



Applications
Symposium Community

Trip Report

Applications Symposium Community

Members: 698

This year's Gartner Symposium/ITxpo — held from 12 through 16 October in Orlando, Florida — was organized around the theme of IT and the economy. This report offers an overview of what was on attendees' minds and what they learned from Gartner analysts and each other.

Key Takeaways

While the economic downturn was on everyone's minds at Symposium/ITxpo, application leaders also realized they could not wait for the good times to return to continue with their projects. Modernization, consumerization, virtualization and other trends are not going to stand still — and neither will competitors or vendors. In many instances, these very initiatives will ultimately achieve efficiencies and cost reductions, but the challenge is to sustain momentum long enough to realize the benefits. Gartner advised application leaders to:

- Demonstrate business value of applications, both to run the business and to help improve and transform it.
- Reach out to business executives and partners to confirm that projects are still needed and to make adoption happen more smoothly.
- Prepare to negotiate hard with vendors on software, maintenance agreements and other costs.

Conference Highlights

Enterprise Applications Scenario: How ERP, CRM and SCM Will Evolve Through 2012

We are approaching the next 10-year IT modernization cycle; the last one happened for Y2K. Megavendors are planning big innovations, and smaller vendors are fighting to get a foothold. Before you embark on a modernization project, remember that modernization is not about technology — it's about users.

A user-centric application modernization project must target five types of users: centralized process users, information users, decentralized process users, multienterprise users and social users. Central process users usually get all the attention in such projects, but you can't win the modernization battle with only central process users — you need to win over them all.

Recommendation: Set up task forces to represent each individual type of user about how they use applications. This will help create the impression that IT is user-centric and modernization projects will be user-centric.

Software Megavendor Competition Through 2012

The four application megavendors, IBM, Microsoft, Oracle and SAP, are taking a larger role in buyers' strategic decisions and a larger piece of application budgets. But their positions today face four threats:

- Profit margin growth is under attack from alternatives, such as open source and SaaS.
- The market is consolidating as megavendors add more functionality to the stack, largely through acquisition.
- Web 2.0 and consumerization are driving new user expectations.
- Packaged business applications are breaking down into components and SOA environments.

Recommendation: Reset expectations with megavendors. Define the limits of long-term investments in software suites and bundled offerings and examine the role of best-of-breed solutions.

IT Modernization

Modernization is not just about changing old technology for new. It's about ensuring that IT solutions evolve to keep up with business strategy and expectations. Overdue IT modernization can constrain the business, thus it's an ongoing effort rather than a "once and done" episode.

Modernization involves exploring what it takes to run the business, the costs, ways to do it cheaper and ways to help support the business in the future.

Some common business strategies that drive modernization efforts are moves toward product leadership, customer intimacy and operational excellence. Application leaders need to find out what the main business strategy is, so they can build the IT to support it.

Recommendation: Find out how interconnected all your applications and systems are. This will help you determine the size of your legacy problem, what you can get rid of, what you can migrate to new technology and where you will need to find workers to continue legacy systems.

Workshop: How to Attract and Keep Good Application Professionals

Many organizations, especially in government, are dealing with imminent retirements of older employees who have built up a great deal of institutional knowledge, especially on legacy systems. Recruiting new talent has been difficult due to a shortage of people with new application skills. A workshop with about 40 IT leaders uncovered several strategies to attract and keep good application workers. The strategies include:

- **Work-life balance:** Many workers find they are more productive and are highly motivated by a better work/life balance. Options include telecommuting or working flexible hours. These options also save workers money and contribute to “green IT” initiatives.
- **Pay for performance:** Application leaders should not just compensate people for working more hours, but rather based on who posts the best performance. This change, however, requires leaders to get much better at metrics, to ensure they are measuring results, not just effort. It also requires that leaders initiate the cultural change to reward and recognize for results, rather than for less-related behaviors such as being present for long hours.

IT departments at education, government and non-profit organizations often cannot offer these options, especially in union environments, but they can try these strategies (and so can business users):

- **Assign challenging and exciting products:** Managers can reward high-performing workers with plum assignments, or to rotate workers between more- and less-desirable assignments, so that workers remain motivated.
- **Promote your mission, and that of the enterprise:** Many employees get intangible value out of knowing that their work makes a difference, whether it is to educate children, help charitable causes or assist people who need government services. IT groups often lose sight of these missions because they are obscured by pressing day-to-day issues.

The Master Data Management Scenario

Master data management (MDM) is at the core of an information management strategy. MDM helps define the single view of data for customers, products, suppliers, employees and locations across the enterprise. This single view is necessary, or the costs you incur for any other initiative will be higher to integrate and reconcile systems, reporting and otherwise coping with duplication of data.

MDM also can help grow the business through improved customer service and retention, faster product launches and more upselling opportunities. MDM even can help transform the business by enabling enterprises to enter new markets and find new customers by aiding analysis and decision-making. MDM won't by itself transform the business, but it will help you do what you want to do to transform the business.

Recommendation: Start with Gartner's Master Data Life Cycle to understand the process, find out where you are and where you want to be.

Keynotes

Welcome Address and Analyst Keynote

Most IT budgets will take a hit from global economic problems, but the situation is not as dire as IT leaders who lived through the dot-com bust might expect. Gartner's recent surveys of CIOs show that at worst IT spending worldwide likely will increase 2.3% in 2009, down from Gartner's earlier projection of a 5.8% increase. IT spending at worst will be flat in the U.S. and down in Europe.

IT budgets will be largely spared because IT runs almost all aspects of business, and IT is increasingly viewed as the means to improve and transform the business, but IT leaders still have to deliver. Economic downturns tend to amplify disruptive technologies, so IT leaders should research virtualization and modernization opportunities. IT leaders also should take stock of the whole IT portfolio to see what the business can run for less or live without. For every application and system, ask:

- Why is this needed?
- What does it cost?
- How can it be implemented with fewer resources?

Mastermind Keynotes Show Other Organizations' Strategies

Gartner analysts interviewed three IT leaders to gain insights about their strategies and outlook for 2009:

- **John Chambers, CEO of Cisco Systems,** said Cisco plans to work on dozens of projects in 2009 that aim to expand the company's scope past just networking into networked-enabled processes to improve productivity. Cisco will use partnerships to help customers boost scale and speed. Cisco has a unique opportunity in the economic downturn to help its clients enable transformative business strategies, Mr. Chambers said.
- **Joseph Eng, Executive Vice President, Systems and Technology at JetBlue Airways,** urged IT leaders to show how IT can help transform and differentiate the business, as his group has done to make JetBlue a customer-centric airline. Mr. Eng described how JetBlue customers are empowered to make their own decisions and are provided with perks to make the trip better. This strategy has greatly helped JetBlue grow and has provided more opportunities for revenue.
- **Steve Ballmer, CEO of Microsoft,** insisted that what has been an apparently slow uptake of the Vista operating system among enterprises doesn't indicate a problem with Vista. In fact, he said, Vista's uptake is roughly comparable to the uptake of Windows XP at a similar stage. Ballmer also said Windows 7, Vista's follow-up, will be a true release, not a mere update. He acknowledged competition from Google, but was critical of Google Apps, saying that it is “just not good enough today” for enterprise-level adoption. Cloud computing will also be a challenge for Microsoft, he said, since it involves a paradigm shift, but he predicted the company will adapt. Cloud computing will be delivered “piece by piece by piece,” he said. “This is a technology that Microsoft is embracing, but it won't be ready the day after tomorrow.”

What People Asked About

How do I answer the CEO's question, "Is this massive expenditure really doing anything for us?"

Try these three answers, from the tactical to the strategic sides of the business:

- IT runs the business. Applications take orders, work with suppliers and interact with customers. This part of IT is not really in danger – spending may be cut, but there will still be a budget to keep the lights on.
- Link applications to business value metrics. Demonstrate the productivity of applications, such as how they improved cycle time of processing orders. Gartner's Business Value Model can help show how investments in applications help the business.
- Investing in IT helps drive competitive advantage to boost profits, not just productivity. The most winning IT investments are those that standardize business processes, because they help speed innovation and can move up quickly in your industry.

What can I expect my large application vendors to do in this economic environment?

Vendors can expect to attract fewer new customers, so they will try to get more money from established customers. Recommendations:

- Expect vendors to increase maintenance fees and enforce licensing agreements more strictly, as some have done already.
- Study the vendors' financial health. Ask how the vendors plan to get new customers, by entering new verticals, expanding geographically or pushing into the midmarket.

My CEO wants to drop all maintenance expenditures to save money. How can I do this and protect my investment and my company if something goes wrong?

Emphasize maintenance on systems that are subject to regulation or that are innovative in nature. Don't discontinue innovative maintenance, but change the focus to a less-costly fee model. Recent Gartner research reveals that the out-of-pocket maintenance fees paid to software vendors represents a minor portion of the overall cost of maintaining the application. Alternate opportunities to reduce the overall maintenance expense include reducing the number and frequency of minor enhancements requested, consolidating redundant solutions onto fewer platforms, and examining the mix of staff that maintain the application internally or with third party service providers.

How do I deal with legacy documentation, or lack thereof?

This problem may be overwhelming, and any attempt to go through old documentation or rebuild it is going to turn up some surprises. Start by deciding why you need this documentation: to maintain systems and bring in new developers, to extract business rules so you can put in a new system, or to do a gap analysis against a packaged application.

Products are available to help you understand these systems and put in maintenance processes. If you want to understand business rules and document systems, you can get help from outside objective vendors that can understand millions of lines of code and create some documentation. In that case, do a proof of concept with a section of code to see what you get.

Things to Watch For

Portals of the Future: The portal of the future will:

- Support mashups
- Include social software functions, including consumer Web social networks
- Extend the life cycle of legacy Web investments through extension of portal services to nonportal applications
- Be one component of an overall enterprise user experience strategy

If your portal today cannot handle these, you will have a problem in the future.

IT Innovation: The notion of IT innovation increasingly is not just about technology – buying a new tool or upgrading a system. Increasingly, organizations are looking for strategies to adapt their corporate cultures to change.

Organizational Changes: Application leaders are increasingly asking about how to make organizational changes to help them address a business issue. For example, companies that are starting ERP systems or trying to cope with a disruptive technology are viewing organizational changes as a key part of the whole effort.

Interactive Polling Results

A session on governing and managing application organizations showed:

Percentage of Application Effort Done Outside the IT Department Today

Less than 5% – **39%**
5% to 20% – **32%**
More than 20% – **22%**
None, it's not permitted – **7%**

By 2010, Likely Percentage of Application Effort Done Outside the IT Department

Less than 5% – **17%**
5% to 20% – **46%**
More than 20% – **34%**
None, it's not permitted – **3%**

ITxpo Sponsors for the Applications Symposium Community

Joining Application Development & Integration Marketplace in 2009

Intelliun

2008 Application Development & Integration Marketplace

Blueprint
LongJump
Micro Focus
Software AG

2008 Business Applications Marketplace

Lawson

Symposium/ITxpo Applications Analyst Community

Gene Alvarez	Research VP
Mike Blechar	VP Distinguished Analyst
Anthony Bradley	Managing VP
Robert P. Desisto	VP Distinguished Analyst
Jim Duggan	Research VP
Edward Anthony Fraga	VP Consulting
Yvonne Genovese	VP Distinguished Analyst
David Gootzit	Research Director
Kathy Harris	VP Distinguished Analyst
James Holincheck	Managing VP
Matthew Hotle	VP Distinguished Analyst
Isher Kaila	Research Director

L. Frank Kenney	Research Director
Andy Kyte	VP & Gartner Fellow
Susan Landry	VP Distinguished Analyst
Yefim V. Natis	VP Distinguished Analyst
Pat Phelan	Research Director
Adam Sarner	Principal Research Analyst
Daniel Sholler	Research VP
David Mitchell Smith	VP & Gartner Fellow
Ray Valdes	Research VP
Dale Vecchio	Research VP
Andrew White	Research VP
Jeff Woods	Managing VP