SWITCHED ON CIO:

Darryl Warren

Lion Nathan

Lion Nathan's sales look likely to top $2 billion this financial year. Underpinning all this, as CIO Darryl Warren reveals, is a very diverse IT infrastructure...

By David McNickel

Could there be any aspect of your business evolving faster than the technology it uses? Think about it for a moment. Are you using the same mobile phone you were three years ago? Are you still on a dial-up internet plan at home? Are you recording television on a hard drive? Are you still walking into a travel agency to book a flight or taking photos with a film camera?

When somebody says 'WiFi' or 'Bluetooth' now, do you know what they're talking about? At a personal level we are being presented with a host of new technology choices every day.

A decision to buy an HD TV or a new iPod might dent our wallets for a week or maybe a month, but being charged with the technology purchases of a multi-billion dollar company? Well, that's a different league entirely. So what qualifies someone to be a CIO?

At Lion Nathan, Darryl Warren has been 'through the university of Lion Nathan' as he puts it, starting out as a branch accountant back in the days when IT was typically called 'data processing'. And like CBA head Ralph Norris, Warren was also a computer enthusiast from an early age, in an era he describes as "pre-PC" (his first computer, an Ohio Scientific C4P actually had a wooden case!).

"In those days," he says, "IT sat under the auspices of finance. It existed primarily to bill people and to produce the monthly accounts. So having a systems 'bent' it was a fairly natural progression in the early days for someone to come from a finance background and move into an IT role. Even today that isn't unheard of as they've been exposed to a lot of the business and bring a breadth of skill that's beyond pure technology."

While acknowledging a finance and technology background is often the route to a CIO position, Warren says >

What Is Virtualisation?

In very simple terms, virtualisation is a way to drastically improve the utilisation of hardware resources. In the old model, Intel x86 hardware (the server box) was designed to run a single application on a single operating system. This meant for every additional application and operating system in place, another server box was required. Given the immense processing power of these servers, they are massively under utilised running just one OS and application. In fact, surveys show most servers are only operating at 5-10% of their capacity. Add to that the energy, housing and maintenance requirements of all these 'one job' servers and obviously there are a lot of resources going to waste. With Virtualisation, however, a host of applications (databases, ecommerce apps, CRM systems and web servers for example) can all run on a single server. A virtualisation layer figuratively 'sits' a top a server's hardware layer and a range of operating systems (isolated from each other) can sit on that layer (Windows, Linux or Solaris for example) running their various applications. The bottom line is then a much more efficient application of hardware & energy/maintenance resources.

270,000 orders per year in New Zealand

180 vehicle loads leave Lion Nathan warehouses every day

4,700 customer conversations a week

80% of calls answered in under 20 seconds

over **10,000** distribution outlets

98% delivery accuracy

other skills are equally valued now.

"From my perspective because I do understand technology, I think [knowledge in that area]is a benefit, although I know many CIOs who don't have a technical background. Today it's very different to what it was then and you'd typically be looking for someone with a broad set of business skills. Strategic, management and people skills especially, are extremely important."

Exploring the notion of 'strategic' skills, Warren says far from supervising the plugging in of server stacks, a CIO's role today is to identify technologies which are able to drive competitive advantage for the organisation. Future gazing if you like, just far enough ahead to add value, without being so far in front that they're out of touch.

"I think there's an infrastructure role that IT perform," he says, "which is about preparing for things and being ahead of the game, rather than waiting for the project to come along that requires it. It's quite possible for Lion Nathan to make a decision and want to execute it more quickly than our business partners can deliver it. So we sometimes need to make educated guesses about where we think things are going to go - and act accordingly. Most of the CIOs these days I talk to buy that principle as well." By way of a 'for instance' Warren points to Lion Nathan's bandwidth requirements as a case in point.

"We've just negotiated an increase on our trans-Tasman bandwidth in preparation for things we think are going to happen - building infrastructure ahead of demand." Other good examples, he says, have been Lion Nathan's adoption of IP telephony, and more recently, the work the company is doing around virtualisation. "Almost all our development and quality assurance environments now are virtualised," he says, "and that teaches us a lot about what virtualisation could mean in a production environment, without actually risking the production environment."

Best Of Breed or Suite?

In terms of its IT infrastructure, Lion Nathan would have to have one of the most diverse arrays of solutions around.

The company's core ERP is QAD 2007 (formally known as MFG/PRO) which handles core manufactur-

ing, receivables, payables, General Ledger, fixed assets and more. CRM is Siebel (now a part of Oracle). Procure-to-pay is Ariba. Business intelligence is via a Business Objects solution (Business Objects was bought by SAP late last year) and Lion Nathan's data warehouse sits on an Oracle back-end.

Warren says the company is a major Microsoft shop in terms of desktops, exchange and unified messaging and has a Cisco networking & VoIP solution in place. "And then there are some peripherals on the side," he says, "like a payroll solution and things like that."

So why so many different vendor solutions? Warren is certainly not in two minds about which way he'd vote in a 'Best Of Breed' or 'Application Suite' argument.

"Lion Nathan is a best of breed IT shop," he says without a pause. "Because it gives us a lot more flexibility. And it allows us to find the most appropriate product to meet our strategic business needs as opposed to 'shoe horning' a one-size-fits-all approach."

So does he hold any stock in the vendor argument that everything in a suite is configurable and the suite approach is much less hassle? "No I don't believe that," he says. "And the reason is because if that was the case then Oracle wouldn't have bought Siebel and SAP wouldn't have bought Business Objects. They bought them because they were 'best in class' and they finally admitted to themselves that they couldn't be everything to everybody."

In terms of other 'non IT' technology, Lion Nathan's water usage per litre of beer produced has dropped every year for the last 13 years as the company's long term forecasts show water shortages will continue to negatively impact the Australian economy.

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Warren CIO Gadget Watch:

PALM TREO 750v

DIMENSIONS: 112x58x23 mm
WEIGHT: 154 grams
TALKTIME: up to 4 hours
STANDBY: up to 10 days
COLOUR SCREEN: yes, 65k
FEATURES: 1.3 MegaPixel camera; MMS; MP3 player; radio; infrared; USB; Bluetooth; micro SD; intergrated QWERTY keyboard.

Waste water recycling innovations in the Queensland XXXX brewery will save 1.1 million litres a day when reused in non product applications such as cleaning packaging lines and lubricating conveyors. At the same time efficiency has been increased in warehousing, with the installation of state-of-the-art Robotic palletisers.

Growth By Acquisition

So what exactly is Lion Nathan? It's number one in New Zealand for beer market-share and runs second in Australia behind Fosters. The company turns over around $2 billion a year and returned an operating profit of $A267.2 million in 2007.

Trading on both the NZ and Australian sharemarkets, the company employs around 3000 staff with 75 employed in IT. Its brands (Steinlager, Lion Red and Speight's) are iconic in New Zealand where the company operates five breweries (it closed the Mac's brewery in Nelson in May) and a winery, along with six breweries and seven wineries in Australia. Its growth has been propelled by frequent acquisitions (most of its Australian brands, for example, were at one time owned by the notorious Alan Bond).

The company's most recent purchase has been Tasmanian based J. Boag & Son in January for $325 million. Technically the integration of Boags has been relatively straightforward, says Warren.

"Changing all businesses systems requires a well executed change management program and timelines are often challenging. We completed the mainland business which was previously done by Fosters within two weeks of taking it over. And we did Boags in Tasmania, both Launceston and Hobart - including replacing all the networks – in a period of about 10 weeks, delivering on the first of April." The acquisition of Boags means more new sites to communicate with, and like many organisations with staff located in a range of diverse locations, Lion Nathan has deployed a VoIP solution. In fact, the company was a very early adopter, with its first VoIP installation going live in March 2002. With five years of experience to evaluate it on, Warren says VoIP has delivered on all its early promise of toll savings and other efficiencies.

"Yes in the beginning there was toll bypass savings to be had," he says, "but they diminished over time (as the phone networks dropped their toll charges to compete). The big advantage is the flexibility it gives you. For example we answer calls in New Zealand at a single site for about 12 of our offices. So there's no inbound reception-

ist in those locations. Or, if there is, they don't answer the telephone. In Sydney, we are moving out of our George St and Hunter St offices to a single location soon and essentially we will have people pack up their phones, take them with them and when they get there they'll plug them in and they'll work. There's a single phone network between 19 of our sites today with 5 digit dialling between them. It's a complete plug and play environment."

A Picture's Worth...

While video conferencing and the savings it can potentially generate is creating a genuine 'buzz' with many corporate accountants, Warren is more considered in his approach to it. "We do a lot of audio conferencing," he says.

"I think if you know the parties involved, then audio conferencing can work very satisfactorily without the necessity to use the bandwidth that's required to support video." That said, Warren says Lion Nathan was a unified messaging rapid deployment partner of Microsoft during its Communicator 2007 beta and is currently deploying six 'Microsoft Roundtables'. "It's an incredible device," he says, "though we're very conscious of watching bandwidth with it." Mobility remains an area in which many organisations can improve their efficiency, and it's one Lion Nathan will be investing in during 2008 Warren says. "There'll be quite a big mobility play with in-field automation. The sales execs in Australia have currently got PDAs and they'll be moving to tablets and Siebel in-field this year. It will be the same as in New Zealand where we've got 120 or so people in the field with tablets. They're running Siebel mobile client and synchronising back to the corporate Siebel database so people in the field can see exactly what people in the

CLOSE UP:
Microsoft RoundTable

Billed by Microsoft as 'an advanced collaboration and conferencing device' Warren says 'Roundtable' is impressive. "It sits in the middle of a table and it's got a prism on it and a camera at the bottom of that prism and it takes a film strip of everybody at the table and presents that to the counterparty – the person at the other end, as a visualisation of everybody around the table all at once. It's incredible."

office can see." In terms of communications billing, he says it's only a matter of time until it's all just about the data.

"I do foresee a time when all you will do is buy a mobile data plan and everything, even conventional voice calls, will be data. So you'll be on a plan and just pay for X amount of data and use it however you want to." Asked if he still gets a 'buzz' from new technology, Warren says he does – but as a CIO there are important caveats to that.

"A buzz? Sure, I do but I think the buzz is from understanding what the business value is going to be from it. Having a strong financial background, I've easily been able to relate systems to the business processes they're trying to support. In the early days those processes were largely financial. That has changed enormously over the years and to be quite honest with you people just take the financial ones almost for granted. Because it's much more sophisticated today than it ever was. But if you look at the birth of computing, most of the systems existed to replace the accounting sheets. So it's not about technology for technology's sake, it's about technology which is driven by a business rationale." *i*