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Fighting Commodity Syndrome

The Fears of Buyers

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The Broad View

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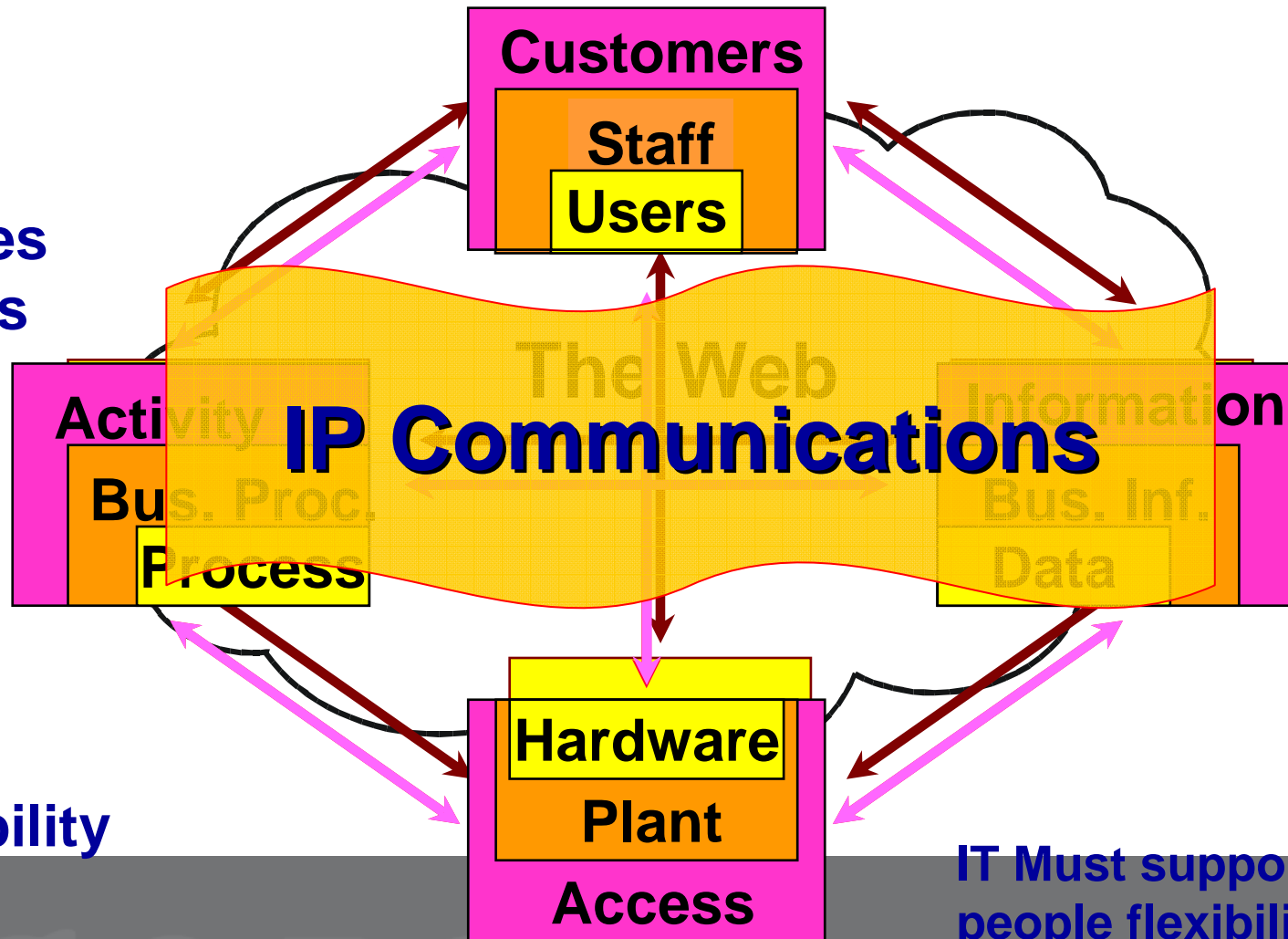
- ❖ Business and IT Today
 - ❖ The Rate of Change
 - ❖ Customer Concerns
 - ❖ Bleeding Edge to Commodity
- ❖ The Opportunity
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- ❖ SMB



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What is Business?

Systems
Businesses
Customers



The flexibility
is in the
people....

IT Must support
people flexibility

Primary Drivers

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The usual business challenges:

- ❖ Constantly changing customers
 - ❖ Unpredictable
- ❖ Demand for better service to customers
 - ❖ Faster, more accurate, personalised
- ❖ Increasingly mobile workforce
- ❖ Pressure of escalating complexity
 - ❖ Perpetual Change
 - ❖ End-to-end infrastructure
 - ❖ Customers / Partners / Suppliers
- ❖ Need to protect brand / reputation
- ❖ Increasing regulatory pressures
- ❖ Fear of "Doing The Wrong Thing"!

"COMPLIANCE"

"Risk"

"REGULATION"

- ❖ Attention has been on Infrastructure Management
- ❖ Demands for Improved Services
 - ❖ What to measure?
 - ❖ How to measure?
- ❖ Greater Infrastructure Flexibility Required
 - ❖ How to “Flex”?
 - ❖ “Demand Throttling”?

The Answer: Flexible IT and Service Management

The Broad View

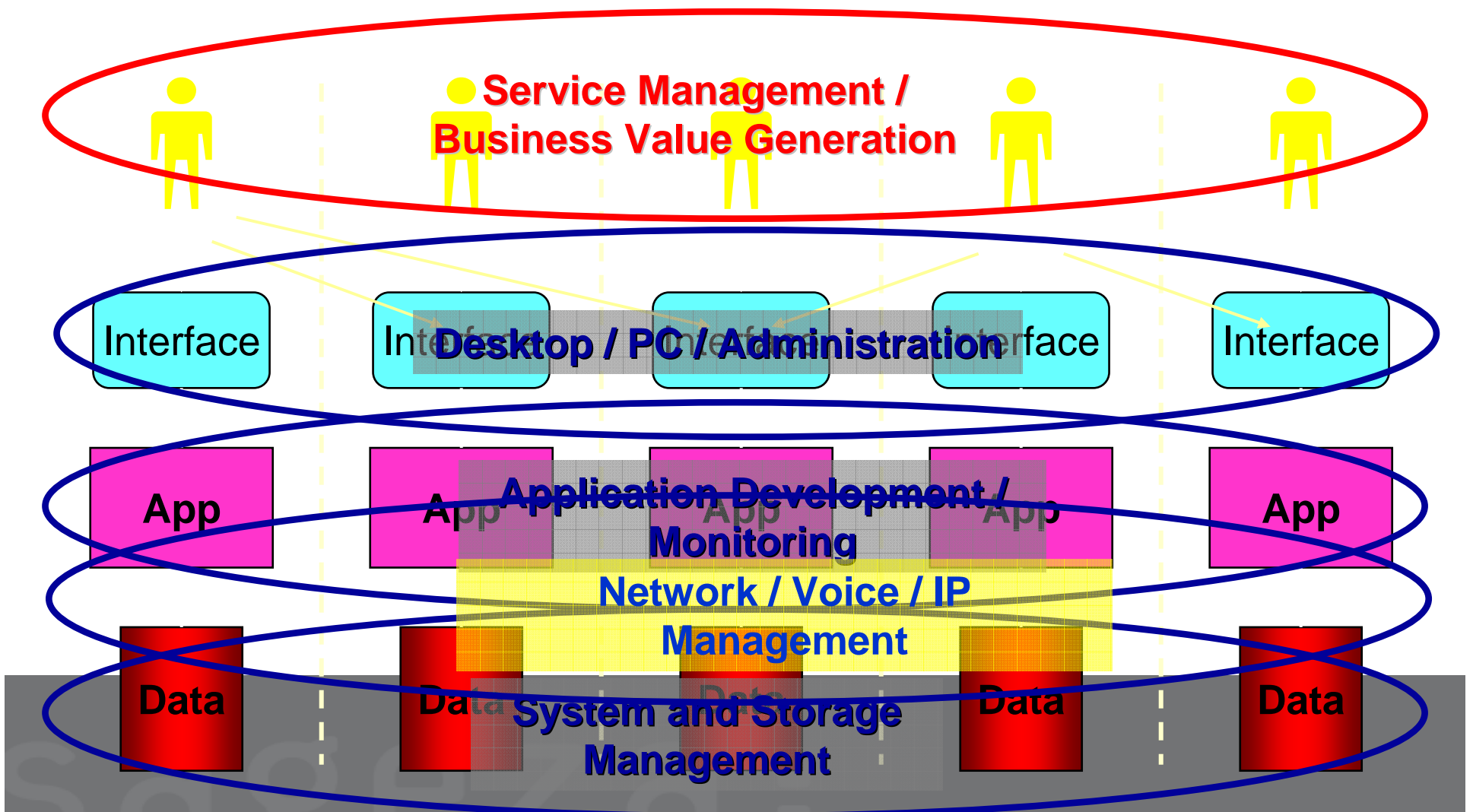
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IT Stovepipes



Customer's Fears

- ❖ Not Knowing what is out there?
 - ❖ What should be there / What is needed?
- ❖ Not being “competitive” / efficient
- ❖ Building IT systems that do NOT work
- ❖ Building IT systems that do NOT meet ‘customer’ perceptions
- ❖ Paying Too Much
- ❖ Vendor Lock In
- ❖ Vendors being acquired / Disappearing

Customer's Fears 2

- ❖ Keeping up with changing business requirements
 - ❖ Moving target syndrome
 - ❖ LOB v IT
- ❖ Keeping up with very rapidly changing IT technologies
 - ❖ Obsolescence
 - ❖ Inertia / Buy tomorrow not today
- ❖ Projects Without End
 - ❖ When will the project finish ?
- ❖ Be seen to deliver value

Customer's Desires

- ❖ Find a supplier that understands the technology
 - ❖ What's possible now?
 - ❖ Will it still work the day after tomorrow
- ❖ Buy solutions – not self-assembly components
- ❖ Increasingly Buy Managed Services
- ❖ Experience
 - ❖ Show me it works
 - ❖ Don't learn how to build it on my time
- ❖ Avoid Risk
- ❖ Avoid Unnecessary costs
- ❖ Get "Solution" operational - QUICKLY

Trust!!

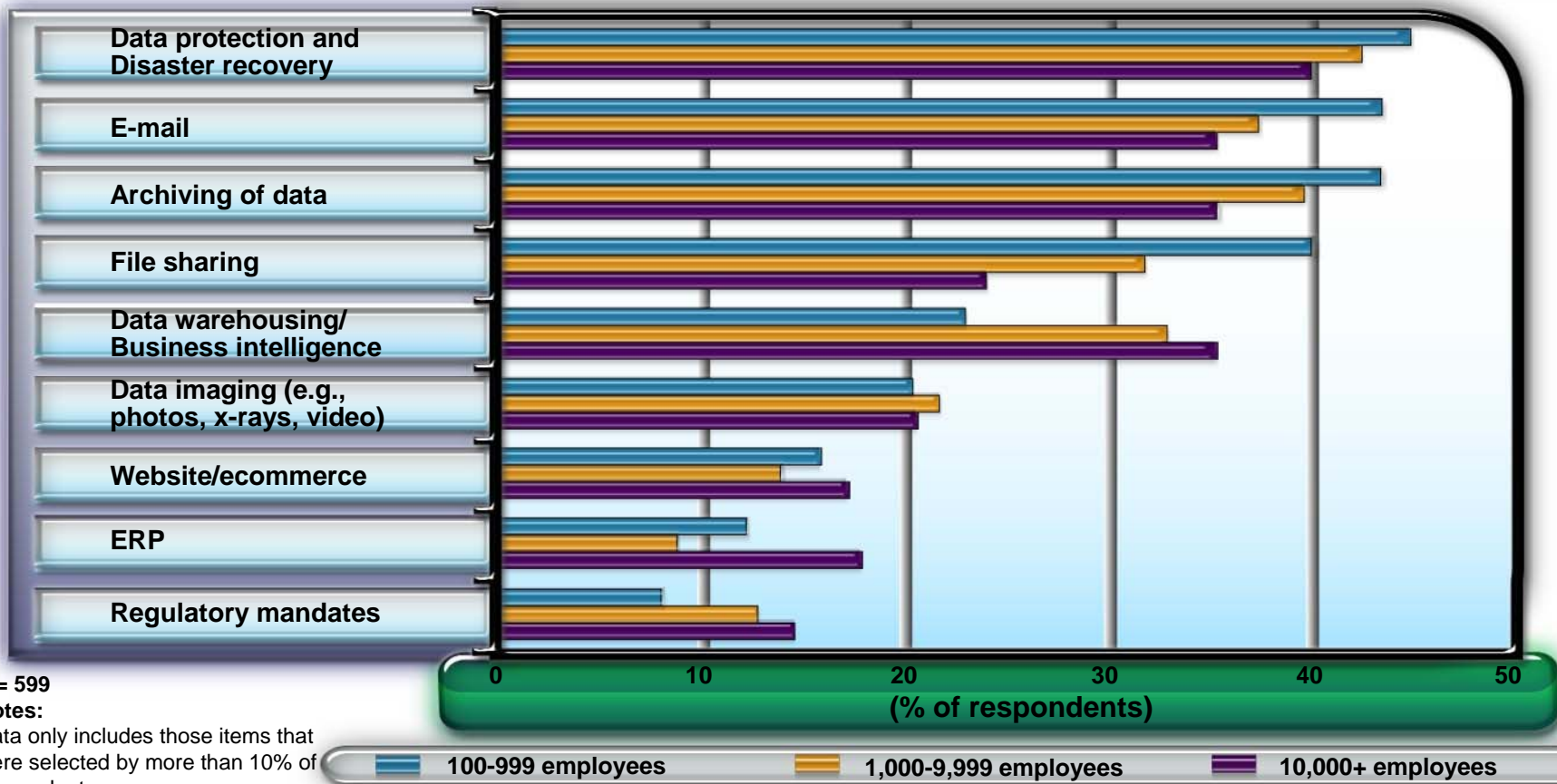
Customer's Desires 2

- ❖ Multiple Suppliers / Services / Channels can be an “issue”
 - ❖ Finger Pointing / “Not Us – Them”
- ❖ Prefer A Single Point Of Contact / Responsibility
 - ❖ One Escalation Point
 - ❖ One Service contact
 - ❖ Inclusive of “ISV” components

Trust!! In Spades

Drivers of Storage Capacity

Drivers of Storage Capacity Spending in 2004 by Company Size



n = 599

Notes:

Data only includes those items that were selected by more than 10% of respondents.

Multiple responses were allowed.

Source: InfoWorld Storage Survey, 2004

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Capitalisation v Technology Change

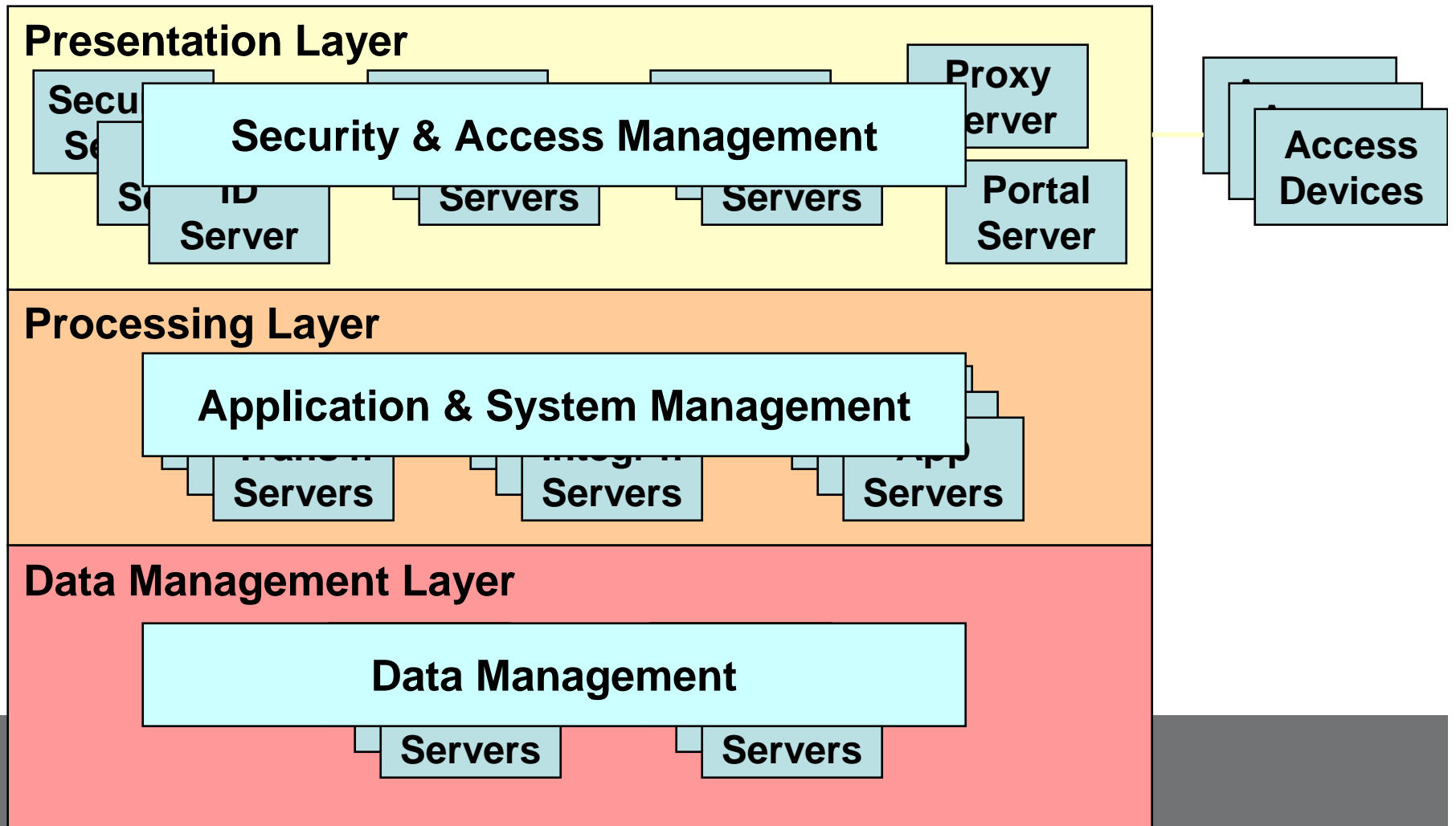
- ❖ **Technology Develops Quickly**
 - ❖ Customers Cannot Keep Up / Understanding scarce
- ❖ **IT Equipment still “Capitalised” over 3 to 5 Years**
- ❖ **Technology “Refresh” languishes Technology Advances**
 - ❖ “How Can I Buy Today and Still Use Tomorrow?”
 - ❖ “I can’t afford to throw away tomorrow what I buy today!”

Future Infrastructure

- ❖ Information / Value Based Systems
- ❖ Virtual Teams – Internal / External
- ❖ Virtualisation = Flexibility
 - ❖ Networks, Storage, Servers, Users , Access,
 - ❖ Applications – Web Services / OOA
- ❖ Automation
- ❖ IP Communications / Flexible Computing / IT As a Service
 - ❖ Convergence, Mobility
- ❖ Tiered Services / Service Management / Charge Back
- ❖ Unified Management – Technology and Support Teams

Wanted - Someone to help explain / navigate / deliver the future.

Virtualised Computing : sageza :



Tomorrow's Issues

- ❖ Governance
- ❖ Cost Control / Value Delivery
- ❖ Support Rapid Business Change
 - ❖ Safely, Quickly, Cost Effectively
- ❖ Service Management
- ❖ Business Alignment
 - ❖ Information / Business value oriented

**Deliver Increasing Business Value
-Transparently, Continuously**

So what's the problem?

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How Do I get there?

- ❖ Lack of Time
 - ❖ Competitive Pressure
- ❖ Lack of knowledge
 - ❖ “What is possible”??
- ❖ Risk of non-compliance
- ❖ Brand Risk
- ❖ Liability
- ❖ Fear of making the wrong decisions / Visibility
- ❖ Confusion

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- ❖ Using behavior model rather than demographics
 - ❖ IT department
 - ❖ Purchasing department
 - ❖ Business Process Maturity / Complexity
- ❖ To succeed, offerings must be align to these two behaviors

Re-segmenting Companies



- ❖ **Small Companies**
 - ❖ Have no IT department or part-time, functions more like a hobbyist or consumer than an IT professional
 - ❖ Only purchase what's necessary
 - ❖ Have few, probably informal business processes, especially for purchasing
 - ❖ Generally the President/owner makes purchasing decision
- ❖ **Mid-market Companies**
 - ❖ Have an IT department but has little or no specialization
 - ❖ Will use new technology if it gives them a competitive edge – balance of risk versus return
 - ❖ Have basic business processes for purchasing
 - ❖ Generally have a decision-making process with signoff.
- ❖ **Large Companies**
 - ❖ Have an IT department with specialization
 - ❖ Have multiple projects at any time depending on the department or group, some groups may act like a small or mid-market company
 - ❖ Have multiple business processes for purchasing, there may be specialization in this group as well
 - ❖ Have complex decision-making processes depending on the project or product involved.

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Best Practice

- ❖ If possible, Never Reinvent Wheels
- ❖ High value projects or applications first
 - ❖ As long as you know you can do it
- ❖ Communicate and evangelise
 - ❖ Explain why the change
 - ❖ Highlight business benefits
 - ❖ Report on success
- ❖ Modify project in light of experience.
- ❖ Manage Infrastructure Projects like a Mainframe
 - ❖ Strong Change Management
 - ❖ Service Management – Service Monitoring

Summary

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- ❖ Customers Need Help Keeping Up With Technology
 - ❖ Margins and Revenues Go Up with Solution Sales
 - ❖ Success Breeds Success
 - ❖ Avoid Risk
 - ❖ Get someone else to do the hard stuff first
 - ❖ Infrastructure Virtualisation is The Future Today
 - ❖ Communicate in Business Terms NOT just Technology

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