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ETM – Back in charge

By Clive Longbottom, Service Director, Quocirca Ltd

Quocirca published a report earlier this year that took a top down approach on how an organization is run by process, not by application. However, it's clear that organizations are very bad at being able to define a process, and therefore need to break things down into tasks.

In the 1990s there was a tendency to throw money in the form of a technology application at a given problem, hoping that it would be solved. Some organizations spent tens or even hundreds of millions of pounds on systems calling themselves "solutions"—and wrapping up specific areas of their business in this solution-oriented embrace.

So, we got customer relationship management (CRM), enterprise resource planning (ERP), sales force automation (SFA), supply chain management (SCM), and any number of other three letter acronym (TLA) solutions bought and implemented by IT departments within businesses—and many a failure was documented and broadcast around the world by the media.

The main problem was that organizations began to lose focus on what their business was all about. They fell for some sharp sales guy in a designer suit and driving a Porsche that came in and talked about the need for a 360° view of the customer, for managing supply chains in a "just in time" manner, or to make prospect information more immediately available to the sales force. This seemed to make sense.

The fact that this sales guy worked for a small company, that the company prided itself on not actually using the very software that the guy was selling to the organization, and that his actual knowledge of your business ran less deep than a TV game show host's sincerity seemed to go over the majority of people's heads.

CRM, ERP, SCM and all the rest were the latest and greatest things, and the business press (exemplified as being the business class magazines read by CEOs while flying over the Atlantic) glorified the CEOs of the software vendors, dropping in the occasional names of companies that had implemented their solutions and gained some benefit.

The poor business CEO felt that they were being left out of an important business revolution. The recession of the 1990s, followed by the dotcom boom and bust, brought deficiencies in their business models into high relief, and it seemed that these applications could sprinkle the magic pixie dust that would raise their corporate aspirations back to life.

The CEOs rushed down to their IT departments and made bold declarations demanding that the latest and greatest "solution" be implemented—through the mid to late 1990s the age of the enterprise application had reached its pinnacle.

Fast forward the best part of two decades down the line and the press is still full of details of companies that have their customer strategies wrong; who don't seem to understand what the customer wants; how to deal with inventories; how to ensure that something that is ordered by a customer will be delivered; and so on. It seems that the "solutions" were a little short on their promise.

On the whole, it seems easy to blame the vendor based on the hard sell and over promise from the flash sales guy. Unfortunately, the vast majority of enterprise applications were, and are, actually pretty good at doing what the vendors promise.

What the buying companies failed to realize was that technology can currently only do what it is told—the age of advanced, ubiquitous artificial intelligence is yet to come. Any CRM system needed a solid CRM strategy from the business; any SCM system needed knowledge of what would make an optimized supply chain in the first place.

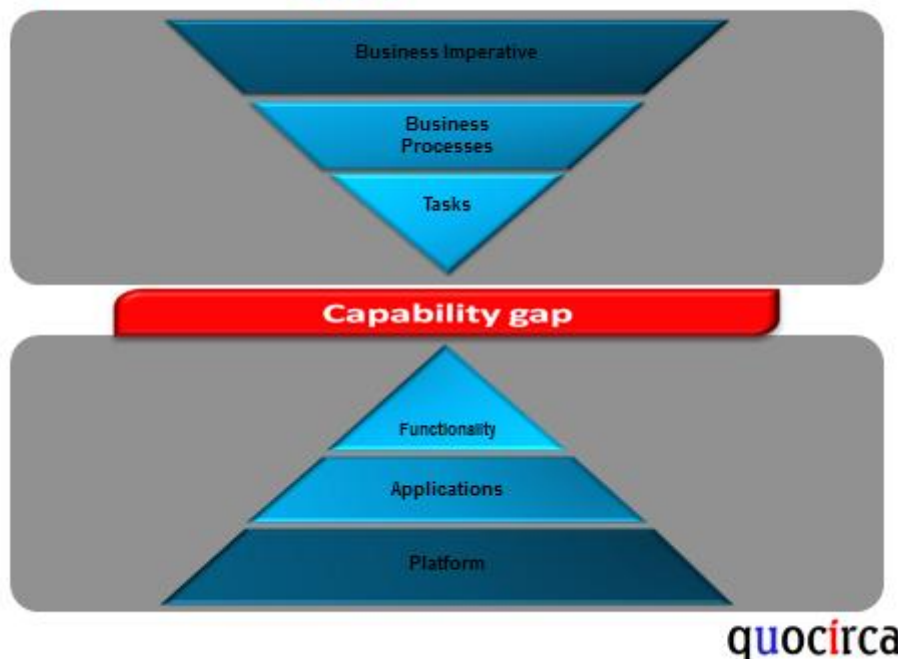
The lack of a top-down approach is what held many of these systems back. They weren't solutions—in fact they exacerbated the problem. Another issue was that even where these enterprise applications did help, once everyone had the "solution" it no longer provided an advantage. All that had happened was that the bar had been raised.

The problem now is that retro-fitting a corporate strategy into already deployed enterprise applications may be too late. We're in a new technological era, one where it is becoming possible for the technology to support the business in real time, for function to become king, and for the application to begin to fade away.

Historically, applications have tended to work on hard coded process streams with anything out of the ordinary dealt with as an exception. Going forwards, this may not be good enough. When everyone was based on the same approach, it all came down to how well a specific application could deal with the codified processes, and how much extra a company was willing to spend on layering on extra process capabilities to deal with the exceptions.

The process/technology gap

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A business has to be run from the top down. It has a business imperative—essentially to make as much profit as possible. This is enabled by the processes, which are made up from a set of interlinked tasks.

In modern businesses, these tasks are facilitated through applications built on a technology platform, using hard coded functionality. If the task needs to change, or if the existing application does not have the functionality required to facilitate the task, then there is a capability gap in place between what the business needs and what the technology provides.

Three things are now coming together to change how a successful company will be able to deal its process needs:

- **Web services.** Web services have been around for a while now, but have not been able to bring the promise of flexibility and agility into full practice. The basis of a web service is that code is provided that provides a defined function, rather than trying to solve a complete issue through being an application. By aggregating web services together, the functionality can be built up to deal with a specific process issue.
- **Service oriented architecture (SOA).** Web services failed at a practical level on their own due to the way that developers tended to “hard-wire” web services together. Rather than enable the services to call other services on an open basis, the paths tended to be fully defined so that web service A always called web service B. SOA gave an architecture that enabled web services to be far more open in how they could be used.
- **Cloud computing.** Still, if all the services that were to be used within an organization resided within the organization, the need to move away from hard-wiring was still not that great. Only with the move into the cloud where the number of web services available to deal with specific needs becomes greater is the capability for “loose coupling” required—the breakage of the link between specific calling and responding web services.

This superior way of dealing with process needs explains why the enterprise application should, and will, die. Take a look at how your organization works; the business is based on processes, which are in turn based on individuals carrying out tasks. The aim is to facilitate and automate those tasks to a point where the organization’s efficiency and effectiveness are greater than the competition.

To be able to do this on a continuous basis requires a technological platform that is flexible. Today’s problem may not be the same as tomorrow’s. If you are still dealing with issues the same way in 12 months’ time, you may well be on the way to commercial ruin.

If a new platform can readily be created that enables processes to be redefined in near real-time, then the technological genie is back in the bottle. It will do what we demand of it—facilitate our business needs, not dictate to us how we should run our businesses through the provision of out-of-the-box “best practice” business processes, often defined by some technology geek sitting in a cube in an unlit development basement.

The key is that the business is your business; you understand the needs of the business far more than any technology vendor. Sure, they may have some pointers that may be useful to you, but those pointers may not work in a few months’ time as the markets change, and the cost of bringing in a technology company at regular intervals to try and update their advice, along with their applications, may well be prohibitive.

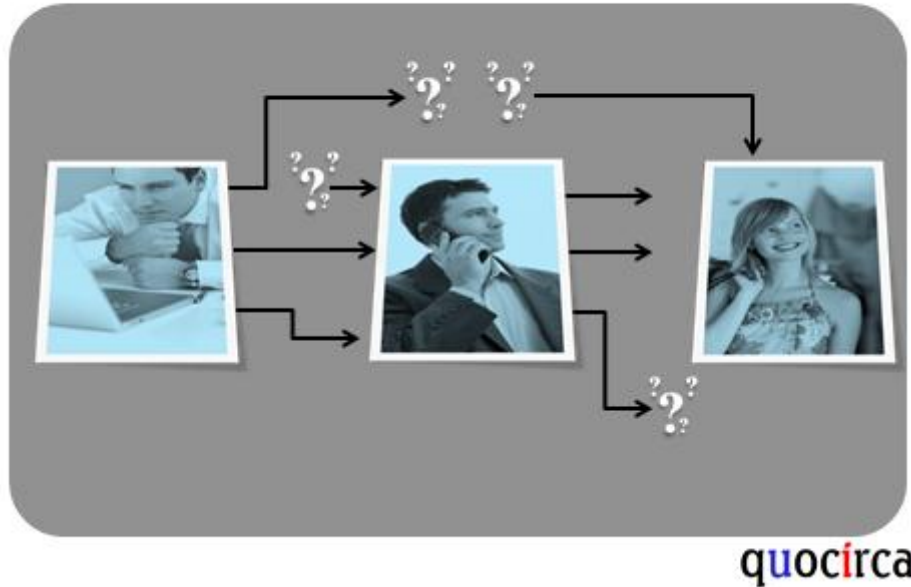
Bringing together web services, SOA and cloud gives the platform that is needed for the future. On top of this platform there will be a requirement for a new breed of business process management (BPM).

A business person will need to be able to define the task that they’re working on along with the inputs that it requires and the outputs it will create. Where existing technical capabilities are available, say through the use of web services creating access to granular functionality in existing applications—all well and good.

However, where a functional gap exists, a decision has to be made as to how it is best filled. Should it be through the purchase, implementation, support and maintenance of yet another application to be housed in the corporate data centre? Should it be bespoke coding to stick plaster over the cracks in an existing application? Or should it be by looking outside of the current data center to the cloud, and looking for those with specific domain expertise that have economies of scale and proven capabilities in providing the functions we need?

Matching outputs to inputs

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By taking the last approach, flexibility is built in. If the process needs change, then the existing function can be dropped and a new function sourced and plugged in. As existing enterprise applications age, their functions can be replaced by external functions.

The business is back in charge—it can change its processes at will—but can still have them fully automated and so create an agile, efficient and effective organization.

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.

Details of Quocirca's work and the services it offers can be found at
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