

Six Pillars of IT Value

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Agenda

- Get the Boards Attention
- Benchmarking
- Projects
- Finance
- Organisation
- Sourcing

Get the Boards Attention

- Act like a Businessman
 - Care about the Bottom Line
 - Communicate
 - Help Grow Sales
 - Social Media
- Don't Forget the Day Job

High Level Benchmarking

- % Turnover Spent on IT
- No of IT staff per 1000 Users
- IT Cost per User
- % of Total spend on Projects
- Project Pay Back
- % Contract Staff
- Operational Metrics

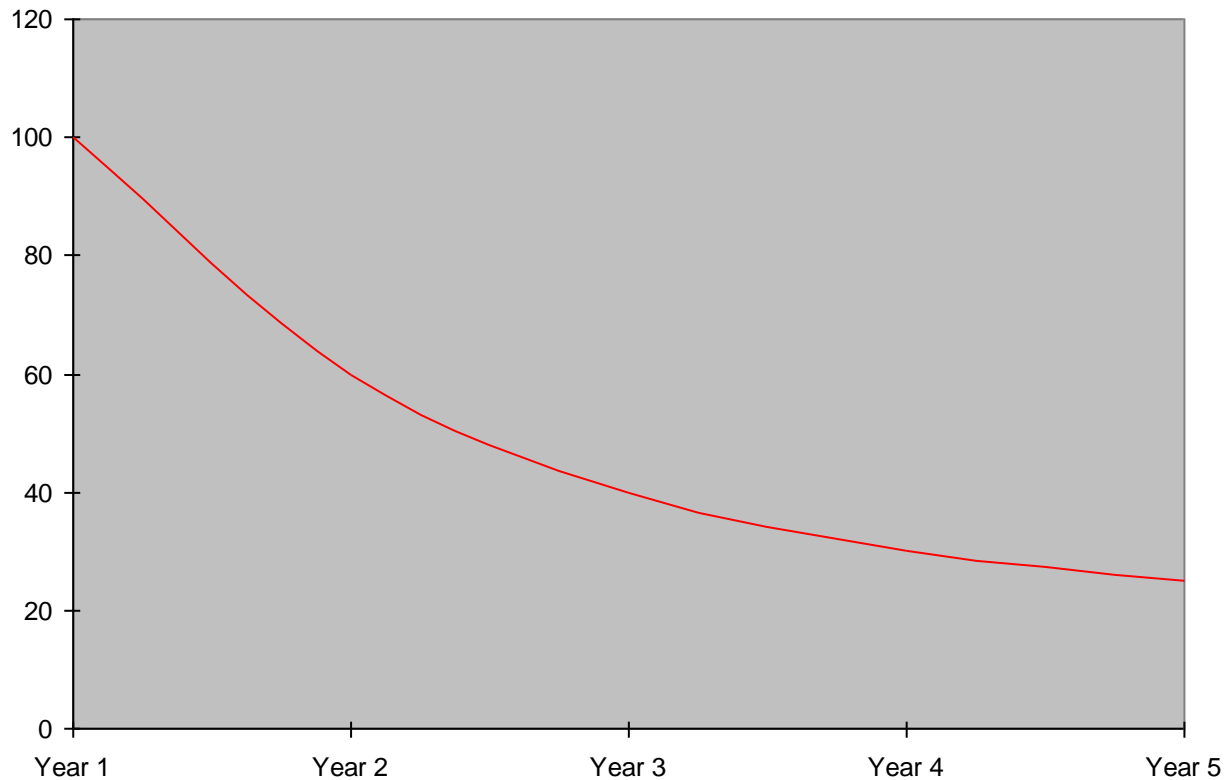
Financial Services Example

Description	Section	Year 0 £M	Year 1 £M	Year 2 £M	Year 3 £M
Staff Costs	6	11.4	10.2	9.0	9.0
Maintenance	7	10.7	8.6	7.5	5.0
Communications	8	2.3	1.0	0.0	0.0
Depreciation	5	28.0	22.0	16.0	10.0
Total IT Costs		52.4	41.8	32.5	24.0
Total Capital Projects	5	15.0	7.0	7.0	7.0
Percentage of Turnover on IT		10.9%	8.7%	6.8%	5.0%
Proportion of IT Spend on Projects		35.4%	23.5%	26.42%	29.1%
Number of IT Staff per 1,000 Users		135	123	111	111
IT Spend per User		£19,500	£15,700	£12,400	£9,100

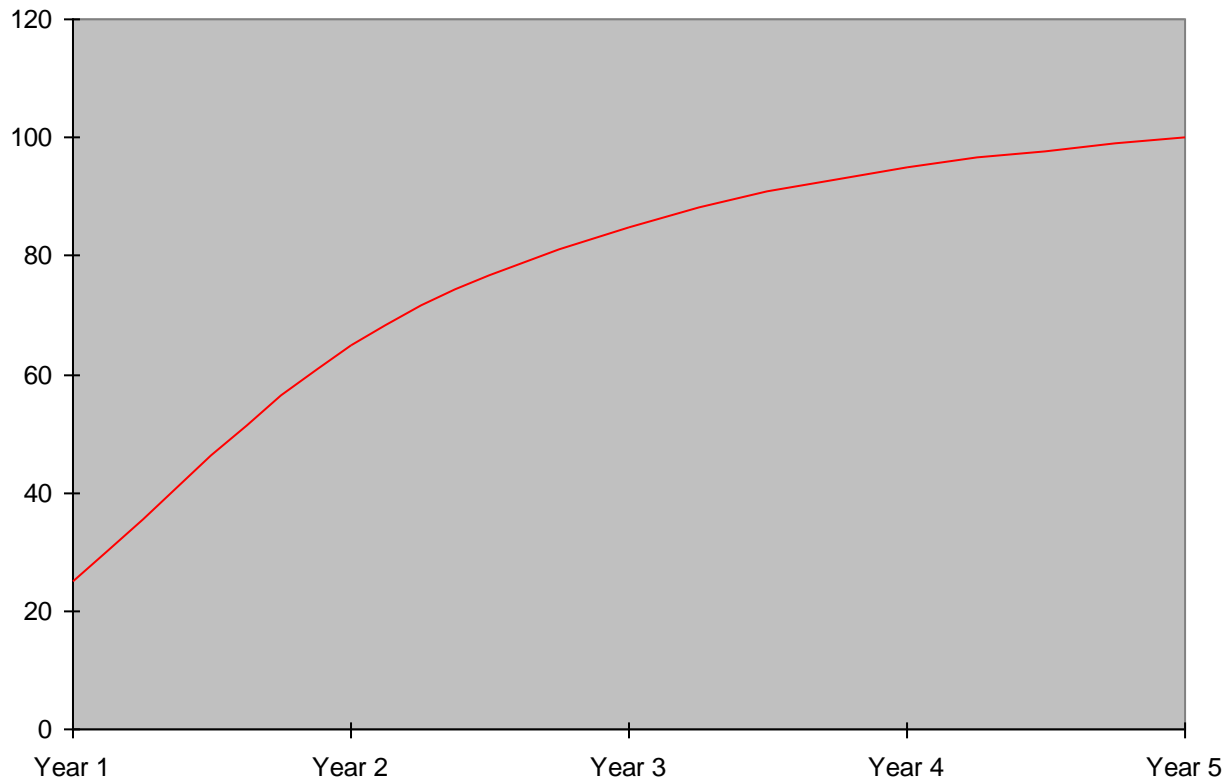
Project Control & Benefits Realisation

- Have to Do vs. Want to Do
- Hard vs. Soft Benefits
- Hurdle Rates
- IT Benefits Tracking
- 15% Maintenance Principle
- Technical vs. Business Projects
- Appropriate Sign On
- Other Departments Benefits

Project Effect on Costs



Project Effect on Sales



Finance

- Monthly accounts & management meetings
- BAU vs. discretionary spend
- Low hanging fruit
- Appropriate categories of spend
- Spend vs. budget
- Spend to end of Year
- Spend to project completion
- Safety factor

Finance – M&A

- Most fail
- IT synergies
- Shareholder value
- Due diligence
- Integration engine
- Second wave of synergies

Organisation

- Not too Shallow
- BAU vs. Discretionary
- Personal Traits – Steady State vs. Change
- Internal Meetings

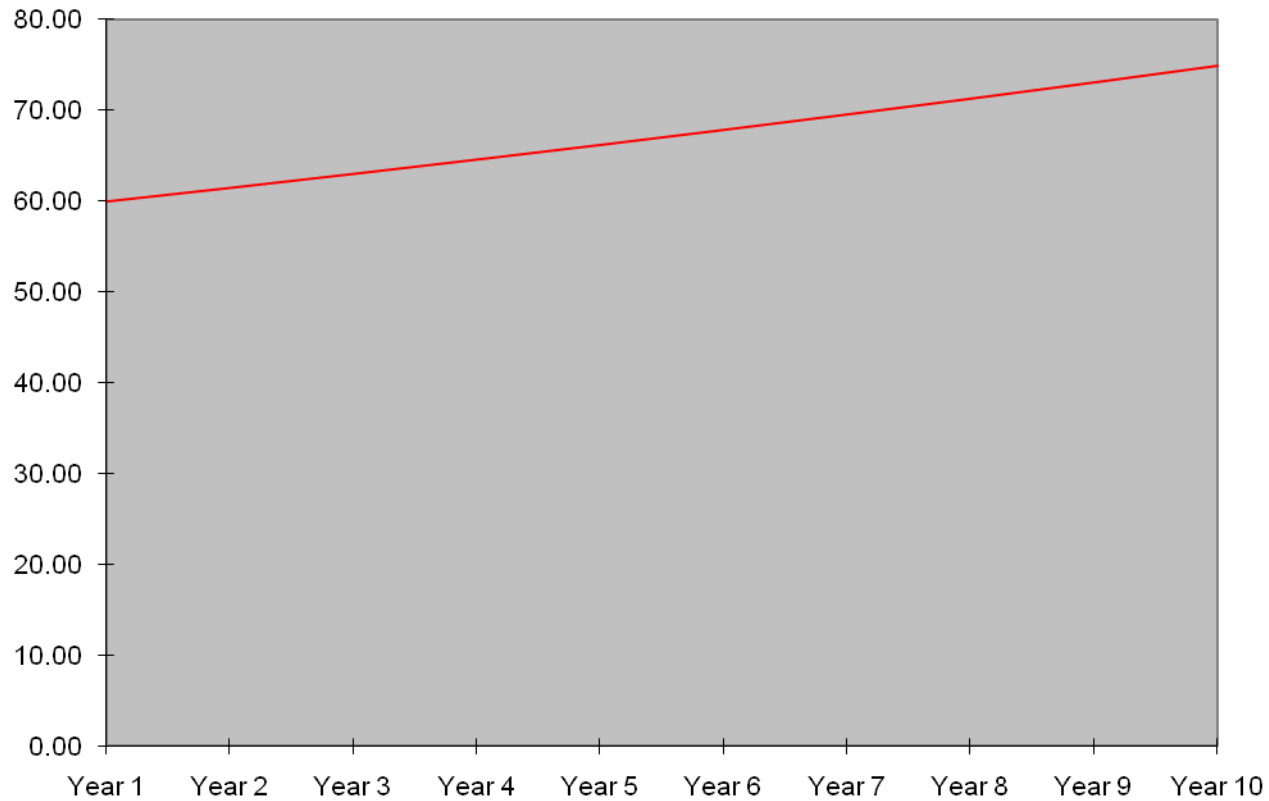
Sourcing Strategy

- If you are Big Enough you should be Good Enough
- Marginal Costing:
 - Banks & Airlines
 - Data Centres
- Government
- Competition
- Contractor vs. Permanent
- Forward Resource Plan

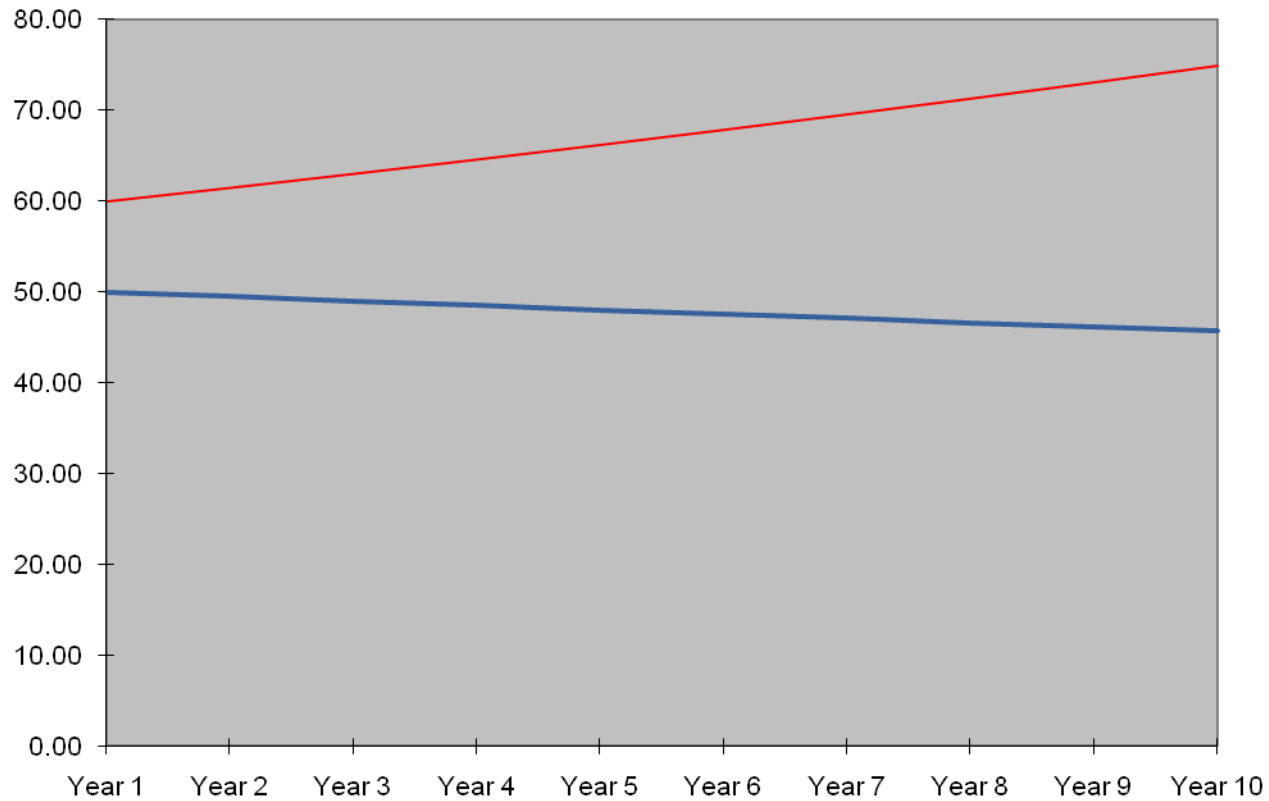
Sourcing Strategy

Most Outsourcing Deals Fail to
Produce the Right Value

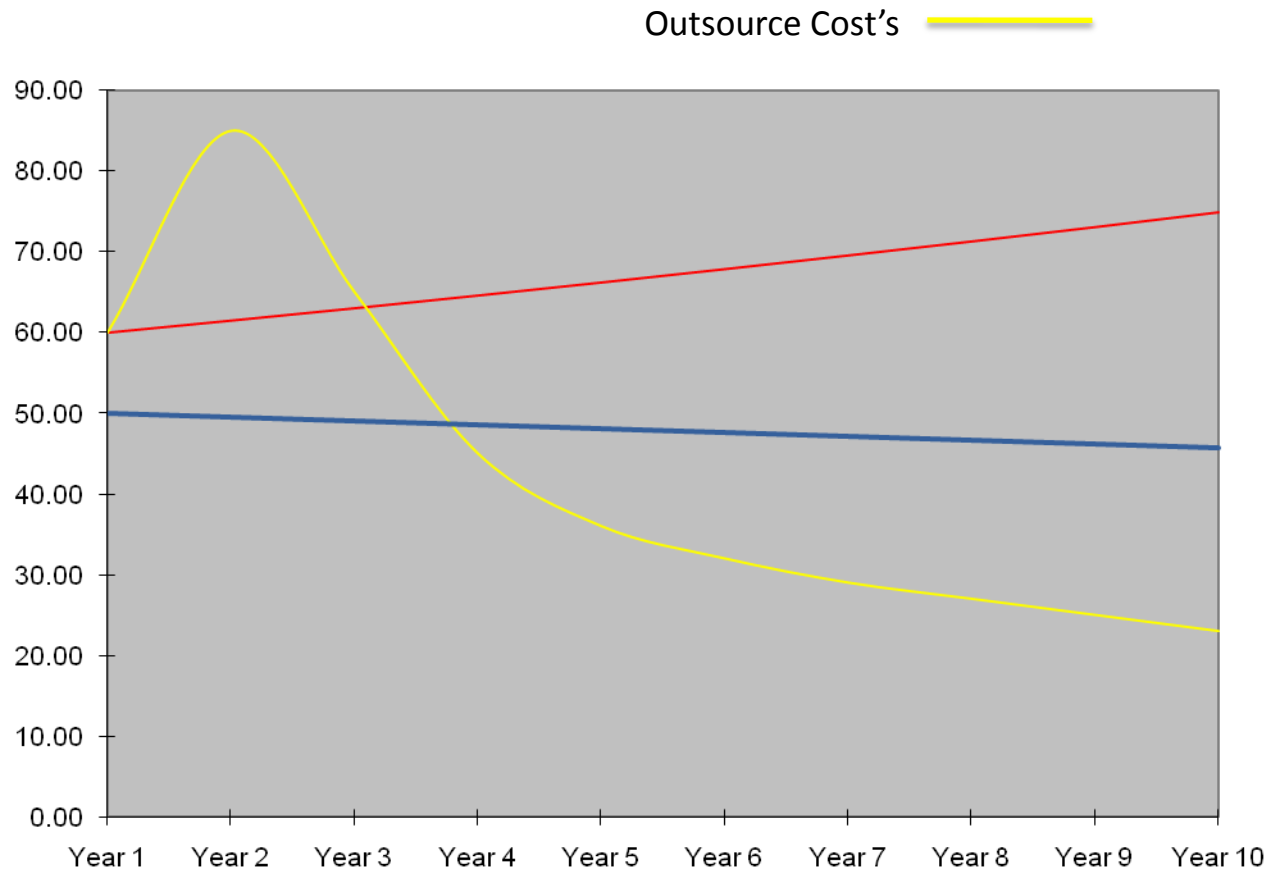
Sourcing Strategy – Your Costs



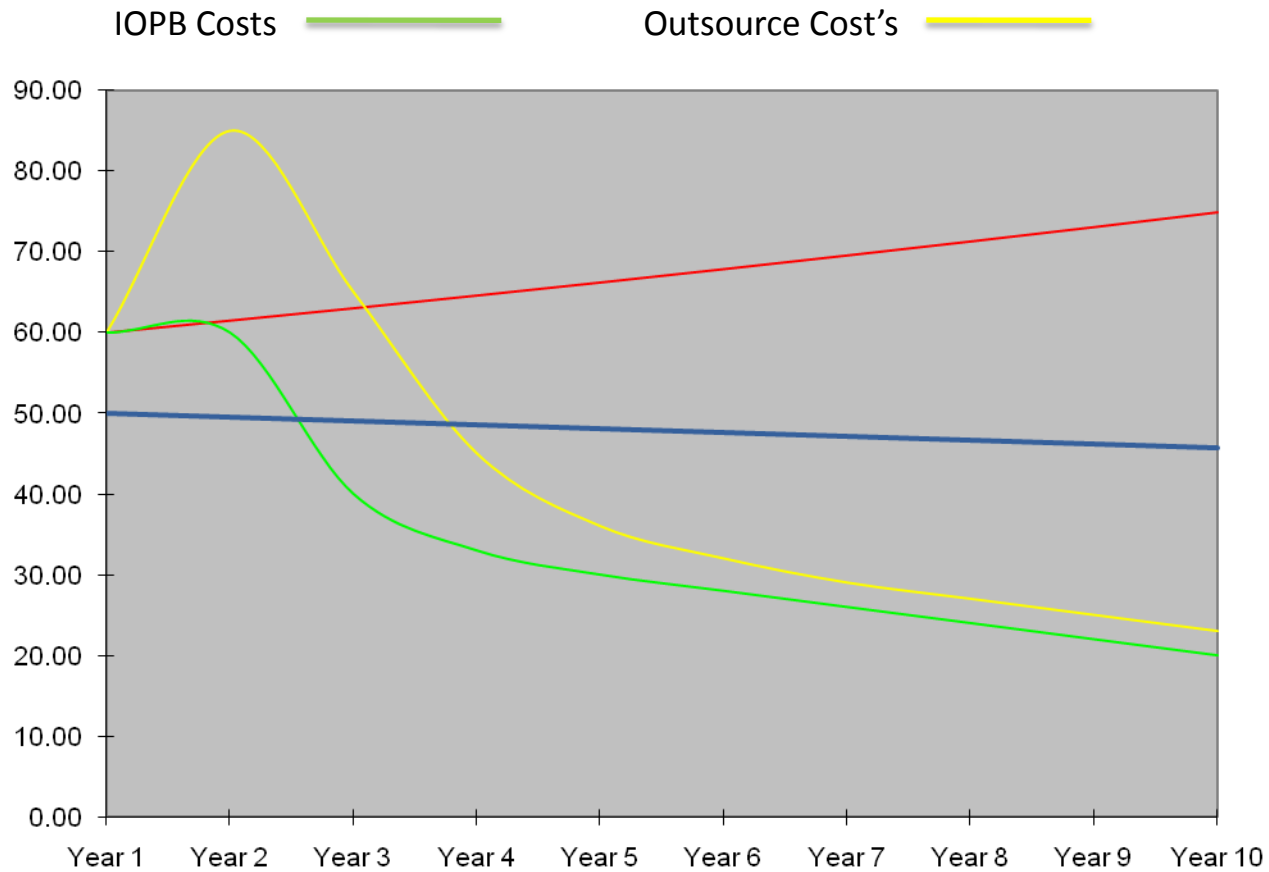
Sourcing Strategy – Outsource Price



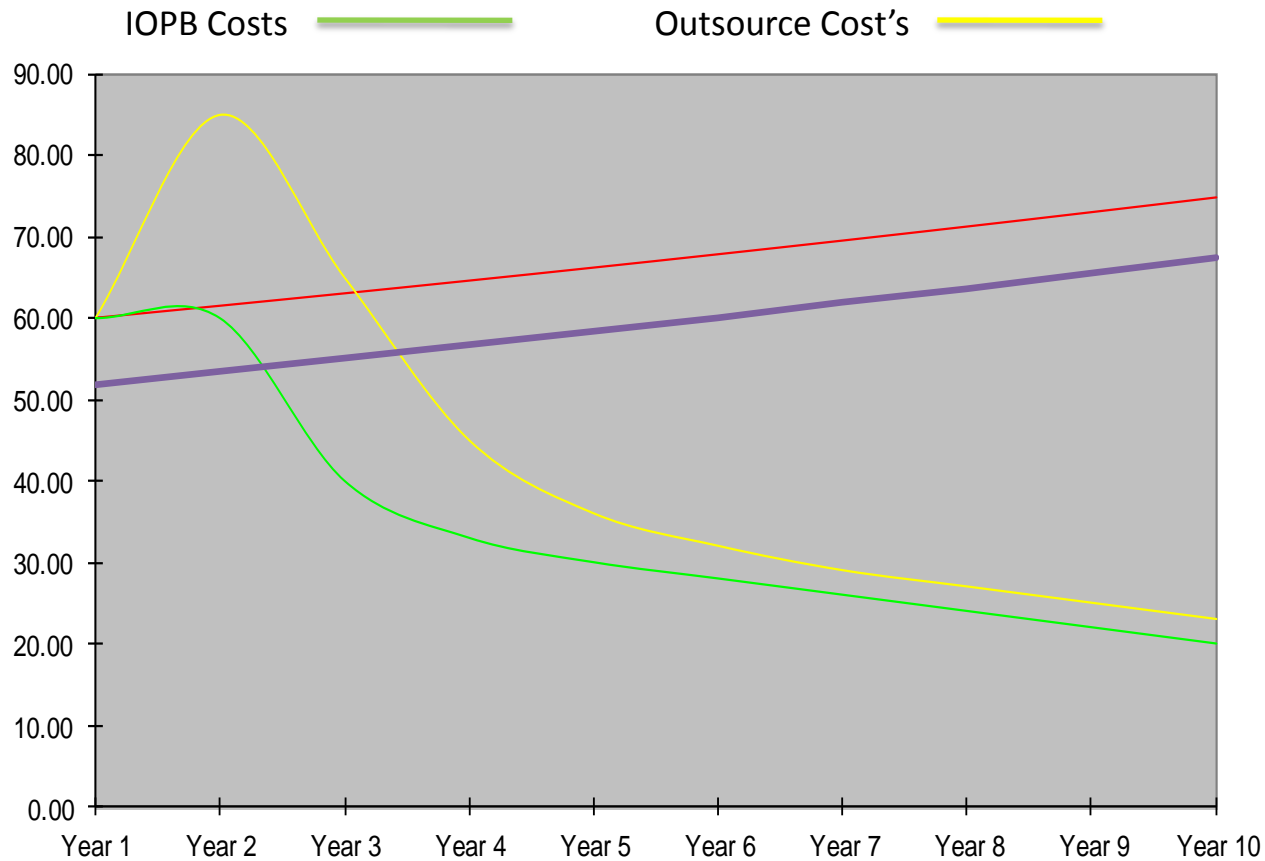
Sourcing Strategy – Outsource Costs



Sourcing Strategy – DIY Costs



Sourcing Strategy – Reality



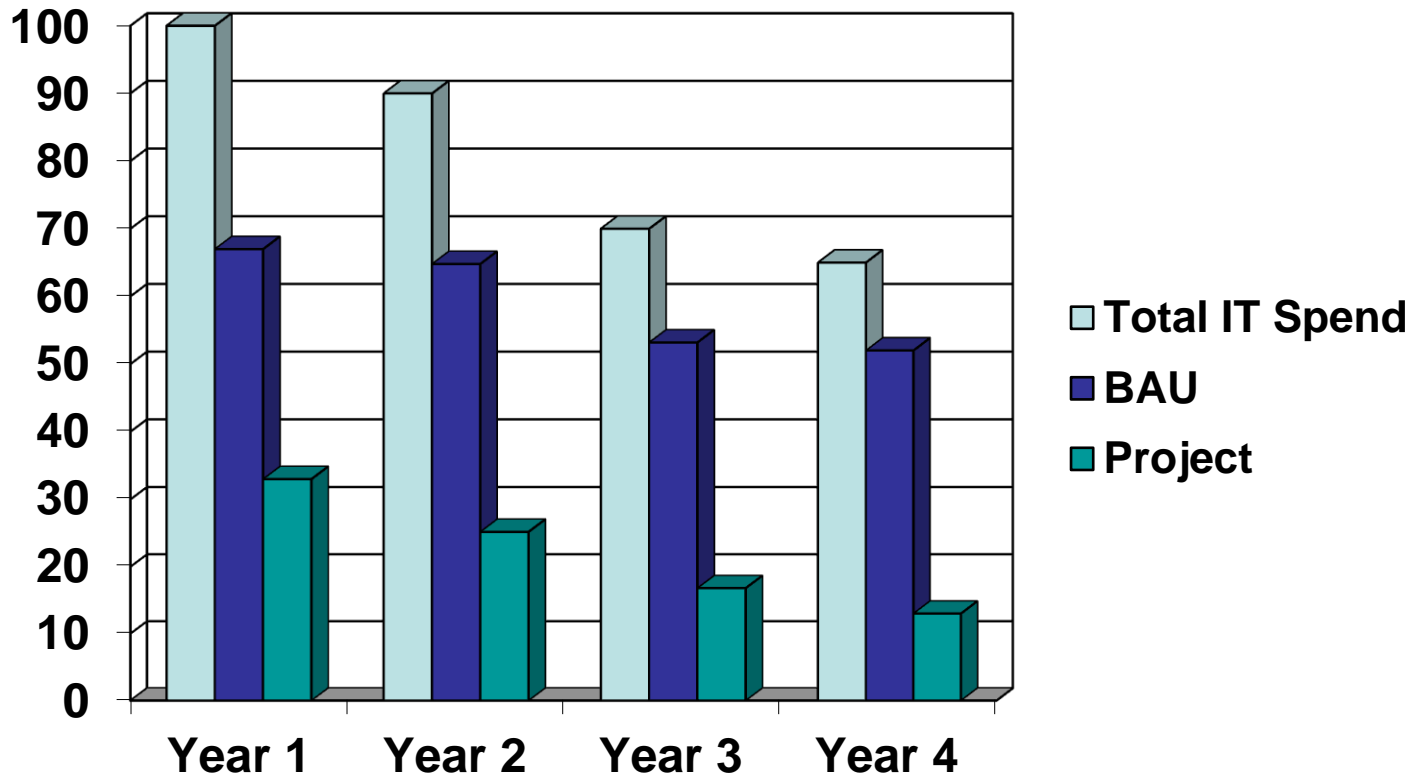
Integrated Operational Planning and Budgeting

- Plan over sufficient timescales
- Aim for a benchmarked position
- Integrate projects with plan and budgets
- Show positive impact on BAU
- Show positive impact on operational metrics

Construction Industry Example

1. IT Organisation
2. Site Set-Ups
3. Inappropriate Outsourcing Contract
4. Email
5. Network Performance
6. Virus Protection
7. Disaster Recovery
8. Low Hanging Fruit

Costruction Industry Example - IOPB



50% Profit Increase

Summary

- Get the Boards Attention
- Keep It
- Act Like a Businessman
- Deliver the Day Job

Questions ?