Standards and Product Certification - The Customer View, Strategies and Advantages

Building Out the IT Infrastructure:
The Role of Standards

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THE *Open* GROUP

Boundaryless Information Flow:
Open Standards and Certification

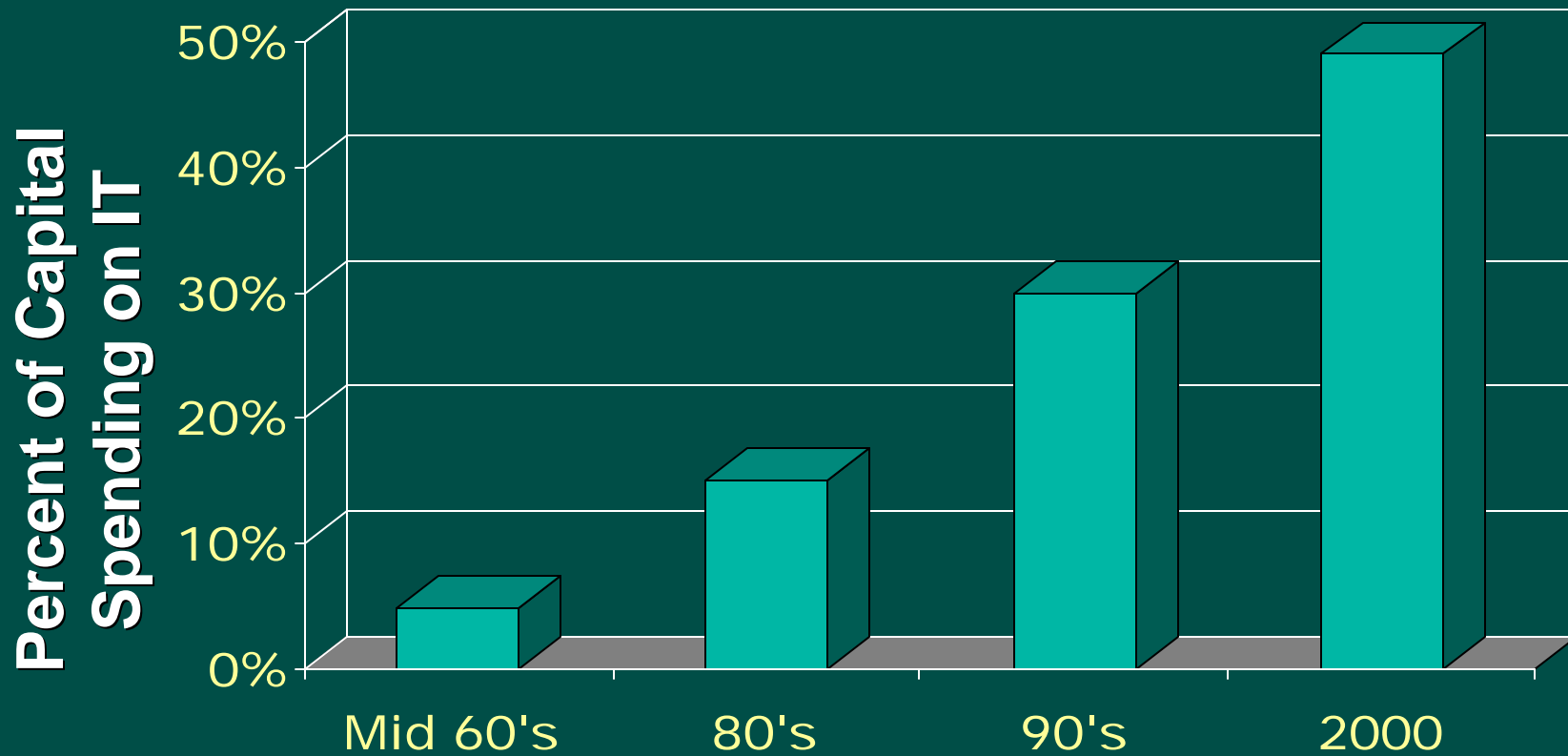# Is IT a Commodity?

- **Ubiquity of IT**
  - Cost of doing business
  - Harder to find a clear strategic value
  - Commodity factor of production
  - $2 trillion annual global spend

**Strategic advantage implies scarcity!
I have IT and you don't!**

A Commodity!

Bar chart titled "Percent of Capital Spending on IT"

Period	Percent of Capital Spending on IT
Mid 60's	~5%
80's	~15%
90's	~30%
2000	~49%

Source: Department of Commerce, Bureau of Economic Analysis Study

Infrastructure Buildout

Stage 1
- Proprietary Technology & Practices
- Few Standards, Rapid Change
- Accessible to Few
- Cost/Technical Barriers

Early Adopters Gain Competitive Advantage

Stage 2
- Rapid Adoption, Large Investment
- Standards Emerge
- Accessible to Many
- Cost/Technical Barriers Fall

Competition Grows, Advantages Erode

Stage 3
- Open Technology
- Universal Standards
- Affordable and Accessible
- Excess Capacity
- Business Necessity

Competitive Advantages Hard to Find, Manage Cost/Efficiency

Customer View

- "I don't want a system, I want a capability!"
- "Why can't I seamlessly connect systems to share data?"
- "I don't want to be dependent on a vendor's proprietary solution"
- "Will your SW work with their system?"
- "I need more performance at lower cost."

The Strategy

- **Broaden Standards Efforts**
  - Coalitions of standards bodies working in uniform directions
  - Evolve a lowest common denominator set of standards that everyone can subscribe to.
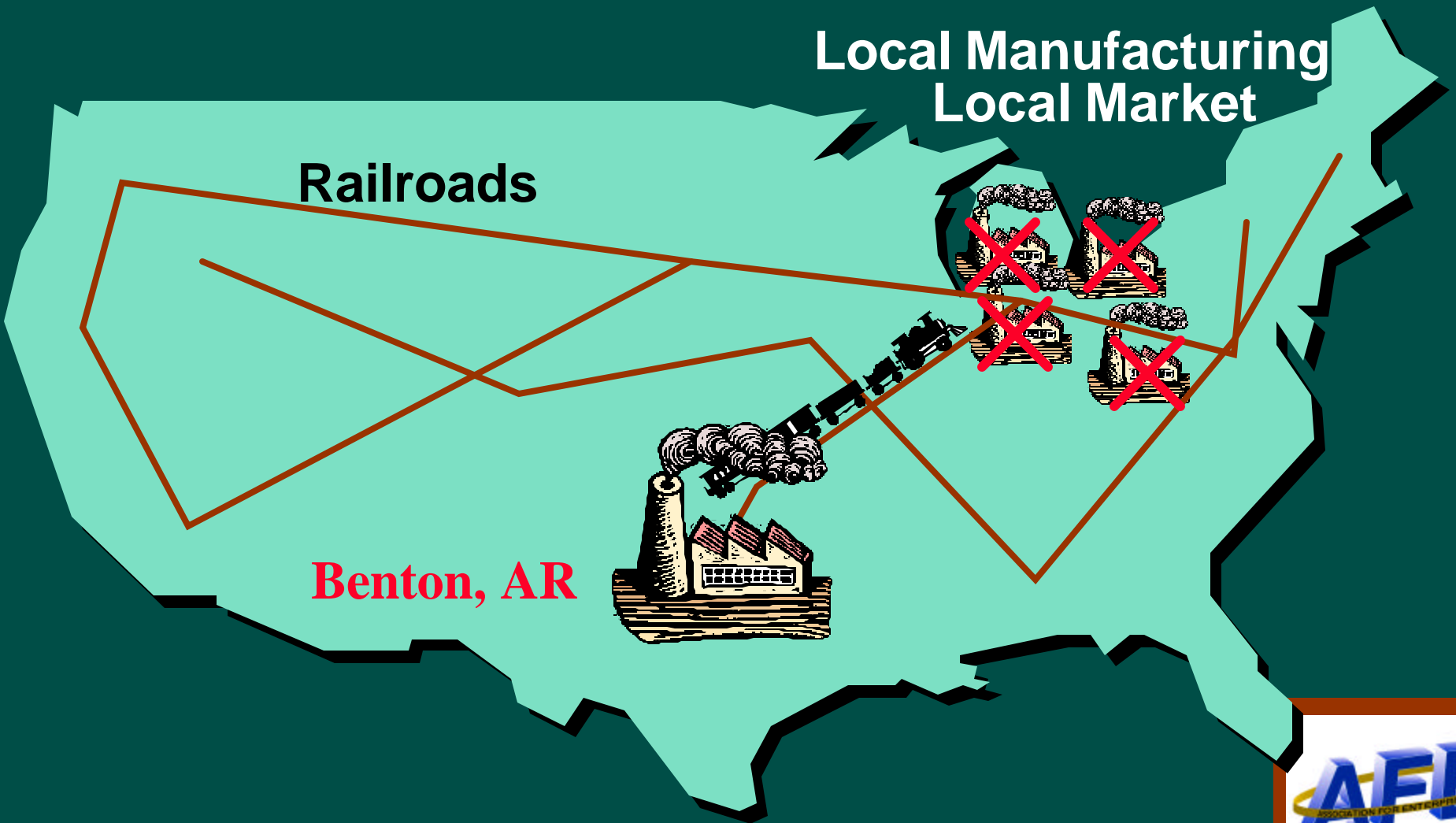 - Pay attention to information/data quality.

Strategy

- **Recognize commodity aspect of IT**
  - ◆ Emphasize cost/risk mitigation
  - ◆ Modularity/Services
- **Understand uniqueness of IT**
  - ◆ Technology advances
  - ◆ Embedded processes
- Focus on process, not

AFEI

An Analogy

**Local Manufacturing
Local Market**

Railroads

Benton, AR

Advantages

- **Next Generation of Competitive Advantage is How We Use Network-centric Operations**
  - Needs robust family of standards
  - certification of products for confidence
  - Adaptability to technology

Conclusion

- Commoditization of IT requires infrastructure standards
- These standards must be ubiquitous
- Certification important, but SW is an art.
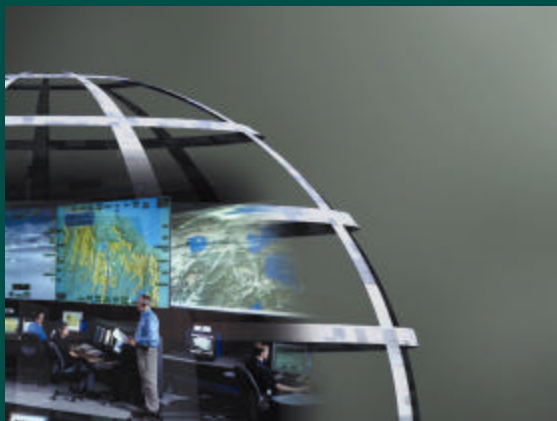- Are you ready for nano-technology?

The Shameless Promotion

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Net-Centric Operations Conference 2004

April 7-8, McLean, VA

Enterprise Integration Expo 2004

September 21-23, Anaheim, CA