Case Study: Business-Technology Strategy

The Challenge

NAVSEA is the largest of the Navy commands and is responsible for building U. S. Navy ships and foreign military sales. It provides support for its products and combat systems as well. NAVSEA accounts for approximately 20% of the Navy's $100B budget and employs more than 50,000 people at its headquarters (Arlington, VA), four naval shipyards, nine supervisors at commercial shipyards and various undersea and NAVSEA Surface Warfare Centers (NSWC).

Much has been said about the value and advantages businesses receive through the use of information technology (IT). At NAVSEA, a transformation from traditional processes and systems is required to more effectively equip our warfighters. Progressing technological capabilities can provide warfighters timely access to intelligence analysis or even information from radar sensors to articulate effective strikes. During recent military campaigns, IT was a key component to our success by providing information/intelligence wherever it was needed and in whatever format required (for warfighters or warfighting equipment). However, these advantages are not at any cost. Our military continually improves operational efficiency to make support organizations more effective. This is key in their approach to reduce operational expenses and the cost of support.

The goal of Business-Technology Strategy is to deliver the intelligence to establish an efficient and effective enterprise. It complements the detailed planning for corporate initiatives by adding significant value with plans for integrated completeness. It supports strategic business plans through architectural strategies and plans with regard to mitigating costs. NSWC (Port Hueneme Division) established a goal to reduce the cost of operations through innovation that maximizes effectiveness and incrementally increases cost savings from Y2000-Y2005 to $20.6M per year. The "Business-Technology Strategy" consultants at The IAM Company were engaged to help achieve that goal.

The Solution

Our Business-Technology Strategy team focused on NSWC/PHD's business drivers, targeted key business processes for re-engineering, provided strategies for how technology could improve process inefficiencies, and provided incremental technology deployment scenarios that "phased" rather sophisticated resources into the enterprise. Like within most businesses, there were previous and planned initiatives with "solutions" that were custom developed or Commercial-Off-The-Shelf (COTS) that were general purpose. These solutions tended to establish islands of information that lacked appropriate process and data integration standards. In addition, there is typically a 20-40% gap per solution based on unique requirements or non-conformance to internal business processes. During the Business-Technology Strategy lifecycle, we employ a framework that focuses on processes and the required information to achieve the desired outcomes (economic, organizational, etc.). Information on our lifecycle and framework is accessible at www.theiamcompany.com.

Our consultants worked with stakeholders to understand the pervasive needs/usage of information. We reviewed current and future initiatives per their impact to processes and the information ecosystem. We used Activity Based Costing (ABC) study results to identify "high-impact" horizontal business-processes targets (for operational efficiency and organizational effectiveness) as well as to determine Return on Investment (based on labor reduction cost-savings). In spite of substantiated benefits, the Achilles of strategic recommendations that effectively change how work is accomplished within an enterprise is providing the resources (to support the transformation) and motivating the individuals to change how they accomplish work daily. We provided a Change Management Summary (to encourage organizational change) and recommendations for a Communities of Practice (COP) based approach to Knowledge Management (KM) to improve information management. We provided architectural recommendations that included models/designs and incremental technology deployment scenarios to support IT transformation.

The results of the Business-Technology Strategy(s) provided to NSWC/PHD were cost savings of $700K during the first quarter and $10.5M in targeted cost savings over the next two years. At The IAM Company, we use Business-Technology Strategy to "make a better business".