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Aligning Strategies and Operations for Successful
Technology Implementation and Management:
Best Practices for Business Needs Assessment and Discovery

A Frost & Sullivan
White Paper

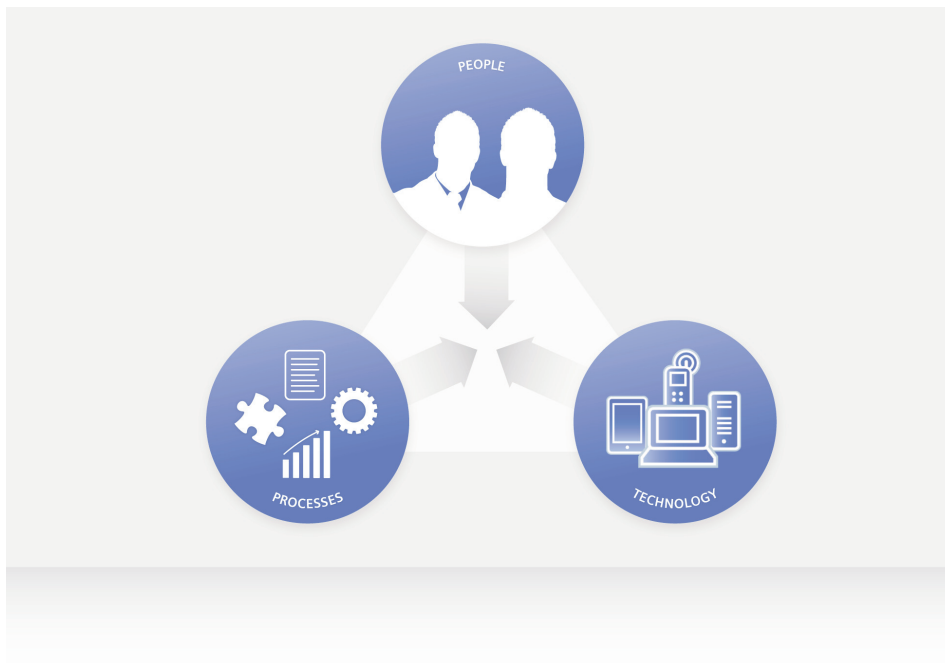
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INTRODUCTION

This guide discusses best practices in strategy and operations alignment for successful IT and communications technology implementation and management. It is intended to assist organizations in the process of identifying key business needs, challenges and objectives, and developing strategies to leverage IT and communications technologies for a competitive edge. More specifically, this guide proposes an assessment and discovery methodology that focuses on three key factors:

- People
- Operations/Processes
- Technology



Frost & Sullivan believes that technology investment decisions need to be based on a thorough understanding of end-user needs and requirements, organizational structure, processes and objectives, and major IT operational challenges. A structured approach and a rigorous methodology are key to success in this process.

Frost & Sullivan maintains that successful technology implementation and management requires cooperation between IT and the rest of the business stakeholders. IT and communications technologies are no longer considered just a cost item, but a key strategic asset. Businesses looking to leverage their IT infrastructure for a competitive advantage need to align their IT/telecom strategy

with business objectives and evolving user needs. Moreover, IT and communications technologies need to be tightly integrated with business processes in order to enhance business agility and foster innovation. Therefore, IT and telecom staff should join efforts with C-level executives, line-of-business (LOB) managers and even end-users in order to complete an effective assessment and discovery process that results in successful technology implementation and management.



An effective assessment and discovery process comprises the following phases:

- Phase One: Preliminary Diagnostics
- Phase Two: Stakeholder Buy-In
- Phase Three: Project Launch
- Phase Four: Resource Alignment and Partner Selection
- Phase Five: Assessment and Discovery Workshop

PHASE ONE: PRELIMINARY DIAGNOSTICS

The assessment and discovery process begins with the IT/telecom department. Eventually, other stakeholders will need to be involved, but IT—led by the CIO, CTO or another IT/telecom executive—should spearhead the effort with an initial analysis of key business and technology challenges.

The first step is to take Frost & Sullivan's self-assessment questionnaire, which will provide IT staff with a preliminary "diagnosis" and will suggest strategies for problem resolution. The questionnaire will help identify key pain points that need to be addressed in order for the organization to leverage the full benefits of its technology investments. Here follows a key to understanding the premises of the questionnaire and the objectives it seeks to accomplish. The methodology described below can also be used with different assessment tools, other than the questionnaire.

Frost & Sullivan research shows that IT/telecom challenges typically revolve around three main problem areas:

- Cost management
- IT/telecom strategy alignment with business objectives and processes
- IT/telecom operational challenges

There are no clear boundaries between these problem areas, and frequently IT challenges have multiple root causes. For example, cost management issues are often related to poor IT/telecom strategy alignment with business objectives. Similarly, inefficient IT operations can result in excessive, unbudgeted costs. Identifying the underlying root causes for each IT challenge can help the organization reassess its existing technologies, vendor relationships and operational models, and eventually improve its technology return on investment (ROI).

Cost management:

The ability to resolve cost issues promptly and exercise consistent control over sources of cost-related concerns can give an organization a competitive edge. In addition to macro-economic factors (such as a global recession), cost management challenges may be related to evolving user needs, inefficient IT operations, changing business processes, outdated technologies, poorly structured vendor relationships, or external factors such as government or industry regulations.

Some of the specific issues that need to be investigated include:

- Unbudgeted costs
- Continued escalation of recurring costs
- Limited or no visibility into IT and telecom costs
- Poor IT/telecom budget alignment with service-level requirements
- Costs related to poor alignment of existing technology investments with future infrastructure vision/roadmap
- Costs related to evolving user demographics and needs

IT strategy alignment with business objectives and processes:

Frequently, businesses recognize that their IT infrastructure does not deliver the anticipated benefits because the IT strategy was not developed with specific business objectives in mind. Technology should not be implemented solely based on its technical merits, but on how well it addresses specific business needs. Key changes in organizational structure and/or employee demographics, such as growth of a remote workforce or increasing employee mobility, can dramatically impact technology requirements. Similarly, mergers and acquisitions (M&A) can result in increased pressure on IT to integrate disparate technologies and support a more complex infrastructure going forward. Therefore, a proper analysis of organizational structure, processes and objectives can help identify strategy alignment gaps and yield a more coordinated approach in the future.

Some of the specific issues that need to be investigated include:

- Technology impact on business agility and innovation
- Technology alignment with evolving workforce demographics and requirements
- Ability to streamline key business processes through IT and communications technologies
- Ability to use technology for effective customer service and support
- Technology advantage vis-a-vis competitors
- Technology alignment with major organizational changes: M&A, downsizing, new management/vision
- Change management policies and procedures, and ability to make timely and effective technology decisions

IT/telecom operational challenges:

Operational inefficiencies frequently represent major sources of pain in IT and communications infrastructure implementation and management projects. Specific pain points include insufficient IT/telecom budgets, limited staff availability and skills, lack of clearly defined roles, responsibilities and accountability within IT, outdated technology capabilities, and vendor relationship management issues. It is critical to ensure that the IT/telecom department is agile and adequately prepared to address challenges stemming from technology evolution or organizational changes. More importantly, IT should align its priorities and resources so that it can effectively handle both tactical, day-to-day tasks and long-term strategy development.

Some of the specific issues that need to be investigated include:

- Adequate staffing to support evolving IT and communications infrastructure
- Inefficiencies related to vendor relationship management
- Ineffective business continuity and disaster recovery strategies
- Inability to improve IT and communications capabilities due to budget limitations
- Overwhelming day-to-day tasks preventing IT staff from focusing on strategic projects
- Inability to achieve satisfactory IT and communications infrastructure performance
- IT staff morale and job satisfaction

PHASE TWO: STAKEHOLDER BUY-IN

Armed with the preliminary findings from the questionnaire, IT/telecom staff should seek to involve other stakeholders in the assessment and discovery process. It is both overwhelming and ineffective for IT to seek to maintain full control over technology decisions. At this stage, IT should look to ensure the support of C-level executives with financial responsibilities (such as CEO, CFO and COO) and solicit feedback and assistance from LOB managers (for instance, product and marketing managers) and, potentially, end-users. A series of formal and informal meetings should set the stage for developing a structured project framework at Phase Three—Project Launch.

Aligning Key Stakeholders

C-Level Executives

- Review preliminary findings from the IT self-assessment quiz
- Acknowledge existing challenges and pain points
- Provide information on existing IT budget and planned budget allocation
- Discuss further course of action with IT management
- Grant approval for continued assessment and discovery efforts
- Assign preliminary tasks and responsibilities

LOB Managers

- Review preliminary findings from the IT self-assessment quiz
- Share their perspectives on technology-related challenges and issues
- Share any existing surveys or analyses of technology needs and requirements completed outside of IT
- Commit to supporting further assessment and discovery efforts
- Assign preliminary project advocates from the LOB management ranks

End-Users

- Provide a preliminary perspective on end-user technology-related challenges
- Share a “wish list” of technology capabilities that can help them be more effective in their jobs
- Elect volunteers to participate in technology assessment exercises (opinion surveys, tests and trials, workshops, etc.)

As soon as key stakeholders have been informed of this initiative and have confirmed their commitment to continued participation in the assessment and discovery process, it is time to officially launch the project.

PHASE THREE: PROJECT LAUNCH

At this stage, stakeholders led by IT need to ensure that the assessment and discovery process is completed in a structured way in order to accomplish maximum results.

Project management:

A Project Leader needs to be assigned to ensure coordination of tasks and responsibilities among participants, consistent progress monitoring and reporting, and appropriate follow-up upon project completion. The Project Leader can elect or be assigned a Project Committee to help with project monitoring and management. The Project Committee should comprise a mix of roles and titles, including IT staff, C-level executives, LOB managers and end-users. Both the project management team and other project participants will need to have clearly assigned roles and responsibilities for most efficient project completion.

Goal setting:

The Project Leader, with the help of the Project Committee, must set clear objectives and specify the desired output from the assessment and discovery process. This process should lead to *the development of an implementation plan* that aims to accomplish some or all of the following objectives:

- Reduce technology CAPEX and/or OPEX costs
- Improve IT/telecom operational efficiencies and reduce IT/telecom overhead
- Deploy technology to improve employee efficiency and productivity
- Deploy technology to streamline and accelerate business processes
- Deploy technology to reduce overall company costs
- Target a specific technology investment ROI and total cost of ownership (TCO)

It is important to note that the assessment and discovery process does not aim to accomplish these goals, but rather lay the foundation for the implementation stage.

Project charter:

It is necessary to set clear expectations with regard to the final project output among stakeholders. Therefore, Frost & Sullivan recommends that, at this stage, a one-page project charter is agreed upon by all major stakeholders and approved at

the C level. The project charter must include the following key elements: executive sponsors, problem statement, goal statement, potential business impact, project scope, and project plan. The project charter needs to ensure that project goals and objectives are aligned with the available budget. (The budget for the assessment and discovery process is separate from the future implementation budget, which may involve technology investments or other costs.) The findings of the assessment and discovery process will determine if new technology investments are required, the budget for which will be set up at a later date.

PHASE FOUR: RESOURCE ALIGNMENT AND PARTNER SELECTION

While the project will have been set in motion by this stage, it is important to re-assess the organization's ability to complete the project using internal resources, or consider using qualified assistance from a third party, such as an IT or management consultant, vendor or service provider.

Key factors to consider when making project staffing decisions:

- Budget availability for internal resources and/or partners
- The possibility of incurring significant opportunity costs if internal resources are pulled away from other tasks and allocated to the project
- Availability of relevant skills within the organization
- Access to best practices, methodologies and know-how for a complete evaluation of the organization's IT operations and strategies
- Potential conflicts of interest and inefficiencies (which could exist with internal or external project staff, depending on personal and/or departmental agendas)

If budget is available but internal resources are scarce or engaged in other business-critical processes, there may be a significant opportunity cost involved in re-allocating these resources to the current project. That will signal the need to seek qualified assistance from a third party, such as an IT or management consultant, vendor or service provider. Frequently, the out-of-pocket cost of outsourcing consulting services is lower than the costs of re-purposing internal resources.

In Frost & Sullivan's experience, the best outcome is achieved when an internal team works with an external consultant. Internal project participants bring the "insider" advantage, as they possess the most intimate knowledge of company processes and procedures, corporate culture and business goals, all of which are crucial to implementation. External consultants, on the other hand, typically have a fresher and more objective perspective on business challenges and technology merits. Unlike internal stakeholders, they have no vested interest in preserving the

status quo and are more likely to propose more creative ideas and more radical solutions to existing problems. Additionally, external consultants have accumulated best practices from working with various organizations with different business challenges and technology environments.

Key issues to consider when selecting a consulting partner:

- Competitive professional services (including assessment and discovery) skills and expertise
- Access to best practices, methodologies and know-how for a complete evaluation of the organization's IT/telecom operations and strategies (request reference case studies)
- Relevant IT and communications technology expertise (request reference case studies)
- Financial viability
- Reliable customer service and support (including responsiveness to specific customer needs, flexibility in terms of deadlines and project management, focus on customer value, etc.)

PHASE FIVE: ASSESSMENT AND DISCOVERY WORKSHOP

The last phase includes the final, in-depth analysis of business needs and objectives, strategy alignment gaps, operational inefficiencies and technology challenges. Frost & Sullivan recommends that this final stage take the format of a one- or two-day, on-site workshop or videoconference, in which project participants (with or without the help of external consultants) brainstorm in a highly organized and structured manner. The workshop should leverage all preliminary findings as well as a set of proven methodologies and tools, and should result in a final deliverable with conclusions and recommendations that address the project's previously set goals and objectives.

The workshop activities include two stages:

- Analysis
- Conclusions and recommendations

Analysis:

In a way, the workshop aims to deepen the understanding of the challenges and issues identified through the preliminary analysis. Some of the specific tasks of the workshop could involve (but are not limited to) the following:

- Identify the root causes of escalating IT costs and operational inefficiencies
- Analyze evolving user and organizational IT needs
- Identify IT and business strategy alignment gaps
- Identify the IT infrastructure and operations areas where savings can be made and/or greater transparency achieved
- Benchmark current operational processes against best practices to identify potential areas for improvement
- Obtain an independent and objective view of current IT operational strategy and technology investments (especially if using external consultants)
- Identify existing technologies that need to be discontinued, as they no longer address business needs
- Identify new technologies that can be deployed to save costs or gain productivity benefits
- Assess current vendor relationships

The analysis process can benefit from the use of specific tools such as a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, cost benchmarking, gap analysis or an ITIL assessment. A SWOT analysis can be used to identify the company's strengths and weaknesses with regard to technology implementation and management, as well as external opportunities related to technology development and/or threats resulting from competitor's use of IT and communications solutions for a competitive edge. A gap analysis can help identify the gap between specific business objectives and current performance metrics, and the ability to close that gap with existing and new IT and communications technologies. An ITIL assessment benchmarks company IT operations against industry best practices.

Conclusions and recommendations:

The final stage of the assessment and discovery process is the development of specific conclusions and recommendations. The scope and potential impact of these conclusions and recommendations will depend on the nature of the goals and objectives set in the project charter, as well as the effectiveness of the project. A successful assessment and discovery project will deliver a set of strategic recommendations that address all challenges identified throughout the process and will outline an action/implementation plan that aims to resolve these challenges. It will outline potential near-term benefits and quick wins, as well as long-term initiatives. The actual implementation of the recommended strategies should be part of a new project with specific goals and objectives and a clearly defined framework.



CONCLUSION

Businesses looking to gain a competitive advantage through their IT and communications infrastructure must conduct a rigorous assessment and discovery process in order to align IT strategies and investment decisions with business needs and objectives. In this process, businesses need to focus on three key factors—people, processes and technology. The five-phase approach proposed in this guide uses best practices to help businesses apply structure and methodology to the assessment and discovery process. An effective assessment and discovery process will result in specific recommendations for strategic, operational or technology improvements that will be implemented in a separate project.



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