Enterprise Value Management

Economies of Software Architecture

Dayle Beyer (EVM member)

President/Founder of Inspire Excellence

- Dayle has inspired excellence in thousands of people by using a unique blend of project management, business analysis and coaching tools and techniques to make projects faster, cheaper and easier.
- We co-actively collaborate with people, teams and organizations in how to take sophisticated exams, gain momentum towards significant goals and create solutions for bottom-line results.

www.InspirExcellence.com

Shane Deay (EVM member)

President/Founder of Avant Corporation

- With over 18 years of IT experience, the last 12 in service management consulting and training, Shane helps service providers and IT organizations identify opportunities for improvement in pursuit of the following goals:
  - Better align IT services with business objectives and customer needs
  - Improve overall service levels
  - Maximize the business value of their services
  - Successfully manage to service level expectations
  - Optimize resource allocations

www.avantusa.com

Peter Mauro (EVM member)

Founder of Encore Consulting

- As the founder of Encore Consulting, Pete has over 25 years of IT consulting experience with responsibilities in all facets of the consulting business, including sales, delivery, and management. His primary responsibilities throughout his career have included building new branches of consulting companies, developing new geographic and vertical market sales territories, and reorganizing and managing underperforming branches to profitability.

www.encoreconsulting.com

John Schladweiler (EVM member)

President/Founder of Schladweiler Associates, Inc

- Schladweiler Associates, Inc. is a consulting firm that works with clients in the areas of IT strategy, product/service development, business systems planning, IT infrastructure and process optimization, e-business, and systems architecture. Enterprise Value Management is a key lever that can be used to achieve better IT value – requiring knowledge of where you are now, and developing the roadmap to improve in a way that gives the company the most benefit.

www.schladweiler.com

Lawrence J. 'Butch' Sheets
Keith D. Sutherland (EVM members)

Co-Owners of Service Management Dynamix, LLC

- Keith D. Sutherland and Lawrence J. 'Butch' Sheets formed a business dedicated to delivering high-quality IT Service Management training and consulting based on the IT Infrastructure Library. This partnership, provides customers the benefit of their nearly 70 years of combined IT experience and 20 years of formal IT Service Management knowledge to enable and facilitate the development, deployment, and execution of their Service Management initiatives.

www.svcmgtdynamix.com

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Economies of Software Development

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Enterprise Value Management

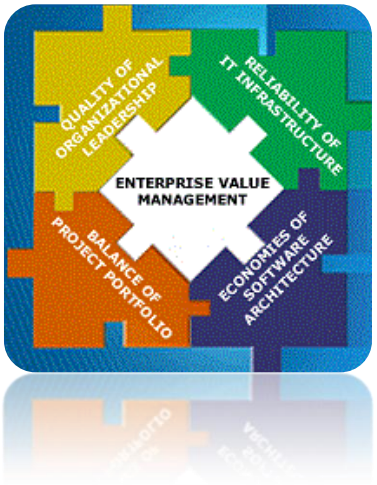
Economies of Software Development

Agenda

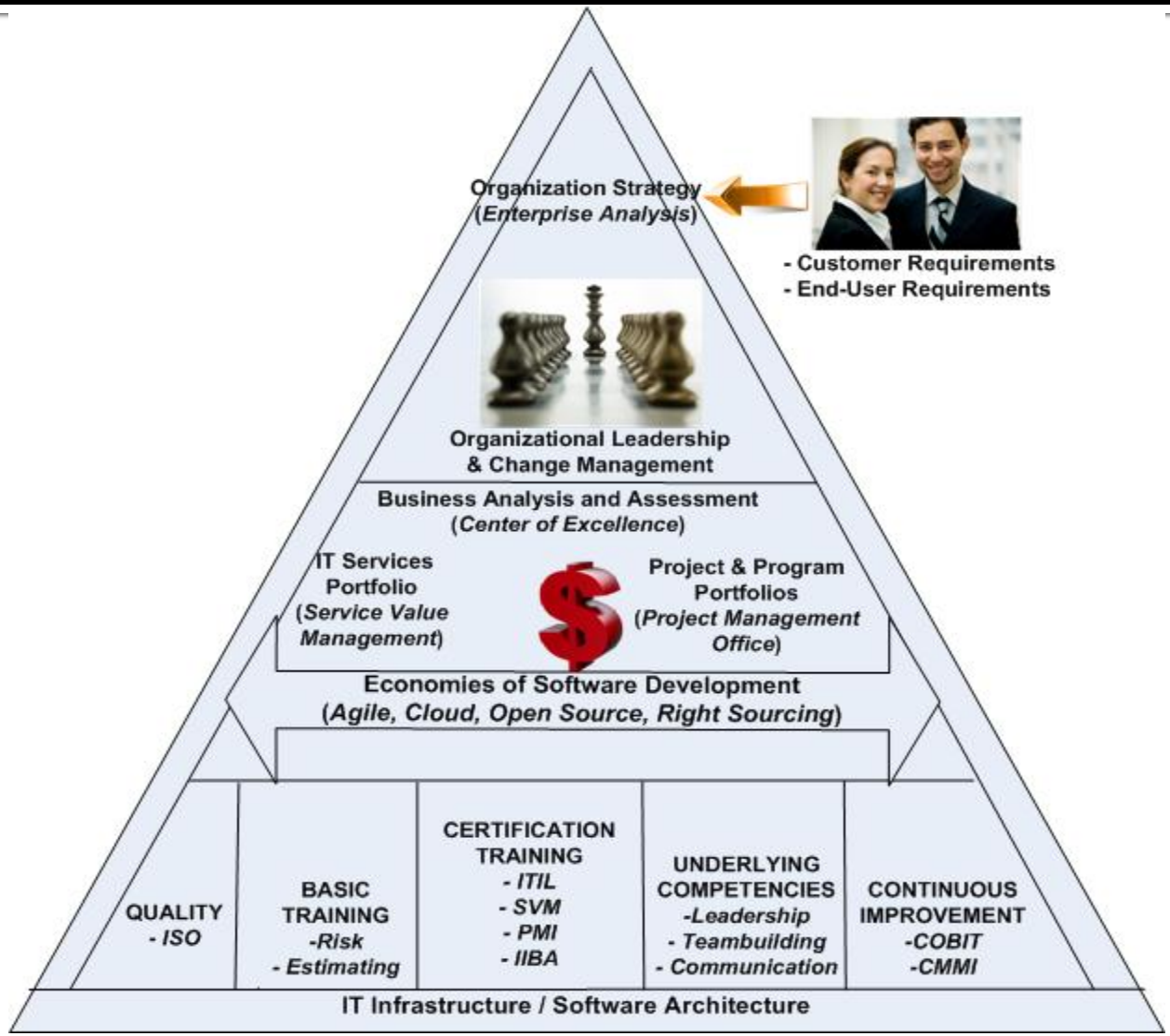
- Introductions
- Economies of Software Development
- Q&A
- Next Steps

Perspective in our EVM Series

- Once we have Assessed the Value of the service from the perspective of our customers
- Once we have established the most Reliable Infrastructure configuration.
- Once we have surrounded the project with the best Organizational Leadership
- We are ready to start producing software in the most economical way possible



Enterprise Value Management



What CIO's Are Concerned About

- **Cutting costs is ranked in the top 5 critical activities as verified by 43% of CIOs surveyed.**

  Source: 2010 *CIO Magazine State of the CIO Survey*

- What is the most value-added approach to developing software?
- Is cost to development and support software and hardware as low as it can be?

IT Budget and Software Costs

Budget Allocation Percentages

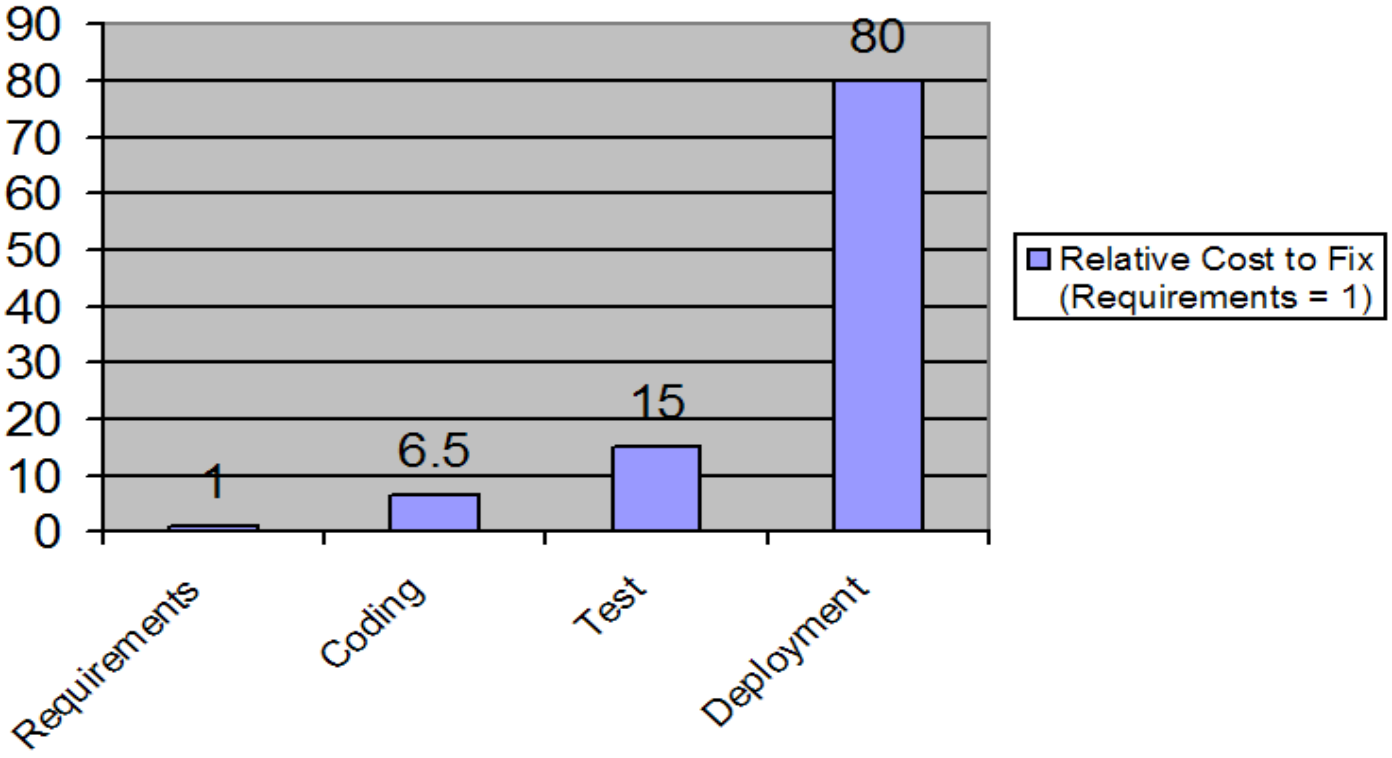
Averages most commercial industries

- Administrative, Planning **20%**
- Software Development **16%**
- Software Enhancements **9%**
- Software Maintenance and Support **11%**
- Networks, PCs, and Infrastructure **44%**

Source: List of Sources, www.itmweb.com

Variations In Costs To Fix a Software Defect

- Cost varies according to how far along you are in the cycle



Source: Roger S. Pressman and Robert B. Grady

Agenda: Cost Levers to Consider

- Collect requirements
- Pick the best development methodology
- Develop less
  - Open source vs. licensed
  - Productivity Enhancing Tools
- Apply Right Sourcing
  - Train people to get specific skills
  - Consider outsourcing to reach skills at lower cost
- Develop on most cost – effective platform
  - Web Services

Collect Requirements

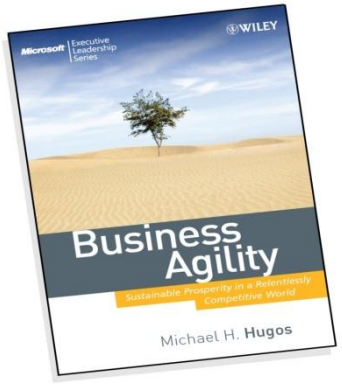
- Get requirements from the source
  - Scale
  - Integration
  - Life Cycle cost / benefit
  - Understand and manage risks
  - Create test cases as you go
  - Shelf-life of requirements

Pick the Best Development Methodology

- Trends: Using an Agile Methodology
  - Agile offers inherent cost savings and improved customer satisfaction in software development by getting the end-users involved every inch of the way
  - The issue is not whether to use Agile BUT if we want Agile, how do we implement Agile without disruption?

Implement Agile Without Failure

- According to EVM IT Expert and Author of "Business Agility", Mike Hugos, it is not the process but the way Agile it is implemented that is most critical.



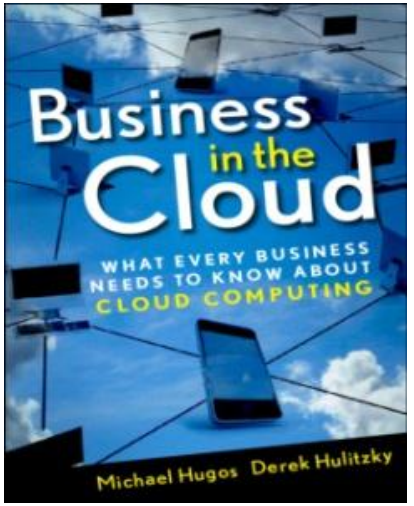
- EVM offers Mike's **'30-Day Blitz'** as a proven and reliable way to implement Agile

Develop Less

- Research firm Gartner believes that 80 percent of all commercial software applications will include open-source components by 2012.
- Gartner notes that the value and robustness of open-source software offers compelling opportunities for commercial software developers to reduce development costs.

Develop Less

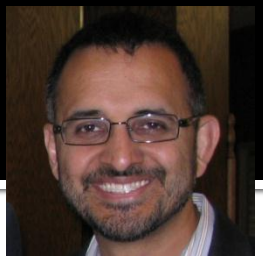
- **Cloud Computing** is changing the way many companies view information technology. They are developing standards for characteristics that indicate whether an application is a good candidate for the cloud.
- EVM offers expertise in Cloud Computing with expertise from Mike Hugos, author of "Business in the Cloud"



Code and Architecture Generators

- The support software tool could save a substantial amount of your development budget by:
  - Reducing cost of project administration
  - Enhancing BI Analytics and Dashboards
  - Strengthening overall team communications
- These tools streamline the project environment and the development framework.

Going Beyond the Process



- EVM IT Expert, AJ Singh's goal for Modularis was to automate as much of the software development process as practical and enable software architects to more rapidly and successfully deliver line-of-business systems on Microsoft technologies, while simultaneously guaranteeing the quality, scalability, and extensibility of these systems.
- The result of his efforts is the Enterprise Application Platform, Modularis Accelerator.

Going Beyond the Process

Risk, Time, and Cost Reduction

- Built on the latest Microsoft technologies, the Modularis Accelerator Platform greatly reduces the risk, time and cost of migrating large-scale applications to the Windows Azure Cloud

Model-Driven Automation Engine

- Modularis Accelerator delivers a robust cloud-optimized Service-Oriented Architecture and delivers impressive results: up-to 70% less coding, 80+% reduction in defects, significant productivity improvements

Proven Power & Flexibility

- All Modularis Solutions are built to last and can be deployed on-premise or in the Cloud.

Code and Architecture Generators

- ADVIZOR Solutions® is today's leading provider of easy-to-use business analysis and dashboard constructing software. From the desktop to the enterprise, business managers and analysts can easily load data, do analysis, and share results within minutes - and all they need is a mouse!

Code and Architecture Generators

- IBM® Rational® Jazz® is a new technology platform for collaborative software delivery. Uniquely attuned to global and distributed teams, Jazz is designed to transform how people work together to build software

Apply Right Sourcing

- **Right Sourcing** Staffing options = Offshore vs Onshore
- Two major alternatives are:
  - India
  - China – EVM Expert Bob Williams

- According to Gartner's, Frances Karamouzis, India no longer should be considered the primary outsourcing option

Source: http://blogs.gartner.com/frances-karamouzis/2010/05/31/china-vs-india/

Apply Right Sourcing

According to a recent Diamond Cluster International Global IT Outsourcing Study:

- Number of buyers satisfied with their offshore providers has recently plummeted by nearly 20%.
- Number of buyers that have abnormally terminated an offshore outsourcing relationship in the past 12 months has more than doubled from 21% to 51%.
- Number of buyers planning to increase their offshore outsourcing in the next 12 months has declined from 86% to 70%.

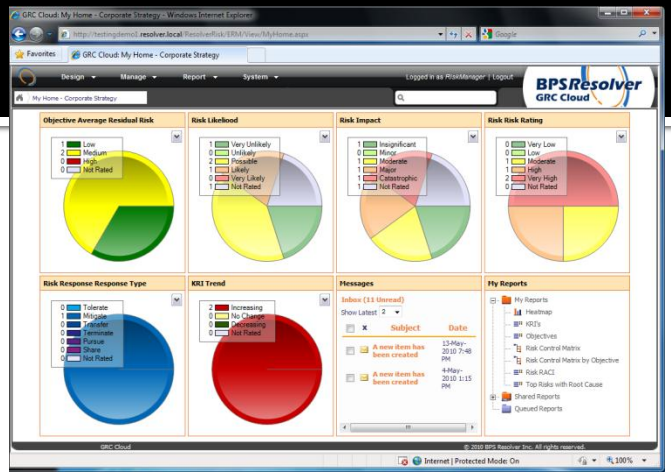
EVM Assessment

Maximize the value of future IT investments

- Collect better requirements
- Pick the best development methodology
- Develop less
  - Explore Open source vs. licensed
  - Analyze Productivity Enhancing Tools
- Apply Right Sourcing
- Develop on most cost – effective platform

For more information on an EVM Assessment contact:
Pete Mauro – pmauro@encoreconsulting.com

Next Webinar



Risk Analysis and Management: Proactive Prevention of Up to 90% of Project Problems

Thursday, December 9
10:00AM- 10:45am CST

Featuring Joe Crampton from BPS Resolver

- BPS Resolver makes it simple for companies to effectively mobilize people to address these issues proactively and to demonstrate and document these efforts to third parties.

Questions and Answers

See more information at: www.enterprisevaluemanagement.net
View the recorded webinars at:
http://www.encoreconsulting.com/6-8-Webinars&Seminars.html

Open Source References

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- http://en.wikipedia.org/wiki/List_of_ERP_software_packages
- Gartner: 80% of commercial apps to use open source by 2012
- http://arstechnica.com/open-source/news/2008/02/gartner-80-percent-of-commercial-software-programs-will-include-open-source-by-2012.ars

Right Sourcing References

- Frost & Sullivan interview with Mr. Steve Fishwick, AstraZeneca, Outsourcing to India and China: Cultural difficulties with the perception of costs

http://www.chemeurope.com/articles/e/55919/

- Yunus Kathawala, PhD, and Christoph Heeren, IT Outsourcing: China Grasps for the Lead

China presents a major threat to India in the global IT outsourcing industry.
http://gbr.pepperdine.edu/093/itoutsourcing.html

- Anthony Baldo, *Look Out India, China is gaining on you*

By sheer numbers, China's ascent to the top of the IT outsourcing world seems inevitable, but plenty of challenges remain
http://www.outsourcing.com/content.asp?page=01b/other/oe/q104/india.html&nonav=true

Agile Software Development References

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- M. Pikkarainen , J. Haikara , O. Salo , P. Abrahamsson , J. Still, The impact of agile practices on communication in software development, Empirical Software Engineering, v.13 n.3, p.303-337, June 2008

- Mahsa Hasani Sadi , Raman Ramsin, APM3: A Methodology Metamodel for Agile Project Management, Proceeding of the 2009 conference on New Trends in Software Methodologies, Tools and Techniques: Proceedings of the Eighth SoMeT_09, p.367-378, July 19, 2009