

Straight Talking – On-demand IT services can unlock the value of business data – September 2010

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As the new government seeks to balance the country's books, most businesses are also trying to knock their finances into shape to improve their position or return to profit. For any organisation, there are two means to this end: increasing income and reducing costs.

When it comes to IT, many CIOs will find their own spending in the front line for cost cutting. There will generally be little new money to refresh infrastructure and kick off projects. This financial stringency may be frustrating but it does not preclude innovation, especially if a new service can be shown to help the business achieve its overall goals.

One way to tackle innovation is to focus on the most valuable asset in the IT department's custody - data. In the databases IT manages lies information that can transform the business. By focusing on information rather than worrying about technology, IT managers can play a crucial role in helping their organisation take a lead as the economy recovers. A recent Quocirca report, [A gift from IT to the business](#)¹, looks at one particular area where this is the case, spend analytics.

Data about what a business spends is stored in a bewildering array of ERP, accounting, contract and other databases. Some data will be organisation-wide, others departmental. Organisations that have grown through merger and acquisition often have a legacy of many incompatible systems.

Pulling this data together into a single integrated source can show a business where it has multiple contracts with the same supplier and where multiple suppliers are used for providing the same items. But this is just the start.

Spend data, on its own, lacks much of the context for good decision making. What is the risk profile of a given supplier, does it make

sense to pay more for stability of supply? Is the supplier meeting the latest standards required by the business? Enhancing spend data with this sort of additional information enables decisions about cuts to be made in an informed and rational way.

The government itself has recognised the value of enhancing this data and has turned to on-demand spend analytics provider Rosslyn Analytics. It used Rosslyn's RA.Pid service to extract data from HM Treasury's Coins database and then enriched it, making it available for viewing by the public through a web-based interface.

For the government, the aim of this project is as much about exposing what it sees as the profligacy of its predecessor as about providing intelligence for informed cuts. For this reason it was important to have a fast turnaround. Rosslyn was able to process 30 million rows of data in 18 hours.

Rosslyn Analytics says it has the first fully automated on-demand spend analytics service. Other vendors such as Zycus and Emptoris offer spend analytics as part of their product range.

Others try to achieve the same end with business intelligence tools. These do not have the capability to integrate and enrich spend data however and are more suited to reporting on the consolidated data after it has been run through a spend analytics service.

For IT managers, the important thing about using on-demand services is they do not require new investment in infrastructure or projects. On-demand services are paid for by subscription, sometimes with a set-up fee. There is, of course, still the need to prove that any such investment is good value for the business. With spend analysis, making this case is straightforward.

If a business spends £1m per annum, then reducing that figure by five per cent has a value of £50,000, more than enough to cover the set-up and initial subscription to a service such as RA.Pid. This decision requires a simple return on investment calculation. Add to that calculation the reduced supplier risk and other benefits and the value proposition soon becomes compelling.

For the IT department, the point is that such on-demand service provides a quick win, and IT management is seen to be taking an initiative that will help the business achieve one of its most urgent goals, balancing the books.

However, it also demonstrates that on-demand services can provide a level of value that IT departments, or indeed, any other business department would struggle to provide - expertise on tap.

The providers of on-demand services have the benefit of having carried out the same task countless times on behalf of many different customers. This experience gives them accumulated wisdom that no business can achieve for itself.

Add to this advantage the economies of scale that allow such services to be provided at a relatively low cost and it soon becomes obvious that using an on-demand service is the best way to achieve many goals.

Quocirca thinks spend analysis is a particularly compelling example, but there are many others, such as on-demand employee expense management from vendors like Concur, Infor and Spendvision and on-demand content security from vendors like Symantec-MessageLabs, Cisco-ScanSafe and M86 Security. There are many others now covering all areas of IT.

In fact, IT managers who ignore the opportunity offered by on-demand IT services are likely to be doing the businesses they are supposed to be helping a disservice. The use of on-demand services to provide utility IT or helping a business differentiate itself through tackling a difficult but mundane process, such as spend analysis, is only set to increase.

If IT management does not take the initiative, the availability of such services makes it far easier for the business to do so for itself, bypassing IT altogether.

¹<http://www.quocirca.com/reports/501/a-gift-from-it-to-the-business>

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

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