



//HIDDEN EDGE CLUB

Shadow IT

The Club united 15 senior business leaders from a broad market spectrum – on this occasion at The Charlotte Street Hotel in London. We asked senior technology leaders about their experience of Shadow IT and explored whether it represented a threat or an opportunity for their organisation. This document captures the discussion from a high level. As dictated by club rules, all quotes have been anonymised and no idea is attributed to any one person.

//THE DISCUSSION TOPIC

The chair for the evening was Finbarr Joy, Group Chief Technology Officer at Lebara Mobile. Finbarr is responsible for leading the technical strategy, development and operations for Platform, Network, Innovation and IT for Digital at Lebara. With over fifteen years' leadership experience in technology 'at the leading edge', Finbarr is dedicated to helping organisations develop breakthrough business models powered by technology.

//SHADOW IT

Finbarr drew some amusement as he asked "Does anyone remember Netscape?" but told an interesting tale about the resistance he was met with by IT departments as he tried to get "this new web software" into their organisations.

"IT would say 'that stuff is frankly dangerous and you're not bringing that anywhere near our organisation,'" Finbar told us.

"Even back then," Finbarr said, "in nine out of ten instances, our engagement was with someone outside IT. But karma has now come home to roost – now I'm that person having those incidents brought to me."

"Of course, each department could always go off and do its own thing. But now the exposure is exponentially higher."

Finbarr then highlighted some sobering statistics: 71% of employees are using applications not sanctioned by IT, he told us. And Gartner predicts that, by 2020, one third of all security breaches will be caused by Shadow IT.

However, Finbarr acknowledged that these statistics don't reflect the opportunities that Shadow IT offers. He sees it as a genuine way of accelerating innovation in a way that most large organisations aren't used to or can't handle. Indeed, he admits that within his organisation – and his team – IT is a significant contributor to Shadow IT!

Finbarr asked the attending guests:

- Is Shadow IT a source of innovation?
- Or a source of exposure?

//WHERE IS THE CONTROL?

"Our knowledge and control over the tools [being used in the business] is so much lower," bemoaned one guest. "We recognise that if we tried to stop it, we would fail. And – also – we don't want to stop it, because we know that great insights have resulted from some of these Shadow IT tools."

One of our guests joked: "You can do what you like with Shadow IT as long as you tell me about it first."

"We have tried to address it in a different way; we've made it clear that if you go into the cloud, you're on your own because IT can't police it."

There was general agreement that education around security policies to end users was a vital part of the response to shadow IT.

One guest said: "Training is a big thing because it helps to achieve cultural change. Our business units have to demonstrate their departments understand their responsibilities."

Another agreed, but expanded: "We do take a different approach if and when we integrate these tools into our own product. Then the normal governance comes into play."

//PLAY TIME

"Shadow IT is an opportunity for us to prototype products before we go to IT for approval," said one of our guests.

"IT projects take too long," agreed another guest, "and, often, as a customer we don't know exactly what we want. Shadow IT gives us an opportunity to play around with these requirements."

//WHAT IS YOUR RISK APPETITE?

However, experimenting isn't possible for everyone: "It depends what industry you're in," one guest pointed out.

But some guests took a more pragmatic view: "What data is being used?" one guest asked. "If it's not important, let them get on with it."

A guest from the financial services sector disagreed, saying: "For us, anything going out to the cloud is shut down. It is strictly controlled."

//A FAILURE OF IT

Our chair, Finbarr, threw in a curve ball here; wondering whether "Shadow IT is simply indicative of how far behind the curve IT is... shouldn't we be taking these ideas to the business and saying here's something that could help you and you could use?"

One of our guests agreed with this, saying: "Shadow IT is the result of a weakness in IT. It is a call for action and a desire to fix what's broken. Agility is important and Shadow IT is strong feedback that IT needs to be improved because it is not delivering the agility that is required by the business."

"So," posited Finbarr, "was Pat Gelsinger of VMware right, when he said 'it isn't Shadow IT, it's self-starting IT'?"

//AGILITY AS THE FIRST LINE OF DEFENCE

This prompted another guest to share his experience: "We have changed our governance mechanisms and our approach and culture in order to deliver IT projects very quickly – and that means that Shadow IT is no longer the threat it was."

"We are now so successful at building and running apps that the business knows that when it needs IT, it needs to come to IT. And that, if it does, it will be supported by all our standards and protocols."

Another speaker challenged this guest, sceptical that they could deliver that fast: "How long does it take you to build out a solution?" they wondered.

"We have built solutions for the business within six days," came the impressive reply.

//THE CONCLUSION

The discussion ranged across many differing responses to shadow IT, including risk appetite, corporate security policies and policy education as well as ownership of corporate data and security rules. Our guests shared many examples of good and bad experiences of Shadow IT – many more than we can cover in this document.

To gain the in-depth insights that our guests benefited from, book your place for next time via our website:

www.hiddenedgeclub.com or our club manager:
catherine.breed@hiddenedgeclub.com.

We would also like to thank our Club partner, SAS, the global leader in business analytics. SAS is the authority on all things data, and the only company exclusively focused on harnessing insight. Its market leadership is recognised by thousands of leading businesses, government and university organisations, making them the ideal partner to the Hidden Edge Club.