

'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 the 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 value 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 hampered 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 are established, the fastest technical response was through "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 last 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. File servers were the software



Professor Donovan ... companies 'doomed to failure' by firing staff and seeking protection — Picture: GRAHAM HELY

(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 strategy.

IT messiah preaches the perfect message

IN my job I meet some interesting people, including presidents and vice-presidents of most of the major vendors and senior computer users from all over the world.

I've also met many of the consultants and gurus in the information technology field, among them some impressive individuals.

But few have been more impressive than Professor John Donovan, in Australia last week as a guest of IBM.

He held a Vision to Reality seminar at Sydney's Manly Pacific Hotel, attended by many of our most senior managers, IT and otherwise.

The central theme was getting general and computer management to understand one another and building on that to turn the vision of information technology as an agent for change, applying IT with corporate goals to become more competitive.

Now, everyone's been talking about business process re-engineering and aligning IT with business for a few years. My company even held a successful conference on the subject earlier this year.

At first glance, it looked as though Professor Donovan was just another management guru talking about the same old subject.

Ho hum, I thought. What's new?

But then I looked at the man's resume.

This is one impressive individual.

A few points from it:

He is an adjunct professor at MIT's amous Sloan School of Management, and has also held professorships in medicine (pediatrics — he won a medal for his work) and electrical engineering. He is founder and chief executive of Cambridge Technology Group, a leading management consulting group.

He has written six books, including the smash hit Systems Programming and Operating Systems. And so it goes.

What you might call a renaissance man. And certainly one smart cookie.

But reading about Professor John Donovan does not prepare you for meeting him.

I was determined to be unimpressed.

There's many smart cookies around.

When IBM gave me 45 minutes to interview Professor Donovan for my magazine, I accepted more out of duty than enthusiasm.

That feeling lasted about three minutes after meeting him.

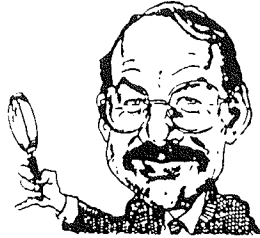
After 90 minutes, twice my allotted me, I left him having almost had a religious experience.

He will not be a Q & A interview tucked away in the middle of the magazine.

He will be on the front cover.

Never have I heard anyone so succinctly synthesise the important trends in today's computer industry, explain them so simply, then present such practical solutions to putting them into action.

SYSTEM SOLUTIONS



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 not met anybody 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.

A religious experience

but their bosses feel IT is letting them down and is not in synch 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 computers feed me with 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 different industries. He gave the example of United States medical insurer Blue Shield, which has wasted hundreds of millions of dollars and lost millions of customers through a

bungled computer redevelopment.

He spoke of computer systems in 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 confusion about the term "client-server".

It is not a hardware term 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 user 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 act against any type of data, providing the server technology is based on the right open systems standards, such as DCE."

The right management techniques revolved around developing an IT strategy that presented options in terms of business benefits and the right strategic applications involved picking the right ways to apply the other two factors.

When Professor Donovan explains something, it stays explained.

I only wish I had been able to attend his full seminar.

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

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

"What's the difference? Managers are dispensers of caution. Leaders are dispensers of hope."

Amen. He's gone now, but if ever you get a chance to listen to this extraordinary man, don't pass up the opportunity.

Graeme Philipson is the editor of *MIS magazine*.