



A white paper

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“IT” has failed but there is hope with a move to Business Technology

How Procession recognised the need for a step change in business software

Synopsis

The fact that the financial system moved into meltdown is bad enough but the big question was why this was it such a surprise given it was clearly a problem built up over many years.

Procession’s founder was a banker who 20 years ago recognised the software problem and set about coming up with a new way.

This paper asks questions of “IT” and today’s relevance of this term. The paper tracks the logic behind Procession’s pioneering approach to a Business Technology that could ensure it never happens again.

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Background

The term IT (Information Technology) is beginning to look well past its sell-by date. The recent events in the financial markets have raised serious questions about just where was "IT". The vendor promises to provide more reliable information in real time, to facilitate control and understanding of critical operations in the business have proved hollow, with cataclysmic consequences.

It was reported in the press in the UK that the Queen called the global financial crisis "awful" - and asked the question why nobody had seen it coming. The response by Her Majesty's guide as reported in the article speaks volumes. LSE's (London School of Economics) Professor Luis Garicano told her: "At every stage, someone was relying on somebody else and everyone thought they were doing the right thing." It is clear people were out of control. Where were the controls and the real time reports on risk as it was created or accepted by the many others in the information 'food chain'?

This paper is going to explore the background to how IT has led us all into a false sense of security and explain the reasoning behind a radically simpler approach that has been proven to support new thinking that puts people back in control. For sure the status quo is not sustainable and all Boards need to step back and review just what is happening in their own organisation.

Today's Issues

IT embraces all aspects of computerisation in business and to suggest they have all failed would be unfair. Hardware and communication methods are now both reliable and have reached the point of being commodities giving the customer good value. However this is not so with software where the systemic problems persist of complexity, high cost and inflexibility. This is not helped by vendors persisting to sell to developers as opposed to the business person.

One of the biggest issues with software is its complexity in building a solution and the resultant lack of agility to quickly change as business requirements change. Historically software has not been able to deliver this flexibility and the industry has largely focused on accounting record keeping systems that have been hyped up as "enterprise systems". To make the big step change to deliver such agility a rethink on the construction of applications is required.

This term enterprise software is one of the biggest misconceptions promoted by the industry. In reality it only exists in the minds of the marketing and sales departments of the large vendors in order to maintain both complexity and resultant high sales values. They have created monsters that are both expensive to maintain and quite alien to the way business actually runs even if the books square.

So where does this leave 20th century “IT”?

Colin Beveridge an independent thought leader on Systems and author of the blog “Fighting the Trillion Dollar Bonfire” commented recently “We remain firmly stuck in the outdated IT-centric paradigm of the 1990s, a paradigm that puts IT at the forefront and pays scant regard to the true subsidiary position of IT as a mere facilitator of information systems” He goes on to conclude “it is high time we made IT history”.

I have been following this debate about the demise of IT and the need to focus towards Business Technology "BT". This took me to George Colony founder and CEO of Forrester Research. I have his permission to quote his view that he expressed to me

"If we don't get from IT to BT we're going to have more disasters like our present mortgage meltdown. Why? Because IT creates impenetrable systems that human beings can't manage. BT is about human beings back in control".

Just to add to the growing concerns there is the question of corporate governance where Boards have responsibilities to a variety of stakeholders. Where were the controls and reports on activity that could have avoided such a meltdown? IT has failed just as George Colony suggests and questions must be asked of auditors who failed to recognize the huge disconnect between people and the "impenetrable systems". Should they not have recognized that the IT systems were just not fit for purpose?

C-level executives have historically been reluctant to stand up to IT. Indeed they and users often avoided IT seeing it as a blocker not an enabler. The emergence of the more business focused CIO has helped to bridge this chasm. However the time has arrived with supporting new approaches to clear the mind of “IT” and focus on Business Technology just as George Colony suggests.

A new approach with focus on business requirements

At Procession we started by focusing on business requirements. The way IT has evolved has created both conflicts and interpretation gaps which need to be addressed to produce a sustainable alternative. It helps to look at the “wish list” of the key groups within the business.

The business user

- The delivery of the application exactly as specified
- Rapid delivery of first pass of application allowing direct feed back
- Change the application as business circumstances change thus removing fear of change

- Real time operational information for better decision making

The finance director

- Reduced licence fee overheads
- Reduced manpower requirement in development and in deployment
- Reduced maintenance burden
- Flexibility that delivers future proof investment in new software
- Rapid production of activity reports for management and board reports
- Permanent accessible record of deployments with audit trail of activity to satisfy all compliance requirements

The IT department

- Easier prototyping & iterative development
- Encouragement of a business-level dialogue to reduce the barriers to business process changes
- Increased agility and faster to market in environment with reusable components
- Maintaining a core application and being able to offer the flexibility to tailor to regional variations etc
- Become an enabler not an inhibitor to business progress

The real challenge is that software vendors need to respond to the needs of stakeholders whatever their role and in Procession we believe we found a simple answer.

Basic requirements for future solutions

Procession recognised that to deliver sustainable solutions to address the business led requirements demanded a simpler clearer approach with at minimum the following.

A graphical design environment. A development environment focusing on the business logic where the build should be readily understood by the developer and user to eliminate the interpretation gap.

Reduction in code. Why were we still coding over and over basic business logic? There just had to be an answer to remove this element for business applications.

Rapid build of useable prototypes. End users need to be engaged early to provide feed back.

Agility. Working with people requires software that can change as required, not just configuration but process change.

Rules. Real life is about rules and software applications are no different and should be embedded in any supporting development environment.

Real time information. The motivation for adopting Business Process Management “BPM” should be to improve efficiency, decision making and audit trails to support compliance requirements where it matters.

A New core design philosophy

Two simple core concepts lie at the heart of a new simpler approach. First is that business logic never changes and second that people are the source of all information. In daily work undertaken by people, irrespective of the job function, there are less than 13 work task types that can address any business issue supporting people at work. Such tasks are both system and human and includes the user interface where information is both collected and presented. Simple logic suggests codify these work task types once and make available for use in any way to create any desired application.

Procession recognised that delivery mechanisms were constantly changing. All new technology driven components are regarded by Procession as “plug and play” e.g. operating systems, browsers and application servers. This allows the integrity of the business logic to remain in the domain of the business.

Just as people are the source of all information so it is the collaboration amongst relatively small teams of people internal and external that sustains a business, as they share, enhance and convert value through the exchange of deliverables in transactions that can span not just the core business, but the extended enterprise and their entire business ecosystem. Most of the required workflow sequences will be relatively small and focused where value and risk mutually co-exist. Whilst there may be many applications each would a low cost investment with measurable benefits. This supports an evolutionary approach in the organisation towards the step change for more relevant software for the 21st century.

It took Procession 10 years of original thinking to deliver a working, robust and proven capability that does indeed address all the issues as described.

The focus for the 21st century

Good processes are assets but only remain so as long as they are flexible and can change as circumstance require. The other important aspect is to recognise that some processes are more important than others. The focus should be on the processes that either create value or equally importantly on those that could damage value when things start to go wrong.

With such a focus it is not surprising that there is a fast emerging interest in making the connection between people processes and value creation. These “value networks” transcend traditional divisional boundaries and with the web connectivity involve both internal and external parties in the value chain and entire business

ecosystem. It has been suggested that large organisations could have between 20 and 50 “value cells” internally and this is where efforts need to be focused as life gets tougher in a more competitive and regulated environment. By viewing organisations systemically, the value network approach combines formal processes with informal networks where the real energy resides. By careful boundary selection, both processes and overall business performance can be optimised. But this is a dynamic arena and must be supported by software technology that can change as circumstances change.

David Meggitt of Meggitt Bird an independent thought leader and practitioner in the value network movement commented “I see any method that enables users to reassess and define their tasks and accompanying process requirements quickly and collaboratively, using legacy systems as needed, as a crucial resource”. This is where supporting solutions as described and proven by Procession play their role and can start to add real value.

The shape on 21st century business software

This Business Technology focus will I hope see the next step in moving business software to the position where business takes control over its business logic with the spotlight on where people’s actions create source information. What they need is support in their daily work which is a dynamic environment often working outside traditional accounting systems.

Forrester Research see Business Technology as the future incarnation of IT and as a source of ongoing competitive differentiation — embedded, synchronized, and capable of helping firms rapidly change business processes and, ultimately, business models. As a result, in coming years, technology will become invisible and completely embedded into the business. This is what Procession delivers now.

I see that Business Technology has two core components – the Business Logic “BL” where such as BPM would fit and Delivery Technologies “DT” where say service oriented architecture (SOA) would fit. BL belongs to business and DT sits with the technically driven people to ensure reliable and secure delivery of information when and where required. The reality is that business logic never changes but it does require to be flexible if it is both to support people and provide the dynamic information to manage both value creation and its bedfellow risk.

Whatever tools are used they need to address the business requirements as indicated. This by definition would discourage use of spreadsheets, off line databases and other uncontrolled tools that make any business vulnerable to increasing risk and resultant chaos. Procession’s pioneering has proven there is a viable alternative.

Board Action?

Professor Andrew Chambers of Management Audit LLP has led a debate at Board level with his report “The Board’s Black Hole – filling their assurance vacuum can internal audit rise to the challenge?” I hope that this is a rhetorical question because internal audit have no option but to do so. External audit or for that matter regulators are just not geared up to cope at such a granular level. As the debate grows so does the realisation that regulation alone is unlikely to be sufficient and that there are systemic issues that Boards need to address.

Time has come to focus on where business is created. 35 years ago as a CA in audit the focus was on the total business systems not just the accounting records. This involved mapping activities to spot weaknesses where both audit focus could be directed and recommendations could be made. IT has distracted us all from such fundamentals and does not deserve to survive as it has evolved.

The capability now exists to build direct from a model which allows auditors and regulators to satisfy themselves that processes are secure and being adhered to. Combine this with real time information where information is created will allow business and regulators to become predictive as to emerging trends. Let’s get back to basics quickly!

Pioneering is an exciting place to be and despite setbacks Procession persisted recognising it was only a question of time before the market was ready. However not even I forecast that the events as they have unfolded recently would be at such a cataclysmic level and expose in such a high profile way the deficiencies of IT. The fact that the debate now takes place at high levels should give comfort to CEOs that support mechanisms are now emerging, whether as a Business Technology or as a refocus for the audit functions.

It is today’s CEOs who now have the responsibility to set in motion plans to ensure their corporate governance is supported by Business Technology which has as an integral part the flexibility to change the application as required recognizing that this is how business really works if it is to remain agile. System build should be through a unified tool with minimal coding that delivers on business requirements, not a stack of integrated old technology components that vendors mould together and sell to old “IT”. This is what Business Technology really is about. We must put "IT" into the history book as, for sure, generations in the future will look back and wonder just how we got ourselves into such a mess. Equally they may admire how we fixed the problem in quick order and learned from each other in the process..... I hope.