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Innovation or Insomnia? - Helping CIOs Find Peace of Mind

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Competitive advantage is one of the IT industry's most critical hot button issues, and for good reason. Competitive advantage is near the top of the list of concerns for most every chief information officer (CIO), a position that has never been appropriate for the faint-hearted, even in the best of times. Today's soft market and uncertain economy make the issue even more challenging. Since establishing, maintaining, improving competitive advantage are constant concerns for virtually every CIO involved in the adoption or implementation of IT business solutions, finding peace of mind amidst such competitive chaos may be the biggest CIO challenge of all.

With that in mind, what specific factors enhance the competitive advantage provided by IT solutions? Generally, concrete matters ranging from product quality and reliability to vendor support and service offerings provide substantial influence, but more subtle issues also come into play. Most CIOs and other C-level executives are intimately involved in determining the strategic value of IT solutions. They are also concerned with the "business value" of those solutions, especially the tangible cost savings and performance benefits they deliver. In addition, growing numbers of CIOs want to know more about Open Source, and how the innovation offered by collaboratively developed solutions can enhance their organizations' competitive capabilities.

At the same time, less substantial, transitory issues also influence CIOs' thoughts and efforts. For example, while some vendors have recently attempted to raise concerns over product indemnity, it has little if any noticeable effect on the ways most organizations actually do business. However, such issues can distract companies from focusing their energies on more important considerations.

Competitive Concerns – CIO Concerns

Quite literally, competitive concerns are also a CIO's concerns, since the position typically requires executives to understand and communicate how an organization can best establish and maintain a tactical advantage over its competitors and enhance its market position. Much of a CIO's work focuses on strategic or widely applicable business issues. For example, while most IT vendors discuss the business value of their solutions, it is the CIO's responsibility to determine just how well business processes align with technology solutions. In addition, the search for IT vendors whose solutions best meet a company's needs is a process in which many CIOs are intimately involved. This process also touches on the delicate issue of striking a balance between IT value propositions and budgetary limitations, since even apparently ideal IT solutions must make financial and operational sense.

While CIOs focus on wider strategic issues touched on by IT, they must also understand the importance of tactical deployment. Some would suggest that the intimate connections between business and IT processes result in beneficial synergies arising naturally, but deploying IT solutions resembles trench warfare more often than abstract battle strategy. How companies can get the most out of the solutions they purchase, and how well they can improve IT operations, management, and staff performance in the process is a critical CIO concern. In addition, since new and enhanced IT solutions arrive at market with blinding regularity, helping to precisely determine if and how products can enhance business critical processes and projects are among the lengthy list of responsibilities most CIOs deal with. As companies shift increasing numbers of business operations onto their IT infrastructures, maintaining the security of IT-based processes and assets can mean literal life and death for many companies. Is it any wonder CIOs have trouble finding peace of mind?

Industry Issues – “Manufactured” Issues

In addition, most CIOs also deal with issues particular to their industries. Businesses in healthcare and life sciences face notable concerns ranging from the privacy of individual patients to sweeping government regulations. On the positive side, IT can help ease these issues and enhance the processes that affect them. Proven solutions exist for medical processes from simple treatment procedures to the complex storing and provision of patient records. In addition, emerging solutions promise to further improve healthcare by helping to reduce errors in physician treatment and pharmaceutical dispensing, but their availability is constrained by the need to “bullet proof” solutions prior to deployment and to conform to the stringent requirements of healthcare regulations such as HIPPA, and myriad local, state, and federal agencies. This is also an area that illuminates the critical role Industry Standards play in innovative solutions, since vendor support of non-proprietary IT “plumbing” allows CIOs to focus on higher value strategic issues instead of interoperability concerns.

CIOs in financial industries including banking and investment face regulatory challenges similar to those in healthcare and life sciences, but their efforts have been complicated by recent and ongoing scandals that resulted in increased scrutiny by government and industry agencies. Complying with complex tax and finance reporting regulations has made CIOs’ jobs much more difficult than they once were. On a positive note, a wide variety of IT solutions are available to help businesses comply with regulations including the Patriot Act, SEC Rule 17a-4, DoD 5015.2, FDA 21 CFR Part 11, and many others. Finding which of these solutions are best suited to their organizations requires careful CIO study, but is an effort with well established and understood benefits. In addition, systems vendors such as IBM offer a wide range of consulting and support services designed to assist CIOs planning such analyses.

The potential impact of some issues is considerably less definable. Along with many concrete concerns, CIOs must also contend with sorting out trends whose validity and import are cloudy, at best, such as the recent rise in concern over software product indemnity. Product indemnity is nothing new and, in fact, is a common clause many procurement departments consider while negotiating contracts. However, the issue the issue has little effect on end users since suppliers withstand the worst of most related legal actions. For that reason, the attempts by some vendors to elevate the importance of indemnity seem curious, especially given the fact that several of those in-

involved have historically paid little if any attention to product indemnity for the vast majority of their customers.

Overall, these efforts smack more of self-promotion than concern for customers. In addition, we believe that some see indemnity as a potential wedge issue against the growing popularity of Linux and other Open Source solutions. Whatever the reasoning behind these actions, indemnity unlikely to be a tier one concern for any CIO, but remains, as it traditionally has been, a transitory procurement issue for the vast majority of IT business customers. However, it offers a prime example of how CIOs must carefully analyze anything that might affect their organizations and separate artificially-generated fear, uncertainty, and doubt (FUD) from tangible concerns. As such, CIOs are well-advised to pay as much attention to the sources and motivations behind such “manufactured” issues as to the issues themselves.

Concrete Concerns and Practices

How can CIOs best enhance their organizations competitive advantage? We believe that answering the following questions offers a good start.

- **What IT tools and solutions does your company need to work successfully with customers and business partners?** – Over the past two decades, as business computing has migrated from the exclusive confines of large enterprise datacenters to companies of every size and kind, CIOs have had to find which applications provide the best support for existing customers, suppliers, and business partners. Fortunately, the days of “one size fits all” applications that fit many customers badly are over. Major vendors and their ISV partners have significantly increased the number and effectiveness of the solutions they offer. In addition, emerging SOA and Web service solutions promise better levels of integration across enterprise boundaries than customers have ever seen before.
- **Which solutions best support your company’s business practices?** – The most elemental question CIOs deal with is how to appropriately pair IT solutions with existing company business practices. What could be simpler or more critical? But with the wide variety of solutions currently available and the constant arrival of new products, such an effort can come to resemble a scramble through a haystack with a large number of needles. In addition, new Open Source solutions are offering businesses additional tactical and strategic opportunities to consider. At the end of the day, quality software runs companies for many years beyond initial installation, so the process of choosing applications is crucial to making sure an organization stays on track.
- **Who are the vendors best able to help your company achieve its competitive goals?** – For organizations to succeed they must effectively address day to day business demands and prepare themselves for future opportunities. The best IT vendors to engage with are those whose strategic vision is similarly practical and far-reaching, but attitude is not everything. Organizations, like their customers, should give their businesses to the companies that demonstrably deliver on their promises. In addition, given the expanding options provided by Linux and other Open Source solutions, companies need to consider the ramifications of working with vendors who focus exclusively on proprietary technologies and products.
- **How do you make sure your company receives the IT service and support it needs?** – CIOs are in the middle of the process that ensures IT solution benefits will continue to be delivered long after they are deployed, from negotiating SLAs to ensur-

ing field service and support desk help,. As businesses depend more and more on their IT infrastructures, weak or faltering support can cost companies real money. Service success comes from understanding vendors and their offerings, and knowing the precise location of the line between realistic expectations and hopeful promises.

Collaborative Innovation – The Key to CIO Peace of Mind

As the role IT plays in business expands, technology is helping to illuminate the symbiotic nature of enterprise relationships. This is nothing particularly new. Companies have long been aware of the degree to which their own success depends on the success of those with whom and for whom they work. In the increasingly complex world of business process solutions, vendors need to effectively reach out across a wide spectrum of business and technology partners in order to develop best of class solutions.

The enhanced capabilities and methodologies IT solutions offer businesses a variety of collaborative paths to explore. Companies can work together with partners to improve existing concerns, such as simplifying or extending business processes to be more flexible or robust. In addition, a variety of IT solutions offer businesses entirely new ways to collaborate with their customers, partners, and suppliers. In addition, This situation will become ever more apparent over time. As IT solutions inevitably become increasingly complex, strategic partnerships between vendors, ISVs, developers, and consultants will all play critical roles in determining and delivering essential business value.

Why is this important for CIOs? Because the competitive advantage offered by IT is likely to be enhanced most by the vendors who best understand and advance cooperative business relationships. IBM in particular has focused a great deal of attention on what it calls Collaborative Innovation, which describes a model of behavior the company believes helps enable these interactions. Collaborative Innovation does not mean to replace proprietary innovation, since both models can support important and effective individual solutions, and can also compliment one another in hybrid IT environments.

IBM's approach reflects the fact that collaborative efforts provide an ideal means for dealing with the scale and expense of solving monumental challenges. The success of Collaborative Innovation depends on fostering a number of essential components. First, the Open Source development model is becoming increasingly critical for many vendors, and is enabling entirely new IT strategies and methodologies. Such efforts can include the use of available Linux solutions, joining Open Source projects, and operating Open Source projects within their own organizations. All are valid approaches that depend on a company's in-house resources.

Additionally, partnerships are crucial for developing innovative collaborative product and service offerings. Like anyone, vendors can be judged by the quality of their friends and friendships. How vendors support ISVs and other partners tend to mirror their attitudes toward customers. How vendors work with key industry standards bodies also reflects this issue, since developing standards offers a way to significantly reduce cost and complexity, while concurrently fostering innovation. Overall, Collaborative Innovation recognizes that in the increasingly complex world of business process

solutions, vendors need to effectively reach out across a wide spectrum of partners. As CIOs fully understand, IT alone is not enough. The most effective solutions offer or incorporate a range of business and technology options, including dependable support services from vendors and their partners.

Mission Accomplished?

Competitive advantage is near the top of the list of concerns for most companies and CIOs, and affects a range of concrete matters from product quality and reliability to vendor support and service offerings. To help their companies succeed, CIOs must blend practical sense with IT savvy. These unique skills are critical for business success, but they also require CIOs to take into account a huge range of industry- and regulatory-specific competitive concerns and issues. In addition, CIOs must wade through transitory “manufactured” trends that have little practical effect, such as some vendors recent touting of software product indemnity.

To increase their companies’ performance, CIOs need to focus on practices that ensure the availability of innovative software and hardware solutions. In addition, CIOs should also consider how cooperative solution development efforts can further enhance their organizations IT and business processes. This issue can be particularly valuable when fully leveraged by ISVs and other vendor partners. In order to maximize their companies’ advantage in increasingly competitive markets, CIOs should work with IT vendors who leverage strategic models such as IBM’s Collaborative Innovation across their product lines and partner and industry relationships. By doing so, we believe CIOs, even those in the most competitive businesses and industries, are likely to discover a peace of mind that is altogether too rare and elusive.

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