‘Adding value to product, services’ strategy for 90s

By SID MARRIS

MANAGERS should use information technology in ways that are creative, succinct and, above all, add value to the way a company does business, according to a leading United States management consultant.

The chairman of the noted private management consultancy, Cambridge Technology Group, Professor John Donovan, said common responses adopted by companies to their declining fortunes were not working.

He said these responses - firing staff, calling for government protection, selling assets or concentrating on brand names - were doomed to failure because they did nothing to increase competitive advantage and any rival could do the same.

“The new strategy for business is in constantly adding value to our products and services. IT is going to have to reflect that constantly adding value.” Professor Donovan said.

“It is a journey, not a destination.”

Managers who were “scared stiff” of technology would never marry IT strategy with their business and would be hamstringing and misled by inefficient, expensive systems.

The first response should be for managers and IT managers to work together on real business problems, not technical.

Once the business priorities were established, the fastest technical response was through a genuine client-server architecture: a three-tiered system with data, server and client machines providing users with the type of information needed. This was only made possible at month with the finalising of the DCE distributed communication equipment) standard for communication across distributed networks.

The data resided on mainframes, or any other type of machine, usually performing a specific job in a department, while servers were the software (not the hardware) which took that data and delivered it to the client machines.

Under this scheme client machines made ‘calls’ on the server and the server would then do the task and return the call with an answer.

“You can have any front end you want, or any data, so the standards have to be where the client talks to the servers.” he said.

In the past month, IBM has announced support for the standard, as have Digital and HP (Hewlett-Packard).

“Hallelujah! You’ve got them all lined up as every major manufacturer has agreed to the standards in the way that clients talk to servers.”

“This allows you to build things very quickly because you don’t have to throw away your legacy systems. You can mix and match things in between, you can put multimedia in, or, in the case of Australia, multicultural.”

Professor Donovan was in Australia last week as a guest of IBM and conducted an exclusive seminar for senior business executives on solving IT problems by matching them with effective business strategies.

Professor Donovan... companies ‘doomed to failure’ by firing staff and seeking protection — Picture: GRAHAM HELEY
IT messiah preaches the perfect message

GRAEME PHILIPSON

If he told me as much as he did in that hour and a half, those who attended the full seminar must have left feeling good. Half the world's management consultants are described as "charismatic speakers"...I've met nobody who fits that description more.

Even in my interview, he was dashing around the room, one minute writing on the whiteboard, the next frantically looking through his papers for a clipping to illustrate a point, the next sitting on the table in front of me, his face close to mine, ramming home a point with almost manic intensity.

Central to Professor Donovan's thesis is that chief executives and chief information officers don't understand one another.

The computer people are trying their best to grapple with new technology, and implement it for the company's benefit, but their bosses feel IT is letting them down and is not in sync with the needs of the business.

Professor Donovan showed me a sheaf of papers, comprising comments from chief executives and other senior managers about why they were attending one of his seminars. The same comments kept cropping up time and again:

"We've got too many disparate databases."

"My computer people have a lot of information, but it's the wrong information."

"My information systems are not in tune with my business objectives."

He went on to illustrate how this is the case in many large industries.

He gave the example of United States medical insurer Blue Shield, which has amassed hundreds of millions of dollars' worth of medical claims data through a bundled computer redevelopment.

He spoke of computer systems at oil companies that can tell you everything you want to know about the technical aspects of a drilling rig but nothing about whether it is commercially viable or not. And many other examples.

"There are three things organisations have to get right with the implementation of their computer systems," he said.

"But most of them get only one or two right.

"The first is the right technology, the second the right management technique, and the third the right strategic applications."

"The right technology today is a three-tiered system. In current terminology, these levels are client, server and data.

"The client is the computer user, the person sitting at the screen."

"The server is the level that the client interacts with, and which in turn extracts the data."

"Professor Donovan believes there is a lot of unnecessary cost about the term "client-server."

"It is not a hard software but a software or even a functional term."

"The same device can be both a client and a server, depending on what it is doing," he said.

"And the role of the server is to ensure that users can access data, wherever the server is and wherever the data is."

That means that traditional mainframe systems are not dead. They can act as data repositories to client-server systems.

"And all these new user interfaces can exist against any type of database, providing the server technology is based on the right open systems standards, such as DCE."

"The right management techniques revolve around developing an IT strategy that presented options in terms of business benefits and the right strategic applications involved."

"The rules, I would like to apply the other two factors."

When Professor Donovan explained something, it always made sense. I was only wish I had been able to attend his full seminar.

As it was I came away from our meeting with him feeling like I had just taken a crash course in information management.

His parent's comments were that MIS managers and other people involved with information technology should change from being managers to leaders.

"What's the difference?" he asked. "Instead of dispensing of facts or figures, I dispense of hope."

"Am I naive and not enough to get a chance to listen to this extraordinary man, don't pass up the opportunity."

Graeme Philipson is the editor of "MIC " magazine.