



STOP PRINTING CATALOGUES. START CAPTURING NEW MARKETS.

Graham Johnson, Group CIO at Premier Farnell plc – the leading multi-channel, high-service electronics distributor supporting millions of engineers and purchasing professionals globally – talks about internationalising the flexible business model, the challenges of moving business online and encouraging environmentally friendly innovation within the electronics industry.





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Q. In your experience, what are the main challenges that CIOs face today?

A. The challenges are related to the growing pace of change as business increasingly moves online and new technologies emerge. Companies need to embrace new technologies such as Web 2.0 to differentiate themselves from their competitors but, as soon as you move ahead of the competition, they will match you. You've got to be really agile to keep up because new developments are emerging more rapidly than ever before. Web 3.0 is already on its way, for example

No one can predict with certainty how a business will evolve. The market changes, customers change, technology changes and you find that the route you planned originally is no longer the best one. Flexibility is the greatest asset a CIO can provide for the business.

Q. How do you see the role of the CIO developing over the next few years?

A. There are still two types of CIO, the technical and the business oriented. I expect to see the technical CIOs disappear as the role moves towards bringing about process change and introducing business innovation. It's also important to remember that new technologies are bringing with them new security challenges and CIOs will need to become heavily involved in ensuring that the business isn't put at risk.

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Q. What about the traditional route to CIO – do you think that will change?

A. Yes, I'm sure it will. Technology is becoming part of our daily lives and, at least at a superficial level, people are becoming increasingly comfortable with it. This will encourage business people with a technical bias into the CIO role, particularly as the emphasis on business skills increases.

However, I don't believe that everyone in business understands how much of a challenge IT can be. For example, there is a danger that people see their children building web sites and think it must be easy. It is, until you try to build an enterprise-wide Web solution with 50,000 sessions occurring at the same time and you want to be able to search on 3 million products while all these users are online. There will still be a need for CIOs to understand the complexities of IT because to manage technology effectively you have to be aware of the issues.

Q. Thinking about your own role, what are the particular challenges you face at Premier Farnell?

A. The company is facing a culture shift at the moment caused by our strategic decision to move a large part of the business onto the Internet. We're changing from a culture where we launch a new product and it takes three months for it to appear in our printed catalogue to a situation where, as soon as a new product is available, we want it up on the Web. That sort of shift challenges our systems, our processes and our people.

As we transfer business to the Internet we're also modifying many of our systems to internationalise our business model and achieve greater agility. We're moving towards Service Oriented Architecture so that, as customers make new demands or we develop new ideas, we can take a holistic approach and adapt our processes from end-to-end around the world. At the moment, for example, we have separate product pricing engines for each business region. With SOA we can have one pricing engine for the entire organisation so that when we change our pricing we only have to implement the amendments once to apply them globally.

We've recently opened a new business in China and are expanding into Eastern Europe. As well as the expected challenges of this rapid expansion such as implementing all the back office systems, installing the comms lines, telephones and so on, there are small

nuances and issues that you don't always think about in advance. For example, the QA team who test all our web sites don't read Chinese. We had to fly people in from Shanghai to test the systems for us.

And, of course, in a global organisation the challenges aren't just technical, there are cultural differences to be taken into account. Some cultures are intrinsically polite and will always tell you what they think you want to hear – even if they know they have a problem. Others are honest to the point of bluntness, which can upset people. You have to be able to handle all these cultural differences in an international business.

Q. As a shared service centre function is it difficult meeting the IT requirements of all the different countries?

A. It can be, yes. The different country managers have their own profit and loss accounts and, naturally, want IT changes that are going to help them meet their targets. I have to take a portfolio approach finding the changes that will benefit all countries and balancing the short-term and long-term benefits to make sure I make the correct decisions for the company as it moves forward.

Q. What have been the greatest business innovations at Premier Farnell and how have they benefited your customers?

A. We've created a web site called EDE World, which is a community for design engineers. It's not Web 2.0 but it's a precursor to it. The idea is to encourage people to use our site to share information and ideas on design engineering techniques. It's a step up from the approach of traditional distribution companies that simply sell electronic components. It adds value by bringing the community together.

Compared to many distribution companies we do a great deal to encourage innovation. We've just introduced the Premier Farnell Innovation Lab, which has been given a target to devise one or more improvements for our customers, or our business every quarter. The Lab contains a copy of all our production systems and we will regularly invite a mix of programmers, "ideas" people and customers to visit, giving them free range to use the Lab to try and come up with beneficial solutions. We've literally just started this, so I can't give any examples of outcomes yet, but we believe it will throw up some exciting developments.

Q. You mentioned Web 2.0 earlier, what differences will this make to business? Can you see any business use for developments such as SecondLife for example?

A. The younger generation are used to interacting in online communities and, as they move into the world of work, I'm sure the collaboration tools that Web 2.0 provides will increasingly enter the business arena.

As far as developments such as SecondLife are concerned, it's still early days. Many corporations are concerned about issues like money laundering but, yes, I can imagine reaching a point where we build a virtual shop in SecondLife. Recent engineering graduates who embrace these developments may well buy from a virtual shop instead of coming to our web site.

Q. Is Premier Farnell committed to reducing its environmental impact and is that an area where you feel IT can contribute?

A. Reducing our environmental impact is part of the company ethos and is incorporated into our formal corporate social responsibility statement and policy. We have carbon reduction targets and are heavily involved in recycling. It's an area where I believe everyone should contribute including IT.



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STOP TALKING START DOING

Premier Farnell has carried out a company wide carbon audit and I was absolutely astonished at how much carbon we produce from servers. I thought there was a mistake in the figures at first. Perhaps we develop a false view because, relatively speaking, electricity is cheap. You have the impression that you can't be producing large amounts of carbon because you're not spending too much on electricity. However, when you convert your electricity usage figures into carbon production figures it's shocking. I'm working hard to meet the carbon reduction targets and we have all kinds of energy saving schemes in place. We're virtualising servers, replacing old computer screens with low energy ones and we've put timers on our PCs so they switch off automatically at night if people leave them on.

Q. Premier Farnell launched a competition for design engineers called Live Edge, is that another way of encouraging innovation and protecting the environment?

A. Absolutely. It's designed to encourage environmental initiatives. Live Edge was a global on-line competition that invited electronics engineers, students and academics to submit designs for an innovative product that uses electronic components and has a positive impact on the environment, for example by increasing energy efficiency or reducing carbon emissions.

The winner designed a ceiling fan that uses up to 66 per cent less energy than a traditional ceiling fan. It also has auxiliary output channels that drive up to 20 watts of integrated LED lighting.

The winner received a cash prize of US \$50,000 plus a fantastic support package to move the design to production.



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