



# Archway International

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**A group of independent consultants specialising in cross cultural IT and Business projects**

Archway International's mission is to raise the profile of process knowledge as core intellectual value in international organisations. Our objective is to advise and guide businesses through cross cultural process re-engineering and technology change. Services include:

- \* Managing the legacy systems trap and leveraging the power of internet technologies
- \* Business process reengineering inception and management
- \* IT and Operations Project Inception and Management
- \* Operational Modelling
- \* Designing and implementing Operational Risk and Control Processes
- \* Applying technology to reengineer businesses \*



**We're on the web**

[www.archway-international.com](http://www.archway-international.com)

## Australia Brief

**IT staff shortages.** A new report by IDC (an IT research company) shows that up to 82% of Australian organisations are suffering significant IT staff shortages which will make it difficult for those organisations to keep up the demands of the internet age. In order to encourage the Government to take action on this issue, the Australian Information Industry Association (AIIA) will fund a study to link the skills shortage in the IT Sector with its impact on the economy. The AIIA is the national organisation representing the information technology and telecommunications industry of Australia. Their membership encompasses more than 80% of the Australian IT & T industry. Visit them at [www.aiaa.com.au](http://www.aiaa.com.au)

**E-commerce.** Need to do some e-commerce research? The e-commerce section of the National Office for the Information Economy can be found at [www.noie.gov.au](http://www.noie.gov.au). [www.ogit.gov.au/e-commerce](http://www.ogit.gov.au/e-commerce) provides information on government programs and strategies for e-commerce. [www.govonline.gov.au](http://www.govonline.gov.au) is the website of the Office for Government Online and contains info on the Whole-of-Government approach to online business. [www.ecommercetoday.com.au](http://www.ecommercetoday.com.au) contains independent news and analysis on e-commerce for the Australian market (some areas are for subscribers only) and [www.itsource.com.au](http://www.itsource.com.au) includes information on research, news and special events.

**Tax.** The 'alienation of personal services income measure' is tax office speak for the tax treatment of individuals whose income is from personal services and meets certain criteria - most self-employed IT contractors and consultants fall into this category. You are advised to check with the tax office at [www.taxreform.ato.gov.au](http://www.taxreform.ato.gov.au) as the tax treatment of this income and the extent to which losses from business activities of individuals can be used to reduce tax paid (known as 'losses from non-commercial activities') has changed with the introduction of the new tax system.

**Top 100.** The Top 100 search engine ([www.top100.com.au](http://www.top100.com.au)) returns search and directory results in order of popularity based on where Australians are really surfing. It claims to provide the most relevant and popular sites across more than 100 categories. It is powered by hitwise ([www.hitwise.com.au](http://www.hitwise.com.au)) which is an internet measurement tool which provides an indication of the relative popularity of websites. So if you want to know the most frequently visited finance sites or Government sites, visit Top 100.



# Archway International Magazine

Archway International

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## What comes around, goes around.

A long time ago, even before Bill Gates was born, dinosaurs ruled the earth. They were the first on earth to gain competitive advantage through size. Several geological ages later, their dominance gave way to smaller, more numerous creatures – birds, mammals, reptiles. Thus the first cycle of centralised versus decentralised power was completed.

**“Chances are that the centralisation / decentralisation cycle will repeat itself several times in your career.”**

The pattern has repeated itself throughout the ages. Following the industrial revolution, huge printing presses gave way to typewriters, textile factories to sewing machines. In the information revolution the first mainstream computer, the mainframe, came of age in the 1970's. Worldwide, corporations realised huge increases in efficiency by automating routine tasks using these electronic beasts.

In the 1980's, Apple and IBM between them developed the personal computer into a

going concern. Universally, PC salesmen proclaimed that the mainframe was dead, and earned huge commissions selling PCs to businessmen who believed them. Local processing power, they said, was the way of the future.

Or was it?

The mainframe computer, it seems, hasn't read the script. Very few organisations actually got around to decommissioning them, and are now thankful for their inertia. Throughout the 1990's mainframes were the unglamorous side of computing, there for running legacy systems and providing a dumping ground for huge amounts of data. The new whizz-kids in the industry barely knew how to spell the word "mainframe". But with the emergence of the Internet, mainframe computers are, Jurassic Park-like, re-inventing themselves – as net servers.

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## Barclays gets Wool-Rich

Archway International is pleased to hear that Barclays and the European mortgage bank Woolwich are to merge, since all of Archway's European associates have at one time worked for one of these institutions. Woolwich adds both a respected high street name and the innovative Open Plan product range to Barclays' retail business.

Barclays and Woolwich are just the latest in the worldwide shift to form Allfinanz Institutions – one stop financial services groups. This particular merger is commercially exciting because both organisations have the same competitive philosophy: intelligent use of new technology to re-energise traditional markets.

So, what challenges are now facing Barclays and Woolwich managers? First of all – communicate, communicate, communicate. Then, there is the aspiration to create :

- ♦ One vision
- ♦ One culture
- ♦ One infrastructure
- ♦ One set of systems

- ♦ One set of costs whilst retaining :
- ♦ Brand identity
- ♦ Customer loyalty
- ♦ Business growth
- ♦ Competitive advantage
- ♦ Shareholder value.

Of utmost importance in a service industry – the people. With pooling of resources there is always a huge upheaval as people's lives are impacted with the shift in culture.

All this is very much easier said than done! However, it is all familiar territory for founding members of Archway International, who are practised in the techniques required to make cross-cultural change a positive experience.

As staff at Barclays and Woolwich will know, at the end of the day a merger is a rare and exciting opportunity to be involved in the creation of a new company culture where those people who thrive on success and innovation can shine.



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## 2000 Olympics

As you read this most of sports-mad Australia will either be present at Homebush bay or glued to their TV sets as Sydney hosts the Olympic Games.

The 2000 Olympic Games present a demanding IT challenge. Over 10,000 athletes from 200 countries will be competing for 17 days before an audience of 5.5 million spectators and 3.5 billion worldwide TV viewers. Apart from the massive infrastructure, the technology behind the games will include systems to manage the flow of data and people in and around the Olympic village and competition venues, help run the massive logistics, administrative and operational activities, capture and distribute results, keep the Olympic family informed and in-touch and bring the games to millions on the world wide web.

The official web site ([www.olympics.com](http://www.olympics.com)) is expected to receive 700 million hits during the games, 35 times more traffic than the 1996 games in Atlanta.



## What comes around, goes around (continued)

Larry Ellison of Oracle was ten years ahead of his time in introducing his NetPC; now the market is catching up with him. Telecommunications advances mean that this sort of dumb terminal mainlining on a net server is a very real alternative to the client-server model of the past decade.

The shift of power from a centralised model to a decentralised one is a cycle that will repeat itself continually, and the length of time each cycle takes is ever-shortening – in pre-historic times it was measured in era, now it can be measured in years. Each model has its advantages and disadvantages. Centralised architectures are more efficient and therefore cheaper to run. Decentralised architectures are more responsive to local change but more expensive because of duplication of effort.

The model applies equally to organisational structures. Decentralising responsibility to local managers gives them autonomy, accountability and flexibility, but it is inefficient and enforcing standards becomes difficult. Conversely, centralising responsibility saves money but creates an unwieldy organisation.

The chances are that the decentralisation/centralisation cycle will repeat itself several times in your career, in both architectural and structural terms. This is worth knowing when you feel the need to make radical changes to your operation. Pushing the pedals on this cycle, gaining each time from the advantages the two models bring, could move your business forward very profitably indeed.

## The Web

*By July, the World Wide Web had exceeded 2 billion pages and is set to double by early 2001. The current growth rate is a staggering 7 million new pages per day with 85% of internet content originating in the USA. This is according to Cyveillance, a US based e-business intelligence company. The growth rate is measured by Cyveillance's NetSapiens Technology which scours the Internet indentifying content. Visit their site to see their web ticker, a real-time web page count, clocking up the pages, and to view their full report on Sizing the Internet. www.cyveillance.com*

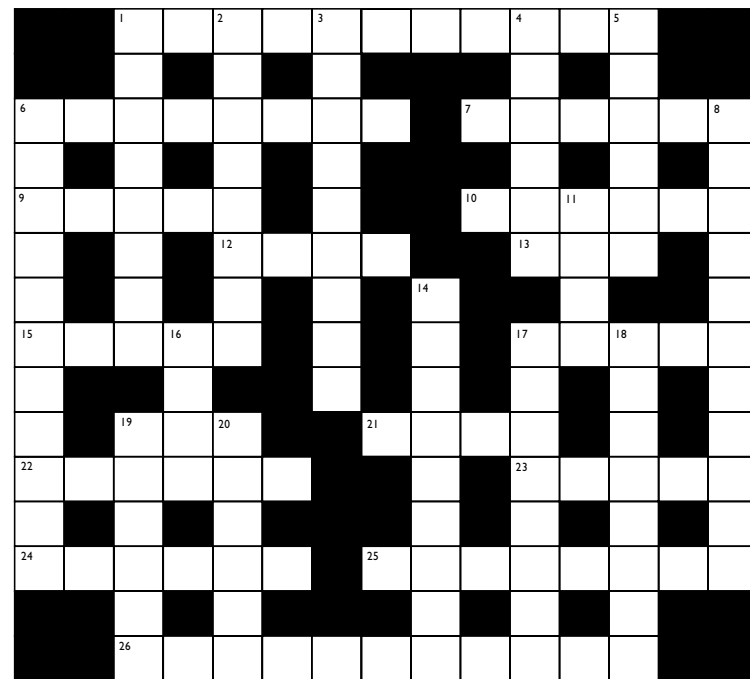
## The AIM Crossword

### ACROSS

- 1 Clan define exercise to dismantle jet prop (7,4)
- 6 Sweet Scots runestone, we hear (8)
- 7 My Tess had a way of doing things (6)
- 9 A tar headdress? Almost, I add (5)
- 10 My clue brought down the house (6)
- 12 Keel over root vegetable (4)
- 13 Procedures run initially at End Of Day (3)
- 15 Out of practice redhead (5)
- 17 The Prince's Rolls Royce is in the hay (5)
- 19 Some scarecrow! (3)
- 21 Rift caused by southerner's car (4)
- 22 Ay, and a way to laziness (6)
- 23 I ask 'ee, doesn't that sound like computer speak! (5)
- 24 Insist the man is mostly dead (6)
- 25 Excavations amongst the GG's (8)
- 26 Their Royal Corps revises processes (11)

### DOWN

- 1 Wraps time in brown paper (8)
- 2 Exclaim one ought to reform partnerships (2,6)
- 3 Co-erce eastern trade in the millennium (1,8)
- 4 Put aside your unprofessional farewell (3,3)
- 5 Catch cuddly bear (6)
- 6 PC architect needs maternal support (11)



For answers visit our website at [www.archway-international.com](http://www.archway-international.com)

- 8 A lapse of this means no fish with it (6,5)
- 11 Cash on delivery necessitates a repeat (4)
- 14 Cautioned about schooling (9)
- 16 Sound horn to front and to back (4)
- 17 Start to harass the last morsel of meringue (8)
- 18 Withdraws, almost escaping from the edge (7)
- 19 The hundredth realm appears more relaxed (6)
- 20 Where did the chicken go? Somewhere between west and east (6)



## Too rich or too thin? The Superwaif Organisation

It was Wallis Simpson, Duchess of Windsor, who first said that one can neither be too rich nor too thin. It is a phrase that has defined the current generation, both in fashion and business. For in single-mindedly pursuing shareholder value, managers of today are constantly hacking away at costs to off-set their riches with as lean an operation as possible. This is all well and good, but superwaif organisations can only survive so long.

Whether or not you agree with that, the fact remains that you are probably being asked, along with everybody else, to look at your budgets with a view to cutting away twenty/thirty/fifty percent (delete as applicable). Where do you begin?

Probably you have already cut your business entertainment and subsistence budgets away to nothing. Your training budget is as small as you dare have it without causing anarchy amongst your staff. You have nothing in the recruitment budget, pledging to reduce your head-count by natural wastage. You've cancelled all the

nice-to-have projects that will make everyone's life easier, such as on-line timesheets. Your department has no more administrative staff, counter-productively reducing everyone's efficiency as they all waste time going to collect their own post. Scrooge-like, you have "cancelled Christmas" by cutting the staff social fund. As you gloomily review your budget wondering how you're going to run your operation on what's left, the Finance Director sends a terse e-mail demanding further cuts. You've done what you can with the soft targets, now its time to get smart.

It is a truism that if you can't measure something, you can't manage it. Do you really understand where the costs of your operation are being spent? If not, you have to spend some time analysing and apportioning them correctly. It may help if you gain the backing of the Finance Director and

introduce a basic cross charging mechanism. But before you roll your eyes to the ceiling in despair, note the word "basic". The underlying principle of any cross-charging exercise must be to keep it simple. If you get bogged down trying to define everything to the n-th degree, you will never achieve anything and the cost of the exercise will be counter-productive.

The aims of your cross-charging project should be two-fold. Firstly, you need to understand how much each service you are running costs. Begin this by a brainstorming session with your main managers to determine what your key services are – there will probably be no more than a dozen. Then you need to involve some of your technical staff in costing each process. In the end you will need to apply some common sense guesswork to this to get an overall picture because for example, your organisation's mainframe

multi-tasks several applications at once. And don't forget to apportion overhead costs, such as your managers' salaries, across each service.

The second aim of your cross-charging project is to understand how much each of your internal customers is spending with you. To do this you need a usage metric for each service. For example, you will know how much of the Helpdesk's services are attributable to each customer by counting how many calls each customer places with them. It is probably sensible to charge the whole cost of the HR system to the HR department, and the whole of the Accounting system to Finance. The cost of the network and standard services such as e-mail and telephone is probably best recovered as a charge per capita.

The final step is to produce a tariff for each internal customer showing the cost to the organisation of running their IT services. They will probably be shocked, so do some benchmarking to show that your costs are competitive with the industry (and if not, why not?)

At worst, the cross charging exercise will help you to understand where your costs are going. You will be able to examine your large costs and see if anything can be done about them. Is it time to re-negotiate your telecoms or maintenance contracts, bearing in mind the that cost of networking and hardware is coming down? Try opening discussions with your service providers about reducing costs – they may help you if they are offered a portion of the savings.

At best, cross charging will actually make your internal customers think about whether they really need some of the less business-critical services they've been taking for granted for so long. Conversely, you may well find that knowing the cost of existing services helps them cost-justify the new system they know they need but can't convince the Finance Director to pay for.

Like all projects, know when to sign-off your cross-charging exercise as completed. Continuing to cross-charge customers when all the obvious cost-cutting has been achieved with only damage your on-going relationship. Because if you can't be too rich, you can certainly be too thin. Many would agree that even the Duchess of Windsor, being both rich and thin, didn't really get what she wanted in the end.

**"If you can't measure something – you can't manage it."**

