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SC SMART BIZ

Bringing strategy to buying boxes

By WASHINGTON AKUMU

As companies adopt the latest in information technology with eyes trained on efficiency and a feel of modernity and currency, the process of buying this resource remains a major challenge.

Many buyers have come to grief. And a good number of IT buying ventures have in the past taken the hue of stop-go, desultory affairs, largely driven by the presence of cash rather than the primacy of need.

Perhaps the most well documented cases in Kenya are the Nairobi Stock Exchange's long-running quest for an online trading infrastructure and Kenya Commercial Bank's own bungled sourcing of core banking software from Indian firm Infosys. The two organisations were finally able to put closure to the deals but only after lengthy delays, loss of cash and the eventual engagement of experts to advise on the process.

This is familiar terrain for Mr Joseph Waruingi, managing director at Advantech, an IT consultancy that opened shop in 2002.

"Many firms rarely plan for investment in IT by developing comprehensive strategies that would guide such investments. There is also lack of clarity on whether the technology is being bought to just run the business or grow it," he told Smart Company during an interview at the firm's Landmark Plaza "virtual office", off Argwings Kodhek Road in Nairobi's Upperhill district.

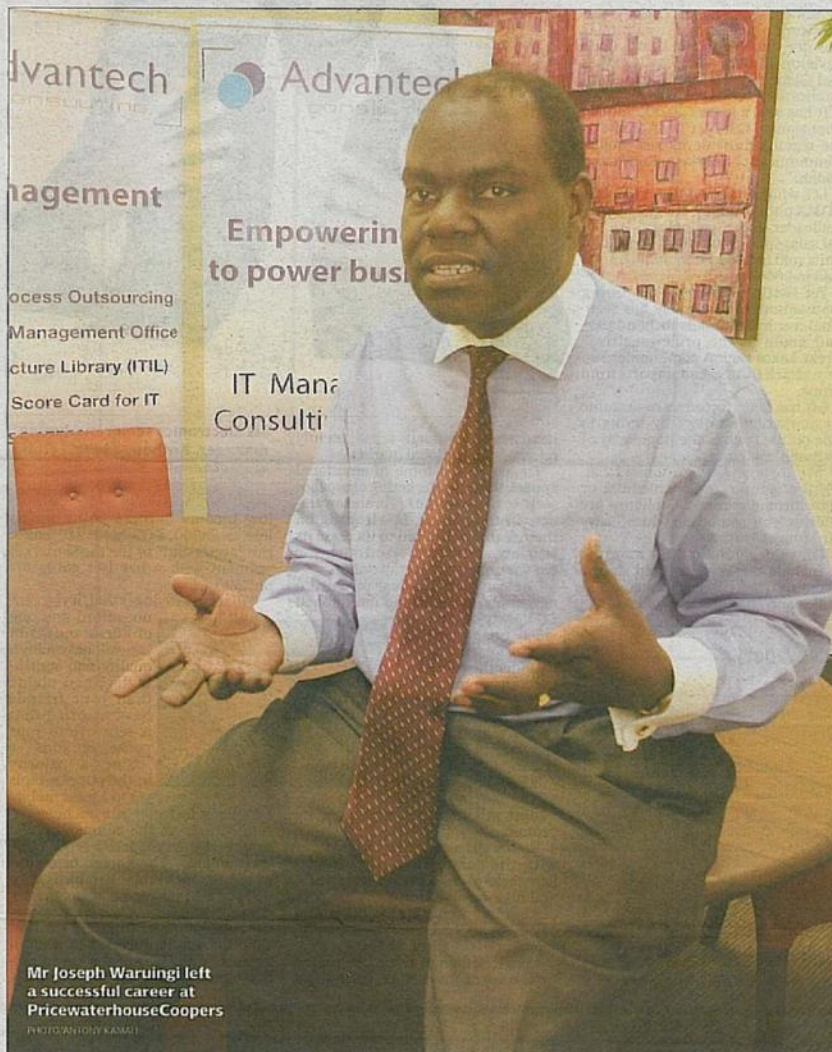
It is a typical consultants' office, sparsely furnished, while secretarial services are shared with other peers on the same floor.

The man is also miffed by the apparent lack of attention for what he calls the "IT agenda" in most company boards, with several of heads of IT still having to report to the people in charge of the finance function. When it comes to where the rubber meets the road on IT buying, he notes that most firms are still blinded by their inability to discern what is good for the business from mere technological hype.

Mr Waruingi should know. Since he left a successful career at business advisory boutique PricewaterhouseCoopers's management consulting practice to found Advantech, he has built an enviable resume consulting on several IT projects, not just in Kenya but the rest of the continent as well. During such excursions, he has learnt first-hand the importance of thinking through any such venture, starting from the very beginning.

The firm has executed a number of IT strategy development jobs for clients among them Coca Cola Eastern and Southern Africa, for which it did a business process mapping. For the Ethiopian and Eritrean governments, it was lead consultant in the development of an integrated financial management information system (known as IFMIS in the trade).

Other jobs have included a monitoring and evaluation system for Northern Uganda Social Action Fund (USAF), IT strategy and change management for Sudanese sugar miller Kenana, GIS mapping for National Water Conservation and Pipeline Corporation in Mwingi, Kitui and



Mr Joseph Waruingi left a successful career at PricewaterhouseCoopers

PHOTO: ANTHONY KAMAU

Makueni and a facilities management strategy for Malawi's Ministry of Finance.

"For us, each assignment is unique. This approach enables us to explore, design and implement IT-enabled business solutions that are responsive to our client's business needs. Our service is adaptive to our client's style and a careful balance between global trends and local contexts," argued the 15-year industry veteran.

Mr Waruingi, who holds an undergraduate degree in statistics and management (Moi) and an MBA in strategic management and finance from the University of Nairobi, sits at the head of a team of five core consultants. Even then, the firm has used its contacts on the continent to form what he calls a "virtual network" of experts and other professionals

that can be mobilised at short notice and relied upon whenever the need arises.

As hitherto small companies consolidate into one-stop shops with the

There are gaps in IT skills, especially when it comes to process consulting

pre-eminent ones in Kenya being publicly-listed AccessKenya, Sym-

envisaged benefits and economies of scale, at the expense of client service, he noted.

A major challenge his firm faces is in the area of pricing. Saturation in the business has spawned a new kind of desperado "briefcase consultant" who is willing to undercut on price just to get a deal. This has forced Advantech sometimes to review its fees downwards, significantly putting a lid on earnings and growth.

Cornering big contracts is another challenge due to competition from transnationals. Such jobs also entail the uphill task of putting together multi-disciplinary teams of experts to address the full quantum of the client needs. Besides, the fact that the firm sells an "intangible" product makes it a hard sell based largely on relationships, which the firm is slowly building with key decision-makers.

As it seeks to protect and grow its space, Advantech will also have to be alive to emerging trends in IT adoption in Kenya. Generally, banks have tended to lead the way because of the demonstrable benefits a bankable IT infrastructure brings to their entire value chains and product propositions.

"Such leverage enables banks to offer better services and manage the per unit cost of serving customers."

The focus would seem to be different among manufacturers, commercial and service providers. Here, the practice has been to identify and concentrate on core activities like planning, production, logistics and customer service for automation first. The devil, predictably, is in deciding on priorities.

Buyers are also increasingly putting more weight on benefits and payback of IT-spend as opposed to technology hype. The previous premium on "hard" IT issues is also slowly being replaced by "soft" concerns like change management, the need to better communicate the benefits of IT to staffers and the imperative for champions.

Firms are also now keener to benchmark themselves against their local and international peers when it comes to the relationship between money spent on IT and variables like turnover.

The IT entrepreneur is generally happy with the status of training and IT skills in Kenya, but disclaims there are existing gaps especially in process consulting, which attempts, he offers, to link business needs to technology offerings.

As part of his firm's agenda for growth, Mr Waruingi is building a "virtual organisation" of professionals so that Advantech can take jobs even in countries where it has no physical presence.

He is equally keen to develop in-house expertise in integrated information systems, enterprise resource planning (ERP) and migrate geographic information systems (GIS) from its primacy in research and academia and convert it into a business tool. His firm is also planning to entrench relatively new IT management concepts into the country including international benchmarks like ISO 17799, IT Infrastructure Library (IIL) and Balanced Scorecard. (wakumu@nation.co.ke)