

Aligning Technology with Business

**CIOL Enterprise Connect
2003-04**

Mumbai, 18th March, 2004

Geet Lulla

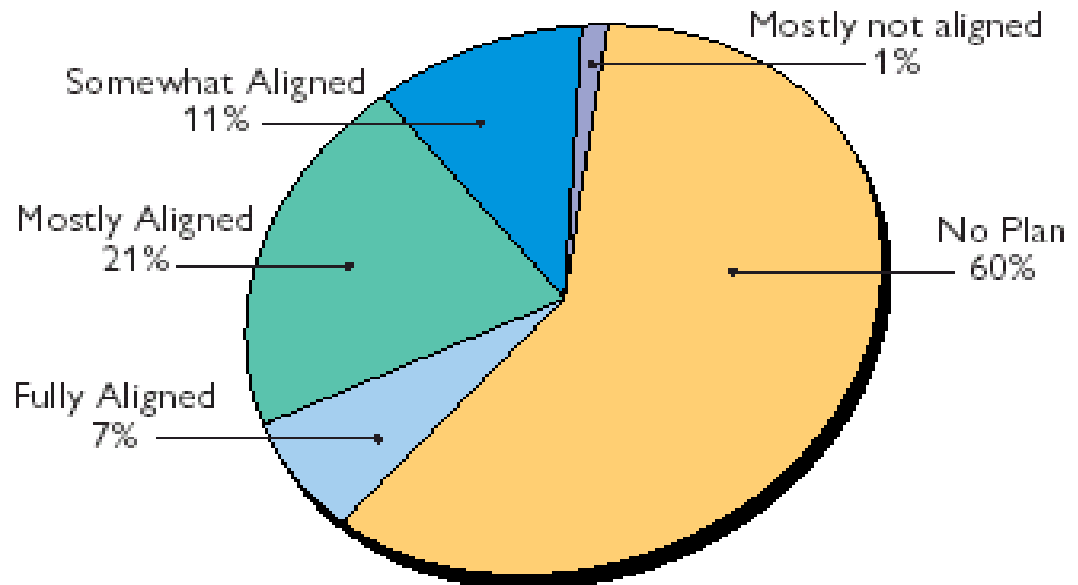
**Sales Director – Discrete Manufacturing
SAP India**

Rarely has a topic engendered so much agreement yet so little progress as IT/business "alignment".

CFO.com, 17-March-2004

How well aligned is your IS plan with your organization's overall corporate strategy?

Only 7 percent of respondents have an IS plan that is fully aligned with corporate strategy



Financial Executives International – Computer Sciences Corp (FEI-CSC) Survey on *Technology Issues for Financial Executives 2004*

Some Questions for CIOs...

Should business owners be involved in 'IT' initiatives?

YES

Do they (usually) want to be involved?

NO

Do we need to measure the business impact of IT programs / projects?

YES

Is it easy?

NO

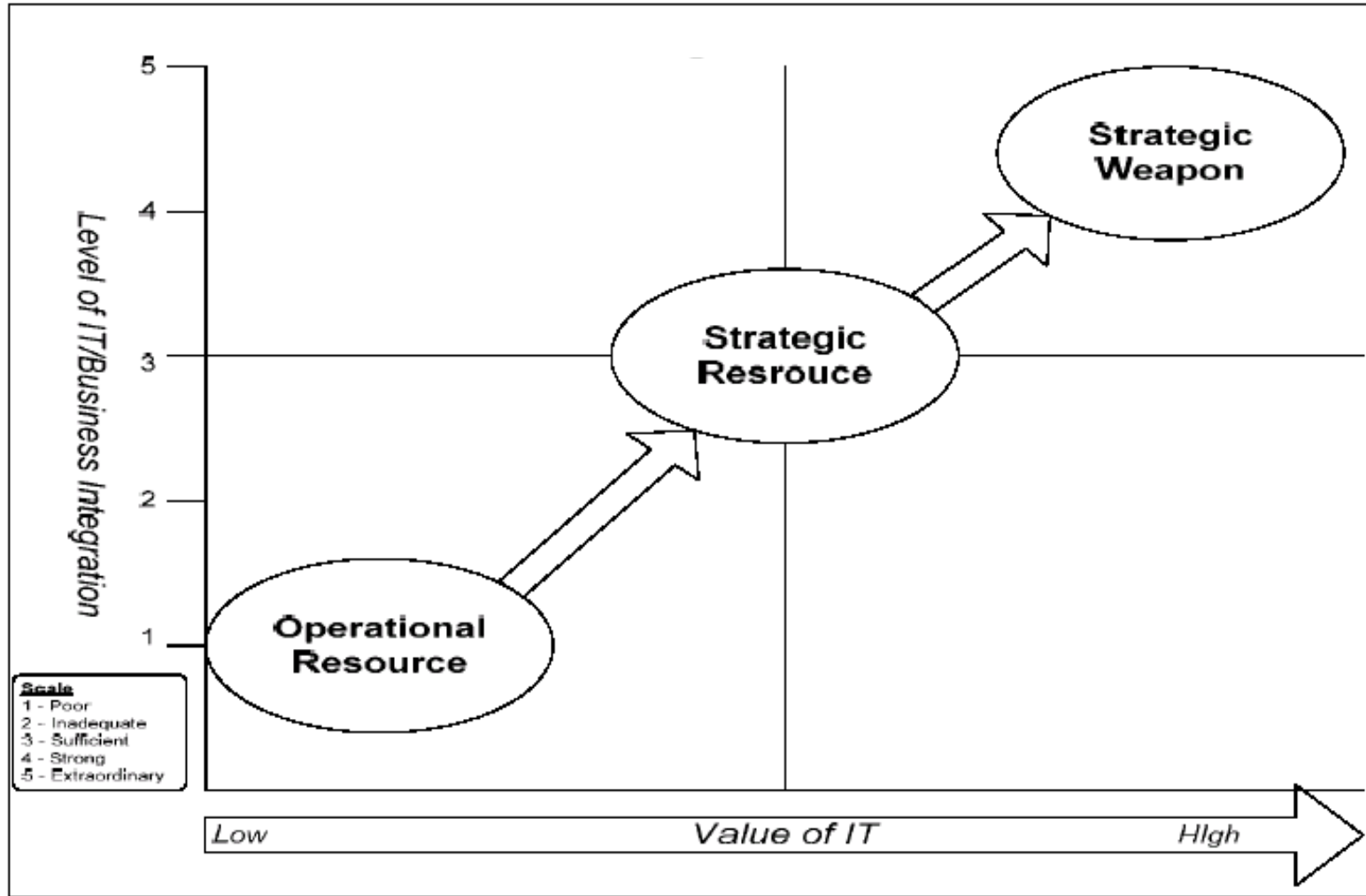
Can IT play a strategic role for the business?

YES

Is that the opinion of your CEO? (*Or are you a cost center?*)

??

IT / Business Alignment and Value Matrix



Aligning Technology and Business Strategy: Issues & Frameworks, A Field Study of 15 Companies: Joseph W. Weiss, Ph.D & Don Anderson, MBA, Bentley College, January 2004

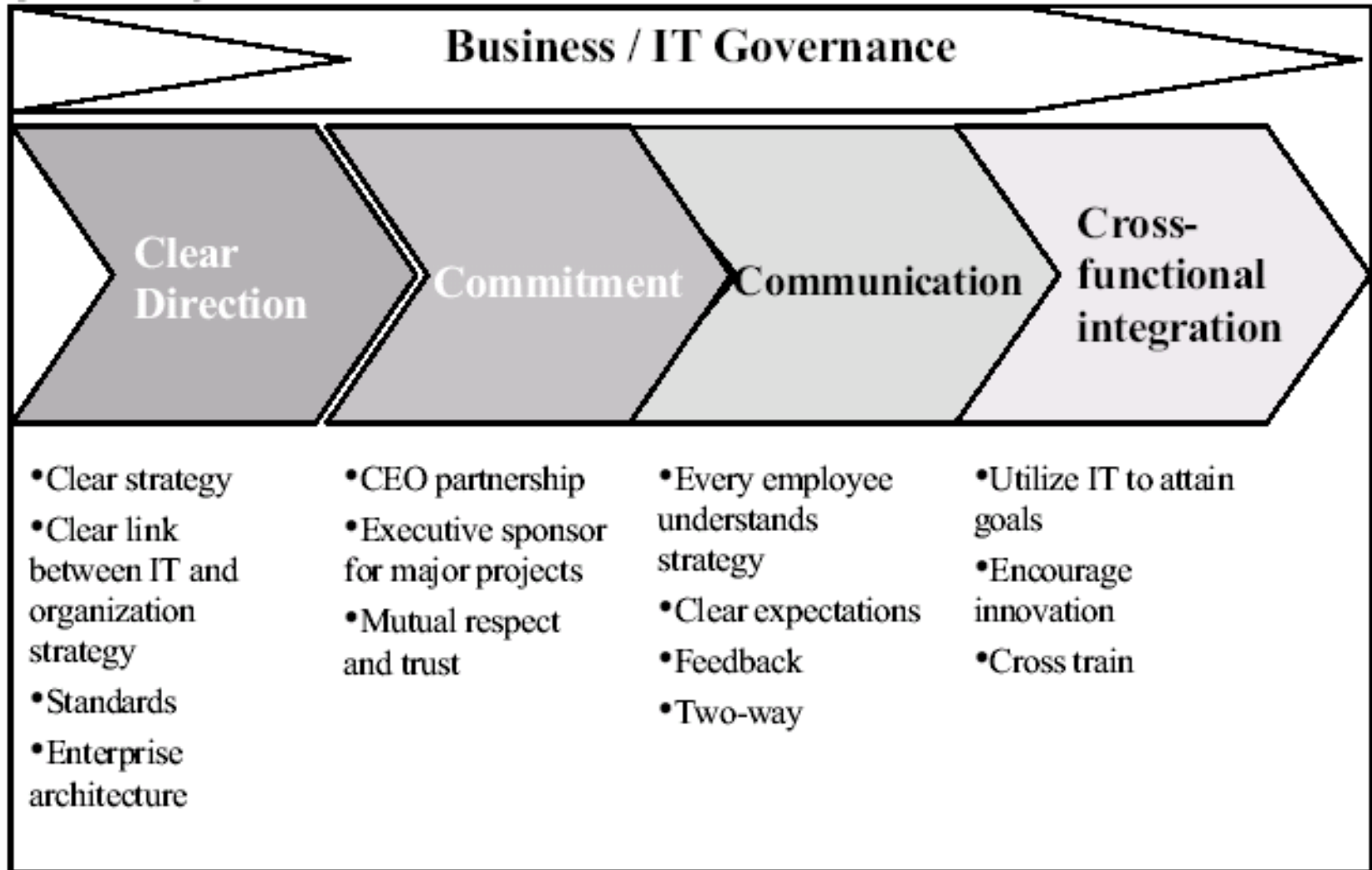
Amir Hartman, author “*Ruthless Execution*” (Interview in *CIO.com*):

“...less than 12 percent of companies can accurately measure the impact of their IT investments... ”

“If you were to ask most CIOs, ‘*Are the senior-most leaders actively involved in the prioritization and selection of IT initiatives?*’ most CIOs would say NO.

“A good CIO needs to be able to drive (business) *participation* because IT is, in my opinion, a business-driven line issue—or it should be.”

Path to Alignment, The Four C's



Aligning Technology and Business Strategy: Issues & Frameworks, A Field Study of 15 Companies: Joseph W. Weiss, Ph.D & Don Anderson, MBA, Bentley College, January 2004

**Fundamental /
necessary for running
the business**

Cost of doing business

Grow the business

Improving efficiencies /
effectiveness – processes
integration, new sales channels,
strategic sourcing, collaboration

**Innovate the
business**

Leverage technology; but
longer payback period

**Rational
experiments**

Cannot be looked at with an
ROI perspective; higher risk,
more uncertain

- ✦ **Positioning relevant business benefits to business heads**
 - Cost benefits to CFO
 - Customer satisfaction to Sales Head, etc.

- ✦ **Technology impact on business**
 - Circulate case studies, arrange discussion forums

- ✦ **Avoid jargon**
 - Make IT transparent to the business

- ✦ **Extract accountability from business**
 - Easier said than done...
 - But needs to be done!

- ✦ **More ideas.....**

*When did you
last influence
business
strategy?*



Thank You

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Back-Up Slides

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Diffusion: 6-Stage Model of IT Implementation

1. **Initiation**: Organizational problems and opportunities are identified and matched with an IT solution.
2. **Adoption**: Negotiations result in an investment of resources for implementation effort.
3. **Adaption**: The innovation is available for use. It has been developed, installed and maintained and organizational procedures are revised or devised to accommodate the IT application. Members of the organization are trained, both in the new procedures as well as the application.
4. **Acceptance**: The innovation is employed for organizational work and members are encouraged to commit to its usage.
5. **Routinization**: The innovation is no longer perceived as something out of the ordinary and its usage becomes a normal activity.
6. **Infusion**: The innovation is utilized to its fullest potential, use is comprehensive and integrated and supports higher level aspects of organizational work, resulting in increased organizational effectiveness.

Classifications of ERP Success

Several measures have been used to gauge the successful implementation of an ERP system. The impacts on business performance and bottom-line results provide the best measure of success. Another measure of success is the degree to which the formal ERP system is used to run the business. Four classifications -- termed Class A through Class D--have often been used to characterize success.

Class A	Management team uses ERP system to run the business Complete and accurate data (99%+)-- one set of numbers Using latest versions of ERP software Company gains the full benefits of an ERP system
Class B	Management team not fully using the ERP system Mostly complete and accurate (90% to 95%) data Some informal or non-integrated systems Company gains partial benefits of an ERP system
Class C	Partial use of ERP system, such as sales orders and accounting Incomplete and inaccurate (<90%) data Many informal or non-integrated systems Not gaining the integrative benefits of an ERP system
Class D	System not used by anyone System only running on the computer