

Getting IT Right in Tough Times


For Retailers, getting IT right typically boils down to **delivering the right service to the business for the best possible cost, making the right investments and delivering change well**. These principles don't change in tough times. However, the operating context means delivering against them is harder, because:

- There will inevitably be pressure to reduce costs
- Sales revenues and the associated volumetrics of your business will be less predictable, so the service you deliver may vary from one period to the next
- There will be less money available to invest
- There will be less tolerance for projects that don't deliver or overrun.

Therefore, you need to make sure you can meet the challenges of ensuring that:

- your systems and your people are truly fit for purpose
- you have flexibility in your infrastructure
- you have agility in your cost base
- you get real value for money from your suppliers
- you maximise the investments you have already made
- new investments truly add value
- you get more right first time.

You will inevitably review your approach to these challenges. Based on the experience of PMC's senior people, here is our view of the areas of your IT operation that may be worth reviewing.

Challenge	Areas to Review
<p data-bbox="167 1279 523 1312">Fit For Purpose Systems</p> 	<ol style="list-style-type: none"> <li data-bbox="630 1245 1468 1305">1. Can you identify and account for every IT asset (hardware and software) that you possess? <li data-bbox="630 1310 1484 1563">2. Have you challenged the use of every IT asset you possess? <ul style="list-style-type: none"> • Is it essential in the current climate? • Is it used and is it used properly? • Is there any duplication? • Is best practice shared with everyone? • Are you running a 'Rolls Royce' where a 'Mondeo' would do? • Where are you running a 'Mondeo' when the business needs something faster and with more options? <li data-bbox="630 1568 1500 1758">3. Are your critical systems working properly? <ul style="list-style-type: none"> • How would you know? • Do you analyse your help desk calls to identify trends? • Do you do root cause analysis and fix underlying problems or just apply workarounds or scripts that kill the same problem over and over again? • How much do 'known problems' cost your business? <li data-bbox="630 1792 1500 2038">4. Do your service levels really map to the requirements of the business? <ul style="list-style-type: none"> • Are they described in business terms and fully understood by your internal customers? • Do they map through to your service contracts with your suppliers? • Are you providing or paying for a 'Platinum' service where 'Silver' or 'Bronze' is adequate?

Fit For Purpose People



- 1. Do you have excess capacity in any areas?**
- 2. Is your organisation structure going to work in the current climate?**
 - Is it flexible enough?
 - Will workload reduce so you can get by with fewer managers as well as less people at the coal face?
- 3. Recruitment and training is expensive. How can you reduce the risk of your best people leaving?**
- 4. Are you making the best use of all of your people?**
 - When was the last time you mapped your people against the roles and skills profiles you need?
 - Who could add more value, deliver more, take more responsibility or save you money for a modest investment in training or development?
 - Are there roles that simply don't add enough value?

Flexible Infrastructure



- 1. Where is your infrastructure provision fixed but demand for capacity variable?**
 - Network?
 - Server space?
 - Storage?
- 2. Do you know what your minimum, maximum and average demand looks like?**
- 3. How can you get flexibility into your provision?**
- 4. Can you outsource fixed capacity to suppliers who can deliver it back to you on a flexible capacity basis?**
- 5. Can existing suppliers move what they currently provide you from fixed to variable?**
- 6. What infrastructure services could you share with other businesses through direct collaboration or via outsource partners?**
- 7. Can you consolidate any aspects of your infrastructure?**
 - Do you really need all those servers?
 - Is your data retention policy up-to-date and still relevant?
 - Can you archive off data to reduce storage requirements?
 - Have you got any redundant equipment, mailboxes, user accounts still attached to your network?

Agile Cost Base



- 1. Have you got the right mix of permanent, contract, temporary and agency staff to ensure that you have agility in your IT staff costs?**
- 2. Are there opportunities to vary employment contracts to introduce flexibility in hours worked, overtime, shift premiums or bonuses?**
- 3. What fixed cost contracts with suppliers could you make variable by tying them to variable usage/demand/capacity?**
- 4. Can you outsource any support activities that need fixed headcount to a supplier that can deliver you economies of scale?**
- 5. Can you move any of your cost base offshore so the baseline cost is lower and increases in requirements cost less?**

Getting Value For Money From Suppliers



- 1. Do you benchmark your costs against other retailers to ensure you are getting value for money?**
- 2. When you procure new hardware, software or services do you run a formal tender process?**
 - Do you have the market knowledge to identify the right shortlist?
 - Are you clear on your selection criteria?
 - Can you always evaluate responses on an 'apples v apples' basis?
 - Do you have enough market knowledge to know when you are getting a good deal?
- 3. Do you understand the cost drivers that sit behind suppliers' pricing strategies?**
 - When is the best time to strike a deal?
 - Would a small change in your requirements, specification or service levels have a big change on a supplier's proposed pricing?
- 4. Where you have a trusted supplier you are happy with, how can you find a 'win/win' that delivers benefit to both of you?**
 - Can you direct more work to a trusted supplier in exchange for better overall commercials?
 - Could you renew a contract early in exchange for lower cost or enhanced service?
 - Predictable, committed revenue streams are important to suppliers. Would extending an in-flight contract by an extra year(s) earn you a discount or an improved service?
 - Would a change in specification, service levels or requirements enable a supplier to reduce his costs and share the benefits with you?
- 5. When was the last time you invited a supplier to recommend improvements to how you operate? They work with many retailers and may have insight into best practice that you can't access.**

Maximising Your Investments



- 1. Do you know what options you may have to extend the life of your current systems?**
 - Have you offered this challenge to your suppliers recently?
 - Could you replace parts in any of your hardware that could extend the life of the equipment?
 - Do you know the failure rate of all your equipment? Is any of it reliable enough to fall back on a time and materials support agreement for a while?
- 2. Do you know the full extent of the capabilities of all your software packages?**
 - What valuable new functionality could be switched on through configuration?
 - When was the last time you challenged your software supplier (who you pay support and maintenance) to prove how their product could add more value to your business?
 - What is on their roadmap that could be valuable to you?
 - What should you ask them to put on their roadmap?
 - Have you spoken to other retailers using the same products as you recently?
- 3. If you have recently implemented something new, have you gone back to check the benefits you invested for have been realised?**
 - Have all costs associated with previous solutions been removed?

Investing Well



- 1. Have you got a really robust benefits model with which to evaluate potential investments?**
- 2. How does this current climate change your investment priorities?**
 - What's going to drive real cost savings or efficiencies?
 - What's going to increase your margins?
 - What's going to increase customer conversion?
 - What's going to capture new sales?
- 3. Despite the overall uncertainty about customer spending, online sales continue to grow and customer expectations of getting an integrated multichannel experience when they shop with you are growing. Have you got a robust multichannel investment plan?**
- 4. Social networking is a phenomenon that is exploding all around us and is recognised as driving sales for some retailers. Have you thought about whether it could drive sales for you?**
- 5. Most suppliers are going to be 'hungry' in the current climate. This means there will be great deals to be struck.**
 - Is it time to bring forward replacing poorly performing legacy systems or redundant equipment?
 - Does the prospect of lower investment costs improve the business cases of your potential projects so they now make good sense to undertake?
 - What do you need to do to position your business well to exploit the upturn when it finally comes?

Getting Things Right First Time



- 1. Have you evaluated how well each part of your team executes?**
 - When things go wrong, does your team treat the symptom or the cause?
 - Where are your repeat failures in your operations? How much do they really cost you?
 - Which managers can actually manage?
 - Who needs some development or mentoring?
 - Have you got proper measurement in place of supplier performance?
 - Do supplier contracts incentivise 'right first time' performance?
- 2. The biggest reason for projects that are late and overspent is ineffective project management. How good are your team at project management?**
 - Do you ask people who are not experienced PMs to undertake this task?
 - Do you compromise on this in project budgets to 'save' money?

PMC is ready to help you get IT right in these tough times. We can help you identify your key challenges, come up with winning solutions, help you deliver those solutions – or all three.

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