THE NEW IT VALUE PROPOSITION:

Focus on Business Process Optimization, Not Cost Cutting

A report prepared by
CFO Research Services
in cooperation with Novell

CFO RESEARCH SERVICES

Novell.

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ABOUT THIS REPORT

In August 2003 CFO Research Services, a unit of CFO Publishing Corp., launched a research program in the United States and Europe to determine how chief financial officers (CFOs) view and value the contributions made by information technology (IT) systems, technologies, and personnel within their organizations. The tested criteria included the impact of IT on business strategies, revenues, productivity, costs, and compliance with regulations.

This report summarizes the findings of a survey of 32 U.S. and 18 European senior financial executives about their views on the value of IT. Eight out of ten respondents to the survey were CFOs, finance directors, controllers, treasurers, or other senior financial executives; the remainder held other titles, including chief executive officer (CEO). The majority of survey respondents work for corporations with more than $500 million in annual revenue; one third represent companies with more than $1 billion in revenue.

In addition to the survey, CFO Research Services interviewed 15 senior financial executives of large and midsize companies in the United States and Europe to further understand their views on the value of information technology. The following organizations participated in the interviews and agreed to be cited:

- Alberto-Culver
- AventisPharma
- Bechtel Civil
- Guaranty RV
- Invacare
- Johnson Outdoors
- Manchester United
- Minerals Technologies
- Plymouth Tube
- Publishers Clearing House
- Ryanair Holdings
- Safety-Kleen Systems
- Scientific-Atlanta
- TPG
- United Concordia Companies

Funding for the research and publication of our findings came from Novell Inc., which provides secure identity management, Web application development and cross-platform networking software, and consulting services.

CFO Research Services conducted this research independently. The executives contacted as part of the research were identified based on their prior attendance at a financial leadership conference sponsored by *CFO* magazine. Researchers from Triangle Publishing Services Co. supported CFO Research Services by assisting with development of the E-mail questionnaire, conducting 15 telephone interviews, writing, and editing this report.

The authors and researchers of this report, Evan Schuman and Paul Tate, and the CFO Research Services team are grateful to the CFOs and other executives who contributed their time and insights.

ONLINE VERSION AVAILABLE

This research report is available online at www.novell.com/nsure/cfo

RESEARCH SUMMARY

- 92 percent of finance executives responding to the survey said the most significant contributions of IT are the improvement of business processes, increased efficiency, and gains in productivity

- 42 percent said top-line impact, either revenue growth or product/service differentiation, is a significant contribution of IT

- Better customer service, greater agility to adapt to changing business conditions, and stronger IT security are the key business goals driving future IT investments, according to more than 70 percent of the finance executives

- 64 percent are dissatisfied with the IT used for management decision-making—either it needs improvement or it is unsatisfactory

- The lack of business systems integration and the subsequent frustrations faced by executives seeking enterprise-wide information are the primary pain points of more than 6 out of 10 top managers today

- Despite almost two decades of efforts to better align IT and business strategies, almost half of the survey respondents said alignment is weak, at best

- 40 percent of CIOs report to the CEO, but many CFOs said that type of organizational structure may not encourage better alignment of IT and business strategies

- Web-based communication, data exchange, and collaboration *among employees* are a higher priority than Web-based communication, data exchange, and collaboration with *external partners,* in part because of data and systems security concerns

- However, more than 6 out of 10 CFOs predict their organizations will be using Web-based software and applications in the near future to provide information and services to employees, suppliers, and customers, despite concerns about security and incremental systems costs

INTRODUCTION

Information technology (IT) matters more than ever. Contrary to a recent controversial article in *Harvard Business Review* claiming that IT doesn't matter, chief financial officers (CFOs) and other senior executives now view IT as a strategic resource for the entire enterprise. Computers, software, and networks are deemed as providing the essential foundation for business sustainability and growth.

Historically, the role of IT was limited to a replacement for labor. Financial executives now view technology as providing managers with tools not to just improve transaction processing and employee productivity, but to enhance non-routine business processes, nurture intellectual capital (such as decision-making prowess), and differentiate their products and services. In addition, more CFOs today are convinced of the solid link between IT investments and revenue generation—pointing to burgeoning revenues from online purchases by consumers and businesses via the Internet. Finally, CFOs have come to appreciate the less tangible returns, such as a tighter supply chain or higher customer satisfaction, that online interactions make possible. According to our survey and interviews, CFOs see that investments in electronic business finally are generating dependable streams of fresh cash and other benefits.

More business units also are finding themselves growing fiercely dependent on technology. Many large industries—including financial services, the airlines, construction, and biotechnology—today are totally reliant on computers, software, and high-speed networks to create and deliver their products or services. American Airlines, Goldman Sachs, FedEx, and a host of other leading companies have become leaders in their industries in part because of their adoption and dependence on technology. In addition, the high-tech industry itself is entirely dependent on the products it has created—most of the orders received by Cisco Systems Inc. of San Jose, California, come via the Web.

Furthermore, many CFOs and their C-level colleagues (chief executive officer, chief marketing officer, and chief operating officer as well as chief information officer) view IT as part of the solution to regulatory challenges, such as complying with the U.S. government's Sarbanes-Oxley Act of 2002, banking document retention rules, and voluminous Food and Drug Administration (FDA) regulations. With the call for greater transparency and controlled access to corporate financial records now reaching all large global corporations, CFOs in the United States and Europe can be expected to look to IT for help in improving enterprise-wide performance forecasting and reporting capabilities as well as complying with privacy and other data-protection provisions around the world.

But as the role of IT has increased, so has CFOs' frustration with its shortcomings. After more than a decade of promises that new technologies will interconnect systems seamlessly to provide enterprise-wide performance data, financial executives reported that a lack of integrated management systems still plagues their organizations. The lack of integration, or the use of tools to bridge the gaps effectively, has resulted in suboptimal information access and distribution. Indeed, the integration problem and its symptoms reflect the persistent lack of alignment between IT and business strategies.

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Another key problem retarding some organizations from fully realizing the value of their IT investments is security. Fear of accidental disclosure—as well as facilitating malicious and destructive access by external and internal parties—makes many CFOs reluctant to fully embrace the opportunities that accrue if they open their resources to remote employees, customers, and partners.

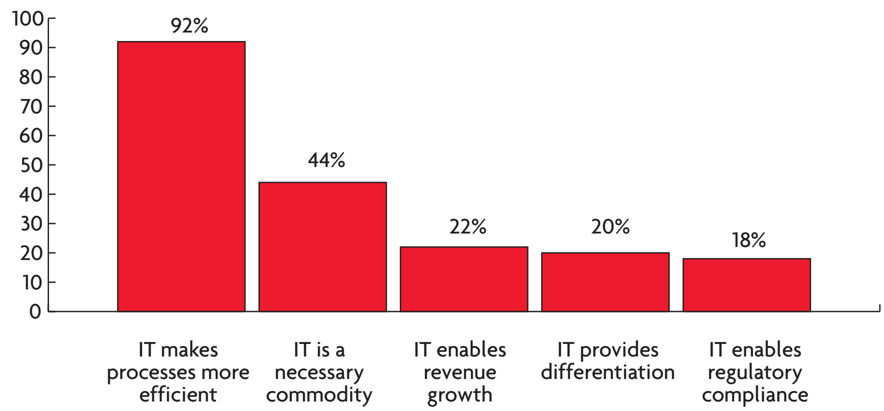
Our research also found that some leading-edge organizations have adopted technologies and processes to overcome these challenges. Innovative CFOs, CIOs, and other top executives are advocating closer alignment of their business strategies and IT operations. Closer alignment—and the judicious use of technologies—is enabling internal and external collaboration and therefore helping financial executives extract additional value from IT investments.

OPPORTUNITIES ABOUND

It has become an article of faith for CFOs that the value of information technology is more than its ability to substitute fixed capital for labor expenditures. Improvements in business processes—tracked using both financial metrics such as marketing costs and non-financial metrics such as on-time deliveries, which drive customer satisfaction —are the most significant contributions of IT, according to almost all of the CFOs who responded to the survey. As Figure 1, "IT Value to the Top and Bottom Lines," shows, the improved efficiency of IT-enabled business processes far exceeds the significance of other IT contributions, such as its use as a platform for providing basic functions. Equally compelling is the answer CFOs gave when asked to name the second most important role of IT: Almost half said IT is a necessary commodity—"IT makes the factory go"—while others cited revenue growth or competitive positioning.

Figure 1: IT Value to the Top and Bottom Lines

The vast majority of CFOs said the most valuable role of IT is boosting process efficiency.
(% of respondents selecting up to two options as the most significant contribution of IT)



Source: CFO Research Services

Frequently, improving a business process requires the use of technology tools and techniques that enable collaboration among far-flung employees. Roughly 60 percent of the survey respondents noted that employee collaboration is one of the most important business goals driving IT investments through 2004.

A global network of computers linked by a private segment of the Internet has provided an "astronomical" improvement in the design process.

An example of how IT provides dramatic value in this manner comes from Bechtel Civil, the London-based unit of the large building and construction company. A global network of laptop and desktop computers and servers linked by a private segment of the Internet has provided an "astronomical" improvement in the design process, according to vice president and CFO John Wallace. He linked productivity gains from being able to parcel out projects around the world, essentially leveraging time zones—following the sun—to being able to deliver projects on time.

"We designed and built a power project in China, but where the design was being done in Maryland and New Delhi, and it was all linked through our own Web network," Wallace said. "We were able to trade files back and forth, so the guys who were working on it in Maryland passed it to the guys in New Delhi, so that when the guys who were working on it in China arrived at work, they had the revised design and were able to install it. It was pretty incredible."

Other CFOs and their organizations see yet another opportunity to extract value from IT. Almost a quarter of the survey respondents said the ability of IT to grow revenues is its most significant contribution; 20 percent said differentiation is the most significant contribution of IT.

The notion that IT actually can create revenues, or have a clear and dramatic impact on existing revenue streams, is a relatively recent concept. The rise of Amazon.com and other Web-based businesses have shown investors and operating managers that judicious investments in IT can yield revenues and profits.

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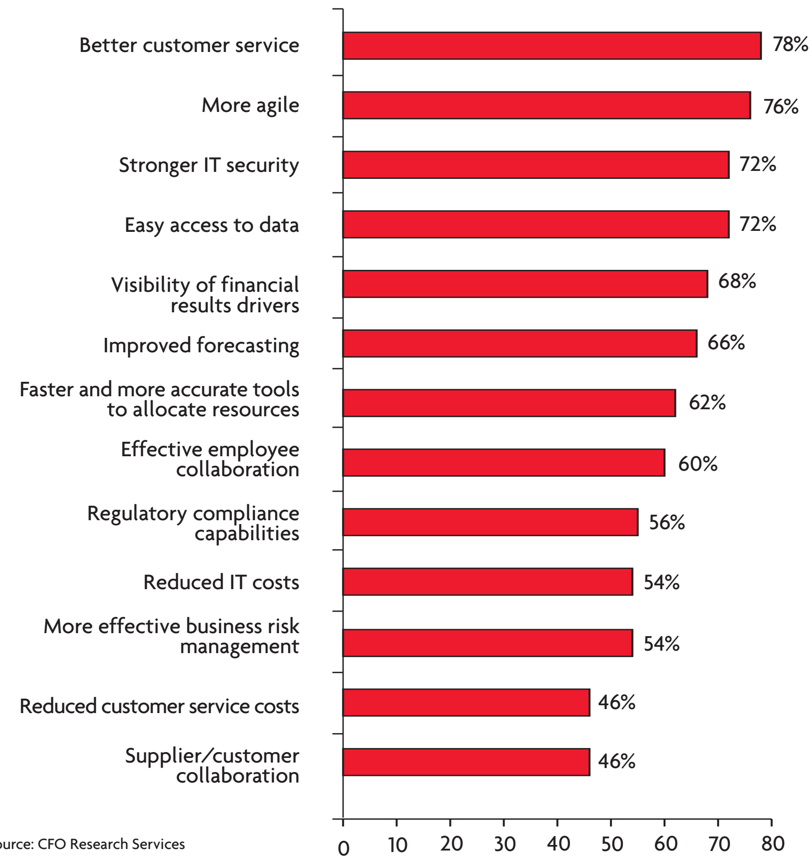
For Howard Miller, CFO of Ryanair Holdings Ltd., the Dublin-based airline with approximately $1 billion in revenues, IT is the core of the business. Almost all (94 percent) of Ryanair's 23 million yearly passengers buy their tickets online. Therefore, Miller sees dramatic revenue growth from increasing Ryanair's IT capacity. "At the moment, we can have 200 people booking tickets online at exactly the same time. And we want to increase that by a half, so we can have 300 people simultaneously pressing that 'Book Now' button," he said.

Improving the online experience of customers is not limited to a few Web-based companies such as eBay or Web-dependent companies like FedEx and Ryanair. Most companies view improving customer service primarily as an IT–based task, one that provides increased revenue and reduced costs. Indeed, better customer service is the top business goal driving IT spending (see Figure 2, "Service, Agility, and Security Driving IT Investments").

Figure 2:Service, Agility, and Security Driving IT Investments

CFOs ranked improving customer service, agility, and IT security as their primary business goals for IT investments for the next 18 months.

(% of respondents ranking each business goal either 1 or 2 priority)



Source: CFO Research Services

Sometimes, improving customer service is not a choice, but a mandate. Almost three decades ago, General Motors Corp. of Detroit ordered its key suppliers to use an electronic network to submit invoices and other transactions if they wanted to keep the giant automaker's business. The customer promised its suppliers significant productivity gains and cost-cutting potential from electronic data interchange (EDI) and other replacements for paper-based processes, and that carrot-and-stick approach has become a widespread tactic ever since.

Retail giants Wal-Mart Stores Inc. of Bentonville, Arkansas, and Walgreen Co. of Deerfield, Illinois, for example, are strongly encouraging their suppliers to adopt new supply chain technologies. Andrew Langert, CFO for a unit of $3 billion Alberto-Culver Inc. of Melrose Park, Illinois, said responding to these initiatives "is the highest priority because of the importance of the manufacturer-retailer relationship." The company makes shampoos and other consumer health and beauty aids.

Wal-Mart has asked its leading suppliers to equip each box and pallet with a new wireless inventory-tracking device, called radio frequency identification (RFID). These tiny chips require new sensors, hardware, and software for tracking, and they must be integrated with existing inventory and warehouse management systems.

Mandates from various governments, such as the corporate financial reporting and governance reforms of Sarbanes-Oxley in the United States, can be viewed as an opportunity to wring more value from IT. Properly set up and managed, enterprise resource planning (ERP) and business intelligence systems augmented with security tools can provide the type of data and financial controls required under these laws. More than half of the survey respondents said regulatory compliance is a key business goal of their IT investments.

Paul Lehmann, the CFO of recreation products manufacturer Johnson Outdoors Inc. of Racine, Wisconsin, said Sarbanes-Oxley raises a key IT issue for his staff. "The certifications required by the law require public companies to focus more attention on data integrity and the control processes that preserve data integrity within their underlying systems," he noted. "This makes a tighter focus on IT controls a key element of overall financial control. We're in the midst of assessing what additional steps we must take within our IT environment to address this need."

A European CFO said that IT "is one of the tools the CEO can use to keep himself, and the whole management team, out of jail."

OBSTACLES PERSIST

Mandates from various governments can be viewed as an opportunity to wring more value from IT.

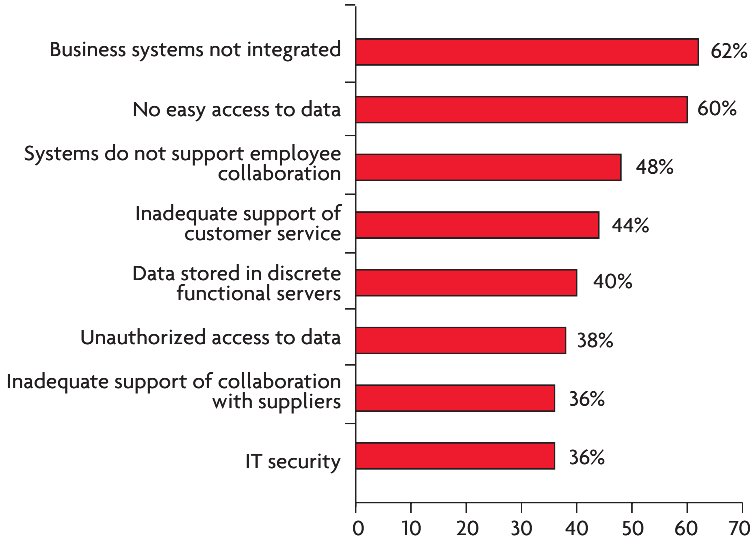
Just as tough customer demands and regulatory pressures are perennial challenges for CFOs and other senior executives, extracting value from IT is a never-ending struggle. The problem is not the failure of particular software or hardware to live up to its promises, but the inability of organizations to integrate the hardware, software, and networks in such a way as to achieve the dramatic benefits promised by project sponsors.

The lack of integration among business management systems is the most common concern about IT—62 percent of those responding to the survey said it is a key area of concern (see Figure 3, "Integration Woes…"). Indeed, several other frequently cited IT concerns that ranked high among survey responses are symptoms of that fundamental problem. Lack of easy access to data, inability to support employee collaboration, and inability to provide strong customer service all are related to the integration conundrum. That's why 64 percent of the respondents are dissatisfied with the information technology available to them for management decision-making.

Figure 3: Integration Woes...

Most CFOs are concerned that they and their colleagues do not have easy access to key data because many systems are not integrated.

(% of respondents checking each issue as a key area of concern)

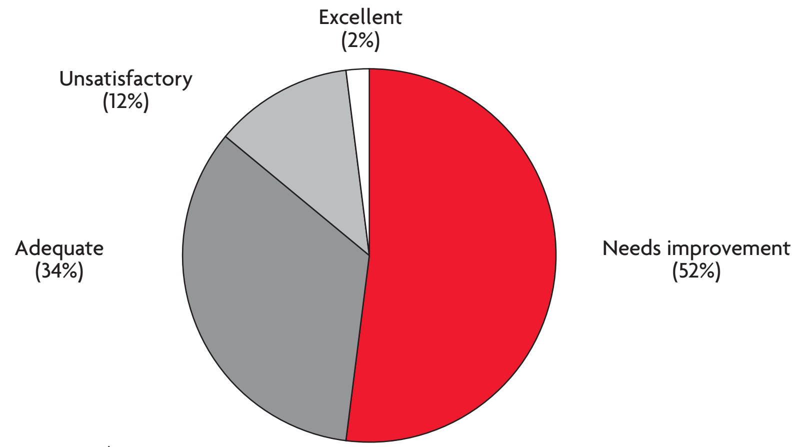


Source: CFO Research Services

Figure 4: ...Lead to Weak Tools

While decision-support tools have been available to managers for decades, CFOs said these tools are not as effective as they should be.

(% of respondents indicating level of effectiveness of IT used by management)



Source: CFO Research Services

Organizations suffering from excessive integration problems probably suffer from weak IT governance. When individual business units or departments can purchase, install, and operate key IT systems without supervision from IT or senior corporate management, it should surprise no one that integrating enterprise-wide data is a challenge. Such spending is seen more typically in organizations where business strategies and IT strategies are not in alignment.

Organizations suffering from excessive integration problems probably suffer from weak IT governance.

Given that roughly half of the survey respondents said their IT and business strategies are either weakly or not at all aligned, the integration conundrum shouldn't be a surprise (see Figure 5, "Poor Alignment"). Note that after almost two decades of academic research, innumerable consultant projects, and countless magazine articles, relatively few CFOs are happy with the level of IT and business alignment at their organizations.

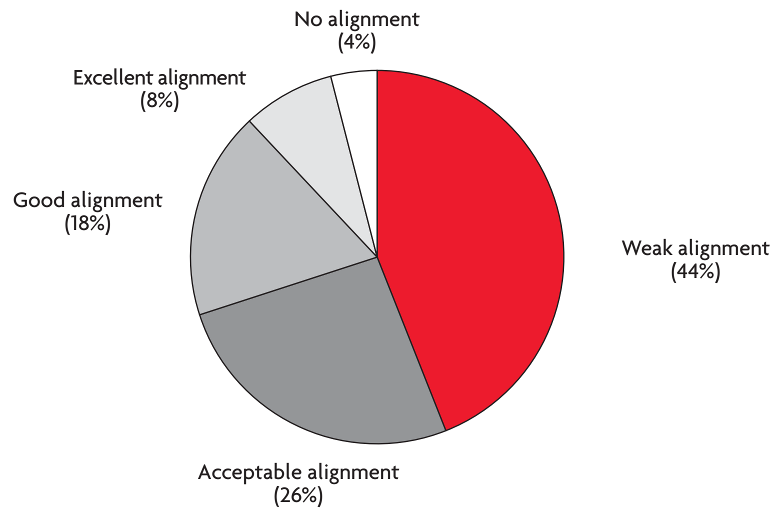
The alignment problem hasn't been solved by shifting CIO supervision to the CEO, according to the CFOs interviewed for this report. Four out of ten survey respondents said the CIO reported to the CFO, while another 40% said the CIO reported to the CEO. And CFOs said that while CEOs theoretically are in the best position to make sure the IT function aligns with business interests, this frequently is not the case.

Although reluctant to be quoted on the record as criticizing their CEOs, CFOs interviewed for this report explained that their CEOs are too busy to be an effective direct supervisor for such an expansive and complicated area as today's IT department.

Figure 5: Poor Alignment

Almost half of the respondents said their organization's business strategy and IT strategy are weakly—or not at all—aligned.

(% of respondents indicating level of alignment)



Source: CFO Research Services

In addition, some CFOs were quick to say that business and IT strategies are hard to align when the CIO reports to the CEO. The CIO of United Concordia Companies Inc. (UCCI), a $1 billion dental insurance company in Harrisburg, Pennsylvania, does not report to the CFO and IT priorities are set by a few senior executives. CFO Daniel Wright contends that that makes his job harder.

"It's been a little more difficult making (business-IT alignment) a priority," Wright said. "The reporting relationship can create a challenge establishing priorities. It means I have to negotiate for priorities rather than being able to establish them."

Other CFOs argued that organizational structure is not the primary determinant of business and IT strategies alignment. They said the background and caliber of the individuals at the C-level are more important. Specifically, if the CIO has a strong business background, IT strategies are more likely to be in alignment with business strategies.

Misalignment frequently leads to another major challenge: how to assess the value of IT. A key part of that analysis requires an understanding of costs. But many CFOs say CIOs and other IT managers lack the proper financial background and understanding of business strategies. Specifically, they sometimes do not understand the total cost of ownership (TCO).

CFOs said new hardware or software implementation proposals they receive from IT or other departments do not reflect the ongoing costs for maintenance, licenses, training, and incremental systems costs, let alone the dollars needed to make the new purchase integrate well with existing systems and other imminent purchases.

The weakness of some TCO analyses from IT departments matches the weaknesses in other tools used to assess IT value. Although standard metrics abound—Net Present Value (NPV), Internal Rate of Return (IRR), ROI, and payback period—the assumptions and calculations inside those measurement tools are subject to wide variations and interpretations. And some benefits are harder to quantify than others. Indeed, many CFOs acknowledged that hard data isn't always available and that soft benefits may be more important anyway.

"We certainly look for ROI and Net Present Value," said Kevin Lamb, CFO of $150 million Plymouth Tube Company of Warrenville, Illinois. "We look based on both hard dollars and soft dollars. But it's very hard to make estimates of certain savings. Sometimes, you just won't be able to come up with the tangible savings and returns. There will be times when the hard dollars may not work, but the intangibles" are more compelling.

Lamb pointed to a recent communications project to replace an almost 20-year-old telephone system. "How much is it worth to have 100 percent reliability?" he asked.

Other CFOs resist vague promises of benefits and focus almost entirely on specific hard-dollar savings.

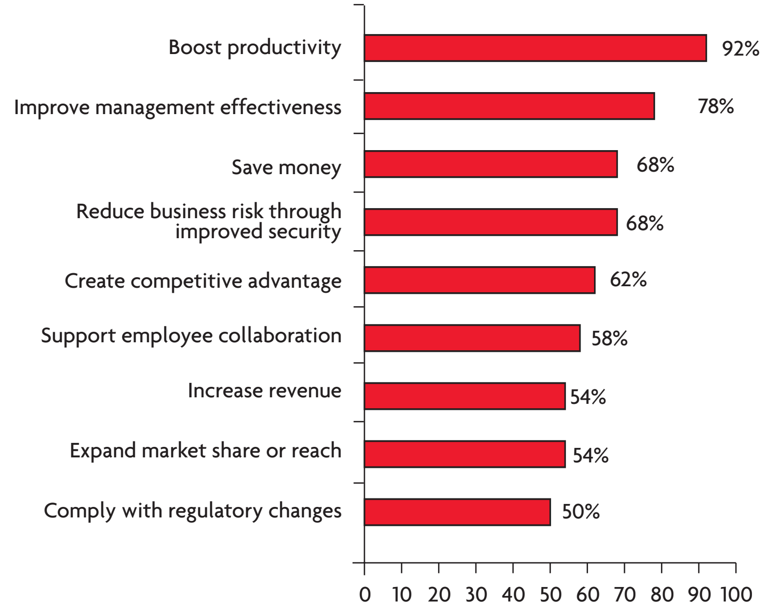
Other CFOs resist vague promises of benefits and focus almost entirely on specific hard-dollar savings. Mark Pieroni, director of finance at $1.6 billion Scientific-Atlanta Inc. of Lawrenceville, Georgia, which makes electronic devices such as set-top boxes for cable television network operators, said he insists on a solid ROI argument backed by details. "If you're going to save us $1 million, then you need to show hard savings - what resources are being affected," he said.

However, the willingness of most financial executives to evaluate IT project benefits based on a combination of hard metrics and intangibles is seen in their ranking of investment criteria. Improving management effectiveness and reducing business risk via security scored as high as or higher than easier to measure criteria such as productivity and saving money (see Figure 6, "Intangibles Count, Too", next page).

Figure 6: Intangibles Count, Too

IT project investments frequently are judged by criteria that are less amenable to easy metrics such as payback period, ROI, or IRR.

(% of respondents ranking a criterion as important or very important)



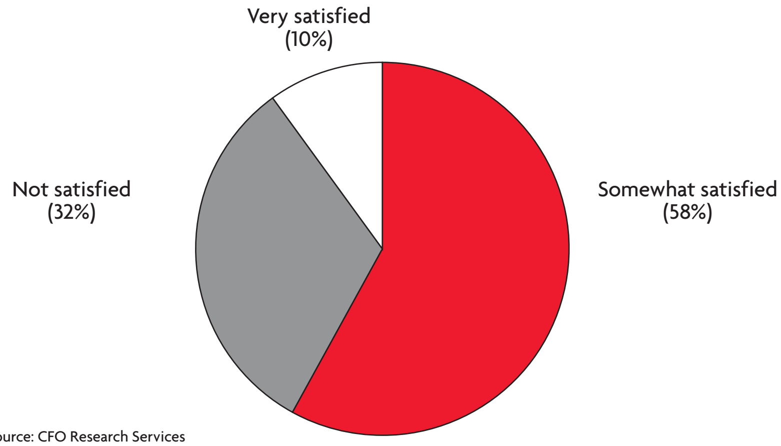
Source: CFO Research Services

Assessing the value of IT security is probably the most painful of the investment criteria because of its extreme nature. No CFO would dare forego IT security investments, yet they may be the hardest to value in a quantitative way. Stronger IT security ranked among the highest business goals in our survey—72 percent of the respondents said it is either important or very important. At the same time, most respondents indicated they are at least somewhat satisfied with their organizations' current level of data-access controls (see Figure 7, "The Security Conundrum").

Figure 7: The Security Conundrum

Almost all CFOs want improvements in their systems' ability to provide timely access to the right information by the right people and to keep out the unauthorized spy or hacker.

(% of respondents indicating their level of satisfaction with IT access controls)



Source: CFO Research Services

CFOs concerns about security extend to many important initiatives. Many see Web-based access to internal systems for customers and suppliers as a huge source of cost savings (and a few see revenue opportunities, as well). But the downside risks loom large. Sharing internal information with customers and suppliers is viewed with suspicion, in part because of the costs required to modify internal systems so they can be exposed to the outside world and in part because of the liability and other risks associated with unauthorized disclosure of proprietary information.

A European CFO acknowledged the corporate advantages of providing trading partners access to internal databases and systems, but he also caution about the enormous risks. Setting up an extranet—special access to a company's internal systems via the Internet—needs to be done in a way that limits who gets in, what access they are granted, how that access is enforced, and what information is offered.

Extranets are a "very important tool now for communicating information in a cost-effective way, but you have to be careful about what you put up there," added another CFO. "Selectively, for a small part of the audience, yes, you might benefit (from extranets). But to do it as generalization is quite dangerous from security and cost points of view."

INNOVATIVE APPROACHES

Leading-edge organizations say they have the combination of technologies, strategies, personnel, and processes to increase the value of IT and their other assets. They believe this combination will enable them to overcome the security, integration, and other challenges faced by C-level officials.

Use of the Internet as a platform for fast and easy communications among employees as well as with customers and suppliers is rapidly moving from a novelty to the routine. Prior surveys by CFO Research Services found that roughly half of the respondents were using the Internet to improve information distribution. Of the financial executives responding to this survey, 62 percent indicated they would be using Web services to integrate information for more informed decision-making and improved services for partners, customers, or employees within 18 months.

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Note that the phrase "Web services" means different things to different professionals. C-level executives may consider Web services to be just the facility to obtain information from internal systems using a personal computer or other device via the ubiquitous Internet and the World Wide Web.

For example, Ryanair is investing in its extranet to "connect the dots"—to better link its offices and operations throughout Europe, said CFO Miller. The goals are to increase efficiency, improve customer service, and grow the business.

IT professionals, on the other hand, say Web services describe a new architecture for IT. This technical definition of Web services, which includes four key standards known as extensible markup language (XML), simple object access protocol (SOAP), universal description, discovery, and integration (UDDI), and Web services description language (WSDL), is promoted as the solution to the current integration and ease-of-use woes. Furthermore, Web services provide the foundation for advanced business intelligence and other tools, which can improve management decision-making.

Harnessing the power of the Internet solves many of the integration problems confronting organizations. But better alignment of business and IT strategies is vital to increasing the value of IT. Having IT and business closely aligned is considered a pre-requisite for successful new projects, for example.

Three alignment techniques revealed during our research are worth noting:

IT is too important—and too expensive—to be left to the technologists.

- Invacare Corp. CFO Greg Thompson said he deals with the IT-business alignment issue by forcing an IT manager pitching an approach to get written buy-in from the relevant units of the Cleveland-based medical device supply company. But Thompson doesn't limit that buy-in requirement to the line-of-business manager.

  “My first question to IT is, 'What does the business think about this?'” Thompson explained. “And I mean Sales, Manufacturing, Logistics, Product Management, Engineering, and so on. What I've found is that when you have the right people involved, everything else normally falls into place.”

  The purpose of such efforts is not limited to directly bringing better ideas to the table. It is also a way of forcing IT managers to communicate directly with a wide range of business representatives on every project. That way, bad ideas automatically drift away and it is hard to not wind up with better IT-business alignment—at least on that particular project.

- A financial executive who requested anonymity said he tells his direct reports —and the IT managers—that if they want to move ahead on a project, they need to agree that a significant portion of their annual compensation be linked to specific project objectives. That forces the entire business team to ask the hard questions and not accept ambiguous answers.

- Ed Morgan, the CFO for $310 million Guaranty RV Inc., said he sends individual IT project requests back to the sponsor until a clear and compelling business case, including ROI, is presented. And the longer it takes to get the report back to the CFO of the recreational vehicle company in Junction City, Oregon, the more aggressive he is in analyzing the data. “That’s telling me that it’s not going to be that great a case,” Morgan said.

CONCLUSIONS AND RECOMMENDATIONS

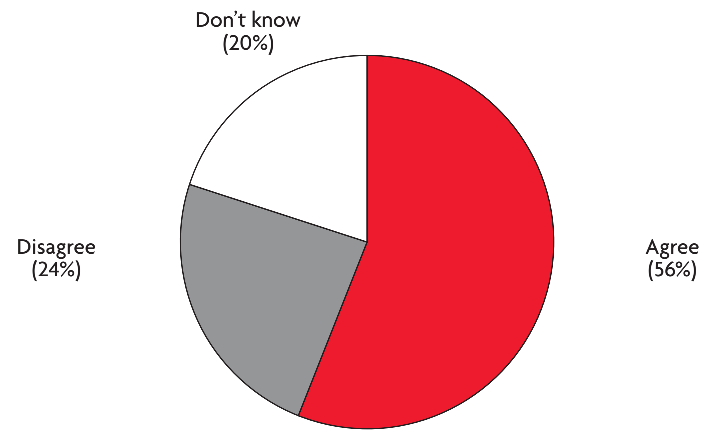
Assessing IT value is shifting from a strict quantification of clearly identifiable costs and benefits to a more balanced approach combining hard metrics and mission-critical intangibles. Our research shows that CFOs and other senior financial executives consider customer service, improved management decision-making, and other top-line-related factors to be vital ingredients in any assessment of IT value. Other measures of IT value, such as productivity gains and cost reductions, continue to be key considerations, as well.

However, CFOs remain concerned about data and systems security. Making sure the right information is available to the right people at the right time, and making sure that it is hidden from the wrong people, remains uppermost in their minds. Many CFOs have seen significant benefits from providing customers and suppliers with access to internal systems (See Figure 8, The Value of Value Chain Data Access. But security issues have lessened their interest in providing such access. Although these concerns are valid, the technologies and techniques available today can successfully manage the data access and security issues so that CFOs can have the best of both worlds.

Figure 8: The Value of Value Chain Data Access

Most CFOs are convinced their organizations would be more effective if they provided customers and suppliers deeper access to their internal systems.

(% of respondents agreeing or disagreeing that deeper access would make organizations



Source: CFO Research Services

The tools, vision and commitment optimize not only the value of IT but of the other assets of an organization as well.

Furthermore, many of the challenges inhibiting the extraction of the optimum value of IT, such as a lack of business systems integration and real-time visibility for timely, informed decisions, are amenable to solutions. The first step top executives must take is a renewed effort to align business and IT strategies. IT is too important—and too expensive—to be left to the technologists.

The second step is having the executive team understand and appreciate the strategic nature of IT. Technology increasingly will be viewed as a tool to attract and retain customers, create new products or services, and otherwise enable organizations to dramatically impact their top and bottom lines. While some of these benefits require an investment in new tools, the key ingredient is not cash but managerial vision and commitment.

Together, the tools, the vision, and the commitment optimize not only the value of IT but of the other assets of an organization as well.■

SPONSOR'S PERSPECTIVE

By Joe Forgione
Vice President
Novell Solutions

THE REAL VALUE OF IT: GETTING THE RIGHT RESOURCES TO THE RIGHT PEOPLE

The mandate is clear: businesses want to provide better access to data, improve customer service, reduce costs, ensure a secure environment, and have the agility to meet new and emerging regulations. Many vendors supply products intended to address these needs. But while others focus on individual business drivers, Novell® understands the need to move beyond the point-technology approach and provide a complete solution that supports your business strategy.

This study raises four key points: aligning IT services with business strategy, delivering the right information to the right people, integrating enterprise data, and securely extending business to external constituents. These four areas are intricately connected. This discussion explores these connections.

The Foundation: Aligning IT and Business Strategies

Nearly half of those polled in the research for this paper complained of poor alignment between IT and business strategies. This disconnect often comes from piecing together ad hoc point-technologies to address immediate needs instead of identifying a strategy that encompasses all of your business needs and then implementing against that strategy. The first step in addressing this disconnect is developing an IT roadmap that supports your business model. Next, you foster cooperation to create that alignment. Novell Discovery and Strategy engagements are purposely designed to get your stakeholders talking to each other and evaluating alternatives that will give you the short-term results you need while supporting your long-range business strategy.

Delivery: The Right Information to the Right People

Most CFOs in this study wanted improvements in their systems' ability to provide timely access to the right people—an enormous challenge considering the complexity of business resources, the absolute necessity for security, and the distributed and unique nature of customer, partner and employee relationships.

It is important to realize that every decision you make about granting people access to your business resources or delivering services and content to them must be based on who those people are—their business relationship with your organization and their particular role. To confidently grant this access, you need a way to securely manage identities.

Consequently, a complete secure identity management solution must include a common identity framework that gives people access to the tools and resources they need—both inside and outside the firewall—based on business rules, roles and relationships. This was our goal in designing Novell® Nsure™ solutions: to cost-effectively and securely deliver real-time, role-based business resources and services to your distributed workforce, customers, and partners wherever they are.

Integration: Enterprise-Wide Access to Data

The lack of integration among business management systems is a common concern among the CFOs in the study (62%). It sounds easy in theory: interconnect systems seamlessly to provide an enterprise-wide flow of information, but it is much harder in practice. At Novell, we understand what's required to extract the data you need (and only that data) from your disparate legacy, business, and departmental systems and present that information in an integrated and correlated fashion—via report, portal, dashboard, or other interface. Novell® exteNd™ solutions do this for you by consolidating data from disparate customer relationship

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management, enterprise resource planning, business intelligence and other business and financial systems—even when the systems and applications aren't naturally compatible. exteNd solutions also allow you to present vital data to the right people —based on their roles —in a relevant, meaningful way to speed up and improve the decision-making process.

Security: The Confidence to Extend Your Business

The majority of CFOs polled (56%) are convinced their organizations would be more effective if they provided customers and suppliers with "deeper access to their internal systems." So why aren't more companies offering it? The reason is "fear of accidental disclosure" and the possibility of "facilitating malicious and destructive access." Only 10% of respondents indicated that they were satisfied with the current level of IT access controls, and almost all wanted improvements in their systems' ability to keep out the unauthorized spy or hacker.

Obviously, the right solution requires a balance between security and convenience. Which is why it's so important to choose a solution with a range of security features: from password protection to any combination of biometric access, communication encryption, role-based access, and system-wide authorization and authentication. Novell Nsure solutions allow you to deliver information securely—and only to those people you authorize to receive it, enabling you to confidently collaborate with your staff, customers, and partners—no matter which side of the firewall they work on.

Summary

Organizations need to look first at their strategic roadmap and align IT services with that roadmap both in the near and long term. Additionally, they need to look beyond point-solution approaches and create an enterprise-wide solution that provides the agility to remove unintentional barriers among business systems so that information and services can flow securely to authorized users. Novell Nsure solutions put your business policies into action so your systems recognize and immediately deliver the appropriate resources to the appropriate people. Novell exteNd solutions extract and integrate the business data you need and present and report it in the way you specify.

Many Novell customers find that using this approach unlocks the value of their IT investments in many ways, including addressing regulatory requirements imposed by Sarbanes-Oxley, HIPAA, European Union Data Protection Directive, and other regulations. In addition, customers choose Novell because it's not an either/or decision between hard ROI metrics or mission-critical intangibles. You get both.

If you need to boost employee productivity, ensure partner access to the resources they need to keep you profitable, tailor your level of customer service based on individual customer relationships, or meet regulatory requirements, Novell Nsure and exteNd solutions are a sure choice. In short, they provide the IT services most wanted by 92% of CFO respondents: improved business processes, increased efficiencies, and gains in productivity.

FOR MORE INFORMATION

To learn how Novell can help your organization, please contact us via telephone, e-mail or on the Web:

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