Technology is only as valuable as your ability to exploit it

GONE ARE THE DAYS when companies could install a new IT system and, simply by virtue of installing it, immediately see the benefits. New technology will not bring value to a business on its own.

In today's difficult economic climate/ it is critical that companies get the best out of their systems, both in terms of return on investment and the functionality it delivers to the organisation.

How can companies exploit the value that lies within its technology?

When starting a new project, companies must recognise that there are three main strands to any implementation.

There is a three-way relationship between the project proposition, the new technology itself and the integration with existing company systems.

It is vital that each of these strands must be given equal consideration and weighting.

If companies rely too heavily on one area, or make cutbacks in another, the project will not be appropriately balanced to deliver the desired ROI.

Think before you buy

Amongst some companies there is feeling that technology systems should be able to handle anything that you throw at them.

If things go wrong or the system is being expected to handle tasks that are different to those originally intended, in some way this must be the fault of the software not the selection process and criteria.

When companies run through the tendering process for a new system, the technology partner is often kept at arm's length.

The customer normally decides "what type of system they want to implement without consulting the vendor to find out whether the system actually offers the required functionality.

Without consulting the vendor, the company will not necessarily be aware of all the options or indeed know whether they are looking at the right sort of system. It's no wonder that many companies have redundant systems.

Particularly in the current climate, organisations might be tempted to bastardise existing systems to do a job that is completely different from the one for which they were originally intended.

For example, ERP solutions normally manage forecasts and as such, events which are predictable.

However, software such as Peregrine's is designed to deal with events that are response driven and therefore unpredictable.

This type of software manages business infrastructure and the changes these assets go through during their lifecycle. These events are not always predictable.

It will handle the process when a new software licence has run out, a new person joins or when someone needs a new phone or a new piece of technology.

Therefore we can see that ERP solutions and systems are designed to work in completely different ways and to handle completely different processes.

Attempting to use an ERP solution to manage business infrastructure will not give satisfactory results and companies can't then go back to the vendor and complain that it doesn't do the job which it was never originally intended to do.

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This mindset of bastardising existing systems often comes about because the system was expensive to install.

There is then an expectation amongst others within the company that having spent this much money the technology should be capable of coping with these issues.

Especially in the current climate, IT directors don't then want to go to the board and ask for further financial input because the

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system didn't quite do what they hoped it would.

Buying based on value

When implementing new technology companies don't often buy systems based on value.

Cost is normally the main consideration. However, when budgets are tight, in order to cut the cost of the project companies normally cut down on the costs involved in the implementation.

This however can be a false economy. As Paul Diamond, Director, IT Asset Management at KPMG, says, "Companies often talk about buying on the basis of value yet end up buying based on cost.

"This is because the supplier often ends up agreeing to a client budget which is not quite enough to do the job properly, on the expectation that the strategic relationship will lead to other projects and therefore revenue coming their way.

"However, when, this extra work fails to materialise, both parties are unhappy: the client because the work is not being done to their satisfaction and the supplier because they are not

making enough margin on the project for it to be worthwhile.

"Both parties must get value from the relationship, whether in terms of service or fee, in order for the project to succeed."

For the technology vendor, collaborative relationships with key systems integrators can be crucial.

Technology vendors have a sound knowledge of the technical capabilities of their products but it is the systems integrators, such as KPMG, who have the in-depth understanding of how companies work and the issues that are affecting them.

The integration aspect must be viewed as an equal partner in order for the project to work successfully.

Taking the strategic view

Companies also often fail to take a strategic view when purchasing software.

To avoid the situation where a company invests in a system which doesn't integrate with other existing infrastructure, companies should establish an IT strategy and stick to it.

The board or IT director often signs off small pockets of investment but often the systems purchased with these smaller investments do not fit into the overall technology strategy.

Maverick buying outside the corporate IT strategy can cause more problems than it solves.

Often disparate systems don't work well together, don't necessarily make it easier for employees and won't stand the test of time, thus wasting the investment.

Technology of this sort is often known as shelf-ware – either it is not implemented at all or only part of it is implemented because the technology doesn't do the job required. It's then put on the shelf and forgotten about – a wasted investment.

Peregrine, however, provides best-in-class point solutions under a complete infrastructure management platform.

Each solution is designed to carry out a specific need, but all the solutions are designed to work together.

The corporate strategy must also take into account the product in light of the company's evolution and growth.

In order to calculate the return on investment of a purchase, a company might plan to write the system off after a certain number of years.

But if the system doesn't work and falls into disuse, this must be taken into account for financial purposes.

These decisions, however, must be continuously reviewed in the light of changes to the business. Flexibility is key.

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Common mistakes

Exploitation of technology must be part of a broader strategy.

In conclusion, we can see that there are three common mistakes that companies often make when trying to exploit the technology to its fullest extent:

- Trying to make the technology do something it wasn't designed for just because it was expensive in the first place;
- Underestimating the importance of systems integrators. Companies need to understand their relevance and make use of their knowledge in order to make the technology really work for them;
- Buying technology systems in isolation of the broader strategy.

Companies need to ensure that all sides of the triangle are given equal consideration in order to get the most out of their technology going forward.

by Simon Scarrott

About the author Simon Scarrott is director of business development and marketing at Peregrine Systems.

To keep meetings focused, when someone interrupts and raises an unrelated issue, you should politely question the person about the comment's relationship to the topic. *Helpful:*

Create an IDEA BIN for unrelated ideas. Post a blank chart on the wall and label it IDEA BIN. When an unrelated idea is brought up, write it on the chart ... and then leave time on each meeting's agenda to consider Idea Bin material. Many of the new ideas may have been resolved during the meeting. The unresolved ones, though, can be handled at the end of the meeting or put on future agendas.

SOURCENOTE: Steve Kaye, PhD, *author of*

THE MANAGER'S POCKET GUIDE TO EFFECTIVE MEETINGS