



# Driving Increased Performance and Managing Change Through Flexible Planning

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# Connecting Business to IT

- Recent article in Computer World (March 3, 2005) pointed out that "IT workers are expected to have as much business knowledge as business people."
- IT and business units don't understand each other
- IT is All About Cost and perceived Value
  - **No Compelling Method to Promote IT Value, ROI or KPIs in the Context of Their Organization's Mandate or Competitive Strategy.**
  - **Confronted with the options of globalization and sourcing.**
- Clients need an innovative partner they can trust to effectively deliver when and where it counts.
- Problem can be summed up as:

How do I get from:

**Business Need**

to

Here



# Why is this hard for us?

## Why is it hard to get to the solution that truly meets the clients needs?

- *IT personnel...*
  - We don't listen.
  - We make assumptions.
  - We have preconceived solutions.
  - We don't talk to the right people.
- *Business Units...*
  - They don't know what they need.
  - They won't give us all the information.
  - Politics counts more than business sense.
  - They can't make decisions.

# The IT World has been changing

- How CIOs Were Viewed Yesterday
  - 1980s productivity was increasing on all levels:
    - Created IT boom
    - CEOs felt good about buying IT
- What Changed (source: CA focus group):
  - Y2K
  - .com bust and missed expectations (e.g. ERP)
  - IT's response to 2001-2002 declining economy (e.g. cost structure)

# The IT World has been changing (cont'd)

**A.T. Kearney study finds that IT is not keeping up with the demands of the business or properly preparing for the future. Some of the conclusions:**

- **Infrastructure and core operations continue to drain IT resources at the expense of innovation**
- **Companies believe IT adds value to the business but still operate without significant alignment**
- **The business still views IT as a tactical tool rather than an innovative and strategic business partner**
- **IT's primary value continues to be driving operational efficiencies and cost reductions - success in moving up the value chain has been elusive**
- **IT has not positioned itself at the forefront of technology innovation - the best business ideas continue to originate from the business functions and IT adoption is also driven by the business**
- **Most executives recognize the potential impact of breakthrough technologies on their business but there remains uncertainty on which technologies will transform industries**
- **Executives feel that IT should be a better positioned with the Board of Directors - companies that have board level involvement have built a successful track record**



# The IT World has been changing (cont'd)

- Today, CIOs Are Responsible For:
  - Correlating increasingly complex technologies with numerous options to solve specific business problems
  - Finding and justifying good technology business cases that add maximum business value
  - Having a broad-based understanding of the technology landscape as well as other functions such as finance, sales, marketing, products and operations

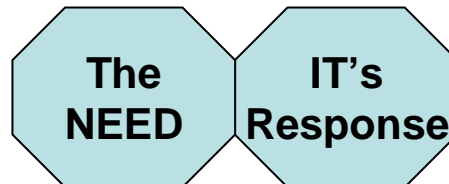
# How can IT connect to the business?

- IT needs to understand:
  - The Agency's or Department's mandate
  - Business/Operational initiatives put in place to drive that mandate
  - Create IT initiatives that support the Business and Operational initiatives
  - Develop responses that the Business can understand
    - Gives the business a clear “line-of-sight” from the IT solution to what the Agency is trying to accomplish
    - States what IT is doing in business terms so that the Agency or Department is willing to fund IT activities



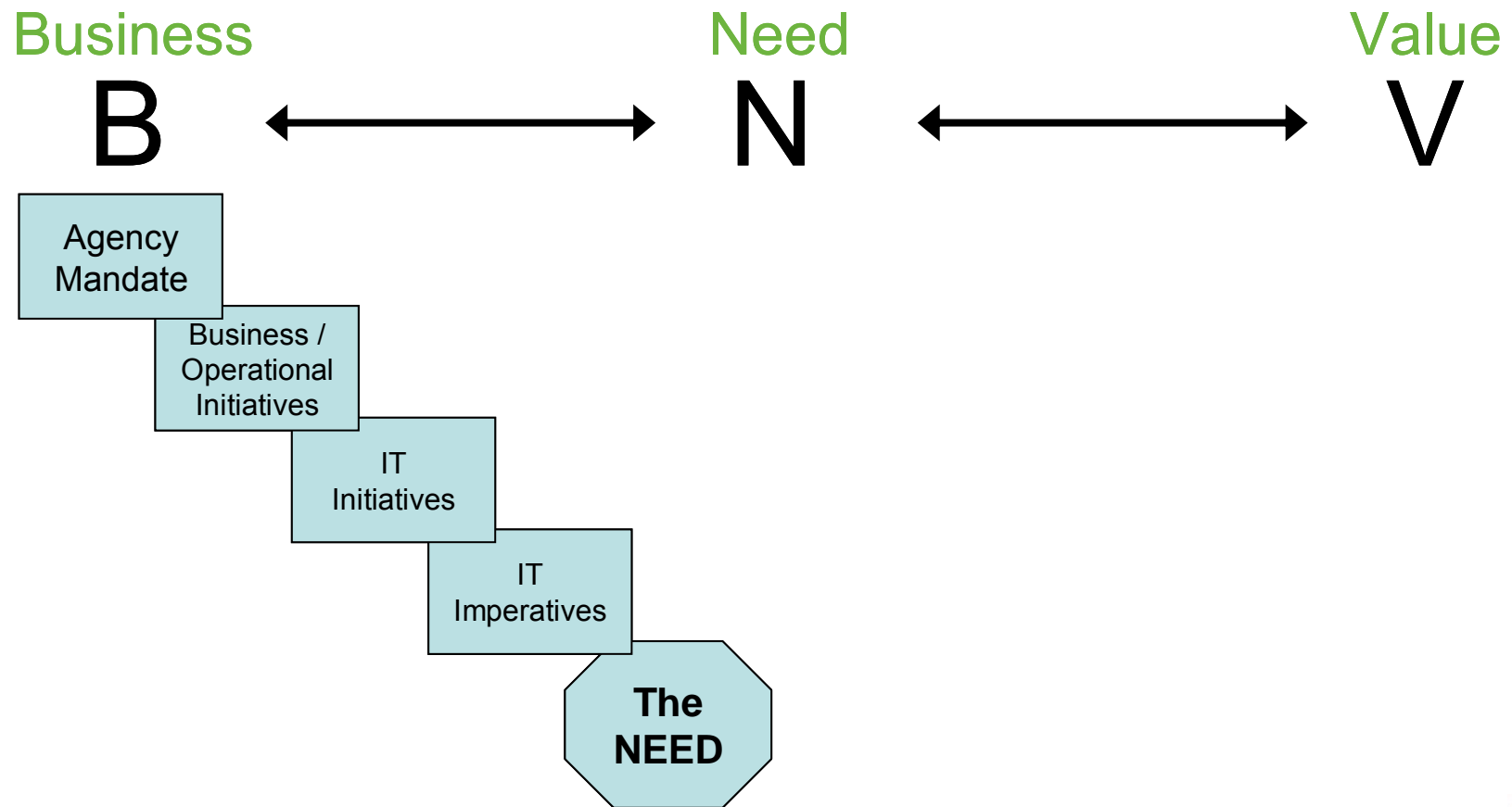
# Conceptual View

Clear line-of sight between the Mandate and business need to the solutions IT provides



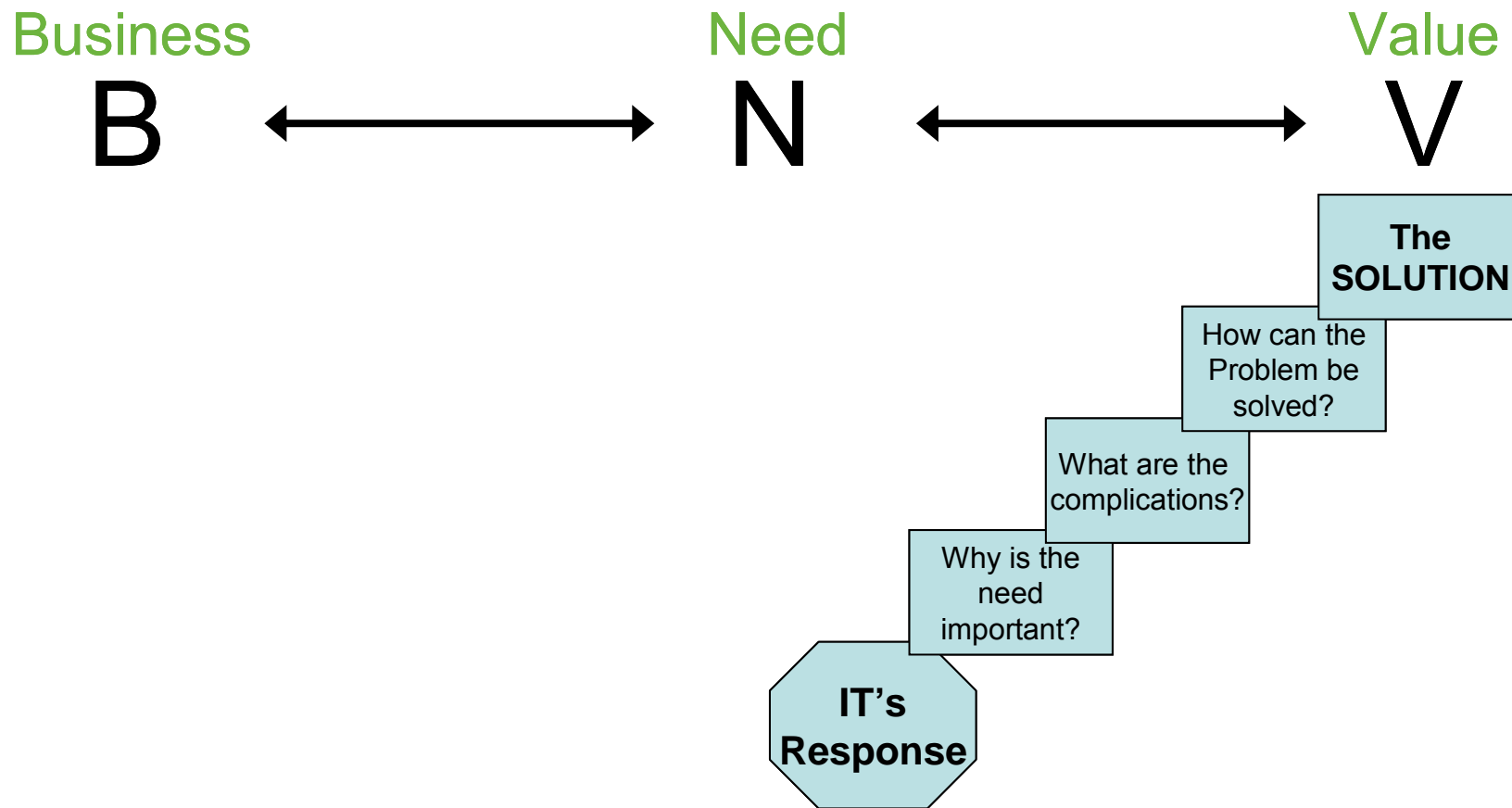
# Conceptual View

“Business to Need” is defined by understanding the link between an Agency’s Mandate and the resulting IT NEEDs required to execute.



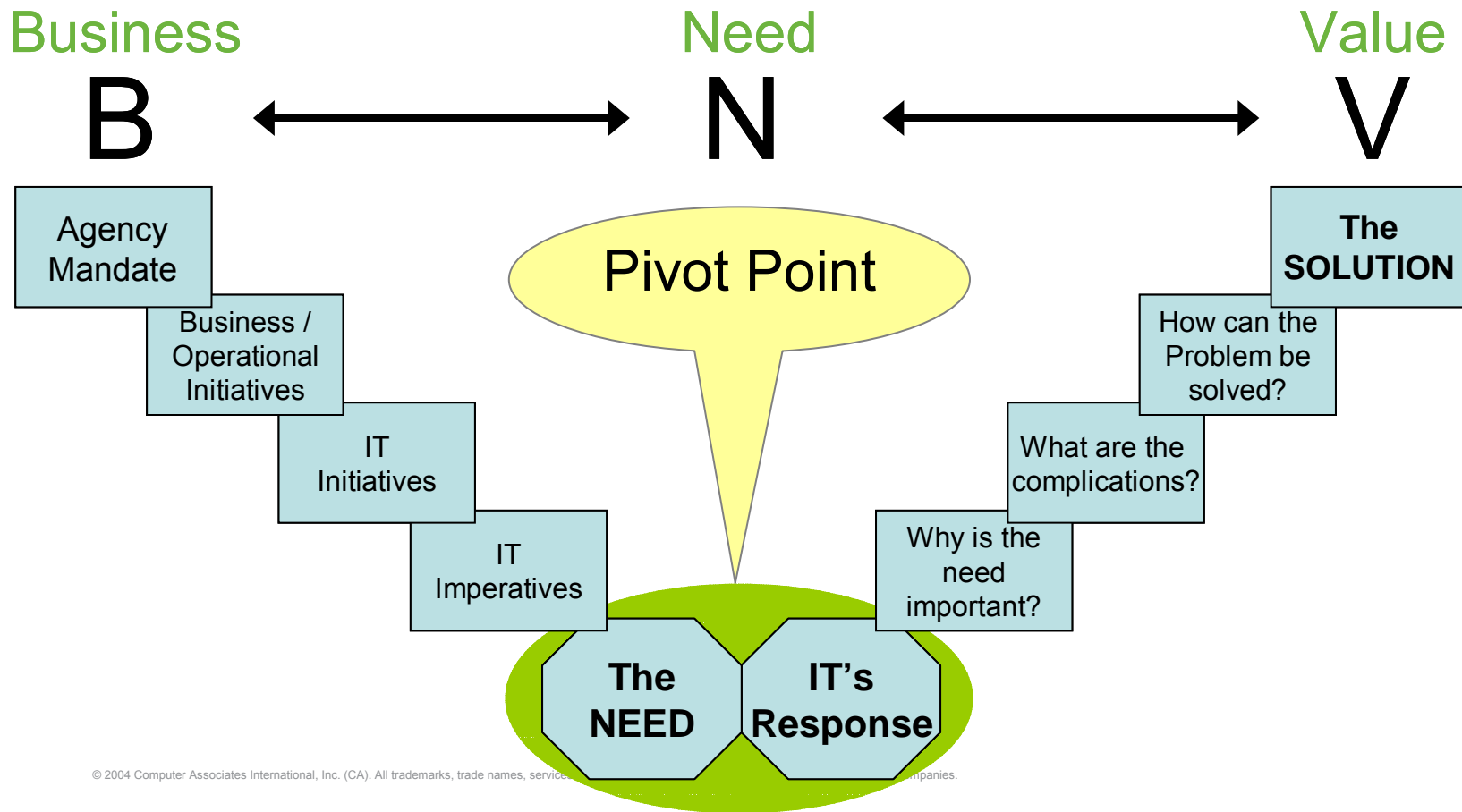
# Conceptual View

IT solutions can be logically identified based on specific IT Responses.



# Conceptual View

The Solution and its value is linked to the Agency Mandate and Business Initiatives at the NEED and IT's Response (Pivot Point)



# Concepts to help improve alignment

- 1. Real-World Strategy – CIO's need an on-going participative process for deriving business strategy and weaving IT strategy within it – techniques I will discuss today
- 2. Embracing Value
- 3. Actionable Pricing
- 4. Agile Technology
- 5. Boundaryless I.T.
- 6. Leaders at all Levels (of IT)

Source: CIO Magazine, 10/2005



# How can we show the Business/IT connections? One type of solution

- We (and customers we have taught) use a tool called “DNA” – **D**iscovery **N**eeds **A**nalysis
- This is a business-needs-centric and consultative approach, enabling IT to explain itself and logically communicate IT’s business value – in business, not IT terms
- There are two forms of DNA
  - Business DNA
  - Value DNA

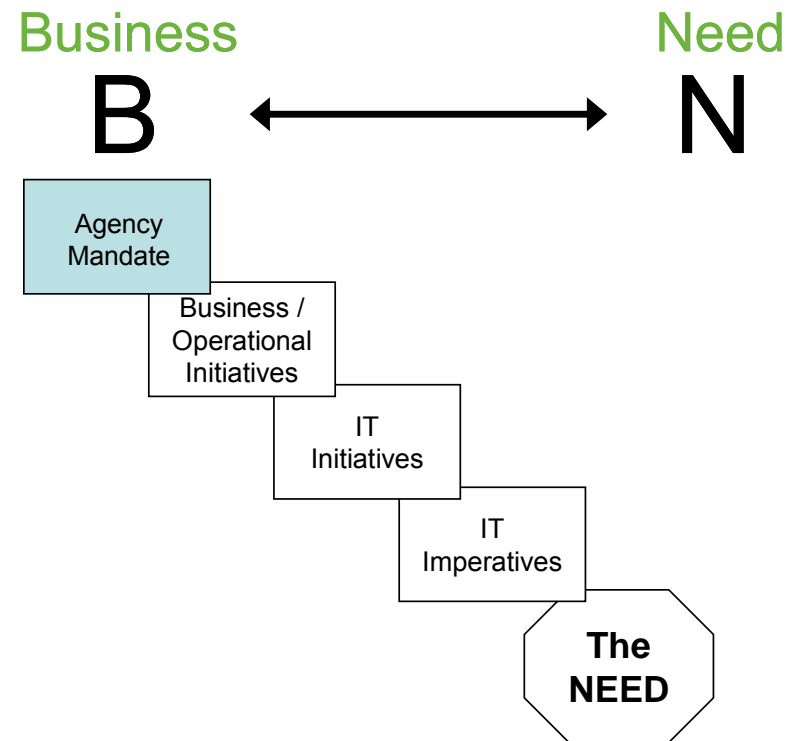
# Business DNA - Definitions

- Consists of a description of the Agency Mandate, the Business/Operating Initiatives, and the IT initiatives

# Definitions

## Government Entity Purpose

- The purpose, mission or mandate of a government entity (Dept, Agency, etc)
- The strategy the entity must employ to satisfy its mandate.
- A successful statement of strategy is one that ensures a **better or stronger** alignment of agency strengths to the NEEDs it must serve as a part of its mandate.
- Effective execution of the strategy depends both on the agency's **actual capabilities** and its ability to influence citizen or congressional **perception**.





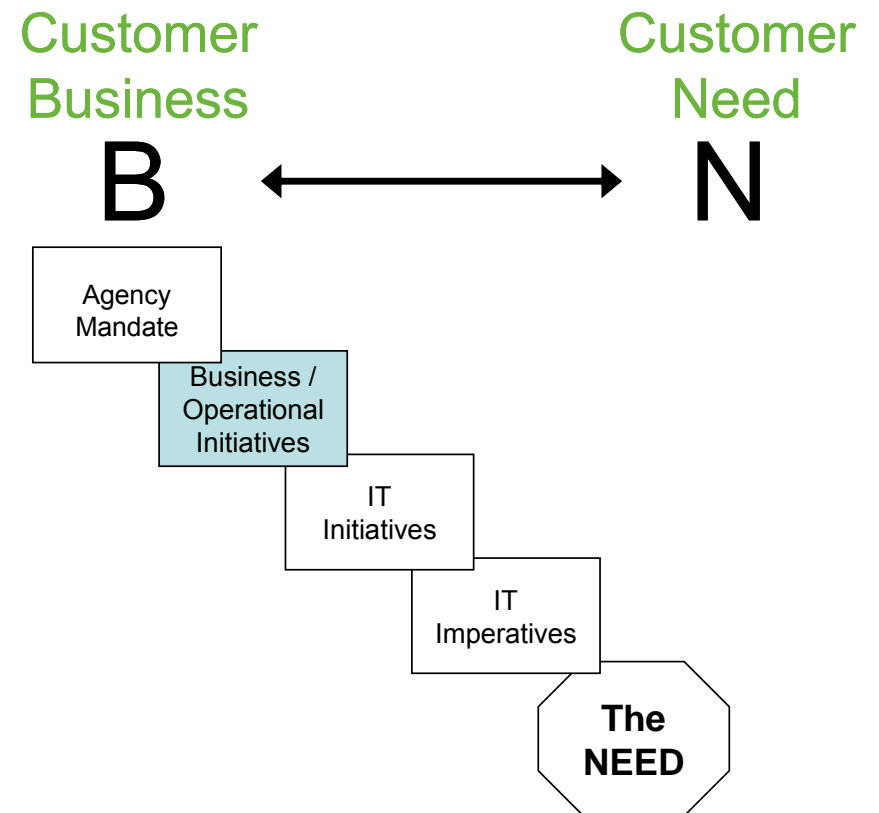
# Definitions

## Business Initiative:

- An aggregate-level program or activity that, if completed, helps the company to sustain and defend its competitive strategy.

## Operational initiative:

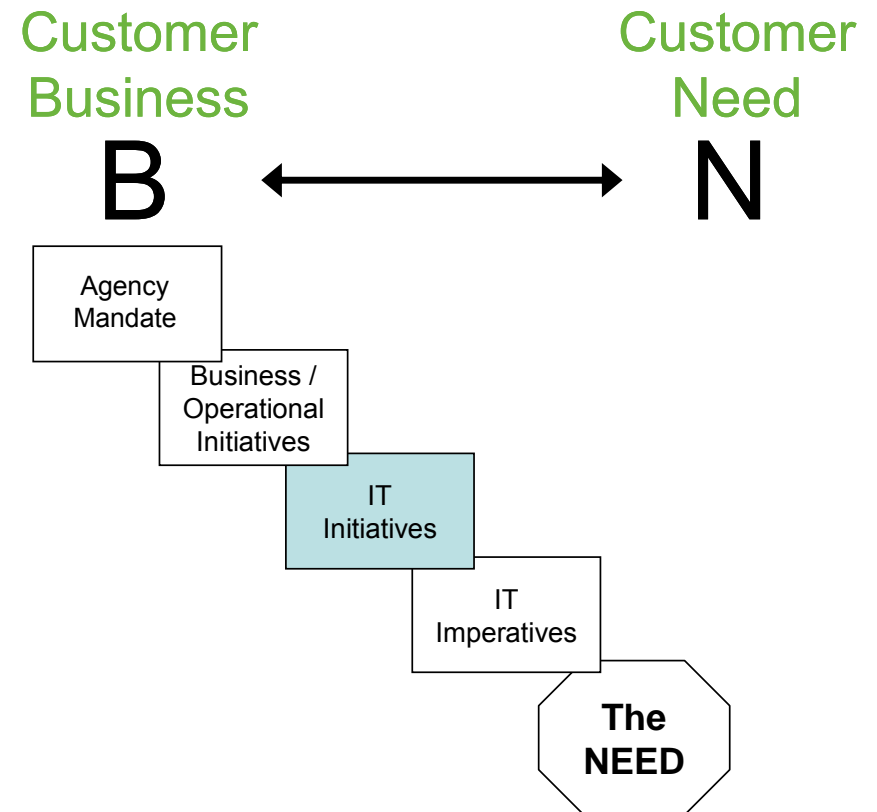
- An activity or project that results in a tactical solution to meet the requirements of a business initiative.



# Definitions

## IT Initiative

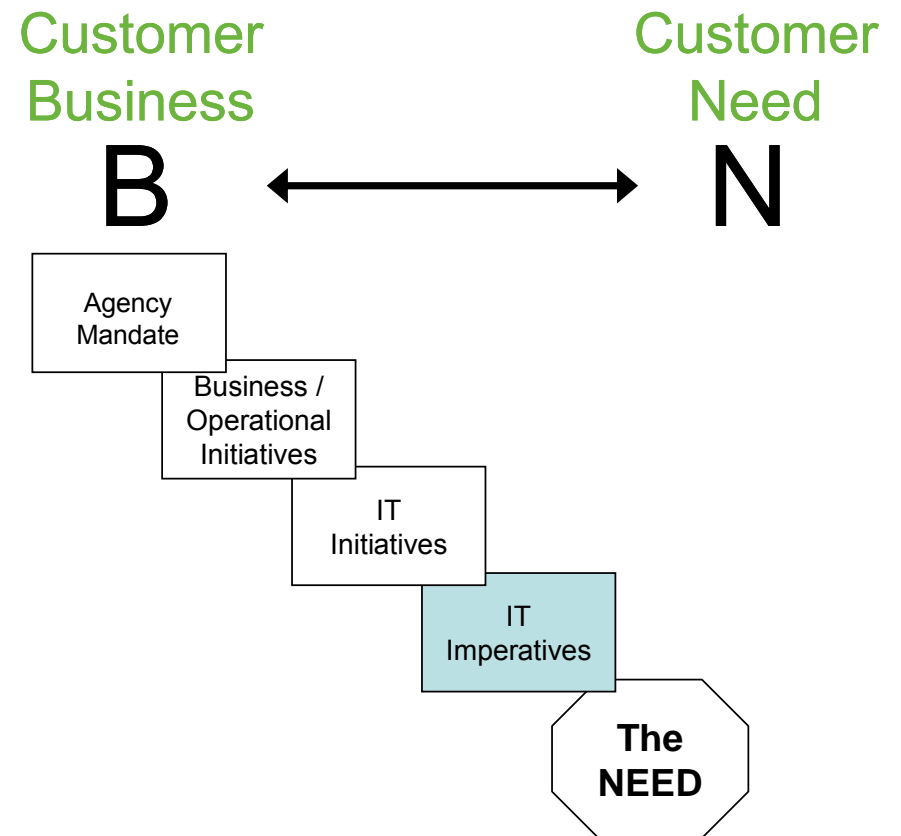
- A project or activity specific to the IT segment of the business. This is sometimes part of an operational initiative.



# Definitions

## IT Imperatives:

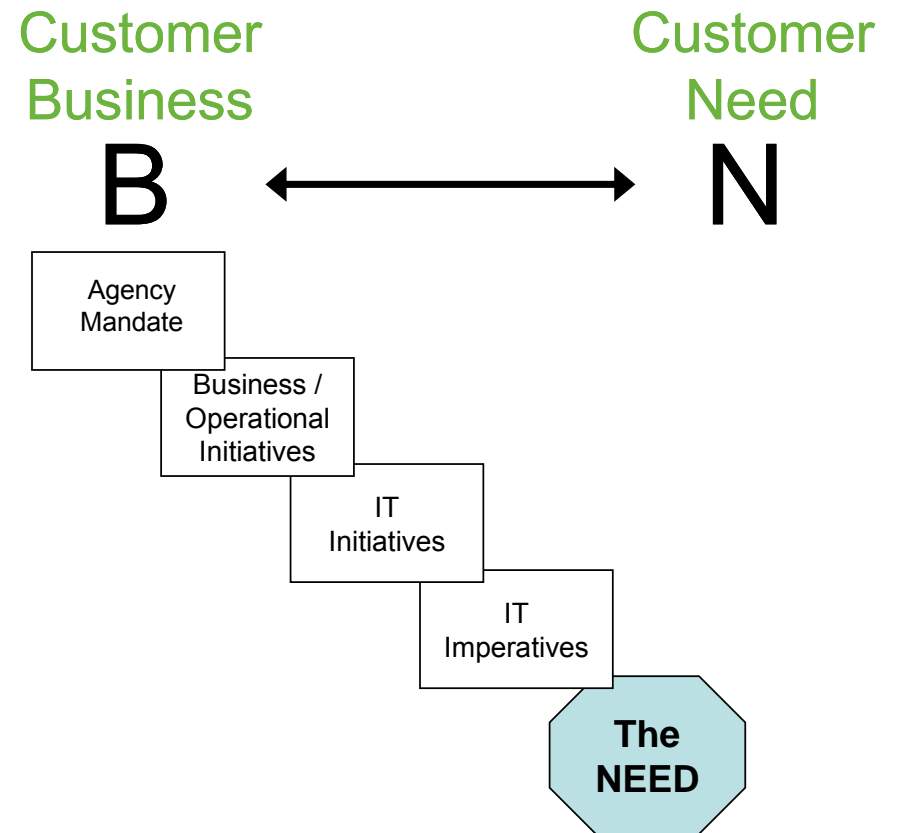
- Four broad primary IT Imperatives that are foundational to the IT initiatives:
  - Manage Risk
  - Improve Service
  - Manage Cost
  - Align IT Investments



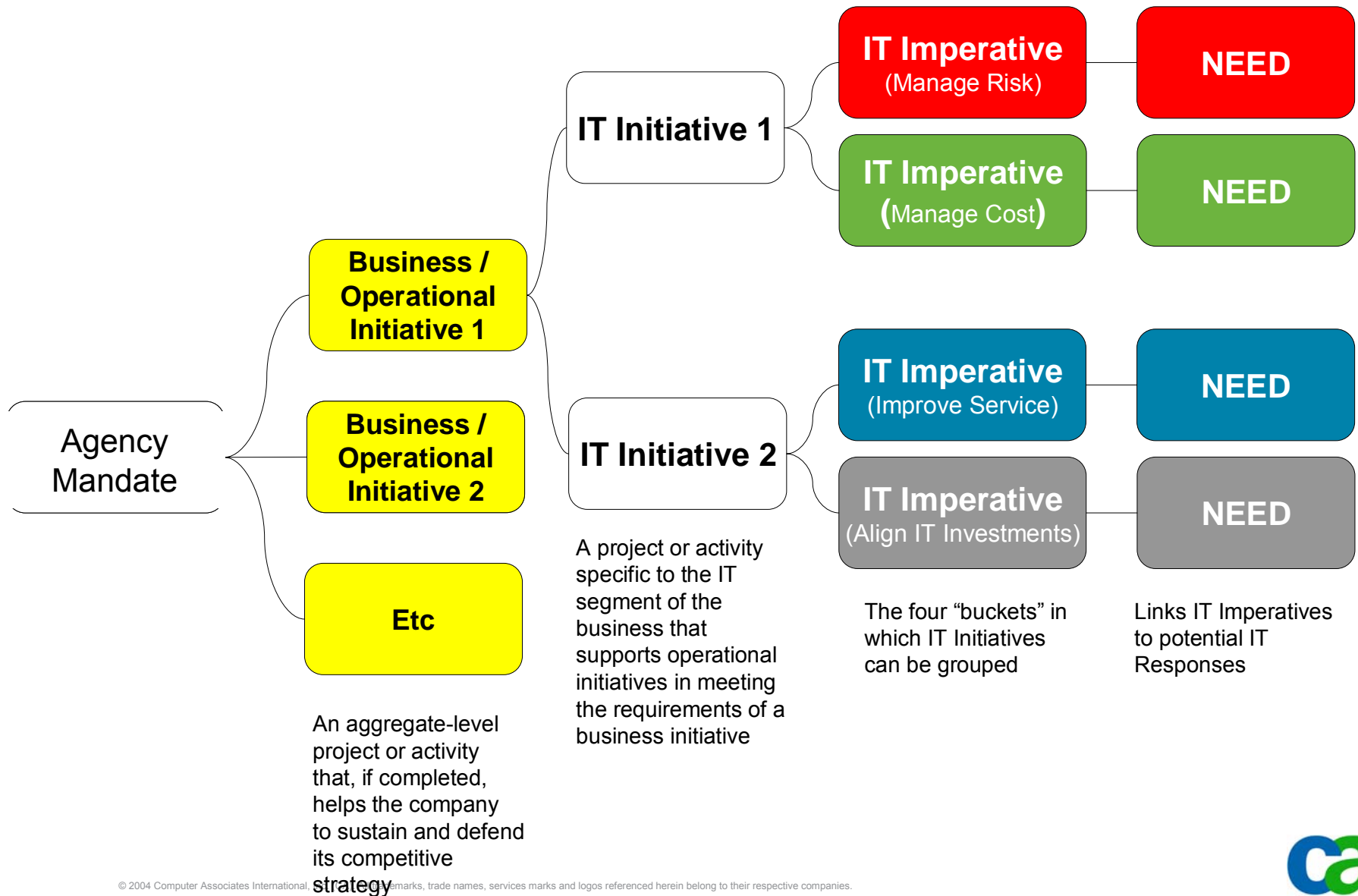
# Definitions

## NEEDs

- NEEDs are complications (i.e. pain points/barriers to overcome) in achieving the IT Imperative

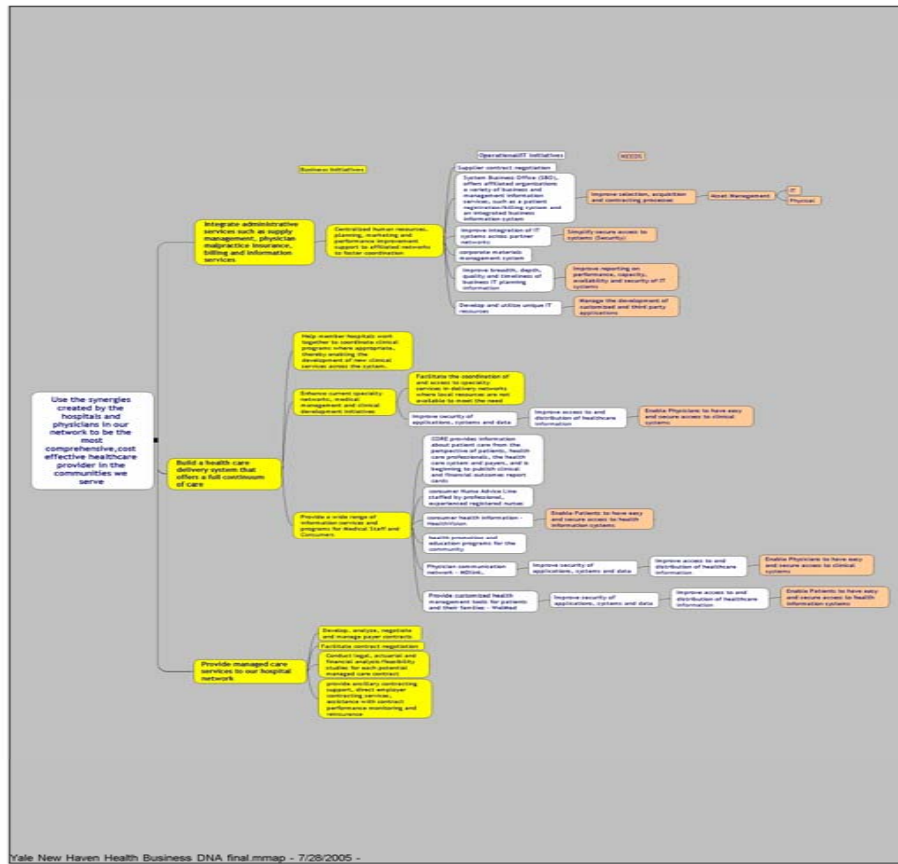


# Overall Business DNA Design

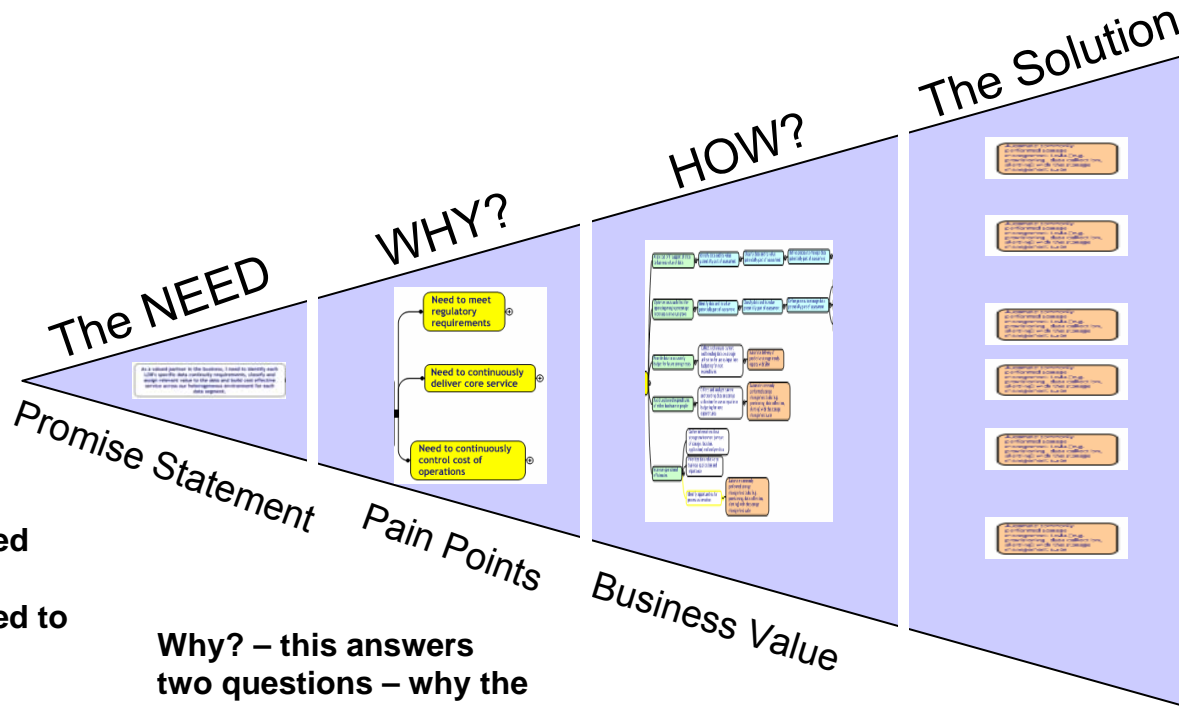


# Sequence (cont.)

A complete look at an example:



# Value Discovery NEEDs Analysis – Overview



## The NEED :

- Why do I need this?
- Why do I need to do it now?

And finally, when IT completes the corresponding Projects, IT can demonstrate the claims that were made.

**Why? – this answers two questions – why the need is important and what are the complications that would prevent IT from resolving the NEED – this should resonate with the specific point of view of the CEO, CFO and COO**

**How? – The Hows demonstrate that IT has fully thought out the business problems, from a business perspective and not IT’s**

**The Solution can be products, consulting services, education, or internal process change that address the addresses the business NEED**

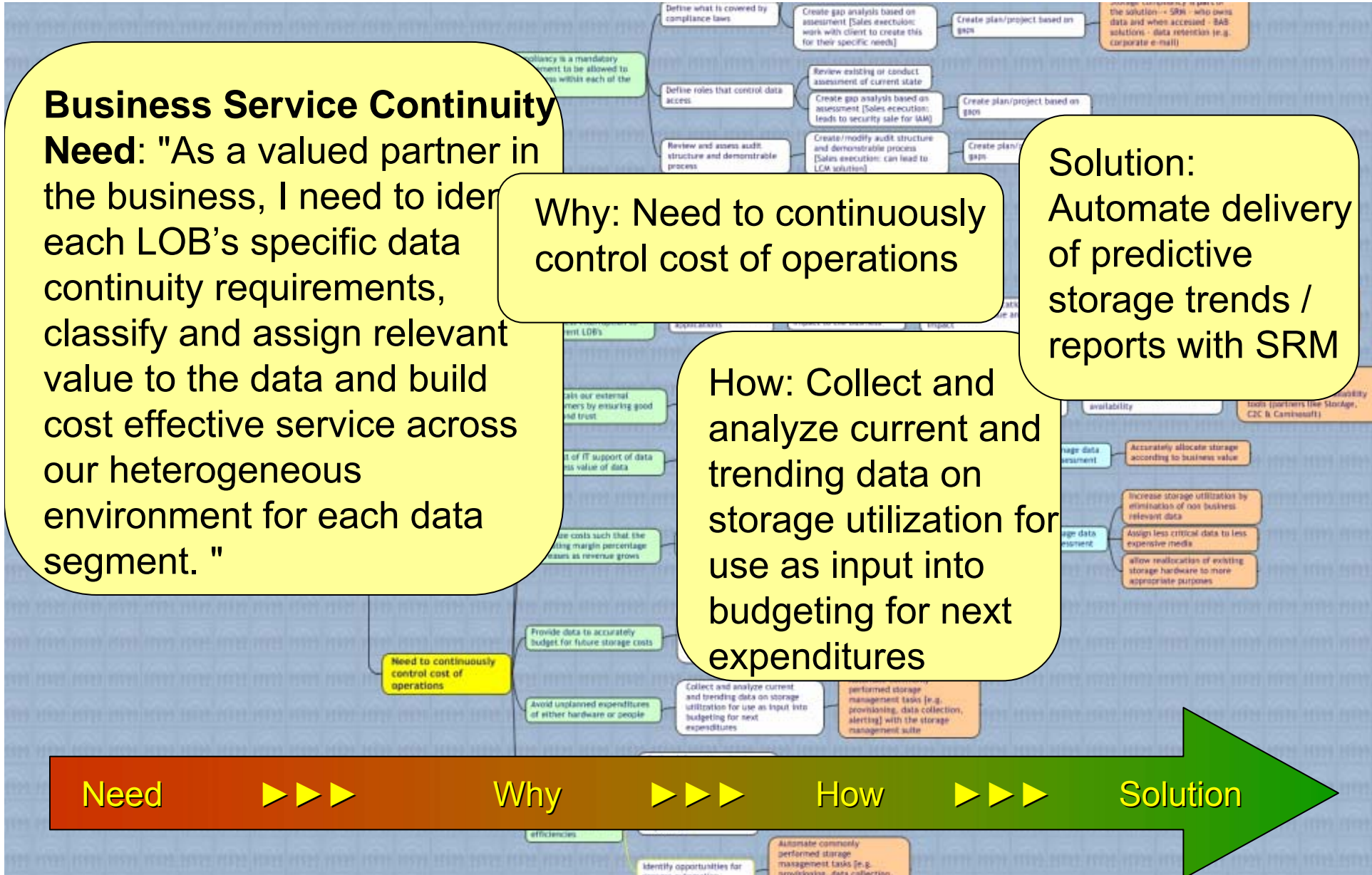
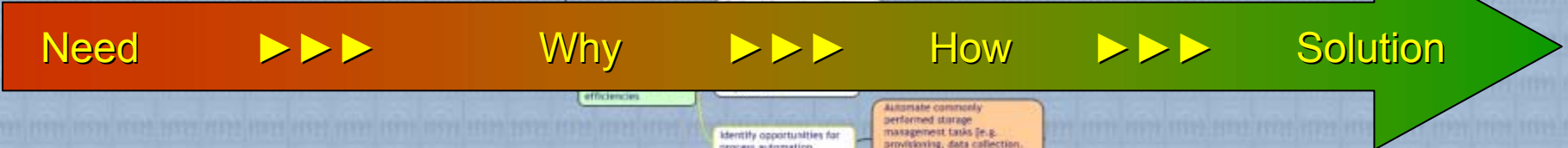
# Value DNA – overview example

**Business Service Continuity Need:** "As a valued partner in the business, I need to identify each LOB's specific data continuity requirements, classify and assign relevant value to the data and build cost effective service across our heterogeneous environment for each data segment."

**Why:** Need to continuously control cost of operations

**How:** Collect and analyze current and trending data on storage utilization for use as input into budgeting for next expenditures

**Solution:** Automate delivery of predictive storage trends / reports with SRM





# Showing the connection to business

- The agency unit hasn't performed all the work needed to convince themselves this will address their issues
- How does IT show them the connection?

# Making the Connection

- IT needs to show the Business Unit the connection to their Needs to get buyoff on the project and understand IT's approach to the solution
- This is a journey – not an intuitive leap and the business unit needs to be brought on the journey to understand how the solution is arrived at

# Making the Connection

- **We need to show the agency business unit that:**
  - **We understand their overall need from a business perspective**
  - **We have followed a logical process to go from their business need(s) to an IT solution**
  - **How the IT solution is structured and relates back to their business need**

# Making the Connection

- Feedback your understanding of the business to make sure that you have all the background information
- Feedback the Needs, their connection to the business, how the IT solution solves the business problem and make sure that the business unit buys into the preliminary solution
- Develop a solution document that incorporates all of the above PLUS ROI which can now be related to the impact of not solving the problem simplifying the issue of cost justification

# Making the Connection (cont'd)

- Constant communication and feedback throughout the process are keys to success

# Thank you

