ICTs FOR ORGANIZATIONAL TRANSFORMATION

Microsoft. (n.d.). Bing.

Week 8 :

ICT performance management

Otala Abraham
Kumi University- Uganda

Email: abrahamotl@gmail.com

Tel: +256 775- 614-411

Agenda

1.

Flash back of the previous Lecture 7.

2.

ICT performance management

- 1.*Managing the cost of IT*
- *2. Measuring the added value of IT*
- *3. Managing the IT portfolio*

Flash back to the previous Lecture 7

ICT Performance Management

1. **About ICT performance management**
   - Some basic concepts
   - Terminologies Used
2. ***IT Service and IT Service Provisioning***
   - *Structuring IT Services*
   - Defining and Describing Services and Service Structures
   - *Introducing News Services*

ICT Performance Management- Managing Costs for ICT

1. Managing Costs for ICT

ICT is a critical investment for businesses, but managing its cost can be a challenge.

There are 3 key strategies of IT cost management to ensure that most value from ICT budget they include;

1. Understanding IT cost
2. Controlling the cost of IT
3. Focus of IT optimization

ICT Performance Management- Managing Costs for ICT

a) Understanding IT Cost:

This strategy involves gaining a clear picture of how the organization spends on IT. It's like taking inventory of your ICT expenses.

- **Example:** Categorize your IT costs. This could include hardware and software licenses, cloud services, personnel salaries related to IT operations, maintenance costs for equipment, and internet bandwidth fees.

ICT Performance Management- Managing Costs for ICT

b). Controlling the Cost of IT:

Once you understand your IT costs, you can implement strategies to optimize spending. This is akin to tightening your belt after reviewing your budget.

ICT Performance Management- Managing Costs for ICT

Example: Negotiate better rates with vendors for software licenses or cloud services. Implement standardization on software and hardware to reduce licensing and maintenance costs. Evaluate the need for on-premise infrastructure; cloud solutions might be a more cost-effective option for some applications.

ICT Performance Management- Managing Costs for ICT

c) Focus on IT Optimization:

This strategy involves investing in solutions that improve efficiency and productivity, ultimately reducing long-term costs.

Think of it as making smart investments that pay off over time.

ICT Performance Management- Managing Costs for ICT

Example:

- Invest in automation tools that can handle routine IT tasks,
- Freeing up IT staff for more strategic work.
- Implement training programs for employees to improve their digital literacy, reducing the need for external IT support.
- Consider migrating to more energy-efficient hardware to lower electricity consumption.

ICT Performance Management- Managing Costs for ICT

Note

By implementing these three key strategies, organizations can gain better control over their IT budget and ensure they are getting the most value out of their ICT investments.

2. MEASURING THE ADDED VALUE OF IT *Brown, P. B. (2004).*

In today's digital landscape, technology is no longer just a supporting player. Information Technology (IT) has become a **strategic business enabler**.

Understanding its true value is crucial for any organization seeking success.

Measuring the added value of IT

Imagine a company that prides itself on fast, efficient customer service. Their IT department implements a new customer relationship management (CRM) system. ***Just having the CRM is not enough***.

There is need to understand how it contributes to the company's overall value proposition. This session will explore frameworks for measuring the added value of IT investments, using this example and others.

Measuring the added value of IT

Why Measure IT Value?

Simply having IT infrastructure isn't enough. There is need to **quantify the positive impact** it has on the organization's bottom line and overall performance. This allows us to:

- **Demonstrate ROI (Return on Investment):** Justify IT investments and secure future funding.
- **Align IT Strategy with Business Goals:** Ensure IT initiatives directly support the organization's objectives.

Measuring the added value of IT

Optimize IT Resource Allocation:

- Make informed decisions about where to invest resources for maximum impact.

F**ocus on Business Outcomes:**

- Move beyond just technical metrics (server uptime, etc.) Align IT performance with business goals (increased sales, improved customer satisfaction).

ICT Performance Management-

Measuring the added value of IT

How Measuring the Added Value of IT can be done

- **Define Key Performance Indicators (KPIs):** Identify quantifiable metrics that directly tie IT initiatives to business value. Examples: cost reduction through IT automation, revenue growth from e-commerce platform.
- **Track ROI (Return on Investment):** Measure the financial benefit of IT investments. Consider factors like cost savings, increased productivity, and revenue generation.

ICT Performance Management-

Measuring the added value of IT

How Measuring the Added Value of IT can be done Cont.

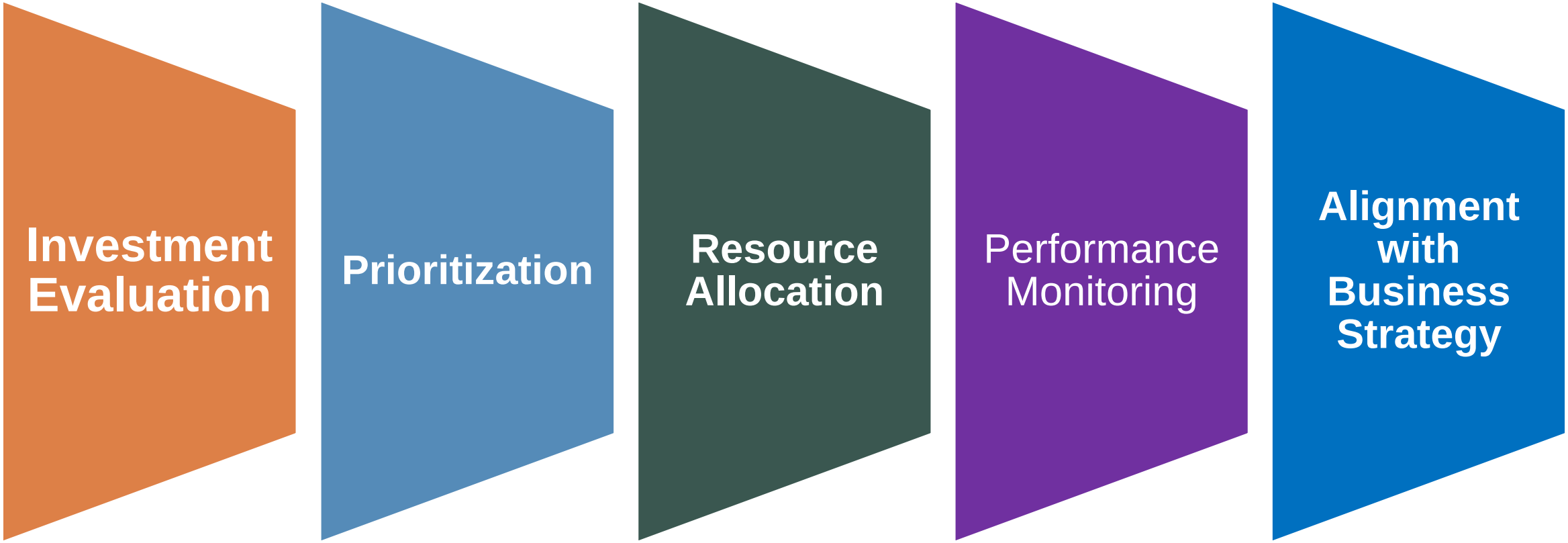
- **Conduct Cost-Benefit Analysis:** Evaluate the financial viability of IT projects before implementation. Analyze costs like hardware, software, and ongoing maintenance against potential benefits.
- **User Satisfaction Surveys:** Gather feedback from internal and external users on the effectiveness of IT systems.
- **Benchmarking:** Compare your IT performance metrics against industry standards or competitor data to identify areas for improvement.

3. IT PORTFOLIO MANAGEMENT.

- IT portfolio management refers to the systematic process of managing an organization's collection of **IT investments**, projects, assets, and resources to achieve strategic business objectives efficiently and effectively.
- It involves evaluating, prioritizing, and allocating resources to various IT initiatives in alignment with the organization's overall goals and priorities.

IT Portfolio Management.

- IT portfolio Management Encompasses a number of aspects which include;.



IT Portfolio Management.

1 Investment Evaluation

Involves Assessing potential IT investments based on alignment with; business objectives, expected returns, risks, and resource requirements.

EXAMPLE

A company weighs investing in a new CRM system, considering its features, potential to enhance customer satisfaction, boost sales, and cut costs, alongside implementation and maintenance expenses.

IT Portfolio Management.

2 Prioritization

Once IT investments are evaluated, they are prioritized based on their strategic importance, urgency, and potential impact on the organization's performance and competitiveness.

EXAMPLE

An organization has multiple IT projects in its portfolio, including upgrading its network infrastructure, implementing a new ERP system, and developing a mobile app. These projects are prioritized based on their strategic importance

IT Portfolio Management.

3 Resource Allocation:

ITPM entails allocating resources, including budget, personnel, and technology, to different projects and initiatives in a way that maximizes value and minimizes risk.

EXAMPLE:

Organization divides IT budget across projects (security, cloud, digital) based on importance and return. Resources (people, tech) follow to support these projects.

IT Portfolio Management.

4 Risk Management

Identifying, mitigating, and monitoring risks associated with IT investments throughout the project lifecycle.

EXAMPLE:

Prior to launching new software, a risk assessment identifies potential issues like compatibility problems, security vulnerabilities, and delays.

IT Portfolio Management-

IT Strategy and Strategic Alignment

a) **IT Strategy;**

It is a high-level plan that outlines what technology investments will be made, how they will be implemented, and how they'll support the overall organization objectives

b) Strategic Alignment:

This is all about making sure that the IT strategy is closely aligned with the broader goals and objectives of the company. In other words, it's ensuring that the technology plans and investments are directly contributing to the overall success of the organization.

IT Portfolio Management-

IT Strategy and Strategic Alignment

IT Strategy and Strategic Alignment Cont.

- The State of IT **demand** and **IT supply** becomes important in achieving strategic goals of an organization.
- Strategic alignment involves matching IT demand and IT supply (*Management grid*) and this becomes a key differentiator for the business or organization.

Note: For the successful management of IT Portfolio it vital to ensure that strategic alignment is done.

IT Portfolio management.

Practical Approaches to the Alignment of Business and IT

Several approaches can foster alignment between business and IT. These include

Joint planning workshops	Bringing together business and IT leaders to discuss strategic goals and identify IT initiatives that support them.
Business capability mapping	Mapping IT capabilities to specific business functions, ensuring clarity on how IT contributes to business value.

IT Portfolio management.

Practical Approaches to the Alignment of Business and IT

Shared metrics and reporting: Refers to the practice of establishing common performance indicators and reporting mechanisms that are used across different departments or functions within an organization.

IT Portfolio Management.-
Demand and Supply

a) Managing the Demand Axis of the IT Portfolio

- The demand axis refers to the intake and prioritization of new IT requests.

Effective demand management involves:

i). Standardized request intake processes: Streamlining how business users submit IT requests for evaluation.

IT Portfolio Management.

Managing the Demand Axis of the IT Portfolio

Effective demand management involves ***Cont*****.**

ii). Project prioritization frameworks: Utilizing frameworks that consider strategic alignment, business value, risk, and resource availability.

iii) Communication and transparency: Clearly communicating prioritization decisions to stakeholders throughout the process.

IT Portfolio Management.

b). Managing the Supply Axis of the IT Portfolio

Refers to the internal resources and capabilities within an organization to deliver IT services and solution. So when managing it focuses on the resources and capabilities. And this includes:

a) Resource management: Ensuring the right people, skills, and technologies are available for project execution.

IT Portfolio Management.

b). Managing the Supply Axis of the IT Portfolio

b) Standardized project management methodologies: Implementing consistent approaches to project planning, execution, and monitoring.

c) Risk management: Proactively identifying and mitigating potential risks that could impact project delivery.

IT portfolio management.

Note

Effective IT portfolio management is a continuous process that ensures IT investments are aligned with business goals and deliver optimal value. By focusing on strategy, demand management, resource allocation, and performance measurement, organizations can create an IT portfolio that drives business success.

Conclusion

- Effective IT Cost Management, portfolio management aligned with business goals shall deliver optimal value.
- By focusing on strategy, demand management, resource allocation, and performance measurement, organizations can create value and drives the organizations success.

Summary

ICT performance management

1. Managing Costs for ICT

- 1. Understanding IT cost
- 2. Controlling the cost of IT
- 3. Focus of IT optimization

2. Measuring the added value of IT

- **Define Key Performance Indicators (KPIs):**
- **Track ROI (Return on Investment)**
- **Conduct Cost-Benefit Analysis**
- **User Satisfaction Surveys**
- **Benchmarking:**

3. IT Portfolio Management.

- **IT Strategy and Strategic Alignment**
- **Practical Approaches to the Alignment of Business and IT**
- **Managing Demand and Supply**

References

1. Wiggers, P., de Boer-de Wit, M., & Kok, H. (2004). IT Performance Management. [Routledge]
2. Brown, P. B. (2004). IT IS Too Important To Be Left To You. *CIO Insight*, *40*.

THANKS