Aligning the IT and Business Strategies

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Director, Information Systems

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Boeing Capital

A 30+ Year Track Record

- Boeing Capital was formerly McDonnell Douglas Finance Corporation – founded in 1968
- Combined with Boeing Customer Finance in 1999
- Current employment is 213 people
- Headquartered in Renton, WA, with offices in Atlanta, Austin, Brussels, Chicago, Detroit, Dublin, Hong Kong, Long Beach, New York and Stockholm
- Boeing Capital has a long history of strong profitability and risk management in aircraft and commercial equipment finance
Strategic Positioning

A premier global, full-service financier, with a particular focus on assets critical to customers of The Boeing Company

- Customer relationship driven
- Creative, flexible in transaction structuring
- Priced to generate appropriate returns
BOEING CAPITAL

Our Business Today

Aircraft Financial Services
Provides aircraft leasing and secured lending to airlines worldwide

Commercial Financial Services
Asset-based lender provides financing to users of capital equipment

Space and Defense Financial Services
Arranges, structures, and provides financing for defense and space-based products
Business Expectations on IT

- Seamless Availability of Quality Information
  - Anytime, anywhere, by anyone authorized

- Improve Operational Efficiency
  - Eliminate manual processes
  - Reduce cycle time and customer response time

- Enable new business opportunity
  - System support for new financial products
Where We Were 12 Months Ago

- business wants.”
- business.”
- on.”
- -system tools lead to data inconsistency and inaccuracy.”
- “Did anyone look at why we spent so much on system maintenance?”
Aligning IT with Business

- Develop close working relationships with business units and functional departments
  - Attend staff meetings, and invite members to IT staff meetings
- Review business models
- Participate in strategic planning
- Facilitate business process documentation and improvement activities
- Learn the business & show the business that IT “gets it!”
- Institute IT Steering Committee

As a result...

We created a new **IT vision & mission**, developed an **IT Strategic Plan** that is mapped into business value propositions, and instituted **working-together** principle in our operations.
We Created a New IT Vision & Mission

- **Vision**
  - Create business value and competitive advantage throughout BCC by aligning Information Technology with BCC’s business and functional requirements.

- **Mission**
  - Provide quality integrated information system solutions and outstanding customer service in a proactive and cost conscious manner.
  - Provide technical leadership across all programs and business units, serving as a catalyst for integration and continuous improvement of systems and processes.
Our IT Strategic Plan Is Focused on Business-Technology Linkage

- "-line" Systems
  - Keep the business operating

- Support Business Units & Mobile Workforce
  - Provide access to information and data anywhere/anytime

- Move to E-Style and Integrated Systems
  - Eliminate paper
  - Improve flow of information between people and systems

- Invest in New Technology & Systems
  - Take the business into the future

- Invest in People
  - Develop skills and expertise

- Manage Costs – Increase Value
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IT Steering Committee

BCC Senior Leadership

BCC IT Steering Committee

Members

- Business Unit – Aircraft Financial Serv.
- Business Unit – Commercial Financial Serv.
- Business Unit – Space & Def. Financial Serv.
- IT (CIO)
- Accounting & Operations
- Treasury
- Communications
- Financial Planning
- Legal
- Risk Management

Representing business units and functional groups

Business Units & Functional Departments

Partnership

BCC IT (Information Technology)

Business Intent
- Business Strategy
- Business Processes

Portfolio of IT Projects

Program Management
- Best Practices
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IT Concept of Operations

IT Business Analysis

AFS  CFS  S&D

Functions
• Accounting
• Treasury
• Tax
• Legal
• Documentation
• Pricing
• HR
• Credit
• Equipment
• . . .

“Effective Team”

Program Management

IT Operations/Support

• Boeing Shared Services
• World Wide Site Ops.
Boeing Capital

We Now Bring Value to Business

- Enhance/implement critical systems integrated across the business
- Connect BCC employees and customers to each other and the information they need
- Act as a catalyst to introduce technology that facilitates changes in the BCC business model
- Provide outstanding customer service
Aligning Your IT and Business Strategies

Mary Kreuzer
Senior Manager
Cisco Systems Capital Corporation
June 17, 2002
Cisco Systems Capital Corporation

- Hybrid business model
- Heavily integrated with Parent Company
Alignment at Cisco Capital

CFP (Client Funded Projects) Model:
- Organizational Structure
- Governance
- Business Ownership of Systems
Cisco’s CFP Model

Key Principles:

• Business owners make their own IT spending decisions.
• Management views the infrastructure as a strategic company resource.
• The IT department and business units’ objectives are aligned.
• Dual reporting relationship for IT: functional executive and CIO.
Organizational Structure

Role of IT:

- Consultant: Teach and inform business units about strategic use of technology
- Determine and support enterprise-wide standards; architect, operate infrastructure
- Identify appropriate technologies and new trends
- Ruthless execution:
  Delivery: IT
  Business Results: Business
Organizational Structure

Business Client Role:

- Identification of business opportunities and return
- Evaluation and re-engineering of business processes
- Balance investment between automation efforts and headcount increases
- Create clear business vision and strategy that includes the role of automation
- System and Data ownership
Governance Model

- Systems Steering Committee
- Systems & Process Management
- Operating Committees
- Project Teams
Governance

Systems Steering Committee:

Role

• Establishes overall priorities
• Approves project funding
• Monitors progress, provides executive support

Membership

• Senior global functional managers, parent company representation, IT, run by the Business
Governance

Systems & Process Management

Role

- Develop and implement a global systems strategy aligned with the global business strategy
- Manage IT Investments and Initiatives

Membership

- Dedicated Business Project Management team with their IT counterparts
Governance

Operating Committees:

Role

• All primary, cross-functional applications
• Responsible for defining, prioritizing & implementing system and process improvements, within the framework of the overall systems plan

Membership

• Cross functional managers with ownership interest in the application
Governance

Project Teams:

Role

• Responsible for on-time, on-scope, within budget implementation of systems or system enhancements

Membership

• As required per project
Business Ownership

• Business Project Manager + IT Project Manager = Alignment = Success!
• Business Projects versus IT Projects
• Data Ownership, Business Process Ownership
Benefits of The CFP Approach

• Dedicated, focused IT resources
• Minimize stray projects
• Future alignment ensured:
  – Organizational structure
  – Governance
  – Business Ownership of Systems
Aligning Your IT and Business Strategies

Scott Thacker
Senior Director
Oracle Corporation

June 17, 2002
Agenda

• Aligning Your Business and IT Strategies
  – Topic Overview, General Thoughts and the Leasing Industry
    • Scott Thacker, Oracle Corporation

• Case Studies
  – Boeing Capital Corporation
    • Timothy Wente
  – Cisco Capital Corporation
    • Mary Kreuzer
The Traditional Landscape

Circa 1975 – Strategy Rules

- Strategic planning set by non-IT leaders
- McKinsey, BCG theories popular
- IT automated processes to achieve economies of scale
- CIO Ad: “Hands on experience with large-scale real-time information switching systems”
Technology Change

• Advancements
  – E-Business initiatives
  – Internet
  – Security
  – Mobile computing
• Easier to use
  – Integrators and Outsourcers
  – Vendors
    • Integration
    • Oracle E-Business Suite
    • Configure don’t customize
Resultant Information Change

• More information
  – requires a broader business outlook by IT professionals

• Opportunity
  – Technology driving new products and services
  – Determine most profitable customers and offerings
  – Controls customer acquisition
  – Allows for targeted marketing
  – Information based pricing

• Impactful
  – Revenue
  – Brand image
  – Perception in the marketplace
The Current Landscape

Circa 2002 – Technology & Strategy Together

- Technology can now obsolete a business model
- Information used for precise decision-making
  - which customers, how much to charge
- CIO’s now key in determining company’s strategic direction
- CIO Ad: “Senior manager, experienced in strategic planning and execution of multiple enterprise-wide IT initiatives”
How to Align Business and IT Strategies

• Executive Sponsorship
  – From the top
  – Corporate-wide focus on technology as a leader
  – Open to change
  – CIO with business & IT experience
    • Hiring outside IT organization, e.g., Dow Corning, Lowe’s and UPS

• Planning
  – Annual planning & capital budgeting cycles
  – Iterative process: Strategy and Technology
How to Align Business and IT Strategies

- Organizational Behavior
  - Shared accountability between IT and business units
  - IT ROI, NPV
  - Incentive plans encourage IT focus

- Business Processes
  - New initiatives driven by technology capabilities
  - Establish accountability outside of IT

- Technology
  - Adoption rates
In Practice.....Corporate Initiatives

- Corporate Initiatives
  - Every initiative has an IT and Business representative
  - Every initiative fits into the strategic and technology plans

- Up to the IT department to learn company’s business, understand the business and learn to think in business terms

- Up to the businesses to embrace the IT department and technology
Choosing the Best Corporate Initiatives

- Overworked IT—can’t do everything
- Initiatives started outside of the IT department
  - Sponsorship
  - Leadership/ownership challenges
- ROI
  - Developed based upon both business and IT benefits generated
- Customer or product focused
Managing Corporate Initiatives

- Leadership from both business and IT
- Jointly set budgets
- Jointly monitored progress and budgets
- Teams with equal representation
- Cross-utilization of employees
Leadership in the Leasing Industry

Customers

Strategic Planning
- Target Market
- Competitors
- Positioning
- Market Share

+ IT Focus
- Profitability by customer
- Precise segmentation of customers
- Marketing Intelligence

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Leadership in the Leasing Industry

Contracts

Strategic Planning
- Back office
- Paper intensive
- Static information

+ IT Focus
- Automated preparation
- Paperless
- Data mining; trend analysis
- QA Checks
- Workflow reminders of critical dates
- Up sell possibilities
- Contracts Intelligence

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Leadership in the Leasing Industry

Assets

Strategic Planning
- Minimal focus
- Residual value estimates
- Off-lease disposal agents

IT Focus
- Profitability by asset
- Profitability by asset class
- Re-lease management
- Statistical determination for residual value
- Auction disposition