

By Faisal Hoque

Advanced companies provide a glimpse into the real competitive power of unifying technology and business.

Beyond Efficiency

Information technology executives across industries in the United States are working with increased budgets this year. For those in the North American insurance industry, according to a recent survey by independent market analyst Datamonitor, technology investments are focused primarily on gaining efficiencies. But efficiency is only the beginning of what might be possible for your business. While most insurers are embarking on initiatives to improve existing systems and work flow to gain a competitive edge, real competitive power will be seen in companies where technology can help shape business rather than simply enable it.

Senior management from leading organizations in the United States and in Europe are beginning to foster environments where business and technology are working as one. While most are pursuing alignment of technology and business, some are synchronizing IT with business in a way in which IT not only enables the execution of current business strategy, but also anticipates and helps shape future business models and strategy. For some companies, the convergence of business and technology assumes both alignment and synchronization, with IT and business leadership able to operate simultaneously in both spaces. Some activities may remain pure business and some pure technology, but most intertwine and the two become indistinguishable.

An emerging management science called business technology management provides the support and guidance to a structure that can bring the combined decision-making power of business and technology together.

Consider this analogy: In the early 1960s, Roger Sperry and Ronald Meyers discovered the split-brain effect, in which the two hemispheres of the brain are responsible for different modes of thought and action. Without the network of nerves that integrates communication and function, called the corpus callosum, the two hemispheres would quite literally suffer a disconnect, making it impossible for them to work as a coordinated whole brain. Likewise, the business and technology hemispheres of the "whole-brained" enterprise require an interlocking structure that can facilitate unified management and communication.

Because some or many of these capabilities already may be in practice in an ad hoc or independent fashion, the most effective approach to implementing BTM is iterative. With this mindset, insurers can follow these five steps on the road to continuous BTM improvement:

o **Establish a baseline.** Begin by recognizing where your organization stands with regard to BTM maturity. Know where you are so you can measure your progress toward where you want to be. Companies will confirm areas for improvement, then prioritize the functional areas to address.

Once this is done, a baseline understanding of an organization's operational condition will emerge.

o **Educate and align.** The next critical element centers around educating and building consensus among the remaining stakeholders, influencers and contributors involved. Together these participants plan and promulgate a BTM improvement road map.

A structure needs to be in place for bringing the decision-making power of business and technology together.

o **Design and diagnose.** Organizational consensus and prioritized focus areas are key to diagnosing current issues and creating a detailed BTM improvement path. This step includes analyzing and defining the scope of improvements needed for each area of focus, and matching it to the relevant components of a BTM framework. The framework is used to establish repeatable processes; change or create organizational structures; specify the flow and nature of required information, and provide the necessary supporting automation and technology.

o **Realize and mobilize.** Best practice templates and analytics should be used in this step to guide the implementation of combining processes, organization structures, information and technology.

o **Optimize and maintain.** By this step, a company will focus its attention on incrementally improving management processes, validating communication and maximizing decision quality. A company operating in this execution and improvement stage will seek to revisit its baseline to confirm an evolution of BTM maturity and to determine areas of focus for its next cycle.

The flexibility of this approach provides multiple points of entry for creating BTM in any enterprise. Smart enterprises today are rightfully pursuing alignment of technology with the business, and that in itself is no small achievement. But for some, synchronizations or convergences are more appropriate levels of achievement. In all of these cases, BTM supports a future where business and technology are no longer divided.

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