

## Information Technology

### Firmwide IT Operations

Midwest U.S.

#### Project Sponsor: EVP, Chief Financial Officer

#### Project descriptions:

- Organization-wide, self-funding, non-technology-dependent operations improvement effort for the Information Technology [IT] group focusing on technology acquisition, deployment and user satisfaction [1,200 employees]
- Scope of project:
  - Application development
  - Configuration management
  - Architecture identification
  - Project prioritization
  - Project management
  - Quality assurance
  - Security management
  - IT User Services [help desk]
- Improvement benefits [Typical]:
  - Operating cost . . . . . ↓20%
  - Annual savings . . . . . \$15M
  - Head count . . . . . ↓13%
  - ROI [12 month]. . . . . 4.5x
  - IT project scope change . . . . . ↓65%
  - User satisfaction. . . . . ↑20%

## Improving IT Group Operating Performance

**Situation Analysis:** ClientCo’s board of directors sought to investigate the savings potential of outsourcing various IT operations to offshore service providers. IT executives knew that significant internal improvements were also available and requested a “gap analysis” to compare both strategies: outsourcing vs. improving-in-place. Improvements-in-place achieved over 70% of the offshoring targets with minimal risk and the board selected this strategy.

**Improvements Identified:** Although *Information Week* routinely ranked the ClientCo IT organization in the “top three” tier for service performance to users, senior management sought further improvement. In eight weeks, The Lab documented all major technology processes and identified over 300 operating and service-level improvements across eight major IT processes:

- Application Development
- Architecture Identification
- IT User Services
- Project Management
- Configuration Management
- Project Prioritization
- Quality Assurance
- Security Management

Roughly 60% of these opportunities were lean, Class I®, non-technology improvements and were consolidated into a six-month implementation work plan emphasizing reduced cost and increased user satisfaction. Representative examples:

1. **Project Planning Effectiveness**—Over 90% of projects changed scope multiple times throughout their duration, creating continued drain on limited resources and lost productivity. Project management tools were inconsistent across business units, were applied inconsistently and delivered widely varying results.
2. **Resource Allocation**—ClientCo ranked slightly above average in overall cost and efficiency performance [head count ratio and revenue per IT staff]. An additional 12% improvement goal was established by ClientCo leadership along with The Lab.
3. **IT Strategic Planning**—The technologies specified on a “project-by-project” basis were inadequately linked to the IT strategic planning process, creating consistency issues. Additionally, no standardized process or consistent criteria existed for rationalizing, prioritizing and consolidating projects.
4. **IT Metrics**—Measures for the IT organization were insufficiently detailed and inconsistently monitored. A formal measurement system across each process was required.

**Overall Results:** The implementation effort reduced operating costs by 20% while improving service and rationalizing the IT-related backlog.