obtaining approval to market new therapeutics. This includes a change from filing individual applications, often many months apart, with the separate regulatory agencies to the streamlined, integrated system of filing one New Drug Application (NDA) or New Biologic License Application (BLA) to more quickly generate revenue from products as well as enjoy longer periods of market exclusivity for their products.

Forming alliances with other firms, including competitors, to share the cost of research and development, and being able to routinely and cost-effectively dissolve these alliances in order not to disrupt current operations.

Each of these transformational business strategies will demand a high degree of strategic alignment among the business and IT functions to be successful. Yet, according to a recent survey of 1,000 executives, less than 10 percent of these strategies achieve the objectives they were planned to accomplish.

Why this huge disconnect? If strategic alignment is so important to the business and to the IT function, why is the execution of strategy so dismal? The principal reason appears to be the lack of a strategy to drive alignment — or even a vision of what the strategy needs to achieve. The alignment gap is more than a business IT gap — it is a strategic misalignment gap as well.

The Strategic Alignment Maturity Model

In order to maximize strategic alignment, pharmaceutical companies need some objective way of evaluating their current status. I believe that pharmaceutical organizations can determine their current state of strategic alignment — and their potential for business transformation — by using a five-level framework called the “Strategic Alignment Maturity Model,” which is highlighted below:

1. Initial/Ad Hoc Process - business and IT are not aligned or harmonized
2. Committed Process - the organization has committed to becoming aligned
3. Established Focused Process - there are established processes (such as a systems steering committee), and activities (such as portfolio management capabilities) to realize strategic alignment
4. Improved/Managed Process - IT applications are leveraged across the enterprise to drive process enhancements that sustain competitive advantage
5. Optimized Process - the organization has integrated business and IT strategic planning

Level 1 companies generally lack the processes and communication between business and the IT functions needed to attain strategic alignment. Within Level 5 companies, the business and IT functions are fully aligned in support of the business strategy and the organization can respond in real-time to changes in the marketplace.
As a first step I recommend that you evaluate your organization at the divisional level rather than the enterprise level, using the summary descriptions of the five levels of Strategic Alignment.

**Six Management Practices**

1. **Communications Maturity**
   - Practices that address how the business and IT communities perceive the contribution of the other, as well as the level of trust between the communities and how risks and rewards are shared.

2. **Partnership Maturity**
   - Practices that ensure that the business and IT communities formally discuss and review the priorities and allocation of IT resources.

3. **Skills Maturity**
   - Practices that address how the business and IT are able to:
     - Drive or enable changes to business processes for competitive advantage
     - Use emerging technologies to address current and potential business needs

4. **Process Equipment Maturity**
   - Practices that address the extent to which IT is able to:
     - Drive or enable changes to business processes for competitive advantage
     - Use emerging technologies to address current and potential business needs

5. **Competency/Value Measurement**
   - Practices that address how the business and IT communities formally discuss and review the priorities and allocation of IT resources.

6. **Aligning Resources**
   - Practices that ensure that the business and IT communities formally discuss and review the priorities and allocation of IT resources.

**LEVEL 2 - committed processes**

Organizations at this level generally have poor communication between business and IT. Relationships between business and IT at this level have grown to where business views IT as an emerging valued service provider. Business is more tolerant of risk and is willing to share some risk with the IT organization. Business sponsorship of IT initiatives tends to increase. The level of trust and partnership between business and IT at this level has grown to where business views IT as an emerging valued service provider. Business is more tolerant of risk and is willing to share some risk with the IT organization.

**LEVEL 1 - transactional processes**

Organizations at this level generally have an inflexible, with little to no integration between components. Technology standards tend not to be present at the enterprise level or ad-hoc at the business unit level. Strategic planning tends to be ad-hoc and IT typically has no role in strategic business planning. IT is viewed as a cost center and viewed as a strategic partner. Business sponsorship of IT initiatives is limited. The level of trust and partnership between business and IT at this level has grown to where business views IT as an emerging valued service provider. Business is more tolerant of risk and is willing to share some risk with the IT organization.

**LEVEL 3 - emerging processes**

Organizations at this level generally have poor communication between business and IT. Relationships between business and IT at this level have grown to where business views IT as an emerging valued service provider. Business is more tolerant of risk and is willing to share some risk with the IT organization.

**LEVEL 4 - evolving processes**

Organizations at this level generally have poor communication between business and IT. Relationships between business and IT at this level have grown to where business views IT as an emerging valued service provider. Business is more tolerant of risk and is willing to share some risk with the IT organization.

**LEVEL 5 - established processes**

Organizations at this level generally have poor communication between business and IT. Relationships between business and IT at this level have grown to where business views IT as an emerging valued service provider. Business is more tolerant of risk and is willing to share some risk with the IT organization.

**Relationships in a Level 2 organization**

At Level 2, organizations have a better understanding of the business, while business understanding of IT is emerging. Relationships between business and IT at this level have grown to where business views IT as an emerging valued service provider. Business is more tolerant of risk and is willing to share some risk with the IT organization.
Solutions

LEVEL 4 - improved/managed process
Organizations at this level have demonstrated the ability to manage the processes needed for Strategic Alignment. This level of Strategic Alignment Maturity means that the focus of applications systems is on driving business process enhancements to obtain sustainable competitive advantage.

IT’s understanding of the business is pervasive; while business has become aware of IT’s business potential. Relationships between business and IT have become comprehensive. Communication channels have been established and used regularly. The management style is now focused on results or profits, with a cross-organizational locus of power.

Strategic business and IT planning is a managed process across the enterprise. IT is viewed by the business as a driver of change, and the IT organization may report to the COO or the CEO in a Level 4 organization, with the IT organization structure tending to be federal.

The business now views IT as a valued service provider, with business willing to share risk and reward with the IT organization. Business sponsorship of IT projects is at the functional organizational level, while business and technical skills are important to business and IT.

Technology architecture is operational at the enterprise level and with key external partners.

LEVEL 5 - optimized process
Organizations at this level have optimized Strategic Alignment of business and IT through governance processes that support and sustain the integration of strategic business planning and IT planning. Organizations at Level 5 consciously leverage IT assets on an enterprise-wide basis to extend their reach to key customers and partners and to align with external stakeholders. Whether a Level 5 organization is more a technology company than it is a pharmaceutical or biotechnology company.

Understanding of business and IT is mutually pervasive. Relationships between business and IT are informal, and knowledge sharing is now practiced with a shared IT perspective. The management style in Level 5 companies is based on relationships, with power residing in all executives— including the CIO.

Strategic business and IT planning in Level 5 organizations is integrated across the enterprise as well as outside the enterprise. IT is viewed by the business as a strategic partner, and the IT organization is integrated into the business processes. The CIO typically reports to the CEO in a Level 5 organization, with the IT organization structure tending to be federal.

Business views IT as a valued business partner, with business and IT sharing risks and rewards. Business sponsorship of IT projects is at the CEO level. Business and technical skills are highly valued to business and IT. The organization is highly focused on change and ready for it.

Technology standards and architecture are operational at the inter-enterprise level and exhibit a high degree of flexibility and scalability. Technology architecture evolves with the company’s external partners.

In order for pharmaceutical companies to survive and thrive in today’s competitive environment, being aware of their current state of strategic alignment is critical. I believe that using the Strategic Alignment Maturity Model offers one of the best ways to realize that goal.

— By Elby Nash, Fujitsu Consulting

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