

Disconnected: Why Fixing the Business/IT Divide Now is the Key to Survival



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Section 1

Point of view

Point of view

Many financial institutions are suffering the negative effects of a disconnect between business strategy and the role of IT.

Market and business drivers are changing the way businesses view and leverage IT.

- Globalization and growth in emerging markets are causing businesses to demand global IT support 24/7. At the same time, increasing competition is driving businesses to focus on time-to-market and lower-cost solutions.
- Technology advancements are making it easier for business units to adopt pre-packaged industry solutions over the Internet through cloud computing, thereby eliminating the need to work with IT to purchase hardware or install applications such as software-as-a-service (SAAS).
- Business unit staff are becoming more tech-savvy and willing to adopt new technologies without the support of the IT department.
- The economic downturn continues to put pressure on institutions to reduce costs. As a result, internal IT budgets are becoming a smaller proportion of total IT spend.

Together, these factors are taking a significant toll on IT departments and the institutions they support.

- More and more, financial institutions are looking outside their IT departments for innovative technologies that can reduce costs and time-to-market. Some Fortune 500 companies are going so far as to eliminate their Chief Information Officer (CIO) positions entirely, with IT staff being allocated to business units to provide the units with more control over technology resources.¹
- While well-intentioned, this approach may create technology silos, increase data fragmentation, cause confusion about IT's role, increase security and compliance risks, and decrease transparency across the organization. The end result: financial institutions will find it more difficult to innovate, keep costs in check, adapt quickly to market changes, and achieve other business objectives.

¹ Bart Perkins, "Disappearing CIOs," ComputerWorld, January 10, 2011.

Point of view

Today, financial institutions cannot win unless IT is aligned with the needs of the business. This is not a question of thriving—rather of *survival*.

In the current environment of high capital costs and increasing regulation, institutions without high-performing IT departments that are aligned with the business are finding it difficult to compete. For this reason, leading institutions enable their business leaders to play an active role in IT governance.

- IT governance focuses on aligning the IT and business strategies, driving strategy and objectives throughout the organization, creating the organizational structure required to achieve strategic goals, establishing a sound IT control framework, and measuring the performance of the IT organization.
- A well-crafted governance model improves collaboration between the business and IT, thus benefiting the entire organization. The business units can leverage the big-picture knowledge that IT has amassed over the years, while IT can position itself as a valued business partner that brings a unique perspective by contributing insights and ideas beyond the technology realm.

While leading institutions recognize the importance of aligning IT with the business, they are in the minority. The industry has a long way to go in aligning IT with the business.

- In many institutions, business leaders view IT as a “black box” because there is little transparency into the following: how IT operates, the services it delivers, and what drives the price it charges back to the business units. Further, business requirements and service levels are typically not well documented.
- According to a 2010 global IT governance survey, 62% of respondents indicated that the business was somewhat, rarely, or never engaged in IT governance.¹

¹ “The State Of IT Governance Q4 2010,” Forrester Research, Inc., February 24, 2011.

Point of view

An IT realignment cannot be executed without input from the business. In leading financial institutions, IT and business leaders join forces to shape the new IT organization.

By working together, the IT organization can provide a unique perspective on business issues related to technology, and IT can benefit from the experience and insights of business leaders.

- As a result of working with various business units over time, the CIO and IT teams often have firm-wide visibility into what works (and, as importantly, what doesn't work) with respect to technology solutions.
- IT can provide business units with a wealth of insights and ideas aimed at increasing operating efficiencies while meeting ever-changing customer demands. This knowledge is particularly vital in financial institutions whose business units operate in silos.
- By communicating openly with business leaders and gaining a better understanding of their unique perspective, IT leaders will be more capable of developing technology solutions that are not only technically sound but also support the objectives of the business.

The IT organization must be realigned to support the four key components of the business strategy: products and services, channels, customers, and risk and regulation.

To be relevant and valuable to the business, the new IT organization must enable the business to:

- Develop and launch innovative **products and services** to meet evolving customer demands.
- Allow customers to interact with the institution using their preferred **channels**.
- Put **customers** at the center of everything.
- Focus on better ways to identify and mitigate **risk**, and manage ever-increasing **regulatory requirements**.

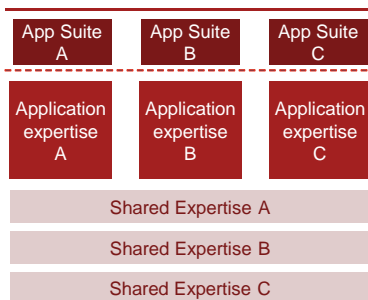
Point of view

An appropriate IT organizational structure will support alignment with the business. When it comes to the choice of a structure, no one size fits all.

Industry examples of leading organizational structures are illustrated below. In some cases, a hybrid structure may be an appropriate solution:

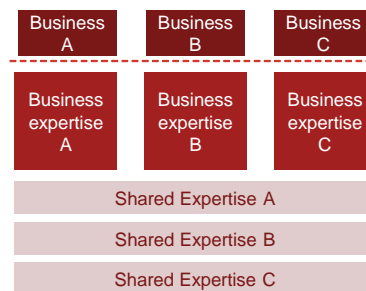
The choice of an IT organizational structure will depend on many factors, ranging from the size and geographic scope of the institution to its business strategy. Many institutions implement hybrid structures, combining elements of the predominant models in order to achieve the optimum alignment between IT and the business.

1) Application alignment



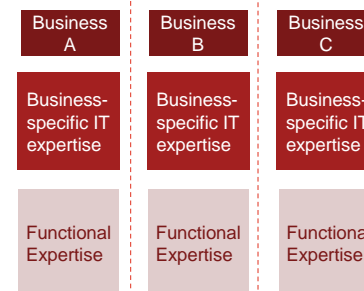
- The IT organization is aligned with individual technology solutions.
- Expertise (such as business analysis, database management, and infrastructure management) is shared across the organization, regardless of the solution.

2) Business-unit alignment with shared expertise



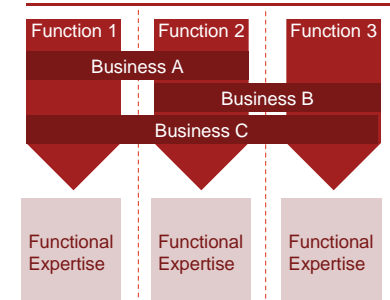
- Business expertise aligns with the business unit.
- Business-facing solutions are created and delivered based on the unique needs of individual business partners.
- Expertise (such as business analysis, database management, and infrastructure management) is shared across the organization, regardless of the solution.

3) Business-unit alignment with embedded expertise



- There is direct alignment to the business, as expertise and resources are dedicated to each business area.

4) Functional alignment



- IT is aligned to the business by solution function (such as Enterprise Risk Planning or Customer Relationship Management software).
- Business partners typically “plug in” to the specific function needed to deliver business value.

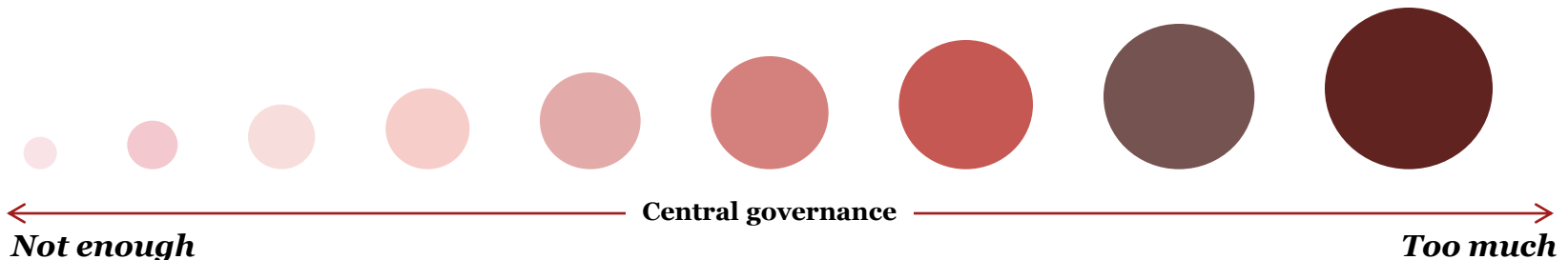
Point of view

Leading institutions are radically rethinking their IT governance models to improve collaboration across business units. Institutions that fail to change risk falling behind.

Striking the right balance between centralization and decentralization is key.

In our view, while there is no single tried-and-true method for fostering collaboration between IT and the business, an organization's governance model directly impacts the alignment of business and IT objectives. Leading financial institutions strike the right balance between centralization and decentralization, weighing the unique needs of their business units against the benefits of standardization, centers of excellence, and shared service centers (SSCs). A balanced global IT governance model supports clear decision-making, oversight, and visibility—thereby enabling IT to better understand business issues and challenges, and helping the broader organization achieve its goals.

Implementing a balanced governance model can help organizations avoid the negative consequences that stem from having too much, or not enough, central governance.



- Costs rise because of duplicate efforts.
- IT environment becomes too complex to support because of application “sprawl” and lack of standards.
- It is difficult to determine the needs of local business units and whether IT is meeting those needs.

- Local IT staff may become frustrated and complain about bureaucracy.
- Local business partners/internal customers may become dissatisfied and search for help from external IT service providers.

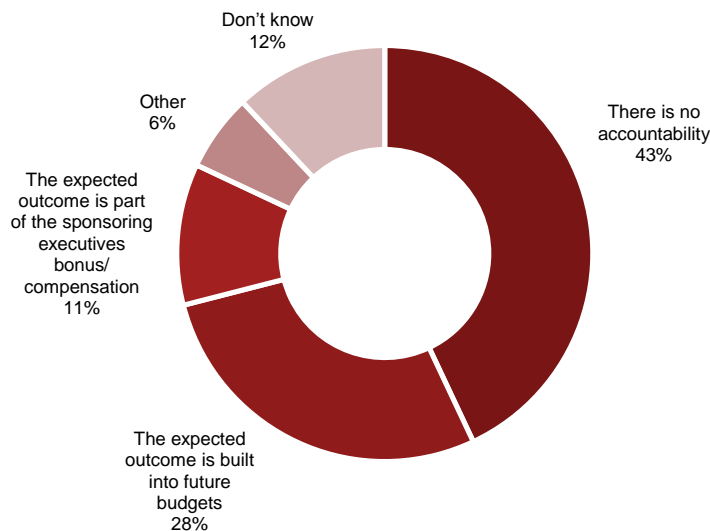
Point of view

Ownership of and accountability for IT investments and service levels are critical to the success of an IT realignment.

The absence of a consistent, credible process for measuring and communicating the benefits of technology investments raises a warning flag that IT operations have limited accountability and transparency.

In a 2010 survey performed by Forrester Research, more than half of respondents (all of them IT decision-makers) indicated that in their organizations either there was no accountability for IT investment outcomes or they did not know how accountability was managed.¹

Question: How is accountability managed for the outcomes from IT investments?



To increase the ability of the IT organization to support business goals effectively, leading financial services institutions are establishing a standardized framework for ownership of and accountability for IT investments and service levels.

The framework leverages metrics and reporting, as outlined:

- Designated roles and responsibilities for IT services and outcomes.
- A systematic process for measuring employees' or business units' consumption of IT services, applications, and infrastructure.
- An impartial, timely practice of measuring the benefits realized from IT projects across lifecycle phases—from requirements gathering to development, testing, and deployment, to ongoing support.
- Consistent and accurate management reporting of IT resource usage, costs, and the benefits realized.

¹ "The State Of IT Governance Q4 2010," Forrester Research, Inc., February 24, 2011

Point of view

Leading institutions are taking a phased approach to building a new IT organization that is aligned with the business.

Following a systematic process helps to ensure that the newly aligned IT organization will support the business effectively and that its performance will be sustainable.

Phase 1: Assessing business objectives. Leading institutions take time to do the homework required to gain a clear understanding of the goals they are trying to achieve through IT realignment. This assessment involves three steps:

1. Determining which of the three primary organizational design themes appropriately reflects the institution's culture: operational excellence, customer intimacy, or product innovation. While a financial services institution may have characteristics of all three design themes, typically one theme dominates corporate objectives and culture. This is the theme that helps to define the organization's brand.
 - **Operational excellence:** *Provide consistent, repeatable services through (cost) efficient management and standardization of people, processes, and technology, and effectively manage risk and regulatory compliance.*
 - **Customer intimacy:** *Select a few high-value niches in an effort to better understand and address customer needs.*
 - **Product innovation:** *Provide leading-edge products and services to customers, allowing them to use the channel of their choice.*
2. Developing the business vision and objectives across verticals, products, and distribution channels.
3. Analyzing the alignment of IT with business objectives, considering existing data architecture, technology, and areas of risk. An appropriate degree of centralization is key. The end result is a clear definition of the company's IT strategy.

Phase 2: Designing the new organizational structure. During this phase, leading institutions define organizational relationships, roles and responsibilities, reporting requirements, and performance management metrics. The result is an IT organizational structure that is aligned to business objectives and the corporate culture.

Phase 3: Transitioning to the new model. A smooth transition requires the right groundwork to support organizational change. During this phase, leading institutions define their change-management strategy and roll out a communications program to educate employees about leadership's objectives and the new IT operating model. These institutions also evaluate their training needs across the IT organization and develop needed training materials. Finally, they define the operating infrastructure and technology requirements and plan accordingly.

Phase 4: Continuously supporting and adapting as needed. Leading institutions recognize the need to create a systematic process for ongoing evaluation of organizational effectiveness, as well as processes for continuous improvement. And, since accountability is viewed as a top priority, these institutions designate accountability for scorecard results. During this phase they also confirm that the IT organizational structure aligns with the IT operating model.

Section 2

Competitive intelligence

Competitive intelligence








Financial services IT organizations are in various stages of adopting leading practices to meet the challenges driven by changes in market and business conditions.


Leading practice areas	Major North American retail bank	Large national insurance carrier	Leading commercial bank
IT organization design and governance	<ul style="list-style-type: none">▪ From the perspective of business managers, the IT organization is a “black box”; however, IT is improving this perception by providing IT delivery managers to every project that involves technology. ■▪ Consolidating common IT functions, the bank has established technology-focused centers of excellence (COEs). ■	<ul style="list-style-type: none">▪ Mostly decentralized among three major business units with limited governance, standards, transparency, and consistency in processes and tools. ■▪ Roles and responsibilities are often confusing, causing duplication of efforts. Accountabilities are often unclear, resulting in large group meetings without tangible outcomes or solutions. ■▪ IT infrastructure and end-user support operate as a shared IT function across all business units; however, because of disparate processes, there are daily challenges to meeting ad hoc demands and requests. ■	<ul style="list-style-type: none">▪ From the perspective of business managers, although there is a centralized IT group, the managers have limited visibility into the IT group process. Essentially, IT is a “black box”. ■▪ There are no IT shared services, because past attempts to create this had limited success. While communities of interest (a precursor of COEs) have been established, they are very loosely organized and have no influence. ■

■ Leading ■ On par ■ Lagging

Competitive intelligence

Financial services IT organizations are in various stages of adopting leading practices to meet the challenges driven by changes in market and business conditions.

Leading practice areas	Major North American retail bank	Large national insurance carrier	Leading commercial bank
IT organization design and governance	<ul style="list-style-type: none">▪ Metrics are loosely gathered and are inconsistently reported across various lines within the IT organization. ▪ IT execution is performed on a per-project basis, which causes challenges with project planning and resource forecasting. 	<ul style="list-style-type: none">▪ IT implemented a balanced scorecard that allows a business view enabling key “partner” conversations. Metrics are aligned in the following categories: financial, customer, operational, and employee. ▪ The company implemented run book automation for routine activities, allowing the carrier to deploy resources in value-added areas. 	<ul style="list-style-type: none">▪ The bank uses strategy-driven metrics that cascade down into each organization within the IT group. ▪ All metrics are related to the overall metrics of the IT organization, which increases transparency to business partners. ▪ The bank launched an IT capacity planning function to deploy human resources based on critical need, specifically on project-based activities. 

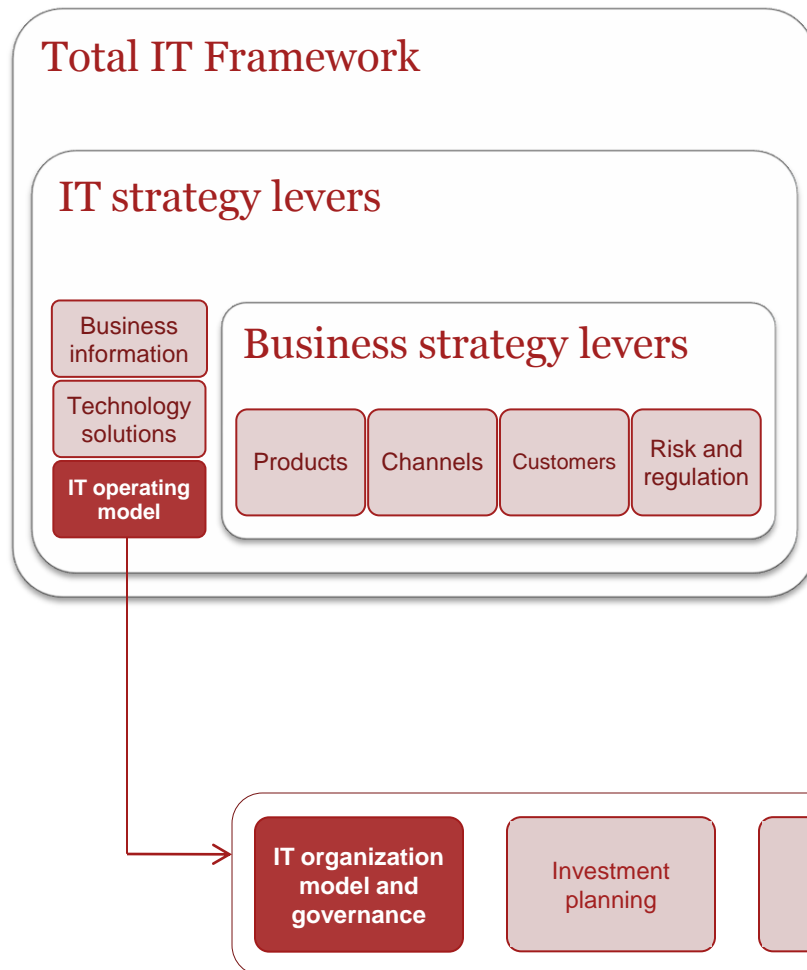
 Leading  On par  Lagging

Section 3

A framework for response

A framework for response

Establish an IT operating model to support the goals of the business.



As described in PwC's FS Viewpoint publication entitled *Rebooting Your IT Strategy: Using IT to Accelerate Your Business*, the Total IT Framework can help an organization to better understand the relationship between IT and the entire business.¹

Key success criteria:

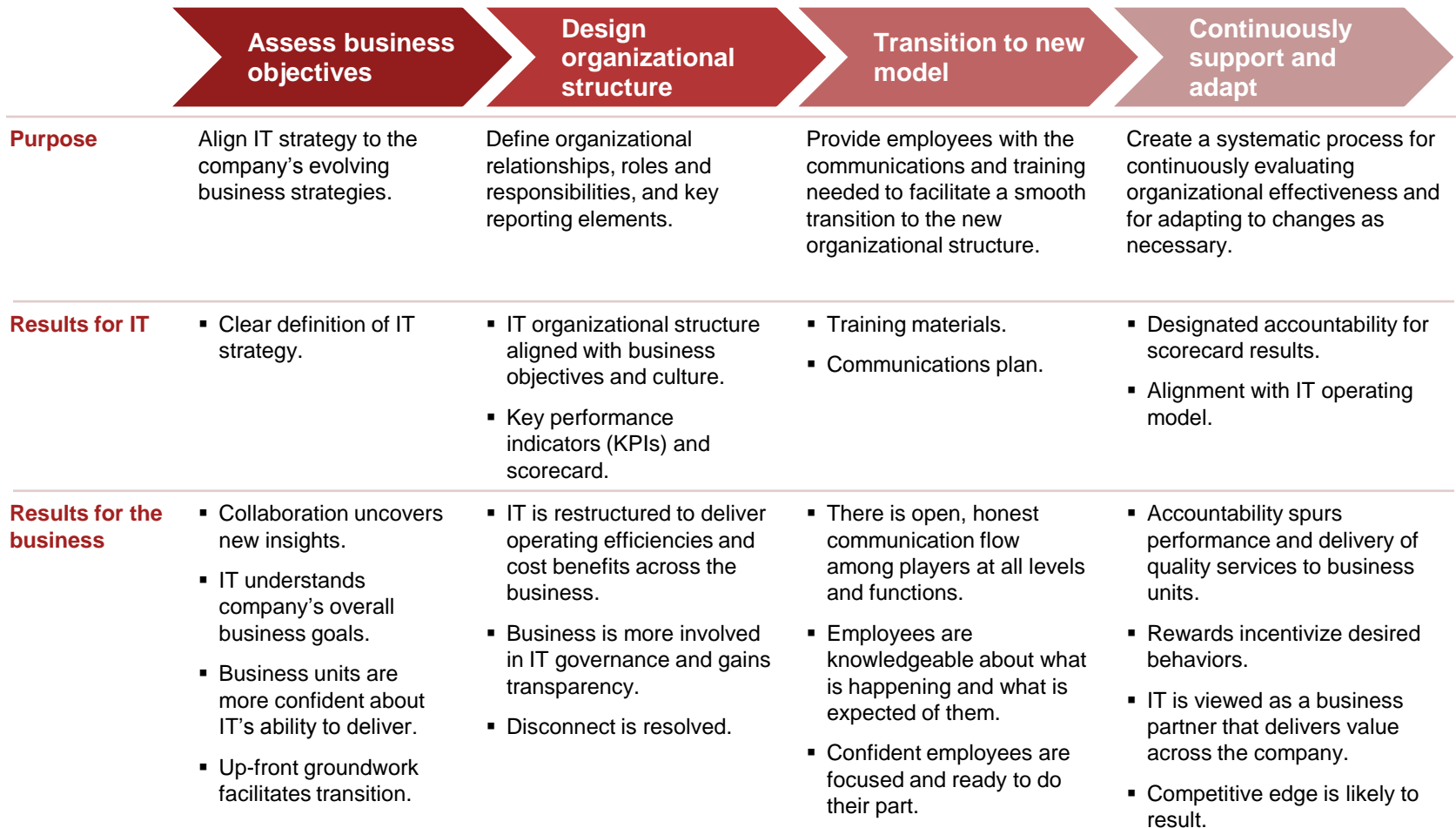
- Engage key business and IT stakeholders throughout the process to build alignment and focus.
- Collaborate with business leaders to identify business drivers and critical capabilities that are needed to address problem areas, and develop a consensus on the target plan.
- Identify and elaborate on critical capability gaps and develop target state requirements.
- Prioritize and rationalize the business drivers to IT capabilities throughout the process.

Once IT has established its strategy, it is ready to embark on the first step in the process of designing its operating model: IT organization and governance.

¹ "Rebooting Your IT Strategy: Using IT to Accelerate Your Business," PwC FS Viewpoint, April 2011. www.pwc.com/fsi

A framework for response

Using a phased approach, create a realigned IT organization that is based on the goals and needs of the business.



A framework for response—Assess business objectives

Understand which organizational design theme appropriately reflects the company culture: operational excellence, customer intimacy, or product innovation.

Assess the business vision and objectives across verticals, products, and distribution channels.

Many financial services institutions today leverage one of three primary organizational design themes, depending upon the type of product or service they provide and the organizational culture they maintain. The design theme drives IT objectives and standards for success.

Analyze the alignment of IT with business objectives, considering existing data architecture, technology, and risk areas.

Once the design theme is understood, the IT organization should consider how this will impact its technology infrastructure and workforce model.

For example, a financial institution with a theme of operational excellence likely will be better suited to a structure with streamlined back-office administrative functions, high-performance networks, and virtualized servers.

On the other hand, a financial institution that pursues a customer intimacy theme likely will have a more decentralized structure with a high degree of focus on partnering with the business and providing customized technology solutions.

While an institution may have characteristics of all three organizational design themes, typically one theme dominates corporate objectives and culture.

Provide consistent, repeatable services through (cost) efficient management and the standardization of people, processes, and technology. Effectively manage risk and regulatory compliance.



Provide leading-edge products and services to customers, allowing them to use the channel of their choice.

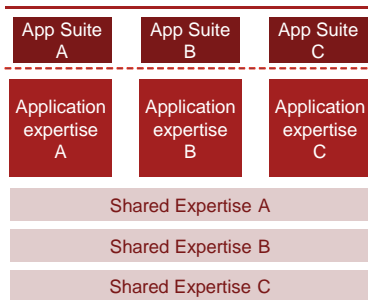
Select one or a few high-value customer niches in an effort to better understand customer needs.

A framework for response—Design organizational structure

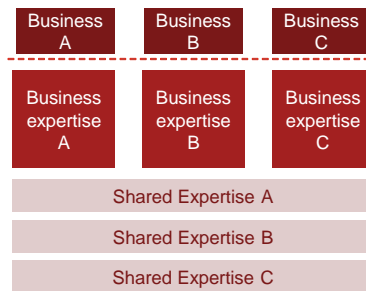
Build an organizational structure that leverages leading industry examples.

Evaluate the advantages and disadvantages of each organizational structure in light of business objectives and the dominant organizational design theme.

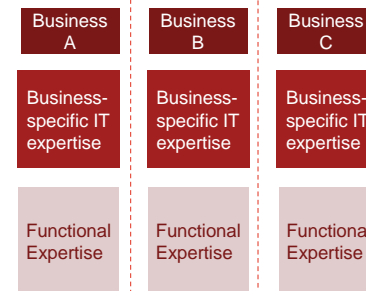
1) Application alignment



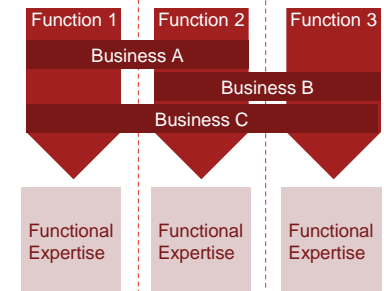
2) Business-unit alignment with shared expertise



3) Business-unit alignment with embedded expertise



4) Functional alignment



Advantages

- Shared service consistent across all application groups.
- Highly efficient solution/application development methodologies.

- Supports vertically integrated business processes.
- Delivers economies of scale and scope.
- Clear accountability to the business.
- Business-aligned solution development.

- Strong business knowledge due to business liaisons and technology delivery teams.
- Ability to provide tailored services and products to meet line of business needs.
- Ability to deliver quickly to support the needs of the business.
- Emphasis on strategy and planning through dedicated leaders.

- Standard planning and sequencing through a more streamlined forecasting and capacity planning group (by function).
- Manages horizontal integration of new business solutions.
- Supports ability to create economies of scale.

Disadvantages

- No direct business alignment and accountability.
- Likely to develop silos.
- Often multiple solution development methodologies.

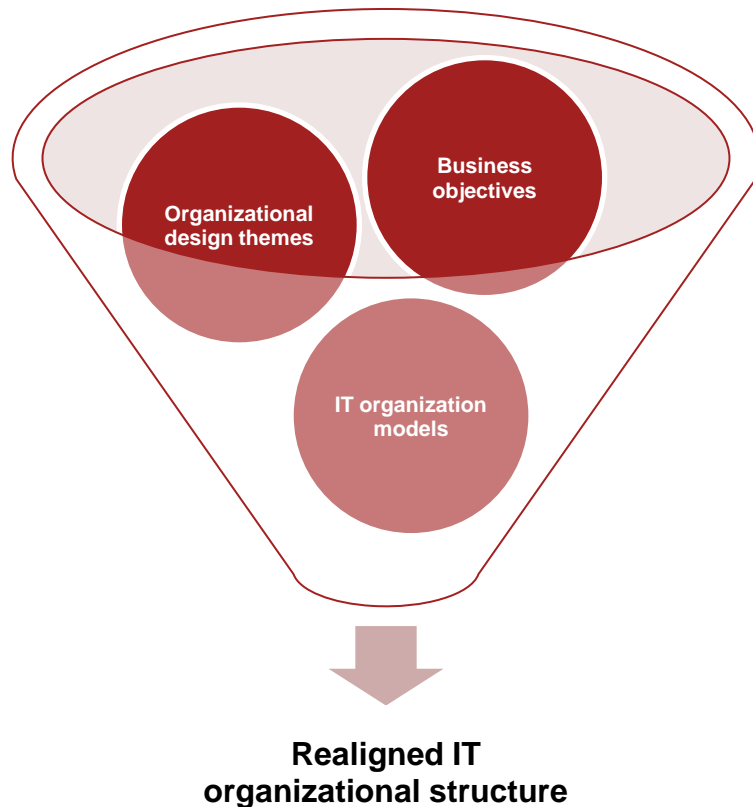
- Longer implementation time.
- Risk of inconsistent delivery.
- Siloed processes and technology solutions.

- Most expensive model, does not achieve economies of scale.
- Difficult to manage processes across business units.
- Resources have specific business knowledge that cannot be shared across the organization, creating redundancy.
- Limited innovation and idea creation capabilities.

- Not as responsive to business drivers.
- Aligns to process, not business.
- No clear accountability because of the matrix management structure.
- Difficult to understand.

A framework for response—Design organizational structure

Consider business objectives, organizational design themes, and industry leading practices when designing the organizational structure.



Key considerations in defining the organizational structure:

Roles and responsibilities

Define roles and responsibilities for each area. Decision rights and role level accountability should be clearly articulated.

Metrics

Articulate performance measures that will drive the goals and define the success of each IT sub-group.

Communication and reporting

Design communication and reporting processes that are aligned to the objectives of each sub-group. Formal upstream and downstream communication channels will promote open and honest communication among employees, sub-groups, management, and the business.

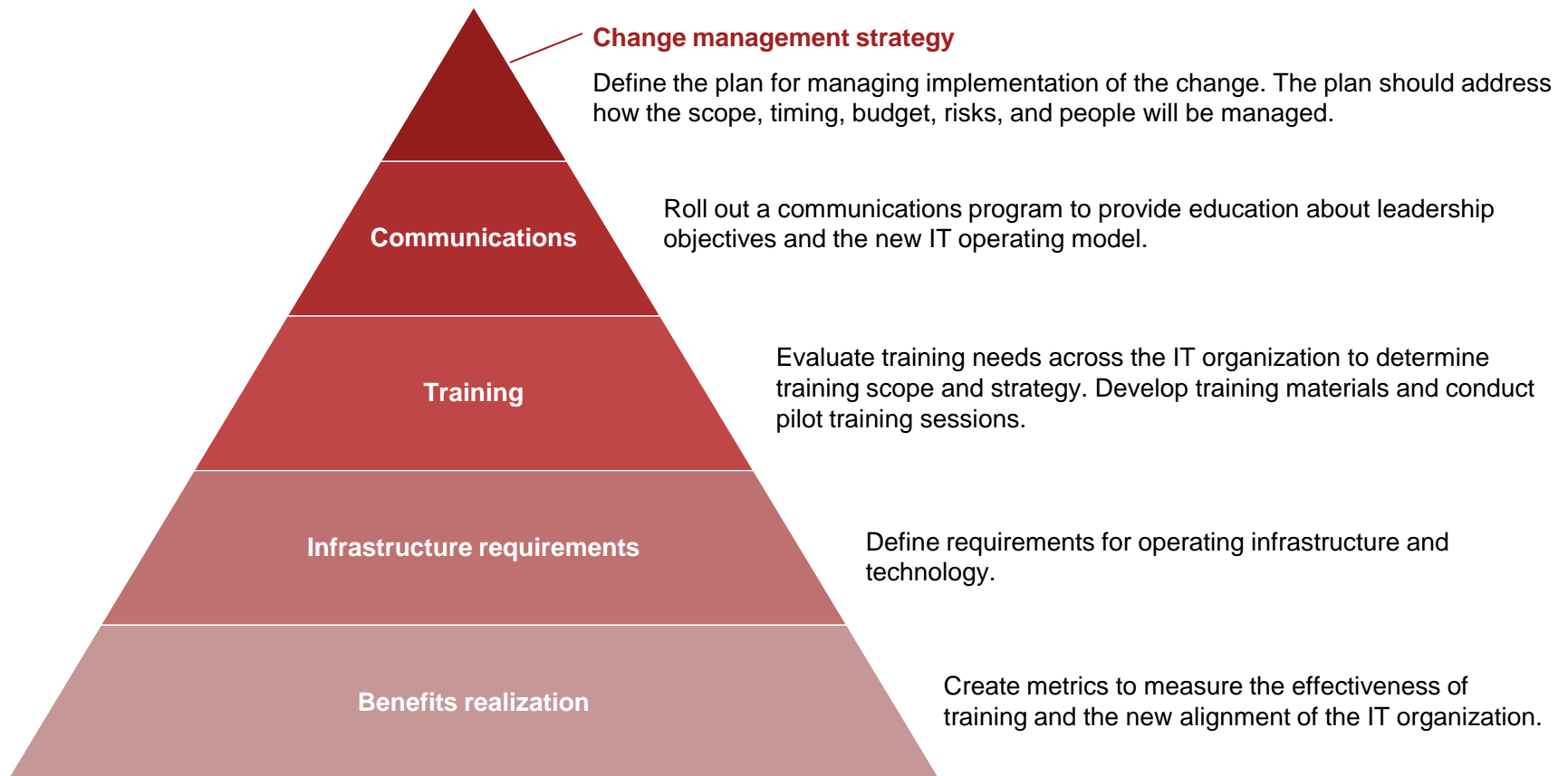
Rewards

Create rewards systems at the IT employee, group, and organization levels to encourage desired behaviors.

A framework for response—Transition to new model

Support the organizational change process with the groundwork needed to facilitate a successful transition.

As with any major undertaking, having the necessary support structures in place will help to enable the success of the organizational change initiative.



A framework for response—Continuously support and adapt

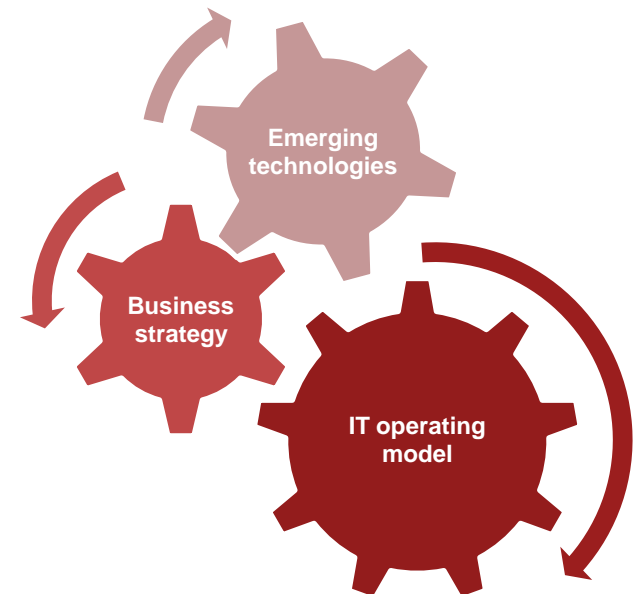
Adapt the IT organizational structure to changes in business objectives and the technology landscape.

Focus on the value that IT brings to the business, not just on the efficiency of IT operations.

The IT organizational structure should be adaptable to changing business and technology conditions in concert with other elements of the IT operating model. To maintain momentum, all changes and initiatives should be assessed against an agreed-upon set of KPIs for measuring IT success. KPIs should help drive a culture of accountability in which all IT investments are evaluated for their impact on business goals.

Bring it all together—make the organizational structure work with other elements of the IT operating model.

Investment planning	<ul style="list-style-type: none">▪ Explore infrastructure and people investments that can help the institution capture strategic opportunities to develop a competitive advantage.
Workforce sourcing	<ul style="list-style-type: none">▪ Investigate which functions would benefit from moving to a shared service environment or to external sourcing.▪ Assess potential legal, regulatory, and tax implications of global sourcing against expected benefits.
Metrics and reporting	<ul style="list-style-type: none">▪ Develop a scorecard to measure the organizational effectiveness of the technology department against business and IT drivers.▪ Develop a service catalog to articulate and set a price on IT service offerings to the business.▪ Establish a transparent, systematic process for measuring the use of IT services by business units and for providing chargeback information to them.
Execution and operational processes	<ul style="list-style-type: none">▪ Continuously improve consistency, accuracy, and timeliness across operational processes through shared service arrangements and centers of excellence.



Section 4

How PwC can help

How PwC can help

Integration of IT strategy with evolving business strategies

PwC has a specialized cross-functional group of technology professionals to assist our clients with IT strategy, organizational design, application development, and integration issues.



How PwC can help

Integration of IT strategy with evolving business strategies

PwC's practice has a specialized cross-functional group of technology professionals to assist our clients with IT strategy, organizational design, application development, and integration issues.

Overall IT strategy	Data management strategy	Develop an information management strategy that aligns not only with business priorities, strategies, and goals, but also gives clear ownership of the data management strategy throughout the business. Simplify and standardize contrasting data models to provide consistent information across the organization, allowing key information to be readily accessible to the proper parties.
	Enterprise architecture	Align IT integration initiatives with business goals. Assess current integration architecture that provides a clear application of standards and policies across business units. Provide a flexible, scalable enterprise architecture that supports and improves business processes and strategy. Provide guidance for the implementation, rationalization, and optimization of software that creates simplification and effectiveness in the enterprise architecture.
	Application development and integration	Provide visibility into the processes, business rules, and functions supported across the enterprise. Transform systems into a platform that is not only quick and cost effective, but also reduces requirements for systems development, applications, and resources. To help reduce risk in applications, react and modify processes and systems as a result of market and regulatory pressures.
	Data center and computing services	Align IT/business strategy with the data center facility strategy, and help set standards, principles, and methodology for infrastructure products. Develop an implementation plan, and provide an objective view that is independent of hardware and software selection. Develop a scalable, on-demand computer architecture that not only incorporates service levels that support the business, but also includes automated provisioning, and improves time-to-market.
	IT organizational design	Provide an increased level of coordination by leveraging resources among the departments within the organization to create business innovation. Focus on the core business/high-value activities. Develop measurements and incentives that better focus on and motivate a desired behavior. Increase levels of customer satisfaction.
	IT risk management	Develop a framework for the management of IT risk, compliance, and security, which combines leading industry standards and is aligned with the firm's risk management framework. Establish controls, indicators, governance, and an audit mechanism to continuously measure and improve the level of risk to the business.
	Global sourcing advisory	Provide a detailed and consistent decision framework to assess global sourcing opportunities across the organization. Develop a global delivery model based on leading practices and the organization's culture and capabilities. Provide a detailed framework, leading practices, and key controls to help manage and improve the current sourcing model. Establish and manage, firm-wide, strategic vendor partnerships by identifying synergies among business units.
	Project portfolio management (PPM)	Assist in PPM through strategic resource management across the enterprise by adopting process change. Help ensure that change issues address governance and organizational design, as well as culture change. Measure process quality to facilitate effective management of processes through collaboration in workflow.

How PwC can help

PwC is distinguished by the depth and the breadth of its professionals.

PwC helps market participants to meet the challenges presented by a changing marketplace.

PwC provides industry-focused Assurance, Tax, and Advisory services to build public trust and to enhance value for our clients and their stakeholders.

PwC helps companies manage complex change programs.

Our integrated solution offerings have been developed, proven, and continuously enhanced through our real-world client experiences over the past 15 years.

PwC has experience in IT as well as business advisory and transformation services, from identifying problems, initiating strategies, and following through to implementing resolutions.

PwC has 7,100 technology professionals who are providing IT and business advisory and transformation services—from strategy through implementation—to our clients across industries. PwC has access to two offshore centers in China and India (global delivery centers) with global delivery capabilities covering most leading technology solutions and platforms. In addition, 163,000 people in 151 countries across our network share their thinking, experience, and solutions to develop fresh perspectives and practical advice.

How PwC can help

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Section 5

Select qualifications

Select qualifications

Post-merger IT organizational redesign—Major retail bank

Issues

The client's IT group, which had been restructured to better align vertically with business partners, was faced with the challenge of integrating application management teams following the bank's merger with another large bank. As part of this effort, the client wanted to obtain an external perspective on its new post-merger organization as well as recommendations for potential changes.

Approach

PwC provided assistance in the following areas:

- Assessed the organization's strengths and weaknesses through primary interviews with line-of-business leaders and business partners.
- Evaluated data architecture, technology, and operating models across products, channels, customers, and risk dimensions.
- Conducted a financial comparative analysis on investment allocations for the business areas and identified potential areas for increased investment.
- Identified emerging technologies as potential enablers of strategic business objectives that could be followed for the next five years, and provided recommendations for the staff to acquire specific skills.
- Reviewed the project management process (PMP) and evaluated it against industry-standard PMPs.
- Helped to develop the operating and governance model for the new PMP, which entailed consolidating project management teams into a single organization and developing a roadmap to merge systems and data repositories.

Benefits

The client implemented the recommendations from PwC. The results have been impressive. The client has increased project throughput by 20% and has aligned as a true business partner. Based on current survey results management now believes that the new technology supports effective solutions.

Select qualifications

IT data center consolidation and organizational model redesign—US insurance company

Issues

The client, the Chief Information Officer (CIO) at a large insurance company, was in the process of consolidating the company's multiple data centers into a co-location and a single internal data center. Following the consolidation, many positions that had been outsourced to service providers would be managed in-house. The client needed assistance developing a new organizational model to manage the restructured data center operations effectively.

Approach

PwC developed both a functional model and high-level organizational model that identified critical roles required to manage the new environment. PwC prioritized roles by criticality and required job descriptions for each role, including expected roles and responsibilities, required skills and education, and years of experience in specific fields.

Finally, PwC interviewed resource and technical managers to compare current organizational roles to the target state and provided an assessment of IT's maturity level.

PwC then created a resource and training plan to develop employees' current skills so that they could provide the needed support in the new data center structure and operations.

Benefits

The client received a target state operating model that met its vision for completely in-sourced data center operations. Additionally, the client received a list of critical roles and skill sets, a resource plan, and an 18-month roadmap to reach the desired target state.

After the client implemented the recommendations there was an increase in collaboration between the IT organizations. This provided the ability to quickly close production issues and allow IT to set aggressive production support service levels for the business. The client was able to decrease the ramp up time for projects and begin their execution.

Select qualifications

Transformation of the IT organization into a service center—Leading US bank

Issues

The IT organization of a large US bank was preparing to implement two new data centers using a new framework for managing technology design and encouraging appropriate technology use. The client needed a catalog to help its customers understand the bank's service offerings and associated costs. The IT organization also wanted to help its internal customers manage IT costs effectively while it developed a sustainable pricing methodology.

Approach

PwC helped the client develop the service catalog and related interfaces for service providers, customers, and management. PwC created the concept for an architectural framework that would support service offerings and service management data capture and reporting. PwC then established detailed functional requirements, enabling the client to thoroughly evaluate implementation options for its service catalog enhancement and deployment.

As soon as a framework and functional requirements were developed, PwC helped to transition the IT organization from a product focus to an infrastructure services focus. To achieve standardization and reduce costs for the client, PwC also supported the organization's plans to move data center operations from a dedicated to a shared platform. PwC brought a broad population of managers into the process as stakeholders and helped them to refine key messaging as their catalog concept evolved into a self-service solution. Finally, PwC created a set of work products for the IT staff, producing a roadmap to support the development of the service catalog as well as more sustainable pricing and chargeback methodologies.

Benefits

With the help of PwC, the client developed a service catalog and customer self-service interface that increased the efficiency and effectiveness of the IT organization. The new catalog allowed customers to choose from strategic, standardized services with limited options for customization. The IT function also gained new pricing and chargeback methodologies, which put it in a better position to fund innovative technologies and gave the company the potential to differentiate itself in the marketplace.

Select qualifications

Transformation of IT and Operations—Global investment bank

Issues

Shortly after a global investment bank with more than 10,000 employees and annual spending of more than \$3 billion acquired a competitor, it embarked on the following: The IT and Operations departments initiated a program that covered cost reduction, organizational realignment, and service and solution quality improvement. The client requested an assessment of the current state of the IT and Operations organizations to identify key transformational and cost-reduction opportunities.

Approach

PwC provided assistance in the following areas:

- Assessed the current environment across client verticals, products, and distribution channels; conducted more than 400 interviews, collecting HR, financial, and benchmark data covering systems and personnel.
- Created key transformational and cost-reduction opportunities designed to achieve targeted savings, by analyzing the following: current environment, interview feedback, competitive intelligence, and industry leading practices.
- Developed recommendations for the target operating model, with an organizational structure and a common global location strategy for the entire organization, including:
 - Consolidation of select functions across back office, middle office, and IT.
 - Establishment of a plan, build, and operate (PBO) model that is common across development teams.
 - Development of a center of excellence and shared services for functions across development teams.
 - Implementation of an offshoring/nearshoring model to support the IT and Operations transformation.
- Scoped initiatives for potential further evaluation in subsequent phases of the program.

Benefits

With PwC's help, the client was able to identify a series of actionable initiatives, bringing more than \$450 million in cost savings over two years as well as other benefits such as organizational and service delivery efficiencies. PwC also assisted in making suggestions to the CIO of each technology group, and helped the client launch of workstreams covering the detailed planning of key initiatives.

Select qualifications

Strategic roadmap to support growth—Major US bank

Issues

A large US bank's IT organization wanted to enhance its ability to facilitate organic growth by delivering higher value (in terms of speed, cost, quality, risk, etc.) to the bank's customers, shareholders, and associates. The client retained PwC to help develop its vision, target state, and a roadmap for IT to support this business objective.

Approach

PwC provided assistance in the following areas:

- Conducted workshops with key stakeholders to develop overall three-year goals for IT to better support the business in terms of performance, cost, and risk control for products and clients.
- Guided the client's strategy team in formulating a vision of its target state across the dimensions of data, systems, infrastructure, and people.
- Assisted in the development of a conceptual framework for each of the dimensions.
- Facilitated the development of a gap analysis between target and current states for data architecture, systems, infrastructure, and risk.
- Helped to develop a framework for IT operating and control processes, which aligned with the objectives of the bank, was consistent within the bank's organizational structure, and took into account the bank's culture.
- Detailed the framework down to the changes required at the procedure level.
- Helped to define a high-level roadmap for the development of key IT capabilities, including an outline of the business benefits.
- Assisted in communicating the strategy throughout the organization.

Benefits

The framework for IT operating and control processes became the foundation for a firm-wide cultural and structural change led by the project's sponsor. A significant outcome was the establishment of a method for IT executives to collaborate on core initiatives, thereby enabling agile execution and support.

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“Disconnected: Why Fixing the Business/IT Divide Now Is the Key to Survival,”
PwC FS Viewpoint, October 2011. www.pwc.com/fsi

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