

IT Value Capturing and Management: Summary of Responses

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Respondents

- GSK
- BMS
- Ipsen
- Sentrax
- Wyeth
- Syngenta
- Novartis

What does IT Value Capturing and Management Mean in Your Company?

- It is a conscious IT management process on all levels:
 - *Novartis*
 - *Syngenta*
 - *Wyeth ('prospective')*
 - *GSK:*
 - Conscious IT management process, practiced across the whole of IT
 - Focus on rapid delivery of business results
 - Embedded and reported within project process
 - Corporate executive team approved 12-month payback policy
 - *Sentrx:*
 - IT Operations and IT Development are profit centers
- It is practiced in some areas of the IT organisation: *BMS*
- Not a topic at all
- Other: *beginning to surface at Ipsen, awareness building in R&D at Ipsen*

How Is IT Value Capturing and Management Practised in Your Company?

- **Novartis:** annual summary across the organisation (manual process), cost savings/avoidances tracking globally in IT Infrastructure, benefits (ROI) presentation as part of project mandates but no benefit tracking after implementation, Forrester approach piloted in Development IT
- **GSK** applies four key principles:
 1. Identify opportunities to measurably improve business processes
 2. Enhance accountability of Business and IT owners for benefit delivery
 3. Conduct simple and effective process improvement first before spending capital on technology
 4. Reduce the time to benefit
- **Ipsen:**
 - Process is not really defined or formalized yet
 - Pilot IT projects have been through the following steps:
 - Quantitative assessment of anticipated costs and gains translated in monetary terms
 - NPV calculation with sensitivity and scenario analysis
 - Identification and description of qualitative benefits and risks
 - Presentation of full business case to business decision making bodies
 - Measurement of actual value realization is left unaddressed for the time being

How Is IT Value Capturing and Management Practised in Your Company?

- **BMS:**
 - ROI required for all significant projects
 - Performance metrics defined for the project team
 - Follow-up could be more consistent and longer-term
- **Wyeth:**
 - Business perspective (at the functional unit level)
 - IT strategy is linked to business strategy
 - IT project portfolio is linked to IT strategy
 - Oversight by blended Business/IT Steering Committee
 - IT perspective
 - Portfolio scoring of all IT projects across company
 - Review (control point) to achieve alignment with IT architecture and standards
 - Management accountability/vigilance to identify synergies
 - Mixed
 - Task forces/committees charged with opportunity identification

How Is IT Value Capturing and Management Practised in Your Company?

- ***Syngenta:***

All IT related decisions, particular in the project space, are linked to the IT lifecycle model and taken by joint business-IT committees. Business cases based on NPV deliver one of the more important decision criteria, prioritization is done in portfolio reviews.

For R&D IS this causes problems: It is inherently difficult to drive technology foresight processes based on NPV, and prototyping is moved into the project planning process. As a consequence prototyping tends to be neglected. Though R&D IS is given forgiveness to have enabling criteria as well to justify business cases, and not only NPV, technology foresight is difficult to balance in a meaningful way.

- ***Sentrx:***

- IT is an independent unit with:
 - Cost budget, Income statement, P&L
 - Operations 'pays' IT for services
 - SLAs for internal operations and clients
- IT value is captured at the bottom line
 - Investments are either strategic and venture-funded or
 - Funded by income

What Targets Do you Pursue in the Area of IT Value Capture and Management?

- Focus on bottom line savings:
 - *Sentrx* (quality and output of Operations, ROI for all projects)
 - *Syngenta* (we are a merging company still with a lot of duplications)
 - *Ipsen*
- Focus on bottom line cost avoidance:
 - *Syngenta* (In the portfolio process we try to balance cost efficient process support with more innovative and enabling science support. However, real experience and criteria to do so is lacking)
 - *Ipsen*
- Focus on top line contribution:
 - *Sentrx* (at least 40% gross margin on all client related projects)
 - *Syngenta* (In development: yes, in research: no)
 - *Novartis*
- All of the above:
 - *BMS*
 - *Novartis*
- None of the above

What Targets Do you Pursue in the Area of IT Value Capture and Management?

- **Wyeth:**
 - Prospective measures
 - Achieve business goals
 - Add critical, proven technology
 - Support business continuity
 - Assure regulatory compliance
 - Assure safe and effective work environment
 - Consider organizational readiness
- **GSK:**
 - Project payback within 12 months for project approval
 - Must be calculated based on hard-benefits only
 - Exception process for those not meeting the above criteria
 - Must have significant business support
 - Must have clearly articulate benefits
- **Novartis:**
 - 'Operational integrity' criteria as third dimension for IT value

What Methodologies Do You Apply in the Area of IT Value Capture and Management?

- Value capturing and management built into project management methodology:
 - **Sentrx** (SDLC adapted from Catalyst, ROI)
 - **Novartis** (Crystal, adapted from Catalyst, not really 'lived')
 - **GSK:**
 - Built into the project approval and review process
 - Business Delivery Plan (BDP) required for project approval
 - Business Delivery Report (BDR) required for project closure
 - Reported and visible centrally
 - **BMS**
- A vendor provided approach (Gartner, MetaGroup, Forrester, other):
 - **Novartis** (pilot in Development of Forrester approach (TEI))
- In-house methodology:
 - **GSK:**
 - Part of GSK IT operating model (in-house methodology)
 - PS3 (People, Strategy, Service and Solution)
 - Supporting methodologies for quick wins (IMPACT, Express Workout)
 - **Syngenta:**
 - Project management based on life cycle management (heavily influenced by Gartner). Development of an internal multiportfolio application (SYPOS) to cover all technical functions in Syngenta: IT, Development, Research, Chemical Development

What Methodologies Do You Apply in the Area of IT Value Capture and Management?

- Ad hoc:
 - **Novartis** (annual high level summary, all 3 dimensions)
 - **Ipsen**
 - **BMS**
- Other:
 - **Wyeth:**
 - Reviews
 - Concept review
 - Charter agreement
 - Design review
 - Outcome Metrics
 - Ad hoc, qualitative
 - Seldom quantitative
- None

What Degree of Granularity Do You Achieve?

- All of IT globally:
 - **Novartis**
 - **Syngenta** The whole budget must be reflected in the portfolio, granularity goes down to 20k USD projects but can be grouped into project programs, strategic vs discretionary projects, or financial criteria such as “management, projects, support, licences,...” to help drive strategic decisions.
 - **GSK** (For all IT projects across GSK, reported on a project by project basis, accumulative results reported to demonstrate the impact of IT as a whole)
 - **Sentrx** (project level)
 - **Wyeth** (All of IT engages in projecting future business value (portfolio scoring), retrospective value metrics are qualitative and at the business functional unit level:
Business unit satisfaction = success)
- R&D globally
- Locally only:
 - **BMS** (major improvements next year)
- Project level only:
 - **Ipsen**
 - **BMS**

How Are IT Value Management Results Presented and Discussed?

- A standing item on all IT management team agendas:
 - **GSK:**
 - A standing item on all IT management team agendas
 - Reported in central dashboard
 - Multi-site Business Delivery fora for the presentation of BDRs
 - Regular updates posted to IT communities
 - **Syngenta** (Operative aspects, at least quarterly)
 - **Sentrx**
- A standing item on business management team agendas
 - **Syngenta** (Strategic aspects, at least quarterly, and status reports based on needs, technology foresight)
 - **Sentrx**
- Just reported on a dashboard

How Are IT Value Management Results Presented and Discussed?

- Other reporting:
 - **Novartis**: once a year summary, will be improved next year; quarterly for IT Infrastructure consolidation initiatives
 - **Ipsen**: ad hoc at R&D management meetings
 - **Wyeth**:
 - Project delivery is managed/measured (on time, on budget, met objectives) at the project board level, to a small extent at the IT project office level
 - Qualitative value is often described in project completion announcements (IT newsletter, management announcements at broad organizational level, informal departmental announcements/celebrations)
 - Direct quantitative value is not often measured
- Not a topic at all:
 - **BMS**

How Do You Measure 'Intangible' Value of IT Projects? What Surrogate Markers Do You Apply?

- Compliance projects
- Security projects
- Contribution to drug discovery
- Contribution to drug development

How Do You Measure 'Intangible' Value of IT Projects? What Surrogate Markers Do You Apply?

- **GSK:**

- Accepted categories:

- Regulatory, Patient Safety, Tax Law, Failed / Failing Service, Commercial Risk, Infrastructure, Part of Approved Programme

- Other business specific markers (including support for business initiatives, contribution to drug discovery/development) but only with supporting business buy-in to specified surrogates

- **Novartis:**

- Qualitative statements only; sometimes somewhat contrived surrogates (numbers) that are easily contested

- **Ipsen:**

- We can't measure in hard numbers intangible benefits. Qualitative factors are identified and listed but no effort to show value realization
- Markers include data security & traceability, improved submission processes, facilitated information mining, enhanced decision making, improved safety handling, etc

How Do You Measure 'Intangible' Value of IT Projects? What Surrogate Markers Do You Apply?

- **Wyeth:**
 - Have we met the overall business objectives?
 - # cmpds advanced from Discovery to Development
 - # IND's
 - % on-time submissions
 - % on-time approvals
 - Safety metrics
 - Compliance metrics
- **BMS:**
 - Compliance projects
 - are we in compliance or not
 - improvements of risk exposure
 - Security projects
 - Contribution to drug discovery
 - Claim improvements in decision making
 - Often anecdotal evidence from appearance of new value delivered in workign group meetings, presentations, discussions with scientists
 - Claim improvement in drug success factors - virtually impossible to measure in practice
 - Contribution to drug development
 - Claim improvement in drug success factors
 - Anecdotal evidence from discussions with management about how informatics improves their business

How Do You Measure 'Intangible' Value of IT Projects? What Surrogate Markers Do You Apply?

- **Syngenta:**

- Compliance projects
 - Reach minimal agreement with QA (working together with regional government authorities) regarding interpretation and compliance level to be implemented. Care for regional compliance.
- Security projects
 - Leave that happily to Global IS, I just comply (minimal standard again).
- Contribution to drug discovery
 - Reach agreement with scientific user community, envision deliverables and potential contribution, link to milestones and deliverables to be measured against. Benchmarking, budget attribution through weights. Still in its infancy, and a problem.
- Contribution to drug development
 - Idea collection and prioritization through NPV, link to portfolio and product strategy.

- **Sentrx:**

- Compliance projects are handled as 'support projects' for QA, major area of expertise of our company, widely uncontested
- Security projects are infrastructure projects for Operations and part of support

What Future Initiatives in this Area are Planned in Your Company?

- ***Novartis:***

- Apply Forrester methodology consistently throughout the portfolio
- Monthly reporting

- ***Sentrx:***

- None

- ***GSK:***

- Continue to review and evolve current methodology
- Continue to raise the hurdle for exceptions
- No significant alteration from current path foreseen

What Future Initiatives in this Area are Planned in Your Company?

- **Ipsen:**
 - Investigation of available “off-the-shelf” methodologies for possible adoption of the best suited one
 - Discussion with business management re. their involvement in value definition and realization
- **Wyeth:**
 - None, across the board
 - Fine-grained performance metrics at the business unit level, e.g.
 - Stop-watch timing of scientists performing analytics
 - Stage-gate cycle-time
 - Pipeline attrition rates
- **BMS:**
 - Major effort on performance metrics
 - More focus on long-term metrics tracking
- **Syngenta:**
 - Short-term: conclude and implement multi-portfolio tool (SYPOS), grow portfolio process and culture, link departments with each other and business strategy.
 - Medium term: get technology foresight and resources into better agreement with company needs and needs to support an innovative culture.

Conclusions, Comments, Questions

- **GSK:**
 - Focus on hard benefit and rapid delivery of business benefit is challenging
 - Important to measure the right thing and avoid creating adverse behaviors to meet an incorrectly specified measure
 - Provides a more tangible definition of the value of IT
 - Should not neglect the intangible benefit or block innovation
- **Syngenta:**
 - Would be interested in soft criteria to describe “innovation support potential”, “science enabling capability”, “risk factors to enter new business space”.
- **Sentrx:**
 - Justification of IT costs is easy if there are paying clients

Conclusions, Comments, Questions

- *My own observations:*
- No proven standard approaches emerging
- Various degrees of maturity among the responding companies
- GSK seem to be applying value management most consistently
- Feeling that ‘something’ needs to be done
- Why do we in IT think we need to prove our value all the time? Are we lacking self-confidence? Are we not close enough to the business yet to deserve the seat at the table?