Aligning strategic investments

Today, IT must manage technology investments to meet current business needs and support long-term strategic goals. That requires the organization to:

• Establish IT as a partner to business functions, and an integral part of those functions
• Manage a dynamic, prioritized IT portfolio as a strategic business asset
• Establish IT as the catalyst for a digital transformation

Organizations must evolve through five levels of technology investment maturity, seeking to consistently demonstrate the characteristics of level five maturity as quickly as possible.

Fitness level 1: IT centric

At level 1, IT operates in an independent silo. It prioritizes work based on technology needs and uses tactical metrics to determine its focus. Project effort is largely based on fixing ticketing systems issues with no regard for business impact. Technology infrastructure is managed to optimize technological performance, as are investment and refresh decisions. Support requests from business areas are given low priority resulting in failure or delays.

Level 1 maturity organizations commonly demonstrate:

• A lack of communication between IT and the business
• Technology investments that bypass IT entirely
• Project delays on critical initiatives caused by IT bottlenecks
• Tech that prioritizes stability over innovation and business growth

Fitness level 2: Aligning to IT business needs

In level 2 organizations, IT leadership understands that level 1 behaviors must change. They recognize the need to support the business and work to shift priorities and behaviors. But behaviors that are built in to how IT operates prove difficult to change, and that keeps many organizations stalled at this level.

Level 2 maturity organizations commonly experience:

• Conflict within IT and between IT and the business; technology vs business priorities
• Technology spend misaligned with IT’s stated priority of supporting the business
• Too many IT projects initiated within with no ability to deliver
• Questions on how best to use technology to achieve business goals

McKinsey estimates 17% of IT projects projects fail so badly they threaten the organization’s existence.

Shadow IT spend accounts for 30-40% of total IT spending in large companies according to Gartner.
Fitness level 3: Prioritize IT and business investments

At this level, IT is being reinvented as an internal service provider. The work they do is now focused on business needs and investment is designed to optimize business value. IT leadership is part of the business planning process, advising business areas on how technologies can improve business performance. IT is evolving from hands-on to thought leadership, shifting to SaaS models where appropriate.

At level 3, organizations typically:
- Drive technology investments based on business factors
- Embrace IaaS, PaaS, and SaaS approaches
- Align leaders with technology, acting as IT consultants
- Use IT systems to capture data that can improve business performance
- Are evolving from a tech-driven to business-driven infrastructure

Fitness level 4: IT as valued partner

At level 4, IT is a strategic business partner, building the foundation where IT will be the catalyst for successful digital transformation. Technology investment decisions are aligned with business priorities over stability and consistency. More IT investments are service based. IT’s strategic focus extends from project support to operational investments and support decisions. IT staff increasingly combines business understanding with technical expertise.

Level 4 maturity organizations regularly demonstrate:
- Business strategy driven technology decisions for projects, operations and support
- Proactive IT leaders identifying the business opportunities and threats presented by emerging technology trends
- Real partnership where business and IT functions collaborate at all levels to identify and implement the best business solutions

A 2018 Harvey Nash / KPMG CIO survey revealed that 55% of organizations still rate IT and business alignment as moderate or worse.

According to research conducted by North Carolina State University’s Enterprise Risk Management Initiative and management consulting firm Protiviti Inc., businesses ranked digital transformation as their number one risk factor in 2019—up from 10th place the year before.
**Fitness level 5: Fully aligned organization**

Here, IT ceases to exist as a separate function. Technology is a digital transformation enabler, deeply integrated into how business gets done. There's a single, consolidated enterprise roadmap for strategic success made up of existing digital products and services as well as new technology solutions. All business functions collaborate to manage a digitally enabled, continuously evolving environment. Total alignment of focus and execution optimizes performance.

Level 5 maturity organizations:

- Integrate technology management into every element of the business
- Embrace new culture to support stakeholders through digital business practices
- Leverage emerging technologies while efficiently supporting existing products, services and operations
- Manage technology as a single, evolving, adaptive and integrated environment

**The journey to fitness**

There are no short cuts to IT investment fitness. It can only be achieved when organizations understand how technology and IT must support their business—and how the current environment prevents that from happening. Organizations must prepare for the opportunities that digital transformation offers by investing in their current IT function to:

- Improve alignment between technology and business functions
- Enhance the business acumen of technology leaders and managers
- Develop a strategy designed to take full advantage of current and emerging technology

Organizations must recognize that digital transformation is a fundamental shift that will impact every aspect of the business. But wherever you are in your IT fitness journey, ServiceNow has a solution to support your IT organization.

Start by exploring IT Business Management to discover how business works better when IT is a strategic partner.

IDC’s 2019 Worldwide Semiannual Digital Transformation Spending Guide predicts that global spending on digital transformation will reach $2 trillion annually by 2022. With that much money on the line, the entire business must be geared around maximizing return on investment.

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