

Invest in Enterprise Management Solutions in 2003

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Despite sparse IT funding, 2003 will offer special opportunities for enterprises to invest intellectually and monetarily in enterprise management technologies that can lower costs and improve service levels.

IT spending at the end of 2002 remains in a slump as enterprises attempt to weather the slow economy, despite some level of recovery being possible in 2003. The enterprise management market, like the IT market, remains flat, reflecting the freeze on budgets by enterprises, cost cutting and reduced expenditures on essential IT projects. It's a challenging time for network and systems management (NSM) vendors. Their revenue streams are flat or declining, and it remains difficult for them and their customers to justify spending money on internal, IT-focused (non-business-related) capital expenditures.

However, as difficult as it is for vendors to sell and for IS organizations to buy, smart enterprises are looking past the immediate gloom and planning ahead for 2003. Their criteria for buying is stringent, but projects are being justified with clear and compelling return on investment (ROI) arguments.

Lower Costs at the Expense of Improved Services

Justifications for NSM projects are being based on a quick ROI that highlights how costs will be lowered. Everything in 2003 will revolve around lowering costs, and there will be little interest in improving the quality of service (QOS). Improving the QOS will be seen as a secondary benefit to lowering costs and not a goal in itself. Enterprises will need to be careful with this mindset. Cost reduction can become a significant inhibitor to an enterprise's ability to improve QOS in the future. An example of this is when an enterprise reduces its IS organization's staffing to the point where any increased workloads or projects are too much for it to handle.

Despite these challenging times, there are opportunities for IS organizations. With limited budgets, there likely will be fewer new projects that are large or grandiose. This lightened project load and a lessened sense of urgency about projects create opportunities for IS organizations to redefine themselves and their worth to their enterprises. In 2003, IS

organizations will focus internally and invest in enterprise management.

NSM's Enterprise Value

The difficult spending environment creates problems for buying NSM technologies, despite 2003 being a wonderful time for IS organizations to do so. A complication will be that many enterprises have had less than stellar success with NSM products. There is also a lot of NSM "shelfware" around because of overbuying, difficulties in implementation, lack of organizational and process development, and poor-quality NSM products. Despite this situation, 2003 will be the time to invest in NSM, but not in NSM products or technologies.

Many enterprises and their IS organizations don't realize that NSM investments should focus on the IT operational aspects of organizational, process and service development and documentation. Although this is not without costs, these are *not* capital expenditures. Moreover, less project work will enable IS organizations to be more internally focused and to work on these aspects of NSM.

It's in the Process

The initial focus of IS organizations should be on process development. Process development and standardization are required to achieve the cost reductions that are expected from the consolidation initiatives that are under way in many enterprises. Gartner has proposed for some time that IS organizations develop, document, instrument and manage the core IT operational processes of problem, change and asset management, planning and provisioning (see ["Manage the Process, Not the Technology"](#)). A key point in the documentation step for process management is to identify the inputs and outputs of each step in the process. This will help to integrate these processes with other processes, such as business processes. With the emphasis in 2003 on cost savings and increasing revenue, integrating processes is a crucial step.

The development and documentation of roles and responsibilities will help IS organizations set up training and skills development programs. Service development should, initially, be focused on defining services in greater detail than in service-level agreements. Once services are defined, the infrastructure can be developed and standardization can begin. Without a capital budget, any standardization will be limited; however, it can be tied into IS organizations' process development and roles and responsibilities, and it can be a continuing theme beyond 2003.

Capital-Free Growth Potential

Focusing on developing IT processes, services and organization in 2003 can result in lower costs, and it can be accomplished without any capital expenditure. By focusing internally, IS organizations can prepare themselves for the eventual growth of IT spending and new projects. It also means that NSM growth can occur without capital costs. By thinking laterally, IS organizations can remain relevant, and they can be viewed as respected partners in enterprise decision making and budget-planning processes.

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