business, and formulates the direction of the consulting arm of CSC, a \$4 billion global company. Vitalari was a professor of IT at GSM during the 1980s, and has published several significant works on IT.

“Digital strategy is understanding the full gamut and implication of technology in the business world,” according to Vitalari. “Executives need to learn about it, because it will affect their business. Change is moving rapidly as a result of digital technology, and the impact of this change is strategic for organizations.” Vitalari works with firms in setting their technology strategy and the application of best practices. He interacts with senior executives to help them integrate technology in their companies’ planning and operations.

Maintaining Flexibility in Companies

“I think one of the biggest issues facing companies today is the capacity to be agile in ways that haven’t been required before,” says Vitalari, “They must constantly look for ways that technology can increase and enhance the company’s agility. Organizations need to develop the capability to change on a continuing basis.” One of his favorite quotes is from Charles Handy, “Even change is no longer the same.”

Executives need to ask the questions: How can I make my company more agile? How do I create the capability to sustain continuous change within the organization? And, how can technology can play a role in that context? In the last five years, Vitalari believes the answers to these questions are starting to be addressed and understood,



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particularly when senior executives are motivated to look at technology in new and different ways.

“As we move into the 21st century and a more network-centric view of markets, many executives are recognizing that technology is becoming an integral part of the firm. Almost all markets are becoming digital in some way. So, the question becomes, Do I really understand how my business is going to operate in this new marketplace?” Vitalari explains. “Companies are realizing that their boundaries are changing, and firms now can tie into each other’s inventory systems, shop-floor systems, or warehousing. Types of shared data that would have been taboo five years ago, now are becoming status quo for successful ventures.”

These changes have also required companies to focus more on what is “core” to their business—what is unique and distinct to their competence—and to understand the capabilities surrounding that competence. Once companies are confident in their core, they are much more willing to partner with other firms to get the best position in the marketplace. They can work together with other companies whose “outside” capabilities fit with their internal “core” capabilities to create the highest level of customer value.

Technology can also reduce transaction costs for services rendered. In many instances, whole departments, including R&D, are being taken outside the company; yet their functions can still be closely controlled. The decreased cost of these services has allowed their functions to be accomplished outside of a “normal” corporate structure. “Without the networking technology, it wouldn’t be possible to have the new types of partnering that we are seeing,” says Vitalari. “This is going to become a large part of the business operating model.” Good examples have been Dell Computers and Nike. They both keep core expertise in house and “farm the rest” out to other companies. Vitalari cautions, however, about becoming a ‘hollow’ corporation and he noted that one of the dangers of extreme outsourcing is that companies blindly adopt this strategy without first really understanding and assessing what is their true distinctiveness.

Dealing with External Forces

Another major factor affecting the business world is the impact of external IT forces on corporate strategy. These forces can come in the form of industry standards that do not arise out the industry, but out of the IT environment—Which leads to another question: What technology do I support today versus waiting to invest in tomorrow?” Vitalari believes a major factor is something he calls the “externalized infrastructure.”

“What I mean by the externalized infrastructure is that more and more of the computing infrastructure is available in the marketplace from third parties,” Vitalari explains. “As a consequence, the technological assessments around those infrastructures are going to be amortized over more and more companies, and a lot of these costs for a firm will decline significantly—because the infrastructures will be shared.” He feels this sharing will occur because there’s a real motivation and impetus to create standardized models for the externalized infrastructures.

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