

ERNI Experience reports on management, processes and technology

Experience



No.58
SEPTEMBER 2013

INCREASE OF MATURITY

Establishing the foundation for sustainable innovation

MIGRATION

Migration: sustainable investments into the future...

SCALABILITY

In tune with the customer and the market

TAKING ON RESPONSIBILITY

Fully integrating the partner into the innovation process

TAPPING INNOVATION POTENTIAL

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Innovation requires creativity and freedom based on a systematic course of action, appropriate methodology and technological leadership.

Today, products and services are available around the clock and mobility continues to grow. As a result, customers are constantly tempted to change providers at the click of a mouse. For this reason, almost all companies, regardless of industry or business model, face two major challenges. First, they need to sufficiently innovative to stand out in their core business. Second, they must secure customer loyalty, as this is up to seven times more cost-effective than acquiring new customers.

Mastering both of these challenges requires the right basic conditions. This is why this issue of Experience is completely dedicated to specialised consulting services. As the articles in this issue will show, an outsider's perspective helps remove obstacles that may seem insurmountable from the inside.

The first step is to determine an organisation's level of maturity with regard to the basic conditions for innovation and customer loyalty. You can read more about that in the first article. The second piece looks into appropriate methodology: which methods should be used to make complex investments in the future, while respecting given deadlines and budget restrictions? One solution could be migrating to new systems. The third contribution examines how a successful balance can be struck between flexibility and maximum customer focus? Finally, in the fourth article we show that taking responsibility for customer requirements can also mean outsourcing certain tasks to help the customer concentrate on their core business. However, this can only happen if the external partner is able to create the strategic and operational space required.

We hope you enjoy your read.

Kind regards
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INCREASE OF MATURITY

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ESTABLISHING THE FOUNDATION FOR SUSTAINABLE INNOVATION

To tap innovation potential, the appropriate basic conditions are required

You reap what you sow: Innovation can only thrive if organisations establish the necessary foundation. This primarily involves the use of new, agile methods and tools to deal with projects that are becoming ever more complex.

BY REMO MATHIS AND LINDA KÄGI

Companies must fend off increasingly fierce competition, satisfy demanding customers, work with complicated internal structures and deal with other key requirements. Additionally, innovation cycles are becoming shorter and projects ever more complex. Despite all this, productivity must be sustained. Often, innovative ideas are already available – or unexploited potential lies dormant in the organisation. However, before they can become reality or be fully utilised, internal gaps must be closed to create the right basic conditions. These gaps may include friction losses at important interfaces, for example between business units and the IT department, as well as knowledge or methodological gaps that impede the further development of innovations.

More dynamic and complex basic conditions mean new processes, tools and working methods must be applied. However, many companies do not take advantage of them. After all, their core business lies elsewhere. Conventional approaches, such as the very detailed waterfall model, do not always satisfy the current project demands for rapid results and the handling of complex structures. Although an in-depth conception phase is essential for a positive outcome, there is a risk of using inappropriate methods, getting lost in details and wasting resources. This may ultimately jeopardise the success of the overall project.

If the organisation does not yet have sufficient expertise with regard to new working methods, it may call on an ex-

ternal partner with the appropriate knowledge for support. When choosing a partner, it is important that the provider has extensive experience in the application of the processes, tools and working methods, and knows how to successfully apply them in practice. In addition, the provider should have experience with change management, as introducing new methods and techniques inevitably involves transforming the mind-set of staff and ultimately the entire organisation. Only then can acquired knowledge be successfully applied in the future – even without the partner.

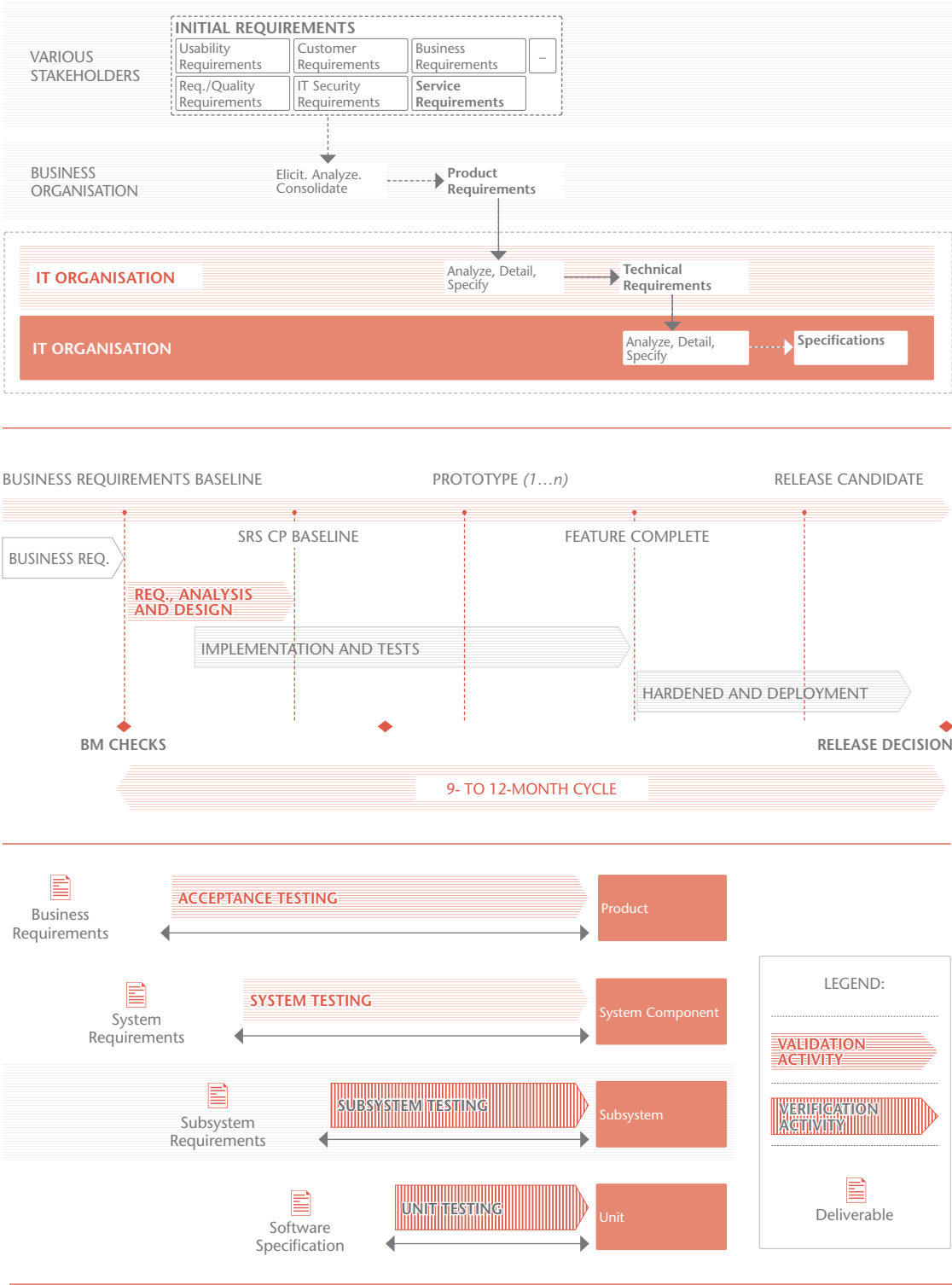
Example 1 NEW, AGILE METHOD SAVES MAJOR PROJECT IN OUTPUT MANAGEMENT

Over the course of a major project for a large service company, the entire communication with end customers is to be standardised and improved. The aim is to establish a lean process that enables the respective employees to efficiently prepare and handle written communication with customers. This begins from acknowledgements of having been contacted, to transactions and confirmations of payment. Apart from depicting and drafting the (*technical*) process, the documents automatically prepared for correspondence must also meet regulatory requirements. This requires business and IT specialist expertise. Several thousand members of staff will ultimately access this tool and use it to automatically create, archive and distribute the necessary documents through the various communication channels, includ-

«Using agile working methods not only saved the project and two years of work – the customer also internalised the agile way of thinking in this project and gained the expertise required to act innovatively in future, too.»



FIG. 1: REQUIREMENTS ENGINEERING: V-MODELL



ing e-mail and standard post. This initial project in output management is also the pilot scheme for the service provider's other business units.

The complex nature of the project, obsolete working methods and too many suppliers mean the project does not make any headway for several months. Exceptions to the rule are planned down to the smallest detail; implementation is delayed again and again. Eventually, the whole project grinds to a halt and is stopped for an extended period. When the client decides to continue with the project, he looks for a suitable external partner who has the necessary methodical know-how and experience, combined with new, agile working methods.

Since only very few of the customer's employees are familiar with agile methods, the partner initially develops a short, informative training course for the Scrum procedural model. In this approach, the

project team gears itself to specific milestones and targets that have to be met on a regular basis. The idea of Scrum is to be able to quickly respond to changes rather than working off a fixed plan.

In addition to filling knowledge gaps, both business and IT specialists must «buy into» the agile procedure and learn how to use the new method correctly. To this end, the partner provides the customer with experienced consultants, whose support also forms part of a change process. With the partner's help, the team reaches the first milestone after eight months.

Example 2 PROJECT MANAGEMENT AND REQUIREMENTS ENGINEERING AS A SPRINGBOARD FOR ONGOING PRODUCT DEVELOPMENT

An international company in the life science sector wants to improve its labora-

«Thanks to this project, the customer organisation's overall level of maturity has increased, and this will greatly simplify and accelerate the development of innovations in future.»

tory appliances for the testing of various illnesses and equip them with innovative functionalities. The appliances give hospitals, clinics and laboratories the option of carrying out fully automated diagnosis tests. The aim is to make the appliances easier to use for end customers, and to streamline workflows.

To achieve this, redesigning the existing appliance software is not sufficient. A whole «platform system» must be developed. This system is intended not only to provide an intuitive user interface, but also to seamlessly link the systems in use. Professional requirements engineering that meets regulatory standards is also crucial for the successful implementation of the planned innovations, and for obtaining the new licences for the appliances.

This is why the company brings an external technology consultant on board: he/she has to be competent in requirements engineering, have experience in managing international projects and possess extensive methodological know-how. The consultant's task is not only to ensure the project's success, but also to coach and train the client's employees in the relevant topics. This way, they will be well prepared for similar projects in future and be able to handle them on their own.

Together with the consultant, the project structures are redefined and new processes established both within the project and across individual disciplines. The partner also brings agile methodologies into the project and trains the employees more or less on the job. Collaborating with the consultant on a partnership basis and applying the knowledge

he/she has contributed to the organisation helps increase the company's level of maturity.

It is critical, moreover, that there is a close and smooth exchange between the IT organisation, business functions and industry experts, with a view to putting the existing know-how in the company to the best possible use. Outsiders are able to build bridges between the individual business units and departments, acting as neutral and objective mediators, and push internal discussions forward. All these factors lead to a successful conclusion of the project and a thriving product in the market.

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MIGRATION: SUSTAINABLE INVESTMENTS INTO THE FUTURE...

... and the basis of state-of-the-art systems

Obsolete IT systems that have become heterogeneous due to years of further development are not likely to encourage innovation. Migration to new, modern systems is a great step forward, offering new opportunities and possibilities. Nevertheless, migrating smoothly remains a challenge.

BY PATRIK LUSTENBERGER
AND PHILIP LEHMANN

Today, an IT system that works well and is fast is an absolute necessity, as it is the basic prerequisite for day-to-day business and for new developments. Once systems become outdated, new ideas and innovations may not be implemented in organisations, or only with delays. This also means customers may not be served as well as they should be. In particular, in industries which are not product and innovation-driven, IT systems are frequently not state-of-the-art.

As the foundation of often decades-old systems have been repeatedly supplemented and expanded to include new applications and programs, there is an uncontrolled proliferation in the IT landscape. Complexity increases, and maintenance tends to be complicated and expensive. In some instances, there are no specialists left who can still operate old systems. Despite this, many organisations shy away from the mammoth project of migrating to a new system.

This is because replacing a system is far more than a purely technological process. It has consequences for many areas of the organisation besides IT. Business processes are affected, workflows within the company must be reorganised, and employees must be trained and provided assistance during the change process. New regulatory and compliance requirements also give rise to new responsibilities and procedures. For migration to succeed, all these topics should be considered in an integrated manner, and

this means that technological expertise is needed. Know-how in the business field in question and knowledge in the areas of compliance, process optimisation and change are also necessary.

Anyone tackling such a project can choose one of two common approaches:

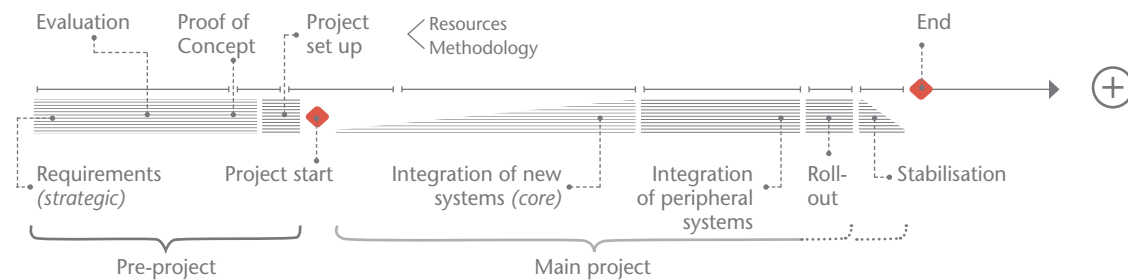
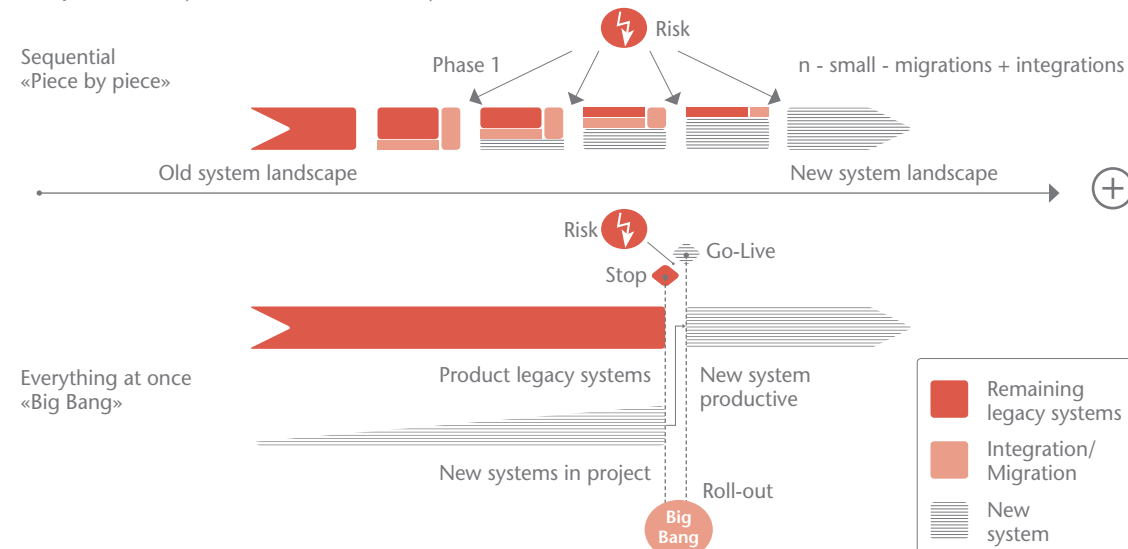
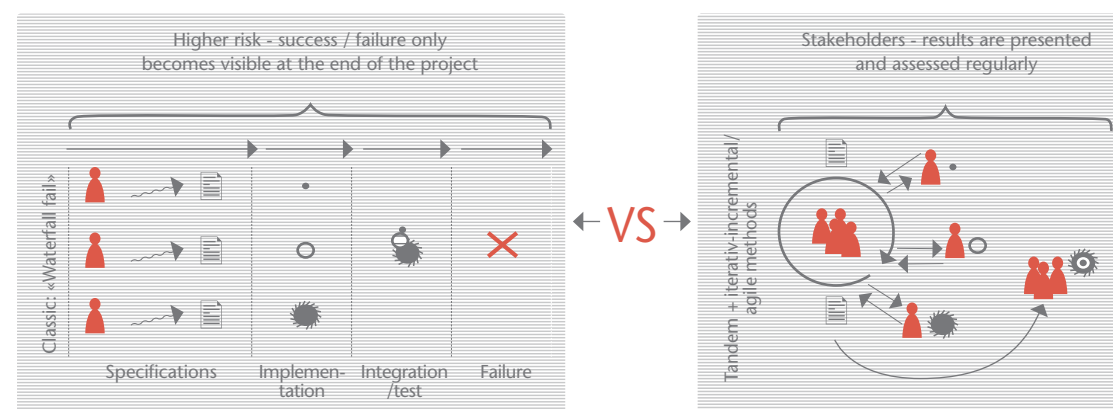
1. «Step by step»: individual parts of the system are gradually replaced. This means, however, that the respective interface between the old and the new system must always be guaranteed, which is complex and can lead to delays.
2. «Big bang»: the changeover from the old to the new system takes place at a specified time, so there is an exact date for going live. There is a greater risk, though, as all the systems have to run fault-free at that given time.

In a project of such complexity, good planning and a viable concept are crucial, and this is often underestimated. This is why both the situation and the requirements for the new system should be evaluated in a preliminary project – together with IT and business specialists. The scope of the migration must be specified, and an assessment of whether the migration is feasible at all (*proof of concept*) is required. In the main project, the new systems are first integrated into the old ones and tests are carried out until the roll-out takes place. In addition, a team is available during and after migration that can intervene directly in the case of error messages.

Many companies team up with a partner that will support them in migrating sys-

«A migration is far more than a purely technical process; it has repercussions on many other areas of the organisation.»



FIG. 2: MIGRATION PROJECT**MIGRATION PHASE (POSSIBLE STRUCTURE)****PROJECT TYPES (POSSIBLE CLASSIFICATION)****TEAM WORK**

In a project of such complexity, good planning and a viable concept are crucial, and this is often underestimated. This is why both the current situation and all requirements for a new system should be evaluated in a preliminary project – involving IT and business specialists.

tems. On the one hand, resources can be quickly expanded; on the other, consultants and technology providers have the necessary expertise and experience, as migration projects are part of their day-to-day business, whereas companies rarely need these special capabilities.

Example 1
NO DEVELOPMENT WITHOUT
CHANGE: SYSTEM MIGRATION
FOR CUSTOMER LOYALTY

As a result of obsolete IT systems that have been in use for several decades, customers of a major Swiss insurance company are not served as well as they should be and innovations are much too slow in materialising. User guidance is poor, response times are endless, and data formats are obsolete. This is problematic for a company with direct customer contact, especially as consumers are used to simple service structures. Moreover, the insurer's systems no longer meet regulatory requirements and the

IT skills needed to operate the system are literally dying out. Change is inevitable: a new core system must be installed.

After two failed attempts to realize the migration – the first time using standard software in combination with some in-house developments, the second time relying on a foreign outsourcing partner – the insurer looks for local technology partners. A key condition is that the service provider can deliver technological expertise on the spot and brings extensive consulting and practical experience in migration projects.

The migration starts with a conception phase lasting several months. During this time, the partner works with the customer to specify the target concept, evaluate the status quo, identify, and complete the groundwork in other areas that require IT optimisation. It quickly becomes clear which capabilities and competencies are required – for example in the areas of IT architecture, requirements engineering and process optimi-



«If you require external support, it does not always have to be a «flock of consultants», sometimes a single person – with the right expertise – can ensure the success of the project.»

SIX GOOD REASONS FOR IT MIGRATION PROJECTS

Age: obsolete systems and data formats

Speed: long response and innovation times

Compliance: new regulatory requirements and guidelines

Service: too complicated, limited flexibility and not user-friendly enough

Maintenance: expensive maintenance and lack of know-how

Shortage of specialists: lack of knowledge for maintaining obsolete systems

sation. The partner is able to rapidly make the appropriate specialists available. In this project, too, agile processes and working methods prove indispensable (*see the previous article*). The external consultant helps the customer's employees become familiar with them, and this ensures that the customer reaps lasting benefits.

During the entire three-year project, the partner assists the company in an advisory capacity and successfully implements the migration, despite a completely new technology and architecture. In the end, the project was completed in the given time frame and within the agreed budget.

gy is out-dated, the architecture is complicated and the maintenance is cost-intensive. The hardware in use is no longer available, and it will be difficult to ensure operation in the coming years.

This is a great risk for a passenger transport service company that is highly dependent on a functioning IT system. Migration is the only option. The company tries several times to conduct the project in-house and without any external support, but always strays off course. The costs originally budgeted for the project double, and investments that have already been made are jeopardised.

Although the internal IT department has the necessary know-how, the complexity of replacing the software is underestimated: there is a need for specific project management and software development expertise. Formulating the technical requirements, or requirements engineering, is also a challenge in this case as the system has grown

Example 2

TURNAROUND IN A MAJOR PROJECT IN PASSENGER TRANSPORTATION

For the past 20 years, many different people have further developed a software solution. As a result, the technolo-



«If one relies on external support, it is not necessary to have a full team of advisors. Sometimes a single person with the right skills and competencies can make the difference in ensuring the success of a project.»

over time and is very extensive. It has to be reverse engineered completely, meaning the specifications are partly derived from the code. Additionally, the company's own team has seen its motivation suffer after several years of work marked by many changes and setbacks. There are also new regulatory requirements that call for the procedural model to be adjusted. The project has entered a critical phase and is at a turning point.

The company then looks for a partner who will manage the project professionally and contribute the decisive methodological know-how in project management. At the same time, the partner should be able to coach the team in related topics such as requirements engineering, testing, and software development. The solution is easier than imagined: the external partner makes a professional project manager available to the company who has a wealth of methodological expertise, has an outsider's perspective and experience with such major projects. The new project manager as well as first successes achieved with him motivate the customer's project team. Within a few months, it is clear that the turnaround in the project has been accomplished.

This shows that having a full team of consultants is not always necessary. In this case, all that was needed was one person coaching the company and supplementing internal know-how or steering it in the right direction. The system is scheduled to be replaced by 2015, without interrupting operation. Up to now, the team of almost 30 people is completely on track and exactly on schedule.

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IN TUNE WITH THE CUSTOMER AND THE MARKET

«Just in time» is a thing of the past: «as a service» and «pay as you go» have taken over

Today, corporate technology has to be readily available, scalable, extremely flexible and of exceptional quality. This balancing act is full of challenges.

BY STEFAN WEBER AND MARCO DIETRICH

Whether it be new structures, different corporate priorities, new regulatory requirements or cost cutting: there are many reasons why projects are stopped or redirected at short notice. Rapidly changing markets and ever-faster communication mean that we now expect a high level of flexibility in every area. For this reason, organisations should aim for lean structures, work in clearly defined and efficient processes, and be available around the clock. To do this, they need a flexible and scalable IT system.

At the same time, companies do not want to carry unnecessary weight – the core business has top priority. This makes collaboration with third-party providers that are specialised in their field inevitable. The «as a service» idea has become just as well established as the «pay as you go» model: all services have to be easily available immediately and everyone pays only for what they actually need. Long-term contracts with high initial costs fail to meet this customer requirement.

It is important that the partner makes the required activity and resources available in the right quality – as quickly as possible. Furthermore, a seamless exchange between customer and partner is of critical importance in order for customers to retain all the knowledge required for their business operations.

The interpersonal component should not be underestimated. As the following examples show, regular and personal

communication plays a major role in collaboration with partners.

Example 1

HIGH QUALITY AND SCALABILITY TURN A TABOO TOPIC INTO A SUCCESSFUL PROJECT

With the aim of becoming a slim and agile organisation, an international reinsurance company wants to structure its IT organisation and IT costs to respond to business volatility in a more flexible manner. The Swiss IT location is the backbone of the company's international IT organisation and should thus be highly scalable and flexible. However, there are recurring phases in which the set-up of the IT organisation is not sufficiently agile.

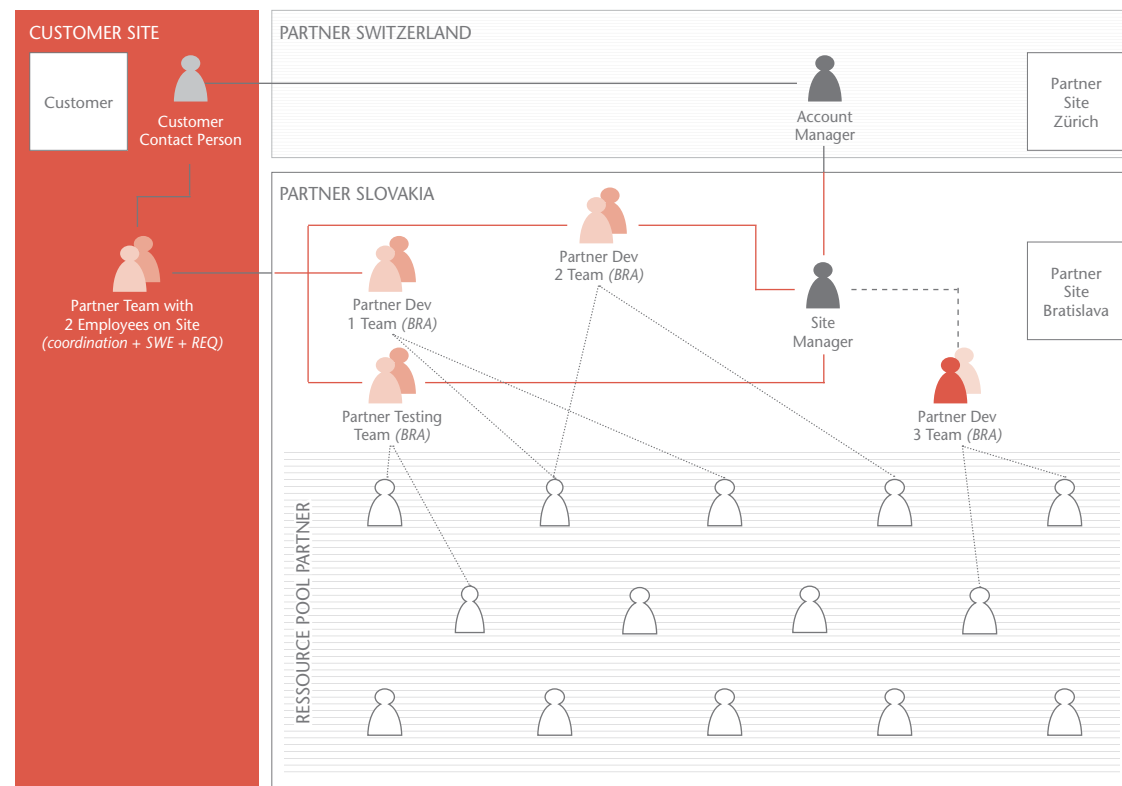
Software testing is another area that requires improvement. Employees from various business units take over testing of newly developed software in-house. This is not their main area of expertise, and their day-to-day business is their key priority. As a result, there is a risk that defects in the software are discovered too late in the process and have to be subsequently remedied. This is both time-consuming and cost-intensive.

Outsourcing the software testing would be a good solution from a cost perspective, and would also ensure quality and scalability. Outsourcing, however, is not an option for the company; for this reason, an onsite team in Switzerland is essential. In this case, it is not «either – or» but rather «both – and».

«In daily collaboration, communication also plays an important role. Each day, employees discuss and agree on specific matters during a video conference. Every four weeks, retrospective meetings are held with the team to ensure quality assurance.»



FIG. 3: COLLABORATION MODEL (SWE)



Companies do not want to carry unnecessary weight – the core business has top priority. This makes collaboration with third-party providers that are specialised in their field inevitable.



In the setup phase, the company gets to know the team members, who have been personally selected beforehand. All of them speak excellent English, and some team members also speak good German. The two consultants assigned to the company act – also in future – as an interface between developers as well as testers in Bratislava and the project team at the client's site. They are serving as local contacts as required and are close to day-to-day business and the customer. Of course, there is also regular communication between all team members in Switzerland and Slovakia, as well as with the customer.

A technology provider presents a flexible and optimally priced model to the insurance company. In the first phase, three employees in the specialised nearshore development centre in Bratislava are responsible for testing. A senior consultant is trained for three weeks at the customer's site, and then passes on his knowledge to the team in Bratislava. In

the second phase, the software development is made more flexible: two of the consultant's employees are stationed at the customer's site in Switzerland, supplemented by a team of seven (*fixed and flex*) in Bratislava. The project is kicked off and starts with a transfer of knowledge that incorporates all team members at the client's site in Switzerland and lasts three weeks. At this point the actual work begins.

The testing and development processes have been planned professionally in Switzerland and implemented effectively in Bratislava. This greatly improves the overall quality and flexibility of the IT organisation and reduces costs by about half. In accordance with a «flex model», three IT specialists are always permanently booked for the company in Bratislava. Several employees, however, have been appropriately trained and are always on stand-by. This enables the reinsurer to upscale or downscale its capacities quickly – while ensuring con-



«While the quality of the IT operation had to be improved and costs cut, nearshoring was a taboo topic for the customer. A convincing model with flexible elements and qualified employees in Switzerland and Bratislava helped the customer change his mind – now he is pleased with the results.»

SETTING UP THE IT ORGANISATION IN A SCALABLE AND FLEXIBLE MANNER: THE SUCCESS FACTORS OF OUTSOURCING

- Competence:**
Request proof and references regarding the service provider's capabilities and experience.
- Trust:**
Can you trust the project manager? Is there a senior consultant in case of any concerns? Listen to your inner voice.
- Interface/communication:**
How does the interface between the company team and the partner work? How is a high-quality and smooth process ensured?
- Deputising:**
What are the deputising arrangements in the team?
- Documentation:**
How are the activities and newly acquired knowledge documented and archived?
How can you, as the customer, access information?
-

sistent quality of service. By rotating within the specific fields, all of the employees are familiar with the day-to-day business, as well as with some of the company's specifics. Such a model has to be planned professionally and implemented by a specialised provider.

Example 2
SHORTAGE OF SPECIALISTS TRIGGERS A NEARSHORING SOLUTION

A consulting company specialised in structured financial products cannot find an adequate number of the right IT specialists. They need IT staff that not only has technical expertise, but that is also familiar with the financial industry and has relevant in-depth knowledge of

special products. As consultants in a very complex and multifaceted market, the company has to be highly flexible and agile in terms of technology: reports need to be continuously updated and dispatched, new products recorded and examined. The most important platform for communicating with customers is a special online portal that has to be readily accessible, depending on the number of queries, since customers expect a quick response.

Since it is difficult to find qualified employees, everyday IT operations and software development activities tie up most of the core IT team's capacities. This means it cannot adequately focus on business-enhancing activities and innovation.

FIG. 4: TESTING SERVICE - DEVELOPMENT AND ESTABLISHMENT PROCEDURE

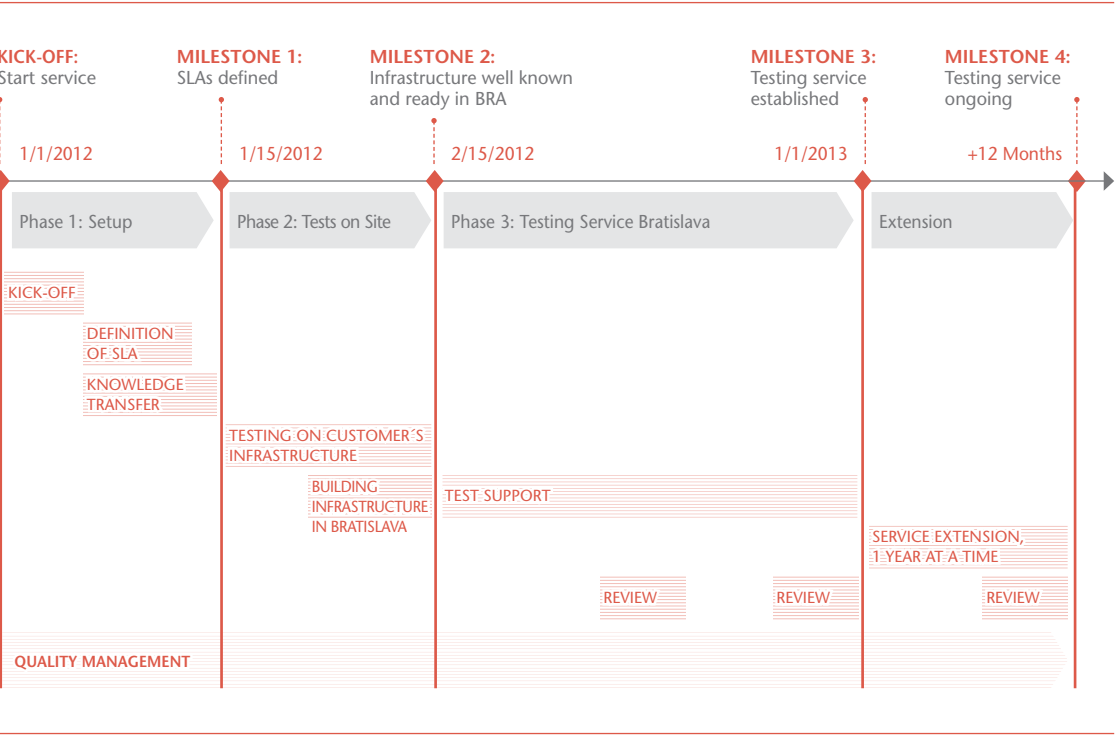
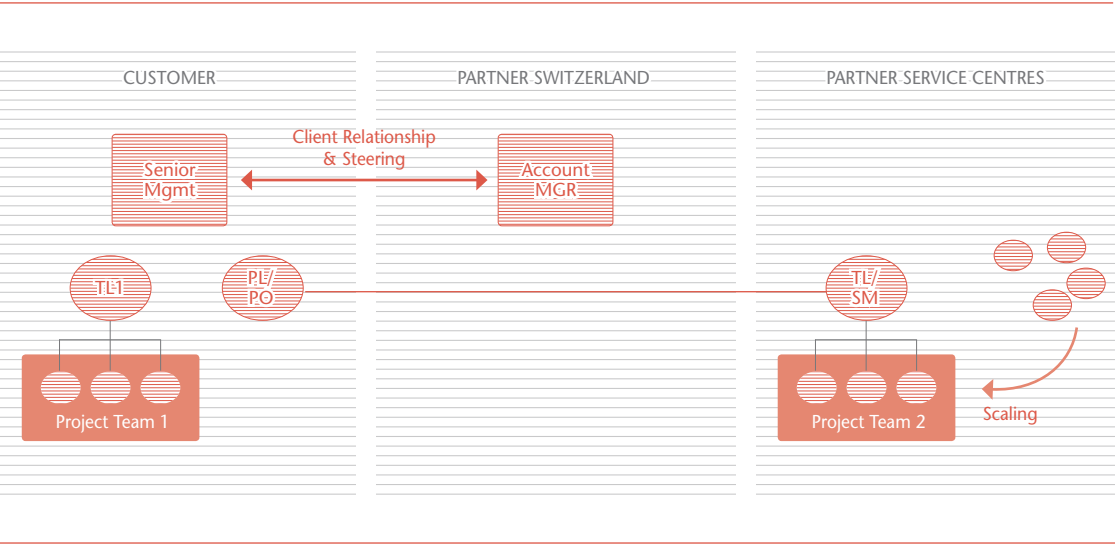


FIG. 5: ESTABLISHMENT OF PROJECT ORGANISATION



This is why the company seeks a partner with the following areas of expertise:

- software engineering
- testing
- business process modelling & requirements engineering
- process optimisation
- project management.

Retaining overall responsibility for projects and therefore leading the project itself is particularly important to the customer. The partner based in Bratislava sends four qualified employees (*software architects and developers*) to expand the customer's existing team. If required, this team can be expanded even further, depending on the resources the company needs at a certain stage of the project.

In the set-up phase, the two partners define the infrastructure, processes and responsibilities, and all team members get to know each other personally. In special workshops, the partner's team is familiarised with key aspects of both the company and the financial industry. In daily collaboration, communication also plays an important role: each day, employees discuss and agree on specific matters during a video conference. Every four weeks, the team meets in either Slovakia or Switzerland.

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Working with a partner and outsourcing certain activities to Bratislava not only allowed the company to overcome the local shortage of specialists, but also made the whole IT department more flexible and even more cost-efficient. The specialised IT team in Switzerland can now focus on critical areas such as product development, and this significantly enhances the agility of the entire organisation.

FULLY INTEGRATING THE PARTNER INTO THE INNOVATION PROCESS

Taking responsibility also means looking for the right support for certain tasks and activities

For some tasks, companies do not have the necessary know-how or time. In both cases, professional partners can help provide scope for innovation: from strategic consulting to outsourcing recurring activities.

BY MARTIN RAVIZZA AND MARCO STÖCKLI

Enabling innovation and securing customer loyalty can be achieved by establishing the right basic conditions and ensuring that the core business has enough scope to develop. As described in the previous articles, companies aiming for this should be sufficiently mature and have new technologies and systems. What is more, their organisation and resource should be scalable as well as flexible. External partners can give comprehensive support by taking professional responsibility for tasks and activities in which they specialise, but which are outside the client's main areas of expertise. This helps to reduce costs and minimise risks, for instance as a result of specific service level agreements.

The following examples demonstrate how external partners can best be used. The projects discussed differ considerably from one another: the former describes how consulting services can support the development of a sustainable IT strategy; the latter illustrates how system monitoring can be outsourced. In both projects, however, the customers' value chain is optimised and strengthened in a lasting manner. This provides the organisations greater scope for the development of innovations in their respective core businesses.

It is also important that the service provider is integrated into projects as early as possible. If support can be provided at the strategic level early on, subsequent projects can be designed with leaner

structures, implemented faster and have a higher probability of success. Moreover, external consultants often offer a wide range of new methods, tools, approaches or best practices acquired in other projects and industries, from which customers are likely to benefit.

Example 1 DEVELOPING SUCCESSFUL IT STRATEGIES – WITH THE SUPPORT OF AN EXPERIENCED CONSULTANT

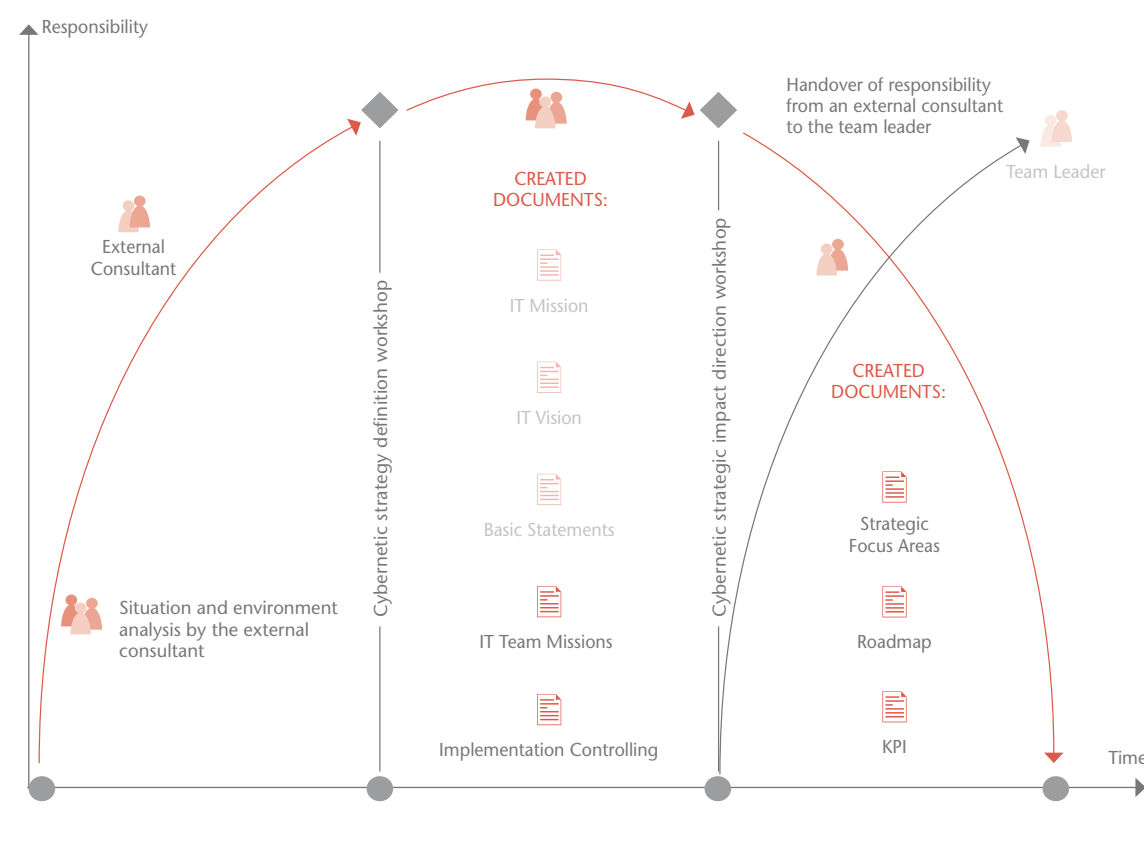
A Swiss service organisation collects and analyses data twenty-four hours a day. It then provides its customers with data critical to their business needs. The organization is therefore highly dependent on an efficient, readily available IT system, which needs to be closely integrated with the relevant business units. This raised the question of how a comprehensive IT strategy can be defined for the next five years and puts the issue on the company's agenda. The IT strategy should address the following objectives:

- Eliminate the divide between IT and business units by adopting an integrated IT strategy, and strengthen their collaboration, particularly with regard to innovation.
- Gear the IT organisation more consistently towards internal customers and emphasize the service philosophy.
- Create a basis for a standardised IT landscape, as well as for future decisions and investment.

«A partner who is involved at the strategic level, for example, can design a project with leaner structures, implement it faster, and with a higher probability of success.»



FIG. 6: RESPONSIBILITY TAKE-OVER AND PURPOSEFUL HANDOVER



The external partner also implements innovative project methods: so-called «cybernetic workshops» are held to collect the IT needs of all stakeholder groups, while business and IT employees jointly draft the basic statements of the IT strategy.

- Enhance the responsiveness, speed, transparency and flexibility of the IT system and optimise processes.
- Promote common goals, mind-sets and courses of action among IT employees.
- Tailor the IT system to the company's business strategy.

To accomplish these goals, the company looks for a consulting partner who can provide an objective, impartial view, and who possesses the necessary technological expertise and extensive experience in the business field concerned.

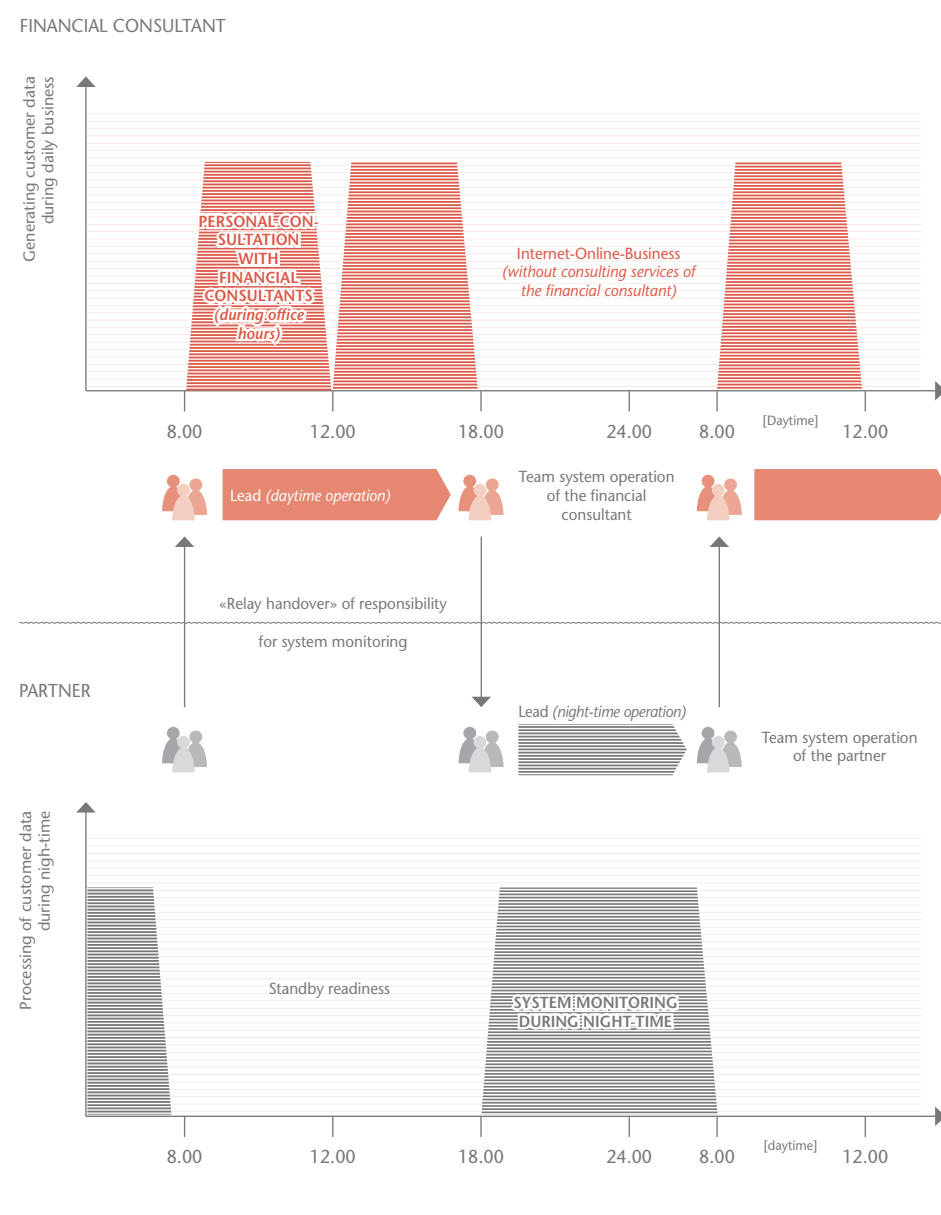
The external consultant soon notices that business and IT are not aligned in daily work, leading to recurring issues and friction. It becomes clear that the IT strategy can only be developed and successfully implemented if all staff concerned, from top management down to individual employees, are intensively involved, share decision mak-

ing and have a common objective. Independent consultants are especially valuable in this process because they can manage and supervise the project professionally and without bias. The external partner also implements innovative project methods that help accelerate the process: so-called «cybernetic workshops» (see *information box*) are held to collect the IT needs of all stakeholder groups, while business and IT employees jointly draft the basic statements of the IT strategy and develop specific strategic objectives.

The cybernetic approach and the external partner's objective advice make it possible to develop a five-year IT strategy within five months. This strategy gains the widespread acceptance of management and employees, who also contribute to implementing it.

One advantage of integrating partners early is that they can get to know the



FIG. 7: OUTSOURCING OF SYSTEM MONITORING**CYBERNETIC WORKSHOP METHOD**

This method greatly accelerates the innovation process, from the idea generation phase to implementation. The cybernetic approach used in workshops aims to intensively network and thus enhance the knowledge of large groups (*up to 50 participants*).

Interpersonal exchange and networking allow for 90 percent of an individual's existing knowledge to be transferred to the entire group within just three days, instead of weeks and months. This increases the interdisciplinary group's «collective knowledge» of a certain topic. The newly created knowledge base and/or the higher level of knowledge also result in comprehensive and lasting solutions that are based on a solid and viable consensus. A sample question that can be asked in cybernetic workshop is: «What innovations does the company need within the next five years to remain successful or retain its leading market position?»

The level of knowledge and information gathered is a result of very intensive and deliberately controversial discussions. This ultimately enables jointly developed ideas to be realised more quickly and reduces internal resistance. Experience shows that up to 80 percent of all ideas developed in a workshop are implemented within the following twelve months.

company in detail in the process of drawing up the IT strategy. They also gain acceptance at management level early on. Once the IT strategy has been prepared, the partner implements it in line with the customer's strategic objectives. This ensures that the wealth of ideas from the strategy phase is not lost. By the same token, the company is able to focus on its core business during implementation.

also lead to costly delays. An example of this is in daily automatic data processing, which forms the basis for doing business the next working day. While this is not essentially an innovative activity, any errors in the process needlessly tie up resources and capacities.

A Swiss health insurance company requires its automatic processing system, the so-called «batch processes», to be supervised daily for 12 hours at night to avoid expensive system failures that are difficult to resolve. It wants to outsource this task to reduce the workload of the company's own IT department. At the same time, the company aims to ensure that these daily activities are executed in the most cost-efficient and professional manner possible.

Example 2
PROFESSIONALLY OUTSOURCE
RECURRING PROCESSES

The insurance business produces a large amount of data. Incorrect evaluation or processing of data represents a major risk for business operations and may



«Outsourcing the system monitoring processes not only relieves the customer's IT department, it also helps avoid the need for training and further training in this area.»

What is the solution? Within a few days, a Swiss IT consulting specialist establishes a team with the appropriate technical expertise – in Switzerland and in the specialised near-shore development centre in Bratislava. Swiss consultants assist the customer on site. A three-person supervisory team in Bratislava works in shifts and is available to the customer around the clock thanks to mobile communication technology.

To ensure the project's success, everyone speaks the same language. Every morning, information is exchanged in the presence of the whole team, including the customer. The employees in Bratislava give a detailed report of incidents during the night shift. These reports in-

clude information on error messages and how they have been remedied, the current status, and anything else that the customer's employees should be aware of during the day shift.

By outsourcing the time-consuming but critical monitoring process, the insurer takes some of the strain off its own IT team and transfers responsibility to a professional partner. This distributes the risk potential and ensures cost efficiency. This arrangement has proven successful for the customer and has enabled its IT department to focus on innovative activities more strongly than before. The customer is considering further outsourcing – with the right partner's support.

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