

White Paper
Intel Information Technology
Computer Manufacturing
Strategic Planning

Aligning IT with Business Goals through Strategic Planning

Intel IT has developed and implemented a new approach to strategic planning that better aligns our activities with those of the corporate business groups. By involving business groups in our planning process, integrating the process with the corporate planning calendar, and refreshing our plans frequently enough to keep pace with rapid changes in the industry, we can stay ahead of the technology curve and at the same time achieve the highest return possible on every initiative and focus area. We can also position ourselves to better support our internal customers and focus our limited resources on the right investments.

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Our new approach to planning enables us to more closely align our IT investments and solutions with Intel strategies, and as the process evolves, we will continue to find new ways to provide results that support Intel's business direction.

Executive Summary

Intel IT has a new strategic planning process that better aligns our activities with those of the corporate business groups. We've developed and implemented a new approach that identifies Intel IT's goals and directions over the next two to five years, while fostering a close connection with overall Intel strategies.

Over the last three years, our focus has been on efficiency and IT simplification, but because of rapid changes in the business environment, we needed to upgrade our strategic planning capability to better assess and respond to the future environment. Our strategic planning process needed not only to provide long-term direction for Intel IT leaders, but also to develop strategies to help Intel achieve future goals and objectives.

Our new strategic planning process:

- Integrates our strategic planning calendar with the Intel corporate planning cycle, keeping Intel IT activities synchronized with the company's direction.
- Consolidates expertise and ideas from across Intel IT, bringing together a variety of perspectives in an efficient manner.
- Responds to changes in the industry by evaluating and adjusting the plan on a regular basis, helping to ensure it is always up to date.

By integrating the strategic planning process into the Intel IT Management System—the overarching activities we use to manage our organization—planning, decision making, and evaluation activities flow naturally from one step to the next. The two-to five-year plan is communicated throughout IT to provide an understanding of our environment and enlist support for the strategic directions.

A solid strategic planning process is critical to the long-term success and health of Intel IT. Our new approach to planning enables us to more closely align our IT investments and solutions with Intel strategies, and as the process evolves, we will continue to find new ways to provide results that support Intel's business direction.

Contents

Executive Summary	2
Business Challenge	4
A New Approach to Strategic Planning	5
Integrating Strategic Planning and Management Processes	6
Strategic Planning Activities	6
Decision Making.....	8
Measuring the Process.....	8
Lessons Learned	10
Conclusion	11
Authors	11

Business Challenge

Like other IT organizations, Intel IT must stay firmly rooted in day-to-day activities while focusing on the future. We must be ready to respond to a rapidly shifting business climate as well as deliver solutions that are tuned to the needs of the corporation as a whole. A sound strategic planning process is fundamental to achieving these goals.

In the past, the need to address more immediate issues in the organization constrained our planning process. Efforts in 2006 to simplify IT and improve efficiency by consolidating data centers and re-platforming key enterprise resource planning systems dominated our strategic plans, as did our focus on organizational mergers to improve services.

As those efficiency efforts moved forward, it was time to re-examine our strategic planning efforts and develop a long-range planning process that made business alignment a

high priority. Intel IT leaders needed the right information to make the best possible decisions for IT—decisions that could achieve the highest possible return on every initiative and focus area we have—while staying within a limited budget.

The accelerating pace of change and diversification at the corporate level was also a catalyst. As Intel pursues new directions and growth opportunities, we needed to strengthen our ability to develop strategies that help the business to achieve those future goals and objectives.

A New Approach to Strategic Planning

To effectively respond to these ongoing challenges, we needed an effective strategic planning process—one that would provide a clear and credible direction, support consistent decision making at all levels of the business, and align to strategic planning at the corporate level.

Our intent was also to create an agile, purpose-driven process—one that would bring together diverse perspectives while avoiding a process-intensive, bureaucratic approach. With that end in mind, we assembled a small, low-impact team whose challenge was to identify the greatest strategic values that IT could deliver to support Intel's vision, mission, and goals. With limited requests for support time, the strategic planning team tapped into subject matter experts across IT at critical points of engagement, instead of involving them at every step of the process.

The result is a new approach to strategic planning that is:

- **Integrated.** We've integrated our strategic planning calendar with the Intel corporate planning cycle so that Intel IT activities are synchronized with the company's direction. Milestones in the new Intel IT planning cycle are timed to deliver information ahead of key Intel decision points. A lot of our work

happened in the first half of the year because Intel Plan 2009 activities occurred in August and September.

- **Holistic.** The strategic planning process aligns our technology investments with Intel's business direction—exploring both elements in depth to understand the whole environment—and consolidates expertise and ideas from across Intel IT.
- **Sustainable.** As strategies become reality, the common practice is to look up every two to three years and ask: "What's next?" Instead of replacing the plan every two to three years, we use a different approach. To keep pace with changes in the environment, the team looks at the plan every 6 to 12 months and asks: "Has anything shifted in our environment? Does the shift affect our business? Do we need to make any changes?" The goal is to always have a plan that has been recently evaluated and is updated as needed.

Integrating Strategic Planning and Management Processes

We've structured our strategic planning process to be part of our IT Management System—an overarching set of high-level, routine activities that IT leaders use to manage the organization throughout the year. This system, shown in Figure 1, helps us align business activities to the vision and strategy of the organization, and also monitor our performance against the strategic goals. In addition to the strategic planning process, the IT Management System also includes decision making and measurement phases.

Strategic Planning Activities

Our model for strategic planning, illustrated in Figure 2, is comprehensive and focuses on a number of key activities.

Environmental Scans and Megatrends

Our planning process started early in the calendar year, beginning with environmental scans. The scans took a high-level, 360-degree look at both the external and internal major business drivers that would influence the goals and direction of our organization in the next two to five years. These drivers included supplier and global technology trends, compliance and risk requirements, green initiatives, and business and workplace activities within Intel.

We then narrowed down the results of the environmental scan to eight megatrends—the critical forcing factors affecting our business results that would shape the organization and its decision making over the next few years. About 170 IT subject matter experts participated in the development of the megatrends.

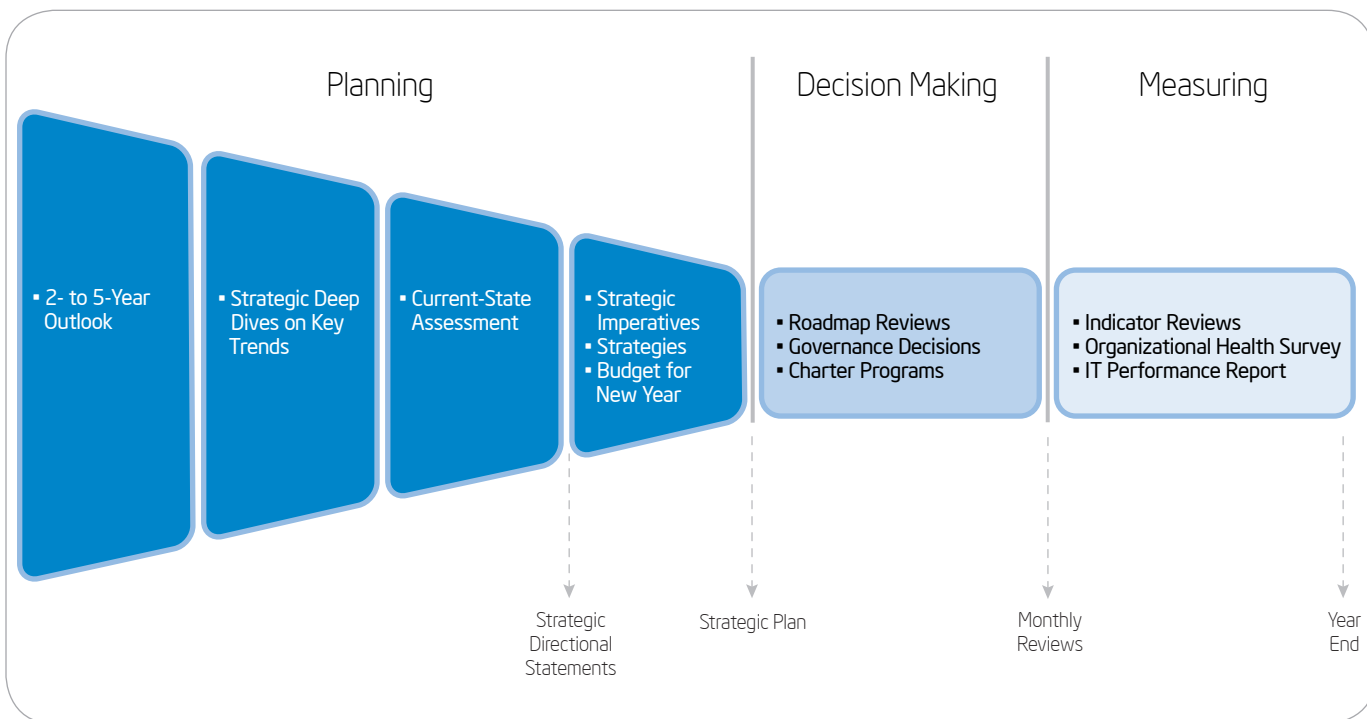


Figure 1. Intel IT's strategic planning process is integrated into the Intel IT Management System.

At a two-day leadership meeting, about 100 IT and key business partners from other Intel business units discussed and debated the findings. We summarized and communicated the key points across IT.

Strategic Deep Dives

From the list of eight megatrends, the strategic planning team selected several high-impact areas for further in-depth study. Our strategic deep dives focused on cloud computing, the long-range plans of our strategic suppliers, social media growth, external collaboration, and changing financial compliance requirements. Cross-functional teams within IT—engineers, enterprise architects, and business analysts—analyzed our efforts and made recommendations.

Capability Assessments

To understand our current capabilities, we analyzed the health of all Intel IT business areas—systems, processes, and investments—

and compared our findings with the long-range outlook of the business. The assessments used a set of frameworks that reflected a broad range of functions across the organization:

- Business-specific functions
- Cross-enterprise capabilities
- Infrastructure services that connect computers and users
- Capabilities to manage data that run business processes, applications, and the infrastructure

This current-state look helped us identify any gaps or imbalances with our equipment and resources and recommend adjustments to our focus areas and spending.

Strategic Imperatives

During the third and fourth quarters of the year, IT leaders developed strategic imperatives. Directed toward the tangible goals and objectives for the next three years, the strategic imperatives

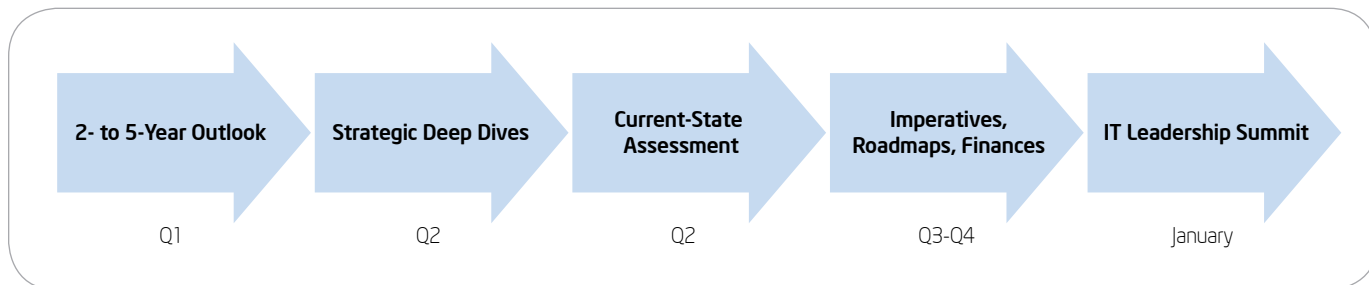


Figure 2. Intel IT’s strategic planning process comprises a set of activities.

reflect IT's highest-priority items and provided an outcome framework for our vision of success. Each imperative comprised detailed priorities roadmaps from which we could structure budgets for the upcoming year.

IT Leadership Summit

In January of the following year, 250 of our top IT managers and thought leaders attended the IT Leadership Summit, focused on the updated strategic direction. Participants met to discuss IT's new mission, vision, and strategic imperatives, and to build momentum for the coming year. The event garnered support from all areas of IT and defined success metrics for the year ahead.

Decision Making

Once strategic imperatives were finalized, they underwent an IT governance process and budget considerations to determine which imperatives to fund and how soon. The governance process balanced an unconstrained view of future possibilities with the realities of our business, existing commitments, and funding.

Because we periodically need to make sure that IT is aligned with and directly supports

the strategic imperatives, decision making is a long-term management activity that happens year around, referencing the most up-to-date planning materials available. To help ensure our imperatives continue to reflect the dynamic nature of our business, we examine them and adjust as necessary on a 6- to 12-month basis.

Measuring the Process

To help measure the effectiveness of the new strategic planning process, the team developed a scorecard to answer these questions:

- How well did we perform against the schedule?
- At each step of the process, how well did we communicate the strategic planning messages to the rest of the organization?
- As we executed to the plan, did the decisions, roadmaps, and budget allocations adjust to reflect the strategic direction of the organization? For example, for specific capabilities, were proposed budget allocations from the previous year adjusted—increased, decreased, or eliminated—to reflect the new strategic priorities?

We also developed and deployed organization health surveys to assess whether employees understood the direction in which the organization was going.

Intel business managers are noticing the success of our strategic planning process. Recognizing the value of looking forward at their IT needs, they are beginning to proactively address these needs to support their product plan roadmaps.

The business groups responsible for Intel product lines conduct annual long-range planning activities. This year, for the first time, IT received recognition as a services organization that could help to enable the product lines to deliver specific business objectives. We received a needs list, created our own "engagement wish list," and presented our findings.

Finally, information about strategic planning activities is now included in our annual IT Performance Report, which summarizes key activities and initiatives from the prior year. Having these activities highlighted in the IT Performance Report is a nod to their importance and a measure of the support from senior management.

Multifaceted Communications

Communicating the strategic plan to personnel at all levels of our organization is an essential element of the overall management process to build understanding and support for the strategic plan.

We partnered with IT employee communications to develop a multifaceted communication approach to maximize the exposure of the strategic plan. This approach included the use of manager briefings, presentations, articles, and videocasts.

IT leaders also reviewed the materials with our business unit partners to support alignment.

Our focus on communicating to all levels of IT resulted in over 102 information delivery events and increased knowledge of and support for the plan. Many groups expressed an interest in becoming involved in the development of next year's megatrends. This sense of revitalized energy was an unexpected outcome of the communication efforts.

Lessons Learned

Although Intel IT's strategic planning process is a work in progress, we've already learned valuable information after its first year in operation. Ongoing feedback from throughout the company will continue to create incremental improvements as the process matures.

Here is a summary of what we've learned so far:

- **Define the integration points to the governance processes.** Successfully moving a strategic plan from concept to reality depends on clear, well-defined integration points with the budgeting, governance, and decision making processes within IT. Decision makers must understand the strategic directions and make decisions consistent with their intent. If localized, sub-optimal decisions are made, the plan will not succeed.
- **Define and manage planning data.** A wealth of data—vision, mission, and objective statements; environmental scans; analysis packages; benchmarking data; scenario forecasts; and more—flows throughout the strategic planning process. To lend focus to the process and avoid wasted efforts, deliverables for each step of the process must be clearly defined from the start. This helps ensure that the correct data is developed for effective decision making and also builds support for the process by informing stakeholders of the expected output of each step. The team also needs a data management plan that will effectively store the information for future reference.
- **An effective plan balances data security with accessibility for authorized personnel.**
- **Define and publicize the planning calendar.** In a large organization such as Intel IT, multiple levels of planning often occur simultaneously. It is important to overlay the planning calendar on the process and publicize it, so different levels of the organization can adjust and integrate their planning activities appropriately. Ideally, the different levels of planning are staged so that the lower-level activities immediately follow the higher-level ones and use the same data for guidance.
- **Timing is essential.** Each step in the planning process must support the next stage. Direct influence is lost if there are timing missteps along the way.
- **Roles and responsibilities must be well defined.** We identified three primary roles:
 - Core team members (business process managers) define, communicate, facilitate, and improve the process through each cycle. The core team also provides supporting functions, such as event planning, and also stores and manages the data.

- Subject matter experts develop the data, analysis, and ideas that are used throughout the process. We found it best to have a broad, virtual team from across the organization participating in this process to make sure the output was challenged and supported from a number of different perspectives.
- Decision makers review, discuss, and debate the strategic planning data and set the direction for the organization. Clearly defining the decision makers early on will help avoid organizational conflicts later.
- **Communicate data and messages well.** Effectively communicating the strategic planning messages and associated data to middle and first-line managers helps them educate their personnel. Well-informed employees are more likely to commit to and support the plan.

Conclusion

A solid strategic planning process is critical to the long-term success and health of Intel IT. Our new approach to planning enables us to instill agility into the organization and more closely align our IT investments with Intel corporate strategies.

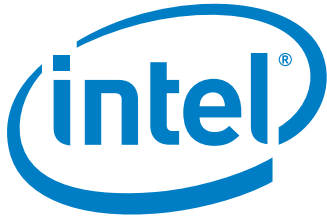
By looking out two to five years, instead of relying on the customary one- to two-year cycle, we can better anticipate future trends and business needs while still having the flexibility to review and adjust our plans when

necessary. As Intel IT becomes more tightly linked to the corporate planning process, our influence and credibility throughout Intel will continue to expand, earning us the position of a trusted partner.

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