

TITLE: "THE DANGERS OF ON-DEMAND COMPUTING"

by Tim Bryce

Managing Director

M. Bryce & Associates (MBA)

P.O. Box 1637

Palm Harbor, FL 34682-1637

United States

Tel: 727/786-4567

E-Mail: timb001@attglobal.net

WWW: <http://www.phmainstreet.com/mba/>

Since 1971: *"Software for the finest computer - the Mind"*

Shortly after taking the reigns of IBM in 2003, CEO Sam Palmisano introduced "On-Demand Computing" as Big Blue's thrust for the years ahead and, inevitably, it will mark his legacy. The concept as described by Palmisano was simple, treat computing like a public utility whereby a company can draw upon IBM for computing resources as required. "On-Demand Computing" made a nice catch-phrase and was quickly picked up by the press, but many people were at a loss as to what it was all about. Some of the early developments resulting from IBM's "e-Business On Demand" research included balancing the load on servers, which makes a lot of sense. But IBM is carrying the analogy perhaps too far by stressing that "on demand" is the manner by which companies should run in the future. I have a real problem with this. Basically, this theory suggests we abandon capacity planning and rely on outside vendors to save the day. Further, it implies computers supersede the business systems they are suppose to serve. Fundamentally, it is saying, *"Don't worry about your systems; sign-up with us and we'll provide you with all the computing horsepower you are ever going to need."* Instead of understanding the systems which runs a business, just throw as much computer resources as you need to solve a problem. As far as I'm concerned, this is putting the cart before the horse; very costly and unproductive.

Although the utility analogy sounds cute, it should stop right there and be left at the door. Companies run on systems, not just on computers. Now to IBM's credit, there are some rather positive parts to their "e-Business on Demand," such as promoting open standards (something started by IBM even before Lou Gerstner's reign as IBM CEO), and a push for data integration. Other than that, I see it as nothing more than a means to sell more hardware and catapult IBM to #1 in computer services. For example, under e-Business, if a company's work piles up, they can ship excess off to IBM for processing (for a fee of course).

Now, software vendors are starting to surface with "on-demand" applications that will take care of such tasks as payroll, marketing, etc. Again, it all sounds nice, but what are they really talking about? Basically, you will no longer have to worry about your internal software, a third party will instead. As far as I can see, this is no different than service bureaus like ADP who for years provided such processing facilities. Now, companies are being asked to swap out their internal programs for third party products. I fail to see how this is different than buying any other packaged solution, other than an outsider will be taking care of your software.

Regardless, to make this work there are a couple of hurdles to leap over. First, to make on-demand work, a company must understand its own information systems architecture so that it will know the best application for its use. Unfortunately, few companies have a grasp of this. They might know aspects of their software, but too few know their total systems. The days of true Systems Analysts are gone and only recently are Enterprise Architects beginning to emerge. Unless we understand where on-demand applications fit in our overall system architecture, they may do more or less than what the company needs.

But the Achilles' heel of on-demand applications is data integration, or lack thereof. No matter how it is sold, software has to deal with an integrated data base environment in order to eliminate redundancy and assure accuracy. This is the issue I am sure the on-demand proponents are wrestling with now. If the on-demand application cannot conveniently interface with a company's data base, it will be useless. Unless there is a convenient way to interpret and implement a company's data values, implementing an on-demand application will be an exercise in futility and a colossal waste of money.

Again, as IBM hinted, "open standards" and "data integration" will need to be embraced by everyone to make on-demand happen. And I mean "everyone" - including your own company, the on-demand software vendor, IBM, and, of course, Microsoft. Otherwise, I would stay as far away from "on-demand" applications as possible.

END

"PRIDE" Special Subject Bulletins can be found at the "PRIDE Methodologies for IRM Discussion Group" at:
<http://groups.yahoo.com/group/mbaprider/>
You are welcome to join this group if you are so inclined.

"PRIDE" is the registered trademark of M. Bryce & Associates (MBA) and can be found on the Internet at:
<http://www.phmainstreet.com/mbaprider/pride.htm>