Business - IT Integration Seminars

Seminar Notes

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USA	**Asia-Pacific**
IMS Corp.	IMS Corp.
P.O. Box 3638	Suite 5, 275 Maroubra Road
Cedar Park	Maroubra
Texas 78630-3638	NSW 2035
USA	Australia
Tel: +1 (877) 275-3684	Tel: +61 (0)2 9314 2908
	Email: info@imscorp.com.au
	Web: www.imscorp.com.au

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1 Business Driven IT

1.1 Slide 1 – Opening Slide

Mr / Madam Chairman, Ladies and Gentlemen, good morning/ good evening. Today / tonight I want to help you to better understand business, Information Technology (IT) and their integration. It is about helping you to get the business environment you need and deserve.

I am going to talk to you about the challenges we face in the adoption and integration of IT. I want to talk about standardisation, lower costs and guaranteed service delivery. I want to talk about how we get the knowledge we need so that we can make decisions and I want to talk about how together we can address the issues to better our lives and those of the people around us.

Let me begin by noting that over the last 10 years we have had staggering increases in performance from the adoption and use of IT. The amount of documents and information that you create now in 6-months would have previously taken 30 or more people several years to achieve.

But, and this is the rub, our returns are now decreasing. Businesses are spending more and more money on IT and are getting less and less for it. Together we are going to address this issue. We all know of the failed out-

sourcing agreements, we have experienced the non-performance of IT, we have been frustrated in our search from information and the lack of work-flow and we have all been annoyed by Web sites. The issue is how we address these.

Yes I hope to challenge your views. Some of you may say “your stating the obvious” and some of you may disagree with what you hear; BUT if one of you walks away inspired to address the gap between business and IT or one of you walks away and takes up some of the ideas presented; then I have done my job.

You will also get my heartfelt thanks.

Now Ladies and Gentlemen, please feel free to ask questions and comment as we go through and there will be time for questions at the end as well.

1.2 Slide 2 - Overview

As you read about the content of this talk, I want to begin by getting a view of your use and experience of IT by a show of hands.

- How many of you have an ipod or similar?
- How many of you have a PDA?

- How many of you get a PDA/ipod supplied and maintained by work?
- How many of you have a wireless network at work?
- How many of you are on Windows 2000 or an older version of windows at work?
- How many of you have had frustrated with non-performance of IT?
- How many of you have issues with out-sourcers?
- Hoe many of you struggle to find the information you need at work?

2 Trends in Technology

2.1 Slide 3 – Introductory Slide

Ladies and Gentlemen: I want to begin this presentation by looking at some bigger picture issues in the use of IT. I hope this will help you both in your professional and personal lives. It will also provide some perspective to some of the topics that we will discuss later.

Now this is NOT some vendor centric view but is a look at history and likely future trends. Sorry, no crystal balls here for making your fortunes but you can confirm what I say from your every day experiences.

2.2 Slide 4 – Global Changes of IT

Ladies and Gentlemen, in the agricultural revolution, it took us over 500 years to move from an agricultural based society to the beginnings of an industrial based society. In that time, the church went from being the major landholder and the political power to being a minor player. The church was replaced by the nation state as the political force.

In the 300 plus years that we have been an industrial society, we have seen the rise and decline of trade unions, we have seen the rise of the corporation as a major political power and we are starting again, to see the rise of the wealthy individual.

Ladies and Gentlemen: As we leave the industrial age and head into the information age, we will see huge societal changes but instead of them taking many centuries to occur, they will happen in one life time!

Amongst other changes, we will see are:

- Change in political power – We are already seeing the rise of the corporation in politics, their position has just not been formalised. With their own security forces, global reach and wealth, the power of the corporation is set to rise further. We are also likely to see the decline and fragmentation of nation states as governments fail to deliver and loose their monopoly on the control of wealth and the persecution of violence.
- Wealth will no longer be tied to geography – Previously, wealth was tied to countries, e.g. North America and Western Europe. Now you can operate most businesses without relation to geography and you can transfer wealth around the globe instantaneously. Already we see this with the rise of India etc.
- The decline of the semi-skilled worker – In the industrial age, machines allowed semi-skilled workers to perform more complex tasks and

allowed them to accumulate wealth. As technoogy replace them, their ability to accumulate wealth will be challenged!

- Wealth of the individual – Individuals can protect their funds, move their funds around the world, domicile in lower tax rate countries with all of the benefits that technology brings. This gives them power over governments and changes the political dynamic.

It is NOT the IT per se that is the change but it is how the changes are manifested. The major change is through our ability to persecute violence. What I mean by that is this. We all pay taxes to governments and in return, governments protect us (police, army etc.). Governments basically have a monopoly on the ability to persecute violence. As corporations create standing defense forces, as technology allows us to protect and hide wealth, the violence dynamic will change.

What I want you to take out of this short review is this; we are about to undergo a multi-century societal change but it will occur in one to two life times.

If you think change has been fast so far, hang on, you ain't seen nothing yet. Hold on to your hats.

2.3 Slide 5 – Changing Job Role

As our use of IT increases, the value and nature of the work we do will change.

- Until we have fully automated robots, and perhaps even then, there will always be a demand for low value manual labor, e.g. cleaning. Who does this, where they live, how they will travel and what value, we as society places on them, are the questions?
- The adoption of IT eliminates the need for routine processing. Just as robots transformed the manufacturing assembly line, now IT is transforming the knowledge worker assembly line. ATMs dispense cash, we no longer need assistants for routine flight checkins, we pay bills and query accounts online, accounts are automatically reconcilliated etc. All of these are transforming the role of the knowledge worker.
- As we use IT, the role changes to high end value adding, e.g. complex checkin at the airport still requires people and bank employees change from tellers to financial advisers.

- We require not only a more educated workforce but a change in skill set. The increasing demand is for pro-active problem solvers and not routine form fillers. Meeting this demand and the required cultural change is a major challenge faced by educators, society and business.
- Not only is there a change in skill set as you automate, but the demand for staff initially decreases. As business grows, more staff are hired but with a higher value skill set and a different attitude.

To be competitive, you will need a more educated and motivated work-force that will be highly adaptive. You will need people who expect technology, who multi-task and who are highly organised and excellent at problem solving.

What is more, the entire business model is changing, to what is best described as the Hollywood film model. In a movie you assemble actors, lighting, sound and makeup crews etc. and they work for a few months or a year on a movie and then disband to work on the next movie. They may never work with each other again and there is no guarantee they may ever work on another movie.

The Hollywood film model is indeed, becoming more prevalent in business and will gain in significance as routine processing becomes more automated.

The problem in business is that HR and recruitment attitudes and management activities are not changing fast enough to support the Hollywood film model. This is creating frustration, disillusionment and uncertainty amongst employees. Plus we as individuals may not like this model and the instability that goes with it.

- What we require is new attitudes from managers and executives to support the change and drive the required organisational change.
- We require HR people and recruiters to understand the trends and to have the ability and willingness to do something about it. We require innovative workplace training. We need new incentives and bonus schemes.
- We will need to accommodate these trends within the projects we manage.
- As employees, we need to educate ourselves to accommodate the new dynamics and we will need to help people to do this.

2.4 Slide 6 – Evolving Internet

The Internet is evolving rapidly and has become an every day business activity. The major use of the Internet is still email, though that is set to change with phone calls and TV.

If we look at the business use of the Internet, we have gone through the brochureware phase. This is still the dominant Web site but has been extended through the use of transaction processing. There is still much to be done with transaction processing and in changing the role of knowledge workers. Advances are not technologically constrained but are held back by business integration and the lack of information management and work-flow. Only if you have existing proven business processes, can you bring them to the Internet and optimise them.

The next great use of the Internet is collaboration. With increasing use of email, integrated messaging and phone calls over the Internet, the business dynamic will change. Global collaboration becomes much easier and the need for lower telecommunication costs will drive much greater collaboration over the Internet.

As occurs with many technologies, the retail user currently leads business in the use of the Internet for collaboration. Manufacturers and telcos are

gearing up for collaboration now, except in Australia where Telstra is holding us back.

The forward thinking companies are looking beyond collaboration to real time decision making. This is the next big opportunity, this is what will really drive societal change and it is real time decision making that will empower us to an unprecedented extent.

I will say more on this later but real time decision making is about having the information we need delivered to us at the right time in the right way, i.e. any device anywhere anytime. Real time decision making provides us with what we need to make decisions, so that we can spend our time doing instead of searching for information.

Ladies and Gentlemen: please remember and think about real time decision making.

2.5 Slide 7 – Differential Adoption of Technology

We often find that the adoption of IT in the workplace lags that at home. We take in ipods and PDAs to use at work and then struggle to have them supported because they are not part of the Standard Operating Environment. Many of us are on a higher version of windows at home than at work.

We also find that there are generational differences in the use of technology.

- Dinosaurs like me have technology. We tend to be slower in adopting the latest of everything and we have a tendency to want to plan everything out more.
- The X-generation use technology. They have a much greater adoption of technology and are easier to re-skill when it comes to technology. Have a tendency to be self-focused and are caught a little between the baby boomers and the Y-generation.
- Conversely, the Y-generation expect technology and have it fully integrated into their lives. They show a rapid adoption of technology, operate on a collaborative basis and use an evolutionary approach to activities.

As managers and employees we need to deal with this trend. As a baby boomer I think strategically and like to plan everything out with my ducks in a row but to get the most out of a y-generationer, I know, that despite my frustrations, I have to let them do it their way.

2.6 Slide 8 – IT Legacy

Moving on from the previous theme, I want to talk about the legacy of IT that we deal with in the workplace.

- Back in the good old days of filing systems, we had consolidated storage of files so that we could share access. We indexed them and we had people dedicated to filing. Access was slow and limited and searching was person dependent.
- As mainframes came into being we had consolidated data storage, work-flow was integrated and content was separated from presentation and mechanism of delivery. The downside of mainframes were their cost, their limited computing power, the poor interface (dumb terminal) and the “gods in white coats” syndrome.
- The PC was a liberation for business people. PCs were just appearing on peoples’ desks. With the PC we had distributed computing power, an attractive interface, we had flexibility and above all, we could bypass the “gods in white coats”. In the rush to implement the PC we lost work-flow and consolidated data storage and introduced coordination problems.

  As the power of the PC became more and more powerful, we put more and more complicated software on them and stored more and more data on them. This is the legacy that we deal with today.

- The Internet has empowered us to unprecedented levels. It provides a low cost of entry to business and allows global access but as we rapidly adopted the Internet, the bad trends from the PC were rolled over. The Internet is characterised by poor business integration, lack of work-flow and we are in information overload.
- Moving forward, the PC is in decline. The mobile device (phone, PDA, laptop) will be the major tool for accessing the Internet. The trend is to the virtual mainframe with semi-smart end devices accessing everything through the Internet. The end device will become less complicated than the current PC and both data and applications will be accessed from consolidated servers, e.g. Google. This will keep the benefits of distributed computing power with all the advantages of consolidated data storage and reduced coordination problems.

One other trend of note; is the $100 PC. For those of you who have not heard of it, the Massachusetts Institute of technology wants a wind up PC with Internet access available to third world countries for $100. The $100 PC will allow phone calls over the Internet and will access data and

applications via the Internet. Whether or not it is achieved at $100 is not the issue; it is the ramifications of this project that are important. These include:

- First, there is likely to be a strong uptake of the $100 computer in both the developed and developing countries.
- Secondly, it will result in us having many computers around the house. The ability to buy cheap drills from Bunnings Warehouse means that we now have three or four in the house instead of just one in the garage.
- Third, it will drive the virtual mainframe with both data and applications accessed from servers.

These changes are not only a challenge to Microsoft, but to us as well. We need strategic approaches and initiatives for IT to meet the demands of the 21st century. Our solution designers need to work with the virtual mainframe concept and realise the significance of the mobility of the end device. We need business driven solutions that accommodate these trends. Those of us who are far sighted to adopt these trends gain the advantage.

3 Role of IT in Business

3.1 Slide 9 – Introductory Slide

Ladies and Gentlemen: I now want to turn my attention to the adoption of IT by business.

3.2 Slide 10 – IT Value Cycle

Let me start by talking about the value returned to the business by IT.

On the chart you have time on the x-axis and dollar value of spend on the y-axis. The overall cycle is as follows:

- In the early days, it takes a while for people to understand the technology, so only a few early adopters use it. There is little spend and little business return, e.g. in 1996 VOIP was a card fitted into the PC with complex software and few users. Now it is a plug and play feature in a handset from Harvey Normans.
- As the benefits are seen, there is a rapid democratisation of the technology. This is characterised by an uptake by most people. Major investments are seen for major gains in business productivity, e.g. the PC and the Internet. The hype starts and it becomes a must have.
- We then enter the unstable part of the cycle, where people spend silly amounts on stupid projects. Expectations and promises are not realised.

People talk about the end of the boom but it keeps going because the vested interests have too much to loose.

- When there is a burst, sanity returns but it is often characterised by an over reaction. Budgets are slashed, the business becomes very skeptical and we get less for the money spent.
- As we move into a consolidation and maintenance phase, the technology matures and things settle down to become a untility.

An understanding of this cycle and how to use it allows you top optimise your operations and to avoid the mistakes we just talked about.

3.3 Slide 11 – IT-Business Integration

Moving on from the overall cycle, 4-phases of business integration can be seen.

- Early Development – We see established operations challenged and the use of IT being determined. This is really the exploration phase.
- Adoption – Characterised by ad-hoc point solutions in business and an increasing diversification of product offerings as the market fragments. Market leaders emerge and categories are defined, e.g. CRM, Document Management, Billing etc.

- Integration – This is where the market matures and business starts to integrate IT into operations. We see the emergence of standards and leading players in each segment. Much of our IT operation is around this point in the cycle as we grapple with full business integration.
- Reliance – This is about utility infrastructure, highly standardised market offerings and highly standardised business operations. Like electricity, IT is integral to the business operation and is just accepted as being there. It is getting to this stage that is the challenge many of us are seeking to address.

This provides a framework and maturity model for both the business and use of IT. You can work around this as you set strategy and solution design.

3.4 Slide 12 – Legacy Systems

One of the integration issues in business is the use of legacy systems and their continuance long after the technology has become obsolete. The failure to understand the costs involved in replacement is one of the biggest reasons for failed projects and implementations.

On the one side you have the cost of the new system with its new features and great interface etc. On the other side are the benefits of incumbency,

the cost to migrate the data, the cost of re-engineering the business rules and processing logic and the cost of business integration.

The cost to replace a system is not just the hardware and software, it is the pain to move. If IT and the business understood the pain to move factor more, then we would have less failed implementations and project over runs. SAP would be recognised as an industrial strength solution to business processing instead of the benchmark for failed implementations.

3.5 Slide 13 – Business & IT Relationships

Advances in business processes are NOT dependent upon developments of IT. Let me repeat this, advances in business processes are NOT dependent upon developments of IT.

Just In Time Ordering was one of the major advances in business. It allowed us to minimise our inventories and save on cost, wastage, capital expenses etc. Just In Time Ordering has benefited significantly from automated systems and ordering that IT provide but Just In Time Ordering can be done by people using files and phones.

It is the advances in business processes that should drive IT.

In general, business at the moment is coming to grips with the failings of IT. As we noted previously, the business is addressing the lack of consolidated

data storage, information overload, lack of standardisation, poor work-flow and inadequate business integration. This is what we will address in the next section.

4 Knowledge Worker Standardisation

4.1 Slide 14 – Introductory Slide

Ladies and Gentlemen: it is time to address the under performance of IT. It is time we got the IT we deserve. It is time the business drove IT. We start with that most simple and proven of business activities – standardisation.

We have brought standardisation, and assembly line techniques to farming, to minerals extraction, to catering, to cleaning and manufacturing and more. We have successfully used them to standardised every area of business of operation except the roles of knowledge workers.

Knowledge workers take information from disparate silos, collate it and present it back to answer customer questions, e.g. process insurance claims, sell houses and more. By addressing knowledge worker standardisation, we not only align IT but we lower costs, provide a better workplace, and above all, we guarantee service delivery to our customers. We create market dominance and return shareholder value.

4.2 Slide 14 – Benefits of Standardisation

For those who are unfamiliar with standardisation, standardisation lower costs, guarantees service delivery, creates market dominance and returns shareholder value. Fact. Proven across business.

Standardisation is why Macdonald's can guarantee service delivery across the world. Standardisation is why our Nokia phones and Holden cars are all made to the same quality and deliver results. Standardisation is why Australian wines lead the world.

4.3 Slide 16 – Guaranteed Delivery

Macdonald's can guarantee service delivery across the world because it has standardised its operations. It has defined what it makes, determined what it needs to make it and then standardised the delivery of its offering.

4.4 Slide 17 – Standard Recipes

For every area of business operation, standard processes, rules, recipes can be determined.

- There are standard ways for creating a brand. Fail to follow them and you have a foolproof way of destroying a brand.
- TV shows and newspapers are made to formulas (recipes).
- There are standard techniques for handling the media. Look at our politicians and how they handle the media.

Recipes apply to all areas of business activity.

Macdonald's created and owns the standard recipes for fast food franchises and number 1 in the market. Hungry Jacks (Burger King) copied

them and is number two. Dominoes, Pizza Hut and Subway etc. have applied them to other markets and are the market leaders.

To create market dominance in your industry, create and own the standard recipes. It is that simple.

4.5 Slide 18 – Failure to Guarantee Service

Now if you lift the lid on Telstra or other organisations this is what you see:

- We do not know what our knowledge workers make at what cost, in what time frame to what quality.
- We have disparate silos, non-integrated solutions and duplication of effort. There is poor work-flow and a poor quality of hand-off.

What you see is a high cost, high risk operation that fails to deliver.

4.6 Slide 19 - Mumbo Jet

Indeed, we can go one step further. The knowledge worker assembly line often produces the mumbo jet instead of the jumbo jet.

In contrast to the highly disciplined manufacturing assembly line, that of the knowledge worker is characterised by a failure to guarantee service delivery. What is more, knowledge workers need Ph.D.s in how to get the information, where the information is stored, what applications are used, formats, version and where in the process to use it.

Plus the extra stupidity of knowledge workers going to the parts, collecting one part at a time and creating multiple instances of parts that are not required.

4.7 Slide 20 – Apply to All Areas

Ladies and Gentlemen: It is time to make the jumbo jet. It is time to apply the proven business principles and standardise the roles of knowledge workers. It is time to treat IT as the knowledge worker assembly line. It is time you got the business operations you deserve.

4.8 Slide 21 – Define the Recipes

How do we standardise? How do we get the IT we need and deserve?

Simple. Define what it is we make, define how we make it - the recipes - and then design the assembly line we need to deliver it. Holden, Nokia, Walmart, FedEx etc. do this all the time. We can do it for knowledge workers.

Everything is a repeatable process. The positioning, packaging, price and product (the details) differ but standard recipes can be developed and applied to all business activities.

Audience – Task – Recipe. Define the audience, define the task and create the recipes by determining each of the steps and what information is needed at each step.

Others can then follow the recipes so you can standardise, guarantee service delivery and create market dominance. In addition you define exactly what IT you need.

4.9 Slide 22 – Real Estate Sales Process

Defining recipes is simplicity itself. In 20 minutes I identified the following for selling a property. Any half-capable businessperson can do this and provide you with the necessary details. Then it is a case of documenting, training and implementation.

5 Vision & Accountability

5.1 Slide 23 – Introductory Slide

Ladies and Gentlemen: as we continue our talk on how to address the shortcomings in IT, we need to look at the role of executive management in setting the framework, the strategy and culture for the organisation. I want to give you some actionable items that will help you get the IT you need and deserve.

5.2 Slide 24 – Role of IT in Shareholder Value

I want to begin this part of the talk by looking at how IT plays a key role in determining shareholder value. Six major factors impact upon shareholder value: external, process, strategy, people, IT and data.

We have the IT operation itself. Data is now effectively IT dependent. IT is integral to process. IT has a critical role in defining business strategy. People's performance is geared to the operation of IT.

So as you can see, IT plays a dominant role in returning shareholder value.

5.3 Slide 25 – Boardroom Balance

- We need Directors (executive or non-executive) that are accountable for both IT and information management and work-flow. The performance of IT impacts upon bonuses.

- Just like every other area of business activity, the performance of IT should appear in annual reports.
- IT performance should appear in reporting, including balanced scorecards.
- Take measures to drive the integration of the business with IT.
- Manage the IT spend. Move away from the bulk of the money being for hardware and software to the bulk of the allocation being for business integration, cultural change, strategy etc.
- Like the construction of a building, IT gets bonuses for delivery ahead of schedule and penalties for late delivery.

Before I move on, I want to talk about strategy. IT exists to service the needs of the business. Business drives IT strategy. You must have a business strategy before you can have an IT strategy. By definition, IT strategy must be developed and set in-house by the business.

5.4 Slide 26 – Realise True Cost

Many of the failings in IT, much of the resulting business inefficiency, the duplication of effort and the failure to guarantee service delivery is often not

seen or understood. Above all, there is often a lack of will to do something about it. We need to recognise the true cost of our business operations.

I'm going to illustrate this with one simple and all too common example – that of re-keying between systems.

In this example, we assume an average wage of $40,000 per annum and a cost to the business of $50 per day for overheads for 240 working days. This is a very conservative number. Then if an organisation employs:

- 5 people to re-key between systems costs $260,000 per annum.
- 20 people, is over a $1million.

Other losses include error propagation from re-keying and subsequent correction, cost of issuing refunds, brand damage and more.

Now the cost to integrate systems is often significantly less than a $million and even if they can not be readily integrated, then the cost of buying two screens to allow copying and pasting between applications is still cheaper and more effective than printing and re-keying.

This is but one of the many hidden costs in an organisation that are regularly over looked. It is just one example of simple changes that help to lower costs and guarantee service delivery.

5.5 Slide 27 – Implementing Change

As much as I want you enthused to go off and address issues, let me provide a cautionary note about doing it in a sound, solid, sensible way.

- Establish what is occurring now and why;
- Resolve using 80-20 rule;
- Address next issue to meet the goal of an optimised business.

Problems you will face include:

- Getting people to recognise the problem and wanting to fix it;
- Stop the passing of problem to others and obviscation of responsibility;
- Go for simple, pragmatic, realistic solutions that provide a good return on investment and align with strategy;
- Make small incremental changes at source that can be owned and championed at source;
- Avoid the “big bang” and “if only things were done this way”, you get a big flop – change comes slowly.
- Remember; people have an infinite ability to by pass what does not work for them.

Ladies and Gentlemen: I walk you through this because it is these simple principles that often get missed. Whether you choose to fix your IT or not is your call, but what I hope you will do, is to make small business changes to your business operation.

6 Aligning IT to Business

6.1 Slide 28 – Introductory Slide

Ladies and Gentlemen: The next step in addressing the problems of business and IT integration is “what do we in the business need to do to make IT a customer service driven entity that delivers?”

Simply put, the same business principles that apply to all other areas of business operation apply to IT. You know these principles; you use them in business. Now bring them to IT.

6.2 Slide 29 – Customer Driven IT

Let me begin this topic by saying something that is true but which you may not like to hear: “we get the IT we deserve”. Just as we get the politicians we deserve, we get the IT we deserve.

The vast majority of failings in the performance of IT are nothing to do with IT. They are mainly business failings.

Look if you take SAP out the box and install it, it basically works. The fact that it is not business integrated is a business failing.

If you install Excel and use the formulae, they basically work. The fact that the user has conceptual problems with formulae, this is NOT an IT issue; it is a skilling issue.

If you are getting poor service from your out-sourcer or your help desk; this is not an IT issue, this is a business management issue.

If customers do not buy your product you go bankrupt. Simple. Make IT accountable in the same way. One way to do this is to set IT up on a cost recovery basis to make IT a service driven entity. Some considerations are:

- Cost recovery makes IT service driven as well as imposing a discipline upon the lines of business.
- IT gets a proportion of its budget from core funding for strategic initiatives and other activities that it can not charge for, e.g. setting standards.
- The rest of the funding comes from the business, charged on a cost recovery basis, i.e. a small profit. No service, no funding.
- The business needs to approach IT first. If IT can not deliver, then and only then can the business go outside the organisation for services.
- IT can bid for capital expenditure like all other areas of the business.
- Any profits made by IT are either ploughed back into IT and/or returned to the business.

- Set it up as Company IT Pty. Ltd. if required. We set up all other areas of the business on this basis, e.g. billing and legal, why not IT?

If a supplier does not deliver, you find another one. Simple. IT needs to deliver and to provide a customer service model that does. IT should have:

- An account management function that manages the relationship, sells itself to the business for funding and manages expectation.
- IT needs an engagement framework that is responsive to customer needs and delivers.

We know how to do this. We do not need to re-invent the wheel. Let us bring these principles to the operation of IT.

Your customers set your priorities. The same applies to IT. Ladies and Gentlemen: the business sets IT priorities. Getting a response back from IT saying “we’ll get back to you in two weeks with a priority” is NOT acceptable. We as a business decide what our priorities are. If we decide we want to waste money on a silver bullet instead of making simple productivity changes, then that’s our call and we live with the consequences of that call.

Yes we consult IT on how to do things and what we can do, but it is we the business that sets the priorities for IT and we live with the consequences of our stuff ups.

When a supplier delivers a building to specification, to quality, and ahead of schedule, they get a bonus. When they are late, they get penalised. Simple. Apply the same to IT. If IT fails to deliver because the business does not deliver, fine, that's a business call but we get accountability, we get service and we get results.

Before moving on, I want to mention shadow IT. Ladies and Gentlemen, we need a series of inducements and penalties to eliminate shadow IT. Shadow IT is the duplication of systems and solutions. Shadow IT probably doubles or trebles the IT spend of an organisation and is one of the major reasons why we can not guarantee service delivery. Shadow IT happens for a variety of reasons, often because the principle IT does not deliver but other reasons include ego and territory battles.

With our new performance in place, IT should deliver and the need for shadow IT should not exist. Managers should then be given bonuses for eliminating shadow IT and loose them for the continued use of shadow IT.

6.3 Slide 30 – Transforming IT

Given that we want to turn our IT into a customer service driven entity, how do we do it? Simple, follow a recipe!

- Mandate from management – need to do the business case and sale to management.
- A stabilisation project may be necessary – this is where we stop new development and consolidate current operations.
- Better reporting within IT and between business and IT. If required, implement timesheeting.
- Documentation – From a risk perspective, a productivity view and a business continuity vantage, we need to have our systems, polices and procedures properly documented and the knowledge shared.
- Standard development life cycle, standard project management and standard change management procedures.
- Cultural change and re-skilling of both the business and IT on new operations and procedures.
- Customer service ethos, management and framework as discussed.
- Better communication and IT selling itself to the business.

As part of the communication, IT should be split up and sit in with the business. There is then an appreciation of each other's problems and what actually goes on. Yes you can argue the inefficiency of pulling people together but I would argue that the resultant understanding more than outweighs this cost.

6.4 Slide 31 – IT Sell to Business

Fundamental to addressing the situation is that IT must sell itself to the business. IT needs to sell:

- What IT can do for the business - So that the business can plan and tell IT what it needs. If you want to develop a product, you tell someone about it, they buy it and then they tell you how to make it better. IT needs to educate the business so that the business can come back with a vision and understanding "that in 5-years we want all transactions to go through without any manual intervention". We can then plan, design and manage the risk. We may not achieve the goal but we have a vision that both the business and IT can work too.
- What IT does for the business – Sell the services so that the business understands what you do, they often have no idea of the complexities involved nor what the implications of a small change request are. It also imposes a discipline on the business.

- Education to the business on how to engage with and use IT – Just as you educate and sell to your customers, get IT to do the same with the business.

IT should be:-

- Putting a marketing brochure on every ones desk.
- Having IT road shows, presentations, open days and breakfasts. Invite the business to these and IT provides a professionally marketed operation.
- Producing better email communication, newsletters and updates.

Apply the marketing, branding and sales principles to IT so that it delivers for the business.

7 Knowledge Management

7.1 Slide 32 – Introductory Slide

Ladies and Gentlemen: the next element we will look at in addressing the performance of IT and business integration is that of knowledge management. After all, this is critical to what we as knowledge workers do.

I want to leave you with a clear understanding of what knowledge is; how to manage it; why much of the current activity is ineffective and what we can do about it.

7.2 Slide 33 – Wisdom Wanted

Let us define our terms. We live in a world of data overload. Only when you want it, you need it and you can understand it, does data become information. Just like a number in a database, a company's annual report, although well processed and nicely presented, is still data.

Information is then applied with your skills and experience to get knowledge. You then apply knowledge at the right time in the right way to get wisdom, power or profit depending upon your perspective.

Let me give you an example. You walk into your room in your hotel and you see your favourite wine and give the hall porter a tip. The hall porter created information because he needed and understood the data about your arrival at the hotel, with room number, time and your love of a given

wine. The hall porter then managed the relationships between the information and used it as part of a work-flow to gain knowledge. By applying the knowledge at the right time in the right way, the hall porter got money from you.

This simple example raises key issues:

- If you are ever to achieve knowledge management, you need to address data management first.
- You need to not only manage your data but you need to manage the relationships between them as well.
- Furthermore, data are explicitly tied to work-flow. Not only are we back to recipes but without the work-flow, how do you ever expect to manage knowledge?

Do you now see why many knowledge management activities are flawed and why they often fail?

Once we have knowledge managed we can deliver it to any device anywhere, anytime and enable us to make decisions.

7.3 Slide 34 – Importance of Data

At the risk of being repetitive, I want to drive home the importance of data management.

Data management is NOT a luxury. It is a business imperative.

Brains + Infrastructure + Data = Services

By taking our staff (brains) giving them desks, chairs, computers etc. (infrastructure), they use data to provide services (products) that we sell for profit. We have whole departments (HR) given over to the management of our staff (brains) and we carefully manage our infrastructure, it is in data management that we come up short.

The value of data are not included in balance sheets and financial reporting. We do not account for the cost of document creation and then manage them as assets and depreciate their value. We seldom give bonuses for data management and data management is seldom included in job descriptions and performance criteria.

This inability to properly address 1/3 of the manufacturing value of knowledge workers is why we fail to guarantee service delivery. It is a hidden cost that is just endured. As a shareholder, it is not just the hidden cost that annoys me but it is the failure to standardise and to guarantee service delivery and the loss of market share that frustrates.

One more thing. We employ lots of accountants to manage financial data. They spend hours making sure the right numbers appear in the right columns and time is spent assuring the quality and completeness the data.

Accounting is an example of data management and the benefits that come from it. We just need to value the rest of our data accordingly.

7.4 Slide 35 – Business & NOT an IT

I do not intend to go into the recipes for data management here, but I want to make one quick point. Back when we talked about accountability and responsibility for IT, we noted the importance of board and executive accountability. If we are to address knowledge management and to realise the benefits, we need the same accountability and vision.

7.5 Slide 36 – Real Time Decision Making

Ladies and Gentlemen: we need a new approach to data and information management. As ever, the way to address it starts in the business with the customer.

Our lives are about making decisions and how we struggle to make them. We struggle because we do not have the right information, presented at the right time, in the right way. We spend our time searching instead of doing!

What we need is real time decision making rendered to any device anywhere anytime. Let me give you some examples:

- Foreign exchange trades – You want to know the best rate, cheapest fee, assured delivery, who to use etc. and you wan all of this delivered when and where you need it so that you can decide to do the trade.

- Travelling home – You want to know the best route, how to avoid the traffic jams, cheapest petrol, tolls etc. All displayed as you need it so that you can make a decision.
- Eating out – your favorite restaurants bid in real time, with incentives and offers, to get you to eat there. This is done through your TV set or on your mobile device.

Now we can define the recipes, now we can define the solution and now we know how to manage our information. Simple.

7.6 Slide 37 – CRM Joke

Ladies and Gentlemen: Before we move on, I want to make a statement about CRM or customer relationship management. No one questions the need to manage our customers but are CRM applications what we really need?

Here is your customer. The customer drives your organisation. To meet your customer's needs, you and your organisation need a plethora of information, not that just contained in CRM systems, i.e. how can you properly manage your customers if you do not organise your data?

7.7 Details of Knowledge Management

Use these slides for more detailed work.

7.7.1 Slide 38 – Simple Business Drivers

Ladies and Gentlemen: Now that we have defined real time decision making, I want to show you how easy the elements of the solution are.

Again, i is the old-faithful business driven solution that delivers.

7.7.2 Slide 39 – Elements of the Solution

The basic building blocks of the solution are as follows:

- The consolidated repository
- Information integrated with work-flow
- A unified knowledge search
- Standardised presentation
- Guaranteed messaging
- Security

Let's consider these in turn.

7.7.3 Slide 40 – Consolidated Repository

Create a virtual consolidated repository to single source information and stop the duplication of effort and issues with versions, formats, locations

etc. Combine spatial data, database data, transactional data and documents and separate content, from presentation and mechanism of delivery.

The issues of archiving, backup, recovery and version control are performed on the consolidated repository, freeing up the end user and their end-device, i.e. we form a virtual mainframe.

7.7.4 Slide 41 – Information Relationships

We talked about a hall porter having the power to make money from you by tying information to work-flow and by managing information relationships. The relationships are managed through a metadata framework (data about data). The metadata framework includes versioning information, role based access and security, privileges and device specific information.

Metadata can be readily populated and maintained by keeping it simple, having it done at source as part of everyday business process, and the use of default values and automated logic.

7.7.5 Slide 42 – Work-flow

We have talked at length about defining the recipes and we have noted that information needs to be delivered in context by combining it with work-flow with the aim getting us to the point of “what we want, when we want it”.

Work-flow occurs at the application, for a specific business process and the overall operation from end-to-end.

We are back to defining the recipes!

By determining the interaction from the customer perspective and assuring continuity of operation and quality of hand-off, the required work-flow and recipes are determined.

7.7.6 Slide 43 – Integrated Search

At the moment much of the searching we do is isolated to an application or to a type of data, e.g. documents. The searches are not integrated and require us to have a high existing proficiency in the use of search. The search needs to be unified across all data types and tightly integrated into work-flow.

For us to achieve the management of knowledge, searching will need to include the information relationships and metadata framework. Role based access searching will also play a role in performance.

7.7.7 Slide 44 - Presentation

Allowing for personalisation, customisation and branding, presentation is through a unified interface portable across devices. As long as we separate content, from presentation and mechanism of delivery, this can be achieved.

7.7.8 Slide 45 - Messaging

To deliver to any device, anywhere, anytime, we need a unified messaging environment. We need to combine, voice, data, text, images and video.

People often confuse fax and email between being a document and information with that of a messaging environment. Email and fax should be considered as a messaging environment like the phone. We just choose to store the information in the messaging environment instead of separating them out as we do in a phone call.

To guarantee service delivery in our messaging environment we need to architect a solution around the FedEx model.

FedEx guarantee the delivery of a parcel - a message. There is a quality of handoff to FedEx and if it is not met, they do not accept your parcel. Yes they make every effort to help you but you need to meet that quality of handoff.

FedEx then have an industrial strength pipe to deliver between A and B with guaranteed service delivery and a handoff back to you.

FedEx is not in the warehousing and storage business; they are in the delivery business. FedEx do not confuse storage with transmission.

FedEx processes catch the exceptions and successively handle them; i.e. the exceptions are not ignored and discarded.

To deliver a unified messaging environment that guarantees service delivery, you need to use the FedEx model.

Security is a hot issue. Security and privacy are integral to the solution.

8 Business Driven Solutions

8.1 Slide 46 – Introductory Slide

Ladies and Gentlemen: We have talked a lot about recipes and how simple business drivers can be used to address the standardisation of knowledge workers. These very same simple principles can also be used to get IT that works for you. IT is the assembly line for knowledge workers. Apply the proven business principles and get the assembly line you need to lower costs and guarantee service delivery.

8.2 Slide 47 – Designing Assembly Line

Let us be clear about this, IT is the assembly line for knowledge workers. Establish what we make and then design the assembly line to deliver.

We can then use the proven principles to manage and optimise the assembly line. We know what we make, to what cost, in what time frame by how many people and to what quality.

We assure the quality of hand-off. We allow for the exceptions and design a scalable, robust, industrial strength solution.

Henry Ford transformed the manufacturing assembly line by applying a set of proven principles and it became the industry standard. Henry Ford had two advantages, he had the money and he did not listen to all of the

experts telling him what he could NOT do. Now we may not have Henry Ford's money but we certainly poses the other attribute.

8.3 Slide 48 – Market Forces Drive Design

Market forces drive solution design. Yes you heard; market forces drive solution design.

In an emerging market (size, share and offering) there are few standards. The market is highly dynamic. Solutions need to be rapidly developed and be able to grow quickly to support product diversification. Customisation is often required as the knowledge worker assembly line is modified and redefined.

As the market matures and diversifies, specialist needs arise and standards start to develop. Change becomes less prevalent and the focus changes to assured delivery and scalable growth.

In a highly mature market (size, share and offering), e.g. ATMs or air crafts, standards dominate. Government compliance is stringent and only a few players can effectively compete. Utility infrastructure is the order of the day.

Ladies and Gentlemen: One size does NOT fit all! Trying to have solution design and enterprise architecture that is one size fits all is doomed to fail!

Remember different areas of your business are at different levels in the market and in IT expertise.

If you know your market and you know your offering, you will know your processes. Design is then obvious.

8.4 Slide 49 – Market Forces in Design

Market forces also set the model for IT operation and optimisation. Look at the top performers in the market and/or your organisation and see what they do, how they do it, and how their solutions are designed. Set the goal of achieving that level of performance and operation. Achieve it by taking the performance at least one level above where you are and then use the expertise to progressive raise the level of performance of the IT. Incrementally raise performance as the market matures (size, share and offering) and keep going till you are a top performer.

This model proves a clear path for migration and solution upgrades.

By the way this is not only a model for solution design and operation but is actually a model for the whole business!

8.5 Slide 50 – Rigorous Design and Engineering

When we design a house or a building we go through a rigorous design and engineering process. Why? Because we are putting in place a strategic

solution that is intended to last and it needs to be reliable and to perform. Yes we may upgrade it over time, but it is a strategic and an effective business solution.

In reality, IT solutions last many years and are a strategic business investment. Look once SAP is rolled out in an organisation, it becomes the incumbent - for better or for worse. Yes we may upgrade and be frustrated with it but seldom does SAP get replaced.

IT solutions need to go through the same rigorous, engineering and design process that we apply to buildings, assembly lined, product design and more. We design the building in response to market forces, government legislation, customer demand and costs. The same applies for IT.

Legislative changes are slow and often require small system changes. Occasionally large changes are required. Meeting compliance is often an afterthought in IT design. Building and engineering design tells us how we can integrate compliance into IT design for the benefit of all.

Some operations are very market driven and are highly dynamic. These systems require a rapid response capability. Those that are less market driven may not need such a fast response.

Customers needs are highly dynamic. We add new customers to systems regularly and fast updates are a prerequisite. Fast responses to orders and billing may also be needed.

With suppliers, we often having standing orders in place and long term contracts. We do not add new suppliers as often as we do customers. So our needs differ.

By looking at the areas of business operation (go ask the guys at the coal face) we can define our business needs and operations. We can then map the flows of information across the organisation and develop solutions in response. In this way we realise business driven design.

Once we have gone through a rigorous design and engineering process, we can then avoid the common problem of having enough money and time to do it badly many times but not enough time and money to do it once properly. We can then avoid the failed implementations and budget over runs that are the hall mark of IT.

Ladies and Gentlemen: The building industry can do it. The mobile phone industry can do it. The car manufacturers can do it. If you want it to, IT can do it too!

8.6 Slide 51 – Customer Driven Design

Let's extend on the proven business principles. Let's look at it from a customer's view. I am an Optus customer. I may take landlines and mobile with Optus, but I am an Optus customer. I have retail and business banking with ANZ; I am an ANZ customer, i.e. move passed product lines and organisational structure to customer centric focus.

You want a unified presence for the customer. The operation is based on the activity that is happening and we want a seamless interaction. So, go back to the business and determine what your customer wants and how they interact. Determine what it is you make and then design the assembly line to deliver it.

You often find that the IT is bad because it mirrors a bad business operation!

8.7 Slide 52 – Basic Building Blocks

Ladies and Gentlemen: I want to quickly wrap up this section by taking away the need for knowledge workers to have a Ph.D. in information management. Irrespective of our business and our level of operation, we have basic needs and basic requirements. You do not want to have to worry about formats, files, applications, versions and locations; you just want the information delivered to you. This is the simple architecture you need.

Now it is up to us to make it happen.

8.8 Standard Software Design

Use these slides for more detailed work.

8.8.1 Slide 53 – Introductory Slide

Ladies and Gentlemen: I want to talk now about how we design software.

This will not be a technical discussion, but is as ever, back to business basics. I want to give you a simple way to design software. I want to share with you a way to simplify specification development. I want to share with you how to simplify the development and testing and above all, I want you to get the knowledge worker assembly line you need and deserve.

8.8.2 Slide 54 – Example

Begin with how the user sees and interacts with. A standard iconic interface. A series of simple icons that people can understand and that are intuitive. Arranged appropriately, they detail the work-flow and eliminates the need for cumbersome navigation.

Upon choosing an icon, the interface automatically refreshes to provide the next layer of activity. Drill down through tasks. A list of short-cuts is supported.

Whole thing is customisable and one framework works across all applications. Can configure interface for multiple devices and integrates to task management and messaging.

Multi-lingual support is seamless and icons bridge nationality. Search and help available. Help is context sensitive.

As well as having fun in choosing icons, the interface can be readily determined by most business people.

Above all, it integrates documents, transactional, database and spatial data and eliminates the need for application specific expertise.

8.8.3 Slide 55 – Standard Iconic Interface

The features and benefits of the interface are summarised:

8.8.4 Slide 56 – Selling Activity Objects

From the interface objects, we can define a series of standard activity objects, along Audience-Task-Recipe lines. Consider the activity of selling. We can determine a series of activities for this, e.g. reporting, market analysis or product details and ordering.

The objects define a hierarchy of work-flow and processing incorporating the required information, security, business rules, processing logic and more.

8.8.5 Slide 57 – Object Hierarchy

Take the account object. A series of further objects are determined, e.g. account creation, contact details. As you drill down the object become more specific but form a logical task sequence.

This approach is easy to use and design and is easily documented. Furthermore, it is inclusive and authoritative and is not prone to the vagaries of current requirements analysis because the business can readily give you this information.

8.8.6 Slide 58 – Object Structure

Rules, images, processing logic and content etc. are all separated and stored in contextual databases. Using the standardised objects, the required elements are combined and passed through the hierarchy to the standard interface.

Since the rules, information and processing logic, are separated in databases, it is easy to add customisation. Standard objects can be readily defined and then extended to industry specific situations.

8.8.7 Slide 59 – Underlying Databases

Key to the standardised approach is the separation of data, processing rules, logic and images etc. from the source code and having it stored in consolidated databases. Contextual databases (information in context) is stored in a variety of databases and drawn together in real time to form the required objects.

Needless to say, the databases are virtual consolidated repositories.

8.8.8 Slide 60 – Activity Approach

Ladies and Gentlemen: As you reflect upon the approach and the software design principles, I'd like to summarise the activity objects approach for you, both the elements and the advantages of it.

9 Utility Infrastructure

9.1 Slide 61 – Introductory Slide

Ladies and Gentlemen: to ensure the guaranteed service delivery that you expect from your IT, there needs to be an additional change in the design approach. A move away from designing software and IT solutions to the design and implementation of utility infrastructure. Yes, utility infrastructure.

No doubt you are fed up with me saying this, but once again, we take proven business principals and apply them to IT.

9.2 Slide 62 – Industrial Strength Utilities

For over 200 years we have designed and delivered industrial strength solutions. We guarantee service in the delivery of power, water and gas.

Let's take the proven utility principles and apply them:

- Redundancy – built in at many levels including operating at 60% capacity so that extra load can be absorbed, through to multiple-layers of safe guard like the guidance system in an aeroplane or a Martian probe.
- Failover – self-initiation and self-configuration are part of the solution as well as having multiple layers of safeguard built in so that if one fails, others will automatically kick in, i.e. control of the situation is maintained.
- Load bearing capacity – proven ability to handle the load and scale.

- Not the latest everything – uses proven solutions and technology that are known to work and have been subject to extensive testing.
- Kept simple – solution is clean, simple and each element does what it was designed to do. It does not try to be everything to everybody.
- Standardised and modularised – each element is standardised and can be swapped for a twin without collapsing the system.

9.3 Slide 63 – Utility Characteristics

Utility infrastructure includes the following:

- Accommodates change;
- Assume that failure will occur and like the guidance system of an aeroplane, try to ensure that the points of failure do not align;
- Achieve scalability because of automation - if it can not be automated, it is not scalable;
- Bring together many small, standardised, simple solutions that deliver and form an emergent behaviour;
- Include standardisation of hardware, configurations, recovery, setups and more;
- Are made from the best of breed to provide an assembly line for the processing of jobs.

- Form an emergent behaviour – standardised components do what they do best and together form an emergent behaviour that delivers an industrial strength utility solution.

Ladies and Gentlemen: our remiss in not applying these principles to IT is that business bares hidden costs and a failure to guarantee service delivery – a loss of profit. What do you want to do about it?

10 Out-Sourcing & Off-Shoring

10.1 Slide 64 – Introductory Slide

Ladies and Gentlemen: Out-sourcing is part of business and can provide business with many advantages and efficiencies. Out-sourcing can be very successful and for non-core competencies, out-sourcing is often the preferred solution.

As well as the successes in out-sourcing, we have heard of the horror stories, particularly with regard to IT out-sourcing. Whether it is the government contracts (both state and federal) or Commonwealth Bank with EDS, many of us have either had or have heard of frustrations with out-sourcers.

Now, let us be crystal clear about this. Issues and failures with IT out-sourcing are not an IT issue, they are a business management issue. Let me say that again, failures with IT out-sourcing are a business management issue.

By looking at previous out-sourcing activities we can learn lessons and find out how to avoid the same mistakes and how to remedy current issues.

10.2 Slide 65 – Organising Out-sourcing

I want to start with first principles. IT is the assembly line for knowledge workers. As a business, we need to own and to be able to define and to

operate the assembly line. Ford, Toyota, Nokia, Walmart and L.G. etc. would never consider do anything else.

Why?; Because this is their core competency and their assembly line is their core business.

Ford does not interrupt the operation of its assembly line by out-sourcing parts of it. Ford ensures the integrity of the assembly line.

Ford does not neglect the quality of handoff along its assembly line. Ford goes out of its way to assure the quality of handoff because Ford knows that it is pivotal to product quality.

Ford does not abdicate its responsibility when the assembly line does not deliver. Ford takes ownership and responsibility for it.

Ford does not give away strategy. Ford does not surrender production creation and the ability to design the assembly line. Ford keeps problem solving in-house.

Apply the same principles to IT!

Look, you are smart people. You know that if you loose ownership you loose control. So why does it happen in IT out-sourcing agreements?

Next, why is the passing of a problem to someone who has not been commissioned to fix going to result in the problem being fixed? It is NOT. Just passing over non-performing IT to an out-sourcer means you loose control of non-performing IT and your costs escalate. So stop problem passing.

Distinguish between core and non-core competencies. Yes it is more effective to out-source non-core activities such as catering and cleaning for a bank but the ability to manufacture derivatives and futures trades is a core competency for a bank. IT is the assembly line for knowledge workers and so, IT is a core competency.

We also need to know what we are out-sourcing. We need to know how the out-sourcing interrupts the business operation. We need to understand how out-sourcing impacts upon the delivery and processing of parts. We need to know the quality of handoff at points in the process, i.e. we need our recipes. Only then can we make an informed decision of what to out-source.

10.3 Slide 66 - Organising Out-sourcing

Moving on.

Many IT out-sourcing arrangements were made on the basis of cost. Therefore, we reward out-sourcers accordingly. Just as your sales team is paid by performance, pay the out-sourcer by performance. Pay out-sourcers by cost savings realised and penalise them for non-performance. If they are that good and that confident in their abilities, this will not be an issue.

The true cost of out-sourcing needs to be taken into account. It is time to stop blaming IT and make the accountants accountable and responsible for the decisions they make. This includes:

- cost associated with the lose / preservation of intellectual property
- hidden costs of process interruption
- hidden costs of failure to understand what is being out-sourced
- costs of out of scope services – often a crippling cost in out-sourcing arrangements

We need to break the cycle of out-sourcer dependency. Once we loose the ability to problem solve, we are doomed. Once we loose the ability to take responsibility we are doomed. Once we expect someone else to fix the

problem for us, we are doomed. Ask any recovering alcoholic. Ask TNT about its administration out-sourcing.

Out-sourcer dependency is common, particularly in IT. We brake the dependency as follows:

- Take responsibility for our actions.
- Take strategy back in-house.
- Spin up new work without out-sourcers.
- Progressively skill up in-house and take ownership.
- Trap intellectual property in-house.
- Reach the point that you no longer need the out-sourcer and brake the contract.

Oh to be back in control of your business.

If you are an out-sourcer, I want you to remember one thing. Control creates alienation but the more you empower someone, the more reliant they become on you!

10.4 Slide 67 – Off-shoring Outcomes

Allied to out-sourcing is the trend of off-shoring. Off-shoring is the moving of jobs overseas and there has been some concern about this, especially from those who's jobs are at risk.

Off-shoring is an inevitability. Off-shoring results from the unstoppable forces of technology and globalisation. The issue is NOT how we stop the trend but how we ride that trend and benefit from it.

At the beginning of this talk we discussed how the role of the knowledge worker was changing from production to value-adding problem solving. Well off-shoring further consolidates this trend. The high end, high value skills are in demand. It is the routine production that is being moved.

Many of the traps seen in out-sourcing apply to off-shoring.

- Interrupting the knowledge worker assembly line – Similar to out-sourcing. Make sure you know what you off-shore, assure the quality of handoff and guarantee service delivery.
- Risk – The risk needs to be managed properly and included in the cost justification. An out break of avian bird flu is more likely to occur in India than in Australia or the USA. This means that trades will be ordered on the trading floor but no back office settlement will occur and you would need to fly bird flu kits from Sydney to India. If you out-source IT, then

you will need to give bird flu kits to your out-sourcer – Just manage the risk.

- Loyalty – Similar to out-sourcer dependency is off-shorer dependency. Make sure that your off-shore operation is set up as a branch office of your company and that they all of the staff have your company name tattooed on their foreheads. Their loyalty is to you and not some intermediary.
- Ownership - Loose ownership and you loose control. Avoid them jacking up the price and making you agree to perpetual blackmail because you no longer own and have the expertise to fix the problem.
- Collaboration – Jobs that require extensive collaboration and interaction, e.g. requirements gathering, selling and contract negotiation need to take place at source. When off-shoring you need to assess the extent of interaction required and the cost of poor communication.

Ladies and Gentlemen: Off-shoring is inevitable. Let us do it smartly.

11 Moving Forward

11.1 Slide 68 – Introductory Slide

Ladies and Gentlemen: I have been talking for some time now. I have presented you with a range of challenges and a diversity of ideas on how to get the IT you deserve and how to get real time decision making so that you can standardise, get lower costs, guarantee service delivery and create market dominance.

Please do not feel intimidated or overwhelmed. I want to now summarise how you can get what you want and deserve.

11.2 Slide 69 – Together we can Make Change

Use the simple proven business principles and apply them to IT. Make a decision to do one area of business and take responsibility.

For that area map and model it end to end as the customer interacts. Use the Audience – Task – Recipe approach and determine the standard recipes.

Implement the assembly line for the knowledge workers and standardise.

Then take the next area. Remember to avoid the big bang and that change comes slowly and is done by having lots of people make small changes to the way they do things.

11.3 Slide 70 – Henry Ford

As we wind down, please let me leave you with one last thought:

11.4 Slide 71 - Questions

Ladies and Gentlemen: Questions please.

About IMS Corp.

IMS Corp. is a specialist provider of services in the diagnosis, prescription and remedy of business problems. With a focus on empowering the client, IMS Corp. has met the needs of exceeded the expectation of clients to return shareholder value across the enterprise; to government, corporations and medium sized business alike.

Industry experience includes:

- Telecommunications
- Information Technology
- Banking and Finance
- Oil and gas
- Tourism and leisure
- Government funded organisations
- Industry sector organisations
- Federal and State Government
- Education
- Real Estate

With a focus on and specialty in empowerment to solve business problems you benefit from:

- our specialist expertise and vast experience;
- our proven track record in value-adding to our clients business activities;
- our hands on and pragmatic approach to effectively and efficiently deliver outcomes;
- guaranteed service delivery.

Above all, benefit from our passion enthusiasm and commitment to empowering our clients to solve their problems.