

 **the marlo group**

Discussion Paper

“Aligning IT Organisation and Capability with the Business”



Enterprise Integration Specialists

Today's complex Business environment places greater reliance on IT

CEO and Board

"Respond to new market opportunities and competitive pressures"

Responsive to the market



Employees
"It has to work"

Ease of use

Supplier Demands

"From independence to interdependence"

Need online connection



Customers

"From one transaction to lifetime loyalty"

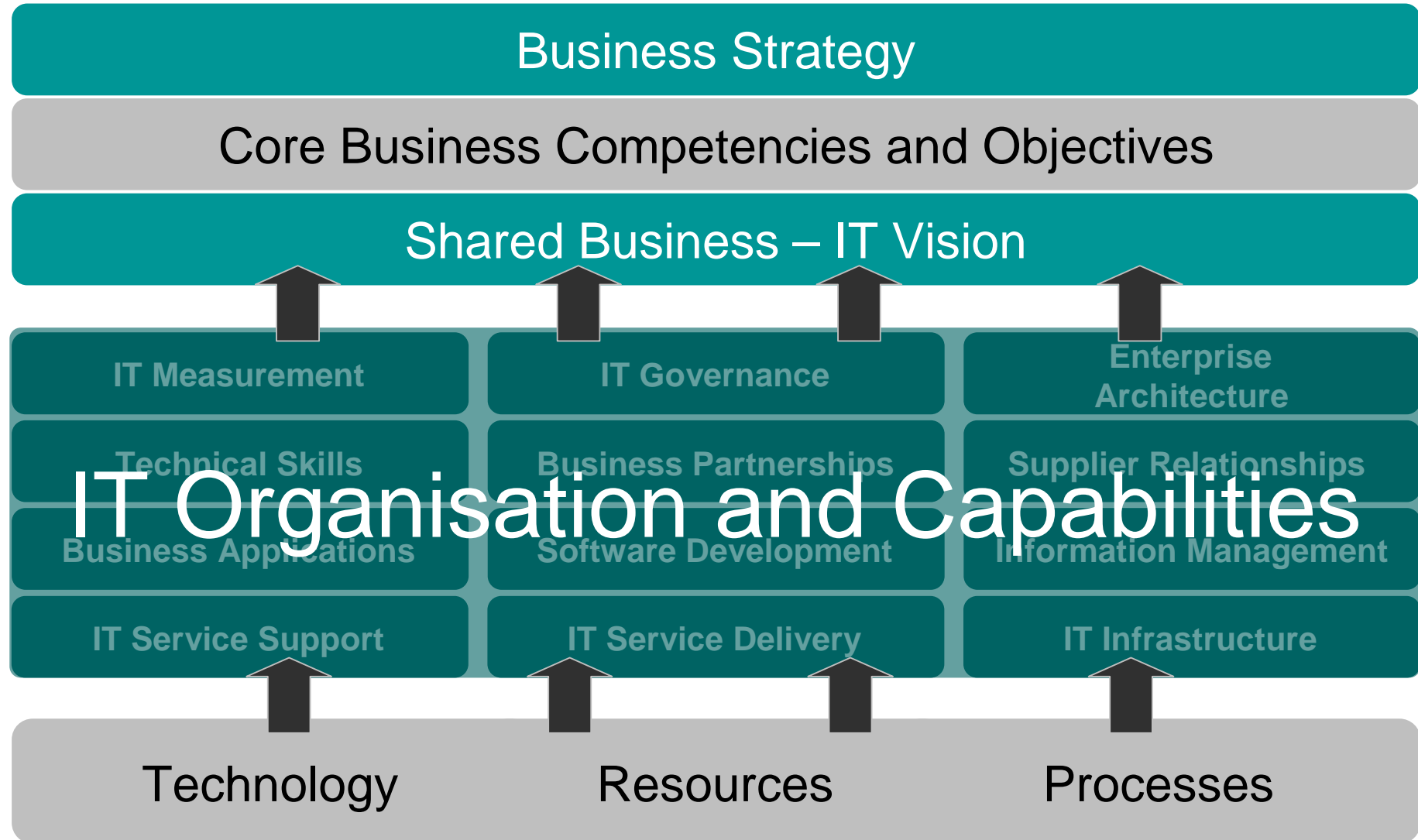
Ease of use

CFO

"Better cost controls"

Rapid ROI

The IT organisation (and its capabilities) should be positioned in a way that is cognizant of, and support, the strategies and objectives of the Business



IT capabilities are traditionally organised around 3 broad activities

1. Plan

Provide IT perspectives to support business planning, IT planning, IT project planning, solution option assessment, operational performance feedback, capital budgeting, disaster recovery planning, and IT policies and standards

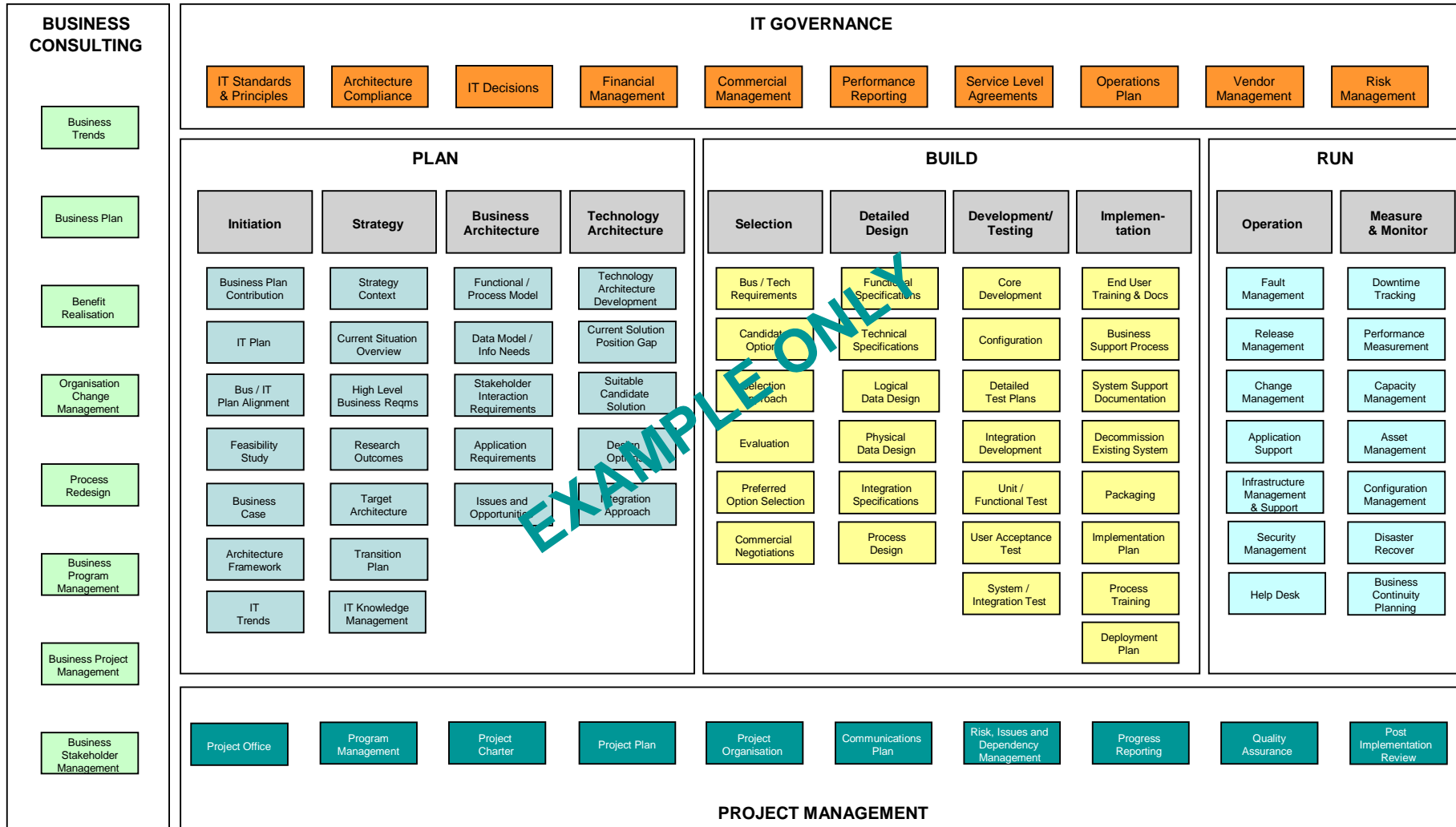
2. Build

Interface with analysis / design / develop / testing / implementation / review processes (with checkpoints for architecture compliance and business case review) - to support definition and management of scope, issues and risks, dependencies, resource requirements & management and cost management

3. Run

Provide and manage processes to ensure operational efficiency, architecture compliance, capacity and performance measurement, managing changes, and providing a feedback mechanism to the planning and building stages

These capabilities can be further broken down into a generic Services Model to include all the potential activities of an IT organisation



Using a generic services maturity matrix*, an assessment of how well each these services are being delivered can be made.

World-class

- Service purpose and goals are primary focus of all. Standard, flexible practices are used with innovation rewarded. Customer needs anticipated.
- Team established with customer part of team. Team performance continuously optimised through empowerment and continuous improvement. Risk taking rewarded.
- Delivery is consistent, predictable and optimised. Quality is managed and assured through continuous improvement.
- Best of breed, superior to peers. Defect free.

Mature

- Service purpose and goals are understood, agreed to and the primary focus of all. Standard, flexible practices are used with innovation rewarded. Customer needs are reviewed regularly.
- Teams established, with good internal and customer rapport. Process to learn from team experiences and remove team barriers. Risk taking valued and encouraged.
- Delivery is consistent, repeatable and planned. Quality is planned and assured. Service accessibility is flexible for customer needs.
- Service is competitive and adaptable. Continuous review of defects.
- Results measured and customer expectations are sometimes exceeded.

Capable

- Service purpose and goals are understood and agreed to by most. Standard methods and practices are used. Customer needs are reviewed periodically.
- Team established with good rapport. Aversion to risk taking, although some adaptability evident.
- Delivery is consistent and repeatable. Quality is inspected and controlled. Service is accessible primarily to suit the provider.
- Serious weaknesses have been corrected. Defects are reviewed regularly.
- Results measured and generally customers are satisfied.

Aware

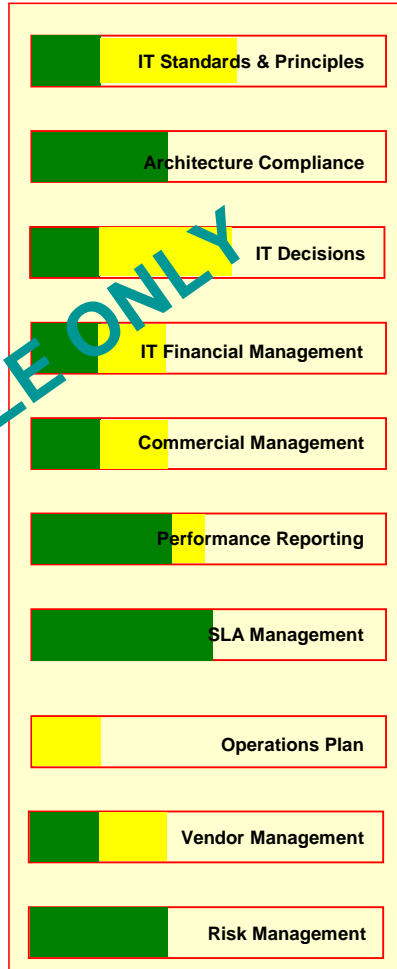
- General awareness of service objectives but purpose not understood
- Teaming is evident, although inconsistent. Responsibilities are defined. Ownership is established.
- Delivery is repeatable. Quality is random.
- Exposures are identified and defined.
- Results inconsistent, and inconsistently measured.

Limited

- Little understanding of service purpose or objectives. Ill defined procedures.
- Personnel do not act as a "team", do not understand assignments or operate efficiently. Different focuses across group.
- Delivery is inconsistent and at times unsatisfactory.
- Inconsistent management of the service. No plans for improvement.
- Results are not measured.

IT Governance

Limited Aware Capable Mature World-class



Project Management

Limited Aware Capable Mature World-class



Current
■

Required in 12 months
■

EXAMPLE ONLY

A generic services model can also help to identify if these services are being delivered and who by (and who should in the future).

Note: the following diagram assumes a certain organisation structure. However, different organisation structures can all map in a similar way. Furthermore, the desired level of capability (over time) may actually drive the organisation structure.

Process Group	Strategy, Planning & Business Alignment						Systems Development & Support		Technology & Infrastructure		
	Director of ICS	Sr Manager IT Strategy & Planning	Assistant Manager IT Planning	Manager Global Systems and Strategy	Data Analyst	Manager Sales and Marketing Systems	Assistant Manager Finance and Logistics Systems	Assistant Manager Technology and Infrastructure	Senior Technical Analyst	Senior Technical Analyst - Help Desk	
IT Strategy Management											
Conduct Research											
Select areas for investigation / Investigate areas selected											
Organise information for retrieval											
Analyse information											
Translate Research into Business Value											
Understand Business Requirements											
Establish Business Needs Context											
Solicit Business Needs and Priorities											
Transform Business Needs into Requirements											
Maintain I/T Strategy											
Identify Major Business Needs for IT											
Define the Major Goals of IT											
Develop and Review the IT Strategy											
Define Information Technology Architecture											
IT Architecture Conformity Review and Approval											
IT Architecture Vitality											
IT Architecture Exceptions and Appeals											
IT Architecture Communication											
IT Architecture Component Selection											
Develop and Maintain I/T Plan											
Develop Plan Framework											
Create the IT Plan											
Define and Manage Projects											

KEY
 A = Accountable
 J = Joint Responsibility
 C = Contributor

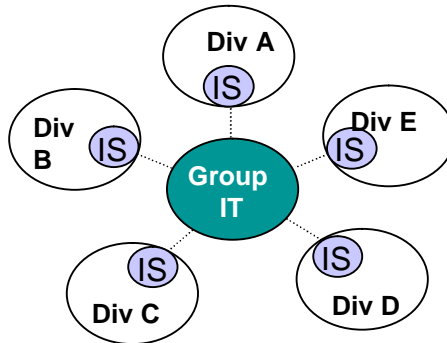
Capability Area

EXAMPLE ONLY

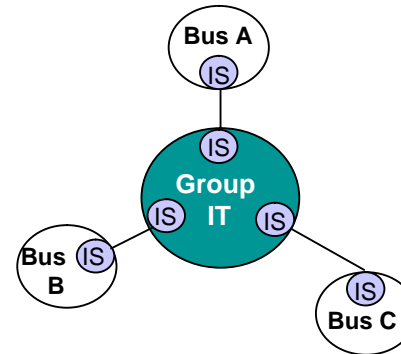
There are a number of working models that can be used as a basis when creating an IT Organisation

However... it is important to develop a tailored solution for an organisation that takes into consideration its own set of environmental factors. Typically, a hybrid organisation model is created using these base models as a starting point.

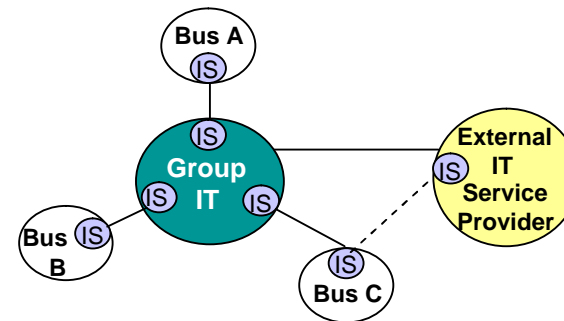
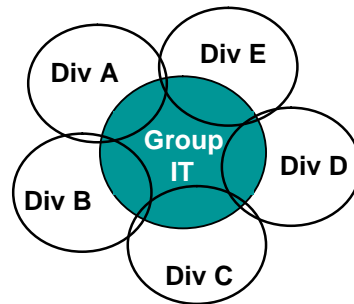
Model A: Independent
The interaction between Group IT and business division IS is loosely coupled



Model B: Self-capable Business IS
With Group IT for infrastructure support



Model C: Fully serviced by Group IT
This operational model will support a more integrated organisation and is tightly coupled

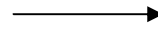


Model D: Outsourcing Mode
Business can either use Group IT or external IT providers

A shift from an independent approach to a more interdependent approach tends also to move.....

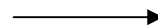


Adversarial relationship



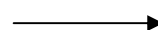
Partnership

Isolated strategies and projects



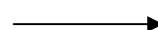
Integrated strategies and projects

Isolated learning and innovation



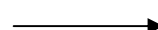
Leveraged learning and innovation

Local IS policy and processes



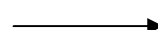
Group wide agreed BS policy and processes

Unclear accountabilities



Clear accountabilities and performance measures

Line of business solutions



Greater re-use and shared solutions

Budget and Cost Responsibilities



Shared Budgets and costs

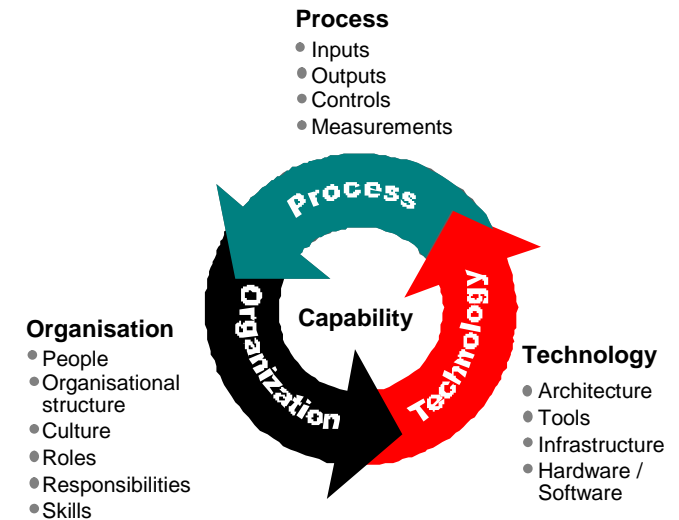
Total Risk Assumption



Shared Risks

Key factors that need to be considered in establishing a tailored IT organisation and supporting capability include

- Is the business model 'stable' or 'revolutionary' or 'rapidly changing'?
- Is the organisation's business model moving towards a decentralised model or a greater degree of inter-dependency?
- Is the IT budget at group or a business level?
- What is the expected group collaboration in terms of strategies and project?
- What is the degree of divisional systems versus group wide shared solutions?
- Is the IT skill based required more common across the group or disparate?
- Is there a high potential for re-use across more than one division?
- What is the mix of in-source vs vendor based solutions?
- What skill sets do we have today in the organisation that can be leveraged?
- What skill sets are required in the future?
- Degree of common processes within the group?
- What is the opportunity for sharing a common IT Architecture and Infrastructure?



IT services are delivered through processes, organisation and technology.

The Marlo Group has developed an approach for the development of IT organisation and capability.

This generic approach has been successfully applied in client projects but has been tailored in each instance to meet the specific needs of each client. Such projects typically take in the order of 4 – 6 weeks to complete.

Work Stages

