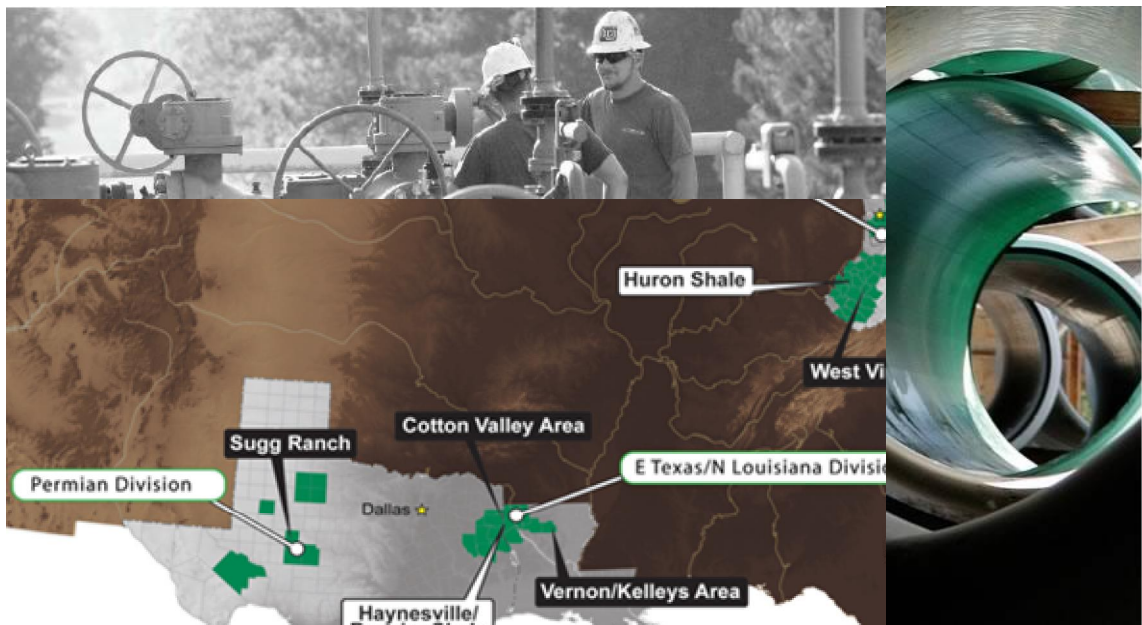




Demonstration of how a Mid-market Focused CMDB
Delivered Foundational Process Improvement,
Eliminated IT Downtime, and Assured Effective
Execution of IT Management Controls.



EXCO Resources is a fast growing North Dallas-based, natural gas and oil company. Revenue in 2009 exceeded US\$585MM, with the company positioned for unmatched organic growth within cash flow of 60% in 2010. Sustained growth from 2010 to 2015 is expected within 30 to 40%.

As an independent, but public energy company, EXCO engages in the acquisition, exploitation and development of oil and natural gas properties. With its acquisition strategy, EXCO targets onshore, North American oil and natural gas properties, with particular emphasis on North Louisiana, East Texas, Appalachia, and West Texas regions.



“Our change process was fine for a small company, but we were no longer small. We needed to add maturity, scale and rigor.” Rob

Thomas, CIO, EXCO Resources

In a fast growing company - where revenue is growing faster than expenses, it is easy to lose focus on costs, process improvements, and IT equipment sprawl. When companies grow rapidly, everyone is happy. However, the astute business leader knows that failing to manage expenses or implement process improvements during upswings can present huge problems in the event of a downturn or when the business “levels-off”.

Growing Rapidly Through Acquisitions

Beginning in 2000, EXCO Resources rode a huge wave of positive revenue growth fueled by corporate and property acquisitions. Notable expansions included \$44M in new Canadian assets in 2001, \$225M from North Coast Energy in 2004, \$1.765B in two acquisitions in 2006, \$2B in two acquisitions in 2007, and \$675M in property expansions in 2008.

During this period of rapid growth at EXCO, as the business grew, so did IT. The internal staff quickly grew from less than 5 employees and contractors to an IT department with over 35 professionals. IT was initially known as a “can do” shop, quickly deploying systems and applications to meet the ever-changing business requirements.

Responding to these daunting information systems challenges was Steve Blumer, who joined EXCO in 2002 as a Senior Network Administrator. As the company grew, Mr. Blumer quickly advanced to his first role as an Information Systems Manager.



The Need for Operational Maturity

Driven by its acquisition strategy, the entire company grew. Facilities, Human Resources, Financials and Operations departments all grew and each sought greater levels of operational maturity.

Senior management recognized the value of information technology and observed how IT can propel growth, but at the same time, can grow in ways in excess of industry norms. As a response, in May 2008, EXCO Resources recruited its first CIO, Rob Thomas, a veteran oil & gas, information technology leader.

With the leadership change in 2008, 2009 then became a year focused on the internal mechanics within the IT department. Top priorities, some started by Steve Blumer, included moving critical systems to a vendor-managed Tier 4 data center, enhancing IT security, and implementing a comprehensive IT Change Management program.

Why Change Management

IT at EXCO had miraculous success adapting to a fast-growing, changing environment. However, the strengths obtained through “quick-fire” network and infrastructure changes can quickly become material weaknesses. Although change itself was fundamental to its culture, added rigor in EXCO’s change process was needed to allow the company to scale to higher levels of profitability. Based on executive planning in 2008, a strategy was crafted to improve how IT initiates, tracks and resolves system changes.



Also, two business-facing reasons existed to improve IT change management.

First, EXCO ran its business on a vendor-hosted Excalibur oil & gas accounting system. A significant cost-savings was planned by insourcing this mission-critical system to company-owned equipment. However, improvements to IT security, data center operations and IT change management were critical before the company took on this added system exposure.

Second, being a public company, EXCO must annually ensure its compliance with The Sarbanes-Oxley Act. All SOX auditors understand that IT changes to the financial systems must be documented. Rigor in the change process was needed to ensure Business Process Owners approved and verified many of the changes that affected the business.

How to Win Through Adversity

Fortunately, EXCO had employees who had successfully implemented IT change management before. Two common impediments are 1) effecting a lasting culture change, and 2) making these IT process improvements while “keeping the business running”.

The “status quo” allowed IT changes to go around the change process, sometimes meeting the needs of IT, over those of the business. IT was becoming its own worst enemy. The Change Management initiative had to bring about a culture change, and that is seldom easy to do.

Like most IT shops, the staff at EXCO was very busy. Process improvement was a vital discipline to improve, but little time was available across IT to devote enough attention to garner support and devise the new initiative.

Sally Binnix, IT Program Manager, recommended Netwatch Solutions to upgrade its change management process and Rob Thomas further selected Netwatch Solutions as its CMDB vendor.



Rob Thomas, CIO EXCO Resources

The Technology Landscape

Netwatch is a “solutions” company, with expertise in the business management of IT infrastructures. The engagement began with a two-week Assessment in April 2009. It was important to understand the readiness level of the organization, the likelihood for success, and the areas for caution

A main focus was “the people”. The Assessment included interviews of IT management and canvassed down to the technical staff. Key customer leadership participated were included too.

The existing tools landscape was considered, which included SolarWinds Orion, Avocent LANDesk, VMWare, and Numara Footprints service desk software. To be cost-effective, the final solution should reuse and not duplicate existing capabilities.

The Solution

The solution first detailed a new change process. This modification included change windows, notice periods, and approval requirements. Being guided by the Netwatch consultants, these definitions were developed by the entire IT team. This approach helps adoption.

Second, Netwatch led the new change management meetings to demonstrate best practices. EXCO wanted to define the best processes prior to selecting a tool. Spreadsheets and other manually driven documents were used to prove out the new change management processes, while a tool evaluation began.



The Assessment completed with a complementary list of recommended process improvements, plus a timeline roadmap of when these changes might best occur

To enable the new change process, EXCO selected Netwatch Solutions' System Asset Management System™ - Samantha™ configuration and change repository (CMDB). This product, above others, 1) leveraged the investment of existing tools, 2) the tight coupling with configuration and change management that allows the system to stay current, and 3) the company's mid-market focus.

Netwatch performed the implementation, gathering information from people, spreadsheets, exports from other tools, and through the company's auto-discovery tools. In all, the software was up and running by September 2009, a 45-day implementation.

A New Beginning

After training and "go-live", the work was not done. Netwatch led and ran the new, automated change management meetings to teach and demonstrate best practices. It is one thing to go through training, but the actual learning really comes in the day-to-day concessions the team learns to make in managing the conflicting paradigm – the need to make IT changes, but also to provide stability.

Next, EXCO integrated Samantha™ with Footprints® to tie service desk information to incidents and change requests. Then, integration was added to LANDesk® to import auto-discovered configuration data.

To aid SOX compliance, product features for Controls, Jobs and Complex Change rules were added. Integration to Commvault backup software is provided to ensure tape backup activities were meeting control requirements.

Plan to Win

Looking back, within a year, EXCO Resources successfully migrated to a robust IT change management process that eliminates downtime and meets audit guidelines. The culture changed too.

"Ironically, the IT organizational change was just as important as the selection of the change management tool itself," said Thomas. Do not underestimate the People and Process component if you want to make lasting change.

Tool selection is vital too. Pick a product that 1) leverages your existing tools, 2) delivers an ROI quick and 3) scales with enterprise features that meet growing business requirements.

Pick a vendor who gets to know your people, understands your process and can build the system for you. This saves time.

Avoid falling prey to the #1 failure point – "never getting started". Help from a value-oriented, experienced partner helps ensure your success. Don't go it alone.

A year later, by design at EXCO, the role of change management lead remained with the CIO. As such, Mr. Thomas ensures proper IT direction is actually occurring, with him leveraging the weekly change meeting to stay plugged into department activities. His action to take charge of the IT change process has ensured effective execution of IT management controls, and has clearly eliminated downtime.

