

A Guide for CIOs: **MAKE YOUR MARK WITH BUSINESS TRANSFORMATION**



CONNECT
with
Enterprise
Business
bloggers

As a CIO, you stand with your organization at the crossroads of major change. Social, political and technological developments present both threat and opportunity to your company; business leaders will look to you for help navigating these challenges. How will you harness new technologies like mobile, cloud, social media and big data to help your business innovate and compete more effectively?

You're faced with this conundrum against a backdrop of other concerns, such as business alignment. You will need to clearly understand your business objectives for growth. Then, you must align IT to meet those objectives. But first, you must get a handle on the IT environment you have inherited. CIOs need to keep the ship afloat by fixing immediate IT problems, such as system availability or security, before aiming for bigger goals like increasing productivity and reducing cost. These challenges can be daunting, especially if your organization depends on a legacy technology environment.

Most companies run their business on legacy IT. But keeping older applications running smoothly is a time-consuming, resource-intensive process. Eventually, every CIO has to deal with the limits of rigid, outdated infrastructure and applications. Today's enterprises need IT systems that respond quickly to changing circumstances and new opportunities.

TRANSFORMATION: A PATHWAY TO BUSINESS VALUE

CIOs looking to make a mark need to balance managing a legacy environment with helping the business innovate and achieve its objectives. A transformation program is an excellent way to accomplish both tasks by modernizing legacy

platforms while driving significant business benefits. Business transformation involves making fundamental changes to the way a business operates to generate greater value in the marketplace.

From an IT perspective, business transformation aims to align an organization's technology more closely with the business strategy and operating model. IT transformation often means modernizing the organization's technical infrastructure and replacing outdated applications with advanced capabilities (such as mobile and services-oriented architecture (SOA), better enabling the organization to achieve business objectives.



Discover how you can take control of your applications, so you can respond faster to threats and opportunities, simplify your IT and reduce costs with HP Applications Rationalization.





BLOG: Legacy Transformation — The Cost of Doing Nothing



[See](#) the Apps Transformation Experience

THE HP TRANSFORMATION FRAMEWORK

FOR MORE THAN FOUR DECADES, HP has helped a wide variety of enterprises face starkly different challenges and effect successful business transformation. HP has proven techniques that can lower cost, mitigate risk and improve strategic control.

The HP Transformation Framework involves the following phases:

- **DISCOVER:** HP begins with business strategy and architecture, encompassing the vision, objectives, future operating model and critical success factors, to determine initial IT alignment and priorities among current initiatives. Working closely with your team, HP helps define the appropriate transformation flight plan.
- **ASSESS AND ALIGN:** Reviewing your current vs. desired business model, HP works with your team to determine the appropriate types of transformation. HP defines the current and future enterprise architectures, and aligns the transformation program to the supporting IT architectural domains (information, applications, and infrastructure). This phase culminates with a transformation roadmap of prioritized initiatives with business cases for executive management review and approval.
- **ACTION:** HP helps implement transformation programs through the design, development, and implementation phases.
 - **DESIGN:** Working collaboratively, HP designs business and technology solutions and develops implementation strategy.
 - **DEVELOPMENT:** HP develops and tests designs to ensure they work as intended.
 - **IMPLEMENTATION:** HP works with your team to execute the changes and transform your business, launching initiatives, migrating processes and technologies, training staff and resolving any issues.
- **GOVERNANCE:** HP establishes governance across three disciplines:
 - **ORGANIZATIONAL GOVERNANCE:** HP will review current business and IT governing procedures and provide recommendations on future organizational structures and committees. These include transformation, business and enterprise architecture (EA) governance.
 - **PROGRAM OFFICE:** HP will review your program management structure and governing procedures, and recommend the makeup of the program management office.
 - **TRANSFORMATION EXECUTION GOVERNANCE:** HP will execute transformation programs and ensure the proper ROI is measured. HP will ensure the transformation stays on schedule and within budget.
- **MANAGE:** HP supports day-to-day management of services, manages ongoing performance and seeks to increase efficiency and reduce costs through continuous improvement. HP tools can be used to automate monitoring and management of systems and processes.

According to “Application Modernization: Procrastinate At Your Peril!,” a commissioned study conducted by Forrester Consulting on behalf of HP in December 2011, nearly 70 percent of 200 companies surveyed had a formal transformation program underway. This reflects that CIOs are now under increasing pressure to act. According to the report, failing to take action to modernize your IT environment puts your entire business at risk. The prevailing approach to incremental modernization is not comprehensive or effective enough, according to the Forrester Consulting report. Half the firms surveyed agreed they will lose significant market share to more agile competitors and see operational and infrastructure costs spiral out of control if they fail to modernize. More than half believe they will fall far behind and their quality of service will suffer without modernization. These effects will prove dire, according to the report.

LEVERAGE YOUR PARTNER ECOSYSTEM TO ENSURE TRANSFORMATION ROI

With the help of a trusted partner, CIOs should align their transformation action plan to business strategy. They have the opportunity to look beyond operational issues and strive to move the organization forward, addressing business objectives.

Going it alone is perilous. Nearly half of executives surveyed in the Forrester report said they sometimes fail to meet modernization scope, budget, and due dates. An astounding 15 percent of participants said they always fail. As a result, more than 80 percent of surveyed executives seek help from external providers—either immediately or within the next six to 12 months. Firms that enlist help from partners with a proven track record of transformation success are better positioned to succeed, according to the report. The reason: Enterprises going through the transformation journey need to constantly assess their relative position. A good partner plays the role of a global positioning system, providing checkpoints as the enterprise passes strategic milestones. And more—good partners are trusted advisors, bringing diverse perspectives to bear against the opportunities available.

BUILDING THE BUSINESS CASE FOR TRANSFORMATION

One of the most important ways a CIO can stay ahead of the curve and take control over enterprise IT initiatives is to create a business case for change by painting the overall technology return on

ITALIAN MINISTRY OF INSTRUCTION, UNIVERSITY AND RESEARCH (MIUR)



HP HELPED THE ITALIAN Ministry of Instruction, University and Research (MIUR) achieve major business benefits via an application transformation project. MIUR's supporting HR and administrative processes were expensive and inflexible due to outmoded legacy systems that carried high licensing costs. This hampered the Ministry's strategy to devolve management of education to each region. HP designed a comprehensive modernization program to migrate from the legacy platform to open systems to support this major organizational change.

The project came in on time and on budget, resulting in a modern streamlined system built on an open platform for maximum flexibility. HP completed the modernization effort in 24 months with a payback of 18 months. MIUR saw hardware and software license costs reduced from \$7.4 million annually to \$4 million. Its applications portfolio was simplified by 33 percent, and application development costs dropped 38 percent. MIUR achieved impressive cost savings of €6 million in the first year of the project alone.

HUMAN RESOURCES, U. K. MINISTRY OF DEFENCE



HP WORKED WITH the Service Personnel and Veterans Agency (SPVA), the U.K. agency responsible for armed services human resources and payroll, to develop the business case for transformation of the joint personnel administration function of the agency. The program started as a joint study by the Ministry of Defence (MOD) and HP to examine how to harmonize and simplify military personnel administration within the U.K. Armed Forces.

At the SPVA, crafting a tight business case paid off in a big way. As a result of careful planning and execution, the SPVA transformation will deliver £600 million of benefits from the installation of self-service applications and simplified personnel processes over 10 years. The rollout was achieved to specification, to budget and on schedule for over 300,000 users. Further, the benefits realization and business case approach are seen within the U.K. MOD as a model for future business cases.



Watch how Italian Ministry of Instruction, University & Research (MIUR) increased investments in innovation, improved agility/continuity & reduced costs with HP Applications Modernization Services.

investment (ROI) picture. When this is approved at the appropriate levels, the CIO has the sponsorship needed to clearly demonstrate business value to the enterprise and also stake a claim for a seat at the CEO table. On a more tactical level, the business case will help the CIO compete against other business initiatives and help take the emotion out of corporate budget discussions.

HP can play a vital role in this process. For example, HP worked with the Service Personnel and Veterans Agency (SPVA), the U.K. agency responsible for armed services human resources and payroll, to develop the business case for transformation of the joint personnel administration function of the agency [see related article].

The business case should articulate the transformation story, explaining how the proposed solutions will change the affected business functions and identify stakeholders who ensure the business change and resulting benefit are achieved.

To this end, the business case needs to distinguish clearly between facts and assumptions. Facts are known proof points, whereas assumptions are vulnerable to criticism from those who resist change. The wise CIO will replace business case assumptions with accepted and measurable facts from the relevant accountable stakeholders.

YOUR EXPERIENCED TRANSFORMATION PARTNER

HP can help the CIO address the following issues and needs:

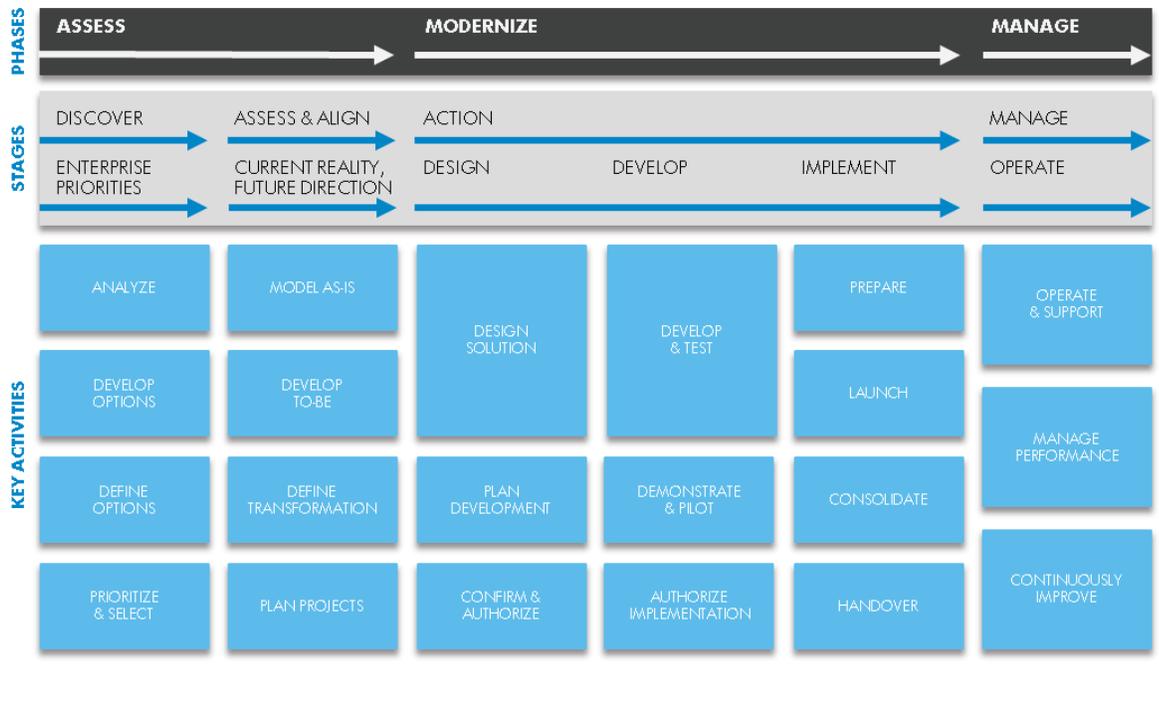
- Ensuring IT strategies and plans are fit for purpose—linking business context with practical plans that IT executes.



FOLLOW US!

www.twitter.com/HPServices

www.twitter.com/HPAppsServices



Learn how Instant-On Enterprise reinventor Luc Chauvin, Flemish Government CIO, delivers new citizen services quickly thanks to a state-of-the-art service-delivery platform.

- Identifying opportunities for innovation via advanced technologies including big data, mobility and social capabilities.
- Reducing business operating costs by rationalizing and automating business processes and their underlying applications.
- Employing creative strategies to profile applications so they can be managed and modernized more efficiently.
- Reducing application and infrastructure sprawl to free up time and space to focus on generating strategic business value.
- Automating the IT environment to enable most technologies and functions as a service, smoothing the move to the cloud.

- Operating IT on business principles, focusing on the link between IT and business value. This will help IT earn a place on the senior leadership team.
 - Ensuring IT is involved when the company needs to acquire or divest a business.
 - Establishing governance to ensure continued alignment between the business and IT.
- The HP Transformation Framework addresses these transformation issues. It is a proven set of best practices, supported by ROI-based plans and 1,500 dedicated professionals.

EMBARK ON YOUR TRANSFORMATION JOURNEY

The first and most important step is determining what form your organization's transformation should take. To assist you, HP offers multiple workshops, including the HP Transformation Experience Workshop, which helps accelerate the process of reaching a common direction among senior IT leaders and other business constituents. The single day workshop helps develop a modernization approach and an application transformation strategy.

HP is there to help you succeed as a CIO. Its full suite of services, software and hardware will help you transform your IT infrastructure, moving away from a legacy environment to new technologies that promote growth. HP will partner with you on your journey to ensure success. ■

Suggested Reading

These additional resources include business white papers and previously published articles from CIO.com and HP.



A Guide for CIOs: Why Modernize?

The business case for applications modernization is about creating a high-performance organization that can respond to change and is ready to grow. You need to align your applications portfolio to your enterprise, operation, and budget needs. This makes modernization both a key to business success and a significant technology challenge for today's chief information officer.

By HP

There is a high cost to doing nothing. Maintaining your current legacy systems diverts up to 80% of your IT budget and staff resources—an expense that grows incrementally each year. Applications modernization delivers greater performance with lower cost and risk, positioning your organization for innovation and growth.

Evaluating reality

The evolutionary and transformative nature of information technology (IT) means that we live in a world where we must interact with both legacy and newer technologies. This creates an ongoing challenge for enterprises like yours: you must bridge the gap between the old and the new, but also develop a strategy and a plan that keeps the organization as cost-effective and agile as possible.

This perpetual cycle within your business also means change, and IT is the enabler of that change. For example, evolving business rules force the IT department to continually implement updates and enhancements to applications. This adaptive model necessitates an applications architecture that can easily assimilate requests to meet the ever-shifting needs of today's business challenges.

Despite the obstacles, it's critical that this business momentum be supported. Growth is no longer an option but the catalyst to sustain the health of the organization. So, how can IT support this fluctuating environment? It requires a holistic view of the organization, agility in the applications environment, a close partnership with the business units, and an eye on fiscal responsibility.

Technology direction

Throughout the years, IT departments have embraced new technological advances and openly brought a variety of platforms and differing technologies into the data center. This has created the need for more staff with varying skill sets to support the variety of systems. By reversing this trend with standardization and reduction of complexity, support costs can be trimmed through leveraged support from resources and elimination of unique skills, which provides a lower total cost of ownership.

Let's look at this more in depth: the inclusion of new technologies through time has contributed to technological sprawl across your organization, supported by expansion of staff within the IT department. Although many of these initiatives were born from business need to adapt to the changing landscape, you need to overcome the complex environments of decades of growth and implementation of a variety of technologies. Some degree of standardization is crucial to provide a robust business ecosystem.

But it can be a difficult transition. Legacy systems have historically provided a stable operating environment and have proven to be a valuable asset, but are resistant to adaptability, have high operating costs, and have become overly complex throughout the years within the production environment. Because of the arduous process of completing changes within these aging technologies, CIOs must weigh options for management of these systems. With shrinking budgets, limited risk tolerance, and the need for improved support to the business function, applications modernization can help to resolve some of these pressing issues.

What are some key factors in this modernization? Transformation imperatives have become a necessity to reduce application sprawl and the legacy issues that exist within your environment. One critical element is keeping the focus on the technological direction to a progressively adaptable architecture—it must be one that will serve the needs of the enterprise today and into the future. This approach provides the business foundation for the transformation objective.

[Read the full article](#)

Suggested Reading



IT Value Is Dead. Long Live Business Value.

Business outcomes from technology investments are all that really matter. The CIO's challenge is finding new ways to prove IT's worth.

By Stephanie Overby
CIO.com

The end of IT-business alignment is nigh. And no one is happier about it than the business-focused CIO.

"If you stand in front of an audience of CIOs and start talking about IT-business alignment, at best you get eye rolls, and at worst you get people walking out of the room," says Shawn Banerji, a New York-based CIO recruiter with Russell Reynolds Associates.

"Alignment has been a big trend for quite some time and—as with most trends—it has gotten a lot of lip service. But the ability to move beyond that into the practical manifestation of IT and the business being one is a progressive reality for a lot of organizations today."

The strategies IT leaders have employed to more closely connect the technology organization to the larger enterprise—embedding IT staff within business units, understanding business processes, communicating with end users—have been all well and good. But alignment, it turns out, is not the ultimate end for corporate IT. In fact, says Dave Aron, vice president and fellow in Gartner's CIO Research group, the language of IT-business alignment—encouraged and endorsed for more than a decade by industry analysts, consultants and, for a time, this magazine—is now dangerously counterproductive, setting IT apart from the enterprise even as technology itself becomes more inextricably entrenched in it.

CIOs must change the conversation. IT value is dead. Business outcomes are the real and only measure of IT worth.

"Today it's less about, 'I don't understand your cost structure. I don't understand what you're delivering,' and more about, 'How can I leverage technology to deliver new products and services?'" says Dave Codack, vice president of employee technology and network services for TD Bank. "That's forced us to look at the ways in which we measure technology. We've been inadequate in our ability to define

technology value in concert with the values of the business. It's difficult."

But IT leaders who want to remain relevant—and employed—have no choice. "The next step on the journey is to move from alignment to engagement," says Aron, "treating the rest of the business as partners, creating business value together." According to Gartner, by 2015, the primary factor determining incentive compensation for the CIO will be the amount of new revenue generated from IT initiatives.

"IT began in the back office of business, it moved to the front office, and now it has deeply penetrated all aspects of the business," says Louie Ehrlich, CIO of \$204 billion oil company Chevron (CVX) and president of its information technology unit. "Everything is connected to everything. You have to be integrated."

Yet shifting the focus from technology outcomes to business performance isn't easy. IT has decades of traditional operational metrics, methods and best practices to rely on. Calculating technology value using business terms is an evolving art. CIOs who attempt it readily admit that it involves some guesswork.

So where to begin? Anywhere. Just get started.

"Our profession has such an engineering mindset: define, test, try, retest, try again. But you will never find a perfect way of doing this," says Ehrlich. "There's value in just trying to articulate IT value in business terms. There's value in just getting in the game."

There Are No IT Projects (Really!)

For years, the goal for CIOs has been a seat at the executive table. "Then half of them got there and said, 'Oh my God, what am I doing here? I'm a functional operating person. I'm not equipped to take this on,'" says Russell Reynolds' Banerji. The other half, however, were better at business strategy than most of their C-suite peers, thanks to their broad view of business information.

In the past eighteen months, says Banerji, organizations have been moving to a more data- and analytics-driven approach to internal decision making and interacting with customers. His clients are asking him to find CIOs who share this vision for IT.

[Read the full article](#)

Suggested Reading



Application Modernization: Procrastinate At Your Peril!

A Comprehensive Survey On Modernization In The Age Of Mobile And Cloud

By Forrester Consulting for HP

The decade that began with the year 2011 marks the start of a golden age of opportunity for IT professionals. As truly transformational social and political changes take place around the globe and combine with emerging technology trends like mobile, cloud, social media and big data to spawn new business opportunities and threats on an unprecedented scale. But we are squandering the opportunity by procrastinating; most firms have failed to address their aging applications and technology portfolios. “Procrastination is like a credit card: It’s a lot of fun until you get the bill.”¹ Our procrastination bill arrives every month in the form of stifled opportunities and increased threat levels.

In October 2011, Hewlett-Packard commissioned Forrester Consulting to survey more than 200 global firms about their plans to modernize their application and technology portfolios across four major platforms: Intel-compatible, Unix/Linux, non-Unix mid-range, and mainframe. Forrester found that, across all platforms, data/access to data is a huge problem, the need to modernize is rampant but vexing, and hiring competent staff is a significant challenge.

Key Findings

Forrester’s study yielded four key findings:

- The top three drivers of modernization are cost, functionality, and in-process transformation programs. Cost and outdated functionality are significant drivers at 79% and 76% of firms, respectively; both are up 50% from the previous year. Consolidation/virtualization as a driver doubled this year, to more than 60% of firms surveyed. Formal transformation programs are active in 66% of firms surveyed. Our read on the data? The pressure to act has increased markedly in the past year, yet the problems are getting worse.
- Pressure from business leaders increases as IT fails to link modernization with innovation. Ironically, when asked about barriers to modernization, 61% say they simply have higher priorities and 52% say the busi-

ness doesn’t feel sufficient pain to prioritize modernization. So it’s not a big surprise that 41% of firms lack the funding for modernization. IT leaders have failed to link modernization with innovation and the role that mobile, cloud, and big data play.

- The traditional approach to modernization has failed and many firms are seeking external help. Nearly half of the firms surveyed report they sometimes fail to meet modernization scope, budget, and due dates, but an astounding 15% of firms say they always fail. As a result, more than 80% of firms will seek help from external providers — either immediately or within the next six to 12 months.
- Procrastination kills! If you don’t act, you’re risking catastrophic business impact. Our decades-old approach to modernization is clearly not holistic, comprehensive, or effective enough — it treats the symptoms while ignoring the root causes. Half the firms agree that they will lose significant market share and see operational and infrastructure costs spiral out of control if they fail to comprehensively modernize. Fifty-seven percent say they will be “decades behind their evolving business processes,” and 61% say their quality of service will suffer greatly. These are the kinds of events that kill companies.

Will your firm leverage the opportunities of this golden age — or fall victim to its looming threats?

Procrastination Is Opportunity’s Assassin

When Victor Kiam quipped, “Procrastination is opportunity’s assassin,” he was talking about business opportunities and how the failure by business leaders to act decisively in a timely fashion kills opportunities for the business to innovate and compete.² Mr. Kiam’s remarks perfectly fit how the IT industry has allowed application and technology assets to accumulate in IT portfolios more or less unchecked. Some of that accumulation is an inevitable byproduct of evolution. In the words of Meir Lehman: “As an evolving program is continually changed, its complexity, reflecting deteriorating structure, increases unless work is done to maintain or reduce it.”³ The term “technical debt” describes the adverse effects of increasing complexity, deteriorating structure, and procrastination on the modernization of our portfolios.

[Read the full article](#)

Suggested Reading



The Power of IT Drives Businesses Forward

There is a better, faster, more efficient way of doing things, and IT can make it happen. IT must do more than 'align' with the business it must be part of the business in order to spearhead growth.

By Marilyn Weinstein
CIO.com

One of the most overused terms I've heard in the past few years as CEO of an IT consulting and staffing firm has to be the word "alignment." Think about it. How many times have you heard phrases like, "IT must learn to align with the business" or that "smart CIOs know that in order to succeed, IT must align with the business"?

Not only are these phrases overused and condescending (the implication that CIOs lack business smarts or proper business education, that is), they are also statements with which I wholeheartedly disagree. If you are merely aligning with the business, you are not doing enough. IT drives efficiencies. IT enables business. IT powers business success. The goal is not merely to align, but to get in front of the business goals and spearhead growth through next generation products and customer service.

By its very definition, "align" means to fall in line. To get behind. It suggests that the business sets the pace. It sets the strategy. In aligning, IT must fall directly behind, and keep pace with, the business.

Why it Matters

Traditionally, the alignment discussion comes up in one of two ways. Either, we're discussing corporate respect and reporting structures within an organization — the IT department's lack of leadership representation or a "seat at the table" — or we're discussing the common view that IT is merely a "cost center." While I am not suggesting that these problems and perceptions will instantly disappear, the shift in mindset can happen if you understand its scope and take the lead in making the necessary changes.

If Not Alignment, Then What?

IT does drive and enable business. It's time for IT leadership to drive that point home. Many of our clients get this. One of our insurance clients, for

example, proudly touts IT's efforts in developing its mobile app development. IT rallied others to join them in their efforts during Hurricane Katrina to issue real-time checks and to deliver much-needed funds to those most critically in need. In this case, IT led the effort. IT delivered the technology. The business grew stronger and benefited from this leadership.

In another case, our financial services client's IT group developed a cutting edge analytics product to use in-house. With what seemed initially valuable as an in-house tool alone, is now a leading value-added offering to the bank's clients. In both instances, there is no talk of leveraging IT to merely "keep the lights on," and no one talks about IT in raw Selling, General & Administrative Expense (SG&A) numbers. IT leadership has a seat at the table, and the top layer of IT management knows how to drive innovation from their teams.

These examples of innovation and IT-generated efficiencies are likely the reason most of your staff went into IT in the first place — the idea that there is a better, faster, more efficient way of doing things, and that IT can make that happen. Yet, somewhere along the way we lost track of this connection and reduced their influence.

CIO Benny Kirsh takes issue with what he sees as semantics, noting the "fine line between 'aligning with' and 'driving' business." Nevertheless, he has always led forward-thinking, innovative IT teams. During his tenure as CIO at Kyphon, IT drove the implementation of a quality assurance system assuring compliance to FDA regulatory requirements. The initiative reduced time-to-close complaints by 35 percent and increased on-time user training from 55 percent to 97 percent. The implementation included automated documentation and version control, providing a compliant working environment leading to minor discrepancies during FDA audits. Under his watch, the business was able to increase sales and reduce costly FDA responses. Call it alignment, call it driving business — Kirsh doesn't pay much mind to what you call it. "IT must be proactive and come up with great ideas on how to generate more revenue or make processes more efficient to impact the bottom line."

[Read the full article](#)