Is IT Important in a Crisis?
A Joint Brainstorming

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Dubai, Nov. 16°, 2009
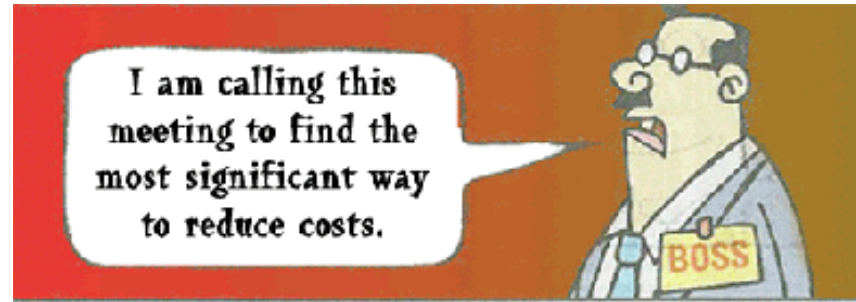
Agenda

- Changes in the Business
- Adding Value to the Business
- Managing the costs in IT
- .. And You ?

Changes in the Business

- Select and keep the customers
- Manage Cash
- Improve Collections
- Improve Productivity

Agenda

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IT Cash

- Capex   30%
- Opex   70%

Adding Value to the Business

- Shorter and smaller projects
- Rigorous Cost Benefit Analysis
- Shorter payback periods and higher ROI
- Better methodologies
  - Val-IT
  - Lean and Digitize

Impact on run-rate Ebit %

- Traditional IT cost reduction (15%)
- Merchandising Investments
- Supply Chain Investments
- Better Pricing

- 0.5%

- 1-2%
- 3-4%
- 3-5%

McKinsey, 2008, example for a retail business

- Projects to increase productivity
  - IVR
  - Screen consolidation
  - Self-service (Use the web)
  - Etc.
- Improve collections
- Improve Risk management modules

Val-IT

Val IT is a suite of documents that provide a framework for the governance of IT investments, produced by the IT Governance Institute (ITGI). It is a formal statement of principles and processes for IT portfolio management.

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Some Suggestions

- Don't Wait for the Cost-Cutting Mandate from Management

- Choose the Best and Brightest IT People for the Team

- Don't Allow Finger-Pointing or Second Guessing

- Enlist an Internal Auditor as Scorekeeper

- Report Results on a Weekly Basis

- Identify a Liaison from the Legal Department

Opex

- HR Resources
  - Internal
  - Contractors & Consultants
- Software
- Hardware
- Telecommunications
- Space, Energy and Consummables
- Depreciation
- Overhead

- 30%

- 20%
- 20%
- 20%
- 10%

- 5%
- 5%

IT Cost: Resources

- Head cutting is very much in fashion in North America
- Watch out:
  - Resources are the most valuable asset of a Business
  - The objective is reduce work not substitute internal resources with contractors
- Use smart methodologies
  - Itil
 - Lean Management (eliminate waste)
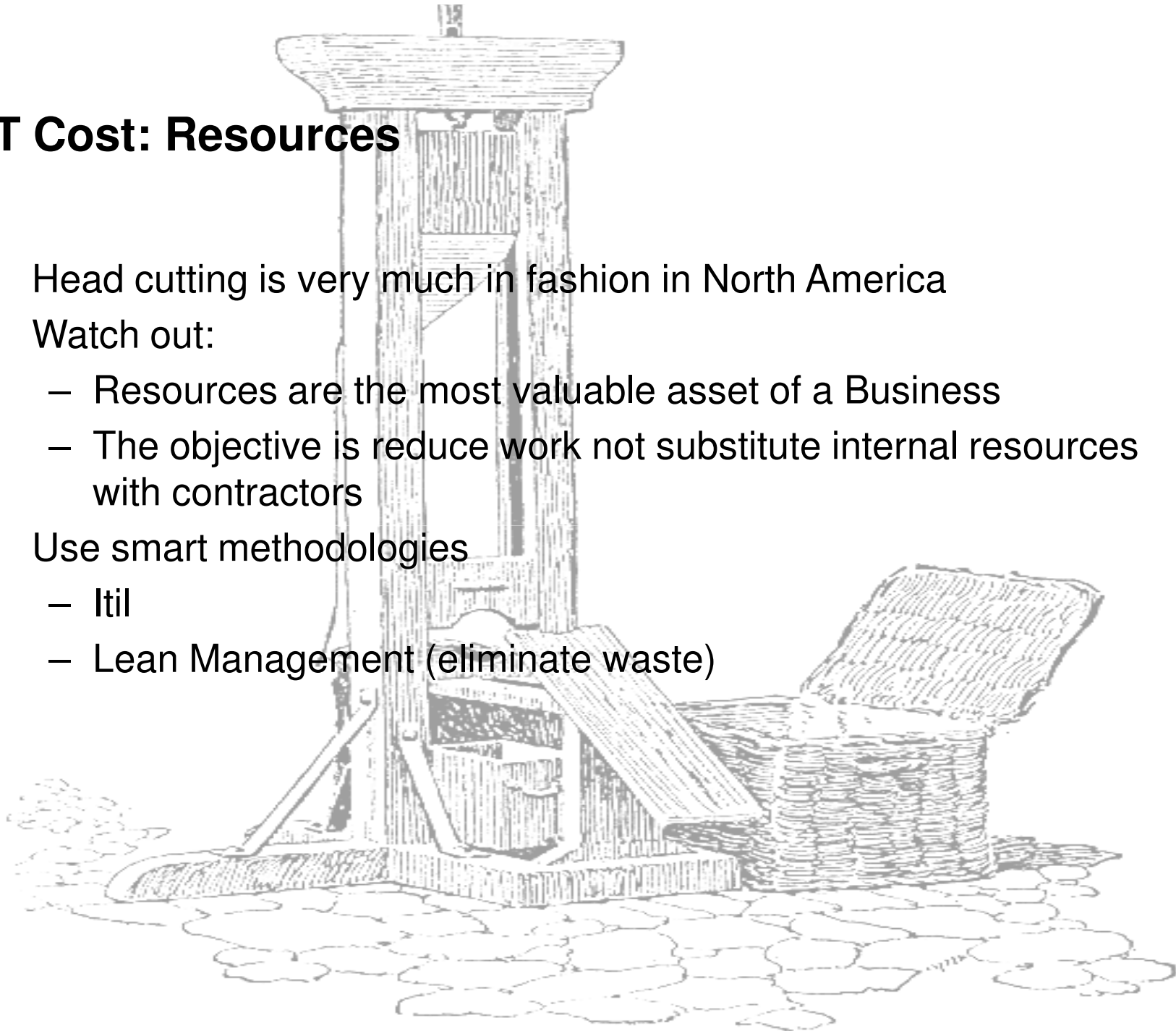
Solution Agility

1. Eliminate project failure risks and unrealized sunk investments.

2. Use Lean principles to strip away the waste preventing you from delivering value

3. Rebalance project portfolio at minimum cost and disruption.

"When things change you must be ready to change with them", Paulson
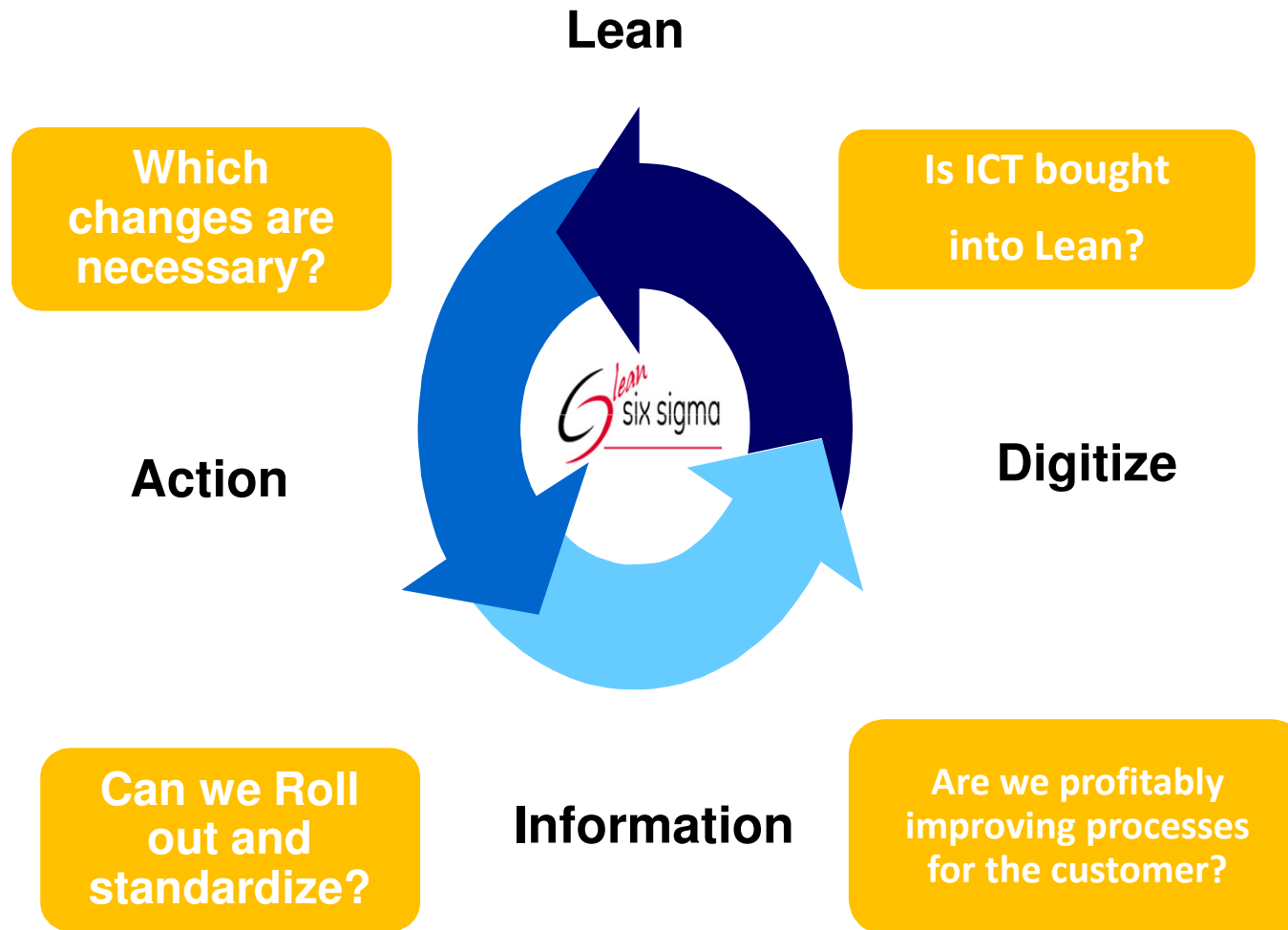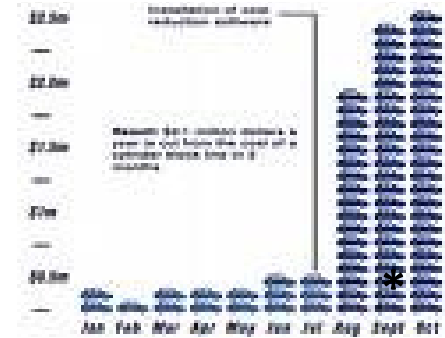
Traditional Lean Six Sigma

Six Sigma ➡️ Defects

+

Lean ➡️ Speed

=

Lean Six Sigma ➡️ Variation+Speed
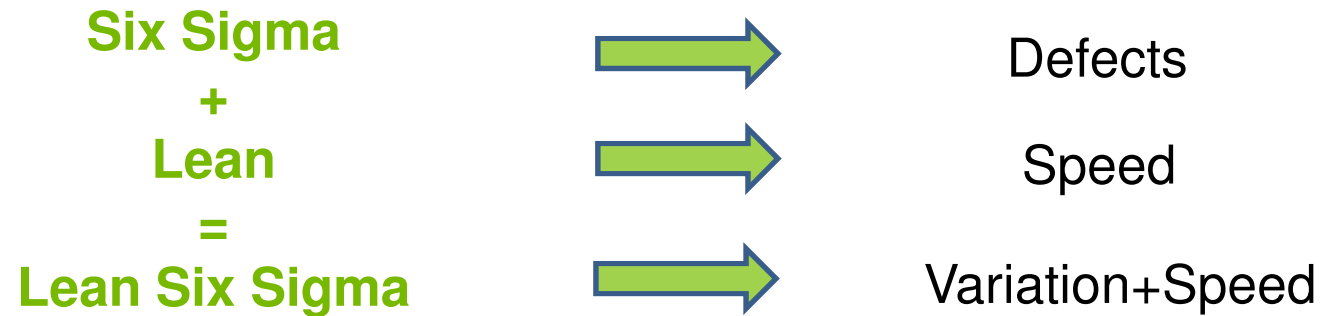
Working on:

- The product path
- The process path

This is fine for products and Processes .. And Technology?

Lean Six Sigma is not enough:
Lean & Digitize

Lean

Which changes are necessary?

Is ICT bought into Lean?

Action

Six sigma

Digitize

Can we Roll out and standardize?

Information

Are we profitably improving processes for the customer?
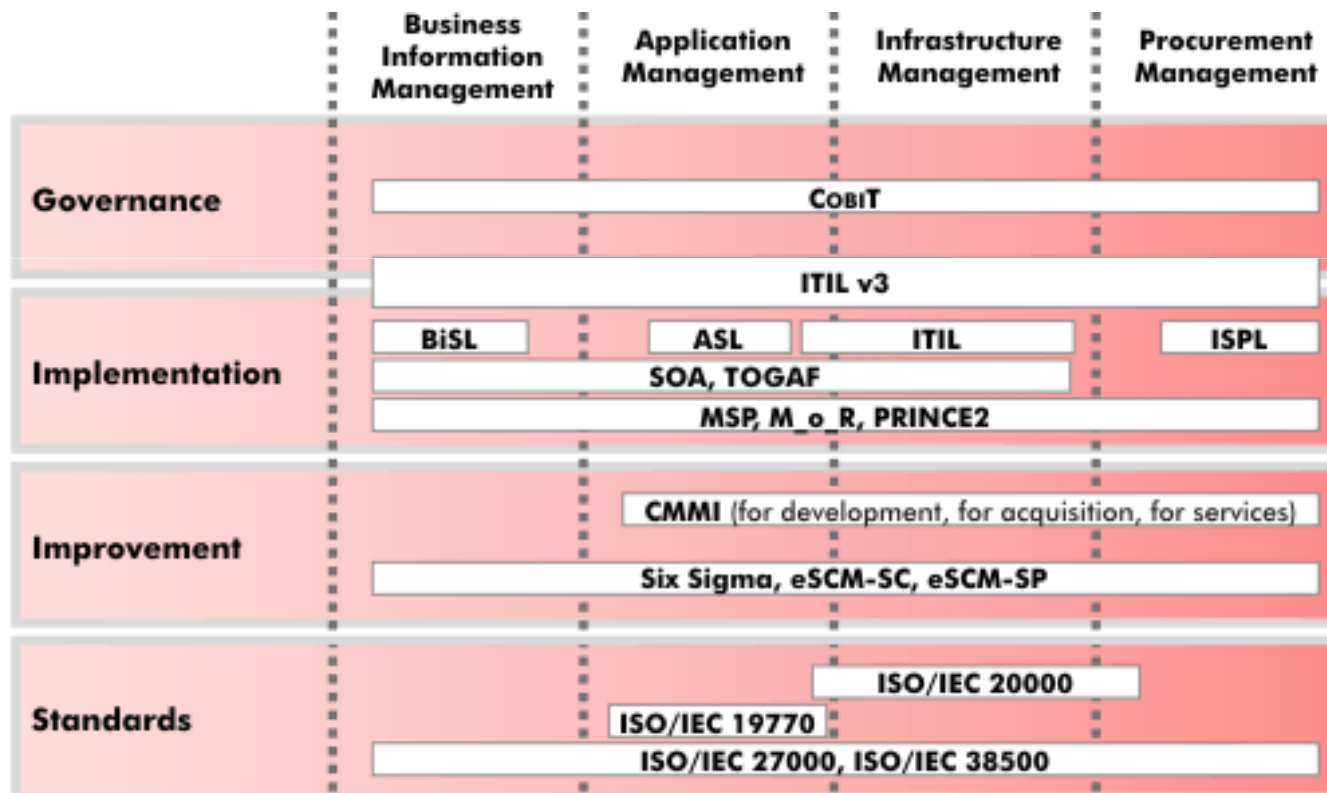
PDCA including Digitization

The Lean & Digitize Methodology
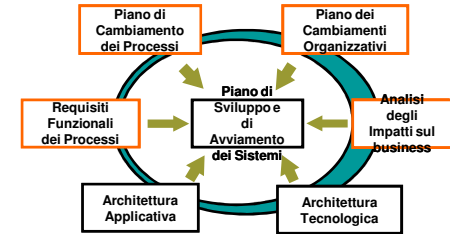
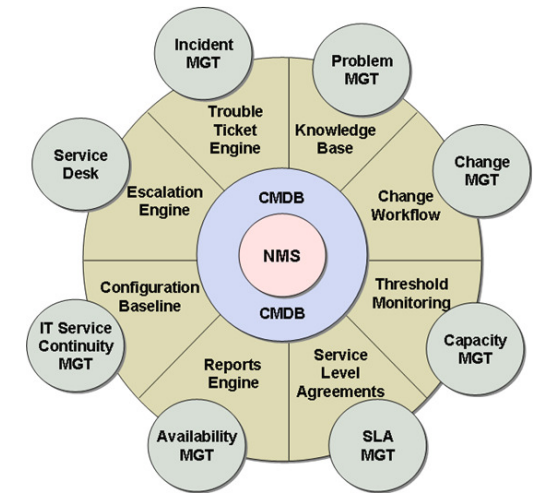

- (Preliminary)
- Define & Measure
- Analyze & Process Design
- Architecture Design
- Build, Test & Deploy
- Verify
- (Replicate)

"With Six Sigma... We were able to dramatically improve our processes"
Ken Lewis

Standards

|	Business Information Management	Application Management	Infrastructure Management	Procurement Management
Governance	CobiT			
	ITIL v3			
Implementation	BiSL	ASL	ITIL	ISPL
	SOA, TOGAF			
	MSP, M_o_R, PRINCE2			
Improvement		CMMI (for development, for acquisition, for services)		
	Six Sigma, eSCM-SC, eSCM-SP			
Standards			ISO/IEC 20000	
	ISO/IEC 19770			
	ISO/IEC 27000, ISO/IEC 38500			

ITL

- The **Information Technology Infrastructure Library** (**ITIL**) is a set of concepts and policies for managing [information technology](#) (IT) infrastructure, development and operations.

IT Cost: Software

- Re-negotiate contracts
- Try to use lower costs alternatives: open source and/or freeware
- Use packages
- New forms
  - SaaS (Software as a Service)
  - BPO (Business Process Optimization)
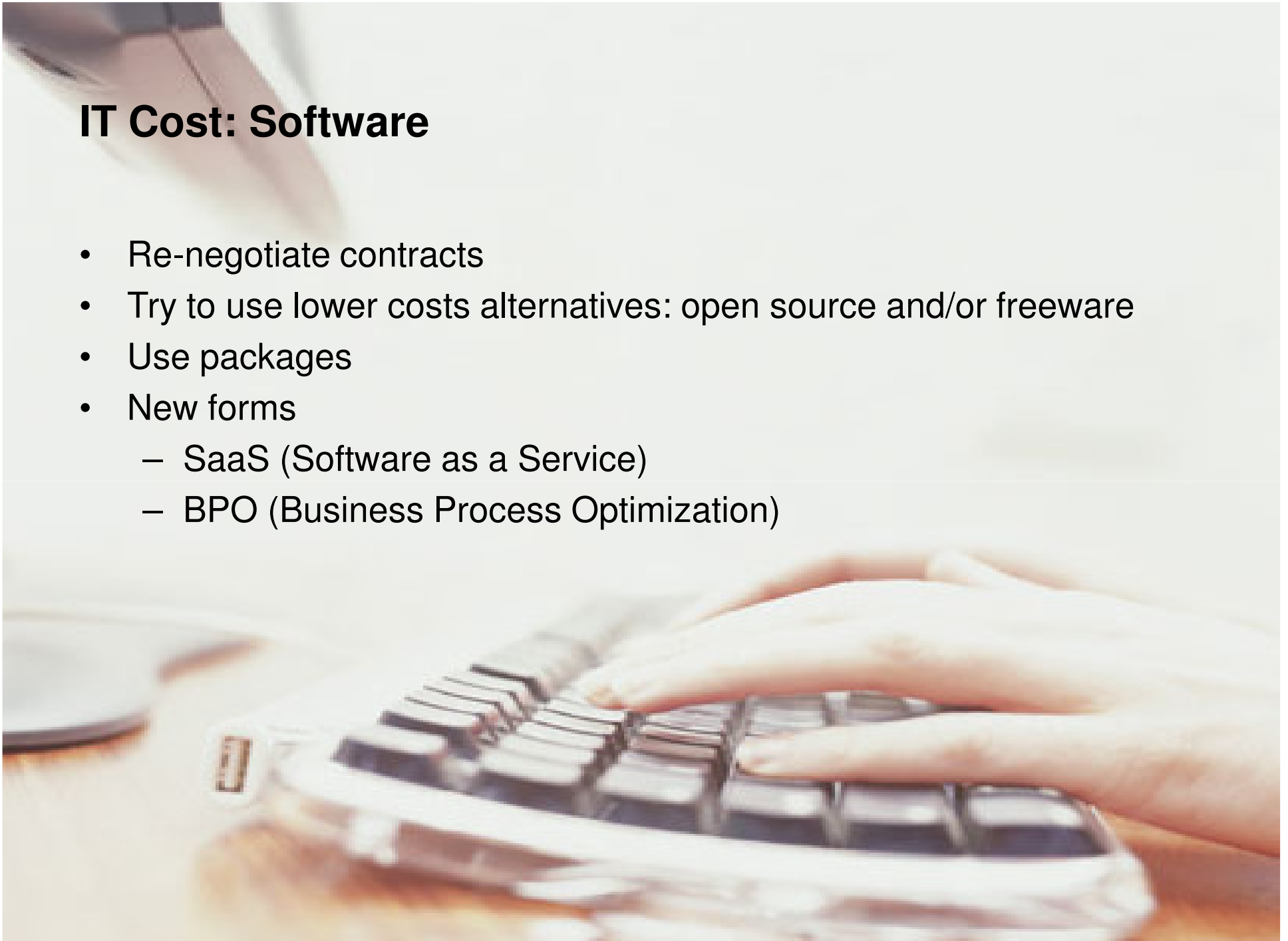
IT Cost: Hardware

- Re-negotiate contracts
- Take care of energy consumptions
- Reduce SLA (e.g. for development and test systems)
- Outsource (e.g. DR)
- Vurtualize

IT Cost: Telecommunications

- Re-negotiate contracts
- Use new technologies
  - VoIP
  - MPLS
- Outsource
  - PABX
  - Call Center

IT Cost: Space, Energy and Consummables

- **Use lower cost options
  (e.g. LED rather than cathode ray screens)**
- **Switch off lights and equipment when not necessary**
- **Print double face in photocopies and printers**
- **Outsource (pay per copy)**

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Personal Excellence

• Communication

• Accountability

• Visibility

• Incentives

Improve the Value of the Brand "You"

- **Do not panic**
- **Add value**
- **Show that you are adding Value**
- **(Global) Network**
  - **Attend meetings**
  - **Join Social Networks (e.g. LinkedIn, Facebook, etc.) to find old and new friends**
- **…**
- **Prepare your Resumè**

Appendix

Resume

- Born in Salerno, Italy
- Fulbright Scholar with a Master from Carnegie Mellon University and a Degree from the Polytechnic of Turin, Italy
- Worked in 10 Countries in several companies
    - MIS and CTO in Alitalia
    - Project Leader in Airplus
    - Program Leader in Galileo
    - CEO in Sigma Plus
    - CTO in GE Money
    - CIO in GE Oil & Gas
    - Management Consultant
    - CIO in AIG UPC Latin America
    - Management Consultant
- Master Black Belt