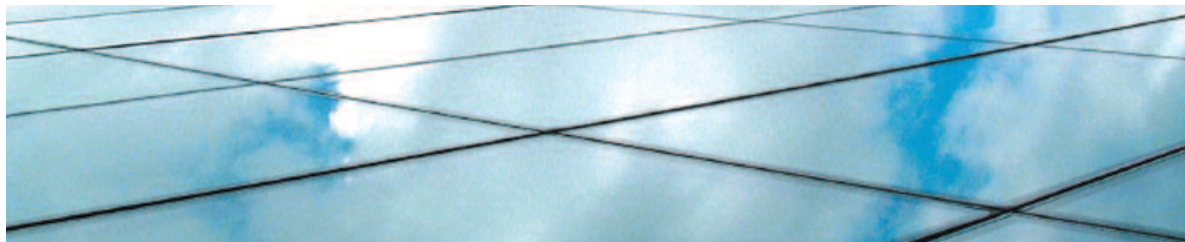


# longview

A PUBLICATION OF LONGHAUS

EDITORIAL  
OPINION  
REVIEWS



## WELCOME

Imagine a world without IBM.  
Impossible you say?

As we watched the financial world implode through the early part of October, sending generational institutions to the wall, it would be easy to forget that were it not for major restructures and downsizing, IBM also nearly collapsed in the early 1990's. Thankfully the light at the end of the tunnel for them was only a near-death experience and not an oncoming train.

At their annual Insights event in Shanghai in October IBM reminded the audience that they teetered on collapse because they took their eye off their customers. They'll even tell you about it with an unfamiliar look of quiet contemplation. They say that was the IBM who did not provide high-value business propositions and had lost relevance.

Closer to home we have been asked several times over the last few weeks about our perspective on the global credit crunch and what it will mean for Australia, the technology industry, and organisational budgets in general. While my flippant response has been that as long as customers keep buying our services then we'll be ok, that isn't actually far from the truth. But there-in also lays the problem. How can you safe guard against losing customer relevance and budget cuts? Well for most companies it means doing the same things differently. So this month we're trying something a little different...

This month we have provided a mini portfolio management exercise to help get you thinking about how much of what you do at work is about to be slotted away into operational spending versus growth and innovation. As a good deal of the world begins to grasp for their Magic 8 balls we hope this exercise will prove more practical.

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



Editorial

## Surviving the global financial crisis

It is predicted that the next few years will be a gain of inches for management. That is, forward momentum in terms of budgets and innovation investment will be won an inch at a time. While the usual response for many organisations is to retract, go into a tight monetary defence, trim the fat, or hunker down for the storm, some take the attitude of working harder on their clients; or even pursuing new products and markets.

Portfolio management has been a blossoming theme for several years now; some would even say close to a decade. If you are a believer in the old adage of spending money to make money then the adoption of Project and Portfolio Management (PPM) options should be one of the first investments that Australian organisations secure before the ultimate investment retraction begins.

The supply side of the PPM and Governance, Risk and Compliance (GRC) market in Australia is strong and growing. CA has the current lead with the Clarity suite, HP's acquisition of Mercury in 2007 and subsequent integration of their IT Governance solution sees them well placed, and Fujitsu continues to position their Value Management solution. In the month of October Oracle joined the ranks of HP, CA, and Fujitsu with an announcement to acquire Primavera as a means of bolstering their PPM capabilities.

At the start of 2008 Australia's large and enterprise organisations were bullish about the 12-18 months ahead of them with 61% of budget-holders outlining increases in ICT budgets, with a 16% increase from 2007 targeted for new investments or innovative projects. Cut ahead 10 months and the world has extensively changed.

Considering all this activity and growth in PPM and ICT budgets it would be logical to assume that Australia's ICT organisations are well prepared for a slide into the much expected economic downturn. But just in case you're not doing even the most basic of portfolio analysis we have prepared a worksheet (appearing at the end of this edition) designed to highlight several of the key concepts associated with PPM.

Successful ICT operations are based on management's ability to adequately react to key inflection points beyond their control and be prepared at all times to offer an answer when the CEO says "What if we cut a few dollars off our ICT budget?". While the worksheet is only designed to be a simple exercise, it is an important time to reinforce the message that regardless of the economic climate, ICT budgets are often in flux and driven by wider business budgetary considerations.

What the exercise also demonstrates is that management and planning in tight fiscal times is not simply about understanding your ICT operations sufficiently to be able to affect a 25% budgetary cut on queue. Rather it demands an intimate circuit of allocation and prioritisation insights and processes to ultimately enable internal management mechanisms including:

- Standardisation of services offered by the ICT organisation;
- Transparency of cost allocation to the services provided by the ICT organisation;
- A framework to drive business decision alignment across the ICT organisation and the parent enterprise; and
- Empowered decision making for senior-management.

In a soft economy PPM also provides much needed macro analysis by providing insights into risk mitigation strategies for the wider supply-chain of the enterprise including:


- An understanding of the financial impacts on specific ICT services of non-renewing customers (for example, how much of the network is consumed and allocated by which large clients should they collapse or seek business elsewhere);
- The cost implications on a service with the addition of new customers;
- The materiality benchmarks for services within the ICT organisation; and
- The ability to articulate component level requirements to future service providers, customers and management.

## SCENARIO AND INSTRUCTIONS FOR COMPLETING THE WORKSHEET

The CFO has just called down to your office. Together with the CEO they have decided to renege on the approved \$123 million 2009 annual ICT budget. And they need you to find 23% savings before Christmas. From your understanding of your organisation and using the Longhaus PPM worksheet complete the following:

1. In the red section start by indicating the percentages for how the budget is apportioned across the ICT organisation in terms of operational, new and innovation investments.
2. Next, reallocate \$100 million of the previously approved \$123 million across the sub-portfolios. For the purposes of this exercise, line items must be allocated in full.
3. Finally, recalculate the percentages in the blue boxes at the foot of the tabel to check how the reallocation may have affected the overall portfolio investment view for the year ahead.
4. Now ask yourself, what is the impact of the change in proportion of allocation, and should these changes be explicitly documented?

Activities such as these, while appearing trivial at first, can often reveal more about your own perceptions of the real treatment of ICT within your organisation than you may at first consider. For example, from this exercise you may wish to consider any attempt to maintain the original percentage balance across the three categories. Were there some "implicit" investment business rules that were applied? Should these rules now be made explicit for future re-use in your organisation?

The results of any portfolio assessment are designed to give early-stage warning for delivering ICT across large multi-site organisations in complex change environments. Ultimately PPM should guide clients well beyond the focus of service management or technology to incorporate aspects of future organisational capability and provide future change requirements to both people and process in order to successfully migrate and manage ICT services within a multi-player ICT partner network. 

## ■ Personalisation to Personification: Are Open Social Networks the New Path to Content Customisation?

by Sam Higgins



The advent of dynamic web content in the mid-1990s offered many new service opportunities. This extended from simple improvements in managing and publishing content to complex access controls over what was presented to end-users. It was the latter trend that drove many enterprises to explore the role of customised content based on access rights - effectively allowing end-users to begin shaping content through the capture and storage of personal information. Customisation and personalisation functionality became mandatory features of any web-based service delivery channel and remain so today. Indeed, many sites demand at least basic personal data to unlock their digital-wares.

Vendors responded with increasingly complex but equally sophisticated software infrastructure to support these needs. Application servers emerged to compliment web servers, followed by layers of portal technology and identity management applications. This technology was designed to better handle the increasing load of information held by various points of presence required to drive the perception of one-to-one service between companies and customers in a digital world. Finally these technologies crept into the enterprise.

From a technology-purist stand point this model was terribly inefficient. The obvious solution was to enable end-users to safely store their identity in a single place and present these credentials, or access to them, from a single source along with their preferences. Attempts such as various inter-changeable and multi-site wallets, passports

and other tokens of identity have come and gone struck down by the fierceness with which the user community guarded its privacy. While attempts in this direction continue, a new means to the same end may have emerged in the form of social networks and virtual built environments.

The advent of social networks and virtual built environments has seen a major shift in the amount and type of information available about individuals. All-the-while security experts and consumer groups responsibly warn against the dangers of exposing too much personal information in the face of identity theft. Yet as Longhaus observed in *Social Computing Dark Side Emerges: Regulating Data Exposure* (December 2007), even this is no barrier with many networks able to accurately pre-populate even a basic profile.

It appears that the reality is not unlike most human endeavours; individuals will make their own risk versus reward judgements. Where vendor driven passports, wallets, and certificates have failed, the basic societal desire to be humanised in the act of communication and interaction, regardless of the medium, has succeeded.

Millions of individuals now establish detailed online familiar and

When an individual establishes their online profile in a central location they are digitally personifying their identity. When the same data is then taken into the virtual built environments of Second Life or Entropia Universe, additional attributes are rendered accessible to those around them. The height, gender, and skin colour of their chosen avatar are now visible in the same way that they are visible to the physical retail assistant in any traditional commerce environment. And with this information at hand the response to their digital presence is inevitably tailored.

business personas through Facebook (E.G. Sam Higgins as the son, brother, husband, father and friend who listens to Tori Amos and likes Vodka) and Linked-In (E.G. Sam Higgins as the Research Director, member of the Australian ICT Industry Interest Group and former student of Charles Darwin University).

And it seems that for the most part there is sufficient trust both on the part of the user, but also those seeking to know. Reputable media outlets now quote facts and figures from sources such as Face Book with recent examples in the press including everything from the relationship status of Australia's swimming stars Eamon Sullivan and Stephanie Rice, to condolences for Britt Lapthorne.


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At its most basic level, access to this information within social networks and virtual built environments allows for customisation of advertising content. But with the advent of the OpenSocial API end-users are placed in a position where they have a centrally stored set of personas, supported by a social and communal motivation to maintain their identities which can now be accessed by third parties. This allows the evolution from web site personalisation in a Web 1.0 world to become web site personification in a Web 2.0 environment.

#### What is OpenSocial?

First released by Google in late 2007, OpenSocial is a common standardised application programming interface (API) for social network platforms. It allows developers to create applications that can access information in individual profiles and functionality from underlying social networking platforms. Major social networking sites such as MySpace and LinkedIn can be accessed via the OpenSocial API.

But with the potential rewards and benefits of a Web 2.0 personification experience based on a social network profile and avatars comes the potential for organisations to leverage the OpenSocial API to mine information solely intended to support increased direct marketing activity. For example, Oracle has incorporated social networking technologies and the OpenSocial API into their latest CRM On-Demand products and Salesforce.com's Force.com toolkits allow developers direct access to Facebook.

So whether access to an online persona beyond basic content customisation and passive online advertising is a benefit or a curse is yet to be seen. The backlash from Facebook users over the Beacon system suggests it may not be as welcomed as people may think. 

### LATEST RESEARCH: THE INFORMATION SERVER OPPORTUNITY IN IBM'S SOFTWARE GROUP



by **Peter Carr**  
and **Sam Higgins**

5-pages  
visit [www.longhaus.com](http://www.longhaus.com)

In December 2007 Longhaus outlined the emergence of the information server platform. In the same way that J2EE application servers emerged from a convergence of web servers, object-resource brokers, and transaction monitors, information servers will be the result of existing information-oriented application domains forming an integrated environment which manages content and information processes to improve business insight and simplify collaboration.

In late October 2008 IBM held its annual Asia Pacific Industry Analyst Summit (Insights) in Shanghai, in the People's Republic of China. Insights is recognised as a major ICT industry analyst event in the Asia Pacific region for IBM Public and Analyst Relations and involves attendance by senior regional IBM executives. During the event Longhaus attempted to gauge the progress of IBM's Software Group towards realisation of the emerging information server platform.

This briefing note contains observations and recommendations for end-users drawn from the presentation The Next Generation Software Group and a subsequent briefing with Bart Fehmers, Vice President Software Group IBM Asia Pacific.

### AROUND THE INDUSTRY: WHERE YOU'LL FIND US, WHERE WEVE BEEN



#### IBM

*1: Many Analysts Briefing  
Insights 2008  
Shanghai, 14th-16th October  
2008*

#### RED HAT

*Custom Briefing  
CEO Update with Jim Whitehurst  
Shanghai, 14th October 2008*

#### CLEARSWIFT

*Custom Briefing  
CTO Update with Alf Pilgrim  
Brisbane, 23rd October 2008*



#### LORD MAYOR'S YOUNG CEO FINALISTS ANNOUNCED

*Queensland Business Review  
9th October 2008*



#### INDIAN HYDRA: THE EMERGING ICT SERVICE PROVIDERS IN AUSTRALIA

*Longhaus  
Brisbane, 2nd October*

**LONGHAUS PPM WORKSHEET**

| PROJECTS                              | ACTUAL COSTS       | INVESTMENTS                             |     |            |
|---------------------------------------|--------------------|---|-----|------------|
|                                       |                    | Estimated Current Percentage Allocation |     |            |
|                                       |                    | Operational                             | New | Innovation |
| Committed Rollout - Oracle 11i        | 10,000,000         |   |     |            |
| Committed Rollout - Siebel            | 6,000,000          |   |     |            |
| Gartner Subscriptions                 | 1,200,000          |   |     |            |
| Longhaus Subscriptions                | 50,000             |   |     |            |
| Servers for New Data Warehouse        | 3,050,000          |   |     |            |
| Architecture Team                     | 3,150,000          |   |     |            |
| Security Software                     | 1,620,000          |   |     |            |
| CIO & Staff Salaries                  | 3,150,000          |   |     |            |
| Y2K Asset Replacement Costs           | 1,170,000          |   |     |            |
| Refresh Application Software          | 1,080,000          |   |     |            |
| Upgrade Sales/ Stakeholder System     | 1,170,000          |   |     |            |
| Upgrade Payroll System                | 585,000            |   |     |            |
| Refresh Viral Software                | 450,000            |   |     |            |
| Firewall Upgrade                      | 450,000            |   |     |            |
| Replace or Fix Breakage               | 2,520,000          |   |     |            |
| Moves, Adds, Installs and Changes     | 2,700,000          |   |     |            |
| Help Desk Operations                  | 1,575,000          |   |     |            |
| Network Operating Center              | 900,000            |   |     |            |
| System Administration                 | 720,000            |   |     |            |
| Business Support Systems              | 13,500,000         |   |     |            |
| Existing Infrastructure Depreciation* | 1,350,000          |   |     |            |
| Strategy Consultants                  | 1,500,000          |   |     |            |
| IT Salary Survey                      | 250,000            |   |     |            |
| Data Center Benchmarking Study        | 510,000            |   |     |            |
| Leadership Training                   | 1,050,000          |   |     |            |
| Governance and Reporting Metrics      | 1,300,000          |   |     |            |
| Telecomm Infrastructure               | 32,000,000         |   |     |            |
| Finance Systems                       | 4,500,000          |   |     |            |
| HR Systems                            | 4,500,000          |   |     |            |
| Operations Systems                    | 11,250,000         |   |     |            |
| Miscellaneous New Projects            | 3,375,000          |   |     |            |
| Regulatory Projects                   | 1,125,000          |   |     |            |
| Proof of Concept Projects             | 2,250,000          |   |     |            |
| <b>TOTALS</b>                         | <b>123,000,000</b> |   |     |            |

Actual Percentage Allocation

\* In this exercise, depreciation is a fixed annual payment of a previous capital expense project.