WHITEPAPER

SUCCESSFUL IMPROVEMENT OF TECHNOLOGY OPERATIONAL EFFICIENCY

beyond technology

Beyond Technology Consulting | Gregory Spencer

Abstract

Efficiency in operation requires IT to constantly evolve, delivering high quality services meeting today's requirements and to develop new capabilities and architectures to continue efficient and business aligned delivery into the future.

This whitepaper outlines a methodology for IT managers to develop a roadmap for improving operational efficiency. The methodology has three key aspects:

1) Assess the quality of the organisations people, processes, and technology to meet current business needs.
2) Appraise the developments in the technology lifecycles, trends within the industry, and the changing needs of the business.
3) Action plan to address any identified gaps in a manner consistent with the broader business cycle.

Finally, this whitepaper presents the case for why IT managers should leverage external assistance to deploy this methodology.

Summary

IT Management is a complex balancing act: On one hand the IT team must deliver and continuously improve service levels to the business. On the other the IT leader is expected to understand their business and its industry as well as the broader technology industry.

Beyond Technology Consulting's Technology Operational Efficiency Improvement Methodology (TOEIM) is focused on improving efficiency and reducing risk whilst continuing to deliver business as usual IT services. The critical first step in the transition is to strike the correct balance between the three key areas of IT leadership.

- **Business as usual.** These are the day-to-day challenges of running an IT organisation, dealing with operational crisis, developing staff and skills, improving operational processes, and managing the IT budget.

- **Technology trends.** This is staying abreast of new technologies and other trends both specifically in your company's industry and more broadly across the entire ICT space.

- **Engaging your business.** This is the creation and maintenance of strong, multi-level relationships between IT and your business.

These areas are interrelated, without sufficient focus business as usual activity IT service levels drop and the IT team lose credibility with the business. Without staying current with industry and technology trends the IT team stagnates and may miss key areas of competitive advantage. Without understanding the business plans, pain points, and strategy of your company the IT team cannot provide technology solutions or guidance to assist the business meet its overall goals, improve efficiency, and benefit the bottom-line.

"Without staying current with industry and technology trends the IT team stagnates and may miss key areas of competitive advantage"

Understanding the Problem

Traditional IT management focuses on keeping the lights running and maintaining existing capability within a constantly changing environment - often with inflexible budgets and credibility limitations within the business. Aligning IT management to the businesses real requirements provides the opportunity to build creditability and capability in the IT team that are focused on the immediate needs of the business. Misalignment is responsible for the majority of technology project failures.

"Misalignment is responsible for the majority of technology project failures"

It is not possible for an IT manager maintaining existing "business as usual" capability to keep abreast of improvements and efficiency gains that organisation are capable of achieving through the use of new technology. Similarly there also exists many new technologies that promise much but deliver little, organisations can expend significant amounts of resource (both in terms of deployment and training costs and opportunity costs) chasing these "marketing" promises, without ever gaining the benefits of the predicted efficiency and/or capability improvements. Successful technology efficiency improvements rely on the use of external advice.

Seeking External Advice

As TOEIM practitioners review many organisations' IT operations, they have the chance to analyse new technologies in live operational environments to understand the true potential efficiency and capability improvements. An appreciation of the logistical deployment challenges and limitations of these technologies also provides valuable insights into their potential efficiency gains.

It has been proven time and time again that the most efficient way for organisations to consider the adoption of new technologies or operational constructs is to gain access to firsthand experience from experienced specialist consultants. These insights that managers can gain into the potential efficiency and capability improvements is extremely valuable in the effective operation of IT infrastructure in a competitive market place and critical in an environment requiring a reduction in costs.

"Successful technology efficiency improvements rely on the use of external advice"

Using Benchmark Data

Benchmark data alone does not provide any significant insight into the efficiency of technology operations. TOEIM practitioners can provide external expertise and experience to IT managers and organisations through years of personal understanding and vast amounts of 3rd party reference experience that they gain through the analysis of clients operations. This is unlike many methodologies that simply leverage large amounts of benchmark data that does not provide the context of the experience and therefore does not take into account historic/legacy impacts and organisation specific requirements and constraints that increase the complexity of all IT environments. TOEIM practitioners use extensive benchmark data simply as a tool to identify areas of focus for further investigation and detailed analysis.

*"Benchmark data alone does not provide any significant insight into the efficiency of technology operations"*

The Process

The increasing pressure on IT Managers and Leaders to deliver more value to the business must be done in an environment of capped operational budgets and limited capital. Citi Investment Research recently forecasted IT budgets to decrease by 10-20% in 2009. Whilst this presents a great challenge it is not an impossible task. There are ample opportunities for IT Management to assist their company to produce tangible results for the business, including:

- **Streamline core IT operations.**

- **Leverage managed services to better utilise scarce IT resources.**

- **Review and consolidate infrastructure.**

- **Improve business process effectiveness.**

IT needs to be efficient, capable and agile which can only be achieved with true alignment to the business. Beyond Technology's Technology Operational Efficiency Improvement Methodology focuses on three streams – people, process and technology and their alignment to the business.

"IT needs to be efficient, capable and agile which can only be achieved with true alignment to the business"
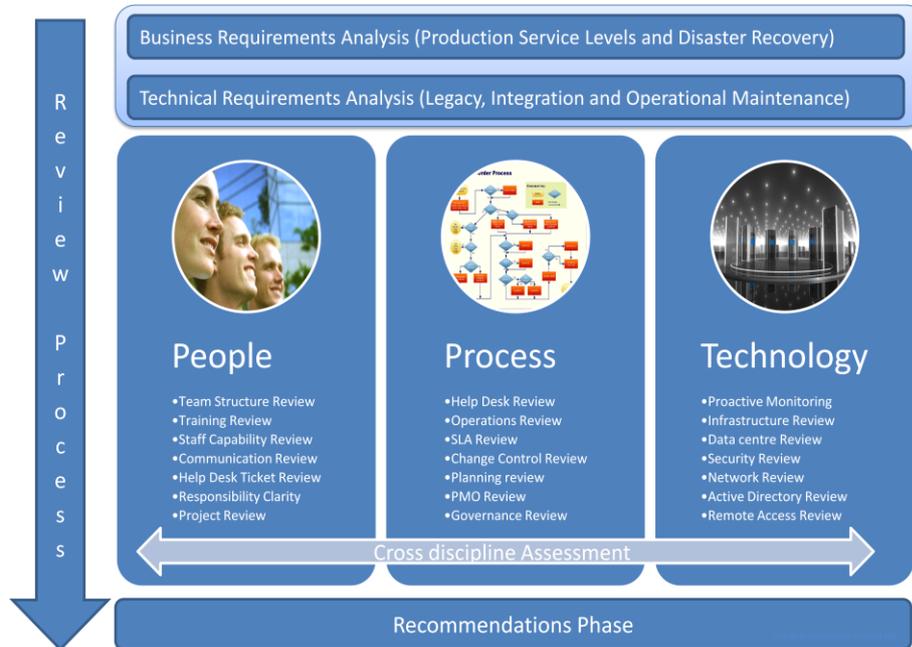
Figure 1 Beyond Technology's Technology Operational Efficiency Improvement Methodology

This is achieved through an initial discovery phase which focuses on understanding existing capabilities and requirements followed by an assessment of the organisations efficiency and a gap analysis between the identified capabilities and requirements.

Achieving Actionable Advice

Through real first-hand experience of new technologies and operational management and delivery models, a remediation roadmap and capability improvement strategy is developed. Providing "actionable advice" for the client organisation to significantly improve its efficiency and capability through both effectiveness alignment to the business and technology improvement. This provides IT managers with significantly improved service levels and credibility within the business and in many cases provides an increased appetite within the business for increased investment in IT infrastructure and projects.

Required Ingredients for Successful Deployment

A successful deployment of the Technology Operational Efficiency Improvement Methodology requires three key ingredients. They are:

1. Experienced TOEIM practitioners

2. Management sponsorship

3. Appropriately managed discovery phase

TOEIM practitioners not only need to have experience in the methodology, but also require first-hand experience in technology management. A strong knowledge of the practical implications of new technologies and how difficult (or simple) they are to implement provides a significant advantage in any adoption consideration. The most effective deployment of TOEIM uses two consultants, with at least one of them having significant levels of experience.

Management sponsorship is critical to facilitate the required organisational access. Often the level of credibility that the IT team has within the business makes it difficult to gain the required access to the necessary business managers during the discovery phase. If the management sponsorship is clear and well communicated, discovery interviews are more easily scheduled and provide higher levels of insight.

Effective discovery of existing business and technology requirements and capabilities is obviously the key to the quality of the recommendations. Ensuring that enough time is available to gather the required information and gain access to the appropriate staff needs to be determined prior to the development of the project plan. Considerations need to include, documentation availability and volume, size of organisation and number of business units.

With these three ingredients in place, any organisation can achieve improvements in IT efficiency that can manifest as either improved levels of service to the business, decreased costs, or simply a reduction in the risk of technology failure. As the impact of the global financial crises continues to be felt across the globe, the pressure on organisations to delivery efficiency gains to remain competitive will only increase. Without a plan to take leadership in this area, technology managers risk being marginalised and being directed to reduce spending in areas that may have significant long term impacts on operational stability.

About the Author:

Gregory Spencer BE(Hons) MBA.

Gregory's engineering qualifications has provided him the foundation for a long varied career in IT management that has ranged from lecturing on IP networking at the university of Western Australia to various executive management positions (CTO, CIO and COO roles) in a number of Sydney based technology firms. Over the years Gregory has been invited to speak at a number of International and local events on a variety of technology topics. After gaining his masters in Business Administration (MBA), Gregory turned his eye to Consulting where he has been providing advice for the last eight years.

About Beyond Technology Consulting:

Beyond Technology Consulting is a boutique Australian consulting firm providing expert independent technology advice to its clients. Its focus is to provide business focused technology alignment. All of their consultants combine technology qualifications with years of industry experience. Advice that they provide is based on real world experience, industry best practises, and tried and tested technology to create optimal technical solutions for their clients. Beyond Technology has been operating in Australia since 1992, and running its New South Wales consulting business for over 3 years. Throughout this period it has maintained a positive growth outlook and has been steadily growing its reputation and client base.