

## KEY AREA PAPER - MANAGEMENT SERVICES & INFORMATION TECHNOLOGY

(Major changes are indicated by \*)

### BASIC ASSUMPTIONS

#### 1. SCOPE, ORGANISATION AND STAFFING

It is increasingly apparent that the successful use of IT depends greatly on the support, commitment and active involvement of Board and top management. This becomes more likely with their increased familiarity with computing technology.

Information technologies are converging and require careful integration to achieve cost efficient benefits

Although the relative cost and the availability of these technologies varies between companies, costs are in general decreasing rapidly and availability is improving. Thus it becomes appropriate to apply them to new tasks and to deepen their application to existing tasks.

The increasing variety of applications and technologies will often require change in MS organisation and skills. However technical skills alone are not sufficient and staff at analyst level and above should have a good 'business sense'.

In companies where IT is applied most successfully, the MS Manager and his staff are accepted as being part of the management team.

A proportion of staff entering an MSD must have the potential to develop to the level of departmental manager or beyond.

Movement of MSD staff into other departments, and vice versa, improves both tangible results and career development.

### POLICIES

Computer familiarisation and training for senior staff should be arranged, and personal development in this area encouraged and supported

The M.S. activity should include Data Processing, Organisation and Methods, Decision Support, Word Processing, Telecommunications, Data Acquisition and transfer, and Micro Computing to reduce costs and increase profits

Companies should plan for a progressively greater use of these techniques, reaching all areas of company activity, and should think of MS activity not as a once-off 'computerisation' process, but as one of continuing development and change.

Companies should consider whether their present MS organisation and staffing is appropriate in terms of management and technical skills. Any shortfall should be made up by training or recruitment, with due emphasis on non-technical skills. Management skills and knowledge of the Company's business should be developed.

The MS Manager should be pro-active and should be perceived to be on par with and have good relationships with other senior/middle managers.

MS staff recruitment and development policy should take managerial potential into account.

Companies should try to incorporate such transfers in their plans.

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## 2. PLANS AND OBJECTIVES

### A General

MS plans should clearly reflect Company business needs and priorities.

Periodically, say every 3-5 years, a comprehensive Business Systems Review (BSR) should be carried out to produce a Business Systems Plan (BSP) covering at a strategic level, all areas of the Company's business for the next 3 to 5 years.

Each year, the BSP should be reviewed to provide the outline for the MS Workplan covering activity over at least 1 year, and preferably 3 years.

The 'Cranfield Grid' methodology provides an effective method of reviewing systems plans. (Details are available from MSD Millbank).

Requirements in manufacturing and finance are similar in most Operating Companies.

The BATCo board is committed to the integration of company systems and where applicable the application of the MRP II philosophy. The responsibility for deciding whether this is achieved through BPCS, a local customised solution or a PC based system resides with the Territorial Director after a fully documented feasibility study.

With greater user involvement, the availability of managers' time is crucial to the success and speed of development and implementation of projects.

Manager-resource requirements should be taken into account in the plans to which MS and management are committed. In particular, BPCS projects should be led by a user on a full-time basis to ensure implementation and realisation of benefits.

Systems success is very closely related to user commitment, involvement, support and direction. Plans are likely to be more relevant to the needs of the business, and achievements greater, if the steering committee and user groups are user-led.

Plans and subsequent progress should be reviewed and approved by a Steering Committee chaired by a Director, meeting at regular intervals. Each Project Area should be controlled by a User Group, led by a User Manager.

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## B BPCS Companies

Company wide commitment to the BPCS project and an awareness of time and resource requirements need to be established before implementation.

Clear evidence of the realisation benefits post implementation is essential.

The version of the BATCo Core BPCS System incorporating Tobacco and Audit modifications will be the same throughout out the Group.

As with all package software, BPCS will not give an exact fit to all existing procedures

Business needs will change over time.

The major source of assistance from SSA on BPCS is the Help Line and Core Systems Support for which we are paying.

As costs reduce automated Shop Floor Data Collection will become more common. Full integration with BPCS is essential to avoid duplication/parallel systems.

Companies should conduct a full evaluation of objectives, planned benefits and costs followed by an implementation plan identifying priorities, resources and time scales. A standard approach to this exists and is available from Millbank.

The discipline of post audit must be established to ensure planned benefits are achieved and to record and learn from actual experience.

The consequences of such benefits and cost reduction should be reflected in the Company Plan.

- The current BATCo system is based on base BPCS version 2 release 10.
- The next updated version of the BATCo system will be based on base BPCS version 3.
- There will be one new release each year which OPCos must implement within 6 months of the release of the core system from BAT Co.

Companies should give first preference to changing current procedures rather than modifying software.

There will be an annual OpCo review of further common identified business needs which the Core System should address.

OpCos should make full use of the BPCS Help Line and advise Millbank of any deficiencies.

BATCo are developing a standard approach to this and OpCos should refer to PP&D for guidance.

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**C PC Based Companies**

With networking and software now available, PC-based companies for which BPCS is not suitable can achieve a significant level of integration.

PC-based companies should aim to move to integrated PC Packages and consult Millbank as to suitable products.

Novell Netware is the BAT standard for linking PCs into a network.

**D Marketing/Distribution**

Requirements in the marketing area differ more widely between OpCos, and it is here that in-house development expertise is more likely to be concentrated.

Companies should consider the use of systems from other companies, or examine their concepts, before developing their own.

Use of IT for competitive advantage in the marketing area is an increasingly real opportunity which is being grasped by a number of companies

MSD should be pro-active in putting forward such IT opportunities. Possible applications include admin systems for distributors/wholesalers, consumer data bases, telephone ordering and general use of hand held devices in field activities.

**E Communications/Office Automation**

It is of importance and benefit to BATCo to improve communication between operating companies, Millbank and elsewhere

Companies should seek to improve and develop use of communications, aiming to equip themselves with telex, facsimile, and either direct electronic mail (GEISCO) via local connection or indirectly via another country's connection.

Companies should pursue opportunities for direct transfer of data to customers, suppliers and other institutions through use of Electronic Data Interchange (EDI)

Integration of Communications and Office Systems will develop rapidly over the next five years and a standard approach across BATCo is needed.

Companies developing projects in these areas should use a PC/Network approach incorporating the Windows architecture. The recommended product for mailing is CCMail.

The use of AS400 for wide scale Office Automation is not recommended as it is not user friendly, it overloads the AS400 and is therefore expensive.

**F Competitors Use of IT**

Although we have improved our knowledge of competitors' use of IT, such knowledge grows out-of-date very quickly.

Companies should seek to increase and keep up to date their knowledge of competition's use of IT

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### 3. PRODUCTIVITY, METHODOLOGY AND EQUIPMENT

The productivity of MSDs varies widely, in part because of variations in the methods used to develop computer systems. Today 'Computer Assisted Systems Engineering' ('CASE') tools can automate much of the work normally required when using traditional programming languages such as RPG.

Standardisation of hardware and software facilitates co-operation, helps to eliminate duplication of effort and can produce significant cost savings.

Centrally organised Volume Purchase Agreements (VPAs) for hardware and software from IBM and other manufacturers offer substantial discounts to most companies.

IBM Pricing Policy has now been deregulated allowing competitive pricing from many sources.

### 4. SECURITY & AUDIT

Company dependence on the secure operation of systems increases as computer use extends.

Full implementation of BPCS implies great operational dependence on systems.

Several cases of operating companies contracting computer viruses have been reported.

Companies should assess their methods of development, and consider the applicability of CASE tools. In particular, AS/400 BPCS companies should use AS/SET which is obtainable through Millbank.

BATCo Policy is to use IBM as the computer supplier wherever possible. In the case of micro computers the use of other manufacturers' equipment modelled on the IBM PC is an acceptable alternative.

Companies should ensure that they take full advantage of these arrangements and advise Millbank quarterly of progress and changes.

All purchases of SSA software should be arranged through Millbank

OpCos should examine opportunities for getting quotes from several local sources which may offer greater discounts than those available through the IVPA.

The Steering Committee should ensure that the "Millbank Guidelines for Control and Security of Data Processing" (revised and distributed December 1990), are being observed.

Guidelines on Audit requirements for BPCS will be regularly issued from Millbank. Companies should fully comply with the "BPCS Implementation and Control Guideline" (Feb 92)

Companies should use virus protection software which can be provided by Millbank if it cannot be obtained locally. Regular updates to the software to protect against new viruses is essential.

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