



**FACULTY OF MANAGEMENT
EXAMINATION JUNE 2017**

DEPARTMENT OF BUSINESS MANAGEMENT

MODULE : IT PORTFOLIO AND PROGRAMME MGMT
CODE : BMI9X02
DATE : JUNE 2017 FINAL EXAMINATION
DURATION : 3 HOURS
TIME : 08:30
TOTAL MARKS : 100

EXAMINER(S) : MR G.T. WOODS MBA, HONRSCM
(EXTERNAL) MODERATOR: DR S ROODT
NUMBER OF PAGES : THREE PAGES

INSTRUCTIONS TO CANDIDATES:

- Read the following case study
- Please answer all the questions.
- Question papers must be handed in.
- This is an open book assessment.
- Read the questions carefully and answer only what is asked.
- Number your answers clearly.
- Write neatly and legibly.
- Structure your answers by using appropriate headings and sub-headings.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

QUESTION 1

Noting the nine knowledge management areas of project management and the strategic, tactical and operational considerations discussed in your lecture series; which three knowledge areas do you consider the most important in **Information Technology Project Strategy** execution and why do you consider them important?

[25]

QUESTION 2

The case study presented as part of this paper refers to an Information Technology Cost Reduction Strategy which needs to be delivered upon. What do you consider to be the important delivery process considerations and factors in constructing this Information Technology delivery strategy?

Use the software delivery lifecycle to illustrate your discussion points; again you can also draw on the nine knowledge management areas too.

[25]

QUESTION 3

The application of risk management as one of the nine knowledge management areas has been established as critical. Taking into consideration the strategy that the bank needs to execute on, what risk management processes or tools do you believe are applicable in managing and effectively evaluating delivery risk?

[25]

QUESTION 4

In order for an Information Technology Project or Information Technology Programme to be deemed succesful, what do you believe are the essential evaluaition factors that should be taken into consideration and why?

Again you are able to reference your study guide for this information.

[25]

Total: [100]

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Bank Turns to IT to Improve Cost-to-Income Ratio

A leading bank facing high costs and falling income levels believed its IT budget—one of its largest cost positions—held the answer to improving its cost-to-income ratio. But the budget was already stretched thin.

Situation

Volatile markets had played havoc with a leading bank's cost-to-income ratio, which increased by nearly 10 percent in just one year. The agreed-upon solution among the leadership team was to reduce overall costs, which were independent of lost income and therefore stable. The team was ready to launch a range of IT cost reduction initiatives, including automating processes, consolidating and offshoring back-office operations, and replacing some branch services with a multichannel strategy. But the question was how to pay for them. Almost 10 percent of the IT budget had been designated, but it would not be enough. Implementing all of the initiatives would require 30 percent of the budget.

Approach

A.T. Kearney's team believed there was "gold" to mine from the IT budget in the form of run costs—all costs associated with running the day-to-day business. We began with an as-is analysis, including an IT health check, to correlate current performance with costs. We then outlined the potential IT cost reduction levers and calculated the impact of each. We chose the final four:

- **Lean.** Streamline IT processes, reduce waste, and focus on value-adding activities
- **Sourcing.** Define a make-or-buy strategy, including consolidating functions, renegotiating existing contracts, and sending select IT services offshore
- **Complexity.** Consolidate, standardize, and renew IT applications and standardize infrastructure services
- **Transformation.** Shift the IT organization into a steer-consult-plan-build-run organization with fewer locations, more transparency, and improved processes

Impact and Advantage

Reducing IT run costs released an additional 20 percent from the IT budget, adding up to a total of 30 percent in savings. This was enough to finance the bank's IT cost reduction initiatives and get the cost-to-income ratio back to where it was in better economic times. And, importantly, the senior leadership team was finally free to target the income portion of its cost-to-income ratio, and to plan more strategically about long-term growth. A flurry of new products and channels soon followed.

https://www.atkearney.com/strategic-it/case-study/-/asset_publisher/WFwHvp9557jx/content/bank-turns-to-it-to-improve-cost-to-income-ratio/10192

Source: Kearney 03/1/2017