

# Aligning Business and Information Technology through the Balanced Scorecard at a Major Canadian Financial Group: its Status Measured with an IT BSC Maturity Model

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## Abstract

*The balanced scorecard (BSC) initially developed by Kaplan and Norton, is a performance management system that enables businesses to drive strategies based on measurement and follow-up. In recent years, the BSC has been applied to information technology (IT). The IT BSC is becoming a popular tool with its concepts widely dispersed by international consultant groups such as GartnerGroup, Renaissance Systems, Nolan Norton Institute, and others. As a result of this interest, the first real-life applications are starting to emerge. In this paper, the development and implementation of an IT BSC within an Information Services Division (ISD) serving a Canadian financial group will be described and discussed. On the basis of this case study, a maturity model for the IT BSC is introduced and the necessary linkage between the business and IT scorecard is clarified.*

## 1. Introduction

Kaplan and Norton [2] have introduced the balanced scorecard at an enterprise level. Their fundamental premise is that the evaluation of a firm should not be restricted to a traditional financial evaluation but should be supplemented with measures concerning customer satisfaction, internal processes and the ability to innovate. Results achieved within these additional perspective areas should assure future financial results and drive the

organization towards its strategic goals while keeping all four perspectives in balance. The balanced scorecard can be applied to the IT function and its processes as Gold [1] and Willcocks [9] have conceptually described and has been further developed by Van Grembergen and Van Bruggen [6], Van Grembergen and Timmerman [7] and Van Grembergen [8].

In this paper, the development and implementation of an IT BSC within the Information Services Division of a Canadian tri-company financial group consisting of Great-West Life, London Life and Investors Group (hereafter named The Group) is described and discussed. A maturity model for the IT BSC is introduced and the level of the IT BSC of the case company is matched against this model.

## 2. IT Balanced Scorecard

In Figure 1, a generic IT balanced scorecard is shown. The *User Orientation* perspective represents the user evaluation of IT. The *Operational Excellence* perspective represents the IT processes employed to develop and support the applications. The *Future Orientation* perspective represents the human and technology resources needed by IT to deliver its services over time. The *Business Contribution* perspective captures the business value created from the IT investments.