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Communications of the **A**ssociation for **I**nformation **S**ystems

IT STRATEGY AT ADDISON BANK¹

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IT STRATEGY AT ADDISON BANK (A)²

Greg Saunders, a management consultant within the Information Technology (IT) Strategy practice of global consulting firm Deloitte, Inc., paused to consider his options. He had just completed a meeting with Steve Smith, a Deloitte Partner, who had informed him about an opportunity for an IT strategy project at Addison Bank. Addison Bank was a large Canadian bank with 52,000 employees, CDN \$311 billion in assets, and CDN\$15 billion in revenue.

Through a chance encounter in early October 2004, Smith had run into an old colleague, Jim Rain, who now worked at Addison Bank. Rain told Smith that his team was looking for help from a consulting firm for some IT strategy work within the bank's Credit Control Group (CCG). As a result of the meeting, Rain promised Smith that he would ask the CCG working committee to consider Deloitte along with other vendors for the project. However, while he was the key project sponsor, Rain told Smith that he would not influence the vendor decision.

In 2004, the banking sector in Canada was highly concentrated. Five banks controlled a lion's share of the Canadian financial services marketplace. These banks offered a complete range of financial services, including retail and commercial banking, wealth management, brokerage and investment services, and insurance. Addison Bank was the second largest bank in Canada by assets and the third largest by market capitalization.

The role of the CCG within Addison Bank was to oversee the collection of delinquent personal and small business loans. When loans became overdue, they were passed on to the CCG for processing. The CCG would contact the loan holder to arrange for payment, or to set up new terms for repayment. The CCG conducted regular risk assessments on its loan portfolio in order to estimate the proportion of loans that were recoverable. The IT systems in place to support the CCG included databases to store information on the loans, software to keep track of contacts and repayments, analytical software to analyze portfolio information, and IT hardware to host the data.

Saunders checked his watch; it was 2:05 p.m. on a Thursday afternoon. A 30-minute conference call with the CCG working committee had been scheduled for the next day at 10:00 a.m. Smith

¹ A teaching note is available to qualified recipients from Michael Wade at mwade@schulich.yorku.ca

² Certain names have been modified to protect client confidentiality

had just received a copy of the bid proposal document, which he had passed on to Saunders (Appendix I). Saunders knew nothing about the project beyond what was included in this document. A quick read of the document raised more questions than answers. However, he knew he had to take this project seriously. This was a very exciting opportunity for Saunders. Addison Bank was not a Deloitte customer, and due to its size, was seen to be strategically important. If Deloitte could win this project, it could lead to others, and Saunders could be seen as a rainmaker.

Smith instructed Saunders to prepare a set of key questions to ask the working committee during the conference call. There were 20 hours until the meeting; Saunders quickly put aside his current projects and wondered where to start.

ASSIGNMENT QUESTIONS

1. What information is required before Deloitte can decide whether or not to make a bid on the project?
2. Prepare a list of key questions to ask the working committee during the following day's meeting.
3. What do you think about the proposal document provided in Appendix I?

APPENDIX I: PROJECT PROPOSAL

Credit Control Group Business / Technology Review

Project Proposal

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PROJECT PROPOSAL RESPONSIBILITY ASSIGNMENT MATRIX (RAM)

Project Charter RAM		
A – Accountable C – Consensus Needed I – Input Necessary		
Section	Sponsoring Business Unit	Technology
Document Information	A	A
Business Objectives	A	I
Project Deliverables	C	A
Strategic Objectives Support	A	
High – Level Project Scope	C	A
High – Level Assumptions	C	A
High – Level Constraints	C	A
Impacted Parties	I	A
Project Milestones	C	A
Project Organization Structure	C	A
Project Costs	C	A
Project Proposal Sign – off	A	A

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OVERALL DOCUMENT INFORMATION

"The "Project Proposal" document is jointly issued by the Project Sponsor and the appropriate technology group if applicable. It is the authorizing document for a project, which once signed off, by the appropriate business and technology executives authorizes the project to go forward to the "Initiation Phase."

It describes the high-level business objectives and outlines how the project will change the business. It catalogues the benefits of the project. When read in conjunction with the Financial Proposal (which must be appended to this document), the Project Proposal baselines the project deliverables. These are revisited at the end of each subsequent phase and prior to implementation to ensure the project will achieve the business objectives and deliver the project deliverables as stated in this document and the Financial Proposal.

DOCUMENT OWNER

Project Role	Name	Position Title	Business Unit and SBU
Project Sponsor	Jim Rain		
Project Manager	Don McQueen		
Technology Sponsor	Chuck Stephen		
Technology Manager	Pat Thompson		

DOCUMENT REVISION HISTORY

Version	Date	Author(s)	Revision Notes
1.0	Dec 1/03	Don McQueen	Draft
1.1	Dec 3/03	Don McQueen	Draft with updates from working committee

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DOCUMENT DISTRIBUTION

Name	Title
Jim Rain	Vice President, Credit Control Management
James Bryan	Senior Manager, Credit Control Technology & Business Strategy
Dave Rodgers	Manager, Credit Control IT
Bill Gregson	Director, Relationship Management
Andre Chabot	Tech Relationship Manager
Mary Donaldson	Work Plan Manager, Technology
Stephanie Matthews	Technology Relationship Manager
Jim Hawke	Director, Technology
Chuck Stephen	Manager, Technology
Patrick Thompson	Manager, Technology
Martin Jeffries	Manager, Architecture and Technology
Alfred Smith	Consultant, Architecture and Technology
Don McQueen	Project Manager, Technology
Stacey Liu	Manager, Enterprise Technology

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BUSINESS OBJECTIVES

The Credit Control Group (CCG) is responsible for the collection of over-limit and delinquent retail credit products (personal and small business) for Addison Bank. The purpose of this project is to research and recommend an optimal technology architecture to support the CCG business vision and strategy.

Project Deliverables

Deliverables for this project will be:

- Documentation of the current end to end technology supporting CCG
- Summary of key technology observations/issues/challenges
- Documentation of the current and future CCG Business Architecture
- Recommendation of the optimal technology architecture to support CCG
- Listing of the long (up to three years) and short term opportunities in moving from current to optimal state

STRATEGIC OBJECTIVES SUPPORT

The project will include understanding of the CCG business architecture and strategies. The end goal is to identify the technology structure that most effectively supports the business.

HIGH-LEVEL PROJECT SCOPE**IN SCOPE**

- Analysis of end-to-end technology currently supporting CCG including:
 - CCG managed technology infrastructure and processes
 - CCG functions supported by Technology Solution. An Architectural review of technology support was completed mid-2003. The effort was outside the scope of this proposal but the resulting findings will be reviewed and confirmed.
 - CCG functions supported by Enterprise Technology
- Create a business architecture framework based on business objectives and strategy.
- Creation of recommendations for future technology support of CCG business
- Recommendations to bridge the gap between current state and future optimal technology support

OUT OF SCOPE

- A technology architecture for CCG will be recommended as well as the steps to achieve the desired end state. Execution of those steps will be covered by other project(s).

Note: Scope Change Control in effect once Proposal is signed off by ALL Business Stakeholders.

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HIGH-LEVEL ASSUMPTIONS

- EXTERNAL CONSULTANT WILL HAVE ACCESS TO RELEVANT EXISTING DOCUMENTATION.

HIGH-LEVEL CONSTRAINTS

IMPACTED PARTIES

- Credit Control Group
- Credit Control IT
- Technology and Enterprise Technology

PROJECT MILESTONES

Major Milestone	Targeted Completion Date
Approval of proposal by Steering Committee	mid December
Distribute proposal/information to potential external consultants	mid December
Analysis of current end to end technology supporting CCG, documenting key findings/observations/issues	end December
Documentation of CCG business architecture – current	end December
External vendor start date	Begin January
Final recommendations	mid February

PROJECT ORGANIZATION STRUCTURE

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ROLES AND RESPONSIBILITIES MATRIX

Name	Role	Responsibilities
Jim Rain	Project Sponsor	Overall project approval
James Bryan Bill Gregson Jim Hawke Chuck Stephen Martin Jeffries Mary Donaldson Patrick Thompson	Steering Committee	Overall direction of the project.
James Bryan Roger Bruggeman Andre Chabot Patrick Thompson Don McQueen Stacey Liu Alfred Smith Stephany Matthews	Working Committee	Manage day to day project issues.
Bill Gregson	Relationship Manager	Relationship between CCG and Technology
Don McQueen	Project Manager	Monitor progress to deliverables; manage budget.
Stephany Matthews	Business Architecture Lead	Document the current CCG business architecture. Assist external consultant in reviewing/understanding business architecture and creating future business architecture.
Alfred Smith	Technology Architecture Lead	Document the current end to end technology supporting CCG and document key findings/issues/challenges. Assist external consultant in delivery of recommendations for optimal end state and next steps.
External consultant	Consultant	Review and confirm current CCG business architecture. Create future view. Review and confirm documentation of current technology supporting CCG and issues. Recommend and document optimal technology architecture and short/long term next steps.

PROJECT COSTS

The Technology Solution internal costs are estimated at \$120,000. The degree of precision of the estimate is based on business requirements and discussions held to date. Costs will be recovered from cost center 4329. External consulting costs are to be determined.

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PROJECT PROPOSAL SIGNOFF

The Project Proposal together with the appended Financial Proposal provides a documented basis for making future project direction decisions, and for confirming or developing common understanding of project scope among the stakeholders. It states the Project Sponsor's project mandate.

The signature below indicates acceptance to proceed to the Charter stage of the Addison Bank Project Management Life Cycle:

_____	_____
Jim Rain	Date

PROJECT SPONSOR AND BUSINESS EXECUTIVE AUTHORIZATION

Title, Business Unit

_____	_____
Jim Hawke	Date

TECHNOLOGY EXECUTIVE AUTHORIZATION

Title, Business Unit

_____	_____
James Bryan	Date

FINANCE AUTHORIZATION

Title, Business Unit

GLOSSARY

Credit Control Group (CCG): The responsibility of this group within Addison Bank is to manage the bank's portfolio of problem loans, i.e. those that are over-limit or delinquent (see below). The CCG has two subgroups, a business group and a technology group.

Enterprise Technology Services (ETS): Addison Bank's centralized IT function. Technology decisions are coordinated between CCG's technology group and ETS.

Over-limit loan: A loan is over-limit when the debtor has withdrawn more than an authorized amount. For example, a line of credit is established for \$5,000, but the debtor withdraws \$7,000. In this case, the loan is over-limit by \$2,000.

Delinquent loan: A loan is delinquent if a debtor fails to make payments on an appointed date. Thus, the loan becomes overdue.

Business architecture: A blueprint describing the business processes in place within a firm or department. A business architecture breaks down a business process, such as a loan application, into a series of steps, and defines the decisions that need to be made, and the resources required, for each step.

Technology architecture: A blueprint describing the flows of information within a firm or department. A technology architecture can build on a business architecture to track the technology requirements to support business needs.

Technology infrastructure: The technologies owned and used by a firm or department. These technologies can include hardware, such as mainframes, servers, and PCs; software, such as enterprise systems; databases; and network technologies, such as telecommunications assets and data networks. A technology infrastructure is used to support a technology architecture.

IT STRATEGY AT ADDISON BANK (B)

(To be handed out only after discussion of the (A) case is complete)

Greg Saunders, a management consultant within the Information Technology (IT) Strategy practice of global consulting firm Deloitte Inc., allowed himself to relax. Deloitte had been asked to bid on an IT strategy project at Addison Bank, one of Canada's largest financial institutions. The project was to evaluate the current state of the bank's Credit Control Group (CCG) IT infrastructure.

It was Friday morning at 11:45 a.m., and Saunders had just completed a conference call with the CCG working group in charge of the project. Saunders had prepared for the conference call by putting together a set of questions to ask the working group. He knew that time was short, since he had only 30 minutes of the working group's time. Unfortunately, the bid proposal document he had received from his boss, Steve Smith, was of little help. It was filled with seemingly irrelevant procedural details with very little coverage of information relevant to the project.

Saunders decided to split his questions into two categories. First, he wanted to know more about the project itself, such as the current state of IT infrastructure at CCG and the changes being considered. Second, he wanted to know about the bid process, such as the project's budget, timeline, and adjudication process.

All members of the working group were present at the conference call with the exception of James Bryan, CCG's business strategy leader.

Saunders learned the following about the bid process:

- The budget allocated by Addison Bank to the project was CDN \$100,000.
- The project was expected to begin the following month and take between four and six weeks to complete.
- The vendor decision would be made by a working committee made up of twelve individuals, six of whom were technically oriented while the remaining six were business oriented.
- The most influential decision makers on the committee were the business strategy and technology leaders, James Bryan and Jim Hawke respectively.
- The final decision on the vendor was to be made in two weeks.
- Oral presentations from vendors were scheduled for the following Friday (in one week).
- There was one serious competing vendor who had strong support from the technically-oriented working committee members.
- The decision criteria upon which the working committee would base the vendor decision were (in order): price, approach, methodology, experience, and style.

Saunders learned the following about the IT strategy project:

- The CCG recognized limitations of their current technology platform and had decided to stop further investment in the platform.
- The CCG was currently using two technology platforms and wanted to standardize operations on a single platform.
- The CCG was about three-quarters of the way through an audit of their current business resources, and about halfway through a technology audit.
- The CCG had their own Information Technology team (CCG IT), and in addition received support from centrally-located Technology Solutions (TS), who provided services to multiple Addison Bank business units.
- There was concern at the executive level that CCG IT and TS were in disagreement on CCG's IT strategy. Third party involvement was deemed the best option to develop an IT strategy agreed upon by both parties.

- The CCG would like the selected vendor to provide assistance researching and developing a recommendation for an optimal technology architecture to support the CCG's business vision and strategy.
- Specific project requirements included a business and technology architecture review addressing both current and future states, documentation of key findings, and a roadmap of short and long-term objectives.
- The CCG anticipated at least one follow-on phase for technology implementation requiring vendor support.

Because Addison Bank was a high profile organization, and not currently a Deloitte client, the project was expected to be strategically important despite its relatively small size. Deloitte would not normally consider projects under \$200,000. Two senior partners, Steve Smith from the strategy practice and Jason Green from the technology practice, wanted to be included on the project team. An initial status meeting was scheduled for Monday morning at 9:00 a.m. with Smith and Green to determine next steps. Smith and Green would expect Saunders to come up with a recommendation about whether or not Deloitte should pursue this opportunity.

Saunders grabbed his wallet and proceeded to the food court as he brainstormed ideas for his meeting with Smith and Green.

ASSIGNMENT QUESTIONS

1. Does Saunders now have enough information to make a recommendation on whether or not to continue with the project proposal bid?
2. What would you do to prepare for Monday's meeting with the two senior partners?
3. Based on your knowledge of the project and the bid process, do you think that Deloitte should present a bid? Why, or why not?

IT STRATEGY AT ADDISON BANK (C)

(To be handed out once discussion of the (B) case is complete)

Greg Saunders, an IT consultant with Deloitte Inc., needed to decide whether or not his company should make a bid on an IT strategy project from Addison Bank's Credit Control Group (CCG). Before making this decision, Saunders wanted to ensure that he understood all the relevant factors "in play," so on Friday afternoon he put in a call to James Bryan, the CCG working committee business strategy lead who was absent from Friday's conference call. Bryan indicated that Addison Bank was less concerned with technical issues, but rather required focus on the business architecture. He stressed that the chosen vendor would need a solid technical background in addition to strong business strategy experience that could be applied in a technical environment.

Later that same day, Saunders reached out to Deloitte staff to gain additional insights from those who had previously worked with Addison Bank, or who had worked on similar projects. He also researched best practices and Deloitte approaches which were well-suited for the project. Saunders' call with Bryan gave him increased confidence that Deloitte had the expertise that Addison Bank's CCG was looking for. Over the weekend, he proceeded to work on the internal details to determine if it was feasible and in Deloitte's best interest to move forward with the project.

On Monday morning, Saunders met with Steve Smith and Jason Green, two senior partners at Deloitte. Smith and Green agreed that Deloitte should proceed with a bid for the project. While Deloitte could not meet profit targets given the scale of the project, they believed it was worthwhile to "strategically invest" in the client with the hopes of building a solid relationship for the future. They were also enticed by the possibility of direct follow-on work. The partners agreed that the next step was to put together the final proposal to be presented to CCG the following Friday morning.

Saunders had a number of decisions to make for the proposal response. For example, he had to decide on the key components of the proposal, how to communicate key messages, and how to differentiate Deloitte from its competitors. Since the deliverables were not clearly defined, he also needed to decide what to promise in the way of project output.

Another meeting was scheduled with Smith and Green to review the proposal outline on Tuesday at 9:00 a.m. Saunders made his way back to his desk as he pondered where to begin.

Assignment Question

Prepare an outline for a bid proposal document for the Addison Bank project. Include titles and subheadings of the relevant sections of the proposal.

ABOUT THE AUTHORS

Michael Wade is an Associate Professor of Management Information Systems at the Schulich School of Business, York University, Toronto. Professor Wade has worked with many top international organizations including Cisco Systems, Microsoft and IBM. His research has appeared in journals such as MIS Quarterly, Strategic Management Journal, the Journal of Management Information Systems, and the Communications of the ACM. Professor Wade is co-author of the textbook Information Systems Today: Canadian Edition, and has co-authored two e-commerce casebooks. His current research focuses on the strategic use of information systems for sustainable competitive advantage.

Gordon Sandford is a Senior Manager in the Strategy and Operations Group with Deloitte Inc. in Toronto. He specializes in business IT strategy and program leadership engagements and has over 13 years experience delivering a broad range of projects in the financial services industry. Gordon obtained an MBA from the Ivey School of Business at the University of Western Ontario.

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