

## **Portfolio Management in the Age of Everything-as-a-Service**

CIOs no longer build their own custom systems from scratch; they manage a suite of services, often hosted in the cloud by a third-party vendor. This shift in technology also requires a similar shift in management: for example, because most IT systems no longer need to be defined as capital investments with a finite lifetime, the discipline of capital planning becomes relatively less important than in the past. Today's CIOs must maintain a relentless focus on IT's ability to support the organization's strategy, and that means a greater focus on operational performance.

When determining how to measure operational performance, many organizations make the mistake of confusing contract service level agreements with performance against strategic goals. Metrics such as system uptime and help desk responsiveness are important but do not help explain why the system is valuable to the organization. To demonstrate that value, every IT system or managed service must have two things. First, it must have a clear link to an organizational strategic goal. This goal could come from the organization's overall strategic plan or IT strategic plan, but the link must be clear and easily defensible. Second, each system must have a set of performance metrics that define how success against that strategic goal will be achieved.

By providing both the link to the strategy and a concrete way to demonstrate results, each system is now strongly tied to the mission and its value easily determined. Furthermore, the cost of the system can also be tied to strategy, giving senior leadership a clearer picture of current spending priorities and an opportunity to rebalance the portfolio with a greater degree of confidence. These kinds of dashboards can be created easily in any modern ERP system with just a few dropdowns and a basic knowledge of report building (and in some cases, this kind of report is out-of-the-box functionality).

This approach can be fine-tuned for several variables, including building an allocation methodology for large systems that provide several benefits across multiple strategic objectives. Your organization may also need to review its current governance process to determine how to incorporate this new process. Regardless of where your organization lies on the maturity curve, there's a way to gain better insight into your current operations: you just need the information collected and assembled in a way that unlocks value.

Surava can be your trusted partner for developing, implementing, and realizing the benefits of a new approach to portfolio management. Contact us today at [info@surava.com](mailto:info@surava.com) to discuss your organization's needs and we'll be happy to build a solution that works for you.