

Today Business Focus On Cost Reduction And Productivity Improvements

Successful CIO's are leaders in bottom line management and cost containment.

The majority of the new projects that PSR has undertaken in the last quarter are of a cost reduction nature. Most of the firms we have contacted are looking for ways to improve the bottom line through the effective use and application of technology.

Interest has ranged from a replanning of the infra-structure of a growing organization to take advantage of the technology that already is in place to the review of actual voice/data communication architectures to eliminate unnecessary costs.

Service is still one of the most critical success factors of most CIO's. There continues to be a focus on project management for Mission Critical projects in major organizations (see Quick Results From Mission Critical Project Management). One international firm was able to reduce the size of its distribution and administrative support organizations by over 12% -- resulting in a real dollar savings of several millions of dollars (see Strategic Planning A Driving Force In Cost Reduction). Other firms were able to reduce their overall voice/data communications costs by over 15% in less than four weeks. A proactive program of cost reduction is seen by many CIOs as the best way to position themselves for the 1990's

Quick Results From Mission Critical Project Management

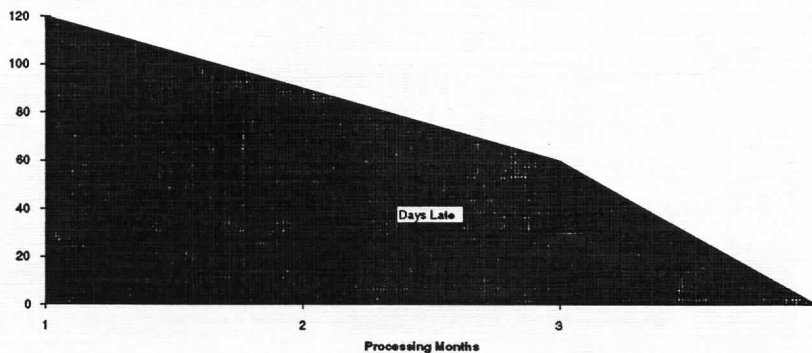
Client's billing backlog cut by over 3 months - saving \$\$\$!

The Vice President of Information Systems for a rapidly growing, billion dollar company contracted with PSR to improve their service level. The client was over 120 days behind in its monthly billing. Bills were frequently incorrect, costing the client additional millions of dollars a month.

PSR's efforts put the client's billing back on schedule within three billing cycles, restoring profitability and system user confidence. But the work didn't stop there. PSR also ensured the system would stay on track by:

- Retraining the client personnel to use a newly developed computer-based billing schedule;
- Establishing performance measures and reports; and
- Documenting the billing system scheduling and support procedures.

Using the documentation and training PSR developed, the client's staff now tightly manages their billing system. Within three billing cycles, a potentially firm threatening problem was corrected and the client was left with the tools to ensure that it does not happen again.



Billing backlog decreases and income flow improves dynamically as PSR manages Mission Critical Project

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Strategic Planning A Driving Force In Cost Reduction

Focused planning results in a favorable redefinition of the roles and costs associated for a growing manufacturer.

The Board of Directors of a fortune 500 manufacturer asked PSR to develop a strategic plan for their operational functions. Through recent acquisitions in the US, South America and Europe, the firm had become an industry dominant International Firm. This recent globalization and the increased competitive pressures in their industry, led our client to look for ways to optimize their system resources to gain competitive advantage.

After reviewing their domestic and international operations, PSR learned that the organizational structure was sub-optimal. Local and regional systems groups were duplicating internal functions, thus increasing operating expenses compared to the client's competitors. To improve their competitiveness, PSR developed a strategic plan to consolidate local and regional systems support groups into two international systems support groups.

As a result of consolidation, the client's Systems Department provided the same services to its internal customers but at 15% less cost - saving them millions of dollars in operating expenses for year. These cost savings have significantly increased the client's ability to compete in the global markets.

Reduce Head Count By Outsourcing






Purchase of the right products and services can quickly meet managements needs and improve profitability even in a recession.

Recent trends toward globalization and deregulation have increased competition inside and outside of the United States. These trends have caused many firms to look at ways to better compete. The level of competition is further enhanced by consumers not spending as much as they used to. As a result there are now more firms chasing fewer dollars. In order to survive in today's business world, firm's must look at decreasing expenses in every feasible wayor else....

One way firms are cutting costs is 'Outsourcing' of services to reduce head-count and avoid hiring. Because clients do not want to 'reinvent' the wheel, PSR provides such services for their economic advantage. Among PSR's services, the PSR PC HandiGuide™ has significantly decreased PC support requirements, thus reducing PC Support Staff requirements and expenses.

PSR's HandiGuide program is a comprehensive, publication quality policy and procedures manual that can be customized to fit specific organizational needs. It covers the most commonly asked questions in easy to read language; enabling PC users to be nearly 100% self supporting. A major oil and gas pipeline company found their PC Help Desk calls decreased 30%, enabling them

PCs have been a boon to both users and computer professionals, but at the same time have been the source of many headaches to CIOs. Thorny questions remain:

-  **Cost**
-  **Control**
-  **Auditability**
-  **Accountability**
-  **Security**

to redirect their PC support resources.

Another benefit of the PC HandiGuide is the significant PC policy and procedure development savings. A regional financial services client estimated our PC HandiGuide would have taken 5 of their internal staff nine months to compile, at an expense of over \$200,000!

Many of our clients have been able to significantly decrease their PC support costs by reducing PC Support needs. At the same time providing policies and procedures improves overall control of these valuable resources. With a decrease in these costs compared to the competition, they have found they can be more competitive, ensuring they'll be around tomorrow.

Audit - Reduces Unnecessary Expenditures

One major firm found that it had a surplus of over 100 PC's while continuing to purchase un-needed replacements.

Senior management of a large services firm was concerned about PC software and related support costs. PC costs were increasing and many different software tools were being purchased. The firm asked PSR to audit its PC software and to recommend steps to reduce PC software expenditures.

PSR used its PC Audit package to extract and analyze the clients PC software, hardware and user information. During this audit, PSR found the firm was missing several PC's, supporting numerous brands of the

same software types, using over fifty operating systems which were 'virus infected', and violating software copyright. As a result, building security was tightened, a standard list of supported software was developed, and 57 'virus infected' machines were reconfigured. Thus by using the PSR PC Audit package for analysis, client software expenses were significantly decreased.

In addition, there are an increasing number of medium and large firms that are being prosecuted for software copyright infringement. This potential expense is not trivial. Large firms have had judgements against them of more than a million dollars.

Our clients have found the PSR PC Audit Program provides them with the ability to manage and control PC resources and avoid unnecessary expenditure for legal fees and fines.

Reduce PC Expenditures by \$50,000 plus !!!!

- Do you have less than 50 PC's throughout your organization?
- Is acquisition of PC's and software well managed and controlled?
- Are all of your PC's being productively utilized?
- Are you sure that you do not have non-licensed proprietary software?
- Can you guarantee that your systems and disks are "virus free"?
- Does every PC user know your company's controls, security, back-up and recovery procedures?
- Are you sure that you are paying for and supporting the right software for your firm? Can secretaries transfer between departments and be assured they will have the same tools at the new work stations?
- Do PC users always get an understandable response to their questions?
- Do you know where all of your PC's and software are located?



Forecast Of The Southern California MIS Job Market

The impact of the War and the recession has been extremely high in the last 60 days.

The number of CIOs that are out of jobs and/or are actively looking continues to increase. In addition, the number of good managers out of work at the next level down is extremely high. The contraction of the job market in the defense industry and the financial service industry is having a strong ripple effect. This is going to be impacted even more if California does not get a record rainfall in the next few weeks.

The entertainment industry is currently operating under a cloud due to a poor showing from recent high cost big blockbusters. The merger and take over concerns has everyone in the industry concerned. Some opportunities may exist in the near term if one or two of these mergers take place.



Published by:

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Poor car sales for both domestic and foreign models along with the downturn in the Japanese economy is causing those firms to limit their expansion. The Japanese-American companies are going through a consolidation phase currently. They are eliminating almost all of the part-time "contractor" positions.

The national consulting firms have been adversely impacted by the economy and they are limiting their hiring. In conversations with both professionals in the market and new MBA's that are looking to enter the market, I have been told that east coast and mid-west based national firms have started to limit their hiring. In addition to this at least two of the "Big 6" firms are now going through a process of "selective staff reductions".

There is some light in the health care field but not enough to absorb the excess number of applicants available.

In summary, if you want to add a couple of good people now is the best time to hire. If you are interested in a new position, over the next sixty to ninety days, I would strongly suggest that you stay where you are. The market will get better for you by the middle of May and should really pick up by September/October.

Vic

Industry	Prospects Short Term	Prospects Long Term
Defense	Poor	Poor
Entertainment	Poor	Good to Excellent
Financial Services	Poor	Good
International	Good	Good to Poor
National Consulting	Poor	Poor
Health Care	Good	Excellent