

# Harvey Nash **IT** Briefing

March edition, 2005

**The next generation architect:** For technical architects, embracing the business has to be the norm rather than the exception.



**Regulatory compliance and the next generation IT department:** Why IT departments have the attention of all senior executives.



**Latest IT news:** Key events plus the latest market information and trends to emerge in the last month.



## The next generation architect

Technical architects have a reputation: They are often the only person on an IT project that understands the overall technical design. Traditionally their view of networking includes hubs and routers rather than canapés and small talk. There is a trend in certain types of up market restaurants, the more expensive the experience, the ruder the waiter. This can be true of technical architects too. Perhaps like a certain up market beer, a good technical architect is reassuringly rude. Traditionally technical architects are more interested in technology than business. Solving technical problems is often regarded as more rewarding than solving business ones.

Technical architects with good social and business skills are quite rare. This would explain the high salaries paid to 'solution' architects by technology companies. They have to be careful in respect of whom they introduce to their clients and prospective clients. An obtuse comment could put the relationship in retrograde motion.

For next-generation technical architects, embracing the business has to be the norm rather than the exception. Guillermo Kopp, Vice President of Emerging Technologies, at research firm TowerGroup points out, "A holistic approach is required. Technology innovation is not worth anything unless it evolves the business."

But how can one change characteristics that are woven into the traditional technical architect's DNA? Kopp has the answer, "The arrival of Business Process Management tools

that are woven into software development tools are forcing technical architects to take a more holistic view of their solutions. Similarly the emergence of technology architectures such as .Net, J2EE and Service Oriented Architecture (SOA) force the IT department into thinking in terms of business semantics rather than technology platforms. Architects that cannot adapt to a business-mode of thinking will not have a future in IT."

Technical architects are the lynchpin in helping organisations get best value from their IT investment. The combination of technology wisdom and business focus is critical to business-IT alignment.

*“Perhaps like a certain up market beer, a good technical architect is reassuringly rude ”*

Kopp suggests, "The focus needs to move away from technology matters such as middleware, and towards the business. IT solutions traditionally comprise applications and infrastructure architectures. Today they must embrace business processes and even business strategy. Whilst technology constraints such as middleware don't go away, the emphasis should be on a business rather than a technical solution."

Something that goes against the grain of the purist architecture is the pressure to compromise architectural elegance to improve the speed of delivery. The latter is important to the business. To be fair the former can facilitate the latter. Getting the balance right between over-engineering and a maintainable, extensible and reusable architecture is a fine balancing act.



Nonetheless the focus should be on business engineering rather than systems engineering.

Kopp concludes, "Speed of development is an issue. The new model is to get something to the business quickly and refine it over time. SOA, J2EE and dotnet support this with their business orientation." Clearly certain systems must not have their system engineering undercooked, eg. air traffic control systems and nuclear power station management systems. But the majority of business systems will deliver maximum value if they are available, in some form, during the window of business opportunity, rather than being delivered in a perfected state, when the opportunity has passed.

Today's technical architects working at the sharp end of IT will be very conscious of the need to embrace business. But for many the disciplines that have served them well in their formative years need to be replaced. It is time to venture out from behind the IT department sandbags and engage with the users. In fact the next-generation technical architect won't have time for cocktail party chitchat, they'll be too busy contributing to business strategy and re-engineering the business.

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## Regulatory compliance and the next generation IT department

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Businesses are facing overwhelming pressure from the regulators. The pressure is dire and steep. The regulatory 'scent hounds' are sniffing out misbehaviour. Regulatory compliance has enormous visibility and the punishments are harsh. So the stakes are very high. If the IT department was ever concerned about lack of visibility at board level, it can now rest assured that it has the complete attention of all senior executive.

*“Being business-driven will improve communications across the IT department fence ”*

Thomas Barry, Managing Director of AIB Corporate Banking reinforces this, "With the many new demands of Regulators, Basle II and Sarbanes-Oxley, there is a greater need for monitoring and reporting. It is not enough to be compliant. One needs to be able to demonstrate compliance. This puts a lot of pressure on the IT department for appropriate systems to respond to all of these new monitoring and reporting requirements."

Guillermo Kopp, Vice President of Financial Services Strategies and Investments, at research firm TowerGroup provides us with some insight into the IT department. "The culture of the IT department is, we have a requirement, we have a deadline, let's get it done. But given the enterprise wide impact of regulatory compliance, there is a real danger of 'wheel re-invention'. Each regulatory project is tackled in isolation,

partitioned by legal structure, financial products and geographies. Smart IT departments need to conduct an enterprise impact assessment before 'diving in'. There is a real parallel here with the utility companies, who repeatedly dig up the same road. With a little bit of forethought and coordination all the utility companies could achieve their objectives during the one surgical procedure."

This is indeed a challenge for today's IT department. How do they synchronize tactical efforts to deliver strategic value to the business? Essentially IT needs to be more strategic and less blinkered by local project requirements.

The challenge is compounded. According to Barry, "Compliance and Basle II success requires the integration of Banks' disparate IT systems. These systems were not necessarily developed with enterprise integration in mind. The question is whether to 'bin' the existing IT investment and start afresh, or remodel the existing systems. Neither approach is attractive."

Kopp recommends that IT departments going forward need to be more business-oriented. "Focus on the business requirements/services first and then drill

*“Essentially IT needs to be more strategic and less blinkered by local project requirements ”*

down into the technology. The quality of the business deliverables can be improved over time. Being business-driven will improve communications across the IT department fence."

Kopp continues, "Both business users and the IT department require a culture change. The IT department needs to involve the



business in its activities, rather than presenting itself as a 'black box. Similarly it is no longer acceptable for business users to 'sling' their requirements over the IT fence and wait for completion. IT projects need to have a Business Process owner. Any project without one, is clearly without a business case."

Regulatory compliance has thrust the IT department under the corporate spotlight. Major changes need to take place on both sides of the fence if the IT department is to earn its role as a strategically important contributor to the business.

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## Latest news

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### IBM on attempted murder charge

The pricing and anti-trust court case brought by Compuware against IBM kicked off with the former's lawyers telling the jury that IBM stole its trade secrets, and furthermore planned to kill the company. Compuware is a rival to IBM in the mainframe management market. The relationship between the two is complex and so the case will take some unravelling.

### Sybase on the move

Sybase looks to have found a foothold after losing its grip in the database market. It has niched itself into the mobile database space. This is a big comedown for the erstwhile database giant, but it looks like a strategy that will take Sybase out of the wilderness and maybe even put it back on the map.

### xbox – Hot stuff

These days Technicolor 3D animation coupled with razor-sharp sound are the norm in the computer games arena. Microsoft, with its xbox games console has stretched the envelope even further. Some xboxes are extending the sensory experience to smell and touch. This new technology is actually delivered via a simple power cable, which generates special effects such as an electric shock or smoke. Oddly Microsoft is being coy about this technology and has recalled the sensory-heightening cable.

### Security alert – Beware of loose nut behind the PC

According to the US Secret Service and Carnegie Mellon Software Engineering Institute, regular employees conduct the majority of cyber attacks. The attacks are usually financial, with the losses per company exceeding \$500k in 30% of the cases.

### Microsoft's Office move

Sage Software has taken umbrage with Microsoft over the latter's intentions to bundle a small business accounting programme into the Office suite. The European Union's competition regulators, with whom Microsoft is on first name terms, will very likely review this.

### EDS investigated by UK police

Given the financial challenges outsourcer EDS was having, it was just a matter of time before the police became involved. The UK Metropolitan Police Service has short listed EDS for its outsourcing contract. The other suspect is Cap Gemini. Atos Origin and Damovo are already serving sentences for similar offences in respect of the Met.

### Banks to drop passwords

This is not a case of the Financial Services sector becoming more laissez-faire towards security, but a realisation that password authentication is not enough. According to Gartner, three-quarters of banks will use

something other than passwords to verify online customers by 2007, in the face of increased cyber crime. Brace yourself for biometrics. It won't be enough to hand over your credit card to a drug-crazed assailant. They'll need your eyeball and/or the top of your finger as well.

### Internet – Who's the gov'nor?

The United Nations came a step closer to ensuring that the Internet is properly governed. The UN's Working Group on Internet Governance, set up by Secretary-General Kofi Annan, outlined what Internet governance means in practice. This looks set to descend into a turf war between ICANN, which manages domain names and IP addresses, and ITU, which represents the world of Telecoms.

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*Ade McCormack is a regular columnist for the FT – IT Review and is editor of 'IT Leadership'.*



# About Harvey Nash

## About Harvey Nash IT Services

As the UK's leading full-service IT recruitment consultancy Harvey Nash helps some of the world's leading (and most demanding) companies build highly effective IT teams. Uniquely for our industry we are able to do this at all levels – from technical specialists up to board level, from permanent and contract staffing, through to interim management and software development outsourcing.

It means Harvey Nash can work very closely with its clients and candidates, providing advice and recommendations, using in-depth market knowledge as well as access to a wide range of options. Our services include:

- **Executive Search:** the delivery of board level and executive IT appointments
- **Software Development Outsourcing:** cost effective outsourcing of software development and maintenance
- **Technical Recruitment:** the provision of highly skilled technical resources on a contract and permanent basis
- **Managed Services:** dedicated account management for larger volume resourcing needs

## About Harvey Nash Group

Established in 1988 and operating in the UK, Europe, USA & Asia, Harvey Nash has a reputation for quality created through thousands of successful assignments and has grown both organically and through acquisition, to become a leading recruitment consultancy.

In addition to IT Recruitment services, Harvey Nash also provides:

### International Executive Search

Harvey Nash is a leading executive search and selection firm providing management recruitment services to a broad range of sectors including government and not-for-profit organisations, technology companies, telecommunications, media, healthcare, retail, FMCG, financial services, industry, utilities and professional services companies.

### Software Development Outsourcing

Harvey Nash's CMM Level 5 accredited services span the entire application life-cycle with comprehensive service options that deliver a flexible mix of solutions enabling our clients to maximise the effectiveness of their portfolio of applications.

- Application Development & Migration
- Software Maintenance
- Managed IT Development Services

### Interim Management

Business success often rests on the urgent need to fill short-term gaps in senior management, created by a host of situations from unforeseen departures to business turnaround, project management or merger and acquisition. Impact Executives is dedicated to matching this requirement for high quality, solutions orientated people who can deliver results.

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