

THE JOURNAL REPORT: BOSS TALK

Beyond Tech

The chief information officer's job isn't what it used to be. Just ask Hewlett-Packard's Randy Mott.

By PUI-WING TAM

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These days, many chief information officers have bigger roles than just maintaining their company's technology systems. Many CIOs are increasingly being called upon to help hone corporate strategy, meet customers, design products and spur revenue growth.

That's because technology is being recognized as a tool to help companies deliver products and reach new customers, rather than as just a cost item. More companies are realizing that they can use their Web site as more than a marketing device, for instance, and turn it into a huge direct-sales channel.

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Randy Mott is one example of this new breed of CIO. Mr. Mott, 50 years old, was previously CIO at Wal-Mart Stores Inc. and Dell Inc. before joining [Hewlett-Packard](#) Co. in mid-2005. He was recruited to H-P just as the computer and printer maker embarked on a new chapter under a new chief executive, Mark Hurd.

At H-P, Mr. Mott is revamping the Palo Alto, Calif., company's vast tech systems, which were burdened with a sprawl of old machines because of multiple acquisitions and world-wide operations. Mr. Mott must, among other initiatives, whittle down H-P's 85 data centers world-wide to six, create a central repository of information on H-P known as an "enterprise data warehouse," meet customers and keep tech costs under control.

He is being richly rewarded for his efforts. Mr. Mott gets an annual base salary of \$690,000, a hefty package of stock options and restricted stock, and a \$2.2 million signing bonus, according to H-P's public filings. He also will pocket at least another \$5 million under a long-term-performance bonus plan.

Mr. Mott recently spoke about the challenges of managing and wielding technology in a large corporation today. Here are excerpts:

'Everyday Business Process'

THE WALL STREET JOURNAL: *You've been a CIO at three huge companies, Wal-Mart, Dell and H-P. How have technology demands in companies changed over the years?*

MR. MOTT: Tech is becoming more and more a part of every business process so it's now part of [any business] conversation.

Here's one example. The back room, delivery and inventory management is very technology rich now, with RFID [radio frequency identification, which helps track goods] and hand-held scanners and in-store processors. If you'd have looked at the back room 10 years ago, you might have said, "There's no place for tech here."

WSJ: *Has the challenge of managing so much technology in a big corporation grown?*

MR. MOTT: It's become a bigger challenge and more complex to manage. Managing tech has evolved to really reflect the complexity in the business world today [with globalization and greater competition]. The consumer is more sophisticated in [his or her] expectations [of technology] and there's a faster rate of change.

The challenge for business is how to simplify processes and simplify IT. A basic example might be taking an order from a business customer to refresh their PCs, some servers and upgrade storage in three different geographies. Think about all of the steps involved from actually taking the order to having that order arrive on time, at all of the right locations, with all of the right components included and then promptly follow-up with accurate line-item billing, taxes, shipping costs, etc. We have to align IT with business strategy. We have to make sure to absorb unexpected events, like an acquisition, and you want to be able to turn that around on a dime. We're trying to reduce cost while still consistently trying to deliver more in terms of capability.

WSJ: *Has the challenge of managing the modern office worker grown? Many office workers today are more tech savvy and often bring in their own technology to work, like hand-held computers and the latest cellphones, without the sanction of an IT department. And H-P has a huge employee population of around 150,000 people.*

MR. MOTT: Employees do have much higher expectations in terms of realizing what IT can do for them and they bring that expectation to the business climate. They have higher expectations of mobility, too. When they're out of the office, they want to be able to connect to all the things they connected to [in the office] and you see that in the growth of mobility products like notebook computers and hand-helds. Being able to support that is a really important thing.

My advice is that an IT organization needs to recognize [worker] demand and try to run ahead of it. I'll give you an old example here: A lot of IT departments didn't consider the PC a part of IT before, believe it or not. If you go back a ways, IT departments left the PC out there and treated it like an office chair. Yet people bought PCs [into the office] even if their IT departments didn't connect them to the network or support them. Then it became a big deal in companies to get control of the PC.

WSJ: *So what are some of the technologies that workers are adopting now?*

MR. MOTT: It's a more pervasive use of mobility in terms of notebooks. They want hand-helds that work well with existing office technology.

From a knowledge-worker standpoint, people really expect good information that they can pull together to make decisions in a meaningful way. They want internal and external information



5 Tips From Randy Mott On How to Manage Technology in Companies

TIP 1 Look at technology as a competitive corporate asset.

TIP 2 Invest more in technology and get rid of old systems.

TIP 3 Manage technology like it's a business, with one balance sheet.

TIP 4 Work on technology projects that line up with where corporate strategy is going.

TIP 5 Invest in tech talent beneath the CIO to help drive projects.

from applications and tools that give them more complete information. They're not happy anymore just to take spreadsheets or small parts of data, but are driving toward information that is spread throughout or readily available and accessible.

For us, that means putting together our enterprise data warehouse that gets at all the information in the

company in a complete way and in detail to help us understand how to better serve customers. We intersect that with industry research to get a complete view.

WSJ: *How much do CEOs understand the role of CIOs these days?*

MR. MOTT: I think it varies a lot. We're a little overdue in terms of CEOs really needing to understand IT and how IT can be used within companies because it's pervasive in everything they do.

IT often gets treated as something that happens within a business as opposed to a strategic part of the business. Some CEOs understand how to use it, just like other levers inside the company. Others bury it and don't use it as a competitive advantage. It just depends on their frame of reference and what their experiences have been. At Wal-Mart, for example, it was seen as a corporate asset, much like capital. Capital is something you make strategic decisions with. It wasn't seen as something you just automate things with.

WSJ: *You often meet with customers. Is that unusual?*

MR. MOTT: It's not unusual. I've had discussions [with peers], and in this industry today having a lot of best-practice sharing is pretty common because of how fast things are changing. The IT community is keen to [share information] with a lot of peers. I learn a lot from other CIOs and their business challenges.

WSJ: *You're trying to make big tech changes at H-P. What are they?*

MR. MOTT: There are five key initiatives. There's the data-center consolidation, which is a physical data-center change and a refresh and standardization of the technology. There's the enterprise data warehouse, which is all about getting better and faster information for our businesses and doing that in a comprehensive way and on a global basis. There's work-force effectiveness, which for us is to get people to spend their time right, including how they work and what tools they have to work with. Then there's trying to be world-class with IT in terms of how we manage IT, the procurement process and looking at overall cost structure. And the last is around how we manage our portfolio of IT projects and prioritize to make sure we're doing the best for our business.

WSJ: *How much time do you have to make all these changes?*

MR. MOTT: It's over a three-year time frame. We're five quarters in and have seven quarters left.

WSJ: *How much progress have you made?*

MR. MOTT: We've named all the data centers in terms of location and have three [out of six] up and working. By mid-summer, we'll have the other three up and running. We also have detailed plans around transitions and retiring of old systems and we're on target with that. The enterprise data warehouse is up and running and we're rolling out usage of that in the businesses. And we're on target in terms of cost, which isn't something we talk about in detail. So we're well under way. But we do have a lot of work left to do.

WSJ: *How often do you meet and talk with H-P CEO Mark Hurd?*

MR. MOTT: We're usually in communication on a weekly basis. We get together once a month as an overall executive council. We do operations reviews on a quarterly basis, and these typically are a four-hour deep dive. We also do a number of checkpoints on the portfolio through the year.

Rethinking Telecommuting

WSJ: *Was there resistance to making so many tech changes?*

MR. MOTT: One of the good things in our environment is that as a whole, the company is engaged in big transformation, not just IT. But from how complex it is and how much change it requires, well, change is never easy. The other part of it is the speed. Getting people to quickly understand where we're headed and to get them to grow in that direction and facilitate the change -- it's been a lot of hard work and it's ongoing.

WSJ: *H-P has been known for its liberal telecommuting policies, which have now changed. What have you done with telecommuting?*

MR. MOTT: We made some early changes in that, looking at who could and who couldn't telecommute and which jobs could and which jobs couldn't. We now have 100 telecommuters in the IT organization today, which is probably consistent with other IT organizations. That's down from [before I joined].

Telecommuting was pretty wide open before. That was just some of the history of the company and it had gotten applied more broadly than really made sense.

Now people who are proficient and who've shown they can perform over time qualify, while those who didn't don't. There's also the kind of job where it makes sense for the job to be done remotely, where telecommuting will be considered. If it doesn't make sense for the job to be done remotely, then it doesn't qualify. So it's just common-sense guidelines.

WSJ: *How are the telecommuting changes working out?*

MR. MOTT: It's working out well now. Like any change, there was some amount of noise in the beginning but it's now very well understood.

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