Coming Soon
A Global Gold Standard for IT Management

by Karalee Close and Ralf Dreischmeier

Imagine what life would be like if you could show your business customers and colleagues—be they CEOs, COOs, or CFOs—the precise value in dollars, euros, pounds, or yen that IT has created over the past 12 months. And why stop there? Imagine being able to predict exactly how much future value you could create for your business by improving the way you do certain things in IT. Too good to be true?
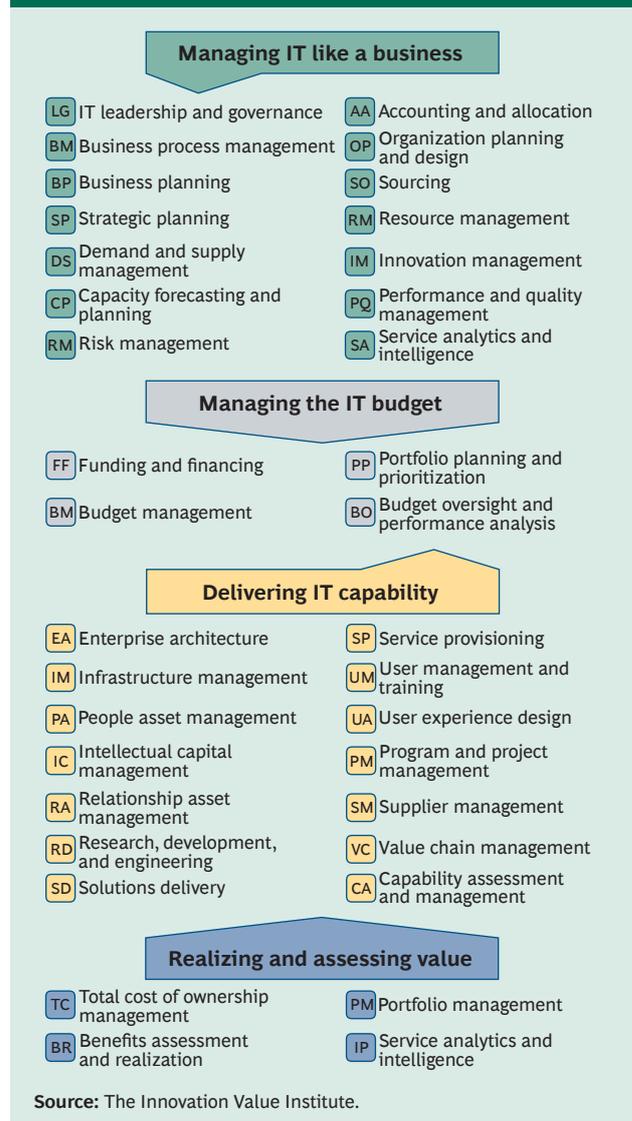
It might sound that way to CIOs and IT managers who find it a challenge to answer this simple question: What is IT's contribution to the bottom line?

Though research has shown that the maturity—by which we mean robustness and sophistication—of IT practices and processes is the key contributor to the creation of business value, there is still no overarching model or framework for assessing an IT organization's maturity or for showing how an increase in IT maturity pays off in incremental value for business. This makes it hard to identify where innovation is needed and which new practices are effective. IT management needs a new model.

The Innovation Value Institute (IVI)—a consortium of more than 40 leading organizations from industry, academia, and the nonprofit sector—is developing such a model: the IT Capability Maturity Framework (IT-CMF). (See Exhibit 1.) The model covers four key dimensions:

◇ Managing IT like a business

◇ Managing the IT budget

◇ Delivering IT capability

◇ Realizing and assessing business value

Exhibit 1. The Model Spans the Full Spectrum of IT Activities

Managing IT like a business

LG IT leadership and governance	AA Accounting and allocation
BM Business process management	OP Organization planning and design
BP Business planning	SO Sourcing
SP Strategic planning	RM Resource management
DS Demand and supply management	IM Innovation management
CP Capacity forecasting and planning	PQ Performance and quality management
RM Risk management	SA Service analytics and intelligence

Managing the IT budget

FF Funding and financing	PP Portfolio planning and prioritization
BM Budget management	BO Budget oversight and performance analysis

Delivering IT capability

EA Enterprise architecture	SP Service provisioning
IM Infrastructure management	UM User management and training
PA People asset management	UA User experience design
IC Intellectual capital management	PM Program and project management
RA Relationship asset management	SM Supplier management
RD Research, development, and engineering	VC Value chain management
SD Solutions delivery	CA Capability assessment and management

Realizing and assessing value

TC Total cost of ownership management	PM Portfolio management
BR Benefits assessment and realization	IP Service analytics and intelligence

Source: The Innovation Value Institute.

In total, the model identifies 36 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. (See Exhibit 2.)

In this unique venture, some major competitors have agreed to collaborate under the principle of open innovation. These include Intel, Microsoft, BP, and Chevron. The Boston Consulting Group is a steering patron and a member of the consortium's board of directors.

Things have moved fast since the IVI was founded in 2006. Already, pilot projects for processes such as enterprise ar-

chitecture, innovation management, and benefits assessment and realization are under way. The consortium's aim is to release these first components of the IT-CMF in February 2009 as part of the official IVI launch.

If you would like to learn more about the IVI's activities, please feel free to contact either of the authors.

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Exhibit 2. Benchmarking Can Identify Opportunities for Investment and Growth

Comparisons can be made in selected areas or across all functions

Source: The Innovation Value Institute.