

InformationWeek

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BUSINESS INNOVATION POWERED BY TECHNOLOGY

17TH ANNUAL SURVEY

500

Innovation takes many forms as companies find ways to hold the line on IT spending without compromising on execution

Top 100 Innovators

Rank	Company	Revenue in millions	Highest-ranking IT executive	Title	Industry
1	Capital One Financial Corp.	\$10,859	Gregor Bailar	Exec. VP & CIO	Banking & Financial Services
2	SC Johnson & Son Inc.	-	Daniel Horton	VP & CIO	Consumer Goods
3	Equifax Inc.	\$1,273	Robert Webb	CTO	Banking & Financial Services
4	Eastman Kodak Co.	\$13,517	Kim E. VanGelder	VP & CIO	Consumer Goods
5	Calpine Corp.	\$9,230	Dennis Fishback	Sr. VP & CIO	Energy & Utilities
6	Perot Systems Corp.	\$1,774	Mike McClaskey	CIO	Information Technology
7	Xcel Energy Inc.	\$8,345	Raymond E. Gogel	VP & CIO	Energy & Utilities
8	Highmark Inc.	\$9,118	Tom Tabor	Sr. VP & CIO	Insurance
9	Cadence Design Systems Inc.	\$1,197	Daniel Salisbury	VP of IT	Electronics
10	BellSouth Corp.	\$20,300	Francis Dramis	Chief Information, E-Commerce	Telecommunications
11	Parsons Corp.	\$1,994	Doug Philbin	CIO	Construction & Engineering
12	Edison International	\$ 10,199	Mahvash Yazdi	Sr. VP & CIO	Energy & Utilities
13	Avnet Inc.	\$11,070	Ed Kamins	CIO	Distribution
14	Northrop Grumman Corp.	\$29,853	Thomas Shelman	VP, Internal IS, & CIO	Manufacturing
15	Yellow Roadway Corp.	\$6,767	Bob Obee	Chief Technology Integration Officer	Logistics & Transportation
16	SAS Institute Inc.	\$1,530	Suzanne Gordon	VP of IT & CIO	Information Technology
17	Air Products and Chemicals Inc.	\$7,411	Glenn E. Beck	VP of Global IT	Chemicals
18	SBC Communications Inc.	\$40,787	John Stankey	Exec. VP & CTO	Telecommunications
19	Exelon Corp.	\$14,515	Daniel C. Hill	Sr. VP & CIO	Energy & Utilities
20	SLM Corp.	\$5,218	Robert S. Autor	Exec. VP & CIO	Banking & Financial Services
21	Penske Truck Leasing Inc.	\$3,500	William L. Stobbart	Sr. VP of IT	Logistics & Transportation
22	Lands' End Inc.	-	Frank Giannantonio	Sr. VP & CIO	Retail: Specialty Merchandising
23	Herman Miller Inc.	\$1,516	Andrew Lock	Exec. VP & Chief Admin. Officer	Manufacturing
24	Principal Financial Group	\$8,304	Gary P. Scholten	Sr. VP & CIO	Banking & Financial Services
25	ACS (Affiliated Computer Services Inc.)	\$4,106	Mark King	President & COO	Information Technology
26	Agere Systems Inc.	\$1,912	Chuck Sperazza	VP & CIO	Electronics
27	Paccar Inc.	\$11,396	Janice Skredsvig	VP & CIO	Automotive
28	Texas Health Resources	\$2,000	David S. Muntz	Sr. VP of IS & CIO	Health Care & Medical
29	Louisiana-Pacific Corp.	\$2,849	F. Jeff Duncan Jr.	VP, CIO, & Dir. of IT	Metal & Natural Resources
30	3Com Corp.	\$699	Arijit Bose	CIO	Information Technology
31	Cigna Corp.	\$18,176	Scott Storrer	Exec. VP Service & IT	Insurance
32	Ricoh Corp.	\$2,800	Sean G. Magee	VP of IT & CIO	Consulting & Business Services
33	General Motors Corp.	\$193,517	Ralph Szygenda	Group VP & CIO	Automotive
34	Staples Inc.	\$14,448	Scott Floeck	Sr. VP & CIO	Retail: Specialty Merchandising
35	UBS AG	\$59,878	Philip Freeborn	CIO	Banking & Financial Services
36	Accenture	\$13,673	Frank B. Modruson	CIO	Consulting & Business Services
37	The Guardian Life Ins. Co. of America	\$7,021	Dennis S. Callahan	Exec. VP & CIO	Insurance
38	Wyeth	\$17,358	Bruce Fadem	VP & CIO	Biotechnology & Pharmaceuticals
39	PacifiCorp	\$3,049	John Cupparo	CIO	Energy & Utilities
40	Mellon Financial Corp.	\$4,056	Kevin Shearan	CIO	Banking & Financial Services
41	VF Corp.	\$6,055	Boyd Rogers	VP of IT & Global Supply Chain	Consumer Goods
42	Quest Diagnostics Inc.	\$5,127	Jean-Marc Halbout	VP of IT & CIO	Health Care & Medical
43	Standard Register	\$890	Joe Morgan	VP & CTO	Manufacturing
44	Automatic Data Processing Inc.	\$7,755	Robert J. Bongiorno	Sr. VP & CIO	Consulting & Business Services
45	Allstate Insurance Co.	\$33,936	Catherine Brune	Sr. VP & CIO	Insurance
46	Motorola Inc.	\$31,323	Patricia Morris	VP & CIO	Manufacturing
47	E.&J. Gallo Winery	-	Kent Kushar	VP & CIO	Consumer Goods
48	Ohio Casualty Group	\$1,671	John Kellington	Sr. VP & CTO	Insurance
49	Great Plains Energy Inc.	\$1,092	Charles Tickles	Director of IT	Energy & Utilities
50	Burlington Northern Santa Fe Corp.	\$10,946	Jeffrey J. Campbell	VP of Tech. Services & CIO	Logistics & Transportation

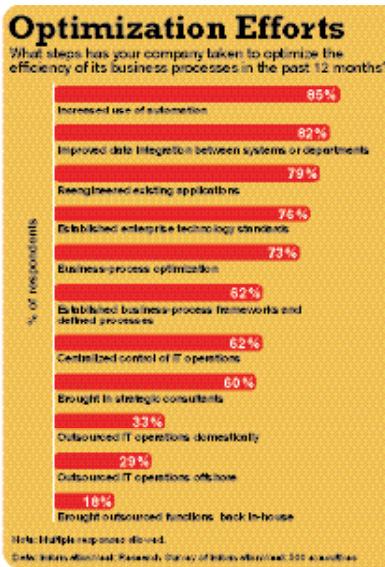
IT Leaders Find New Ways To Win

What accounts for their successes? Bottom-line efficiency and an eye for innovation are a start.

BY EILEEN COLKIN CUNEO

The leading 100 companies generally outperformed the others in business-process efficiencies through increased automation, improved data integration, reengineered applications, and centralized control of IT operations. At 13th-ranked Avnet Inc., an electronic-components distributor for the tech industry with more than 300 suppliers and 100,000 customers worldwide, the focus is on automating its supply chain. “We’re looking to change the game in our industry,” says Avnet CIO Ed Kamins. “We don’t design products, so our strategic competitive advantage is in our processes.”

For Avnet, an impediment to a smooth-flowing supply chain was the quoting and ordering process that defined the relationships among multiple players: component makers, Avnet, and the value-added resellers that buy components on behalf of their customers. Historically, deals required a flurry of phone calls among these parties as they collected quotes, decided on which products best met the needs of customers,



and then ordered and delivered the products. Avnet also faces an industry shift: Value-added resellers no longer look for information from single manufacturers but want comparative information across several product lines.

So Kamins’ team built an order-management system called Request to Order, or R2O, that integrates configuration, quoting, lead-tracking, and ordering information in a single portal. VARs access the portal directly to view and process orders across multiple brands from a single source. The results for Avnet include a 20% increase in productivity in presales processes and increased revenue from associated sales such as services and leasing programs. And Avnet clearly answered an industry need: Three-quarters of its VAR partners have adopted the new process. “When we put it online late last fall, we had to increase our server farm because the level of impact was three or four times greater than what we anticipated,” Kamins says. “This makes us faster, more accurate, and it builds a better customer relationship.”

Choosing The Winners

How InformationWeek identifies the most innovative users of technology

THE INFORMATIONWEEK 500, which has identified the most innovative IT organizations in the United States for 17 years, is a benchmark of organizational performance. Unique among corporate rankings, the InformationWeek 500 spotlights innovation in business technology, rather than simply identifying the biggest spenders.

To be included on our list, candidate companies were asked to complete a qualifying application that examined key business-technology strategies. Companies with at least \$500 million in annual revenue were invited to participate. InformationWeek

Research editors determined the selection criteria.

This year, we recognize the accomplishments of companies across eight types of business-technology initiatives. Although InformationWeek 500 companies reveal key elements of their technology spending plans and budgets during the research process, the data is aggregated by industry; individual responses are never disclosed.

We wish to thank Advantage Business Research Inc., which provided telephone support for this year’s survey, and CIC Research Inc., which supplied data analysis.



IT Gets Distributors On The Right Road

Avnet depends on a new price-quote system, while Corporate Express plots routes with RoadNet app

WHEN YOU'RE IN THE BUSINESS OF distributing products, speed and accuracy are tantamount to successful customer relationships. Distributors at the top of their game recognize that technology separates them from the pack by squeezing out inefficiency and making it easier to provide good service.

Avnet Inc., an \$11.1 billion-a-year distributor of electronic components and computers, is developing a new process for delivering price quotes that's part of an overall company strategy to automate more business processes. "I think we're going to create a competitive advantage for ourselves," CIO Ed Kamins says. "IT for us is the R&D of the distribution business. It's our competitive weapon."

The crucial first step to an improved quotes process was put in place last November when Avnet finished development of a business-rules application layer that it added to its quoting system. The application layer simplifies the process of verifying that prices being quoted match with a customer's order, an important step in a business that distributes thousands of often costly products. In the past, an employee matched up each line item ordered with the appropriate specialist. Now that line item is automatically routed to the appropriate specialist for price verification.

Avnet is now implementing a system that reconciles discrepancies between part numbers taken at the time of ordering and part numbers in its product database. The system includes data-integration software from Silver Creek Systems Inc. that matches part numbers with business rules to find and resolve discrepancies. Wrong part numbers are a frequent problem, Kamins says, and can result from suppliers changing their part numbers or clerks typing in the wrong figures during data entry.

Avnet plans to eventually automate every step in its complex, interconnected price-quote process, Kamins says. But it won't be an easy job. "Every time we solve one problem, it's like speeding up one part of a highway," he says. "You still have bottlenecks in other places."

At office-products distributor Corporate Express Inc., process optimization has focused squarely on deliveries. The Burhmann NV subsidiary is trying to maximize the number of deliveries each of its 1,400 vehicles makes a day and provide customers with more information on the status of their deliveries.

Last August, the company completed its "proof-of-delivery" system to keep track of deliveries and record who signs for them. The system includes wireless handheld devices that drivers use to capture electronic signatures, scan items when they're delivered, and transmit data about deliveries to customers over the Web.

The company also uses UPS Logistics Technologies' RoadNet application to plot delivery routes to eliminate as many stops as possible. The company previously let drivers load their vehicles and organize their routes. But automating route planning and having warehouse workers load vehicles based on those plans is slashing miles and time from routes and freeing drivers to do more deliveries, senior VP of distribution operations Tim

Beauchamp says. Between the proof-of-delivery system and the automated route planning, Beauchamp says, Corporate Express has slashed the amount of outstanding receivables on its books by more than 25% in the last three years. —TONY KONTZER (tkontzer@cmp.com)

INSIDE DISTRIBUTION

Average portion of 2005 revenue spent on IT

1.5%

Companies spending more on IT this year than last

65%

Buying directly from foreign suppliers

44%

Centralizing control of IT operations in past 12 months

72%

Bringing outsourced functions in-house in past 12 months

22%

I.T. BUDGET BREAKDOWN

Hardware purchases	IT services or outsourcing	Research and development	Salaries and benefits	Applications	Everything else
21%	10%	5%	37%	18%	9%

DATA: INFORMATIONWEEK RESEARCH