



## Preparing for renewed growth: setting strategy for IT and the firm

An Economist Intelligence Unit research programme sponsored by CA: Here is an excerpt of this important report for GEOconnexion UK magazine. The full paper can be downloaded at: [www.eiu.com/CA/renewedgrowth](http://www.eiu.com/CA/renewedgrowth)

Companies are being forced to make hard decisions about how to allocate IT resources. Following the banking crises of 2008, the world is in the midst of its worst recession in decades. According to the Economist Intelligence Unit, every major economy of the world with the exception of China will contract in 2009. Recovery in 2010 will not be at all dramatic: the Economist Intelligence Unit expects global GDP growth to be about 1% in 2010, far slower than the GDP growth rates coming out of the 2001 and 1991 recessions.

If there is a bright side to a recession, it is that it forces companies to set frivolous projects aside and focus only on those that clearly produce value for customers and shareholders. In the area of information technology (IT), this often means bowing to the reality, according to Peter Whatnell, CIO at Sunoco, a US\$54bn oil and gas giant, that “your job is not to provide interesting work for recent computer science students” but rather to ensure that initiatives have tangible business merit.

At Sunoco, an executive steering committee is trying to get its decision criteria, according to Mr Whatnell, “down to one sheet and three measures”—economics, strategy and risk. The economic piece is quantitative, measuring the project’s probable return on investment, and the strategy piece is qualitative, lining up the project against some business initiative. Risk looks at two things: the implications of not doing the project and the downside of doing it and discovering “that it’s a dog”, says Mr Whatnell.

The biggest IT expenditures at Sunoco require the approval of the company’s capital steering committee, which consists of eight executives, seven from the business side plus Mr Whatnell. However, as Philadelphia-based Sunoco has embraced a strategy of being a low-cost energy provider, Mr Whatnell has taken on the additional responsibility of personally approving all IT capital projects that do not rise to the level of the steering committee. This is the company’s way of making sure that even small IT investments are well thought out. A recent centralisation of the IT function should likewise make it easier for Mr

Whatnell to contribute to the broader business goal of cost containment.

Other executives interviewed for this paper say they are preparing for renewed growth by:

**Ridding their companies of redundant efforts as well as inefficient systems.** Most big companies have at least some waste, and those that have gone through significant changes, whether because of downsizing or merger and acquisition (M&A) activities, tend to have a lot. Often, this waste encompasses not only an abundance of unnecessary IT hardware or software, but a redundancy of effort among workers, leading to wasted expenses and man hours. Reducing this waste and simplifying the platforms and processes in use often makes companies more nimble, and makes it easier for them to pursue new opportunities.

**Finding ways to keep and train their most valuable IT workers.** As they anticipate moving from cash-crunching to expansion mode, one of IT executives’ most important goals is ensuring that they retain, motivate and train those technical workers who are most important to partnering with the business. This is no easy feat, as most CIOs have spent the last nine months on the less rewarding—and often morale-damaging—task of downsizing.

**Favouring IT projects that produce tangible value for customers.** When money is tight, there is often a heated debate over which technology projects should receive funding. On the surface, the argument from one business unit manager about the need for a new data mining system sounds just as convincing as another manager’s case for a mobile CRM application. Some companies are addressing this issue by holding focus groups which technology managers attend along with their peers on the business side.

By focusing on value, and putting a company in a position to create that value, the pay-off can be considerable when the upturn arrives. A streamlined company is more adept at capitalising on opportunities and minimising waste.

# GPS is revolutionising the agriculture industry

By KOREC Group Sales and Marketing Director, Andy Beckerson

GPS is revolutionising the agriculture industry. Whilst the cost of a GPS unit, irrespective of accuracy, has fallen through wide spread adoption, operation has become more intuitive and user friendly. The age old question of 'Where am I?' can now be answered exactly, even to within millimetres. It's a question that can also be answered with comparative ease compared to ten years ago.

These developments have all helped to position GPS as a mainstream tool for many of the UK's farmers. Mapping field boundaries, calculating field areas, mapping land use for greater efficiency and recording points for soil sampling can all significantly improve a farmer's efficiency and production. Utilization of GPS guidance systems can also provide a tangible ROI when it comes to controlling the spread of fertiliser or reducing tractor fuel costs and driver time. This was underlined recently by a trial in BBC1's Countryfile programme which showed how a GPS, linked to a computer operating a spreader, could potentially shave £10,000 off an annual fertiliser bill of around £75,000.

For any agricultural end users who need watertight reassurance about the accuracies that they can expect from a particular system, then the solution is a GPS that has TUV\* certification under the EU Agricultural Directive Commission Regulation 796/04, Article 30. The Directive supports the validation of area measurement methods for agricultural parcels in order to comply with the current Common Agricultural Policy (CAP) of the EU and certification involves rigorous testing of the applications for which the product is designed.

Before January 2005, under the previous CAP, farmers received subsidies according to how much they produced. In June 2003, new rules were established under which farmers can claim a direct income support payment that is no longer linked to production but instead requires the accurate measuring of

the size of land parcels under consideration for payments. A measurement tolerance of a 1.5m maximum buffer is required by the directive. Certification also verifies that the strictest European regulations are satisfied and ensures that the specifications are stated correctly. Publicising the accuracy and reliability that the right GPS system can bring to agricultural applications could be the perfect way for the Rural Payments Agency to restore faith in their inspection procedures which have recently come in for harsh criticism in the media, and in particular Farmers Weekly. This censure followed an administrative error that saw more than 900 farmers sent inaccurate maps that threatened to leave them unable to claim subsidies. The RPA's current practice is to randomly check and measure, in person, a percentage of the maps returned by farmers eligible for the single EU payment. Whilst many of their inspectors do use high accuracy GPS, traditional survey methods such as road wheels are also employed. A discrepancy of this sort in work practices can arouse mistrust and yet be easily overcome by adopting certified technology.

*\*TÜV SÜD is a leading international service organization that focuses on consulting, testing, certification, and training. Trimble's GeoXT, ProXT and ProXRT have all received TUV certification. The certification was performed for Category A of the regulation, which requires a buffer accuracy of less than 0.40 m, far beyond the maximum tolerance of 1.5 m, according to the area measurement validation scheme from the European Commission, Joint Research Centre – ISPRA, Institute for the Protection and Security of the Citizen, Agriculture Unit.*

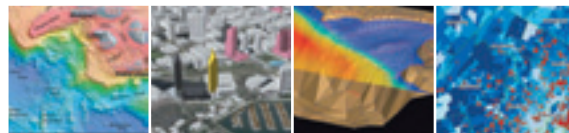


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