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ABSTRACT

In 2004, the nearly billion dollar software company Business Objects undertook a major acquisition. Now, the business is looking to improve operations and position itself as a major player in the business intelligence market. This paper focuses on how Business Objects can create a flexible IT organization that can evolve with changing corporate strategies in today's competitive markets.

The analysis section completes a SWOT analysis and reviews business strategy, organizational strategy and IT strategy. The analysis concludes that increased legislated process and broad geographic reach in a truly flexible IT organization are not feasible. However, action can be taken to balance control and flexibility that will make IT an enabler for the business. Recommendations include appointment of a CIO, hybrid organizational structure and establishment of performance metrics. As part of implementation strategy, a gradual change management approach is recommended with a dedicated team to monitor progress and adapt the plan as the environment evolves.
DEDICATION

To our parents for their support through the years.
ACKNOWLEDGEMENTS

Thank you to Edward Barnes, Terry Duncan, Claudio Silvestri, Dr. Michael Parent and others throughout the Business Object organization and Simon Fraser University who supported us in the completion of this paper.
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LIST OF ABBREVIATIONS

BI: Business Intelligence
BOBJ: Business Objects
CD: Crystal Decisions
CIO: Chief Information Officer
CRM: Customer Relationship Management
DRP: Disaster Recovery Plan
ERP: Enterprise Resource Planning
GBAS: Global Business Application Services
IS: Information Systems
ISST: Information Systems Strategy Triangle
IT: Information Technology
MBO: Management by Objectives
OEM: Original Equipment Manufacturer
PMO: Project Management Office
SEC: Securities and Exchange Commission
SOX: Sarbanes-Oxley
1 INTRODUCTION

1.1 Objective of Paper

We live in a time of rapid change. Certain sectors such as high tech have no escape from change and strive to evolve with the shifting variables. Environmental changes such as rapid innovations, business acquisitions and mergers force organizations to be flexible so they can quickly adapt to their environment. This paper is a detailed analysis of Business Objects' Information Technology (IT) organization in order to understand how to create an IT organization that is flexible and evolves with changing corporate strategy. All observations and analyses in this paper are based on Business Objects' current environment after their acquisition of Crystal Decisions\(^1\).

As part of the report, Business Objects' business strategy, organizational strategy and internal IT strategy are reviewed and analyzed. Concepts such as business vision and organizational configuration are addressed. In addition IT best practices, business and IT maxims, centralization versus decentralization and other issues from a tactical execution point are discussed. The goal of the recommendations is to enable IT to effect positive change and be an 'enabler' for the business. Business Objects is close to a billion dollar company and in preparation for this milestone IT management wants to create an IT organization that is both scalable and effective to support a business of this size. Considerations as part of the recommendation are corporate culture and alignment with company expenditure.

\(^1\) Business Object has completed the acquisition of Crystal Decision on December 11, 2004
1.2 Company Background

*Business Objects* is a software company headquartered in both San Jose, California and Paris, France. The company was founded in 1990 and in 1994 became the first European software company to go public on NASDAQ. The company's stock is publicly traded on NASDAQ under the ticker symbol BOBJ and Euronext Paris (Sicovam code 12074). *Business Objects* can be found on the Internet at:


*Business Objects* is the world leader in Business Intelligence (BI) software tools. Common uses of BI include enterprise reporting, management dashboards and scorecards, customer intelligence applications, customer and partner extranets, and financial reporting. *Business Objects* products offer multiple approaches for satisfying information demand through query and analysis, reporting, performance management, and analytic applications.

The worldwide BI tools market reached US$ 3.9 billion in 2003. The market is forecasted to see steady growth in the next 5 years with a compound annual growth rate of approximately 5%2. The IDC annual report on BI Market Share and Trends showed that *Business Objects* leads the BI market with 16.5% market share. As outlined by Table 1 the competitor behind *Business Objects* is Cognos at 10.9% market share. *Business Objects* is the fastest growing BI Company of the top four vendors.

---

Table 1 Worldwide Business Intelligence Tools Market Share by Leading Vendor, 2002 and 2003

<table>
<thead>
<tr>
<th>Vendor</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Objects</td>
<td>16.5%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Cognos</td>
<td>10.9%</td>
<td>10.7%</td>
</tr>
<tr>
<td>SAS Institute</td>
<td>9.4%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Hyperion Solutions</td>
<td>6.8%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Microstrategy</td>
<td>3.7%</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>52.7%</td>
<td>57.6%</td>
</tr>
</tbody>
</table>

Note: Acquisitions are addressed by adding revenue of acquired company to former years.

Today Business Objects boasts revenue of $560.8 million and 3900 employees worldwide. Business Objects has over 26,000 customers in over 80 countries and more than 80% of the Fortune 100 use Business Objects tools. Their customer base includes various industries such as Chemical/ Pharmaceutical, Government/Education, Automotive/Manufacturing, Telecom, Oil/Energy, Consumer/Retail, Healthcare, Financial/Insurance, eCommerce, and Technology. Some examples of customers are Pfizer Ltd., US Department of Defence, Boeing, Walmart, and Cisco Systems.

Business Objects has a successful history of strategic partnerships with more than 3,000 industry leaders including: IBM, Microsoft, Oracle, PeopleSoft and SAP. In 1993 Microsoft bundled Business Objects’ product Crystal Reports in Microsoft Visual Basic. In 2001 SAP signed an agreement with Business Objects to bundle Crystal Reports in their product. Business Objects maintains OEM partnerships with hundreds of Independent Software Vendors to incorporate the company’s solutions as core components to their applications including: helpdesk, healthcare, telecommunications, financial, human resources, ERP, government, education and sales force automation.
In December 2003 Business Objects acquired Crystal Decisions; a Vancouver based Software Company for the price of $1.2 billion dollars (USD). Crystal Decisions was the world leader in enterprise reporting with more than 16 million licenses of their reporting tool Crystal Reports sold worldwide. The reasons for the acquisition were:

- Strongest most complete product line in BI.
- Broaden the range of distribution channels (ie. OEM, distributors, systems integrators etc.).
- Create growth opportunities through up-sell and cross-sell opportunities between companies’ customer base and maximization of geographic penetration.

Through the combination of the two companies, Business Objects became the world leader in BI.

Over the years Business Objects has focussed on maintaining 6 core values. The summary of the 6 core values are:

- Leadership
- Customer Focus
- Transnational Identity
- Innovation
- Integrity
- Passion

This paper focuses on the Information Technology Department within Business Objects. There are approximately 201 IT employees at Business Objects. The concentration of IT resources, including the VP of IT are located in the Vancouver, Canada office and the next largest group is in Levallois, France.
As outlined in Figure 1 the Vice President of IT reports into the Chief Financial Officer and Senior Vice President of Finance and Administration, Jim Tolonen. Mr. Tolonen, who reports directly to the CEO, is responsible for IT, finance and facilities functions at Business Objects. The Chief Executive Officer and Chairman of the Board, Bernard Liautaud is one of the co-founders of the company and was recognized as one of the 25 most influential executives in technology in Time Magazine Europe’s Digital Top 25.

Figure 1  Business Objects Senior Executives

1.3 Project Methodology

This paper is based on the Information Systems Strategy Triangle (ISST) methodology of Pearlson\(^3\). Consideration of IT strategy to plan business and organizational strategy leads to IT that supports the business objectives, supports the organizational systems, and aligns the overall business and organizational strategies.

Business strategy, organizational strategy and IT strategy need to be aligned. Failure to consider these points can lead to unnecessary expenses of time, resources and money.

As a part of our paper we discuss project decisions about technology investments from Weill and Broadbent's framework of business and IT maxims\(^4\). This framework requires a comprehensive understanding of the organization's strategic goals (the business maxims). Once the strategic objectives are articulated, the IT maxims such as the guidelines for IT governance, the level of expenditures and IT deployment in the company can be deduced from business maxims.

In order to describe and then analyze Business Objects organizational structure, Mintzberg's model for organizational structures is utilized as outlined in his 1981 Harvard Business Review article, "Organization Design: Fashion or Fit?\(^5\). The main benefits of this model are that it allows the classification of organizational structures to understand the actions of an organization. In applying this model considerations such as culture, centralization versus decentralization and knowledge flow are taken into account. This model will benefit IT management in understanding the opportunities and issues that each of these generic structures provide the organization.

Our analysis of Business Objects is based on interviews with IT management, individual IT contributors and people external to IT. Interviewing 3 different types of employees captures a broad range of viewpoints towards IT.


\(^5\) Henry Mintzberg, "Organization Design: Fashion or Fit?" in Harvard Business Review, Boston: Jan/Feb 1981. Vol. 59, Iss. 1; p. 103
We conclude the paper with a review of implementation strategy and recommend a change management process for the Business Objects IT organization to implement our overall recommendations.
2 ANALYSIS

2.1 Strategy

The Information Systems Strategy Triangle (ISST) is a framework discussed in Pearlson's book "Managing and Using Information Systems"\(^6\), which reviews the relationships between business, organization and information system strategy. Analyzing Information System Strategy (or IT Strategy) in isolation does not provide an accurate perspective. To develop an effective IT Department, one needs to understand how IT is optimally utilized and managed within the organization. Most organizations work towards best practices of striking a balance between their organizational and IT strategies, which means they develop these strategies to complement their greater corporate strategy. Based on the ISST, alterations to the organizational and business strategy bring about modifications with the informational strategy in order to keep the triangle in a balanced state. The final key point regarding the ISST is that informational strategy impacts the organizational and business strategy. For example, when designing IT systems one must keep in mind the consequences of strategy on the business and organization as a whole, otherwise it is probable that the productivity expected from the system will not be reached. In the Analysis of Business Objects we reviewed the business, organizational and IT strategies.

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2.1.1 Business Strategy

In the 1996 article "Building Your Company's Vision", Collins and Porras discuss how companies such as 3M, Johnson & Johnson and Sony have remained successful throughout recent decades\(^7\). This article discusses these companies' ability to preserve their core values and purpose while adapting their business strategies accordingly. What separates the truly great companies from the rest is that they understand the difference between what should change and what should remain constant. Based on their research, businesses with fixed core values and a purpose that continuously adapts business strategies and practices have historically (since 1925) outperformed the common stock market by a factor of 12. A company's purpose, core values and business goals all come together to formulate the business vision.

\(^7\) James C. Collins and Jerry I. Porras, "Building your company's vision" in *Harvard Business Review*. Boston: Sep/Oct 1996. Vol. 74, Iss. 5; p. 65 (13 pages)
2.1.1.1 Purpose

The mission or purpose of Business Objects is to unlock the power of information to improve the performance of organizations. Business Objects have outlined 3 areas of 'thrust' in relation to their mission statement above. These 3 areas are:

1. Ubiquitous - Business Objects products will be everywhere: for every user, every report, every enterprise, every industry, and in every country. We will own the Enterprise Business Intelligence market.

2. Strategic - Business Objects products will be key drivers to improve our customers' business performance. We will own the Enterprise Performance Management market.

3. Embedded - Business Objects products will be embedded in every application and will be the standard solution for every developer. We will own the BI Developer market.
2.1.1.2 Business Goals

In 2004, Business Objects senior management team decided on 10 key goals in 5 key areas. These goals were to leverage the company’s leadership position in the marketplace as well help them strive forward to reach the goal of becoming a $1 billion dollar company. The 10 goals are:

- Customer Obsession
  - Significantly improve customer loyalty

- Business Dominance
  - Succeed in the Enterprise BI / EPM / Developer BI markets
  - Be the preferred BI partner of SAP, Microsoft, PeopleSoft, Oracle and IBM
  - Establish the foundation for growth beyond 2004
  - Increase market share versus the number two competition

- Technology Leadership
  - Deliver on the 2004 product roadmap

- Financial Excellence
  - Grow revenue and improve our operating margin

Currently the senior management team are working with consultants to redefine the overall business strategy and goals. This is expected to be released towards the close of 2004 to facilitate planning in 2005.
2.1.3 Core Values

As outlined in the introduction of this paper, Business Objects’ core values are defined as:

- **Leadership** - Our goal is clear: we strive to be number one and we want people to know about it. In everything that we do, we search for excellence and accept no less than the best.

- **Customer Focus** - We never lose sight of what really matters: the satisfaction and success of our customers. Our products are developed with the goals and needs of the customer in mind.

- **Transnational Identity** - We have a uniquely global approach to business. Our management philosophy relies on drawing talent, models, and ideas from a worldwide pool of resources.

- **Innovation** - Our industry thrives on innovation: creative problem solving is fundamental to our success. We constantly strive to deliver innovative products to the market, and deliver superior value to our customers and shareholders.

- **Integrity** - We treat everyone involved in the organization - staff, stakeholders, and customers alike - with dignity and respect. We are truthful and candid, keep our promises, and deliver on our commitments.

- **Passion** - Success does not come easily, especially in a world of intense competition: it comes through hard work, dedication, and passion. We are passionate about what we do, and we are driven to excel in every aspect of our business.
In July 2004, the executive management team took part in a workshop focused on defining the organizational culture of the newly merged company. Following the workshop, the executive management team published their vision of a new culture and a proposed set of core values. During the next few months HR solicited employees for feedback around the core values. The new proposed core values are:

- **Leadership**
  - We strive for excellence in all we do.
  - We lead the marketplace through vision, technology, and service.
  - We make a difference, not only in business, but also in our communities.

- **Personal Achievement**
  - We are all leaders.
  - We take responsibility and deliver on our promises.
  - We strive to achieve the best and to make our work extraordinary.
  - We develop ourselves and support each others' successes.

- **Innovation**
  - We are thought leaders. We advance the state of the art industry by bringing innovative solutions to the marketplace.
  - We use creativity to resolve problems faster and more effectively.
  - We take risks and learn from our mistakes in order to continually improve.

- **Respect**
  - We treat everyone involved in the organization - customers, partners, stakeholders, and ourselves alike - with dignity and respect.
- We trust and support one another to maintain a work/life balance that is personal to each of us.

- **Integrity**
  - We are truthful and candid.
  - We strive to do the right thing, always.
  - By expecting honesty and ethical behaviour from each other, we create a trusting environment.

- **Inspiration**
  - We communicate a shared vision of success.
  - We lead by example and inspire one another to reach their full potential.
  - We are passionate. We have fun and celebrate success.

- **Transnational Identity**
  - We have a unique transnational approach to business based on balancing global effectiveness and local empowerment.
  - We make diversity a competitive strength by cultivating our individual talents, pulling business models and ideas from our international community.

In summary, *Business Objects* purpose, core values and business goals are being redefined. Based on the methodology described by Collins and Porras (1996) in 'Building your company's vision', if a company's core values and purposes are not fixed, then it is difficult to understand the business vision. Ideally a business has a few core

---

values, generally three to five. The core values should not be strategies or cultural norms. They need to be fundamental and deeply held within the organization as an unchanging source of guidance. *Business Objects* is adapting their values, purpose and strategies that are in contrast to the model discussed, which recommends adapting strategies and practices.

### 2.1.2 Organizational Strategy

The second part of the ISST will help us understand “How will the company organize in order to achieve its goals and implement its business strategy?”⁹ In this section, we analyze *Business Objects’* organizational configuration by considering their organizational structure, organizational processes, relationship and boundaries.

**Figure 4  Organizational Configuration**¹⁰

---


Through an analysis of the organizational structure, we gain a high level understanding of the role of each business unit in Business Objects. Organizational processes explain the control systems and social mechanisms within the company that will enable organizational structures to work efficiently and put the business strategy into action. In the relationship and boundaries section, we will analyze organizational culture in terms of shared values and norms.

2.1.2.1 Organizational Structure

Organizational structure is more than an organizational chart; it is the "pattern of organizational roles, relationships, and procedures that enable such coordinated action by its members"\textsuperscript{11}. By focusing on the organizational chart, one will not understand the following elements of the company: whether business is centralized or decentralized, the division of labour, the reporting structure, the level of responsibilities and authority, the lines of communication flow, the relationship among members and what a company does. By developing a comprehensive view of an organization, a new or modified configuration that maximizes efficiencies can be selected for IT.

Business Objects has a 'Transnational Model' organizational structure. A transnational model "combines the local responsiveness of the international subsidiary with the advantages available from co-ordination found in global product companies"\textsuperscript{12}. Each region in Figure 5 is responsible for their regional profit and loss. Also, the grey and black arrows illustrate that more information is being fed into the regions than is being sent back to the corporation based on our interviews with internal employees. The customer surrounds all of the organization as signified by the outside circle.

\textsuperscript{12} Gerry Johnson and Kevan Scholes, Exploring Corporate Strategy, (Prentice Hall, 2002), Ch 9., pg.460.
Based on our interviews with the organization the advantages of this structure:

- Corporations can see what is happening in the company from a high level without getting stuck in the details – a holistic viewpoint.

- Corporations can focus attention/time on high level strategies for the company rather than operating the regions.

- Independence of the regions help make the decisions that are right for their market – keeping everything closer to market reality.
• Allows the organization to integrate new companies/regions into their structure easily.

• Increases Business Object's response time in the regions. Independence of the regions increases the speed of decision making since the regions do not need to consult with the corporate team on all decisions which are usually in a different time zone.

• Innovation is supported in this model. Each group has free reign without being constrained by the corporation. Each region can innovate and find processes that work best in their region.

On the other hand, Business Object's 'Transnational Model' has disadvantages:

• Limited knowledge sharing between regions – something that works in one country may work in another country.

• Limited flow of information out of the regions to the corporate level.

• This structure does not support acquired companies core capability of sharing knowledge cross departmentally.

• Corporation has limited insight into what actually happening in the regions – they only know profit and loss numbers (extreme case).

• Corporation has knowledgeable staff that could potentially offer guidance to the regions.

• This model creates external flexibility at the cost of internal efficiencies (no cross region pollination).
In order to better visualize *Business Objects*’ IT configuration, we have used Henry Mintzberg’s organization design framework to structure IT. Mintzberg discusses five structural configurations in the article ‘Organization Design: Fashion or Fit?’\(^{13}\):

- Simple structure – coordination through direct supervision, small company with little middle management
- Machine bureaucracy – coordination through standardization of work, large mass of support staff and planning/control of the work
- Professional bureaucracy – coordination through standardization of skills, large mass of highly trained professionals
- Divisionalized form – operating units controlled by middle management
- Adhocracy – project based structures that bring together experts

Each of these structures is composed of 5 components/roles within an organization:

- Strategic apex – senior management
- Middle line – middle management that ensures the execution of strategy from the strategic apex
- Operating core – the workers that produce the goods and services
- Techno-structure - analysts and system implementers that design and control work processes
- Support staff – support various components of the organization

The usefulness of Mintzberg’s theory is it helps organizations understand if their structure fits with their company function. Below is a brief summary of the advantages, disadvantages and an example to further illustrate his theory.

Table 2  Henry Mintzberg’s Organization Design Frameworks

<table>
<thead>
<tr>
<th>Configuration</th>
<th>Advantages</th>
<th>Disadvantages</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple Structure</td>
<td>Quick and flexible to respond to the environmental demands</td>
<td>Does not scale to larger organizations; reliance on few individual puts the company at risk</td>
<td>Small start-up</td>
</tr>
<tr>
<td>Machine bureaucracy</td>
<td>Efficiency gained in a stable environment where goods and services are mass produced</td>
<td>Less innovative environment; work is repetitive and boring</td>
<td>Car manufacturing plant</td>
</tr>
<tr>
<td>Professional bureaucracy</td>
<td>Standardization of expertise allows efficiency of output</td>
<td>Strategic change of direction is slow</td>
<td>Hospital</td>
</tr>
<tr>
<td>Divisionalized form</td>
<td>Simplifies management of a larger organization</td>
<td>Limited sharing of knowledge and learning across silos</td>
<td>Large software company</td>
</tr>
<tr>
<td>Adhocracy</td>
<td>Innovative</td>
<td>High cost outputs due to inefficiency</td>
<td>Advertising Agency</td>
</tr>
</tbody>
</table>

An organization is not a pure structural configuration but rather a blend of characteristics. The structure of the organization depends on many factors such as company size, innovativeness, competitive environment and acquisition history. Business Objects IT organizational configuration is a blend of Divisionalized and limited Adhocracy format.

Business Objects IT organization is divided into many functional units. The purpose of this diversification is to allow functional units with unique skill sets and provide the opportunity to operate independently toward their objectives without being
effected directly by other intra IT group’s performance. The organization’s transnational structure allows business units to make their own decisions. IT functional teams report into their regional managers, not the global functional head. However, the level 1 regional manager reports into the VP of IT. It is important to note that divisionalization should not be seen as a sign of decentralization, “a divisionalized structure in which the managers at the heads of these units retain the lion’s share of the power is far more centralized than many functional structures where large numbers of specialists get involved in the making of important decisions.”

Business Objects IT organization also operates in Adhocracy—project teams are combined from different functions and business units for the duration of a project. The IT organization uses this structure for large projects only. Under this format, professionals with different expertises come together to solve a problem resulting in creative solutions. Because of the project team’s diverse background, the level of conflict is normally high in an Adhocracy format; however, these conflicts usually result in innovative solutions. Although this format brings surprisingly innovative resolutions to the table, we should keep in mind that the Adhocracy layout is not very effective when the problem is an ordinary task or requires a routine project management approach.

2.1.2.1.1 Organizational Functions

Based on the article ‘Notes on Organizational Structure’ an organization serves the following functions:

- **Division of labour** - How the tasks and responsibilities are divided up in the organization. (Examples: specialization, standardization, departmentalization etc.)

---


- **Norms of working together** - The coordination of activities and members. (Examples of integrating mechanisms are hierarchical supervision, formal rules, procedures, training and socialization)

- **Who interacts with whom** - This is the organizational boundaries of the organization and interactions with the environment.

*Business Objects* main function is to develop, sell and support their software. All departments including IT, either serve or support these three key functions. The company is divided into the following departments and functions as outlined by the Table 2 below.
<table>
<thead>
<tr>
<th>Department</th>
<th>Sub-Departments</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>Pre-sales, OEM sales, Direct Sales, Regional Sales, Field Operations</td>
<td>Sell product</td>
</tr>
<tr>
<td>Product</td>
<td>Product Research and Development, Localization, Product Management, Quality Assurance</td>
<td>Build product</td>
</tr>
<tr>
<td>Marketing</td>
<td>Product Marketing, Brand, Corporate Communication, Regional Marketing, Public Relations,</td>
<td>Create product/corporate brand and messaging</td>
</tr>
<tr>
<td>Professional Services</td>
<td>Training, Educational Services, Consulting</td>
<td>Create services and training programs to complement products</td>
</tr>
<tr>
<td>Customer Service</td>
<td>Shared Services, Enterprise Support, Call Centers</td>
<td>Support the customer in using product</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Recruiting, Learning and Development</td>
<td>Create a positive working environment and hire people to serve all functions within.</td>
</tr>
<tr>
<td>Customer Advocacy</td>
<td>NA</td>
<td>Focus on improving customer satisfaction</td>
</tr>
<tr>
<td>Finance</td>
<td>Investor Relations, Accounting, Internal Audit, Tax, Controller</td>
<td>Responsible for the financials</td>
</tr>
<tr>
<td>Corporate Development</td>
<td>NA</td>
<td>Creating future business opportunity</td>
</tr>
<tr>
<td>Partners, Alliances, and Integration</td>
<td>Alliance Partners, Channel Partners, OEM Partners, Strategic Integrators, PSO Partners</td>
<td>Increase partnership between technologies</td>
</tr>
<tr>
<td>General Counsel and Corporate Secretary</td>
<td>Legal, Corporate Policies and Contracts</td>
<td>Ensure company is law abiding</td>
</tr>
</tbody>
</table>

*Business Objects* IT organization is divided into the following functions: Global Networking & Telecommunications, Global Operations Support, Global Business Applications Services, Business Intelligence & Data Warehousing, Global Project
Global Networking & Telecommunications

Global Networking & Telecommunications are responsible for the data, voice and security infrastructure of Business Objects global computing infrastructure. The team provides networking & telephony services to employees and integration with business partners.

- Data Networking responsibilities include Global WAN, VPN networks, Datacenter, corporate LANs and branch office LANs, Wireless-LANs, Fibre MAN, Internet services, dial-up RAS, cabling, and DMZ.

- Security responsibilities include perimeter Firewalls controls, Business Partner connectivity and isolation, Global VPNs, RSA SecurlD Authentication, DNS, Domain and certificate registrations, anti-spam & anti-virus controls, and Intrusion Detection.

- Voice and telephony responsibilities include PBX and phone setup & administration, global call centre infrastructure, long distance, toll free dialing, calling cards, mobile phones, blackberry and wireless PDAs.

- Disaster Recovery Coordination responsibilities include the planning, development, analysis and implementation coordination. (DRP)

Global Networking & Telecommunications is loosely structured around DATA, VOICE, SECURITY and DRP responsibilities; however convergence of technologies and broadening of skill-sets has led to overlapping roles and responsibilities.
Global Operations Support

Global Operations Support is responsible for the strategic development and maintenance of Business Objects global computing operations infrastructure, processing and operating environments and facilities. Global Operations also ensures the development and maintenance of global technology standards, operational processes, control and security of all infrastructure assets and the provision of support services to the organization. Examples of responsibilities are:

- Maintains and supports operational infrastructure assets (includes the datacenter)
- Implements and maintains server, SAN and tape standards
- Develops and maintains infrastructure vendor relationships
- Responsible for the management and security of servers (includes O/S), SAN's etc.
- Backup and recovery
- Provides web services and applications support
- Supports systems and messaging applications (i.e. Exchange)
- Maintains and supports operational end user assets (desktops, laptops, printers etc)
- Provides end user support for all desktop systems and certain applications

Global Business Applications Services (GBAS)

The GBAS group serves as the primary liaison between Business and IT for all internal/external business production applications & related services. GBAS is comprised of Enterprise Application Services, Application Development and Business
Unit IT. Maintenance, support & maturity for all applications including Peoplesoft ERP & related services are provided by this team. Key responsibilities of GBAS as presented by IT management are:

- Work in collaboration with regional counterparts (Europe and U.S.) and serve as a primary liaison between Business and IT from a Global Systems point of view.

- Partner with senior business leaders to define the global business systems strategy – global system strategy planning

- Focus on customer service by maintaining close relationships with the business to thereby deliver more targeted services. Alignment with the business by understanding business unit's goals and objectives and working to partner IT to drive forward the business.

- Global application maintenance and new system roll-out services – This is a coordinated effort between GBAS, PMO and the regional counterparts.

- Global application development and technology research and feasibility

- Communicate business units focus and requirements to the IT organization.

- Assess project requests, work with the business to prioritize and assign work effort and submit to PMO

- Configuration of Global Systems

- Translate business units strategy into global technology opportunities.

- Work directly with VP of IT and PMO to produce and evolve the IT Roadmap and ensuring it is in scope of overall company objectives.
- Work closely with IT Operations and the Business Intelligence & Datawarehousing team to ensure the business needs are met and projects are launched according to predefined quality and process.

**Business Intelligence & Datawarehousing**

The Business Intelligence & Datawarehousing group is responsible for analysis, technical design, development, testing, and administration of *Business Objects* Corporate Datawarehouse. The team works directly with Business Unit IT subject experts and systems analysts to determine information needs. Based on this coordination the Business Intelligence & Datawarehousing team provides the processes and data infrastructure to deliver the required information to the business.

**Global Project Management Office**

The Project Management Office is responsible for the planning, administration, and execution management of key technology investments, sustaining activities, and Quality Assurance for IT. This team works to ensure that there is organization-wide clarity and that technology investments are reviewed, approved, sequenced and managed in a consistent manner.

The Global Project Management Office works with the Global Business Applications Service team to prioritize, schedule and deploy key initiatives and sustain activities according to agreed upon priorities. These teams collaborate to ensure scope of initiatives and communications between departments meet the expectations set with business stakeholders. Successful project implementations occur through the provision of a common framework, processes, and consistent communication. This standard methodology ensures predictability and quality of *Business Objects* applications. Key responsibilities are:
- Providing structure and control around project resource management, scheduling, and budgeting.

- Monitoring, updating, and communicating the status of the IT Roadmap to be used as a reference internally for IT, as well as for our business units at Business Objects.

- Providing quality assurance throughout the lifecycle of IT projects.

The IT Roadmap exhibits the projects currently scheduled for implementation. Once the projects have been prioritized and accepted into the small and large project tracks, they will be scheduled for implementation and displayed on the IT Roadmap.

**IT Europe**

IT Europe works closely with the *Business Objects* European management team to deliver IT support and services in the European region. This team works closely with the Global IT Teams in developing and deploying systems and services. IT Europe is the primary owners of the day-to-day business in the region.

IT Europe is composed of a Project Management Office, Applications and Operations functions. IT Europe partners with IT Global functions but where necessary they act locally to satisfy the unique requirements of their region.

**IT Americas/Asia**

Similar to IT Europe, IT Americas/Asia focuses on IT operations and applications as pertaining to the Americas/Asia region. They liaise with global IT and the PMO to ensure regional business needs are being satisfied.
Finance Administration & Performance Metrics

Finance Administration & Performance Metrics are responsible for the overall IT budget as well performance metrics for IT. The goals of this function are to identify and measure IT performance and thereby providing the department with the data in which to track and improve against.

2.1.2.2 Business Processes

Considering the size of Business Objects and its geographically dispersed locations, we were not able to map the processes of each business unit; therefore, in this paper we focused on the function of the business unit and key processes for the company. We analyze the IT process such as governance in the following section to improve our understanding of the IT Department.

Within the Business Objects structure a blend of organizational processes operate together. The three processes: Planning and Control, Performing Targets, and Social Processes dominate and help the company's strategy move into action.

2.1.2.2.1 Planning and control

The IT Department in conjunction with the business are required to prioritize projects based on quantifying overall business benefit. This helps the department to ensure they work on projects that are inline with strategic vision for the overall company. Also all departments in the regions and the corporate structure have a budget that they are accountable for. This is supported by the overall structure outlined above. Processes for the company are further monitored with the ERP and other internal applications.
**IT Governance**

The main process that drives system development at *Business Objects* is the IT Governance model. This model consisted of 2 tiers: IT Strategic Planning and IT Program Management.

**Figure 6  IT Governance Model**

**IT Strategic Planning**

IT Strategic planning occurs semi-annually with the high level IT steering committee. The members of IT Strategic planning group are the Executive Committee (15 senior executives spread across key functions and regions) and Senior IT managers. During these meetings the Committee works to develop goals and plans for the IT function that support corporate objectives. At this tier decisions around multi million dollar investments are made and discussion is around IT Vision. The output of this meeting is agreement at an executive level around an IT Roadmap and portfolio mix that will enable the business as a whole.
IT Program Management

At the IT Program Management tier of the IT Governance Model, the IT Operational Committee meets semi-quarterly to review project requests submitted via the Project Management Office. Members of the IT Operational Committee are senior IT managers and VP’s from each business unit in the company. Prior to the meetings the business unit leaders work with their appointed IT representatives to prioritize their projects based on ROI, business unit priorities and overall corporate priorities. In this semi-quarterly meeting the VP’s of the business units make trade off decisions around projects. In general the requests from the business units exceed what IT is able to deliver. The goal of these meetings is to create a manageable project list for each quarter.

Program Management consists of 5 stages of project development. These stages are:

- Identification and prioritization of issues and opportunities for IT and the business.
- IT Assessment – IT creates a high level business requirements gathering which includes estimates of effort, cost, and business impact.
- Formal submission of a project request to the Project Management Office
- Projects are prioritized at the business unit level and summarized at the Operational Committee level. The guiding criteria for project prioritization are risk assessment, business impact and architectural fit.
- Project scheduling which means the project is now officially a component of the IT Roadmap.
The IT Governance Process is a new process that was implemented approximately 6 months ago. Some of the challenges experienced are around attendance by VP’s at the Operational Committee, ensuring meetings occur on a regular basis as well as forcing the business to make trade-off decisions around project requests. As the business grows and demand on IT services increases, IT will need to force the hard decisions by the business units to avoid the risk of IT taking on more projects than they can successfully deliver.

Sarbanes-Oxley

The Sarbanes-Oxley Act of 2002 means SEC registrants are required to adopt new rules of annual reports which includes an assessment of their internal controls and procedures as it pertains to financial reporting. As part of this assessment both internal and external auditors must attest and report on management’s assessment of their controls. This has changed and disrupted how public companies conduct business. Many businesses are working towards having comprehensive documentation, evaluation and testing of their internal controls to support the management team’s assessment. Although Sarbanes-Oxley Act is a measure for organizations to improve their financial transparency, those improvements can not be done without changes in companies’ information systems, practices and control systems. By year end, 2004 public companies must be compliant or the impact will be both financial and in extreme cases jail time will be served.

For many company’s Sarbanes-Oxley Act has changed the processes in many business units. For instance, the IT department does not only have to provide the necessary information systems but it must also introduce new Sarbanes-Oxley Act related security measurements and controls. The product group has introduced new
features to the existing product lines in order to comply with the Sarbanes-Oxley regulations.

As Sarbanes-Oxley s404 legislation is introduced to Business Objects the impacts on IT are not only net new projects but changes around processes and the way the department does their work. As mentioned earlier the legislation comes into effect year end beginning Nov.15 2004 or thereafter. Business Objects 2004 Annual Report requirement is that in its' annual report an assessment of the effectiveness of the company's internal controls and procedures for financial reporting be stated. Controls embedded into Business Objects IT systems include:

- Program development
- Program changes
- Computer operations

IT systems, infrastructure and data are crucial components of financial reporting. Whether via the ERP or the various operational and financial management applications, IT is the core to having an effective system of internal control over financial reporting. These controls strengthen a company's accountability. Common areas of introducing controls are:

- Environment
- Computer operations
- Access to systems and data
- Security and Change management
- System Development Lifecycles
- Policies and Procedures
In order to meet the Sarbanes-Oxley Act, organizations such as Business Objects will require cultural changes to create a process driven environment. At Business Objects, modifications to IT applications and processes are necessary. More specifically around design, documentation, evidencing controls and evaluation of controls. Due to the devastating repercussions of non-compliance, IT is taking a proactive approach to the legislation.

Business Objects IT Governance model resembles the IT controls for Sarbanes-Oxley. Outstanding informal process and lacking documentation around the controls require proof of function including evidence of controls and enhancements to IT systems. Based on our interviews some of the challenges for IT around Sarbanes-Oxley are:

- Short time frames for IT management to become familiar with the internal controls required.
- Need for developing a compliance plan.
- Continue to execute on scheduled/committed IT projects outside of Sarbanes-Oxley as well to take on the additional projects related to Sarbanes-Oxley.
- Introduce new processes and educate a global team in many languages around the importance of staying real to the process
- Incorporating the IT compliance controls into the overall Business Objects Sarbanes-Oxley plan.
- Addition of new projects that are a ‘must do’ – stretching resources and increasing stress levels
- Understanding recently merged organizations mapping of IT systems
- Designing and implementing controls to reduce the identified risks in the system and monitoring them going forward.

- Setting up documentation and testing of the controls.

- Identifying a go forward strategy for Sarbanes-Oxley.

- Overall this legislation is costly and time consuming taking focus away from driving the IT organization forward strategically.

Going forward IT will have an annual assessment of their compliance. IT needs to ensure that the organization is compliant to these new processes as well to monitoring, updating and improving controls going forward.

2.1.2.2.2 Performing targets

Performance is managed through alignment of individual goals, department goals and corporate goals. Business Objects philosophy around performance management is:

"Business Objects is committed to managing employee performance such that every employee is given the opportunity to be successful in a manner that is consistent with Business Objects' Values. Ultimately, this investment in our people will help the company develop a competitive advantage in the market."

All employees use an online tool to capture performance information; this is known as the Achievement and Development Plan (ADP). The annual ADP's purpose is to encourage employees to think about the future, and capture their major objectives for the year. The key elements of the ADP are:

- Long Term Goals

- Competencies - 8 Business Objects leadership competencies which are linked to the businesses core values
- Development Plan - Long term career and personal development plan

- Performance Rating

Linked to employee's yearly goals are quarterly objectives termed Management by Objectives (MBO). The reason for MBO's is to motivate, recognize, and reward employees for excellence throughout the year. Employees are encouraged to create objectives that are SMART (Specific, Measurable, Achievable, Realistic, and Time-bound). Employees and managers work together to assign each objective a weighting and a deliverable date in relation to the other quarterly objectives. Management are to meet with their employees regularly throughout the quarter to review employee's progress against their MBO's. At the end of each quarter, based on employee and management assessment of their success in attaining their quarterly goals, employees are given a financial reward in the form of a bonus.

**2.1.2.2.3 Social & cultural processes**

Internally at *Business Objects*, culture is defined as “the set of particular behaviours that an organization's members believe are expected of them if they are to ‘fit in’ and ‘survive.’” The belief is that by understanding the culture it can help the company assess if the behaviours expected of employees support or distract from high performance. Overall *Business Objects* wants to create a culture that fosters and maintains high performance over time.

In the spring of 2004 the Human Resource (HR) Department distributed an Organizational Culture Inventory (OCI) called Circumplex. The validity of the OCI is based on its application with over 3 million people in many different industries around the world. The survey targets employee's feelings around how things are done and what is expected of them. For instance the survey considers employee satisfaction and
motivation, teamwork and coordination as well organizational effectiveness such as quality of service and sales performance.

Based on the Circumplex there are 3 main cultural styles – Constructive, Passive and Aggressive. These are described by HR as:

- Constructive Styles - Reflect a healthy balance of people and task-related concerns. Styles associated with this orientation are directed toward the attainment of organizational goals through the development of people.

- Passive Styles - Represent an unduly strong orientation toward people as opposed to tasks. These styles characterize people who subordinate themselves to the organization and end up creating stress for themselves and allowing the organization to stagnate.

- Aggressive Styles - Emphasize tasks over people and are driven by underlying insecurities. In the extreme, these styles lead people to focus on their own needs at the expense of those of the group. Decisions may be based on status rather than expertise, and more conflict than collaboration.

In April 2004 the HR Department received the results for the cultures of the former Business Objects and Crystal Decisions. In general, high performing businesses have a Constructive Style. Based on the results Business Objects was a combination of the Passive and Aggressive styles whereas Crystal Decisions was more balanced across the 3 styles. In summary both cultures had a gap between their current state and the vision that the senior executive team developed.

Following the results the senior executive team created a vision of the ‘Ideal Culture’ that they would like to see in the go forward Business Objects. Part of the results of the ‘Ideal Culture’ was the proposed core values outlined earlier in the paper.
The belief is that the core values will become the foundation of the new corporate culture.

Bernard Liautaud, the CEO stated on the recent quarterly call “Our goal is to create a new, unique and common culture for the new Business Objects”. Moving forward, the executive team proposed a shared cultural vision where:

- People are excited to come to work
- Achievement is high, both personally and professionally
- People treat each other with respect and integrity
- Accountability towards each other plays a vital part
- Behaviours are constructive

Over the next few years Business Objects will be developing tools and processes that reflect and support the culture they are working towards. For instance, Business Objects will review their performance management processes to ensure that both goals and behaviours are measured. The belief is that everyone can make a personal difference and the culture is merely a collection of human beings behaving in a certain way. In order to obtain this new cultural vision the entire company must believe they want something different from what they have now and thereby behave in that way to create the ideal culture.

Business Objects uses training and development as a way to invest in sustainable social processes for the company. The intranet offers “Learning Central” which provides all employees with learning opportunities to increase their success at the company. Programs include:

- Leadership development and professional development
- Technical Education
- Job Specific Education – (i.e. Sales training)
- Shared Learning opportunities

Through these programs Business Objects strives for an environment of norms and common language for employees to use.

2.1.2.3 Relationships and Boundaries

As we mentioned earlier, relationships and boundaries refer to how the different areas of the organization work together. In Business Objects, decision making occurs throughout the organization but key strategic decisions are determined at the corporate level. In the transnational model where the boundaries between the regions and corporate level can be ambiguous, roles and responsibilities around decision making are not always clear cut. This can lead to confusion and lost productivity. To increase the probability of business success, clarification of decision making authority can lead to faster decision making to meet the market and business needs. In that sense, top management needs to clearly determine the extent of devolution. “Devolution concerns the extent to which the centre of an organization delegates decision making to units and managers lower down in the hierarchy.”

In terms of external boundaries, some Business Objects functions are outsourced to address the rapid growth of the business as well to meet customer demands in a cost effective way. For instance, technical support call centres and product group quality assurance is partially outsourced to companies in India. Internal to IT, large project implementation of systems require outsourcing and guidance from large vendors such as Peoplesoft. However in the IT Department when these vendors are used

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16 Gerry Johnson and Kevan Scholes, Exploring Corporate Strategy, (Prentice Hall, 2002), Ch 9, pg. 444
internally for projects, the project management team builds into the project schedule timelines for knowledge transfer. *Business Objects* is cautious with their outsourcing policies and work to avoid outsourcing core capabilities or functions critical to the business.

### 2.1.3 IT Strategy

Currently the senior IT Management Team are defining their post acquisition IT Strategy. Discussions are focussed on fiscal year 2005 goals/objectives and the plans to achieve these goals. The central themes of the objectives are:

- Simplifying processes and environments.
- Encouragement of ‘new’ thinking.
- Slow the rate of tactical work and improve focus of decision making around the investment portfolio.
- Leverage the ERP for core business processes.
- Reduce the percentage of sustaining versus net new work, thereby controlling sustaining costs.
- Establish Executive Committee Sponsorship to drive focus around corporate goals.

Further definition around these high level goals and how these goals will be achieved will be defined publicly by December 2004.
2.2 SWOT

Based on our interviews with IT management, individual IT contributors and people external to IT (Appendix 1), we assessed the strengths, weaknesses, opportunities, and threats.

2.2.1 Strengths

Since the business is experiencing integration, it is difficult to understand the strengths of the IT department. Senior IT management is still in assessment as to what the strengths of the department are. Based on our interviews with IT management, individual IT contributors and people external to IT; the IT departments core strength is the people. The team is described as:

- Dedicated
- Hard working
- Vast knowledge base with solid technical depth
- Willingness to help

Many of the team members have been long-term employees of the company and they have a broad range of knowledge.

A notable difference between the 3 groups interviewed is that IT management listed the transnational model as strength. However the people within IT found the transnational model to be confusing and claimed it was the cause for ambiguity around roles and responsibilities between global and geographic functions.
2.2.2 Weaknesses

All 3 interview groups stressed that one of IT's weaknesses was poor communication. Areas highlighted as having weak communication were between IT and other Business Object departments, within IT, as well as from senior management to the remainder of the IT organization. Another area that all 3 groups agreed required improvement was leadership and IT direction. The lack of vision and strategic planning has resulted IT department behaving in a reactionary mode without understanding of the broader context. Finally most interviews highlighted their concern around IT having low morale and a high rate of employee turnover.

An interesting observation was that Internal IT employees stressed that they believed the team was too process heavy and people external to IT did not highlight this as a concern as they were clear why the processes were in place.

2.2.3 Opportunities

Areas for IT opportunity varied across the groups and few patterns emerged. Some key common areas of opportunity discussed were:

- Using Business Objects products internally
- Execute effectively on large global projects such as ERP
- Aligning IT with the business and improved coordination with the business
- Use of IT and technology as a strategic enabler
2.2.4 Threats

All 3 interview types agreed that outsourcing was a threat to IT. One interviewee external to IT said IT should be threatened by 'dissolving into obscurity' meaning if departments do not receive IT direction they need they will rely less on the department.

IT management stressed concerns around lack of funding to execute IT initiatives effectively and the erosion of IT infrastructure without enough refurbishment and investment in long-run.
3 EVALUATION OF ALTERNATIVES AND RECOMMENDATIONS

As an organization grows in size, the operations become increasingly complex and challenging to understand. Prior to combining Business Objects and Crystal Decisions, the IT organizational models were simple. However, now that the organization has doubled in size, the processes and relationships of the IT organization are more complex. Consequently, introducing change can be a slow process. As an organization grows, at the cost of flexibility, process and standardization of skills are necessary for the organization to be manageable. Although flexibility contrasts a growing billion dollar organization, we offer recommendations around increasing the IT's effectiveness within the organization and means for incorporating flexibility. With an organization of this size, it is simply not possible to be truly flexible given the geographic reach and newly legislated process.

3.1 Business Strategy

Based on our analysis since the merger of Crystal Decisions and Business Objects, the Information Systems Strategy Triangle (ISST) has not aligned. As mentioned earlier in the paper, senior management is working with external consultants to define the new overall business strategy. It is unknown how the business strategy will change, yet it is clear that it will be changing. Once this new strategy is declared, the organizational and IT strategy should work towards alignment as outlined by the ISST model discussed earlier in the paper.
New corporate values have been proposed for Business Objects. However based on an academic point of view there are too many values and they are overly focused on norms of behaviour. Our recommendation would be to limit the core values to 3-5 as well to probe deeper within the organization in order to understand the actual fundamentals. For instance, IBM Canada values diversity in workplace, and therefore, they support their value statement with strict policies and actions to foster the diversity value in their organization17. Additionally, build on the existing values that are already in place in both organizations rather than redefine values for both organizations. Further research is required in order to understand what the true core values are of both organizations.

3.2 IT Organizational Strategy

An IT organizational strategy that is well aligned with business objectives and goals, allows the organization to respond to internal and external forces in a timely manner. Under these circumstances, the IT organizational strategy provides long-term competitive advantage by increasing performance and efficiency. The mission statement of Business Objects “to unlock the power of information to improve the performance of organizations” demonstrates the belief that IT plays a strategic role in Business Objects’ future. We believe that the IT business function is a strategic enabler, not solely a support and maintenance unit. In the following section, we concentrate our recommendations on creating an IT organizational structure that fulfills an enabling role for the organization to reach its strategic goals.

3.2.1 Organizational Structure

An organization with an IT focus needs to invest in strategic IT projects sponsored by the corporate unit. IT project which does not consider the corporate business objectives as its main priority provides short-term advantages for the business unit. However, the business unit advantage erodes quickly due to changes in the corporate business strategy. According to Weill and Broadbent's research on more than 50 multidivisional companies\(^\text{18}\), those organizations with a deal making approach to projects do not have an enabling view of IT infrastructure. Deal making approaches focus on the needs of business units rather than the company needs when implementing projects. Weill and Broadbent explain the disadvantages of the deal making approach:

The pressure of costs and the tendency for current strategies to dominate long-term strategic intentions in the deal processes prevent an enabling view from emerging. This pressure prevents commitment to the flexibility inherent in an enabling view. Only business maxims set by corporate executive management have the weight to justify a company-wide infrastructure with extensive services.\(^\text{19}\)

We recommend that Business Objects consider moving away from the deal making approach to projects if the goal is to become a strategic enabler.

Business Objects is in the process of integration and business strategy is evolving. Since the organization is redefining their strategic direction, IT managers can not define a clear IT strategy based on future business requirements. Ideally, senior executives need to meet with IT managers to ensure that the IT department is taking the necessary steps to provide the initial infrastructure for strategic change. As the


organization grows, the IT department will lose flexibility and the response time of the department to large scale changes will increase. However by including senior IT managers in the executive decision making, IT organizations can ensure that projects are well aligned with the business objectives. Furthermore, projects can leverage the advantages of leading-edge technologies in the strategic planning. To achieve this we recommend a Chief Information Officer (CIO) to represent the IT organization at the executive level of decision-making. The appointment of the CIO would address the 2005 IT objective to establish executive committee sponsorship in order to drive focus around corporate goals. The Gartner Group defines the mission of CIO:

To provide technology vision and leadership for developing and implementing IT initiatives that create and maintain leadership for the enterprise in a constantly changing and intensely competitive marketplace.\textsuperscript{20}

In terms of IT organizational structure, we focused on how the organization could leverage the benefits of a centralized model without losing flexibility of a decentralized structure. The benefits of a centralized model involve reducing costs and process control but the drawbacks are slower response time and limited understanding of business units' needs. In the articles 'Six IT Decisions Your IT People Shouldn't Make', the authors compare the benefits and drawbacks of these two models:

The significant cost savings and strategic benefits come from centralizing IT capabilities and standardizing IT infrastructure across an organization. This approach leverages technology expertise across the company, permits large and cost-effective contracts with software suppliers, and facilitates global business processes. At the same time, though, standards can restrict the flexibility of individual business units, limit the company's responsiveness to differentiated customer segments, and generate strong resistance from business unit managers.\textsuperscript{21}

A hybrid model that combines centralization and decentralization could respond to rapid business changes in a cost effective way without compromising the end-user needs. We recommend an organizational structure where IT functional units report directly to CIO. The managers reporting directly to the CIO communicate future business objectives and strategic direction to their sub-units and ensure there is coordination between all IT functional areas. The regional representatives of each sub-unit follow the strategic direction provided by corporate IT, yet they work directly with the business units in the region mainly servicing help desk requests and maintenance type tasks. New project requests must follow the IT Governance Model as outlined by Sarbanes-Oxley. In this proposed model, the roles and responsibilities between global and geographic functions are clearly defined, thereby addressing weaknesses discussed in the SWOT. Through role clarification, employee confidence is raised, team morale increases and eventually employee attrition is reduced. Also with the appointment of a CIO, IT managers will have an active voice in the executive decision making process allowing the IT department to be empowered in their project work.
The Project Management Office (PMO) will work closely with the CIO and IT functional units to define processes, prioritize work based on overall business objectives and execute projects. In contrast to the current IT structure, we recommend the PMO be centralized to help drive consistency and standardization of project process. It is important to centralize this team in order to ensure successful implementation of the IT Governance model and Sarbanes-Oxley. To create flexibility and creativity within the IT Department we recommend that the PMO coordinate Mintzberg’s Adhocracy project teams. The PMO will bring together virtual project teams which include members from different IT functions and business units for the duration of a project. These temporary project teams foster a learning environment that Business Objects supports. This team structure approach can be utilized for more than large project execution. For example, an adhocracy structure would be valuable for brainstorming sessions around IT project issues/opportunities as well for future planning. This structure could help the IT improve
their communication with the business units and allow those outside of the IT to have insight into the IT Department. As we mentioned earlier, this approach usually results in innovative solutions because professionals with different expertises come together to solve a problem. The virtual project teams are able to analyze alternative solutions from a broad range of perspectives as well mitigating the risk of common end-user resistance in technology projects.

The Finance Administration and Performance Metrics Team work directly with the CIO to define measurements and dashboards for the IT organization. In order to maintain an objective viewpoint, this team cannot report into a functional unit. In the next section, we offer recommendations regarding this group's responsibility.

Reporting into the Corporate IT Operations and Support are the regional operational teams as well as Networking and Telecom since this is an operational IT function. The decision making and maintenance of global infrastructure and data-centres are centralized in the Corporate Operations and Support; and less strategic functions such as helpdesk, maintenance and support of local software/hardware are regionally based. This model reinforces the cost sharing of IT Operations in the regions. The regions benefit with this model through faster IT response times and more influence on IT execution within the regions. Corporate IT benefits by having both improved control over total maintenance costs and stronger relationships with regional managers. Since Regional IT reports to Corporate IT Operations and Support, Corporate IT is able to maintain quality of service and consistency of IT operations.

Under our proposed structure, Corporate Application Services will approach global application development and technology from a centralized point of view and thereby build a solid enterprise application infrastructure. Phasing out regional applications will increase the efficiency, accountability and reduce costs by minimizing
the duplication of resources and improving allocation and sharing of assets. This model offers top management insight into the total maintenance and operations costs, which generally consume a large portion of resources. If the IT department moves forward with their fiscal year 2005 goal of reducing the amount of sustainment and maintenance system work, this centralized structure supports this direction. With this model, a limited number of resources will remain in the regions to respond to emergency application changes. The difference is their direction comes from the Corporate Application Services not the region.

The Corporate Business Intelligence and Data Warehousing units are responsible for analysis, development and administration of *Business Objects* corporate data warehouse. A decentralized model works best for this team because the businesses information needs vary across regions and the IT cannot be a bottleneck for the company. The decentralized regional functions will spend more time with the regional business units to understand what their information and report needs are and leverage the corporate team's infrastructure.

### 3.2.2 Business process

#### 3.2.2.1 Performance Measurement Systems

Performance measures are about assessing process and businesses performance outcomes. How a business measures and rewards performance influences behaviour. For example, if a business gets it wrong there are strong negative impacts on the company. Two examples of performance measurement systems discussed below are benchmarking and the balanced scorecard.

Benchmarking, a performance measurement system, is defined in the article 'An evolutionary approach to benchmarking' as "a process that facilitates learning and
understanding of the organization and its processes.” 22 Benchmarking allows businesses to analyze areas of improvement and search for the best type of solutions. There are 4 types of benchmarking – internal, external, competitive and non-competitive.

The main benefits of benchmarking are:

- Provides a way to measure finances, process, operations and managerial activities and perceptions
- Judges how well an operation is doing, an awareness of strengths and weaknesses
- Method for setting realistic performance standards
- Provides a clear, concise and thoroughly objective comparison of a business against the best (and the worst) and therefore enables unambiguous action plans to be developed to help the management address areas that lag behind
- Increases collaboration and understanding between organizations.
- Method of business improvement and a way to build a culture of continuous improvement

The disadvantages of benchmarking are:

- By focusing on 'best practices', companies are limited to the comparison and only thinking to the level of the other company’s performance - Not thinking outside the box
- If the company is small it is difficult to receive cooperation from other firms
- Expensive and time intensive

- Political
- Data can be easily manipulated and skewed

Another performance measurement system, the balanced scorecard is defined as "a management system that can motivate breakthrough, improvements in such critical areas as product, process, customer and market development". The scorecard uses four perspectives – financial perspective, internal perspective, learning perspective, and customer perspective.

The key advantages of the balanced scorecard are it facilitates the sharing of information and helps management understand the linkages between the perspectives. The drawbacks of the balanced scorecard are it has the potential of limiting thinking to the four perspectives.

Common pitfalls of the IT balanced scorecard are:

- Measurements do not align with overall business strategy.
- Failure to communicate or educate all levels of the organization on the scorecard.
- Lack of accountability or ownership of the initiatives called out in the scorecard.
- Employees are not empowered with time and resources to execute against the scorecard.
- Too many broad initiatives that lead to lack of focus and confusion within the organization.

3.2.2.2 Recommendation – Performance Measurement Systems

In order for Business Objects IT organization to improve their operations; they must have performance measurements in place to gauge their improvement. Businesses need to be aware of how their performance compares with others, where their strengths and weaknesses lie and understand how to measure and reward performance to influence behaviour. In addition we recommend implementing performance measurement systems to track their evolution.

Currently IT assesses its performance in terms of technical ability and availability of applications and systems. For instance, on a monthly basis IT updates their application dashboards which assess stability of applications and architectural fit. Our SWOT in the analysis section of the paper helps Business Objects IT understand what senior management, individual contributors and people external to IT view of IT’s strengths and weaknesses. These strengths and weaknesses can be used as a starting point for understanding how IT can be measured. For example a weakness cited in our interviews was ‘high employee turnover rate’. IT could implement a program over a 6 month period to increase employee satisfaction within IT and measure the programs success by comparing the departmental employee turnover rate at the beginning and end of the program. In the future we recommend a regular SWOT by a third party be scheduled in order to assess areas for improvement and ideas for measurements.

Some key questions that we recommend the IT organization address around performance measurement are:

- Are employees motivated?
- Do the reward systems for employees match the business goals and IT's goals?

- Do the performance measurements impact on an individual level so one can understand how their job contributes to the entire organization?

- What is the communication/education plan around the performance measurement?

We recommend that Business Objects IT organization use the performance measurement system benchmarking. Benchmarking can be used to understand how Business Objects IT organization spending, size and focus compares to others. We recommend the IT group look at high level benchmarking without investing exhaustive amounts of time and money into the endeavour. The benefit of this approach is it will build a picture for senior management around what the IT spending is required to enable the business as well as help the management team understand what level of resources is acceptable to execute IT's strategies.

For instance Gartner Group Research can be used to compare IT spending as outlined by the chart below.
However when benchmarking IT spending, keep in mind that successful companies match their spending to their business strategy not to industry benchmarks. Goals for IT spending may be as modest as ‘eliminating inaccuracies and inefficiencies’, or as ambitious as ‘flawless customer service or leading-edge R&D’. If in a fiscal year 2005 Business Objects decides that IT will play a central strategic role, the nature of that role will affect the required level of spending. IT spending can be designed to meet immediate needs and allow for an array of future benefits only if IT and business goals are clearly defined. Otherwise, the outcome of millions spent will be elusive.

We also recommend the performance measurement system balanced scorecard be implemented for the IT organization. This scorecard will be refreshed on a quarterly

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25 The industry benchmark is based on the "2001 IT Spending and Staffing Survey Results" from Gartner. The industry segment chosen was IT and not all industries. The 2003 survey did not have specific results for IT, so this is the most recent data available.

basis and owned by the Finance Administration & Performance Metrics team. The benefits of the scorecard are that it can be used as a communication tool with business units around the company, creates a consistent message of IT's performance, which in turn improves the IT's morale by giving employees an understanding how their job ties into the overall IT objectives. This helps the IT move from strategy to execution.

Ideally a balanced scorecard would be implemented across the organization and IT would build a sub-set scorecard from this corporate master. Despite the lack of a corporate scorecard we believe an IT scorecard in isolation will be beneficial to improve the IT's focus, growth and morale. However the scorecard should be developed post business strategy to avoid pitfalls of not aligning the measurements with overall business strategy.

The scorecard will need to be adapted to Business Objects IT organization. Below we have drafted a brief sample of a balanced scorecard. However, we expect the Finance Administration & Performance Metrics team would fine tune and expand the scorecard to meet the overall department and departmental sub-units needs.
Table 4  Sample Balanced Scorecard

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
<th>Target</th>
<th>Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce financial risks</td>
<td>Consolidated ERP infrastructure</td>
<td>x number of systems year 1</td>
<td>ERP</td>
</tr>
<tr>
<td></td>
<td>Compliance with Sarbanes-Oxley</td>
<td>compliance by end of 2004</td>
<td>SOX</td>
</tr>
<tr>
<td>Customer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase internal customer satisfaction</td>
<td>Surveys</td>
<td>80% rate service as excellent by year 2</td>
<td>Internal Work Request System</td>
</tr>
<tr>
<td>Increase company customer profiling ability</td>
<td>Implementation of CRM</td>
<td>implement CRM for sales by year 1 implement CRM for partners by year 2</td>
<td>CRM</td>
</tr>
<tr>
<td>Process</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce the amount of time spent on sustainment activities versus net new projects</td>
<td>Employee hours tracked on sustainment versus project based work</td>
<td>20% of all IT's hours worked dedicated to sustainment by year 1</td>
<td>Project Tracking System</td>
</tr>
<tr>
<td>Streamline Project Development Lifecycle</td>
<td>% of projects completed on time</td>
<td>60% completion rate by year 1 70% completion rate by year 2</td>
<td>IT Governance Model</td>
</tr>
<tr>
<td>Learning &amp; Growth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease employee turnover</td>
<td>Employee turnover rate</td>
<td>20% by year 1 10% by year 2</td>
<td>Leadership Training for Management Communication Plans Training Programs for Employees</td>
</tr>
<tr>
<td></td>
<td>Employee satisfaction</td>
<td>70% fully satisfied by year 1</td>
<td></td>
</tr>
</tbody>
</table>

In summary of performance measurement recommendations, Business Objects IT management needs to define metrics or performance measurements that go beyond their systems. Ownership of the metrics and the process of ongoing assessment will
need clear definition. In this section we provided examples of benchmarking with Gartner Group as well as a sample balanced scorecard. These tools can be utilized in Business Objects' go forward IT performance measurements.
IT Strategy

The IT Strategy will be an extension of Business Objects business strategy. The strategy should leverage the IT's strengths as outlined in the SWOT. In summary, the IT's strategy should not be defined in isolation but requires input from all business units and support from the senior management in the company.
4 IMPLEMENTATION

4.1 Theory

Management concepts distinguish between change that is radical and change that is continuous. Radical change is also known as breakthrough improvements—change that is "relatively sudden, abrupt and represents a step change in practice".27 Continuous change is labelled as Kaizen, which is a Japanese life philosophy whereby all areas of life need continual improvement. This philosophy is the basis of concepts such as total quality management; continuous change involves small incremental steps over time.

In the paper (2001) 'An evolutionary model of continuous improvement behaviour', it's argued that continuous improvement is of strategic importance and the failure of businesses to implement this strategy is due to the lack of understanding of the process.28 Continuous improvement includes the outcomes as well the process by which the outcomes are achieved.

4.2 Evaluation of Alternatives

4.2.1 Radical Change Management

Advantages:

- Timeline to improvements are shorter.

Disadvantages:

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27 Slack, Chambers, and Johnston, Operations Management, Prentice Hall, 2004, Ch. 18, pg.652
- Costly – high capital investment required.
- Disrupts ongoing operations of the business.

4.2.2 Continuous Change Management

Advantages:

- Plan can be adapted and modified to the evolving environment.
- Lower initial capital investment.
- Not the rate of improvement but rather creates a momentum of improvement.

Disadvantages:

- Timeline to improvements is long.
- Disrupts ongoing operations of the business.
- No guarantee that one step will lead to the next step on the road to improvement.
- Reliance on a group of people who operate the system of improvement.

4.3 Recommendation

Taking into consideration IT’s budget and Business Objects culture of personal growth we recommend a continuous change management approach to the implementation of the recommendations outlined in this paper. Radical change requires capital and focussed planning to ensure seamless execution. Business Objects environment is fast paced and evolving so a continuous change management approach will provide IT management with the opportunity to fine tune our recommendations over time. This approach will limit disruption in the workplace and reduce risk investing in costly modifications that may become outdated as the market changes.
Approaching change management with the perspective of continuous improvements involve a change in how the IT organization does things and the patterns of thinking. This approach means losing old routines and creating new ones. As part of this recommendation we take into consideration the viewpoint that the failure to implement a continuous improvement approach is due to lack of understanding of the process. If the IT organization is serious about continuous improvement, resources need to be allocated to focus on process. Potentially resources that are focussed on change management could report into the Finance Administration and Performance Metrics Team.

Building capabilities in change management takes time and there are varying levels of continuous improvements. The stages of change improvement as outlined in the above article are:

- Level 1 – Interest in the concept exists but no process exists.
- Level 2 – Structured formal commitment across all levels of the organization.
- Level 3 – Goal orientation whereby linking individual to the corporate strategic level.
- Level 4 – Proactive approach where individual teams have autonomy to direct the process.
- Level 5 – Change Improvement is an organizational core competency.

Development and growth of the organization occurs as it moves through the levels. Level 1 results in improvements of morale, Level 2 means measurable improvements in specific areas, Level 3 involves policy changes, Level 4 has strategic benefits, and finally Level 5 results in strategic innovations.
For Business Objects IT organization, after assembling a team focussed on implementing the recommended changes following a continuous improvement framework, a cyclic pattern can be followed.29

- Identify routines using audit tool based on behavioural model.
- Visualize next steps for development – encouraging and discouraging certain behaviours.
- Implement using enablers.
- Review and repeat.

4.3.1.1 Recommended Timeline

Immediately the Change Management Team can be assembled and roles and responsibilities of the group can be clearly defined. Once the business has defined corporate strategy in fiscal year 2005, we recommend the IT strategy definition follow. As part of the IT strategy definition, senior management needs to develop a communication plan to roll-out the new strategy. The communication plan and communication will be a part of the Change Management Teams’ deliverables. The communication plan will involve both those external to IT and those internal to IT communication. During our SWOT interviews, one of the key weaknesses that people external to IT discussed was unclear definition around IT’s role in the overall organization. This communication plan will help to clarify IT’s mandate. Also internal IT employees will understand how their sub-unit is tied into the overall IT organization.

The next step is organizational strategy validation against the new IT strategy to ensure the organizational modifications mesh with the newly defined IT strategy. If the IT

strategy and organizational strategy are not in alignment, we recommend that the Change Management Team modify the organizational recommendations in this paper to bring it back into alignment with the IT strategy. After the IT strategy is announced and communicated, IT organizational changes will follow. Based on theory discussed earlier, the roll-out of the organizational changes will be gradual to avoid disruption of business. As each piece of the IT organization is rolled out, the balanced scorecard will be put into place by the Change Management Team to track the sub units successes and areas for improvement. Appendix 6 outlines a further detailed timeline of events.

### 4.4 Conclusion

In summary a truly flexible IT organization will prove challenging given the increase in legislated process, company growth and geographic reach. In order for Business Objects IT to be an enabler for the organization they need to be better aligned with the senior level management team rather than deal making with the individual business units. This can be achieved through recruitment of a CIO. Organizational changes such as centralization of PMO and Corporate Applications while decentralizing IT Operations and Business Intelligence & Data Warehousing produce a hybrid model that creates balance between flexibility of decentralization and control of a centralized model. Creating further flexibility within the IT can be achieved through Adhocracy type structures.

Establishing performance metrics beyond IT's technical ability can be implemented to track IT's performance and improvement through implementation of our recommendations. We also recommend our changes be managed and monitored through a change management team that sits within the Finance Administration & Performance Metrics team. The gradual implementation and adaptation of these
changes over time will help create an IT organization that is flexible to the changing environment.
APPENDIX 1: BUSINESS OBJECTS HISTORY SUMMARY

- Business Objects acquired Crystal Decisions in December 2003. This coming together of two industry leaders gave BI users their first clear standard for business intelligence.

- In 2003, launched Business Objects Enterprise 6, the industry's first best-of-breed enterprise business intelligence (BI) suite.

- In 2002, Microsoft bundled Crystal Reports with Visual Studio .NET.


- In 2001, SAP signed an OEM and reseller agreement to bundle Crystal Reports.

- The company delivered the industry's first interactive mobile BI solution in 2000.

- Business Objects pioneered the market for BI extranets in 1997.

- Crystal Enterprise was launched as the industry's first web-based enterprise reporting platform in 1996.

- In 1995, Business Objects was the first to focus on enterprise-scale BI deployments.

- In 1993, Microsoft bundled Crystal Reports in Microsoft Visual Basic.

- Crystal Reports arrived as the world's first Microsoft Windows report writer in 1992.
- In 1990, we invented the patented "semantic layer" that insulates users from the complexity of databases.
APPENDIX 2: WORLDWIDE IT ORGANIZATION
APPENDIX 3: SWOT ANALYSIS INTERVIEW SUMMARY

1. IT Management Interviews:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Very resourceful and productive, able to achieve a lot of works with relatively limited resources</td>
<td>- Lack of planning</td>
</tr>
<tr>
<td>- Having a solid infrastructure compared to most $1B revenue companies</td>
<td>- Over self-confidence</td>
</tr>
<tr>
<td>- Good IT leadership</td>
<td>- Implementing most changes directly against production without proper planning and testing</td>
</tr>
<tr>
<td>- Fully dedicated IT staff with amazing can-do attitude and work ethics</td>
<td>- Poor customer attitudes, some IT staff do not want to talk to customers.</td>
</tr>
<tr>
<td>- Having a flexible, casual, fun work-place attitude work that motivates most IT people to work hard and stay with the company</td>
<td>- Limited lead level management</td>
</tr>
<tr>
<td>- Good technical depth</td>
<td>- Weak IT processes</td>
</tr>
<tr>
<td>- Transnational model focus</td>
<td>- Team morale is low</td>
</tr>
<tr>
<td></td>
<td>- Take on more work than can realistically be delivered</td>
</tr>
<tr>
<td></td>
<td>- Low communication between different IT functions</td>
</tr>
<tr>
<td></td>
<td>- Reactionary without considering long-term vision and what is ‘right’ for the future</td>
</tr>
<tr>
<td></td>
<td>- Politically manipulated</td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>A CIO position: the senior executive team must see demonstrated progress and believe in IT adding value to the company before any IT leader will be invited to the executive team as CIO.</td>
<td>- The perceived value of IT continues to be low by BOBJ executive and business unit leaders.</td>
</tr>
<tr>
<td>Shifting from a 'development IT shop' to a 'systems integrating IT shop' in the long term will allow IT to implement more systems at a lower cost and more systems flexibility.</td>
<td>- IT does not add enough value to the company.</td>
</tr>
<tr>
<td>Employee opportunities abound for those good staff willing to re-train, stretch their comfort zone, and take on different work or responsibilities.</td>
<td>- Insufficient funding with is directly related to the perceived value of the executive team</td>
</tr>
<tr>
<td>Showcasing the company tools – This is known as “BI at BI” – leveraging our own products to our advantage</td>
<td>- Erosion of IT infrastructure, without replenishment, remediation and refurbishment, and a funding / desire / value to do so, the IT infrastructure will erode.</td>
</tr>
<tr>
<td>Consolidation of the industry</td>
<td>- Outsourcing</td>
</tr>
<tr>
<td>Use IT to the businesses strategic advantage – IT &amp; Technology as a strategic advantage</td>
<td>- Customer satisfaction</td>
</tr>
<tr>
<td>Leveraging the experiences of 2 companies to build a stronger IT group</td>
<td>- Failure to deliver</td>
</tr>
<tr>
<td>Vastly improved global IT relations. The company has significant inefficiencies working across global IT boundaries. Some language. Some politics. Some cultural.</td>
<td>- Ineffective IT governance process</td>
</tr>
<tr>
<td></td>
<td>- Insufficient funding – is below industry standards and tied to revenue</td>
</tr>
<tr>
<td></td>
<td>- Lack of understanding of the skill-set within IT</td>
</tr>
<tr>
<td></td>
<td>- Employee attrition – many people have left the company and with them valuable knowledge. There has been limited knowledge transfer prior to departures and employees are not replaced in a timely manner; When employees leave extra work is thrown to the strongest employees to pick up the pieces, this tires people</td>
</tr>
</tbody>
</table>
2. IT Individual Contributor Interviews:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>An experienced team</td>
<td>Customer satisfaction</td>
</tr>
<tr>
<td>Dedicated / long term employees</td>
<td>Procedures are a way too heavy and above all not properly explained to the</td>
</tr>
<tr>
<td>Staff is in execution mode and goal</td>
<td>business. The business don't have in mind answers to simple question such</td>
</tr>
<tr>
<td>oriented</td>
<td>as what is the benefit of such procedures</td>
</tr>
<tr>
<td>Vast knowledge in many different areas</td>
<td>Lack of customer facing teams</td>
</tr>
<tr>
<td></td>
<td>There is not enough visibility into deliverables outside of IT, successes</td>
</tr>
<tr>
<td></td>
<td>are not communicated internally OR externally</td>
</tr>
<tr>
<td></td>
<td>There is no enough PR action with the key business people</td>
</tr>
<tr>
<td></td>
<td>A lack of Human resources management. - our strengths highlighted are not</td>
</tr>
<tr>
<td></td>
<td>enough, We are losing valuable people.</td>
</tr>
<tr>
<td></td>
<td>Lack of vision: Broad company prospective, IT should have a vision, a</td>
</tr>
<tr>
<td></td>
<td>strong message and big goal, to rely on in every department of IT.</td>
</tr>
<tr>
<td></td>
<td>Flat hierarchy in some areas</td>
</tr>
<tr>
<td></td>
<td>Not enough cross functional team work</td>
</tr>
<tr>
<td></td>
<td>Not enough cross functional understanding of mandates/dependencies/objectives</td>
</tr>
<tr>
<td></td>
<td>and processes</td>
</tr>
<tr>
<td></td>
<td>Not enough senior staff with long term large Corp IT / management / application development experience.</td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>ERP</td>
<td>- The possible PeopleSoft Acquisition by Oracle that would question BOBJ current full PeopleSoft strategy.</td>
</tr>
<tr>
<td>Showcasing our ability to execute on large implementations with internal staff / on time / on budget</td>
<td>- Outsourcing application development due to lack of integrity of internal IT work/skills</td>
</tr>
<tr>
<td>Consulting / guiding internal business groups on their IT / application needs</td>
<td>- Business application needs assessment/decisions made in isolation and without IT consulting</td>
</tr>
<tr>
<td>Consulting internal business groups on streamlining business and work processes/efficiencies through leading edge technology/application development</td>
<td>- Application planning/purchases made without internal cross functional needs assessed across business units.</td>
</tr>
<tr>
<td>Better application long term / road map planning</td>
<td></td>
</tr>
</tbody>
</table>
3. External to IT Interviews:

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- The IT organization's process for project management has improved</td>
<td>- High employee turnover</td>
</tr>
<tr>
<td>- The people - there are many very talented individuals in the IT organization.</td>
<td>- Lack of leadership</td>
</tr>
<tr>
<td>- Great experience and knowledge base within the staff</td>
<td>- Poor performance of IT Governance</td>
</tr>
<tr>
<td>- Always ready to help. Individually want to help other parts of the business. Committed to success and doing the right thing.</td>
<td>- Lack of communication with the rest of the organization.</td>
</tr>
<tr>
<td>- Able to fully manage and implement enterprise wide projects. The IT department has the opportunity to make enterprise wide changes to systems and set-up standards for the company.</td>
<td>- Lacking an overall IT strategy. IT works in a reactive mode rather than a strategic planning or proactive mode.</td>
</tr>
<tr>
<td>- Submitting small work requests to IT is a simple process and the turnaround time is speedy</td>
<td>- Like most departments struggling with resource, so too much to do and too little time.</td>
</tr>
<tr>
<td>- Responsiveness</td>
<td>- Regional vs. global reporting lines and the above reporting issues</td>
</tr>
<tr>
<td>- IT's willingness to incorporate BOBJ products in their projects</td>
<td>- The political landscape is changing because of the global transition that inhibit business and cause bottlenecks in communication and getting things done.</td>
</tr>
<tr>
<td>- Number of long term employees with depth of experience</td>
<td>- More process definition is in order</td>
</tr>
<tr>
<td></td>
<td>- Lack of project planning and communication to their customer base, (projects come in out of schedule, out of budget and sometimes out of scope).</td>
</tr>
<tr>
<td></td>
<td>- Coordinating their efforts and appearing as a single unified voice, not a unit that doesn’t know or is aware of what another area in their business is doing.</td>
</tr>
<tr>
<td></td>
<td>- Awarenesss, IT is thought of as a helpdesk, but it performs more functions that just helpdesk.</td>
</tr>
<tr>
<td></td>
<td>- Pre-release training, since IT implements our solutions, they should be part of the pre-release training that happens, it should not be just for the sales force.</td>
</tr>
<tr>
<td></td>
<td>- Under finances</td>
</tr>
<tr>
<td></td>
<td>- Unclear mandate</td>
</tr>
<tr>
<td></td>
<td>- Mismanaged – for the size of operation we require more senior management</td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td><strong>Threats</strong></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>- Use our own product internally</td>
<td>- The perception that the IT department is not aligned to business objectives.</td>
</tr>
<tr>
<td>- Using outsourcing partners can minimize the amount of low level, “non-skilled” work and maximize the efficiency of the current work force</td>
<td>- Outsourcing is definitely a threat, especially going offshore.</td>
</tr>
<tr>
<td>- Using new technologies to speed up the business</td>
<td>- Automation, IT tasks can be automated given new software and hardware being released to the market; this will increase efficiency, but reduce headcount.</td>
</tr>
<tr>
<td>- Need for full technology requirement gathering, as there is a lot of duplication of effort across departments.</td>
<td>- Consolidation within the company, if more consolidation is to happen between the sites, this will reduce headcount.</td>
</tr>
<tr>
<td>- Desktop automation would certainly help Business Objects maintain standards and applications in this area have been around for a while. Whilst power to the end user makes them feel “empowered” and free it can cause an administrative nightmare, licensing non-compliance and an ever increasing upward spiral of desktop remediation costs. Smart terminals are the way forward.</td>
<td>- Acquisitions, if BOBJ is to be acquired, there will definitely be overlaps between the parent company and BOBJ in the IT department.</td>
</tr>
<tr>
<td>- A push towards more thin client technology, server side resources and network segmentation depending on business requirement would start to allow flexibility but enable processing power.</td>
<td>- Dissolving into obscurity – company will rely less and less on IT if they don’t get the money or the direction they need.</td>
</tr>
<tr>
<td>- Improved coordination with other IT like functions in the business</td>
<td>- Economics of IT – cheaper to outsource to countries such as India (ie. application development). However core IT financial functions cannot be outsourced.</td>
</tr>
<tr>
<td>- Co-op terms in Product to inject new ideas for the product and understand the software development cycles.</td>
<td></td>
</tr>
<tr>
<td>- Make the business more efficient</td>
<td></td>
</tr>
<tr>
<td>- Use IT to reduce costs</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 4: IMPLEMENTATION TIMELINE

1/1/2005
Begin recruiting process for CIO
Assemble change management team

1/1/2005
Centralize PMO

Balanced Scorecard formalized

1/1/2005
Finance Administration and Performance Metrics Team assigned scorecards

Ad hocry team implementation

Networking and Telecom report into Corporate Operations

Corporate Applications centralized

SWOT scheduled

Corporate Operations regional teams formalized

Balanced Scorecard reviewed

Change management team assessment of next steps

Business Intelligence & Data Warehousing regional teams formalized

1/1/2006
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