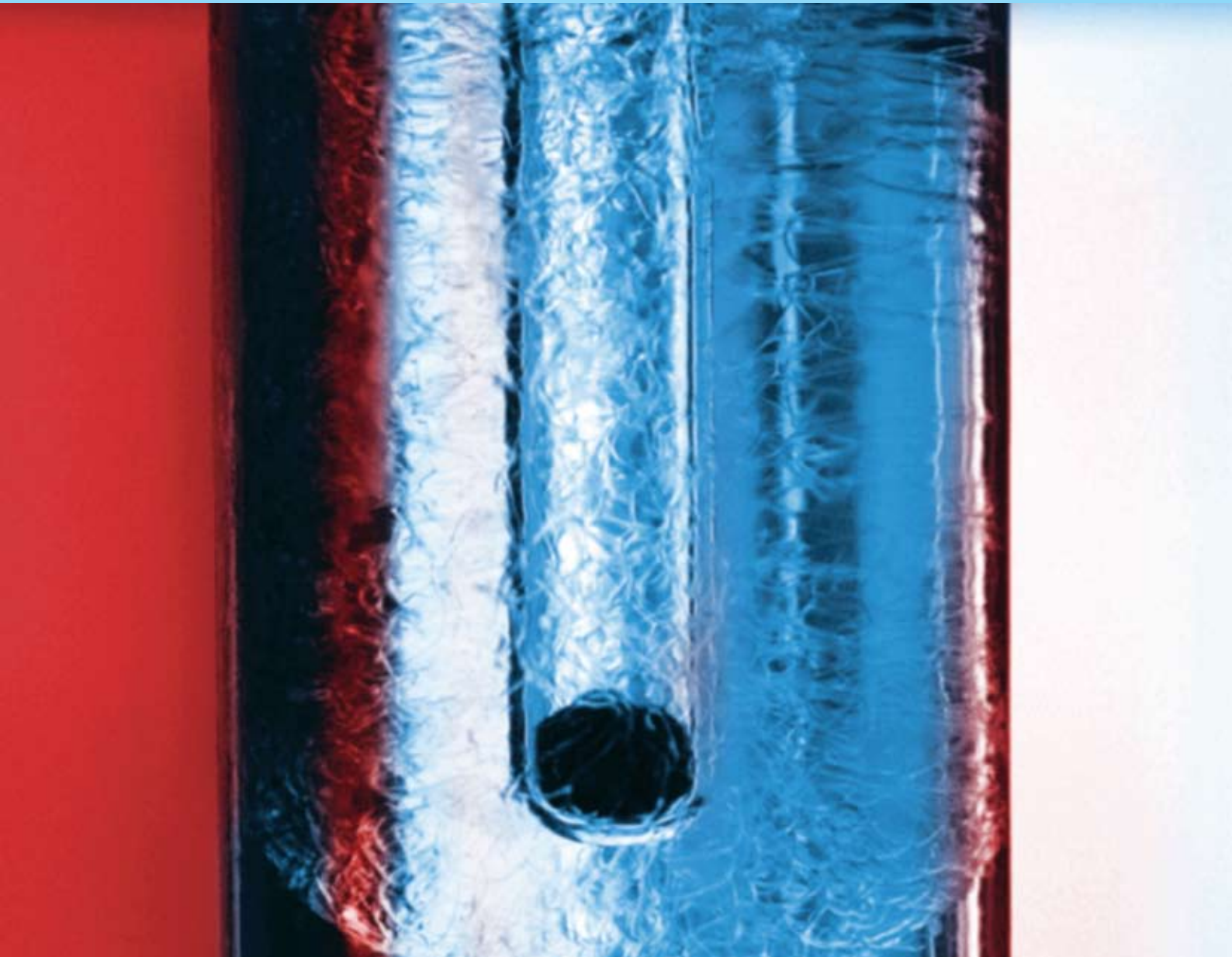


Strategic Priority three

- › Achieve organisational sustainability through sound financial management, diversifying our revenue, operating efficiently and effectively, and timely investment in equipment and infrastructure





Steve Malanchak and Ian Raynor >
– Finance



WHAT WE HAVE DONE

We have undertaken a series of reviews of our key processes to ensure they are operationally and technically efficient and that there is no cross-subsidisation, and we have:

- implemented a new financial system – TM1 – to better capture information on, and allow ongoing monitoring of, the company's performance
- identified areas where IRL's process for assessing value-based pricing must be improved
- invested in, and upgraded, IRL's IT hardware and software systems to radically lower risks to business continuity and productivity
- introduced an online contract management system and a streamlined recruitment process
- reduced the number of science and engineering groups from nine to six
- adopted, through the Government Supplies Board, procurement systems for items of capital expenditure and consumables at the best possible price.

The Capital Planning Committee (CPC) is continuing to work towards ensuring capital expenditure is in line with the company's strategic directions while meeting the challenges posed by IRL's inability to invest in plant and equipment in past years.

Having reviewed our physical infrastructure (including site and buildings), in 2009/10 we will be discussing options with the shareholders to ensure the best possible use of these assets.

Total Crown revenue increased during the year to \$43.5m, up \$3.3m on the 2008 year, while commercial revenue remained steady despite the economic environment.

Investment in updating and upgrading IRL's IT systems has seen major improvements in both hardware and software, mitigating the risks to failure of business continuity and improving productivity.

The company's information systems have been reviewed in the light of the changes required under the Public Records Act 2005.

IRL is boosting its analytical suite offering Mass Spectrometry (MS) and Nuclear Magnetic Resonance (NMR) services.

Our membership of the Corporate Executive Board, a global company specialising in resources and networks to aid business decision making, ensures we remain up to date with the latest developments in business practices, especially in human resources management and marketing.



< Andrew Dawson
– international student innovation competition winner

New financial management system

In January 2009, we implemented a new financial data system, TM1. This was done to replace an aging system and to lift the efficiency of our budgeting and forecasting processes. It was made possible by the major investment in upgrading our IT system as a whole. The TM1 system was used to prepare the 2009/10 budget and will be used to prepare future profit forecasts. The system will also allow us to enhance the data contained in our monthly reports and greatly improve our oversight of how we are operating.

TM1 allows us to download and integrate data from our IFS financial reporting and Pay Global pay systems, meaning we have reliable and robust data that we can be sure is fully up to date for our budgeting and forecasting. The feedback from users throughout the company has been positive, since groups within IRL now have on-the-spot access to the latest budget information.

A more robust IT system

In the 2007/08 financial year, IRL identified the need to improve its aging IT infrastructure and component services to insure itself against risks to business continuity, security and productivity levels. The focus of the initiative is on developing an IT system that is specifically targeted towards IRL's business needs and strategic plan.

In 2008/09, we began the process of upgrading the system in year two of a three-year programme. First, the company's 10-year-old e-mail service was upgraded to a modern system that reduces the risk of failure and allows a greatly improved level of remote access to e-mail for staff travelling for work or working outside the office.

We are in the final year of a three-year programme to replace aging desktop equipment and servers. Work has also begun on replacing the existing 50 individual servers that form the background of IRL's information systems with a platform of five modern servers that will operate as a "virtual" environment. This will help improve business continuity and flexibility while driving down the costs of maintenance and power usage. A new data storage system has also been purchased to replace our aging file servers with a more flexible and expandable system.

A videoconference system, available at multiple sites in Wellington and in the IRL offices in Auckland and Christchurch, has helped internal communications and lessened the need for staff to travel between sites for meetings. A data warehouse system has been implemented to allow easier access to a range of information and has been used to provide an upgraded staff directory for internal use.

The company's internet sites have been, or are being, rebuilt to ensure they are easier to navigate and contain the information IRL's clients and other stakeholders need to do business with the company.

A dedicated committee has been formed, with representatives from across the company, to oversee governance of IRL's IT systems and ensure these meet the company's strategy and business needs.

Analysis of IRL's information requirements

A major exercise to analyse the company's information needs has been undertaken during the financial year. The passage of the Public Records Act 2005 moved emphasis on record keeping within the public sector from the requirement under the Archives Act 1957 to keep certain classes of material for posterity to the maintenance of good record-keeping practice to support day-to-day operations and good business practice, and ensure accountability. As a result of this exercise, Information Service staff are documenting IRL's core business and science and engineering processes so as to ensure best practice standards are met. This covers day-to-day operations as well as risk management and mitigation. The next step will be to implement a business-wide filing system and draw up a detailed retention and disposal policy for the company.

Improved contract management

During the year, we set up an electronic system of contract management to standardise the contracts process and also provide a secure, searchable database for all written contracts entered into by IRL. The new system became operational on 1 July 2009.



Analytical services

To ensure capital equipment is available to researchers across the company as and when needed, IRL is boosting its analytical suite offering Mass Spectrometry (MS) and Nuclear Magnetic Resonance (NMR) services. Both are fundamental tools for modern scientific analysis, having application in the fields of chemistry, biochemistry, pharmaceuticals and materials research. Dedicated staff are being assigned to the facility and the aim is to eventually centralise many of the critical analytical services required by the individual teams, which will improve equipment utilisation and efficiencies and provide seamless coverage during breakdowns and scheduled maintenance, thereby reducing equipment downtime.



Madhu Vasudevamurthy >
– Research Scientist Integrated Bioactive Technologies