Bridging the Gap: Enabling IT to Deliver Better Business Outcomes

To contribute to the delivery of meaningful business outcomes, IT needs a solid framework to track and calibrate business processes throughout the IT and infrastructure landscape, as well as to manage and measure key performance metrics “from the business downwards.”

Executive Summary

“Go and sell more” is among the key imperatives of most businesses. But it is a recipe for disaster if we make this a key result area for all functions of an enterprise. The primary reason is that individual/independent interpretations of this outcome, if not orchestrated correctly, can lead the business in multiple, divergent directions.

Business outcomes, hence, are usually easy to define and difficult to implement as an organization grows in size and complexity. The critical cog is the translation of macro-level business outcomes to “bite-sized” outcomes – with appropriate performance measures – at micro levels such as an enterprise unit or department.

As business becomes more IT intensive, it is extremely important that business value is accurately measured, tracked and delivered. IT departments and service providers must be cognizant that business value will differentiate them as valuable contributors to corporate objectives.

In today’s connected world, IT and business must not speak different languages. Typically, IT
measures everything “application downwards,” using metrics such as continuity, availability and performance. IT will sometimes measure from “application upwards,” such as via throughput, usability, etc. These measures are not sufficient for delivering meaningful business outcomes.

To make such meaningful contributions, the IT paradigm must instead begin measuring “from the business downwards.” For this to happen, a solid framework should exist to track and calibrate the business processes through the IT and infrastructure landscape. Once this framework is in place and results can be assessed, IT can see whether an entire application and infrastructure transformation plan, for example, will need to undergo significant transformation. What could emerge is the realization that IT has to solve a totally different set of problems altogether.

This white paper discusses a framework that we call Business Value Management powered by Cognizant BondIT®, which enables IT to align clearly with business objectives and articulate value delivery to business.
CAN’T MANAGE WHAT YOU CAN’T MEASURE

Figure 1 reveals the clear disconnect between what the business expects and what IT delivers. Business success is typically measured by business-oriented KPIs. While there are loads of IT metrics, they often fall short in informing business KPIs through which key decisions are made. These IT metrics are not unimportant; it’s just that they are far removed from business KPIs.

The Business Value Management framework essentially connects IT and business through a series of well-conceived steps that culminate into insights reflecting IT’s contribution to business outcomes. (See sidebar on page 4 to learn how we applied the framework for a life insurance client.)

Cognizant BondIT: Connecting IT and Business Outcomes

<table>
<thead>
<tr>
<th>OUTCOMES</th>
<th>BUSINESS PROCESS</th>
<th>APPLICATIONS</th>
<th>INFRASTRUCTURE</th>
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**Figure 1**

**Begin with Definitions**

The most obvious first step in delivering business outcomes is ... finding them! While it may seem simple to define desired outcomes at the enterprise level, it does not readily translate to next-level outcomes for various departments and functions. For example, a travel logistics company may have a target of increasing the look-to-book ratio; other departments may use metrics and KPIs (some of them can be called business KPIs as well) that may not directly inform or contribute to increasing that ratio. (Quick tip: Ask “So what?” for any metric the individual unit tracks; the number of times you need to ask that question to reach the business outcome is the distance of that metric to the outcome!)

So, when you conceive a business outcome, you also need a framework to create network measurements that reveal business results. This framework is the starting point for defining the metrics that matter. The outcome tree in Figure 2 (see page 5) makes this clear.
Use Case: Aligning IT & Business Organizations on a Common Goal

A large life insurer was experiencing significant delays in setting up annuity contracts. The client approached us to examine and enhance its business and IT capabilities. Leveraging our proprietary Cognizant BondIT framework, we performed an in-depth analysis of its infrastructure, applications and processes. This all-inclusive approach helped identify multiple bottlenecks that existed at various points in the process and IT ecosystem.

Proposed benefits include:

- Time reduction in contract setup from ~23 days to ~11 days.
- Reduction of not-in-good-order (NIGO) applications from 80% to 50%.
- Wait time reduction of three days.
- Time reduction of 80% to process each signature.
- 100% elimination of paper-based applications that involved manual intervention.
This tree (above) helps identify the subprocess-level goals. These will be local rather than broad-based. The outcomes typically are driven through a set of applications, business operations and tools.

The next step is to build a service tree map connecting all these components. The direction necessary to realize the business outcome will become much clearer once the key actors and activities are mapped out, which will reveal who is accountable for what action. Also, this is the first step in discovering why your organization may be measuring its IT service delivery against the wrong set of SLAs!

**Then, Calibrate**

The next step is to calibrate business volume into the IT and process landscape. The calibrated framework will facilitate an “MRI scan” of business process execution through the applications and various process sub-steps. The framework enables this in various ways, based on the degree of automation used in this business process. For a heavily automated business process, a digital footprint diagnostic (an automated technique to analyze business processes and their related complexities using business transaction data of underlying business applications) will suffice. For a heavily manual process, however, process mining (analyzing business transactions using offline or online tools) will also be required.

A sample footprint diagnostic and process mining report are illustrated in Figure 3, next page.

A composite diagnostic report will clearly identify the red spots (i.e., flows with bottlenecks) and white spaces (gaps in the flow). Once you diagnose the problem, 50% of the journey is...
complete. We have seen situations in our client engagements where we would tune an application to increase throughput, but later realized that building a small utility in the white space is more effective - that is, after we saw the diagnostic report!

The remaining part of the journey is straightforward. IT organizations need a transformation roadmap (see the sample depicted in Figure 4, next page) to fix the portfolio and deliver the desired outcome. This can involve tuning an app, developing a new productivity tool, retraining operations team members, upgrading a new server, etc.

**Lastly, Industrialize**

The transformation plan will inform how your organization delivers the business outcome, but may not address the sustenance part of the equation.

A typical SLA framework will not be sufficient to govern and sustain business process performance. A business process SME layer will need to be built (see Figure 5, next page) into the service management office to ensure that the vision is translated into the nuts and bolts of the execution.

The SLA model will then be a matrix of outcomes for each service line, leading to delivering and sustaining the desired business outcomes.
The integrated service governance layer will address the service levels of individual service lines - application, infrastructure and business processes. It’s also important that these changes are evangelized at various levels to ensure greater awareness. While an IT organization may have a strong SLA model and a very connected outcome model, it is still extremely sensible for individual service owners to understand the overall business outcome.

The next step is to build intelligent dashboards to monitor business events as activities that transcend IT. Even business events such as relocating geographically or complying with new and tougher regulations become key triggers to monitor.

Sustaining Change, Delivering Business Results

IT and Business Outcomes (Correlated)
LOOKING FORWARD

After the framework is in place, the final, crucial action is value articulation. This is critical because such expression is often overlooked during business-outcome-based modeling. Your organization has accomplished something that has created value, so IT leadership needs to make sure that the business provides feedback on this model. It must ensure that it receives anecdotal references from the business and gathers evidence of what value has been delivered. This needs to be articulated well and passed on to the key stakeholders as success stories.

• Try to find the reason for the existence of your current SLAs and KPIs – the 5 Whys technique will help.
• Pick up the KPIs that are critical to delivering business results and identify the applications that drive them.
• Initiate the conversation with business stakeholders to define the relevant business outcomes with the help of identified KPIs.

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Srinivasan Thiagarajan (Srini) is the Chief Technology Officer within Cognizant’s Application Value Management Services Practice. With over two decades of IT work experience, he has played numerous roles across delivery management, account management, business consulting and general management. In his present role, with his team of consultants, Srini articulates, designs and implements models that help companies embrace next-generation application value management strategies. He has a master’s degree in engineering and in computer science from Birla Institute of Technology and Science, Pilani. Srinivasan.Thiagarajan@cognizant.com.
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