

Business IT Management at Work in the Oil & Gas Industry



This large global player in the oil & gas industry spends over \$1 billion annually in technology to help organize, store and share the information that drives the business.

A small team innovated a revolutionary way of optimizing this investment and simplifying the complex legacy of 8,000 applications. Called the 'Bill of IT', the approach identifies each component of the IT infrastructure and how it fits together to meet the business's needs.

planningIT acts as the central repository of all the information used to implement the Bill of IT process.

The challenge

The enterprise has a complicated IT infrastructure, built piecemeal throughout the giant company's business units, and a tangled web of legacy systems from mergers and acquisitions dating back to the early 1980s. The company had some 8,000 applications, which cost over \$600 million to run annually – though neither figure was definitive as nobody knew what the exact figures were.

“We didn't have consistent strategies for applications across the business units,” says the company's Head of Enterprise Architecture. “In some places we were rolling out SAP, in some places Peoplesoft. There was no common architecture or strategy.” “Each year, around \$1 billion was being spent on new systems to process, organize, store and share the information that drives the entire business, but,” continues the company's Head of Enterprise Architecture, “it wasn't aligned to a multi-year road map. It wasn't strategic. And so the CIO said: ‘This isn't a good situation. We need to simplify, we need to standardize.’ The CIO gave the Enterprise Architecture team the task to go and figure it out. The solution the team came up with was the Bill of IT.”

The Bill of IT

In manufacturing, a Bill of Materials specifies all the components required for a product and how they fit together. The enterprise's vision of a Bill of IT works in the same way. It comprises a list of all the IT components in an organization and how they fit together to support the business processes. The team decided to produce a Bill of IT for the current state and for the desired situation in three to five years time.

The team first undertook a rigorous survey of the application landscape, mapping applications to business processes, and classifying applications according to whether they were critical or strategic. Only those fitting both criteria became part of the Bill of IT.

Next, the enterprise architects worked with more than 300 people from around the organization to define the future Bill of IT: what the company's business processes would be and the IT infrastructure needed to support this.

“The Bill of IT gives us a common language in which to talk to the business,” says the company's Head of Enterprise Architecture. “It's something people understand and appreciate, and the relationships we've created are really valuable.”

Creating the roadmap

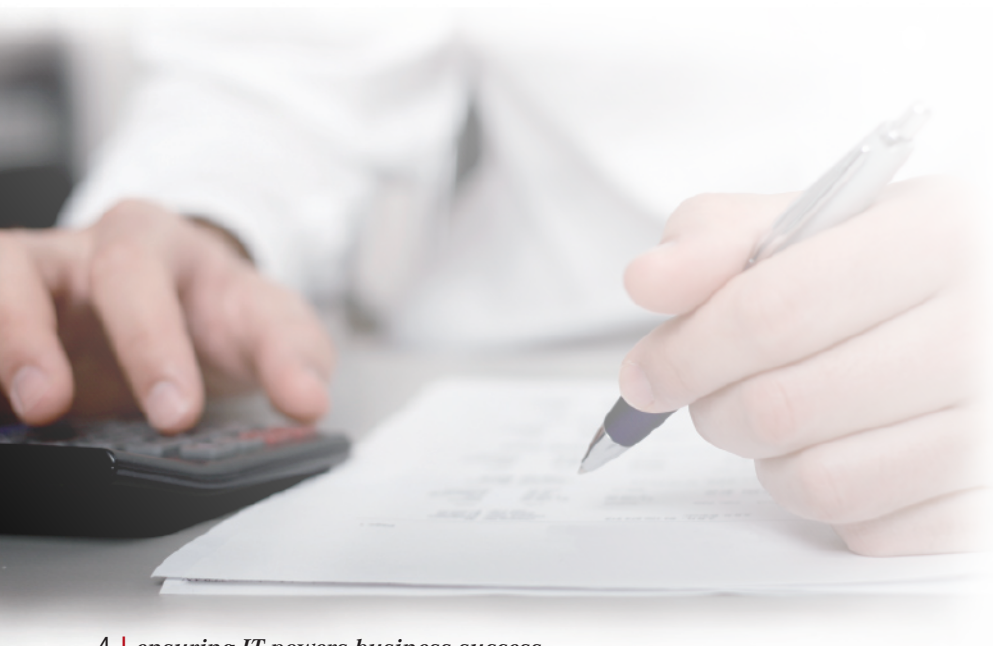
Once a Bill of IT was established for each business unit, a roadmap and spending framework were agreed upon to align spending as closely as possible to the strategic goals. The only other spending that was sanctioned went on maintaining the integrity of operations and addressing unexpected gaps.

Each business unit, too, established performance indicators: metrics to show where the money was going, and progress towards the Bill of IT. planningIT was the central repository of all the information needed for the whole Bill of IT process including target states, application-to-business-process relationships and roadmaps.

“planningIT was very helpful to us, as a structured way of storing all the data and the metadata we needed for providing the analysis,” says the company’s Head of Enterprise Architecture.

Quick wins and future rewards

Results were immediate. “We had the benefit of some quick wins in terms of application rationalization,” the company’s Head of Enterprise Architecture says. “That amounted to about \$13 million in the first year - far more than the cost of the program.” The company now depends upon 7% fewer applications. The company is also able to maximize the return on its \$1 billion annual spend on IT: 85% of IT asset investment is now aligned with its strategic goals.



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planningIT has also helped to provide a true understanding of the applications it uses. “We can now provide application costing,” explains the company’s Head of Enterprise Architecture. “Business doesn’t know, typically, how much an application costs to run and manage. It’s very useful for transparency purposes. We also can give obsolescence reports,” he continues. “We still have a significant landscape of Windows 2000, Oracle 10 and Solaris 8, and it’s very important that we direct our investments to move on from those platforms at the most critical, the most important points, so we can replace them appropriately. We want to minimize our risk, so knowing which business processes those applications are privy to, making those investments and moving on are incredibly important to us.”

The company is in the second year of its three-year change process, and is embedding the good practices in everyday routines. The work will lead, says the company’s Head of Enterprise Architecture, to improved capital efficiency and operational integration, as well as helping towards disaster recovery planning and mitigating technology risks. “Next year we expect it to be largely business as usual,” says the company’s Head of Enterprise Architecture. “That doesn’t mean it’s all finished – there’s always ongoing work to be done – but it does mean we’ve got over the hump of creating all the initial information we needed.”

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