

High-profile outsourcing failures predicted in 2005 says Gartner

Rushed cost-cutting deals will come back to bite...

High-profile outsourcing failures are expected to be a feature of 2005 with rushed cost-cutting deals of the last few years coming back to bite some businesses, according to new research from Gartner.

Gartner's prediction comes on the back of its *CIO Resolutions for 2005* study, which outlines changing trends that CIOs need to address to add value to the business and further their own careers.

Mark Raskino, analyst at Gartner, said: "We have seen a lot of people outsource quickly for cost cutting and we will see some of those fail. In 2005 we will see some accidents. We will see some clients insourcing and we are starting to see that already."

One major trend is a shift in focus in many businesses from cost-cutting across the organisation to a period of expansion and growth, both organic and through mergers and acquisitions.

But Raskino warned that CIOs should also have plans for alternative scenarios - including a worst case one - up their sleeve as the business environment is likely to change further over the next 12 months.

Elsewhere, Raskino said there will be a continuing move towards the good CIOs being more focused on business issues and not technology-specific issues and he advised IT leaders to spend at least 15 per cent of their time in the next year working on a business project completely unrelated to IT in order to broaden their skills and build credibility among other senior executives.

But this won't be an easy task with Gartner figures showing "considerably less than half" of CIOs have a business background, and just 20 per cent – a figure that has steadily dropped over the last few years – have a seat on the board as a trusted adviser to the CEO.

In terms of career advice, Gartner says CIOs should decide whether to be industry specific – and if so get some wider industry skills in that vertical – or the "interim manager" CIO who goes from business to business cleaning up messes and helping with change management projects.

Challenges over the next year include the ongoing issue of compliance, which continues to mop up discretionary IT budgets. Raskino said a building society CIO revealed to him recently that his discretionary budget for the next 18 months had been completely taken up by work to meet Financial Services Authority regulations.

But the overall message for CIOs is not to stand still and to embrace a phase that is likely to see many opportunities. CIOs should make a resolution to "move forward in 2005, don't repeat 2002", advised Gartner.