

On-Demand IT Governance: A powerful tool for enhancing the strategic value of IT.

Today, IT plays a key role in determining a company's success by leading strategic initiatives and providing technology solutions that help the business gain competitive advantage in the marketplace. Leveraging IT successfully to transform the enterprise and create value-added products and services has become a critical business competency.

THE CHALLENGE

However, the value that IT adds to the business depends upon its relationship and alignment with the business and its ability to help the business meet and exceed corporate vision and goals. At times, broken relationships and misalignment can create perceived failures of IT initiatives. In addition, false impressions about the value that IT provides can arise if deadlines are not met and costs are higher than expected. As a result, the CIO continues to be the bridge between IT and the business, facilitating the alignment between IT initiatives and business objectives as well as providing measures of the value that IT brings to the organization.

Successful implementation of IT Governance requires a step by step approach so that it is achievable within a short timeframe, to avoid dragging down the organization with a lengthy and expensive implementation.

THE ROLE OF IT GOVERNANCE

Sustaining the current business paradigm and growing new business models can be achieved only with adequate IT Governance, which is the ability to manage and measure both the strategic and tactical direction of IT in alignment with the business. IT Governance is achieved by ensuring that IT delivers against the business' strategy, while also balancing both the sustainment of its operations and the delivery of the new initiatives required to move the business forward. Furthermore, IT Governance is intended to guarantee that IT provides visibility and transparency into the initiatives set forth by the organization.

Often during the effort to establish IT Governance, organizations can get lost trying to implement an overly complex IT Governance strategy. Organizations can tend to create cumbersome metrics and processes that contribute little value to the organization, if they even are adopted at all. Instead, organizations should take a straightforward approach to create the visibility and balance that are the objectives of IT Governance.

IMPLEMENTING IT GOVERNANCE

Implementing IT Governance may seem daunting, but with a streamlined and focused approach, establishing a strong foundation for IT Governance in a short timeframe is attainable. The most successful IT Governance implementations focus on key business drivers that support a targeted and optimized IT initiative. These are: Strategy and Alignment, Sustaining Operations, Strategic Initiatives, and Measuring IT Performance.

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Strategy & Alignment:

Strategy and alignment are critical to IT Governance and critical to building the relationship between IT and other business units. An effective IT organization should drive business alignment by:

- Ensuring that IT strategy is driven by business strategy
- Ensuring that IT delivers against the strategy. This means delivering initiatives on time, on budget, with appropriate functionality, including the intended benefits
- Balancing investments between systems that support the current enterprise, and those that transform the enterprise
- Optimizing resource usage across sustaining applications in the enterprise and driving strategic initiatives

Companies that align their IT objectives with the overall business strategy will drive better business value from IT and ensure that IT is focused on delivering common business goals. Better business value comes from both investing in the highest return projects as well as delaying, combining, or dropping projects (and the required investment in them) that are not aligned with business strategy.

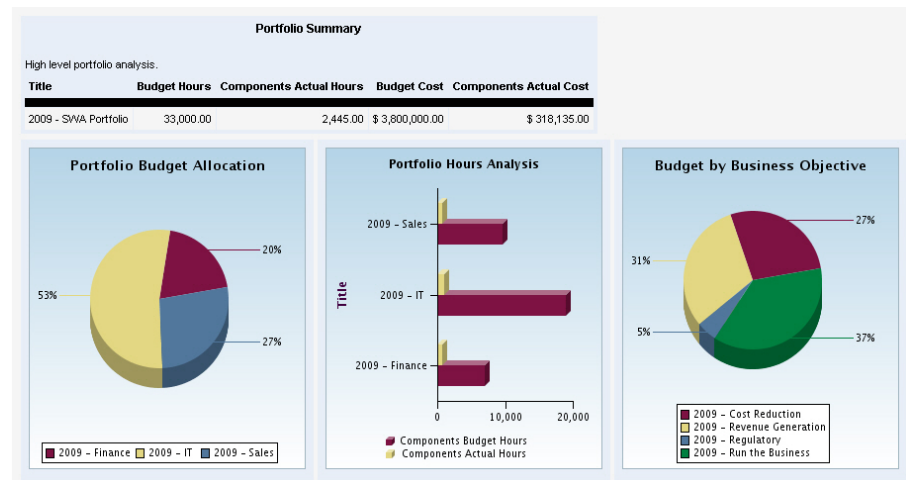


Figure 1.
 Prioritize and align the IT Portfolio.

Sustaining Operations:

Effective governance of IT's operational spending requires effective control of the cost base. In most enterprises, the largest portion of the IT budget supports sustaining operations. IT departments can manage and minimize spend on sustaining operations by:

- Aligning and prioritizing the existing IT services that are

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- required to support business operations based on clear service definitions
- Organizing the IT assets optimally so that the required quality of service is provided by the most cost-effective delivery infrastructure
- Providing visibility into the Application Portfolio which helps determine which applications need to be upgraded, retired or optimized

Simply creating a catalog of applications with associated budget and resource requirements can lead to significant savings. Customers often find that they are supporting many more applications than anyone believed and can use the application portfolio as a starting point with the business to prioritize. Companies that achieve this not only realize great cost savings but also are well-positioned to take on the next set of IT initiatives judiciously, while introducing new technologies and replacing or updating obsolete systems.

Title	Related Servers	Owner	Risk	Priority	Overall Health	Overall Business Value	Overall Risk	Budget Hours	Components Actual Hours	Budget Cost	Components Actual Cost
CRM	Server 0, Server 1, Server 2	Shyam, Peter	High	High	Yellow	High	High	3,200.00	1,470.00	\$ 1,272,500.00	\$ 47,200.00
Oracle	Server 3, Server 4, Server 5	Oracles, David	Medium	Low	Red	Low	Low	3,000.00	720.00	\$ 306,000.00	\$ 36,740.00
PeopleSoft	Server 6, Server 7	Booker, Paul	Medium	High	Green	High	Low	3,500.00	810.00	\$ 832,000.00	\$ 42,740.00
SAP	Server 1, Server 4, Server 6, Server 9	Dayne, Peter	Medium	High	Green	High	Low	4,500.00	474.00	\$ 1,132,000.00	\$ 32,910.00
Report Totals								6.00	6.00	\$ 6.00	\$ 6.00
								14,200.00	3,603.00	\$ 3,733,000.00	\$ 119,690.00

Figure 2.

Application Rationalization supports the cataloging and prioritizing of the Application Portfolio, providing visibility into TCO for sustaining activities.

Strategic Initiatives:

While IT is fundamental to sustaining business operations, it is equally essential to growing the business and moving it forward. In some organizations, IT is the assembly line or manufacturing plant that builds products and services to differentiate and provide a competitive advantage, while in many others IT determines survival, not just prosperity. IT should maximize spend on strategic initiatives by:

- Performing top-down planning to allocate dollars and resources to prioritized initiatives
- Optimizing the allocation of resources to the highest prioritized business activities
- Managing the project portfolio against key performance indicators to ensure on-time and on-budget delivery.

By successfully delivering against strategic initiatives, IT will demonstrate the tremendous value it can bring to the overall growth and success of the organization’s overall objectives.

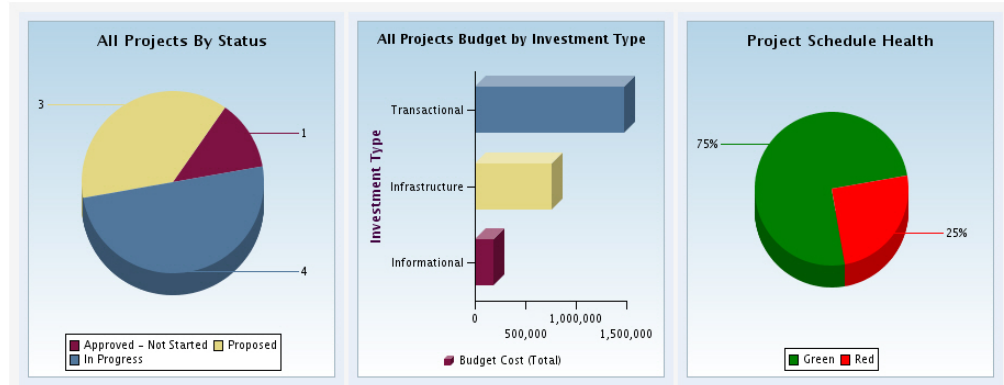


Figure 3.

Prioritization against business objectives and visibility into KPIs are important elements of managing strategic initiatives.

Measuring IT Performance:

For IT to effectively demonstrate its value, it must first align with the business' strategic direction and then measure performance towards that direction. As strategic direction is set, budgets are created, resources are assigned, plans are established, and execution begins. It's critical throughout the year to measure IT performance and communicate to the organization where IT stands against the plan. Organizations should measure IT performance by:

- Comparing overall IT budget versus actual spend
- Providing visibility into resource allocation, plan versus actual
- Ensuring ongoing prioritization of IT spend
- Establishing process and standards
- Measuring execution and delivery

As a result of implementing measures for IT performance, IT can demonstrate its value to the organization, as well as stay on plan with its strategic direction and optimize and maximize IT spend and resource utilization.

ON-DEMAND IT GOVERNANCE

Organizations can quickly and successfully launch their IT Governance strategy using a foundation combining on-demand IT Project Portfolio Management (PPM) with Service Management (SM). An on-demand approach delivers IT Governance quickly at a very low risk. Additionally, a foundation of PPM and SM uses IT Governance best practices and has the necessary features and functions to fully support IT. In contrast, installed IT Governance software solutions require a significant investment in time and dollars before producing any value for the organization.

INNOTAS – PROVIDING THE RIGHT FOUNDATION FOR IT GOVERNANCE

The Innotas On-Demand IT Governance solution supports IT Governance mandates to help IT deliver on strategic objectives while also managing IT's day-to-day

operations. Comprehensive and easy to configure (in weeks, not months like traditional, on-premise applications), Innotas empowers CIOs and business executives to manage people and processes more effectively, so they can align resources and priorities to produce the most business value.

Innotas provides visibility into an integrated IT portfolio by cataloging and prioritizing all IT activities. Ultimately, by optimizing and balancing the IT portfolio of projects and resources, Innotas supports the reduction of IT spend and focuses valuable IT dollars and resources on growing the business rather than just operating it.

Built exclusively for IT, the Innotas on-demand IT Governance solution delivers a powerful tool by:

- Supporting the prioritization of an integrated IT portfolio across strategic and operational initiatives
- Providing Application Rationalization to catalog, prioritize and manage the application portfolio
- Governing strategic initiatives from conception to delivery with a complete lifecycle approach
- Optimizing resource utilization across both strategic projects and application maintenance activities
- Establishing IT Governance best practices that support standardization of IT processes, methodologies and reporting

The result is a comprehensive solution that gives visibility into the complete picture of IT health and provides true measurement of the performance of IT.

To see how the Innotas on-demand IT Governance offering can support your IT initiatives and business strategies, contact Innotas today.

Visit <http://www.innotas.com> or call 866.692.7362 or +1.415.814.7700.

ABOUT INNOTAS

Full functionality, lower cost, fast implementation, and more frequent product enhancements are the key elements behind the Innotas on-demand IT Governance solution.

This award-winning solution eliminates the painful elements of installed software to deliver advantages quickly:

- No capital investment in software
- No additional outlays in consulting services
- No months of complex integration and customization
- No far-off promise of efficiency and ROI

A Solution built on a foundation of Project Portfolio Management and Service Management is the most effective path to gaining the strategic benefits of IT Governance.

Innotas delivers the solution that today's IT leaders need to use to conduct the five techniques presented in this white paper and quickly and effectively achieve IT Governance.

IT professionals and organizations in a wide range of industries, including financial services, healthcare, retail, high technology, telecommunications, and energy, have turned to Innotas to help them focus on the right initiatives, and effectively manage projects, resources, and applications all in one place.

For more information, visit <http://www.innotas.com> or call 866.692.7362 or +1 415.814.7700.

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