

SMART CIO OFFICE

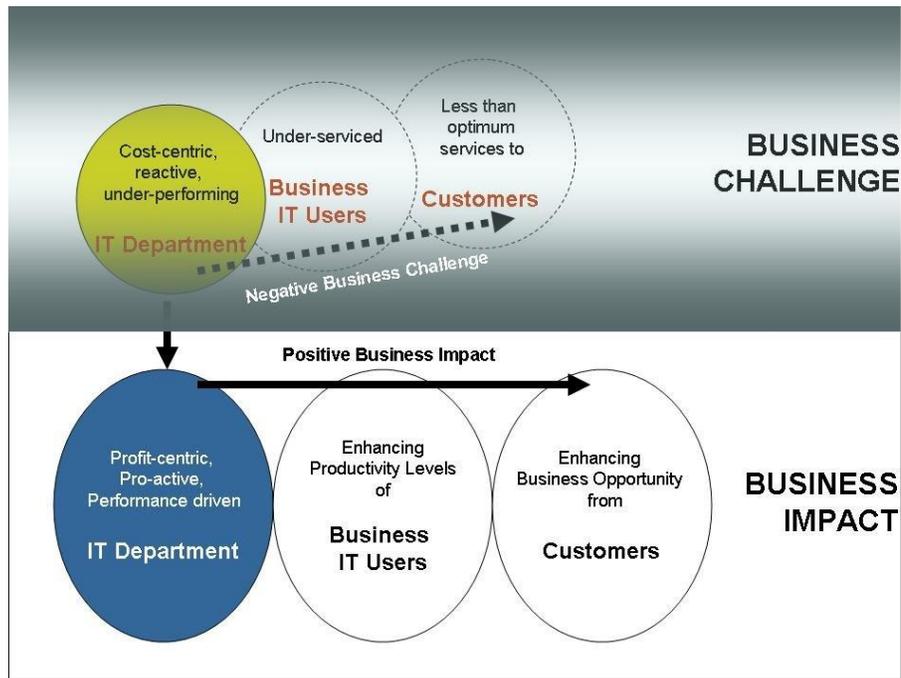
Mark's Executive Knowledge Series

By

Mark

Co-founder & Director
Neozen Consulting Inc.

Most intelligent and agile enterprises use IT as strategic weapon and key business differentiator to meet business challenges on hand very effectively with success. But just having an elaborate IT department that is equipped with latest technologies, skills and processes do not necessarily guarantee overall business performance if IT department itself is under-performing, reactive and cost-centric (mostly sunk costs) leading to ‘business IT users’ attached to various departments such as sales, manufacturing, finance and other functional departments not using IT optimally and effectively.



In order to create a ‘positive business impact’ leading to enhanced business opportunity from customers, there is little doubt that IT department must transform itself as a profit-centric, pro-active and *performance driven* business unit. As a business unit that provides internal services, it has big challenges in terms of selling IT concept to ‘business IT users’ internally, turning them into ‘IT savvy’ power users and enabling them to enhance their productivity levels.

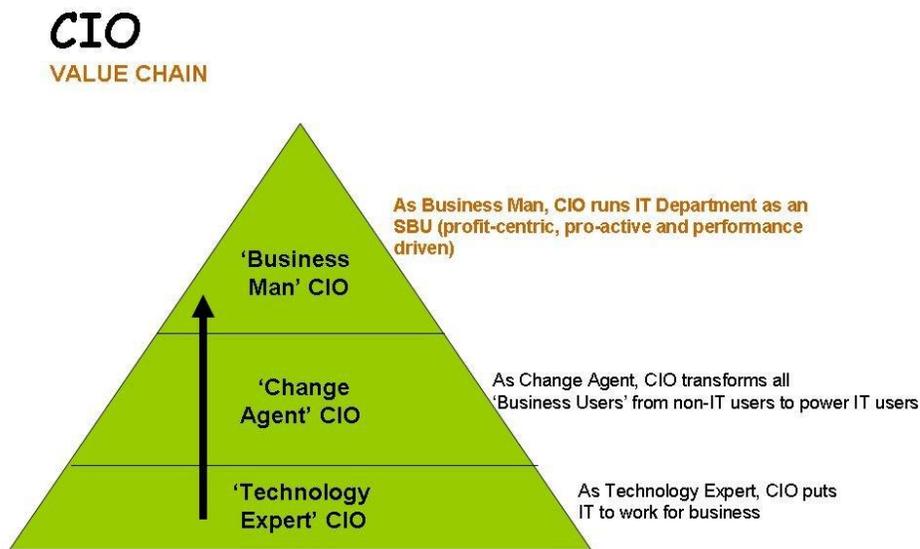
How do we turn IT department into a profit-centric, pro-active and performance driven business unit?

By ‘profit-centric’ we mean that IT department creates a ‘business value’ that is much more than the costs related to the creation of such business value. This is akin to inter-departmental ‘charge-backs’ or ‘internal-invoices’. This essentially means that a CIO can, at least on paper, internally invoice the sales department for using SAP CRM!!

By being ‘pro-active’ IT department forecasts well in advance the total demand for IT services from various departments based on business goals, sets right-expectations to user departments, defines service levels, plans service delivery schedules, does IT infrastructure capacity planning and provides internal services that meet user expectations.

The most important functional dimension of an IT department is that it should be ‘performance driven’. Though IT department is profit-centric and pro-active, it may still be under-performing when compared with the best in the IT service provisioning domain. The performance must be measured across all IT functions - be it network management, asset management, internal helpdesk, budgeting, project management, vendor contact management, training management, IT security policy, and HR management among others. Though each IT function is automated with specialized software solution bundled with respective reports module for performance monitoring, it is targeted at the mid-level manager level and may not be optimized for **integrated performance monitoring at CIO level**. Hence, IT performance management must be integrated (end-to-end), and holistic covering all components of IT organization including that of CIO office.

CIO’s role in any organization is very business critical. CIO has multiple roles - technology expert, change agent and business man - among which the most important being the role of a ‘business man’. CIO has to take this role if he has to successfully implement any performance management system.



Just like any successful business man, CIO offers best-in-class services to internal business IT users, maintains high service levels and helps improving overall organizational agility and business performance. To function very effectively in that role, CIO must set himself high standards for performance excellence and also set performance goals for the entire team reporting into him. He has to make use an integrated (end-to-end), metrics driven, business-intelligent performance system that allows him to define service levels for the entire IT team, measure the team’s performance levels on real-time basis, establish overall positive business impact and enable the entire organization to succeed in achieving business goals.

Smart CIO Office is a powerful integrated (end-to-end), metrics driven, business-intelligent IT Performance System for CIO. As shown in the table below, Smart CIO Office is a unique enterprise solution that combines business intelligence with performance management solutions aimed at improving the service standards of a CIO office.

END-TO-END, METRICS DRIVEN, INTELLIGENT
IT PERFORMANCE SYSTEM for CIO

	IT Department	Manufacturing	Finance	Sales & Marketing	Other Functional Departments
Performance Management	Smart CIO Office	Business Intelligence (Ex: SAP BIW) & Performance Solutions for Business IT Users (Ex: Hyperion)			
Business Intelligence					
Reports for Transaction Systems	Transaction Systems & Reports for IT Department (ITSM, Asset management, Projects, SLA, Helpdesk etc.)	Enterprise Transaction Systems (Ex: SAP, Siebel) & Reports for Business IT Users (Ex: Business Objects)			
Transaction Systems (ERP / CRM / SCM)					

Following are the key benefits of using Smart CIO Office solution.

- It helps transforming CIO office as a performance driven business unit.
- It helps IT team to monitor their service levels and improve them, thereby enabling business IT users to be agile, responsive and performance-aligned.
- As the organization as a whole has to make right business decisions at the right time, the opportunity cost of not having an IT performance system is often very high. Lack of business agility and responsiveness costs dear to organizations as they would eventually lose competitive edge leading to erosion of customer base and market-share.
- The cost-benefit ratio works out better in case of implementing Smart CIO Office solution. Typically a marginal increase of 1% - 2% in IT budget for implementing Smart CIO Office solution leads to a marginal increase of IT team's productivity to roughly 3% - 5% which in turn results in 3% - 10 % increase in business performance depending on how critical is IT for business performance.