

The False Promise Of Bimodal IT

BT Provides A Customer-Led, Insights-Driven, Fast, And Connected Alternative

by John C. McCarthy and Sharyn Leaver

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Under Pressure, CIOs Turn To A Flawed Bimodal IT Strategy

Report Excerpt

CIOs and CEOs face unprecedented threats and opportunities as technology resets customers' expectations and redefines how firms differentiate themselves. CIOs across all industries realize — or soon will — that traditional IT delivery approaches can't meet the rising expectations of customers and the increasing speed of innovation. In an attempt to answer the business' need for more agility, many CIOs have embraced Gartner's bimodal IT as a strategy.¹ This approach creates two separate groups: a fast team that focuses on digital and a separate traditional IT group that focuses on the classic back-office systems of record.

Bimodal IT's Incremental Change To The Status Quo Is Counterproductive

While bimodal IT may provide some relief for CIOs in the short term, it is not the strategy for long-term success due to fundamental shortcomings. Bimodal IT:

- › **Creates a two-class system that adds complexity and kills culture.** At a time when businesses need to drive speed and agility, it makes no sense to have two groups competing for funding, resources, skills, and the business' attention.

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- › **Focuses on a technology-centered model that does not connect to customers.** Firms are explicitly linking performance metrics to improvements in Net Promoter Scores as a way to break down the silos and drive more aligned behavior in service of the customer.² Bimodal IT, with its tech-management-only focus, runs completely counter to creating more cross-functional CX roles to get the business units operating in an omnichannel mode.³
- › **Perpetuates the myth that back-end systems can be left as they are.** While some systems may change less frequently, they need to evolve quickly when they do change. Customers' expectations necessitate the streamlining of operational processes and systems, while digital disruption forces organizational simplicity and agility. Continuous organizational re-engineering will require tech management teams to update older back-end applications with more modular designs.⁴

Business Requires A Bolder Approach: BT For Customer Obsession

Incremental and counterproductive strategies like bimodal IT that advocate silos and two operating speeds won't get the job done in the age of the customer. A bolder, unified business technology (BT) strategy is required. Business technology is the technologies, systems, and processes to win, serve, and retain customers.

BT calls for a complete shift to put customers at the center of your technology strategy and to operate as one team, at one speed: fast. And it is not confined to the CIO's organization. Instead, BT:

- › **Engages and energizes the C-suite and board.** Technology's role in improving customer experience, differentiating products and services, and building partner ecosystems requires a continuous level of CEO and board-level engagement. Incremental or theoretical changes will not get your CEO's attention: A BT agenda, filled with engaging digital experiences that drive growth, will.
- › **Empowers business leaders to take ownership.** Leading eCommerce, field service, and product development groups take a more activist role in a BT strategy. This requires more product management expertise to manage customer requirements and feedback within a long-term road map while feeding the flow of Agile scrums and incremental releases.

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Four Customer-Obsessed Operating Principles Underpin BT

Top executives at customer-obsessed firms are linking arms to shift four important operating principles from a traditional approach to one that is customer-led, insights-driven, fast, and connected. These principles underpin every aspect of the way they operate as well as a BT strategy (see Figure 2):⁵

- › **Customer-led, through fused design thinking and an agile methodology.** Success starts with an outside-in focus on delivering new sources of value to customers in both a B2C and B2B setting.⁶ BT calls for a common design thinking methodology that marries customer journey mapping (CJM) and even ethnographic customer research with Agile, DevOps, and continuous delivery to instill the customer-led mindset and de-risk the complexity of new customer systems and legacy makeovers.
- › **Insights-driven, with new skills and systems of insight.** Apps with built-in analytics and sensor-enabled connected products change how companies leverage insights to provide a personalized customer experience. BT brings business and technology teams together to create the right combination of commercial insight and technology acumen.
- › **Fast, by closing the speed gaps.** The faster you execute, the more quickly you will win customers over. Driven by disrupter Amazon, retail leaders know this all too well and have quickly made significant changes in their mobile and web systems. But to provide a transparent multichannel experience, they have also had to re-engineer their core operational supply chain systems and processes, like order and inventory management. BT drives speed across all systems and people — and calls for aggressive simplification to help enable speed.
- › **Connected, through APIs, modern architectures, and ecosystems.** As digital commoditizes traditional sources of value, firms turn to external partners to build new ecosystems of value. BT calls for API-based integration and a cloud-first strategy to support this “promiscuous partnering.” Paradoxically, these ecosystems of value require a loosely coupled architecture that, at the same time, tightly intertwines with the systems and business processes of an increasingly large set of partners.⁷

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FIGURE 2 Customer-Obsessed Operating Principles: Business Technology Versus Bimodal IT

Key principles	Business technology	Bimodal IT
Customer-led 	<ul style="list-style-type: none"> • Customers act as the central design point. • A common design thinking methodology marries customer journey mapping and ethnographic research with Agile, DevOps, and continuous delivery. 	<ul style="list-style-type: none"> • A tech-centered approach leaves much of the CIO's team isolated in a customer-led world. • Fragmented design and development processes do not link to customer-facing methodologies.
Insights-driven 	<ul style="list-style-type: none"> • Systems of insight unlock insights from all data sources. • The right mix of analytic skills, technology, and in-depth business expertise turns insights into action. 	<ul style="list-style-type: none"> • More technology silos make data and insights harder to access. • Organizational silos hinder the business and technology collaboration required to unlock value.
Fast 	<ul style="list-style-type: none"> • Continuous development and delivery drives speed across all systems and people. • Aggressive technology simplification and rationalization foster ongoing agility. 	<ul style="list-style-type: none"> • Two-speed operations create conflict and complexity. • The glacial pace of change of operational systems stalls innovation.
Connected 	<ul style="list-style-type: none"> • Cross-functional teams act as a single organism to rapidly sense and respond to changes. • API-based integration and a cloud-first strategy support "promiscuous partnering" across customer ecosystems. 	<ul style="list-style-type: none"> • Increased fragmentation leaves business stakeholders unsure of where to turn to get the right technology. • Monolithic operational systems remain unlocked and disconnected.

What It Means

Technology Strategy Will Define Business Winners And Losers

CIOs will continue to grapple with the choice of bimodal IT versus a bolder BT strategy. The choice they make will have a far-reaching impact over the next 36 months as firms come to grips with digital and rising customer expectations.

- › **Old-line services contracts come under pressure.** Bimodal IT creates the false security that the old-line legacy systems that make up the bulk of the outsourcing market will be left untouched. In fact, it's just the opposite: Firms are consolidating those applications and moving the remaining ones to the cloud. Services firms will be left with a smaller pool of unprofitable contracts if they can't leverage automation effectively.

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- › **The economics of the tech industry change.** The move to a BT agenda relies heavily on simplifying the old environment while embracing more modern architectures and approaches like cloud, microservices, and open source. This will accelerate the phasing out of on-premises approaches while driving a parallel shift to lower-margin approaches.
- › **Not executing on BT puts pressure on margins.** Firms that do not embrace BT and continue to hedge with a bimodal strategy will face the additional cost and complexity of running two parallel systems. And without the simplification and modernization of core operational systems in areas like supply chain management and core banking, they will be forced to use manual process workarounds to meet the needs of customers — all of which will drive up costs and hurt margins.

Endnotes

- ¹ Source: "Bimodal IT," Gartner (www.gartner.com/it-glossary/bimodal).
- ² Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.
- ³ The need to keep up with rising customer expectations in the digital age will continue to drive major organizational changes within companies. See the "[Brief: New Corporate Leadership Functions Will Address Rising Digital Pressures](#)" Forrester report.
- ⁴ Rewriting older applications is financially and pragmatically impossible, yet delivering new capabilities often requires organizations to wring new life from older applications. See the "[Application Modernization, Service By Microservice](#)" Forrester report.
- ⁵ We know and have proven that a better customer experience correlates with higher revenue growth. But what does it take to succeed in your quest for the level of customer obsession needed to drive these results? See the "[The Operating Model For Customer Obsession](#)" Forrester report.
- ⁶ The digital-led wave of change that has swept over the B2C markets for the past five years is now making its presence felt in the B2B sectors of the global economy. See the "[The Digital Agenda Comes To B2B Industries](#)" Forrester report.
- ⁷ While it's true that transforming to realize the benefits of digital business requires specific initiatives such as mobile apps, the Internet of Things, and predictive analytics, it's a mistake to frame one's transformation around such initiatives. See the "[APIs Underpin A Digital Business Platform](#)" Forrester report.

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