



### **Reduce complexity, reduce costs** by Mark Lillycrop

The last few months in the IT industry have been characterized by cost constraint. Partly because of the general economic downturn and world events, and partly because of the lengthy 'correction' to the irrational excesses of the dot-com era, large and small organizations alike are looking for ways to speed up the return on their existing IT investments while keeping short-term future expenditure to a minimum.

Getting 'better value' out of IT systems is usually achieved in one of two ways. The first way is simply to reduce costs. Typically, we try to make economies by applying that most elusive of metrics, total cost of ownership: we 're-host' appropriate parts of the IT infrastructure, look for more efficient development methodologies, and maybe outsource those areas that seem to absorb an unreasonable proportion of the IT budget.

Cost reduction per se is an admirable goal, but for the large company it is rarely straightforward. With the complex mix of legacy systems and packaged and home-grown applications that are found in the typical enterprise IT shop, any decision to move a business-critical resource from one platform to another needs to be taken for reasons other than simple cost savings: there needs to be genuine business benefit. It's certainly not uncommon, of course, for a business to reverse a downsizing or outsourcing move once the 'hidden' costs have come to light.

The other way of improving the return on investment is to make IT more responsive to business needs, and to



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make IT procedures mirror business processes much more closely. This goal has occupied IT strategists for decades, but never more than since the advent of e-commerce, when IT actually moved into the driving seat, and promised to start defining new business processes itself. From e-commerce grew technologies such as customer relationship management, and the optimistic belief that we could use the Internet and associated tools to pull together disparate strands of information that could improve the relationship between supplier and customer and create a whole new marketing experience.

Well, e-commerce and CRM have revolutionized the business world in many ways. But the problem is that CRM, like so many 'new approaches' before it, added further layers of complexity to the IT infrastructure, and presented endless implementational difficulties for organizations whose structure didn't adhere to a predefined blueprint.

Managing IT complexity carries a heavy financial cost, yet it so rarely appears on the balance-sheet. Surely the single most effective way to expedite the return on IT investment in large companies is to reduce the level of complexity. The technical architecture of the average enterprise still exhibits islands of processing, storage, applications, data, and functionality, with little interoperability. Many processes have been automated, but all too often the automation is less effective than it should be because of a lack of integration between products, and this makes technical support particularly difficult.

IT vendors, almost without exception, pay lip service to the need to make their products open, flexible, and responsive to customer needs. But few have sufficient motivation or altruism to integrate their offerings closely with those of their competitors - and that's what



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users really need. For example, IBM proudly boasts that its products are now more open and compliant with industry standards than those of its main competitors. This may well be true: IBM's current approach of low-level commoditization and standard APIs, with differentiation at the higher levels, is certainly an encouraging step, and is helping to overcome some of the architectural differences between its own server lines. But IBM's interpretation of openness - where to 'add value' and where to provide integration through accepted industry-wide mechanisms - is at odds with those of other industry leaders (such as Microsoft, Sun, EMC, and HP). Each one has a slightly different idea of how far integration should go, and how it should be applied.

Until these differences are overcome - and progress is still lamentably slow - users will continue to wrestle with the unnecessary costs associated with complexity and poor interoperability. I have a feeling that the industry is missing a great opportunity to demonstrate that it can reduce the inefficiencies created by generations of non-standard IT innovation, and still make a healthy profit.

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