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IT In The Spotlight

Examining Strategies To Demonstrate IT's Value To The Enterprise

Key Points

- Highlighting critical activities that are required to keep the enterprise wheels rolling, as well as pointing to IT services tied to business processes, can help IT demonstrate its value.
- When dealing with trend technologies, be prepared to show quantitative evidence of value return.

If a cynic can be defined as someone who knows the price of everything and the value of nothing, perhaps anyone outside of IT can now be called a cynic. IT's value to the enterprise is often overshadowed by its inevitable impact on the bottom line. In turn, IT managers are increasingly under the gun to demonstrate IT's overall worth.



"Showing the value of provided activities and well-planned, well-executed projects that leverage all aspects of IT will allow organizations to identify areas and activities that need to expand and why investment dollars in particular areas are

necessary," says Adam Nelson, director of global client management at Keane (www.keane.com). "It also shifts the perception of the IT organization from provider to partner that warrants a seat at the strategic planning table and executive committee."

Unfortunately, Nelson explains, fingers traditionally are pointed at IT for isolated missteps rather than the IT organization receiving praise from the daily support it provides. These support activities need to be highlighted so that IT is consistently valued and to create balance that offsets atypical mistakes.

■ Accentuate Activities

According to Dr. Amjad Umar, director and professor of eBusiness at the Harrisburg University of Science and Technology (www.harrisburgu.net), few companies can survive in the current competitive world without reliance on IT. However, IT managers still need to show alignment with business strategy and support processes that are essential for business.

"Most of the IT planning methodologies, starting from the very old but still heavily used IBM Business System Planning [BSP] methodology, emphasize that only those BPs [business processes] should be automated that support the business strategy. In other words, the idea is to be a vital player in the business strategy and align the IT strategy to business strategy," Umar says.

Activity-based costing is also an effective way to demonstrate value, according to

Nelson. The identification of necessary activities such as user maintenance (access, security, email, transferring divisions) and hosting (system maintenance, electricity use, license fees) can show the enterprise the cost needed to “keep the lights on” based on the processes rather than using the older method of FTE (full-time employee) cost, he says.

“Then, by identifying the processes and typical costs associated for system development and including all activities—requirements, architecture, development, management, testing, and production—and applying a baseline against delivered and expected projects, IT can identify more accurate spending and areas where IT and the business can partner more effectively and where they partner well already,” Nelson says.

Bill Metallo, vice president of sales for Seeburger (www.seeburger.com), reveals a method for demonstrating value through a consultative approach with goal development. “Find a goal or pain that is important to a business user and develop a solution that solves the problem. Many times, IT will be faced with a decision to build or buy the solution. If you consider building a solution, you must consider all challenges and costs, including ongoing support and maintenance,” he says.

■ Where To Point The Spotlight

Efforts to shed light on IT’s value should not be driven by anecdotes but instead by tangible, quantitative proof. For starters, Nelson says, an efficient systems development life cycle should be highlighted so that the enterprise understands what is necessary to design, deliver, and operate a project and the resulting system or application. Also valuable are core production services and the support of staff for their basic IT needs.

“For technology, an IT organization must look to its industry and business. In a customer-oriented world such as banking, customer relationship management technology is critical, and it should be leveraged in the retail market—especially in a down economy—to promote cross- and up-sell marketing, something banks have been doing for years. In manufacturing, logistics and inventory technology is critical; however, business intelligence and business process management tools, if properly planned and implemented, can help streamline supply chains,” Nelson says.

He adds that trends such as open-source, cloud computing, and Web services should be thoroughly evaluated by experts who can implement these technologies where return can actually be measured. “Well-planned, funded programs to research, prototype, and determine true quantitative value that may or may not lead to an implementation decision usually cost far less than a few folks spending their night online and then months trying to convince anyone who will listen that the trend could do wonders for their organization,” he says.

Umar adds that IT services related to business processes that are being phased out should be put on the back burner, regardless of any emotional attachment to them. To determine which processes are pertinent, Umar suggests a straightforward approach that requires examination of the following: business processes needed to support the business strategy; enterprise apps that support the business processes; platforms needed to house the enterprise apps; networks that connect the platforms; and security to secure all of these elements.

■ Future Value

Although an economic crisis can spur IT organizations to show their value, it’s beneficial to develop strategies that ensure this value continues to be shown well into the future.

Nelson says that IT managers should show transparent cost and return based on activities and not number of resources, because when value is attributed to activities, priorities can be more easily determined and scaled up or back based on economic conditions.

“The activities a solution supports should be documented and current costs calculated,” he says. “As the solution is developed and deployed, project costs should be maintained. As the solution is used and processes become modified, areas of efficiency, such as higher volumes or attributed cross-sales, should be identified in the program and activity cost model, enabling quantitative value to be highlighted. With financial analysis being built into the IT program, anecdotal and qualitative information will be bolstered and the value the IT organization provides unequivocally demonstrated.” ■

by Christian Perry

Top Challenge: Making A Case For Security

The business hasn't suffered a serious security breach in years, yet IT is still spending plenty to prevent intrusions that could lead to data theft. The solution is to cut back on security, right? Wrong, says Ed Moyle, a manager with CTG Security Solutions (www.ctg.com).

“Information security is not necessarily at—or even near—the top of the IT budget from a priority standpoint. However, the advice I give is twofold: First, look at ways you can justify the projects you have on your to-do agenda by demonstrating clear return, and second, see where there are ‘grassroots’ opportunities—a bottom-up approach—and take steps to try to make them happen,” Moyle says.

He explains that ROI is the key to getting the business side to invest in technology projects, but few IT managers can convincingly demonstrate ROI to business. This becomes even harder with security because of vagaries such as ‘likelihood’ and ‘risk.’ To address this challenge, Moyle recommends that IT managers consider creation of metrics within their business by creating a funded initiative through which change is driven or by getting staff to innovate and make something happen on their own.