

Computer-Centric Business Operating Models vs. Network-Centric Ones

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The Rise of the Cloud Business Operation Platform

For the first time ever, the centrality of the computer based application model is being challenged by a fast emerging new model fueled by 6 important changes which have now reached an intensity which is impossible to deny.

1. Suppliers Declare New Battle Fronts

Cisco has launched a vision which builds on the network centrality of future ICT models aggregating a value chain around a network and collaborative web application architecture. This is clearly in sharp contrast with the legacy approach of the computing centric model of HP and IBM. With VMware and Cordys clearly positioned to enable this acceleration of virtualization of both hardware infrastructure as well as software infrastructure, Cisco is focusing all its considerable resources to launch what it describes as “Unified Computing”. In what amounts to an apparent declaration that the network centric application model is far more efficient, effective and more responsive to today’s business needs than yesterday’s computer centric application models, Cisco has now challenged the traditional application development and deployment framework so common to the IBM and HP ecosystems. From Oracle to SAP to Microsoft, the virtualized application utility heralded by WebEx and Salesforce.com is far more at home with the Cisco vision of ICT than either IBM’s or HP’s. And the software industry has been served a formidable challenge greater than the one which the Web served Microsoft in the 1990s.

2. Time is the Ultimate Challenge

The new race to the post credit-crunch / economic meltdown world requires companies of all sizes to reinvent themselves, merge, reorganize, acquire, divest, change business and regulatory operating mechanisms on the fly and with full involvement of business leaders’ decision making authorities at all levels. The legacy model of designing in detail the specification requirements of the business process and having specialists with application platform proprietary languages know-how (4GL) to translate the requirements into a

technical customization of the traditional platform is now simply too onerous and long winded.

3. **Integration Becomes Innovation. The Rise of Cloudsourcing**

No one can afford to spend any money on integration services to just enable the association of data and processes from one application to another. The speed and degree of integration needs is just too large to be addressed through a service model with variable costs associated to the number of people-days required in traditional application infrastructures. The business operating platform used must be able to integrate any structured and non structured data and application to any defined process in real time. The Cordys Enterprise Cloud Orchestration System has created a new benchmark in the execution of the people intensive services that need to be concentrated on innovation of businesses processes, not integration. This is changing the profile and business models of Professional Services companies and outsourcing companies which now need to create more value for companies than just cost arbitrage on system integration or skills availability.

4. **Lower Investments and Lower Operating Expenses**

Every senior executive is now asking for less expense at both Capex and Opex levels. Furthermore whatever project is selected, the need for the payback to be within a quarter so as to be able to have a maximum deployment time of a quarter, a payback of a quarter and two quarters of improved operating performance. This new framework cannot be realized with the traditional models. The new model is a combination of Cloud Services and seamless business operation platform orchestration of processes across legacy environments.

5. **Today's Titans or Tomorrow's?**

History is being written very fast. The safety net and safety blanket of large companies whose cost structures are huge and whose revenue streams are stalling may no longer provide the same kind of security as to prior to this inflection point. Companies like Cordys whose revenues are on a 100% growth curve can provide the needed jolt for questioning the viability of betting on the past alone versus a risk-adjusted model of investing with an eye to what new model will eventually become predominant in the new equilibrium.

6. **A Small Matter of Leadership**

Christensen's innovation dilemma is being put to the test at an even more radical pace by the hypercompetitive world we are about to be part of. Leaders who thrive in extreme competition are those who can intercept the changing models while avoiding to destroy the ones which currently run their companies. They understand what needs to be done, pick some important battles, put their best talent behind it and give them the resources required to drive the changes. 2009 will require a lot of leadership from companies' CEOs, CIOs, COOs, CFOs and their board of directors. The Cloud model is one which leaders can no longer afford not to experience.