



The study findings support a breakthrough in thinking about IT business alignment that rejects the notion of generic IT

## Improving IT Strategic Alignment

### IT Value Archetype model used to help optimize strategic alignment

An increasing number of firms no longer view IT as just a back office utility or information management service provider. Business executives expect technology to enable revenue growth or increase profit. But, even for firms in the same industry, business strategies and key success factors may differ. As a result, the purpose and objectives of IT organizations for those firms may be different.

The IT Process Institute conducted a study of 269 North American IT organizations with greater than \$100 million in revenue and from various industries, to determine specific practices that enable IT strategic alignment success. The survey collected data on nine value archetype attributes as well forty-four strategic alignment practices in five categories, and sixteen alignment performance measures.

### IT Strategic Alignment Study - Research Report

This 48 page research report provides information that IT executives can apply to help improve their organization's strategic alignment and enable business strategy execution. Use this study to help identify your organization's value archetype, which can help communicate IT purpose and capabilities in business strategy terms.

#### Summary of key findings:

**Finding 1 – Study confirmed three IT Value Archetypes** – Our IT Value Archetype model uses nine common organizational attributes that highlight the purpose, focus, and core characteristics of an IT organization. Utility Providers are primarily focused on attributes related to managing common information management services. Process Optimizers have a matched focus on shared service attributes and business application and business process related attributes. Revenue Enablers have a near even mix of focus on enabling strategic revenue, business application and process, and shared services.

**Finding 2 – Different archetypes have building-block competencies** - Analysis archetype attributes, as well as spending and performance data supports the conclusion that three archetypes have focus areas and competencies that build on one another.

**Finding 3 – A few proven practices optimize ongoing alignment** - Regression analysis identified 11 alignment practices that predict top levels of strategic alignment across the three groups.

**Finding 4 – Achieving business integration instead of alignment** - the proven practices that predict top alignment performance indicate that at those organizations, IT is actively engaged with and integrated into the business, not separate from and seeking alignment with the business.

**Finding 5 – Improved strategic alignment can be engineered at three levels** - Improve strategic alignment at three levels; 1.) by building and managing an IT organization with characteristics of a particular archetype, 2.) verifying the different attributes that define the archetype are in alignment, and 3.) optimizing ongoing alignment performance by implementing proven practices for each archetype.

#### Study Highlights:

- Only 36% of organizations in the study indicate that their business clearly identifies business strategy, key success factors, competitive advantage, goals and objectives.
- The IT organizations with the highest alignment performance, have the lowest percentage of budget under IT governance control, but have the highest range of annual budget growth.
- The IT organizations with the highest alignment performance spend a greater percentage of overall IT budget on new projects (42%) as compared to lowest alignment performance group (27%).



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## Strategic Alignment Performance Benchmark

With this benchmark, you can identify your IT organization's IT Value Archetype and compare organizational attributes to 269 organizations in three archetype groups. You can also compare your IT organization's use of forty-nine strategic alignment practices in five areas, and sixteen alignment performance measures.

This benchmark helps answer the question "What type of IT organization do we have"? Then you can assess if that type of IT organization is a good fit with your current business strategy. The benchmark compares your use of a set of build block competencies that IT organizations should follow as they expand focus from providing utility services, to helping optimize business processes, and technology enabling products and services.

### Compare Strategic Alignment Practices

The benchmark includes 49 questions about strategic alignment practices in five areas:

- Strategy and prioritization – 10 questions about business strategy and IT strategy development process.
- Use of business linked performance metrics – 9 questions about how IT measures success related to business objectives.
- Governance, budget and prioritization practices – 15 questions about overall governance, budget, and resource prioritization activities.
- Use of Architecture and standards – 6 questions about how IT balances standardization and consolidation against non-standard business requirements.
- Business skills of IT organization – 9 questions about how IT develops business skills.

### Compare Strategic Alignment Performance

The benchmark covers 16 alignment performance measures that broadly indicate the effectiveness and efficiency in the areas of:

- Business alignment - 3 questions about IT strategy development and prioritization in line with business needs.
- Service delivery - 3 questions about SLAs, availability, security and consistency per business requirements.
- Cost efficiency - 4 questions about consolidation, 3rd party services, and competition.
- Agility - 3 questions about project track record, latency and BU executive satisfaction
- Innovation - Three questions about competitive advantage and technology treadmill.

The output is a simple and compelling 20 page report that color codes a comparison of your practices and performance to the population of 269 North American IT organizations in three archetype groups. Once you submit your answers, you will have immediate online access to a 20 page customized benchmark report that shows:

- Your IT Value Archetype, with 93% confidence, as compared to 269 IT organizations in the study.
- Your answers for nine attributes compared to three archetype groups.
- Dashboard that compares your use of strategic alignment practices and performance measures to the three archetype groups.
- Your use of 11 practices that are shown to best predict highest levels of strategic alignment performance.
- Summary comparison of key alignment challenges and enablers.
- A .pdf copy of your benchmark report will also be e-mailed to you when you submit your answers, so you can easily distribute your results within your organization.

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An executive summary of research findings is available at [http://www.itpi.org/home/white\\_papers.php](http://www.itpi.org/home/white_papers.php)

The full research report and benchmark are available for purchase at [www.itpi.org](http://www.itpi.org).

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