

CFO MIND SHIFT: TECHNOLOGY CREATES VALUE

Chief Financial Officers View Information
and Communication Technology as Tools That
Increase the Bottom Line, Not Diminish It

A Report Prepared by

CFO
RESEARCH SERVICES

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ABOUT THIS REPORT...

In August 2001, CFO Research Services, a unit of CFO Publishing Corp., launched a research program in the United States and Europe to explore the changing role of finance executives regarding information and communication technology (ICT) or Information Technology (IT). Note that in this report, ICT includes the following: software, hardware, data communications services, data communications devices, telecommunications services and devices and other technology-based services. This report summarizes the findings of the mail and telephone surveys done as part of the research program. Funding for the survey and the publication of our findings came from Getronics, a global technology services and solutions company.

Organizations that participated in the interview program and agreed to be cited are as follows:

- | | |
|-------------------------------|------------------------------|
| ■ Chevron Phillips | ■ Microsoft |
| ■ Discover Financial Services | ■ Nasdaq |
| ■ Earle Jorgensen and Co. | ■ Nike France |
| ■ Fiat | ■ Sharp |
| ■ Getronics | ■ Staples |
| ■ KLM | ■ Telefonica |
| ■ Last minute.com | ■ United Concordia Companies |
| ■ McKesson | ■ Volvo Penta |

This research was conducted independently by CFO Research Services. A questionnaire was mailed to senior finance executives at U.S. and European organizations, and 288 completed surveys were tallied and analyzed. Researchers from Triangle Publishing Services Co. Inc. supported CFO Research Services by conducting 16 telephone interviews with senior finance executives in the U.S. and in Europe, and by assisting with the questionnaire development, writing, and editing of this report.

The authors of the report, Lauren Gibbons Paul and Paul Tate, other members of the CFO Research Services team, and Getronics are grateful to the CFOs and other senior finance executives who provided us with their time and insights.

CFO Mind Shift: Technology Creates Value is published by CFO Publishing Corp., 253 Summer Street, Boston, Massachusetts 02210.

Web site: www.cfo.com

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January 2002

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Key Definitions:

Two acronyms currently are used to describe the collection of hardware, software, services, and other technologies used by organizations to operate. Information and communication technology (ICT) and information technology (IT) are synonymous in this report. Both acronyms refer to the same set of products and services.

RESEARCH SUMMARY

- Information and communication technology (ICT), also known as IT, are viewed by six out of 10 chief financial officers responding to our survey as absolutely crucial or very important to revenue and profit growth at their companies.
- Most CFOs say they are consciously increasing ICT spending relative to revenue, even though they believe a minority of their competitors are similarly boosting their ICT investments: 59% said they were increasing their investment in ICT, as a percentage of revenue, while only 40% said other firms in their industry were increasing ICT spending as a percentage of revenue.
- Improved customer service is the highest priority for ICT investments. 80% of CFOs said their investments to improve customer service were absolutely crucial or very important, the highest percentage of any ICT investment category.
- CFOs and other financial executives are especially keen to have real-time analytical tools to improve decision-making. 67% said real-time analytics were absolutely crucial or very important, the highest percentage among 11 ICT capabilities.
- CFOs are increasingly involved in ICT governance, spending on average almost 16% of their time on technology issues; more than 20% spend more than 25% of their time on ICT.
- CFOs' involvement in ICT governance extends beyond budgetary considerations. Many CFOs are intimately involved in project prioritization, organizational structure, and vendor selection. 90% say they are more than minimally involved in ICT governance.
- 86% of CFOs use financial metrics such as return on investment, payback period, and internal rate of return to prioritize their ICT investments.
- Alignment between ICT and business strategies is an important issue for CFOs. Indeed, 62% characterized their ICT departments as closely aligned with business goals.
- More ICT leaders report to the CFO than to other corporate titles—36% of ICT chiefs report to the CFO, 31% to the CEO, 11% to the chief operating officer, 9% to the president, and 13% to other executives.

INTRODUCTION

Everyone knows chief financial officers (CFOs) have long been leery of technology. After all, ICT has traditionally been viewed as a money pit—tremendous sums of cash were invested over the years in people, hardware, software, and services that delivered, in the end, disappointing returns. Yes, automation did reduce operating costs in many businesses, but too many client/server projects, enterprise resource planning (ERP) implementations, and other fancy programs failed to launch on schedule and within the original budget. CFOs, chief executive officers, and other senior executives knew that without relentless pressure to manage costs, technology executives might let ICT spending soar out of control on projects with no return in sight. It fell to the CFO to prevent undisciplined schemes from sucking capital away from more productive investments.

But the role of CFOs regarding technology has changed dramatically during the past several years. Today, CFOs in the United States and Europe are more comfortable than ever before with technology, according to the extensive survey and interviews done for this report. Furthermore, they recognize the strategic power of ICT to:

- Positively impact revenue/profits
- Establish an edge over competitors
- Reach new markets
- Create new products
- Boost operating effectiveness and efficiency

Indeed, the widely heralded New Economy—Internet-powered, profit-driven and global in scope—demands a new type of CFO. The new-era CFOs are more confident in their own ICT knowledge and ICT responsibilities. These CFOs embrace ICT and lead the executive-suite charge to direct ICT investments into areas that will generate the most value for the organization.

New-style CFOs are involved in technology management on a routine basis. They grasp the basics of enterprise systems design and—more importantly—see how these systems help to achieve key business objectives. No longer reluctant participants in ICT governance, CFOs are actively involved in overseeing ICT budgets and personnel and even prioritizing ICT projects. Above all, CFOs are asking questions and demanding answers phrased in the language of business. They are rightfully aware of the business implications of every investment, insisting projects be justified by hard metrics that demonstrate true value to the organization.

For example, Microsoft Corp. has three criteria for determining ICT investment priorities:

1. Will it improve Microsoft's ability to generate revenue?
2. Will it improve customer satisfaction?
3. Will it reduce operating costs?

“If a project meets at least one of those criteria, there's a good chance it will be funded,” noted John Connors, Microsoft's current CFO and former CIO. Connors added that business managers must report on how their ICT projects are helping to achieve those business goals at their biannual review sessions.

A failure to embrace ICT as a tool to increase revenue would be hazardous to an organization.

New-style CFOs are involved in technology management on a routine basis.

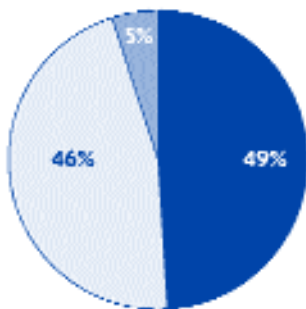
STUDY DEMOGRAPHICS

The majority of the CFOs who participated in the CFO Research Services survey are in the driver's seat on ICT investments. The 288 survey respondents were from the United States (63%) and Europe (37%), including The Netherlands, the United Kingdom, Italy, Spain, Germany, Belgium, and France. Most (66%) held the title of CFO or finance director, and 73% had corporate or head office responsibility. Nearly one-fifth of respondents were from very large companies (with more than \$5 billion in revenues), while 39% worked at large companies (in excess of \$1 billion in revenues). Overall, 55% of respondent companies had revenues of more than \$500 million in their most recently completed fiscal year. The mean annual revenue for the 288 companies in the survey was \$3.7 billion.

Respondents represented a wide range of industries. Roughly 20% came from financial services firms. Other industries with substantial representation included consumer packaged goods, manufacturing, other services, and retailing. While the respondents represented a wide range of geographical regions and industries, the participants were resoundingly similar in their view of ICT as a potential source of great value to the business.

CHART: 1

THE TRUE VALUE OF ICT
% of respondents choice of ICT value definition



- ICT is vital to business growth
- ▨ ICT enables business process improvement
- ICT is purely tactical tool, or no answer

Source: CFO Research Services

ICT IS NOW A VALUE CENTER

Survey respondents perceive ICT as a value center, as opposed to a cost center. They now view ICT as a tool to generate incremental revenue via Web sites that can sell products to new customers, as well as the foundation of new products and services. Indeed, some CFOs perceive that a failure to embrace ICT as a tool to increase revenue would be hazardous to an organization.

“Those companies that have not embraced IT as strategic to their long-term health probably won't have long-term health,” noted John Connors, CFO of Microsoft.

As a result of this perception of the ability of ICT to generate value, the survey found a growing recognition of the importance of ICT. Nearly half of the respondents said ICT is vital to business growth, while 46% said ICT enables business process improvement (see Chart 1).

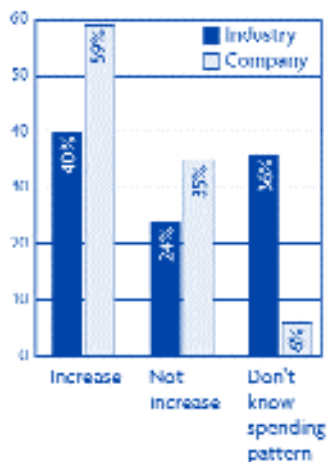
CFOs at larger companies (those with revenues greater than \$5 billion) are even more likely to view ICT as a value center. Typical of a large-company CFO in this regard is John Mahoney, CFO at Staples Inc., the \$11 billion office products retailer: “With a myriad of different customers to understand, gathering data requires great systems. [ICT] is the most effective way to get a good understanding of all of the different customer activities.”

However, many companies have yet to bridge the gap between traditional cost-based financial reporting mechanisms and identifying the actual business impact of ICT. Even those companies still financially accounting for ICT as a cost center recognize the broader “value” impact. ICT “is certainly vital to business growth and critical to revenue and profit growth, but in our company, it's still regarded as a cost center,” confirmed the European finance director for a global manufacturer.

CHART: 2

ICT SPENDING AN ELECTRONIC ARMS RACE?

% of respondents indicating their industry and firms had increased or decreased ICT spending as a percentage of revenues



Source: CFO Research Services

Even in the current uncertain economic climate, the revenue potential of ICT outweighed its cost-cutting potential.

ICT: A POWERFUL COMPETITIVE WEAPON

The CFO survey participants back with cash their conviction that ICT is a value center and not just a cost center. Almost 60% said their company is consciously increasing its investment in ICT, while only 40% said other companies in their industry were likewise increasing ICT spending. This implicitly suggests these CFOs view ICT as a competitive advantage to be exploited as their competitors sleep (see Chart 2).

The following industries are viewed by their CFOs as particularly aggressive in ICT spending as a percentage of revenue (percentage of respondents indicating increasing industry-wide ICT spending relative to revenues):

- Health care: 78%
- Travel: 75%
- Computer manufacturers: 48%
- Financial services: 45%

Surprisingly, 36% of respondents did not know if their industry was increasing spending or not—an interesting knowledge gap that was seen mostly at companies with less than \$1 billion in revenues.

Note that this conviction about the role of ICT is especially strong in some areas of Europe, such as Spain and France. Behind the greater ardor for ICT in Europe are several factors:

- Catch-up spending.
- At the time of the survey, European economies had not yet suffered the full brunt of the economic downturn that reduced ICT spending in the U.S in the first nine months of 2001.
- An increasing passion for technology.

Pulling ahead of the pack thanks to one's ICT infrastructure is becoming a point of pride for CFOs. "Our competitors don't have our systems. They don't have anything close to our online presence, the ability for our customers to track their orders through the Internet, the ability for customers to get their orders on time guaranteed," said William Johnson, vice president and CFO at Earle M. Jorgensen Co., a \$1 billion metals distributor in Brea, Calif.

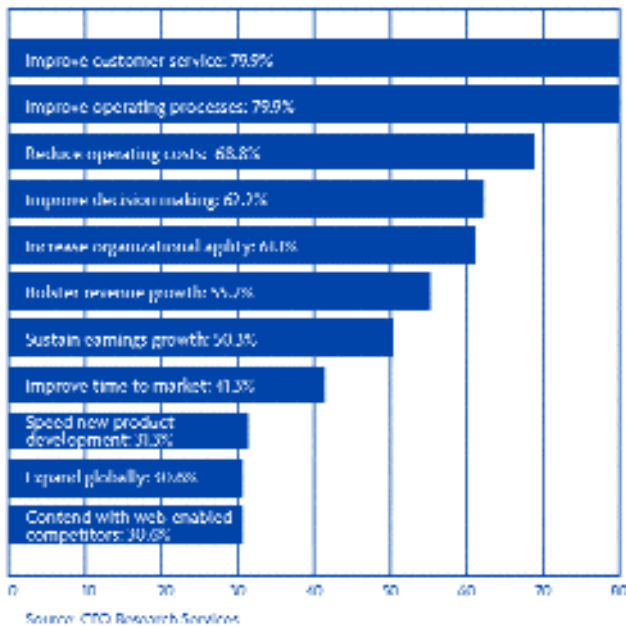
Martin Slusarz, senior vice president of finance for Discover Financial Services Inc., said ICT allows his company to speed new offerings to market in advance of its competitors. "If we can get to market fast enough with a new product or feature, we can capture volume we would not otherwise get," said Slusarz, at Discover headquarters in Riverwoods, Ill.

Indeed, CFOs from medium-sized companies embrace ICT to level the competitive playing field. "Our systems allow us to compete with bigger companies," said Dan Wright, CFO at United Concordia Companies Inc., a \$900 million dental insurance company in Harrisburg, Pa.

CHART: 3

ICT INVESTMENT PRIORITIES

% of respondents indicating ICT investment goals which were absolutely crucial or very important



CUSTOMER SERVICE: PRIORITY ONE

One of the key indications that CFOs perceive the strategic value of ICT comes from this stunning statistic—respondents viewed improving customer service as more important than reducing costs. Almost 80% of respondents cited the ability to improve customer service as crucial or very important drivers for ICT investment in the next 12 to 18 months; reducing operating costs was cited as absolutely crucial or very important by roughly 69% of the CFOs. Even in the uncertain economic climate of 2001, the revenue potential of ICT outweighed the cost-cutting potential (see Chart 3).

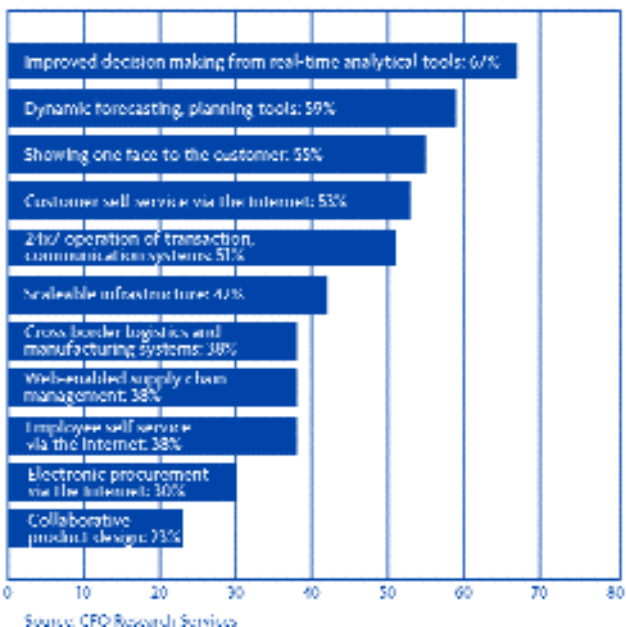
Note that this interest in customer service as the top ICT investment driver cuts across companies of all sizes. European and U.S. respondents were equally enthusiastic. CFOs from financial services, transportation, automotive, petrochemical, and health-care industries were particularly interested in using ICT as a weapon for sharper customer service.

Several U.S. CFOs interviewed as part of this research report are investing in a customer-relationship management system containing information on all types of customers. These executives view a corporate-wide customer database as a starting point for deeper analysis of revenue and profit opportunities, as well as a way to present a single face to the customer. In fact, 55% of survey respondents ranked showing one face to the customer as absolutely crucial or very important (see Chart 4).

CHART: 4

ICT CAPABILITIES RATED

% of respondents who considered each ICT capability absolutely crucial or very important



Staples, the office products retailer, has integrated information on all its different types of customers—whether in-store, online, or catalog. This enables the firm to get a better picture of overall customer demand. “Understanding demand by stock keeping unit number allows us to cut the time between selecting an item for sale and putting it on the shelf in a store,” said Mahoney.

The CFO of European airline KLM in Amsterdam spoke of using the Web as a way to classify customers and serve them better according to their value to the company. And although many large companies are now beginning to extend customer applications to new devices such as mobile phones and interactive digital TV, the traditional Web still dominates online customer interaction. This corresponds with findings from the mail survey: 53% of respondents also cited Web self-service as very important or crucial to improving customer service (see Chart 4).

CFOs in the financial services, government, and automotive sectors spend the most time on ICT.

REAL-TIME DATA, BETTER DECISION-MAKING

CFOs these days are hungry for up-to-date information to fuel quick business decisions. In an era when Internet time remains a valid operating philosophy even when the go-for-broke mentality of the dot-coms has been rejected, 67% of survey respondents cited access to real-time analytical tools and data as either very important or crucial. Respondents ranked this capability even higher in importance than forecasting/planning tools or 24x7 systems operation (see Chart 4).

Access to real-time analytical tools and data was even more important for very large companies (with revenues between \$5 billion and \$20 billion). One possible reason for this: Wall Street and European financial markets are notoriously sensitive to surprises. Public companies that do not have the ability to promptly alert the financial community to changes in the business climate face the wrath of nervous investors who hate unexpected news above all else.

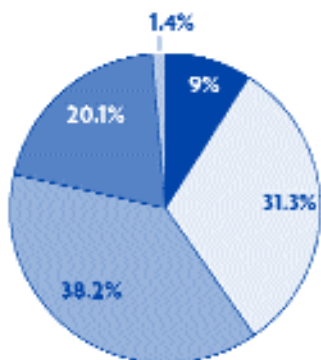
CFOs in health care, government, automotive, and pharmaceutical sectors were more likely to view real-time capability as crucial. And U.S. CFOs were more interested in real-time data than their European counterparts (71% versus 60%).

José María Álvarez-Pallete López, general manager of corporate finance for \$27 billion Telefónica SA in Madrid, Spain, is a European CFO focused on the need for real-time data and platforms. “We are all suffering pressure on margins so the only way to increase margins and to keep going on the efficiency track is to keep digging into real-time information platforms,” he said. “We have a model that allows us to watch the flow of accounting information—the cost of capital in each of the business lines in each of the countries—so that we can work out in a real-time basis not only the curve of the cost of capital but also the risk and returns of each of the business lines.” Álvarez-Pallete López added that real-time systems are the top technology priority for the telecommunications giant.

CHART: 5

CFOs SPEND QUALITY TIME ON ICT

% of respondents' time spent on ICT management issues in an average month



- 5% of their time, or less
- ▨ 16-30% of their time
- ▩ 31-45% of their time
- More than 60% of their time
- ▨ Don't know, no answer

Source: CIO Research Services

ICT TAKES TIME—LOTS OF IT

As their belief in the value of ICT has grown, and as the costs have increased, CFOs in both the United States and Europe are devoting an ever larger portion of their working hours to ICT.

According to the survey respondents, CFOs today are spending almost 16% of their time on ICT in an average month. Furthermore, they expect to spend more time—almost 17%—by 2003 (see Chart 5). For companies with revenues between \$5 billion and \$25 billion, the mean percentage of time CFOs devote to ICT is 17%.

CFOs in the financial services, government, and automotive sectors spend the largest amount of time on ICT relative to other sectors, according to the survey. What is taking up so much time? Nearly 60% are heavily involved in budgeting, needs assessment, project planning, technology implementation plans, vendor selection, governance, business alignment, and other aspects of ICT.

Slusarz, Discover Financial's senior VP of finance, spends at least 25% of his time on ICT. "It's increased every year since I've been here, which is eight years. This year I'm responsible for resource allocation requests," said Slusarz.

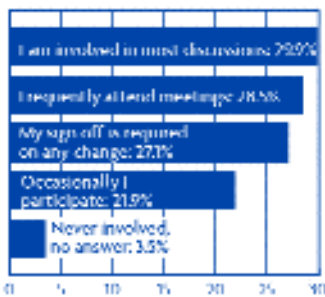
Why is his oversight of the ICT function on the rise? "The importance of technology is increasing," Slusarz explained. "We are upgrading our infrastructure to keep pace with our ever-changing business environment. We're working more with partners and outsourcing as opposed to doing everything ourselves. So vendor selection is critical."

Even CFOs of high-tech companies are spending more time on ICT. "As a CFO of a company delivering technology solutions and services, my role has certainly evolved, both in terms of responsibility for and direct involvement in ICT," noted Jan Docter, CFO of Getronics. "Now, ICT not only demands an increasing amount of my attention and time, I am also taking a more proactive involvement in planning and governance."

CHART: 6

ROLE IN ICT RESOURCE ALLOCATION

% of respondents, multiple responses allowed



Source: CFO Research Services

CFOs HELP STEER THE ICT FUNCTION

The CFOs who responded to the survey indicated they are taking more time on ICT because they view it as a value generator. Many CFOs have moved beyond the superficial involvement of the past, where an annual budget review was their entire ICT activity.

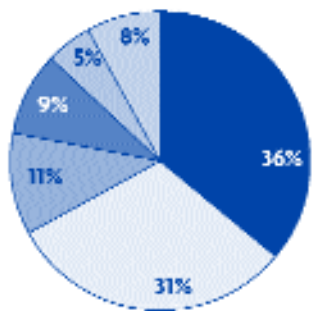
Almost 96% of survey respondents oversee ICT resource allocation to some degree; indeed, 27% have sign-off responsibility for all changes in ICT resource allocation.

CFOs at large companies (those with revenues between \$500 million and \$1 billion) are the most heavily involved in ICT resource allocation. CFOs in consumer packaged goods and services industries are more likely to be deeply involved with ICT.

CHART: 7

ICT REPORTING STRUCTURE

% of respondents indicating title of person to whom ICT head reports



- CFO/Finance Director
- CFO
- Chief operating officer
- President
- President of subsidiary or division
- Other, no answer

Source: CIO Research Services

In Europe, finance directors are generally more involved in ICT resource allocation than their U.S. counterparts. All of the French, German, Spanish, and Italian finance executives surveyed (100%) said they are heavily involved in ICT resource allocation, versus 94% of the Belgians and 98% of the U.K. respondents.

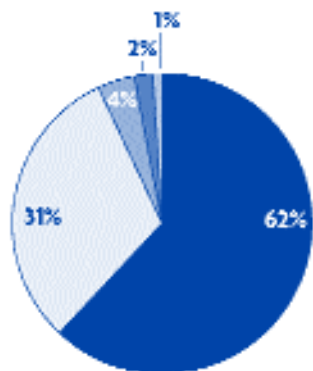
KLM's CFO Rob Ruijter said he was more involved to make sure all parts of the airline organization were aligned with the same ICT strategy and tactics: "We want much more standardization, we want a more common backbone, and we want more professionalism in vendor selection."

KLM's shift to ICT standardization is an example of a major trend spearheaded by CFOs. Many of the respondent CFOs indicated their company has moved toward a hybrid approach to ICT organizational structure. In this model, the corporate ICT department sets common computing platform standards (usually with the guidance of the CFO) but individual divisions are free to select software applications that are certified as interoperable with the architectural standards.

Up until quite recently, it had been fashionable for companies to have a decentralized model whereby all divisions made their own decisions on ICT platforms and projects. The theory was that decentralization led to nimbler decision-making. But especially at larger companies, this model sometimes led

CHART: 8**ICT ALIGNMENT WITH BUSINESS GOALS**

% of respondents' characterization of alignment of their ICT activities and business goals

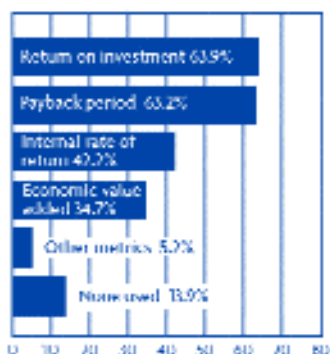


- ICT department is closely aligned with business objectives
- ▒ ICT department is only partially aligned with business objectives
- ▓ ICT department is only vaguely aware of business objectives
- ICT department is not aligned with business objectives
- Don't know

Source: CFO Research Services

CHART: 9**METRICS DOMINATE INVESTMENT RETURN DECISIONS**

% of respondents noting financial benchmarks used in ICT project reviews, multiple answers allowed



Source: CFO Research Services

to inefficiencies, as disparate products failed to work together and were incredibly difficult and expensive to support.

Decentralization left \$42 billion health care services giant McKesson Corp. with a hodge-podge of platforms and applications that were hard to support. "Several acquisitions had left us with a wide variety of applications and data centers to administer," said William Graber, senior vice president and CFO for McKesson, in San Francisco. "We had not spent the time to evaluate the benefits of applying consistency throughout our IT infrastructure. Not only did we have a high cost structure, it was difficult to measure the value received from the investment. Over the past 18 months we have used a much more rigorous process to put consistency into our infrastructure, both applications and data centers. We have also put much more control in a central IT structure that will yield the consistency we need to move forward." CFOs are spending more time on ICT in large measure because they are deeply involved in determining ICT resource allocations (see Chart 6.)

Another reason for CFOs' extensive involvement in ICT is the fact that the head of ICT most typically reports to the CFO. At 36% of the companies surveyed, the head of ICT reports to the CFO, while 31% report to the CEO (see Chart 7).

ICT management in the 1990s was marked by volatility. CEOs and CFOs were dissatisfied with the lack of conformance between their ICT organization's performance and business goals. However, CFOs today indicate they are, in the main, satisfied with the level of alignment between their ICT departments and business objectives. More than six out of 10 survey respondents indicated the ICT department is closely aligned with business objectives, while 31% noted there is only partial alignment between the two (see Chart 8).

METRICS ARE KEY TO JUDGING ICT INVESTMENTS

As part of their role in ICT management as well as the financial organization, CFOs are aggressively measuring the prospective value of ICT investments. While return on investment (ROI) has only recently been discovered by some computer magazines and CIOs, the vast majority of CFOs are focusing on it with a vengeance. According to the survey, 86% of respondents use at least one financial metric to determine ICT project funding (see Chart 9).

ROI and payback period are two of the most prevalent metrics; 64% used ROI, 63% use payback period. Other methods include internal rate of return (IRR, 42%) and economic value added (EVA, 35%). 14% of respondents in the U.S. and Europe said they do not use any metrics to judge ICT investments.

EVA attempts to measure the degree to which a project's after-tax operating profit leverages or erodes the capital used to generate that profit. EVA was developed by the consulting firm Stern, Stewart and is used around the world. Approximately 15% of the survey respondents said it was their primary tool to measure the validity of an ICT investment.¹ IRR, traditionally used to determine the value of capital equipment purchases, was the primary metric used by 9% of the CFOs in the survey.

¹ For more information about economic value added, read the article "Measure for Measure," in the November 1997 edition of CFO magazine. It is available on the magazine's web site, at: www.cfo.com/article/14616/01/ad/1,6663,00.html

Decentralization sometimes led to inefficiencies, as disparate products failed to work together.

Most CFOs say they are satisfied with the level of alignment between their ICT departments and business goals.

Note that European CFOs were less likely to use metrics, according to the survey. About 21% of European companies surveyed did not use metrics to measure the value of ICT investments.

ICT SPENDING UPBEAT—MAYBE

Considering the level of enthusiasm CFOs show for ICT these days, it shouldn't come as a complete surprise that they expect to support their ICT departments with a considerable increase in funding. Despite the recession in the U.S. and weakness in Europe, 73% expect their total spending for ICT products, services, and staffing will increase in the next fiscal year.

At present, the mean level of ICT spending as a percentage of revenues is 8.6%. Note, however, that 14% of CFOs are now spending more than 15% of revenues on ICT. Of those that view ICT as vital to business growth, 16% are decreasing ICT spending while 77% are increasing it..

It is hard to know how much faith to put in the upbeat spending forecast by most respondents. Most of the responses to the survey were submitted in late August and early September, before the terrorism attacks against the U.S. and deepening economic difficulties worldwide.

CONCLUSION

While the CFOs interviewed after the Sept. 11 terrorism attacks on the U.S. said the events would not negatively affect their ICT spending, other surveys contradict that conclusion. In the long term, however, with CFOs firmly believing in the value of ICT and the merit of investing in customer-facing systems, it is safe to say ICT spending will continue its upward path. Once the world economy reaches a more solid footing and inventory levels become further depleted, corporations will likely open their coffers and make the ICT investments required to meet their strategic objectives.

And the growing level of ICT investments will propel CFOs to continue climbing the technology curve. CFOs will need to become more technically savvy, boosting their knowledge of daily ICT operations as well as strategic direction.

Proactive CFOs embrace this development and are working already to increase their own proficiency with technology, while never losing sight of the essential business drivers that lead companies to spend money on ICT in the first place.

Thanks to the Internet and the expectation among large companies that they can increase their market opportunity at the same time they can decrease their supply chain costs, CFOs at companies of all sizes will be authorizing ever larger ICT budgets. Technology will consume an ever larger portion of the CFO's time and energy.

And that is good news for CFOs. ICT is the tool that will continue to help small companies behave like giants. It is the source of the productivity gains that transform the world's economies. As such, the CFO must lead the way by managing ICT with pragmatism and intelligence. ■

SPONSOR'S PERSPECTIVE

HOW TO TRANSFORM ICT INTO A VALUE CENTER

By Peter van Voorst
Chairman of the Board of Management, Getronics

The insights of almost 300 CFOs and finance directors in this special survey reveal one overriding trend: If the world's leading corporations ever needed a clear approach to assessing the underlying business value of information and communication technology (ICT), it is now.

In the midst of economic uncertainty, the traditional methods of estimating the cost of ownership of ICT systems and networks continue to be useful and enlightening, but they are only a start. The greatest challenge for today's CFO is to make the critical transition from treating ICT as a cost center to proving and justifying its potential as a true value center.

As many survey respondents clearly indicate, technology has become part of the very fabric of business activity in almost every sector. A substantial 84% of the companies surveyed in the United States and Europe now classify ICT's contribution to revenue and profit growth as anywhere from important to crucial.

In some cases new technologies are at the core of the business—providing widespread access to everything from integrated manufacturing and production systems to Web-based internal knowledge networks to online sales sites and supply chain portals.

More importantly, the survey shows companies are no longer deploying these technologies merely to reduce costs but increasingly to achieve maximum impact on the financial well-being of the entire organization.

Therefore, the role of the CFO has evolved, both in terms of responsibility for and direct involvement in ICT. Now, ICT not only demands an increasing amount of CFO management attention and time, it also requires deeper proactive involvement in planning and governance.

Business leaders need a broader perspective—a more holistic, value-focused view of the direct business impact and profit potential of ICT investments. Like any other strategic investment, ICT must be assessed, managed, and delivered effectively to reap true business value.

NEW VALUE APPROACH

A value approach to ICT investment analysis delivers both actionable insights and measurable results. This vendor-independent approach consists of a three-step “value ladder” that helps corporations optimize ICT systems and networks to reach higher levels of best practices and profitability:

1: TRUE COSTS OF OWNERSHIP: Establish the total cost of ownership (TCO) of ICT systems using enhanced industry-accepted methods that provide a firm financial foundation for measuring investment value.

2: BETTER BUSINESS ALIGNMENT: Ensure ICT strategies and systems are effectively aligned with the business by matching TCO results with key business goals and transforming the role of ICT in all operational and competitive activities.

3: TRUE VALUE OF OWNERSHIP: Help senior finance executives drive higher returns from corporate ICT investments by creating effective strategies for containing costs, justifying expenditures, and delivering demonstrable value to the enterprise and to the shareholders.

This set of tools and services helps CFOs and IT executives assess the true value of ICT to the enterprise. It delivers measurable and attainable results and finally closes the loop between what the business needs and the implementation of effective technologies.

Once CFOs have the means to assess operational efficiency, service delivery, ROI, and business value, they can begin to turn their knowledge, processes, and ICT resources into true drivers of business growth and greater profitability.

ICT Value Management Checklist

- Understand the cost of procuring, owning, and using ICT over time
- Quantify where key systems are used, how they compare, and how they can be improved
- Implement comprehensive ICT budget, operations, and investment plans
- Justify and prioritize ICT investments
- Optimize service and staffing levels
- Reduce costs and save time through improved planning and decision-making



Discover more about how Getronics helps finance executives deliver demonstrable business benefits with the value ladder. Visit www.getronics.com/cfo-research