



Cloud Solutions



Case Study 2: Dynamic IT Planning for a Class 1 Railroad client

Project Overview – This Class 1 railroad client had a well-established long-range planning process that was translated into annual plans/budgets managing over \$400m in technology spend each year. However, the annual planning process was rigid, and did not incorporate proper prioritization, categorization of investments and value definitions, making it very hard to keep up with changing business priorities.

Agile enemy of agility and speed

The 5-year long-range plan defined investment levels by business domains and broad strategic investment areas.

However, most project budgets submitted during annual planning process did not consider continued investment for future program increments causing new initiatives to compete for funding with continuing programs each year.

Lack of articulation of business benefits

Most large initiatives were deemed 'strategically important' and lacked proper financial studies or articulation of business benefits.

This made project prioritization and disbursement of funding a gut-feel based process relying on past delivery track record of IT teams.

Agile delivery but Waterfall planning

Once funding was disbursed there was no way to make intra-year adjustments when new initiatives came in or project funding needed to be adjusted due to unforeseen circumstances.

Budget owners had to accommodate for changes in a zero-sum fashion from within their budgets

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How we did it



Business benefits articulation

Our strategy team worked with the office of the CIO, IT leaders, finance and business councils to introduce a revamped light-weight annual planning process that involved a **prioritization process** based on four types of **business benefits**:

- **Risk and compliance**
- **Hard dollar benefits**
- **Measurable benefits**
- **Enhancements, sustained engineering and value initiatives**



Business Prioritization

Once the list of project submissions were compiled, **benefits were validated** and approved, a simple **stack ranking prioritization** exercise was **conducted** working with the **business councils** starting with the continuing programs. This gave the IT PMO a complete picture of all the IT investments desired for the upcoming year with an above-the-line/below-the-line dispositioning.



Dynamic Plan

The **top 70% of funding was released** at the beginning of the new fiscal year. At the end of the **first and second quarters**, new business initiatives that needed investment were invited to be submitted. These **new initiatives** were taken through the same process and **stack ranked against the remaining projects**. Funding was released in 15% increments after each quarter.

\$1.6m

Project Cost

\$3.6m

NPV

446%

IRR

\$5.2m

Net Benefits

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In subsequent years, we helped the client with various other strategic consulting initiatives to improve their IT organization and processes, including:

- Conducting A/B testing for measuring project benefits and impact in the field
- Implementing portfolio management dashboards and standardized reporting for project health and financials
- Initiative identification and IT Opex cost reduction by 20%
- Tools and processes for contract processing, funding requests, etc.
- Benchmarking against IT industry baselines
- Data and analytics reference architecture and roadmap
- Digital transformation strategy position paper

“It is clear who is making the difference. The leadership hasn’t changed, the individuals haven’t changed. But the results are clearly a scale or two better. Great job and partnership!”

~ CIO

“Unni and his team have done a fantastic job helping us with our planning process. I have never seen consultants that have integrated themselves into the client organization so well that the change enablement seemed so seamless and elegant”

~ Director, PMO