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## Subject Coverage

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- Operating systems
- Security
- Social media
- Software design, development & reviews
- Software manufacturers & developers
- Storage (including cloud etc.)
- Technology reports, trends, opinions
- Telecommunications (including mobile etc.)

## Date Coverage

1975 – 2013

## Update Frequency

Stopped updating end 2013; previously daily

## Geographic Coverage

International

## Document Types

- Articles
- Book reviews
- Editorials
- Features
- Reviews
- Table of contents

## Publisher

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FedEx's Strategic Tech Shift

Murphy, Chris. **InformationWeek** 1366 (May 20, 2013): 2-3.

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AB

**Abstract (summary)** [Translate](#)

FedEx is moving a larger percentage of its IT work to service providers as it looks to cut costs and shift to more "variable capacity" amid a strategic modernization of its applications and tech infrastructure. FedEx CIO Rob Carter, as part of a broader discussion with InformationWeek editors and his senior executive team at the company's Memphis, TN, headquarters, estimated that IT service providers will handle 25% to 30% of the company's IT needs, compared with less than 10% today. As part of the shift, FedEx offered voluntary buyouts to its entire IT team, and those taking the buyout will spend a month to as much as a year transitioning work to a handful of outsourcers. FedEx is several years into an overhaul of its IT applications and infrastructure. FedEx's Carter and his team are pulling a lot of strategic levers at once: an app modernization, private cloud infrastructure with public clouds ahead, increased use of service providers.

TX

**Full Text** [Translate](#)

FedEx is moving a larger percentage of its IT work to service providers as it looks to cut costs and shift to more "variable capacity" amid a strategic modernization of its applications and tech infrastructure.

FedEx CIO Rob Carter, as part of a broader discussion with InformationWeek editors and his senior executive team at the company's Memphis, Tenn., headquarters, estimated that IT service providers will handle 25% to 30% of the company's IT needs, compared with less than 10% today. As part of the shift, FedEx offered voluntary buyouts to its entire IT team, and those taking the buyout will spend a month to as much as a year transitioning work to a handful of outsourcers. FedEx offered buyouts to select employees in other departments as well.

FedEx has long used IT services vendors such as Wipro, Infosys and IBM for project work, but "we were going from zero to 60 to zero with these providers," Carter said. By giving a group of service providers steadier work (he didn't disclose which vendors FedEx will be working with), including ongoing operations of some IT systems, those outsourcers will have the incentive to invest in staff with expertise in the systems that FedEx and the transportation industry use, he said.

With the buyouts, FedEx gave IT managers the choice to let people leave in one of three waves. The first wave will end on May 31, the close of FedEx's fiscal year. The second will end on Nov. 30 and the third on May 31, 2014. "It's more costly to do it this way," Carter said, but it's more "people-friendly," it's nondiscriminatory and it protects the business from disruption by allowing for an orderly knowledge transfer.

The buyouts are structured to be more lucrative based on a person's tenure with the company. FedEx had hoped that IT pros who have managed IT systems the company is sunsetting would take the buyout option. CIO peers warned Carter against offering the buyout to everyone, he said, since the risk is that the best people will leave. But Carter maintains that the buyout couldn't have gone better. "We just aren't very mercenary around here," he said. "People weren't just taking the money and running."

FedEx is facing cost pressures from weak international airfreight markets and stiff price competition, and its executives have told Wall Street analysts that the company plans to increase profit \$1.6 billion over the next three years in large part by cutting costs from its Express business, including cutting air capacity and retiring older, less efficient aircraft. FedEx posted \$361 million profit in its most recent quarter on \$ 10.95 billion in revenue. FedEx's core businesses are Express, Ground and Freight, along with its FedEx Office stores.

Tackling The Legacy IT Beast

FedEx is several years into an overhaul of its IT applications and infrastructure. Two major elements stand out: a move to a service-oriented architecture that allows for more sharing of software code across business units, and a shift to a private cloud data center architecture.

Technology has been core to FedEx's operations for its entire 40-year existence, based on founder and CEO Fred Smith's philosophy that the information about a package is as important as the package itself. But four decades as an early tech adopter and innovator have left FedEx with lots of legacy systems, which the company's IT leadership has been steadily modernizing and simplifying for the past four years. For example, FedEx is replacing the airline operation system (it operates about 660 aircraft) that it has used for 24 years.

(. . .)

Strategic Levers

With its broad, strategic transformation, FedEx appears to be avoiding the "your mess for less" outsourcing trap whereby other companies shift inefficient IT processes and operations and hope the vendor cleans them up. FedEx must continue its app and infrastructure transformation, but it has laid a powerful foundation. Carter emphasizes that its work will include teams of people from FedEx and the service provider.

What's the right fuel mix? FedEx having up to 30% of IT work with outside service providers isn't an unusually large number for a large IT organization. Most CIOs see at least some areas - often the support of packaged apps, for example - where they don't get competitive advantage and can rely on outsourcers. But there is a cultural difference between working with a colleague and working with a thirdparty provider, and it takes deft leadership to get results in that environment.

FedEx's move to use more outsider providers contrasts with another major IT transformation underway: General Motors' decision to do 90% of its IT work in-house, a reversal from the 90% outsourced model it has had for decades. GM CIO Randy Mott is driving that change, hiring about 8,000 IT employees in the process, in the belief that IT employees will innovate better and move faster than outsourced teams.

But Mott is on the extreme end of the insourcing spectrum. Contrast that effort with another major company, Procter & Gamble, which has continued to increase IT outsourcing under CIO Filippo Passerini. P&G taps HewlettPackard to handle much of its run-the-business IT operations with the goal of focusing P&G IT staff on business analytics and other innovative work.

FedEx's Carter and his team are pulling a lot of strategic levers at once: an app modernization, private cloud infrastructure with public clouds ahead, increased use of service providers. The team has made dramatic changes in the past few years in how it runs IT. But the changes have only just begun.

#### Sidebar

Carter lays the foundation for a graceful transition

#### Sidebar

People, organization, processes, technology, platforms - everything that we were doing IS being reset. - FedEx CIO Rob Carter

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SU	<b>Subject</b>	Freight forwarding; Cost reduction; Chief information officers; Information technology; Business growth
PER	<b>People</b>	Carter, Robert B
CC	<b>Classification</b>	9190: United States 8350: Transportation & travel industry 2130: Executives 5220: Information technology management
LOC	<b>Location</b>	United States--US
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AU,AUFN,AULN	<b>Author</b>	Murphy, Chris
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## SEARCH FIELDS

You can use field codes on the Basic Search, Advanced Search, and Command Line Search pages to limit searches to specific fields. The table below lists the field codes for this file.

Field name	Field code	Example	Description and Notes
Abstract	AB	ab(IT applications PRE/1 infrastructure)	Use Adjacency and/or Boolean operators to narrow search results.
Abstract present	ABANY	"cloud architecture" AND abany(yes)	Add: <i>AND ABANY(YES)</i> to a query to limit retrieval to records with abstracts.
Accession number	AN	an(2998631061)	A unique document identification number assigned by the information provider.
All fields	ALL	all("big data" NEAR/8 "social media")	Searches all fields except the fulltext. Use proximity and/or Boolean operators to narrow search results.
All fields + text	--	"big data" N/8 "social media"	Searches all fields including the fulltext.
Author <sup>1</sup> Author First Name Author Last Name	AU AUFN AULN	au("murphy, chris") au(chris) au(murphy)	Includes all Authors.
First author	FAU	fau(rosen, cheryl)	First name listed in Author field. It is included in author browse, but its position cannot be specified in the author browse.
Classification	CC	cc(5220) cc("information technology management")	
CODEN	CODEN	coden(infwe4)	
Company/ organization <sup>1</sup>	ORG	org(fedex)	
Document feature	DF	df(photographs)	
Document title	TI	ti(FedEx's Strategic Tech Shift)	Includes non-English titles. Does not include Publication title (PUB).
Document type	DTYPE	dtype(cover story) dtype(book review)	
First available	FAV	fav(2013-06-18)	Indicates the first time the record was loaded onto PQD. It will not change regardless of how many times the record is subsequently reloaded, as long as the accession number does not change.
From database <sup>2</sup>	FDB	"monetization models" AND fdb(ubmcomputer)  "monetization models" AND fdb(1008731)	Useful in multi-file searches to isolate records from a single file.  FDB cannot be searched on its own; specify at least one search term then AND it with FDB.
Identifier (keyword)	IF	if(business)	Keywords (uncontrolled vocabulary terms). Also searchable using SU. Search also contains terms from

Field name	Field code	Example	Description and Notes
			throughout the document which are calculated to be relevant.
Issue	ISS	iss(1366)	Also searchable via the Look Up Citation tool.
Journal title	JN	jn(information week)	Displayed in Publication title. Look-Up list available under Publication title.
Language	LA	la(english)	The language in which the document was originally published.
Location <sup>1</sup>	LOC	loc(palo alto) loc(uk)	
NAICS classification	NAICS	naics(334111)	NAICS codes only are searchable. These relate explicitly to companies and organizations mentioned in the record, when provided.  Displays in Company/ organization.
Page count	PCT	pct(2)	Number of printed pages, when supplied
Pagination	PG	pg(2-3)	The start page is searchable on the Look Up Citation tool.
Start page	PAGE	page(2)	First page number – displayed within Pagination. Searchable on the Look Up Citation tool.
Person	PER	per(carter, robert) per(carter)	
Publication date	PD	pd(20130520) pd(>=20120101) pd(20140101 - 20140331)	Date range searching is supported.
Publication title <sup>1</sup>	PUB	pub(information week)	Includes all Publication names. Journal names also searchable using JN.
Publication type	PT	pt("trade journals")	Preferred search uses Document type (DTYPE).
Publication year	YR	yr(2013) yr(2009-2011) yr(>2012)	Single year or a range of years may be searched. Displayed within Publication date.
Publisher	PB	pb("united business media")	Publisher name.
Publisher location	PBLOC	pbloc("san francisco")	
Section	SEC	sec(cover story) sec(top of the news)	Document section
SIC classification	SIC	sic(3571)	SIC codes only are searchable. These relate explicitly to companies and organizations mentioned in the record, when provided.  Displays in Company/ organization.

Field name	Field code	Example	Description and Notes
Source details	SRC	src(oct)	Includes Publication Title, Volume, Issue, Publication Date, Pagination, and similar items. Also searchable by the Look Up Citation tool.
Subject <sup>1</sup>	SU	su("business intelligence software")	SU retrieves data from multiple fields including Subject, Classification, Identifier (keyword), Location, and Person.
Main subject	SUBT	subt("freight forwarding")	SUBT searches terms from the Subject display field only.
Ticker symbol	TKS	tk(aapl)	Displays in Company/ organization, when provided.
Title	TI	ti(FedEx's Strategic Tech Shift)	Includes non-English titles. Does not include Publication title (PUB).
Updates	UD	ud(2013-06-18)	Date(s) when updates provided by the supplier reached a certain point within the ProQuest load/update process.
Volume	VO	vo(2)	Also searchable by the Look Up Citation tool.

<sup>1</sup> A Lookup/Browse feature is available for this field in the Advanced Search dropdown or in Browse Fields.

<sup>2</sup> Click the "Field codes" hyperlink at the top right of the Advanced Search page. Click "Search syntax and field codes", then click on "FDB command" to get a list of database names and codes that can be searched with FDB.

Other tools are available for searching: [Limit Options](#), [Browse Fields](#), ["Narrow Results By" Limiters](#) and [Look Up Citation](#). Each is listed separately below. Some data can be searched using more than one tool.

## LIMIT OPTIONS

Limit options are quick and easy ways of searching certain common concepts. Check boxes are available for:

### Full text, Scholarly journals

Short lists of choices are available for:

### Document type, Language, Source Type

**Date limiters** are available in which you can select single dates or ranges for **Publication date**, and **Updated**.

## BROWSE FIELDS

You can browse the contents of certain fields by using Look Up lists. These are particularly useful to validate spellings or the presence of specific data. Terms found in the course of browsing may be selected and automatically added to the Advanced Search form. Look Up lists are available on the Advanced search page in the fields drop-down and in the search options for:

### Company/organization, Location, Subject

and in the fields drop-down only for:

### Author, Publication title

## ***“NARROW RESULTS BY” LIMITERS***

When results of a search are presented, the results display is accompanied by a list of “Narrow results by” options shown on the right-hand panel. Click on any of these options and you will see a ranked list showing the most frequently occurring terms in your results. Click on term(s) to include or exclude and apply them to (“narrow”) your search results. “Narrow results by” limiters in UBM Computer Full Text are under review but will include

**Author, Classification, Company/organization, Document type, Full text, Location, Person, Publication title, Source type, Subject, and Publication date**

## ***LOOK UP CITATION***

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