"Fueling Business Strategy through IT/Finance Alignment"

Thought Leadership Summit on Digital Strategies
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Discussion Guide

In a time of moderate growth, CIOs and CFOs focus more attention on the factors that drive value in mature companies, such as measuring/improving productivity and growing through acquisition. IT investments often are at the heart of measurement and productivity improvement and, thus, become important strategy enabling tools. Moreover, well-executed IT strategies can unleash significant operating value of an acquisition.

CFOs necessarily are engaged in IT management and strategy. However, given today's focus on productivity measures and regulatory issues (e.g., SOX), as well as heightened scrutiny of corporate controls, CFOs increasingly are becoming major customers of the IT organization, rather than simply approvers of IT investment. In light of this dual perspective, CFOs – particularly those not tied to any one business units and, therefore, best suited to objectively judge the overall interests of the company – are uniquely positioned to discuss with CIOs how IT can impact the company's performance.

Session 1: The Business and Regulatory Climate: Controls, Risk and SOX *(please come prepared to share what, if <u>you</u> were entering a new company, are the first things you would look into to ensure the proper controls were in place?)* What are the chief issues being driven by the current business and regulatory climate? How are they impacting the work of the CFO and CIO?

- What's the influence of Sarbanes-Oxley / other regulation / external audit requirements on controls, reporting and related procedures?
    - Is Sarbanes-Oxley merely pushing us to do things we should be anyway? Is it a help or a nuisance?
    - Do all the reporting processes have to be automated to be "effective"? What are the key decisions to be made on this and the best emerging guidelines for making them?
- What are the financial and information technology considerations in risk management in today's environment? Have IT tools been useful in managing/measuring various types of enterprise risk? How can IT be used improve the cost effectiveness and control over processes?
- How can you make the most of mandated process & control documentation? Do you undertake process reengineering/planning while documenting for regulatory purposes?

Session 2: Enterprise Performance Management and Measures *(please come prepared to elaborate on what the key performance indicators in your business(es) are).* How is business performance management/measurement changing? What are the keys to success in this area today?

- In many businesses, consolidated, aggregated views are not enough anymore. What views are needed today, and how important is the ability to slice and dice data in a flexible and sophisticated way? How should the information be structured and presented to the end-user?

- What are the keys to effective CFOs and CIOs collaboration to provide the information to allow corporate or BU leadership to make the right investment decisions? How much flexibility should users have in collecting and structuring their own data? Who should have access to which data?
- How do CFOs and CIOs define and implement performance measures that balance short-term business objectives with long-term strategy? How do you define disciplined/profitable growth? What internal and external metrics do you focus on?
- How do you measure product and customer profitability? How are initiatives and customers prioritized within your organization? How do you measure profitability by business unit, product, by customer, by transaction? Do you have the ability to segment customers and if so, how did you develop these segments? How are shared resources measured and allocated across products and customers? How do you measure and manage the risks associated with a product line or a customer? Such as default risk and business risk (i.e., sensitivity to the economy)?
- What challenges does being a global organization bring to business performance management?

Breakout: Key Financial Measures in M&A Decisions and Integration
What are the key financial drivers of M&A integration decisions? What role does technology play in this? What systems need to be integrated first from the CFOs perspective?

Session 3: Driving IT Investment Decisions *(please come prepared to share the story of a specific IT project where the benefits were mostly qualitative and how you measured the value).* What drives IT investment decisions? How are they being made? What are the best practices for today's environment? How do you measure the "value" of technology?

- What business conditions are driving your firm's investments in technology? New regulatory obligations, corporate-governance reform, productivity, renewed scrutiny of accounting controls, M&A activity?
- Which key performance indicators do you take into consideration when making technology investment decisions?
- Is ROI the best metric to measure costs and, more important, benefits? How do you measure "return?" How often (and in which situations) can the return be quantified in dollars? How else can return be measured?
- How do CFOs and CIOs align IT initiatives with business initiatives? How are IT expenditures (and IT projects) segmented, analyzed and approved (i.e., business critical versus specific improvement, lower cost versus improved flexibility, etc.).
- What are the greatest risks to the enterprise that CFOs/CIOs see in today's extended enterprise IT environment? Do CFOs see the risks of information security and continuity differently than CIOs?

Summary & Opportunities for Further Discussions

- What are your key take-aways? What are the 2-3 things that you are going to think the most about when you leave here?
- What did you hear today that you agreed with most strongly and what did you hear today that you thought was probably off base?
- What areas would you like to see more research focused on?