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Subject: Corporate governance and technology infrastructure

To: TopConsultant editor

From: Colin Butcher

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Issue: 1

Corporate Governance and the Technology Infrastructure

Corporate governance is primarily about understanding and managing risk in a balanced manner across all areas of the business. One of the key areas that should be fully appreciated at board level is the risk incurred by inadequate understanding and management of the technology infrastructure. Poor decisions (or non-decisions) at senior level can so easily set the stage for a succession of long-term problems. There needs to be clear leadership and direction about the business itself, combined with an understanding of the required supporting functions needed to deliver results. In an era of rapid change directors cannot ignore the need to understand how technology can be effectively applied to their areas of responsibility.

The technology infrastructure is not just about computers. It encompasses all methods of communication as well as all aspects of information technology. This is the foundation of the operational core of a business. When the technology you rely on stops working, so does the business. It's that simple.

By way of example, look at how utterly dependent most businesses have become on communication mechanisms such as e-mail and web sites, not to mention the current explosion in mobile working and other ways of sharing information through technology. Internet based trading is another cornerstone of business expansion in many sectors. It allows a business to be open twenty-four hours a day, seven days a week – and customers come to depend on it. So, the technology infrastructure has to work consistently and reliably, all the time. That comes at a price.

As directors we have to improve our understanding of how to apply technology to our business, thus being able to make better informed decisions that balance the long-term benefits against the risks and costs. Those people who really understand how to best utilise technology and who can clearly communicate how and why to use that technology have a key place at the heart of the business.

In simple terms businesses consist of a people infrastructure and a technology infrastructure. These need to be matched with each other and to the strategic direction of the business. The people side needs to comprehend the possibilities offered by and understand the limitations of the available technology. The technology side needs to



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understand that the business people are not interested in technology other than as an operational tool. So, the business people need to express their desires and wishes in a form that the technologists can understand and the technologists need to understand that the business people want simple, reliable, consistent and easy to use tools. Both then need to work together with mutual understanding to deliver real benefits to the day-to-day and long-term success of the business.

Unfortunately, most organisations don't have access to genuinely multi-skilled experts who can sit between the people infrastructure and the technology infrastructure. Such people can act as translators and educators with a foot in either camp. As businesses become increasingly dependent on the underlying technology these people will become essential to the very survival of the business. How to sensibly deploy technology becomes a key part of the operational strategy.

A business cannot outsource part of its operational strategy and direction without letting go of a fundamental part of what makes the business work. By all means outsource the delivery of technology services, but you have to retain the control and direction of your business. Most businesses will have people within their organisation who are capable of working in a multi-disciplinary manner. The trick is finding them and developing them. A practical alternative to having scarce multi-skilled people in-house is to bring them in on an interim basis - and use them wisely to develop your in-house capabilities.

Improved understanding also helps to reduce risk, simply by reducing the fear of the unknown and the consequent fear of investing in something that is often not well understood at board level. The application of technology to build the underpinnings of a business is one of the major areas of expense that directors will encounter. If there is no real appreciation of the practical merits of different proposed solutions then it is all too easy to judge solely on initial cost during the crucial early stages – and come to what may well prove to be a very costly incorrect decision later on.

Success is only one of many possible outcomes, so the design and planning must allow for some failures along the way. The key thing is to cope with them, learn from them and continue to improve. It's all about assessing risk and finding a way forward that minimises or avoids most of the problems. If you fail to do this then you greatly increase the risk of failure, thus leading to implementation and operational problems that can, at worst, kill your business. It's a simple matter of good corporate governance with leadership, strategy and direction coming from the top, backed up by a solid understanding of the issues and complexities involved.

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XDelta provides in-depth business and technical consulting to an international client base, specialising in the design, implementation, trouble-shooting and project management of



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business critical systems. Typical industry sectors are healthcare, finance, telecomms, aerospace, manufacturing, retail, service organisations and the public sector.

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