The Current State of Supply and Demand Management in IT

Research conducted by:

COMPUTERWORLD
The Voice of IT Management

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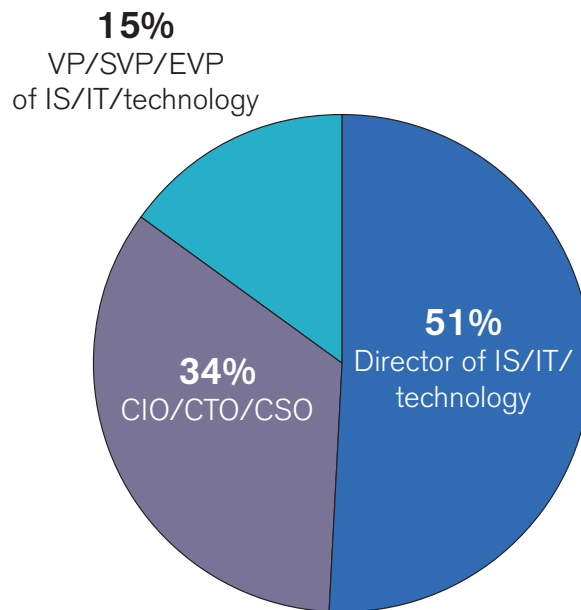
Overview

In April 2007, Computerworld invited IT leaders at large companies to participate in a survey on IT Supply and Demand. The survey was fielded via targeted broadcasts to Computerworld customers, as well as through an invitation on Computerworld.com. The goal of the survey was to better understand the organizational priorities of IT leaders today. The survey was commissioned by Compuware, but data was gathered and tabulated independently by Computerworld Research. The following report represents top-line results of that survey and is meant to serve as a brief benchmarking tool for IT leaders seeking information about how their peers are addressing supply and demand within their IT organizations.

Profile of respondents

Total Respondents: 116

All 116 IT respondents were qualified through a series of screening questions and carry a title of IS/IT/technology director level or above at organizations with 1,000 or more employees. The chart below is a breakdown of the percentages of IT respondents by job title. This chart is followed in coming pages by breakdowns of the IT respondents based on company size and location.

What is your role within the IT organization?

15%
VP/SVP/EVP
of IS/IT/technology

51%
Director of IS/IT/
technology

34%
CIO/CTO/CSO

How many people are employed at your company/organization?

19%
1,000 – 2,000

39%
2,001 – 10,000

11%
10,001 – 20,000

31%
More than
20,000

Average: 10,500
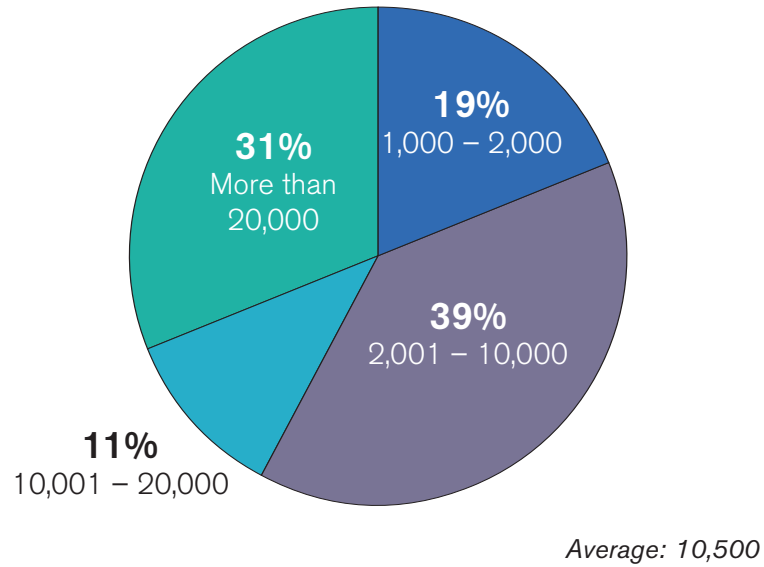
Where is your organization located?

80%
North America

20%
Rest of the
world
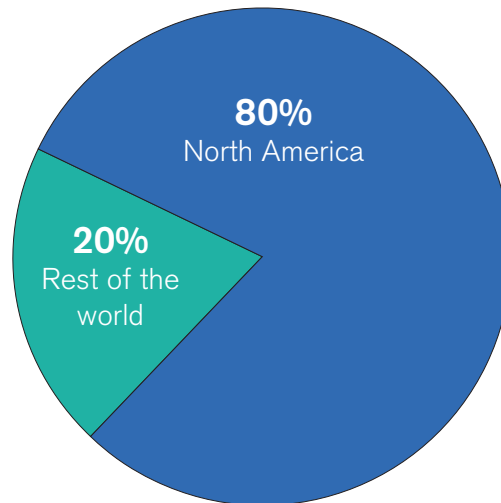
Executive summary

This survey was conducted to better understand the priorities of IT leaders today as they relate to managing IT supply and demand within their organizations. Several interesting conclusions emerge from the feedback provided by respondents. First is the importance of balancing both supply and demand to maximize the value IT delivers to the business. More than eight out of 10 respondents rate both the supply and demand areas as critical or important to their success. In the demand management area, prioritizing new IT investments to align with business objectives (95%) and agreeing with business counterparts on decision-making criteria to evaluate demand (90%) were rated as critical or important. For managing the supply side of IT, respondents rated delivering IT services consistently (92%) and obtaining visibility and control into projects (87%) as high priorities as well.

While a large percentage of respondents rate both the supply and demand goals as critical or important, IT organizations are managing their groups in different ways. Organizations are fairly evenly split between focusing on managing supply (37%) vs. managing demand (35%), and only 28% are balancing both supply and demand within their IT organizations. Based on respondents' strong importance ratings on both the supply and demand sides, this balanced approach could be an upcoming area of focus for IT organizations.

Another issue exposed by this survey is the fact that a number of IT organizations are not working with their business counterparts. When asked what level of investment their organization has made to improve the efficiency of IT services and to manage the demand in IT, more than four out of ten respondents report that they have established processes internally within IT, but not collaboratively with business counterparts, or that they use informal internal processes or are looking to establish process improvement.
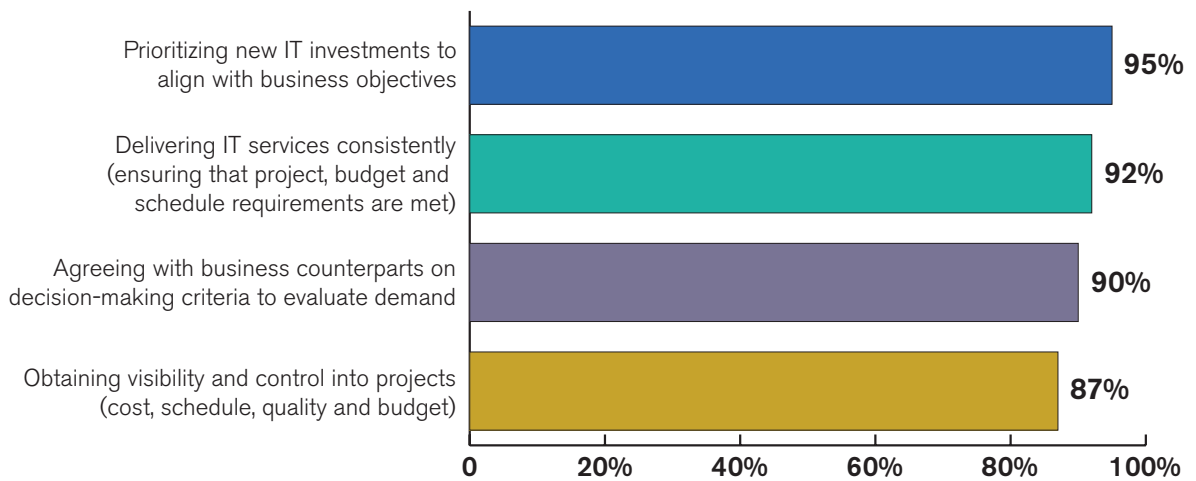
Organizations also appear to be managing supply and demand using an ad hoc approach, with more than half of respondents (55%) indicating that they are utilizing multiple software solutions to manage both IT service delivery and business demand collectively, as opposed to using more efficient approaches such as project portfolio management (PPM) solutions (19%) or ideally an integrated software solution (16%). Also, the majority of organizations are managing requests as they are generated, which makes it difficult for them to ensure alignment with business objectives.

Lastly, we do not see high levels of confidence in the current state within the IT organization as it relates to supply and demand. In fact, only 28% of respondents report a high level of confidence in the area of agreement with business counterparts on decision-making criteria to evaluate demand, while two-thirds of respondents are just now developing or evaluating ways to obtain this goal. Similarly, on a scale of 1 to 4, with 1 being not at all effective and 4 being very effective, more than one-third of respondents rate their organization's effectiveness in managing demand on IT and communicating the business value of IT as not at all effective (1 or 2). This is an issue that needs to be addressed as IT leaders and their organizations have to be confident in the areas of supply and demand to prove the value they deliver to their business counterparts.

Importance of factors in maximizing the value IT delivers to the business

When asked to rate the importance of various factors in maximizing the value IT delivers to their business, virtually all respondents rate the prioritization of new IT investments to align with business objectives and the consistent delivery of IT services as critical or important to success. Additionally, roughly nine out of 10 respondents feel that agreeing with business counterparts on decision-making criteria to evaluate demand and obtaining visibility and control into projects are critical or important to success in maximizing the value IT delivers to their business.

How important are each of the following to maximize the value IT delivers to your business? (Respondents rating each factor as critical or important)

Factor	Percentage
Prioritizing new IT investments to align with business objectives	95%
Delivering IT services consistently (ensuring that project, budget and schedule requirements are met)	92%
Agreeing with business counterparts on decision-making criteria to evaluate demand	90%
Obtaining visibility and control into projects (cost, schedule, quality and budget)	87%

Structure of IT organizations today

Only 28% of respondent organizations are focused on balancing both supply and demand by making informed decisions when rationalizing interests of the business, despite this being a critical/important priority as described in the question above. This provides an opportunity for organizations that focus on managing only supply (37%) or demand (35%) to work toward managing both through a balanced approach.

Which one of the following best describes your IT organization today?

Focused on efficiently managing the supply of resources to complete all of the work of IT – includes tracking, measurement and monitoring projects and applications to achieve the greatest result at the lowest cost	**37%**
Strategically managing the demand generated by the business to ensure IT alignment while equally ensuring the efficiency of delivering products within specified requirements (cost, budget, schedule, etc.)	**35%**
Focused on making informed decisions when rationalizing interests (risk/reward) of the business. Business cases are usually presented to ensure alignment between IT and business counterparts	**28%**

0   10%   20%   30%   40%

Level of investment to manage business-driven demand with IT supply

While creating internal processes based on consistent criteria that are agreed upon by IT and business counterparts is the most common practice in both improving the efficiency of IT services (30%) and managing the demand in IT (40%), a number of respondents report that they are not working with the business. In fact, four out of 10 respondents indicate that they have established processes within IT, but not collaboratively with business counterparts, that they use informal internal processes or that they are looking to establish process improvement. While 90% stated in an earlier question that agreeing with business counterparts on decision-making criteria is critical or important to success, it appears that many organizations haven't taken the step toward making an investment in this area yet.

What level of investment has your organization made to improve the efficiency of IT services?
What level of investment has your organization made to manage the demand in IT?

Category	Improve the efficiency of IT services	Manage the demand in IT
Creating internal processes based on consistent criteria that are agreed upon by IT and business counterparts	30%	40%
Established processes based on best practices/industry standards	27%	18%
Established repeatable processes internally within IT, but not collaboratively with business counterparts	20%	17%
Use informal internal processes	14%	17%
Look to establish process improvement	9%	8%

Legend:
- Improve the efficiency of IT services
- Manage the demand in IT

Current state of managing supply and demand within IT organizations

We do not see high levels of confidence in the current state within the IT organization as it relates to supply and demand. In fact, only 28% of respondents report a high level of confidence in the area of agreement with business counterparts on decision-making criteria to evaluate demand. In the other areas measured, less than 50% indicate a high-level of confidence in the current state of their IT organizations as it relates to supply and demand. While many organizations are developing in these areas or evaluating ways to obtain this, they must do so quickly to ensure they're maximizing their IT investments.
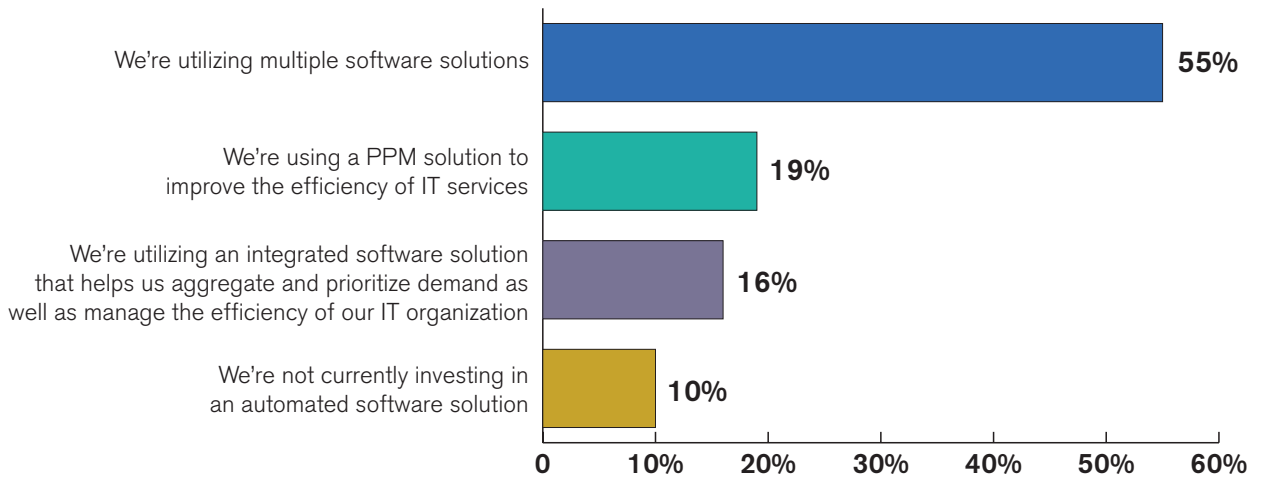
For each activity, which one of the following best describes the current state within your organization?

Activity	High level of confidence	Developing/evaluating
Deliver IT services consistently	45%	53%
Obtain visibility and control into projects	41%	55%
Prioritize new IT investments to align with business objectives	40%	59%
Agree with business counterparts on decision-making criteria to evaluate demand	28%	67%

■ **High level of confidence**
■ **Developing/evaluating**
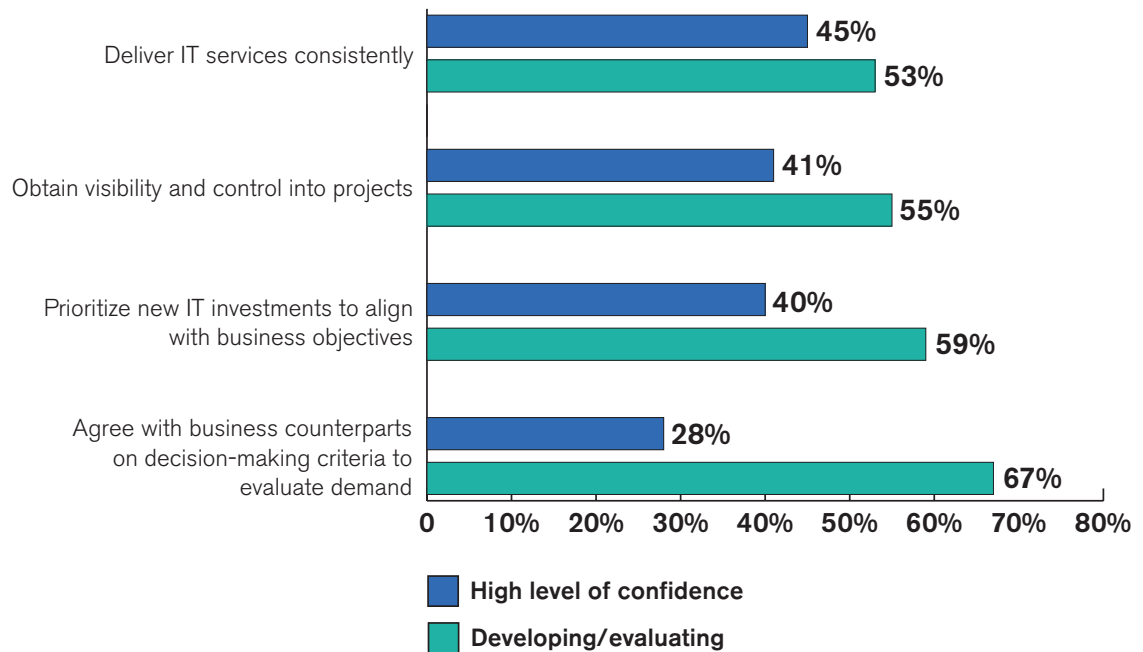
Current investments in automated software solutions

More than half of the respondents (55%) appear to be managing supply and demand using an ad hoc approach of utilizing multiple software solutions such as Microsoft Project, Excel and business unit applications to manage both IT service delivery and business demand collectively. This could indicate why they're not confident in balancing supply and demand, as highlighted in the previous question. Some organizations (19%) are utilizing project portfolio management (PPM) solutions, while only 16% have integrated software solutions to date.
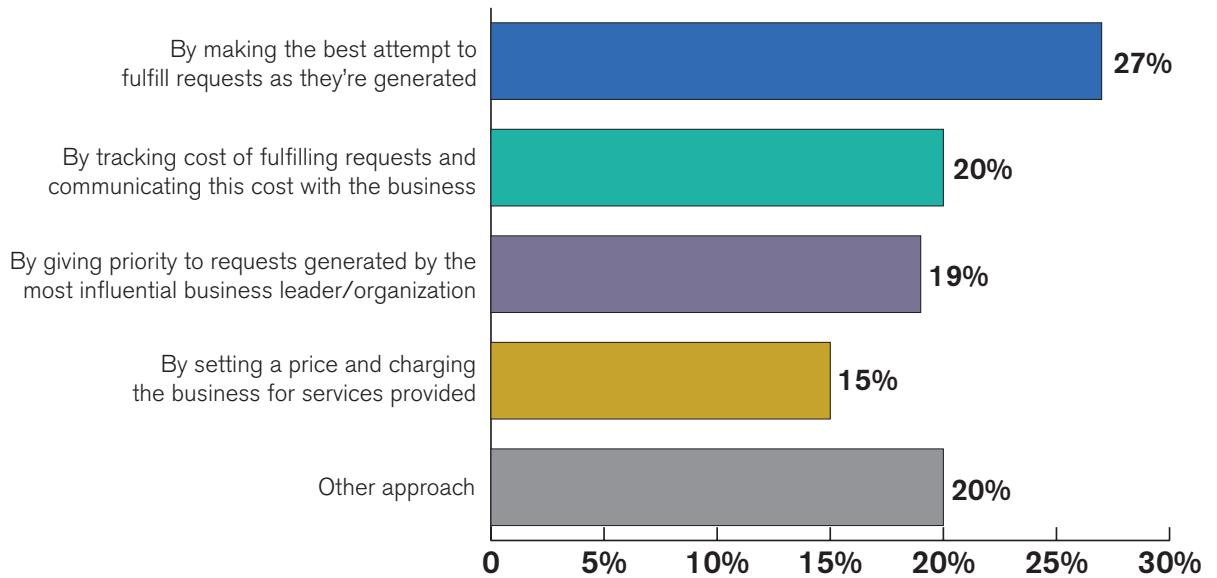
Which of the following statements best describes your organization's current investment in automated software solutions to manage both IT service delivery and business demand collectively?

Statement	Percentage
We're utilizing multiple software solutions	55%
We're using a PPM solution to improve the efficiency of IT services	19%
We're utilizing an integrated software solution that helps us aggregate and prioritize demand as well as manage the efficiency of our IT organization	16%
We're not currently investing in an automated software solution	10%

IT management of business-driven requests

The majority of organizations are managing requests as they are generated. With this approach, IT is unable to ensure that the requests they undertake have the most value to or impact on the business.

How does your IT organization typically manage the unlimited requests from the business?

Approach	Percentage
By making the best attempt to fulfill requests as they're generated	27%
By tracking cost of fulfilling requests and communicating this cost with the business	20%
By giving priority to requests generated by the most influential business leader/organization	19%
By setting a price and charging the business for services provided	15%
Other approach	20%

Managing demand on IT effectively and communicating the business value of IT

Respondents were asked to rate their organization's effectiveness in managing the demand on IT, as well as their effectiveness at communicating the business value of IT. On a scale of 1 to 4, with 1 being not at all effective and 4 being very effective, more than half of respondents rate their organization's effectiveness in managing demand on IT and communicating the business value of IT as very effective or effective (4 or 3). While organizations feel that they are effective in the areas of supply and demand, they indicated earlier that they aren't confident.

Please indicate, in your opinion, your organization's effectiveness in managing demand on IT? Please indicate, in your opinion, your organization's effectiveness at communicating the business value of IT? (Respondents rating each very effective or effective)
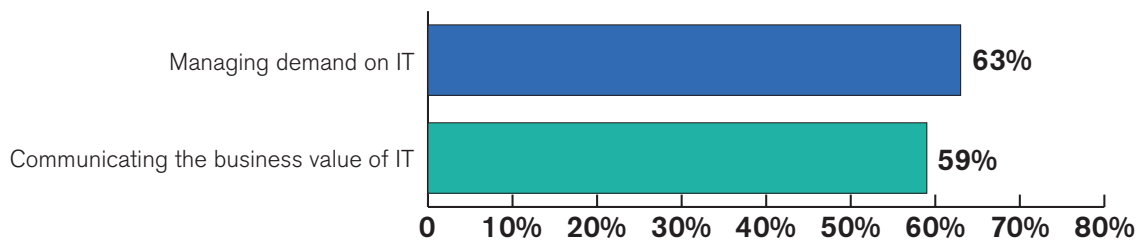
Conclusion

The level of importance in balancing both supply and demand to maximize the value IT delivers to the business cited by IT leaders makes it clear that IT organizations today need to increase their level of investment in improving the efficiency of IT services and the effectiveness of managing demand.

So what does all this mean for your IT organization? Basically, your organization can use responses from this survey as a benchmark for how your peers are addressing these issues. If your IT organization is not currently balancing both supply and demand, you need to begin to address this. It's important that the software you seek enables your IT organization to efficiently manage this relationship between IT supply and business demand in order to deliver maximum business value.