



A SPECIAL REPORT FOR SMB OWNERS

WHAT YOU SHOULD KNOW ABOUT PLANNING YOUR IT STRATEGY

AN F12.NET WHITE PAPER

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EXECUTIVE SUMMARY

If you are a small or medium business owner and think IT Strategic Planning is not an activity you need to consider, you might want to think again.

Technology has evolved for the SMB, and the business leader's strategy to take advantage of this shift needs to evolve as well. The adoption of the Cloud, increased use of mobile applications, and a bigger emphasis on social marketing has led to a surge in IT investment. In fact, from 2012 to 2017, SMB spending on technology increased 21% in North America, leading us to believe this evolution is starting to take place. Nevertheless, how often are these businesses formally planning for this shift?

As a result, a recent poll has shown that 79% of Canadian SMBs see technology as critical to their business success¹, yet another study shows that 76% of business leaders polled could not clearly define their own IT strategy.² Tech-savvy businesses are gaining a competitive edge, with high-performing businesses most likely to be early tech adopters to get a jump on the competition.

So, what is the lesson? A large number of businesses seem to understand the importance of technology, yet the majority still feel they are not clear on how to plan and invest in IT as effectively as they could.

For example, you would not drive from Vancouver to Toronto without:

1. Knowing your destination
2. Knowing when you wanted to get there
3. Having a road map or GPS; and
4. Having adequate resources to complete the journey

So why wouldn't you treat your IT initiatives and goals the same way?

In the past, small and medium businesses have given little to no thought to their IT strategy. Even when they had, it was rarely developed to align with their business goals. Instead, IT was seen as a strict cost centre and not a true business enabler. This misalignment is a big reason that SMBs do not truly realize the value in their IT spend.

¹Source: <https://www.salesforce.com/ca/blog/2017/05/Canada-Small-Business-Technology-Trends.html>

²Source: Info-Tech Benchmarking and Diagnostic Programs

Creating and following an IT Strategic Plan can help ensure this alignment between technology and business goals is the true focus rather than investing in technology for technology's sake.

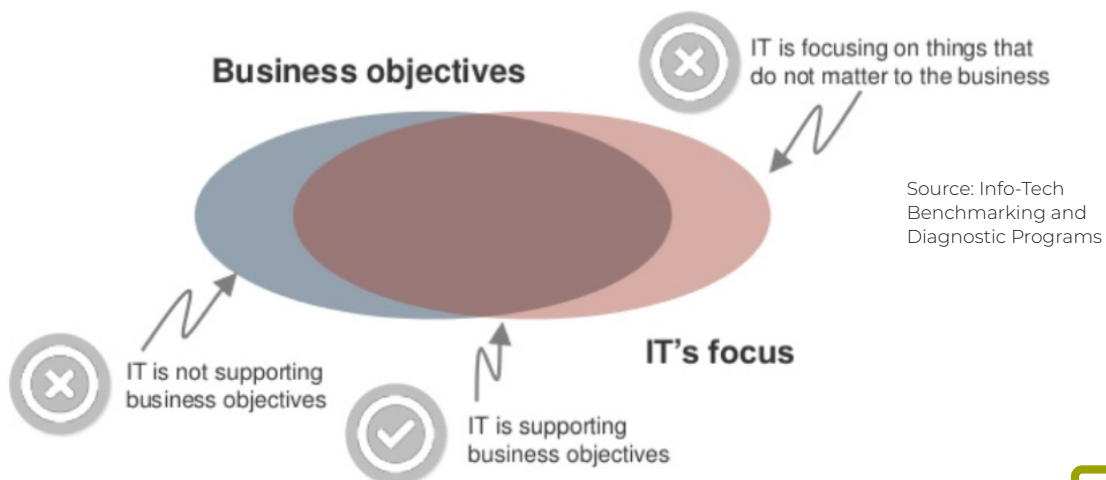
Engaging in this planning for SMBs can bear immense fruit and help give you a pronounced competitive advantage. If you are ready to embrace this, you must first understand the what, why, who, when, and how of IT strategic planning.

WHY IT PLANNING AND BUSINESS ALIGNMENT ARE IMPORTANT

First off, what does it mean to be strategic? Forward thinking, proactive, aligned, and aspirational come to mind, but how does this translate in the world of information technology?

Gartner defines IT Strategy as “the discipline that defines how IT will be used to help businesses win in their chosen business context.”³ In other words, it is the concept of ensuring that all IT initiatives bring tangible benefit to the business.

Many business owners understand it is imperative to get the most value from your IT investments, which means that projects, expenditures, and priorities must directly support business goals. This key point is perhaps truer now in the SMB landscape than ever before.



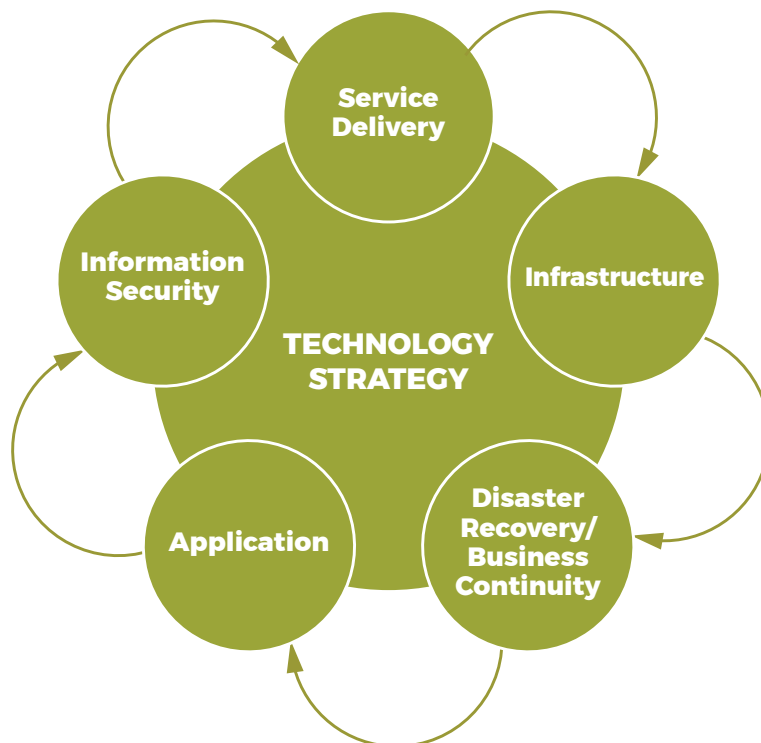
³Source: www.gartner.com/it-glossary/it-strategy

A true strategic plan should include three key components: technology, people, and process. For the scope of this document, we will focus on technology specifically as it likely will bear the most fruit for many SMBs right out of the gate.

ELEMENTS OF AN EFFECTIVE STRATEGY PLAN

There are five areas to consider when determining your Strategic Plan for technology: infrastructure, information security, application, service delivery, and disaster recovery/business continuity.

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Application Strategy Considerations

First and foremost, it is important to understand and determine the types of software applications you will use to run your business. Some questions you need to ask yourself are:

- Do I have unique requirements in the way I process payroll or issue invoices for my products and services?
- Do I have inventory, and does it need to be replenished?
- Do I need to manage a sales cycle or am I a transaction-based business?
- Do I have a revolving book of business?
- Do I need my customers and clients to be able to collaborate with me?
- How much am I willing to pay, and am I willing to sacrifice time instead of functionality?
- Am I future-proofing, or am I only willing to pay for what I need right now?

Information Security Strategy Considerations

It is important to understand the information security requirements in your particular industry. If you are in the medical industry, for example, it is important to understand that your patients' data needs to remain in the province where you practice. Perhaps you have your own requirements regarding your intellectual property. You may want it to remain within the province or country, or perhaps it doesn't matter where your information lies – as long as you own it.

- Can contractors have access to your IP and other data?
- Should your data be accessible from outside the network?
- What kind of insurance do you need to protect yourself and your clients?
- Can you use technology to reduce those insurance costs? Do your technology partners have data loss coverage?
- Do you let employees take data off-site?
- How do you protect against a breach to your network?

While these points are just a start to defining how you will secure your data, they are key components of the overarching strategy.

Infrastructure Strategy Considerations

Based on your requirements for applications and security, it is important to define how you want to approach infrastructure. There are some important questions to ask yourself:

- Do I want to be on the cutting edge of what's available, or do I prefer reliability and uptime?
- Do I want to own my equipment and manage a lifecycle, or lease it?

- Do I want servers kept on-site, or can I take advantage of a Cloud service?
- Do I choose public or private cloud?
- Could I have a hybrid of in-house servers and Cloud services?
- Do I have multiple locations that will need to access the same data? Or will I in the future?

You might not have all the answers to these questions. After all, you're focusing on your business, not on learning how to manage an Active Directory schema on Windows Server 2016 or on syncing file shares to multiple offices using Distributed File Systems.

Disaster Recovery Strategy Considerations

Often overlooked or put on the backburner, backup and recovery of your data are important pieces of your business strategy as it relates to information technology. Computers, servers, and the rest of your computing infrastructure are all prone to failure due to any number of reasons. From component failure to power spikes to broken water pipes overhead, there are a number of potential disasters or failures that will create a need for you to recover your data.

When it comes to backups and recovery, you must start with the following questions:

- Does my industry require me to keep a particular amount of data backed up?
- How much data am I willing to lose and how much can I re-create (**Recovery Point Objective**, or **RPO**)?
- How long can I be without access to the data I need to recover (**Recovery Time Objective**, or **RTO**)?

Only once you have answered the above can you move on to strategy:

- What are the risks if my core applications and data are unavailable for a day, a week, or longer?
- What data should be made accessible first, and how?
- Do I need an off-site backup and recovery strategy in case of total facility loss?
- Am I willing and prepared to weather the unexpected expenses that happen in a disaster scenario?

Answering these questions will allow you to implement a disaster recovery and business continuity strategy that combines elements of on-premise infrastructure with off-site Cloud-based services. If planned correctly and tested regularly, you should rest easy knowing that you have planned for the worst.

Service Strategy Considerations

Now that you have a plan for all of the technology and applications that you're going to use, you need a plan to maintain it. Unfortunately, IT is not a set-it-and-forget-it type of thing.

But do you hire somebody to do this, or should you use a third-party? Or both?

There are both benefits and challenges of having in-house IT support, but the same can be said for working with a managed services provider.

IN-HOUSE IT

Benefits	Disadvantages
<ul style="list-style-type: none">• Nuanced understanding of your company's product or service	<ul style="list-style-type: none">• Typically do not have specialized skill sets
<ul style="list-style-type: none">• Readily available on-site	<ul style="list-style-type: none">• Ongoing development and training costs
	<ul style="list-style-type: none">• Need redundancy coverage for sick days

OUTSOURCED IT

Benefits	Disadvantages
<ul style="list-style-type: none">• A wide range of expertise	<ul style="list-style-type: none">• Lack first-hand knowledge of a company's inner workings
<ul style="list-style-type: none">• Built-in staff redundancy	
<ul style="list-style-type: none">• More cost-effective access to resources	

WHO NEEDS TO BE INVOLVED?

IT Strategy planning requires participation and buy-in from the entire organization.

Now that you understand that having an IT strategic plan is an important and worthwhile endeavor for your business, you need to determine who needs to be involved in creating—and ultimately—executing the plan.

As you might expect, the core leadership team and any other key members of your staff will be the most important pieces of the puzzle, as they will formulate the business intentions and goals the IT plan will work to achieve. Representation from all key areas of your business (Sales, Operations, Executive, etc.) is critical.

From there, it can become more difficult as many businesses lack the internal expertise to tie the two worlds of business strategy and IT strategy together.

One approach is directly involving a trusted IT advisor in the process. Working with an IT advisor or consulting company can help reduce the effort necessary to develop such a plan internally, reduce the risk, and improve the quality of the overall product. When chosen correctly, the right IT advisor will be able to not only cover any internal knowledge gaps but to layer in best practices and help avoid pitfalls.

When looking at this approach, it can be beneficial to align with an advisor or partner that has a specialty in your specific vertical. This particular insight will help immensely when discussing unique challenges or requirements your industry may have that a generalist may not be able to address. This expertise is particularly helpful if you happen to belong to a heavily regulated field such as healthcare.

If engaging a consulting partner or IT firm, the key is to ensure they work directly with the leadership team when developing the plan. A solid understanding of business needs combined with a mutual understanding of drivers and constraints will help you create a very effective strategy. Mature advisors will require this collaboration and will suggest, at minimum, a series of interviews and workshops with the other members of the team to gain that alignment before beginning to develop an IT strategic plan.

WHAT ELSE TO CONSIDER?

There is risk in not having a plan

A weak strategic plan—or no strategic plan at all—can be costly and wasteful. If your IT is not directly supporting projects or initiatives that further your business objectives, it will simply be another cost centre that will likely deliver very little true value. It can also hinder your ability to respond rapidly to changes in the business. The absence of strategic anticipation can cause businesses to be inefficiently reactive, forcing them to work and spend money in a constant state of catch-up.



Strategic planning is not a one-time event

Technology is a constantly evolving organism and, as such, your strategic plan will require that same evolution to ensure it is still valid and accounting for shifts in the industry. Traditionally, IT strategies are evaluated and discussed on an annual basis, typically around budget cycles. This cycle really should be considered a minimum review period, especially for rapidly growing businesses. If an emerging technology surfaces that has the potential to enhance the business, it should be investigated and communicated as soon as possible. In today's highly innovative technology landscape, evaluations based on a one-year cycle can often be too late. Annually reviewing your IT strategy, then managing to that plan quarterly can help ensure that priorities or objectives have not shifted, or if they have, IT can pivot quickly with them.

Communicating Your Plan

Communication of your IT strategic plan can be just as critical as communicating your business plan. Like any plan involving growth and change, your stakeholders will likely appreciate your effort to include them and your transparency. Businesses may want to

consider communicating the strategy alongside the overall business strategy in order to educate stakeholders on how decisions in IT direction are directly supporting the business goals.

Consider utilizing an Inspire/Educate/Reinforce⁴ or similar framework depending on the size of your business and scope of the strategies communicated. Inspiration is needed to articulate the bigger picture and create optimism, education helps create an understanding of what the plan might mean for stakeholders and their team's and role, and reinforcement immerses staff in the message and create confidence in the plan.

Pitfalls and Roadblocks

There are certainly some challenges and obstacles that a business can face when putting together an effective IT Strategic Plan. Gaining awareness and understanding of some of the common pitfalls can help you address them quickly and avoid unnecessary setbacks.

Here are a few of the common roadblocks you should be aware of:

1. Not having a properly articulated business strategy

Remember, if the business strategy is not well defined and communicated, the team planning the IT strategy is quite literally attempting to draw a map without knowing the destination.

2. Focusing too much on what exists today, rather than what the future needs to look like

Like in all strategic planning, the emphasis should remain on future goals and the path to take to get there. While understanding the current state of the business is important, don't allow it to become the central focus of the plan.

3. New management can create challenges or setbacks in the planning

Ensuring new management is brought in as soon as possible to understand the current plan and strategy is important as it will help ensure decisions are not made without first considering the existing strategy.

⁴Source: <http://www.smestoday.com/regulars/public-relations/290-effective-strategy-communication.html>

GETTING IT RIGHT

A successful IT strategy ensures business-IT alignment on a strategic scale. The right plan makes sure IT is working on the right things and avoids wasting budget on anything that does not directly support business objectives.

An IT Strategy Plan should be able to answer the following questions from a technology standpoint⁵:

1. Are we doing the right things with technology to address the organization's most important business priorities and to continuously deliver value to our clients?
2. Are we making the right technology investments?
3. Do we measure what the real value of the organization derived from that technology is?
4. Is our current Information Technology system agile and flexible enough to continuously support a successful organization?
5. Is our Information Technology environment properly managed, maintained, secured, and able to support the clients? Is it cost-effective?
6. Can our strategy support current and future business needs?

⁵Source: : <https://blog.opengroup.org/2011/11/22/developing-it-strategy-aligning-it-capabilities-business-requirements/>

CONCLUSION

Small and medium business cannot afford to avoid developing a Strategic IT Plan in today's evolving technology landscape.

Technology, now more than ever, is instrumental in the overall business strategy planning exercise. Reflect on these final remarks and how they might resonate with your strategic initiatives:

1. Small business cannot afford to ignore IT strategy if they wish to remain competitive.
2. Business strategy and IT strategy are intertwined and must be aligned to be effective.
3. IT Strategic Planning is not a one-time event—it is constantly evolving.
4. Poor Strategy + New Technology = Expensive Poor Strategy
5. An IT Strategic Plan should consider each of the following technology areas: service delivery, disaster recovery, infrastructure, security, and applications.
6. Communicate your plan to the entire business to reinforce why a particular strategic direction has been chosen.
7. Strategic partners and trusted third-party advisors can be a huge advantage in developing a plan and managing it with you as the business grows and changes.