

JP2077 MILIS: Delivering Transformational Business Change

by

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Agenda

MATERIEL INFORMATION SYSTEMS

1. Introduction to JP2077
2. Business transformation – change approach
3. COTS/MOTS benefits and implications
4. JP2077 focus

Joint Project 2077



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“Joint Project (JP) 2077 MILIS is a multi-stage Defence project which, when complete, will provide a single, integrated Defence-wide logistics information system capability that provides accurate, real-time data to the war-fighter, even when operating in remote areas whilst suffering significant interruptions to the normal communications environment.”



In particular, Phase 2B.1 will deliver:

- An upgrade from the current Single Defence Supply System (SDSS) to MILIS core application (based on a MOTS version of Mincom’s *Ellipse* product)
- A financial interface with Defence’s ROMAN financial ERP system
- Enabling components for Phase 2B.2



The project has three business capability streams: materials, maintenance, and finance.

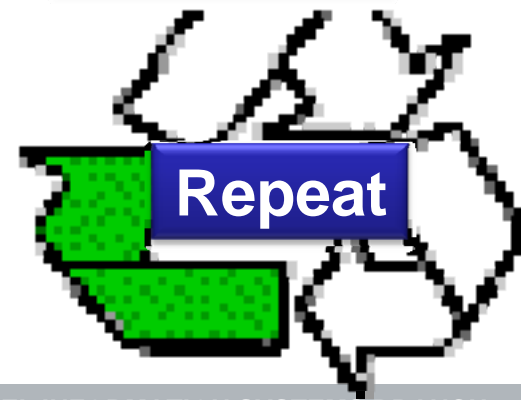
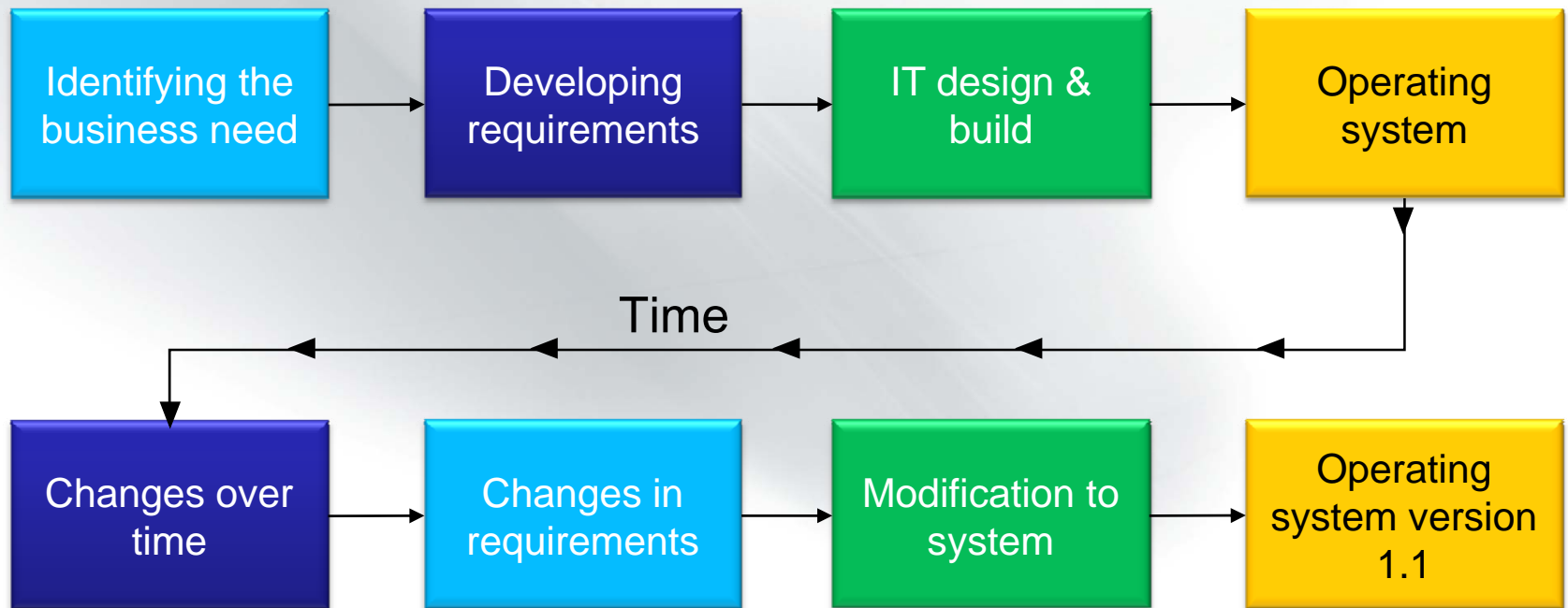
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2. **Business transformation – change approaches**
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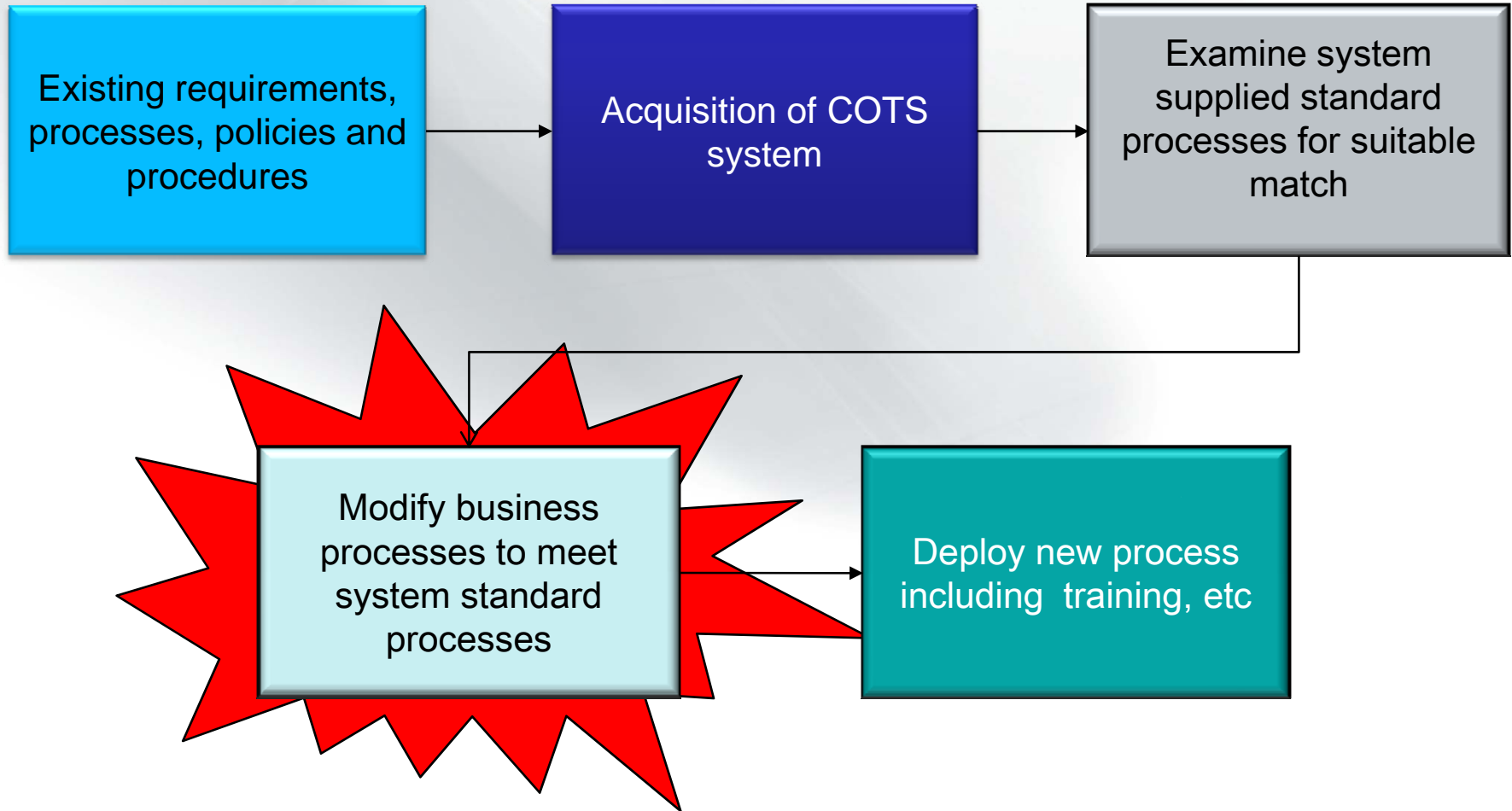
Existing approach to process automation

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New approach: COTS (& MOTS)

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Agenda

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COTS/MOTS: benefits

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- Decreased development costs
- Decreased ongoing costs of ownership
- Reduced 'speed to market'
- Potential reduction of failure points
- COTS uses tested designs
- Larger pool of people knowledgeable about the product provides experience and shares problems

COTS/MOTS:

technical / business costs

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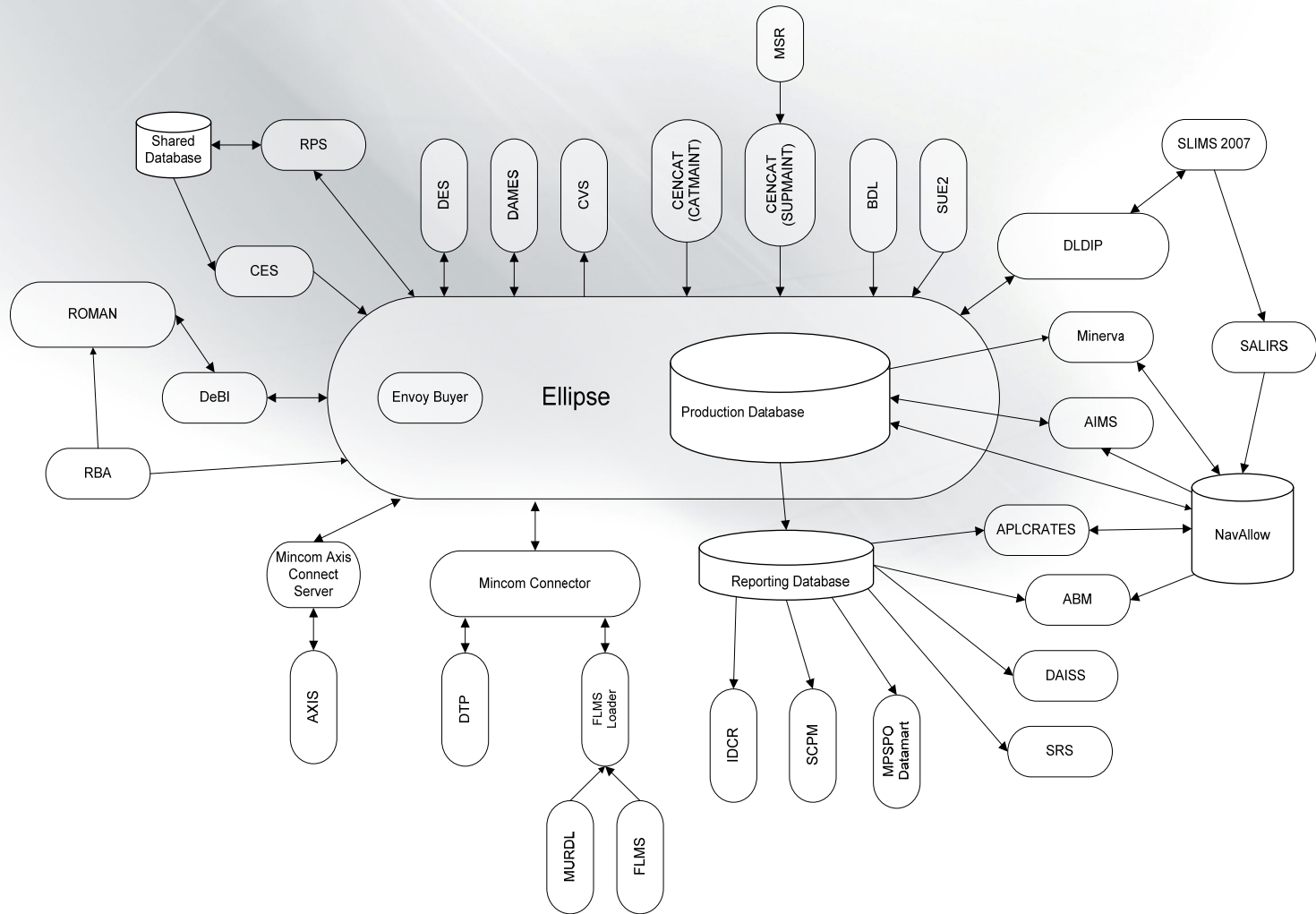
COTS v MOTS v Bespoke

- Need to decide whether changes get classified as COTS, MOTS or bespoke!
- Objective is: COTS first, then MOTS then bespoke, in order to reduce ongoing costs of ownership, therefore:
 - be able to influence vendor and other users
 - work the user group: be active, educate, influence, be thought leader, provide energy and passion
- Infrastructure
 - Old infrastructure may impact negatively
 - May force infrastructure investment you don't want to make
- COTS may mean you miss future business opportunities due to a lack of flexibility or ability to add bespoke functions may not be cost effective
- Interfaces: are your interfaces able to interface with the new system? Cost and effort? Introduction of failure points, data format confliction.

Some issues: interfaces / infrastructure

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28 system interfaces are required



COTS/MOTS:

Business / Technical implications

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- Process ramifications
 - Need: well defined business architecture (support by IT architecture)
 - Need: well documented processes
 - Need: Business Process Owners known and engaged
 - Potentially very large stakeholder group due to extent of policies and process owners.
 - Changes to staff profiles/job descriptions may lead to requirement for altering industrial relations agreements, contracts, etc.
- Technology:
 - Need: well defined IT architecture (matching business architecture)
 - Need: well defined interface protocols
 - Need: well defined data architecture

COTS/MOTS:

Human factors and change cost implications

- Culture and people
 - Changing the processes: you *may have to* change the people you need.
 - Changing the people may change the culture (is this what you want?), increase other costs eg training, testing, etc.
 - Existing processes have been built over time: people are comfortable – get ready for resistance, reduction in productivity due to loss of familiarity, etc.
 - There is generally inertia against change: many people are simply not interested in changing – loss of power, authority, credibility.
 - Stakeholder and business process owner communication/management becomes critically important.
 - Previous trusted contractors and consultants may not have knowledge in your new business way or systems.

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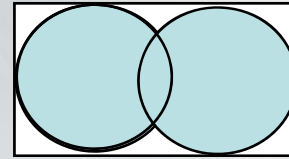
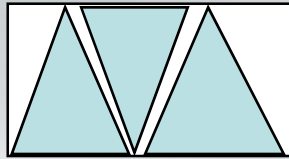
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- Existing Defence policies, processes and procedures are contained in a variety of documents (but principally in DSCM)
- Changes required because of new system were identified through change impact assessment (CIA) process.
- CIA process needs to be extensive and thorough: gaps cannot be afforded, overlaps are waste.



MECE: Mutually exclusive,
completely exhaustive

- Changes identified in CIAs get implemented through key business decisions (KBDs).
- KBDs is the process of adjusting policies, processes, procedures to fit the new system. Will impact on job design and the way we have always done things.
- Need to:
 - Engage with all stakeholders
 - Agree new policies and procedures

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- Change of this magnitude impacts all the classic resistance issues:
 - Loss of flexibility;
 - Loss of influence;
 - Loss of control;
 - Loss of credibility due to reduction in knowledge and experience in work arounds for small problems

Therefore, it is critical that:

- Effective stakeholder engagement and management is achieved (decision get made not deferred for months on end).
- Recognition that whilst the first change is difficult, each subsequent change becomes easier is achieved.
- Classic change management techniques to identify and remove obstacles is achieved.
- A Change Championship process is developed and deployed.

Solution & conclusion

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The old way is easy (comfortable) but expensive.

The new way is improved performance:

- Costs
- Standardisation (internal and external)
- Quality
- Increased knowledge levels
- Acquisition and sustainment predictability

The first change is the hardest. Subsequent system improvements will become easier.

Questions