



Taking Charge of Change

Emirates Stadium

31st January 2008

Taking Charge of Change, Emirates Stadium: 31st January 2008

Overview

On 31st January 2008, the Emirates Stadium, home of leading Premier League side Arsenal played host to over two hundred IT professionals who had come together to get insights into the leadership and management issues of coping with enterprise change initiatives and how IT can help lead and manage that change.

The Emirates Stadium itself was a subject of change in recent years, having been uprooted from its 70-year home in Highbury a few miles away and radically transformed to become the second largest stadium in the Premiership.

The event was hosted by Graham Spittle, Vice President of IBM Software Group, UK Ireland & South Africa and Steve Mills, Senior Vice President and executive of IBM Software Group.

The day featured a combination of presentations from customers and IBM senior executives. Delegates were able to share their experiences on initiating and dealing with change strategies, the associated challenges and lessons learned in both formal and informal settings.

Understanding Change: *“a journey not a destination”*

Graham Spittle, VP Software Group UK, Ireland & South Africa, IBM began proceedings by welcoming all delegates and introducing his colleague Steve Mills, Senior Vice President and executive of IBM Software Group. Mills opened the session saying: “Information Technology has transformed our lifetime but we’re at the beginning of what the possibilities for change are. The most important thing to remember about change is that it is a journey not a destination.”

In the case of enterprise change, the journey must be carefully managed to mitigate the risk of becoming unprofitable and losing competitive edge.

IT capabilities alone are not enough when it comes to managing change successfully. **IT managers must future-proof business processes by selecting a long-term IT strategy, which has early buy-in from all sides of the business.** It is critical that each person in the organisation face in the same direction. The early stages of change involve managing a lot of intangibles such as shifts in perception, after which an education process must take place. From the very beginning, time investment and commitment is essential.

The Data Crunch

Steve Mills identified exponential growth of data and workforce mobility as the most significant triggers for change.

Mills highlighted that an organisation employing 1,000 knowledge workers loses \$5.7million of working time annually just in time wasted having to reformat information as they move between applications. To add to the issue, Mills estimated that the business world will be dealing with approximately 988 exabytes of data - that’s information created and replicated - by 2010.

“We spend 14.5 hours reading and answering email per week, 13.3 hours creating documents, 9.6 hours searching for information and 9.5 hours analysing information,” he said.

Taken at face value, the data crunch seems a simple enough issue to troubleshoot. When bearing in mind that any workforce dealing with the data crunch is mobile - in fact, according to Nemertes Research Inc., 90% of employees work in locations other than the company headquarters - the need for a solution that keeps everybody connected, communicating and able to collaborate becomes apparent.

Managing Mobility

The way we do business continues to evolve around us. The workforce is increasingly more mobile. Mills referred to some key statistics:

- 58% of IT Executives consider their company to be a virtual workplace
- 90% of employees work in locations other than the company headquarters
- Between 60% and 70% of employees work in different locations from their managers
- The number of virtual workers has increased by 800% over the past five years

Source: Nemertes Research Inc.

The realities of a virtual workforce make it more important than ever for people to collaborate and technology is a great enabler of this. Organisations need to build dynamic connections between people, their knowledge and skills.

Agents for Change

Mills cited Service Oriented Architecture (SOA) as an agent for change; at the core of Business Process Management, it allows you to create a set of related and integrated "services" - i.e., repeatable business tasks, linking people, processes and information and enabling flexibility in change.

SOA

Mills highlighted two IBM customers' SOA implementations as good examples of change management. Standard Life and Travelex UK were both able to transform their businesses by deploying an SOA infrastructure.

Standard Life International made internal systems directly available to key distribution channels. The ROI was demonstrable:

- Reuse of 51% of services, resulting in savings of over £3 million in development costs
- Increase transaction rates by 900% without increasing operations staff
- Better managed business applications

Travelex UK, a major foreign exchange company, consolidated its disparate foreign exchange systems onto an open, SOA integration platform, eliminating the need for point-to-point integration. A standardised application development environment enabled the organisation to reuse existing software components, bringing the following benefits:

- An 85% reduction in time required for processing of foreign exchange transactions
- A 20% reduction of administrative costs
- Decreased application development costs
- Reduced cycle time by 30% due to employing reusable software components
- Simpler integration with partners

Information Management

Information Management was a key requirement for the New York City Police Department. They had a distinct need to bring information together from disparate sources.

IBM created a real-time Crime Information Warehouse - enabled with business intelligence software, GIS mapping and visualization tools - which gave the NYPD with a single, easy-to-use point of access integrating data from multiple siloed crime data systems. The benefits included:

- Quicker and easier access to crime-related data
- More efficient **analysis and detection of crime patterns** as they were forming
- A **faster and higher rate of case-closing**

Following this introduction to change management, IBM's Spittle returned to the stage to hand over the day to three customer speakers. In these sessions, delegates heard how IT managers dealt with and managed change. The key points are summarized below.

Royal & SunAlliance

Echoing IBM's Mills, David Weymouth, Group Director IT & Operations, Royal & SunAlliance, observed that it is difficult to make any change effective unless it is based on a simple strategy, which is understood - along with all its consequences - by all of the people involved.

Royal & SunAlliance - one of the world's largest multinational insurance groups - had one clear objective for change; 24,000 employees worldwide in 320 countries had to be given the right tools to enable them to deliver sustainable, profitable performance to its 20 million customers across 130 countries worldwide. This was no mean feat as the company had grown through acquisition of multiple companies and had a variety of stovepipe applications and disparate processes.

Royal & SunAlliance worked with partners to create an open framework for change, which resulted in greater business flexibility and better optimised IT systems

Weymouth quipped: "The very nature of change is changing, the language of change used to speak of 'the problem'. Today, we talk - and not without irony - about 'the exciting opportunity'. I think it shows that we have more positive go-getting approaches to managing change."

DVLA

Offering his experience of change was Derek Hobbs, Research and Marketing Director at the DVLA. "Despite holding 33 million vehicle and 41 million driver records, the DVLA is more than a public records-keeping agency; it is one of the biggest online retailers in the UK, handling more than one million transactions per month."

The early stages of change management at the DVLA involved managing the necessary 360° external perception shift. Externally, the perceptually 'staid and paper-based' company needed to become more modern and easier for its customers to interact with. Internally, it needed to increase operational efficiency and remain compliant.

In 2002, IBM Global Business Services created a bespoke solution to cope with the forecasted take-up of 39% user increase by 2015. As a result of the change management project, the DVLA saw:

- Up to **one third less operational cost per transaction**
- Improved compliance
- **Increased uptake in online transactions** - over one million transactions per month are now processed electronically, amounting to approximately £10 million in Customs & Excise (C&E) revenue per day
- High levels of customer satisfaction - **100% of customers saying that they would recommend the online service to a friend**

Honda Racing Formula 1

Illustrating a healthy approach to change and the right company culture to deal with it David France, IT Director, Honda Racing Formula 1 team began, "The ability to complete a quick change is a pre-requisite to success in Formula 1. As a 'global shop window' brand in a highly competitive, highly regulated sporting environment where one split second is the equivalent of a country mile and the life expectancy of a car in any configuration is just *one week*, Honda is no stranger to constant change."

For Honda, keeping up with change is not just about delivering a car to a track and attempting to win a race by out-developing the competition. "The FIA keeps us on our toes and each competition presents a new change challenge" said France, alluding to the latest challenge presented by the 2008 FIA Formula One World Championships - to compete and deliver track-side excellence during the first night-time event in Formula One history in Singapore.

Pointing to the danger of avoiding change, France concluded, "Change is always time driven. If you take your foot off the gas, your organisation will overtake you and the changes that need to happen will - unexpectedly and in an unstructured way - causing insurmountable business risk. If I were to play back the words of our founding father Soichiro Honda, companies should not fear change if that fear is born out of a fear of failure."

Conclusions

Closing the morning plenary sessions, Linda Sanford, Senior Vice President Enterprise on Demand Transformation & Information Technology at IBM surmised that globalisation and the demand for 'business without borders' are key drivers for enterprise change; as was certainly the case for IBM. The company's own change management initiative involved providing its 300,000 global employees worldwide with unified systems and processes - by consolidating 3,900 disparate servers on to just 33 System z mainframes.

Sanford indicated that it's easy to take a utopian view of change. "The reality from our own experience is that not everyone within an organisation is facing in the same direction at the start. In any global organisation people have different processes and use different systems. It's only once you have understood that about change that you will be ready to tackle it" she said.

Jeremy Forshew, IBM Global Business Services who led the DVLA transformation project, echos this: "In order for change to be viable from an investment perspective, engage early with end-to-end business service owners, focus on flexibility and re-use, identify the bottlenecks and drive the pace."

The day continued with insights from Tim Smitt, CEO of the Eden project, discussing his definition of change during lunch, "Doing things you've never done before all the time".

Delegates had the opportunity throughout the afternoon to network with colleagues, meet with IBM subject matter experts or go on a behind the scenes tour of the stadium.

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Delegate feedback

"Thank you for a very well organized and enjoyable event"
Frank Smieja, Fidelity Investments

"Thank you for a most informative day yesterday. I thoroughly enjoyed the day and took away a lot to think about."

Peter White, BAE Systems

"Well done on a great event and here's to more like that to help drive business along!"
Neil Burston, Avnet

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