

# The Importance of Technology Representation at the Board Table

# Agenda

- Mainfreight - Business Overview
  - Mainfreight - Digitalisation Background
  - Mainfreight - Digital Success
  - Mainfreight - Keys to Digital Success
  - Mainfreight - Example of Digitisation Success
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- Why Does Technology Fail?
  - Diversity at the board table
  - Steps to improvement
- 

- Practical keys to Successful Digitisation
- Cyber Security Thoughts

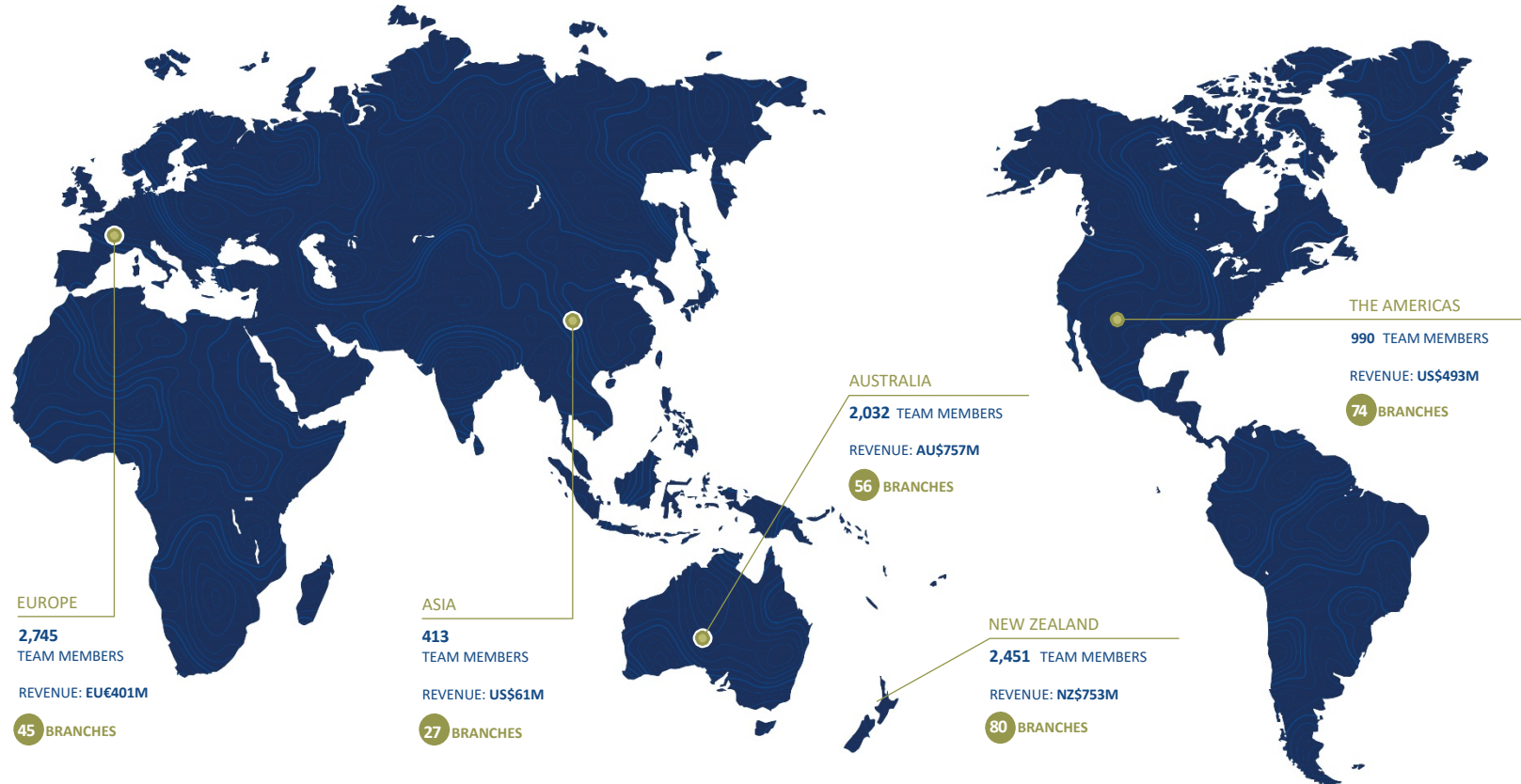
BRANCHES

282

COUNTRIES

26

New Zealand, Australia, USA, Canada, Chile, Mexico, China, Hong Kong, Japan, Malaysia, Singapore, South Korea, Taiwan, Thailand, Vietnam, Netherlands, Belgium, France, Germany, Italy, Poland, Romania, Russia, Spain, Ukraine, United Kingdom



35,000-40,000 Customers



729,684 M<sup>2</sup> of Warehousing in in 48 Sites



234 Transport / Air & Ocean Sites



8,631 Team Members

# Mainfreight Numbers Update

- Revenue 3 Billion + (2019/20)
- 26 countries
- 9,000+ team members
- 299 branches

# Mainfreight Digitisation - Background

- First system in 1986
- Today \$65million+ spend per annum (2%)
- 5 Core Operational Systems (3 types)
- 5 Critical Supporting systems
- Scores of other supporting systems
- Global Technology Team of 120+
- 98% of Infrastructure Owned / 2% Cloud
- Spend 2% of Revenue

**Mainfreight is actually a Technology company that just happens to use trucks and buildings.** Richard Prebble at Mainfreight AGM



# Mainfreight Digitisation – A 35 year history of Success

- Built at a fraction of the cost of our competitors
- Specific to our needs
- Mainly Bespoke Development by external NZ based partners
- Some packages (EU)
- 30+ year relationship with our development partners

# Mainfreight Digitisation – Keys to Success (1)

- CIO reports direct to CEO
- CIO presents to board
- Core Focus of Spend – must increase revenue and/or reduce cost
- High level of Trust with board and business
- Decentralised decision making – regional CEO's
- Innovation and Customer Focus is at the Forefront
- Many of the technology team come from the business side

# Mainfreight Digitisation – Keys to Success (2)

- Tight integration between the business and technology teams
- Tight integration with development companies and direct with developers
- Ability to accurately assess risk
- Implement what the business and customer needs
- Fast Proactive environment
- Iterative Approach – Pareto Principle
- NZ built Solutions



# Mainfreight Digitisation – Example of Success

## **John Deere Europe Visibility Project**

JD Europe places 250,000+ orders on global suppliers p.a

Service Europe, Middle East and North Africa

Use 90+ carriers in the supply chain – up to 7 in a single order

No single visibility platform across the supply chain

Built Prototype in 4 days

Live version built and implemented in 3 months

All software built in NZ

Gives full visibility across all orders for all carriers

Enables Data Analytics for Supply Chain approval

An additional service JD pay for



## Part 2

# Why Does Technology Fail?

- Who gets the blame?
- Who should take the blame?
- Why are so many consultants employed?
- How much notice is taken of those that do the real work?
- Does one size fit all?
- Local vs Offshore?
- Buying a name?
- Are the budget and resources appropriate?

**Starts with poor decision making and governance**  
**Responsibility must be with the directors**

# Juha Saarinen: Lies and computers - UK Post Office scandal nears end

27 Apr, 2021 05:30 PM

🕒 4 minutes to read



More than 900 British postmasters have been prosecuted by the UK Post Office for cash shortfalls based on false evidence provided by a computer system. Photo / Getty Images



By: **Juha Saarinen**

Tech writer for NZ Herald.

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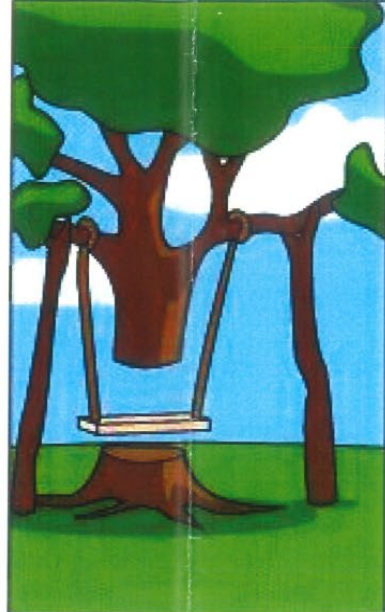
<https://www.nzherald.co.nz/business/juha-saarinen-lies-and-computers-uk-post-office-scandal-nears-end/AZLLDIX4GBAS4YHGDQN5NUC7ZM/>



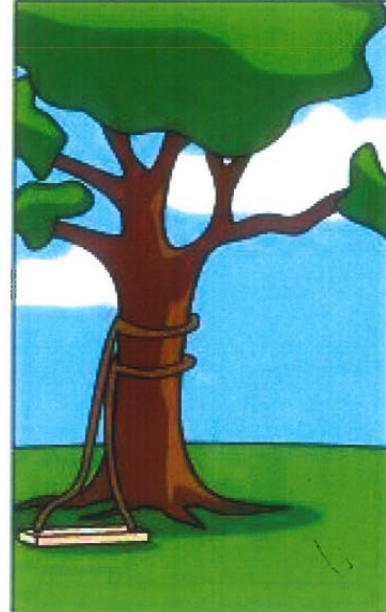
How the customer explained it



How the Project Leader understood it



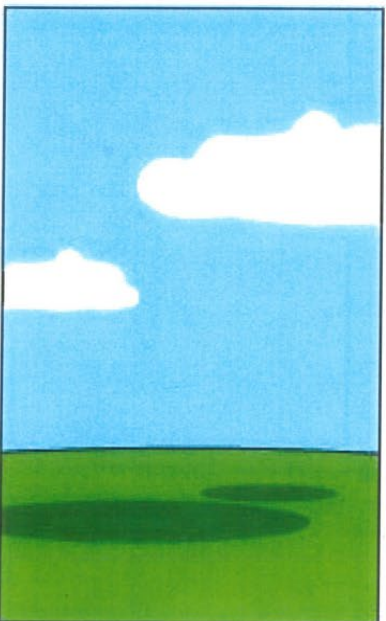
How the Analyst designed it



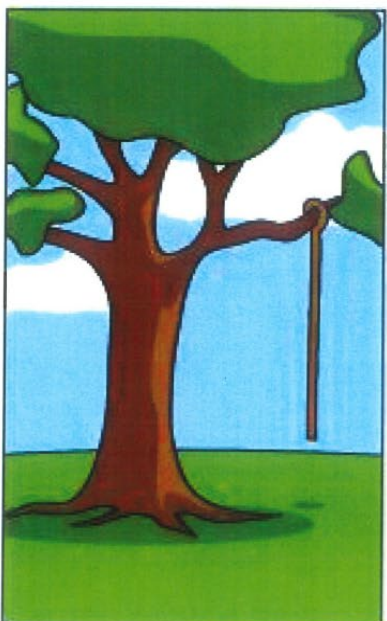
How the Programmer wrote it



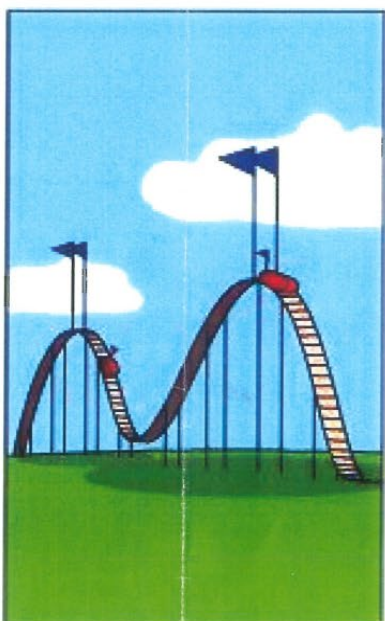
How the Business Consultant described it



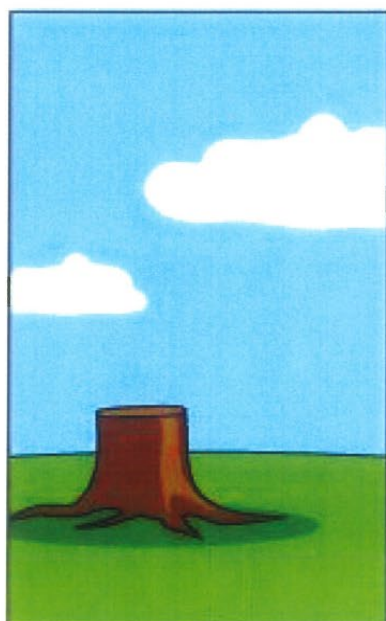
How the project was documented



What operations installed



How the customer was billed



How it was supported



What the customer really needed

# Diversity at the board table?

- Financial
- Marketing
- Legal Expertise
- Engineering
- HR

**Where is the Technology Expertise?**

**What type of failed Projects hit the headlines most?**

# Why so few Tech experts on boards?

- No 8 Wire Approach?
- Not needed?
- Won't happen to us?
- Lack of understanding of technology – born in wrong decades?
- Think it is complicated?
- Small thinking?
- Lack of appropriate spend – need 3% ?
- No Nerds policy?
- Lack of good talent and/or personal growth from within?
- Ability to simplify complicated issues?
- Digital not recognised as a Profit improver?
- No Training for Directors?

## Course content

CDC is a simulated board exercise. On a given day, you work with 4-5 other board members addressing a scenario such as company solvency. In the afternoon, you test your assumptions and decisions with the full group and compare to New Zealand case studies on solvency.

Topics covered during the course include:

### Best practice corporate governance

- Corporate governance principles, rules, and protocols
- Governance skills

### Strategy in the boardroom

- Strategy and strategic thinking
- The board and strategy development
- Monitoring and reviewing implementation
- Refreshing strategy and innovation

### Finance and the board's role

- High-level meaning in financial statements and reports
- Interpreting the reports
- Financial planning
- Making investment appraisals
- Understanding company valuations

### Directors and the law

- A director's legal obligations, liabilities, and mitigating legal risks
- Directors' and officers' insurance

### Board dynamics and culture

- Role of the board in developing culture, ethics, and values
- Corporate social responsibility
- Board dynamics
- Leadership and CEO succession
- Board and CEO review

### Risk governance

- Risk management concepts
- Risk appetite

## Who should attend

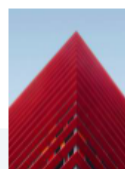
Directors and senior executives with at least one to five years' experience of working on or with boards, and a sound knowledge of business finance.

Completion of the Company Directors' Course is prerequisite to becoming a Chartered Member of the Institute of Directors.

## Online courses and webinars

Join our online courses to keep your governance skills current. Online versions of some of our most popular face-to-face courses are now available. See below.

Also see our [events page](#) for online events and webcasts offered through our branch network.



### Finance Essentials – online module series

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### Governance Essentials - online module series

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### Health and Safety Governance

Understand your legal obligations as a director under the Health and Safety at Work Act.

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### Advanced Health and Safety Governance

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### The Board's Role in Mental Health and Wellbeing

This online module has been developed to support directors and boards in their role in relation to workplace mental health and wellbeing.

[LEARN MORE](#) →



05 May 2021 • 14 mins to read

### Cyber risk practice guide

Understand and monitor cyber risk, develop strategies for seeking assurance, and oversee management.

Cybersecurity



# What will it take to change?

- Another major incident?
- Technology expertise and investigation from Investment Analysts?
- The right people being available?
- Better Tech understanding by Directors?
- Digital Natives and Immigrants getting older?
- Pressure from within the organisation?
- A full understanding of the impact of failure?
- Put business people into Technology Roles?
- Less Contractors and Consultants?
- All new hires have time in IT?

# What skill sets are required

- Business understanding – Business interface is the greatest asset
- A track record of success with technology innovation and implementation
- Ability to describe Complex issues simply – verbal and written
- Good Gut feeling
- Asking the right questions at the right time
- Prioritisation of Projects
- Excellent People and communications skills
- Evolve business strategy into Technology Strategy

# The First Steps

- Chief Technology Officer/Role reports to the CEO
- Chief Technology Officer/Role presents to the Board
- Invite other key members of the Technology Team to Board meetings
- Have a Technology Sub Committee
- A Technology Register

**Having the above in place recognises how critical Technology is to the business.**

**Even Better - have at least one Technology Professional on the Board**



## Part 3

# Practical Keys to Tech Success

- The manual approach
- Participation of Key players in Projects
- Innovation - look for problems
- MBWA
- Plan for both success and failure
- Pareto Principle
- Fail Fast and early - RFA
- Use the Happy Flow

# Cyber Security

- DDS – the three threat types
- You will or have been hit (but you may not know)
- Put the right fences around the right horses
- Protection starts at the bottom
- The Covid Analogy
- Expertise is hard to find

Final Questions?

## The importance of Technology representation at the Board table

Whilst many organisations consider technology to be critical to their business, many only realise just how critical IT is when things go wrong. If this happens the board and executives often point the finger at the IT team.

However there are many times where this is unwarranted, as many of the decisions that were made much earlier, or perhaps not made, by the Board and the Exec team, have hindered the IT team's ability to deliver.

Recent history with Cyber Incidents and Covid highlight the ramifications of the Board and Executive team not understanding what it takes to protect, preserve and produce technology.

Kevin will share his experience with Mainfreight and the benefits of Technology being represented at the highest levels of the organisation.

Title: The importance of Technology representation at the Board table

Presenter: Kevin Drinkwater, Retired CIO, Mainfreight.

Date : Thursday, 13 May 2021

Time : 2 - 3 pm NZST

Location: Case Room 1, Level 0, Sir Owen G Glenn Building, 12 Grafton Road, Auckland. This event is also available via ZOOM

[Click here](#) to register

Bio:

Kevin Drinkwater was CIO at Mainfreight for almost 34 years. During this time he was responsible for creating and implementing many significant new and innovative business systems. PreCovid, his role involved a significant amount of travel which enables him to observe technology in many different countries and companies. Previous Mainfreight roles include CFO, GM of the Logistics division and Sales Manager.

Kevin is chairman of Duffy Books in Homes NZ and is also a director of its sister organization in the USA. He is on the advisory board of A-Ward Attachments. He has previously spent 10 years as a director of SPCA Auckland and 6 years on the Board of TUANZ.

Zoom information:

Zoom meeting details will be sent 24 hours before the event to all registered guests

We ask that you turn off your microphones and cameras for bandwidth reasons.

Questions can be typed in on the Zoom chat.

Presentations will be recorded and published on the

If you would like to unsubscribe from our Database please reply back to this email with UNSUBSCRIBE in the subject.

For more information please contact: Alisha Castellino

Regards,

Ilan Oshri

Director,