



Dowling
an ASG Group Company
Innovation. Insight. Intellect.

Executive Summary

Dowling Consulting possesses a comprehensive approach to analysing the performance of IT organisations. This analysis covers key IT areas such as Strategy, Customer Engagement, Architecture, Business Operations, Service Management, Project Delivery, Governance, DRP and Green IT.

From this analysis we develop a series of improvement recommendations that are linked in a practical, achievable roadmap. The roadmap is broken into three horizons: immediate (0-3 months), short-term (3-6 months), and medium-term (6-12 months). Goals and longer-term objectives are set to then provide context and structure.

Dowling commits to making the roadmap a reality by providing on-site leadership and expertise to execute recommendations and deliver the benefits. One client, TechCo (an alias), was able to eliminate over \$8m from its operating expenses after a nine month engagement. This saving represented 22% of the annual IT spend.

TechCo is an international manufacturing company with more than 8,000 employees and annual revenue of \$2.2 billion. TechCo has made numerous acquisitions over its 60 year history. On each occasion, there was little consolidation of the IT groups. As a result, TechCo’s infrastructure became very large, complex and diverse. There was also little centralized control, poor communication between technology silos and weak morale.

Dowling was engaged to deploy our pragmatic approach and expertise in the areas of:

- Strategy analysis and development
- Business process transformation across the plan, source, make and deliver cycles
- Maturity assessment of IT & Governance
- Enhancing the effectiveness of the enabling IT environment
- Technical architecture and delivery of enterprise applications

The overarching goal was to transform TechCo’s IT department so it achieved a lower cost to serve and delivered more value to customers. This more efficient and effective IT department would ultimately contribute to stronger top- and bottom-line outcomes for the wider company.

Situation Analysis

The initial analysis involved a series of interviews with IT management, key staff members, appropriate vendors and IT business customers.

Dowling Consulting was asked to be “blunt and direct”. We pulled no punches and hence the findings were confronting for all.

The nature of the organisation and its evolution contributed significantly to the results of the analysis. A chief culprit was the massive business growth with no, or at best incremental, IT budget growth.

Our observations included:

- IT was disconnected from the business due to a lack of structure and resources to support IT’s evolution with the business.
- IT was a black hole with no visibility of costs or project progress.
- IT staff morale was very low due to a stale, depressed and run-down work environment.
- No technology architecture or standard existed.
- There were few process controls and outcomes were left to the ‘best efforts’ of individuals.
- There was a proliferation of vendors and little vendor management.
- Governance standards and PMO did not exist and there was little compliance to project management or reporting to the business.



Melbourne

Level 9, 312 St Kilda Rd
Southbank, VIC 3006
Australia

Sydney

Suite 4, 10 Bridge St
Sydney, NSW 2000
Australia

Canberra

40 Thesiger Court
Deakin, ACT 2600
Australia

Brisbane

19 Railway Terrace
Milton, QLD 4064
Australia

Adelaide

Level 3, 86 Pirie Street
Adelaide, SA 5000
Australia

Perth (Head Office)

Level 1, 267 St Georges Terrace
Perth, WA 6000
Australia

The Journey to Effective IT Performance

To begin, TechCo's Executive Management team had to recognize the above issues, the business effects and the business's contribution to the overall problem. Only then could an effective transformation program be embarked upon.

It was also imperative for the Executive team to agree that addressing morale and regaining business trust was essential to beginning the journey. Once these operational issues were addressed, a platform would be in place for transforming IT into a 'service led' organisation and valued business contributor.

Two small, but tangible investments were quickly kicked off to demonstrate change was underway and provide a quick morale boost. The IT offices were re-furnished to create a modern, open-plan work area with reasonable work spaces and an administrative clerk was employed.

The latter spend led to a significant reduction in Help Desk workload virtually overnight because more than 30% of all Help Desk calls were 'switch board' related. Secondly, the role included responsibility for the receipting and shipment of PCs. Previously, this was uncontrolled leading to a large (unquantifiable) number of 'misplaced' PCs and leaving customers waiting on promised deliveries that never occurred.

A New Organisation structure

We also realised that the IT organisation was not optimally structured. To achieve our objective of *running IT as a business* we needed the right people in the right roles. All of the IT areas were reviewed and a new structure defined. This led to some redundancies and redeployment or training of those affected.

An **IT & Business Relationship** section was created and a program developed to get IT personnel out amongst the business operational areas to understand the business deliverables, break down barriers and improve responsiveness. All staff were provided with training (including ITIL) to develop a common language and understanding of best practice. The re-organisation also established a PMO and appointed new Project Managers.

Our review uncovered over 400 projects active with only two PMs! By applying some business prioritization and, sharing time and resource constraints, we were able to reduce this backlog to about 80. Increasing the throughput of our PMO was a critical factor in gaining business trust.

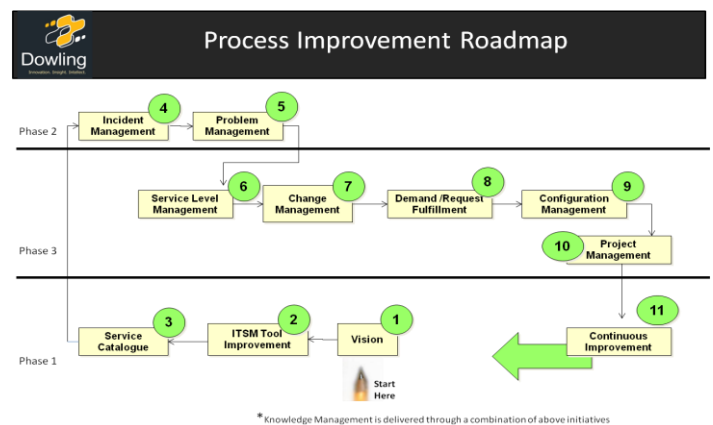
Server farms, virtualization techniques, communications and software were reviewed and vendors consolidated, SLAs and contracts renewed and vendor profiles rationalized. The IT assets were identified and surplus assets and maintenance contracts were

eliminated. This resulted in simplified problem management, serious cost reductions and a refocus on the client's expectations of each vendor.

And, the client was serious about its carbon footprint, being conscious of the NGER regulations and the consequent need to report in that financial year. A Green IT review resulted in reductions in power consumption for both the desktop and server farm. New technology and a printer policy reduced paper and power consumption across the organization.

While these IT initiatives were in progress a service quality assessment of the client base was conducted. The objective was to close the expectation gap with the management of the user community and simultaneously improve SLA management to appropriate levels to meet actual rather than perceived business needs.

Finally, the organisation's Service Management capability needed to be improved. While processes existed they were not understood, managed or measured. The initial process improvement roadmap developed was a three phase approach involving the following components:



A Team Approach

Dowling worked with employees to develop the individual processes and formed process teams to review procedural changes that were to be implemented.

Some of the more demanding tasks included:

- Identifying all of the products and services the IT department delivered and compiling the information into a Service Catalogue as a basis for request classification and customer reporting.
- Evaluation of the legacy ITSM tool capability.

- Re-working the categories and priority scheme to improve incident management to align with business requirements.
- Adjusting relevant terminology.
- Instituting effective problem management.
- Instituting a Change Advisory Board (CAB) to facilitate communication between IT areas about upcoming system or infrastructure changes.

Dowling Assumes Line Management Roles

There was a lot of work to do in a short period of time. And, the client organisation did not have the required skills or experience to drive this transformation program. As a result, Dowling provided a team to lead and drive these changes. Dowling team members assumed key roles including:

- *Service Improvement Manager* to develop and implement the program;
- *Operations Manager* to oversee all IT work to allow the CIO to focus on customer engagement and rebuilding trust in the IT organisation
- *Change, Incident & Problem Managers* to design and implement these processes

The IT Transformation project was implemented in a staggered fashion to balance ‘business as usual’ commitments. Ultimately, Dowling implemented the 11 processes planned in the roadmap and successfully realized a number of business benefits.

Results

A range of immediate tangible results were achieved in eliminating backlogs through improved process compliance management. These were instantly recognized by customers and staff alike and included:

- A reduction in the change request backlog from 1800+ to 122 over 2008-09.
- Outstanding Incidents and Problems were reduced by 87%
- The overall customer satisfaction rating increased from 63% to 82%

A number of important intangible benefits were also achieved including:

- Renewed pride and morale of IT staff.
- A ‘service culture’ within the IT function.
- Respect for IT from the business.

OPEX Reductions Identified and Implemented in the first nine months of the project included:

Initiative	Benefits	Realisation Time Frame
IT Restructure	\$1 Mill	Immediate
Productivity Improvements	\$500K	12 months
Printer Consolidation	\$1.5 Mill	Immediate
LAN/WAN and Communications improvements	\$6 Mill	12 months

Lessons Learned

With all programs of this size there are numerous roadblocks and impediments. Not all can be overcome and sometimes they only become clear in hindsight. This is a summary of the key contributing and inhibiting factors encountered during the engagement.

- The initial ‘carte blanche’ provided by the customer executive to ‘get this right’ was a powerful contributor to the success – we could avoid politics and act decisively.
- The bulk of the IT team were thirsty for leadership and change. Once they felt the tide shift, their commitment and support was invaluable
- The personal relationships of IT staff with the business was exploited to develop stronger commitments
- It was essential to maintain a focus on the Transformation Project and not be seduced by initial success – when you reduce focus, ‘business as usual’ has a way of taking over. This makes it hard to roll into the next phase as a ‘we have done enough’ sentiment can emerge
- Communicating and celebrating success and project milestones is important – everyone loves a winner so keep the good news rolling to maintain support for the project
- Plan the ‘Transition Out’ of the consulting team so that there is a phased transition of roles to internal staff. A hard finish can see a ‘slide back’ unless well managed.