

REAL WORLD CASE 2

Johnson Controls and Bank of New York: The Challenges of Global Application Integration

General George Patton made the point that even a great strategist can't win a war unless he keeps his lines of communication clear. Whether you're fanning out an army across Europe or expanding a business around the world, Patton's insight holds true.

One of the most persistent technological challenges of global business is getting communications networks to expand in lockstep with the demands of the myriad of business applications. Cost and complexity increase as a company's network spreads across the world, supporting more and higher-complexity applications, while employees increasingly rely on that network as their lifeline to the business.

Johnson Controls Inc. With some 500 locations in more than 30 countries, Johnson Controls Inc. knows the challenge well, having increased its Internet bandwidth 50 percent in the last year. "I've been here three and one-half years, and the expansion has been very aggressive," says Mark Schoeppl, VP of global IT Infrastructure for the automotive-industry supplier.

The company connects its offices with a frame relay WAN, which it buys as a managed service through MCI. While the pipe has proven reliable, in recent years increasing bandwidth demands have put a strain on it. In the past, overseas facilities had no connectivity to other regions and ran their manufacturing applications locally on small Unix servers. But when the company began connecting those offices through VPNs and sharing applications globally, demand surged.

To increase bandwidth capacity, Johnson Controls added new frame relay pipes and VPN-tunneling services. In 2005, Schoeppl says, the company will spend significant time and resources on the deployment of new Multiprotocol Label Switching-based connections. Services based on that standard connect sites in a redundant web of links, offering more resilient communications than point-to-point frame relay architectures. Those connections should make it possible for Johnson Controls to eventually achieve its cost-saving goal of converging voice and data on one network.

Bank of New York. A newly deployed customer-data system is showing Bank of New York that it's possible to transform a highly disorganized situation into a neatly packaged global view of its customers.

Bank of New York, having grown through more than 80 acquisitions worldwide in the past 10 years, kept information on thousands of institutional clients and more than 700,000 retail customers in a mishmash of proprietary applications running on local servers, databases used within specific business groups, and spreadsheets stored on desktop PCs. Servers containing customer data were scattered from New York to Milan to Mumbai, with access often limited to groups or countries.

Trying to manage and track customer contacts and sales activities was impossible. Client-service executives, product-specific salespeople, and country managers all had their own views of a particular customer. Salespeople sometimes called upon existing customers as if they were new customers, and opportunities to cross-sell went undetected.

In early 2004, after three years of planning and development, Bank of New York completed the global rollout of a centralized customer-data environment. The system, which runs on Siebel Systems Inc.'s sales-force-automation software, gives 1,650 employees worldwide a consolidated view of each customer relationship. And executives are getting the consolidated customer reports they need to make effective decisions. "Not only can we better predict sales performance, but we can also track business at risk," says Robert Joyce, managing director of corporate relationship management at the bank. The system prevents salespeople and executives from appearing ill-informed when dealing with clients.

Gerald Wellesley, a managing director who heads the bank's European corporate banking unit in London, says knowledge of existing relationships lets his five-person team offer complementary products and services. "It's very satisfying, speaking as someone with a lot of client contact, to feel that well-informed," Wellesley says.

Many financial-services companies are working to centralize customer data, but few have achieved that goal, Tower-Group analyst Jerry Silva says. "It's usually difficult enough to bring together customer information within an organization, much less across [international] borders," he says. That involves navigating each country's infrastructure limitations, language and cultural differences, privacy laws, and other legal considerations. Bank of New York mitigated those challenges by including European and Asian steering committees in the software selection, design, and rollout of the system.

"We can't expect to manage relationships effectively if we don't have good information," Wellesley says. "It's like operating with one hand tied behind your back."

Case Study Questions

1. What business benefits resulted from the integration projects of Johnson Controls and Bank of New York?
2. What challenges surfaced in each project? Were they handled properly? Why or why not?
3. What change management actions could these companies have taken to increase the acceptance of their IT integration challenges? Explain.

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