Aligning IT Strategy with Business Strategy through the Balanced Scorecard

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Abstract In this article we look at the use of the Balanced Scorecard and how it can be used to align business strategy and IT strategy. We have reviewed the Strategic Alignment Model as proposed by Henderson and Venkatraman and studied the Balanced Scorecard and its use as defined by Kaplan and Norton and the different variants that have developed over time like the IT Scorecard. In particular, we have made a study of how the pharmaceutical company AstraZeneca (AZ) uses their method called the Business Performance Management (BPeM). We have related this to the Balanced Scorecard and compared how they have broken down strategies, objectives, targets and measurements on both the business and IT sides of the company to see if they have alignment between business and IT. We have analysed the results of the case study in two parts firstly, a review against the Strategic Alignment Model and secondly, against a Balanced Scorecard as defined by Kaplan and Norton. From these results, we appraise the level of alignment between business and IT by implementing a simple comparison process.

Keywords: Alignment, Balanced scorecard, measurement models, IT management.
Introduction

Historically, there has been great difficulty in defining business value and in particular business value in relation to IT investments. IT investments provide value that cannot be justly measured in financial terms alone and thus the need arises for a method or methods that take into account not only the financial aspects of an investment but also the intangible benefits like customer satisfaction and employee development to name two.

Once the business value of an investment is identified, the obvious next step is to measure and follow up that the value is indeed achieved. The Balanced Scorecard (BSC) provides a methodology for doing just that (Kaplan and Norton 1996, Olve et.al. 1999, Maisel 1992).

Business value should not be seen as only a financial value even though in the end run the final goal is certainly to generate revenue for the company. Business Value is the sum of the value provided to interested parties, i.e. shareholders, customers/suppliers and employees. We could also say that business value is “in the eye of the beholder”, i.e. that the value of the investment will differ depending on who you ask and when you ask them. The concept of value is influenced by many contextual factors and forms part of the overall information system context. Cronk and Fitzgerald (1997) states that “As the varying perspectives on value may moderate both the ‘actual value added to the organisation’ by the information system and ‘the value uncovered by the evaluation process’ they need to be included in appraisal techniques”.

Thus, the main characteristics of the Balanced Scorecard are that it looks at other perspectives than just the financial one. However, to be successful it must be part of a process of evaluation. In a simple form, this can be an individual project where the process can be just one or two steps and in many organisations that is all it stretches to. There is initially a business objective and on completion, a rough estimate of the financial return.

So in building a BSC for an organisation, the organisation must define its vision, mission and strategy. This message must be passed on to the IT organisation in some way (Milis and Mercken 2003, Hu and Huang 2005). This is done by defining the IT strategy in alignment with the business strategy and interpreting which projects that will support the strategy. According to a survey by Hinton and Kaye (1996) only one in four respondents attempt to establish whether an IT investment is in line with overall IT Strategy and in another survey by Hochstraser and Griffiths (1991) 66% of organisations do not even formulate an IS/IT strategy.

In this article we look at the use of the Balanced Scorecard and how it can be used to align business strategy and IT strategy. In particular, we have made a study of how the pharmaceutical company AstraZeneca (AZ) uses their method called the Business Performance Management (BPeM). We have related this to
the Balanced Scorecard and compared how they have broken down strategies, objectives, targets and measurements on both the business and IT sides of the company to see if they have alignment between business and IT. We have analysed the results of the case study in two parts firstly, a review against the Strategic Alignment Model and secondly, against a Balanced Scorecard as defined by Kaplan and Norton. Taking into consideration the apparent difficulties of aligning business with IT, the difficulty to breakdown IT strategies to lower levels and keeping them aligned with the business strategy we found this a good reason to see how AstraZeneca has or has not accomplished this.

Many companies use the Balanced Scorecard but for it to be really successful from an IT point of view there should be an alignment with the IT. An IT version of the Enterprise Balanced Scorecard should be created and both these should be broken down to business unit level or some other suitable lower level. Measures should be defined at each level as shown in Figure 1.

![The cascade of balance scorecard](image)

**Figure 1: Alignment of IT with Business BSC**

In this way, the whole enterprise can pull together in the same direction to achieve its business purpose. We focus on how AstraZeneca has implemented its business and IT strategy and the scorecards they have defined to follow and measure progress.

**Research Approach**

We have performed a literature review and critical analysis of the BSC and different methods used in combination with it. We have also studied literature on how to align business strategies with IT strategies. We have made a case study,
analysing how well the business and IT align by comparing and analysing their respective balanced scorecards.

Our research process has been inspired by the collaborative research approach (Mathiassen 2002) and its inside/outside perspectives. One of the authors of this paper is employed by and works “inside” AstraZeneca. Two authors are working with similar issues but in other companies. The fourth author is a full-time academic researcher and provides “outside perspective”, which allows for more critical assessment and reflection.

The reasons for choosing the AstraZeneca was were because they had recently implemented BSC type scorecards on both the business and IT and were in the process of establishing better alignment between the two.

The research methodology is essentially interpretive case study (Walsham 1995). All information regarding AstraZeneca were collected by reading different kinds of documents available through one of the authors who is working at the company.

Analysis and comparison between data sources were facilitated by the extensive context access which let us reconfirm issues. This both strengthens validity and minimises biases. Workshops were used to validate findings and refine our understanding of certain issues.

Theoretical framework

In this section we first discuss the concept of “IS Business Value” and related evaluation approaches. Then the “Strategic Alignment Model” is introduced. Finally we present the “Balanced Scorecard Approach”.

IS Business Value

In defining the meaning of Business Value there is only one point that can be agreed upon and that is that there is no commonly agreed definition (Grembergen 2001). Udo (1992) defines “IS business value” as “system usage plus user satisfaction”. Cronk and Fitzgerald (1999) define “IS Business Value” as “the sustainable value added to the business by IS, either collectively or by individual system, considered from an organisational perspective, relative to the resource expenditure required”. Lundberg (2004) defines business value as consisting of two different types, value in the business itself and value in the form of reduced IT costs and can be calculated as the sum of four components: The cost savings after the introduction of an IT solution, Increased revenue after the introduction of an IT solution, Increases in key quality indicators used in the business, Difference in cost of IT since the change.

One may question the term “IS business value” as business value is seldom generated by one aspect, namely IT. Business Value should be the difference in
the value of the business after a change that has been made to that business. (Future Value - Current Value). This can be due to any type of change not necessarily IT. “IS Business Value” should only be of interest if there is a need to identify key factors of improved/decreased business value due specifically to IT investments or in relation to other generators of business value where there may be competition for funds, although most organisations have IT budgets that are not in direct competition with other investments.

Remenyi and Sherwood-Smith (1999) are advocates of a formative approach to evaluation. This entails identifying Critical Success Factors (CSF) at the outset of the project and Key Performance Indicators (KPI). Then a set of metrics are chosen which should be dependent on the type of project but typical ones are timelines of the project, budget, progress towards Critical Success Factors and Key Performance Indicators and checking that requirements and risks have not changed. Then during the project reviews are made at regular intervals to follow up the objectives and measurements and make necessary adjustments. One important point that Remenyi & Sherwood Smith (1999) takes up is the “Evaluation Gap” where the initiators of the project become distanced from the development process and as a result the developers can lose sight of the primary or business objectives. Experience shows that the “Gap” is often even bigger because the business members of the projects get assigned new jobs and new people run the project with different ideas and objectives and thus the business loses sight of the original objectives, the developers are usually thinking “deliver on time & on budget” and not about business value. It should not be forgotten though, that the business value is not generated until the project is successfully implemented and is much dependent on how successfully the implementation is performed and not how the solution was developed.

Another definition of the evaluation process given by Willcocks (1992) “is about establishing by quantitative and/or qualitative means the worth of IS to the organisation bringing into play notions of cost benefit, risk and value”. According to Cronk & Fitzgerald (1999) to understand “IS Business Value” one must first define the meaning of the term, which they do as: Value + Value for Money. They define the dimensions of Value as System, User and Business dependent. This is in line with Norton and Kaplan’s thinking with the Balanced Scorecard that there must be other dimensions than just financial ones.

Strategic Alignment

Henderson and Venkatraman (1999) state, that inability to realise value from IT investments is in part due to lack of alignment between business and IT strategies of organisations. Economic performance is directly related to the ability of management to create a strategic fit between the position of an organisation in the competitive product market arena and the design of an appropriate administrative
structure to support its execution. This strategic fit is inherently dynamic and strategic alignment is not an event but a process.

No one application can deliver sustained competitive advantage. Advantage is obtained through the capability of an organisation to exploit IT functionality on a continuous basis. Strategic alignment is built on strategic fit and functional integration (the need to integrate BS & ITS).

If an organisation’s implemented projects fit the business objectives it is said to be an alignment between the two, Lederer and Salmela (1996). Alignment is the degree to which the information systems plan reflects the business plan, King (1978). It can be measured as the number or quality of the recommendations implemented from the strategic information systems plan that also appears in a strategic business plan. Alignment can thus be seen as the degree to which the planning process resulted in strategic information systems. In a sense, alignment represents the fulfilment of goals, Lederer and Salmela (1996).

Another case study from 2005 of a successful mid-sized biopharmaceutical company shows a good example of indications of strategic alignment using the IT alignment model of Reich and Benbasat (1996) as the underlying theory. Similarly, to our own case study, this company had selected BSC and successfully implemented it through all levels in the organisation down to department level. They had even started developing BSC for teams and individual employees. Key findings from this case study were to expand the IT alignment model with two new components, namely Relation Management as antecedent of alignment and BSC as an important communication mechanism.

Business strategy, Information technology strategy, Organisational Infrastructure and Processes, and Information Technology Infrastructure and Processes are the four dimensions that compose the basis of the Strategic Alignment Model. It is a model for conceptualising and directing the area of strategic management of Information technology. Strategic fit, i.e. the Inter-relationships between external and internal components, and functional Integration, i.e. Integration between business and functional domains, are the two fundamental characteristics of strategic management. The potential for IT impact is so varied and complex that the management must consider all these perspectives as alternative conceptual views and be prepared to continuously make adoptions (Henderson and Venkatraman 1999).

The model defines two types of integration between Business Strategy and IT Strategy. That of the external components termed Strategic Integration and that of the internal components termed Operational Integration. We will try to determine whether we find any of the four perspectives of alignment, Strategic Integration or Operational integration in the Balanced Scorecard approach.
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Figure 2: Strategic Alignment Model (Henderson and Venkatraman 1999).

Balanced Scorecard

Kaplan and Norton introduced the Balanced Scorecard in 1992 (Kaplan and Norton 1992) as a way of measuring performance in companies. The major difference with Kaplan’s and Norton’s scorecard was that it measured a company’s performance in other than strictly financial terms, namely a customer perspective, an internal business process perspective, a learning and growth perspective and a financial perspective. It is a framework for describing value-creating strategies that link intangible and tangible assets. The Balanced Scorecard has since become an important tool in many major enterprises in manufacturing and service branches, non-profit organisations and government entities (Kaplan and Norton 2001, Kaplan and Norton 2001b, Kenny 2003, Ganem et.al. 2002).

The advantage of BSC is that the goals are derived from the business strategy and then each business unit can create its own sub-set of the Enterprise BSC where it identifies the goals of the unit in line with the goals of the Enterprise. It is common today to use a dashboard or colour code to follow progress of the goals where Green is on Target, yellow is a slight deviation from target and Red means seriously off target.
The meaning of the four perspectives in Figure 3 are following:

Learning and Growth

- The Learning and Growth perspective focus’ on company culture and attitudes and methods for the development of employees. Other words that describe this perspective are innovation and knowledge management.

Business Process Perspective

- The Business Process Perspective refers to internal business processes. Metrics based on this perspective tell the managers to know how well their business is running, and whether its products and services conform to customer requirements.

Customer Perspective

- Over the last few years enormous focus has been put on satisfying customer requirements. Customers that are not satisfied will look for others who can better fill their needs. A company that does not have its hand on the pulse of its customers risks losing them. Poor customer satisfaction is an early identifier of future problems to come.

Financial Perspective

- Kaplan and Norton recognise the importance of financial results. The company must make money and not only that it must be seen to be meeting its targets. So not only past earnings must be measured but future must be foreseen.
Case Study

AstraZeneca (AZ) is one of the world’s leading pharmaceutical companies with an annual turnover of over 21 Billion USD and over 64,000 employees worldwide. Since the merger in 1999 between Astra and Zeneca there has been a focus, within the IT-organisation, on implementing central applications at all sites to support integration and reduce costs of service management. There are a great number of applications and many of them have interfaces to each other, which means that the impact of the transformation has been considerable. At the same time, it was decided that the IT infrastructure within AstraZeneca should be outsourced, so this work has been on going in parallel. Due to these factors, there has been an increased demand to have a better overview of all applications and their relations in order to manage the budget and architecture (information flows and applications) more efficiently.

Before the fusion with Zeneca the R&D part of Astra was a truly decentralised organisation, which meant a great deal of freedom for the three research sites (Södertälje, Mölndal and Lund) to form their own way of working and principles. This was also true of the IS/IT area where they formed their own IT environments, IT systems and development processes.

Within the British Zeneca the situation was almost the exact opposite, i.e. the business was for the most part centralised with a very clear “top-down” management model. After the fusion in 1999, the direction has been to merge the two companies. Within the IS/IT area this has meant the implementation of a large number of global systems, for the most part standard packages (COTS).

AstraZeneca IT organisation

Within AstraZeneca, the IT organisation is distributed which means that there are several IT functions supporting the business. The CIO reports to the CFO and six IT functions reports on corporate level to him. They are IS Operations & Business Services (IS O&BS ), Global Technical Infrastructure (GTI), Quality Information & Management, IS Security, Global IS Strategy & Application Architecture and IS Performance.

In the R&D part of the organisation there are two other IT functions called Discovery Informatics and Global Drug Development IS (GDD IS). Discovery Informatics supports the early explorative phase of the research while GDD IS supports the latter part called R&D Development Core Process.

The two IT functions belong to the two R&D organisations (Discovery Development and respectively) which means that they govern their own IT resources. However, there are dotted lines from the two IT functions to the CIO on corporate level.
In GDD IS a project based organisation (PBO) has been implemented since January 2004. In short, this model has a strong project focus and alignment of skills where the absolute majority of skills (Project Manager, Business Analyst, Developer, etc.) belong to an internal resource pool called Project & Service Skills (P&SS). When assigning resources to a project, persons with required skills from PS&SS are selected, e.g. project manager, developer, and business analyst. The PBO-organisation consists of one global and one regional level.

Balanced Scorecard at AstraZeneca

In this case study we have tried to identify the level of alignment between business and IT from the executive level and how it is broken down to department level. We have chosen to study four different business levels, namely Corporate, R&D, Global Drug Development (GDD) and Clinical. Then we have studied the corresponding IT-functions.

This study has focused on how well individual clinical IT projects in GDD IS (R&D) are aligned with the overall business strategy and the overall IT strategy and BSC.

Global Drug Research (GDR) contains the early explorative phase of the research and has its own IT function called Discovery Informatics. We have chosen to focus on Global Drug Development and not on the early phase of research.

Figure 4: AstraZeneca organisation with focus on IT alignment
The numbers on the chart show where we expect to find a business BSC and the characters show the documents where we expect to find an IT BSC.

In the following paragraphs of this chapter, we describe the kinds of information we have found on the different levels of business and IT through the organisation. In following chapter we will discuss the degree of alignment and if it has been cascaded top-down (1-2.-3 and A-B-C) and horizontally (1-A, 2-B, 3-C) as pictured in Figure 4.

Business - AZ corporate (1)

As the strategy is normally hard to communicate and translate into clear objectives for each function of a large international company like AZ, a Business Performance Management model (BPeM) based on Balanced Scorecard, has been defined and is currently being implemented throughout the whole organisation. BPeM also brings clarity by providing a common framework and language to discuss, plan for, and review performance across the matrix organisation.

On the corporate level, AZ Group Strategy is based on “creating an enduring value for the society and shareholders by discovering, developing, manufacturing and marketing differentiated medicines that make a real contribution to human health”. The strategy is illustrated as a house as described in the figure 5.

![Figure 5: AstraZeneca Group Strategy](image)

For each of the seven boxes several objectives have been identified and for each of these objectives metrics and targets are specified according to BSC type criteria.

**Win globally**: Build AZ reputation in China and support marketed products.

**Drive the top line**: Focus on top ten products, Increase the top line by 5% on our top growth products over and above our already ambitious forecast growth.
Develop the pipeline: (deliver of new substances): Increase the R&D productivity by 50% by 2008 while keeping fixed costs in line with inflation.

First choice for customers: Provide our customer with the best product portfolio in our prioritised therapy areas.

Drive productivity improvements: Change the way we work and behave to certain cost and deliver more across the value chain.

Optimise performance through people: Create an environment for experimenting with new ways of working and learning to play by new rules of the game.

Good governance and reputation: Strong alignment between business strategy and individual plans and follow the code of conduct.

Tangible measurements related to each major division within the AZ Group have been defined on executive level. They are very basic and could be seen as mainly financial.

Business - R&D (2)

The R&D organisation has an explanation of its main focus areas (as described in Figure 5, AstraZeneca Group Strategy) and a mapping to the four perspectives of the Balanced Scorecard has been created. R&D has illustrated their strategy in a so called “Strategy Map”, see Figure 6, based on the corporate strategy.

![R&D Strategy Map](image)

Figure 6: R&D Strategy Map

Going into details for the headlines identified for each perspective (Pipeline, Top Line, Productivity and New Practices) R&D has defined relevant objectives and metrics for each one.
Business - Clinical Development (3)

Clinical Development (CD), which is one of the key suppliers to the R&D Drug Process, has interpreted the R&D business strategy and constructed its own Clinical Strategy Map, see Figure 7.

![Clinical Strategy Map](image)

Figure 7: Clinical Strategy Map

Each activity is related to the relevant perspectives (Pipeline, Top Line, Productivity or New Practices).

CD is involved in various projects in order to achieve other objectives regarding Productivity and New Practices. To be able to measure all these drug and improvement related initiatives CD has set up a Key Performance Indicator framework. A set of Key Performance Indicators (KPIs) has been identified, for each of them a baseline has been established, and regular measurements are performed taken to follow up the progress. In common for all of the KPIs defined for CD are that they are tangible, e.g.: Costs per active patient, Average recruitment period, etc.

AZ Global IS (A)

AZ Global IS has interpreted the overall business strategy into an IT strategy to deliver business value. Using an AZ-specific framework and tool called BPeM (Business Performance Management), Global IS has mapped the major global IT initiatives (including both functions at corporate and R&D level) into a Strategy Map, see Figure 8. This is followed up each year in the budget process.
For 2005, 31 initiatives have been established to be included in the BPeM process, see Figures 8 and 9. It is unclear if this selection process was performed with business or not. Each activity is related to the relevant perspectives on the business side (Pipeline, Top Line, Productivity or New Practices).

Each initiative has a business sponsor, AZ ISLT Lead, defined business value and implementation milestones, Agreed achievement criteria (measure and metrics), risk management, budget tracking.

The progress of each initiative is followed-up quarterly against the defined objectives, baseline and target in a traffic light representation (Green – OK, Amber – Warning, Red – Off Target)
Global Drug Development IS (B)

R&D does not have a single IS organisation or a single strategy and objective document. GDD IS has set up their own document called “ABC for Business Value” which has then been combined with Discovery Informatics strategy and objectives document to form the R&D IS Strategy and Objectives. Each IS function is responsible for the alignment to business for their respective strategies and objectives.

At the start of 2005 the VP for GDD IS outlined the GDD IS strategy to deliver business value under the name “ABC for Business Value”. These three themes A, B and C encapsulate all IT initiatives in GDD IS. This strategy is illustrated in Figure 10.

Each theme is supported by clearly identified objectives and metrics which are implemented in a BSC style. The specific metrics are not presented in this report. The different themes could easily be referred to as three of the four perspectives in the BSC; only the financial perspective has been excluded.

**Achieve and sustain operational excellence** (Business Processes), means do the right things in the right way. **Objective:** Provide efficient & effective services, Optimise unit cost structure, Deliver projects & processes to acceptable standards. Exploit Architecture,

**Build our skills & leadership at all levels / Create climate for action** (People & Growth) means expanding our knowledge and skill and behave in the right way. **Objective:** Deliver clear communications, Develop & nurture the talent pool, Share knowledge & learning, Build a performance culture,
Change the business (Customer and Partners), means driving the change in the business and being proactive about the role and value of IS. **Objective:** Lead and/or respond to business change, deliver agreed improvements in business performance, create and make the most of partnerships.

Global Drug Development IS Clinical (C)

GDD IS Clinical does not have its own strategy or objectives scorecard but falls under the GDD IS Strategy and Objectives.

Business alignment and choice of IS projects

GDD IS has a Portfolio Governance model for prioritisation of the IS projects. Before an IT-project starts each initiative has its origin in a business case and is prioritised by the business according to the governance model. The only exceptions from this rule are architectural projects which are of a pure technical art. Though these projects have their origin from the IT-side, both types of projects have business cases and are put into the portfolio and are given a priority. For each business case, a particular form has to be filled in before being included in the portfolio process. The key criteria to be identified are: business priority, business strategy alignment, project objectives, value – qualitative benefits, value – quantifiable benefits.

All ongoing IT-projects are followed-up according to the governance model and on completion the metrics are reviewed. It is the responsibility of the business to ensure business value is delivered.

Analyzing the degree of alignment

In this chapter we analyze the degree of alignment and if it has been cascaded top-down (1-2-3 and A-B-C) and horizontally (1-A, 2-B, 3-C, see figure 11) In our model the Balanced Scorecards of the Enterprise are identified on different levels of the organisation on the business side and on the IT side and the IT equivalent of the business side is identified. The BSC should be analysed both vertically (business or IT understanding of the corporate Strategy and objectives) and horizontally (IT alignment with the business).
The documents described previously are all related to the strategy and objectives documents that are freely available to AZ employees through their Intranet. We examine if the business documents can be aligned with each other and if the IT documents can be aligned with each other and thereafter if the IT documents can be aligned with the respective business documents.

**Business Strategy Cascade (1-2-3)**

When comparing the strategies and objectives of the organisation from Group level (1) to R&D (2) we find that there is a loose fit. The metaphor of a house is used by all business units and we find a general agreement but that there are several missing perspectives in the R&D Strategy and Objectives that are defined in the Group Strategy and Objectives.

When trying to map the level 1 documents to a standard Balanced Scorecard we do not find a good match. The methodology used is certainly balanced and multi-criteria but we find a lack of intangible objectives and only financial targets and measures.

When comparing the strategy and objectives of R&D (2) to Clinical (3) we find a much clearer and conscious alignment of the documents and the “house” used in both cases can easily be recognised as a variant of the balanced scorecard in as much that we can identify the four perspectives of Customer, Process, Finance and Learning and Growth.

We were able to find some key objectives and targets on Group level. On R&D and Clinical levels detailed lists of objectives, measurements and targets were specified.
IT Strategy Cascade (A-B-C)

The IT Strategy and Objectives (A) has a very clear strategy and vision statement and the objectives follow a standard balanced scorecard with the four perspectives and also included a technical perspective. There are unclear or no measures and targets documented on the Intranet but the ‘Traffic ‘Lights’ on the projects indicate evidently that they exist. The document is very project oriented. The GDD IS Strategy and Objectives (B) were clearly based on a balanced scorecard with the conscious exception of the financial perspective. All the objectives had clear targets and measures described. We could not see any clear connection though between the levels A (Group IT) and B (GDD IS) though operational excellence is mentioned in both. There were no documents defined at level C (Clinical IT).

Business and IT Alignment

Business Strategy and Objectives to IT Strategy and Objectives (1 to A).

When comparing the Business Strategy and Objectives (1) against the IT Strategy and Objectives (A) we find conscious alignment that the IT strategy and objectives are derived from the business. Even if the names of the perspectives are not exactly the same it is quite easy to map them to each other. We find the “house” metaphor in both cases. This indicates Strategic Integration according to Henderson and Venkatraman (1999). We cannot find Operational Integration.

When reviewing the documents against Henderson and Venkatraman (1999) we find in the external components no mention of IT Scope but Systemic Competencies and IT Governance are described. In the internal components, architecture is not mentioned but processes and skills are however, we know that GDD IS is implementing an Enterprise Architecture called City of Systems which aims to be aligned with business (Bricknall et al., 2005).

When analysing the four perspectives of alignment we find evidence for the most common perspective Strategy Execution, but with AZ’s major objective to increase productivity by 50% it might be of great value to focus on perspectives 3 and 4, namely Competitive Potential and Service Level.

R &D Strategy and Objectives to GDD IS Strategy and Objectives (2 to B)

We found no alignment between the R&D Business Strategies and Objectives and the GDD IS Strategy and Objectives other than the ‘house’ metaphor.

Clinical Strategy and Objectives to Clinical IS Strategy and Objectives (3 to C)

We found no alignment between the Clinical Business Strategies and Objectives and the GDD IS Strategy and Objectives (B) which represented the Clinical IT Strategies and Objectives (C) other than the ‘house’ metaphor.
Summary

We find that on the surface the AZ business strategies and objectives and the IT strategies and objectives are derived from each other and there appears to be some alignment, but on deeper analysis we find in fact very little true alignment and that in fact it appears that each unit has worked more or less independently of the other. We do see some standardisation, in as much, that all units have documented their strategies and objectives to varying degrees with the help of the “house” metaphor and with a balanced scorecard concept as its base but that there are major differences. We find no alignment between business and IT in the documents we analysed and that it is difficult to discern whether the IT projects defined are in line with the overall Group Strategy and Objectives, as we cannot find out who the participants were for the identification of the projects though the governance model states clearly this is a business responsibility. That is not to say that they are not in line with each other because we also appreciate that AZ is an effective and profitable company but we cannot pick up one IT document and point directly to its equivalent on the business side.

We can conclude that the Strategic Alignment Model adds great weight to the alignment process and that AZ could probably get some good value by working on the Competitive Potential and Service Level perspectives.

An organisation can still be effective and profitable despite a loosely documented alignment of strategies and objectives because there is a “glue” which links business and IT units built upon other communication methods such as management, culture or other simply talking to each other. There should be a good understanding of the business value to be generated by the objectives and the measurements should be based on this business value.

The BSC’s must be based on a vision, mission and strategy and they should be aligned between business and IT. The BSC in a large organisation should contain the same perspectives to facilitate alignment though it should be possible for units to add their own specific or remove irrelevant perspectives instead of trying to find projects to map to an irrelevant perspective.

There is a need for a common dictionary of terms when documenting Strategy, Vision, Mission, objectives and targets. Without a common terminology and methodology communication of results is confusing and difficult. It is also important to be able to visualise the BSC in a standard format but that visualization, i.e. some sort of graphical document, is not enough for success without any deeper explanation.

Cascading BSC top-down through a company on department level is not the only mode of applications. Aligning separate IT projects with the suitable (department) BSC and to link personal goals to it also encourages alignment and co-ordination in the organisation.
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