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Critical Skills ○ Risk ○ Your Network

O2: Realising Business Benefits from an IT Management Framework

Patrick Roberts, Elan Pharmaceuticals

ISACA®

Trust in, and value from, information systems

San Francisco Chapter

Realising Business Benefits from an IT Management Framework

Patrick Roberts

VP & CISO

FOCUS 2010
Critical Skills ○ Risk ○ Your Network

Agenda

- Introduction
- The Challenge
- Approach
- The Results
- Critical Success Factors
- Lessons Learned

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Introduction

- Elan is a neuroscience-based biotechnology company headquartered in Dublin, Ireland.

- Elan's principal research and development, manufacturing and marketing facilities are located in Ireland and the United States.

- Biopharmaceuticals includes research, development, and commercial activities for neurodegenerative diseases, such as Alzheimer's disease and Parkinson's disease; autoimmune diseases, including multiple sclerosis and Crohn's disease; and severe chronic pain.

- Elan Drug Technologies the world's leading drug delivery business, develops and manufactures innovative pharmaceuticals using its extensive experience and proprietary drug technologies in partnership with pharmaceutical companies.

- Revenue of $1,113 million

- Approximately 1,500 employees worldwide

The Challenge

- Company Consolidation
- Simplify Business
- Reduce Geographic Footprint
- Reduce Costs and Streamline Support Functions
- Focus Funding on Research & Development
- Maximise Value of Pipeline
- Reduce Risk Profile

The Challenge for IT

- Distributed IT Functions
- Multiple Data Centers
- Different Systems Supporting "similar" Processes in "similar" Functions
- Variable Quality of Service
- Complex Regulatory Environment
- Oversight by IT Council

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The Challenge for IT

- Select an Appropriate Governance Framework
- Align IT Strategy with Business Strategy
- Reduce Geographic Footprint and Cost
- Simplify Technology Platforms
- Leverage Common Systems to Standardise Business Processes Globally
- Define Common Approach to Risk
- Standardise Staff and Vendor Management
- Improve Quality of Service and Project Execution

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Approach

- Appoint CIO
- Conduct SWOT Analysis in Context of Business Drivers
  - Costs / Quality of Service / Technology Platforms / Risks
  - Delivery Model
  - Organisation Structure
- 6 Board Level Assessment Questions About IT*
  - Are we spending the right amount on IT?
  - Are we getting our money's worth for what we are spending?
  - Is IT helping us to compete?
  - Are we organised properly?
  - Do we have the right leadership?
  - Are there any disasters pending?

*Questions formulated originally by F. Warren McFarlan of the Harvard Business School

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Approach

- Obtain Executive Support for Change Initiative
- Establish Accountable IT Leadership Team
- Select Appropriate Governance Framework for IT
- Define Common IT Goal
  - Deliver high quality, cost-effective, secure and compliant service to our customer
- Align Human Resources and Legal Groups
- Deliver Key Message to IT Organisation
  - "We are implementing a management framework certified to ISO9001"

Approach – Why ISO9001 ?

- Widely Accepted and Adaptable Quality Management Framework

- Platform to:
  - Improve customer satisfaction
  - Reduce cost
  - Develop efficient service delivery model
  - Streamline operations and reduce waste
  - Improve performance and manage risk
  - Drive continuous improvement
  - Drive cultural change and embed quality focus

Approach

- Selected Experienced ISO9001 Consultant
- Selected Certification Agency
- Performed ISO Audit
  - Resulting in 72 Non-Conformances
- Used Audit Results to Plan Prioritisation for Implementation
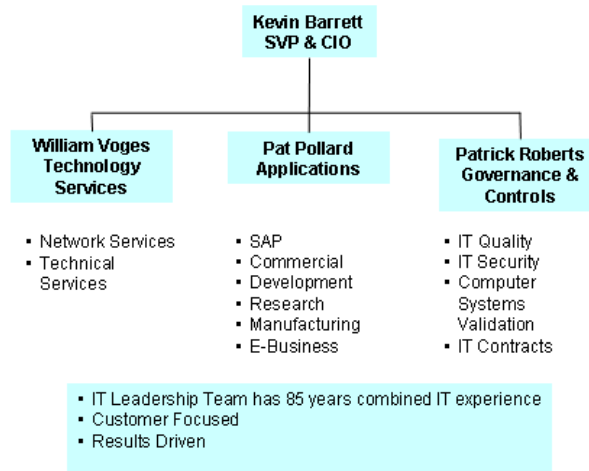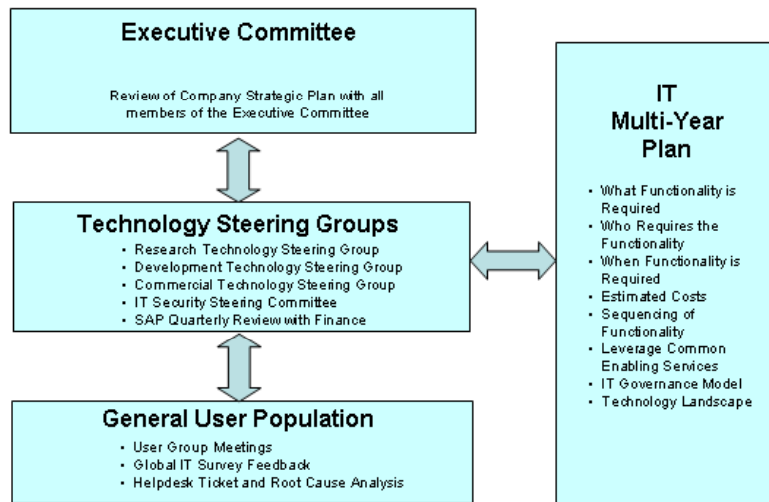- Set Certification as Objective for all IT Personnel

Approach

- Achieved ISO9001 Certification   06/03
- Achieved BS7799 (ISO27001) Certification 06/04
- Completed Globalisation of ITMS   08/05
- Global SAP Deployment Complete   09/05
- Data Center Consolidation Complete   10/06
- Global Technology Footprint Complete 04/07
- West Coast Consolidation Complete   06/08
- Achieved ISO38500 Certification   10/09
- Initiated ISO20000-1 Certification   12/09
    - Certification Target   06/10

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Elan IT Is Organized Around 3 Core Functions

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IT Is Integrated and Aligned at All Levels of the Business

Executive Committee

Review of Company Strategic Plan with all members of the Executive Committee

Technology Steering Groups
- Research Technology Steering Group
- Development Technology Steering Group
- Commercial Technology Steering Group
- IT Security Steering Committee
- SAP Quarterly Review with Finance

General User Population
- User Group Meetings
- Global IT Survey Feedback
- Helpdesk Ticket and Root Cause Analysis

IT Multi-Year Plan
- What Functionality is Required
- Who Requires the Functionality
- When Functionality is Required
- Estimated Costs
- Sequencing of Functionality
- Leverage Common Enabling Services
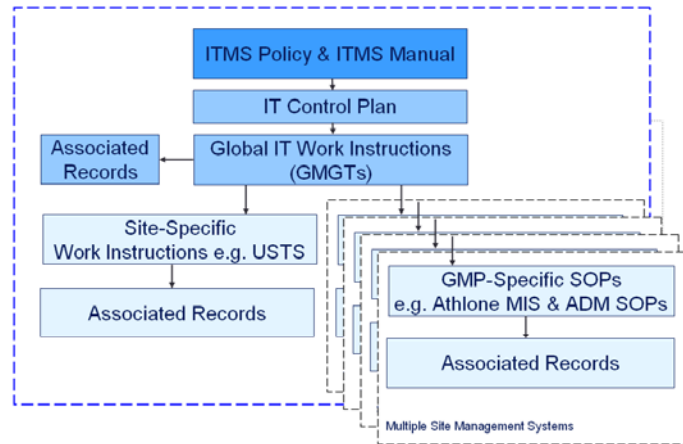- IT Governance Model
- Technology Landscape

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Business Goals Determine the Capability "Demand" That Applications and Technologies Need to "Supply"
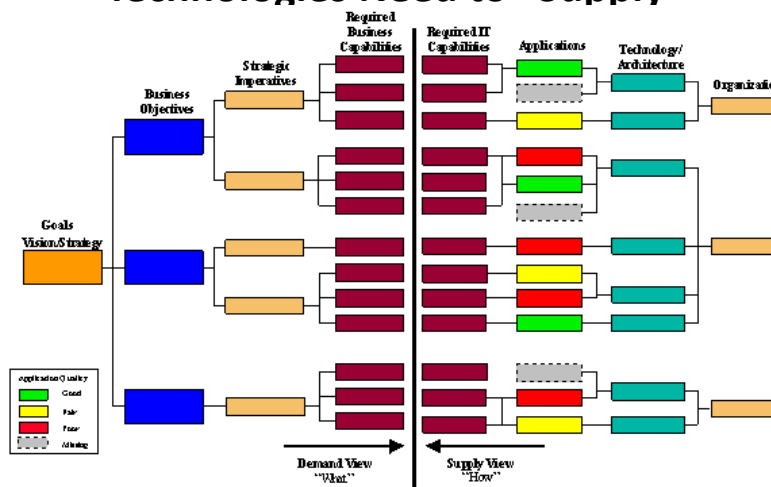
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Elan ITMS* Ensures Enterprise IT Governance

*Information Technology Management System (ITMS) certified to ISO 9001, ISO 27001 & ISO 38500

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Elan ITMS Ensures Enterprise IT Governance

- **Certified to ISO 9001**
  - International Standard for Quality Management
- **Certified to ISO 27001**
  - International Standard for Information Security Management
- **Certified to ISO 38500**
  - International Standard for Corporate Governance of IT
- **Scope of Certification**
  - The provision of Information Technology services to Internal Customers of the Elan organisation as defined in the ITMS manual.
- **IT Management System is the "run-book" for IT Function at all sites**
  - IT Policy, ITMS Manual, IT Control Plan encompassing 226 baseline controls and 263 Work Instructions
- **Audit Ready at all Times and Capable of Supporting High Volume of Internal and External Audits**

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Results

- Supported Move from Fixed to Variable Cost Model with 30% Reduction in Operating Cost while Significantly Increasing Services
- 2009 Gartner Benchmark of Elan IT Costs
  - "Anticipated outsource market pricing is estimated to cost an incremental $20m over three years"
- Projects Continually Delivered Successfully On-time, within Budget with Required Functionality and Quality
- Supports Effective Outsourcing of Non-core Activities
- Elan IT Control Framework Described by External Parties & Business Partners as:
  - "Gold Standard", "World Class", "Cutting Edge"
  - Simplified Due Diligence and Reduced Audit Overhead on IT Personnel
- Substantially Increased Customer Satisfaction
  - 2002 62%
  - 2009 91.2%

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Results

- IT Personnel Perspective:
  - Employees are Results Focused
  - Embedded Sense of Professional Pride
  - Creates an Environment where High Performing Personnel Can Flourish
  - Reduces Re-work and Creates Headroom to Focus on Proactive Value-add Business Initiatives
  - High Level of Customer Satisfaction Increases Employee Morale
  - Provides Effective On-boarding Capability to New Employees
  - An Enjoyable Place to Work Resulting in Low Staff Turnover

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Results

- Provided Enhanced Delivery Capability
  - Stand-up a New IT Infrastructure and IT Applications Framework Necessary to Support a Fully Functioning Independent Segregated Biotech
  - Transfer a High-value Pharmaceutical Asset to the Newly Formed Independent Organisational Entity
  - Complete within 69 days without Interruption to Business Activities

Achieved Successful Business Result

Critical Success Factors

- Determined and Unwavering Leadership
- Executive Support & Commitment
- Alignment with HR and Legal
- 20 Clarity & Clear Accountability
- Involve Appropriately Skilled Personnel with the Right Attitude
- Start Simple and ~~Complicate Later~~ Make It Simpler
- Integrate into Individual Goals and Objectives
- Initial Audit is Essential to Understand Size of Project

Lessons Learned

- The IT Management Framework is More Valuable than Initially Perceived

- Has Delivered Considerable Business Value From the Perspective of Board of Directors and Business Partners

- IT Personnel Truly Believe in the Value of the IT Management Framework but it Takes Time for the Belief to Mature

- Retain Focus on Key Processes and Associated Improvements

- Document Framework with Appropriate Level of Detail and Keep it Maintainable

- Change Agents Must Demonstrate Value-add and Be Part of the Solution

Questions ?