Chapter VIII

Organizational Advantages

Tying Together a Decentralized Environment

In the mid-1990s, Hewlett-Packard was a very decentralized company, and IT was especially decentralized. At the time, HP had 150 data centers located around the world. Many of these data centers were owned and managed by HP businesses or factory sites, and only grudgingly did they interact with the broader HP. While there was a central corporate IT function located in Palo Alto, California, it only occasionally impacted the rest of the myriad HP IT organizations. Sometimes, that interaction was decreed (only TCP/IP would be used on internal networks, single e-mail systems, etc.), and sometimes corporate could only suggest (desktop application standards, PC hardware).

By the mid-1990s, one of the downsides of a decentralized IT function was becoming apparent—the TCO (Total Cost of Ownership) was tilting towards the management of PCs as the most expensive part, and not the hardware/software costs. But how do you manage 150,000 PCs in 120 countries, served by 150 data centers without any centralized function to mandate standards and management solutions? To solve this problem, one of the first (and greatest) examples of a virtual team in HP IT history started to be formed in 1994—the PC Common Operating Environment team.
While the PC COE team was chartered with coming up with software, hardware, and management standards for the company, we had no big stick to force anyone to follow our solution. We could only suggest, cajole, and sell our solution, and hope that the world (HP IT and businesses) would buy it. In the past, a team would have been formed in Palo Alto, and it would have been physically located in Building 20 at Corporate. Typically, the team would churn out white papers and standards, choose software, and so forth, which would have been greeted with a large yawn by the business/factory site IT departments, who received their funding from the business or site, not corporate. According to PC COE creator and founder Brandt Faatz:

In general, I think that the site organizations looked at the centralized organization as a body that made recommendations—and they would generally take those recommendations to heart, but wouldn’t necessarily follow them to the letter. They might adapt them, or they might even disagree with them, and go in a completely different direction.

So, how do you get everyone in the company going in the same direction when they don’t have to? A unique, federated organization model soon developed. First, the people who originally architected PC COE worked for a factory site in Fort Collins, Colorado, not at corporate headquarters. So, to keep the original momentum and knowledge going, one of the Fort Collins people (Brandt Faatz) was made the head of the new team. Following the model of hiring the best people for the job regardless of their location, Faatz soon hired more people to the PC COE Core Team from HP IT sites around the world—Palo Alto, Boise, Atlanta, Bracknell, Melbourne, and Germany. This core team was not only virtual geographically, but also organizationally; many of the members were half-funded by the corporate PC COE team and half-funded by their local IT organization/business. Faatz comments on the partial-funding model:

The reason that we went with the half-funded people is one, we wanted to secure enough resources that we had enough control or predictability to actually get the work done. The funded people tended to do specific work for us—they might be working on software, they might be writing up documentation—something to do with the next release of PC COE.
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