Newsletter - Second Quarter 2008

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IT PROJECT CONSULTANT

"Executing strategy through technology project management"

OMIGSA server room

IT System managing R650 billion worth of investments - moved overnight

ANOTHER HIGH STAKES IT PROJECT SUCCESS STORY

Old Mutual Investment Group, investment arm of Fortune 500 financial giant Old Mutual, achieves a highly technical outsource project on time, under budget, and without any business interruption.

Cape Town, South Africa

Old Mutual Investment Group South Africa (OMIGSA), part of the greater Fortune 500 financial giant Old Mutual, recently achieved the rare feat of completing a major outsourcing programme exactly on time and under budget.

The statistics for IT project success globally are shocking and IT projects are famous for being late, running grossly over budget, or simply being canned after too much money have been wasted without any results. However, as this project showed, they CAN be successful, when done right.

Project Background

Like most asset managers, OMIGSA's business is split into a front-office of investment professionals, and a back-office of administrative systems and staff. OMIGSA decided to outsource their back-end operations to a third party in line with industry trends to focus on the core investment business. JPMorgan Worldwide Security Services was chosen as partner and the final contract was signed in December 2006, allowing a 14-month time-frame to implement the outsource.

This involved moving 115 OMIGSA staff, as well as a large number of very complex investment management computer systems to JPMorgan. All this had to happen seamlessly, without any risk to the "business as usual" activities of OMIGSA. With OMIGSA controlling roughly one sixth of the total market cap of the Johannesburg Stock Exchange, or around R650 billion, this was a daunting task.

"only 16% of IT projects in the UK are considered successful"
- Oxford University/Computer Weekly study, 2003

"34% of IT projects in the US are considered successful"
- Standish Group CHAOS report, 2003

"only 3 out of more than 500 development projects met the survey's criteria for success"
- British Computer Society Review, 2001

The Team

OMIGSA did the wise thing and appointed myself as dedicated contract IT project manager. A dedicated programme manager, and an experienced project administrator was also added. JPMorgan did the same, and specifically appointed an experienced professional to manage the critical IT part on their side. My great working relationship with Steve Gibbs and his team at JPMorgan was to prove key to the overall success of this programme. I joined the project well before final signature of the contract, and had some valuable time to provide input into the final contractual details - an opportunity which should always be afforded to the people that have to make it happen in the end! My brief from CIO Careen Chidester, was to manage all OMIGSA IT activities relating to the project, and to report to the overall programme manager. The IT staff complement at OMIGSA is around 50 people, who each played a role at some point during the project.

Preparation

With the contract signed, it was time to complete detailed planning. It's commonly said that "projects fail in the beginning", and this was a critical part to get right. Three months was spent doing detailed technical analysis, before committing to final project deadlines and deliverables. A critical success factor was to choose an iterative process of decoupling the technology that was to move to JPMorgan, from the rest of the OMIGSA systems. When you're playing with the innards of a live system controlling so much money, you DON'T go big bang!

Implementation and Testing

JPMorgan implemented a complete duplicate of the OMIGSA system, after which thorough joint testing was conducted in the latter half of 2007 to exercise as much of the system as possible.

Liftout

After three dress rehearsals we were ready for the actual lift-out weekend. With the command-centre go-ahead given at 19:30 on Friday 8 February, all OMIGSA systems where automatically backed up to a custom-designed disk array, and then transported in armored cases in two unmarked cars to JPMorgan. By Saturday afternoon JPM had on-boarded the OMIGSA data, and by Sunday midday, the live international data and banking feeds were rerouted to JPMorgan, the new back-end outsource provider. 115 staff started work at JPMorgan on Monday morning without any major disruption.

Conclusion

The programme certainly was not without its problems and conflict. The difference lay in the way these were handled. Both organisations employed professionals to run these projects. Given the size of the programme, and the money involved, any glitch or failure would have been front-page news. Using professionals to do the job payed off handsomely.

OLD MUTUAL Investment Group

"With your professionalism, dedication, and efforts we have collectively managed to deliver a 14 month programme of work in accordance with the original schedule. We believe that this is a first in South Africa, in terms of a large financial outsourcing project being achieved on time."

- Henk Beets, COO OMIGSA

Celebrating success

Steven Klue (OMIGSA IT), Pieter Nel, Paul Burd (CEO, JPMorgan Administration Services), Riaan Strydom (OMIGSA Legal)

Project Statistics

The outsource moved the following artifacts to JPMorgan over the course of a single weekend with everyone finishing business at 7pm on Friday, and resuming it at a new location at 8am the following Monday:

- 115 people's personal data & email
- 11 mainframe investment systems
- 500 data interfaces
- 34 in-house applications
- 450 user developed tools
- resulting in a daily file exchange of up to 3000 files

- all moved without business interruption.

NEW PILOT

Photo detail

I did my training on Jabiru J400, J160 and SP planes. The photos on this page shows the two-seater Jabiru SP, registration ZU-JCR, in which I'm a part-owner. Photos taken at Fisantekraal airfield north of Cape Town.

Lessons learned while doing my Private Pilot's License

Leonardo da Vinci said "For once you have tasted flight you will forever walk the earth with your eyes turned skywards, for there you have been and there you will long to return."

I strongly believe in leading a balanced life and creating memories. When these activities grows one as person, so much the better. Like most young boys I wanted to fly, and was first to run out of the house whenever a plane passed overhead. In June 2007 I simply decided it was time to realise this dream, and two days later I started with my PPL.

I did my groundschool and flight training with Peter Müller-Brunke of Wings over Africa. Peter is an experienced instructor with a great many hours of bush-flying in Africa under his belt.

On 25 November 2008, at 0500 UTC, I was sent solo by Captain Dick Henry, retired Boeing 747 training captain with some 28000 hours behind him. The flight took place from the old World War II training airfield Fisantekraal (FAFK), just north of Durbanville, Cape Town using runway 23.

On the 1st of March this year, I had my final check-flight, again with Captain Henry, and obtained my license. In the meantime I've become a partner in a small two-seater, and immediately I was out flying our own plane.

Flying and owning a small airplane have already taught me a number of valuable lessons which I apply directly in the business world.

- **Checklists**: during critical phases of a project, do it with a checklist. This worked well when we had to move 2Tb of financial data within an 8-hour window - with no room for error,
- **Accuracy**: there's no room for sloppiness during a crosswind landing on a tiny airstrip,
- **Discipline**: one of the big reasons for in-flight failure is undetected mechanical problems due to sloppy or rushed preflight checks,
- **Clear communication:** there's no time for long chats when talking to air traffic control - concise, clear and accurate communication is critical, and
- **Overconfidence can kill**: many pilots of all levels of experience get into trouble because of overconfidence and "I've done this a thousand times".

Learning to fly was a fantastic journey. I would suggest to anyone to follow their dreams and work towards achieving goals they've had for a long time. As Mark Twain said - **"Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did do"**.

MANAGING STRATEGIC IT PROJECTS

My lessons learned

Some basic lessons learned in the school of hard knocks!

Ask any technical person about the worst project manager they've worked with - it won't be because he wasn't a brilliant engineer or software architect, but because he or she lacked basic soft skills.

Leadership

You MUST, MUST be able to make decisions. Indecisiveness has no place in high stakes IT projects - neither has knee-jerk reactions either. A great role-model for technical leadership under intense pressure is Gene Kranz, NASA flight director during the Apollo 13 crisis. Read Michael Useem's excellent analysis of Kranz's leadership style in his book "The Leadership Moment" and then watch the Apollo 13 movie again.

Pick the right team

"There is no limit to what a man can do or where he can go if he doesn't mind who gets the credit" - Ronald Reagan.

You can't do it on your own, so negotiate hard to make sure you have the best possible technical team. Try not to be drawn into the details yourself, your technical lead should manage this. Make sure then, that you have a technical lead who is known by name to everyone. Your job is managing risk, communicating to stakeholders, negotiating for resources. It's NOT getting stuck into the detail design. You should however understand the technical details well enough to gain the respect of your team and your stakeholders and to advise on critical risk areas based on your experience and understanding of project drivers.

Integrity

If you really want to mess up, allow yourself to be pressured into saying "yes, we can make the deadline" or "no, there is no risk". Always state exactly what you believe to be true for you. You really aren't doing yourself, or any of your stakeholders, any favor if you don't.

Manage your top three problems

You should be able to name your top three problems when woken at 3am, as well as what you're doing about them. So should all your team members. If you can't, you'll be lying awake at night sooner than later anyway.

Lastly, take note of the quote on this page, and lets all aim to be professionals in anything we do in life. South Africa certainly needs a work ethic based on professionalism rather than skin color.

PROFESSIONALISM

"Don't ever do anything as though you were an amateur.

Anything you do, do it as a Professional to Professional standards.

If you have the idea about anything you do that you just dabble in it, you will wind up with a dabble life. There'll be no real satisfaction in it because there will be no real production you can be proud of.

Develop the frame of mind that whatever you do, you are doing it as a professional and move up to professional standards in it.

Never let it be said of you that you lived an amateur life.

Professionals see situations and they handle what they see. They are not amateur dabblers.

So learn this as a first lesson about life. **The only successful beings in any field, including living itself, are those who have a professional viewpoint and make themselves and ARE professionals.**"

- LRH

About Pieter Nel

Pieter Nel is a technology consultant and executive specialising in the execution of strategy through project management.

Pieter holds a Masters degree in electronics engineering (cum laude) from the University of Stellenbosch where his research was focused on computational linguistics and computer speech recognition. He is a graduate of the Wits Business School's Management Advancement Programme (MAP), and holds the Project Management Professional (PMP) credential. He is a member of the Institute of Electrical and Electronics Engineers (IEEE) and the Institute of Directors (IoD).

Pieter is interested to hear from companies engaging in strategic technology projects with budgets above $1m where his expertise could be of value.

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