Beyond Business/IT Alignment:

Taking the Next Step Toward Continuous Performance Improvement

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DENVER WATER

WESTERN MUNICIPAL WATER DISTRICT
Securing Your Water Supply

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Passion for Improving Performance

Evaluating Water Industry Business-IT Alignment

- Numerous “water cooler” discussions with General Managers, IT Leaders and other utility executives
- IT and Business Strategic Planning engagements
- The Water/Wastewater CIO Forum – 30 of the Chief Information Officers from the largest agencies in the U.S.
- Water Research Foundation (WRF) Project on Business-IT Alignment

WaterRF Business-IT Alignment Project: Project Objectives

- The Water Research Foundation (WaterRF) is updating its report on best practices for integrating information management solutions with business strategy.
- The updated report includes perspectives of utility executives on opportunities, threats and challenges to performance improvement.
- The research is identifying how utilities are overcoming these challenges, getting maximum value from their investments in systems, and leveraging technology for continuous performance improvement.

WaterRF Business-IT Alignment Project: Project Leaders

The Water Research Foundation (WaterRF) commissioned Westin, Red Oak, and Inflection Point Solutions to lead the project in collaboration with utility business and IT leaders.

Utility business and IT leaders include:

- Dave Rager, Cincinnati Water
- Mark Premo, Anchorage Water/WW
- Michael Hooker, Onondaga Co. Water
- Jim Lochhead, Denver Water
- Ken Deck, Rowland Water
- Paul Ekstrom, California Water
- Randy Robinson, Henderson, NV
- Mike Beardslee, Loudoun Water
- Michael Armstrong, Johnson Co. Water
- Ron Elks, Greenville Utilities
- Dawn Roth, Colorado Springs Utilities
- Chris Dermody, Denver Water
- Tony Gregory, Louisville Water
- Keith Smith, MWRD, Greater Chicago
- Sandy Barnes, Greenville Utilities
- Howard Marsh, Anchorage Water/WW
- Barbara Wilson, Ft. Worth Water
- Humberto Sanchez, NEORSD

WRF Business-IT Alignment Project: Project Status

- Research conducted on best practices and lessons learned in IT governance, program/project management, and other practices critical to successful realization of value from IT investments.
- Research conducted on latest trends in information management systems and technologies, including solutions for operations optimization, asset management, business performance management, business process streamlining and automation, IT infrastructure, among others.
- Survey conducted on issues and challenges associated with alignment of IT with business utility processes and objectives.
- Workshop conducted to guide report development.

Research Outcomes: The View from the Top (General Managers)

- Inability to reach full potential
  - We have the systems, but we're not using them effectively.
  - Insufficient "useable" data
- Failure to identify and capitalize on business opportunities that could be enabled by IT
  - We are unable to do what other utilities have done.
- High operating costs = competitive disadvantage
  - Due to the failure to replace expensive labor-led processes with lower-cost (over the long term) automation – we are struggling to transition to new work processes.
- Incorrect and ineffective focus of IT-related resources
  - IT people run around all day fixing problems.
- Inability to recruit and retain high-quality IT and business personnel
  - IT people switch jobs every two to three years!
- High costs overall
  - Poor ROI on big IT investments.
- Erosion of perceived utility service value over time
  - We are working harder, not smarter.

Research Outcomes:
Gaps in Business-IT Alignment

- Top Five Gaps – Prioritized
  1. Lack of current IT Strategic/Master Plan which dovetails with the Utility's Business Plan
  2. Weakness in developing business cases (Who owns the business case?)
  3. Need for Business-IT teamwork to effectively implement the IT Strategic/Master Plan (integrate Business and IT)
  4. Need to drive business and organizational changes in order to take full advantage of new/updated IT solutions
  5. Need for better governance, decision making (focus, consistency), and exception handling

Research Outcomes: Gaps in Business-IT Alignment

- Other Observed Gaps
  - Lack of IT leadership in Strategic Business Planning process
  - Insufficient understanding of the expected and achievable IT value
  - Inadequate cost and internal labor resource analyses during IT Strategic Planning; inadequate understanding of total IT life-cycle costs
  - Need to establish credibility through effective and timely delivery of IT solutions
  - Insufficient leadership, credibility, and partnership among municipal departments (Internal City IT Department and Public Utilities)
  - Utility IT vs. City IT (funding, subsidy factor); Finding what works: Federated model? Total centralized model?
  - Gaps in sustained commitment by both Business and IT to implementation success: business steps out; failure to communicate; IT goes it alone
  - Inadequate Program Management discipline

Research Outcomes:
Information Technology Management and Solutions

- Top-notch IT leaders are forward-thinking, diving into details of what's available and what's to come; General Managers just want it to work
- Strong need for business analysis within IT and business units - to identify performance objectives and metrics and help translate between "business speak" and "technology speak"
- Strong need to deliver the right data at the right time – "real time" is often a stated need by upper management, but what does that really mean? What is effective/useable data for upper management and staff?
- IT Program Management skills are scarce in utilities, but so are business program management skills

Realizing the Value from IT: Addressing the right questions

- **Step 1 – "Are we doing the right things?"**
  - Do we have programs, defined roles, and accountabilities associated with the implementation of the IT Strategic/Master Plan?
- **Step 2 – "Are we doing them the right way?"**
  - Have we adopted best practices from standard, proven approaches, and do we have the skills to properly execute the required methodologies?
- **Step 3 – "Are we getting them done well?"**
  - What measures do we have to monitor and report on progress, and what process do we have for taking results and implementing improvements?
- **Step 4 – "Are we getting the benefits?"**
  - In the final analysis, are the overall utility performance measures we expected to improve heading in the right direction, and what process do we have in place to identify and take mid course corrections?