



6635 Hampton Creek Drive, Cumming, GA 30041 • 678.947.5997 • rdbrown@incitedecisiontech.com

Giving You Confidence to Decide

Improving Value and Reducing Risk of Important IT Decisions

Investors decide where to allocate capital in risky environments to make a return. But "...the one risk no investor [or manager] can ever eliminate is the risk of being wrong."ⁱⁱ

Incite! Decision Technologies helps you allocate capital resources most effectively to reduce the risk of being wrong.

The Problem

Business managers have long realized that information provides competitive advantage, and that Information Technology can be the conduit that provides that informative advantage competitively, if IT is done right. Unfortunately for business managers who rely on IT support, Bryan Maizlish and Robert Handler reportⁱⁱⁱ the following statistics related to IT initiatives.

- 72% of projects are late, over budget, lacking in functionality, or never delivered
- 50% of projects could realize desired value with 50% of cost
- 52% of IT projects realized strategic value
- 7% of IT budget can be correlated to new benefits

Naturally, the following questions ought to arise: What are the causes of these dismal outcomes? What can be done about it? If something can be done about it, what is the value of doing so?

The causes of the frequent failure of IT initiatives to realize value boils down to failures in or lack of development of the following critical capabilitiesⁱⁱⁱ

- Prioritization and alignment of IT initiatives with the corporate vision
- Balanced IT investments across business units
- Pragmatic cost and risk-control mechanisms
- Structured decision making processes
- Flexibility to reassess and re-balance priorities
- Adherence to mandated compliance and regulatory requirements

What can be done about it? There clearly exist multiple opportunities for organizations to achieve competitive advantage by implementing a healthy benefit-risk assessment and portfolio management culture and by adopting the tools required to support it. **The value** of implementing such a culture and system is that the organization becomes a high-performance organization, consistently achieving desired outcomes related to improving shareholder value and other key objectives. According to Thomas Blomquist^v, "...high-performing organizations apply dedicated portfolio management processes and tools...to address the requirements stemming from the complexity of the organization's environment and the types of projects executed. This is not the case in low-performing organizations."

The Solution

Incite! Decision Technologies provides the tools and frameworks that help IT organizations develop and cultivate the six critical capabilities required to properly leverage IT investments to achieve competitive advantage and high performance. We provide this through three integrated services – **Strategic Risk Assessment, Project Evaluation, and Portfolio Management System** – that are each supported by our **Advanced Decision Framework**.

Advanced Decision Framework

The Advanced Decision Framework is a structured decision making process that incorporates managers' intuition together with a structured quantification of costs, benefits, and risks to properly assess opportunities and threats. The Advanced Decision Framework ensures that each initiative that an IT department considers

- Submits to proper framing to take into account and document the actual problem or opportunity at hand
- Communicates organizational goals and objectives
- Explores the effects of uncertainty and complex interactions on the organization's ability to achieve the goals and objectives
- Develops a measurable execution plan for success

The Advanced Decision Framework is the glue that binds our three services together.

Strategic Risk Assessment

The Strategic Risk Assessment provides an initial high-level view of the threats and opportunities facing an organization. Through it, business leaders use a modified form of the Advanced Decision Framework to

- Catalog the risks and uncertainties of the *enterprise*
- Quantify and prioritize those risks that have the greatest impact
- Create insights to guide decision-making to address critical risks

Project Evaluation

Once an IT organization identifies a problem or opportunity that needs to be addressed, the Advanced Decision Framework provides a structured means to assess an appropriate set of alternatives and their economic value for each project considered and gain deep insight into the effects of uncertainty on project outcomes. One of the most powerful benefits derived from this uncertainty analysis is the cost one should incur to clearly identify the best solution from the next best one (value of information) and to achieve the desired outcome (value of control). Using these measurements and other tools within the treatment of uncertainty gives managers the ability to create robust hybrid solutions that mitigate identified risks and capture previously unrecognized opportunities.

Portfolio Management System

The Portfolio Management System is an application that provides a periodically refreshed enterprise view of all the current and considered IT project initiatives. With our system, program managers take the insights gathered from the Strategic Risk Assessment and individual Project Evaluations to

- Implement the valuable projects aligned to goals and risk tolerances
- Optimize efficiency of allocated resources within budget constraints to maximize ROI
- Monitor projects' value projection for retention or pruning

Identifying Opportunities

We recognize that your organization employs many skilled and talented people. However, problems still arise while trying to find appropriate solutions to many vexing problems. The issue is not whether you have the talent but how well you communicate with team members to coordinate that talent.

Incite! can help your company deliver greater value in situations where you

- Have difficulty agreeing on and clearly articulating what the opportunities really are
- Have not made, or are having trouble making, critical decisions
- Tend to make technology or cost-substitution-driven vs. value-driven decisions
- Face situations that possess a high level of uncertainty, require a large investment, or risk of failure is high with numerous complex implications
- Struggling to obtain key stakeholder acceptance for suggested solutions

In the process of identifying opportunities, the following considerations will help guide which of *Incite's* service offerings might best address a given situation.

<u>Situation</u>	<u>Possible solution approach</u>
• Struggling to quantify the costs and benefits of the project	⇒ Strategic Risk Assessment, Project Evaluation
• Not clearly identifying & prioritizing the key success or risk factors	⇒ Strategic Risk Assessment, Project Evaluation
• Difficulty communicating the benefits to the organization	⇒ Strategic Risk Assessment, Project Evaluation
• More budget-driven than value-driven in IT project evaluations	⇒ Portfolio Management System
• Difficulty prioritizing IT projects	⇒ Portfolio Management System
• Difficulty balancing risks, benefits, and resources of IT projects	⇒ Portfolio Management System

i Benjamin Graham, mentor to Warren Buffet.

ii Maizlish, Bryan and Robert Handler. IT Portfolio Management: Unlocking the Business Value of Technology. Hoboken: John Wiley & Sons, Inc., 2005.

iii *ibid.*

iv Blomquist, Thomas. "Practices, Roles, and Responsibilities of Middle Managers in Program and Portfolio Management." Project Management Journal (March 1, 2006)