Business and IT alignment

Innovation and CIO - Forest and paper Industry

Executive Brief
Executive Summary

Forest and paper industry as a whole is facing severe challenges especially in Europe and America; declining demand in printing papers, rising energy cost, recession after internet boom, centre of gravity in pulp production moving to Asia and other developing countries. The outcome has been persistent profitability problems in a large number of companies. This has forced the companies to look for new ways to improve efficiency as well as new business models and ways of working. IBM Forest and Paper Innovation Centre has proposed a number of useful models in the previous white papers.

IT and Business alignment is one important area. IT is not only a cost factor; it is also a strategic partner in making sustainable changes and improvements in business. Unfortunately, IT and business alignment is not as straightforward as cost cutting.

After years of cost cutting and efficiency campaigns, business leaders in companies of every size and across industry spectrum are refocused on top line as well as internal process improvement. They are seeing innovation as the means to achieve it. In key growth areas, business leaders agree that continuous innovation will be a key factor in enabling them to differentiate and stay ahead of the competition in what becomes a highly committed and global marketplace. They are increasing recognizing the impact that the IT organization, and particularly the CIOs, can have on the success of their innovation efforts.

CIOs are undeniably accountable when it comes to using technology to address innovation challenges and opportunities for the business. No one can understand technology’s potential more or is in a better position to help companies fulfill its promise. But to fully exploit their company’s innovation potential, CIOs need to understand and apply technology in the context of business strategy. In Capital intensive companies like Forest and paper, Utilities, etc where CIO responsibilities often revolves solely around the infrastructure and support activities or are diffused among several other executives, this can be difficult to do. The good news is the changes are taking place in global scale, and the changing role CIOs are beginning to help them playing a more central role in their company’s strategic and innovation decisions. CIOs who are empowered to contribute to these contributions can help increase the innovation agility of the organization, helping to drive fundamental business changes that enable revenue and growth.
There are major areas where CIOs can impact their company’s innovation success:

- Driving change in IT’s business model and becoming partner to the business
- Integrating business and technology through architectural transformation
- Fostering collaboration internally and externally

Some of the challenges of Forest and paper industry - Revenue growth, Product and service innovation, Cost containment, Process and performance improvements, Market-share expansion. These pressing concerns top today’s corporate agendas, as company executives look for ways to deliver better short-term and long-term results. Top executives are increasingly focusing on Insourcing/Outsourcing information technology resources to help their companies reduce costs and better focus on core business strategies.

Technology Insourcing where entities (Business owner of the company, Internal IT organization, System Integrator/Consulting Partner, Software Product Vendor) are in collaboration in achieving the common objective of IT and business alignment are facing some critical issues within itself and also while linking to other entities involved. Both CIOs and business owners of company will play important role to mitigate the risk arising out of improper collaboration among entities.

IT Outsourcing (Outsourcing of IT Infrastructure, Application-Maintenance-Services and Business Transformation) is also clearly seen as a part of an effective management strategy that the Forest and Paper companies to achieve positive results. In some of the companies, IT outsourcing is a proven business tool that other companies should consider to build better bottom-line results and please shareholders. Critical issues arising out of IT outsourcing can be jointly managed by both business and service provider to achieve the common business objective.
Industry Landscape – Global forest and paper Industry

Introduction

Over the past several years, the global Forest and paper industry's total returns to shareholders have lagged significantly behind returns of the broader equity markets. For example, over the period 1992 – 1999, the U.S. Paper industry’s returns were only half those of the S&P 500. This under-performance result from a chronic state of over-capacity, which generally depresses prices, interspersed with brief, dramatic price spikes when demand exceeds capacity.

Chronic over-capacity and increasing price volatility are reinforced by several fundamentally-unattractive elements of industry structure and conduct:

- A highly-fragmented competitor base which inhibits production and pricing discipline
- Highly capital-intensive manufacturing capacity
- Increasing competitiveness (“flattening”) of the global industry cost curve
- Slow-to-moderate growth in demand for major products
- A production-focused operating philosophy emphasizing

Demand – Capacity

In Europe, though there is a minimal increase in production capacity of forest and appear industry product. The demand is stagnant in Western Europe whereas in Eastern Europe; demand growth potential of forest and paper industry product is negligible. CAGR rate of demand in Western Europe is 0%, whereas, it is 6% in east Europe. In total, Europe has observed a CAGR growth rate of 0.9% during the period 2002 – 2006.

Demand growth potential in North America is flat. Production capacity of the forest and paper product is also declining from 2005 onwards considering the negative growth of demand. The demand has a CAGR growth rate of -2%
from 2002 – 2006 where as production capacity has also observed a declining trend, at a rate of CAGR rate of 4%.

Demand growth in Forest and Paper Products is fast in emerging market – also increases in capacity.
Key Challenges

Although business leaders from the Forest and paper industry are optimistic about growing demand for product in the emerging markets and the long-term viability of their industry’s products, but concern can be seen about growing pressure on the cost structure of the industry over the short-term. While absolute growth is low, particularly in the established markets such as Western Europe, an inherent deflation within the supply chain makes it extremely difficult to pass on costs. Many costs such as salaries, energy, etc. are at or above inflation, yet the industry in general finds it difficult to pass cost increases on to customers.

In many of the established regions, inefficient older mills are hampering productivity. In addition, high energy costs were widely seen as having a potential negative impact on the industry, both from the point of view of paper production, an energy-intensive process, and in terms of increasing transportation costs, particularly serving markets such as China. The bottom line: declining profits.

Bottom line results have been largely impacted by reductions in margin, not non operating cost
- Growth in North America was flat and demand in Western Europe was modest. Emerging markets will play a large role in the future of the industry
- Structural overcapacity in Europe
- Downward trend in the paper prices whereas increase in the cost of production input rapidly
- Supply Chain is not streamlined. It needs to be optimized, including industry consolidation
Of the many economic factors which have impacted the Forest and paper industry, those with the highest impact remain
- Foreign exchange fluctuations
- Increased energy prices
- Transportation and raw materials costs
- Impact of emerging markets

CEO’s Agenda

We have reviewed our strategy and confirmed that it is essentially correct but it calls for increasing our market orientation, accelerated innovation to help our customer grow and for growth in volume and margins

-Chairman, Sappi Paper

With 2006 economic conditions projected to remain challenging, innovation will remain a key characteristic to those successful members of the PwC Top 100

-Robert Barnden, PwC

We increase investment in consumer focused innovation and product development

-Chairman, Storaenso

Jukka Härmälä will step down as CEO on 29 March 2007 and will be succeeded by Jouko Karvinen. Jouko Karvinen brings a wealth of global experience and a strong commitment to innovation

-Jan Astrom, SCA Group

Despite declining circulations of paid daily newspapers, newsprint markets in Europe were supported by continuous growth of free newspapers and an increasing number of print innovations. In addition, demand growth in Eastern Europe was strong

-Chairman, UPM Group
We put innovation in the service of our customers. By focusing on the safe, profitable delivery of the distinctive products to market, we make the most of our resources.

- Chairman, Weyerhaeuser

With global economic conditions projected to remain challenging, innovation will remain a key characteristic to those successful members.

**Perspective from IBM CEO Study**

The study indicates that CEO’s are expanding the innovation horizon, in fact, there is a categorical shift towards a more expansive and unconventional view of innovation, as well as a greater need for an innovation mix type. While CEOs still believe that product, service and operational innovations are important; they feel that innovation must be applied to a company’s very core – to the way it does business. CEOs deemed business model innovation vital to creating new and differentiating value for their companies.

Much has been written about the gap in between information technology of the organization and rest of the business. CEOs in the study voiced to go beyond simple alignment and close the gap completely. They see the business and technology integration is imperative for innovative efforts to yield their highest potential. IBM’s financial analysis, conducted as a part of the study, reinforced the view. It showed that organizations which are effective in integrating business and technology insight delivered significantly better financial results (in term of revenue growth and operating margin). In general, CEOs believe that technology has a larger role to play in their business strategies, helping them capitalize on strategic opportunities.

The study also identified the CEO’s specific concerns about IT, and these should be significant interests to CIOs. First, nearly 80 percent of CEOs worldwide rated “business and technology integration” of great importance while only half of those CEOs (45 percent worldwide) felt that their organizations were integrated enough. In addition, CEOs worldwide identified “Inflexible physical IT infrastructure” and “Insufficient access to information” as two of the ten top obstacles to innovation.

Results like this have serious implication to CIOs, as they portray the IT organization as a hindrance rather than an enabler to the innovation. But they also points to tremendous leadership opportunities for CIOs, who can provide strong vision and direction while helping to spearhead enterprise innovation efforts. There is a little doubt that CIOs will call upon to help drive innovation,
but the greatest gain will be made by those who proactively right mindset and infrastructure to enable it.

For the Global CEO Study, IBM surveyed 765 CEOs, business executives and public sector leaders on the subject of innovation. Study participants hailed from 20 different markets and important developing markets, such as China, India, Eastern Europe and Latin America. They include large and small business leaders of both public and privately held companies. The sizeable and diverse survey population provided IBM with a wide array of perspectives and ideas, as well as substantial opportunities for analysis.

**Key CIO Considerations**

- Deep business model innovation is becoming increasingly critical. Companies that can substantially change how they add value to their own or other industries differentiate themselves and gain a competitive edge. Although competitive pressures have pushed business model innovation much higher on the CEO’s innovation agenda, product, service and market innovations is still a dependable source of revenue for most companies in developing countries.

- Innovation can be ignited by business and technology integration. Technology can drive innovation. However, technology know-how must be combined with business and marketing insights to capitalize on technology’s potential and unleash an organization’s creative energy.

- External Collaboration is indispensable. CEOs stressed the overwhelming importance of collaborative innovations, not just internally across traditional silos but also externally beyond company walls. Business partners and customers were cited as top external sources for innovative ideas.

**Challenges in Managing IT**

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<th>Challenge</th>
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<tr>
<td>Integration</td>
<td>25%</td>
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<tr>
<td>Takes too long for IT to respond to changing requirements</td>
<td>24%</td>
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<tr>
<td>Cost of managing IT is too expensive</td>
<td>21%</td>
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<tr>
<td>Can’t reconfigure business processes as needed</td>
<td>13%</td>
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<td>Too hard to get ROI from upgrades</td>
<td>7%</td>
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<tr>
<td>Software upgrades</td>
<td>5%</td>
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<td>Other</td>
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AMR research has conducted a survey in year 2005 in which respondents were asked about their biggest challenges managing systems (see above figure). Integration issues (25%), pace of change (24%), and cost of change (21%) are the barriers that organizations face when trying to meet customer and competitive demands. Some other cores IT issues that directly affect the business are:

- Too hard to get ROI from upgrades and software upgradation
- Inability to respond to business demands for new application functionality, processes or information access
- Lack of available skills and expertise to maintain established systems
- Inefficient IT resource utilization and an inability to cost-effectively reuse established applications
- Inconsistent or inadequate information and data quality

In a nutshell, this is the root cause behind the overwhelming market buzz around service-oriented architecture (SOA). SOA is an architectural approach to building and maintaining systems designed to make change much easier by breaking systems up into more manageable (and reusable) services. With SOA, you can make changes to a service or a number of services while minimizing the impact to applications that use the service. More importantly, SOA is about connecting those services in new and distinct ways, orchestrating improved and more flexible business processes from existing assets.

### Changing Role of IT

| Era I: Automation, Cost Control and Efficiency | Era II: Productivity and End User Empowerment |
| Solid Utility | Trusted Supplier |
| Era III: Value Creation and Business Effectiveness | Era IV: IT Driving Business Structure |
| Partner Player | Utility |
Both business executives’ expectations and industry sector requirements determine the need for IT to be a Partner Player with the business — to work with customers, business peers, and external partners to create unique and competitive solutions. CIOs determine the sector-based opportunities for IT — built on proximity to the customer, configurability of offerings, variability of differentiating business processes, and interdependence among networked partners. CIOs face a challenge when business and sector demands on IT don’t match — when the sector requires a Partner Player but business sees IT as a Solid Utility or Trusted Supplier. To overcome this challenge, CIOs have to work with business peers to better understand the impact of IT’s capabilities.

In case of global Forest and paper industry, IT is being treated as a solid utility. Though there are some top tier organizations that have moved from the Solid Utility phase to the trusted supplier phase.

**ERA I** - IT Organization is expected to provide basic automation, cost control measure in the processes and other ready to take order kind of activities

**ERA II** - IT Organization is a utility, plus: Expected to provide cost effective measure, reliable solution with transparency, constantly declining cost, end user empowerment

**ERA III** - IT Organization is a solid utility, plus: expected to deliver app projects on time and on budget, based on operating units’ requirement and priorities

**ERA IV** - IT organization is a trusted supplier, plus: expected to create unique and competitive solution for customers, suppliers and internal users

*Wings of changes in the CIO Office*

It is not viewed as key business differentiator, although in particular industries, such as pharmaceutical, telecom and banking, are beginning to see the differentiating value IT can provide. An organization with a strong IT backbone and advanced applications is much better poised for growth. It can ensure organizations scalability and ability to ramp up operations swiftly as business demands escalate. IT can deploy automation technologies to speed and improve the effectiveness or order tracking, inventory management and other business functions. In this way, IT can be enabler of innovation.

In the global Forest and paper industry, CIO role is treated as a support or staff function, essential to IT efficiency and smooth business operations. Although there are greater appreciation for the CIO as technology strategist and business partner, the transition is quite slow in forest and paper sector. The problem become magnified in the organization that are experiencing
growth and relying on IT preparedness and systems to handle the increased demands. The organizations quickly recognize how a greater understanding of business strategy and execution increase the CIO’s effectiveness.

CIO’s responsibilities currently lean toward crisis management and infrastructure operations rather than business strategy and execution. To contribute strategically to company’s growth and agility, CIO should have more presence in the boardroom and evolve to a more business oriented role where technology is viewed as vital resource to bring about business transformation and value. To make this happen, CIOs to step outside of the IT box and adopt a big picture, enterprise level perspective instead of limited IT perspective. Its matter of overcoming the “local optimum” in favor of a “global optimum”.

Forest a paper industry leader’s inability to see IT as a key player in foster innovation may be a direct result of the way in which IT leadership delegated. Often it is seen that IT leadership is shouldered by other top executives (such as Director of Finance), in conjunction with those executive’s other responsibilities. In this situation, IT becomes an additional charge rather than primary or sole responsibility. At the same time, day-to-day responsibility for IT projects and system uptime is likely to be assigned to the technology specialist who may be at a lower level of the organization.

Incase where IT leaders are assigned to oversee the IT organization, they are rarely on equal footing with other company executives. More often than not, they report to executives in other parts of the organization, who may have limited expertise in IT. The result is that IT is not well represented in top management; hence, IT’s role in innovation is limited at best. Moreover, with different centres of IT leadership and responsibility, the overall effectiveness of the IT organization is significantly diminished.
CIOs, too, have an important, but challenging, role to play in driving all forms of innovation, but particularly business model innovation, with over one-third of CEOs in the Global CEO Study identifying an “unsupportive culture and climate” as a temporary obstacle to innovation; CIOs need to begin by conductive atmosphere within the IT community. By looking inward first, then can improve the way approaches innovation and rest of the business community. They can also help their business counterparts identify new, better way of doing business and change IT’s own business model to encourage innovative thinking.

**Strategic Outsourcing as a means of business transformation**

When CIOs are appointed to lead IT, they are making a major difference. CIOs can identify the sorts of opportunities and killer applications that are helping to transform and grow business. This transformation often involves outsourcing. Companies are increasing selecting some form of outsourcing to improve their IT capabilities so they can trim mounting IT support costs and focus on developing their core business.

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**Innovation and CIO**

**Driving change in IT’s own business model**

With business services increasingly enabled and delivered by technology, IT executive must take the lead in helping IT organization move in a customer-centric direction. To do this, IT’s own business model will need to change. At high level, one can view the IT business model as interaction of people, process and technology for the purpose of achieving defined business goals. The IT organization is responsible for a number of technical processes, and each requires a specific degree of interaction for a number of technical processes, and each requires a specific of interaction with business. If the processes are not adequately aligned to the needs of business, achieving business goals can be difficult. Understanding the effectiveness of the current business model is essential to knowing where and how to make business improvements.

Companies and IT organizations in particular can develop a deeper understanding of current business model by breaking down, or “componentizing”, the operation into its individual processes. Many companies are exploiting such “component business modeling” techniques to identify IT process improvements and sourcing strategies that can drive higher level of efficiency and value of the business. These techniques enable companies to deconstruct the business into its strategic, planning and operational components and identify those activities into core and non–core to the business. The resulting component maps help identify opportunities to strengthen the business and build revenue by improving a company’s
existing competencies or creating new profit centres. Because component business modeling helps companies understand which activities drive the greatest business value, it can help them decide when it makes sense to outsource and which activities should be targeted.

**Information Technology Integration and Operational Innovation**

The importance CEOs place on business and technology integration is apparent, nearly 80 percent of the CEOs interviewed global CEO study rated business and technology integration of "great importance" or "critical importance". However, a significant gap exists between the desired level of integration and actual implementation. Many feel that current integration efforts are inadequate and find the lack of integration to be a real source of disappointment. They recognize the underlying potential of an integrated operation – lower costs, greater customer satisfaction, and increased value – but in many cases feel unable to improve the situation.

Today the more effective CIOs are those who can combine a deep understanding of their organization’s business issues with knowledge about current and emerging technologies. They are aligning their IT priorities with those of the business and implementing technology to suit changing business requirements. They are ensuring technological change has an important place in the corporate agenda.

The CIOs role is to promote the use of IT as a valuable resource that helps integrate all departments and enable faster circulation of information across departments. A centralized and properly integrated IT system is crucial in resolving reconciliation errors and inconsistencies that can occur between departments since it allows for more efficient management control and action, IT can enable better integration with suppliers and customers which, in turn, can facilitate supply chain management, improving working relationships and build customer locality. Towards that end, CIOs should focus on providing reliable, real time data delivery across the enterprise and consolidating and integrating related data sources, such as the billing data and cost and revenue assurance data. Good and timely delivery of information leads to the creation of a paperless organization for better decision making.

Companies currently suffering reduction of margin and likely to have IT systems that are in the fledging state. Those companies could surely benefit from adopting innovative approaches to IT and integrating business with technology, without compromising their need for low costs. In these companies, the CIO’s role is critical in driving integration at an affordable cost.
Enhancing collaboration internally and externally – CIOs role

Creating an environment and infrastructure that encourages knowledge and information sharing should be at the top of CIOs agenda. As senior executives, CIOs have an important role to play in helping make collaboration an integral part of the company’s business strategy and in enabling collaboration for both people and systems.

IT is required to interact with other functions of the business on a regular basis. The Organizational exchanges are defined and carried out by different people with differing levels of involvement. For better synchronization and seamless interactions between IT and other business functions, it is essential for IT professionals to understand the constraints of these business functions and to recognize the importance of IT goals in the context of the company’s enterprise goals. This understanding is essential if the IT organization is to innovate in ways that have a positive impact on business growth.

Collaborative technologies enable companies to bring skills and scale together at unprecedented levels. As IT leaders, CIOs oversee the implementation of collaborative technologies, both within the IT organization and across the enterprise, and they should know to remove any technology-related inhibitors to collaboration. This is the key to expand innovation horizon beyond company walls.

Today’s technology advancements make human collaboration possible in many forms. Team, workplace, instant messaging, communications, dashboards and other collaborative technologies are enabling individuals, companies, and countries to join forces, increasing productivity, while accelerating creative thoughts. Whether deploying basic web conferencing software or ensuring sufficient computing capacity to aggregate and analyze input from thousands of heterogeneous devices in real time, the CIO is ultimately accountable for facilitating the use of collaborative technologies across geographies, time zone and corporate boundaries.

CIOs have to establish a strong, global intellectual property system in order to collaboration to succeed inside and outside the organization boundaries. They can help business leaders take an in-depth look at the business to decide what should be open and collaborative and what should remain proprietary. They have the technology and process expertise to simplify this decision for the enterprise.
Insourcing and Outsourcing – Information Technology

**Insourcing**

Information technology Insourcing involves four entities - Business Owner, IT function, Consulting Partner/ System Integrator and Software Vendor – which are in collaboration among one another to achieve the common objective of IT and business alignment. There are issues in each of these entity/node which act as Inhibitors in achieving the common objective. The issues in each entity are highlighted below.

**Business Owner**

- **Targets set for the IT project is too general and unrealistic.** The target set for IT projects are too general without evaluating the “as is” situation of the company and to what extent IT can be of help to reach the “to be” position. Sometime the targets are imposed on the IT project without considering its capability.

- **Performance can not be identified as a result of project:** In may cases, Individual IT project and its performance is not shown in the Organization IT balance scorecard.

- **Not tool/ technology dependent:** CEOs are still ignorant about the capability of enterprise tool/ new technology.
IT Function

- **Target to have technologically complete solution**: The existing IT solution driving the business goes for a toss after arrival of the new technology solution, this also put CIO in a dilemma

- **Opinion battles between “school of thoughts”**: There was always a debate of IT being centralized or decentralized, Usage of Open Source technology or licensed copy software

- **Technology jargon**: IT leadership have not made the leap to understanding business issues and communicating with business in their terms

Consulting partner/ System Integrator

- **Generic approach is not turning into real business case**: Consulting partners are more keen on selling the product rather than understanding the business issue of the customer organization. A generic approach of implementation is followed for all the customers from different industry segment without giving the desired benefit to the client

- **Arrogant wish to be on driver’s seat**: Consulting partners are more keen running the project as per their wish without considering the business benefits to the client

- **Hidden motivation to continue**: Sometime the consulting organization as well as the IT project team has some hidden motive of taking up an IT project with a customer organization. For e.g. Deliberate effort has been made so that the maintenance of the IT application is given to the Consulting partner after the implementation phase

Software Vendor

- **Heavy vendor pressure on license purchases distorts the timing of costs and benefits**: During the completion phase of the IT project, any increase in the number of licenses generally distorts the timing of completion of the project. The purchase of licenses also increase the project budget

- **Upgrading pressure comes early**: Continuous upgradation of the product from the Software vendor also distorts the cost of the project

- **Complicated pricing structures require specific competencies**: Pricing of enterprise application which include the license, resource, project implementation, etc requires special expertise to decipher the complexity
When entities/ nodes collaborate with each other to achieve the common objective of business and IT alignment, some communication issues arise during collaboration. The communication issues during the collaboration are highlighted below:

**Business Owner – IT Function**
- Mismatch between thinking: Organization vs. Processes. When business thinks about organization, IT function is more concerned about the internal business processes
- Business change and service creation is expected to be done by the IT project without understanding the capability of the product / IT application
- There is always a misfit between perfect technology and real business as most of the technology products are built on the best practice from various industries

**Business Owner – Consulting partner/ System Integrator**
- It is widely observed that the required process consulting knowledge for executing the project of the Consulting partner does not match with industry knowledge
- Business case targets are not validated by the Consulting partner before they undertake the task of execution of the project. And due to some general and unrealistic target set by the business owners, it is difficult for the Consulting partner to achieve the set objective of the client organization
- Business case assumptions tend to remain constant during the phases of project execution, which can take from a month to several years also. Because of this, the project doesn’t give the required benefits/ doesn’t achieve the set objective after completion considering the changed/ current business environment
IT Function – Consulting Partner/ System Integrator

- During the project execution, project leadership challenge from Consulting partner side has severe negative impact on the project. Sometime change in leadership from the Internal IT function also has a negative impact on the project.
- Cost-benefit ratio can be questionable considering the resource engaged from the Consulting partner/ System Integrator side and work performed/benefit realized from the IT project.
- Lack of knowledgeable resources from System Integrator while executing the IT project is a major concern for Internal IT function.

IT Function – Software Vendor

- Heavy vendor pressure on license purchases distort the timing of costs and benefits.
- Upgrading pressure comes early.
- Complicated pricing structures require specific competencies.

**Outsourcing**

IT outsourcing describes the activities associated with acquiring IT services from one or more external providers. During outsourcing, a client organization transfers responsibility for one or more IT services to one or more external providers. This responsibility is executed through control and management of the processes, people, and technology associated with these services.

- **Client**
  - Client tells the provider what results need to be achieved and then manages for results.
  - Client may transfer people, equipment and facilities to the provider.

- **Provider**
  - Provider decides how to accomplish these results and is compensated according to performance-based criteria.
Outsourcing has helped many organizations reaching their corporate agenda directly or indirectly. Entities involved in IT Outsourcing are business side of the client organization and the Service Provider. The figure given below shows us the conceptual framework used in governing an Outsourcing project.

In the changing business dynamics, IT infrastructure, application-maintenance-service as well as business processes are being outsourced to reduce cost and to shift focus to core competence of the organization. In most of the big outsourcing deals, there are some critical issues which are listed below:

**Business Owner**
- Threat to team performing the process
- Employee Unrest
- Company Culture
- Lack of Measurement of internal process
- Fear of loss control of the process
- Quality of Service from the Outsourcing partner
- Cost

**Service Provider**
- Inadequate Industry specialization and technical expertise to execute the IT outsourcing project
- Quality of deliverables is not acceptable at client end
- Complicated pricing methodology of the Outsourcing deal
- Inability to demonstrate capabilities in large scale project and lack of client program management
- Change in leadership during the outsourced project execution impact the project
The Way Forward

A Global Study on “Evaluating alignment of Business and IT function - Forest and paper Industry” will help us validating the following:

- Role of IT in Forest and paper industry
- Innovation and CIO
- Level of collaboration among all the entities in collaboration to achieve the common objective “IT and business alignment”

Methodology and Result

The proposed study is going to be a Primary industry survey to understand the depth of misalignment of business and IT, Issues in achieving the common objective of business and IT alignment in Forest and Paper Industry, especially targeted towards the CIOs.

The result of this survey will help us knowing the critical factors impacting the business and IT alignment in Forest and paper industry.
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Acknowledgements

About IBM Global Business Services

With consultants and professional staff in more than 160 countries globally, IBM Global Business Services is the world’s largest consulting services organization. IBM Global Business Services provides clients with business process and industry expertise, a deep understanding of technology solutions that address specific industry issues and the ability to design, build and run those solutions in a way that delivers bottom-line business value.
About IBM’s Forest & Paper Innovation Centre

The Forest and Paper Innovation Centre in Helsinki, Finland, was established in 2002. The centre has taken over from the original Vancouver, Canada centre (established in 1985 as the lead centre of our Global Forest and Paper Practice.

The Forest and Paper Innovation Centre’s primary responsibility is to serve clients and manage IBM’s forest and paper resources in EMEA – spanning from the Nordic countries through to South Africa. The Innovation Centre also provides overall thought leadership and knowledge management support to our Americas and Asia Pacific client teams serving these markets.

The Innovation Centre is an important vehicle for forest and paper companies to improve their customer service and global competitiveness. Our mission is to foster profitable innovation and execution excellence in the forest, paper and packaging industry by leveraging IBM’s competencies. IBM executives work to confirm current and future challenges facing the industry as then focus the search for innovative solutions. The Innovation Centre is responsible for developing IBM points-of-view for the industry and develops and manages IBM’s benchmarking programs specific to the industry. At the heart of fostering profitable innovation, is our ability through the centre to link forest, paper and packaging industry clients to IBM Research and its worldwide network of research centres.
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Further reading:

