



## IT FINANCIAL MANAGEMENT MATURITY MODEL

The role of the CIO and influence of IT organizations have changed radically in the last ten years. In the private sector, CIOs are part of the corporate C-suite influencing strategic direction and revenue growth; in the public sector, CIOs are members of governors' cabinets influencing citizen-facing solutions. They manage internal and external stakeholders, engage with a marketplace that changes daily, and identify and deliver the services expected from customers at the right price. CIOs are no longer merely technology experts. They are business leaders who must adapt quickly, communicate effectively, and collaborate across business units, internal organizational functions, customers, corporate boards, and legislatures.

This means CIOs must have strong financial teams backing them up. A CIO's finance team must serve as a strategic partner, developing business cases, unpacking costs, and supporting supplier management strategies. The finance team itself can move from a reporting role into an influencing role. Above all, the finance function must help customers and stakeholders understand the value of a technology service and, ultimately, the value of the entire CIO function.

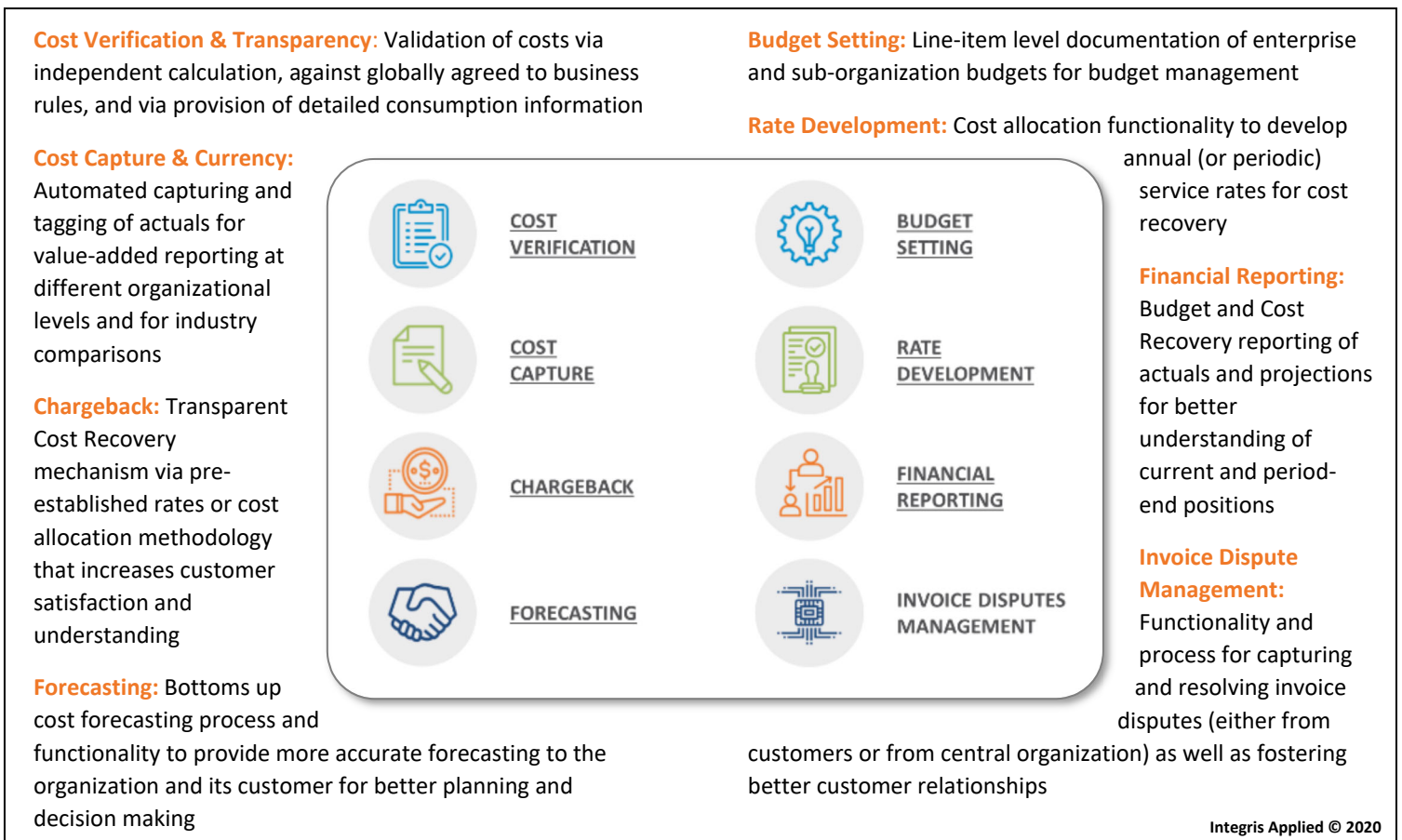
Through its hands-on work with technology organizations grappling with the evolution described above, Integris Applied has developed a view of how a finance organization can mature in a measured and methodical manner.

## THE INTEGRIS APPLIED ITFM MATURITY FRAMEWORK

We view IT Financial Management (ITFM) as an integrated discipline requiring leadership and a vision that transcends perceptions of the “traditional” financial function role. We identify the components of a successful ITFM discipline and apply them to the organizational components we believe are necessary for modern finance organizations managing technology services. In the following text we present our framework for IT Financial Management (ITFM), the roles the finance organization can play at varying levels of financial maturity, and the characteristics representative of an organization at each level of maturity. These frameworks are more than theory. They are grounded and tested. We believe they can be applied in any financial organization to communicate more effectively with customers and stakeholders, improve processes and demonstrate continuous improvement

### The Eight Components of Successful IT Financial Management

Through our work with clients, we have come to understand that there are eight key components required for an ITFM solution to help it evolve from the mechanical to the strategic. The disciplined integration of these eight components will help government work more effectively. We describe these elements in the chart below:



Viewing these financial management practices as a cohesive whole is an important step in maturing an organization’s financial management maturity. After painting a consolidated picture, the organization can then prioritize the functions or processes in need of improvement and move up the maturity curve.

### Three Roles That the Finance Organization Can Play

A finance organization can play roles of varying depth and value within an organization. While traditionally some people view the role of finance as “bean counter” in the back office, our view is that the role of IT finance has evolved with the role of the CIO. We believe a financial organization’s path to maturity can be described with the following terms:

| ROLE OF FINANCE   | Attributes                             | Description   |
|-------------------|--|---|
| <b>REPORTER</b>   | Tactical, Report Oriented, Controlling | Establish manual reporting and financial controls and processes required to protect the organization’s financial landscape. The “traditional” view of the finance function.             |
| <b>ANALYST</b>    | Collaboratory, Analytical, Empowering  | Support business decision with insight and analysis via automated reporting.  |
| <b>INFLUENCER</b> | Engaging, Leading, Executing           | Establish cross-functional processes that engage all stakeholders to identify, plan and execute value enhancing opportunities for the Enterprise – become strategic partner to the CIO. |

A finance organization can assess its current state against these various roles and develop a path forward. In our experience most finance functions sit somewhere between “Reporter” and “Analyst”; However, there is tremendous opportunity to influence the discussion of CIO value – and it starts by defining where you are and where you want to go.

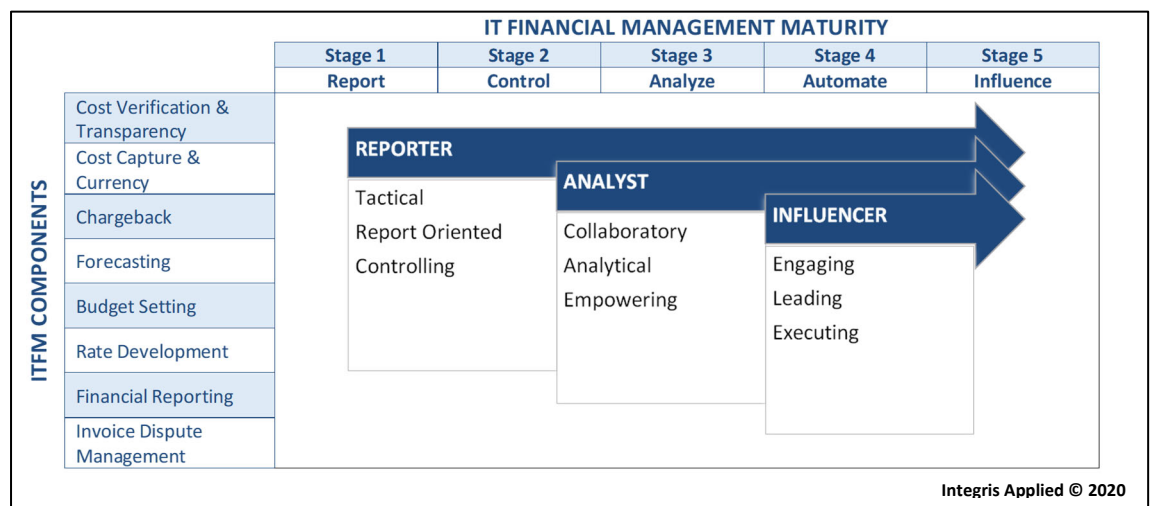
As the Cheshire Cat said to Alice “If you don’t know where you are going, any road will take you there.” Finance organizations have an opportunity to move beyond just *reporting* and *analyzing* (knowing where you are); they can move to *influencing*: building the road to the future.

### The Five Stages of IT Financial Management Maturity

Through our work with many clients of varying financial capabilities, we have developed a proprietary view of ITFM maturity. This 5-stage framework can be measured, and improvement plans can be developed. It can help an organization think through how the finance function shifts from a financial reporting role to a strategic partner to the CIO. As an organization progresses through the stages it begins the automation/fine tuning of the previous stage’s functions and begins working on establishing its new functions.

The figure below shows the three roles we described in the preceding section. Each role straddles the various stages of maturity, showing that an organization can move forward while still fine tuning the components of a previous stage. In other words, this

framework is not a science but a tool to aid an organization set clear goals for improving its structure and role. Each stage is described by a one word heading to communicate the primary action being taken by an organization at each point in its journey.



The components on the left side of the graphic represent the eight parts of a successful ITFM solution (described earlier in this paper), each possibly implemented at an independent level of maturity than the others.

## WHY THIS MATTERS

As the role of the CIO matures and evolves, so too must the role of the finance function. The finance organization should spend a significant portion of its time identifying value-added opportunities for the organization. If a finance organization is not playing a strategic role, it is likely not because of lack of individual capability. The key financial resources in the organization normally have the general expertise and institutional knowledge to play a strategic role. However, much of their time is spent reporting, billing, and conducting other tasks that can and should be automated. There is rarely enough time dedicated to finding value-add activities and supporting the strategic requirements of the technology function.

A fully integrated ITFM solution allows reporting to be automated via tools and processes, and the patterns and drivers in data to be more easily identified through standardization. This frees up an organization's analysts to be analysts. When a finance organization can evolve from a "reporting" role to a strategic partner of the CIO, an organization's goals can be more easily achieved, and finance can begin to influence value-added opportunities for the organization. Becoming a strategic partner has the peripheral impact of increasing job satisfaction for employees, who generally prefer being challenged to provide strategic advice at work versus performing repetitive tasks.

Charting a path is simple but it is not easy. Integris Applied believes that by applying the concepts of maturity with a focus on the eight elements of a successful integrated ITFM capability, your finance teams can make measurable strides in effectiveness and influence. The CIO's organization relies on a team, and the finance function is a big part of that team. When they are better, the entire team improves and the technology function is more effective at producing results and serving clients.

**Integris Applied** is a management consulting firm focused on CIOs and their organizations. We guide clients through the changes required to implement sustainable technology-led strategies. We shape IT organizations and environments with an approach that unifies vision, action and the people who influence both. We have walked in your shoes as buyers, sellers and advisors ... and will walk with you now, on your journey.

**For more information or to schedule a consultation with our experienced facilitators, please contact:**

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