

Making history the fast way

Making one IT world out of two: that is not exactly what Ralf Weißbeck dreamed of when he joined the logistics service provider DHL Global Forwarding and DHL Freight as CIO. When DHL took over the British logistics service provider Exel, the necessary IT integration had to be realized within breathtaking 12 months. It has become a large-scale migration many others can learn from.

Migrating two different companies, two different cultures, and numerous different customer solutions – I can actually imagine a more comfortable start in a new company,” Ralf Weißbeck says when he assumes his position as CIO with the logistics service provider DHL Global Forwarding and DHL Freight in 2005. He has to jump in at the deep end. Taking over the British logistics company Exel is a great challenge for DHL, the global market leader in the air and ocean freight business. Background: Exel used to manage its processes by means of the Unitel21 software, which was customized to a large extent to the individual needs of Exel’s customers. DHL, in contrast, used the global forwarding software Logis, which had grown over more than 20 years. Both monolithic systems have to be integrated to form the ba-

sis of a common business. The objectives are as follows: not losing any customer, keeping costs under control, migrating fast but in a controlled way, and thus provide as many synergies to business as possible.

Formula for successful IT integration: 1+1=1

Just adding up complexity – this is not the approach Ralf Weißbeck pursues, even though it is quite common in logistics to buy grown companies without ensuring integration on process and IT side. “This way, complexities add up which will later cause a lot of expenses.” Due to the fact that in the case of Exel and DHL two logistics companies have to be integrated that are more or less on a par, Ralf Weißbeck pursues the strategy “1+1=1”. That means that the global businesses of Exel and

DHL have to run on a common system after 12 months only.

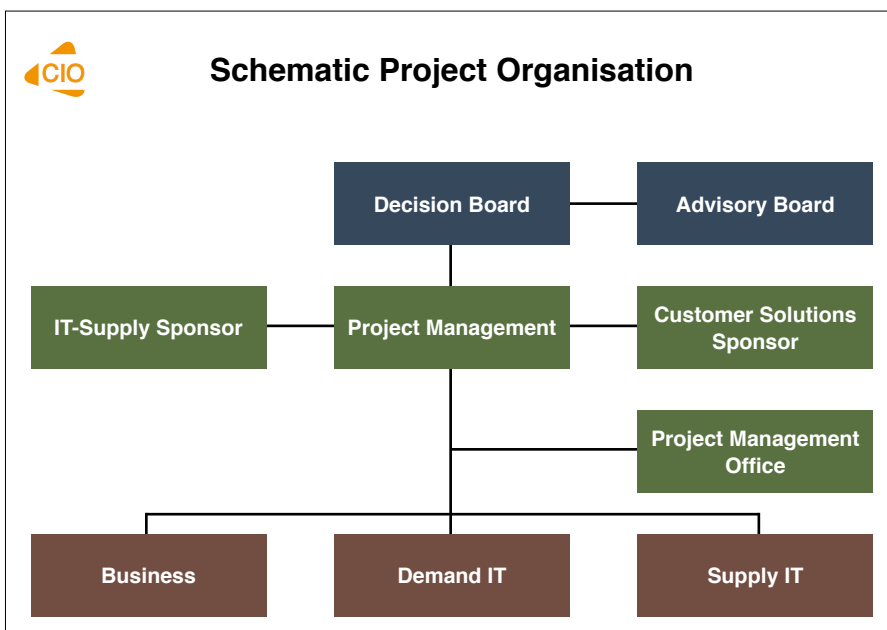
The decision on whether the target system will be Logis or Unitel21 is merely based on facts according to Ralf Weißbeck. “Making decisions on which system to use on the basis of opinions has actually never proven to be very successful,” the former controller states as a matter of fact. The criteria such decisions should be based upon are:

- Operational effectiveness: degree to which the business processes are supported
- Productivity: business volumes per system
- Deployment/Rollout: training efforts on the business side
- Compliance: compliance with accounting standards
- Technical risks: manageability from IT’s perspective
- Customer-specific interfaces: number of existing customizations
- Distribution: coverage of key countries

The team works quite fast with respect to selecting the appropriate system. “Of course, decisions like this should be considered carefully, but the decision-making process should not take too long. Otherwise, no decision might be made at all.” Finally, Logis wins on points and prevails over Unitel21.

Migration with both systems running

After the target system has been chosen, a migration strategy that actually works is needed. Right from the beginning it is obvious that a big bang will not work. Therefore, one country after another is



migrated, while the countries which have not yet been migrated run both systems – with full integration of the logistics chains in all countries.

A temporary integration platform is needed to run both systems at the same time. “The operational data exchange platform which we have created for this very purpose is based on the principle ‘take two legacy systems and link them by means of a third one,’ Pete Sadler, IT expert in the team and Head of DHL Global Forwarding Shares Applications, explains. “In fact, the technical requirements are quite simple – trigger points are defined in each system and respective messages are generated in the format agreed upon. The difficult part, however, is to run the total system.” Pete Sadler establishes a team of IT experts who have to coordinate three systems, two help desks and three suppliers for that purpose. Their job: to create a working integration landscape.

While the migration is going on, any further developments with respect to the systems are put on hold. “Allowing changes means working with a moving target, and this might lead to extensive rework at the end of the project. That has to be avoided by all means,” Ralf Weißbeck says. Of course, this is not very pleasant for the business units, which can provide good business cases supporting further development, but it is essential for the migration’s success. Hence, only changes due to legal reasons or required by the migration are allowed.

Governance right out of the textbook

Ralf Weißbeck points out that “a clear governance structure, integrating all those involved in the process, is the key to success with every migration.” Therefore, clear rules on decision making and communica-

tion channels are agreed upon right at the beginning. “We meet every two weeks in decision board meetings in which representatives of business, business IT as well as of supply are present.” Moreover, there is an advisory board consisting of all members of the board of directors. This way, decisions are made within a short period of time, involving all participants.

“Communication is essential in such a project,” Pete Sadler points out. The project management takes account of this fact and continuously explains the significance and implications of each individual milestone to project participants and stakeholders. The milestones must be adhered to by all means.

“Risks are part of every project,” Ralf Weißbeck says. Therefore, a risk management panel has been established. “But what really counts is to believe that the project will be successful and not waste too much time thinking about a possible failure – that might only lead to self-fulfilling prophecies.”

Language of business

According to Ralf Weißbeck, business watches carefully what IT is doing with its core team of 40 to 50 experts. “Therefore, everything of IT has to be translated into the language of business.” A common understanding between business and IT is essential for the success of projects which are largely dominated by IT. “The interests of sales differ significantly from the interests of the operational level. However, all units have to work together in the migration process to make it a success. That is not always easy.” The fact that Ralf Weißbeck’s professional roots are in controlling – and not in information technologies – has proven to help him in all stages of the migration process.

Quality gate

Prior to the start of the rollout, Ralf Weißbeck and Pete Sadler deliberately slow down the pace of the project and put the focus on quality. “We would definitely not have started migration in the large countries if any incalculable risks had appeared at that time.” Not until three pilot projects have been successful, the migration process continues. “The tests shall examine the “backbone” of the targeted IT solution by taking account of all possible scenarios.”

The tests are successful and the “backbone” does not fail. The integration of Exel into DHL Group has been completed within only 12 months: 90 percent of IT have been changed and 4,000 users in more than 40 countries have been migrated. In retrospect, this might not have been the start Ralf Weißbeck had desired when joining DHL Global Forwarding and DHL Freight as CIO, but in the end he and his team have done pioneer work: “This migration has made history.”

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COMPANY

DHL is part of Deutsche Post DHL and is the global market leader of the logistics industry. Its international network links 220 countries worldwide. Some 300,000 employees are providing extensive services with respect to purchasing, procurement, warehousing, and shipping. The services are based on a common IT across national borders and standards. With customers and service provider interacting, it designs the value-added chain of industry and trade, and thus becomes the driver of growth. www.dhl.com

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