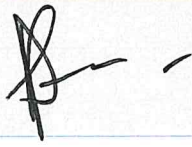# METAIR INVESTMENTS LIMITED (METAIR)

INFORMATION TECHNOLOGY ("IT") STRATEGY

2019 -2022

Document Approval

Designation	Name	Signature	Date
Chairman of the METAIR IT Steering Committee and Group CFO	S Douwenga		21 January 2019

Document Control

Version	Date	Author	Action
1.0	June 2019	Metair	Initial development of IT strategy

TABLE OF CONTENTS

1. Introduction

This document represents the IT Strategy for Metair Investment Limited ("Metair"). It has been aligned to the business strategic priorities. The purpose of this document is to provide a blueprint of the future direction and design of the IT function and to drive future IT strategic decisions regarding IT investments, IT governance and IT service delivery at a Metair group level.

The approach to developing the IT strategy has been to:

- Understanding the strategic direction of the business and its priorities;

- External customer and business concerns;

- Analysis of the strengths and weaknesses of the current IT environment in relation to the business strategic priorities;

- Goals for information technology as a group;

- Defining the future state; and

- Defining the IT strategic roadmap.

A summary of the sections that have contributed to the development of the IT strategic roadmap is as follows:

#	Sections	Context / Relevance
1	Business direction and strategy	Summary of strategic direction and company background
Analysis of strengths and weaknesses of current IT environment		
2	How is IT currently enabling the business	Current organisation structure, business units and functions supported by group IT
3	Current IT spend and view of ICT	Overview of current IT spend against benchmark indicators
4	Top 10 ICT related challenges and risks	Metair technology challenges based on workshops. Also including a holistic view of global IT risks faced by the sector in comparison to key IT risks faced by Metair
5	Group Information Technology goals	The goals that IT from a group perspective would like to achieve.
6	Analysis of current IT spend and view of IT	Analysis of IT spend and the view of IT as perceived by the users of IT
Defining the Future state		
7	Operating model – TO BE	Governance of ICT group wide including the centers of excellence
8	A view into the Centers of excellence	Centers of excellence and pillars required to enable the TO-BE operating model
9	IT Strategic roadmap (Prioritised roadmap)	The key focus/priority activities from the detailed IT strategic roadmap. These activities are the drivers for the completion of the other roadmap initiatives. A view of each initiative per year.
10	Head Office IT Strategic roadmap	A view of each initiative per year for Head Office

#	Sections	Context / Relevance
12	Critical success factors	The enablers, requirements and critical success factors in order to realise the benefits from implementation of this IT strategy.
Appendices		
13	**Appendix A:** Consolidated gaps and solutions	Each of the initiatives in this table make reference to the summary on the IT strategy roadmap. It is intended to provide guidance to the project management office for enabling the IT solutions.
14	**Appendix B:** Delivery model - Roles and responsibilities	Defining the roles and responsibilities between group and subsidiary that supports the achievement of the IT strategy
15	**Appendix C:** Critical success factors	The enablers, requirements and critical success factors in order to realise the benefits from implementation of this IT strategy.
15	**Appendix D:** Analysis of current IT spend	Demonstrating the current IT spend vs Gartner statistics in relation to operating expenses to revenue
16	**Appendix E:** IT Strategy Guiding principles	Guiding principles to support the IT strategy
17	**Appendix F:** IT policy framework	Minimum governance documentation to be developed and implemented

2. Understanding the business direction and strategy

Our strategy has always been customer, market and technology driven and, starting in 2012, we expanded into Romania and Turkey to get closer to the home markets of some of our biggest customers and access leading technologies. This proximity has provided exposure to the latest developments in the current seismic shifts in the automotive industry.

Our strategy was therefore refined to become:
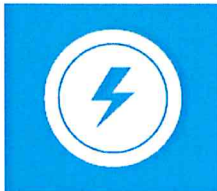
Energy storage vertical: To become a world class diversified multiple location Gigafactory in the supply of energy source products used in control and energy solutions across the full spectrum of mobility options.

Automotive components vertical: To nurture our automotive components business with participation in selected growth opportunities and to be a mega parts supplier in the South African environment.

Our **short term strategy** remains focussed on the following items:

Balance the business by building and expanding the energy storage vertical: Building the energy storage vertical improves balance in the business as Metair moves with the technological requirements of the shift to electric vehicles and lithium-ion technology.

Nurture the original equipment (OE) business in South Africa and expand the original equipment manufacturer (OEM) customer base: Technical cooperation with OEMs enhances our manufacturing expertise and the long OE product lifecycles create relatively predictable production volumes and revenue outlooks. The next generation of energy storage solutions will be developed in close collaboration with OEM customers and it is important to maintain strong relationships with our customers.

Focus intently on cost: Cost competitiveness is the primary consideration in tendering for contracts with OE customers and production efficiencies must be managed extremely closely to ensure that we can win business at a reasonable economic return

Secure and grow the aftermarket product range: Metair's aftermarket business produces spare parts and other products needed to keep vehicles on the road, including generic parts for the increasing pool of imported vehicles.

Grow our Africa footprint: Africa represents an attractive energy storage and automotive aftermarket opportunity that will continue to grow. We already have a presence in East Africa through ABM and continue to investigate further opportunities for growth on the continent.

Response to disruptive technologies: The automotive and energy storage industries are changing at an extremely rapid rate and we need to understand the likely impact of new technologies on our business model so that we can decide how to participate. We are prioritising the design and production of lithium-ion energy storage solutions in close collaboration with OEM customers.

To establish the principle of being an exemplary custodian within every employee that underpins the group's core social and ethical values: The principle of custodianship defines Metair's approach to business and sustainability, and forms the basis for the group social and ethics framework.

Globalise the company by way of overlaying the energy solutions offering across the full mobility spectrum in both developed and emerging economies: Through our relationships with Prime Motors, MOLL and Chaowei, Metair has broad entry into many developed and developing markets across the range of mobility options, from full electric vehicles to electric locomotives and e-bikes.

Develop and deploy leading technology niche applications into new and existing markets: Establish and nurture partnerships with leading companies in our field of applicable technologies ranging from wiring harnesses, heat exchangers, lighting solutions, plastic parts, ride control and lithium-ion technologies to be applied in the markets that we operate in.

Our **business goals** are focussed on ensuring that:

- Technologically relevant and aligned to OEM
- Optimised APDP levels
- Maintain aftermarket lead acid and LED technology

We have identified **Technology** as a key enabler to the business achieving its strategic priorities and winning aspirations.

Technology across the group will drive efficiencies to enable business performance.

3. Company background

Metair Investments Limited is listed on the Johannesburg Securities Exchange (JSE) and headquartered in Johannesburg. The company holds investments and manages 11 South African and 6 international operations within two distinct business verticals. The businesses manufacture, assemble, distribute and retail energy storage solutions and automotive components in Africa, Europe, the Middle East, Turkey and Russia.

Energy storage vertical

The energy storage vertical manufactures batteries for use in the automotive, telecoms, utility, mining, retail and materials/products handling sectors. Automotive batteries are supplied to automotive original equipment manufacturers (OEMs) and also to the aftermarket through our unique aftermarket distribution channels and franchised retail networks. We supply batteries to all major OEMs in South Africa, Europe, Romania, Turkey and Russia through subsidiaries in Romania (Rombat), Turkey (Mutlu Akü) and South Africa (First National Battery), and through our associate, MOLL, in Germany. Most of our batteries are lead-acid based technology, but we have been producing lithium-ion cap lamps since 2013 and lithium-ion automotive starter batteries in Turkey since 2017. Our latest investment in Prime Motors establishes an incubator and research and development centre for lithium-ion battery development.

Aftermarket products

Aftermarket products are exported to approximately 46 destinations across Africa, Europe, the Middle East, Turkey and Russia. Nonautomotive products are mainly sold into sub-Saharan Africa and Turkey.

Automotive component vertical

The automotive components vertical produces original equipment (OE) components used in the assembly of new vehicles by OEMs in South Africa, as well as spare parts and other products used in the South African automotive aftermarket. These include brake pads, shock absorbers, lights, radiators and air-conditioners. The group also produces generic aftermarket products for use in the increasing number of imported vehicles.

In relation to the IT challenges and IT risks, it important to have view of the landscape of system user across the Metair group. The diagram below represents a view of systems users across the Metair group:

METAIR
INVESTMENTS LIMITED
automotive | industrial | retail

	Subsidiary	Business Units	System Users	Vendors
ENERGY STORAGE VERTICAL	Multlu Batteries MUTLU	29	334	20
	First National Battery battery	25	850	20
	Rombat ROMBAT	2	250	2
	Dynamic Batteries DYNAMIC	2	12	1
AUTOMTOVIE COMPONENT VERTICAL	Smiths Manufacturing SMITHS	9	390	10
	Hesto Harnesses HESTO HARNESSES	1	260	6
	Lumotech LUMOTECH LT	1	310	10
	Smiths Plastics SMITHS	22	140	3
	Supreme Spring SUPREME SPRING	23	180	24
	Unitrade Unitrade	1	25	2
	ATE Ate	8	52	5

4. Business Strategic objectives implications on Group ICT

Group Strategic Objective	Group ICT implications
Balance the business by building and expanding the energy storage vertical	• Ensure high ICT services uptime and response to incidents • Strategic ICT investments to enable business growth, efficiency and performance • Develop and implement innovative ICT based platforms enabling improved business process
Nurture the original equipment (OE) business in South Africa and expand the original equipment manufacturer (OEM) customer base	• Establish strategic partnership with leading, innovative and well recognised technology vendors to ensure the effectiveness of ICT on business operations • The implementation of South Africa Wide CRM solution to manage customer accounts and relationships
Focus intently on cost	• Develop IT governance policies and procedures, including key principles of IT governance that can be cascaded to the subsidiaries • Assess and implement an ICT inventory management organisation to effectively optimise resources and
Secure and grow the aftermarket product range	• Deliver Business Intelligence ("BI") and data archiving platforms to provide insights to business on the aftermarket product range. • The implementation of South Africa Wide CRM solution to strengthen and manage relationships with aftermarket product providers
Grow our Africa footprint	• Standardise IT infrastructure solutions to allow for an increased African footprint and ease of infrastructure maintenance • Assessing the use of cloud services to enable this for centralised reporting
Response to disruptive technologies	• Support the business by ensuring that current supporting technology is aligned to the long term business objectives • Acquire appropriate knowledge and skill to effectively assist business in responding to disruptive technologies
To establish the principle of being an exemplary custodian within every employee that underpins the group's core social and ethical values	• Provide a platform for E-learning (Learning Management Systems) to train and raise awareness of group's core social and ethical values • Implement a balance scorecard mechanism to measure compliance performance

Globalise the company by way of overlaying the energy solutions offering across the full mobility spectrum in both developed and emerging economies

- Standardise IT infrastructure solutions to allow for an increased African footprint and ease of infrastructure maintenance
- Capitalise on the IT solutions that enable global communication within the group (Global teleconferencing solutions)
- Integration with OEM systems (where applicable)

Develop and deploy leading technology niche applications into new and existing markets

- Establish partnerships with leading technology vendors relevant to the group's OEM business operations

5. How IT is currently enabling the business

The current IT operating model adopted by Metair requires that each subsidiaries be responsible and accountable to deliver, manage and optimise IT operations. Head office IT is managed by a third party service provider, SevenC. Each subsidiary of the Metair group are supported by their own IT function and/or IT service providers.

The board is committed to a process of risk management that is aligned to the principles of King IV and uses a well-structured and tested risk rating methodology. Risk and IT governance is included as an agenda item at all subsidiary board meetings and is continuously monitored.

The board is ultimately responsible for the governance of technology and information and in terms of King IV the board should govern it in a way that supports the company setting and achieving its objectives. The board delegated the oversight of IT management to the audit and risk committee who appointed an IT Steering Committee to execute the duties from group to subsidiary level. To ensure proper IT governance and control, Metair implemented a formal IT governance framework to set out the decision making powers, roles, responsibilities and functions it has in the various domains.

6. As-Is operating model

The IT organisation and reporting structure is as follows:
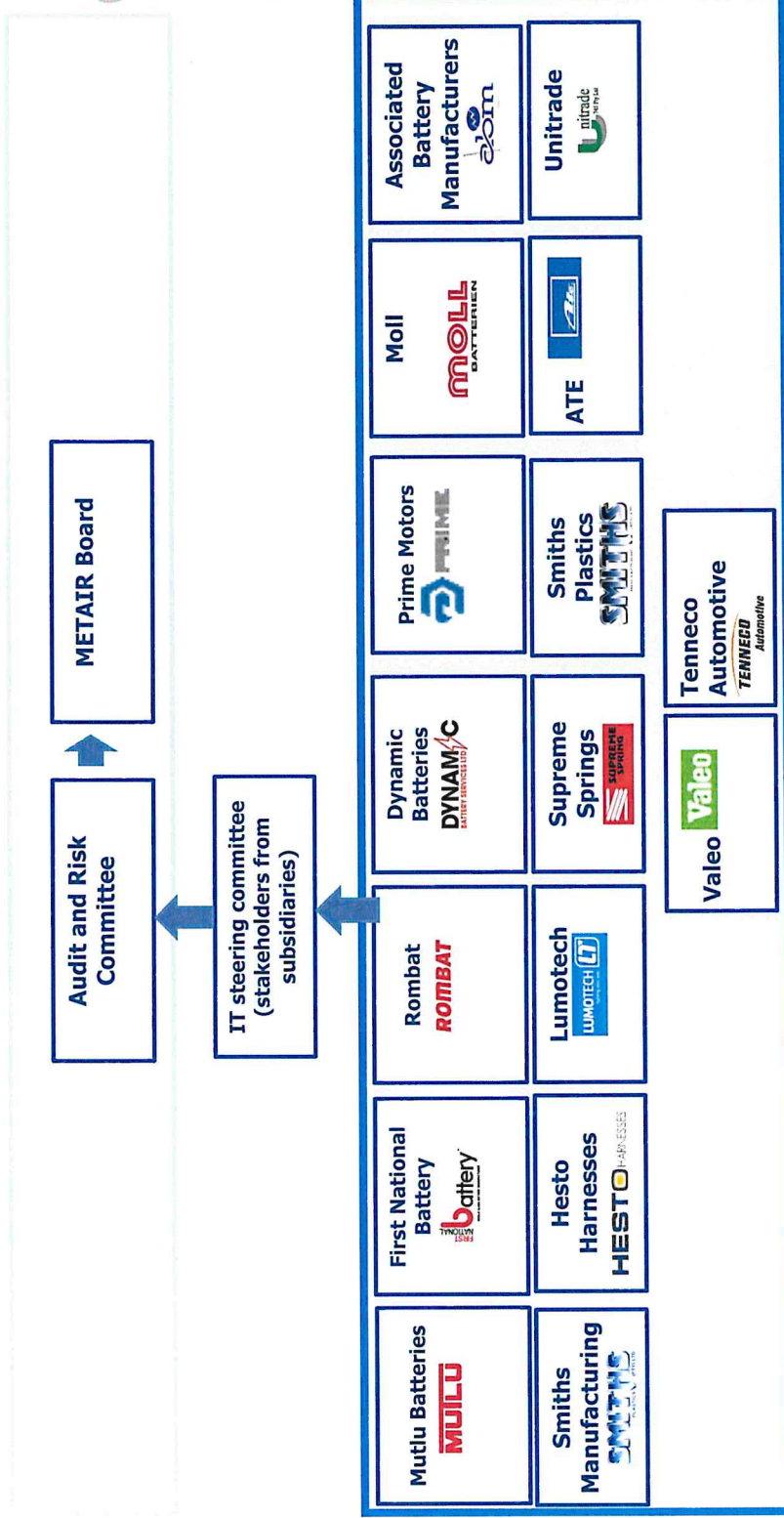
Observations

- Each subsidiary are responsible for their own IT and set their own strategy, policies and guiding frameworks

- Some of the subsidiaries have their own IT teams led by dedicated IT managers, whilst in other subsidiaries the CFO is responsible for IT

- The IT steering committee was formed at the end of 2018 as a platform for decision making across the group and a common platform to share information across subsidiaries in order to drive value from IT

METAIR Board

Audit and Risk Committee

IT steering committee (stakeholders from subsidiaries)

Mutlu Batteries — MUTLU

Smiths Manufacturing

First National Battery

Hesto Harnesses — HESTO HARNESSES

Rombat — ROMBAT

Lumotech — LUMOTECH

Dynamic Batteries — DYNAMIC BATTERY SERVICES LTD

Supreme Springs — SUPREME SPRING

Valeo

Prime Motors — PRIME

Smiths Plastics — SMITHS

Tenneco Automotive — TENNECO Automotive

Moll — MOLL BATTERIEN

ATE

Associated Battery Manufacturers — abm

Unitrade

7. Top 10 ICT related challenges and risks

A workshop was help between business and IT which represented by key stakeholders of Metair (at a subsidiary level and group level). The following IT related challenges were noted:
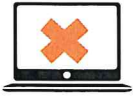
Outdated ERP applications: There are either old versions of ERP application utilised at some of the subsidiaries. ERP functionality may no longer be support all the business processes and manual workarounds are applied. This introduces challenges around workflows for business process and the outdated increase the risks related to information security.

Segregation of data: There are challenges in continually ensuring effective segregation of data to support anti-competitive regulations. This is mainly due to the limitations on systems and data architecture.

Lack of system integration: There are varying integration paths to the Cognos controller for group financial consolidation. This results in challenges in reconciling and required additional process steps for finalisation.
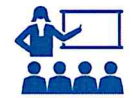
Lack of user training / awareness in the use of systems: This includes the risk related to the release of sensitive information to the internet.

Lack of capital expenditure in relation to IT: IT investment was primarily focussed on 'keeping the lights on'.

Delays in replacing and implementing systems: Due to IT investments decision, there has been a delay in replacing and implementing systems.

Low level of support from service providers (consolidation): Service providers have not been supporting the business to the extent expected. This has impacted the reporting of IT performance to support the identification of opportunities for improvement.

Lack of synergy between manufacturing IT (business unit) and commercial IT (business unit): Historically, IT related decisions for Commercial IT systems and manufacturing IT systems were made in isolation of both business units.

Inadequate mobile device security: there are no mobile device management standards for devices used by employees. This increases the information security risk.

In addition to the risks above, Metair Management Services outsource the management of IT to a service provider. This risk should be managed through leveraging the centres of excellence and

formalising support to MMS as an extension of a subsidiaries IT function. The CIO agenda for Metair as a group should be driven internally with support by external stakeholders where applicable.

The following technology risks categories were identified for Metair as well as the results from the IT Risk Profiling Workshop:

Risk Profile
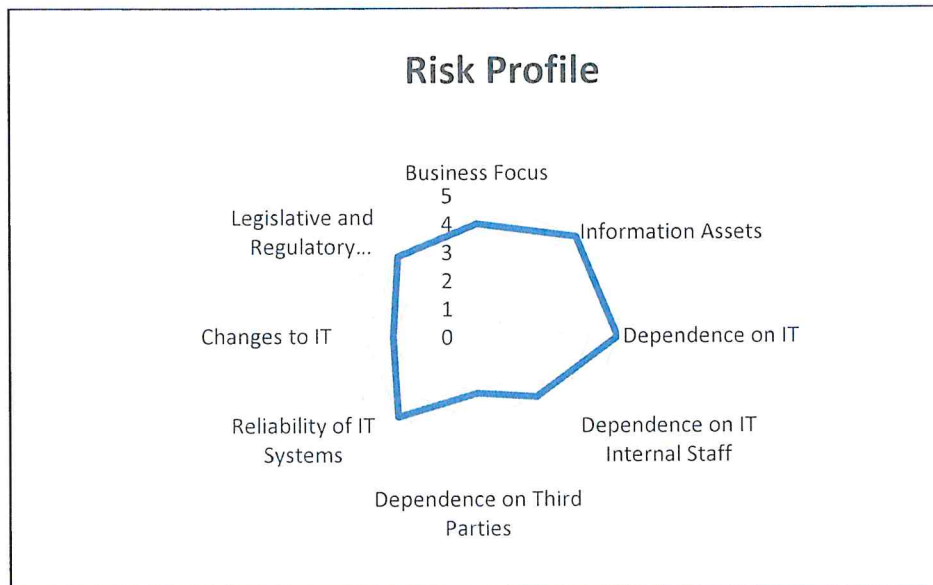
Observations

Based on input from subsidiary IT risk registers, the common risks below have been summarised:

- **Lack of a consistent focus on cyber security:** The risk that Metair subsidiaries are vulnerable to cyber-attacks, network intrusion and phishing.

- **Vendor software licencing:** The risk of licence costs not being optimised through current agreements.

- **Outdated software:** The risk that software capabilities are not in line with business requirements and software upgrade cycles.

- **Lack of business continuity management:** The risk of insufficient backups and disaster recovery procedures in place to support IT continuity and operational uptime with current data.

- **Poor data management:** There is a lack of the creation, transformation, storage and disposal of data. Lack of compliance to GDPR (Masking and encryption structure). There is also a lack of access controls which may lead to unauthorised access.

- **Lack of an IT strategy:** The risk of insufficient IT strategic direction, project management and exploration of disruptive technologies.

8. Group Information technology goals

Information Technology "IT" Governance, mainly KING IV plays a vital role in enabling an enterprise to evaluate, direct and monitor the use of technology and IT resources in the support to achieving the strategic objectives of the enterprise. The accomplishment of Metair's IT goals will allow for effective IT governance and optimisation of IT operations. Metair's IT goals stem from the drivers of the IT strategy and can be categorised according to the IT Governance pillars and six imperatives for CIOs.

STRATEGIC ALIGNMENT

Ensuring that IT organisation structure complements the business model and direction.

- IT organisational structure alignment to the business model and direction
- Risk and controls alignment of Industrial Control Systems and Information Technology.
- Alignment with the procurement strategy.
- Achieving economies of scale.

IT RESOURCE MANAGEMENT

Management of IT Resources to ensure efficient use to meet strategic objectives

- IT resources optimisation
- IT return on investment
- IT Skills and knowledge acquisition
- Managing vendor relationships
- Centre of Excellence

PERFORMANCE MANAGEMENT

Performance management of strategic initiatives

- Key Performance Indicators ("KPIs") to strategic objectives.
- Performance measurement of KPIs
- Group IT performance against industry benchmark
- Adequate succession planning

RISK MANAGEMENT

Identification of critical risks and efficient risk management controls

- Effective risk assessment and management
- Vendor relationships risk management.
- General Data Protection Regulation and critical regulations compliance risks.
- Managing Cyber security risks

VALUE DELIVERY

Allowing IT to deliver value to business

- Standardisation of infrastructure to enhance interoperability.
- Benefit realisation reviews
- IT portfolio cost optimisation

9. Analysis of Current IT Spend

Based on recent Gartner benchmarks, Metair collectively spends 0.21% (ICT costs as a % of revenue) versus the Gartner recommended benchmark of 1.3%. Notably the subsidiary with the biggest budget, reaps the benefit of technology improvements.

> **%** | ICT Costs for 2018/19: **21.7million** | ICT costs as a % of revenue: **0.21%** | **Gartner – 1.8%**

A detailed diagram of the above analysis is found on Appendix 1.

IT is currently based on the "traditional IT" model which behaves as a cost center. The cost center model makes it difficult for any IT organisation to reinvest in itself without scrutiny and approval on every IT investment the business makes. This leads to constant downward pressure on budgets, resulting in IT continuously optimizing and improving the price performance of infrastructure to fund reinvestment. Alternatively, infrastructure investments are earmarked for larger initiatives sponsored by business units. This can create problems when the project money runs out but the infrastructure still needs to be maintained.

IT organisations are evolving their traditional role as cost centers to the role of "Service partners". As a result, there is a need for IT to run as business whilst still supporting the technology needs of the business. Using a service based pricing structure can serve as an effective method to recover related costs to IT.

Metair should define the IT spend model i.e. defining how spend on various IT components are going to be allocated to the business / absorbed as part of the IT budget. Align IT cost allocation and pricing strategy with your overall IT service delivery strategy. A typical business oriented portfolio would include items such as:

—— Application development

—— Project management

—— Application hosting

—— Workplace support

—— Process engineering

—— Security management

—— Asset life cycle management

—— Consulting

Metair are required to identify the distinction between services and their fulfilment elements, and then build and communicate the portfolio, using it first as marketing collateral and later as a foundation element for service delivery and management.

10. Analysis view of IT

	"Strategic Partner"	"Business Leader"
Partner	Long Term ← Medium Term	
Provider	"Service Provider" Current state ← Current state	"IT Entrepreneur"
	Follower	Visionary

Observations

Based on the feedback ICT receives from the business:

- ICT needs to re-position itself as a credible service provider and as a priority

- ICT needs to become more mature as a service provider through satisfactory turnaround times for business services while supporting the business through the delivery of technology enablers

- ICT needs to reposition as a strategic partner to the business in the medium term (by year 2021)

Looking Forward

METAIR

INVESTMENTS LIMITED
automotive | industrial | retail

11. To-Be operating model

Centre Of Excellence

Strategic Alignment

Responsible subsidiary:
First National Battery

IT Resource Management

Responsible subsidiary:
First National Battery
• Enterprise Architecture
• Vendor Management
• Application restoration

Performance Management

Responsible subsidiary:
• Hesto Harnesses

Risk Management

Responsible subsidiary:
• Smiths Manufacturing

Value Delivery

Responsible subsidiary:
Metair management

METAIR Board

Group IT Manager

Audit and Risk Committee

Group IT steering committee (stakeholders from subsidiaries)

Each Subsidiary IT Steering Committee

Each Subsidiary IT Operations Committee

Mutlu Batteries — MUTLU

First National Battery — battery FIRST NATIONAL

Rombat — ROMBAT

Dynamic Batteries — DYNAMAC BATTERY SERVICE SUD

Prime Motors — PRIME

Moll — MOLL BATTERIEN

Associated Battery — abm

Smiths Manufacturing — SMITHS

Hesto Harnesses — HESTO HARNESSES

Lumotech — LUMOTECH LT

Supreme Springs — SUPREME SPRING

Smiths Plastics — SMITHS

ATE

Unitrade — unitrade

Valeo — Valeo

Tenneco Automotive — TENNECO

18

The role of the group IT manager is critical to drive the requirements for the centres of excellence. This role can be driven by a subsidiaries Head of IT to ensure:

— Strategic alignment and linkage to other subsidiary IT teams

— Ensuring King 4 IT governance requirements are being adopted

— Optimising IT related costs across Metair and related service management domains/portfolios

— Managing and providing direction for Metair Head Office IT

— Driving the agenda at the group IT Steering committee and providing strategic direction

12. Centres of Excellence

The following model represents METAIR Centre of Excellence:

Business Function								IT Partners
Human Resources	MUTLU	FNB	ROMBAT	DYNAMIC BATTERY	PRIME MOTORS	MOLL BATTERIEN	ABM	
Finance	SMITHS MANUFACTURING		HESTO	ATE	SUPREME SPRING	LUMOTECH		
Quality			SMITHS PLASTICS	UNITRADE	VALEO			
Stores				TENNECO				
Engineering	**Value Delivery**	**Strategic Alignment**	**IT Resource Management**	**Performance Management**	**Risk Management**			Vendors and service providers
Manufacturing	Allowing IT to deliver value to business	Ensuring that IT organisation structure complements the business model and direction	Management of IT Resources to meet strategic objectives	Performance management of strategic initiatives	Identification of critical risks and efficient risk management controls			
Information Technology								
Legal								

Considerations

The centres of excellence are designed to enable sharing of best practise across the Metair Group. Additionally, these centre of excellence should be setup to drive initiatives and projects across the group.

The following are key responsibilities for the centres of excellence:

- Drive IT innovation and collaboration across the Metair group
- Drive key initiatives required to support this IT strategy
- Periodically assess the benefit realisation and alignment to business strategic objectives
- Optimisation of costs through identifying synergies across the group
- Leveraging skills across the group

METAIR
INVESTMENTS LIMITED
automotive | industrial | retail

13. Strategic roadmap (Group IT)

Based on the analysis of current weakness and strengths, including understanding of risk, the initiatives below have been defined over a 3 year roadmap.

Legend:
- Group AND Subsidiary
- Subsidiary

Year 1 (July 2019 – June 2020)	Year 2 (July 2020 – June 2021)	Year 3 (July 2021 – June 2022)

- **AA3: Setup Centres of Excellence**
- **AA2 Business Intelligence Reporting ("Data As a Service")**
- **BA2 Standardisation (Service provider, licencing, etc.) – Driven by Group IT Manager**
- **TA1 Development of ICT Governance framework**
- **TA3.** Assessment and implementation of POPI and /or GDPR requirements subsidiaries
- **AA1 Upgrade and/or enhance obsolete systems**
- **TA2 Development of IT Risk and control synergies between IT and manufacturing**
- **BA1** Implement knowledge Management, collaboration and documentation management
- **TA3.** Roll – out Cyber Security Awareness (e-Learning)
- **AA4** Training IT Personnel to enhance skills and competencies (e – Learning)

1. Setup of centres of excellence (Group driven)
- Each subsidiary takes ownership for centre of excellence which is aligned to key pillars of IT governance
- The role of the group IT manager to drive requirements for the centres of excellence and as a sounding board for Metair Head office IT
- Drive initiatives as included in the responsibility and accountability matrix
- Feedback to the IT steering committee for continuous assessment of progress and benefit realisation
- Each subsidiary to develop own IT governance framework to support and enable IT operations and the IT strategy
- Each subsidiary to develop and implement an IT strategy that is aligned to the business

2. Implementing Business Intelligence reporting (Group driven and including subsidiary) - "Data As a Service"
- To implement a BI reporting initiative across the group to leverage data more effectively. This applies directly to the financial reporting by each subsidiary into COGNOS.
- Creation of a data lake/warehouse that incorporates key information from each subsidiary that will enable real time reporting
- Each subsidiary to understand the current reporting opportunities / underlying data that can enhance current reporting requirements
- Defining the data requirements, interfaces and timing requirements of information
- Enable real time reporting of operational vs historical (operational and financial) at each subsidiary

3. Development of subsidiary level ICT governance framework (Subsidiary)
- Key IT policies that are common across the Metair Group to be cascaded to the rest of the subsidiaries in the Metair group
- Efforts to standardise key and common IT policies
- An integral part of corporate governance
- The responsibility of board members and executives
- A mechanism to deliver value, manage performance, and mitigate risk
- A method to assign accountability for decisions and performance
- Dynamic alignment to business goals
- Policies, procedures, management committees, performance metrics, and related management techniques working in unison toward common business goal
- Policies to be developed are indicated in the IT policy framework (refer to Appendix)

4. Standardisation of service providers, equipment, contracts and licencing (Group driven)
- To implement a centralised management of common service providers amongst subsidiaries to allow for ease of maintenance as well as economies of scale.
- Mapping of service elements (service provided) to service providers
- Negotiating pricing with service providers/vendors as Metair group as opposed to subsidiary only
- Master service agreements that enable vendor and service providers to support the group
- Assessing quality of service delivery
- Driving innovation in IT
- Use of balanced scorecard to drive technology performance

5. **Upgrade and/or enhance obsolete systems (Subsidiary)**
   - Assess the current system infrastructure per subsidiary (IT assets, software and systems) to identify whether these systems are still effectively supporting the business. This will done through performing a Technical Quality (TQ), Functional Quality (FQ) and Support Quality (SQ) assessment.
   - Based on the outcome above, consider the assessment of business processes supported by the existing system
   - Consideration to digital factory and connectivity using 5G

6. **Developing IT risk and control synergies between IT and Manufacturing (Subsidiary)**
   - An assessment of risk and controls in both environments
   - Applying common information security controls across both environments
   - Isolating the manufacturing IT environment from commercial IT environment to mitigate against cyber security risks

7. **Assessment and implementation of POPI and/or GDPR requirements (Subsidiary)**
   - An assessment of POPI and/or GDPR requirements
   - Embedding the requirements and principles into current standards, policies and processes
   - Periodically assessing compliance

8. **Roll out Cyber security awareness (e-learning) (Subsidiary)**
   Organisation wide cyber security awareness training. This applies to both the manufacturing and commercial IT environments.

9. **Training IT personnel to enhance skills and competencies (eLearning) (Subsidiary)**
   Internal technical IT training to enhance competencies and ensure a faster incident resolution turnaround time. Additional the training will also equip employees to assess alternate solutions

10. **Implement knowledge management, collaboration, documentation management (Subsidiary and Group)**
    The use of standard file sharing platforms for collaboration and document management e.g. Microsoft SharePoint, Office 365

14. Metair Management Services (Head office IT)

Metair Management Services does not have a Head of IT and this role is currently being supported by the service provider, ServenC. This fully outsourced arrangement may introduce a risk around decision making in relation to technologies and services delivered. Metair Management Services should ensure oversight of the role by formalising support through a subsidiary and more particularly the subsidiary that is responsible for IT strategic alignment.

The following initiatives have identified for IT services delivered to Metair Management Services, by SevenC:

1. **Infrastructure as a Service (IAAS):**
   - Assess the use of cloud services at an infrastructure layer
   - Root cause analysis for the connectivity issues experienced by subsidiaries to the Cognos controller
   - Assess technical quality and configuration of the IBM Cognos controller with Synergy as the service provider
   - Assess the effectiveness of the Neotel breakout line and ensure that the corresponding SLA with service provider is in place
   - Inventory and assessment of out of warranty hardware that is onsite

2. **Office 365:** Performing a cloud risk assessment

3. **Implementation of the board risk portal:** The objective of this initiative is to support easy sharing of large documents. Furthermore, permissions to the board portal should be securely controlled.

4. **Mobile device management and encryption:**
   - Implementing Mobile device security management policy and processes
   - Encryption of laptops

5. **IT Governance Policies and standards:** Development of key policies and procedures that govern access to systems

6. **Logical access security:** Ensuring adequate segregation of duties applied at vendor level around access to systems

7. **Vendor management:** Implement third party reporting against defined KPI's / Service levels

15. Appendix A - Consolidated gaps and solutions

Domain	Architecture (Gap Domain)	Themes	Gap	Strategic Initiatives	Reference	Target Year	Quarter
IT (Subsidiary and group)	Business Architecture	Business Systems Optimisation	Lack of user training / awareness in the use of systems	Implement knowledge management	BA1	Year 1 - 2	Y1 (Quarter 3)
IT (Subsidiary and group)	Business Architecture	IT Service Delivery & Governance Optimisation	Lack of capital expenditure in relation to IT	Standardisation of service providers, equipment, contracts and licensing	BA2	Year 1	Y1(Quarter 3 – 4)
IT (Subsidiary and group)	Technology Architecture	IT Service Delivery & Governance Optimisation	• Delays in replacing and implementing systems • Segregation of data	Development of ICT governance framework - To standardise key IT Policies and standards across the group	TA1	Year 1 - 2	Y1 (Quarter 3)
IT (Subsidiary and group)	Business Architecture	IT Service Delivery & Governance Optimisation	Low level of support from service providers (consolidation)	Standardisation of service providers, equipment, contracts and licensing	BA2	Year 1	Y1(Quarter 3 – 4)
IT (Subsidiary and group)	Technology Architecture	Organisational Transformation	Lack of synergy between manufacturing IT (business unit) and commercial IT (business unit)	Developing IT risk and control synergies between IT and Manufacturing	TA2	Year 2-3	Quarter 2
IT (Subsidiary and group)	Business Architecture	IT Service Delivery & Governance Optimisation	Leaking of information from social media groups (Lack of Awareness)	Development of ICT governance framework - To standardise key IT Policies and standards across the group	TA1	Year 1 - 2	Y1 (Quarter 3)
IT (Subsidiary and group)	Application Architecture	IT Service Delivery & Governance Optimisation	• Outdated ERP Systems • Lack of system integration	Upgrade and/or enhance obsolete systems	AA1	Year 2-3	Quarter 3
IT (Subsidiary and group)	Application Architecture	IT Service Delivery & Governance Optimisation	Cyber security and Technology skills	Training IT personnel to enhance skills and competencies	AA4	Year 2 - 3	Y2 (Quarter 3)
IT (Subsidiary and group)	Technology Architecture	IT Service Delivery & Governance Optimisation	No mobile device security	Development of ICT governance framework - To standardise key IT Policies and standards across the group	TA1	Year 1 - 2	Y1 (Quarter 3)

Domain	Architecture (Gap Domain)	Themes	Gap	Strategic Initiatives	Reference	Target Year	Quarter
IT (Subsidiary and group)	Application Architecture	Business Systems Capabilities Establishment	Business Intelligence reporting real time vs historical (operational & financial) incl. subsidiary level	Implementing Business Intelligence reporting	AA2	Year 1-2	Y1 (Quarter 3) to Y2 (Quarter 2)
IT (Subsidiary and group)	Application Architecture	Business Systems Capabilities Establishment	Consolidated reporting – discipline of meeting submissions requirements (human factor)	Development of ICT governance framework - To standardise key IT Policies and standards across the group	TA1	Year 1 - 2	Y1 (Quarter 3)
IT (Subsidiary and group)	Application Architecture	Business Systems Capabilities Establishment	Business Intelligence – Ability to drill down, manual generating of information (some of the data not on system)	Implementing Business Intelligence reporting	AA2	Year 1-2	Y1 (Quarter 3) to Y2 (Quarter 2)
IT (Subsidiary and group)	Application Architecture	Business Systems Optimisation	Visibility on production reliability	Implementing Business Intelligence reporting	AA2	Year 1-2	Y1 (Quarter 3) to Y2 (Quarter 2)
IT (Subsidiary and group)	Technology Architecture	IT Service Delivery & Governance Optimisation	Stable power supply	Disaster recovery and redundancy planning	TA1	Year 1 - 2	Y1 (Quarter 3)
Business (Subsidiary and group)	Business Architecture	Organisational Transformation	Labour stability	Business continuity planning	TA1	Year 1 - 2	Y1 (Quarter 3)
Business (Subsidiary and group)	Business Architecture	Organisational Transformation	Behavioural change management	Organisation change management and training	BA6	Year 2-3	Quarter 1
Business (Subsidiary and group)	Business Architecture	IT Service Delivery & Governance Optimisation	Better quality (energy) for new products	Not applicable for IT strategy	None.	None	None
Business (Subsidiary and group)	Application Architecture	Business Systems Optimisation	Cost competitiveness of future products (cost index)	Setup of IT strategy committee and centers of excellence	AA3	Year 1 - 2	Y1 (Quarter 3) to Y2 (Quarter 4)
Business (Subsidiary and group)	Application Architecture	Business Systems Optimisation	Adherence to technical specifications (design, engineering)	Developing IT risk and control synergies between IT and Manufacturing	TA2	Year 2-3	Y2 (Quarter 2)

![METAIR INVESTMENTS LIMITED automotive | industrial | retail]

Domain	Architecture (Gap Domain)	Themes	Gap	Strategic Initiatives	Reference	Target Year	Quarter
Business (Subsidiary and group)	Technology Architecture	IT Service Delivery & Governance Optimisation	Compliance with competitions regulations	Assessment and implementation of POPI and/or GDPR requirements	TA3	Year 1 - 2	Y1 (Quarter 3)
Business (Subsidiary and group)	Application Architecture	Business Systems Capabilities Establishment	General Data Protection Regulations (GDPR)	Assessment and implementation of POPI and/or GDPR requirements	TA3	Year 1 - 2	Y1 (Quarter 3)
Business (Subsidiary and group)	Business Architecture	IT Service Delivery & Governance Optimisation	Board Governance	Setup of IT strategy committee and centers of excellence	AA3	Year 1 - 2	Y1 (Quarter 3) to Y2 (Quarter 4)
Business (Subsidiary and group)	Business Architecture	IT Service Delivery & Governance Optimisation	Unstable markets	Implementing Business Intelligence reporting	AA2	Year 1-2	Y1 (Quarter 3) to Y2 (Quarter 2)
Business (Subsidiary and group)	Business Architecture	IT Service Delivery & Governance Optimisation	Electric vehicle readiness	Developing IT risk and control synergies between IT and Manufacturing	TA2	Year 2-3	Y2 (Quarter 2)

16. Appendix B - Roles and Responsibilities

Defining the roles and responsibilities between group and subsidiary that supports the achievement of the IT strategy. Below is a roles and responsibilities matrix based on the COBIT 5 Governance principles.

Area	Function / Activity	IT Steering Committee	IT Strategy Committee	Audit and Risk Committee	Subsidiary IT
Strategic Alignment	Provision of strategic direction and alignment of IT and the business.	I/C	R	A	I
	Verify strategy compliance (e.g., achievement of strategic goals and objectives).	C	R	A	I/C
	Align IT operations with business operations	C	A/R	I	I/C
	Implement IT standards and policies	A	I/C	I	R
	Develop and implement IT Strategy including project priorities.	R	A	I	C
Value Delivery	Ensure that financial reporting has accurate accounting of IT.	R	I/C	A	C
	Direct the optimisation of IT costs.	R	A	I	C
	Link IT budgets to strategic aims and objectives.	R	A	I	C
	Review, approve and fund initiatives, assessing how they improve business processes.	I	R	A	C
	Ensure identification of all costs and fulfilment of cost/benefit analysis.	I/C	A	I	R
IT Resource Management	Balance investments between supporting and growing the enterprise.	C	R	A	I
	Establish business priorities and allocate resources to enable effective IT performance.	C	R	A	I
	Allocate business resources required to ensure effective IT governance over projects and operations.	C	R	A	I/C
	Ensure that roles critical for driving maximum value from IT are appropriately defined and staffed.	C	A	I	R
	Balance investments between supporting and growing the enterprise.	C	A	I	R

Risk Management	Be aware about IT risk exposures and their containment.	R	C	A	I/C
	Confirm that critical risks have been managed.	R	I/C	A	C
	Adopt a risk, control and governance framework.	A	C	I	R
	Ensure all projects have a project risk management component.	R	C	A	I/C
	Ensure vulnerability assessments of new technology occur.	A	C	I	R
	Ensure that the IT architecture reflects the need for legislative and regulatory compliance, the ethical use of information and business continuity.	C	A	I	R
Performance Management	Define project success measures and follow progress on major IT projects.	I/C	R	A	C
	Verify compliance with technology standards and guidelines	A	I/C	I	R
	Monitor and direct key IT governance processes	A	C	I	R
	Obtain assurance of the performance, control and risks of IT and independent comfort about major IT decisions	C	C	A/R	I/C
	Implement an IT balanced scorecard with few but precise performance measures directly and demonstrably linked to the strategy	R	A	I	I/C
	Ensure the day-to-day management and verification of IT processes and controls	A	C	I	R

Legend

Responsible – R

Accountable – A

Consulted – C

Informed - I

17. Appendix C - Critical Success Factors

The following Critical Success Factors ("CSFs") have been identified as the key factors that will enable the successful implementation of this IT strategy:

ICT Governance

Effective IT governance practices should be embedded in every internal IT activity to promote an ideal environment for successful execution of strategy. Compliance with Energy and automotive regulations. This may include GDPR and POPI. These IT Governance polices and standards should be cascaded throughout all subsidiaries in order to allow for standardisation.

Project Management

Good project management practices should be applied for every project and/or Initiative to enhance the probability of success. The roles and responsibilities of key players should be clearly defined.

Change Management

A huge focus should be placed on behavioural change management as well as training and awareness to enhance acceptance of initiatives. Investment in user training and awareness can be considered.

Tone at the Top

Executive management and senior management should demonstrate in word and actions their full support for the IT Strategy initiatives. Guiding principles should be devised at Metair and utilised to provide direction to all subsidiaries in terms of innovation, IT Governance and reporting structures of committees such as the effective running of steering committees of subsidiaries and management of verticals.

Commitment on Funding

Executive management should commit to provide the necessary funding for the investment projects which are identified as IT strategic initiatives.

18. Appendix D - IT Spend Analysis View

The following analysis was performed to establish a clear understanding of the IT Spend within Metair Investments Limited. The table below provides the following insights regarding the IT spend.

AS-IS	ICT Costs for 2018/19: **29.6million** | ICT costs as a % of revenue: **0.29%** | Gartner – 1.8%

YTD Actual Total IT Costs

Legend: FNBattery, Supreme Springs, Mutlu Battery, Smiths Plastics, Lumotech, Smiths Man, Unitrade, ATE, MMS, Rombat SA

Pie chart values: 40%, 11%, 1%, 18%, 7%, 5%, 7%, 6%

IT Spending as a % of Revenue

Region	%
North America	3.7%
EMEA	3.5%
Asia/Pacific	3.1%
Lat. America & Carib.	2.9%

Gaps
- ICT spending per employee: R 3182. 55|Benchmark: 256.62
- ICT costs as a % of revenue is 0.29% | Benchmark : 1.3%
- All subsidiaries IT costs are currently within budget.

Current Initiatives and Way Forward
- Metair can consider spending more on ICT per employee (Slightly closer to the benchmark).
- Metair can also consider investing more in capital projects such as system upgrades and integration.

\

19. Appendix E - IT Strategy Guiding Principles

1. **Drive & Share Insights:** Leveraging business intelligence to be an insight-driven organisation, priority should be placed on embedding analysis, data, and reasoning into all its decision making processes. This adopts a science-led approach that targets business value and transforms the customer experience

2. **Interoperability:** Processes, policies, software and hardware must follow established standards that promote data, application, and technology interoperability

3. **Organise by Outcome:** Organise teams, projects and KPIs aligned to the desired outcome, rather than activity, input or specialisation. Embrace cross functional teams, and rigorously measure performance against shared goals. Continuously manage the ICT organisation in line with the vision and mission, and measure to drive results accountability

4. **Simplify to Succeed:** Each subsidiary to commit to simplifying its architecture, operations and technology to allow the ecosystem to rapidly adapt to market and environmental changes in productive and cost-effective ways

5. **Leverage Current Scale:** Leveraging the capabilities of the people, processes and technologies that exist in the business to help dissolve perceived digital limitations in a stable, scalable, cost effective manner

6. **Risk Management:** Ensuring that an adequate and effective IT risk and control environment is embedded within the subsidiary that ensures security and availability of IT and group oversight of critical IT risks

7. **Value delivery:** Streamline the business /IT architecture that drive maximum value from IT. Enhanced through rationalising the IT landscape.

8. **Embrace disruption:** Exploit disruptive technology platforms, driving innovation with the business and continually renew skills

9. **Protect the enterprise:**
   a. Ensure security and availability (both ICS and Commercial IT environments)
   b. Proactively protect business assets, intellectual property and stakeholder information
   c. Minimise the impact of disruption

METAIR
INVESTMENTS LIMITED
automotive | industrial | retail

20. Appendix F - IT Policy Framework

Global Leading Industry Practices

	Security	Governance	Acceptable Use	Infrastructure
Policies & Frameworks (Group Level)	Information Security Policy; Information Classification Policy; Disaster Recovery Plan; Business Continuity Plan; Backup Policy	Risk Management Framework; Project Management; Policy change management; Metair IT Strategy Committee Terms of Reference	Acceptable Use Policy	Disposal Policy; Asset Management; Capacity Management; Change Management
Standards & Procedures (Subsidiary Level)	Industrial control systems standard; Change Control Procedure; User Access Management	IT Risk Assessment; System Development Procedure; Project Management Procedure; IT Services Catalogue; 3rd Party / Supplier Management Procedure; IT Acquisition Procedure		Vulnerability management; Incident Management; Physical & Environmental Access; Help Desk Procedures; Operations Health check; Disposal Procedure
Guidelines (Subsidiary Level)	Data Classification; Metair applicable guidelines/ requirements		Email Standard & Guideline	Guide to setting a password