



less = more

**Smurfit-Stone**

INFORMATION TECHNOLOGY DEPARTMENT





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# seeing the big picture

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We have identified that we need to get back to the basics. Plain and simple, it comes down to something as un-technical as good communication. Face-to-face intelligent dialogue and genuine interest in your goals. In fact, we have wrapped our vision, mission and key strategies around this very concept.



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## How to navigate through this PDF document

Reading a PDF document is just like reading a traditional book, with some nifty extra features. You can turn pages, zoom in or out for easier reading, and jump from one section to another using the contents bar at your left. Some other helpful features:

### Page Arrows

Page arrows  are located at the end of each page. When clicked, they will automatically take you to the next page.


### ITD Dictionary Terms

ITD terms are shown in **orange** and will take you to the definition in the ITD Dictionary. When finished reading the definition, click on the term to return to the page you came from. Example, click on **Router** or **Switch** to jump to the definitions on page 29. Jump back to this page by clicking on the term.

### ITD Links

ITD links are shown in **bold** and will take you to more information on the intranet.



### Using the Tool Bar

You can use the tool bar at the top and far left to scroll through pages (using the **◀▶** arrows) or zoom in or out (using the  magnifying glass tool). Return to your original view by clicking on the section in the contents bar at your left.

### Give it a try!



## ITD SCOPE OF RESPONSIBILITIES

<b>RESPONSIBILITY</b>	 <b>2002</b>	 <b>2003</b>
Customers supported	<b>14,000</b>	<b>13,500</b>
Calls to the ITD Support Center	<b>100,300</b>	<b>110,991</b>
Printers supported	<b>5,000</b>	<b>4,017</b>
Contracts managed	<b>600</b>	<b>592</b>
IT Procurement orders processed	<b>3,500</b>	<b>2,615</b>
PCs supported – desktops and laptops	<b>10,000</b>	<b>11,000</b>
MacIntosh computers supported	<b>230</b>	<b>240</b>
Production system changes	<b>2,200</b>	<b>2,771</b>
Phone systems supported	<b>300</b>	<b>300</b>
Hours to maintain business applications	<b>unreported</b>	<b>434,121</b>
Cell phone subscribers	<b>1,150</b>	<b>1,300</b>
PowerPlay cubes in production	<b>45</b>	<b>54</b>
Impromptu Web Reports (IWR) supported	<b>337</b>	<b>587</b>
EDI documents traded per month	<b>50,000</b>	<b>56,000</b>
Databases supported (55 applications in 2002, 54 applications in 2003)	<b>230</b>	<b>242</b>
Business applications maintained and supported	<b>95</b>	<b>112</b>
IT projects	<b>100</b>	<b>89</b>
EDI active trading partners	<b>300</b>	<b>435</b>
Mid-range servers supported	<b>291</b>	<b>208</b>
Intel servers supported	<b>1,263</b>	<b>1,050</b>
Technical assets managed	<b>58,000+</b>	<b>50,000+</b>
ITD support cost per contact	<b>\$18.50</b>	<b>\$17.61</b>
EDI documents managed	<b>23</b>	<b>27</b>
ITD locations: Alton (primary), Chicago, Montreal, Clayton, and Chesterfield	<b>5</b>	<b>5</b>
Data Centers: Alton, Chicago (disaster recovery)	<b>2</b>	<b>2</b>
Mainframe (includes disaster recovery)	<b>2</b>	<b>2</b>
Routers supported	<b>450</b>	<b>493</b>
Switches supported	<b>1,650</b>	<b>1,736</b>



**Dear Customer** I don't expect to find much disagreement when I characterize 2003 as an exceptionally challenging year for the paperboard packaging industry and Smurfit-Stone. Last year we all had to find ways to create opportunities and prove that **less = more.**



## C I O L E T T E R T O C U S T O M E R S

The challenge couldn't have been more daunting: do more with less, sometimes a lot less. I can say with confidence that we came together as a team of information technology (IT) professionals and experts from our businesses, and we met the challenge to provide higher value with fewer resources: less = more. This translates to more opportunities for meaningful partnerships with other departments and external customers, for individual creativity, for team initiatives, and for preparing the company for greater prosperity down the road.

How a person or company performs when conditions are difficult determines who wins the longer race, and based on what I saw in 2003, Smurfit-Stone has a decisive lead over our competitors. The election of SSCC to the **CIO 100** in 2003 for a second consecutive year and our rank of 239th out of 500 on the *InformationWeek 500* is a tangible recognition of that leadership. I am proud to work with so many talented people throughout the company who can keep their eyes on the bigger picture while navigating all the challenges we face.

Your Information Technology Department (ITD) found working with less meant more opportunities to get closer to our customers and help you resolve problems. Working with less also reminded us that technology, at its very best, only enables your work. There are a myriad of packaged IT solutions on the market for every problem we encounter, but the solution is only as successful as the process allows. With reduced funding for major technological change, process reengineering — finding more efficient solutions using existing tools — took center stage. Our work concentrated on the ITD continuous improvement process to ensure we didn't allow your or our budget constraints to rubberstamp the status quo. We redoubled our efforts to improve technology costs and save money for our customers and the company. But we were unsatisfied with simply doing more with less: we also wanted to create more value for the business with every investment we could influence.

**ITD Key Strategy 1:**

Standardization of technology, data management, and processes through consultive education, policy & consensus

**ITD Key Strategy 2:**

- Optimize buy vs build:
- Buy for compatibility and speed to market
  - Build for competitive advantage and barrier to entry

**ITD Key Strategy 3:**

Integrate ITD into upfront acquisitions/merger to assess compatibility/conversion cost



## C I O L E T T E R T O C U S T O M E R S

As we listened to customer concerns and priorities in 2003, we formulated an idealized vision of ITD as your valued and strategic business partner. We have been paying attention and working to overcome the perception that IT comprises technical nerds who cannot grasp the business perspective. We feel confident that by blending your business expertise and our technical know-how, we can create value by supporting your goals with appropriate technology and software solutions.

This idea of ITD as a business partner is so appealing to us, in fact, that it has become our vision. We support this vision with all the bells and whistles you expect from a vision process, but it really boils down to the four very simple components of our mission statement which we use for bringing value to your business:

- Create new business opportunities
- Improve cost and effectiveness
- Improve the decision-making process
- Increase productivity

These are solid mission objectives developed in the course of actual operations. They translate to real work that people are planning and accomplishing throughout the company. As a result, ITD has developed a mission that we can live by and can report back on every single day. You'll find some examples of how our mission played out during 2003 in the essay section of this report.

We are also pleased to update the programs we detailed in last year's ITD Customer Report, **Get Closer**. A number of those ongoing initiatives are outlined in the **Update section** that follows this letter, but I'd like to give you a more personal report on a few of the projects where ITD worked as your partner.

**ITD Key Strategy 5:**

Decision support and data management

2003 was the first full year for our ITD Customer Advocate program. The program effectively represented our customers in ITD planning and implementation processes in 2003. But we also discovered the need to quantify your feedback so that we could establish a baseline for communication and satisfaction improvement.

**ITD Key Strategy 4:**

Become a collaborative partner to new and existing clients



## C I O L E T T E R T O C U S T O M E R S

**ITD Key Strategy 6:**

Develop, employ and support an enterprise-wide knowledge management system and process

The Customer Advocate explored the most effective approach to measure satisfaction at the business level and made recommendations to my executive staff that more clearly define our customer relationships. We call this program the End-to-End Customer Experience. It has two components: the Total Customer Relationship, which encourages two-way, direct communication with customers; and the Customer Life Cycle, which helps us identify and measure customer engagement and interaction. The program, like all things IT, is evolutionary. We believe the

customers who participated in the pilot phase found value in the program, based on their feedback, and we hope many more of you will collaborate with us through the newly formed **Customer Advisory Panel (CAP)** so that we can continue to improve.

ITD supported Project Uni-FI, a company-wide business project sponsored by Corporate Finance to unify Smurfit-Stone's plant-specific technology and legacy systems. At year-end 2003, Project Uni-FI had the corporate offices and 27 sites on **SAP**. Simultaneously, the team began rolling out Workbrain, the company's Web-based time management program, with 16 sites live by year-end 2003. We continue to support the Project Uni-FI team and customers this year.

**ITD Key Strategy 8:**

Right-size the organization aligning resources and competencies with strategic intent of the organization

**ITD Key Strategy 7:**

Optimize, sustain, and attract business relationships through technology and process integration



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We also established new internal performance and quality monitoring initiatives in 2003. These tools should contribute to ever-better customer service and help ensure that we continue to make the best IT decisions for the company:

- **Quality Management (System Lifecycle):**

With the enactment of the **Sarbanes-Oxley Act of 2002**, it is critical that we manage SSCC IT processes to ensure the integrity of the information produced for our financial reporting. The System Lifecycle is geared around CustomerONE to improve our data quality and clearly communicate uniform processes for defining system requirements, developing and selecting software, testing, deploying, and changing systems. In 2003, we established a Quality Management development and deployment methodology.

- **Key Performance Measures (KPM):**

We need the means to measure continuous improvement progress. Although it is imperative to improve our costs and productivity, we also need to understand the potential risk and related impact on internal and external customer service, profitability, and our people. We have completed analysis on our 2002 performance and developed a balanced scorecard for measuring key IT parameters in the areas of Systems, Projects, People, and Business Operations.

- **Service Level Agreements (SLA):**

SLAs define and manage expectations between clients and customers. For ITD, they are agreements we will make with you that identify your requirements and objectives for system availability, ITD support services, and disaster recovery. While we strive for full system availability and instantaneous recovery, the economics of that proposition are seldom feasible. The SLAs will help us gauge your organization's tolerance for system outages so we can engineer solutions that meet those needs efficiently. We'll use that planning information to document and report to you on our ability to balance service commitments with funding realities and to make adjustments where necessary.

- **The IT Five-Quarter Rolling Forecast:**

ITD's finance group developed an internal five-quarter forecasting instrument that provides a roadmap to future budget requirements. The forecast helps us clearly understand the true costs of SSCC's technology investments. Like you, ITD was challenged to reduce costs in 2003 and the rolling forecast helped us identify the total cost of projects over time, enabling us to make the best value decision.



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**ITD Key Strategy 9:**

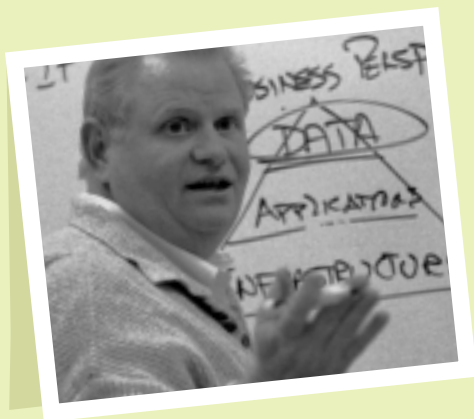
Centralize and/or consolidate technology infrastructure to optimize cost, functionality and risk

**ITD Key Strategy 10:**

Operation efficiency (or optimization) in contracting/leasing/negotiation and leveraging IT spend in all categories

The idea that less can mean more — that processes and systems can be improved even in tough times — is not easy to rationalize or embrace. ITD did embrace that idea as an inspiration to form a close and collaborative partnership with you — our customers — in 2003. It is an alliance that will continue regardless of business conditions. If circumstances require that we spend less on our technology solutions, let's do greater things with the dollars we have. Let's identify simple process changes that result in big savings. Let's take competitive limitations and make them work to our mutual advantage, making our company more profitable and stable, and our jobs more rewarding.

I speak for all of us in ITD when I say we look forward to working with you again in 2004.



*Jim Burdiss*

Jim Burdiss

VICE PRESIDENT AND  
CHIEF INFORMATION OFFICER

