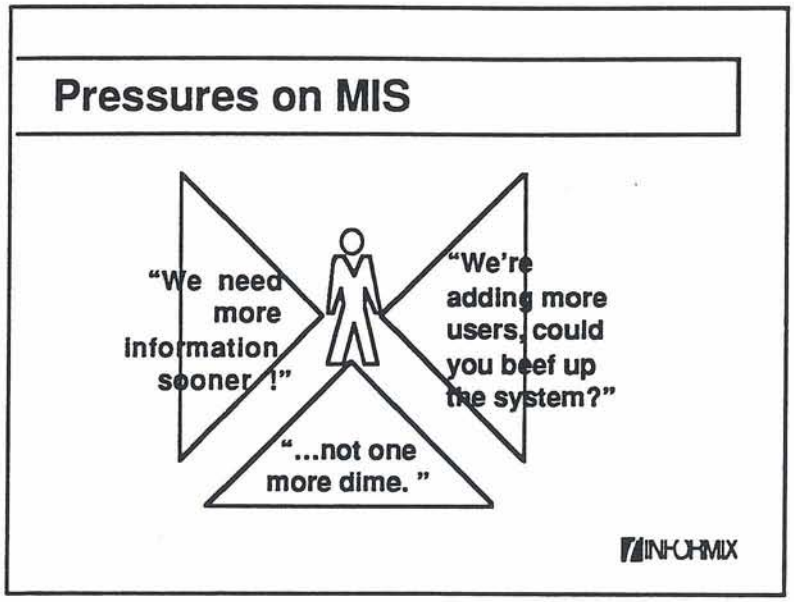
Phil White

So, our real key is how do we make applications? Now, I truly believe that our success is application enabling. And what does all that mean? Well, I think you have to step back and start back and look at what's going on in today's environments. MIS to me means almost anything. It could be large networks of PCs; it could be mainframes.

Bob Macdonald

The reason we're here today is to look at a fundamental issue for your organization, and that issue is the issue of making applications happen. You've called us in as a premier supplier of database application technology to took at your problems and to see how we, as an organization, can help you deal with those problems and create applications for your organization.



Phil White

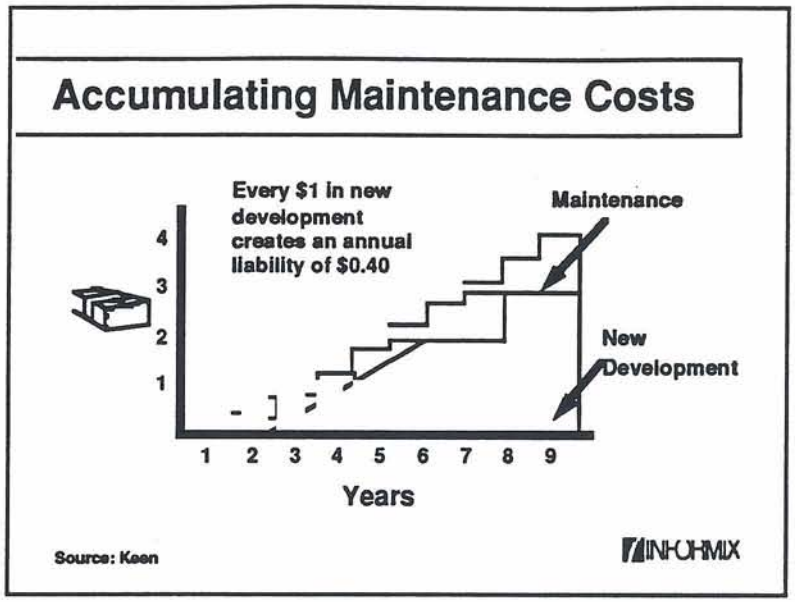
The real issue is there's lots of pressure. They all want more information, they're adding more users, and they don't have any more money to spend, even though hardware's coming down dramatically.

The other big fallacy about if you do downsizing and mainframe replacement with UNIX or open systems you save money, you don't save money. As a matter of fact, in the short-term it will probably cost you more. And it's going to cost you more for a lot of reasons. One is that the stuff that you've got running on those older systems lives forever. And although we talk about re-engineering and taking some of that old COBOL stuff and running it on high performance, low cost hardware, it's still old stuff.

Bob Macdonald

When we look at the pressures on MIS today, they come in a lot of forms. There is the drive for additional data processing capabilities and performance capabilities which come up in requests, like, "We're adding more users; could you beef up the system?"

There's an incredible growth in the desire for more information out of corporate MIS systems. We need more information sooner. The whole growth of decision support, I think, is a great example of this. And there is a third type of pressure, which is the cost effective pressure on the organization: Keep costs down; drive productivity up. And when you look at this, MIS is searching for new ways to deal with this problem.



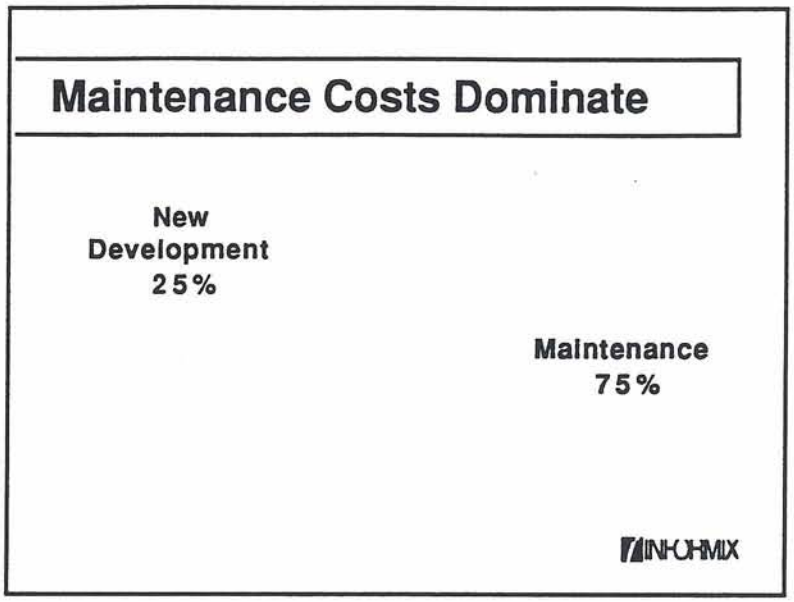
Phil White

So there's been lots of surveys. And I think this data came from one of our -- I think this came from one of our VARS, as a matter of fact, a good friend of ours, Gary Gagliardi, (Four Gen) who talks about downsizing and rightsizing. And the mini surveys have proved that every dollar in development you spend it costs you .40 a year thereafter to maintain it.

Well, over time, guess what happens? It's like if you don't attack cancer it consumes you. If you don't attack development in the right way, the maintenance of that stuff you're developing takes all the dollars you historically thought you could spend on new projects to maintain the old stuff. So by just downsizing it on another cheaper mainframe or a cheaper anything doesn't save any money.

Bob Macdonald

The cumulative costs of maintaining an application grow with time, so that in a sense, for every one dollar spent in new software development creates an annual liability that will accumulate over time of 40 cents. So if I spent a dollar today, I'm looking at 40 cents a year to maintain that over the life of my application. And when application builds on top of application in terms of accumulating costs, you have an incredible expense picture in terms of what that represents over time and maintenance costs. So, there's a desire with the pressures and the desires for new data, more information and more productivity to meet those demands by driving as many of the maintenance costs down as far as possible to free up funding for new application development.

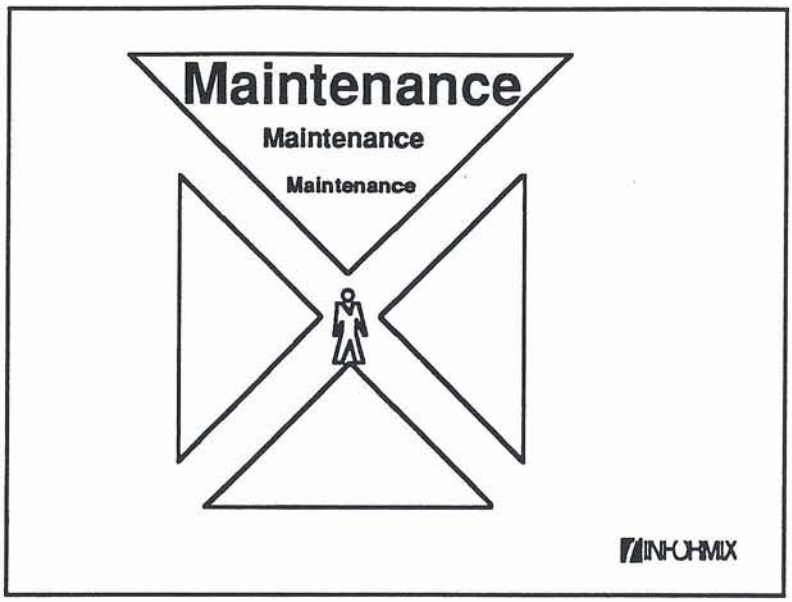


Phil White

So, that's the big issue with most of our customers. Development today is a smaller and smaller part of their available dollars to spend on application development. A big piece of this maintenance is people and old code.

Bob Macdonald

In addition, there is an issue facing MIS organizations that they're having to spend an incredible amount of money of their spending dollars on maintenance of existing applications. One set of figures shows that of the dollars spent by MIS organizations, three quarters of those dollars are on maintaining applications, while only one quarter of that expenditure is spent on developing new applications.

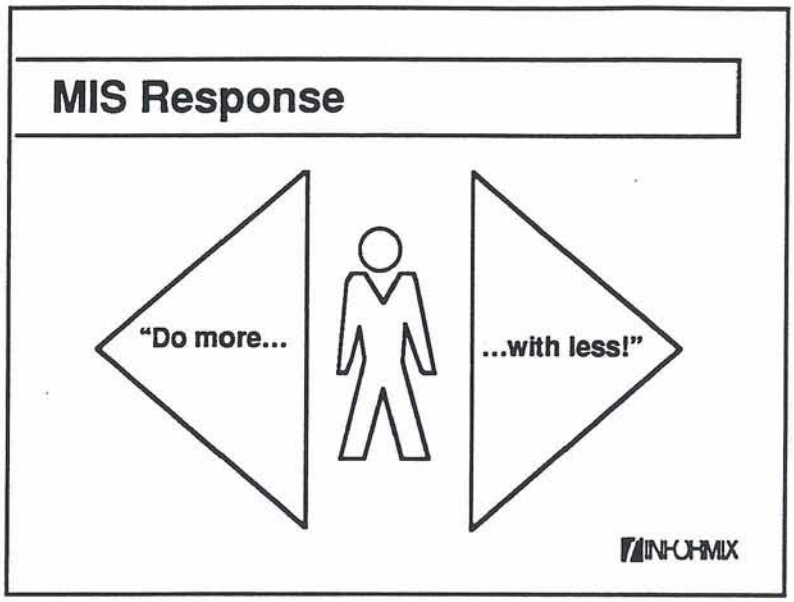


Phil White

So, the maintenance issue is becoming a bigger and bigger issue, and one that we've got to figure out how to address.

Bob Macdonald

So in a sense, maintenance is an additional and significant pressure on the picture of what MIS is facing.



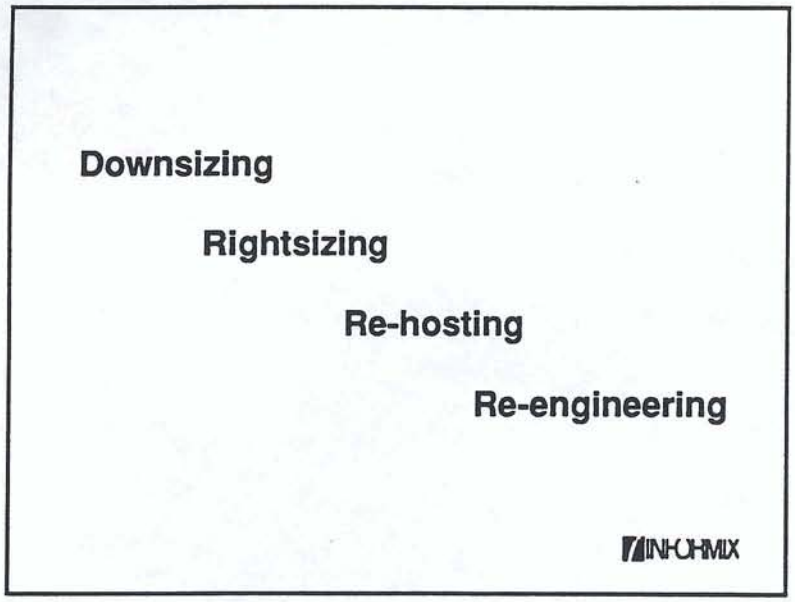
Phil White

And the response is you've got to do a lot more, and you're going to have less to do it with.

So if that's the backdrop for our business, then what do we do to make sure that we can help customers do any sizing? Whether...

Bob Macdonald

The MIS response to all of this? How can we do more with less? How can we raise the productivity of the dollars we're spending most effectively? How can we drive the cost of maintaining our applications down, freeing up more dollars for new application development? How can we build those new applications as quickly as possible and deploy them? And then, how can we run them as efficiently as possible, once deployed?



Phil White

...it's downsizing, rightsizing, re-hosting, re-engineering, they're going to make changes. Most of the people who are making these big changes come from environments where they were protected by big mainframe suppliers like IBM, Unisys, Bull, Siemens, Fugitsu, Amdahl. And no matter what they did, you didn't make a wrong decision if you picked one of those companies because they, in fact, had good FUD. They'd protect you.

I don't know many -- I can't think of anybody -- and I spent 16 years in IBM -- who got fired for making an IBM decision. And I sold a lot of stuff that I knew was questionable -- well, not questionable. I had great SEs, so we could always fix it. But, you know, I look back. And a lot of us came from IBM. Think back to when you convinced a customer to pick an IBM solution, hardware or software, that the solution may not have been the right thing, but the customer never got fired, never lost his job.

So what we have now is these guys now are stepping in -- and gals -- into a new environment where they sure as hell will lose their jobs. Because they're going to bet the ranch on a lot of things. And the thing they're most uncomfortable with is picking a lot of different pieces of something to build a thing.

Now, they think that's not what they're uncomfortable with, because they're going to say, "Tell me the features that you've got on each of your tools and engines and connectivity and et al." But when they step back from it, I can guarantee you that an individual feature makes not one iota difference three years after that app is rolled out. It may make a difference in the up-front decision, so we have to be very competitive in each of the pieces. But we have to be more competitive in packaging this stuff.

Bob Macdonald

The search is on for new ways to do this, because the traditional way of computing isn't the answer. And the drive towards new technologies has a lot of labels in today's marketplace, downsizing, re-engineering, rightsizing, re-hosting. All of those terms are pointed at a fundamental drive in search for greater productivity. And that searching for new ways of doing thing is fundamentally a drive of looking to new technologies to solve the productivity problem of making applications happen.

MIS organizations are looking to new architecture, client/server, distributed database, parallel computing, new ways of designing the enterprise-wide computing resources to increase the productivity for the organization in its systems.