

## **IT Organization Optimization Overview**

There is a “best time” to take a look at your organization critically and consider options for future change. That time is long before you are forced by circumstances to do so. Signs of a need for change often arise in discussions with key clients. Are they satisfied, strategic partners? New products, change in corporate direction, or a merger may change the roles and needs of pivotal partners, causing pressure on your organization to be responsive to increased demand or functionality. Perhaps you are considering a SaaS approach for applications: have you thought through the needed organizational transition? In the current climate, you can be sure that requirements for increased cost cutting, greater efficiency, and management to the bottom line will continue to mean you should consider every option for delivering the most value for IT development and maintenance dollars.

Optimizing your IT Organization may be as straightforward as tuning the structure to pay more attention to a critical internal client, or assessing future skill demands and modifying hiring and training programs to limit turnover. Organizational change may involve out-sourcing or bringing functions back in house – driven by the need for savings, improved efficiency, or depth of experience. Proper succession planning normally drives a requirement for assessment, career planning and organizational movement. Formalizing a Project Management Office may create a need for structure changes or changes toward matrix reporting and new work relationships.

The best model for IT staffing is one that aims at achieving the stated critical business goals and aligning yourself with your business team. At StrataFusion, when we take our first look at your IT organization model, we are seeking to understand how you have positioned resources to ensure you meet the basic corporate goals which include basic business function, customer service, growth, efficient and operational systems, appropriate security, appropriate support for all sectors and geographies, and timely reporting. You must also be able to support the required project load and corporate demand for new services, but this will fluctuate, depending upon the business climate.

There is also clearly a link with your departmental goals, IT roadmap and systems/services direction. The IT shop with a massive back-end ERP function to support manufacturing and logistics will differ greatly from an e-business based, channel oriented sales company. In-house systems will drive different staffing models than heavy SaaS approaches. Don't ever forget the needed connections to business owners, even if you decide to rely on outsourcing heavily.

The StrataFusion Group has experts to assist in creating the overall Organization Optimization plan from the ground up, or in assessing the current plans and tuning hierarchies, sourcing models and vendor staff augmentation. We have worked with a number of CIOs to evaluate their Organizations and implemented long-term improvement plans, often starting with the placement of interim management. The Organization Optimization Practice also interfaces closely with

# Strata : Fusion

TRUSTED EXECUTIVE ADVISORS

Strata Fusion's IT Portfolio Management program and the PMO program.

## **IT Organization Optimization Service Details**

### ***The High Level Organization Optimization Method***

We begin the assessment of your organization by mapping alignment with your business plan and direction. Whether it be in one functional area such as infrastructure or the entire IT department, we'll need to identify the business-level Critical Success Factors for your environment to determine what will be expected in the next 3-5 years. Ideally, we will also work with or tune some performance indicators and metrics to begin speaking with data early.

If you agree, we will interview key clients and stakeholders and gain an understanding of critical partner and vendor interfaces. In the same timeframe we will begin discussions with your internal team to establish the "as is" state and related issues, specially the state of the current organization and processes.

Next we work with you to define your system direction and roadmap and verify your approach to core applications and infrastructure, your services model, future application strategies and what "core competencies" you wish to build or retain in house and which you may wish to augment with consulting, contracting and outsourcing.

At this point, we will discuss a plan for organization change, usually segmented into 45-60 day intervals, with the end goal being a defined and staffed organization, documented key processes plus an approach to maintaining practices, and improved metrics to analyze and further improve your environment.

If we gain your concurrence, transitional work begins with definition of process areas to improve or implement skill building assignments, and ongoing transition and assessment. We create alternative organization models for you to assess and select your preference, looking at centralized vs. decentralized options and where client-facing constructs will help you the most. We and help with staff role definition and job descriptions. Depending upon your staffing needs, we may also assist with interim management as you grow resources or conduct staff hiring.

Finally, we help you ensure that the right level and frequency of communication occurs between your IT team and the business. Everything - portfolio updates, project status, release notes, outage reports – must reflect your team's strong business focus and IT's added value.

## **StrataFusion Group Services**

We offer a comprehensive service to

1. Assess your current in-place organization, processes and people

2. Provide directional recommendations and solutions when there is a need for
  - a. Better organizational alignment for business fit
  - b. Improved performance monitoring and a few good KPIs
  - c. Processes – the appropriate ones and how to phase them in
  - d. Planning the organization when SaaS is your new direction
  - e. Assistance in organization design and development, including position descriptions and process ownership alignment
  - f. Staffing or sourcing [interim or permanent] Enterprise or Solutions Architect, PMO, management roles
  - g. Governance team and process recommendations
  - h. Better communication between IT and the business
  - i. Program/Project Management Office oversight – this is an entire practice for StrataFusion Group
  - j. Analysis and direction regarding out-sourcing options
  - k. Assessment of vendor roles, management, performance
  - l. Efficiency and cost cutting recommendations
3. Coordinate with Portfolio Management and PMO functions
4. Provide a single engagement or regular review and coaching for your IT Organization

Our program is based on principles developed by StrataFusion Partners, John Dick, Maureen Vavra, Steve Zoppi, and Valerie Kwiatkowski. This group has coached executives and teams for years in Silicon Valley. This group authored the book *"CIO Wisdom"* and conducted seminars at Haas School of Business, UCB.

## **IT Organization Optimization Success Stories**

### **Business Problem:**

- A large product development firm with heavily customized and segmented older legacy systems had been performing full lifecycle support and maintenance within tight functional IT units. The tier 1 helpdesk was outsourced, and each group managed local maintenance, change control and much of production administration. The IT infrastructure team had few formal processes and no authority to control the production environment. As the corporate business model became more complex, poorly managed and uncoordinated change began to result in down time, lost revenue and missed product delivery windows.

### **Challenges:**

- System downtime at unacceptable levels.
- Company could not deliver new product in a timely manner. "Pilots" would be built to get something done, and then released into the production environment without adequate system testing.

# Strata : Fusion

TRUSTED EXECUTIVE ADVISORS

- Processes and standards were needed to ensure that larger projects were planned with system-wide impact and change was managed and controlled.

## Results:

- Operations organization staffed and empowered to drive needed process changes to ensure stability.
- Better control at the infrastructure level drove improvement in upstream processes.
- The organization is continuing to evolve to a more disciplined and stable environment and several product/project releases have been completed.

## Improvement Process:

- Organization was fully assessed for effectiveness, including people, processes and supporting technology
- A multi-phase approach was taken to change the key processes, organization and ultimately the system architecture and roadmap
- Initial standardization was begun with improved infrastructure planning, change control, production acceptance testing, and release management.
- The company adopted a "virtual" Project Management Office to synchronize project planning, scheduling and critical governance.
- Organization is 18 months into the phased organizational plan.

## **IT Organization Optimization Success Stories**

### Business Problem:

- As a result of recent mergers and acquisitions, a high technology client found itself with multiple CRM, ERP and reporting systems of varying degrees of complexity and age. They implemented a business-facing team of IT Strategists to work close to the functional business units to plan for new systems and simplified business processes, but the IT team working behind the scenes was too fragmented to be able to provide basic services – and overwhelmed by the creative solutions that were being proposed.

### Challenges:

- Company could not pull timely and consistent reports due to disparate data sources
- Centralized ERP decision had been made with no migration strategy to move from antiquated existing systems and data stores
- Multiple systems were supporting similar functions, like Marketing, completely differently, so business processes were unnecessarily complex
- Company was growing rapidly in some areas and information technology group was under considerable pressure to scale systems to support the business
- Cost containment was critical and the cost of maintaining separate systems was escalating

# Strata : Fusion

TRUSTED EXECUTIVE ADVISORS

- Several older systems were on unsupported levels with outmoded databases and hardware.

## Results:

- Increased adoption of new ERP model and retirement of legacy systems.
- Improved client satisfaction and improved IT employee morale due to ability to deliver solutions.
- Improved internal governance.
- Better data management and higher quality reporting.

## Improvement Process:

- Organizational recommendations were made: re-align the IT department to manage client functions in focused groupings. Business analyst and solutions architect support was strategically placed and augmented by consultants where needed.
- Groups were tasked with rationalizing business processes and data needs and developing plans and priorities to move application areas to ERP or related adjunct systems
- Plans were prioritized based upon system prerequisites and business need
- Corporation is in year 2 of a 5 year plan and on track

## IT Organization Optimization Success Stories

### Business Problem:

- A seven year old firm changed direction and decided to augment its product line with a hosted product that provided data-intensive intelligent services to a target market of sophisticated users. Their IT requirements infrastructure requirements escalated and the support model mushroomed. Their organization did not have the staff, processes or technology to handle the rate of change.

### Challenges:

- IT department seriously understaffed across the board.
- Infrastructure systems, processes and personnel were inadequate.
- PMO was at the corporate level and not used by IT.
- Product releases were successful in Beta but implementation plans were inadequate.
- The organization was lacking a long term IT Roadmap.

### Results:

- Robust infrastructure and disaster recovery capability installed.
- Key positions currently staffed – approximately 60% outsourced or contracted.
- Existing organization chart is stable, company may hire more FTE's if economy

# Strata : Fusion

TRUSTED EXECUTIVE ADVISORS

improves.

- IT on basic practices in place for infrastructure and Project Management.
- Firm is in year two of a four year IT Roadmap, generally tracking well.

## Improvement Process:

- Immediately assisted in defining infrastructure systems architecture and adding hardware and increased bandwidth
- Helped define positions needed and utilized a local sourcing firm to fill key support and infrastructure administration roles
- Provided interim management for operations and applications teams
- Started IT on basic practices to establish project management in the development group.
- Consulted on version 1 and 2 of the IT Roadmap
- Firm is in year two of a four year plan and generally tracking well.