



The Art & Science of Business *Agility: By Converging Business and Technology Management*

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About BTM Corporation and BTM Institute

- **BTM Corporation**

Founded in 1999, BTM Corporation is a management solutions provider that innovates new business models, enhances financial performance, and improves operational efficiency by converging business and technology with its unique on-demand products and intellectual property (IP). The Company focuses on executing solutions from a concept to value lifecycle with management processes, software applications, and cross-disciplinary domain expertise that allow its customers to build better businesses through the strategic use of technology.

For more information, please visit www.btmcorporation.com

- **BTM Institute**

Launched by BTM Corporation in 2003, the international, nonprofit BTM Institute is the first organization of its kind to bring together a select group from the academic, corporate, government and thought leadership communities as a multi-disciplinary research think tank to address the long-standing need to manage business and technology together. The Institute has established an extensive research agenda, produced major publications, and led the much needed and first-ever collaboration among multi-disciplinary experts and academics. Through various research and educational initiatives, it is the group's commitment to the industry to continuously advance global knowledge of Business Technology Management (BTM).

For more information, please visit www.btminstitute.org

Session Overview

The frenetic pace of business today has reduced the life expectancy of corporations and the tenure of CEOs. The response has been a call for agility, the ability to move quickly to take advantage of change. **BTM Research shows that companies that have converged their management of business and technology realize higher profits and faster growth than their competitors. It further shows that these companies are agile.**

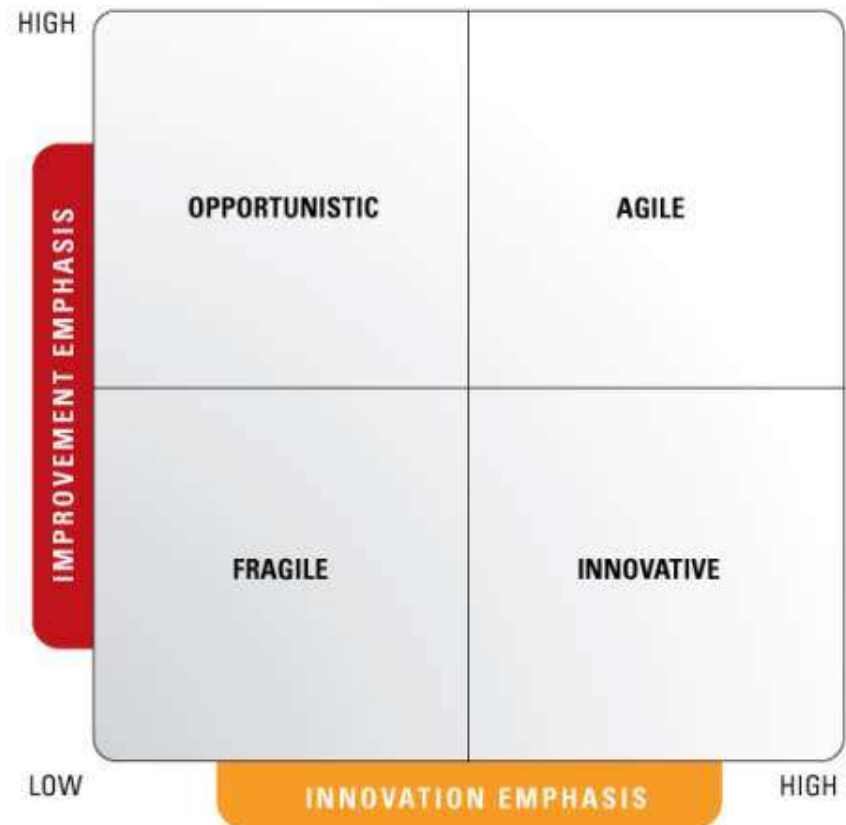
- **Agile companies create the processes and structures that allow them to know what is going on internally and externally.** They develop the mechanisms to act on that knowledge.
- **Agility is achieved through certain organizational “constructs,” processes & management behaviors,** which have been identified in research and confirmed in practice. These constructs establish a foundation on which corporations can build innovative business models.
- **This presentation highlights** BTM research that shows the connection between corporate financial performance and business technology convergence and **how convergence drives business agility.**

Agenda

- Defining Business Agility & Convergence
- 2009 Business Technology Convergence Index
- 2009 Baseline/BTM 500 Research Study
- Business Agility Process and Risk
- Conclusion

Are Agility and Innovation Necessary?

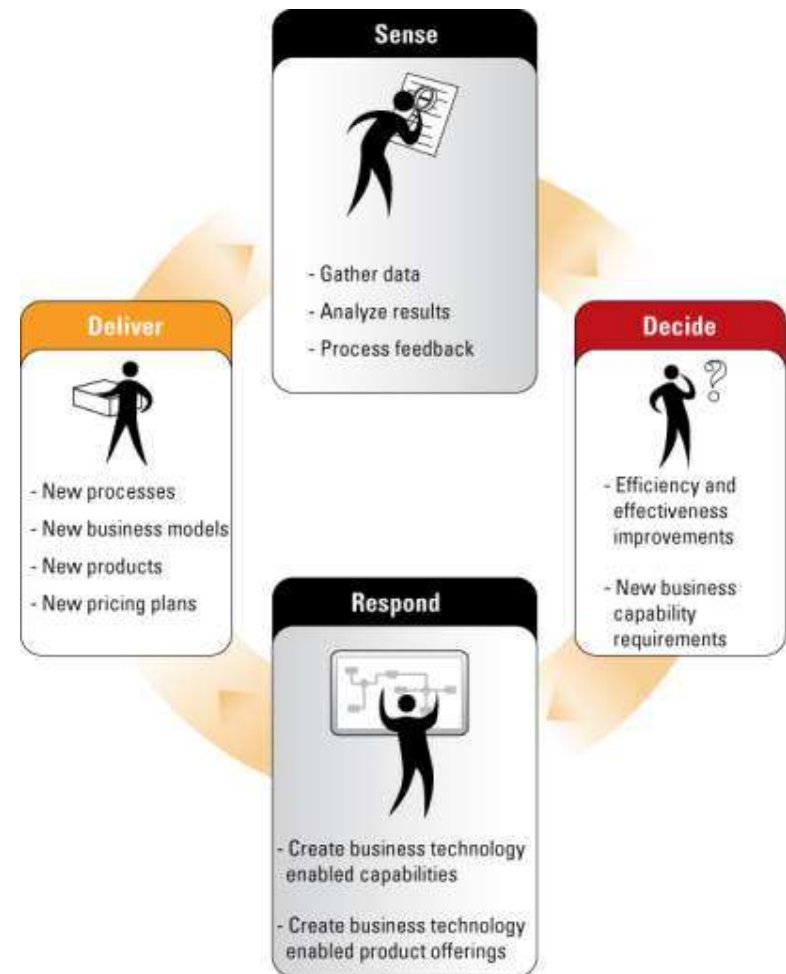
- Only 74 of the original 500 companies in the S&P Index remained on the list 40 years later.
 - *UPenn, InnovationLabs*
- The number of CEOs who left their posts in 2008 was the highest in a decade.
 - *LA Times*
- Two-thirds of the 765 CEOs, business executives and public sector leaders in a survey said they expect their organizations to be inundated with change over the next two years.
 - *IBM CEO Study*



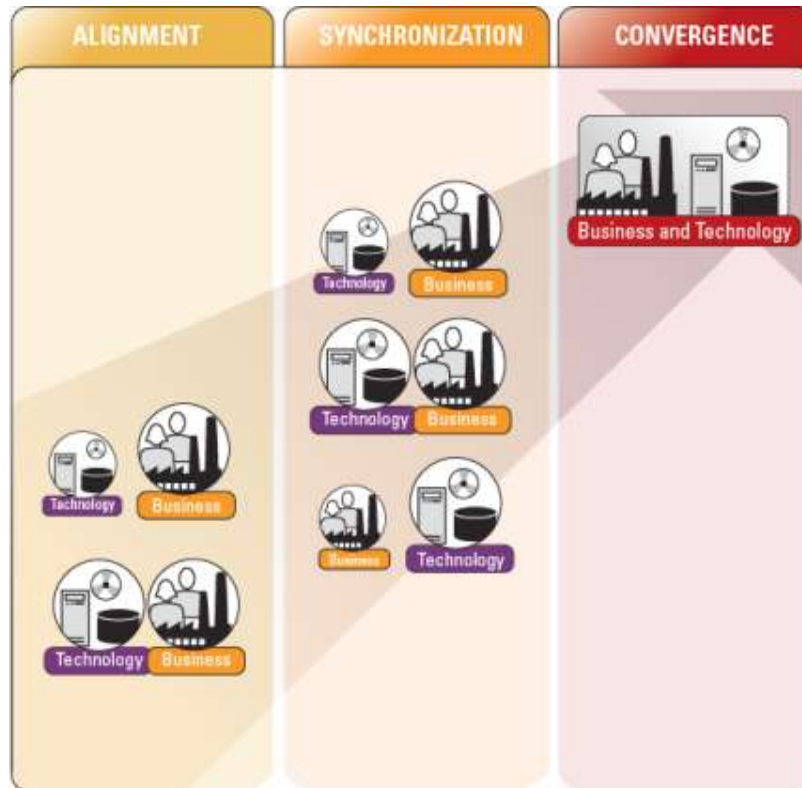
Source: *Winning The 3-Legged Race*, BTM Institute/Financial Times

The Agile Enterprise

- Agile companies create processes and structures that allow them to sense what is going on internally and externally in marketplace
- Agile enterprises *sense* the change in time by establishing relationships with customers, suppliers, partners and the public. And then take advantage of the change
- Agile enterprises *respond* by creating repeatable management processes to understand the information they receive and to act upon it.
- Agility is achieved through with a willingness to change



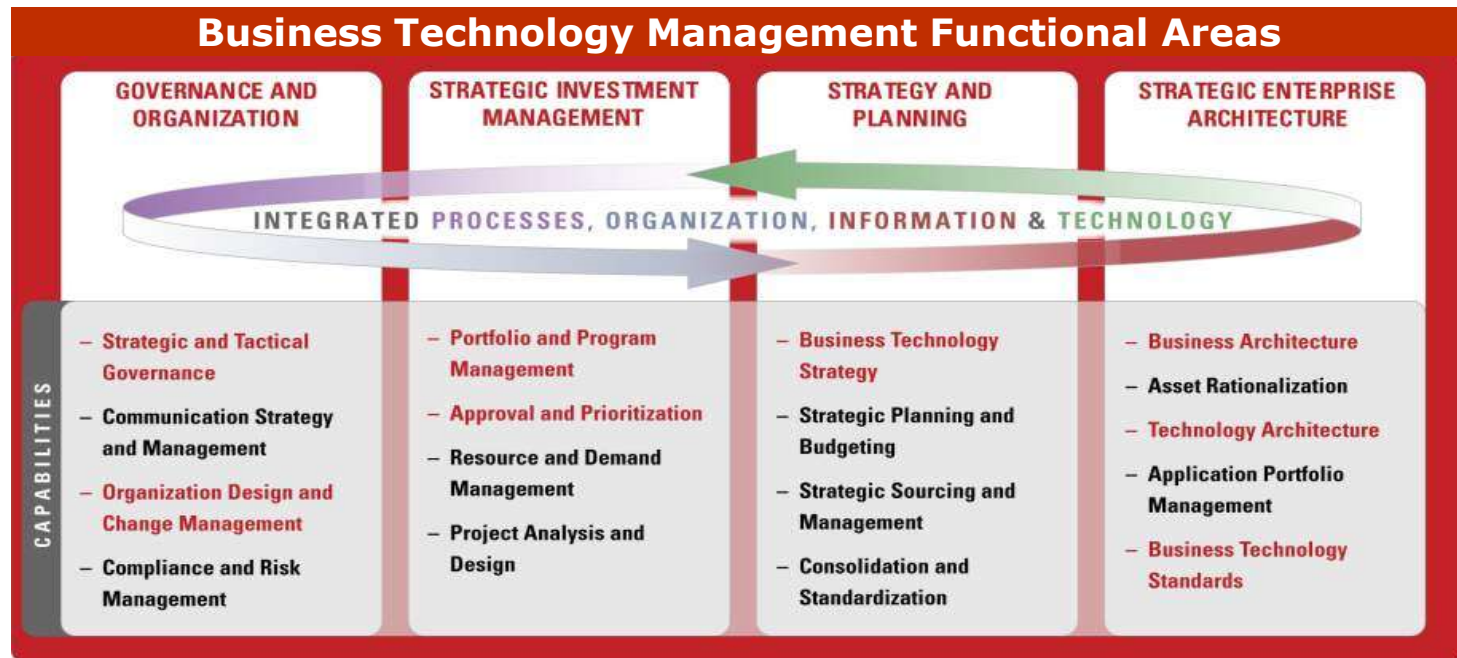
From Alignment To Convergence



Source: *Hoque, et al, Winning The 3-Legged Race, BTM Institute/Financial Times*

- Enterprises need to drive company-wide innovation and accelerate business initiatives that deliver rapid competitive advantage
- In a “Converged Enterprise”, business and technology activities are intertwined and leadership teams operate almost interchangeably is necessary to drive superior financial performance
- Achieving ultimate convergence requires a step-by-step management maturity improvement with a multi-disciplinary management approach

Management Foundation for Convergence



- Essential management capabilities in the areas of: **Governance & Organization, Strategy & Planning, Investment Management, and Strategic Enterprise Architecture** drive business technology Convergence
- Management maturity advancement in the above functional areas **specify the journey and destinations needed for business agility and innovation** and is the basis for financial performance

Source: *Winning The 3-Legged Race, BTM Institute/Financial Times*

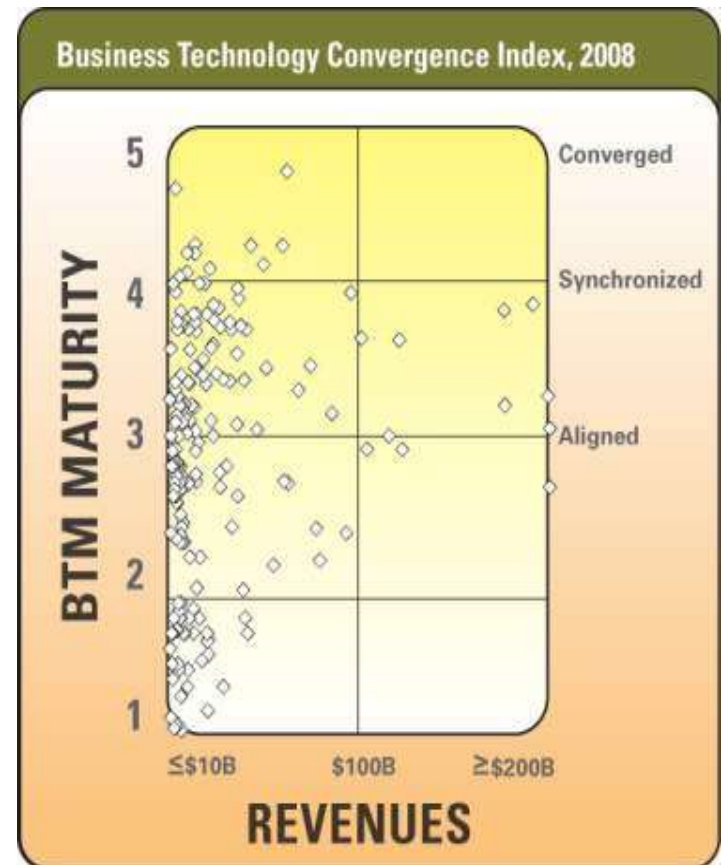
2009 Business Technology Convergence Index

The *Business Technology Convergence Index* study of 2009 reflects the level of **management maturity of over 50 industry categories**

- **Observations made over the past 7 years – 2001 to 2008**
- **The chart shows the plotting of the database of 250 Global enterprises based in the US and Canada with revenues of \$500 million or more**

Of the companies evaluated in the 2009 report, more than half were in Levels 3, 4 and 5. The breakdown follows:

- **Level 1:** 17 percent are in pre-alignment.
- **Levels 2 to 3:** 25 percent are repeatable and approaching alignment.
- **Levels 3 to 4:** 39 percent are fully in alignment, approaching synchronization.
- **Levels 4 to 5:** 19 percent are fully synchronized or approaching convergence.



Source: 2009 Convergence Index, BTM Institute

2009 Baseline/BTM 500 Study

Bringing business and technology together remains one of the fundamental problems encountered in management practices today.

The BTM Institute's groundbreaking report illustrates companies that **converge** the business and technology sides of the house reap greater financial benefit.

Convergence & Agility is not an industry dependent thing. Anybody & Any company can achieve C & A as long as they focus on establishing a common management practice between business & technology AND apply the right technology to achieve good outcomes from those mgt processes

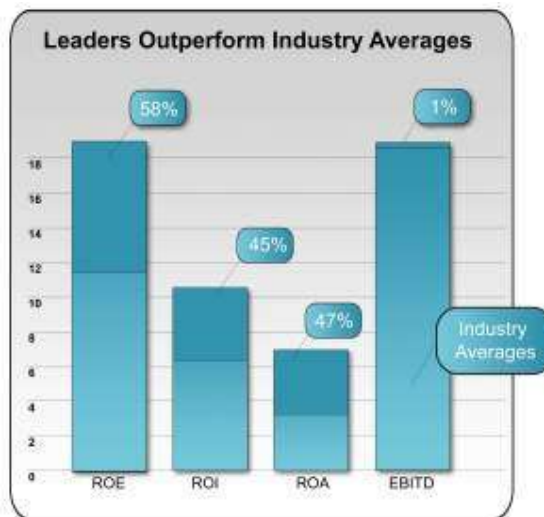


www.baselinemag.com

Convergence Continues to Drive Financial Value

Leaders exhibit superior revenue growth and net margins

- 14.2% average Annual Revenue Growth 2004-2008 (vs. 13.8% for their industry groups)
- 20.0% average Annual Earnings per Share Growth 2004-2008 (vs. 13.2%)



Consistently greater returns

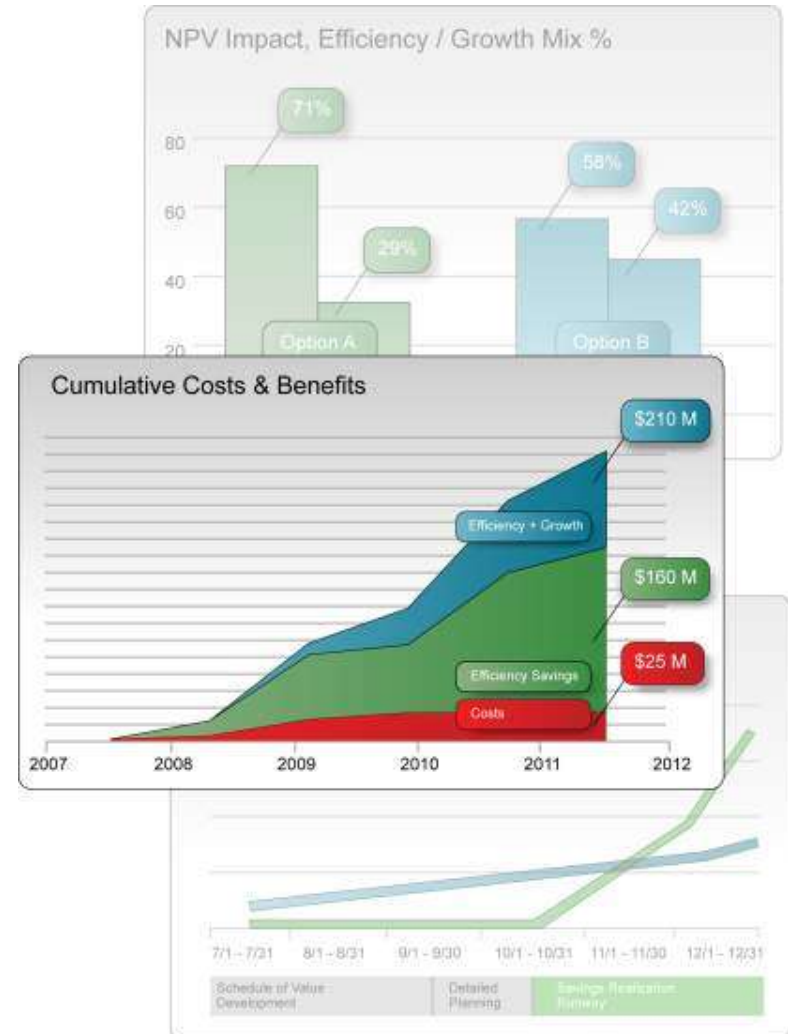
- 58% average higher Return on Equity
- 47% average higher Return on Assets
- 45% higher Return on Investments
- 1% higher EBITD margins than those delivered by their industry groups

Source: 2009 Convergence Index, BTM Institute

Dimensions of Value

As a result of Convergence, there are a variety of associated benefits an organization can realize.

- **Hard Savings**
 - Driving efficiency & effectiveness
 - Reduction in materials spending
 - Savings from higher productivity
- **Soft Savings**
 - Optimized investment portfolio
 - Cash flow improvement
 - Cost avoidance in future periods
- **Growth and Innovation**
 - Increased speed to market and share of market
 - Offer better value proposition to customers
 - Profitable revenue growth



Source: **BTM Institute Research**

2009 Baseline/BTM 500: Best Practices

AT A GLANCE
COMPANY: AT&T
HEADQUARTERS: Dallas
2008 REVENUE: \$124 billion
TOTAL EMPLOYEES: 294,800
IT EMPLOYEES: nearly 20,000
BUSINESS: 70,000 products, both wireless and wire line
BUSINESS CHALLENGE: To develop new applications that can be brought to market in under a year
KEY IT PROJECTS: Support for traditional phone-line service, high-speed internet, digital TV and mobile phone services for the future
IT INFRASTRUCTURE: Hardware from HP, IBM and Sun. The use of risk applications is data based, with data servers

AT&T: A Philosophy of Partnership

The AT&T philosophy of information technology governance can be summed up simply: Make technology part of the business process, not an afterthought.

AT A GLANCE
COMPANY: The Boeing Co.
HEADQUARTERS: Chicago
2008 SALES: \$69.7 billion
TOTAL EMPLOYEES: 162,000
IT EMPLOYEES: about 10,000
BUSINESS: Commercial aircraft, integrated defense systems, space services
BUSINESS CHALLENGES: To simplify complex, multi-vendor software applications, align business and information technology strategies, speed IT project execution
KEY IT PROJECTS: Consolidating software system company divisions such as manufacturing, engineering, payroll and human resources, reducing costs through standardization, improving productivity
IT INFRASTRUCTURE: Mainframe, Unix and Windows servers, Linux clusters, global network with WAN acceleration, SAN, wireless, streaming Web 2.0, secure video collaboration and enterprise applications from major providers

Boeing: Supporting a Global Enterprise

Boeing's information technology organization has three primary goals: simplify the complex technology infrastructure, create the right alliance with business leaders and build a strong operation.

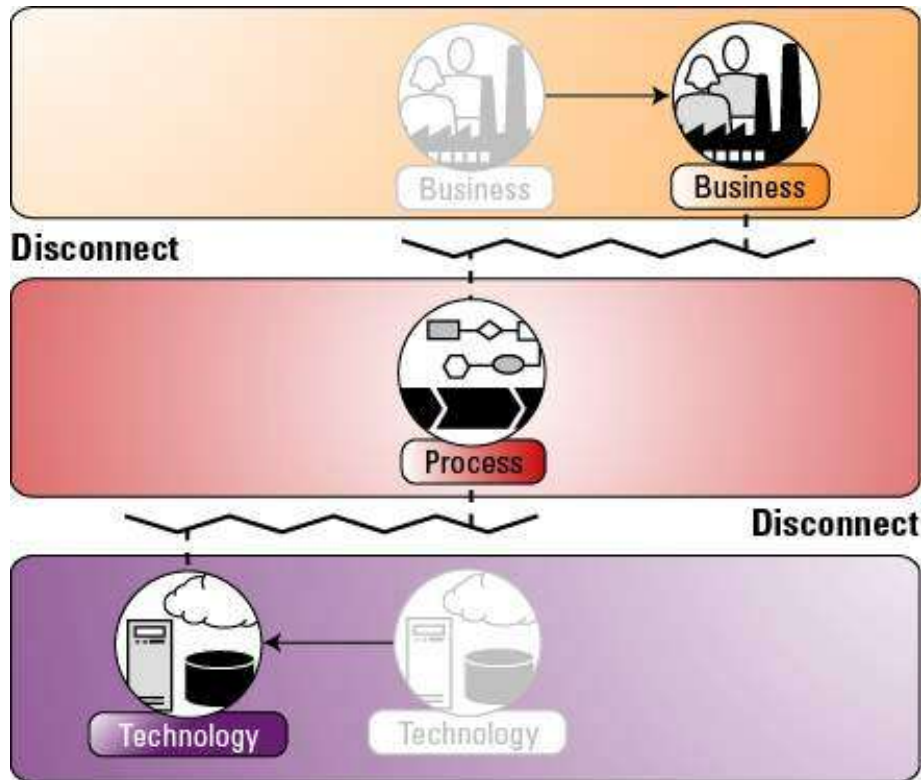
New York Life: Insuring Business Success

New York Life's success is based, in large part, on the information technology team's ability to understand and deliver solutions that support business needs in the most efficient and cost-effective way possible.

AT A GLANCE
COMPANY: New York Life Insurance Co.
HEADQUARTERS: New York
2008 INSURANCE SALES: \$1.41 billion
2008 INVESTMENT SALES: \$0.4 billion
TOTAL EMPLOYEES: 2,972
EMPLOYEES ON SITE: More than 15,000 agents in the United States
IT EMPLOYEES: 1,200
BUSINESS: Life, accident and financial products
BUSINESS CHALLENGE: To build an IT framework that addresses governance, planning and strategic innovation, as well as providing real-time data and information to partners, employees, agents and clients
KEY IT PROJECTS: Web-based contract system launch that is January 2009 that uses Web 2.0 and Web-based workflow/underwriting system and a workflow management system
IT INFRASTRUCTURE: Mainframe, Unix and Windows servers, Web 2.0, applications, and enterprise systems from IBM, Microsoft, Oracle and others

Source: 2009 Baseline/BTM 500 Research Report

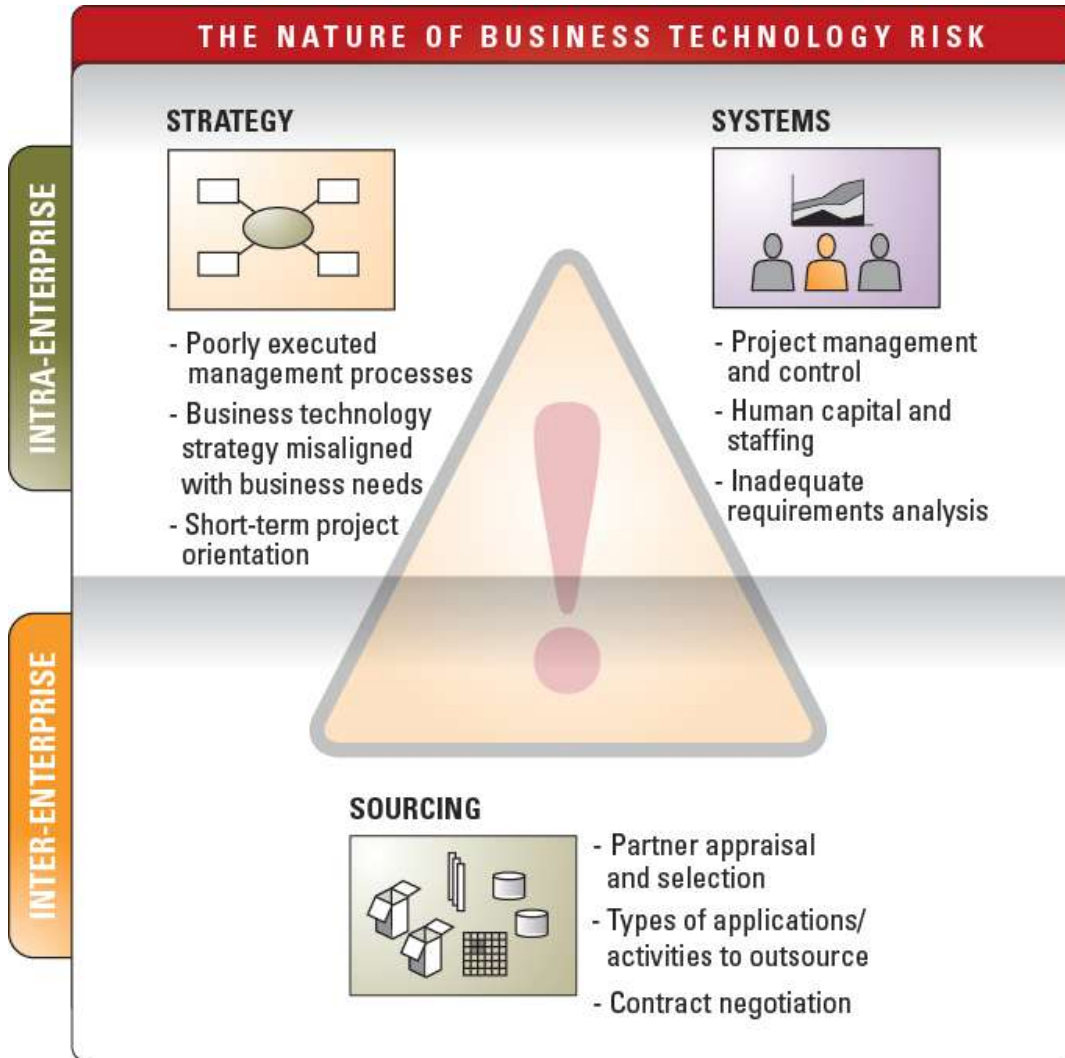
Business and Technology Disconnect



- The flip side of exceptional success is immediate (or, perhaps worse, incremental and undetected) failure.
- These failures threaten to marginalize technology's role in value creation at the very time that it should be brought closer to the business than ever before.

Source: *The Alignment Effect*, BTM Institute/Financial Times

Risk of Failure



- Risk may arise from choosing the wrong:
 - Strategy
 - Partners
 - Systems
- Major categories of risk: target market, usage, requirements, complexity, planning & control, and organization

Source: *Winning The 3-Legged Race*, BTM Institute/Financial Times

What Makes The Difference

- **Convergence of disciplines** allows an organization to act as one
- **Collaboration** is a common characteristic across all innovative businesses – crossing both internal and external boundaries
- **Organizational design** is critical to realizing convergence and collaboration
- **Partners and networks** provide the ideas and capabilities an organization often lacks
- **Customers have ideas**, too, and they are neither theoretical nor wishful in thought

It's all about bringing people together!