

## STRATEGIES

## Smarter angle on slashing costs

Forward thinking on its IT services will put some much-needed savings on to the books at PMP, writes **Paul Smith**.

**A**nyone who has read about printing firm PMP in the past few months will agree that good news is at a premium. Boardroom dramas are still playing out following the sudden departure of chief executive Brian Evans on January 28 and stories abound about the loss of key clients, including Coles, to rival firms.

In the midst of the turmoil, PMP's IT department is trying to establish itself as a leader in terms of progressive thinking and proactive planning. It has combined two of the technology industry's most popular buzz words, virtualisation and green IT, in an attempt to bring the rest of the business along for the ride on much-needed upgrades and infrastructure rationalisation.

PMP's enterprise infrastructure and architecture manager, Dan Maslin, has been influential in a push that has seen the company adopt a program of removing servers and hardware. The program is reducing significant complexity and, as the push continues throughout this year, will put some much-needed savings on to the books.

To be precise, through the process of virtualisation, he has cut a range of 47 servers in PMP's systems development department to just three, and the benefits should be realised throughout this year.

A look at the company's books



Dan Maslin ensures the company's IT programs are as much about business realities as technology.

Photo: PAUL JONES

shows how important that will be. In February, PMP scrapped its interim dividend after booking a loss of \$11.1 million for the December half.

As a business, it is exposed to a number of sectors that are doing it tough in this financial climate. It has suffered from the downturn in the media sector, booking \$28.1 million in write-downs and redundancy costs.

Announcing its results, PMP was unable to provide a forecast for its full-year results, but chief financial officer Richard Allely says the firm will match the first-half operating profit of \$33.5 million in the second half of fiscal 2009.

Maslin says the virtualisation work carried out alongside Dell made a lot of sense from a technologist's standpoint, but the age-old problem of selling an IT project to a sceptical business needed to be addressed. That is where the dual big guns of cost savings and a more sustainable business came in.

The global financial crisis has stolen the thunder of green IT as a driver in technology projects this year, but the topic still has great cachet with most boards, especially those with an eye on

future wrangling brought about by emissions trading schemes.

"There were two audiences for our business case. We wrote a business case of about 15 pages: one of them took care of the financial aspect and the other was about the reduction on environmental impact, and both got a good work-out," Maslin says.

"For the financially minded, the real selling point came in the fact that we get a 90 per cent reduction in

**It helps to show that we are not just here to keep the lights on.**

PMP'S DAN MASLIN

server footprint. So the cost savings over five years, after you take out the \$75,000 upfront hardware costs, is about \$460,000 — when you start mentioning simple savings like that ears start to prick up."

Maslin says that while enthusiasm for the concept of green IT may have dwindled for some due to the pervading financial gloom, the generic statements of goodwill are beginning to turn into genuine

actions. He says this will continue throughout this year at PMP, which has a dedicated sustainability team.

He says the information and communications technology operations team saw virtualisation as a great way of getting involved and making a difference to the overall program.

Talking in terms of technological progress gains little kudos from the rank and file within PMP. However, putting the program in environmental terms has given it much more impetus.

"It is the equivalent of saving 310,000 kilowatt hours annually, which is the same as planting 910 trees and removing 71 cars from the highway," Maslin says.

"Once you can demonstrate cost savings and environmental benefits the business is keen and happy to sponsor the business case."

For the technically minded, the nuts and bolts of the project sell themselves. The development environment was suffering under ageing hardware, it was inefficient in a number of areas and required increasing levels of systems administration work and repairs to faulty components.

Maslin says the back-end essentials, such as the

uninterruptible power supply to the data centre, were running at capacity and the business needed to look for any way possible to reduce power consumption.

The company is introducing power management policies for employees' work stations, which Maslin says has already realised obvious benefits from an environmental perspective, and will also register annual savings of at least \$50,000.

A technology recycling program is also under way. Through a deal it signed with Sims Group, it has already recycled half a tonne of old data tapes and it will begin a program with Dell of recycling all the hardware that is being decommissioned as part of the virtualisation push.

In a business that is clearly fighting for its credibility, and an industry in which technology executives are often not seen as key strategic players, Maslin is aware that technology achievement can sometimes fly under the radar. However, he is banking on the sustainability drive to push on long past the restrictions of a global recession and improve the standing of his department.

"The green agenda is a great chance for the IT department to get recognition and increased respect within the business," Maslin says.

"It gives us recognition in areas that we would probably have looked at improving anyway, but which are now seen as more strategically important, and clarifies to people what we are doing.

"It helps to show that we are not just here to keep the lights on and that we can be smarter in reducing costs and environmental impact."

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