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Controlling Information Technology Costs and Reporting Roi in Large Organizations

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Disclaimer

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AND REPORTING ROI IN LARGE ORGANIZATIONS

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ABSTRACT

Controlling the cost of information technology (IT) and reporting return on investment in such technologies in large organizations has long been problematic because IT is a significant cost center that in most companies does not contribute directly to the generation of revenue. At the same time, the services provided by IT departments directly affect the bottom lines of modern companies and provide valuable efficiencies. Measuring and reporting the effects of those efficiencies has been hampered by two fairly typical shortcomings of IT managers. IT managers whose primary training is in their own discipline tend to view technology issues in terms of meeting a need and often are unfamiliar or unsympathetic to requirements for controlling and reporting costs and return on investment. Yet when classically trained individuals are made into IT managers, they often do not understand the capital and ongoing operational requirements of providing what increasingly are essential services. The present study aims to provide ways of streamlining technology processes and a set of simple formulas that will enable management from any disciplinary background to evaluate the effects of projects, control costs, and accurately report the return on investment of technology projects. These methods should be generalizable throughout large organizations and provide means of streamlining projects and evaluating their outcomes.

CHAPTER ONE: INTRODUCTION AND REVIEW OF LITERATURE

The Information Technology (IT) industry has provided companies around the globe with opportunities to increase the productivity of their workers and increase the profits of the organizations. Just as there are different types of organizations in different industries, the makeup of each IT organizations varies as well. But regardless of the industry, every IT organization must complete certain functions. These include, but are not limited to, hardware and software upgrades and maintenance, file management, and print services. Within the requirements of the business, each IT organization will develop its own processes and procedures. The processes used by IT organizations can have dramatic effect on how well the company functions and its bottom line. Managing costs is a fundamental function for any company, and controlling the costs associated with the Information Technology department is a large concern. The reason is simple; the Information Technology department is one of the most expensive departments of any company. At the same time, IT departments do not directly generate revenue.

When companies put a business professional in charge of the Information Technology department to control the costs of this group, it seems as if it would be a sound decision. But such decisions actually tend to increase costs in the long run. The individuals who are tasked with the day-to-day operation of the department know all the tasks and procedures needed to complete their duties. Nontechnical managers, however, must learn processes for which they have never been trained while being responsible for the cost of the department.

The dilemma can be resolved by developing simple procedures and task-cost formulas that both the technical and nontechnical members of the team can use to communicate with each

other. Such formulas provide a financial basis for streamlining the processes of the department. They also provide a simple way to measure the savings when a process or task is moved to a less-experienced and expensive group to fulfill the needs of the business. These same formulaic principles can even be used in project management to provide a greater return on investment for the project.

There is a clear disconnect between perceptions of cost among individuals from different disciplines. This is no more evident than when a nontechnical individual is put in charge of an IT department. The classically educated individual is looking at the bottom line, while the IT staff perceives a lack of resources to provide the needed service. A set of simple formulas can provide the financial information each group needs. These formulas will focus on classic process management and the addition of mathematical formulas needed to understand the true cost of tasks and processes of the company. This paper will offer methods to discover opportunities to increase the productivity of the department and reduce the cost of the services it provides.

In researching different companies in different industries; the characteristics of the different IT organizations became quite obvious. The majority of IT organizations use a tier system to rank the skill level and cost of their employees and segregate the duties of the department. Table 1 outlines a typical tier system.

Those companies competing in industries with smaller gross margins maintain highly technical staff members (Tier3) with the majority of the director level and higher leaders of the IT organization educated in non-technical areas (Interviews 2007.) These organizations maintain as a portion of the overall organization size a smaller portion of Tier 1 and 2 employees. In companies with higher gross margins, the IT organizations tend to have fewer Tier 3 individuals

Table 1

Typical Tier System for IT Functions

Tier 0	End Users	$0
Tier 1	Entry Level Technicians	$12-$20/hr
Tier 2	Middle Level Technicians	$21-$30/hr
Tier 3	High Level Technicians	$31-$75/hr

and a greater number of level one and two staff members. These IT organizations tend to be larger as a portion of the overall company and members of the senior management team will mostly have technical educations. Data collected from interviews with executives indicate this situation is a result of the Return on Investment (ROI) of the company (Interviews 2007.) The ROI for IT projects and initiatives is compared to the gross margin of the company, and many IT activities are shelved or cancelled in favor of other, more profitable, projects. If additional resources are needed by the IT organization, executives have chosen the less expensive Tier 1 and 2 options.

Another byproduct of gross margins is found in how IT organizations are used. In companies with smaller gross margins, IT organizations are used more often as a resource to create additional business opportunity. In companies with higher gross margins, IT organizations are used as service providers and required support staff for other business activities. IT expenditures currently account for the majority of capital investments within many companies and therefore are treated as any other capital investments.

Information gathered from the interviews of Chief Information Officers (CIO) or Senior level Vice Presidents of IT uncovered the fact that each organization worked within the confines of the yearly budget of the IT organization. The cost accounting model is based on approved budget. Monthly tracking of cost performance of the group verses this budget is common. Appendix A provides an example of such a budget. These reports show monthly budget tracking and a running scorecard against the budget and monthly budget allocation. All CIOs interviewed stated that monthly reporting against budget was a common practice. These reports also indicate the performance of the unit in completing the projects designated by the company. All CIOs stated that internal capitalized projects such as hardware upgrades were tracked with other company initiatives. When asked how soft-dollar accounting was performed or measured by their organizations, each CIO interviewed stated that no such function was performed. Each CIO stated the manner in which the services performed by the IT Organization were confined and managed by the budget. Scott Smith, CIO of Temple Inland, stated "The budget dictates the staffing levels and the initiatives of the company dictate what that staffing level will work on" (Smith 2007, interview.)

When each of the CIOs were asked how they manage the work that needed to be performed verses staffing level required to perform the work, the overall consensus was that the work would be completed or the staff members would be replaced by those that will complete it. All the CIOs stated that they had built into their budgets an amount for consulting services. They also stated that consulting services were used to fill gaps in company resources.

All of the CIOs were asked about project management, specifically how a project progress is measured. Each stated that the cost of the project was tracked in the budget and the

progress was measured by the project manager. When the CIOs were asked how the project managers were measured on their performance, the responses were not measurable. One CIO stated that the organization evaluated project managers based on survival (Hickenbottom, 2007.) Each CIO claimed to know from experience which project managers were successful based on their histories. When asked what traits made project managers successful, the CIOs offered several, but a common trait was drive to complete the project on time.

The budgetary aspects of the projects were important, but cost overruns could be explained after the project was completed and then factored into the ROI of the project. Edward Yourdon (2003) explains in great detail why and how this occurs. The costs of the IT staff are considered a fixed cost to the organization. When project specifications and deliverables are determined, the appropriate staffing level is selected at that time. If the project begins to fall behind, then one of two things occurs. First, the staffing level may be raised to bring the project back on track. If this option is not available, then the staff dedicated to the project is expected simply to work longer hours to complete the project.

With the majority of project managers being classically trained in disciplines such as business or the liberal arts as opposed to technical disciplines, asking technical staff simply to stay late and solve a problem is easier to do because the project managers don't understand what they are asking. Project leaders must be taught the technologies they are responsible for implementing. "Draw me a picture" is a statement often used by nontechnical project managers to begin to understand the technology of the projects they are leading.

When projects are driven by a deliverables list and timeline, project managers may develop "naïve optimism" or a "drill instructor" mentality (Yourdon, 2004, 124). No sources

were discovered that addressed how costs, specifically soft-dollar cost optimizations, or increased future productivity of the IT organization could be designed into project management. The interviews with the CIOs also offered very little information about managing soft-dollar costs. Management of IT project costs follows the same procedures as in any other department (Schwalbe, 2006. 255). All CIOs interviewed stated that projects were evaluated based on whether they were completed within budget and on time. None of the CIOs or project managers interviewed stated that the IT organization measured the success of the project based on whether it met business needs. That evaluation was left to the business representative or project sponsor.

CIOs in different organizations had different business criteria against which their projects were measured. The average was a twenty percent ROI over a period of twenty-four months. When asked about projects that were internal to the IT organization, they stated that the internal IT project sponsor gauged the success or failure of the project. If the project was capitalized, then a business representative or IT leader became the project sponsor and the some ROI and time criteria were used to measure the success of the project. None of the resources interviewed or any of the literature found addressed or even recognized the need to maximize process efficiency and soft-dollar productivity within projects or project management.

A current trend in IT organizations is the use of process management systems. The goal of these systems is to streamline the activities of the IT organization. These initiatives are also designed to ensure that all the members of the organization follow the same steps when performing the same duties. These systems are normally managed through a change-management system such as Remedy, Heat, and Tivoli.

Many process-management systems are available today. In the present study, only the three most often used in IT organization were analyzed. According to Gardner, Inc. (2005), these are Six Sigma, Information Technology Infrastructure Library (ITIL), and Control Objectives for Information and related Technology (COBIT) (Handler, 2005, 216.) The literature on these systems includes books and articles from the governing bodies of the organizations that developed these systems and other sources about their hands-on deployment. The literature regarding the Six Sigma process was not particular useful because this system was developed for manufacturing identical items without error. The name Six Sigma is actually a mathematical term meaning 3.4 out of 1 million. This is the standard by which total quality is measured with Six Sigma. Six Sigma offers tools and formulas to measure process efficiency, and *The Lean Six Sigma Pocket Toolbook* is a good resource for these formulas. Most of these formulas are based on reaching specific measurable customer-driven goals. Formula 1 illustrates the process.

Formula 1

$Y = f(X1, X2, Xn)$

Y = the desired Outcome is the function of X IT Resource variables.

Six Sigma is not a particularly useful management system for the vast majority of IT organizations because of its reliance on large sample rates. To measure accurately the quality of a process, a minimum sample size would be 10,000. Except for very large IT organizations, this is a standard that is virtually impossible to meet. Nor does Six Sigma offer methods to perform

cost analyses on small samples. For example, if an organization has provided for the successful delivery and retrieval of 999 email messages in the course a particular period while failing on one, the Six Sigma process system would conclude that the email system is not performing optimally. This system is virtually 300% out of compliance (.0001 verses .0000034.) Additionally, the cost per defect using Six Sigma would be very large, because in smaller organizations with fewer cycles a single error could be allocated all costs associated with error.

Another shortcoming of the Six Sigma system for many IT organizations is that it is very expensive and labor intensive to deploy and manage. In the previous email system example, what is the cost of the one lost email? The costs associated with achieving the Six Sigma standard for such issues as such as public key verification or redundant email systems, for example, could make the cost too high for the average company to reach for that level of quality. Each organization performs a very simple benefit analysis with every IT system deployed. In part, this benefits analysis is to determine what sorts of hardware and network redundancies are needed to deliver a specific level of service. This is fundamentally different from the manufacturing systems for which Six Sigma is designed. Organizations must determine and balance the cost of defects and the cost of processes to eliminate them.

Like Six Sigma, ITIL is not a useful tool by which to manage IT processes in small to medium IT organizations, but for different reasons. ITIL was developed by the British government to provide a structure by which all its different IT organizations could do the same functions and duties in the same manner. ITIL defines itself as a framework, not a process management system. This distinction is very important. ITIL only provides set of requirements to be fulfilled so service delivery can be defined and managed but not measured. The

shortcoming is that the individual organizations are left to internalize how and when the framework can be implemented.

Developing and deploying a change-management system exemplifies the shortcomings of the ITIL framework. The ITIL framework requires deployment of a change-management system to record and manage the changes made in the environment. The benefits of a change-management system are outlined in detail, but the actual design and implementation are not defined.

ITIL also fails to provide a way to model the costs of changes. Organizations implementing it have no way of measuring savings or productivity increases. In organizations that are accustomed with ROI modeling struggle to implement ITIL because of the complexity of the different frameworks within the system. The several parts of the ITIL framework— the Change-Management Framework, Process Framework, Service-Management Framework, and Measurement Framework, to name only a portion of them—have created a very large consulting services sector providing ITIL expertise to organizations. “ITIL is like having a description of a painting but not being told how to do it (Smith, 2007.) Temple Inland is now reevaluating its IT Governance system and developing its own system that is more customized to its needs.

The final process-management system that was researched was COBIT. COBIT is made of four different pieces. These are Audit, Control, Management, and Governance. COBIT was originally designed for the telecommunication industry and has been adopted by IT organizations. COBIT’s addition of IT governance has made it a model used in mature IT organizations.

COBIT has a very simple deployment scheme made of four domains. The first is Strategy Modeling and Planning. In this domain, the goals of the change are determined, and a plan to achieve these goals is developed. The second domain is Delivery and Support. In this part of the process, the change in the organization is made and then supported. The third domain is Monitoring and Correction. Once the change has been made, the results are monitored and any adjustments that are needed are made. The final domain is Realization. The results of the changes are measured against the planned results.

COBIT's strength is in its simplicity. It is easy for IT leaders to understand and the results can be determined prior to the deployment. The COBIT system is even referred to as the management process-management system (itSMF-NL, 2007, 14.) In fact, other, more detailed, process-management systems such as Six Sigma are used with COBIT when deployment and measurement are needed.

COBIT's shortcomings also arise out of its simplicity. It provides a very simple structure with which the organizations can do almost anything. It also leaves all cost modeling up to the organization.

In searching for sources of information to build support of the analysis of measuring soft-dollar costs and savings, two facts became apparent. Literature about IT management focuses on managing bottom-line costs. No references to managing soft-dollar costs were found in texts on IT management. These books focused on how to best manage the resource deliverables of the IT organization to the business. Virtually nothing was mentioned about automation of processes to increase organizational productivity to formally measure the effects of process improvement. The resources surrounding the process management systems and frameworks proved to be

lacking in any soft-dollar cost management. Six Sigma texts did provide methods to measure quality of service to the user, but nothing about how to change processes to increase the quality of service. Both ITIL and COBIT resources simply stated that process streamlining would increase the productivity of the department, but not how to do it or to measure the results.

The books that focused on business process management books were of some use. These books showed in detail how daily tasks can be automated. Both texts selected fell short of offering methods by which to measure the effects of such changes. These books outline in great detail what needs to done prior to the automation of business processes. Jeston and Nelis (2006) did provide one especially useful idea, explaining that if a process is not optimized prior to automation, then the automation will only duplicate the problems that are inherent in the process. Process streamlining and optimization should be a cornerstone of any IT organization and Jeston and Nelis provide very strong principals by which to justify this effort. Additionally, all IT Project management resources failed to reference soft-dollar cost maintenance. Only classical cost- and time-management techniques were explained in any detail. These techniques are not unique to IT project management, however.

CHAPTER TWO: METHODOLOGY

To develop a soft-dollar cost matrix that could be used by any organization, three principal areas should be analyzed in detail: the support of the users through the closing of incident tickets, the daily tasks completed by a Tier 3 team within the IT organization, and particular projects initialized by the business unit to discover opportunities to positively affect the outcome of the project. Each of these areas held opportunities to analyze maximization of soft-dollar productivity of the organization.

To begin the analysis a five phase approach was developed. The first phase was to gain support of IT management. This was needed because of the large amounts of time needed to complete the projects. Without the approval of management prior to performing the work the project would have failed because the required resources would not have been allowed to participate. The second phase was discovery and documentation. The organizations processes had to be analyzed and documented before any efforts to optimize could begin. The third phase was process selection. Particular processes were selected based on their impact on the company as well as their ease of change. The fourth phase was alternative process development. The new processes were developed and deployed. The final phase was measurement of the ROI to the company.

To develop a soft-dollar cost system for incident support, the researcher began with the two known costs that are available in organizations. The first is the cost of each of the tiers of employees in the organization. The average costs of each tier of support are outlined in Table 2.

Table 2

Average Cost of Each Tier of Support

Tier 1	$15.00/hr
Tier 2	$35.00/hr
Tier 3	$75.00/hr

Next, the overall budget of the organization was determined. Temple Inland had an annual Information Technology budget of $56 million for 2007. With this information, the number of incident tickets that the organization took over six months was determined. There were 9512 incident tickets, and the data on number of incidents closed by each tier of support is shown in Table 3.

Table 3

Support Incident Tickets Closed by Tier Level

	Number of Incidents	Percentage of Total
Tier 1	7487	78.7
Tier 2	1124	11.8
Tier 3	901	9.5

Ten percent of each group's incident tickets were reviewed to determine how long each group worked on an incident ticket before they closed the ticket. This information is presented in Table 4.

Table 4

Time Spent to Incident Close by Tier Level

	Time Spent
Tier 1	20 minutes
Tier 2	3 hours
Tier 3	6 hours

When the information for Tables 2, 3, and 4, the beginnings of service cost matrix can be built. The formula in Formula 2 can be used to determine the productivity or soft-dollar costs (SDC) incorporated into resolving users' issues. Number of tickets (N) times the amount of time for the Tier to close the ticket (T) divided by sixty minutes (H) times the cost of the Tier resolving the ticket (CO).

Formula 2

$SDC = (N \times T / H) \times CO$

Using this formula, the soft-dollar costs for Tier 1 to resolve the 7487 tickets is (7487 x 20 / 60) x 15 = $37435 for the six months. For Tier 2 it was $118,020, and for Tier 3 it was $405,450. The tickets were then categorized based on the issues the users encountered. The breakdown of the incident tickets sampled is recorded in Table 5.

Table 5

Percentage of Incident Tickets by Issue

Ticket Issue	Percentage
Domain Password Reset	21
Email Access Problems (lost PST file, mail box corrupted)	19
Resource Access (Application, File, Print)	16
Lost Data (data that needed to relocated or restored)	12
Miscellaneous	32

Tier 1 support closed all of the domain password reset and eighty percent of the email problems. Those email problems that were not resolved by Tier 1 were resolved by Tier 2 as were the resource access and lost data incident tickets. Tier 3 addressed only about a third of the remaining miscellaneous issues while Tiers 1 and 2 resolved the remainder. The soft-dollar cost associated with resetting user's passwords was $9,887 for the six-month period.

This information was presented to the IT organization's management team. It was then decided that the costs associated with these repeating issues required action. The management team then requested that an ROI model be developed to eliminate the password reset issue. It was determined that this issue could be eliminated with software developed by a member of the Tier 3 team. Twelve weeks was allocated to develop a solution, the figure being determined by multiplying the six-month costs of the password resets times four to estimate the two-year costs of the resets ($39,548.) That amount was then divided by the product of the hourly costs of the

Tier 3 resource working forty hours a week for twelve weeks (39548/(75x40x12) or (39548/36000). If this project were successful, the ROI of this project would only be eleven percent, but the project sponsor felt the benefits to the users would outweigh the low ROI.

The goal of the password reset project was to move this task from Tier 1 at $15.00 per hour to Tier 0 at zero dollars an hour. This project not only affected the productivity of the end users but also increase the productivity of the IT organization. It should be noted, however, that only the additional productivity of the IT organization was measured.

This example reveals the goal of the second aspect of developing a soft-dollar cost matrix of the IT organization. Moving processes and tasks from more expensive resources to less expensive resources will be one of the most cost-effective activities of any IT organization. The researcher began to catalog all the different tasks that a particular Tier 3 team performed over a period of one month. This group was composed of five individuals tasked with supporting the core services of the company's computer domain. All the members of this team were considered Tier 3 level employees.

One of the tasks that each member of the team performed every week was server builds. A server build consists of installing and configuring the operating system on the server. When this was completed, the server was further configured to perform the specific duties needed for the company. Further investigation into the server build process showed that these Tier 3 employees were spending an average of ten hours a week performing only the initial server build. All of these tasks were manually accomplished. Further, a quality control step was completed by another member of the team to ensure that nothing was missed in the initial build. The QC process averaged only an hour of the team member's time, but it took an average of

three additional days for the second member of the team to find the time to complete this task. The overall server build took an average of one business week to complete at a cost of $825. Over a period of one month, the team completed 22 server builds at a total cost of $18,150. The annual cost was projected out to be $217,800.

The manager of the department, asked why this task was not automated, gave two reasons: they had not had time to automate it, and a manual solution was the only way to ensure that everything step of the process was completed accurately. These findings were presented to the director of the department. An analysis of the server build process had revealed that the entire process could be automated through the use of scripting. Scripting is an industry term for programming but with a difference. The classical definition of programming is the development of a list of instructions for the central processing unit of the computer or its memory to perform specific actions when presented with specific inputs. This is not entirely independent of the machine's operating system, but usually draws upon only the most fundamental functionality of the operating system. A script does follow the methodology of listing out a set of instructions based on a particular set of input, but it works only with a particular operating system. If a script was developed for one particular operating system, it cannot be used on another. The script would need to be altered to use the higher level functionality of that particular operating system. All modern operating systems provide for automated installation. This functionality is required by large organizations that build and rebuild servers on a daily basis. This provided the opportunity to offer great soft-dollar ROI to the company by developing the automated server build to the company in three months using one Tier 3 employee who had knowledge of scripting

and the company's server build processes. The solution also included moving the task from Tier 3 at $75.00 an hour to Tier 2 at $30.00 an hour.

The project scope included two scripts. The first built the server. The second script would verify the first script's accuracy and provide for a report to be saved in a central location for recording purposes. This system would allow for one Tier 2 individual to perform the complete server build process and do it in much less time.

The final test of this system came with a project for which the researcher served as technical lead. The technical lead did not serve as project manager, but acted as the point technical resource through with all other technical resources reported. The project was a document retention project. The business leaders of the company had developed a policy by which only particular types of documents from particular divisions and groups of the organization would be kept on tape backup beyond 60 days. The policy has two purposes. First, to control the expense of data backup. More than 40 percent of the annual cost of ownership of a server derives from backing up the data on the server and storing it off site. Second, to reduce any exposure that company could have if its data was subpoenaed in court.

The document-management system is used by only two groups with a total of 45 users. One of the features of the document-management system was an aging report. On a daily basis, this report provided a list of documents that were 30, 45, and 59 days from the last edit. In the project meetings the business unit determined that the IT organization would provide this report every day and the business unit would then determine which documents should not be deleted based on who it belonged to. The business unit would then notify all other parties that their documents would no longer be backed up unless they requested backup.

The situation provided an opportunity to illustrate how much this process would cost the company in soft dollars and how those costs could be significantly reduced. It was also a good opportunity to train this project manager to look for alternative methods to measure ROI for projects. The project was scheduled to be completed in eight weeks. For the first two weeks, the researcher watched and recorded the system as it was developed and approved by the business unit. The process included running the report, analyzing the report, notifying the users about the status of their documents, and finally updates from the users about what do with the documents in question. A breakdown of the process is in Table 6.

The total process cost the company an average of $425 a day with an annual cost of $107,100 annually ($425x252 business days.). From conversations with the business unit using the document-management system, a list of individuals whose documents were never to be deleted was developed. The vendor of the document-management system was then contacted to

Table 6

Backup Status Report Process

Task	Resource	Cost Per Hour	Hours to Completion
Create Report	Tier 3	$75	1
Analyze Report	Business Resource	$50	2
Notify Users	Business Resource	$50	1
Update Document	Business Resource	$50	1

determine what application programming interface (API) was available. The discussions revealed that this entire function could be automated, eliminating the need to run the report

manually. Users needed to be notified of documents that would no longer be backed up and an interface providing a way to select the documents for which they would like to retain backup copies. The document-management system used Microsoft Sequel Server as its database back end. Therefore, database knowledge was required to perform the database query reads and writes. A Web-based interface was chosen, so Web-programming knowledge also was needed. After discussing the requirements with a Web developer and a database administrator, it was determined the project would require four months to completion. This would cost the company $96,000 in soft dollars to complete, well outside the original project scope and budget.

Because of the anticipated cost overrun, the researcher presented an automated solution to the project manager who in turned presented it to the project sponsor. With this new information the project sponsor approved a change in the project's scope and an extension of the project deadline. The project manager had no experience with changes of this scope and expressed concern with regarding the additional costs to the company if the project were to fail or fail to meet the extended deadline.

CHAPTER THREE: RESULTS

The three sample subjects all succeeded, but at different levels. In the case of the password reset project, a deliverable was tested and presented to the users. The effect on the user community was impressive. The CEO of the company requested the entire team to visit him in his office where he personally thanked the members for their efforts. Once the system was implemented, users were able to reset their own passwords in less than one minute on average. By accident, the project leaders had stumbled upon one of the greatest annoyances to the user community. The day after the system went live, user password-reset incidents dropped to three a day for the first week while individual users were trained how to reset their own passwords. Such training calls only took five minutes to resolve. The next week password reset requests dropped to one a day, and after that week there have been virtually no such requests from experienced users.

The Tier 1 support group still receives calls to reset users' passwords, but these requests have been determined to be from new employees who have not been trained to use the system. The method by which this issue was resolved changed dramatically once the project started. The Tier 3 resource that was to develop the system first researched such systems available on the market that addressed this need. She found a system that could be customized to the company's environment very quickly, but that system cost $50,000. On the other hand, we could have a functioning system in production in one month rather than the four months required to develop a similar system in house. In this four weeks, there still required two weeks of Tier 3 effort to setup and customization to our environment.

The team presented this option to the project sponsor because it amounted to a significant change in scope and required capitalization. The project sponsor approved the change because the new system could be deployed much more rapidly. The project sponsor also changed the ROI period of the project from 24 to 36 months. This ROI time change lessened the project's effect on ROI. If the original ROI time period had been maintained, the project would have had an ROI of minus 29 percent. With the change in ROI time period the project had an ROI of 17 percent. Obviously, the ROI function was just for the department's internal accounting purposes since the actual ROI could not be determined because the recovered user productivity could not be added to the project's ROI.

The server build project has been one of the true success stories. The project was completed on time and on budget. This included all testing and acceptance by the manager of the group. The project cost $9,000 to complete. Today, a Tier 2 employee completes all server builds in an average of two hours. The Tier 3 team waits an average of three hours for their server builds to be completed. This is due to the fact that the Tier 2 resource cannot always immediately start builds when they are requested. The annual cost to the company to complete its server builds is $15,840 versus $217,800. That is a 1,275 percent ROI over two years. Table 7 details the savings.

There is now one hidden cost to this system. A Tier 3 resource must update the installation scripts when needed. To date, the time required for this task has averaged four hours a month at an annual cost of $3,600.

The document-management project was also a success. The project came in on time and on budget. In four months the team was able to deliver a system that automatically notified users

Table 7

Return on Investment for Password Reset Project

Original 2-year Cost	New 2-year Cost	Difference Divided by New Cost	ROI %
$435,600	$31,680	$403,920/$31,680	1,275

daily by email of documents that will no longer be backed up. The notification email contains a link to the Website that provides a list of documents whose status should be updated. Users are able to change the status of all documents that require continual backup. Additionally they can set a period of time during which documents should remain backed up. At the end of that period, the 60-day time begins again at end of which the user will be automatically notified that backup is expiring for a document. The Tier 3 resource must then generate a report of those documents that have had their time extended, but this report only takes ten minutes to generate each month. The process for users to update their documents status using the new system only takes an average of ten minutes. An average of seven users is notified daily to update their documents. There is no Tier 3 cost associated with the daily distribution of reports, and no Business Resource is needed to analyze the report and notify the users. The formula to calculate the annual cost is the time to update divided by 60 minutes multiplied by the hourly rate of the user multiplied by the number of updates per day multiplied by 252 business days. Formula 2 outlines the details of the new system's yearly costs.

Formula 2

(10/60) x 50 x 7 x 252 = $14,700 annually

The two-year ROI of this project is 629 percent. Table 8 details the two-year ROI of this project.

Table 8

Return on Investment for Document-management Project

Original 2-year Cost	New 2-year Cost	Difference Divided by New Cost	ROI %
$214,200	$29,400	$184,800/$29,400	629

CHAPTER FOUR: DISCUSSION

The results of the three tests provide two important pieces of information for discussion. The first is that automation is a powerful tool to maximize return on investment. IT organizations are service organizations to their companies. IT organizations' leaders must manage their group as well as the entire company is managed, and following standard accounting practices is a requirement for any IT organization. All businesses attempt to improve their processes and increase their profits every day. This holds true for the IT organizations as well. This is not enough, though. The ability to accurately report the impact of these changes on the IT investment of the company is a key factor in expressing value to the organization. The simple financial formulas used in the three tests provide a way to measure productivity improvement. With only slight changes, the financial effect of any process or task change can be measured. Second, process analysis is extremely important to creating an effective IT organization. Identifying the different costs of the different resources is the foundation of determining ROI of process optimization. The development of internal systems may not be the correct decision in all cases. The time needed to develop an internal solution to a process can increase the relative value of a system that can be purchased and implemented more quickly.

Business decisions are not always based solely on ROI alone. As with the user password reset test, a business decision was made to choose to purchase a system rather than build a home-grown system. This decision was based on the time-to-user impact. When preparing a business case for process improvement, the consideration of time and ROI will increase the options to the business as well as the success of the project. The two remaining tests demonstrate that the costs associated with process optimization can be recovered and provide an acceptable ROI for the

business. For IT organizations to perform these sorts of tasks two requirements must be fulfilled. First, management must agree that a process analysis needs to be completed. If the management of the department is not in agreement with the project, it will not be successful. It took more than four months to research all the processes in the Tier 3 group and to optimize three. There remain 42 others to optimize. The reporting of the ROI of the new processes is key to management acceptance. With the results of these three optimization projects, the management of the department has approved moving on to another group of processes to optimize. The second requirement is the technical expertise to perform the needed changes to the process. In all three tests the need to develop computer code or scripts was needed. If these skills are not available to the organization then these tasks will need to be outsourced or left undone. This is a challenge in companies with higher gross margins and less technical staffs. Prior to moving forward with process optimization the IT staff of the company must be evaluated for the required skills to program or script. Otherwise these skills will need to be outsourced.

CHAPTER FIVE: CONCLUSION

Identifying processes to optimize is only the first step of providing value to the organization. The results of the process improvement must be presented in terms management can use. The ROI formula demonstrated here can be used in any organization to better report the efforts of the company's IT organization. These formulas can be used in two different ways. The first way is in the development of a business case for change. When proposing a change that will require many hours of time by members of the IT organization, a business case is needed to gain the support of the group's management. The formulas can be used after the process has been changed to report on the change to the company. The review of the literature provided few suggestions on how to report an increase in ROI arising out of process optimization.

IT governance is a trend in IT management, but again there were no references to soft-dollar management. Of the three most popular process management systems used in IT organizations today, none offer methods for measuring the financial effects of process optimization.

The literature on project management also failed to include any financial modeling, and there was a dearth of methods for reporting process improvement within project management models. The personal experience of this researcher has shown that the nontechnical training of many project managers tends to move reporting focus to the more formal reporting of accounting conventions versus technically evaluating the project for soft-dollar optimization.

Both systems can be used to report the true effects of projects. Reporting soft-dollar changes to the company can change the internal perception of the IT organization. And by

optimizing its own processes, the IT organization can provide two things to the company. First, it can serve the company better. The optimization of processes within the IT organization will optimize the staffing of the group and speed the organization's response to the needs of the users. Second, the optimization methods used to improve IT processes should be generalizable to the other divisions in the company. The skills developed in optimizing and automating IT processes can be applied to any other group in the company. This will allow alternative projects to increase the soft-dollar expenditures throughout the company.

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APPENDIX A

Service Level Agreement									
Application	Days	Timeframes (CST)	Satisfactory	Marginal	Unsatisfactory	June 2007	July 2007	August 2007	Current Month Explanation (outage hours / total available hours)
Enterprise Services									
Documentum	M-F	6am - 9pm	≥99.0%	<99.0% - 98.0%	<98.0%		98.65%	98.84%	Unscheduled outage (.58%) Scheduled maintenance (.58%)
Internet connection @ Mopac	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				
Kronos/TITAN	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				Unscheduled outage (.27%)
Phoneweb	7	6am - 12am	≥99.0%	<99.0% - 98.0%	<98.0%				
FS Services									
Exchange (FS)	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%				
Mainframe Banking applications [2]	M-F	7am - 12:15am	≥99.5%	<99.5% - 98.5%	<98.5%				
	Sat	7am - 6pm							
SQL Corporate Databases	M-F	7am - 9pm	≥99.0%	<99.0% - 98.0%	<98.0%				
FS - Retail Delivery									
Bank Pro Teller	M-F	7am - 9pm	≥99.5%	<99.5% - 98.5%	<98.5%			99.45%	Unscheduled outage (.54%)
	Sat	7am - 6pm							
Sales and Service [2]	M-F	7am - 11pm	≥99.0%	<99.0% - 98.0%	<98.0%				
	Sat	7am - 6pm							
Item Processing	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%				
PAYplus/Wires	M-F	7am - 7pm	≥99.0%	<99.0% - 98.0%	<98.0%				
PEPplus/ACH	M-F	7am - 8pm	≥99.5%	<99.5% - 98.5%	<98.5%		98.64%		
FS - Lending Delivery									
Loan Quest/ GuarantyMAX (Correspondent Mort)	M-F	7am - 9pm	≥99.0%	<99.0% - 98.0%	<98.0%				
ProMerit/ GuarantyPRO	M-F	7am - 9pm	≥99.0%	<99.0% - 98.0%	<98.0%				

[1] 7/24 availability includes scheduled outages/maintenance.

[2] Extended hours went into effect June 4, 2007.

= Satisfactory = Marginal = Unsatisfactory

Service Level Agreement									
Application	Days	Timeframes (CST)	Satisfactory	Marginal	Unsatisfactory	June 2007	July 2007	August 2007	Current Month Explanation (outage hours / total available hours)
FS - Insurance Delivery									
AMS/AFW	6	6am - 11pm	≥99.0%	<99.0% - 98.0%	<98.0%				
AMS 360	6	6am - 11pm	≥99.0%	<99.0% - 98.0%	<98.0%				
FS - Financial Accounting									
Masterpiece applications	M-F	7am - 6pm	≥99.5%	<99.5% - 98.5%	<98.5%				
FS - Web									
Web Deposit Account Application	7	6am - 12am	≥99.0%	<99.0% - 98.0%	<98.0%				
FS - ASP									
BankLink	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%				
eFunds ATM	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%				
Online Banking/Corillian[3]	7	24 Hour	≥96.0%	<96.0% - 95.0%	<95.0%				
Retail Consumer Lending (Genpact)	6	8am - 7pm	≥95.0%	<95.0% - 94.0%	<94.0%				** Performance monitoring is under discussion.

[1] 7/24 availability includes scheduled outages/maintenance.
[2] Extended hours went into effect June 4, 2007.
[3] Reporting on Online Banking performance began on July 1, 2007 after the implementation in June.

= Satisfactory = Marginal = Unsatisfactory

Service Level Agreement									
Application	Days	Timeframes (CST)	Satisfactory	Marginal	Unsatisfactory	June 2007	July 2007	August 2007	Current Months Explanation (outage hours / total available hours)
Enterprise Services									
Documentum	M-F	6am - 9pm	≥99.0%	<99.0% - 98.0%	<98.0%		98.65%	98.84%	Unscheduled outage (.58%) Scheduled maintenance (.58%)
Internet connection @ Mopac	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				
Kronos/TITAN	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				Unscheduled outage (.27%)
Phoneweb	7	6am - 12am	≥99.0%	<99.0% - 98.0%	<98.0%				
EMS Services									
Enterprise One	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%				Scheduled maintenance (.38%)
Exchange (CP)	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				
Exchange (FP)	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				
Hyperion Intelligence-CP,FP,HR,RE Data Warehouses	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				Unscheduled outage (.10%)
Transportation Mgmt	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				Unscheduled outage (.10%) Scheduled maintenance (.40%)
CP - Packaging									
DSI	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%		98.38%		Unscheduled outage (.88%) Scheduled maintenance (1.52%)
HRMS (Harry Rhodes)	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				
KIWI	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%				Unscheduled outage (.06%) Scheduled maintenance (.27%)
CP - Paperboard									
Papermill Manager	M-F	6am - 8pm	≥99.0%	<99.0% - 98.0%	<98.0%		98.67%		Unscheduled outage (.23%)
Reel Finishing	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				
Roll Tracking	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				
TSW	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				

[1] 7/24 availability includes scheduled outages/maintenance.

= Satisfactory = Marginal = Unsatisfactory

Service Level Agreement									
Application	Days	Timeframes (CST)	Satisfactory	Marginal	Unsatisfactory	June 2007	July 2007	August 2007	Current Months Explanation (outage hours / total available hours)
CP - Sales Order to Cash									
AMTECH	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				Scheduled maintenance (.34%)
Corpack/CSS	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%				Scheduled maintenance (3.16%)
FP - Forest									
Genus	7	6am - 8pm	≥98.0%	<98.0% - 97.0%	<97.0%				
FP - Panel Products									
Maximo	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%				
FP - Sales & Marketing									
Order-to-Cash II [2]	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%			98.97%	Unscheduled outage (.54%) Scheduled maintenance (.49%)
Update	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				
FP - Solid Wood									
Empac	7	24 Hour	≥98.0%	<98.0% - 97.0%	<97.0%				
FP - Wood Supply									
PSA Woodresource	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%				
ScalTrak	7	24 Hour	≥99.0%	<99.0% - 98.0%	<98.0%				

[1] 7/24 availability includes scheduled outages/maintenance.
[2] OTC no longer reported since OTC II has been implemented.

= Satisfactory = Marginal = Unsatisfactory

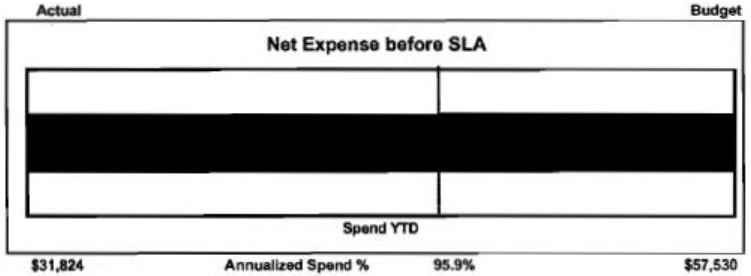
Monthly Expense Variance
33803100 - Information Technology Support

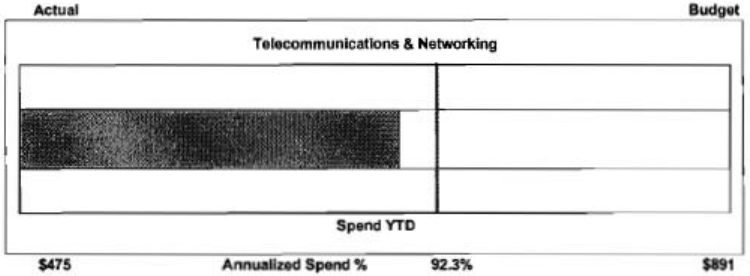
August 2007 Actual	August 2007 Budget	August 2007 Forecast	Act vs Bud Variance Over/(Under)	Prior Year Month		August YTD 2007 Actual	August YTD 2007 Budget	August YTD 2007 Forecast	Act vs Bud Variance Over/(Under)	Prior Year YTD
138	162	162	(24)	136	Total Headcount	138	162	162	(24)	136
(3,428)		0	(3,428)	(22,451)	C_611010100 Salary Capitalization-CIP	(35,826)		(29,658)	(35,826)	(107,915)
717,165	814,386	819,526	(97,221)	681,356	C_611010T Salaries - Exempt Total	6,112,292	6,845,196	6,311,696	(732,903)	5,564,822
46,789	46,789	46,789	0	47,020	C_611060 Bonus Compensation	397,705	397,705	397,705	0	399,675
				40,692	C_611015 Severance					40,692
33,057	49,031	49,031	(15,974)	30,486	C_611025 Temporary Help	426,239	404,262	474,599	21,978	417,474
11,126	14,000	14,000	(2,874)	11,912	C_611035 Overtime	105,621	119,000	110,226	(13,379)	90,300
804,709	924,206	929,345	(119,497)	789,016	C_611000 Total Salaries & Related	7,041,857	7,766,162	7,294,226	(724,305)	6,512,964
0			0	0	C_612040 Bonus Comp.	0			0	400
0		0	0	200	C_612110 Fringe Benefits	(292)		(292)	(292)	400
81,711	90,969	90,969	(9,259)	74,792	C_6121103000 Group Insurance	551,548	773,238	569,850	(221,690)	587,493
46,668	46,668	46,668	0	45,883	C_6121104000 Pensions	396,675	396,675	396,675	0	388,426
3,676	3,676	3,676	0	4,917	C_6121105000 Workers Compensation	31,249	31,249	31,249	0	40,088
47,492	57,864	58,223	(10,372)	54,604	C_6121106000 Tax Burden	480,842	575,860	498,930	(95,018)	466,983
629	629	629	0	857	C_6121107000 Post-Retirement Expense	5,345	5,345	5,345	0	7,256
19,282	22,286	22,425	(3,005)	20,879	C_6121108000 Thrift Plan-401K	182,908	194,971	185,895	(12,062)	134,251
199,457	222,093	222,590	(22,636)	202,132	C_612000 Other Employee Cost	1,648,276	1,977,338	1,687,652	(329,062)	1,625,297
1,004,165	1,146,298	1,151,935	(142,133)	991,148	C_610000 Salary & Employee Costs	8,854,307	9,743,499	8,052,220	(1,089,193)	8,030,346
224,128	228,852	228,852	(4,724)	224,830	C_651130 Professional Service	1,784,340	1,830,819	1,941,512	(46,479)	1,817,861
0		0	0	0	C_651110 Legal Fees.	5,785		5,785	5,785	0
	42	42	(42)		C_651145 Trade Associations		333	83	(333)	
1,295	450	450	845	0	C_651140 Membership And Dues	2,341	3,600	1,946	(1,259)	788
225,423	229,344	229,344	(3,921)	224,830	C_651100 Legal & Professional Fees	1,792,467	1,834,753	1,949,326	(42,286)	1,818,650
9,512	23,063	23,063	(13,551)	16,166	C_661110 Telephone	126,834	184,507	139,206	(57,673)	183,268
14,764	15,150	15,150	(386)	9,315	C_661120 Mobile Phone Expense	142,494	121,200	142,104	21,294	161,659
18,612	14,447	14,447	4,165	15,178	C_661125 Data Networking Cost	142,857	115,573	138,243	27,284	138,453
42,888	52,660	52,660	(9,772)	40,659	C_661000 Telecommunications	412,185	421,280	419,552	(9,095)	483,380
0	3,900	3,900	(3,900)	0	C_661140 Entertainment Expense	380	31,200	8,180	(30,820)	187
4,529		0	4,529	3,242	C_661140100 Entertainment-Meals	48,378		40,083	48,378	27,548
255		0	255	0	C_661140200 Entertainment-Other	793		538	793	41
813	5,967	5,967	(5,154)	1,357	C_661510 Meals - Travel	13,906	47,733	24,010	(33,827)	11,826
3,856	14,626	14,626	(10,770)	10,431	C_661520 Airline	61,018	117,007	81,355	(55,989)	33,779
6,409	16,087	16,087	(9,678)	5,965	C_661530 Lodging	97,797	128,693	116,601	(30,896)	45,731
1,636	3,158	3,158	(1,523)	1,394	C_661540 Auto Rental	20,684	25,267	24,002	(4,583)	7,737
1,848	3,267	3,267	(1,418)	2,287	C_661550 Other Travel	28,366	26,133	30,174	2,233	19,991
0		0	0	0	C_661560 Entertainment	31		31	31	203
0		0	0	0	C_661560100 Entertainment - Meals	1,652		1,652	1,652	0
19,345	47,004	47,004	(27,659)	24,886	C_661500 Travel & Entertainment	273,006	376,033	326,627	(103,027)	147,043
0		0	0	47	C_662140 Auto Operating Exp	318		274	318	228
0		0	0	47	C_662000 Auto Expenses	318		274	318	228
97	58	58	38	12	C_663110 Postage	245	467	257	(222)	125
0	433	433	(433)	113	C_663120 Office Supplies	2,792	3,467	3,658	(675)	2,847
97	492	492	(395)	126	C_663000 Postage Total	3,036	3,933	3,915	(897)	2,971
62,656	100,525	100,525	(37,869)	96,583	C_663130 Software Costs	603,130	804,200	674,840	(201,070)	612,532
59,155	108,350	108,350	(49,195)	65,133	C_663131 Hardware Cost	684,913	866,800	781,513	(181,887)	842,737
122,254	142,450	142,450	(20,196)	125,016	C_663142 Software Maintenance	862,064	1,139,600	910,524	(277,536)	1,002,177

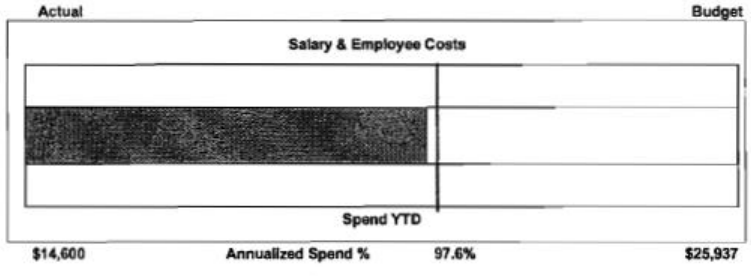
Monthly Expense Variance
33803100 - Information Technology Support

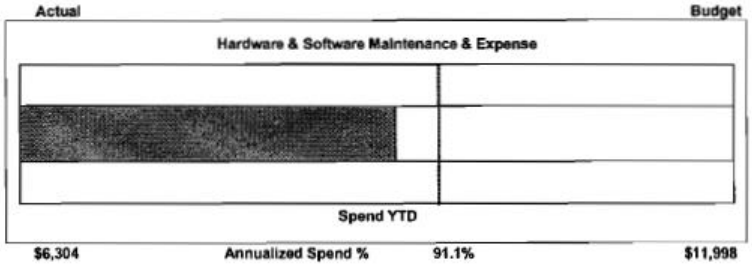
August 2007 Actual	August 2007 Budget	August 2007 Forecast	Act vs Bud Variance Over/(Under)	Prior Year Month		August YTD 2007 Actual	August YTD 2007 Budget	August YTD 2007 Forecast	Act vs Bud Variance Over/(Under)	Prior Year YTD
110,014	127,292	127,292	(17,277)	191,906	C_663145 Hardware Maintenance	924,124	1,018,333	946,049	(94,209)	1,251,822
21,723	7,500	7,500	14,223	8,178	C_663153 Data Processing Services	109,014	60,000	89,702	49,014	99,393
17,219	50,092	50,092	(32,873)	22,451	C_663155 Other Data Processing Exp	320,528	400,733	375,344	(80,205)	242,095
0		0	0		C_663150 New Comp Logo Cost	60		60	60	
393,021	**536,208**	**536,208**	**(143,187)**	**509,287**	**C_663125 Data Processing Expenses**	**3,503,833**	**4,289,867**	**3,778,033**	**(785,833)**	**4,050,756**
113		0	113	270	C_664180 Employee Appreciation	2,099		1,761	2,099	1,885
0			0	0	C_664185 Personnel-HR Exp	0			0	(16)
0	725	725	(725)	0	C_664185109 Pers-Service Awards	217	5,800	1,450	(5,583)	1,157
34,703	32,509	32,509	2,194	52,952	C_664190 Training	206,318	260,073	227,108	(53,756)	240,423
446		0	446	715	C_664110 Employment Advertising	1,092		646	1,092	955
0	4,167	4,167	(4,167)	0	C_664120 Employment Fees	1,538	33,333	9,871	(31,795)	7,000
29,119	2,917	2,917	26,203	0	C_664130 Employee Moving Expense	95,259	23,333	72,635	71,926	7,761
0		0	0		C_664160 Wellness	61		61	61	
3,300	2,175	2,175	1,125	5,732	C_664170 Aid To Education	25,352	17,400	23,552	7,952	9,908
67,681	**42,493**	**42,493**	**25,188**	**59,669**	**C_664000 Personnel Costs**	**331,936**	**339,940**	**337,085**	**(8,004)**	**269,073**
0		0	0		C_665110 Electricity	(231)		(231)	(231)	
0		**0**	**0**		**C_665000 Utilities**	**(231)**		**(231)**	**(231)**	
180	2,375	2,375	(2,195)	15,351	C_666150 Office Mach/Equip	39,177	19,000	39,899	20,177	142,761
180	**2,375**	**2,375**	**(2,195)**	**15,351**	**C_666000 Building Services**	**39,177**	**19,000**	**39,899**	**20,177**	**142,761**
1,391	1,250	1,250	141	986	C_667120 Equip/Sup/Oth Rent	37,411	10,000	8,259	27,411	3,889
0			0	32,127	C_667125 Other Occupancy	0			0	54,481
1,391	**1,250**	**1,250**	**141**	**33,113**	**C_667000 Occupancy Expense**	**37,411**	**10,000**	**8,259**	**27,411**	**58,370**
635	1,892	1,892	(1,256)	1,448	C_668110 Express Delivery Charge	15,765	15,133	17,824	632	15,653
0		0	0	0	C_668180 Meeting	1,572		1,572	1,572	24
1,530	608	608	922	15	C_668340 Subscriptions & Periodicals	2,480	4,867	2,167	(2,387)	934
394		0	394	378	C_668360 Miscellaneous Expenses	4,328		3,675	4,328	7,590
35,152	40,260	40,260	(5,107)	45,012	C_668380 Disaster Recovery	323,449	322,077	327,593	1,371	318,280
37,712	**42,760**	**42,760**	**(5,048)**	**46,852**	**C_668000 Other Expense**	**347,594**	**342,077**	**352,831**	**5,516**	**342,481**
344,832	218,609	218,609	126,223	164,810	C_681110T Depreciation Expenses	2,086,943	1,765,200	1,911,769	321,744	1,235,507
0	4,333	4,333	(4,333)	0	C_681130 Real & Pers Prop Tax	18,477	34,667	27,144	(16,190)	37,486
344,832	**222,943**	**222,943**	**121,890**	**164,810**	**C_681000T Fixed Asset Expenses**	**2,105,420**	**1,799,866**	**1,938,913**	**305,554**	**1,272,993**
1,132,570	**1,177,528**	**1,177,528**	**(44,958)**	**1,119,409**	**C_650000 General & Admin Exp**	**8,846,152**	**9,438,550**	**9,154,482**	**(590,398)**	**8,588,707**
2,136,736	**2,323,826**	**2,329,463**	**(187,091)**	**2,110,557**	**C_600100 Net Expense Before Allocations**	**17,500,458**	**19,180,049**	**18,106,703**	**(1,679,591)**	**16,619,053**
120,244	130,356	130,356	(10,112)	102,750	C_930030 Alloc - TIFS Building Rent	984,669	1,042,847	1,003,161	(58,178)	766,023
34,227	25,000	25,000	9,227	29,673	C_930040 Alloc - TIFS Other	216,508	200,000	200,056	16,508	292,661
154,471	**155,356**	**155,356**	**(884)**	**132,423**	**C_930000 Allocation from Bus. Units**	**1,201,177**	**1,242,847**	**1,203,217**	**(41,670)**	**1,058,684**
2,291,207	**2,479,182**	**2,484,819**	**(187,975)**	**2,242,980**	**C_500050 Net Exp before SLA**	**18,701,635**	**20,422,896**	**19,309,920**	**(1,721,261)**	**17,677,737**
(782,556)	(782,556)	(782,556)	0	(727,576)	C_930210 SLA - Corrugated Packaging	(6,260,448)	(6,260,448)	(6,260,448)	0	(5,820,608)
(383,712)	(383,712)	(383,712)	0	(399,172)	C_930220 SLA - Forest Products	(3,069,695)	(3,069,695)	(3,069,695)	0	(3,193,378)
(997,302)	(997,302)	(997,302)	0	(974,404)	C_930230T SLA - Financial Services	(7,978,414)	(7,978,414)	(7,978,414)	0	(7,460,767)
(31,473)	(31,473)	(31,473)	0	(21,941)	C_930270 SLA - Real Estate	(251,781)	(251,781)	(251,781)	0	(175,529)
(2,195,042)	**(2,195,042)**	**(2,195,042)**	**0**	**(2,123,093)**	**C_930200 Service Level Agreements**	**(17,560,338)**	**(17,560,338)**	**(17,560,338)**	**0**	**(16,650,283)**

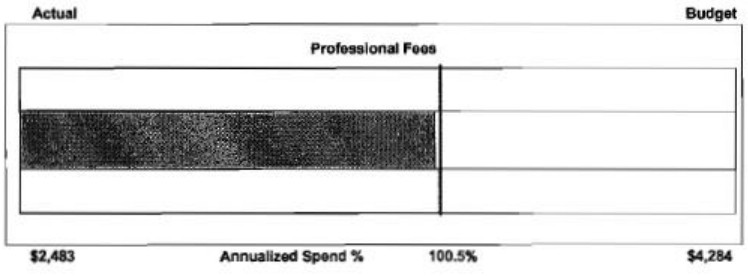
YTD Actual Spend to Annual Budget by Expense Category
July 2007
($ In 000's)

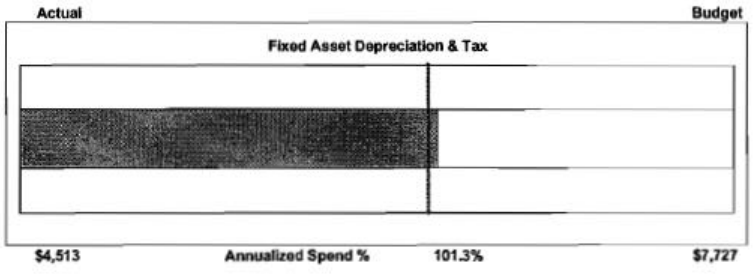


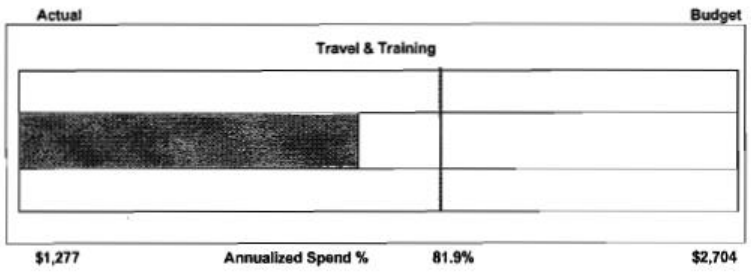


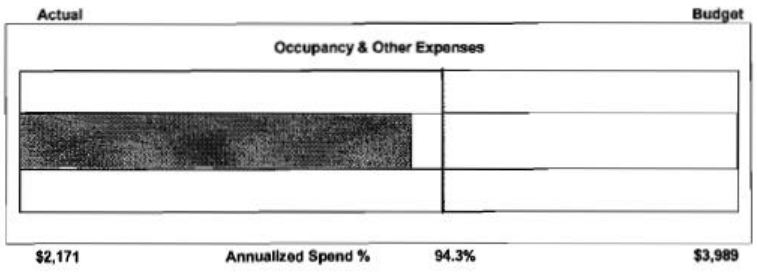




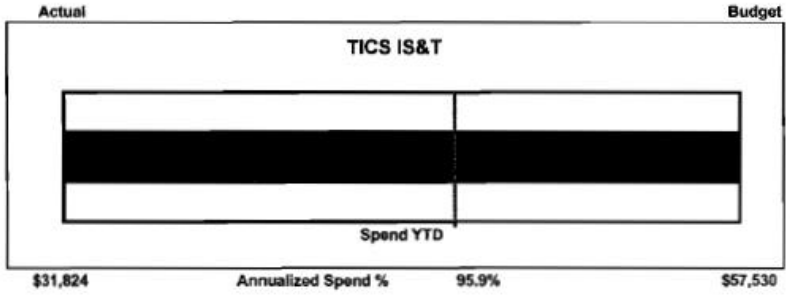


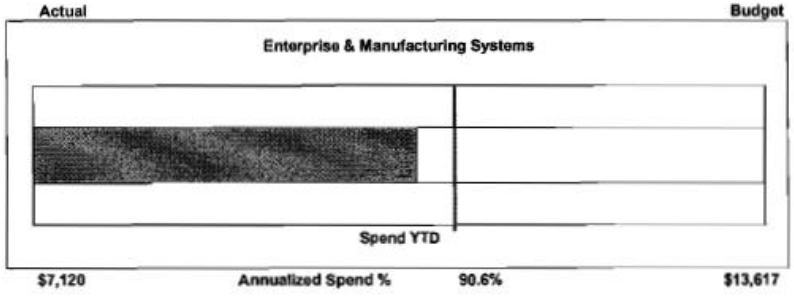


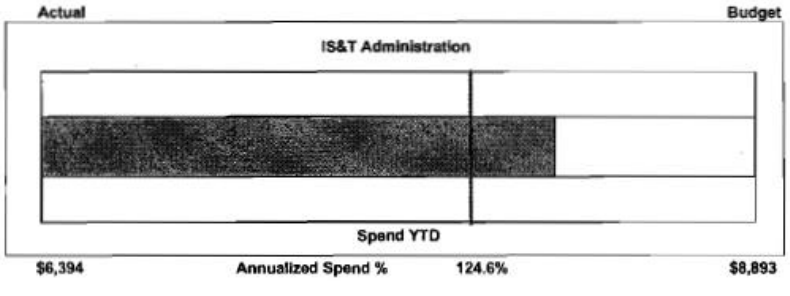


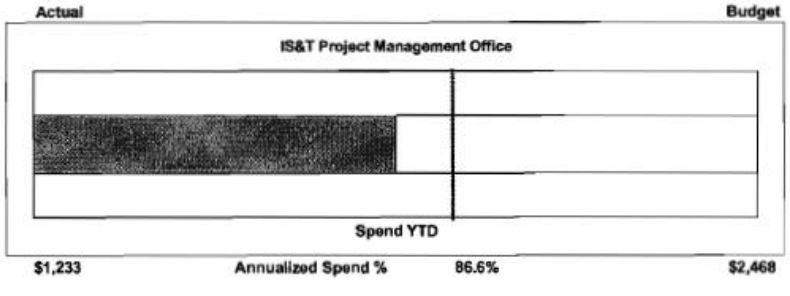


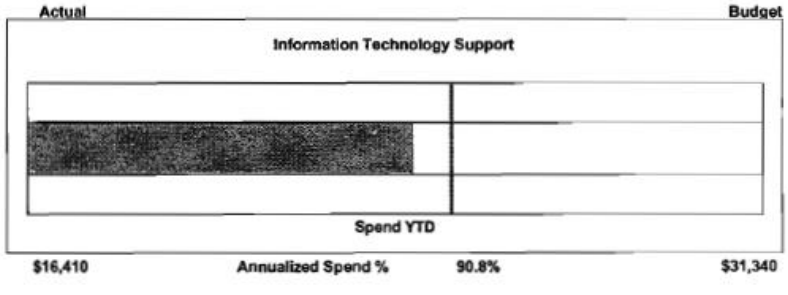
YTD Actual Spend to Annual Budget by Area
July 2007
($ In 000's)

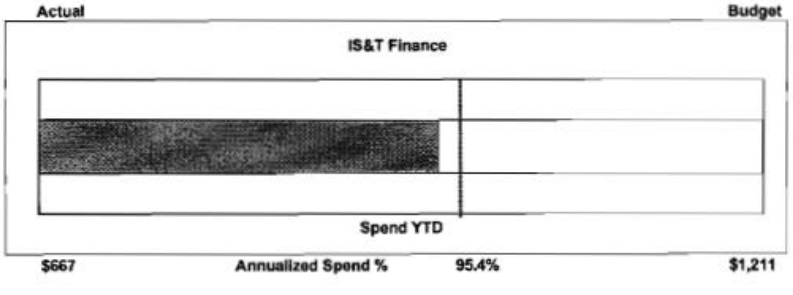












Performance Against Budget
Net Expense before SLA Allocations
July 2007
In 000's

	Variance (Favorable)/Unfavorable
Budget before SLAs	**$4,587**
Salary & Employee Costs	**($70)**
Salaries, Benefits & Temp Help:	
CS Business Intelligence - Variance due to 3 unbudgeted positions	$16
Service Desk - Variance due to 3 open positions, as well as a $12K favorable timing variance in Temp Help related to the Break-fix project; the budget was spread over the year, but the actual charges occurred mostly in the 1st quarter for this project	($17)
Personal Computing Services - Variance due to 6 open positions, but 4 are filled with contractors	($20)
Wintel Systems Support - Variance due to 4 open positions	($26)
Info Tech Support Mgmt & Admin - Variance mostly due to Temp Help being under by $25K, but also due to unspecified promotional increases intended for the Info Tech group	($33)
All Others (variance due to an additional 18 net open positions)	($110)
Vacancy Credit (Budgeted in IS&T Shared Applications 33803458)	$154
Salary Capitalization (variance is due to timing as TMS project was budgeted earlier in the year)	($33)
Professional Fees	**($115)**
Point Solutions Integration - Actual charges include: $78K for Oracle for 300 hours of production support, as well as 2 months payment for Jasti totaling $32K ($17K was accrued in June as part of the quarterly accrual posted to a separate cost center, see below) versus a monthly budget of $19K	$90
Corporate Services Applications - Variance mostly due to timing as a YTD reclass of Rajeev Lanka's services was posted in July to transfer amounts from Business Intelligence	$46
Building Products Applications - Variance is due to timing as the budget for OTC 2 production support was spread over the year, but the actual charges were incurred in the first half of 2007	($8)
Enterprise Integration - Actual charges of $5K are for Michael James who worked on Inovis, JDE Tools and WebMethods; although, most of his time was spent on capital projects; the monthly budget is $24K	($18)
CS Business Intelligence - Variance mostly due to timing as a YTD reclass of Rajeev Lanka's services was posted in July to transfer amounts to Corporate Services Applications	($19)
IS&T Intercompany Allocations - Variance is due to an accrual reversal (credit) of $39K for quarterly contractor accrual posted in June	($39)
Service Desk - Variance is mostly due to $141K credit due to a sales tax refund for Perot Services (incentive for doing business with a Texas company)	($151)
All Others	($16)
Telecommunications	**($1)**
Telephone - essentially on budget; however, Voice Communications should be under by $6K because the budget includes FP trunk line costs that have historically been charged to Voice Comm, but have finally been re-directed to the business unit creating a recurring favorable variance; this expected favorable variance is offset by a $5K Webex charge that has not yet been charged back to the end users	$1
Mobile Phone - essentially on budget; variance spread over numerous cost centers	($3)
Data Networking - on plan	$0
Travel & Entertainment	**($28)**
Meals - Travel	($9)
Airline	($8)
Lodging	($11)
Auto Rental	($6)
Other Travel	$0
Entertainment	$5

Performance Against Budget
Net Expense before SLA Allocations
July 2007
In 000's

		Variance (Favorable)/Unfavorable
Data Processing Expenses & Equipment Rental		**($142)**
Info Tech Support Mgmt & Admin - Variance due to $29K DialOne invoice for unbudgeted Data Center cabling	$27	
Information Systems Assets - Variance due to timing as there are numerous products with minor favorable variances with only three minor unfavorable variances	($34)	
Mainframe Systems Support - **SW Cost is under by $37K** due to IBM being under budget by $16K mostly due to the contingency for FP's continued use of z/OS 1.4; Storage Tech is under $6K due to timing of invoices; Mainline is under by $16K (recurring); **HW Cost is under by $34K** mostly due to return of the EMC SAN to the vendor as it was at the end of the lease term (May 1), but was budgeted for the whole year (recurring); replacement SAN (XP 12000) was purchased not leased and is budgeted in Storage Admin depreciation; **SW Maintenance is under by $19K** mostly due to monthly IBM Z/OS maintenance switched to Mainline quarterly billing, but also numerous minor products that will renew later in the year (below the $25K prepaid threshold); **HW Maintenance is under by $11K** due to the replacement of the 2066 processor that is now under a 3-year warranty rather than a maintenance agreement (recurring)	($101)	
All Others	($34)	
Personnel Costs		**($62)**
Employment Fees & Employee Moving Expenses - timing	($29)	
Training - PMO is under by $12K due to timing of St. Edwards invoices; the remaining variance is spread over numerous cost centers	($30)	
All Others	($3)	
Fixed Asset Expenses		**$44**
Depreciation Expense - Unfavorable variance is mostly due to projects that were placed into service sooner than expected; Notably, Replace Tier-1 disk storage (SAN), Additional SAN capacity & monitoring and Encrypted Tape Drives $43K; See separate Depreciation Analysis	$49	
Property Tax on leased equipment - Variance due to timing	($4)	
Other Expense (no significant variances identified in any category)		**($9)**
Allocations from Business Units		**($29)**
Alloc - TIFS Building Rent - Variance due to credit for rent true-up	($11)	
Alloc - TIFS Other - Variance is due to credits to true-up allocations from various GB departments	($18)	
Actual before SLAs		**$4,175**
(Favorable) / Unfavorable Variance - Net Expense before SLAs		**($412)**

Performance Against Budget
Net Expense before SLA Allocations
July YTD 2007
In 000's

	Variance (Favorable)/Unfavorable
Budget before SLAs	**$33,216**
Salary & Employee Costs	**($308)**
Salaries, Benefits & Temp Help:	
IS&T Mgmt & Admin - Variance due to 1 unbudgeted position (B. Noble) during the year, as well as unbudgeted bonus and stock dividends	$86
Enterprise Applications - Variance due to 4 open positions at the beginning of 2007; currently there is 1 open position	($70)
Configurable NW Computing - Variance due to 1 open position	($70)
Enterprise Integration - Variance due to 1 to 2 open positions during the year; currently there is 1 open position	($79)
Wintel Systems Support - Variance is due to 2 open positions	($84)
IS&T Project Mgmt Office - Variance is mostly due to 1 open position, but also there were 3 open positions in January	($89)
Unix Systems Support - Variance due to 2 open positions	($101)
CP Business Technology Consulting - Variance due to 3 open positions during the year, 1 filled by transfer in March	($105)
Info Tech Support Mgmt & Admin - Variance mostly due to Temp Help being under by $172K, but also due to unspecified promotional increases intended for the Info Tech group; budget for Temporary Help is to cover both IT projects and the salary differential to backfill for internal resources assigned to projects	($252)
All Others (variance spread among other cost centers due to additional open positions)	($505)
Vacancy Credit (Budgeted in IS&T Shared Applications 33803458)	$1,154
Group Insurance Credit to true-up to actual costs May YTD (all cost-centers)	($221)
Salary Capitalization	$28
Professional Fees	**($15)**
Building Products Applications - Variance is partly due to timing of invoices for OTC2 post-production support by Sungard & Ciber; budget of $95K is straight-lined over the year versus actual YTD of $162K	$107
Data Communications - Variance due to project expense by Flair Data related to the Core Redundancy project (phase 3 of the ADC upgrade) for network architecture and design work and inspection of existing hardware; the budget for this type of work was put in 33803103 Temp Help	$61
Enterprise & Mfg Mgmt & Admin - Actual charges are for PMR (Michael James) for $48K related to work on TMS and JDE Archive, Re-billing and JDE tools, and for Inalytix (Karukayil) for $34K related to FP data warehouse vesus a budget of $25K	$57
Point Solutions Integration - Actual charges include: $109K for Serrastreet (Jasti) and $78K for Oracle (Dietz) both for production support versus a budget of $136K	$51
Service Desk - Variance is mostly due to $141K credit due to a sales tax refund for Perot Services (incentive for doing business with a Texas company)	($134)
Enterprise Integration - Variance due to timing; actual charges of $11K for Perficient (Kuruba & Yelisetty) and $7K for Inovis (Lee) and $7K for PMR (Michael James) versus a budget of $165K which is mostly related to the WebMethods Upgrade	($140)
All Others	($17)

Performance Against Budget
Net Expense before SLA Allocations
July YTD 2007
In 000's

	Variance (Favorable)/Unfavorable
Telecommunications	**($45)**
Telephone - Voice Communications is under by $25K mostly because the budget includes FP trunk line costs that have historically been charged to Voice Comm, but have finally been re-directed to the business unit (recurring); the remaining favorable variance is spread over many cost centers	($59)
Mobile Phone - Voice Communications is over by $27K YTD partly due to timing because the May AT&T Wireless invoice included a $13K charge for Blackberry licensing that was purchased in bulk and not yet allocated out to users (pending info from Telecom); the unfavorable variance in Voice Communications was more than offset by favorable variances in multiple cost centers including a $13K favorable variance in IS&T Clearing due to the timing of EVDO billing and user charge-back	($8)
Data Networking - Data Communications is over by $10K due to unidentified data circuits pending further investigation; IT Mgt & Admin is over by $5K due to invoices that should be paid by Forest Products that were incorrectly charged to TICS in the first quarter, the GL coding has been corrected; also, PC Services is over by $3K due to unbudgeted data line to Argus (recurring); the remaining variance is spread over other cost centers	$22
Travel & Entertainment (variance spread across cost centers)	**($211)**
Meals - Travel	($66)
Airline	($104)
Lodging	($58)
Auto Rental	($36)
Other Travel	$12
Entertainment	$42
Data Processing Expenses & Equipment Rental	**($669)**
IS&T Inventory Clearing - Other DP Expense is over by $93K mostly due to higher than expected hardware disposal activity at Mopac headquarters	$94
Information Systems Assets - SW Maintenance is under by $44K; unbudgeted items of $112K are more than offset by recurring favorable variances in Hyperion, Oracle and IBM TNG Enterprise Management totaling $115K; the remaining favorable variances are mostly due to timing; the YTD variance is under budget by less than 3% of the total spend	($79)
Database Administration - SW Maintenance is under by $71K - budget is for SQL Software Assurance, but item was double-budgeted as Capex	($88)
Mainframe Systems Support - **SW Cost is under by $180K** partly due to IBM, which will show a recurring favorable variance of $10K per month because FP was able to convert to IBM Z/OS v1.7, but the budget included a contingency in case FP needed to remain on v1.4; But also due to recurring favorable variances in Storage Tech and Mainline; **HW Cost is under by $126K** mostly due to return of the EMC SAN to the vendor as it was at the end of the lease term (May 1), but was budgeted for the whole year (recurring); replacement SAN (XP 12000) was purchased not leased and is budgeted in Storage Admin depreciation; **SW Maintenance is under by $79K** due to timing; **HW Maintenance is under by $52K** due to the replacement of the 2066 processor that is now under a 3-year warranty rather than a maintenance agreement (recurring)	($437)
All Others	($160)
Personnel Costs	**($86)**
Employment Fees & Employee Moving Expenses - placement fees are slightly under budget by $3K, while relocation expenses are over budget by $89K	$86
Meetings - timing	($19)
Training - Wintel Support is over by $21K due to timing of training for Wintel Scripting; CP Business Consulting is over by $30K mostly due to Amtech training being over budget; the remaining favorable variances are spread among multiple cost centers and more than offset these two unfavorable variances	($151)
All Others	($3)

Performance Against Budget
Net Expense before SLA Allocations
July YTD 2007
In 000's

		Variance (Favorable)/Unfavorable
Fixed Asset Expenses		**$133**
Depreciation Expense - Unfavorable variance is mostly due to projects that were placed into service sooner than expected; See separate Depreciation Analysis	$145	
Property Tax on leased equipment - timing	($12)	
Other Expense		**($11)**
Allocations from Business Units		**($178)**
Alloc - TIFS Building Rent - Variance is due to monthly true-up for rent	($62)	
Alloc - TIFS Other - Variance is mostly due to credits to true-up allocations from various GB departments	($117)	
Actual before SLAs		**$31,824**
(Favorable) / Unfavorable Variance - Net Expense before SLAs		**($1,392)**

Information Systems & Technology
33803000
Monthly & Year to Date Expense Variance

	July 2007				July 2007 Year to Date			
	Actual	Budget	Variance Over/(Under) Budget	Variance %	Actual	Budget	Variance Over/(Under) Budget	Variance %
Salaries - Exempt Total	1,455,767	1,583,676	(127,909)	-8.08%	10,716,337	11,703,592	(987,255)	-8.44%
Salary Capitalization-CIP	(33,173)	-	(33,173)	100.00%	(122,283)	(150,000)	27,717	-18.48%
Salaries - Exempt Total	1,422,594	1,583,676	(161,082)	-10.17%	10,594,054	11,553,592	(959,538)	-8.31%
Salaries - Other	-	(153,846)	153,846	-100.00%	-	(1,153,846)	1,153,846	-100.00%
Bonus Compensation	91,286	91,286	-	0.00%	698,030	684,645	13,385	1.96%
Temporary Help	16,645	54,250	(37,604)	-69.32%	390,667	371,903	18,764	5.05%
Overtime	12,404	14,242	(1,838)	-12.90%	95,811	106,810	(10,999)	-10.30%
Total Salaries & Related	1,542,930	1,589,608	(46,678)	-2.94%	11,778,562	11,563,104	215,458	1.86%
Fringe Benefits	-	-	-	100.00%	(625)	-	(625)	100.00%
Pensions	91,088	91,088	-	0.00%	683,048	683,160	(112)	-0.02%
Group Insurance	156,245	165,654	(9,409)	-5.68%	869,168	1,234,262	(365,093)	-29.58%
Workers Compensation	7,172	7,172	-	0.00%	53,793	53,793	-	0.00%
Tax Burden	102,432	117,109	(14,677)	-12.53%	859,134	990,260	(131,126)	-13.24%
Post-Retirement Expense	1,228	1,228	-	0.00%	9,207	9,207	-	0.00%
Thrift Plan-401K	50,499	49,339	1,161	2.35%	347,958	374,955	(26,997)	-7.20%
Other Employee Cost	408,664	431,590	(22,925)	-5.31%	2,821,683	3,345,636	(523,953)	-15.66%
Salary & Employee Costs	1,951,594	2,021,198	(69,603)	-3.44%	14,600,245	14,908,740	(308,495)	-2.07%
Legal Fees.	-	566	(566)	-100.00%	23,445	3,961	19,484	491.92%
Trade Associations	-	51	(51)	-100.00%	-	359	(359)	-100.00%
Professional Service	223,204	334,278	(111,074)	-33.23%	2,317,386	2,339,948	(22,561)	-0.96%
Membership And Dues	19,396	22,433	(3,037)	-13.54%	142,271	154,070	(11,799)	-7.66%
Legal & Professional Fees	242,600	357,328	(114,728)	-32.11%	2,483,102	2,498,338	(15,236)	-0.61%
Other Public Relations	-	3	(3)	-100.00%	45	18	27	154.09%
Contributions / Donations	-	-	-	100.00%	659	-	659	100.00%
Public Related Expenses	-	3	(3)	-100.00%	704	18	686	3875.78%
Telephone	34,057	33,141	915	2.76%	172,707	231,988	(59,282)	-25.55%
Mobile Phone Expense	23,919	26,464	(2,545)	-9.62%	176,923	185,247	(8,324)	-4.49%
Data Networking Cost	14,956	14,653	304	2.07%	125,012	102,568	22,444	21.88%
Telecommunications	72,932	74,258	(1,326)	-1.79%	474,642	519,804	(45,161)	-8.69%
Entertainment Expense	-	4,059	(4,059)	-100.00%	380	28,410	(28,029)	-98.66%
Entertainment-Meals	10,710	1,056	9,654	914.56%	80,398	7,389	73,009	988.07%
Entertainment-Other	-	9	(9)	-100.00%	627	69	558	806.22%
Meals - Travel	4,622	13,768	(9,147)	-66.43%	30,534	96,529	(65,994)	-68.37%
Airline	28,771	37,050	(8,279)	-22.35%	156,178	260,051	(103,872)	-39.94%
Lodging	22,655	33,601	(10,946)	-32.58%	178,391	236,757	(58,366)	-24.65%
Auto Rental	5,967	11,570	(5,604)	-48.43%	44,617	80,991	(36,374)	-44.91%

Information Systems & Technology
33803000
Monthly & Year to Date Expense Variance

	July 2007				July 2007 Year to Date			
	Actual	Budget	Variance Over/(Under) Budget	Variance %	Actual	Budget	Variance Over/(Under) Budget	Variance %
Other Travel	5,725	5,548	177	3.18%	51,192	38,839	12,353	31.80%
Entertainment	132	625	(493)	-78.90%	574	4,373	(3,799)	-86.88%
Entertainment - Meals	653	275	378	137.47%	4,530	4,725	(195)	-4.13%
Travel & Entertainment	79,233	107,561	(28,328)	-26.34%	547,422	758,132	(210,710)	-27.79%
Auto Operating Exp	44	150	(106)	-70.75%	318	1,050	(732)	-69.74%
Auto Expenses	44	150	(106)	-70.75%	318	1,050	(732)	-69.74%
Postage	34	93	(58)	-62.83%	358	648	(290)	-44.76%
Office Supplies	4,858	6,590	(1,732)	-26.28%	36,457	46,130	(9,673)	-20.97%
Postage Total	4,893	6,682	(1,790)	-26.78%	36,815	46,777	(9,963)	-21.30%
Software Costs	77,017	108,810	(31,793)	-29.22%	606,013	761,672	(155,659)	-20.44%
Hardware Cost	70,944	123,514	(52,570)	-42.56%	691,371	864,596	(173,226)	-20.04%
Software Maintenance	499,293	565,802	(66,508)	-11.75%	3,618,921	3,980,611	(361,689)	-9.09%
Hardware Maintenance	122,644	130,146	(7,502)	-5.76%	826,680	911,024	(84,345)	-9.26%
Data Processing Services	12,589	8,042	4,548	56.55%	92,964	56,292	36,672	65.15%
Other Data Processing Exp	43,013	61,271	(18,257)	-29.80%	466,638	428,894	37,744	8.80%
Supplies-General	-	300	(300)	-100.00%	-	2,100	(2,100)	-100.00%
New Comp Logo Cost	-	-	-	100.00%	1,630	-	1,630	100.00%
Data Processing Expenses	825,501	997,884	(172,383)	-17.27%	6,304,217	7,005,189	(700,972)	-10.01%
Employment Advertising	-	312	(312)	-100.00%	1,761	2,184	(423)	-19.37%
Employment Fees	-	23,542	(23,542)	-100.00%	162,142	164,792	(2,650)	-1.61%
Employee Moving Expense	(812)	4,841	(5,653)	-116.77%	122,578	33,886	88,692	261.74%
Wellness	-	-	-	100.00%	121	-	121	100.00%
Aid To Education	7,847	8,833	(987)	-11.17%	50,605	65,433	(14,829)	-22.66%
Employee Appreciation	409	908	(499)	-54.98%	7,134	6,358	776	12.20%
Personnel-HR Exp	-	4	(4)	-100.00%	-	26	(26)	-100.00%
Pers-Service Awards	217	1,145	(928)	-81.02%	988	8,017	(7,029)	-87.68%
Training	46,318	76,512	(30,194)	-39.46%	384,503	535,582	(151,078)	-28.21%
Personnel Costs	53,979	116,097	(62,118)	-53.51%	729,831	816,277	(86,446)	-10.59%
Electricity	-	-	-	100.00%	(231)	-	(231)	100.00%
Utilities	-	-	-	100.00%	(231)	-	(231)	100.00%
Janitorial	-	-	-	100.00%	370	-	370	100.00%
Office Mach/Equip	4,820	5,450	(630)	-11.56%	44,596	38,151	6,446	16.89%
Repair and Maintenance	50	-	50	100.00%	50	-	50	100.00%
Building Services	4,871	5,450	(580)	-10.63%	45,017	38,151	6,866	18.00%

Information Systems & Technology
33803000
Monthly & Year to Date Expense Variance

	July 2007				July 2007 Year to Date			
	Actual	Budget	Variance Over/(Under) Budget	Variance %	Actual	Budget	Variance Over/(Under) Budget	Variance %
Equip/Sup/Oth Rent	35,173	5,046	30,128	597.11%	67,081	35,319	31,762	89.93%
Occupancy Expense	35,173	5,046	30,128	597.11%	67,081	35,319	31,762	89.93%
Bank Service Charges	-	-	-	100.00%	22	-	22	100.00%
Express Delivery Charge	(2,006)	2,742	(4,748)	-173.16%	30,330	19,194	11,136	58.02%
Meeting	1,039	3,167	(2,128)	-67.19%	3,397	22,167	(18,770)	-84.68%
Subscriptions & Periodicals	249	768	(519)	-67.57%	1,984	5,854	(3,870)	-66.12%
Miscellaneous Expenses	549	619	(70)	-11.25%	7,806	7,584	222	2.92%
Disaster Recovery	41,222	40,260	962	2.39%	288,296	281,818	6,478	2.30%
Other Expense	41,053	47,555	(6,502)	-13.67%	331,834	336,616	(4,782)	-1.42%
Depreciation Expenses	625,739	576,917	48,822	8.46%	4,494,894	4,349,952	144,943	3.33%
Real & Pers Prop Tax	-	4,333	(4,333)	-100.00%	18,477	30,333	(11,856)	-39.09%
Fixed Asset Expenses	625,739	581,250	44,489	7.65%	4,513,371	4,380,285	133,086	3.04%
General & Admin Exp	1,986,019	2,299,264	(313,245)	-13.62%	15,534,124	16,435,956	(901,831)	-5.49%
NBV of Assets Disp	-	-	-	100.00%	-	3,498	(3,498)	-100.00%
Misc Income	-	(34)	34	-100.00%	-	(238)	238	-100.00%
Other (Income) Expense	-	(34)	34	-100.00%	-	3,260	(3,260)	-100.00%
Net Expense Before Allocations	3,937,613	4,320,428	(382,815)	-8.86%	30,134,369	31,347,955	(1,213,586)	-3.87%
Alloc - TIFS Building Rent.	158,990	169,914	(10,924)	-6.43%	1,127,591	1,189,397	(61,806)	-5.20%
Alloc - TIFS Other	78,597	96,959	(18,362)	-18.94%	562,071	678,712	(116,641)	-17.19%
Allocation from Bus. Units	237,588	266,873	(29,285)	-10.97%	1,689,662	1,868,110	(178,447)	-9.55%
Net Exp before SLA	4,175,200	4,587,301	(412,100)	-8.98%	31,824,031	33,216,065	(1,392,034)	-4.19%

Information Systems & Technology
33803000
Monthly & Year to Date Expense Variance

	July 2007				July 2007 Year to Date			
	Actual	Budget	Variance Over/(Under) Budget	Variance %	Actual	Budget	Variance Over/(Under) Budget	Variance %
SLA - Corrugated Packaging	(1,694,692)	(1,694,692)	(0)	0.00%	(11,862,844)	(11,862,843)	(0)	0.00%
SLA - Forest Products	(836,813)	(836,813)	0	0.00%	(5,857,694)	(5,857,694)	0	0.00%
SLA - Financial Services	(1,292,817)	(1,292,817)	0	0.00%	(9,049,717)	(9,049,717)	0	0.00%
SLA - Real Estate	(67,187)	(67,187)	(0)	0.00%	(470,310)	(470,310)	(0)	0.00%
Service Level Agreements	(3,891,509)	(3,891,509)	(0)	0.00%	(27,240,565)	(27,240,565)	(0)	0.00%
Net (Income) Expense	283,691	695,791	(412,100)	-59.23%	4,583,466	5,975,500	(1,392,034)	-23.30%

Headcount Analysis

Total Headcount as of July 31, 2007

		Actual Headcount			Budgeted Headcount			Variance
		FTEs	Contractors	Total	FTEs	Contractors	Total	
IS&T Mgmt-Admin	**Scott Smith**	**1**		**1**	**1**		**1**	**0**
IS&T Project Mgmt Office	**Chris Meengs**	**18**		**18**	**19**		**19**	**-1**
IS&T Finance	**Debbie Smithey**	**14**		**14**	**14**		**14**	**0**
Infrastructure Support	**Jeff Bailey**	**138**	**7**	**145**	**162**		**162**	**-17**
Enterprise Architecture & Emerging Technology	Earl McGehee	4		4	4		4	0
Info Tech Support Mgmt-Admin	Jeff Bailey	9		9	9		9	0
Database Admin	Trice Humpert	7		7	8		8	-1
Configurable N/W Computing	Jeff Bailey	3		3	4		4	-1
Voice and Data	Scott Schneider	22		22	24		24	-2
PCS, Service Desk & Change Mgmt	Susan Roy	38	6	44	49		49	-5
UNIX-Wintel Systems	Shawn Dunn	37	1	38	45		45	-7
Legacy Systems & Operations	Marvin Shuck	18		18	19		19	-1
Enterprise & Mfg Systems	**Alex Figueroa**	**95**	**3**	**98**	**99**		**99**	**-1**
Enterprise & Mfg Mgmt-Admin	Alex Figueroa	7		7	7		7	0
Enterprise & Mfg Projects	Alex Figueroa	2		2	2		2	0
Forest Products Info Systems	Karen Jackuback	15		15	18		18	-3
CS Applications and Business Intelligence	Bobby Roberts	4		4	3		3	1
Enterprise Applications and Integration	Todd Campbell	21	1	22	23		23	-1
Corrugated Packaging Applications	Marc Kobren	36	2	38	34		34	4
Real Estate Applications	Charles Anderson	0		0	1		1	-1
Business Support	Jerry Guidry	10		10	11		11	-1
Total TICS IS&T		**266**	**10**	**276**	**295**	**0**	**295**	**-19**

Depreciation Expense Variances
July 2007

Depreciation 681110					
			Variance to Budget		
CC#	CC Name	Project Description	Month-to-date	Year-to-date	
33803106	Configurable N/W Computing	JDE Data Archive	(10,000)	(32,500)	Budgeted to be placed into service in April
33803144	Wintel Systems Support	Infrastructure Foundation - 2nd Qtr 2007	(2,564)	(2,564)	Budgeted to be placed into service in June
33803165	Storage Administration	New Backup Systems	(1,590)	(11,923)	Budgeted to be placed into service in January
		Projects not yet placed in service	(14,154)	(46,987)	
33803105	Database Admin	Baseline assets not budgeted	3,682	27,615	Baseline assets omitted in budget process
33803107	Information Systems Assets	Baseline Assets written off	-	(38,869)	Assets written-off
33803107	Information Systems Assets	Infrastructure Foundation - 4th Qtr 2007	(5,128)	(38,462)	Item capitalized in 33803144
33803107	Information Systems Assets	CTI Upgrade	(1,859)	1,673	Project capital under budget. Placed into service one month earlier than budgeted
33803107	Information Systems Assets	Security Event Monitor & Mgmt	4,387	32,902	Project placed in service earlier than planned.
33803107	Information Systems Assets	FP Packetshaper upgrades	4,024	22,130	Project placed in service earlier than planned.
33803107	Information Systems Assets	25 ADDITIONAL DAS LICENSES	1,993	1,993	Unbudgeted - Current month has two months depreciation
33803116	Data Communications	Redundant 6509 Switchgear / Mopac LAN Expansion	(50)	(26,365)	Placed into service two months later than budgeted
33803142	Mainframe Systems Support	Mainframe replacement	7,774	50,533	Project placed in service earlier than planned.
33803144	Wintel Systems Support	Infrastructure Foundation - 4th Qtr 2006 (Budgeted in 33803107)	8,179	61,341	Budgeted in 33803107
33803147	Unix Systems Support	Fill out current AIX frames	7,223	30,698	Project placed into service earlier than budget.
33803165	Storage Administration	Tape Back-up Library - credit processed	(10,492)	(49,463)	Asset was partially written off
33803165	Storage Administration	Encrypted Tape Drives (replacement)	9,545	52,500	Project placed in service earlier than planned.
33803165	Storage Administration	Additional SAN capacity & monitoring	6,823	15,351	Project placed in service earlier than planned.
33803165	Storage Administration	Replace Tier-1 disk storage (SAN)	16,950	65,508	Project placed in service earlier than planned.
33803165	Storage Administration	Add open system encrypted tape drives	10,192	10,192	Project placed in service earlier than planned.
33803165	Storage Administration	SYMANTEC SW Q406 LICENSING	2,914	21,858	Unbudgeted
33803403	Enterprise & Mfg Mgmt-Admin	Webmethods Environment Upgrade	(2,031)	(15,231)	Project capital under budget
		All Others	(1,149)	(33,974)	
		Total	**48,822**	**144,943**	

TICS IS&T - 2007 Capex Spend Variance Analysis

Line #	Depreciation Cost Center	GL Code (last 4 digits = AFE #)	Project Title	Monthly Capex Spend: July 2007 Actual Spend	Monthly Capex Spend: July 2007 Budgeted Spend	Monthly Capex Spend: July 2007 Var Over / (Under)	YTD Capex Spend: July YTD 2007 Actual Spend	YTD Capex Spend: July YTD 2007 Budgeted Spend	YTD Capex Spend: July YTD 2007 Var Over / (Under)	Life-to-Date Capex Spend: Life-to-Date Actual Spend	Life-to-Date Capex Spend: TOTAL PROJECT BUDGET	Life-to-Date Capex Spend: Life-to-Date Var Over / (Under)	Life-to-Date Amount Capitalized
Projects in Process as of 9/25/06:													
24	33803105	338020063963	Password Management (CyberArc)	-	-	-	-	-	-	63,521	63,521	-	63,521
27	33803105	338020064195	SQL Server License True-up (part 2)	-	-	-	-	-	-	173,785	173,785	0	173,785
5	33803106	338020053890	JDE Data Archive	57,031	-	57,031	300,618	215,718	84,900	474,900	390,000	84,900	-
32	33803107	338020064237	Application Testing Tools (Mercury)	-	-	-	28,081	-	28,081	314,841	302,597	12,244	301,401
25	33803107	338020063859	Client Protection Project	-	-	-	-	-	-	159,298	159,298	-	159,298
10	33803107	338020063988	CTI Upgrade	-	-	-	5,951	72,963	(67,012)	310,809	371,288	(60,479)	299,590
1	33803107	338020064041	Documentum Infrastructure Upgrade	-	-	-	-	-	-	51,108	51,216	(108)	51,108
15	33803107	338020053716	FP Active Directory	-	-	-	-	-	-	125,848	125,848	-	125,848
16	33803107	338020064182	FS Citrix Server Memory Upgrde	-	-	-	-	-	-	70,895	79,281	(8,386)	70,895
13	33803107	338020064136	FS Packetshaper Model 1200 Upgrade	-	-	-	1,877	-	1,877	116,426	115,900	526	116,426
31	33803107	338020064285	Hyperion Fin Mgt (HFM) - Dev Environment License	-	-	-	35,939	-	35,939	35,939	32,800	3,139	35,939
2	33803107	338020064197	Implement Hyperion Financial-HFM	-	-	-	-	-	-	1,023,274	1,020,000	3,274	1,023,274
26	33803107	338020053704	Increased DSI Scanning availibility	-	-	-	-	-	-	71,729	75,290	(3,561)	71,729
29	33803107	338020064219	Infrastructure Foundation - 4th Qtr 2006	-	-	-	(16,103)	-	(16,103)	319,849	200,000	119,849	319,849
17	33803107	338020064113	Infrastructure Foundation-Q3 2006	-	-	-	-	-	-	38,562	5,910	32,651	38,562
9	33803107	338020064079	IVR Upgrade	-	-	-	-	-	-	24,000	14,400	9,600	24,000
7	33803107	338020064151	Pointsec Enterprise Upgrade	-	-	-	-	-	-	484,092	524,030	(39,938)	484,092
3	33803107	338020064042	Security Event Monitor & Mgmt	-	-	-	-	34,207	(34,207)	171,559	225,766	(54,207)	171,559
8	33803107	338020053752	Server/Desktop Patch Mangement	-	-	-	(1,624)	-	(1,624)	238,336	242,214	(3,878)	238,336
4	33803107	338020064134	Softscape implementation	181,670	-	181,670	312,438	-	312,438	350,490	38,052	312,438	38,052
12	33803116	338020064107	Data Netwrk Equip Refresh & Replace	-	-	-	(1,196)	-	(1,196)	92,944	93,932	(988)	92,944
14	33803116	338020064188	Redundant 6509 Switchgear / Mopac LAN Expansion	-	-	-	22,880	-	22,880	312,695	313,805	(1,110)	312,695
33	33803116	338020064240	SSL Offloading to CSS	-	-	-	(11,880)	-	(11,880)	78,485	81,539	(3,054)	78,485
6	33803142	338020064054	Automation Point Deployment	-	-	-	-	-	-	15,272	15,272	-	15,272
11	33803144	338020064009	ADC Upgr Svr/Data Ntwk Racks	-	-	-	-	-	-	70,953	70,953	-	70,953
18	33803144	338020064064	Exchange Upgrade/Consolidation	-	-	-	147,090	-	147,090	733,792	680,802	52,990	-
19	33803147	338020043325	Unix Server Consolidation (remaining)	25,105	28,815	(3,710)	30,965	201,706	(170,742)	41,101	211,843	(170,742)	-
20	33803163	338020064135	Tape Drive Encrypt Frame Enhance	-	-	-	-	-	-	9,410	10,186	(776)	9,410
28	33803165	338020064187	Additional Disk Capacity EVA 8000	-	-	-	-	-	-	116,956	123,225	(6,269)	116,956
21	33803165	338020063822	LAN Free Backup	-	-	-	-	-	-	156,165	110,623	45,542	156,165
30	33803165	338020064200	Remote server backup (Puredisk)	-	-	-	-	-	-	282,119	332,772	(50,653)	282,119
22	33803165	338020063805	SAN Infrastructure Improvement	-	-	-	-	-	-	90,572	90,572	-	90,572
23	33803403	338020063945	Webmethods Environment Upgrade	-	-	-	(18,868)	-	(18,868)	122,278	201,146	(78,868)	122,278
34	33803458	338020064149	Additional Planview Licenses	-	-	-	-	-	-	13,261	13,261	(0)	13,261
Total Projects in Process				263,806	28,815	234,991	836,167	524,594	311,573	6,755,265	6,561,128	194,137	5,168,374

TICS IS&T - 2007 Capex Spend Variance Analysis

Line #	Depreciation Cost Center	GL Code (last 4 digits = AFE #)	Project Title	Monthly Capex Spend			YTD Capex Spend			Life-to-Date Capex Spend			
				July 2007 Actual Spend	July 2007 Budgeted Spend	July 2007 Var Over / (Under)	July YTD 2007 Actual Spend	July YTD 2007 Budgeted Spend	July YTD 2007 Var Over / (Under)	Life-to-Date Actual Spend	TOTAL PROJECT BUDGET	Life-to-Date Var Over / (Under)	Life-to-Date Amount Capitalized
New Projects - Budgeted:													
145	33803065	n.a.	Service Catalog tool (ITIL)	-	17,500	(17,500)	-	70,000	(70,000)	-	70,000	(70,000)	-
177	33803105	n.a.	Auditing for MS SQL DB's	-	-	-	-	100,000	(100,000)	-	100,000	(100,000)	-
178	33803105	338020074523	Expand SQL 2005 infrastructure	-	33,333	(33,333)	86,701	33,333	53,367	86,701	200,000	(113,300)	-
175	33803105	n.a.	SQL 2005 Infrastructure	-	-	-	-	100,000	(100,000)	-	100,000	(100,000)	-
182	33803105	338020074661	SQL Server License True-up 2007	-	-	-	123,553	120,000	3,553	123,553	120,000	3,553	123,553
167	33803107	n.a.	CP new central PacketShapers	-	-	-	-	88,000	(88,000)	-	88,000	(88,000)	-
166	33803107	338020074518	CP Packetshaper refresh/upgrades	-	21,917	(21,917)	206,135	153,417	52,718	206,135	263,000	(56,865)	-
171	33803107	338020074519	CP router replacement	-	7,833	(7,833)	304,226	54,833	249,393	304,226	94,000	210,226	-
106	33803107	n.a.	E-mail content security management (back-end to Code Green)	-	-	-	-	120,000	(120,000)	-	120,000	(120,000)	-
108	33803107	n.a.	E-mail encryption - GISI	-	3,333	(3,333)	-	3,333	(3,333)	-	20,000	(20,000)	-
168	33803107	338020064320	FP Packetshaper upgrades	-	12,500	(12,500)	157,352	87,500	69,852	157,352	150,000	7,352	157,352
172	33803107	n.a.	FP router replacement	-	5,583	(5,583)	-	39,083	(39,083)	-	67,000	(67,000)	-
170	33803107	combined w/ #171	FS router replacement	-	33,417	(33,417)	-	233,917	(233,917)	-	401,000	(401,000)	-
179	33803107	n.a.	Hyperion Dev Server Licenses	-	-	-	-	-	-	-	88,765	(88,765)	-
183	33803107	n.a.	Hyperion System 9	-	136,364	(136,364)	-	1,318,182	(1,318,182)	-	2,000,000	(2,000,000)	-
104	33803107	338020064369	Identity management suite (Self-service Password Reset)	-	-	-	81,885	-	81,885	81,885	220,000	(138,115)	-
110	33803107	n.a.	Image Capture Solution	-	-	-	-	-	-	-	200,000	(200,000)	-
147	33803107	n.a.	PointSec for Crocket and International	-	-	-	-	-	-	-	36,000	(36,000)	-
127	33803107	338020074616	Remote Mfg. server refresh (CP)	70,394	40,667	29,727	127,553	284,667	(157,113)	127,553	488,000	(360,447)	-
118	33803107	n.a.	Tumbleweed FTP implementation	-	-	-	-	50,000	(50,000)	-	50,000	(50,000)	-
184	33803107		Upgrade Microstrategy to ver 8.5 (Servers)	-	-	-	-	127,000	(127,000)	-	127,000	(127,000)	-
109	33803107	n.a.	USB encryption	-	-	-	-	100,000	(100,000)	-	100,000	(100,000)	-
111	33803107	n.a.	Web log analyzer application	-	-	-	-	150,000	(150,000)	-	150,000	(150,000)	-
153	33803116	338020074440	ADC phase 3 - network for new racks	-	-	-	348,980	268,000	80,980	348,980	268,000	80,980	-
154	33803116	338020074439	ADC phase 3 - redundant core network	-	-	-	491,189	301,000	190,189	491,189	301,000	190,189	-
152	33803116	338020064362	ADC phase 3 - two rows new racks	(817)	-	(817)	99,927	-	99,927	99,927	75,000	24,927	-
155	33803116	combined w/ Line # 154	ADC phase 3 - upgrade net for current racks	-	-	-	-	48,000	(48,000)	-	48,000	(48,000)	-
161	33803116	n.a.	Contractor network for FS - Austin	-	-	-	-	23,000	(23,000)	-	23,000	(23,000)	-
160	33803116	n.a.	Contractor network for FS - Douglas	-	-	-	-	25,000	(25,000)	-	25,000	(25,000)	-
165	33803116	n.a.	Load balancing - additional capacity	-	16,667	(16,667)	-	16,667	(16,667)	-	50,000	(50,000)	-
174	33803116	338020074418	Upgrade network diagnostics software	-	-	-	17,874	8,000	9,874	17,874	8,000	9,874	-
149	33803131	338020074491	SMS Deployment - Phase 2	-	23,333	(23,333)	27,497	23,333	4,164	27,497	70,000	(42,503)	-
113	33803142	n.a.	FICON Connectors for Mainframe	-	-	-	-	-	-	-	30,000	(30,000)	-
114	33803142	338020064360	Mainframe replacement	-	-	-	506,998	540,000	(33,002)	506,998	540,000	(33,002)	506,998
131	33803144	338020074417	Additional Exchange 2003 servers	-	-	-	21,218	30,000	(8,782)	21,218	30,000	(8,782)	-
135	33803144	n.a.	Blackberry BES redundancy	-	-	-	-	20,000	(20,000)	-	20,000	(20,000)	-

TICS IS&T - 2007 Capex Spend Variance Analysis

Line #	Depreciation Cost Center	GL Code (last 4 digits = AFE #)	Project Title	Monthly Capex Spend: July 2007 Actual Spend	July 2007 Budgeted Spend	July 2007 Var Over / (Under)	YTD Capex Spend: July YTD 2007 Actual Spend	July YTD 2007 Budgeted Spend	July YTD 2007 Var Over / (Under)	Life-to-Date Capex Spend: Life-to-Date Actual Spend	TOTAL PROJECT BUDGET	Life-to-Date Var Over / (Under)	Life-to-Date Amount Capitalized
122	33803144	338020064357	Infrastructure Foundation - 1st Qtr 2007	-	-	-	105,071	100,000	5,071	105,071	100,000	5,071	105,071
123	33803144	338020074490	Infrastructure Foundation - 2nd Qtr 2007	(13,503)	-	(13,503)	102,854	100,000	2,854	102,854	100,000	2,854	-
124	33803144	338020074684	Infrastructure Foundation - 3rd Qtr 2007	30,068	33,333	(3,265)	30,068	33,333	(3,265)	30,068	100,000	(69,932)	-
125	33803144	n.a.	Infrastructure Foundation - 4th Qtr 2007	-	-	-	-	-	-	-	100,000	(100,000)	-
180	33803144	338020074662 (see also 119)	MS Server License True-up	-	-	-	153,639	100,000	53,639	153,639	100,000	53,639	153,639
128	33803144	n.a.	Ops Framework for Win Servers	-	12,500	(12,500)	-	50,000	(50,000)	-	100,000	(100,000)	-
132	33803144	n.a.	Physical to Virtual software (P2V)	-	-	-	-	17,000	(17,000)	-	17,000	(17,000)	-
130	33803144	n.a.	RightFax upgrade	-	-	-	-	50,000	(50,000)	-	50,000	(50,000)	-
133	33803144	n.a.	Server Patch Management	-	-	-	-	45,000	(45,000)	-	45,000	(45,000)	-
129	33803144	n.a.	Teamsite - source code mgt	-	-	-	-	25,000	(25,000)	-	25,000	(25,000)	-
119	33803144	Combined with # 180	Upgrade servers to Windows 2003 (O/S Licensing)	-	-	-	-	75,000	(75,000)	-	75,000	(75,000)	-
120	33803144	338020074513	VMware servers	-	-	-	-	200,000	(200,000)	-	200,000	(200,000)	-
121	33803144	n.a.	VMware servers	-	33,333	(33,333)	-	33,333	(33,333)	-	200,000	(200,000)	-
136	33803147	338020064381	Fill out current AIX frames	-	-	-	282,471	295,000	(12,529)	282,471	295,000	(12,529)	282,471
156	33803163	338020074414	ADC phase 3 - refurnish ops room	1,980	-	1,980	59,484	70,000	(10,516)	59,484	70,000	(10,516)	-
142	33803165	n.a.	Add open system encrypted tape drives	-	66,667	(66,667)	-	333,333	(333,333)	-	400,000	(400,000)	-
141	33803165	338020064315	Add Tier-2 storage frame	-	-	-	266,823	300,000	(33,177)	266,823	300,000	(33,177)	266,823
138	33803165	338020064313	Additional SAN capacity & monitoring	-	-	-	189,644	300,000	(110,356)	189,644	300,000	(110,356)	-
117	33803165	338020064362	Encrypted Tape Drives (replacement)	-	-	-	373,297	300,000	73,297	373,297	300,000	73,297	373,297
116	33803165	338020064283	New Backup Systems	-	-	-	63,568	-	63,568	67,247	62,000	5,247	-
140	33803165	338020064371	Replace Tier-1 disk storage (SAN)	-	-	-	1,519,159	2,000,000	(480,841)	1,519,159	2,000,000	(480,841)	1,519,159
139	33803165	338020074415	SAN fiber connect cards for servers	-	4,167	(4,167)	32,139	29,167	2,972	32,139	50,000	(17,861)	-
137	33803165	338020064314	Storage Resource Management	-	-	-	-	200,000	(200,000)	168,026	200,000	(31,974)	-
999	33803165	338020074620	Veritas (Symantics) - License true-up - 2007	-	-	-	9,613	50,000	(40,387)	9,613	100,000	(90,387)	-
102	33803403	n.a.	Completion of the EMS Training Room	-	-	-	-	50,000	(50,000)	-	100,000	(100,000)	-
			Total New Projects - Budgeted	88,122	502,447	(414,325)	5,788,917	9,292,432	(3,503,515)	5,960,621	12,129,765	(6,169,144)	3,488,364
	33803454		BUDGET TASK	-	343,738	(343,738)	-	(2,192,026)	2,192,026	-	-	-	-
			All Budgeted Projects - Capex Spend	**351,928**	**875,000**	**(523,072)**	**6,625,084**	**7,625,000**	**(999,916)**	**12,715,886**	**18,690,893**	**(5,975,007)**	**8,656,738**
Unbudgeted Projects:													
	33803165	338020074406	Veritas (Symantics) - License true-up - 2006	-	-	-	-	-	-	113,973	-	113,973	113,973
	33803051	338020064393	Additional Planview Manager Licenses	-	-	-	-	-	-	17,266	-	17,266	17,266
	33803107	338020064356	Email Content Security Mgmt (Code Green front-end)	-	-	-	54	-	54	21,163	-	21,163	21,163
	33803118	338020074430	BancTec connection for PC Imaging Svcs	-	-	-	6,791	-	6,791	6,791	-	6,791	-
	33803107	338020074492	Hyperion Reporting Solution (HFM licenses for Transformation work)	-	-	-	8,985	-	8,985	8,985	-	8,985	8,985
	33803107	338020074511	WinZip Licenses	-	-	-	-	-	-	-	-	-	-
	33803107	338020074516	Microstrategies License Conversion to Named User	-	-	-	54,125	-	54,125	54,125	-	54,125	-

TICS IS&T - 2007 Capex Spend Variance Analysis

Line #	Depreciation Cost Center	GL Code (last 4 digits = AFE #)	Project Title	Monthly Capex Spend: July 2007 Actual Spend	July 2007 Budgeted Spend	July 2007 Var Over / (Under)	YTD Capex Spend: July YTD 2007 Actual Spend	July YTD 2007 Budgeted Spend	July YTD 2007 Var Over / (Under)	Life-to-Date Capex Spend: Life-to-Date Actual Spend	TOTAL PROJECT BUDGET	Life-to-Date Var Over / (Under)	Life-to-Date Amount Capitalized
	33803106	338020074552	25 Additional Data Access Studio Licenses	-	-	-	34,640	-	34,640	34,640	-	34,640	34,640
	33803144	338020074608	TMS Upgrade to Version 5.5	-	-	-	37,887	-	37,887	37,887	-	37,887	-
				-	-	-	-	-	-	-	-	-	-
				-	-	-	-	-	-	-	-	-	-
			Total Unbudgeted Projects	-	-	-	142,482	-	142,482	294,830	-	294,830	196,027
			Grand Total Capex Spend	351,928	875,000	(523,072)	6,767,566	7,625,000	(857,434)	13,010,716	18,690,893	(5,680,177)	8,852,765
									-11%				
Memo - Transformation AFE's:													
	33805085	338020074634	Transformation - Initial Infrastructure	(6,774)	-	(6,774)	166,364	-	166,364	166,364	-	166,364	-

APPENDIX B

CIO Interview Questions – Jeff Bailey

Date: 09/27/2007

Background questions – Jeff Bailey

1. What is the general background of the leadership of the Information Services department? (business, technical, mixed)

~~100~~ 99%

2. What is the structure of the department? (app groups separate from infrastructure groups, separate from support groups)

3. Has an audit ever been performed to determine the different tasks performed by the Information Services department?

TASK CATALOG
EX FIRST CALL RES W/ PEROT

Date: 09/27/2007

Budgetary Management – Jeff Bailey

1. What tools or methods are used to calculate day to day costs of the group? BUDGET FOR YEAR

2. What tools or methods are used to measure the department's day to day productivity? ONLY COST NO PRODUCTIVITY # MONTHLY BASIS – JDE

3. What tools or methods are used to measure the productivity of projects while they are in progress? PLANVIEW – MS PROJECT PROJECT MEETINGS

4. What tools or methods are used to measure the budgetary effectiveness of projects when they are completed? 1 YEAR OF COMPLETION LESSONS LEARNED / AFE

5. Does your organization have any tools or methods to determine the financial successfulness of projects when they are completed? HARD #

6. Is there any tool or method in place to evaluate the effectiveness of individual project managers? TMO – SURVIVAL FEEDBACK FROM SPONSORS (MANAGE BY EXCEPT OVER BUDGET, LATE, R.O.I.

7. What is the accepted R.O.I. period of time for the Information Services group? Is it different than the remainder of the company? 36 YES (60 MONTH PAYS (10)

WORRIED A/B RISK VETTES P.M.

8. What expenses are included in the IT budget?

✓

9. How much spending falls outside the IT budget?

BIG PROJECTS ARE CAPITALIZED

10. What types of IT expenses are charged back to users?

$2 M / 600 SUUSH

11. What is the outlook for IT spending next year?

✓

Date: 09/27/2007

Change Management – Jeff Bailey

1. Is there only one change management system used by all groups in Information Services?

YES – OPAS

2. What review measures are taken to determine the type and frequency of changes made in the Information Servers group?

ECM TRACKS IT

3. Is there any financial ~~analysis of~~ IMPACT the changes made in the environment?

AFTER THE FACT, SPOT BUT NOT ALL

4. Does your organization have a tool or method to measure the financial impact of service outages?

EMAIL – CASSY PUTS IN A SLA REPORT – NO FINANCIAL REPORTING

Date: 09/27/2007

Process Management – Jeff Bailey

1. Has an audit ever been performed of all the processes used by the Information Services department? What was the outcome?

INTERNAL + EXTERNAL AUDITS BY ALLTINA, REGULATORY, BANK

2. What tools or methods are used to measure to costs associated with processes of the Information Services department?

BIG PROCESSES ONLY. NO PROCESS AUDIT FOR FINANCIAL IMPACT

3. What is the process used to improve the processes used by Information Services?

ITIL - OCONE MANAGE. ETC, AROUND THE SERVICE DESK

Date: 09/27/2007

Additional Questions? – Jeff Bailey

1. Is there any software develop performed in the Information Services department? ITIL REPORTING MANAGEMENT REPORTING
2. Is so what type? MORE REPORTING 2.5 FTE
3. How is the financial performance of this software developed measured?

   IT'S NOT
4. How are the financial impacts of new technologies measured or evaluated for the Information Services department? ROI (36) COST AVOIDANCE (18 POSSIBLE)
5. What are the driving motivators to examine productivity and technologies used by the Information Services staff? COST'S REDUDUCTION AVOIDANCE. BOTH NEITHER IS MASTER
6. For your leaders with technical backgrounds, what is their biggest communication challenge? TO BE ABLE TO SELL TO BUSINESS THIER IDEAS
7. For your leaders with non-technical backgrounds, what is their biggest communication challenge? NA
8. Of the two groups, which do you feel are more successful?

   NA

Date: 10/03/2007

Budgetary Management – Chris Meengs

1. What tools or methods are used to calculate day to day costs of the group? ↳ OFF OF ANNUAL BUDGET OF HEAD COUNT
   ↳ TRAINING COST

2. What tools or methods are used to measure the department's day to day productivity? PROJECT SCHEDULES & MILESTONE REPORTING (WEEKLY)

3. What tools or methods are used to measure the productivity of projects while they are in progress? PROJECT SCHEDULES & MILESTONES

4. What tools or methods are used to measure the budgetary effectiveness of projects when they are ~~completed~~? PROCESS?
   OPEN - BUDGET REPORTING BY DEBBIE SMITHEY (PROJECTS [illegible])
   COMPLETED? 6 MONTHS AFTER THERE IS AN AUDIT PER PROJECT PER 6 MO[illegible]

5. Does your organization have any tools or methods to determine the financial successfulness of projects when they are completed?
   DEFINING SCOPE @ BEGINNING - JOINT B/W PROJECT SPONSOR & TECH APP OWNER
   NOT DONE BY DEPART (SCOPE CHANGE MANAGEMENT, PROCESS (COST, QUALITY? TIME)

6. Is there any tool or method in place to evaluate the effectiveness of individual project managers? PROJECT SURVEYS + @ END
   ROLL DATES PER PROJECT ROLL OF PROJECT
   PROJECT HEALTH CHECK → SPONSOR RESPONSES
   ↳ EXECUTION PHASE (EVALUATE HOW THINGS ARE DOING.)

7. What is the accepted R.O.I. period of time for the Information Services group? Is it different than the remainder of the company?
   SAME AS COMPANY 18.5%
   KNOWN LOOSING PROJECTS ARE DROPPED UNDER MAINT.

Additional Questions? – Chris Meengs

1. Is there any software develop performed in the Information Services department? *YES*

PLANVIEW DEVELOPMENT 2. If so what type? *SHAREPOINT DEVELOPMENTS (PROJECT TEAM ROOMS)*

EXCEL SPREADSHEETS 3. How is the financial performance of this software developed measured? *~~NO FINANCIAL PERFORMANCE~~, SHAREPOINT HAD FINANCIAL ANALYSIS (OF TEAM ROOM) NOT IN ALL CASES*

4. How are the financial impacts of new technologies measured or evaluated for the Information Services department?

5. What are the driving motivators to examine *OF THE* productivity ~~and technologies~~ *OF THE* used by the Information Services staff? *CAN THE TECH EXPAND THE # OF PROJECTS HANDLED BY EACH. NEW TECH ~~TO~~ (MENTOR) FOR JR'S TO DO MORE SENIOR WORK.*

6. For your leaders with technical backgrounds, what is their biggest communication challenge? *GETTING ~~M~~ ~~KEEP~~ BEING TO TECHNICALLY INVOLVED TO PROJECT (GETTING SUCKED TO PROJECT TASKS.)*

% MAKE UP OF TEAM TECH vs NON 60% - 40%

7. For your leaders with non-technical backgrounds, what is their biggest communication challenge? *UNDERSTAND THE SUBJECT MATTER EXPERTS (DRAW ME A PICTURE!)*

8. Of the two groups, which do you feel are more successful? *TRACK RECORD STANDPOINT, TECHNICAL PROJECT LEADER WHY?. LESS NEED FOR "DRAW ME A PICTURE."*

CIO Interview Questions – Alex Figeroa

Date: 09/27/2007

Background questions – Alex Figeroa

1. What is the general background of the leadership of the Information Services department? (business, technical, mixed)

   Wow

2. What is the structure of the department? (app groups separate from infrastructure groups, separate from support groups)

3. Has an audit ever been performed to determine the different tasks performed by the Information Services department?

   PMO
   WORK ORDER

Budgetary Management – Alex Figeroa

1. What tools or methods are used to calculate day to day costs of the group? NONE – ANNUAL PROJECT REQUEST VS. BUDGET
2. What tools or methods are used to measure the department's day to day productivity? VARIES BY — HELP DESK NUMBERS ROTATIONAL AUDITS OF PLANTS, ANALYST TICKET COUNTS – PEER REVIEW 65% PROD 25% REMAIN ADMIN
3. What tools or methods are used to measure the productivity of projects while they are in progress? REVIEW PROJECT STATUS THEN STERLING – % PIECE TO
4. What tools or methods are used to measure the budgetary effectiveness of projects when they are completed? LESSON'S LEARNED
5. Does your organization have any tools or methods to determine the financial successfulness of projects when they are completed?
6. Is there any tool or method in place to evaluate the effectiveness of individual project managers? BY ON TIME & ON BUDGET VS. OTHERS
7. What is the accepted R.O.I. period of time for the Information Services group? Is it different than the remainder of the company? CHALLENGE CAB COST AVOIDABLE USED MORE.

Change Management – Alex Figeroa

1. Is there only one change management system used by all groups in Information Services?

YES

2. What review measures are taken to determine the type and frequency of changes made in the Information Servers group?

KELLY SMITH
REQUEST CYCLE MANAH NEEDED WHAT ALL
IS INVOLVED IN A REQUEST

3. Is there any financial analysis of the changes made in the environment?

4. Does your organization have a tool or method to measure the financial impact of service outages?

CIO Interview Questions – Jerry Hickenbottom

Date: 09/24/2007

Background questions – Jerry Hickenbottom

1. What is the general background of the leadership of the Information Services department? (business, technical, mixed)

80% – TECH
20% –

2. What is the structure of the department? (app groups separate from infrastructure groups, separate from support groups)

SEP

3. Has an audit ever been performed to determine the different tasks performed by the Information Services department?

EVERY YEAR → JEFF CROMER
AUDIT OF SEGREGATION OF IT + BUS.
(AUDIT GROUP) RELEASE OF
REGULATION CONTROLS & ACCESS
LOOKING FOR PROCESS + CONTROL
FOR AUDIT

Date: 09/24/2007

Budgetary Management – Jerry Hickenbottom

1. What tools or methods are used to calculate day to day costs of the group? No Day to Day — Total Budget, Allocations By Business By Vehicle

2. What tools or methods are used to measure the department's day to day productivity? No Formal System For Day-to-Day

3. What tools or methods are used to measure the productivity of projects while they are in progress? Planview w/ Phases M/N + Tasks

4. What tools or methods are used to measure the budgetary effectiveness of projects when they are completed? PFE Financial Evaluations Verses Capital Outlay Over-Under (36 Mon) (Review 12 Major Projects)

5. Does your organization have any tools or methods to determine the financial successfulness of projects when they are completed?

6. Is there any tool or method in place to evaluate the effectiveness of individual project managers? Survival — Business Acceptance By Business

7. What is the accepted R.O.I. period of time for the Information Services group? Is it different than the remainder of the company?

36 Months
(18% ROI)

Date: 09/24/2007

Change Management – Jerry Hickenbottom

1. Is there only one change management system used by all groups in Information Services? YES

2. What review measures are taken to determine the type and frequency of changes made in the Information Servers group?
No

3. Is there any financial analysis of the changes made in the environment?
RESOURCE DRIVEN, NOT REALLY, THE BUSINESS CHOSES WHERE TO SPEND THEIR RESOURCE TIME. THERE IS NO PORTFOLIO MANAGEMENT

4. Does your organization have a tool or method to measure the financial impact of service outages?
NO, END TO END SERVICES SPEND OD UPTIME

Date: 09/24/2007

Process Management – Jerry Hickenbottom

1. Has an audit ever been performed of all the processes used by the Information Services department? What was the outcome?

YES JEFF CROME

2. What tools or methods are used to measure to costs associated with processes of the Information Services department?

NO BUSINESS PROCESS MODELING

3. What is the process used to improve the processes used by Information Services?

PAIN

Date: 09/24/2007

Additional Questions? – Jerry Hickenbottom

1. Is there any software develop performed in the Information Services department? PROCESS (CCARS + TPR's, CHANGE MAN)
2. Is so what type? ↓ NO APP DEV, BUY PACKAGES
   STUFF THAT HAS BEEN BUILT FOR PEOPLE
3. How is the financial performance of this software developed measured?
   No
4. How are the financial impacts of new technologies measured or evaluated for the Information Services department?
   EVALUATE THE APPS ?
   FINANCIAL IMPACT IS SECONDARY. IF TECHNOLOGY IS BETTER, THEN COST IS EVALUATE
5. What are the driving motivators to examine productivity and technologies used by the Information Services staff?
   SEE ABOVE

CSG WAS SOLD ON COST

CIO Interview Questions – Scott Smith

Date: 09/19/2007

Background questions – Scott Smith

1. What is the general background of the leadership of the Information Services department? (business, technical, mixed)

TECHNICAL 85%

2. What is the structure of the department? (app groups separate from infrastructure groups, separate from support groups)

SEPARATE ?

3. Has an audit ever been performed to determine the different tasks performed by the Information Services department?

YES TASK
PROVIDE BY GROUP
GROUP THE COST OF GROUP + EMPLOYEE

17MM / 241 = 1 FTE

SERVICE LEVEL AGREE

Date: 09/19/2007

Budgetary Management – Scott Smith

1. What tools or methods are used to calculate day to day costs of the group?

   DON'T MONITOR DAY TO DAY PERFORM BASED ON EXCEPTIONS (SEV 1'S)

   OUTAGE COSTS PER OUTAGE – NOT MEASURED

2. What tools or methods are used to measure the department's day to day productivity?

   SEE ABOVE

   LOOKED @ ON MONTHLY BASIS – SLA REPORTS UPTIME

3. What tools or methods are used to measure the productivity of projects while they are in progress?

   ALEX BI WEEKLY MEETING FOLLOWING PROGRESS PROJECT PROGRESS. MEET WEEKLY FOR PROJECT PRIORITIZATION

4. What tools or methods are used to measure the budgetary effectiveness of projects when they are completed?

   NOTHING NO POST MORTUM (SOME SPOTTY – PUSH BY BUSINESS LESSONS LEARNED – BUDGETARY EVAL COST

   PERFORMANCE OF PROJECT MANAGERS? ASK SANDER IT IS OBJECTIVE NO HARD COSTS NO SCORECARD

5. What is the accepted R.O.I. period of time for the Information Services group? Is it different than the remainder of the company?

   LIFE OF PROJECT 60 MONTHS

Date: 09/19/2007

Change Management – Scott Smith

1. Is there only one change management system used by all groups in Information Services?

   No – Not Even Same Depart
   Because Of Immaturity Of Group
   Not A Focus Until 12 Months Ago.

2. What ~~auditing~~ measures are taken to determine the type and frequency of changes made in the Information Servers group?

   Review
   3.5 Mil 2008 Mil
   '12.
   7.8 Mil Saving

   No

3. Is there any financial analysis of the changes made in the environment?

   No

Date: 09/19/2007

Process Management – Scott Smith

1. Has an audit ever been performed of all the processes used by the Information Services department? What was the outcome?

   No – Talk To Susan + Dan

2. What tools or methods are used to measure to costs associated with processes of the Information Services department?

   Also

3. What is the process used to improve the processes used by Information Services?

   Above

Additional Questions?

Is there any software develop performed in the Information Services department?

Is so what type?

How is the financial performance of this software developed measured?

How are the financial impacts of new technologies measured or evaluated for the Information Services department?

What are the driving motivators to examine productivity and technologies used by the Information Services staff?

BOTTOM UP

PROBLEMS W/ TECHNICAL STAFF FINAN COMMU
↳ THEY ARE BAD
↳ HISTORICAL

↳ PFE - FINANZIAL ANAL

CIO Interview Questions – Tom Thornton

Date: 10/05/2007

Background questions – Tom Thornton

1. What is the general background of the leadership of the Information Services department? (business, technical, mixed)

Mix, Technical learned the business moving up, 90% technical. His background is technical, application development, Masters in Computer Science. Department of State Healthcare services.

2. What is the structure of the department? (app groups separate from infrastructure groups, separate from support groups)

Section for app development and maintenance

Helpdesk mixed with infrastructure group

PMO function

Quality assurance group

Security assurance group

3. Has an audit ever been performed to determine the different tasks performed by the Information Services department?

No internal audit of IS task or processes

Budgetary Management – Tom Thornton

1. What tools or methods are used to calculate day to day costs of the group?

Accounting tool, used by app dev to log time on maintenance, indirect for other groups, (financial monthly audit, from multiple funding strains (different sources, and the allocation was used for only specific tasks.)

Grant funding was project specific with product specific (servers, pc, etc.) This system was tougher to work with because you are strictly directed by project; it is not an efficient way to run an organization. Funding and spending were regulated by the monetary source.

2. What tools or methods are used to measure the department's day to day productivity?

Day to day was tracked by the helpdesk calls; nothing else was measured for other groups. Goals verses plans tracked annually with quarterly views of all other groups.

3. What tools or methods are used to measure the productivity of projects while they are in progress?

Time-tracking method for and project portfolio management system. High dollar and other criteria, such as time six months or longer are regularly (monthly) reviewed. Portfolio progress managed on monthly basis

4. What tools or methods are used to measure the budgetary effectiveness of projects when they are completed?

Same tools as mentioned in question three. Project sponsor was ultimate vote of success or non success.

5. Does your organization have any tools or methods to determine the financial successfulness of projects when they are completed?

90 days after completions, post mortems were completed to gauge success, Post Implantation Evaluation Report required to identify “benefits achieved verses benefits expected.” Project Charter set the benefits.

6. Is there any tool or method in place to evaluate the effectiveness of individual project managers?

Tools to do this, not a define process. All projects are tracked formally, in the portfolio, but nothing formal.

7. What is the accepted R.O.I. period of time for the Information Services group? Is it different than the remainder of the company?

Different from private sector. Government doesn’t’ work with ROI functionality in projects or tasks. It is more qualitative verses quantitative.

Change Management – Tom Thornton

1. Is there only one change management system used by all groups in Information Services?

Until it was outsourced to IBM there was one, now there is two. Currently integrating the two systems.

2. What review measures are taken to determine the type and frequency of changes made in the Information Servers group?

Change control board, weekly meetings to coordinate changes with IBM. There is not a classification of changes made in the environment

3. Is there any financial analysis of the changes made in the environment?

None, IT steering committee approved changes.

4. Does your organization have a tool or method to measure the financial impact of service outages?

None, SLA is not measured financially. Generally track security problems with cost impact to those situations only (i.e. virus outbreak.)

Process Management – Tom Thornton

1. Has an audit ever been performed of all the processes used by the Information Services department? What was the outcome?

No. An audit is performed of processes, selecting two or three a year, and the audit plan is made up “General Controls Audit, Security Audit, Project Management Audit.” Only large audits not task specific auditing

2. What tools or methods are used to measure to costs associated with processes of the Information Services department?

Time Tracking of application team, Project Management, Help Desk Tickets.

3. What is the process used to improve the processes used by Information Services?

After each project, “Lessons Learned” document of what was learned, and then review them before launching future projects, and documentation is updated before next projects. Process improvement is recommended on a yearly basis. These processes are reviewed by IT steering committee.

Additional Questions? – Tom Thornton

1. Is there any software develop performed in the Information Services department for the Information services department?

   Yes

2. If so, what type?

   Developed own Helpdesk ticket system. Followed a merger, and needed a better tool to track tickets.

3. How is the financial performance of this software developed measured?

   No ongoing measurement of the developed software. No application portfolio management system used.

4. How are the financial impacts of new technologies measured or evaluated for the Information Services department?

   Business Case is developed before a Project Charter. The business case will list out the benefit financially before a Project is considered.

5. What are the driving motivators to examine productivity and technologies used by the Information Services staff?

Costs of the service delivered, and IT is considered a cost. Do what you must do with what you have.

6. For your leaders with technical backgrounds, what is their biggest communication challenge?

   Being to communicate too effectively with business (too much detail.) Business doesn't care details, they want to know concept of the topic.

7. For your leaders with non-technical backgrounds, what is their biggest communication challenge?

   Understanding the technical limitations and trade off with business needs.

8. Of the two groups, which do you feel are more successful?

   In general, the leaders of the organization, the non technical leaders are more successful because they can communicate with the customers.

CIO Interview Questions – Brett McLennan

Laureen Inc.

Date: 09/25/2007

Background questions – Brett McLennan

1. What is your background?

MS in Mechanical Engineering with 17 years in process environments

2. What experience have you had with process engineering?

17 years process engineering

3. What experience do you have with IS process engineering?

None

Budgetary Management – Brett McLennan

4. What tools or methods are used to calculate day-to-day costs of a processes?

Range from excel spreadsheets. Really weekly tracking not day to day. Three points make a trend; you need three points to make a trend. Therefore three cycles for measurement.

Depends on they are being measured on (production output, CS level, head count, etc.)

5. What tools or methods are used to measure the day to day productivity of a process change?

Recommend daily, weekly, monthly, quarterly review

Daily – 15 min. fire fighting meeting passed on previous day

Weekly – 1 hr. presenting longer trends and any longer term issues assign responsibility for resolution (area manager speaking to department heads)

Monthly – Management leads presenting to business about trends and performance, issues, and action plans with responsibilities and due dates

Quarterly – (VPs) Strategic review of business. Are we on track and review of the performance and discuss possible strategy course changes

6. What tools or methods are used to measure the productivity of projects while they are in progress?

Key metrics that have been established verse timelines

7. What tools or methods are used to measure the budgetary effectiveness of projects when they are completed?

Did you meet the clients' numbers on their books, the clients' financial reporting

systems?

8. Does your organization have any tools or methods to determine the financial successfulness of projects when they are completed?

No, we use the customers.

9. Is there any tool or method in place to evaluate the effectiveness of individual project managers?

Performance reviews, peoples bonuses are linked to the success of the projects.

10. What is the accepted R.O.I. period of time for the Information Services group? Is it different than the remainder of the company?

ROI is set by them not the customers

Change Management – Brett McLennan

11. Is there only one methodology used for each case?

They are the customers change management process. They handle it for the customers change for them. They handle it for the customer instead just handling it

12. Is there any financial analysis of the changes made in the environment?

Completed by the customers

13. Does your organization have a tool or method to measure the financial impact of service outages?

Will stay with the project until the result is delivered.

Process Management – Brett McLennan

14. Has an audit ever been performed of all the processes used by the Information Services department? What was the outcome?

If the evaluation is done free, then only highlights and quantify them. Then show them that easy wins to double their costs of the project. Annuallized for the customer

15. What tools or methods are used to measure to costs associated with processes of the Information Services department?

Theories of constraint and world class benchmarking. What they need to do to optimize their processes.

16. ITIL or six sigma?

Proprietary system, but the systems above are too strict; they tell you how to fix problems, but not how to get improvement. Theories of Constraint? The question is "what is the cost of the error?" The cost of the process verses the cost of the defect. Six Sigma will not tell you how to fix something, great for building aircraft but now candy bars.

Additional Questions? – Brett McLennan

17. Where do you see the largest area of improvement in organizations

    Showing inefficiency in organizations to Management. They do not want to be told that they are not working at the most optimal level. They feel that the reports reflect on their management.

18. Where do you see the most effect in process management, strategic or tactical changes?

    Mostly Strategic planning, with tactical plans to reach this

19. Which of the above is most difficult to implement?

    strategic goals

20. Which of the above is the most difficult to sell to management?

    Selling strategic to sell tactical business. Sell cash in capabilities, they can fix the problems, or teach their people to fix their own problems. Give people lower level tools and put in management processes to drive improvement themselves.

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