I write this foreword from an IT management practitioner’s personal perspective. As the CIO of a commercial bank operating in a highly competitive marketplace, I find it difficult to stop thinking of better ways by which IT can innovate to help transform the bank’s business and move on to the next level of success. As in other business enterprises, IT has always been playing a pivotal role in the banking industry. It is hard to imagine, for instance, how a bank would be able to continue to operate if the core banking system or the trading platform ceased to function, even for a short span of time. Moreover, banks must understand the market and its customers intimately in order to devise and introduce innovative products and services to retain existing and acquire new customers, particularly in retail banking. The critical dependency of banking business on IT, as in many other businesses, requires both business and IT managers to have a shared understanding of how IT enables the business to compete. Business must not take IT for granted to assume that any new business initiative will be delivered by IT (as if by natural order of things) with very little business involvement. Similarly, IT managers must not think IT is the savior of business and has the mandate to unitarily introduce new technological capabilities ahead of business needs or, even worse, devoid of business reality. Otherwise, a disastrous situation could arise where business and IT are disjointed and IT would in fact be destroying, instead of creating, business value. From my experience, to differentiate an enterprise, IT organizations must understand and think like business, and business must understand how IT can create value. These important practices and their underlying theories are well explained in this book, which I find very useful and refreshing.

In my organization, the technology and operation planning and support functions that I manage report directly into the President and CEO. As a member of the Executive, Management, and Operations Committees, as well as the chairperson of IT Committees, I am in a position to contribute directly in business decision making process at the highest level. Experience has taught me that, in nearly all cases, business is not about technology; it is about using technology to create value. Technology is nothing but a means to achieve the desired business goals, as so clearly explained and exemplified with real-life cases in this book. The best way to address the business–IT alignment is to treat it as a fundamental business operating principle, for instance by building IT teams along business lines, by sending IT
managers to relevant business training programs, and by fostering close partnerships among them down to a personal level. Over time, the user community will develop an appreciation of IT capabilities and challenges, while IT people will garner a good understanding of the business priorities and issues. A simple but effective measurement of how well the two have worked as a team, in my view, is not just how often they come together for meetings, but more so for social gatherings. In our bank, there is a deep, shared business–IT understanding of how IT makes the competitive difference. Business and IT working in unison as a “single entity,” from strategy creation to execution, has been central to our success. This is the gist of the practice of business–IT alignment, as so elegantly described in the book.

However, business realities and hence priorities are changing quickly, and the marketplace has become exceedingly competitive and unforgiving. In response, the organization as a whole and its IT group in particular has to continuously evolve to be more agile and robust. Given the always limited budget and hence resources available, it is crucial that both business and IT management stay focused on the company’s key value propositions and build its core competencies around them. This rigorous strategic management practice is instrumental to effective IT strategy creation and execution. The book explains step-by-step and illustrates with a practical case example very clearly what business and IT managers must do to achieve effective strategic management. Business agility and cost optimization can also be achieved through a creative sourcing strategy, which combines a judicious mix of internal and external (outsourcing) resources to implement a business goal. This book gives an in-depth treatment of the theories and practices of outsourcing, which will help firms “to assess what to outsource and how to succeed in an outsourcing arrangement.”

Many of the products we sell in banks, such as FX-Linked Deposits or Tax Loans, are highly market sensitive or have a very short lifespan. So time-to-market or time-to-value is extremely important. Not only must we nurture a culture of innovation with the attendant “high-speed” innovation process, but also have a strong knowledge management/sharing discipline to enable innovation. A product has to be built right the first time and there is no room for errors. To this end, the book provides an insightful analysis of business innovation principles and processes as well as the knowledge management capabilities that a firm must have to facilitate innovation. The book also offers insights on the principles and practices of enterprise architecture, IT investment, and IT governance, for example, using IT Portfolio Management as a tool to ensure IT organizations “do the right thing” and using architecture governance to ensure IT projects “do the thing right.” If these practices are not properly understood and managed well, IT could become a show-stopper in enterprise transformation and growth, rather than a change agent and innovation driver. The book makes it abundantly clear the critical role the CIO plays in leading business innovation and IT governance practice—a finding that resonates with my personal experience.

While a considerable amount of research and publication has gone into the practice of business and IT alignment and, in a broader context, the IT strategy and management practices in recent years, there are few that can provide a comprehensive, holistic, and structured presentation of the related concepts, theories, methodologies, and approaches, and even less that can offer best practice guidelines on their implementations. This book is written by two former CIOs and current university professors. I have come to know personally one of the two authors, Professor Chew, as a seasoned professional-cum-academic, who has a unique blend and a distinguished record of industry experience and academic qualification. As such I believe he and his co-author, Professor Gottschalk, are best placed to provide IT practitioners with practical advice and guidance on the subject. I find this book as enlighten-
ing as it is rewarding to read, for it is not only structured to step through the most important
issues and challenges we face every day, but also grounded its advice in practical solutions
and real-world examples. I therefore recommend highly the book to both IT management
practitioners and students alike. I will keep it close at hand. I hope its readers do as well.

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Michael Leung was appointed senior vice president and chief information officer of
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ENDNOTE

1 The Bank is now renamed as China Construction Bank (Asia) following a strategic
partnership arrangement with Bank of America and China Construction Bank.