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CIO Interviews

CIO Bob DeRodes on Digitizing Home Depot



By Pam Baker
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"I am concerned about speed; about the time it takes with any project," CIO Bob DeRodes told CIO Today always takes too long and costs too much. Sometimes by the time we get a technology down to the end-user, it's almost obsolete."

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As Executive Vice President and CIO of [Home Depot](#), Robert P. DeRodes, known simply as "Bob" to his many friends, is the driving force behind the company's I.T. transformation.

His vision to digitize The Home Depot is becoming a reality by the ongoing multiyear strategy to implement standardized systems and platforms and a robust I.T. infrastructure.

The Home Depot, described by a jovial DeRodes as the "350 pound toddler" in 1978 and now is the world's largest home improvement specialty retailer and second largest retailer in the United States, with fiscal 2004 sales of \$73.1 billion.

The company currently employs approximately 325,000 associates and has operations in 50 states, the District of Columbia, Puerto Rico, 10 Canadian provinces and 10 countries. Recently, Home Depot announced the creation of a business development center in China. The Atlanta-based company has been recognized by *Forbes* magazine as the No. 1 most admired specialty retailer for 2005.

DeRodes joined the company in 2002 and is responsible for all aspects of the company's I.T. and communication systems. A native of Wooster, Ohio, DeRodes received a bachelor of science degree in business administration from St. Louis University and a master's degree in business administration from the University of Texas.

DeRodes talked with CIO Today in an exclusive interview about the problems and competitive advantages CIOs encounter in the current business climate.

Quick-witted and astute, he answered hard questions without the slightest a great deal of humor. It is obvious he is in command of his world and very his business.

CIO Today: What are your top concerns as CIO?

DeRodes: All CIOs deal with the same issues; the only difference is in the abilities on every level. To be successful, CIOs must surround themselves with talent out there and then continue to grow and nurture that talent. So, as routine, I worry about our leadership team capabilities. Are we growing out we have the right people on board; do we have the best talent available?

Secondly, I am concerned about vendor relationships. There is a great deal consolidation -- particularly in the software space -- and you can get caught as partners merge, are bought, disappear entirely, or change focus.

Thirdly, I am concerned about speed; about the time it takes to go live with any project. Everything always takes too long and costs too much. Sometimes it feels that by the time we get a technology down to the end-user almost obsolete.

Last, but not least, I am concerned about change management. The gap between changes in technology and the ability of the human brain to absorb those changes is widening. The time it takes for the human brain processes to assimilate new is the same as it was five years ago, but the amount of information that must be processed by the brain has grown exponentially over the same time frame.

Technology is no good at all unless it is used. So, new technologies or functions not provide a return to us until associates and customers are comfortable with routinely using -- the tools. That brings us right back to the leadership and implementation issues, of course.

There are other human use issues for us to consider as well. For example, one of the biggest challenges is where to put kiosks and other customer-oriented technologies in a store where it won't get smashed by a customer with a big cart or an associate with a fork-lift.

CIO Today: Has the I.T. environment changed from five years ago?

DeRodes: Yes, of course, things have changed. Architecture is increasingly complex. There is considerably more layering of functionality in system stacks. We've created specialists and sub-specialists much like once occurred in medicine that one or two I.T. pros could do anything; that is definitely not the case now.

Security and privacy issues have jumped to the forefront. It is not that we were concerned with those issues five years ago; it's just that legislation and connectivity have pushed those issues to an all-time high on the priority list.

Five years ago, people wanted to be connected some of the time -- now people want to be connected all of the time. Along with that constant connectivity through wireless mobile technologies came a slew of phishing, spam, viruses, hacking and other nuisances and problems. As a result of that onslaught, security has become a major concern and a constant challenge to all corporations now.

CIO Today: How have new legislative demands affected the I.T. department and th particular?

DeRodes: I don't think Sarbox is working as it was intended, for one thing corporations to spend a lot more time auditing, reviewing, documenting, a data and none on the customer. That activity is driving up costs, alienating bases, and serving little purpose.

Where we could really use the government's help is in catching and punish who produce spyware, viruses, spam and the like. Right now that stuff can huge corporation but the penalty is only a few hundred dollars and a slap c

CIO Today: Which enterprise component or technology will be growing most in te of your company's budget pie in the next 12 months?

DeRodes: We will be spending the bulk of our budget on a series of large systems in large multiyear initiatives. We will be getting new platforms in s merchandising and the supply chain 🗣️. RFID is not a major focus for us al don't see RFID as a radical change, it will bring change, but not as much a people are expecting.

Do you remember when everyone predicted ATMs would do away with ban paper checks within a few years? It didn't happen, of course. ATMs did not change the business, but it did bring some change. We see RFID affecting supply chains in much the same way.

We will also be spending a lot on electronically linking to vendors. We're pl up" in B2B 🗣️ electronic linkage. Right now, we're still doing a lot on paper

I call us the "350 pound toddler" because we have grown so big, so fast. S other business our size has made these changes a decade ago, we are just up -- but, since technology is a leap-frog industry, at the end of the day ou be newer and hopefully that will give us a competitive advantage.

CIO Today: Can you walk us through the decision-making process of implementin business process management initiative?

DeRodes: We have a corporate planning process we call "SOAR," strategic resource planning. We work on a three-year horizon. The process yields a operating plan each year. We build budgets at the end of the process. Prio done by the Senior Leadership Team, which is chaired by the Chairman of himself.

Our problem has never been what to do, but what not to do -- there are a ideas out there.

We do have a review process. Since most of our projects are multiyear init have a rigorous tracking and review process throughout the installation an implementation process. We also do a PIR (post implementation review) o schedule.

We might do a PIR on a smaller project 30 days after deployment; on a lar a PIR six months or longer out. The worry is about gauging projects too so either a false positive or a false negative. It's better to get a realistic read.

CIO Today: What are one or two software or hardware products your company would describe as "outstanding?"

DeRodes: We have a policy against endorsing products. That said, several vendors are very good at what they do. But two stand out: [EMC](#), the largest storage vendor, and [Cisco](#). We find EMC to be a life-saver in data storage -- we do a lot with them but their wireless access points, routers and servers are excellent.

CIO Today: Which emerging technology do you see as most important to the enterprise?

DeRodes: There are two types that really have our attention: mobile communications and home automation.

We have a tremendous need for mobile systems that can use enterprise applications at the stores, on the floor where customers and associates can use them.

Remember I mentioned earlier the problem with kiosks getting smashed? The ways we think we could address that is either by a handheld device carried in the hand in at check-out, or a device connected to the cart, that could scan barcodes to answer product questions and make product comparisons.

And, because we have grown so large, so fast, we have a vast need to train our associates. We think the training could be automated. Associates also need some mobile devices to scan barcodes and get product information in order to serve the customer better. Again, mobile technology with Internet access and enterprise applications are of great interest to us.

As a whole, we expect kiosks and self-service to double in the next five years, much faster than ATM use grew.

We expect home automation to be a disruptive technology. As a home improvement store, that could mean a lot to us. Everyone is already seeing the home market and the home PC beginning to merge. Coming soon is everything from internet security, irrigation, heating and air conditioning and cooking systems. It is of time before everything merges and your life gets more complicated.

In any case, we think home automation will be very disruptive to our market.

CIO Today: Where do you go to do your research on new technologies?

DeRodes: We have a small team dedicated to research. They work in a facility in Atlanta, Georgia that looks just like one of our stores. The team can research new technology in a store setting that way.

We also visit I.T. vendor labs at least once a year. Plus we listen to industry groups to see what they have to say.

But also, I belong to the Research Board in New York, which I find to be very interesting. The Research Board is an invitation only, privately-held research company that is open to vendors from membership. Its membership roster is almost exclusively a list of the largest I.T. users in the nation. Big I.T. vendors are allowed to make a group presentation once a year to members.

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