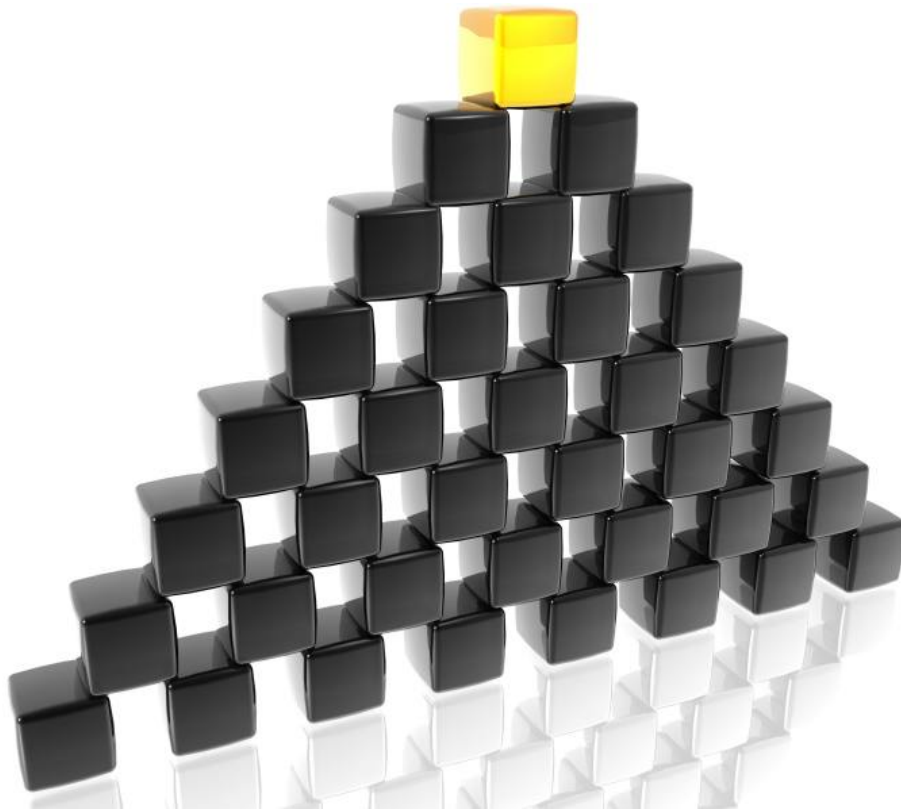




WHY IS BUSINESS-IT ALIGNMENT SO DIFFICULT?

AN EXECUTIVE SUMMARY



Abstract

In today's highly competitive business environment, CEOs view growth as a key to business success. Growth is attained with planned strategies and by exploiting opportunities. It is important that IT infrastructure respond rapidly to changing business priorities so that it can handle business growth

Among their greatest challenges for CIO's is aligning IT with business goals and prioritizing the demands of business units and key stakeholders. CFOs also rate the alignment between IT and business goals within their companies as one of the most critical responsibilities to ensure success. Yet most CFOs describe the alignment of business and IT as weak. Why is alignment so hard to achieve? What must happen to achieve the perfect alignment of IT and business goals?

Business leaders are responsible for three principles and everything they do in business serves one or more of them.

- 1) Top-line growth
- 2) Bottom-line efficiency
- 3) Risk management

Alignment between IT operations and business goals has traditionally been viewed as the job of the Chief Information Officer. However, achieving these goals requires a partnership between the organization's business and technical leadership through business-focused objectives and effective IT planning and implementation. Technology and business can be blended to yield improved efficiency, competitiveness, and success. The CIO contributes to this success by providing demonstrable value through business key performance indicators and by reporting the contribution of IT investments that support the business goals of other executives.

Successfully aligning the IT infrastructure with the needs of the business requires specific linkage of business performance metrics with analysis of the IT infrastructure's current state, along with a description the desired state. The objective is to create an IT management solution that provides an understanding of how technology supports, impacts, and enables business-critical services. Additionally, companies need solutions that allow both operations and business management to assess the impact of new business plans (for example, new applications or business growth) on IT operations.

IT investments fit into three simple categories:

Keeping the lights on

Providing incremental improvements toward business goals

Radically changing business processes and their subsequent metrics through transformational investments

CEOs, CFOs and COOs look to technology to drive the company. They believe that enterprise resource planning (ERP), knowledge management, data mining and a variety of software solutions will enhance revenue through efficiency gains or new customer sources. In some cases they do, but in most, the costs offset the gains.

Furthermore, many companies are directed by IT organizations that are technology-driven but which cannot translate business needs into technology solutions. These organizations cannot present a business-driven analysis for or against a specific technology. Their condemnation or recommendation is based entirely on the performance of the technology. (Is it full of bugs or is it stable? Is it fast or slow? Is it easy to implement or hard? Can the vendor support it?) They present factors that should be considered during the technology evaluation stage but not at a strategic alignment level.

Those who run the business and those who run technology often cannot agree on which factors define alignment between IT and the business. In reality, it is all perception based on expectations. There are companies that could be

greatly enhanced through the use of technology but believe that they are perfectly aligned already. There are others that have the most beneficial technology available and don't know it.

Regardless of the industry, market, size or complexity, organizations today are required to effectively deliver end to end business services. Increasingly, these businesses are relying on their technology infrastructure to deliver the services that can help ensure a competitive edge.

The challenge today is to increase customer satisfaction, contain costs, maintain a secure environment and keep the company in compliance in an environment where IT infrastructure complexity continues to increase, the rate of change continues to increase, costs continue to increase, and service quality is difficult to maintain. Businesses today require a Service Management Strategy that defines how to optimize service delivery while keeping quality, costs, security and compliance in balance.

This crucial objective must be based on business metrics, not IT metrics. Plans that do not clearly describe the business value—the strategic and tactical business benefits to the organization—will not be understood, valued, and approved by those responsible for investment decisions.

About Scenario Systems International

Scenario Systems International delivers the breakthrough technology you need to transform the way you do business. Our solutions provide a single integrated process for analyzing business information from every source and delivering an actionable roadmap to drive change at every level. Our vision is to deliver strategic value throughout your organization. Our proven integration management process provides speed of delivery in a repeatable and sustainable process. This includes best practice tools and methodology, as well as resource readiness and the program management office process and structure to ensure successful roll-out.



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