

Harvey Nash **IT** Briefing

February edition, 2005

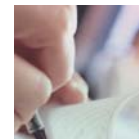
Wireless business: Wireless is changing the way in which consumers live their lives, but what is really happening in respect of wireless business?



Digital adviser: How increasing compliance regulations and corporate governance has served to make the board take note of IT's role in the business.



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



Wireless Business

There is no doubt that wireless is changing the way in which consumers live their lives, but what is really happening in respect of wireless business?

Mobile workforce – Untethered access to the corporation

Wi-Fi hotspots are becoming ubiquitous in the developed world. So much so that the need for 3G could well become non-existent, or only used in countries where Wi-Fi has yet to grow. Ironically providers of Wi-Fi services did not need to procure multi-billion dollar licences to enter the wireless market. Global companies such as Deutsche Bank are harnessing this global array of hotspots to extend its IT infrastructure out to its mobile workforce. Deutsche Bank's CTO of Architecture and Engineering Henry Fieglein points out, "By using VPN technology, dynamically assigned password hardware at the user end, and a variety of security functions such as virus checking at the Deutsche Bank end, we can leverage the spread of Wi-Fi to provide secure connectivity to our staff across the planet."

One of the critical issues in using what are often termed 'rogue devices', for example laptops and palmtops, is the ease by which they can be lost or stolen. According to Fieglein, "Deutsche Bank is migrating to a thin client architecture, thus the user device will simply be used as a screen. Our information assets will remain within Deutsche Bank's perimeter."

But how effective can a user device with a 2 x 2 inch be with a keyboard suitable for the fingers of a 3 year old? Fieglein points out, "We see the user device purely as a connectivity node. Using Bluetooth technology we can hook up the device to the nearest monitor and keyboard."

Wireless office

So, as we have heard Bluetooth is far from dead. Whilst Wi-Fi gives us wireless Ethernet, Bluetooth gives us device-to-device or cable-free connectivity. This has significant implications for reducing the installation and maintenance costs associated with, for example, trading floors. Deutsche Bank learnt this first hand, "As a consequence of 9/11 we moved our New York trading floor to Wall Street. In doing so we discovered that 30% of the related costs were attributed to cabling. We intend to use Bluetooth to reduce this by 50%," states Fieglein.

Wireless customers

Customers want access to services when and where it suits them, whether they be banking, reserving flights or downloading music. To reach the maximum number of users today one has to use the lowest common denominator in respect of wireless technology. So for example, in the world of banking, SMS ('texting') is the mechanism for undertaking wireless financial transactions. Third parties such as Paybox reduce the associated risks by providing a secure gateway between the user and their bank.

Resident workforce

There are also clear benefits to providing untethered access to office bound staff.



“Wireless IT has ‘turned the corner’ and is starting to fundamentally change the way business is conducted.”

Wi-Fi gives users access to the corporate services away from the desk. Security is an issue. Whilst the latest Wi-Fi standards have addressed this, the technology suppliers are at varying stages of keeping up. According to Fieglein, "Deutsche Bank provides in-house Wi-Fi connectivity, but treats it as residing in the 'demilitarised zone', thus users have to log in as if they were accessing the services from a public hotspot. We are working with the major network providers to build a secure fully integrated in-house wireless LAN."

In conclusion

Businesses are driven by the needs of shareholders and customers rather than fashion. They are unlikely to adopt technologies that might damage their brand. As we have seen, it would appear that wireless IT has 'turned the corner', and is starting to fundamentally change the way business is conducted.

Ade McCormack, ade@auridian.com, www.auridian.com

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Digital adviser

Up until recently many boardrooms perceived IT as no more strategically significant than say catering services. The surge of compliance regulations coupled with the scrutiny associated with corporate governance, has served to make the board take note of IT's role in the business.

One perception is that the boardroom has an obligation to share the role of IT leadership with the CIO – IT being too important to 'abdicate' to the IT department. So whether boardrooms like it or not, they have to embrace IT. An alternative less hard-nosed perspective is that the need for the boardroom to engage in IT represents an opportunity for CIOs to enhance their value by providing the services of adviser, in order to make their senior executive colleagues more confident in respect of strategically important IT matters.

Some boards are more advanced than others. Technology service/product companies tend to have more IT literate board members. In respect of embracing technology, perhaps they are the role models for end-user boardrooms? Simon Peachey, Executive Director of Development of Video Networks says, "Before you can start advising or influencing the board, you need to build trust. Building trust is easier to do if your colleagues are techno-aware. If they are not techno aware, it is important to find common ground on which to engage with your colleagues."

Clearly CIOs need to deliver real-value to gain trust, so a service level arrangement is important. However Peachey warns, "If the dialogue with your boardroom colleagues is



constrained to the SLA metrics, then you are not fully engaged."

He adds, "The acceleration of technology innovation makes it increasingly more difficult for senior executives to keep up. This is a great opportunity for CIOs to assist their colleagues in explaining what IT can and can't do."

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A further word of caution; for many business leaders IT is a foreign language, and like any foreign language, the user has to become familiar with the basics before more sophisticated dialogues can take place. CIOs will need to be skilled communicators to explain complex technology concepts in unthreatening business relevant terms.

Providing an understanding of technology market trends and issues will help keep the ensuing conversations grounded in reality. Presuming the IT department is aligned with the business, it is likely that in the course of its support to the business, it will develop wisdom in respect of the business processes. There is a real opportunity here for the CIO to be the boardroom's process enhancement adviser. The benefits are obvious. Not least the large sums of money saved by no longer needing the services of green-horn management consultants, that charge a fortune to learn about your business before they even get around to process reengineering.

Boardrooms are at various stages of evolution in respect of 'getting IT'. Today's senior executives need to leverage IT for business success. The smart executives recognise that best value from IT is gained when the CIO is treated as an adviser rather than a service manager.

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Latest news

IT spend to drop in Europe

Merrill Lynch's December survey of 100 CIOs painted a gloomy picture, with IT budgets expected to be reduced by 1.4% in 2005. Security, application integration and business intelligence appear to be the only growth areas. Software development is expected to suffer and service providers will be expected to deliver more for less. Having said that IT salary spend looks set to increase.

Oracle gets to work

After its acquisition success, Oracle is now focused on integrating PeopleSoft and consequently JD Edwards into the business. It doesn't look good for JDE users, as Oracle has stalled plans to update the associated product. The word on the street is that the merger is likely to see the liberation of circa 6,000 staff. From an offerings perspective, the plan is to merge the PeopleSoft product into the Oracle suite within 36 months.

Reselleration

Interesting dynamics in the world of hardware: networking specialist Cisco is to sell EMC disk. Disk maker StorageTek is to sell Cisco kit. It must surely be a matter of time before EMC is selling StorageTek disk?

Robosapien – Next generation

One of the top selling toys at Christmas was Robosapien, a robot branded by creators WowWee as a fusion of technology and personality. However the next version will be taller, smarter and expert in Kung Fu. It will also have a robotic dinosaur companion. With inbuilt laser guidance technology it looks set to move out of the playroom and into the battlefield. An intermediate use might be the no-nonsense robo-nanny.

Microsoft – e-entertainment

Microsoft has its eye on digital entertainment. At the recent CES event in Las Vegas it announced deals with TiVo and MTV. In response to Apple's proprietary dominance it has launched PlaysForSure, which will enable partners to stamp their products as being compatible with Microsoft's digital rights management technology. Apple, who recently reported a quadrupling of yearly earnings, has just launched the \$499 Mac mini (keyboard and monitor extra). Both the Xbox and the iPod are both doing well. So the lines are being drawn for the battle for digital dominance in the consumer market.

Coming soon – Verimantec?

The CEOs of anti virus player Symantec and storage vendor Veritas are currently trying to sell the benefits of merging to become a leader in infrastructure management. Although the combined offerings of these two market leaders do not appear to constitute a complete infrastructure management suite, Symantec is perhaps

under pressure, given Microsoft's arrival in the anti-virus market. Veritas looks a good play given the data storage requirements associated with regulatory compliance, a theme on the boardroom agendas of all substantial companies.

Intel – Positive market indicator

Despite a 2% drop in profit, chip maker Intel reported record quarterly and annual sales, in stark contrast to profit warnings from rivals AMD's and STM Micro. Despite the mixed messages there is a feeling that the chip market is bottoming out and that there will be an upturn in 2005, which should have a positive knock on effect throughout the IT industry. However, the beneficiaries may be those that focus on the consumer rather than the business arenas.

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Ade McCormack is a regular columnist in the *FT - IT Review* and is Editor of *IT Leadership*. He is also the author of *IT Demystified - The IT handbook for business professionals*.



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About Harvey Nash IT Services

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