

# Business technology optimization: How do you know if it will work for your company?

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[Business technology optimization](#), the alignment of corporate IT services that works best and most profitably for an individual company, may -- or may not -- be the best way to manage organizational IT concerns. However, a lot of managers now are looking closely at it. A recent Yankee Group survey, based on responses from corporate decision makers, such as CTOs and CIOs at U.S. firms, showed that BTO principles are popular among movers and shakers. But others insist BTO isn't necessarily the best option for all companies.

"What BTO really encourages is not to just look at the trees but look at the forest," said Dana Gardner, a senior analyst at the Yankee Group, discussing the Business Technology Optimization Allegiance Survey. "Look for a complete oversight of IT, and make sure that the IT functions are really aligned to what the business goals are. In many cases, the IT department has traditionally been operating fairly autonomously without a lot of oversight and does not necessarily provide the return that the business side would like in terms of function and cost."

## **BTO can result in direct bottom-line results**

Many of those who participated in the survey indicated that using BTO could result in 15 to 20 percent savings in their applications budgets, making more money available to invest in other core areas. Some also noted that an absence of BTO for business applications and maintenance costs is taking a toll on corporate manpower and financial resources.

In the context of the Yankee Group survey, BTO, according to Gardner, has an admittedly broad definition that goes beyond other popular metrics, such as total cost of ownership and return on investment. He said BTO is an alignment between the goals of businesses and the goals of the IT infrastructure within these businesses.

Although she said BTO is a solid approach for managing different organizational IT-related issues, Lena L. West, founder and CEO of xynoMedia Technology, based in Yonkers, N.Y., stressed that it isn't a one-size-fits-all solution.

"Just like CRM is not for every company, BTO may not be either," said West. "If you have a mid-cap company or a Fortune 500 company, maybe BTO is the way to go. But if you're looking at a smaller company, maybe that's not the best use of their energy or their time."

For smaller companies, she added, a better option might be TechMapping, a procedure West said her firm uses to determine what kinds of technology are going to support business goals.

## **It doesn't work for all organizations**

"I don't think BTO is right for us, because our organization is more of a tightly knit organization," she said. "We've got a handful of employees, a handful of consultants. We find that with this TechMapping, it's a little more flexible. It's not a large-scale type thing like BTO is: you know, looking at all your cost centers and considering your budget and considering IT governance. Those are the types of issues we just don't have because we are a smaller organization."

Jim Melvin is the CEO of SIVA Corp., a company with operations in Delray Beach, Fla., and Charlotte, N.C., specializing in products that automate core food-service processes. Asked for his take on BTO, Melvin expressed an opinion somewhat at odds with West's take on the situation.

"I think it's a good strategy for any organization of any size," said Melvin, whose company purchased Progressive Software in July 2004 to become the third-largest point-of-sale supplier to the country's restaurant industry. "The single biggest mistake people make, and the most consistent mistake people in

this industry make, is purchasing technology without recognizing what the long-term costs are versus the benefits.

"I've seen technology after technology purchased for millions of dollars in some cases that have been rolled out and within a year have been abandoned because of the support costs. It's a lack of recognition that it goes way beyond the upfront purchase cost of the software and the hardware. What the BTO is all about is educating the purchaser on all the different areas they need to consider when they're looking at a given piece of technology."

Richard MacKillop, CEO and founder of Lewisville, Texas-based OrderDog, a Web-based company that provides third-party services and solutions to help increase supply chain efficiencies, agreed that BTO is a good idea. But he added that even the most robust BTO strategy will fall short if internal problems aren't first corrected.

### **BTO not a complete solution, just a tool**

"Most IT projects come in late, over-budget, and fail to meet the needs of the customer," said MacKillop. "If an organization consistently struggles with this problem, then I think the problem runs much deeper, and BTO solutions will only deepen the problem. Doing the same thing and expecting different results is a form of insanity? Before deciding to implement a BTO solution, the manager or CIO should be sure he or she understands the theory and principles behind the solution."

The Yankee Group survey results also revealed that IT governance -- a way of measuring how projects are being managed, and how costs and benefits are being applied -- is a popular principle for many of the respondents.

"When we asked them, 'Where do you expect to spend money over the next year or two?' IT governance time and again came up as an area they're willing to invest in," said Gardner, stressing that regulatory pressures from legislation such as Sarbanes-Oxley are forcing companies to become more disciplined. "So they seem to think that this is a very necessary step to take at this time."

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