The CEO's Definitive Guide to Strategic Technology Planning

Align your technology with business growth and performance objectives.

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Introduction

> *It's an inescapable fact of today's business environment: Growth and efficiency depend on how effectively your organization leverages data and technology.*

For centuries, management of cash and physical assets have been central to building a growing, sustainable, successful business. Today, our technology systems that underpin the lifecycle of data are just as critical an asset as the cash and physical components.

In this guide, we'll cover why it's so important to have an easily communicated technology plan from the executive perspective, how to create a strong plan and how to budget for future growth.

Technology: The bedrock of modern business

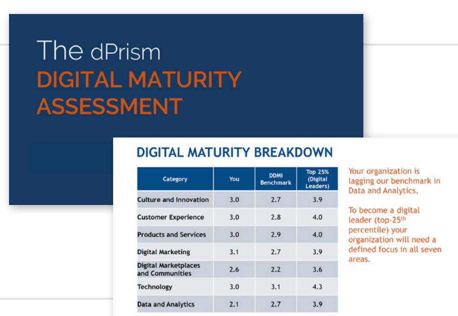
Data and technology provide the lifeblood of every aspect of a modern business, including driving internal process improvements, maximizing marketing impacts, building sustainable customer relationships, accelerating sales and providing effective customer support.

There is now a clear imperative for all CEOs and boards to have a strategic understanding of the technology strategies, choices and investments their organizations need to make. Vistage International found that 40 percent of small- and medium-business CEOs surveyed plan to increase their technology investments for 2021. We've found a similar result among the clients and markets we serve.

The CEO's challenge is to develop an appropriate strategic perspective on the choices to be made, so effective guidance and decisions can determine budgeting, investment priorities and talent strategies across the organization.

Take the Digital Maturity Assessment to uncover hidden opportunitites.

Take the Assessment



Category	You	DDMI Benchmark	Top 25% (Digital Leaders)
Culture and Innovation	3.0	2.7	3.9
Customer Experience	3.0	2.8	4.0
Products and Services	3.0	2.9	4.0
Digital Marketing	3.1	2.7	3.9
Digital Marketplaces and Communities	2.6	2.2	3.6
Technology	3.0	3.1	4.3
Data and Analytics	2.1	2.7	3.9

Foundations of technology planning

All modern organizations require a strategic investment plan for technology. This plan should be sponsored and championed by the CEO and executive leadership, and ultimately reviewed and approved by the board where appropriate. But that is often easier said than done.

> *In this guide, you'll discover the process of creating a strategic technology plan that aligns with your business's key growth and performance objectives.*

Developed by operational executives and CTOs who have completed corporate digital transformations, this guide covers why it's so important to have an easily communicated technology plan, how to create one and how to budget for future growth.

What is a strategic technology plan?

In the simplest terms, a technology plan addresses the data and underlying technical capabilities needed to enable the organization to achieve its strategic objectives.

A technology plan can be boiled down to:

1. A **vision** about how data and technology will enable strategic outcomes.
2. A **roadmap** and **platform architecture** that defines the blueprint for forward-looking capabilities.
3. A **short-term action plan** that moves implementation forward while delivering near-term value to the organization.
4. A plan to **streamline** and **automate** the organization's processes in alignment with technology investment priorities.
5. A **resources plan** that aligns structures, skills and functional capabilities with the roadmap and planned technology investments.
6. **Operating and capital budgets** and multi-year projections that follow a "run, grow or transform" investment model.

An effective technology plan, then, does not simply encompass future needs based on your current operating framework. It must accommodate the evolution of the operating model and be driven by a handful of future scenarios.

A real-life example of technology planning in action

Consider the case of one of our past clients, a publisher who sold a series of highly valuable annual reference books with lots of tabular data.

A thorough review with the customers of the books found most only bought them every two to three years and used them mainly for reference. After converting to a web-based annual subscription model, combined with an Excel plug-in, the publisher more than tripled its revenue.

The technology required for publishing the books and supporting the web platform was similar from a data perspective and not very challenging for the new product. What was different was the requirement to have a secure and reliable solution that is directly customer-facing. New technology platforms were introduced, but new procedures and support capabilities also were implemented.

Considerations from the C-suite

The six elements above are required for any effective strategic technology plan. But success in these areas will depend on embracing some core principles.

One is to place an "outside-in" customer perspective at the core of the design of all digital products and services. Another is to ensure the strategic technology plan is closely aligned with the business's strategic operating plan and is owned by the entire executive leadership team.

Most important, however, is effective communication.

> *The plan must be written in plain language and be understandable by the entire organization, including the board. Technical details should be placed in the appendix.*

But clear writing alone is not sufficient. To achieve true cross-departmental alignment, the CEO should appreciate the different perspectives of each member of the core audience for the plan, see the below chart:

FIGURE 1

Different perspectives for the IT plan

CEO	A CEO will look at the IT plan, and think about business growth, the competitive landscape, organizational talent and risks.
CMO	A chief marketing officer (CMO) will consider the connected marketing, customer experience and lead-generation capabilities.
CFO	Your chief financial officer (CFO) will want to understand the strategic leverage of the investments being made, budgets and timelines and the risks associated with each.
CRO	The chief revenue officers (CRO) will want to understand how planned investments will accelerate sales and transform customer self-service capabilities.
CTO	Ultimately, of course, the chief technology officer (CTO) will need to deliver the detailed plans and implementation strategies for the technology platform, the people and the processes required to deliver against all the other executives' expectations.

Steps to creating an effective technology plan

Based on our work in technology strategy over the last several years, it's safe to say you'll require a master technology plan and then several smaller functional-specific plans for key strategic investments or operating transformations. Here are three key steps to creating an effective plan:

1. Analyze your current technology state

Ensure you have the proper experience and expertise to conduct the assessment, either with in-house skills and expertise or by enlisting an external consulting firm. External partners should be able to demonstrate the depth of expertise in real-world technology operations valid for assessing your needs.

Interview key technology and business stakeholders to understand the current state of their technology landscape, capabilities and operational alignment with strategic objectives and – most importantly – perceived gaps and deficiencies in current capabilities.

Particular focus should be placed on the following functional domains:

- Data architecture and data life-cycle management practice
- Development and software engineering capabilities
- Application and technology solution delivery processes
- Technology operations playbooks and processes
- Compliance processes
- Licensing portfolio costs and management processes
- Contracted third-party services portfolio processes and costs

2. Develop your technology roadmap

Identify any functional gaps between your defined forward-looking business strategy and your current enabling technology landscape. Quantify the costs and investments associated with addressing prioritized investments. Analysis should include engineering costs, third-party consulting, software licensing or cloud-based operating expenses, new staffing required to fill skills gaps, etc.

Define priorities and sequencing based on alignment to high-impact strategic requirements and the level of investment and associated risk.

Make sure your plan adopts the following principles:

- Forward-looking viability
- True ability to scale
- Compliance
- Governance
- Security

3. Manage the technology implementation

Establish a small, dedicated team to manage the implementation. This also can be handled internally, but key staff should still be closely involved if the job is outsourced to a consulting firm.

The team will define implementation options and create a phased schedule that addresses dependencies and linkages between each investment stream.

Adopt an agile approach to carrying out the project, with success measured in short, manageable sprints and frequent value delivery of value.

It will be critical to continue close communications with all stakeholders.

Are your technology capabilities aligned with your growth plans?

Download the Technology Checklist

Developing your technology budget for growth

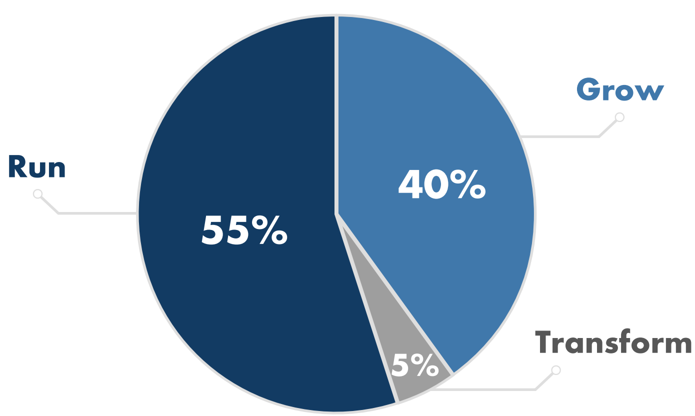
Once you have your plan, it is time to establish budgets. While it's often contemplated in terms of which one comes first, it is difficult to budget without knowing what type of growth and change you want your technology to drive.

Working with so many organizations and technology budgets, we've seen a lot of dos and don'ts when it comes to budgeting. Too often, budgets and reviews are focused simply on line-items such as hardware, software, security, networking, data center and staffing costs. But these don't tell the whole story of the business, nor do they speak to the rationale for how technology investments are supporting the business today or paving the way for future growth.

Developing a budget requires detailed review and mapping of the business and customer/user needs for investments.

FIGURE 2

Target ratio for technology budgeting.



The best way to allocate scarce budget resources across budget functions is to ask whether that function is needed to "run" the business, "grow" the business or "transform" the enterprise. A commonly accepted target ratio for mature companies using the run-grow-transform model is 55/40/5.

One benefit of this approach is that it ensures you will reserve at least a portion of your investment for experimentation with leading-edge capabilities such as cloud services, machine learning or robotic process automation.

Technology budget size and scope

Understanding your industry benchmarks is a good way to begin determining the size and scope of your technology plan. Start by defining your industry as narrowly as possible. Map the industry leaders, followers, mainstream and laggards and map your own place on this continuum today and in the future.

Then, you'll want to define and benchmark each of your technology spending platforms and categories such as end-user computing, security, networking, e-commerce and customer relations management (CRM). You can obtain benchmark data from such sources as Gartner, Forrester and IDC, among others.

Don't stop at benchmarking.

Once you have the data, analyze where in the range your technology budgets fall, and where the opportunity may be to make allocations both more efficient and effective for growth.

A final reminder when looking at your budget is the importance of teamwork.

As a CEO, your job is to bring together the plans between operations, finance, product, technology and service departments. A reserve, a capital spending plan or some other flexible approach to reallocate budgets based on changing priorities may be necessary to create future products. This may also be necessary to seize new market opportunities and improve the customer experience in a changing competitive landscape.

Teamwork and communication here is essential. For more considerations specifically about technology budgeting, read five questions CEOs should ask about technology budgets.

Learn more about technology budgets.

Read More

Planning for changes and "what if" scenarios

While change is the only constant in our world today, it's a component we must consider as we plan and manage technology.

Many companies establish three- to five-year cycles for their in-depth business strategy review, with annual review and update cycles. The technology plan cycle should match this business strategy cycle.

> *The majority of growth-minded, mid-market organizations revisit their technology plans on an annual basis and monitor spending throughout the course of the year, whether monthly or quarterly.*

Major accomplishments or events can lead to the update of the plan. For example, if a new CRM platform has been implemented, or a cloud policy has been established, these events should trigger a review of the plan to ensure any consequences are accurately reflected in the plan.

Unplanned events should also trigger a plan review – whether the event is within technology, the company, or the company's marketplace. As an example, new products from a competitor should trigger a business plan review, and thus can impact the technology plan.

Remaining considerations

Obviously, there is no one single approach to developing and implementing a strategic technology plan. But we hope the guidance above sparks some thinking about how to tackle the problem in manageable pieces.

Developing a plan in a way that makes all stakeholders feel included is key. Keeping the customers' needs in mind, as well as the business's imperatives, is also a core part of our message. And, when budgeting, deciding which functions you want to run, grow and transform will help you allocate your spending in a way that keeps current business operations intact while finding new revenue and staying current with customers fast-changing technology demands.

Key Contributors

Adriaan Bouten | CEO & Founder

Adriaan is an expert in the future of business in the digital age. Having led transformations of such companies as McGraw-Hill and USAToday, Adriaan helps mid-sized organizations identify and execute digital growth opportunities through cohesive strategy, effective technology and digital transformation.

Jennifer Cardella | Chief Product & Delivery Officer

Jennifer is responsible for leading and facilitating the creation and delivery of products and services. She has nearly 20 years of experience and is passionate about customer-centric product management and technology, integration challenges, process improvement, and digital engagement strategies that build brands and transform customer experience.

Len Gilbert | COO

Len has over 25 years of industry experience and is passionate about helping clients understand their digital potential, especially focusing on digital strategy and digital growth. At dPrism, Len is responsible for building out the company's digital transformation and advisory services and scaling the company's external business and internal capabilities.

Jonathan Murray | EVP & CTO

Jonathan is responsible for platform transformation engagements through a unique blend of business strategy, sales, marketing, operations and policy experience. With 25 years of experience in digital transformation, he turns strategy into results by enabling organizations to thrive in a digital world through empowered cultures and modern operating models.

Need help with product and technology alignment?

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LET'S TALK!

dPrism

Digital Prism Advisors, Inc. (dPrism) is a boutique management consulting firm that enables clients to identify and capitalize on digital growth opportunities. We partner with forward-thinking executives to empower positive and transformative change through technology-led improvements that build enduring capabilities. Our management consulting services encompass three key areas: Technology strategy, data and product management, and business model innovation and transformation.

Digital Prism Advisors has executed 125+ strategic projects, helping notable organizations discover opportunities and overcome industry defining challenges that transform the organization and enable desired and sustained results.

Access our insights and resources to learn more at dPrism.com.