

# CIO Update

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## **New Framework Designed to Optimize IT Value**

**By CIO Update Staff**

The Innovation Value Institute (IVI) at National University of Ireland (NUI) Maynooth today announced the launch of the IT Capability Maturity Framework (IT-CMF). The IT-CMF provides a concise management roadmap to optimize business value derived from IT investments. This unique framework has been proven to deliver greater business value from IT while reducing the complexity of IT choices for CIOs.

“I can’t emphasize enough the value of the IT-CMF and how it can enable an IT organization to have intelligent, data-driven discussions with leadership and help solidify future plans,” said Louie Ehrlich, CIO, Chevron, in a press release.

IVI is a consortium of leading industry, consulting, not-for-profit, and academic organizations that has been quietly developing and testing new ways to more firmly align IT investments with business results. Originally formed through a strong link between NUI Maynooth and Intel, the consortium’s more than 30 members are among the world’s leading companies such as The Boston Consulting Group, Microsoft, Chevron, SAP, Northrop Grumman, British Petroleum (BP), and Ernst & Young.

“This unique consortium brings together companies—even competitors—to solve structural problems in the IT industry and profession by sharing their collective knowledge,” said Diane Bryant, CIO, Intel, in a press release.

The main issue CIOs face in today’s recessionary climate is trying to derive greater demonstrable business value from IT spend amid tight IT budgets. While today’s stark economic outlook makes optimizing IT’s value a top priority, there currently is no integrated, standardized framework for making and evaluating investment decisions strategically from a holistic perspective at the corporate level.

The IT-CMF addresses this fundamental problem by providing an end-to-end integrated framework to help the CIO manage the complexities and tradeoffs required to continuously evolve the IT capability in an organization while delivering measurable value. The IT-CMF also enhances the CIO’s role in the boardroom by transforming IT’s results into tangible, agreed upon value.

“IT must establish credibility before it takes a leadership position at the boardroom level,” said Martin Curley, Professor of Technology and Business at NUI Maynooth and Global Director IT Innovation at Intel, in a press release. “Companies typically invest one to five percent of revenue in IT, but without a way to measure and maximize the return from these investments, their IT organizations cannot move from cost centers to value centers.”



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For the first time, the IT-CMF provides an integrated roadmap that:

- \* Unlocks the business value of IT with proven, measurable results
- \* Gives business and IT one common language
- \* Provides visibility into value across the IT organization
- \* Leverages the power of existing best practices
- \* Was tested in the real world at every stage of development
- \* Was developed by a diverse consortium of academic and business leaders

The IT-CMF consists of a five-stage maturity model used to organize and structure a framework for mapping IT improvement efforts. The holistic approach of the IT-CMF is reflected by its four foundational macro processes:

- Managing IT like a Business – shifting the focus from technology and production to a focus on customers and services
- Managing the IT Budget – investing in innovative IT solutions that deliver better value and performance
- Managing the IT Capability – managing IT assets throughout the value chain and developing core competencies
- Managing IT for Business Value – linking IT investments to overall business benefits

In total, the IT-CMF identifies 36 core processes and categorizes them under these four dimensions to cover all activities in an IT department. An assessment of an IT organization's maturity across these 36 processes, together with comparisons to industry benchmarks and best practices, will highlight the company's key maturity gaps and value-creation opportunities.

Using this overall framework, CIOs can help their department's transition from being perceived as a utility or technology supplier to a core competency of the firm that delivers and demonstrates optimized value from investments.

"I firmly believe that IVI is the most promising initiative in the IT world and will provide an industry standard to manage IT for business value," said Ralf Dreischmeier, Partner and Managing Director, The Boston Consulting Group, in the IT-CMF announcement. "BCG is excited to be part of the consortium and to help lead the IVI efforts."

Prof. John Hughes, President of NUI Maynooth, added, "The IT-CMF stands apart from all other proposed solutions because of its development by such a diverse consortium of the world's leading organizations. At every stage of development, the IT-CMF was tested in the real world with one of IVI's partners."

A number of core processes have now been tested by leading organizations including BP, Chevron, SAP, Northrop Grumman and Intel. Each participating organization has reported significant benefits in the optimization of IT and the overall business.



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