



IDC VENDOR SPOTLIGHT

Operationalizing Strategies Through Execution Excellence: A Paradigm Shift in Technology Service Delivery

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In recent years, IDC has been highlighting the dawn and evolution of the 3rd Platform, where social, mobile, analytics, and cloud technologies intersect to disrupt existing business models and bring innovation to our daily lives. Several elements of the 3rd Platform have already become global realities in almost every industry, yet the paradigm is still in the nascent stage of its evolution. Service providers are seeing waves of early adopters of various technology-driven business models, establishment of combinations, proof points, and ROI. As the business environment becomes increasingly disruptive-competitive, companies in all industries have to grapple with frequently evolving business objectives, business models, processes and application platforms, lack of availability of skills, and constrained resources that create unseen execution challenges. While enterprises and leaders are quickly grasping the strategic importance of inflections made possible by the 3rd Platform, success in realizing these opportunities will be determined by successful strategic execution.

Past execution models are no longer valid, and large-scale IT outsourcing in many situations creates inertia, often working against disruptive innovation. If enterprises want to leverage the promise of the 3rd Platform, such as big data analytics, mobility, social media, and the cloud, they need to master strategic business execution and drive sustainable competitive advantage. To do so, enterprises need to partner with service providers that thoroughly understand their business dimensions, senior management's expectations, and the underlying imperatives of key initiatives.

This Vendor Spotlight describes the challenges enterprises face today in the execution and realization of the promise of the 3rd Platform. The paper highlights the fact that traditional service delivery methods have centered around outsourcing, deploying platforms in isolation, often aligned with a company's internal business and/or divisional structure. Also highlighted is the fact that at an individual enterprise and business or technology initiative level, 3rd Platform elements are rarely deployed in isolation and in highly uncertain competitive, economic, business, and information or physical security environments. Value is achieved only through what is termed "strategic execution," representing a systematic process of working toward a comprehensively defined end state.

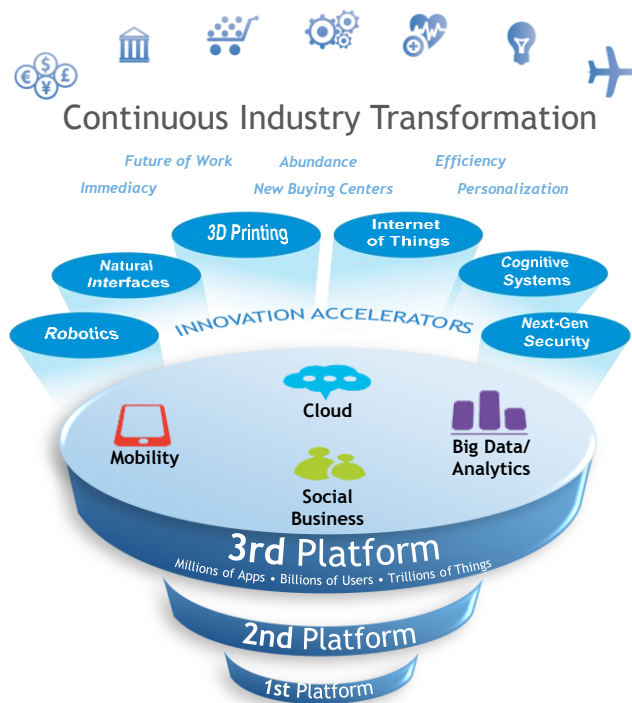
This document highlights Trianz — a management consulting and technology services provider — and how it has developed and deployed a philosophy and execution models that ensure a business results orientation and a higher success rate in the deployment of 3rd Platform operational capabilities at the enterprise level.

Definitions

In 2007, IDC identified the 3rd Platform — a transformative shift in how businesses leverage social, mobile, analytics, and cloud technologies to get closer to their customers, create new revenue streams, improve internal operations, and attract a new workforce (see Figure 1). Besides these activities, the 3rd Platform also has significant implications on how technology initiatives supporting the 3rd Platform are operated, funded, and evaluated. IDC predicts that by 2020, one-third of the leaders in each industry will be disrupted by new 3rd Platform competitors *that do not even exist today*. This is part of the urgency associated with the need to rapidly transform to the 3rd Platform.

FIGURE 1

The 3rd Platform



Source: IDC, 2015

Figure 1 displays the three platforms of IT growth. The 1st Platform was based largely on mainframes and terminals. The 2nd Platform emerged with the birth of the PC in the 1980s and was defined by the client/server model, Ethernet, etc. We are now well into the early stages of the 3rd Platform, with mobile devices and applications providing key business metrics, cloud enabling consolidation and automation, analytics providing critical current and future business insight by tracking leading indicators, and social technologies enabling enterprises to acquire, manage, and retain customers as well as enable internal collaboration between employees. As we can see, the industry is continuously transforming with different technology initiatives. IDC estimates that 60% of the CAGR from 2013 to 2020 for worldwide information and communication technology (ICT) spending will be contributed by 3rd Platform elements.

First Think Beyond Outsourcing and Offshoring

Historically, offshoring and outsourcing provided advantages to customers in the form of large-scale cost arbitrage, an ability to scale up delivery skills on short notice, and redundancy of teams and infrastructure using a global delivery model. In this paradigm, clients typically had already solved or had a strong perspective on the problem at hand, and service providers provided capacity at low costs. Service cost arbitrage is no longer enough to maintain current market share or lead in the IT services industry, and it often creates an inertia that works against innovation achieved by leveraging new platforms.

Over the past two to three years, we have seen client expectations change dramatically. The basis for relationships with IT partners has shifted away from cost optimization to a new model where enterprises expect their partners to have business insight and deploy new capabilities consistently, even in uncertain environments. The importance of business orientation and insight has increased primarily because of severe time compression and a highly competitive "opportunity or threat" environment in which technology transforms all aspects of a business. Companies have been forced to become more and more tech savvy, and they expect IT to "get things right" the first time because there is no time for second chances.

The emergence of new technologies has helped companies across industries create disruptive products and services or innovate across the business value chain to drive customer intimacy, superior product or service delivery, and higher profitability by redefining business and industry boundaries. We see technology companies becoming manufacturers of smart watches; providers of taxi services, travel, and accommodation; and online retailers providing cloud and infrastructure services. What is on display is continuous disruptive business innovation achieved by leveraging combinations of 3rd Platform elements.

This paradigm shift, the integration of technology as a driver of business, demands a stronger if not an equal paradigm shift in execution. Unfortunately, IT organizations find themselves facing the following multidimensional challenges:

- A majority of present-day demands on IT are oriented to "keep the lights on" with very limited, if any, focus on core business innovation. This inherently creates a decoupling with business realities and skills obsolescence.
- The void from the business orientation and skill gap has forced business organizations to take up the lead. IT is still seen as a cost center, and therefore, subject to budget, skill, and supply constraints.
- Large, long-term, and omnipresent outsourcing and offshoring relationships that were a significant source of savings have now become hindrances to business orientation, agility, and innovation. Because the typical IT outsourcing partner is a step behind the IT organization, disconnects with the client's business are strategic, wider, and more entrenched due to a shift in the knowledge base from clients to outsourcers.
- The challenge of time compression is making obsolete the traditional models of sequential implementation, which means IT organizations have to drive disruptive change in their own environment first.

For IT organizations to leap forward and deliver the promise of 3rd Platform technologies, they need to either build new philosophies and models rapidly or find service providers that offer deep business insight coupled with intelligent and highly responsive execution models that can deliver measurable business results in an uncertain environment.

Deploying 3rd Platform Capabilities in an Environment of High Risk and Uncertainty

Historically, businesses retained their competitive advantage much longer than is possible in today's cutthroat global environment. Businesses were regional and protected by capital flow restrictions, market regulations, and protectionist regimes. Technology played only a minor role well into the two decades of the 2nd Platform. Today, globalization, trade agreements, liquid capital flows, seamless communications, globalization of knowledge, and Internet-based technologies make new businesses with radically transformative business models a constant opportunity and a threat. They are opportunities for innovators from inside or outside of an industry and threats to slow-moving incumbents. Every established enterprise faces a scenario of high risk, uncertainty, and time compression. Companies that embrace these changes will be surrounded by opportunity, while those protecting the status quo will struggle enormously.

In a recent IDC demand-side study that surveyed 343 U.S. business process outsourcing customers, the leading challenges in executing corporate strategy included the inability to focus the right people and resources on strategic initiatives, inadequate linkages between IT and business process management, and the inability to build consensus and cooperation from stakeholders across the company.

These survey indicators are substantiated by the fact that most current and recent outsourcing contracts have evolved out of the silos of various business units. This siloed approach has created disjointed tactical and strategic objectives primarily focused on individual business unit goals that are not integrated and do not work toward common corporate goals. These disconnects inevitably widen the gap between high organizational aspirations and faltering initiative execution.

Some factors that force customers to operate in disjointed silos are as follows:

- Competing and new internal priorities that change the budget landscape during execution
- Misaligned company and IT outsourcing partner objectives (While companies are looking for innovation, outsourcing partners are looking for revenue and profit stability.)
- External competition introducing game-changing alternative paradigms, products, services, and models while an initiative is being implemented
- Technology changes and emerging choices that make technology a moving target
- Macroeconomic and regulatory changes during execution that require organizations to revisit their original assumptions

While companies are aware of the impact of these factors on their business and ongoing transformation initiatives, they are used to rigid approaches that prevent execution teams from revisiting underlying assumptions and recalibrating goals after execution is launched. Consequently, the gap between intended business results and actual execution progress becomes wider. All too often, a project may be executed on time and under budget but not achieve the desired business impact.

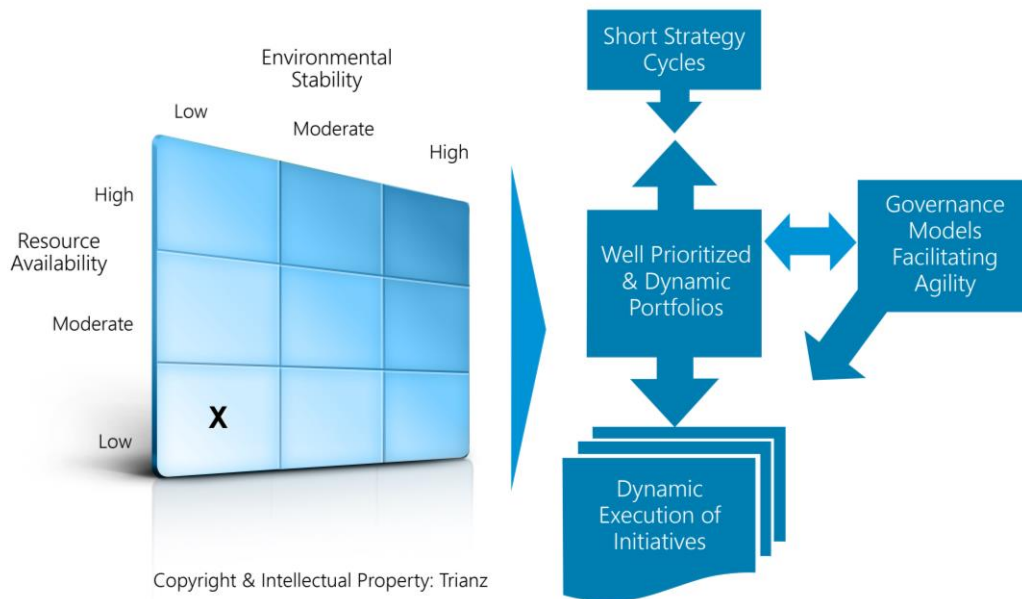
Strategic Business Execution: A Holistic Approach for Execution of 3rd Platform Capabilities in Dynamic Environments

An outcome of the strategy and execution scenario described previously results in a majority of strategic initiatives either failing or underdelivering in terms of business results, even while meeting traditional project metrics. In addition to fundamental disconnects between business dynamics and technology execution, we continue to observe basic skill gaps in understanding the potential of 3rd Platform technologies such as big data, cloud, or mobility. These skill gaps can seriously impede even the conceptualization of 3rd Platform possibilities.

The core premise that Trianz lays out is that social, mobile, analytics, and cloud technologies are being deployed in an environment of high political, economic, technology, and competitive uncertainty. Priorities, targeted results, execution assumptions, considerations, funding, and conditions can change. Therefore, the entire process of transition from strategy to planning, funding, and execution oversight needs a fundamental rethinking in terms of continuous strategy-execution alignment, business orientation, and dynamic adjustments to desired results (see Figure 2).

FIGURE 2

Strategy and Execution Amid Uncertainty: Fluid and Intertwined



Source: Trianz, 2015

Disruptive innovation makes for low predictability. Therefore, strategy and execution cycles are shorter and more dynamic and demand much more agility. In such a paradigm shift, leaders in client organizations also need to change their focus from fiduciary governance to strategy governance. In that, their role is to pave the way through conceptual thinking and cross-functional decisions.

Execution as a Core Competency That Drives a Future End State and Business Renewal

"Strategic Business Execution" is a disciplined approach to execution that is integral to business strategy rather than a follow-on to strategy or technology for technology's sake. It systematically works toward a defined business end state, envisions and pursues multiple possible futures, monitors and validates underlying assumptions during execution, and ensures accountability for business impact instead of focusing on limited project metrics. When implemented effectively, Strategic Business Execution results in the following:

- The ability to predict business outcomes and measure/track their anticipated impacts in real time

- Execution models and cycles based on an anticipatory stance rather than a reactive stance around uncertainties and risks
- Dynamic, short-sprint cycles with real-time status tracking and a high degree of flexibility in directional change and adaptation
- Leadership involvement in a governance model centered on innovation, decision making, and facilitation rather than financial oversight and status reporting
- Multiple players (e.g., business, IT, and service provider) that are unified, aligned, and invested in ensuring measurable transformative business impact through successful deployment of capabilities
- The ability to measure success from execution in business terms as an impact to metrics that various stakeholders care about — clients, partners, shareholders, employees, and leadership — and not mere project metrics

Trianz proposes that these cycles are or can be made repetitive, resulting in competitive advantage and strategic renewal through execution excellence.

The Trianz Strategic Business Execution Model and Approach to Client Partnerships

According to Trianz' research and client experience over the past 15 years in the field of execution in general, traditional execution approaches will not address the tsunami of change and blurred lines between business and IT that need to be resolved in 3rd Platform implementations. In response to this challenge, Trianz has developed the following methodical, repeatable, and predictable step-by-step approach toward the conceptualization and deployment of these transformative technology capabilities across enterprises:

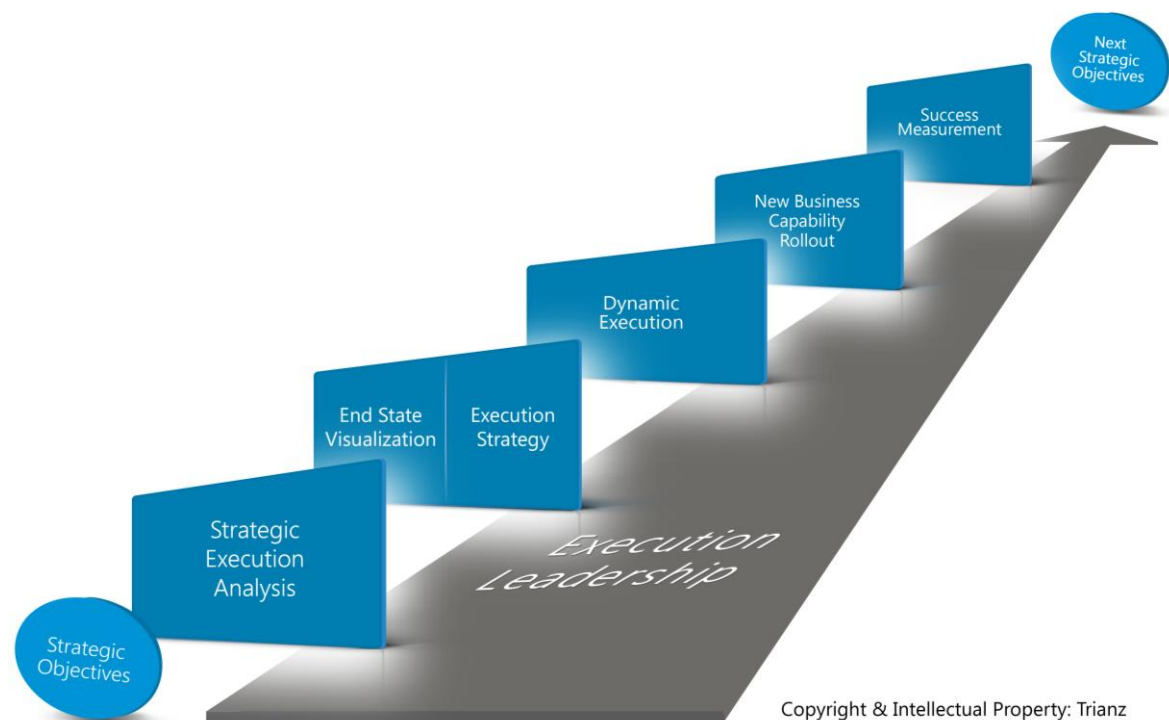
- The Strategic Business Execution model starts with careful analysis and visualization of next-generation operational capabilities required in critical business functions relative to strategy and desired end states (see Figure 3). Specific implications of external dynamics during the execution cycle are mapped out. After carefully synthesizing strategic objectives and risks, the model brings business and IT organizations into a shared view of the desired end state and the execution strategy articulated within well-laid-out road maps. The disciplined approach to end-state visualization brings business and technology leaders together in specifying the underlying assumptions on which the business strategy and technology deployment is based. These assumptions enable Trianz to work with the client to track leading indicators that enable midcourse corrections and close the gap between intended business outcomes and IT capabilities.
- Implementation of business process and technology platforms is holistic, fast paced, and structured to deliver capabilities in short bursts that are planned and executed through rigorous program execution frameworks. Trianz leverages consultative capabilities to enable business alignment, engagement, and decision making while partnering with IT in delivery.
- The model strengthens partnerships between business and IT during the execution cycle, emphasizing holistic teams with business and technology experience and heightened executive engagement, resulting in open and transparent communications throughout the cycle. It provides executive leadership in client organizations with a mechanism to support effective governance by creating decision maps through the cycle, anticipating and engaging decision maps in decision making ahead of the curve.
- In this model, leadership and governance are entirely anticipatory rather than reactive. Teams are mentally and methodologically attuned to monitoring uncertainties, creating contingencies, and

altering course dynamically. Therefore, change is almost never a surprise because it is factored in and teams proactively adjust to unfolding scenarios.

- The model deeply emphasizes training on new capabilities as opposed to focusing only on softer aspects of change. Trianz believes that providing training on the use of new technologies is the way to generate excitement among teams and individuals and create impact. Consequently, lasting bridges are created between business and IT. Different functions are aligned with shared objectives, and the teams are jointly aware of risks and uncertainties throughout the execution. The overall approach takes clients into a zone of a significantly higher success rate and minimal post-implementation iterations.

FIGURE 3

Strategic Business Execution: Cycles Driving Competitive Advantage and Renewal



Source: Trianz, 2015

According to Trianz, clients that have engaged with the company in Strategic Business Execution not only achieve a higher rate of success in specific initiatives but also see tangible and early business impact with minimal disruption and organizational conflict. Perhaps more importantly, clients believe that their ability to execute on future transformation initiatives is significantly enhanced, leading to more sustained competitive advantage. According to Trianz, most clients continue to retain the company in a long-term collaborative partnership to achieve business transformation goals.

Harnessing the Potential of the Trianz Business Execution Models

IDC believes that Trianz' Strategic Business Execution model is capable of delivering predictable success subject to the following:

- **The temptation to change strategy.** Based on short-term or unforeseen critical business situations, the temptation to change strategy will arise often, and both Trianz and the client should strictly adhere to the overarching strategic mandate that is agreed to in advance.
- **Paradigm shifts demand a learning orientation first.** The client's business and IT teams should adopt and sustain a collaborative and partnership approach from the inception of the initiative. The focus should be business oriented with technology as an enabler rather than an exclusively technology-centered approach. Teams should be allowed to fail quickly and learn fast. This particular element is not in the DNA of many clients, and Trianz will have to ensure that it sets expectations from the beginning of the engagement and controls any exceptions as they arise during the execution phase.
- **Collaborative approach.** This approach will challenge businesses and sponsoring leaders, in particular, to clearly articulate initiatives, end states, and underlying assumptions as well as build execution road maps based on business risks. Customers often do this from a strategic perspective, but doing this jointly with IT will be key to success.
- **Reducing and avoiding unforeseen challenges.** To avoid or reduce surprises during the execution phase, client leaders will need to cocreate new governance models and engage in conceptualization, risk taking, and decision making at different stages of implementation.

IDC is of the opinion that customers that follow the Strategic Business Execution model described previously will see a positive impact on their business and operations. It is also important to note that leadership involvement in the planning and execution phase is a must and will be key to success. Trianz will continue to succeed with its model so long as it insists that its clients adhere to the disciplined strategic and tactical tenets of its own value proposition. The key to Trianz' success will depend on whether the company can deliver on the promise of excellence in Strategic Business Execution and build a repository of client references across the domains on which it focuses.

About Trianz

Trianz was founded by a former Special Forces officer and a team of seasoned consultants with the sole purpose of enabling leaders in client organizations to formulate and execute operational strategies with a complete results orientation. Over the past 15 years, the board and leadership of Trianz have nurtured the company into a professional services firm whose value chain, client service models, and culture are centered on the following purpose: clients and their execution-driven success. Today, Trianz serves COOs, CIOs, and general managers of leading business and technology functions at Fortune 1000 and emerging organizations in developing strategy and execution of 3rd Platform capabilities leveraging their consulting and global technology delivery capabilities. Trianz organizes itself, acquires and trains worldwide talent, measures satisfaction, and rewards teams on their effectiveness in delivering business results, predictable execution, and a positive experience to clients.

The company's goal is to help client leaders in marketing and sales, customer service, support, product and service engineering, human resources, and finance in Analytics & Information Management, Business Digitization, Mobility, Information Security, and Cloud & Infrastructure Management for organizational transformations, effectiveness, and results. Drawing on the best talent available, the unified Consulting & Technology practices at Trianz help leaders address the issue of maturity and modernization holistically by utilizing the Strategic Business Execution model.

Most Trianz clients retain the company in the form of multiyear relationships, and a majority of Trianz growth comes through client references. More information on Trianz is available at www.trianz.com.

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