



BEYOND THE BLOCKLIST

# The Shadow IT You're Trying to Eliminate Is Telling You Where You're Failing

Why the war on unsanctioned tools destroys the most valuable feedback an IT function receives — and what to do with it instead

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Transformation · No. 257

Originally written March 2017 | Re-edited and re-rendered for the WhereBeyond Edition, 2025

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## 1. The scan that ruins the quarterly review

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A security analyst runs a report on outbound cloud traffic — the sort of exercise that became routine once the applications people actually use moved into the browser. On paper, the finance function is supported by two sanctioned systems. The report shows fourteen. Someone in operations has been moving working files through a synchronisation service nobody in the technology team has heard of. A delivery team has run its entire programme on a task board bought on a personal card and expensed as software, miscellaneous. The number climbs as the analyst widens the query. By the end of the afternoon the count of unsanctioned services in regular use across the organisation is not fourteen, or forty; it is closer to four hundred.

The instinct in the room is uniform and immediate: this is a breach of control, a failure of governance, a mess to be closed down. Someone uses the word rogue. Someone else asks how we let it get this bad. The meeting reorganises itself around eradication — a discovery sweep, a blocklist, a firmly worded reminder of policy.

I have sat in that meeting more than once, and I have come to believe the reflex is not merely wrong but expensive. The four hundred applications are not, in the first instance, the problem. They are the most honest piece of market research the technology function will ever be handed — and the standard response sets fire to it before anyone thinks to read it.

## 2. Revealed preference, paid for in effort

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Almost everything an organisation formally knows about what its people need arrives through a filter: the requirements workshop, the stakeholder interview, the annual demand-management round. All of it is stated preference, and stated preference is unreliable in the ordinary human way — people ask for what they believe is reasonable, or already available, or unlikely to mark them out as difficult.

Shadow IT is different in kind. It is revealed preference. Someone found a gap between the work they had to do and the tools they had been given, went looking, tried something against real work, put their own effort — and often their own money — behind it, and then persuaded colleagues to follow. No procurement cycle ever produced evidence that clean.

*Every unsanctioned tool in regular use is a small, self-funded experiment that has already returned a result. The people running it have voted with the scarcest currency they have — their own time — and the vote has passed.*

Consider the asymmetry that drives the behaviour. A team that wants a new capability through the front door faces a business case, a security review, an architecture assessment, a procurement negotiation and a budget window — a sequence that, in a large or regulated organisation, comfortably runs six to nine months and often ends in not this year. The same team can open a browser, enter a work email address, and be productive on a capable alternative before lunch, for a subscription that never troubles a capital committee. Eight pounds per user per month on a card, versus nine months and a steering group. Told plainly, the choice explains itself. These are not reckless people. They are being resourceful in precisely the way the rest of the organisation says it wants its people to be.

### 3. What the signal actually says

Read as data rather than as delinquency, a shadow estate is remarkably articulate. It tells you, without a single workshop:

- where the sanctioned toolset is failing the actual work, because that is exactly where the substitutes cluster;
- which capabilities are urgent enough that people will spend their own money rather than wait for yours;
- where the official route to new technology is so slow that going around it has become the rational default;
- and which parts of the workforce are running ahead of the operating model, and could be teaching the rest.

The clustering is the most useful part, and it rewards a closer look. When a discovery scan turns up twenty near-identical variants of the same file-sharing service, the finding is not twenty policy violations. It is a single, loud statement: collaboration beyond the firewall is a solved problem everywhere in this market except inside our own walls. When half of the shadow estate is some form of lightweight project or task tracking, the organisation is being told that its heavyweight programme tooling has failed the people doing the delivery. The volume of the signal is proportional to the size of the unmet need. That is information most functions would pay a consultancy handsomely to obtain, arriving for free and ignored.

## 4. The objection that deserves a straight answer

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This is where the argument has to earn itself, because there is a serious case on the other side, and waving it away is how innovation signal curdles into a slogan for negligence.

The risk is genuine, not theoretical. Data leaves controlled environments and lands in consumer-grade services with no processing agreement behind them. Customer records sit in a personal account that no leaver process will ever reach. There is no audit trail, no key management, no way to revoke access when the contractor rolls off. And the timing sharpens all of it: with the new European data protection regulation due to apply next year, accountability for personal data crossing an uncontrolled boundary is about to become materially more expensive, and we did not know it was there will not be a defence anyone wants to test. A serious practitioner cannot look at four hundred unvetted services and feel only warm admiration for the initiative on display.

So I am not claiming shadow IT is harmless, nor that the security team's alarm is misplaced. I am claiming that the alarm and the signal are two true things about the same evidence — and that the reflexive ban acts on the first while destroying the second. It treats a demand signal as though it were only a threat surface. The cost of that mistake is invisible precisely because it is a cost of omission: you never see the capability you failed to learn about, only the tidy blocklist you produced instead.

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*“Prohibition does not answer the need that created  
the shadow. It simply drives the same need  
somewhere darker, where you can no longer read it  
at all.”*

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The binary on offer in that first meeting — allow everything or prohibit everything — is a false one, and both branches lose. Permissiveness accepts the risk and learns nothing structured from it. Prohibition accepts the ignorance and pretends it is control. The interesting path runs between them.

## 5. Reading the shadow without being burned by it

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The mature response is neither the purge nor the shrug. It is curation — treating the shadow estate as an input to be triaged, not an infestation to be fumigated. In practice it is three moves.

1. See it, continuously. Discovery is not a one-off sweep before an audit; it is a standing capability. The tooling to make outbound cloud usage visible exists and is maturing quickly, and the point of it is not to compile a charge sheet but to keep a live map of what the organisation is actually reaching for.

2. Sort it on two axes. For each service that matters, ask two separate questions: how much value is the capability delivering, and how much risk is the current, unmanaged way of consuming it carrying? The two are independent, and collapsing them is the original error — the whole problem with the reflex ban is that it reads only the risk axis and blanks the value one.
3. Act on the sort, not on the fright. The two axes give four honest responses rather than one panicked one.

| Pattern                        | Value of capability | Risk as used | The move                                                          |
|--------------------------------|---------------------|--------------|-------------------------------------------------------------------|
| Twenty file-sync variants      | High                | High         | Provide one governed equivalent, fast, and migrate people onto it |
| A clever reporting add-on      | High                | Low          | Sanction it, pave the path, and publicise that you did            |
| A niche converter tool         | Low                 | High         | Block it — and tell people plainly why                            |
| A harmless single-team utility | Low                 | Low          | Leave it alone; not everything needs governing                    |

The quadrant that changes cultures is the top-right: high value, high risk. The instinct is to block it hardest, because it frightens the most. The signal says the opposite — this is the capability people need most and are most exposed getting on their own, so it is the one to bring inside and do properly, at speed. Meanwhile the bottom row is where credibility is won: blocking the genuinely dangerous while visibly tolerating the harmless is what persuades people you are reading the evidence rather than merely exercising authority.

There is a root cause under all of this, and it is not the users. Every shadow tool is a monument to the provisioning gap — the distance between how fast the business needs a capability and how fast the front door supplies it. Close that gap, and the shadow shrinks without a single blocklist, because the reason to go around vanishes. A function that can say yes, safely, in days rather than quarters does not have a shadow IT problem. It has a technology-adoption engine.

## 6. The mirror

Shadow IT is a mirror held up to the operating model, and the size of the reflection is a measurement. It measures, more precisely than any maturity assessment, the distance between the speed the organisation needs and the speed the technology function supplies. You can smash the mirror with a blocklist — but the gap it was measuring is still there the next morning, and the need that filled it will simply find a darker corner.

The organisations that pull ahead as everything moves to the cloud will not be the ones with the cleanest policies or the longest list of blocked domains. They will be the ones that learned to treat their own shadow as intelligence — to read it, triage it, absorb what works and govern what bites, and above all to move fast enough that people no

longer have to route around them to get their work done. The shadow is not the enemy of the strategy. Most of the time, it is the strategy, arriving early and unannounced, waiting to see whether anyone in charge is paying attention.