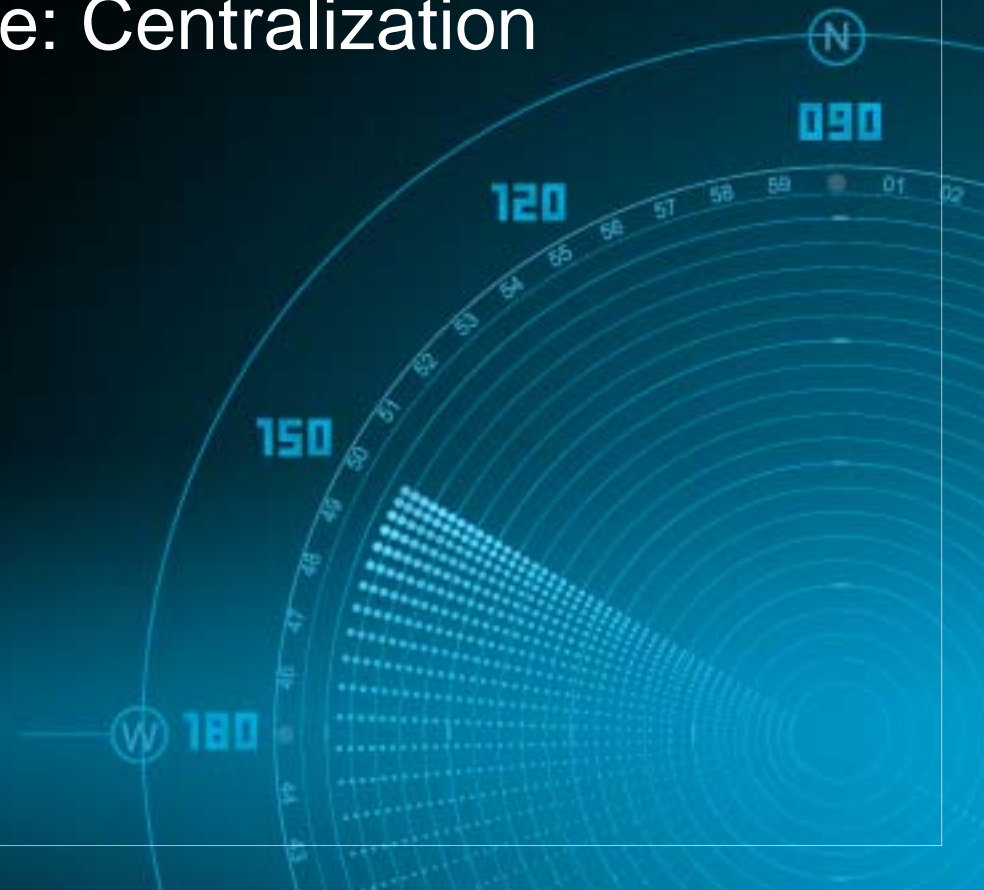




Talking Points Organizing for IT leverage: Centralization

January 2012





Organizing for IT leverage: Design (1)

- Document current 'partially-centralized' wins - build a baseline
- Ditto for Asset/Technology Life-cycle Model
- Identify and estimate costs of current non-centralized operations

- Identify first areas/groups for improvement
 - Upside (measurable and anecdotal)
 - Cooperation
 - Ease of implementation
 - Potential to serve as model to replicate
 - Power of influence on rest of firm



Organizing for IT leverage: Design (2)

- Create tech refresh plan and justifications
 - You will have to 'sell' life-cycle models throughout the culture, consistently
 - LOB-centric technologies
 - Build justifications (keyed to changes in their markets) -- will need frequent updates
 - Move fully depreciated technologies to lease-line (for subsequent refresh)
 - Some pockets of end-user computing will need faster refresh than others (e.g. design, mrktg)
 - Infrastructure-centric justifications (keyed to capacity growth, expense control, TCO)
 - Servers in x86 class performance-per-dollar grows in 20-30+ per cent every 18 months
 - This 'gain' can either be harvested (under continual capacity) for other investments or can be exploited via a flat-line budget (i.e. capacity growth for the same monthly expense)
 - Requires streamlined workload provisioning processes/technologies
 - EUC refresh based on TCO cost-avoidance and on 'pre-empting' non-compliant purchases



Organizing for IT leverage: Design (3)

- Create financial processes and structures to support centralization
 - Financial structures to support centralization
 - Move as much future IT CAPEX to OPEX (e.g. operating leases) as is feasible
 - Consider sale-leaseback as a tool for converting past IT CAPEX
 - Review chargeback, allocation, and cost-awareness processes/policies
 - Financial processes to support centralization
 - Expedited processes for standards (e.g. requests, approvals, reviews)
 - "Sharing" volume discounts (on standards)
 - De-couple key points (hardware, software, services, financing)
 - Asset management life cycle awareness (including cost of disposal)
 - eProcurement? (e.g. Ariba, BASware) -- but not until the process has been reviewed



Organizing for IT leverage: Design (4)

■ Global considerations

- Financial and legal structures are the least flexible, and require more external expertise than would IT architecture
- Technology alternatives vary slightly from geography to geography, but some areas of technology are fairly uniform (e.g. Intel's Single Image SIPP program for end-user computing)
- Must be able to show value to the LOBs, in exchange for them giving you visibility into their IT operations (especially 'shadow operations')
- You will have fewer fall-back options in the new markets you are entering--you will need to consider 'reduced complexity' footprints in some areas



Organizing for IT leverage: Sell/Implement

- Develop centralization initiative and implement 'strategically'

- Create incentives to comply
 - Financial
 - R&R (Rewards and Recognition)
 - SLA ('express service lines')

- Address process variants
 - Identify, assess impact, and find root-cause
 - Modify process for useful variants
 - Construct barriers and incentives to reduce sub-optimal variants
 - Utilize 'franchise' models in difficult cases



Organizing for IT leverage: Refine/Review

- Rationalize the internal elements of each process
 - Vendor selection process
 - Vendor consolidation
 - Service providers and managed services
 - Software contract terms
 - Etc.

- Review -- with a view to the 'market'
 - You are a service provider to the LOBs
 - How do you compare price-wise, service-wise, etc with external 'competitors'
 - Budget for Sales & Marketing -- and 'trumpet' every win and every 'lesson learned'



MACQUARIE

Thank You

