

# Caroline Serfass

## CIO Canon Europe

Caroline Serfass has extensive international experience having held senior IT management positions in a number of organizations in Brazil, France and the UK, where she successfully made technology a key enabler of growth.



Capgemini met with Caroline to talk about her insights from leading large-scale transformation programs and how Canon Europe has used IT to help rejuvenate its business systems.

### IT STRATEGY

**Can you provide an overview of your organization, explaining where IT fits, how it supports the business and how your role as a CIO has evolved over time?**

Canon EMEA is a sales, services, marketing and distribution organization with operations in 116 countries and has 18,000 employees, which in 2014 had sales of 7.4 billion Euros. In IT, we have about 400 Canon employees with a vision to be a primary driver of market differentiation and business profitability. To achieve this, we are on a journey

to transform the corporate function of IT from being a back-office service provider in the past, to being a true business partner.

My role as CIO and that of IT more widely has evolved over time, so that we are now expected to work as business partners and show what is possible from IT, as for example in the area of digital. It has become a very different approach than maybe what we were used to in the past, which typically involved a linear

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process of the business defining its requirements and IT executing on them. Nowadays, it's much more dynamic, much more uncertain and requires us to work to much shorter cycle times.

**In your experience, what are the most important factors to realize the goals of IT effectiveness and business alignment?**

We operate largely using a centralized IT model from where we can drive what we call common templates. These are not only technical templates, but they also cover our businesses processes and transactional information, master data and obviously, the IT delivery of services that comes with it. These common templates have been designed to lead to a single solution that can be implemented everywhere. Any localization requirements cover only what is truly critical for any given market. Additionally in our country organizations, we have local IT teams that are focused mainly on end-user computing and user experience.

We also have, what I would describe as a 'double hat' senior IT leadership structure, whereby each of the IT leaders who reports to me as the CIO, has a dual strategic business relationship management role. In this way, as IT leaders they are aligned with either a business unit or a function, in order to work with that area and better understand its vision and roadmap. This approach enables IT to form a more complete picture of the business.

At a more operational level, we are developing service management and operational relationship management with all of our key business owners for each service.

**Can you expand on what you mean by key business owner for each service?**

We have organized our IT operations into services; these being mainly delivered by Capgemini and have IT Tower Leads overseeing them. In order to monitor that services are actually working according to the service definition, we don't decide on that ourselves as an IT department; rather we carry out joint operational evaluation with the relevant business owners.

For each major service line, we have a senior business owner who can be either a business process owner or someone who has an operational responsibility. Based on this approach, there is continuous dialogue between IT Tower Leads and business owners. A formal report is published once a quarter usually put together by IT, but with multiple inputs from the relevant business owners. If we from IT say the Oracle EBS was available for 100% of the time, then they can validate this claim themselves.

## APPLICATION MANAGEMENT

**What role does application management play in the flawless end-to-end execution of business and IT operations?**

For us at Canon, application management is an important contributor to the uninterrupted availability of IT services and to the cost of services which support all of our key business processes. As I mentioned earlier, we have strong and established relationships between IT operations and service managers, and also with the relevant business owners

where there are internal Service Level Agreements in place. We also use ITIL version 3 to manage our IT processes, which helps us align the IT services with the desired business outcomes and at the same time, focus on continuous service improvement.

Here I should mention the role that Capgemini plays for Canon, since you're delivering those services for us while also playing a role as a 'bus driver' for functional application management. This means, that as a strategic partner, you have a coordination role to make sure everything operates seamlessly.

**Do you think it's feasible to approach an application landscape from the perspective of selecting various off-the-shelf cloud applications and combining them together afterwards rather than using mainly inhouse developed and managed applications?**

That's a key question for any enterprise. At Canon, we have an established set of principles that we have defined for what we call enterprise architecture and there is a specific group in my organization which is tasked with making recommendations on these types of decisions. Our first priority would always be to re-use what we already have. After that, if something already exists in the market, we would rather buy it than build it ourselves. We also consider cloud approaches where possible and they exist, especially for customer experience and user experience areas.

We have a fairly formal internal process governing how decisions regarding technology are taken. While the Enterprise Architecture function usually drives the process, it will always involve multiple stakeholders including the business group or function that requires the solution, as well as legal and procurement assessments. Between us, we look in detail at the functional requirements, we



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look at cost, and we look at ease of implementation and other related criteria, and then we try to reach a consensus decision.

When selecting from different off-the-shelf packages, be they hosted in the Cloud or not, you still need to make them work well together. We have chosen to adopt an approach to match our business needs based on using an Enterprise Business Data Model, which as a model will extend beyond containing only master data also to cover data that needs to be shared. Such an approach helps to ensure that multiple large packages work together and crucially, that information flows freely between them. Additionally, from an execution standpoint, we have an integration platform that helps makes it all work together.

## AUTOMATION

**There’s a lot of talk at the moment about automation, much of it based on labor elimination, resource elimination and / or computing resource elimination. In your view, how can automation help your business succeed in its market, and what has been the practical impact of automation so far?**

Looking at this from an IT perspective, we are already looking at automation and using automation to some extent in the QA and testing area with Capgemini. In fact, we’re using a Capgemini Testing Center of Excellence to run for us automated regression testing and performance testing. We are also looking into the automation of code deployments between the different environments—between development, test and production environments.

Reducing labor costs is of course important, but equally if not more important for us, is to reduce the lead time for new projects since that has immediate business value from making business capabilities available sooner. We also expect automation to improve the quality of what gets delivered.

On the business process side, there is an obvious dimension of labor cost elimination offered by automation, especially when you take into account the scale of a business operating across 116 countries which has implemented common templates. At the same time, you can look at how compliance across multiple business units can be increased because of automation linked to having a single universally agreed way of approaching things which can also help you reach a uniform level of maturity (in terms of deploying best practices) faster across multiple markets.



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## CUSTOMER EXPERIENCE AND SERVICE EXPERIENCE

### Can you tell us how you ensure customer experience and service experience are optimized?

I have mentioned how at Canon we always work as a business partnership and touched upon other mechanisms we use to ensure service experience. In practical terms, this means that when we take the whole life cycle approach to whatever business capability that we need to develop and support, we follow a common methodology in how we work, not just in IT but how we work for Projects enabled by IT across the company – we call that ‘The Way of Working’.

We talk about *mobilization*, *inception* and *elaboration* stages. These are based on the Essential Unified Process and occur before the *construction* phases. Since there’s usually a lot of important work that has to happen right from the beginning of every new project, we have a business process owner organization that takes on the responsibility for defining the key performance indicators related to functional areas or sometimes end-to-end business processes. We often need to ask whether we want to make it more efficient or do we want to make it more customer-focused based on what the business wants to achieve. In these situations, the business process owners, the architects, delivery teams and program management will need to work together to build a formal business case to be submitted for approval at the most senior level before the investment is released.

While the solution is being built incrementally in iterations, business stakeholders are continuously involved throughout the phases to validate the functionality with demonstrations and walk-throughs. This enables the business stakeholders to increase their understanding of the solution and

steer the project to prevent surprises at the end. In the area of digital and customer facing solutions, these iterations are becoming much shorter and in addition to business stakeholder continuous input we also plan to include end customer continuous input.

The final User Acceptance Testing always needs to take place before any release or go-live occurs as part of a phase which we refer internally to as *transition*. After that, any new functional or business capability that is required before it can go into operations will be decided by the program team themselves, always as a combination of business and IT people working together.

For our big IT programs especially, we have a design office that involves business process architects and IT architects working jointly to define what the solution is going to look like, and then advising other senior

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managers on what other important factors need to be considered. We define an overall release schedule agreed between different business units or functions including IT especially for large programs where there are many components. We try not to do too much at the same time so that every release is successful.

In most cases, we start with a small release that covers all of the basic requirements since we always try to avoid the situation where a release is late and would rather reduce its scope.

For each new release, we define upfront how many fixed iterations we plan to build before that release goes into production to secure customer experience based on whether the program components deal with either the back-office or front-office. Based on this approach, there’s more opportunity to assess exact business requirements and make sure that the business unit or the functional owner receives what they needed. Very often, people are unable to describe in a lot of detail what they want, so using such an iterative approach proves to be powerful.

## DATA INTEGRATION

### Given the importance of data and data integration in any application landscape, how do you drive the agenda for seamless access to data?

In our integrated landscape that I described earlier, we adhere to an important business principle of minimizing the number and scale of any customizations. We always try to use the packages that we buy for what they are meant to do and not for transforming them into something else. We have also created an important central function which we have called Master Data Management, which spans definition and operations of our Master Data. This organization does not sit within IT, it acts as a shared service centre and works very closely with us, and of course, we provide it with whatever analytical tools they need. As a central function, it benefits from us having common templates and common solutions.

### How are you able to realize the benefits of your Enterprise Business Data model given that you use certain applications which have their own data model and definitions of what a product and a customer are?

That’s exactly the purpose of an Enterprise Business Data model because otherwise if we had only

one ERP that did everything or if we built everything ourselves with one data model, we wouldn't need it. If there is conflict between several different applications, we can use the Enterprise Business Data model to help us make the decision of which of the applications should be lead in that situation; to the extent possible that we don't change the data model in our main applications.

**What has been the impact of this data discipline for the business?**

It's still a journey. The expectation is that data quality will steadily improve, and from this increased efficiency in running our business processes from not spending time trying to understand and validate the data, but having the confidence that the data is right. At this point, you can then spend all your effort and energy on actually using the data to make decisions. With regards to being able to make real-time decisions based on the use of data, in business areas like products and some customer areas, we are at a good level of maturity whereas in some other areas we still have a lot of work to do.

## SOURCING

**How has the blend of in-sourcing, co-sourcing and outsourcing changed over time? In your view, what do you think is the right balance as things stand today?**

Over a period of time, we have moved from a situation where we did most of the work ourselves, much like a traditional kind of in-sourced model, to a situation today where we have key strategic partners who are focused mainly on the construction or

development work and operations. At the same time, we make sure that some of the key roles, by this I mean certain roles that have to do with defining what we do and how we do it from a design standpoint, are Canon roles. Also there's an expectation that when you have strategic partners for work that is not location sensitive, then these partners will have offshore locations that we can leverage to optimize our costs.

**Is outsourcing still largely about cost or are there other equally important factors?**

Cost is certainly important, but equally our expectation is that since we partner with companies whose core business is to do this type of work, that they acquire an expertise gained from across different markets and can see the best practices, and then as a result we can also benefit from this. Outsourcing also gives us flexibility. It can also help us mobilize the resources fairly quickly for programs for example, that we wouldn't be able to mobilize ourselves internally in the same time frames.

**What are the top business contributions you expect from such partners to create a sustainable long-term relationship?**

There are three main areas of impact. I would say that number one is a flawless delivery – being really good at their core business, which we have selected them to provide to us. The second one is the cost reduction agenda, helping us reduce our costs on a continuous basis. Thirdly, for them as strategic business partners to perform a role of a 'sounding board' for us and as an innovation vehicle bringing us new ideas.

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Canon Europe is a subsidiary of Canon Inc. of Japan, a world-leading innovator and provider of imaging solutions.

It contributes around one third of Canon's global sales revenue and employs in the region of 18,000 people across Europe, the Middle East and Africa (EMEA).

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## CULTURE

### **How do you drive a culture of performance and pro-activeness from your internal teams as well as your extended partner teams?**

The culture questions are always the most complicated to answer. Firstly, in the IT organization, I am keen that individuals at all levels have personal ownership and accountability, so we work together in a way in which people get a strong sense of ownership and accountability for what they do. This approach goes some way towards encouraging a proactive and innovative business mindset which at the same time can be focused on the user experience.

Also, when looking at our ecosystem of Canon employees, service providers and strategic partners, we spend a lot of time to clarify the exact roles and responsibilities of the Canon employees in that ecosystem. As I mentioned earlier, Canon employee roles tend to be more focused on certain areas that are not purely delivery related or running the operations, but more to do with, for example, the solution design, program management, vendor management or service management. We expect our

strategic partners to have the depth of expertise for delivery and operations.

We also operate a strong governance framework based on mutually agreed KPIs with all of our key strategic partners, tracked and reviewed at regular meetings and across all levels, both operational and at an executive level. Increasingly, we are using more collaboration tools and unified communications such as Skype for Business and multi-way video conferencing.

### **How do you utilize and leverage proactive business and technical innovation brought to you by one of your business partners?**

For the scope of Enterprise IT, we utilize our own innovative ideas and the innovation capabilities of our selected strategic partners and focus on the scope of the key Transformation programs. In addition, our business itself is about innovation in new solutions or service models. In many cases our strategic suppliers can deliver technologies or skills that allow us to bring innovations quicker and reliably to our business.

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