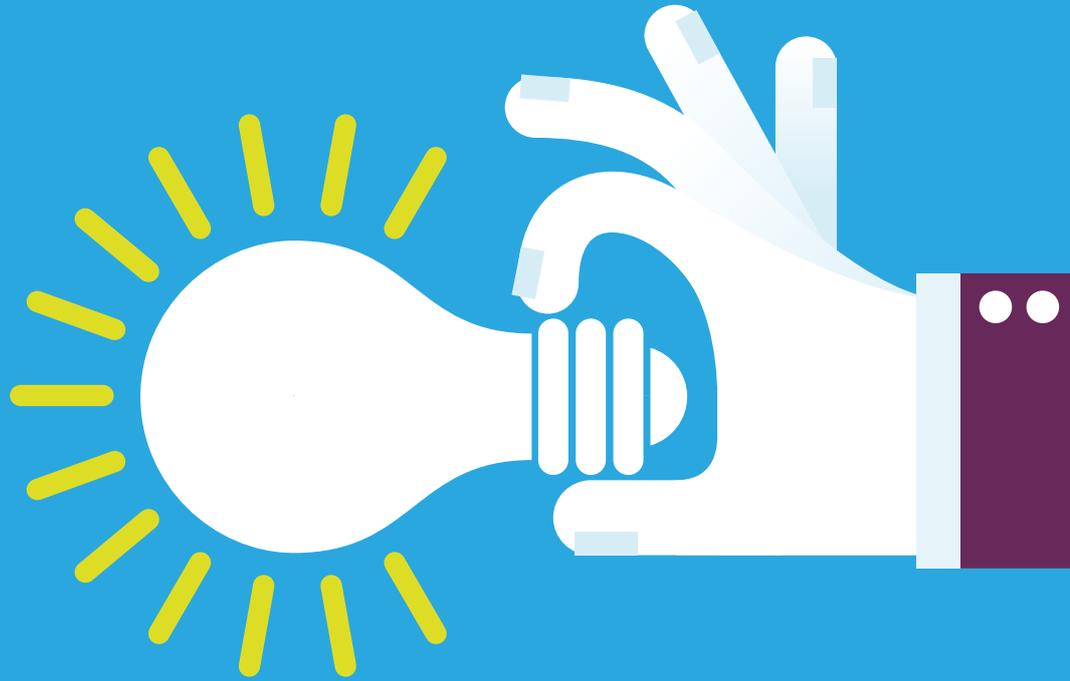


# Seeing the light

Henry Duncombe,  
Managing Director  
at Lanware, explores  
possible benefits to  
shadow IT.



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There are many interesting parallels between the parent-child relationship and the way in which IT departments increasingly engage with their users. One unstoppable trend we see currently is Shadow IT – the name given to IT devices, software and services that are “in the shadows” – outside the ownership or control of the IT team.

Those of us with families have likely experienced situations where your children have been using your tablet or mobile and have ended up downloading all sorts of apps without your knowledge. Many of these apps access personal data and while we may worry and want to control that, we must realise that resistance is futile – our children are the digital generation and this is how today’s world works.

The same is true when it comes to shadow IT. The trend has been evolving for a long time, but the scale, scope and impact of shadow IT on a business is now changing. A digital economy is entering the golden age; it is incredibly easy for users to purchase highly sophisticated technology from the cloud, without approval or guidance from the IT department.

Historically, users would engage with the IT team around their technology needs, but today trends such as social media,

consumerisation and cloud have made technology interesting, sexy and available. Users’ expectations and appetite for technology are growing and putting IT departments under increasing pressure. We see significant growth of shadow IT across all industries. According to Gartner analyst Simon Mingay, only 58% of IT investments are now made inside a formal IT budget; the balance is conducted outside of that with much of it lurking within the shadows. Here lies significant risk, especially

around growing issues of data security and privacy. Yet the cloud and shadow IT are like black holes, slowly sucking information systems out into space.

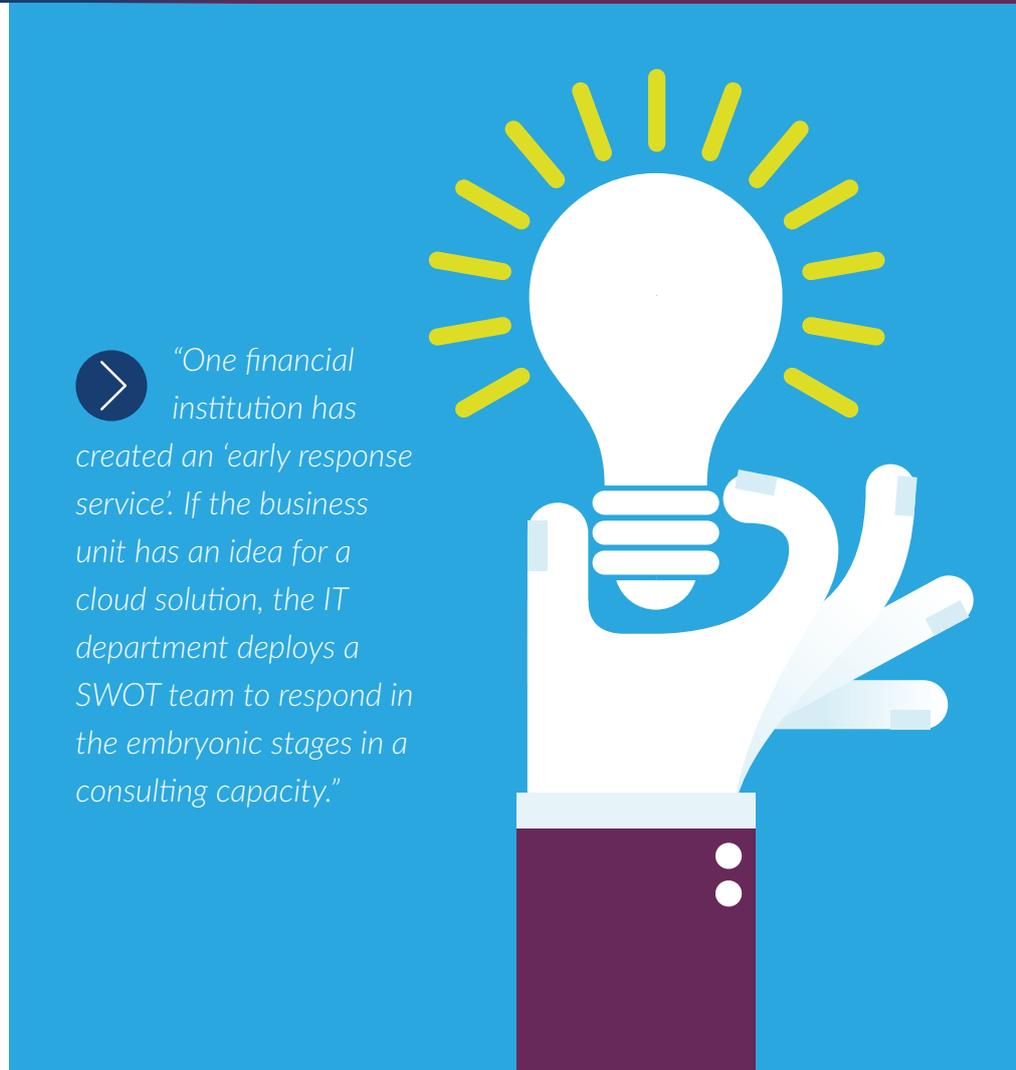
You would expect that with sizeable risks associated, massive effort is being put into clamping down on shadow IT. Of course you can attempt to keep tabs on it but research suggests that those who are looking to cleanse it from their business are in the minority. The fact is that behind all the controversy around shadow IT lies opportunity.

Generally shadow IT is not driven by rogue users purposely going against company policy. Instead it stems from user need, and what seems like the most efficient solution. For the analytical minds within top hedge funds, the easily accessible technology to solve their end goals will appear the obvious route, whereas working within the company's IT governance framework can feel slow and unnecessary. Many shadow IT participants won't even realise they are taking a risk.

The starting point is understanding the situation at an executive level. As with all technology discussions in the boardroom, there are inherent challenges. Regulated financial firms' boards are accountable not for understanding their technology, but rather understanding the risks that technology presents. Unfortunately boards are generally made up of the more senior generation (the grandparents in our parent-child example), who do not use and interact with technology in the same way as the millennial generation.

We also need to see a shift in accountability when it comes to a firm's technology. The governance model may state that the CTO is accountable, but on the ground it can be very different. With users doing their own thing, there needs to be a realisation that accountability needs to be shared.

This shift is not workable without a change in approach from the IT department. When receiving a request for a new business application, IT departments are often criticised for adopting an inflexible and binary approach: "yes we can" or "computer



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says no". This inflexibility leads to one thing: more shadow IT users simply doing it themselves.

There needs to be a new engagement model that is less binary. Business process owners should take accountability while the CTO should steer, advise, educate and point in the right direction. As an example, one financial institution has created an 'early response service'. If the business unit has an idea for a cloud solution, the IT department deploys a SWOT team to respond in the embryonic stages in a consulting capacity. There are strict rules of engagement: IT will be as objective as possible, they will advise, recommend and not turn it into a traditional IT project.

Once end-users are held more accountable, an adult-to-adult dynamic develops. People quickly get excited about technology, but not the wider responsibility that comes with it in a business context, reducing the attractiveness of shadow IT.

Not all innovation occurs within shadow IT and the CTO isn't going to hand over the trading technology 'crown jewels' to the front-office. It's about teasing shadow IT out, turning it into a user-driven opportunity, ensuring the business is suitably advised, and making it transparent and compliant for the ultimate benefit of end-users and the wider business.