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VOLUME 10 • NUMBER 19 • AUGUST 1997



Cover photo by
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NCS IN ACTION

I really enjoyed the network computer story ["NCs: The New Wild Frontier"] and the editor's letter from the June 1, 1997, issue of *CIO*. Contra Costa County [Calif.] is IBM's first major government account piloting NCs. We have about eight out here; they will be of major benefit in some areas of the business (look-ups and data entry, for example) and not at all useful in others.

The biggest savings to date appears to be in the simple installation, on a machine-by-machine basis. It takes 15 minutes to set up as opposed to one and a half hours on average.

Steve Steinbrecher

CIO

Contra Costa County

Martinez, Calif.

sstei@dps.co.contra-costa.ca.us



I feel that the excitement about NCs is caused by those new to the network world. Back in the late 1980s and early '90s, many of us were excited about X terminals. The cost of ownership and ease of management made it a CIO's dream. However, after less than a year of use, most of us had to increase memory and add hard disks for booting, caching and virtual memory. In effect, we turned the X terminals into workstations—which is what we had tried to avoid in the first place.

I can only hope that those planning to buy NCs now don't find out later that they want to upgrade the box to contain more memory and local storage—effectively turning them back into PCs!

I must agree with writer Carol

Hildebrand that most NCs will be used to replace existing dumb terminals. I can't see them replacing PCs.

Pongsatorn P. Sukhum

Managing Director

Infowave Co. Ltd.

Bangkok

sukhum@waveman.com

I work on a government project with strict security needs. Long ago we traded our PCs for NCs. All our machines run Windows in an environment where users are unable to upload software and download data unless sanctioned by LAN administrators ahead of time. This transformation required 300 bytes of assembly language to disable or enable floppy and hard drives based on a user's privilege. There are only a few hard drives, and although floppies are prevalent, the code I wrote reduced considerably the time required to remove 1,500 floppy drives.

What will be new is the network woes. I have seen 1,500 users down all day, and it is not pretty. If properly designed, however, the network will stay up. Bandwidth, on the other hand, is the real issue. Networks normally are not designed to handle the

How to Reach Us

E-mail: letters@cio.com

Phone: 508 872-0080

Fax: 508 879-7784

Address: CIO Communications Inc.,
492 Old Connecticut Path, P.O. Box 9208,
Framingham, MA 01701-9208

Web Site: www.cio.com

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contract management outsourcing deal with Kelly Services Inc., based in Troy, Mich. Kelly has managed all contract IS

Project managers, who used to be responsible for hiring contractors to staff their own development teams, spent too much time recruiting contractors, fielding sales calls from contracting firms and performing administrative tasks.

workers for Kraft since May 1996 and has brought order to an anarchic hiring and evaluation process. Kelly placed Peter Ludwig, director of Kelly's Chicago technical region, at Kraft headquarters as a full-time contract services manager until May 1997, when he was promoted. Ludwig installed a proprietary automated system to help track the contracting process. Kraft project managers enter into the system the position titles and the desired skill levels and competencies needed. Kelly then searches its contractor database for suitable candidates and passes them along to project managers, who interview prospects and decide whom to hire.

When the system was introduced to project managers, many were uneasy about ceding part of the hiring process. That was due in part to Kinney's publicly expressed goal of reducing contracting costs, says George Devonshire, director of finance and contracts for Kraft Foods North America's IS Services Division, who headed the contracting process revision team. Project managers worried that the goal of holding down costs might preclude them from choos-

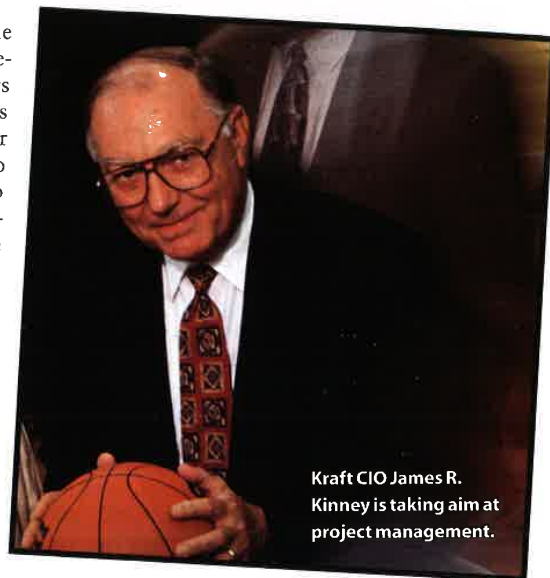
ing the best people for the job. But Kraft's IS management felt project managers sometimes chose contractors who were overqualified for the tasks they were hired to perform, which drove up costs unnecessarily. IS management wanted to reduce those instances but not prevent project managers from hiring the people they truly needed.

Nine months into the program, a survey of project managers recorded an 85 percent satisfaction rate with the new contractor hiring system. That's due in part to a series of quality metrics Kelly instituted to track the effectiveness of contracting firms and individual workers. Kelly's proprietary software measures such benchmarks as contracting firms' turnover rates and the quality and timeliness of individuals' work, and rates their interpersonal skills. The system allows project managers to choose from a pool of qualified candidates whose performance is assessed constantly.

ONGOING DEVELOPMENT

IN ADDITION TO HANDLING staffing concerns, Kinney also is working to develop a best practices model in project management. Kinney has embraced the Carnegie Mellon University Software Engineering Institute Software Process Capability Maturity Model, which addresses a widespread lack of discipline in software management practices, according to institute fellow Watts S. Humphrey, who developed it.

The system grades the management of software programming projects on a scale of one, which is virtual chaos, to five, a state of fully optimized control (see "The Science of Software Development," CIO, April 15, 1996). "We are at one now, and we want to move up to three, where most industrial companies target," Kinney says. Project managers already have undergone SEI basic training. "Our next step is to put a set of metrics in place so that we can measure our progress,"



Kraft CIO James R. Kinney is taking aim at project management.

Kinney says. (For details about a company with an advanced project management methodology, see "A Taste of Its Own Medicine," Page 86.)

Kraft's IS teams also use a project management methodology that Kraft co-developed with RWD Technologies of Columbia, Md., an engineering company specializing in utility and nuclear-generating plant work. Why would an IS organization turn to a methodology developed by construction engineers? The basics of project management hold true for both power plants and IS systems, Kinney explains. The strength of RWD's system lies in its attention to matters beyond the scope of the SEI methodology, such as ensuring that all projects are approved by business unit clients and the financial department, and improving communication between IS and projects' business sponsors.

Kraft's strategic IT accomplishments stem from every area of internal operations—recruiting and retaining staff, budgeting, project planning and project management. Kinney's IS team excels in those practices, providing a solid foundation for bottom line contributions. If Kraft is faced with the loss of another 100 IS staffers again, IS will still be able to deliver strategically vital projects and boost market share for Kraft products. **CIO**

Staff Writer Peter Fabris can be reached at pfabris@cio.com.

PHOTO BY GREG GILLIS

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Denmark's Louis Poulsen & Co. A/S is known internationally as the manufacturer of the world-famous PH lamps, and as sellers of electrical appliances. Louis Poulsen has its production wing based in Denmark, but sales and distribution offices are spread around the world on four continents. Consequently, it is a company with simultaneous requirements for advanced production management, effective logistics, and continuous budget control across a geographically distributed environment.

To more effectively meet these requirements, Louis Poulsen decided to move their IT operations from an IBM mainframe system to an SAP R/3 solution running on IBM RS/6000 hardware with the Informix RDBMS.

The benefit is obvious when the entire system is running smoothly – no matter where in the world requests come from, everyone receives up-to-date and exact information. However, when things are not running smoothly, the problems are also obvious.

Louis Poulsen realized they could more effectively utilize client/server solutions if they made automated management part of their overall management strategy. Their first step was to introduce the IBM NetView product for management of their network environment. The next step was to incorporate automated application and database management through the PATROL® Management Suite of products from BMC Software.

Peter Jacobsen, manager of IT operations states that, "without a doubt, automated monitoring of the Informix database, especially the PATROL features that help ensure log files do not overflow, has helped avoid a number of situations that would otherwise have resulted in an outage."

When BMC Software announced in 1996 a PATROL Knowledge Module that would proactively manage SAP R/3, it was an easy decision for Louis Poulsen to trial the product. "SAP R/3 comes with a systems management tool called CCMS," says Jacobsen, "but to use it you need manual interaction. PATROL gave us the ability to automatically monitor relevant R/3 parameters and, at the same time, have information about them presented to us in context with other information from PATROL about our databases and platforms. With PATROL, we get a complete overview about how our application environment is operating."

Through PATROL, Louis Poulsen learned of a number of important parameters in their application environment that could be

monitored and tuned to support higher application availability and improve performance – parameters they didn't even know the existence of before PATROL. Now, at any time, they have instant access to this important information. Says Jacobsen, "With PATROL, we have a tool that allows us to drill deep into our systems, applications and databases for information. Plus, PATROL lets us know if changes we are making in one area of our environment will have a negative impact on other areas. There are still many things we have to learn about PATROL, but we definitely know it is necessary for future management and tuning of the system as well as our insurance for keeping up with the end users' demands for availability."

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1996

With the release of R/3 3.1 Internet, SAP changes the world of business. Again.



1996

SAP addresses the unique needs of emerging corporations with the introduction of the Certified Business Solutions (CBS) program.



1997

A record 750 customers go live in one month.



1997

25,000 Motorola employees go live with the R/3 HR and Payroll applications, establishing a foundation for managing employee information worldwide.



1997

Reebok adds SAP Retail to its manufacturing solution to create a truly streamlined, global supply chain.



1993

SAP gains momentum while the customer installation base grows to over 1,900.



1994

SAP makes headlines by implementing R/3 for The Seattle Times in 88 days.



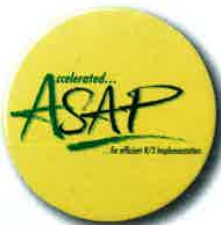
1995

SAP voted one of the Top 10 software vendors by Software Magazine 3 years in a row.



1996

SAP named the number one company of the Manufacturing Systems Software Top 50.



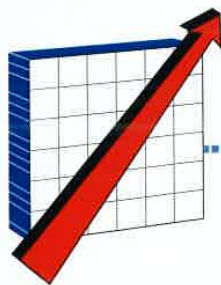
1996

AcceleratedSAP program introduced, making rapid implementation a reality.



1995

SAP opens the door for more companies worldwide to work their best with the release of R/3 industry solutions.



1997

Since the introduction of R/3, SAP's customer installation base has grown to over 10,000.



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Banking on BONDS

When an IT organization is lined up perfectly with business goals, the system is the business and the business is the system

BY TOM FIELD

SAY "ALIGNMENT" TO MOST PEOPLE, and they think "cars." Donald Boudreau is no exception. Ask the vice chairman of

The Chase Manhattan Corp.'s consumer credit businesses to illustrate the benefits of the bank's enterprisewide alignment of IT with business strategies, and Boudreau immediately points to the auto finance unit. In collaboration with their business-side peers, Information Technology & Operations (IT&O) members recently built a customized database that alerts

Best Practices for IT/Business Alignment

IN ORGANIZATIONS THAT HAVE achieved IT/business alignment:

- ▶ IS management is involved in strategic planning for the business as a whole
- ▶ IT strategy supports business goals and can adapt to changing business conditions
- ▶ IS has applied resources toward functions that are critical to competitive advantage
- ▶ Internal customers take an active role in managing IT
- ▶ Specific applications make a significant contribution to bottom line