



# IT Strategic Alignment Benchmarking – Driving Success through Optimal IT Integration

## POWERFUL INSIGHTS

### Issue

Within many organizations, information technology (IT) is no longer just a support function for core business processes. It also is an enabler of internal efficiencies and competitive advantages. As the role of IT continues to expand, enterprises increasingly require greater alignment between their business and IT strategies, as well as the means to continuously measure the value IT provides. For an alignment-focused company, assessing the IT organization's performance includes consideration of several key questions:

- Does IT understand and support our business model and strategy?
- Are our IT investments appropriately aligned with business objectives?
- Is IT building and managing the capabilities required to deliver value to the enterprise?
- Is our level of IT performance sufficient to enable continuous alignment?

While these considerations may sound straightforward, many organizations continue to struggle in their efforts to assess and maintain strategic alignment.

### Challenges and Opportunities

In response to these trends and challenges, the IT Process Institute (ITPI), an independent IT research organization, conducted its IT Strategic Alignment Performance Study in 2008. By surveying 269 North American companies, the study sought to identify specific strategic alignment models (or value archetypes) and practices that enable IT performance. Respondents represented a broad range of industries and company sizes (US\$250 million to more than US\$10 billion).

The results provide several key IT alignment insights:

- IT organizations correspond to one of three specific alignment models (or value archetypes) as determined by nine attributes:
  - **Utility Providers:** Provide shared information management functions in support of basic information and transaction management.
  - **Process Optimizers:** Split their focus between shared information management functions and optimization of key business processes.
  - **Revenue Enablers:** Balance the organization's focus between shared information management, process optimization, and technology-enabled products and services.
- Specific practices optimize ongoing IT alignment under each model/archetype.
- Higher business performance results from true IT integration, not just “face value” alignment with the business.
- Specific actions are required to change successfully from one IT alignment model/archetype to another.<sup>1</sup>

### Our Point of View

Regardless of market or economic conditions, companies must continue to focus on gaining the maximum value from their IT investments. While aligning IT with the business strategy does not guarantee a company's success, ITPI and other IT governance research suggest that enterprises with strong IT/business alignment practices have higher profits and deliver greater value over time. With that in mind, IT organizations seeking to improve their strategic alignment and performance should consider the following:

1. **Understand business strategy** – If executives do not articulate the business strategy clearly, or IT is not ➤

<sup>1</sup> ITPI IT Strategic Alignment Performance Study, 2008.

actively integrated into the business, it is unlikely IT leadership will understand or be able to align with the strategy.

2. **Establish organizational objectives** – When an IT organization focuses on adding business value without establishing or confirming its alignment model and objectives, it risks becoming fragmented as it attempts to move in multiple, counterproductive directions.

3. **Determine the best fit** – IT leaders need to recognize that alignment is not “one-size-fits-all,” and the practices that enable alignment with one organization may not apply to another, even if they are both within the same industry and of similar size.
4. **Assess alignment** – As business objectives change, it is possible the IT alignment model and practices will need to be modified, as well. IT and business leaders should monitor their strategic alignment continually and assess whether changes need to occur.

## PROVEN DELIVERY

### How We Help Companies Succeed

Protiviti is a managing sponsor of the ITPI and its IT performance studies. We have helped many organizations analyze and improve their IT performance using the ITPI’s research and benchmarks as a foundation for our consulting services. Whether you are looking at which COBIT controls or ITIL practices to apply or pursuing greater IT/business alignment and integration, we can tailor our proven delivery methods and the ITPI materials to assist you during all process improvement phases, including:

- **Performance Benchmarking** – Provides quick performance comparisons against similar-sized companies and industry peers. Ideal for companies looking for high-level improvement strategies.
- **“IT Governance” Risk Assessment** – Leverages ITPI research to facilitate IT risk assessment or IT audit engagements. Ideal for enterprises looking to accelerate or prioritize quantifiable IT organizational alignment and IT process improvement.

- **Results-Based Consulting** – Applies ITPI research to guide and implement IT process improvements. Ideal for companies seeking to align their improvement efforts with targeted “best practice” guidance.

### Example

A leading global enterprise software provider wanted to improve IT’s strategic alignment with business objectives and enhance the supporting IT processes. Protiviti completed a rapid IT governance and IT process review by analyzing practices and comparing them to more than 250 other companies as contained in the ITPI’s IT Strategic Alignment and IT Controls Performance benchmarks.

Our review was delivered to the firm’s new CIO less than one month after taking the role, and our recommendations are being used as a basis for redefining the business and IT governance structures, relationships, and practices for both improved alignment and improved IT service levels.

## Contacts

Jeff Weber  
+1.412.402.1712  
jeffrey.weber@protiviti.com

Michael Schultz  
+1.713.314.5001  
michael.schultz@protiviti.com

Andy Smith  
+1.312.931.8746  
andrew.smith@protiviti.com

## About Protiviti

Protiviti ([www.protiviti.com](http://www.protiviti.com)) is a global business consulting and internal audit firm composed of experts specializing in risk, advisory and transaction services. The firm helps solve problems in finance and transactions, operations, technology, litigation, governance, risk, and compliance. Protiviti’s highly trained, results-oriented professionals provide a unique perspective on a wide range of critical business issues for clients in the Americas, Asia-Pacific, Europe and the Middle East.

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