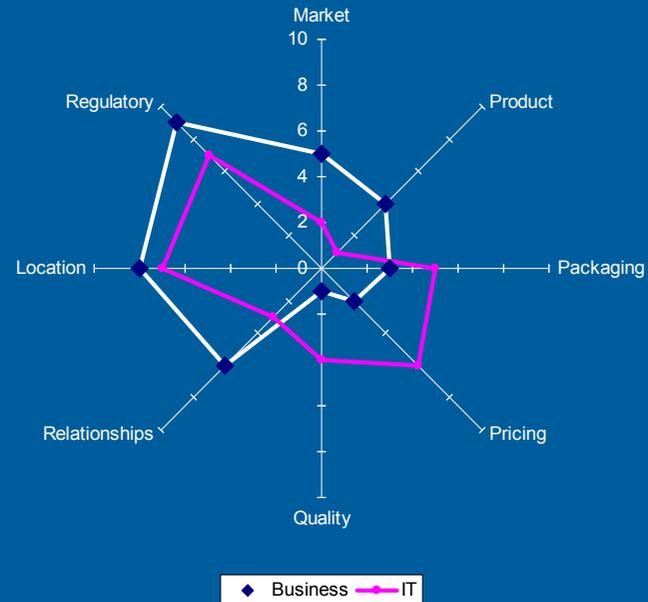


IT Strategy



StartSmart

Your first step could make your journey

If
you could
cut 10% off your IT Budget
and
increase IT ROI...
Would you?

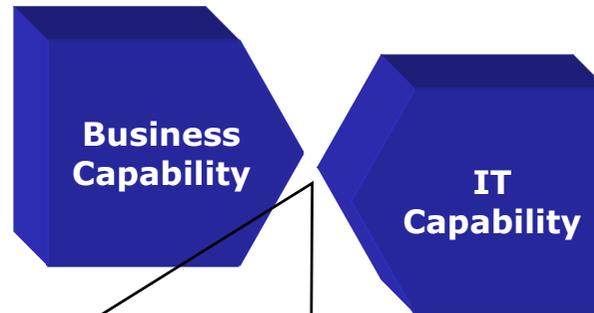
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IT Alignment is one of the top three issues on business leaders' agenda.

- IT is a critical resource that must be managed
 - Over the past few decades businesses have increasingly relied on IT for not only competitive advantage but also for their very existence
 - More importantly, IT investments are perhaps the largest and most visible expenditures of a modern organization. The pressure to get effective and efficient with them is also proportionately greater
- With so much at stake, business leaders would like to know if IT is being “managed”
 - Business leaders, across industry, work to maximize returns on their investments. IT investments are no different. However, these are internal investments, hence their returns cannot be quantified directly or with certainty
 - How can one measure and track the returns on IT investment?
 - Can we ensure that every dollar is spent towards a business requirement?
 - The immense promise of IT is universally acknowledged. However, sometimes results are disappointing
 - How can one anticipate and/or fix IT problems?
 - Can we ensure consistent delivery on time and within budget?

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It is not a matter of debate that alignment produces superior results - when IT Capability is not aligned with business requirements it causes loss of business value



Impact of Misalignment

- Shareholder value declines
- Promising IT project do not deliver business value
- IT costs rise while business revenues decline
- Employee dissatisfaction increases

IT exists to create shareholder value. If a clear linkage between these two cannot be made we get “technology for technology’s sake”

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However, what is often in doubt is how to achieve this alignment

- The issue of alignment is very nebulous. One can describe what it means to be aligned but few, if any, can clearly articulate what that means in operational terms – the former is an academic activity while the latter facilitates decision making
- Business and IT are two different worlds that have developed in isolation. Making the connection between things in the business and IT realms is often impeded by the fact that there is no common frame of reference or framework connecting the two
- Some have approached this issue top down forgetting the impact disruptive technologies can have in the other direction
- Some have used the concept of alignment and value interchangeably not recognizing the fact that they are related yet different. For example, the former does not guarantee the latter
- There are few people who understand both these worlds to help bridge this gap
- Consequently, the sense of heightened awareness has done little, if anything, to solve the alignment problem

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IT Alignment approaches abound but they fall short of addressing the key issues

Solution Limitations...

- Their scope is either too narrow or too broad
- They either do not quantify results or are fixated on value in dollar terms. The latter is not the best approach to quantify some investments especially internal investments
- Data collection to feed these frameworks is a tedious and time consuming process – a lot of companies give up mid stream and others never get the intended benefits
- Keeping these frameworks updated requires investment in interfaces across the organization

...Fail to address key issues

- Are we in alignment? How do we know for sure?
- What is the misalignment costing us?
- How do we get in alignment?
- How much will that cost and make?
- How do we know when we are done?
- How do we stay aligned?

Most business leaders want to know: How do we make better decision about IT?

Most of these approaches take financial frameworks and approaches and try to apply them to without modification. IT investments are internal to the organization thereby requiring a differentiated approach.

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More importantly, various approaches and methodologies fall short on one issue: Can we make decisions based upon the analysis?

Strategic



Investment

Revenue:

- How much shareholder value did IT create last year?
- Are IT initiatives "technology for technology's sake" or are they supporting business requirements?
- Are the investments focused towards areas that will produce the biggest bang for the buck?
- How do we measure Investment results?

Cost:

- How do we cut IT costs?
- What is the probability that IT will cost and deliver as planned?

Assets

Application System Lifecycle:

- Should we buy this new system?
- Are we better off replacing this application? When?

Infrastructure Lifecycle:

- Should we buy this new server?
- Are we better off upgrading this network? When?

Organization

Outsourcing:

- Should we outsource our IT processes?
- Which Application Services Provider best suits our needs?

Staff Reduction:

- What is the long term impact of staff reduction?
- Are we cutting muscle with fat?

Hiring:

Are we creating value by adding this new employee? How much?

Tactical

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Consequently, there is a need for a differentiated framework and approach to IT Alignment and Value

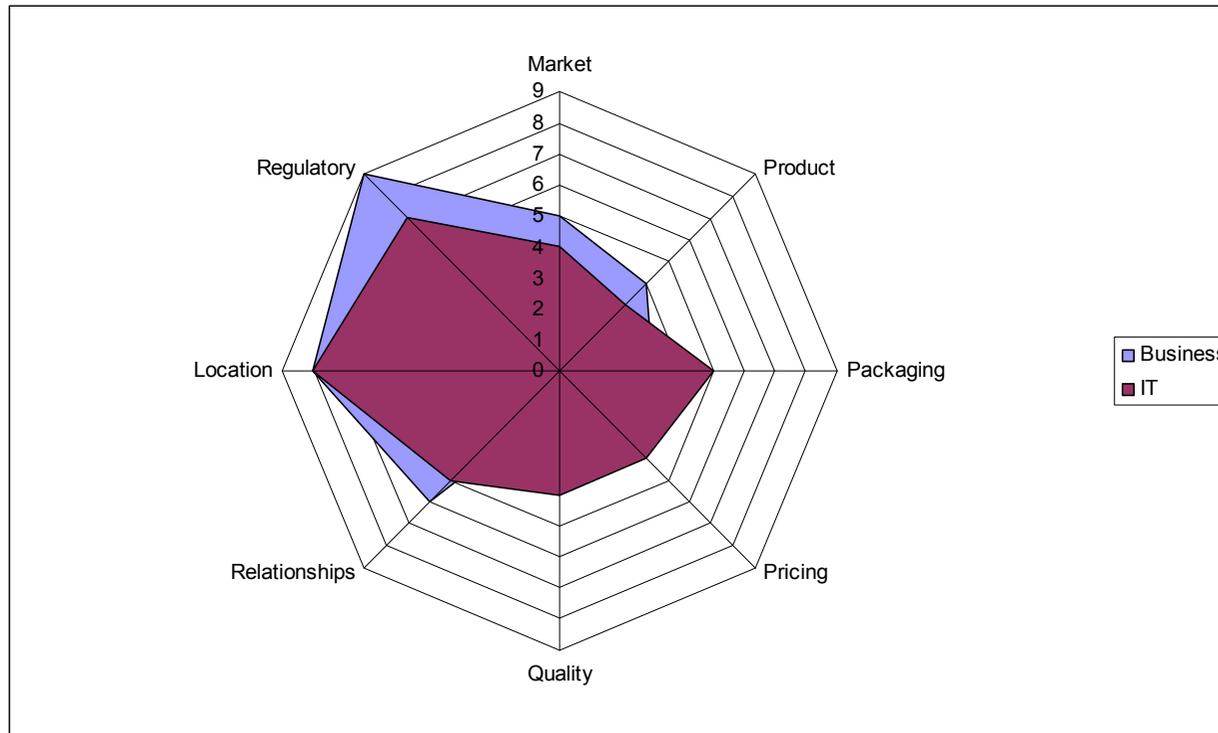
- **Practical:** The analysis should produce results that can be implemented
- **Quantitative:** The results should be quantifiable so progress can be understood, explained and monitored
- **Integrated:** Single framework that connects all components of IT Capability so the complete impact of a decision can be assessed
- **Iterative:** Most things in real life do not happen on the first pass – they require careful calibration over time and take many attempts. If there is a common framework that synthesizes the lessons learnt so they can be carried forward, that immensely facilitates this process and makes it more efficient
- **Ease of Use:** Any tool's complexity is its own worst enemy. Hence, there is a need to simplify the interface, data collection and other things associated with the framework to facilitate its adoption.

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Toward that end, we propose a unique framework that clearly identifies and shows IT Alignment...

Illustrative

Business Value versus IT Map



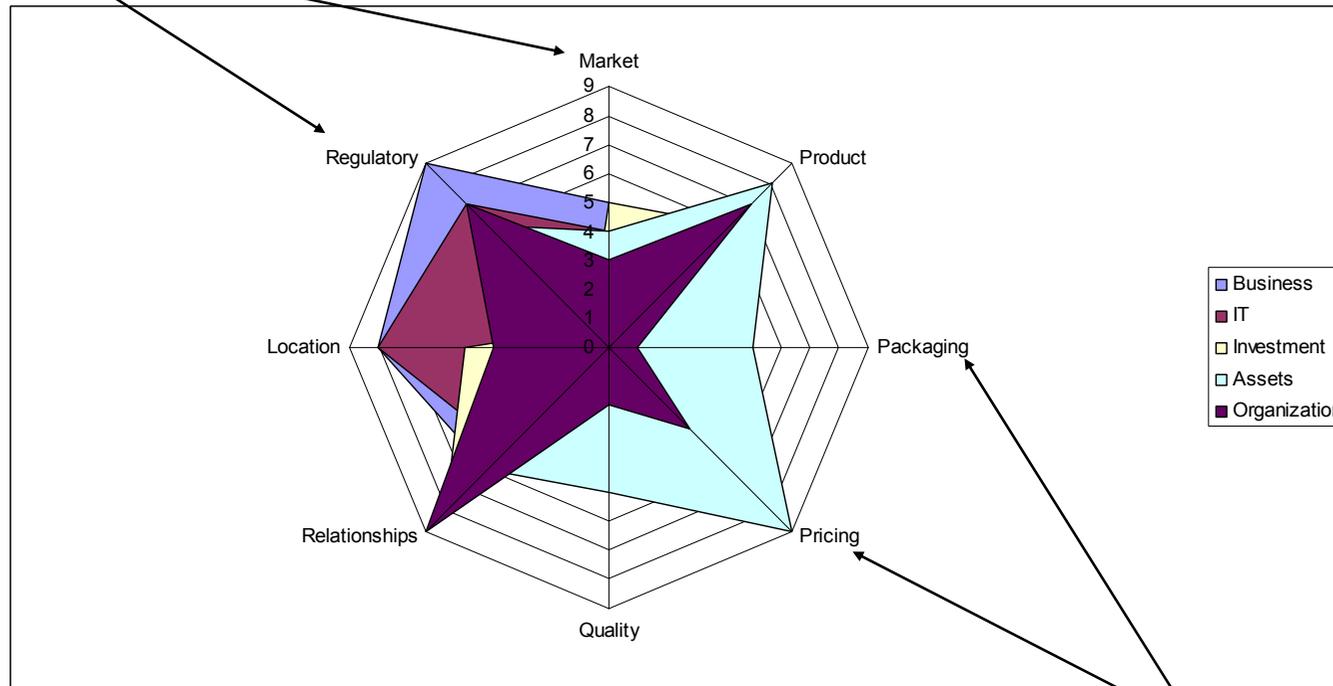
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...helps identify root cause of misalignment...

Business Value versus IT Components Map

Illustrative

Under coverage



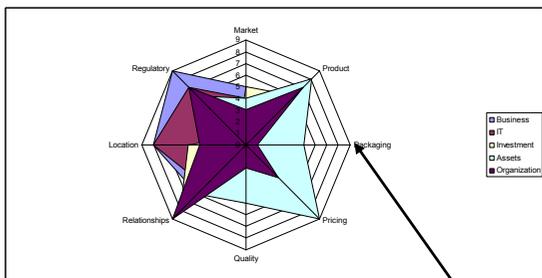
Over coverage

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...helps identify root cause of misalignment (contd.)...

Misalignment Root Cause Analysis

Illustrative



Over coverage

Incremental Investment Analysis

Dimension: Alignment
Business Area: Packaging
Component: Asset
Category: Application
Member: Application xyz
Resource: People
Cause: Cost, Risk
Root Cause: Low Resource Utilization
...

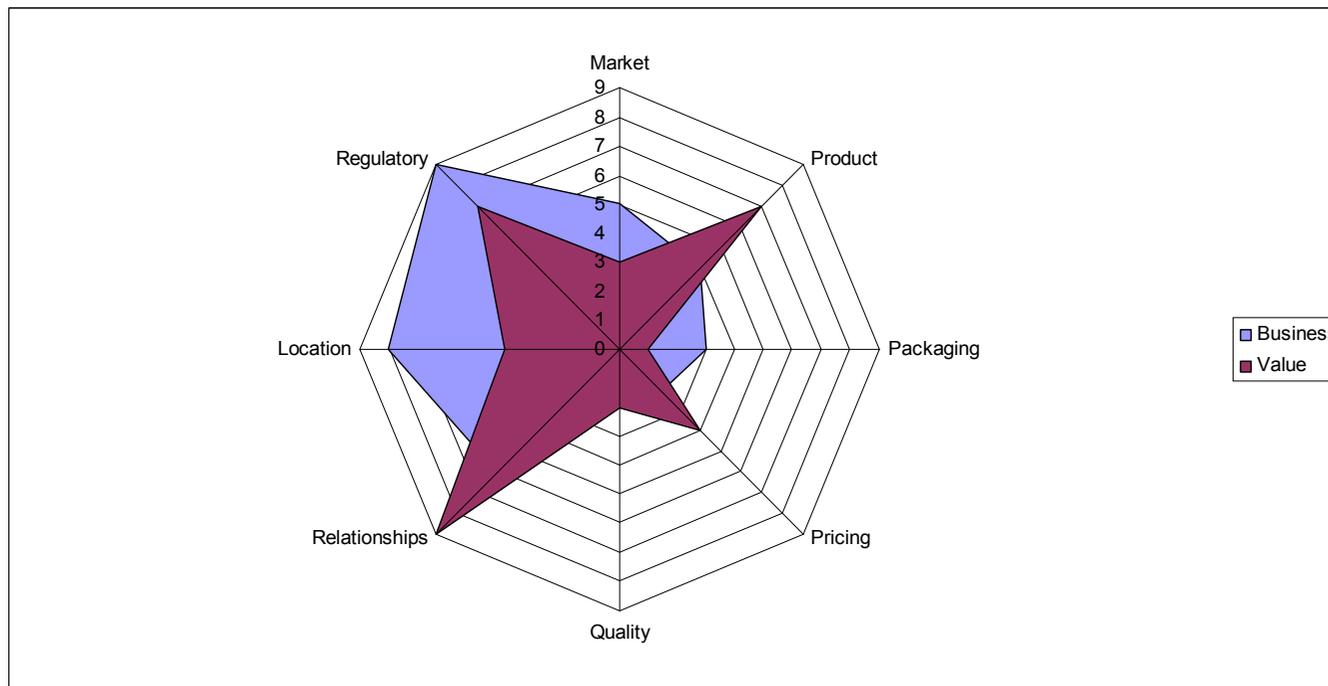
Estimated value loss: \$xyz

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...assesses the value gained through alignment...

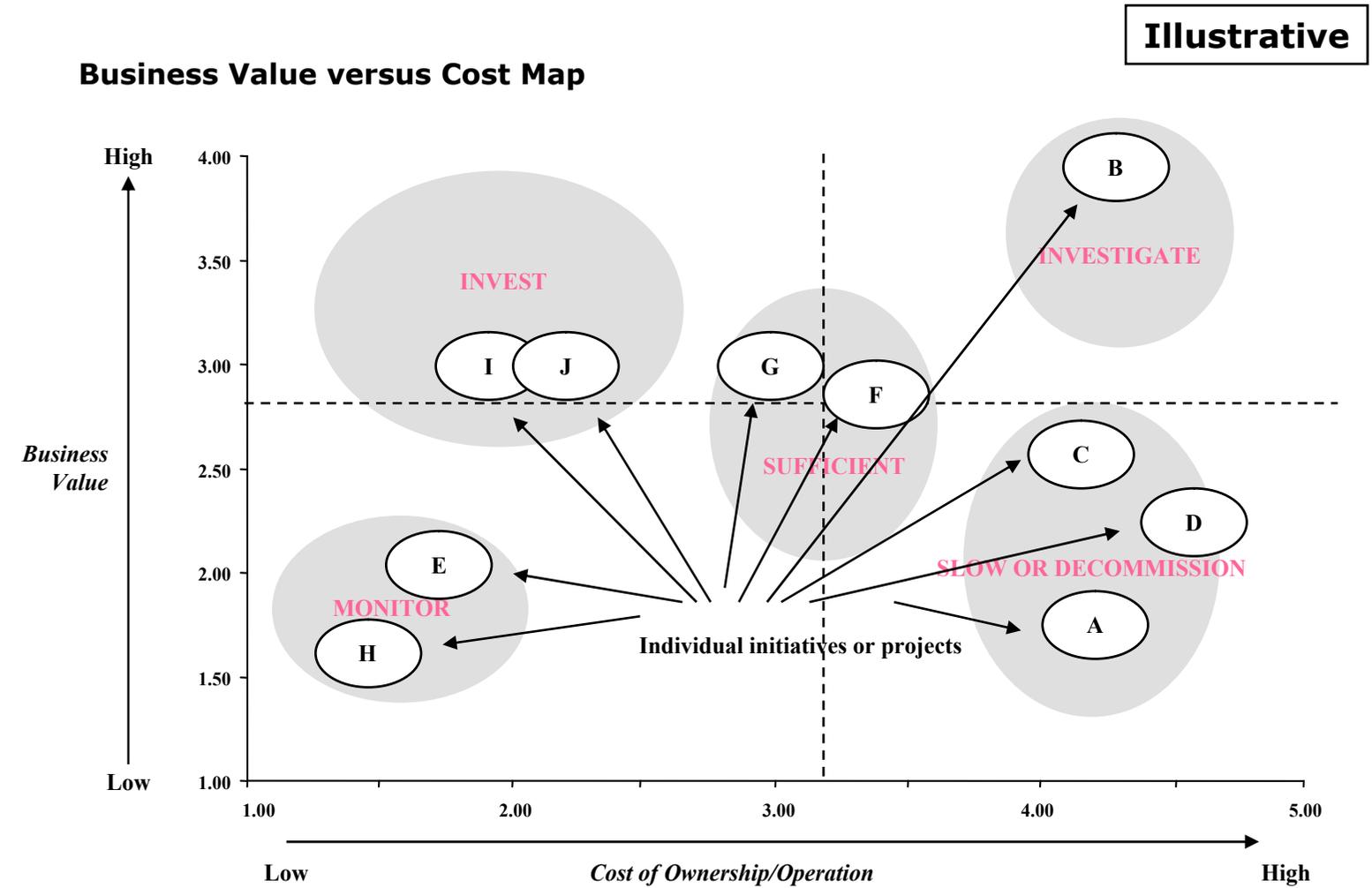
Illustrative

Business Value versus IT Value Map



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...helps make key decisions around IT and their impact on alignment. For example, IT project portfolio rationalization...

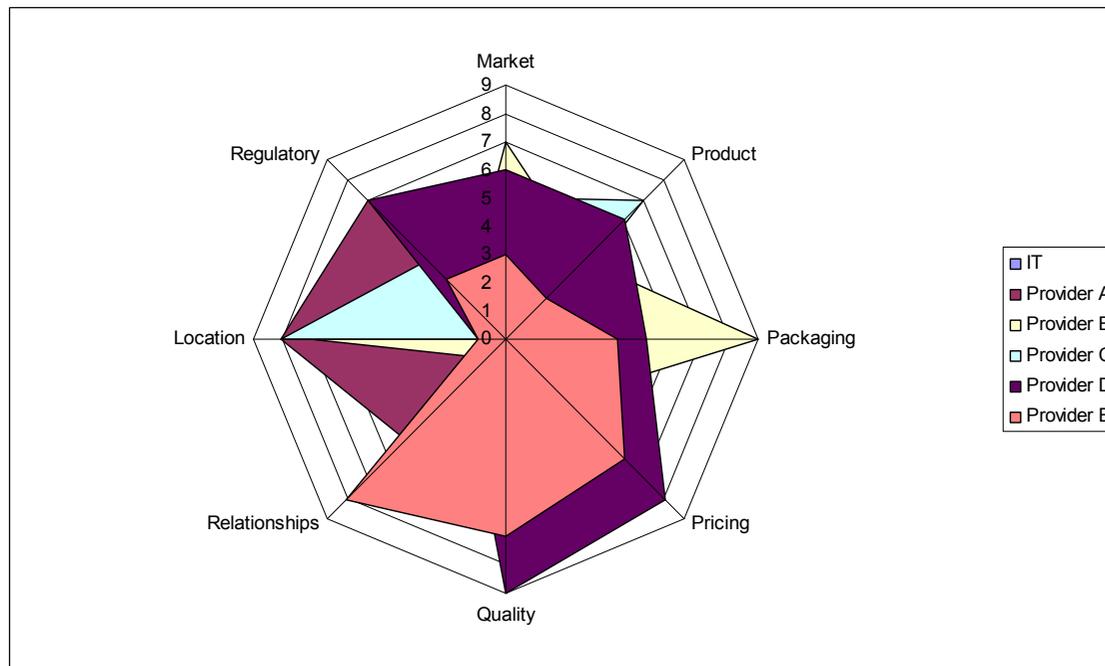


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...or the outsourcing analysis ...

Illustrative

Benchmarking IT Capability Map



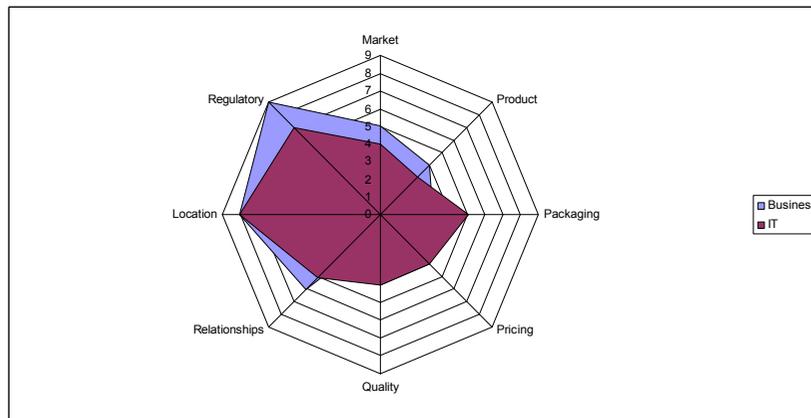
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...and its impact on alignment...

Illustrative

Business Value versus IT Capability Map

Before



After



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...and value creation...

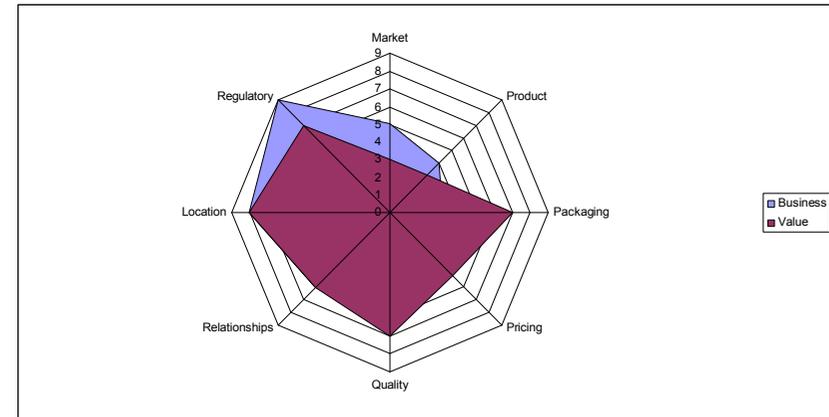
Illustrative

Business Value versus IT Value Map

Before



After



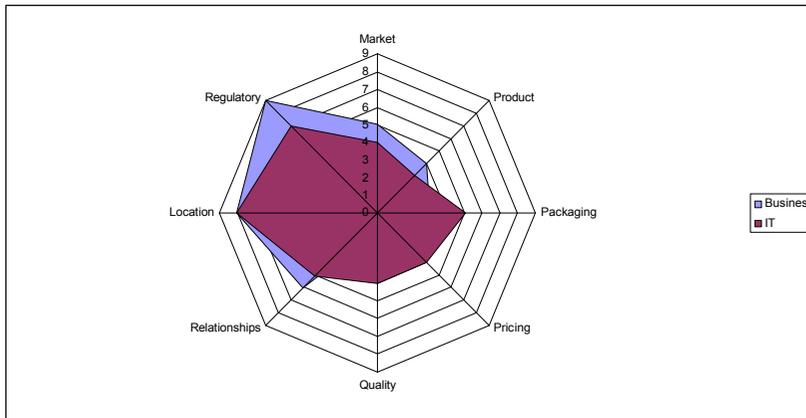
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...or continuously monitoring and maintaining IT Alignment...

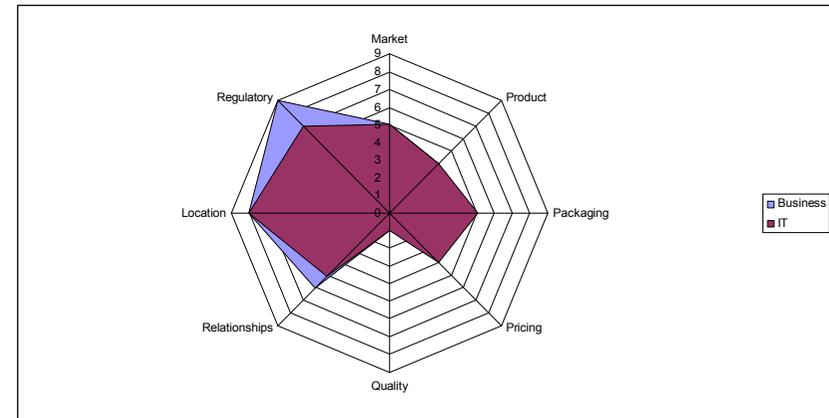
Enterprise Architecture Planning Roadmap

Illustrative

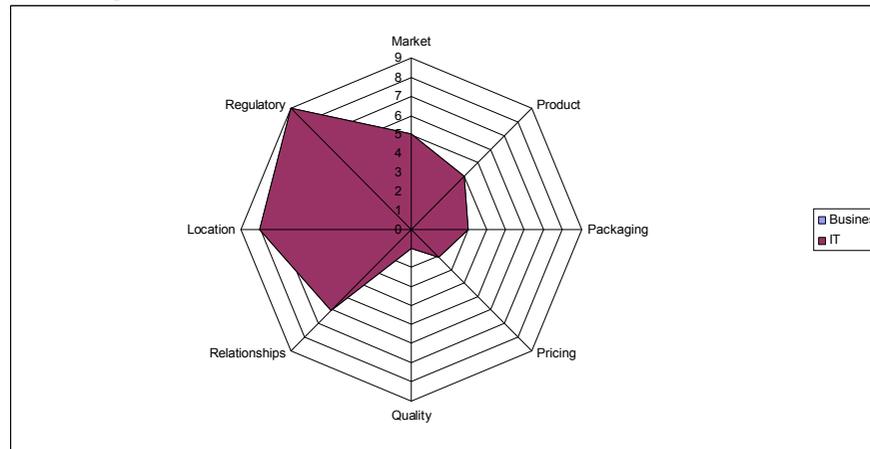
Current



Tactical



Strategic



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**Burning IT fat and building
IT muscle has never been
easier!**

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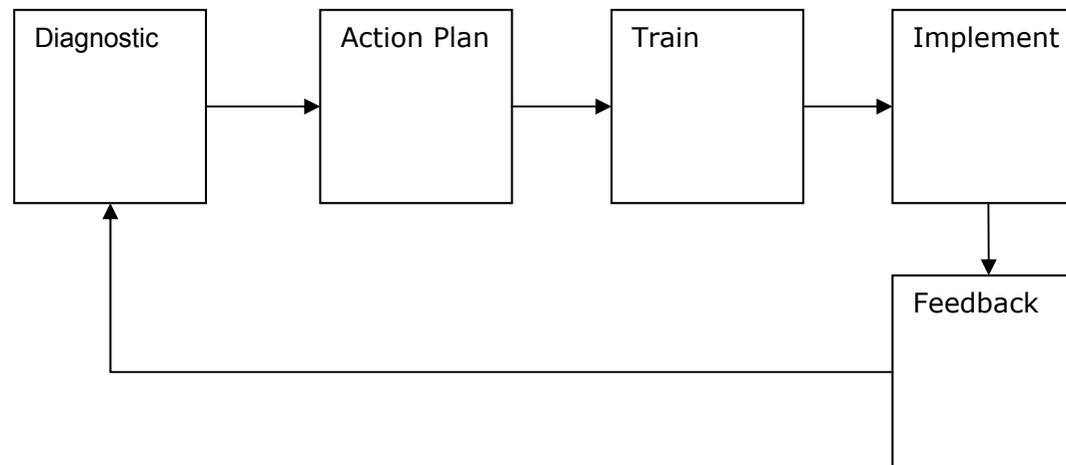
The approach is supported with an Excel spreadsheet enabled framework

- The approach and framework are based on the premise that we are trying to make decisions around IT
- Decision making is an iterative exercise requiring a drill down into available data till the root cause has been identified
- Consequently, our framework uses data carefully
- Our approach is not to use data collection as a “boil the ocean” activity but a very targeted exercise
 - Data is collected only for root cause analysis in a drill down manner. This focuses the effort, reduces the time required and does not bog down the entire organization
 - Collection happens in iterations – from the highest level to the minutiae - based upon need

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A typical IT Alignment project using this framework can be completed in 6-8 weeks

Action Learning Process



1. **Diagnose:** Identify the issues and establish the scope (2-5 days)
2. **Action Plan:** Establish steps, roles and responsibilities, deliverables and timeline (< 5 days)
3. **Training:** Formal training in cutting edge framework and approach (2 days)
4. **Implementation:** Execute the action plan (6-8 Weeks)
5. **Feedback:** Monitor and control to make course corrections as needed

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We facilitate this process through consulting and/or training

StartSmart provides consulting and training to our clients.

Our clients can choose one or both depending on their circumstances. For example,

- We can manage and execute the entire program **OR**
- Our client can take our training and then manage and execute the program themselves **OR**
- Our client can choose to have us partially engaged, as Subject Matter Experts, to help as and when needed

We deliver training through two channels:

- Onsite
- Online: through our partnership with [Brainshark](#), the training is available online 24x7

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About StartSmart

StartSmart is a management consulting firm with a difference:

- We are **value** driven i.e. we create quantifiable shareholder value for our clients
- We **diagnose** before we prescribe i.e. we do not apply cookie cutter approaches
- We believe in the total and complete **knowledge transfer** to our clients
- We are **intellectually independent** i.e. not beholden to any vendor or product

We provides consulting and training in:

- IT Strategy
 - IT Portfolio Rationalization
 - Application Portfolio Rationalization
- e-Strategy
- Enterprise Architecture Planning
- Vendor Relationship Management
- Risk Management

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Contact Information:

Sourabh Hajela

Sourabh.Hajela@StartSmartS.com

www.StartSmartS.com

(917) 779 8374

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