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## New IT Agenda: What The 1990's Taught Us and Where We Are Heading

New IT strategies are emerging following the numerous technology advances of the 1990's. Today, many CIOs are planning a New IT Foundation for the current decade.

### IT Experiments of the 1990s

The last decade was a period of experimentation in IT. Many technologies "crossed the chasm" to enter the IT mainstream: client/server systems, distributed architectures, ethernet, wide area networks, and a long list of acronyms in enterprise software – ERP, CRM, SCM, PLM, etc. - all commonplace today.

The technology drivers fueling this change include Moore's law, a bandwidth explosion, and software stickiness. Access to low cost capital and many companies' unwavering commitment to technology investments funded the experiments of the 1990's.

The multi-industry productivity gains led companies to construct new, experimental IT architectures and organizational structures. We went through 'right-sizing', Y2K, and [perhaps too many] e-business initiatives.

### Resulting Challenges

While the 1990's saw an explosion of IT spending, major challenges emerged. The returns on ERP and CRM investments often remain unclear because many implementations were never fully completed. Even with ERP systems largely "in place", we still find many instances of highly fragmented systems and data.

Today, after an exciting decade of IT growth and experimentation, IT expenditures in the US have become the dominant component of all capital investments, exceeding 30% of total capital expenditures of Fortune 1000 enterprises.

### Business and IT Imperatives for the New Decade

As we emerge from the current economic slowdown, we will see a renewed focus on expense management. CIOs will be well advised to take a variety of steps to counter or reduce some of the more egregious consequences of the *Roaring 1990s* by:

- De-leveraging the balance sheet. The lingering 1990s debt burden must be reduced.
- Eliminating large fixed cost structures and moving to variable cost models; building capabilities that grow and shrink with business conditions.
- Simplifying and focusing on core activities; shifting *context* processes and activities to service providers.

Happily, this can be done in an environment where:

- Enterprise software is maturing
- IT integration processes are simplifying
- IT component costs are declining
- Context business processes are becoming commoditized.

### New IT Directions

Many CIOs are evolving their IT approach based on two key directions: Rationalization and a New IT Foundation. CIOs are finishing the incomplete tasks of the 1990s and building an IT approach based on new technology and business drivers. The New IT Foundation will produce the returns in the current decade that people had hoped to achieve in the 1990s.

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