EDITOR'S COMMENTS

TARGETING THE CIO AGENDA

At MIT's Center for Information Systems Research we have started a research study on the future of the IT organization. As executives weigh in on this research, we find their visions of the future vary widely. Some expect to increasingly outsource operational or project management responsibilities, while others intend to recover activities that they had outsourced. Some plan to take on far more responsibility for enterprise-wide business process design, while others expect business process experts to take on more traditional IT analyst and project management responsibilities. Some see IT becoming one of a set of corporate shared services like human resources and purchasing. Others expect IT to take responsibility for outsourcing many of their firms' traditional shared services. Some believe IT will become more strategic; others believe the IT unit will cease to exist.

MIS Quarterly Executive aims to explore the many different realities CIOs face. To that end, this issue deals with both traditional and more recent challenges in the management of IT and realization of business value. The first article, by Nils O. Fonstad and David C. Robertson, takes a fresh look at the age-old issue of IT-business alignment. As companies pursue more enterprise-wide synergies, Fonstad and Robertson ask how individual projects can individually contribute to firm-wide objectives—rather than create the silos so common in most companies' legacies. The authors note that both high-level IT governance[2] and disciplined project management[3] support efforts to coordinate large portfolios of projects and align them with business objectives. What Fonstad and Robertson add to this formula is the linking mechanisms by which some outstanding companies connect the decisions made at the highest levels of governance with the project management practices deployed on an individual basis. Without these linking mechanisms, they observe, individual projects cannot ensure enterprise-

wide objectives, and intended outcomes of governance decisions may never materialize. The examples of Toyota Motor Marketing Europe and BT plc offer useful insights and some specific recommendations for conquering the alignment challenge.

Deepa Mani, Anitesh Barua and Andrew B. Whinston take on a more recent IT governance and alignment concern—business process outsourcing for strategic value. They highlight the distinction between large, broadly defined outsourcing arrangements[4] (which they refer to as transformational) and smaller, narrowly focused outsourcing arrangements (which they refer to as transactional). The authors found that desired outcomes are difficult to achieve if managers do not distinguish the characteristics of their outsourcing arrangements and manage accordingly. Understandably, most companies are moving cautiously toward increased business process outsourcing. As managers wrestle with questions of what and how much to outsource, this paper clarifies the nature of the management challenge. Their recommendations should help management identify existing and intended competencies for generating strategic value from external partnerships.

While the dotcom bust undercut much of the enthusiasm for e-business, many companies continue to find opportunities for distinctive services on the Internet.[5] Albrecht Enders, Tawfik Jelassi, and Bo Harald remind us that e-business is very much alive. They share the story of Nordea Bank, which never relented in its efforts to derive value from e-business initiatives. The bank, based in Stockholm, Sweden, has generated sustainable value by leveraging its e-business platform to introduce a stream of innovative customer services. This article highlights effective approaches to building and leveraging a reusable infrastructure. It serves as a reminder that management focus on deriving value from infrastructure can lead to benefits far greater than originally anticipated.

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[2] See, for example, P. Weill, "Don't Just Lead, Govern!," *MIS Quarterly Executive* (3:1), 2004, pp.1-17.

[3] See, for example, Adler, P.S., McGarry, F.E., Irion-Talbot, W.B. and Binney D.J., "Enabling Process Discipline: Lessons From the Journey to CMM Level 5," *MIS Quarterly Executive* (4:1), 2005, pp.215-227. and Nelson, R.R., "Project Retrospectives: Evaluating Project Success, Failure, and Everything in Between," *MIS Quarterly Executive* (4:3), 2005, pp.361-372.

[4] See Lacity, M. C., Feeny, D., Willcocks, L.P., "Transforming a Back-Office Function: Lessons from BAE Systems' Experience with an Enterprise Partnership," *MIS Quarterly Executive* (2:2), 2003, pp. 86-103.

[5] See, for example, Krogh, E., El Sawy, O.A. and Gray, P., "Managing On-Line in Perpetual Perfect Storms: Insights from IndyMac Bank," *MIS Quarterly Executive* (4:4), 2005, pp.425-442.

Finally, Erran Carmel lands us squarely in the 21st century with a discussion of the challenges of managing IT projects across time zones. As companies look to take advantage of the lower costs of offshore relationships, they encounter new challenges. Earlier papers by Carmel and Agarwal and by Kaiser and Hawk[6] described clients' management techniques for successful offshore relationships. In this article, Carmel explains the competencies Infosys, a well-established offshore provider, has developed to enable its clients to realize intended benefits. The article offers a thoughtful look at what clients need to look for in their offshore relationships. Alternatively, Carmel suggests that companies can choose to create their own offshore capabilities. He provides a realistic view of the costs associated with the benefits of offshoring.

We hope this diverse set of articles resonates with both practicing managers and management students. I encourage readers to contact me with research questions arising from their daily experiences, as well as their reading of MISQE and other management literature. We will then use these pages to encourage more research on both the intractable and the new IT management challenges facing firms today.

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[6] See Carmel E. and Agarwal, R., "The Maturation of Offshoring Sourcing of Information Technoloogy Work," *MIS Quarterly Executive* (1:2), 2002, pp. 65-77 and Kaiser, K.M. and Hawk, S., "Evolution of Offshore Software Development: From Outsourcing to Cosourcing," *MIS Quarterly Executive* (3:2), 2004, pp. 69-81.