11th Annual

COMPUTERWORLD

PREMIER

100

IT LEADERS

CONFERENCE

March 7-9, 2010 | JW Marriott Desert Ridge Resort | Phoenix, Arizona
The Journey - Technology
The Journey - Business
The Journey - Business

Business has moved from ....
The Journey - Business

Business has moved from ....
WHY COMPANIES FAIL

• They don’t see it coming
WHY COMPANIES FAIL

- They don’t see it coming
- They see it coming but don’t deal with it
WHY COMPANIES FAIL

• They don’t see it coming
• They see it coming but don’t deal with it
• They see it coming but can’t deal with it
The Blind Spot – Current Dialogue

• “MY CEO wants quick iterative change. He does not have three years to change.”
The Blind Spot – Current Dialogue

- “MY CEO wants quick iterative change. He does not have three years to change.”

- “My CEO will not let me get deeply into business transformation.”
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• “Very few big transformational activities at my company.”
The Blind Spot – Current Dialogue

• “MY CEO wants quick iterative change. He does not have three years to change.”

• “My CEO will not let me get deeply into business transformation.”

• “Very few big transformational activities at my company.”

• “No one takes three years to do anything. The world is moving too fast.”
IT Leadership – Changing the Dialogue

CIO has a critical leadership role

Chief Information Officer is too limiting
needs to be Chief Integration Officer
IT Leadership Dialogue

Management Framework
IT Leadership Dialogue

Management Framework

• **WHY** Change At All
IT Leadership Dialogue

Management Framework

• **WHY** Change At All

• **WHAT** To Change Into
IT Leadership Dialogue

Management Framework

- **WHY** Change At All
- **WHAT** To Change Into
- **HOW** To Go About Change
IT Leadership Dialogue

Management Framework

- **WHY** Change At All
- **WHAT** To Change Into
- **HOW** To Go About Change
- **WHO** Will Lead The Change
WHY CHANGE

• Customer Power

Everything’s Going The Wrong Way
WHY CHANGE

• Customer Power
• Competitiveness
WHY CHANGE

• Customer Power
• Competitiveness
• Agility

Everything’s Going The Wrong Way
WHAT TO CHANGE FROM

Old Industrial Business Model
WHAT TO CHANGE FROM

Old Industrial Business Model

• Centralized / Decentralized
WHAT TO CHANGE FROM

Old Industrial Business Model

• Centralized / Decentralized
• High Fixed Costs
WHAT TO CHANGE FROM

Old Industrial Business Model

• Centralized / Decentralized
• High Fixed Costs
• Functional Dominance
WHAT TO CHANGE FROM

Old Industrial Business Model

- Centralized / Decentralized
- High Fixed Costs
- Functional Dominance
- Geographic Boundaries
WHAT TO CHANGE INTO

Modern 21\textsuperscript{st} Century Hybrid Models
WHAT TO CHANGE INTO

Modern 21\textsuperscript{st} Century Hybrid Models

• Customer Intimacy
WHAT TO CHANGE INTO

Modern 21\textsuperscript{st} Century Hybrid Models

- Customer Intimacy
- Global Leverage
WHAT TO CHANGE INTO

Modern 21st Century Hybrid Models

- Customer Intimacy
- Global Leverage
- Variable Cost Structures
WHAT TO CHANGE FROM

The Journey

Current State
WHAT TO CHANGE INTO

The Journey

Current State

Why Change

Future State

Journey
HOW TO GO ABOUT CHANGE

HOW Principles:

I. Define your business and technology architecture before you begin construction.
HOW TO GO ABOUT CHANGE

HOW Principles:

I. Define your business and technology architecture before you begin construction.

II. Enforce a “Common Way” for development and quality engineering.
HOW TO GO ABOUT CHANGE

HOW Principles:

I. Define your business and technology architecture before you begin construction.

II. Enforce a “Common Way” for development and quality engineering.

III. Be disciplined in your approach to program and project management.
WHO

WHO Principles:
I. Organization Matters
II. Leadership Matters
III. Culture Matters
IV. Performance Matters
Organization Matters

Leaders as “Bridge Builders”
Creating ONE IT Organization

Silo Mentality

Cross Functional Collaboration

Common Application Services
Common Technical Services
Infrastructure

Business A
Business B
Business C
Business D

IT
IT
IT
IT
Leadership Matters

Leaders as “Climate Controllers”
Creating or Draining Organizational Energy
Leadership Matters

Leaders as “Climate Controllers”
Creating or Draining Organizational Energy

Victim
Cynical
Skeptical

Reality

Leader
Optimistic
**Culture Matters**

**Playing NOT to Lose or Playing to WIN**

**Playing NOT to Lose**

*The survival and comfort game*

- Maintain the past
- Staying comfortable
- Repeating old patterns
- Doing enough to get by
- Hiding mistakes
- Compete with co-workers
- Victim
- Peer pressure
- Being cautious
- Win-lose
- Avoid

**Playing to WIN**

*The growth and learning game*

- Creating the future
- Embracing discomfort for growth
- Exploring new possibilities
- Directing 100% energy at task
- Sharing & learning from mistakes
- Cooperate, strive together
- Accountable
- Support
- Being courageous
- Win-win
- Stretch
Performance Matters

Leaders as “Performance Managers”
Differentiating Performance
The WHO Is The Differentiator – Whether or Not You Outsource

- ORGANIZATION Matters
- LEADERSHIP Matters
- CULTURE Matters
- PERFORMANCE Matters
The WHO Is The Differentiator – Whether or not You Outsource

- **ORGANIZATION** Matters
- **LEADERSHIP** Matters
- **CULTURE** Matters
- **PERFORMANCE** Matters
The WHO Is The Differentiator – Whether or Not You Outsource

- **ORGANIZATION** Matters
- **LEADERSHIP** Matters
- **CULTURE** Matters
- **PERFORMANCE** Matters

- **Talent**
  - Make every person count
- **Money**
  - Make every dollar count
- **Time**
  - Make every day count
- **Sharp Leadership Focus**
The WHO Is The Differentiator – Whether or Not You Outsource

- **ORGANIZATION** Matters
- **LEADERSHIP** Matters
- **CULTURE** Matters
- **PERFORMANCE** Matters

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<tr>
<th>Shared Vision/Alignment</th>
<th>Talent: Make every person count</th>
<th>Sharp Leadership Focus</th>
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<td>Time: Make every day count</td>
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I pass it over to Keith
Technology Enabling United’s Enterprise Agenda

Keith Halbert
SVP and CIO
United Airlines
Enabling Margin Leadership and Competitive Differentiation

- Reduced cost structure and improved operational consistency
- Differentiated customer experience and revenue growth
- Real-time visibility and predictive decision-making
- Seamless and frictionless partnership integration
Enabling Margin Leadership and Competitive Differentiation

Predictive Airline Operations

United Services
SOC
Tower
Gate
Crew, Cargo

Enterprise Shared Svcs.

Manage Human Res. & Corp. Comm.
Manage Financial Assets & Operations
Manage Legal, Government & Investor Affairs
Manage Sourcing, Procurement & 3rd Party

Revenue Optimization

Manage Revenue Recognition
Develop & Manage Network
Manage Pricing & Inventory
Manage Sales, Marketing, & Distribution

Digital Nervous System

Differentiated Customer Experience

What

Revenue Optimization

Digital Nervous System

Electronic Ticket

Electronic Events

Location
Schedule
Flight
Date
Flight
Aircraft
Employee
Aircraft
Customer
Ticket

Revenue

Cell Phones
Desktops
Laptops
OAG
Scanners
CrS
PDA's
FIDS
CRS

Voice
Video
Pagers
Gate Readers
Kiosks
GIDS
RID

Manage Legal, Government & Investor Affairs
Manage Sourcing, Procurement & 3rd Party

March 7-9, 2010
JW Marriott
Desert Ridge Resort
Phoenix, Arizona
Stovepipe IT Structure Created
Redundancies and Inefficiencies

Customer Experience
Mileage Plus
Airport Operations
Flight Operations
United Express
Onboard Service

How

- Customer Experience
- Mileage Plus
- Airport Operations
- Flight Operations
- United Express
- Onboard Service

- Business Logic
- Orchestration Services
- Middleware Service
- Database
- Network
- Operating System
- Hardware
Organization Aligned To Business Outcomes

Application Portfolios
- Revenue Portfolio
- Customer Portfolio
- Operations Portfolio
- Shared Services

Common Services
- Configurable Orchestration
- Business Workflow Rules
- Web Services (WS/SSL/AMF)
- Messaging (MMS/MQ)
- Transformations (XSLT)
- Data Schema (XSD)
- DBMS API (JDBC/ODBC)

Standardized Technology
- Network
- Mainframe
- Mid Range
- Desktop
- Apps Mgmt

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JW Marriott
Desert Ridge Resort
Phoenix, Arizona
Executive Led IT Governance

Revenue

Shared Services

Customer

Airline Ops.

Defined Business Value Opportunity Exceeding $1.5B
Streamlined Delivery Lifecycle and Architecture Led Development

How

- **Standard work products** improve quality of requirements & reduce subsequent rework
- **Consumable reference architecture** patterns accelerate design decisions
- **Reusable, pre-packaged code libraries** reduce build & unit testing effort.
- **Certified stacks** improve quality of service and reduce testing effort

Feasibility Tollgate ensures MYP alignment, approves scope and funding for Feasibility phase.

Design Tollgate reviews requirements and high level architecture, approves funding for Design phase.

Build Tollgate reviews scope, design, approves funding for Build phase.

Test Tollgate reviews test plan, requirements traceability, approves funding for Test phase.

Deploy Tollgate reviews business & IT readiness, training & support plan, approves funding for deployment.
**Comprehensive Focus On Creating World Class Talent**

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<th>Blueprint</th>
<th>Span of Control Rationalization</th>
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<td>Agile organization adapting to changing demands.</td>
<td>Workforce Management</td>
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<tr>
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<td>• Job Titles</td>
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<td>• Career Path</td>
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<td>• Resource Allocation</td>
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<td>Flexible Work Options</td>
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<td>Dress Code</td>
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<td>Work Locations</td>
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<th>Performance Management</th>
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<td>Proactive and conscious attention to people growth and recognition</td>
<td>Leadership Development</td>
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<td>Succession Planning</td>
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<td>Values and Culture</td>
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<th>Metrics</th>
<th>Metric Measures and Monitoring</th>
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<td>Constantly assess organizational vigor</td>
<td>• Formal / Informal</td>
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<td></td>
<td>• Timely and Effective Feedback</td>
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The Results Are Real (2008-2009)

- CIO to CEO dialogue shifted to trusted partnership
- Over $800M of business benefit enabled through multi-year portfolio investment
- Reduced base IT cost structure by 25%
- Standardized development environments with common integration layer
- Double digit improvements in operational metrics year-over-year (i.e. major outages, flight delays)
- Pilot division for organization, leadership, culture and performance programs