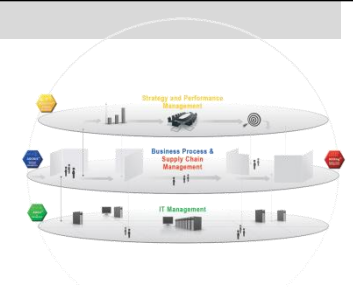


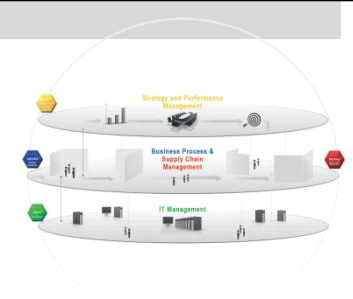
ENISA ANACOM Event on "Risk and Innovation", Lisbon, 22.01.2010

Risks in a Spin-Off IT Company

Harald Kühn, Member of the Board, BOC Group



Agenda



BOC Group – Company Profile

Innovation Domains and Risks

Organisation

Products

Processes

Services

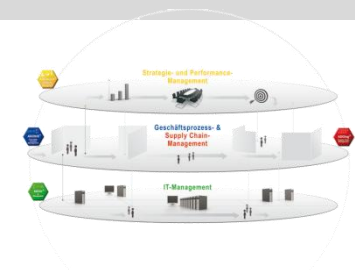
IT

Finance

Summary

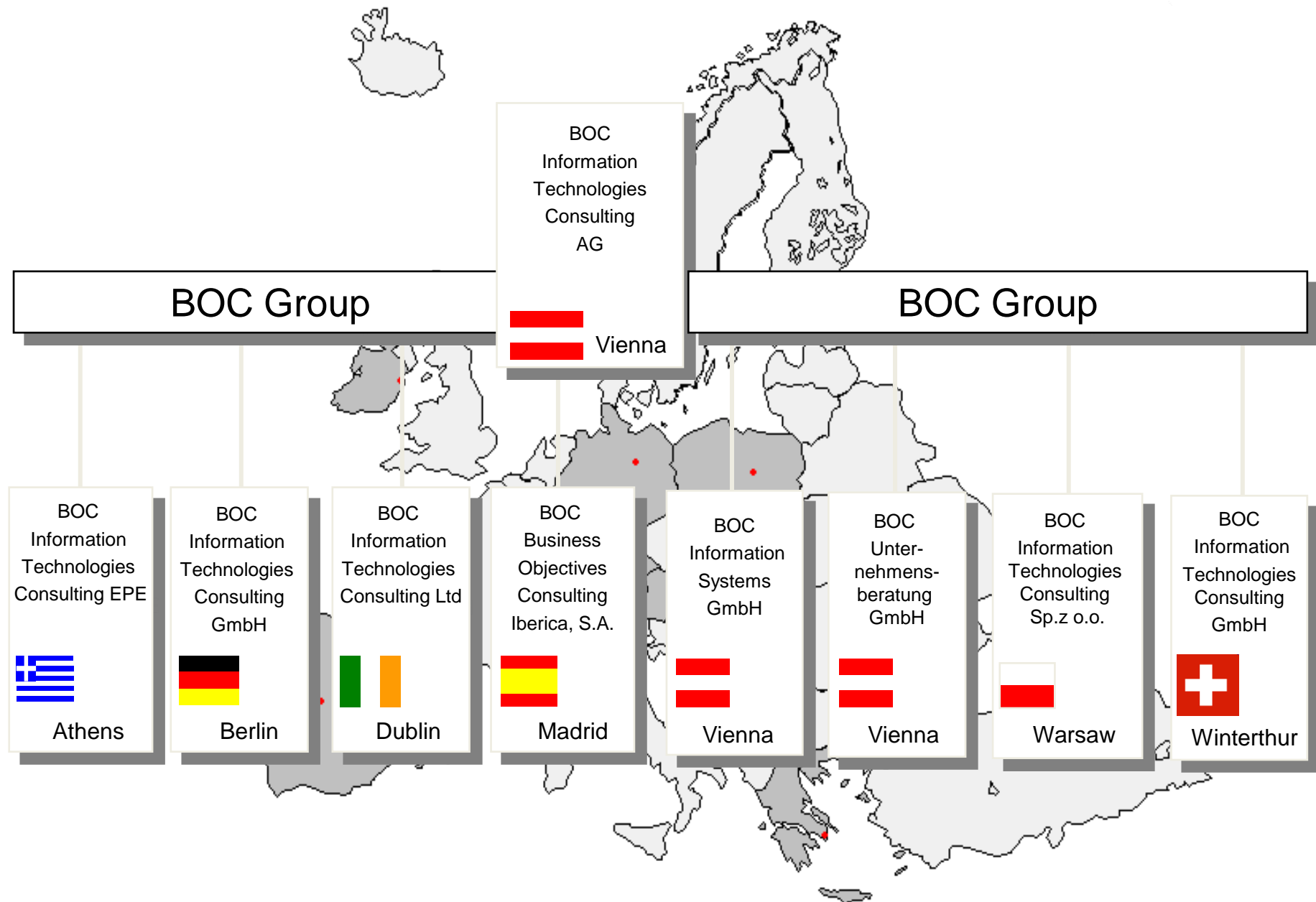
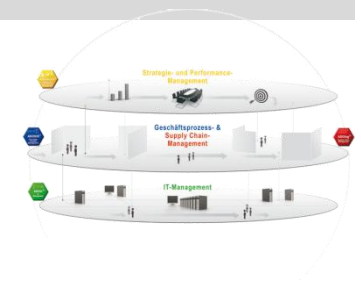


BOC Group: Business Areas

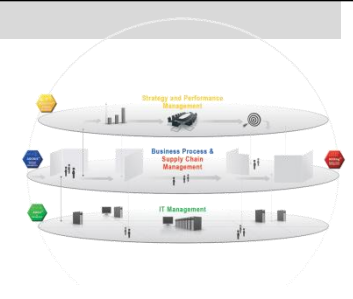


<p>Company</p>	<ul style="list-style-type: none"> ▶ Founded in 1995 ▶ Spin-Off from the BPMS Group of the University of Vienna ▶ Currently approx. 140 employees, 9 companies with operations in 7 countries ▶ International business 	
<p>Business Areas</p>	<ul style="list-style-type: none"> ▶ Platform and Product Development <ul style="list-style-type: none"> ▶ ADOxx, BOC Management Office (ADOScore, ADONIS, ADolog, ADOit), PROfit ▶ Various Integration Modules and Interfaces <ul style="list-style-type: none"> ▶ Workflow (XPDL, BPEL), ERP (SAP SolMan), WS, XML 	
	<ul style="list-style-type: none"> ▶ Product-related Services <ul style="list-style-type: none"> ▶ Implementation Services ▶ Method-oriented Services ▶ Trainings and Coaching 	
	<ul style="list-style-type: none"> ▶ Consulting Services in the Domain of Strategy Management, Business Process Management and IT Management <ul style="list-style-type: none"> ▶ Analysis, design and optimisation ▶ Implementation support ▶ Project management and project support 	

BOC Group: Structure and Locations



Agenda



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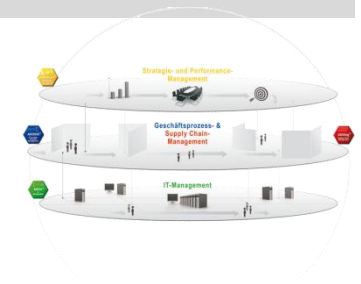
Finance

Summary



Innovation Domains and Risks at BOC

...innovation domains are always risk domains, too



Mega Trends

Red Ocean
Blue Ocean

Business
Model

Not only:
"we should..."
"we would..."
"we could..."

But:
Real
Implementation

Organisation

Products

Processes

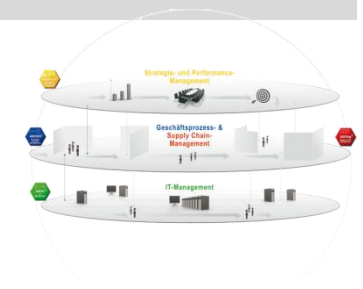
Services

IT

Finance

Domain "Organisation"

...from single entrepreneur to cooperating organisation



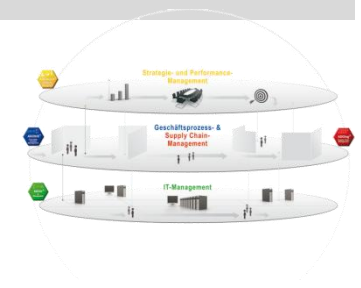
- ➔ Achieved innovation: moved from "one man show" to managing director structure
 - ▶ Risk: loose spirit of entrepreneur
 - ▶ Mitigation: implement entrepreneur spirit in company culture by acting as example, select and encourage successors

- ➔ Achieved innovation: growth in different countries
 - ▶ Risk: inexperienced people because of high percentage of young employees
 - ▶ Mitigation: "education" in existing BOC operation to teach "BOC approach", use this also for image on the market
 - ▶ Risk: no profitability right from the startup of each operation
 - ▶ Mitigation: build up customer base out of existing BOC operations before start in new country, clear position on "cost awareness"

- ▶ Achieved innovation: partner network
 - ▶ Risk: loose control on competence and image on market
 - ▶ Mitigation: clear selection of partners which fit to company, regular check
 - ▶ Risk: not attractive for appropriate partners
 - ▶ Mitigation: gain international visibility via success stories, international customers, and communities

Domain "Products"

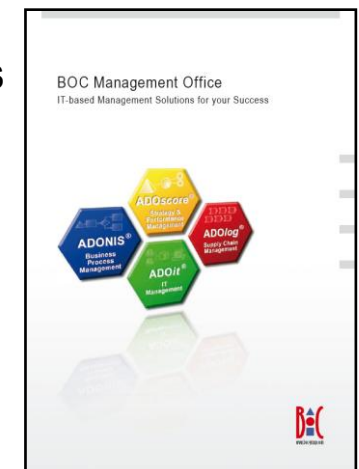
...from single product to product family



- ➔ Achieved innovation: product adaptability for flexible customer solutions
 - ▶ Risk: metamodelling technology seen as immature (1995...)
 - ▶ Mitigation: always develop very close to the customer requirements, but platform approach

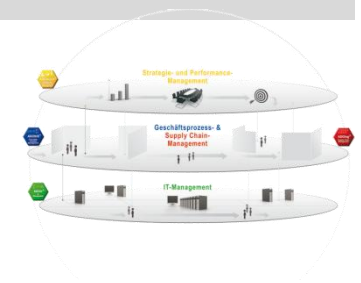
- ➔ Achieved innovation: BOC Management Office (ADOscore, ADONIS, ADOlog, ADOit)
 - ▶ Risk: blurred borders between product domains
 - ▶ Mitigation: clear communication of product application domain, clear product integration/interfaces
 - ▶ Risk: too broad/complex offer for a SME such as BOC
 - ▶ Mitigation: concentrate on core functionalities in the software and the same for the services

- ▶ Achieved innovation: build up domain knowledge inside development
 - ▶ Risk: software developers are experts in the software domain, but not in the management domains
 - ▶ Mitigation: keep close relation between consultants and developers (user acceptance tests etc), incorporate developers in customer meetings/workshops/trainings



Domain "Processes"

...from "creative chaos" to streamlined processes



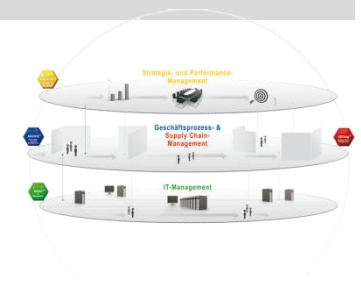
- ➔ Achieved innovation: maintain customer care quality
 - ▶ Risk: loose customer care quality because of growth (workload, costs etc.)
 - ▶ Mitigation: clear customer responsables ("one face to the customer"), and hotline & service desk

- ➔ Achieved innovation: separate product management and product development
 - ▶ Risk: get too bureaucratic in the internal development processes
 - ▶ Mitigation: periodic assessment of effort and benefit
 - ▶ Risk: inappropriate tooling for the intercommunication of PM and PD
 - ▶ Mitigation: single (!) CR system with rich set of views to integrate all participating roles, everybody has at least read access

- ▶ Achieved innovation: know-how exchange between BOC operations
 - ▶ Risk: loose coverage of necessary domain and product knowledge
 - ▶ Mitigation: continuous exchange, implemented on technical (e.g. product information databases, VMware demo images with pre-installed products) and organisational level (quarterly web confs organised by product managers, bi-annual inner circle meetings for product strategy, annual BOC academy, annual developer training for solution engineers)

Domain "Services"

...from handcraft to service portfolio



- ➔ Achieved innovation: define & deliver standard consulting services
 - ▶ Risk: loose the customer focus because of standardised services
 - ▶ Mitigation: standardise only those services which are always executed nearly identical
 - ▶ Risk: standard services do not match into the various markets
 - ▶ Mitigation: standard services are related to product domains and therefore this risk is minimized

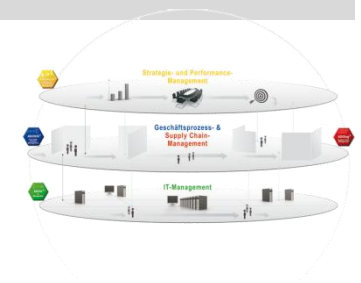
- ▶ Achieved innovation: provide product & service bundles
 - ▶ Risk: the bundles are "heavy" in the sense of time and budget
 - ▶ Mitigation: define them optional, so the customers still have the choice

- ➔ Achieved innovation: establish free community around products
 - ▶ Risk: community cannibalises the commercial products & services
 - ▶ Mitigation: provide community-ised version of product, e.g. www.adonis-community.com



Domain "IT"

...from independent entities to coordinated services



- ➔ Achieved innovation: synchronised IT backbone of BOC operations
 - ▶ Risk: high financial effort, introduce potential security flaws
 - ▶ Mitigation: use industry-proven system with appropriate security mechanisms (Lotus Notes)
 - ▶ Risk: provide access to company-critical data/information
 - ▶ Mitigation: do not distribute such data/information, but only store centrally

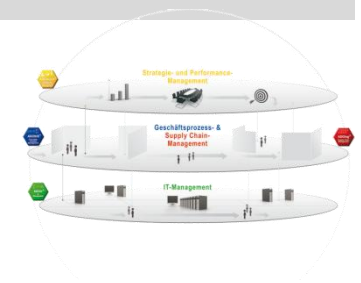
- ➔ Achieved innovation: provide mobile access to selected resources
 - ▶ Risk: reduce information security because of need of flexibility
 - ▶ Mitigation: use state-of-the art technology such as VPN, certificates etc., do not provide full access (only in LAN)
 - ▶ Risk: dispersion of information on mobile devices
 - ▶ Mitigation: periodical (and enforced) backup, organisational rules which have to be signed by employees

- ▶ Achieved innovation: selective outsourcing of IT services (homepage, web/audio conferencing, filtering)
 - ▶ Risk: loose control and quality
 - ▶ Mitigation: implement appropriate monitoring infrastructure, define SLAs, ISO20000 certification to raise awareness

- ▶ But still: mix of distributed infrastructure and centralised services

Domain "Finance"

...from household budget to financial management



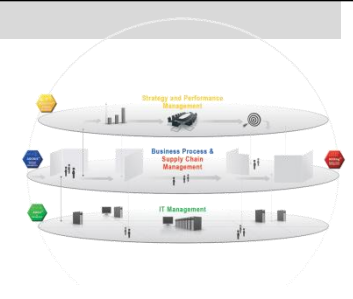
- ➔ Achieved innovation: no venture capital in company
 - ▶ Risk: not enough "financial power" for cost-intensive research and innovations
 - ▶ Mitigation: participate in European and national research programs and fundings
 - ▶ Risk: not enough pressure to have a look on international standards such as IFRS
 - ▶ Mitigation: start applying it even if you are not forced to do so

- ➔ Achieved innovation: profitability as a key indicator for all operations
 - ▶ Risk: slow down of potential growth because of prioritisation "profit" to "growth"
 - ▶ Mitigation: no divergence from this rule as stability is more important than growth

- ▶ Achieved innovation: cost awareness on all levels of organisation
 - ▶ Risk: cost awareness is not followed appropriately by everybody
 - ▶ Mitigation: management by example (travelling, use of resources etc.)



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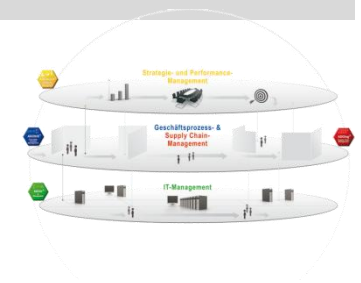
Summary



Summary

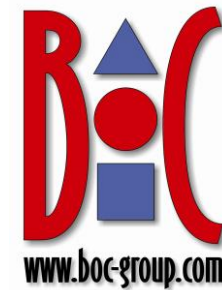
...some lessons learned

- ▶ Organisation:
 - ▶ Give early responsibility to people, the risks are worth the results.
- ▶ Products:
 - ▶ The transformation from "one product " to "a family of products" company took years and is still ongoing. We underestimated this by far.
- ▶ Processes:
 - ▶ Communicate, communicate, communicate! E.g. separation of product management and product development influences the whole organisation and is a special case of change management.
- ▶ Services:
 - ▶ The ADONIS:Community Edition provides a reasonable channel to gain visibility. It even strengthened the product & services sales with reasonable risk instead of weaken it.
- ▶ IT:
 - ▶ Mobile IT: as always, tradeoff between flexibility and security, but you cannot stop it without reducing performance. But keep key assets centralised to control them!
- ▶ Finances:
 - ▶ Nothing new: they are the fuel to run the company. Try to share financial risks e.g. to make joint research or to (partly) cover research expenses by international or national research fundings.



We thank you for your attention!

For further questions please contact:



Dr.

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