

THE **S**TENCIL GROUP

Achieving Faster Time-to-Value for IT Investments

Lessons from Adopters of Unified Application Platforms

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About The Stencil Group

The Stencil Group works with software companies to understand the business drivers and strategic priorities that shape their enterprise IT customers' purchase decisions. The firm focuses on the bottom-line business impact of technology solutions through consulting services that include:

- Customer Needs Analysis
- Product Roadmap and Positioning Evaluation
- Market-Facing Sales Support

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INTRODUCTION

Today's most successful CIOs are achieving the business benefits of managing the alignment of their software infrastructure to the business' operating requirements. Indeed, these leaders consistently achieve a premium on the value created from IT investments. Much of their success can be attributed to a relentless focus on ensuring that IT is a responsive, strategic partner aligned with their business' unique needs.

To be sure, achieving genuine alignment is easier said than done. Recent surveys of CIO priorities have identified this challenge as the most significant organizational problem facing IT executives today. What distinguishes the leaders that have closed this gap and achieved significant business impact from their IT efforts? This report identifies three key ways that leading businesses are effectively leveraging new unified software platforms to close the IT-business gap:

- First, and most fundamentally, these IT organizations **consistently deliver quality projects on time and in budget**. They are reducing the costs in IT and getting more done by centering their software development and integration on infrastructure that facilitates efficient, flexible, and reusable efforts.
- Second, they tailor software investments to **maximize business impact**. These include customized solutions that garner wide adoption by business users to improve productivity and those that increase unique advantage or customer value.
- Finally, these leaders understand the importance of established a **shared vision and accountability for IT-business performance** that stresses ongoing operational results and enhanced time-to-value for software investments.

The most successful IT leaders take a wide view and seek to maximize the lasting, strategic business impact of their efforts. By improving time-to-market and customizing their application development and integration efforts, they are realizing increased return on their IT investments and realizing lasting, bottom-line business benefits.

This paper documents examples of leading IT organizations consistently delivering quality projects on time and in budget, maximizing the business impact of their software initiatives, and establishing a shared vision and accountability for IT-business performance. Their holistic approach to serving the business through applications built on the unified platform allows them to attain project-over-project advantages. This cumulative project-over-project advantage allows the IT leaders to be more strategic in their IT initiatives and not just focused on "keeping the lights on."

The research we conducted for this study shows that customers who have invested in a unified software platform such as BEA WebLogic are achieving this strategic IT-business alignment with notable success. Whether it is by boosting cross-sell revenue through launching new services in customer channels; diminishing order processing time in servicing customer's requests; increasing the responsiveness of key decision makers through executive dashboards; or reducing the administrative costs on organizations through employee self-service, the experiences of these successful innovators show that it is possible to not only narrow the IT-business gap, but in fact to establish a leadership role in the business' total performance.

ABOUT THIS REPORT

- **Methodology:** This study was conducted over a three-month period in late 2003 and included in-depth interviews with several leading IT organizations about their objectives for IT's business performance. These Global 500 businesses represent a broad group of industries, and each leveraged the BEA WebLogic Enterprise Platform to build a diverse set of business applications.
- **Sponsor:** BEA Systems, Inc., sponsored this report. BEA is the world's leading application infrastructure software company, providing the enterprise software foundation for more than 13,500 customers around the world, including the majority of the Fortune Global 500. Headquartered in San Jose, California, BEA has 81 offices in 34 countries and is on the web at www.bea.com.
- **Authors:** The ideas expressed here represent The Stencil Group's independent perspective. The Stencil Group has published several reports that examine the business impact of enterprise software. These papers, archives of our monthly analysis newsletter, and many other resources can be found on The Stencil Group's web site, www.stencilgroup.com.

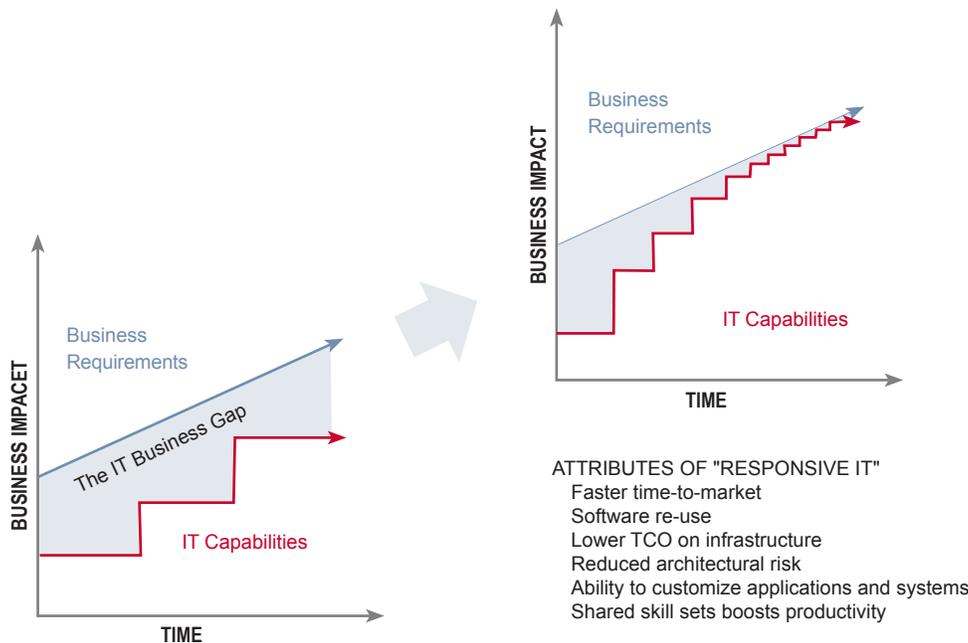
Achieving IT-Business Alignment

CLOSING THE GAP BETWEEN IT CAPABILITIES AND BUSINESS REQUIREMENTS

IT managers are acutely aware of the pressure to do more with less in today's environment of tightly constrained budgets. Their business counterparts are asking them not only to cut costs but also to produce improved operational results. No easy task, to be sure

At the same time, many organizations have been trapped in vicious cycles in which maintenance costs creep up, consuming an ever-larger portion of the overall IT budget. Faced with this burden of just "keeping the lights on," the strategic value of any business request sometimes can be lost in a calculus that emphasizes simply clearing items from an overwhelming "to-do" list. This cycle of continuous maintenance and applications support is

Figure 1: Closing the IT-Business Gap Yields Operational Impact



Source: The Stencil Group 10/2003

particularly evident in IT organizations managing disparate technology platforms, and it exacerbates the divide between the emerging business requirements and IT's ability to deliver against them (see "IT-Business Gap" in Figure 1: Closing the IT-Business Gap Yields Operational Impact).

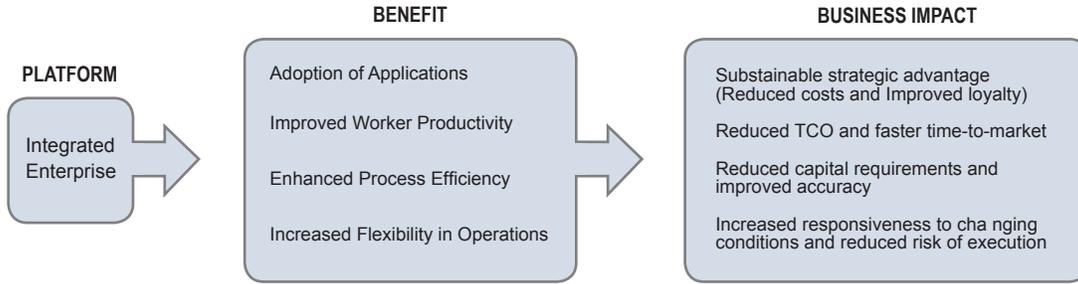
Despite the challenges, leading CIOs are reversing this cycle and achieving remarkable results. One dramatic example is Toshiba America Business Systems. The IT organization has been able to make a shift from 70% of time and spend on maintenance or "break-fixes", and 30% on new development to just the opposite, with 70% focus on new investment! GE Medical Systems is another example of an IT organization that has realized significant changes to its administrative cost structure by reducing the maintenance burden of its systems. By simplifying its software infrastructure, the company has been able to retire 400 legacy applications for one business process application alone, yielding a headcount reduction on administrators by 85%.

What is common among these organizations that are transforming IT into a responsive partner in the business? They are improving the agility of their software systems and lowering IT costs by leveraging a unified platform infrastructure. The platform is enabling IT organizations to maximize value from existing investments and improving IT productivity, which means faster time-to-market on project delivery. This IT productivity boost allows companies to attack more projects on a similar or even decreased budget. Achieving this alignment is a key performance objective for IT organizations and the software they build. (See "Attributes of Responsive IT" in Figure 1: Closing the IT-Business Gap Yields Operational Impact)

To this end, CIOs increasingly have focused on reducing running costs by simplifying their existing IT infrastructure. They have eliminated redundant software and focused on unifying and streamlining development efforts around a common model. They have embraced standards-oriented computing and turned to approaches such as service-oriented architectures as a buffer from the negative maintenance impact of legacy investments. However, they realize that cost-cutting and containment alone will only take them so far.

Leading CIOs find that a unified platform is the primary catalyst in achieving the "integrated enterprise" (defined as an enterprise where an increasing number of end-to-end processes are software-enabled in a way that makes perfect sense for the business) and not staying stuck in the "keep the lights on" status quo. The integrated enterprise helps reduce the transaction costs associated with servicing a multitude of constituencies (e.g. customers, partners and employees) because business processes can be executed over the Internet.

Figure 2: Platform Enables Integrated Enterprise and Business Impact



Source: The Stencil Group 10/2003

Applications in an “integrated enterprise” span end-to-end processes and improve the user experience. Because these applications are easier to adopt and can be easily personalized, the enterprise drives significant efficiency through improved productivity boosts from higher adoption rates (see Figure 2: Platform Enables Integrated Enterprise and Business Impact). Furthermore, the inherent flexibility of these processes leads to a reduction in investment capital associated with these efforts, both in the short-term, as well as lower maintenance and support costs. The faster time-to-market means that companies are more insulated from dynamic competitive environments, as they are able to make strategic decisions as the business requires and not constrained by IT limitations. Lastly, this equates to a material reduction in risk exposure to the enterprise, as they have an improved project delivery record and enhanced operational visibility. Ultimately, the IT initiatives which drive the integrated enterprise deliver a faster-time-to-value on average because they are targeted to the business, built on a flexible software platform, and have a faster time-to-market

TRACING THE ENTERPRISE IMPACT OF IT INVESTMENTS

To close the gap between IT capabilities and business needs, many CIOs rightly emphasize the connection between software investments and business results. They masterfully apply the cost savings and developer productivity within IT to areas of greatest impact in the projects built and integrated for the business. A flexible, streamlined IT infrastructure is a powerful differentiator that allows these forward-looking businesses to adapt rapidly to changing business requirements.

Although the cost and time savings of efficient application development is a significant contributor to reducing IT's cost structure, cost cutting in the IT organization alone represents only one part of the total equation for business results. True IT-business alignment is achieved when the organization achieves not only *IT benefits*—return on investment calculated only within the scope of IT spending—but also *enterprise impact*—measurable impact of repeated, successful technology investments on the total business.

This ongoing alignment of IT with the business is enabled by a flexible software infrastructure that helps the IT department become more efficient and improve project delivery and time-to-market on each initiative they undertake.

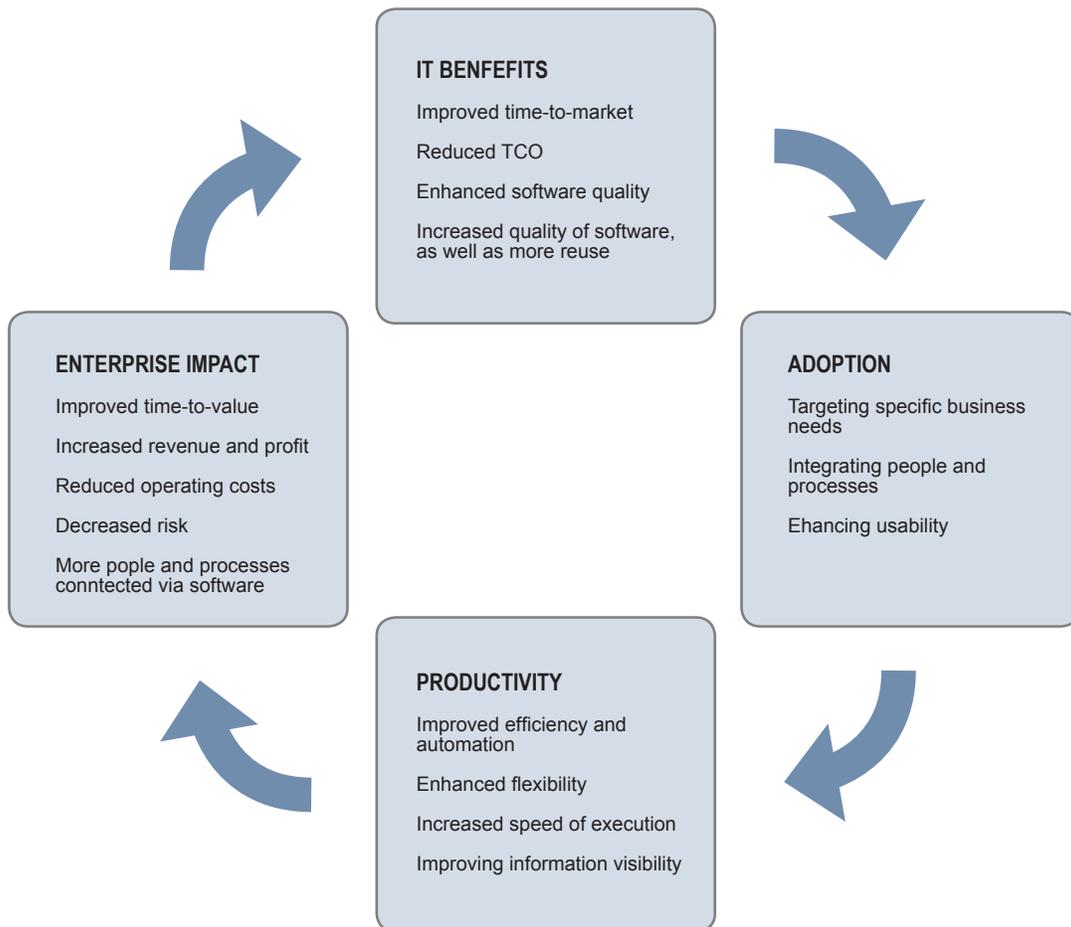
Applications only yield significant business value when they are adopted broadly, not simply deployed. When applications are customized to the needs of a business by a responsive IT organization, they are more intuitive to use and achieve superior adoption. This adoption drives improved productivity throughout the organization,

Figure 3: Connecting IT Benefits and Enterprise Impact

	IT BENEFITS	ENTERPRISE IMPACT
Scope	Direct return calculated within the IT cost structure	Impact of technology investments on the business's balance sheet
Primary Enabler	Flexible software infrastructure	Responsive IT
Success Indicator	Increasing IT productivity; improved project delivery	Leveraging project-over-project value
Key Challenge	Maintenance costs, complexity, and TCO	Usability and customization
Impact Measured By	Time-to-market	Time-to-value

Source: The Stencil Group 10/2003

Figure 4: Tracing the Enterprise Impact of IT Investments



Source: The Stencil Group 10/2003

which has a direct influence on the time-to-value, the amount of time it takes for an IT initiative to truly impact the business. Thus, because each project is delivered on time, in budget, which nails the time-to-market value proposition; further, as each initiative is also customized to meet the needs of the enterprise, each project has a positive impact on the business, as measured in a time-to-value context. (See Figure 3: Connecting IT Benefits and Enterprise Impact)

The most successful IT leaders take a wide view and seek to maximize the lasting, strategic business impact of their efforts. They consistently deliver quality projects on time and in budget, maximize the business impact of their software initiatives, and establish a shared vision and accountability for IT-business performance.

By consistently delivering applications that are adopted widely to improve organizational efficiency, IT organizations improve both their own performance, as measured by IT efficiency, and their strategic alignment with business operations to propel software investments towards enterprise value. In fact, this impact has a positive re-enforcing loop (See Figure 4: Tracing the Enterprise Impact of IT Investments). Therefore, as the current state improves, the company can think more boldly about how to deliver ongoing optimizations to the business process.

At the same time, successful IT organizations never lose sight of the primary enabler of this software-driven value: responsive systems that are delivered on time and in budget. The route to lasting enterprise value for software investments must begin “at home” with IT efficiency. We turn now to examining the role of flexible software infrastructure and its role in driving business impact.

Delivering IT: On-Time and On-Budget

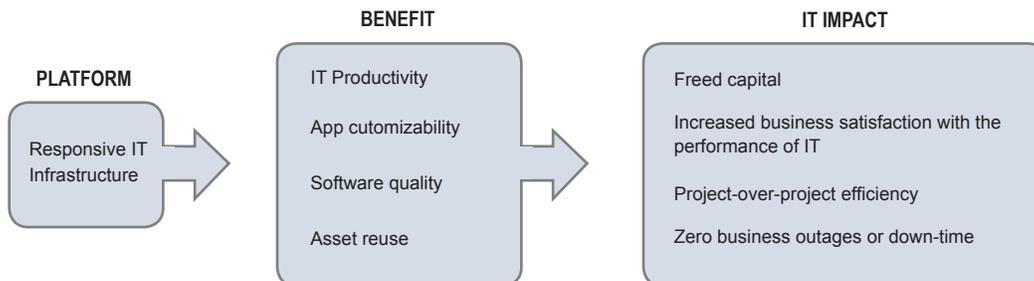
RESPONSIVE SOFTWARE INFRASTRUCTURE: THE KEY TO IMPROVING PERFORMANCE

As we have discussed, an IT organization’s ability to deliver successful projects consistently that drive specific business impact are essential drivers of business alignment. A responsive software infrastructure is an important enabler of this effort to eliminate gaps between technology effort and business applications, as well as maximizing reuse and leverage of existing software assets. In fact, a well-designed software infrastructure yields direct, material impact on IT operations.

A sound software platform enables direct IT benefits such as increased development and integration productivity, faster time-to-market for applications, increased capacity for new projects, and improved software quality (see Figure 7: IT Benefits Enabled by Responsive IT Infrastructure). In turn, these operating benefits help drive ongoing enterprise impact by reducing ongoing maintenance costs, freeing business capital for productive use, and facilitating the cycle of increased user adoption and productivity described earlier in this report.

Industry leaders have capitalized on the benefits of integrated platforms to boost the productivity of their IT departments, to reduce the costs of ongoing maintenance, and to tailor applications to their business’ specific

Figure 5: IT Benefits Enabled by Responsive IT Infrastructure



Source: The Stencil Group 10/2003

needs. They have recognized that two factors are essential to closing the IT-business gap and realizing direct impact of benefits such as these.

- First, a software infrastructure must facilitate efficient and cost-effective development efforts to reduce the total cost of ownership (TCO) associated with creating and modifying business applications.
- Second, the application platform must actively enable a high degree of flexibility and customization, to tailor systems to the specific needs of business processes and users.

FASTER APPLICATION DELIVERY MEANS FASTER TIME TO MARKET

The chief way that faster application delivery enhances business value is by enabling IT able to deliver quickly on strategic business initiatives rather than impeding them. If IT can deliver quickly with minimal risk at a lower cost, it becomes a competitive differentiator rather than a drag on the business' ability to execute. Improved responsiveness to business requirements means better organizational flexibility and customer satisfaction as well as an improved ability to differentiate products and services quickly.

A flexible software infrastructure allows IT to power a flexible, responsive enterprise that can change as external requirements change. Achieving this result is a business goal that is facilitated by the advanced software infrastructure, including the service-oriented architecture, and web services.

As the business becomes more confident in its IT organization's ability to make flexible applications, the business will proactively and confidently push an increasing number of initiatives into production. Over time, the business impact of these systems become compounding and helps to further align IT and business operations.

DEFINING A RESPONSIVE ENTERPRISE SOFTWARE INFRASTRUCTURE

By creating the foundation for this efficiency and responsiveness, a unified, but open, software platform actively contributes to successful IT-business alignment. A software infrastructure that reflects three essential characteristics makes this impact possible:

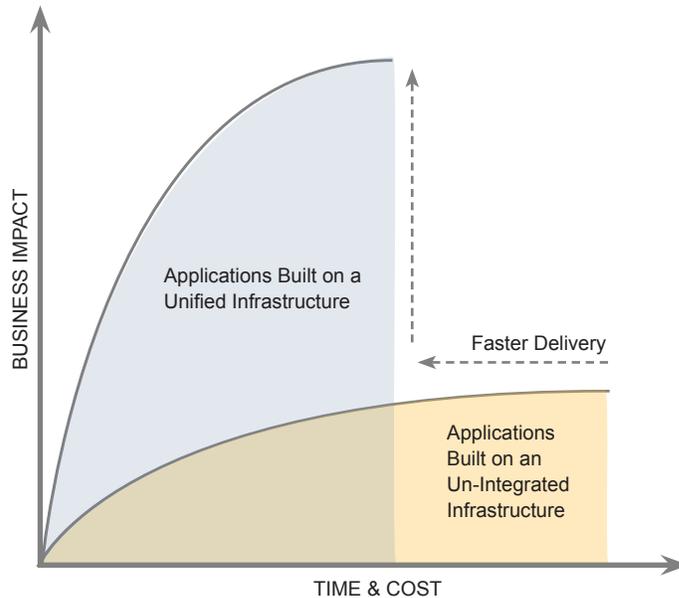
- **Unified and simplified** development, integration, and run-time environments to reduce the costs and barriers associated with new application deployment.

- **Open and extensible** support for integration with legacy investments and complementary applications through standards-based interfaces.
- **Flexible and adaptable** customization of systems to meet specific, evolving business requirements.

An infrastructure that delivers these capabilities reduces the costs associated with redundant, complex application development patterns and brings development cycles into closer alignment with the business processes they represent. This integrated approach allows the IT organization to leverage development and integration costs with shared software infrastructure to capture significant, measurable project-over-project efficiencies (See Figure 6: Impact of Applications Built on a Unified Software Infrastructure).

Every large business has limited resources that they are willing to invest in developing, integrating and supporting IT solutions. As a result, they have more ideas on potential projects than they are capable of

Figure 6: Impact of Applications Built on a Unified Software Infrastructure



Source: The Stencil Group 10/2003

acting upon. However, the project-over-project benefits that BEA customers accrue, from ongoing IT-Business alignment, changes the dynamics of this situation.

In fact, Gartner, a leading research and advisory firm, recently compared the application lifecycle costs and time-to-market benefits of unified software platforms with those of loosely or non-integrated platform approaches that segregate development and integration functions. The results of this study confirm what many successful BEA customers already had experienced: a unified software infrastructure improves both total time-to-market by more than 20% and decreases application lifecycle costs by 25%. Specifically, Gartner found that a platform such as BEA's drives improved IT performance such as:

- Total time-to-market improvement of 22% over the application development lifecycle;
- Application design, development, and deployment cost savings of up to 40%;
- Testing and debugging cost reduction of 50%;
- Maintenance cost savings of up to 40%; and
- Increased leverage of less expensive resources by decreasing need for senior developers and architects on composite application projects by up to 50%.

Moreover, Gartner also has concluded that these benefits of a unified software platform enable demonstrable project-over-project efficiencies for application development and integration. This ability to leverage shared infrastructure means that IT organizations really can do more with less.

As the Gartner study indicates, the unified platform delivers individual project efficiencies. Thus individual project spend and absolute IT investments is more cost-effective, which allows organizations to attack more projects. From a business standpoint, the enhanced flexibility of the platform combined with superior project selection, results in projects that have a greater impact on the business. Thus, the entry point or "hurdle rate" for any given project or enhancement to an existing effort is dramatically lowered. Finally, the expected business impact for any project is increased as well. However, even if you hold business impact constant [by presuming that the business impact of applications built on either approach (Unified software v.s. Un-integrated) is the same], the business would still free-up capital from the less investment intensive approach that the unified platform enables. With this increased flexibility of additional investment capital, the business can address existing implementations with feature extensions, attack entirely new classes of projects, or shift the capital to other parts of the business.

The next section will examine the impact of these IT performance benefits on an enterprise's total business performance.

Maximizing Business Impact from IT Initiatives

The IT department's role is more challenging than ever. Not only are business counterparts rightfully demanding that IT projects be on time and in budget, but also IT managers are tasked with helping to generate value for the enterprise in a shorter time period than ever.

In the face of this challenge, the experiences of several leading IT organizations suggest that projects delivering ongoing operational business value share several key attributes. They are customized to meet the specific needs of the business, they actively are focused on driving user adoption and productivity, and they are designed to be changed, according to the evolving needs of the business.

Because of their direct impact on productivity gains and revenue creation, the efficacy and cost-effectiveness of customized business applications shape the bottom-line business value of software investments more than any other class of initiative.

CUSTOMIZED APPLICATIONS OPTIMIZE BUSINESS PROCESS VALUE

Focusing IT efforts on applications that win adoption in key business processes is a significant contributor to business value. By integrating and extending existing applications in a way that fits the specific requirements of a business process, IT managers can affect a broad sphere of impact, including back-end systems, as well as employee, customer, and partner-facing applications. The ability to tailor these systems to reflect a company's unique operational and management needs represents a key aspect of every CIO's goal to align IT with business requirements.

This tailored integration can take a variety of forms, but nowhere is customization more important than in the efficiency and quality of user-centric business processes. Sometimes, this efficiency reflects the need to reduce the amount of manual intervention required to execute a business process; in these cases, the goal often is to "manage by exception" and to increase overall business efficiency.

In other cases, increasing information visibility is a key objective. Many businesses have realized that the

development of *process portals* represents a key example of this value. Process portals connect users to business impact by providing an integrated, customized, and easy-to-use window into data and processes that span multiple systems. However, process portals go beyond simple information look-up scenarios and help users complete an entire business process, from start to finish. Specific examples of these portals include a sales workbench, an executive dashboard, and customer or dealer portals.

GE Medical Systems' sales force was hindered by the capabilities of their existing portal, which limited their ability to spend time with customers. Leveraging best of breed ISV partners and the BEA WebLogic Platform, GE Medical Systems was able to create a "sales force process portal" that met the exacting needs of the GE Medical Systems business, including complex product configuration and quote generation.

The business impact of solutions such as these can be very significant. Ninety-four percent of Toshiba America Business Systems' independent resellers regularly interact with the company through its "FYI" dealer portal. Among other benefits, the company has been able to increase the visibility, accuracy, and customer satisfaction of its dealer communications efforts and realized tangible savings (including \$60,000 in postage alone). Similarly, a leading financial services firm has consolidated several customer service processes into a single self-service web interface. As a result, the bank realizes significant savings, ranging from ten cents per address change to seven dollars per lost ATM card report. More significantly, the firm has been able to realize additional value by offering cross- and up-sell incentives at the time of the transaction; identifying these high-value customers allows the bank to recognize more accurately those customers which have a lifetime value "premium" and a superior retention rate when compared to an average customer.

It is clear that the impact of applications such as these is not something that can be purchased off the shelf, but which must be developed with the exact requirements of an enterprise, and the end users, in mind. By integrating disparate systems and processes into accessible solutions, customized applications, especially process portals, capture more information about relevant transactions and generate increased control and flexibility for driving impact within the business. The best way to achieve this level of functionality is via a unified software platform.

ADOPTION AND PRODUCTIVITY DRIVE OPERATIONAL IMPACT

Across functional categories, successful software applications help a business achieve several types of performance benefits and to realize lasting value for the enterprise. These include increasing automation, improving speed of process execution, reducing errors or exceptions, and expanding the accessibility of a solution (see Figure 7: Forms of Productivity Impact).

Functional goals such as these drive bottom-line *productivity* and provide the foundation for a direct alignment of IT initiatives and operational impact.

Figure 7: Forms of Productivity Impact

FORM	DEFINITION	EXAMPLES	IMPACT
Automation	Automating repeatable and redundant tasks	Automating order entry process in telecommunications provider's call center	<ul style="list-style-type: none"> Reduced manual errors, process exceptions, and regulatory fines
Accessibility	Increasing flexibility and convenience	Expanded number of core business processes accessible through Toshiba America Business Systems' dealer service portal	<ul style="list-style-type: none"> 94% of wholesale orders now online 400% increase in deployed applications Improved customer service in competitive market
Directness	Moving unit of work closer to the people responsible for it	Shifting responsibility for updating web site content to sales and marketing users rather than I.T. team at a major financial services firm	<ul style="list-style-type: none"> Timely publication of new information Reduced errors and faster correction
Speed	Enabling faster execution of business processes	Hewlett-Packard's reuse of software assets to rapidly create multiple e-commerce storefronts across product and market lines	<ul style="list-style-type: none"> Enabled 30% software reuse Increased and unified global up-sell/cross-sell capabilities
Value-Add	Leveraging assets to increase value generated by processes	Major financial service provider's ability to cross- and up-sell services to customers accessing change-of-address service	<ul style="list-style-type: none"> Reduced costs of incidents, from 10¢ savings for change of address to \$7 for lost credit card report Increased lifetime values and lower churn rates

Source: The Stencil Group 10/2003

Figure 8: Methods to Measure Adoption of IT Solutions

MEASURE	DEFINITION	EXAMPLES
Breadth	How many users does the application support? Share of total? Absolute volume?	Toshiba's online site drove adoption from 6,000 to 15,000 online members, driving 94% of orders online
Depth	How extensive is the usage of an application? What portion of the features do users employ?	GE Medical Systems sales executives use the Sales Portal for each of the major steps in the end-to-end sales process, from the configure-to-order, to discounting and commission calculation, as the Portal caters to the specific stages in the sales cycle unique to GE Medical Systems.
Frequency	How often is an application accessed? How does this compare with the "ideal case" for the business and the users?	Multiple online sites leverage HP's E-Commerce Portal, which is being driven by re-usable, shared services. Users span product groups and geographies, and result in several thousand daily transactions
Time	How long does it take to get a user trained on a system so that they are proficient? How usable or intuitive is an application?	Telecom driving an improved order entry and execution application to 11,000 users, with unique business logic for each of the 50 US states in order to make the adoption readily accessible to all users, without extensive training courses.

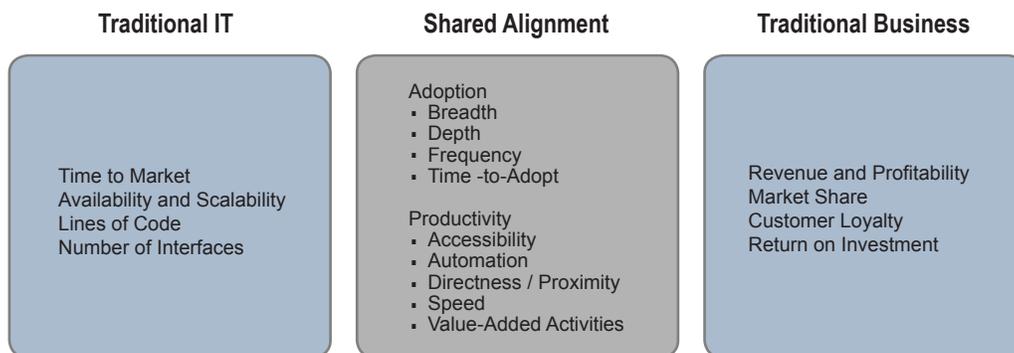
Source: The Stencil Group 10/2003

Yet, it is self-evident that only applications that actually are used in the business can drive value! Thus, a second critical project metric is *adoption*. In every case we discussed with customers, they had unique business requirements mandated by end-users that had to be met by their software tools. In order to respond to these customized needs, so that they could achieve the targeted adoption and productivity goals, they required the flexibility of a unified software platform. This value can be assessed along several factors, and it varies depending on the nature of any given use case. We suggest a model that segments adoption into four key categories: breadth, depth, frequency, and time (see Figure 8: Methods to Measure Adoption). Each segment is measurable and allows an IT organization to drive the operational impact of any given application or initiative.

SHARED METRICS REINFORCE IT-BUSINESS ALIGNMENT

Together, the adoption and productivity enabled by targeted software form an essential step to bridge the gap between IT and enterprise value. Yet, making this connection requires removing that the wall that historically has separated IT and business managers. Traditionally, each group has relied on separate metrics to evaluate ongoing performance. Identifying shared project metrics that help identify and drive the impact of IT initiatives is a key bridge across this gap to ensure alignment (see Figure 9: Shared Metrics Bridge the Gap). These include concepts covered by the components of adoption and productivity discussed above. For example, the specific metrics might include increased number of connections among processes and partners, increased percentage of automated self-service processes, and improved ability for employees to access information or run more timely and accurate reports.

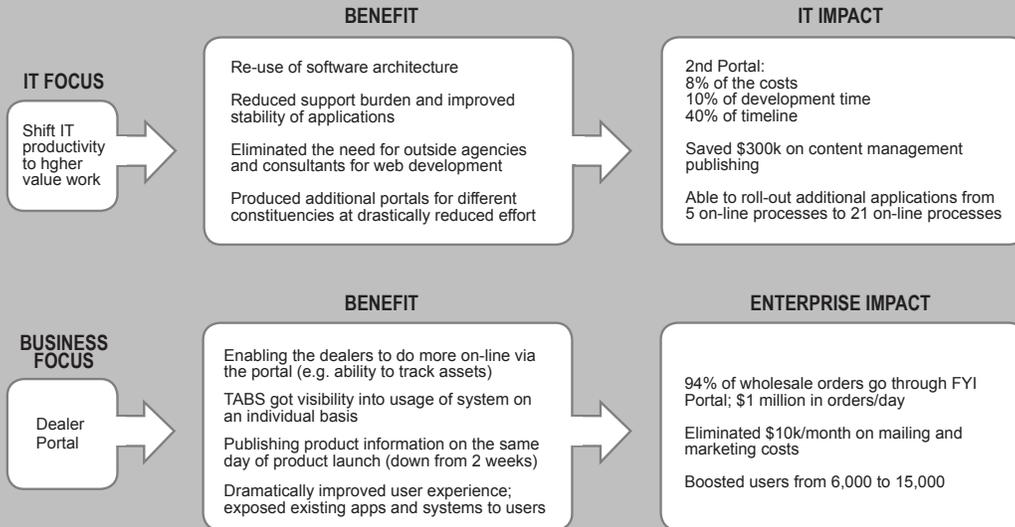
Figure 9: Shared Metrics Bridge the Gap



Source: The Stencil Group 10/2003

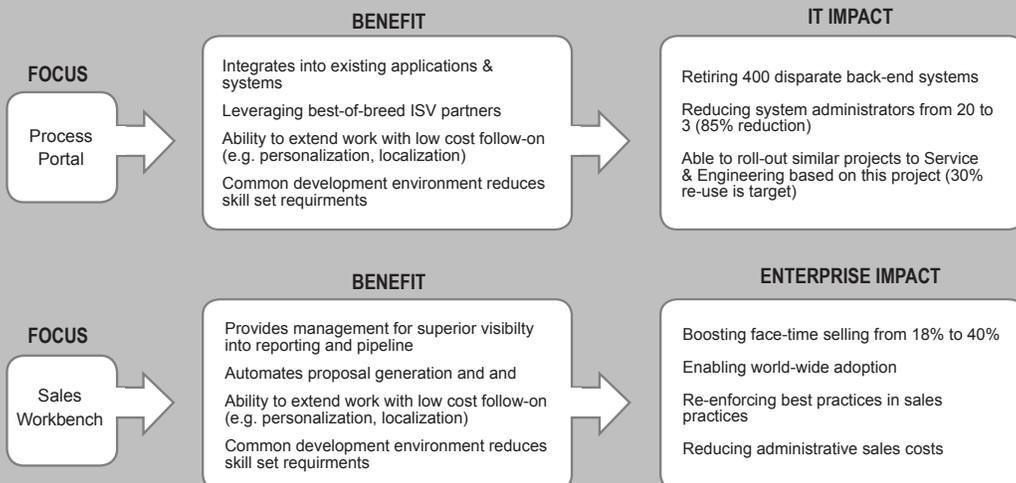
Picture of Success: Toshiba America Business Systems “FYI” Portal

Toshiba America Business Solutions (TABS) manages the distribution of office products and document solution software for both the wholesales and retail channels. Their IT team was unable to react to the needs of the business in a timely fashion, as there was no re-use in their development efforts.



Picture of Success: GE Medical Systems’ Sales Workbench

GE Medical Systems’ sales force was hindered by the capabilities of their existing portal, which limited their ability to spend time with customers. Leveraging best of breed ISV partners and the BEA WebLogic Platform, GE Medical Systems was able to create a “sales force process portal” that met the exacting needs of the GE Medical Systems business, including complex product configuration and quote generation.



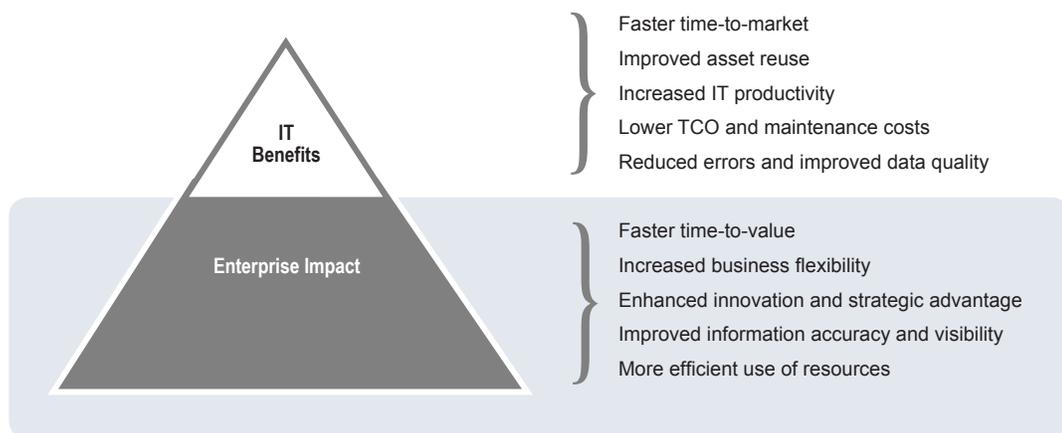
IT-Business Alignment Accelerates Enterprise Impact

These benefits of improved IT efficiency, performance, and business alignment drive the *time to value* for a company to realize impact from its IT investments. Efficient software development and integration yields not only direct productivity benefits to the IT organization, but also accelerate the time and scale with which the bottom-line benefits of software initiatives are captured by the enterprise.

Indeed, successful deployment of software efforts and reduction in the time-to-market of applications leads to compound benefits for an enterprise. This ongoing benefit actually makes it easier to invest in new, additive software value by enabling incremental enhancements to current systems and additional gains in user adoption and business process optimization.

As we have shown, the experiences of many leading IT organizations indicate that the savings earned through software-enabled efficiency may be just the tip of the iceberg. These leaders say that the increased precision, ongoing flexibility, and reduced risk of genuine IT-business alignment creates a wealth of new, and perhaps even unexpected, benefits for their businesses that dramatically increase software's value to the enterprise. (See Figure 10: Assessing IT and Enterprise Impact).

Figure 10: Assessing IT and Enterprise Impact



Source: The Stencil Group 10/2003

CONCLUSION

A sound software platform enables documented direct IT benefits such as increased IT productivity, faster time-to-market, and improved software quality. These direct benefits drive value in IT's cost structure and increases the business's confidence in IT. Gartner has estimated that "through 2005, enterprises that build applications on untested architectures will routinely exceed their budget for development by a minimum of 25 percent." A unified, standards-based platform, such as BEA's WebLogic, is a key factor in enabling repeatable project success, defined as on-time and in-budget.

Efficient software development and integration yields not only IT productivity benefits, but also accelerate the time and scale of software enablement, because a company is able to attack more projects, and more maintenance, enhancements and ongoing changes to applications with the same amount of investment capital. These benefits are attributes of a "Responsive IT" organization.

The most successful IT leaders take a wide view and seek to maximize the lasting, strategic business impact of their efforts. They consistently deliver quality projects on time and in budget, maximize the business impact of their software initiatives, and establish a shared vision and accountability for IT-business performance. Responsive IT is critical to aligning IT with the needs of the business. When IT initiatives are driven by the business and focus on customization, the time to value for a company on its IT investments improves. By customizing applications and selecting IT initiatives with a high potential impact to the business, leading IT organizations deliver applications that are adopted at higher levels, which lead to dramatic gains in the productivity of the business. IT and their LOB counterparts must design a set of shared operational metrics to ensure that they can jointly measure these productivity gains.

By decreasing the costs and barriers to software deployment, IT leaders can think more boldly about how to deliver ongoing optimizations to the business processes that play a role in critically differentiating their business. They are helping to improve efficiency and increase flexibility of the business. Every improvement to the software lifecycle yields closer alignment with the business and faster positive impact. The experiences of the successful innovators described in this study show that with an integrated platform powering development and integration across the business, it is possible to not only narrow the IT-business gap, but in fact to establish a leadership role in the business' total performance through software tailored to the needs of the business.

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