

We are managing IT right but still losing out

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Over the last six months I've been comparing the information technology (IT) inventory in a number of Latvian companies with their global industry peers. PwC makes a comparison in the course of developing a company's IT strategy or assessing its digital transformation maturity. For comparison purposes we use similar corporate indicators gathered by the American Productivity & Quality Center, a leading global authority, and surveys of IT practices in various industries. The results show a systemic trend.

When it comes to the IT function's internal comparables, such as app development and maintenance costs as a percentage of total IT cost, or app subscription and licence costs as a percentage of total IT cost, Latvian companies fit into the group of comparables with no significant deviations. This suggests our IT managers are able to organise their IT processes and systems architecture and balance risks according to the industry's best practices.

A sad scene unfolds in the group of comparables on IT's added value in business, such as IT cost, number of apps or IT professionals' FTEs per EUR 1k revenue. In this group, Latvian companies rank 3-7 times as low as their industry peers. My take on this is that IT cost in Latvian companies compares well with their global peers but their income, customer count, transaction frequency, etc. are unable to utilise their IT infrastructure sufficiently - other companies generate more revenue with the same IT infrastructure, systems and professionals.

When looking at these Latvian IT comparables, I see an analogy with what Nokia CEO Stephen Elop said at the January press conference announcing the sale of Nokia to Microsoft: "We didn't do anything wrong, but somehow we lost." Latvian companies should be earning more. IT professionals keep explaining to other staff what advantages technology has and how they can work better, faster and more efficiently using the same system. Workers need to embrace their corporate technology and make the best use of it every day.