Workbook
MEASURING CHANGE

Are You Transforming Your Business?

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Your plans for transforming information-technology operations may call for a number of dramatic improvements and be impressive. However, the question still remains: How much of a change are you making? A composite indicator that considers the improvements in the workforce, applications, servers, development sites, data centers and software usage will reveal whether the proposed transformation is exceptional, material, moderate, marginal or inconsequential.

The hypothetical example below assumes a company with annual revenue of $73 billion and an information-technology budget of $3 billion, as of 2003. The company's goals include increasing revenue to $112 billion and slashing the I.T. budget to $2.1 billion by 2008.

INSTRUCTIONS: Fill in your organization's numbers describing how your key indicators have changed from the "Base Year Before Transformation" to the "Projected Year After Transformation." Follow the calculations defining the "transformation indicators." You can download an expanded, interactive version of this worksheet from our Premium Tools Site at GO.BASELINEMAG.COM/JAN07.

Tool: Measuring Transformation

	BASICS	EXAMPLE	YOUR COMPANY
	BEFORE TRANSFORMATION		
	BASE YEAR	**2003**	
A	Number of full-time-equivalent workers in information technology	19,000	
B	Number of applications	4,691	
C	Number of servers	19,000	
D	Number of development sites	100	
E	Number of data centers	85	
F	Percentage of software budget spent on maintenance	35%	
G	Percentage of I.T. budget spent on infrastructure	56%	
	AFTER TRANSFORMATION		
	PROJECTED YEAR	**2008**	
H	Number of full-time-equivalent workers in information technology	8,000	
I	Number of applications	1,500	
J	Number of servers	10,000	
K	Number of development sites	29	
L	Number of data centers	6	
M	Percentage of software budget spent on maintenance	15%	
N	Percentage of I.T. budget spent on infrastructure	24%	
	INDICATORS TO MEASURE I.T. TRANSFORMATION		
O	Percentage reduction in I.T. full-time equivalents ((A - H) ÷ A)	58%	
P	Percentage reduction in the number of applications ((B - I) ÷ B)	68%	
Q	Percentage reduction in the number of servers ((C - J) ÷ C)	47%	
R	Percentage reduction in development sites ((D - K) ÷ D)	71%	
S	Percentage reduction in data centers ((E - L) ÷ E)	93%	
T	Percentage reduction in software maintenance ((F - M) ÷ F)	57%	
U	Percentage reduction in spending on infrastructure ((G - N) ÷ G)	57%	
	YOUR TRANSFORMATION SCORE, AND WHAT IT MEANS		
	Average of transformation indicators (**Average of O , P , Q , R , S , T , U**)	**64%**	
	If your score is greater than 50%, your transformation is:	Exceptional	
	If your score is between 30% and 50%, your transformation is:	Material	
	If your score is between 10% and 30%, your transformation is:	Moderate	
	If your score is between 5% and 10%, your transformation is:	Marginal	
	If your score is less than 5%, your transformation is:	Inconsequential	