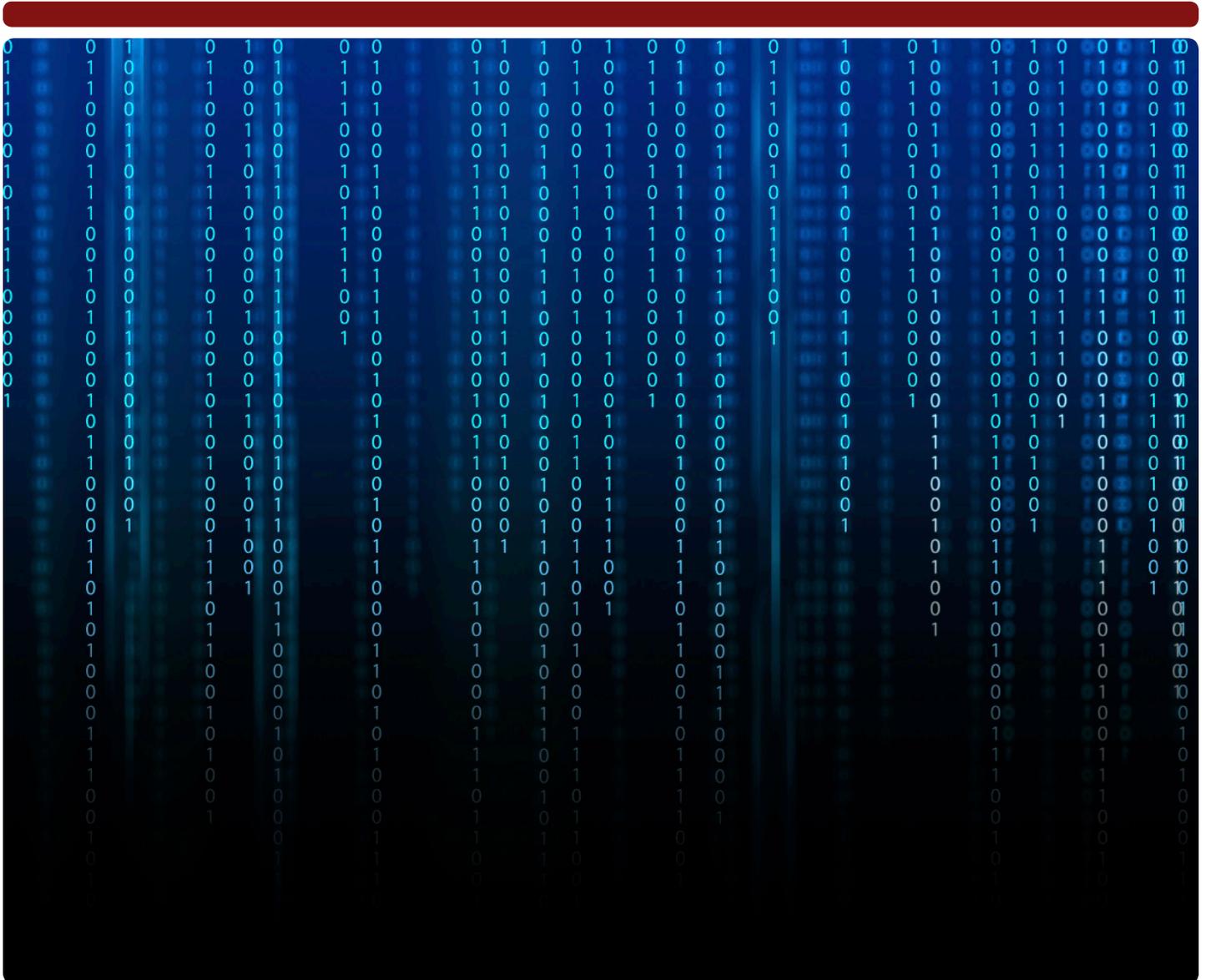


# Effective IT Management Strategies

*Implementing a Technology Success Strategy for recovery, management and capital preservation*



by Jim Eddy, IT Senior Consultant, and Lori Launderville, Managing Director  
Focus Management Group





## Effective IT Management Strategies

For many companies, IT (Information Technology) budgets represent a material percentage of total expenses (often fifteen to twenty percent), yet stakeholders are often unable to receive the financial and operating performance reporting required, and management is unable to receive critical decision making information needed to be successful. The company suffers and stakeholders lose—all for no reason.

### Strategies for Effective IT Management

Effective IT management and decision-making tools create an environment for success. As with any business expense, it is imperative that IT dollars are well managed, and involve a thorough maximization of the impact on overall financial performance and cash flow. Focus Management Group has direct experience managing IT integration, IT conversions, and IT planning all of which are critical to performance improvement and success.

Proper IT budget management is required for ongoing performance improvement. Lack of innovation or lack of integration planning may doom an otherwise successful company. Stakeholders often have an advance view of issues because they review performance data on a regular basis but without IT oversight, stakeholders might not understand IT underutilization and how it impacts the bottom line.

### Focus Expertise in Information Technology

Focus Management Group is a proven partner in managing IT innovation success. Our Technology Success Strategy, developed by an experienced team of technology professionals, incorporates major contributors to recovery, management and capital preservation.

Focus Professionals are able to provide a variety of IT services to lenders and their portfolio clients across a wide range of industries. These services include the following:

- Interim COO of a technology companies
- Interim CIO of any type of company
- IT due diligence related to potential acquisitions
- Technology project oversight and measurement to established performance indicators

- IT assessment and strategy, and
- Change-in-Control Planning, with unique aspects related to technology planning and integration during merger and acquisition activity.

### A Recent Technology Engagement Involving Performance Review, Planning and Implementation

A financial services company needed to reduce costs and increase customer acceptance of new products in order to maintain existing profit levels. The company's IT department was operating 15 percent over budget. The successful achievement of cost reductions, customer acceptance, and maintenance of budgeted financial performance was imperative. This client provided a variety of insurance products to leading banking institutions in North America. Due to regulatory requirements and economic conditions, the Company was faced with enormous pressure to reduce product pricing on an annual basis.

The Focus professional was engaged to perform a complete revitalization of the Company's technology systems. At the point of engagement, the company's twenty year old operational support system (OSS) crashed daily, causing major interruptions in service and no ability to process payments. This resulted in both customer dissatisfaction, and cash flow problems for the company.

The company's IT department was also hampered by its headquarters facility, which was housed in an old building without the infrastructure to facilitate a quality technology environment. Voice and data access to the outside world could only be provided by a single low-quality network provider, and the IT department lacked the skills and tools to support growth.



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### How Did Focus Create IT Success?

Using a combination of tax credits, contract renegotiation, cost audits, organizational restructuring and reciprocity, Focus was able to introduce an aggressive Cost Containment Strategy which brought the IT department from fifteen percent over budget to twenty percent below budget in six months.

- A new network, data-center, and voice system were sourced and installed, and applications to facilitate cost reductions and processes needed for making sound financial decisions were implemented.
- Testing, support and maintenance roles were introduced, which allowed the company to reduce the average salary and contract rates by fifteen percent while improving overall performance.
- An analytics platform was implemented that empowered loan officers to fine tune their sales activities with real-time data. As a result, loan officers raised their customer acceptance rate from ten percent to thirty percent.
- Applications were re-written to accommodate the new business needs. Off-the-shelf solutions were researched and integrated into the custom solution to keep costs low while delivering fast performance improvement.
- The data-center, supported by a new, secure network, was moved from an inadequate facility to a state-of-the-art facility with better infrastructure and the ability to abide by all compliance frameworks.
- Hardware and operating systems used a virtualization strategy to reduce costs for personnel, power, space and licensing.
- Storage was centralized using a Storage-Area-Network (SAN) to provide speed, scale and security for accessing information, and robust disaster recovery.
- Desktop computers were virtualized, which greatly improved security and decreased costs.

When the engagement successfully concluded, the company had cut its costs significantly yet innovated greatly. The company had a modern technology department—hardware and software—to help grow the business, while meeting the capital investment requirements of the owners.

### An Example of IT Integration Success

A private equity group was interested in integrating several portfolio companies into one single, scalable and efficient IT infrastructure. While this Focus client was involved in insurance, logistics, online healthcare services and professional sales, the need for fast, accurate decision making tools crossed all industries.

During the engagement Focus was able to assess the existing IT departments at each entity and develop a combined long-term technology strategy which road-mapped integration and allowed for expected growth. Implementation of the Focus strategy resulted in a twenty percent decrease in the IT operating budget, while increasing on-time performance and availability. The newly implemented system was able to achieve 100% availability during our twenty-four consecutive month engagement, and we delivered the IT projects with a 93.5% on time success rate.

When the engagement was completed, the client had achieved the objective of streamlining IT and reducing costs. All companies were operating on a single IT platform. This included an accounting system with integrated reporting and operating schedules across all entities. As a result, the company was able to add new products and additional entities with minimal costs for infrastructure. Additionally, this approach to IT management enabled more streamlined merger and acquisition activity, because technology simplified the process rather than becoming an obstacle to the process.



## Contact

Focus Management Group is a leading business restructuring firm headquartered in Tampa, with offices in Atlanta, Chicago, Cleveland, Dallas, Los Angeles and Philadelphia. For more information on our experience on our technology success strategy, contact one of our experienced Managing Directors listed below:

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## About the Authors

### Jim Eddy, Senior Consultant, Information Technology

With over 30 years of technology experience spanning the industries of wireless, Internet infrastructure, E-Commerce, financial services, healthcare, logistics, insurance and legal services., Jim serves as the head of our Technology division. Over the past 15 years, as CIO, CTO or a CIO Consultant, Jim has helped grow multiple companies from inception to \$300+ million in revenues and / or assisted in a successful wind-down. He has performed major IT turnarounds for Citi and Fidelity. Jim has executive experience through many acquisitions, mergers and IPOs. He is certified by the United States Department of Defense to teach nine software development languages and 6 network technologies. Previously, Jim was recognized for his award-winning software development and architecture for GTE/Verizon where he won their highest award and was published twice.

### Lori J. Launderville, Managing Director

A seasoned professional with over a decade of experience in the turnaround management industry. With diversified experience in a wide variety of industries and success in a variety of senior management and business development roles, Lori has extensive knowledge in turnaround management issues, bankruptcy situations and effective crisis decision making. She is currently responsible for spearheading business development efforts for Focus Management Group in the Northeast and Southeast United States. During her career, Lori has played key roles for a variety of firms in developing and implementing programs, tools and strategies within an organization to increase sales volume. In a previous role, Lori successfully restructured a facility move using a time-effective approach. The Company achieved significant cost savings due to her involvement.