



White Paper

Business/IT Alignment: The ALM Weak Spot.

Lack of an adaptive product management process.

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Abstract

Numerous studies over the years have shown that achieving Business/IT Alignment can lead to a unifying direction for a company, better leveraging of IT, improved communications, more efficient allocation of resources and increased competitive advantage. Yet, other studies reveal that only a minority of companies actually achieve some level of alignment between their business and their most strategic weapon, technology. This paper addresses the alignment issue from an application lifecycle management (ALM) perspective and points out the need for an adaptive product management process that provides both vertical and horizontal alignment for developing products, systems or services.

Background

The concept of Business/IT Alignment (BITA) has been with us for almost 50 years. It was taught in business schools back in the 1960's and became a burning issue for CIO's in the 1980's when business re-engineering was the latest "silver bullet". In the 90's it was the number one reason for keeping CIO's awake at night, and it continues to be a challenge for most companies in the 21st century. Numerous studies over the years have shown that achieving Business/IT Alignment can lead to a unifying direction for a company, better leveraging of IT, improved communications, more efficient allocation of resources and increased competitive advantage. Yet, other studies reveal that only a minority of companies actually achieve some level of alignment between their business and their most strategic weapon, technology. Rather than rehash what others have already written about the alignment challenge, it is time to address this issue from an application lifecycle management (ALM) perspective. As product/project managers or systems engineers, one of the barriers to achieving Business/IT Alignment within organizations is the lack of an adaptive product management process that provides both vertical and horizontal alignment for developing products, systems or services that meet the needs of our customers.

The Challenge

Before discussing what is meant by an adaptive product management process, let me explain what I mean by vertical and horizontal alignment. In their book, *Power of Alignment*, Labovitz and Rosansky describe two types of alignment that must be present for an organization to be effective and efficient. Vertical, or top-down, alignment occurs when your employees truly understand the organizational goals of the company and their individual role for achieving them. This can be better described with a story.

A man piloting a hot-air balloon discovers he's wandered far off course and is hopelessly lost. He descends to a lower altitude and locates a man down on the ground. He lowers the balloon to within hearing distance and shouts, "Excuse me, can you tell me where I am?"

The man below says: "Yes, you're in a hot-air balloon, about thirty feet above this field."

"You must work in information technology," says the balloonist.

"Yes, I do," replies the man. "And how did you know that?"

"Well," says the balloonist, "what you told me is technically correct, but of no use to anyone."

The man below says, "You must work in management."

"I do," replies the balloonist, "how did you know?"

"Well," says the man, "you don't know where you are, or where you're going, but you expect my immediate help. You're in the same position you were before we met, but now it's my fault!"

The balloonist has strayed off course and turns to the technologist for help to solve his dilemma. Since the technologist does not know where the balloonist is going, he can only respond to what he knows, which is where the balloonist is this very moment. Hence both parties depart questioning the value of the other. This type of tension occurs when there is a lack of definition and commitment to an overarching goal that business and IT truly understand. It makes strategic or vertical alignment impossible.

At the same time vertical alignment cannot stand alone and must be supported by a horizontal alignment strategy. Horizontal alignment within the organization is achieved when processes and infrastructure are aligned to meet the real needs of the customer. Once the balloonist and the technologist have achieved both horizontal and vertical alignment, they both know where they are going and why they need to get there and can work together to develop the process and the resources required to achieve their overarching goal.

Turning to the evolution of ALM over the past half century, one of its goals has been to bring about both vertical and horizontal alignment. Great strides have been made on both fronts. Vertical alignment has evolved from the strategic and tactical battlefields of Sun-tzu, through corporative environments of W. Edwards Deming, and most recently to open product innovation. At the same time, vertical alignment has evolved from within the value chain by recognizing and aligning more activities as they assume a supporting role of product management, both internal and external to the company.

Horizontal alignment has evolved from a waterfall development approach to an agile or lean manufacturing process. The horizontal alignment evolution has also seen strategic planning activities becoming an accepted part of the primary activities within product management. For many companies Product Management is seen as strategic. But research tells us that this has not been enough, and most companies are still out of alignment. The essence of the problem lies in developing vertical and horizontal strategies that are in and of themselves not aligned. Instead of looking at the problem of alignment from a holistic approach, today's business strategies and product management methodologies continue to remain organizational silos of tension. Tension that restricts alignment.

Tensions Within ALM

There are a multitude of tensions associated with application lifecycle management, but let's narrow the focus to two key areas: monolithic ALM processes and software-as-a-service (SaaS). In efforts to tweak development processes to be more efficient and effective, we have created monolithic processes that are not adaptable to rapidly changing markets. Hence we see development teams screaming for "light" or agile processes to help deliver products in "webtime".

Tension also increases as more and more organizations realize the benefits and value of implementing a SaaS strategy. Where originally we saw initial SaaS offerings to be simple and modular, now we see them evolving into monolithic applications. Salesforce.com is a good example. If you compare the functionality initially offered by Salesforce.com to what it looks like today, you see it becoming very much like the leading non-SaaS CRM systems it was intended to replace.

Monolithic processes and monolithic applications result from us taking new concepts and reverting back to our "comfort zone" or old ways of thinking about how processes and systems should work. If we continue down this path application lifecycle management will never deliver on its promise.

A Holistic Approach

So what would a holistic approach to alignment look like? To begin with, it would provide a platform for both vertical and horizontal alignment. It would be based on a 3-legged overarching goal that allows companies to: (1) anticipate market problems, (2) cultivate business opportunities, and (3) innovate product solutions. At its core would be Michael Porter's value chain. To ensure vertical alignment each process in the value chain would be linked to a business driver. To achieve horizontal alignment each process would address the alignment of business, people, process and technology. At the same time the process would be adaptive, modularized, actionable and measurable. This approach to vertical and horizontal Business/IT alignment is what Ryma refers to as the Adaptive Product Management (APM) process. Let me explain further.

Innovation: There are many definitions of innovation. Intuitively most believe there should at least be a correlation between innovation and new creative products. Out of the many formal definitions of innovation that exist, Ryma has found the intersection of these definitions to be simple enough. Innovation is, at a minimum, "The process of delivering increased value to the user through the implementation of new concepts". APM is all about delivering increased value to all participants in the development process.

Business Drivers: Business drivers are the source of vertical alignment for the APM process. There are five ways an IT organization can add value to a business: increasing revenue, increasing sustainability, increasing efficiency, and reducing cost and risk. Increasing revenue is

a no-brainer for e-commerce organizations. However, many IT organizations do not engage with external customers, yet they may still drive revenue increases. From an IT perspective increased sustainability is usually associated with the sustainability of “cash cows” or service level agreements. Reducing costs has to do with doing more with less. It is closely tied to the other drivers and is almost always in opposition with increased sustainability. Reducing risk is almost always in opposition with reducing costs. The common fallacy is that most of the time it (reducing risk) seems to be in opposition with the increase efficiency driver, but normally they work together. The challenge is to have balance among all 5 value drivers. With proper balance, efficiency leads to effectiveness. But business drivers do not stand alone. They must be aligned with people, process and technology.

Alignment of Business, People, Process and Technology: Just as the four tires of a car work together to move in a straight line, so can people, process and technology, when aligned to the business drivers keep the company on the right course. Consider how your car’s tires are aligned. Each tire is aligned to the drive wheel, or in our case the business driver. Just like the car that is in alignment, when business drivers, people, process and technology are aligned, there is minimum resistance, wear, and cost. Organizations that are aligned seem to achieve their business objectives almost effortlessly. But have you ever seen a car driving down the street with a wobbly wheel? You can’t but help to notice the resistance to the road and if you stopped to check the tires you would see the wear and the cost associated with replace them. Not to mention how much confidence would you have in its ability to safely get its occupants to their ultimate destination?

Adaptive: Adaptive processes seem to be in opposition to a holistic approach, and they certainly can be. The challenge is finding a way so they are not. Ryma has found the answer buried in the concept of homogenous solids. It is analogous to a cake mix. The separate ingredients are all mixed together into one inseparable batter. No matter how small the sample, the batter tastes the same. After the batter is mixed, some may want to add cherries, or chocolate chips. It is at this point we lose the homogenous nature of the batter.

We have found that business processes are a lot like this. There needs to be a common batter among all product development processes. But there are also a few “cherries and chocolate chips” that cause differences between the separate activities. The fundamental principle of Adaptive Product Management is to recognize the ingredients of the batter that are the same in every activity, no matter how small. Maintain these with a holistic view, and at the same time add and subtract the “cherries and chocolate chips” when appropriate.

Modularized: To be adaptive, processes also need to be modular, meaning they must be complete and standalone. Each process must follow the rules of encapsulation providing a “plug and play” capability. Each process module must also be flexible enough to be part of a network of related process modules. As each process module is added to the network, Metcalf’s Law tells us that the value of the network is increased exponentially. As companies implement additional modules of APM, the value of their APM network exponentially increases.

Actionable: For processes to be adaptive, someone needs to monitor and know when to adapt. Having the authority to adapt and not the power to adapt is not adaptive. To empower adaptiveness, adaptive processes must have metrics that indicate when a process needs to change, how much change needs to happen, who to call to start that change, where does the change have to start, when will the change be complete, what resources are needed for the change, and what will be impacted by the change. Within the APM each process module or micro-process has key process indicators (KPI's) that can be monitored to determine how to address change.

Summary

So how does the story of the balloonist and the technologist change when an Adaptive Product Management process is used? First, both parties have a clear understanding of the overarching goal and the business drivers. Business and IT also understand their roles and responsibilities associated with achieving the goal. Business, process, people and technology are aligned horizontally and Business/IT Alignment is achieved. Could the balloonist still get off course? Yes, but now the conversation would go something like this:

Balloonist: "Excuse me, can you tell me where I am?"

Technologist: "Yes, you're about half way to your destination, but you are off course by an eighth of a mile.

Balloonist: Okay, thanks.

Technologist: But wait, here's a GPS that will get you quickly back on course. Also, there's a tail wind at 6,000 feet that will reduce your fuel consumption and will increase your speed by 5 knots. You are also running low on propane so here's an extra tank that will get you to our destination.

Balloonist: Thanks again. But why did you say "our" destination?

Technologist: Well you and I are supposed to work together. We both have the same goal to get you to our destination. Also, I understand my role and have the processes and resources to achieve our common goal.

Balloonist: Alignment is a great thing when it works!

Ryma's Adaptive Product Management methodology is the key to bringing alignment within a company's ALM process. For further information about APM, please contact me @boldtl@rymatech.com

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