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## Are New Technologies Adding Business Value?; CIOs take pride in their willingness to investigate and deploy new technologies.

CIOs take pride in their willingness to investigate and deploy new technologies. More than 20 percent of the more than 500 technology executives who responded to our technology adoption survey characterized their companies as "early adopters," and a surprising three quarters called their companies "innovative." But times are tough: IT executives concede that the slow economy has had an adverse effect on their efforts to adopt new technology, and most of them say their primary goal in deploying new systems these days is to save money. Still, adopting new technologies remains critical to meeting strategic goals, and the companies that say they're good at it devote a larger part of their IT budgets to investigating new technologies, and are significantly more likely to involve business executives in the process, than those that admit to being less successful. Expensive as the process can be, it's clearly worth the effort.

### Why Involve Business Executives in Finding New Technologies?

Thanks to its computerized patient record system, which won a health care industry award in 2002, Maimonides Medical Center in Brooklyn, N.Y., is considered a technology showcase. But the hospital was anything but leading edge when Ann Sullivan became CIO back in 1996: patient billing still required keypunch cards.

Of the many factors in the hospital's IT turnaround, Sullivan considers the involvement of Maimonides' physicians, particularly the heads of its clinical departments, to be among the most important. These doctors envisioned how the system would be used, helped select a vendor, and oversaw its implementation; their backing helped ensure all doctors used the system, according to Sullivan. These clinical service heads remain involved with new technology, accompanying her on site visits to other hospitals, helping the IT department assess how to improve clinical services, and suggesting new technologies such as wireless handhelds. The process works, says Sullivan, because "the physicians are involved in the planning process from initial exploration through implementation."

In this month's survey on adopting new technologies, 53 percent of the respondents say business executives and management are actively involved in finding, evaluating, testing and deploying new technologies at their firms. According to Sullivan and other CIOs we spoke to, the value of their involvement can be summed up in three words: alignment, innovation and acceptance.

CIOs and experts say involving business executives in new technology adoption is crucial to ensuring any new systems using these technologies align with the needs and goals of the enterprise. Business-side involvement is also critical because those needs and priorities aren't immutable. The very act of exploring new technologies can lead these executives to identify new opportunities and needs that IT executives might miss, and redefine priorities accordingly, argues Arvind Malhotra, an assistant professor at the business school of the University of North Carolina at Chapel Hill. For example, Capital One Financial Corp. CIO **Gregor Bailar**, co-winner of CIO Insight's 2002 Partners in Alignment award, says his McLean, Va.-based company brings together IT and business executives regularly to consider new technologies. Capital One recently ran a test that confirmed grid computers could help the company identify good credit-card customers who may no longer be able to keep up with payments, and do so at lower cost and in much

less time than a mainframe--just four hours, as opposed to 48. That's critical knowledge for a company with 47 million cardholders. Bailar says it's led the business side to think about the wider implications of grid computing. "All analytical applications with large data sets are candidates" for running on a grid, says CTO Roy Lowrance.

The difference in perspective is the primary reason researchers say CIOs who value innovation need their business counterparts. CIOs value not only their peers' ideas, but also their foresight. "Our senior vice president of marketing constantly says to me, 'Don't do anything that will limit my creativity!'" says Jake Star, the vice president of computer services at Mohegan Sun, the Uncasville, Conn., casino and resort. What he means, Star explains, is that new applications--for instance, a wireless card reader that records points that gamblers earn and spend through the resort's customer loyalty reward program--be built in a way that will allow it to be put to other uses. Now, says Star, whenever a new customer service application is considered, "managers are immediately thinking, 'can we use this wireless device to solve this problem?'" New applications for the readers include checking guests into and out of the hotel and slashing the time required to pay out jackpots--putting gamblers back on the casino floor more quickly.

Among the nine IT executives we spoke to for this article, the most commonly cited payoff of involving business executives with new technologies is greater acceptance of new systems. "The biggest benefit is buy-in," says Dr. David Morgan, the CIO of Bexar County, Texas. "The success of projects is much higher...you see more interest and excitement." Morgan holds regular meetings with county officials, in large part to share ideas and present new technologies, and assigns feasibility studies. The result has been several new systems, including a project to post all county land records on the Web.

Involvement not only wins buy-in from the executives, but from rank-and-file employees. Management support is a huge predictor of use by these systems' intended end users, according to Ritu Agarwal, a University of Maryland business school professor who has studied technology adoption.

Given the importance of involving business executives in new technology adoption, it's no wonder that our survey found that successful companies are far more likely to actively involve these executives than less successful companies. The mystery is why 47 percent of our respondents do not.

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