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longview

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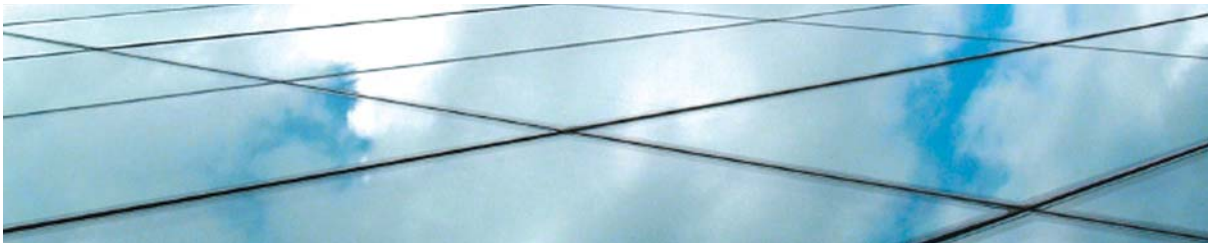
EDITORIAL
OPINION
REVIEWS



WELCOME

For those new to *Longview,* this monthly newsletter will continue to be our channel for opinion and editorial. But don't forget to check-out the high standard of research reporting available online. Through the website we have now provided visibility into both the current and the upcoming quantitative research reports to be produced over the coming months. What's more, we've provided you with the opportunity to vote for topics of most interest to your organisations through the front page poll at www.longhaus.com. So we encourgae you to participate in shaping the direction of our ongoing research agenda.

See you in the market or next month in *Longview.*

TRADEMARKS

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INSIDE THIS ISSUE

Editorial

Analyst Code of Conduct

Perhaps the most famous occurrence of code of conduct reinforcement in the management consulting world was in 1983 (in Gartner's 4th year of operations, Forrester's 2nd) when McKinsey CEO Ron Daniel had to choose between his biggest revenue generator - the USD$35m/year phenomenon that was Tom Peters - and "the McKinsey Way".

As history tells it, Daniel chose McKinsey culture over their prized bull. Surprising to many, as a result of that tough decision, both McKinsey and Peters continued to prosper. They both prospered because boundaries were set and enforced. Being equally strong, they both survived and flourished. The best always do.

Move ahead 24 years and a growing debate is bubbling away in the technology world between major technology vendors and analyst firms over an agreed Code of Conduct for the symbiotic industries. Though while for many insiders and outsiders most elements of the debate seem straightforward, it doesn't appear there are easy answers.

Essentially there are two streams of debate. Stream one asks the question, "when is a free lunch not a free lunch". To clarify, this stream involves not whether vendors should pay for analyst travel and accommodation expenses when required but rather at what end of the spectrum that should be. That is, should the vendors meet a weight of expectation that errs on the high side of economy or business class airfares, 4 or 5 star hotels, buffet or boutique lunches, and numerous other accoutrements of the trade including hosted activities and entertainment to break up the "monotony" of multi-day events and briefings?

Stream two of the debate centres around what analysts should surrender versus what they would surrender in order to be entitled to varying degrees of that free lunch. It is the weightier side of the argument that poses the trickier question of "what constitutes an analyst?" This stream involves debate on topics of professionalism such as true independence, share and/or equity ownership, content quality - what constitutes rhetoric and anecdote versus "research", and market diversity of analyst talent. Not surprisingly, it has been the customers of the analyst firms that have sparked the debate.

Industry analyst positions are highly sought after - the mystique and glamour of the jet-setting analyst with a mobile phone, laptop, and frequent flyer card continue to be a myth chased by aspirant employees and enforced by employers. But after almost 30 years as an enshrined industry the cultural symbols of what it means to be an IT analyst or an IT analyst firm are changing and the analyst status quo is undergoing a period of questioning.

As Jim Collins points out in his bestseller *Good to Great,* if you don't like the direction your company "bus" is headed, where you are seated on that bus, or the person sitting next to you on that bus for your 3-, 5- or 10-year journey then it falls to you to stay on or get off. Many analysts have chosen to get off the regular bus and carve out some new definitions for the industry. As a result realignment will follow.

Theoretically at least, employees carry the torch of embedded corporate culture so perhaps it is not the analysts who should be examined in the desire to implement Generally Accepted Analyst Principles (GAAP) through an international code of conduct. After all, as a fundamental requirement of large change projects, management retains (once earned) the right to be demanding of their employees.

So what exactly are the analyst's companies demanding of their analyst employees? In some organisations the "seeds" for a proposed GAAP already exist. For example, in one organisation analysts pay their own expenses when doing road shows, and while another enforces a policy of independence through discouraging share ownership in the markets covered by particular analysts.

Ultimately we believe the basis for any code of conduct to govern interactions between client and service provider should, as a minimum, be on a level par with how senior executives are treated and processed in the client (paying) organisation. Then at least, neither fear nor favour could be argued, and the Tom Peters' of today's analyst world who felt maligned by new standards of analyst corporate culture could decide for themselves to pursue their true worth as individuals on the open market.

Ultimately the best analysts are well-rounded, customer focused individuals who just happen to be great people as well and it is no surprise that they are already far exceeding the minimum standards approach that any potential code of conduct will impose.

Open source industry analysis

by **Sam Higgins**

Before I became an industry analyst I used to be the guy who bought the research. I've since met a bunch of analysts who were end-users and clients of big research firms before they switched sides from consumer to producer. In those days I considered myself an astute buyer. I ensured that I had access to more than one opinion, knew what type of research I wanted for my team, which suppliers to get it from, and how it was delivered. Despite all of this the inner workings of the industry research business was a mystery. It was not until I actually became an analyst that I was permitted behind the curtain.

It should be no surprise then to find that industry research, like many business models, is slowly having its veils stripped away by both end-user and vendor demand for increased transparency. At the same time social computing technologies and new media based on consumer participation are also changing the landscape for knowledge exchange. These forces along with ever increasing alternatives to existing syndicated research models meant it was only a matter of time before we saw the advent of "open source analysis/analysts" (OSA).

Open source is an abused term which now makes it hard to pin down. Originally coined for changes to software development and licensing in the early 1980s it has now been extended to varietals of non-software business practices. Ultimately the Longhaus view of "open source" approaches boils down to two tests:

1. Is the product - including all its inner workings - made available to the general public with relaxed (or non-existent) intellectual property restrictions? and

2. Do members of a community create user-generated products through either incremental individual effort, or co-ordinated open collaboration?

To date there have been two publicised attempts at OSA. The first being a project effort called Open Source and Alternative Analysis (see osaa.wikispaces.com) that involves a number of small to medium industry analyst firms from the northern hemisphere including Red Monk and Free Form Dynamics.

The second example is that of Wikibon (see www.wikibon.org). This is an attempt to create a wikipedia of expert knowledge on all things ICT. Their site describes it as a *"…community of practitioners, consultants, and researchers dedicated to improving the adoption of technology and business systems through an open source sharing of free advisory knowledge."*

Open Source and Alternative Analysis have set out an initial set of factors they believe distinguishes their approach from existing business models. These include:

- Publication of research under re-use licenses such as Creative Commons
- Small (1 to 12 employees) specialized firms
- Open collaboration between firms and between firms as well as end user professionals on research outputs
- Genuine two-way participation with clear attribution to contributors
- Free (No charge) access to the significant insights and intelligence of work for both end users and vendors
- Clear mechanisms for feedback from end users and vendors
- Transparency around the sources of funding

While the above aims are noble the unfortunate reality is that open source efforts are never purely altruistic. Take open source software. The first person to write the code did so because they had their own need to satisfy. The proof that open source is not an unselfish concern for the welfare of others is borne out by the fact that it forms the basis of an economic model - an alternative model but still an economic model. It is not uncommon to hear people refer to open source business models, or open source companies.

Interestingly Wikibon refers to an unnamed "benefactor" in its FAQs who is supporting the initiative with presumably set-up costs, hosting and more. So who is the benefactor? Paul Gillin (refer www.paulgillin.com/2007/03/wikibon-is-great-idea.html) identifies the benefactor as Barometrix - a software company who sells portfolio analytics and decision management products and services.

When considering the role of OSA within the open source model, it is important to remember that it is the product that is open source - the whole-of-life costs for open source product are rarely - if ever - offered under an open source model. Why? These whole-of-life costs relate to services not products. You just can't have open source services because there is no tangible output. A service is essentially any exchange of money (consideration) for the acts of an individual or group of individuals. To my way of thinking, for a service to be open source it must be volunteer work and I'd love to meet an analyst who can volunteer 100% of their time.What then is the real difference between OSA and existing models?

If I try to apply the tests outlined for Open Source and Alternative Analysis to say Forrester, then I think you could say they meet 5 out of the 8 elements, with the size element being an unreasonable measure. I would go so far as to say they could probably mount a good argument on how they also deliver significant free content and that they certainly collaborate with their clients and non-clients alike. The differences then seem small and ultimately return to price and market share. Open source is being used as a means to aggregate the products of smaller research firms so they have some market weight in the services arena against the likes of Gartner.

A better approach would be to focus on what is really industry research and what is not. Indeed, as outlined in our editorial - what methods, qualifications, processes or other criteria define a person or firm as an industry analyst rather than just your average consultant for hire.

In the final wash-up, an independent analyst might contribute to a community and provide some level of support through discussion forums and blogs. However everyone wants you to buy something. At a minimum that something is consulting or advisory time. Just because the product is free does not mean the support will be free or in the case of a software example, that the plug-in I simply must have will also be free. Even if I maintain the product myself I am chewing into my own time - there is always a cost. So, in the end there will always be additional parts, labour and running costs that exist at my cost - not at the cost of the community who produced the product.

Attaching the open source moniker to industry research just tells buyers that the core product may be cheaper but it will never change the fact that there isn't a free lunch to be had here or anywhere else.

with **Kristine Carr**

ONLINE RESEARCH

Business and ICT Alignment Requires Integrated EPM and IPM
By Sam Higgins
Price: AUD$225.00 + GST

Organisations have faced significant challenges when implementing enterprise-wide business intelligence environments. Those that have succeeded are now setting their sights on Enterprise Performance Management (EPM) to improve corporate decision making and governance. At the same time Integrated Portfolio Management (IPM) is on the rise as the defacto standard for governing project and asset investment.

The reality is that IPM is not offered by business intelligence vendors, but has emerged instead from IT management vendors in response to investment governance issues around ICT project, asset, and service management. As the need for project, asset and service governance bleeds out of the ICT area into mainstream business units, firms will be faced with two very similar solutions.

In the absence of peripheral planning by both buyers and sellers of these technology solutions, early adopters of EPM and IPM will miss initial alignment opportunities to establish a single cor-porate decision making environment.

Vendors Covered: Microsoft, CA, Business Objects, Cognos.

AROUND THE INDUSTRY: WHERE YOU'LL FIND US, WHERE WE'VE BEEN

STERLING COMMERCE
Analyst Briefing
27th March 2007

UNISYS
Analyst Briefing
29th March 2007

SAP
Business Intelligence
12th April 2007

LOGICA CMG
RFID Briefing
16th April 2007

MICROSOFT
SoftwareAP.net
16th April 2007

RIGHTNOW Technologies
Custom Briefing
18th April 2007

REDHAT
Quarterly Briefing
26th April 2007

EVOLUTION MEDIA
CMO Forum
Corporate Social Computing
19th April 2007

AIIA
Industry Analyst Forum
8th May 2007

RAINMAKER
13th Annual MArketing Symposium
31st May 2007

PETER CARR PRESENTING AT THE EVOLUTION MEDIA CMO FORUM

"This has been excellent. Encouraging discussion and sharing thought leadership is something I want to be a participant in."

Jac Phillips, ANZ Financial Planning