

Ensuring Success of Your Next IT Initiative

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International Quality and Productivity Council
“Balanced Scorecard for IT” Conference
San Francisco, California



Agenda

- **Session objectives**
- **Why large scale IT initiatives fail**
- **Approaches to ensure success**
- **Q & A**

Session Objectives

- **Understand key success factors**
- **Approaches to effectively manage and implement large scale IT initiatives**
- **Share lessons learned**

The Hard Facts

“Less than 50% of the potential return [of IT investments] flow through the enterprise – inappropriate management practices and work organization absorbs the balance”

- Gartner Group

The Hard Facts

“Big projects fail at an astonishing rate. These efforts consume tremendous resources over months or even years. Yet study after study has shown, they frequently deliver disappointing returns – by some estimates, in fact, well over half the time.”

- *“Why Good Projects Fail Anyway”*
(Sept. 2003, Harvard Business Review)

Pharmaceutical Market Drivers Driving the Need for IT

- **Mergers, Acquisitions and Partnerships**
- **Speeding up R & D and allow early drug launches**
- **Global impact of FDA approach approval and regulatory process**
- **Drive towards Operational Excellence**
- **Impact of Information Technology:**
 - IT in drug development and clinical trials
 - Building cohesive brand identity on the web
 - Direct-to-Consumer marketing over the web
- **New Challenges:**
 - Succeeding in data integration to build competitive advantage
 - Technology uncertainty and cost integration

Why Large Scale IT Initiatives Fail

- **Lack of a clearly defined business need; no tie back to critical business issues and objectives**
- **Lack of clear executive sponsorship (both IT and business)**
- **Insufficient resource commitment, availability, and accountability**
- **Silo mentality – implementation in silos as opposed to across organizational boundaries**
- **Not clearly understanding and optimizing business processes first – don't automate ineffective business processes**
- **Inability to establish and enforce clear standards and business rules**
- **Lack of a well defined project and systems life cycle methodology**

Keys to Ensure Success

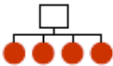

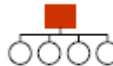



- **Develop a strong case for change**
- **Create a strong project governance, structure, and approach**
- **Structure the project to get wins along the way**
- **Optimize business processes first**

Approaches to Ensure Success

Strong Case for Change

- **Tie the IT initiative back to the strategic imperatives of the company (use the company's balanced scorecard)**
- **Spend the time to develop a strong business case – get the business (not just IT) to create and support the business case**
- **Don't move forward until you are sure the business case is well understood and communicated throughout the organization**

Choose the Appropriate Governance Model

| |  |  |  | |
|-------------------------------------|---|---|--|-------------|
| | Leadership | De-Centralized | Federated | Centralized |
| Organization Characteristics | <ul style="list-style-type: none"> Local decision making Local processes | <ul style="list-style-type: none"> Distributed (regional) decision making with limited global oversight Core global data standards and processes | <ul style="list-style-type: none"> Top down decision making Standard global processes | |
| Implications | <ul style="list-style-type: none"> Systems & processes determined region by region / Operating Company by Operating Company Local technology infrastructure Local applications | <ul style="list-style-type: none"> Some 'Core' data and processes standardized globally Remaining data standards and processes regionally administered Combination of global and locally tailored processes for specific Op. Co's. | <ul style="list-style-type: none"> All systems and processes standardized globally Global technology infrastructure Global applications | |
| Governance Approach | <ul style="list-style-type: none"> Autonomous Operating Companies (Op. Co.) Minimal corp. control | <ul style="list-style-type: none"> Monitor Op. Co. activities Enforcer of rules for Op. Co's. | <ul style="list-style-type: none"> Rules set from C'x'O down Active monitoring from center | |
| Deployment | | | | |
| Areas of Control | Stgy./Infra. Mgmt.  | Op. Co. | Corporate | Corporate |
| | Portfolio Mgmt.  | Op. Co. | Corporate / Op. Co. | Corporate |
| | Project Mgmt.  | Op. Co. | Corporate / Op. Co. | Corporate |

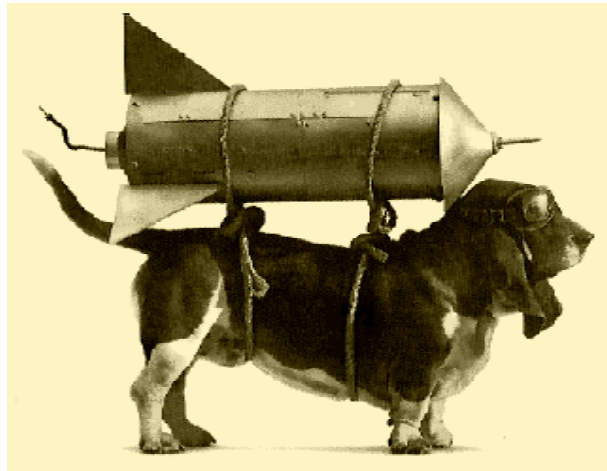
Create a Strong Project Structure and Approach

- **Gain clear executive sponsorship (both IT and business)**
- **Ensure resource commitment, availability, and accountability**
- **Cross functional representation**

Get Wins Along the Way

- **Structure “100 days” sub projects**
 - Go from design to pilot in 100 days to prove the concepts and business value
- **Use the wins to self fund the next phases of the project (or future projects)**
- **Communicate the wins to gain momentum**

Optimize Business Process First



Strapping New Technology On Old
Business Processes Will Negatively
Impact Value

Degree of Process Change

- **Implementing a new system is significant change**
- **People will work differently**
- **Work will flow differently**

| | New System, No Redesign | New System, Rational Redesign | New System, Radical Redesign |
|------|----------------------------|----------------------------------|---------------------------------|
| ROI | Terrible | Good | High |
| Risk | High | Manageable | High |

Optimize Business Processes

- **Structure the design teams around business process**
- **Optimize the process first**
 - If the desire is to implement a “standard application” then ensure everyone understands and accepts the new process
 - Enforce standardization
 - Make the new process visible
 - The only way to do this is to involve the “customers”
- **Use process excellence and six sigma tools where possible (SIPOCS, Voice of Customer, FMEA, etc.)**

Questions & Answers

