

Where technology means business

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Spoiled for choice

When the internal IT arm of one of the world's fastest growing airline also becomes the region's largest IT services outfit, a dilemma is a good spot to be. As Mercator gets set to support major organisational change, Patrick Naef wonders if the way forward is to continue with the primary focus of serving the internal group businesses or grow Mercator's third party service model.

Building an IT driven roadmap for the

Emirates Group has given Patrick Naef, Senior VP-IT and Head of Mercator, the luxury of choice. As a 1200 people organisation, set to scale to a 1500 people team shortly, Mercator is poised to ride the IT services boom rather effortlessly.

"Typically in the aviation sector today, most airlines are in a situation where they are reducing costs by scaling down their IT workforce. However, the scene at the Emirates Group is refreshingly different. Growth in all areas of the business is a certainty and with a view to support it, we are asking ourselves some important questions about how we can best help the group in this process," shares Naef.

Growing at 20% every year can bring its fair share of distractions. Mercator has so far been conservative about offering solutions, which were primarily built for internal group companies, to the market. "However, the question on our mind is whether we want to change that and become more of an industry supplier of IT services and solutions," Naef adds.

Building a service behemoth

Mercator is currently planning a number of internal initiatives that will prepare the organisation to support the growth in store. The driving strategy behind the initiatives will be on enabling IT process re-engineering, which will help the organisation build out a new business driven IT governance roadmap.

"There are a number of challenges we face as a rapidly growing enterprise business. Emirates, as a group is seeing a phase of growth on three

fronts – linear growth within the aviation sector, diversification into other business areas such as cargo, hospitality, ground handling, Dnata franchising, etc and of course geographic expansion. You almost never find companies in the aviation sector that are dealing with all three

"If there are key words that can encapsulate our IT strategy at this company support strong vendor independent decision making and

growth scenarios at the same time," Naef says.

Keeping up with the scorching pace of expansion therefore has meant finding new ways of doing things, for Naef and his team at Mercator.

For starters, the ITO (IT organisation) is now looking at approaching its operations in a more centrally controlled fashion.

"Currently the three main departments – Information Services, Technology Services and External Sales and Market Development – function as a shared service business. This structure may come under reorganisation as an outcome of the change initiatives," he adds.

As a second step, Mercator plans to seriously look at the ODC (off-shore development centre) model to keep the supply of IT resources going strong.

"Dubai is booming in the IT services market. However getting and retaining the right IT staff is a challenge. Mercator is looking to augment this by pursuing alternative sourcing models," Naef shares.

Although the company works with contractors on a project basis, exploring the ODC route could see Mercator establishing its first ever completely owned, overseas IT service outfit.

"We are closely following the trends in the APAC market for ODC opportunities. India is also a major candidate. Typically, we would be looking at setting up a service organisation that would bring together up to 1000 people over the next few years," Naef shares.

As a result of course, Mercator expects that this move will help its departments serve the core internal businesses with greater efficiency and also prepare the ground to offer its products and services (especially the solutions built for the aviation and cargo segment) to the market. The parent company will of course get the benefit of the first mover advantage.

Technology is business

On the organisational front, the ITO is set to build the business case for IT and technology investments across the group. "We want to reorient every part of the IT business and get the business executives buy in for any IT related investments," Naef emphasises.

"If there are words that can encapsulate our strategy at this point they would be standardisation, integration and consolidation," he adds. This outlook has in fact helped the company to support strong, vendor independent decision making and has given the teams the freedom to build their own solutions based on industry standards.

The application development team is currently being assessed at CMMi Level 3 and is preparing for a Level 5 certification.

But how does Naef view the answer to the classic question, of whether to build or buy the solutions his group needs?

"The key issue with the airline industry is that you do not find many standards-based solutions that are built specifically for the sector, unlike the kind of choice you have in other industry sectors. With the access to the large Indian IT pool we enjoy, building solutions for us has always been a cost effective exercise. But instead of choosing between options, we prefer to commit ourselves to standards," he adds.

Why? "Because only radical standardisation of technologies, applications and processes can help



automation focus,” Naef says.

Currently, the Emirates Group hires several hundred people per month and automating the entire staff cycle from “hire to retire” is an integral part of the HR operations.

The entire cycle from the time a potential employee applies for a job to join the organisation right up until retirement, is automated. All travel benefits, staff reservation and other associated tasks can be managed by the employees in an automated and independent way.

“Every bit of the process is electronic. We do not have manual or paperwork laden procedures. We are also currently implementing a comprehensive employee portal which will enable every crew member to have access to e-mail, thereby driving the automation activity forward,” he shares.

The changing IP paradigm

With innovation at the core of the change management strategy, The Emirates Group is also well on the way to introduce a new paradigm in solutions for cargo management.

Having already started on the sell cycle to market this solution, the company’s SkyChain-Cargo Reservation System is expected to be among the only such platforms available exclusively for comprehensive airline cargo management, which also includes reservation,

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us become scalable enough to efficiently support the group’s growth. Which also explains why investing in enterprise architecture frameworks, based on SOA (Service Oriented Architecture) is a key part of our thrust,” Naef says.

Achieving operational excellence

Effective change management is a result of a strong combination of organisational, infrastructural and operational factors. Mercator understands this well and is all set to bolster its operational systems by implementing new enterprise management systems and software including HP OpenView ServiceDesk. Re-aligning its processes based on the ITIL framework is also a key aspect of this effort.

“ITIL is an integral part of our change initiative and we are on the track to re-engineer in house processes as well. This will include significant changes in infrastructure management as well,” Naef says.

Infrastructure overhaul

Data and infrastructure consolidation is another

major drive for Mercator, which has now committed to a significant scale up of the data centre operations. Having just completed the refurbishment of one of its current data centres, the next stage will see Mercator build a 16,000 sq feet data centre and call centre operations for the group located at DOZ (Dubai Outsource Zone).

“Reducing complexity is also at the heart of our infrastructure overhaul and as part of this we have moved most new development activities to a Linux environment. We are also expecting to migrate close to 182 applications to Linux,” he says.

Let’s automate it

Manual processes are a thing of the past with the Emirates Group. Process automation has firmly taken root across all departments. Today, across the Group all HR processes, promotions and internal processes are automated.

“A lot of our applications are based on Oracle so we have been able to web enable them. Staff travel and recruitment as well as most approval processes in particular are good examples of our

handling and tracking

“This region is a major global hub for cargo and unfortunately the industry has not had many options with regard to comprehensive reservation platforms. So we expect this solution, currently under final implementation at Emirates, to change the paradigm in cargo management,” Naef says.

Built on a Unix platform, written using Java and BEA Weblogic, the reservation system is a completely web-enabled platform that will push the group’s SOA thrust further. It is needless to say that a number of major industry players have already expressed their interest in the solution.

“Mercator has spent 300 man years on the development of the cargo reservation platform. The project has also gone live and we expect every cargo booking done for a flight after 7th of September to be completed through the new system. This was probably also the largest J2EE project in the world,” Naef says.

Like they say, it is always king size for the Emirates Group! Certainly, interesting times lie ahead for Naef and his team.