

April Dinner Meeting summary report

The New Emerging Face of Systems Integration

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Ross Kelly believes that the information technology industry is in its third wave of profitability. The current era is systems integration. Kelly suggested that the next wave will be information utility where information is consumed like electricity or a telephone service.

So how did systems integration evolve? It began as a solution to the technological issue of linking multivendor systems to enable them to perform compatible functions.

How have we performed as system integrators? The consulting organization International Data Corporation surveyed 450 systems integration projects to determine the number that were completed on-time, within budget, and to specification. They found that less than 1 in 5 met this criteria. Of those 1 in 5 that met this criteria, less than 1 in 20 delivered the promised business impact. "We as an industry have a dismal track record of delivering the goods as we have proposed to deliver". We also have not delivered the business benefits that for 20 years we have been proposing to deliver. Today, our customers are asking us to deliver what we promise.

The current definition of systems integration has more of a business perspective. Today, systems integration means to integrate information technology with business requirements. For the systems integrators, this means that in addition to being accountable for on time, within budget, and to specification, they are also responsible for the tangible bottom line impact (i.e. increasing profit). They must increase revenues, decrease costs, and improve business performance.

The concept of systems integration is the business of delivering improved profitability not just a technology solution. Systems integrators must determine business implications and how they want to be accountable for the bottom line. This is in addition to determining the best solution and how to deliver it.

The world of information technology is changing from a technology climate to a business climate. The language is changing and the rules are changing. It is no longer enough to provide elegant technology. We must

provide elegant technology that can make a bottom line impact. To do this, we must have a business knowledge layer on top of our technology expertise. This means that your business expertise should be equal to your technology expertise. We must understand terms that constitute business success. We must have an understanding of the variables that impact an organization's ability for increasing profit.

Kelly left us with new ground rules for today's systems integrators (based on his experiences at DEC):

1. Don't confuse what you make with what you sell.

Your customer is buying business benefits. It is important for you to determine what you can do for your customer. For example, Revlon manufactures cosmetics but they sell hope.

2. Know the languages of success and the customer's decision criteria.

It is necessary for the systems integrator to be familiar with terms like cash flow, pay back, net present value, and the internal rate of return. You must also be familiar with the customers decision criteria which is how much, how soon and how certain. Keep in mind that the only advantage that you can offer the customer is increased profitability. Anything else is a cost, which is a disadvantage.

3. Focus on profitability, NOT price or performance.

Kelly presented a situation where a competitor was awarded a contract even though their bid was considerably higher. The customer chose the competitor because the competitor promised to deliver profitability.

4. Less \$\$ quicker, beats more \$\$\$ later.

High profitability of low return beats low profitability of high return.

5. Perfection kills.

Kelly feels that we should pursue continued improvement rather than perfection. This is not to say that quality is not important, rather that it is inherent in the continued improvement. This rule involves reeducating the customer.