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FORD MOTOR'S

JAMES BUCZKOWSKI

BY: MIKE RICCIUTI

IN MANY WAYS, JAMES A. BUCZKOWSKI COULD BE A SPOKESMAN FOR CORPORATE AMERICA IN TODAY'S UNCERTAIN ECONOMY.

As director of information technology for manufacturing and supply chain at Ford Motor, Buczkowski knows well how expansion of his operations could reap benefits in the long run. However, like other senior managers at Ford and countless other companies, he is being asked to do more with less.

As a top technology officer at the world's second-largest carmaker, Buczkowski has a naturally high

profile in the high-tech industry. But if he can succeed in these toughest of times for Ford--whose stock has dropped below \$20 for the first time since the mid-1990s--Buczkowski will be a star among his peers.

Ford is in rebuilding mode after reporting a \$5.45 billion loss for 2001 and replacing several top executives, including former Chief Executive Jacques Nasser. Last month the company named its third chief financial officer in the past year.

Buczkowski acknowledges that Ford's "back to basics" campaign is forcing him to re-examine the



FORD MOTOR IT DIRECTOR JAMES BUCZKOWSKI

THE BACK END OF "BACK TO BASICS"

FORD IT DIRECTOR JAMES BUCZKOWSKI COULD BE CORPORATE AMERICA'S HIGH-TECH POSTER CHILD: HE'S BEEN ASKED TO DO MORE WITH LESS.

company's information technology investments. He says Ford will not be on the cutting edge of "exotic" technologies and will put less emphasis on building Web sites geared toward consumers. If Ford can spend less on technology and still build quality systems, he adds, it will.

Yet Buczkowski is not in full retreat. He plans to build new computer-aided manufacturing and design systems, as well as to make more investments to build up Ford's business e-commerce sites. And the company is already making use of new Web services technology to integrate applications and make data available to suppliers.

Q: Has the economy affected your thinking about what kinds of technology investments Ford needs to make?

A: The overall theme in Ford is "back to basics." And that's also true for IT in terms of focusing on fundamental IT that supports the development and marketing of our products. So it's really making sure (we're) focused on driving the lowest cost, best value and highest satisfaction for our customers. Although there have been a lot of technology changes--and there continue to be--rather than experiment with a lot of exotic stuff, we're more focused on strengthening the basic fundamental IT that's required to support the business.

What are some of the technologies that you see as important now and in the coming 12 to 24 months?

CAD/CAM (computer-aided design/computer-aided manufacturing) remains extremely important to us for the product creation. We're continuing on a very large project that relates to purchasing. Ford is taking advantage of e-business to provide our suppliers with more self-service opportunities, and we're taking advantage of exchanges and reverse auctions to help buyers get the best value for Ford.

Those tools aren't just related to negotiating the best deal; they're also about making it much easier for suppliers to work with Ford. (Suppliers) have tools that give them direct access to the information they need on a real-time basis, as opposed to always having to make a telephone call and being handed off from person to person. Electronic funds transfer, electronic requests for quotes--those kinds of tools. That remains a big project we are right in the middle of and have about a year and a half left to go. In order fulfillment, we continue to make progress and look at specific areas, including taking customer orders and finding the right vehicle, or scheduling the right vehicle (for production) and provid-

"THE OVERALL THEME IN FORD IS 'BACK TO BASICS.'"

Buczkowski told CNET News.com how he's handling the biggest challenge of his Ford career and how the giant automaker plans to integrate technology in an era of increasing restraint.

How does that get expressed in practice?

There's less emphasis on business-to-consumer and a lot more focus on the internals and making sure we advance our legacy systems--and make sure they continue on a path to improve the performance of the business.

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ing more accurate data to the customer.

Is that done over the Web?

No, our Web tools aren't direct to the customer--they're Ford to dealer. But dealers are using more Web tools to interact with customers. We use Web tools to collect orders from dealers; it's more of the traditional system where we take orders through dealers, but we're using more integrated systems over the Web as opposed to the traditional legacy mainframe systems, so we have more real-time interaction with dealers.

I'm sure you have quite a few different systems internally, including a lot of older mainframe and large Unix systems.

Because of the size of our company, we probably have a little bit of everything. We're trying to refine it, so that instead of having every flavor of every system, we'll have a more targeted strategy. But given the size and scope of the company, it doesn't mean we'll get down to one server or one mainframe or type of database software. We'll still have a set of tools and technologies, but we're trying to be more focused than we have been in the past. That includes the skills we have to maintain internally. We're hoping to rebuild the IT skill level inside the company. That has been a big effort for us: to grow our capabilities within Ford.

As far as IT competency, what areas are you talking about?

The basic IT competencies like data modeling and data architecture--software development and infrastructure support, telecom, and so on. We're trying to rebuild some of those skills where we were maybe a little too leveraged on outside (sources). We need much more skill and competency internally.

So Ford outsourced a lot of its IT functions?

We've outsourced quite a bit. But we thought we'd outsourced too much of it and that maybe we didn't have the right balance. We're trying to strike a better balance on that. We'll continue to outsource suppliers, but our grand strategy is to not outsource all of IT. We have some strategic areas where we'll continue to rely on partners and so on. In general, we want to have a very strong skill set and competency within Ford.

On new technologies, two things that seem to come up frequently in my discussions with CIOs and CTOs are wireless and Web services. Is that just the buzz right now, or do you have plans to use those things at Ford?

In both cases, there can be a little overstatement of where we are as an industry and where we're going. But there's no doubt that wireless is having an impact, and we're taking advantage of it more and more. On the manufacturing side, there are plenty of opportunities as far as

asset management and asset tracking using wireless. We've been using it for a while, and we'll continue to grow more and more applications that use it, because it's more flexible and it brings business value.

But you can also overstate that value. It's not going to be a situation where everyone has their own handheld device and everything is on their handheld. Everything has to have a business case.

And Web services?

On Web services, there is no doubt about it. We're not going to shut down our legacy systems and carte blanche replace them with the latest and greatest servers. The size of our company, the scale of our enterprise--these legacy systems are very capable of managing that size and scale, and we'll continue to use them. Web services and those kinds of tools help us take some of those classic systems, mainframe systems, and build some front ends on them that give access and visibility to information that was locked behind green screens.

Web services continues to grow. Yes, it's important, and it will be in the future. Some comments about adoption might be saying that it'll happen faster than it really will, but I wouldn't want to understate the importance of Web services. It's an important part of our strategy, and we're using it.

How are you developing the Web services you're using now? Java? .Net?

We have a combination. We're using (Java and .Net) for internal applications and making information available to suppliers. We're using (Web services) in our material manage-

ment systems that we'll be rolling out globally. We're using Web services to put a better front end on some of that data to make it easier to access and more real-time. It will launch in plants in North America this year, and later, globally.

Can you point to any Web-based technologies you think have been a disappointment?

I don't know that it was always a technology problem, but some of the business-value propositions of Web technologies weren't well defined. Therefore, some of our projects weren't as effective as they could have been. You could make it work with the technology, but the business value wasn't really tan-

You're referring to internal Web-based applications and consumer Web systems?

Yes, that is correct.

What's your annual IT budget?

I'm not at liberty to share overall budget. But given the size and scope of Ford Motor, it is a significantly important part of the business.

Does Ford plan to increase its IT spending?

I think (spending) is pretty consistent from year to year. (If) there is an opportunity to spend less this year and get the same amount we plan to get, we'll do that. But over-

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all, budgetwise, we are committed to IT as an important piece of the business, and we are not sacrificing IT by any means. There is a core recognition that IT is an enabler (for us to be successful), and we are not sacrificing a lot of IT just to make money available for product. Because (success and IT) are connected, we can't effectively do anything without IT supporting it. We can't rebuild our product portfolio without IT there.

What is your biggest technology nightmare?

It certainly was emphasized by Sept. 11. As we provide tools to give better access and availability to information, it not only makes it easier for those who want to have access, but also for those we don't want having access, to hack and attack. The whole risk-management and security area is one that will continue to be a concern. We feel pretty good about where we are today and what we are managing. We certainly have opportunities to improve, but the problem is that the world continues to change. The hackers get better and better and better. It's something you have to stay ahead of all the time. You can't just stand still and say, "Well, we are in good shape now," because the situation and the technology continue to change. Those are areas of concern.

Are there other areas of concern?

As a large company with large-

scale applications, scalability is also a challenge. As more applications integrate, you have an environment that is more challenging to manage. As you make one change to one area, it ripples through the entire organization, because all of those applications are tied together. In using some technologies like Web services and BizTalk (a Microsoft integration software product), we're trying to build integration processes that aren't so tightly integrated that you can't pull one thing out and plug something else in. That's what we want to do: make it more modular. So we have interconnectivity that is more flexible, and we are doing less point-to-point integration. That's both a worry and an opportunity.

Has the technology-standards picture in the software business improved over the past few years? Is it easier to buy software from different suppliers that work well together--or just plain work?

I think the jury is still out on Web services (as far as standards). The approach and direction of the organizations willing to work on XML and other areas are good. There is a lot more willingness and organizations out there working to build connectors ahead of time instead of having to wait until after the fact. So I don't know how to measure overall whether the picture has improved. I think there is willingness and recognition.

When I started in this area three or four years ago, I had vendors really pounding hard on the idea that "what you need to do is be with us, and do everything with us, because that is the only way you will get good integration." There's more recognition now--especially in a company as large as Ford--that it's just not possible to do that. Although trying to do best-of-breed in integration is tough, too, there has to be some compromise in the middle. I think more vendors today realize they have to have the ability to work with others.

How does Ford make its technology-buying decisions?

We do use the Gartners, Forresters, AMRs of the world to get information. We use our own experience

and that of our partners around the world, like Volvo and Mazda and Jaguar and so on. There's no one way we make decisions. I think it's a combination of all of those things.

How do you measure success and failure in your position?

I think it's pretty simple: Did I deliver business value at the end of the day? ■

FORD MOTORS

AUTOMOBILE MANUFACTURER.

FOUNDED

1903

HEADQUARTERS

DEARBORN, MICH.

NUMBER OF EMPLOYEES

345,000

ANNUAL REVENUE FOR 2001

\$162.4 billion

ANNUAL EARNINGS FOR 2001

(\$5.45 BILLION NET LOSS)

TICKER

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