



IT INTEGRATION: A KEY TO ALIGNMENT

AN EXECUTIVE SUMMARY



Abstract

Many corporations are daunted by the challenge of integrating an existing technology infrastructure with established business processes. The effort required to knit together multiple legacy applications with manual and, in many cases, outdated, business processes are often viewed a complex and large scale projects. Organizations are frequently limited by outmoded IT infrastructures and, worse yet, inflexible IT governance models. Often, organizations find it difficult to stay the course for the duration required to make measurable change visible to executive management. Some misjudge these efforts as primarily IT projects and do not leverage the participation of the business beneficiaries who really can gain tremendous competitive edge from such collaboration.

alignment effort. The benefits include reduced costs through more-efficient business processes, reduced operational risk, improved data quality, improved employee morale, reduced time to market for application development and, most important, more opportunities to collaborate with customers for value-added exchanges.

The following four recommendations provide a foundational philosophy to success when undertaking an enterprise-wide project to integrate IT with the business and align IT efforts to gain competitive business advantage:

- Align IT spending in support of the business strategy
- Think strategically; act tactically
- Ensure that business managers lead the project
- Reengineer processes along with technology changes

Companies must align spending in support of the business strategy. The key to achieving the delivery of an aligned business and IT strategy is to instill a common understanding of business objectives, and the current gaps that must be resolved to attain success. To gain a common understanding of the business needs, it is imperative that both the IT and business sides of the effort form a working partnership to collaborate on the successful implementation of the strategy.

One method for encouraging collaborative conversations and planning is to establish a Corporate Business Strategy Management Committee where open exchanges of thought include discussions about business strategy along with examination of the integral role of IT as a collaborative partner in delivering competitive advantage within the framework of the strategy. As business strategy initiatives are presented and discussed, the technology aspects are considered. Additionally, consideration is given to resource requirements and contributions from all other stakeholders and business support functions.

IT budgets are a precious resource for any business, and IT spending is critical to driving most businesses forward. It may sound obvious, but start by aligning the IT strategy with the strategic business initiatives. Of course, there will be a need for a certain amount of IT spending driven by the organization's technologists for such efforts as basic IT infrastructure, but it is critical to ensure that the majority of IT spending is in support of strategic business initiatives.

Accomplishing this balance requires an appropriate corporate governance model. By aligning the IT and business strategy, the organization achieves the key benefit of gaining a high level of support across the organization for the enterprise-wide integration effort. Strategic integration of technology into the business will help firms achieve their business goals more efficiently. It also will ensure that IT clearly understands the business objectives and avoids im-

plementing "technology for technology's sake." Ultimately, it will enhance the probability of successful enterprise-wide IT initiatives. This is particularly important for a longer-term strategic project.

Companies must think strategically and act tactically. The size and complexity of enterprise-wide IT integration initiatives increases the risk that they will have little perceived overall value to the organization. Dividing enterprise-wide projects into smaller, targeted integration initiatives allows the organization to manage the project more easily and to show tangible value and building blocks to the organization, leading to stakeholder support for additional initiatives.

As the successes snowball, support and enthusiasm grow within the organization, and new ways are found to apply the technology to further the business goals. Not only does this increase the value of the final results of the integrated architecture platform, but also raises the credibility and stature of the collaboration process and strategic initiatives.

It is important to take care when selecting which integration initiatives to undertake first. Look for an initial project that enhances, automates, or consolidates a time-tested methodology or a fairly plain vanilla process; one that is modular in nature and can be reused as a component of additional elements of your overall methodology. Second, and more important, solicit existing processes that are time consuming, inefficient, or limiting the ability to grow the business stakeholders within the organization as a basis for prioritizing next efforts.

There is little value in implementing technology only for technology's sake. A common mistake is to start a technology integration project under the guise of a key business initiative and then leave the project solely in the hands of the IT team to be driven based on the technology involved in the project. While the IT staff in most organizations is creative, smart and hardworking, their expertise is IT - not the nuances of the business. Strategic integration initiatives require an understanding of the business in order to develop a strategic integration platform that will enhance the business. There is the naive belief that the IT staff understands the business strategies and commercial initiatives of the business units just as well as it understands the latest technologies needed to integrate your systems and processes. They cannot do it all; collaboration and stakeholder involvement is a basic requirement.

The most critical success factor for an integration initiative is the ability of the business managers and business support managers to work together with the IT staff. IT should not be expected to define the requirements for the business in isolation any more than business units should be expected design and implement the technology behind a complex business solution unassisted. Working as a team, synergies are achieved beyond the capabilities of any individual team member. A steering committee set up for periodic reviews by senior stakeholders is not sufficient; continuous day-to-day interaction among all parties is required for success.

An important, yet unintentional, by-product of this approach is that companies may gain some very technology-oriented business managers and some very business-oriented IT managers. These are rare skills indeed and the effect of distributing such visionary skills throughout the organization is a dynamic viewpoint that builds upon itself and improves the time to market for all IT projects.

A common approach to IT integration is to develop applications that mirror the existing processes that the organization has cobbled together through manually processed tasks and tools that are not integrated to one another. A more effective methodology develops requirements for integration by diligent examination of the current processes and tools against the most efficient actions for completing the task. The methodology takes the integration effort as an opportunity to improve, not duplicate, the existing process, and uses the underlying technology to increase speed, efficiency, and competitive business results. Companies need to develop their future state operating model—the optimal structure for IT to function and deliver effective strategies, capabilities, organization, and processes. The end result should be an operating model that defines Strategic IT Alignment, IT Governance, Architecture Management (Solutions Delivery, Management & Operations, and Workforce & Resource Management).

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**27 N. Wacker Drive
Suite 517
Chicago, IL 60606**

**www.sccorporation.com
1.800.975.9413**