PETER WEILL AND JEANNE W. ROSS (2009). *IT SAVVY: WHAT TOP EXECUTIVES MUST KNOW TO GO FROM PAIN TO GAIN* (BOSTON: HARVARD BUSINESS PRESS), PP. 182, U.S. $ 29.95, (H/B), ISBN 978-1-4221-8101-0.

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Introduction: IT Literacy to IT Savvy

What does it mean to be IT savvy? Weill and Ross, who are affiliated to the Center for Information Systems Research at the MIT Sloan School of Management,argue that all business processes will soon take on a digital form. Unless a business is IT savvy, it will not be able to leverage the digital platforms that will become increasingly necessary to partake of both e-commerce and regular businesses. Digital platforms will make it possible for all firms (and not just IT firms) to work round-the-clock and leverage on business opportunities across geographies. This however will not be possible unless these firms acquire the IT skill-sets needed to do so. Given the levels of competition, however, mere 'IT literacy' will not do; what is needed is 'IT savvy'. Weill and Ross therefore set out the attributes of this form of IT savvy; they also make specific recommendations on how businesses can thrive on these emerging digital platforms. Weill and Ross also include a number of case-based examples of firms that have been successful in doing so. These IT savvy firmsare not only 20 percent more profitable; they are,most importantly, able to operate on such digital platforms.These digital platforms, they argue,will soon become a threshold requirement for all firms. It is therefore important for firms to quicken their adoption of digital platforms and harness the multiple forms of value addition that they will make possible.While these assertions may sound like plain commonsense, the

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trajectory of the adoption of digital platforms in the empirical world has not exactly been smooth for a complex set of reasons. They vary from the switching costs imposed by legacy systems; a wait-and-see attitude amongst firms which are not sure of the cost-and-benefit implications;the inability to understand what is involved in making a transition to the domain of e-commerce; the difficulties in identifying and adopting safe and effective payment systems; and so on. But, even given these forms of resistance, it is becoming increasingly important to take the transformational possibilities of a digital platform seriously.

Transiting to a Digital Platform

This book explains exactly what a firm must do to make an effective transition to doing business on a digital platform. The modalities involved in migrating to this platform should also be of interest to those who are interested in how IT firms strategize and the implications of their understanding of how strategy works for firms as a whole. This study is based on an empirical examination of over 1800 firms comprising different aspects, attributes, and functions of IT firms (including agility, business processes, business strategy, enterprise architecture, digitization, IT governance, etc.) The most important of the case studies in this book include: 7-Eleven Japan, United Parcel Service (UPS), Proctor & Gamble (P&G), ING Direct, Swiss Re, Southwest Airlines, and PepsiAmericas.While the IT function can't be expected to do everything for a firm, it is important to have strategic clarity on what exactly it can do and how that can serve as the foundation for setting up an effective operating system. It is important to start with 'integration and standardization' since these are the functions that serve as the foundation for an ITsystem. In order to do so, a firm must begin by specifying the requirements that will be built into its attempts to 'integrate and standardize' its business processes. These business processes could include data management, products, and services; it may also be necessary to 'harmonizeprocesses and data', and find the finances necessary to set up a digital platform. Making the transition to a digital platform is however not easy to do sinceit will involve taking all the employees along: sooner or later these employees will have to migrate to the new platform and drop the old work-habits of the past. The transition to the digital platform has four important stages: they involve 'localizing business solutions'; 'standardizing technology solutions'; 'optimizing the operating platform'; and 'reusing business modules' effectively. The IT trajectory that is envisagedhere involves making a deft transition from 'local flexibility to global

agility'. This will involve leadership as well. The modalities of these forms of leadership are included under the aegis of IT governance (which is an attempt to institutionalize the problem of decision rightsand the forms of accountability in a givenfirm). The domains in which this governance will become necessary include the operating system(and the IT principles on which it is based);the actual design of the system that constitutes its enterprise architecture;the total amount of services that comprise the available IT infrastructure in a firm;the allocation of ownership rights for business transactions (along with responsibility for deliverables); and the forms of strategic prioritization that must determine decision making in the firm.

Internalizing the Digital Platform

IT professionals are also preoccupied with governance because they want the system to add value with 'minimum downtime' and avoid any 'security breaches' to the extent possible.Weill and Ross also point out the need for any number of comprehensive 'post-implementation reviews' to enhance the rate at which a given firm will be able to *internalize the digital platform*. It is only then that a firm will be able to attempt something akin to a business transformation. A good instance of this, as Weill and Ross point out, is how 'Project Harmony' was used to build an effective IT governance system at the Campbell Soup Company. The success of this endeavor gives the authors good reason to believe that it is possible to set up effective IT governance mechanisms elsewhere. Another case study of successful IT governance that is discussed here is the State Street Corporation (in the context of finance). An important aspect of this case study is the need to engage with the differing perspectives of stakeholders under the aegis of the strategy termed, 'One State Street'. The different principles that should govern IT governance (including the attempt to establish transparency through such mechanisms) are also discussed. The main recommendation that is proffered here is to keep the number of governance mechanisms few in number but have operational clarity on 'decision rights'.Weill and Ross also spell-out the modalities involved in leveraging an IT platform to attain both business and strategic agility. They do this by identifying specific instances of business opportunities, the role that the digital platform will play in enhancing the effectiveness with which that opportunity can be harnessed and the management practices in the firm that will be impacted by doing so. The aim of doing this – especially when there is clarity on decision rights – is to empower the employees and improve the processes involved for any given transaction. This could involve management

approaches such as managing by exception, better diagnoses of errors, better training facilities and opportunities, and more effective adherence to compliance requirements. A simple but riveting example given in the text relates to a point where 'a controller found that process improvements reduced control points for Sarbanes-Oxley compliance efforts from more than sixty to around twenty'.

Conclusion: Gains from the Digital Platform

The gains from the digital platform for almost all the cases invoked in this book are summarized at the end so that the reader is in a position to compare the operational and strategic gains across a number of domains. These gains are quite persuasive since the strategic pay-off from the digital platform will help to both ward-off threats from the regular forms of competition; and dynamically 'respond to disruptive technologies and radically new business models'. But, in order to make such a successful transition, it is important for a firm to determine how IT savvy it is, and how much work will have to be done to get a full-fledged digital platform in place. Weill and Ross therefore set out the functional roles, the diagnostic tools, the relevant forms of IT, and the strategic leadership necessary to do so. They also emphasize the important contributions that will have to be made by both vendors and business partners in making this transition to digital platforms.It might be a good idea for CIOs who read this book to answer the questionnaire given in the appendix to determine how IT savvy they are by situating themselves in the bell curve of scores that is included in the diagnostic kit, read the interpretation of their scores carefully, and then proceed confidently to sell the idea of a digital platform to their respective firms.

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