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The CIO Series

Manfred Immitzer of Nokia Siemens Networks Enables Value Creation via IT



Manfred Immitzer of Nokia Siemens Networks Finds His Calling in Driving Change to Enable Ongoing Value Creation via IT in a Fast Moving Industry

Manfred Immitzer, CIO of Nokia Siemens Networks, loves finding solutions to complex challenges and selling them in simple ways to drive organizational change, cost savings, new business leads and the resulting competitive edge. With experience in multiple functions including R&D, running a factory, managing IT systems and heading business units, he chiseled a new business architecture at NSN since its formation nearly five years ago. Now, he is pushing social computing, cloud computing and business analytics to make NSN move faster and surer in delivering to its telecommunications services clients.



Manfred Immitzer delights in grappling with “very complex tasks, understanding them very fast with strong analytical capabilities, and condensing them to simple things you can communicate.” Immitzer, 46, gets to do all of that and more as the chief information officer (CIO) overseeing global operations at Nokia Siemens Networks (NSN), the Espoo,

Finland-based provider of telecommunications infrastructure and solutions. Launched in April 2007 as a joint venture between Siemens Communications and Nokia’s Network Business Group, NSN today connects a quarter of the world’s population across more than 150 countries.

Immitzer says a pre-requisite for his assignment at NSN was the range of functions in which he has experience. An electrical engineering graduate from the Austria’s Technical University of Graz and a Ph.D. in physics from the Technical University of Vienna, he began his career in 1989 at Siemens

Austria in communications R&D, moving on to sales and marketing for audio & video systems and then heading its factory manufacturing telecommunications cables. By 1998, he was responsible for the strategy of Siemens Austria’s energy and transportation business and later head of the IT solutions within Business Services. He next became CEO of the company’s application management center for Mid-South Europe, before being named to his current role five years ago. “Without understanding business and having done it myself in so many different disciplines, I would be really lost in the field,” he says.

The CIO’s role is “a tremendous strategy and change-management job,” where one needs to understand “how your clients feel on the other side of the table,” according to Immitzer. And it is also a sales job, he says. “You need to sell your ideas and approaches, and you should not underestimate that part of the process. If you change the way of working, at the end of the day you need to sell it because it is affecting the whole company in terms of productivity, costs and culture.”



Immitzer today harnesses social computing, business analytics and cloud technologies among other tools to help NSN operate a well-connected global operation, save costs, open new market opportunities and enhance overall business performance. He traces some of his most challenging assignments at NSN to the company's inception. He was part of a ten-member integration steering team including the designated CEO, CFO and other designated functional heads at the company. Back then, he fleshed out his role across four pillars, each of which brought its own set of challenges and opportunities.

THE FIRST PILLAR: MAKING M&A WORK

Unlike most other post merger-integration exercises, NSN was created by carving out business units from Siemens and Nokia and given an independent, new life. "This was all about enabling the company to operate but also about driving change in terms of establishing a new company," says Immitzer. "We were proud of our history but we were also getting rid of the history in the sense that we had to create our own NSN story."

Immitzer faced two challenges: First, Siemens was a decentralized organization, while Nokia was centralized. "If you combine these two modes of operation, the whole process and IT structure didn't fit at all," he says. Second, because of the nature of the joint venture, he had to deal with two carve-outs from Siemens and Nokia and one integration at the same time. "You are managing very complex structures over a long period of time," he says, likening it to "walking on water for a long time." The integration effort called for consolidating networks, platforms and applications, connecting users while moving them around, and delivering work structures in parallel.

All that meant gaining "a very fast understanding of what needs to be done to support the business strategy" driving the M&A, "and then to make that

happen," says Immitzer. The solutions he brought had to fit in with the new company's overall strategy, in terms of what it aimed to gain with the joint venture, including pure synergy, growth and acquiring new customers. He defines that role as one of "playing the architect of an IT integration" that will enable the change sought with the M&A effort. It was, after all, a "once-in-a-lifetime opportunity to write a new history," as he saw it.

CONSULTANTS OUT, COMMON SENSE IN

Immitzer says he made "a brave decision" at the beginning, and that was to avoid hiring consulting companies to advise NSN on the IT integration and "just do it with common sense." Next, he created what he calls a "10-to-1" approach, which really meant bringing down the number of suppliers, applications and so forth by 90%. He and his team achieved all that in substantial measure, accounting for much of the gains in the past four years. Since its formation, NSN has cut IT costs by 40%, reduced applications by 75% and the number of suppliers by 95%. It also replaced about a hundred infrastructure set-ups with one global infrastructure, he says.

What's more, NSN consolidated 100 SAP (enterprise resource planning architecture) systems into one SAP system. "That was the hardest time of my life," Immitzer recalls. "Consolidating that to one central SAP system is one of the heaviest changes you can drive," he says. "You change the whole mode of operation — and we only got it done successfully when we finally set that up as a business change program we called Quote2Cash. Also, on the infrastructure side, you change the ecosystem of everybody and the way they work."

NSN is outsourcing more than 70% of its IT requirements today. "We are doing it because, for one thing, the outsourcing partner with his scale and size can deliver it cheaper, faster and better,"



says Immitzer. “Secondly, you can free up your time and management capacity to the strategic topics in understanding the future, market trends and add value to the company’s business. Wipro has been one of our key partners in this effort.” In addition, outsourcing and tools like cloud computing help NSN save on making investments, and Immitzer is able to redirect those savings to pursue new business opportunities.

THE SECOND PILLAR: CREATING NEW BUSINESS CAPABILITIES

NSN is growing in managed services businesses, where it provides outsourced infrastructure and technology solutions to telecommunications carriers. Outsourcing of data centers or other services is not new to the IT industry but that phenomenon is relatively new to the telecommunications services industry, Immitzer says. That offered NSN the opportunity to not just build the business capabilities, but also to “shape the market” as it grows, he adds.

In the process of making this change, NSN had to transition from its roots in a product business to deploying telecommunication networks that its clients need to grow their businesses. “The communications service providers are being transformed with new market models,” Immitzer says. “They want to grow and utilize opportunities that are coming in with smart phones and social media.” They would rather state their requirements and ask NSN to provide the solutions instead of themselves specifying and buying the hardware for that, he adds.

THE THIRD PILLAR: WAYS OF WORKING

Clearly, delivering on the new demands required NSN to redefine the way of working. Immitzer came to grips with the intense focus in his board

room discussions on building the requisite infrastructure. “I wondered why we were talking so much about infrastructure. Isn’t it getting more commoditized?” he recalls. “But then, with infrastructure and the workplace environment, you are touching everybody in the company. You are shaping the way of working and you are influencing productivity. And the productivity defines your cost position, competitiveness and time-to-market.”

One of Immitzer’s favorite projects is a Telepresence network within NSN that he launched some two-and-a-half years ago. Telepresence is a technology that resembles video-conferencing on steroids; it employs large, high-definition screens linked together over high speed telecom pipes, enabling people in different locations to confer among themselves with the ease of sitting around the same table. Immitzer says NSN was an organization “that was traveling a lot,” with its people spread across offices in more than a hundred countries. Now, NSN has nearly 40 Telepresence studios that allow it to function as a “virtual organization”.

“We totally changed the way people work,” Immitzer says. “Instead of sitting at an airport waiting for the next plane, we gained a lot of productivity because we reduced travel time. People have a better life. We supported our commitment to the environment by reducing carbon dioxide with less travel. And, very importantly, we reduced travel costs quite heavily. And Telepresence is just at the peak of the pyramid if you look at our virtual enterprise strategy.” With the whole collaboration service portfolio NSN holds more than 3,000 virtual meetings each day.

Another big impact from NSN’s collaboration approach is that it has transformed knowledge management across the company using social



computing. An NSN team in South America may have solved a problem that a team in India faces. Social computing allows for that knowledge to be shared. NSN users post their profiles on internal networks, much like on Facebook or Twitter, and list their specialties and project experience. The company also has its own “NSN Tube,” like YouTube, and video systems at its workplaces. “With social computing and people search mechanisms, when you look for a solution, you can find 15 people who have done that before,” Immitzer says.

Immitzer recalls that a decade ago, many companies attempted knowledge management initiatives, “but it never worked because you don’t want to find knowledge in databases or archives.” Social computing allows NSN executives to ask each other about solutions to problems. “It is how you replicate the human being’s behavior, like asking your neighbor how he fixed a certain problem in his garden,” he explains. “That is exactly what you can do now without boundaries, utilizing social computing.”

THE FOURTH PILLAR: LEVERAGING IT INDUSTRY TRENDS

Immitzer sees big opportunities ahead in latching on to emerging trends such as social computing, cloud computing and data analytics. “[Data analytics] is one of the big game changers, and a big strategic initiative for us,” he says. “The pure IT capabilities to support that new approach to data analytics did not exist earlier.” That effort, however, is a work-in-progress at NSN. Currently, business intelligence is built on data warehousing and data mining, “but it is not flexible real-time intelligence,” he says. That will be taken further by including unstructured data sources from social networks and advanced business analytics solutions. “It will shape decision making and speed to market,” he adds.

“For our R&D community we have created an engineering cloud. With that R&D engineers can allocate required data center resources (e.g. for testing activities) via a few mouse clicks without any lead time,” says Immitzer. “Besides the significant increased HW (hardware) utilization, this is reducing development cycles in the R&D space and therefore time-to-market. Once more innovation in IT generates real business value.”

To hold all that together, NSN put in place a three-layer model to help focus on governance and services management tasks, says Immitzer. Governance is all about defining the enterprise architecture, and the policies and strategies and translating business needs into IT projects and services. Service management is about managing the services in terms of performance, quality and costs. The third and the biggest layer, which is mainly outsourced, is implementation of projects and services, whether it is running a data center or a help desk or a routine service. Here, Immitzer employs hybrid structures including dedicated IT services, and private and public cloud technology platforms.

LESSONS LEARNED: HEROES AND NASTY BOYS

During the course of his journey, Immitzer has learned how not to go about projects. He recalls how “we were heroes of the nation” on Day 1 after the NSN merger. “Everybody expected big issues but nothing happened because we had planned it carefully.” The just-born NSN at the time was still heavily supported by its two parent organizations. But a year later, the umbilical cords to the mother companies were cut, and NSN implemented its integration roadmaps and created a new ecosystem for everybody at the company. That elaborate plan affected tens of thousands of service recipients and company employees. “During that time, we became the nasty boys of the nation.”



Immitzer explains how that change of hearts occurred: “On Day One, expectations were much worse than reality, and after one year, it was vice versa. We did not manage to communicate that properly, so it was a period of four-five months where the escalations were extreme and the communication challenge was very heavy. That was one big lesson I learned.”

Immitzer says that when NSN was launched, he inherited close to 1,600 IT employees across the globe “and I didn’t know a single one of them.” But then he had to waste no time in driving the post-merger integration program and getting those employees on board with his ideas. “And managing the upcoming extraordinary challenges together as a team was building the needed trust anyhow pretty fast.”

Today, he sees NSN’s huge global network of offices and employees as enriching, while most others may see it as a threat. “It is fascinating to utilize the diversity across Asia, the Americas, Europe, Africa and Australia. It is enriching to listen to people and understand the company from totally different perspectives,” he says. “Diversity is one of the most underestimated strengths in a company with a global culture.”

FONTS OF INSPIRATION

Immitzer doesn’t believe in having “an iconic person” from whom to draw his inspiration. Finding clarity and a way through challenging and complex issues inspires him. The people he works with also inspire him. “If you can inspire a team, it can move mountains,” he says. Immitzer’s family — wife Barbara and four-year-old son Thomas — also is a wellspring of inspiration. He doesn’t carry work home, and does “totally different things” in his spare time. These include hiking, jogging, swimming “and spending time together.” Another source of inspiration comes from his broad range of interests. He strums the guitar, has played in some bands and also cut some of his own recordings, and loves the pop and rock of the sixties, seventies and the eighties. Traveling and photography (he clicks with a Canon 7D) are his other passions. At other times, he spends time sitting with friends, “drinking a good glass of wine and playing some music.”



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