

Rebuttal to “Everything Elastic,” Accenture’s Technology Vision 2009

A Project Portfolio Excellence, Inc. position paper

Accenture, a leading global management consulting, technology services, and outsourcing company, has recently released *Everything Elastic*¹, their annual technology vision report for 2009. In the paper, Accenture foresees:

“an emerging ‘elastic’ world, one in which business capabilities – infrastructure, people and even thought – can be expanded or contracted at will.”

However there’s trouble in Paradise, because “everything” is *not* elastic. And the unwillingness of companies to acknowledge this is costing business hundreds of billions of dollars every year.

Project Portfolio Excellence, Inc. challenges some of the notions put forward in Accenture’s vision. We also believe that this kind of thinking is deluding many business leaders, leading them down a path that ends in frustration and disappointment with enterprise software and software-related projects.

“What if your business capabilities could stretch, change and expand at will?”

“Accenture envisions a time, not long from now, when business capabilities may essentially be ‘elastic,’ capable of flexing to adjust to any level of economic volatility and able to catapult your organization to unprecedented levels of performance.”

It’s not hard to understand why Accenture would be promoting this viewpoint since, if they’re successful in taking you in, they’re eager to load you up with all the disposable people you and your company can eat.

What aspects of business capabilities are not elastic? For starters there’s experience, trust, knowledge, and skill. All of these are necessary for quality work to take place, and I think everyone would agree that we don’t want to sacrifice too much quality for elasticity. If elasticity is all about growing and shrinking your workforce to meet the immediate need then it requires programmers coming in fresh off the street to be able to take on assignments and provide value right away – they must be interchangeable.

Aficionados of outsourcing have been pushing this “programmers as interchangeable cogs” paradigm for years now, and the landscape is littered with failed projects and ongoing quality-related issues because of it. Systems design and development are not well-suited to a “plug-and-play” approach. New cogs rarely arrive with the knowledge and experience of their predecessors. And because adequate documentation of systems is another costly luxury we normally choose to forgo, new cogs have no way to expedite the learning process. They end up having to pick it up on their own, on the job.

When you get development managers to talk candidly about it, you hear that new programmers are usually unable to provide much, if any, value for as much as eight months after on-boarding, because they don’t know the systems and processes, let alone the politics and procedures of the organization. This is juxtaposed with the requirement, usually imposed by Finance or Management, that every hour be logged against a project. The result is that non-productive time is charged to projects, thereby making it harder to track Earned Value and to understand true project costs.

None of this is meant to imply that outsourcing systems development is evil; it’s simply that in many, if not most cases, it’s just plain stupid. Think about it: If you’ve been unable to be successful with an in-house programming staff because they don’t understand the details of how your business works, how could you expect to be successful with programmers outside of your company, who not only don’t understand how your business works, but who don’t have any reason to care.

Everything Elastic cites several trends that are encouraging elasticity. Let’s look at some of them:

“The Internet is rapidly becoming the locus of more and more IT-based business capabilities.”

“As such sourcing options proliferate, organizations will be able to create new best-of-breed business applications that are uniquely suited to their needs rather than depending on “cookie cutter” processes provided by large, monolithic software packages.”

In other words, you’ll be able to systematize less-than-best-practices, perpetuating the “our business is different” thinking that results in much of the project failure we experience today.

“Moreover, the new capabilities can be bought as services (rather than products) in a pay-as-you-go model.”

Anyone who’s familiar with Software as a Service (SaaS) should recognize that this statement directly contradicts the previous one, since one of the challenges, and possible benefits, of SaaS is that it usually offers a more constricted set of general (cookie cutter?) functionality to enable the service to be offered to a wider range of clients.

“The implications for business and IT managers are intriguing:

- Companies are no longer limited by their internal (and usually fixed) technical and business capabilities, whether they are hardware, software or business processes.
- IT leaders can quickly add computing capacity as needed.
- Business processes can be easily shared and integrated with business partners.”

Admittedly, all three propositions are attractive, until you think about how they square with our current reality. For example:

- The limits on companies’ technical and business capabilities are usually not the result of hardware, software, or business processes (fixed or otherwise). The true limits on companies come from the lack of consensus and alignment concerning the “big picture” and the lack of a holistic view in planning enterprise systems and processes. In this regard, more enabling technologies simply allow bad decisions to be effectuated more rapidly, resulting in ongoing quality and functional issues.
- The ability to quickly “add computing capacity as needed” serves to support the naïve belief that, in order to get more projects done, all we have to do is bring in a bunch of contract programmers. In reality, the constraint on the number of projects that can be successfully pursued is in the number of business subject matter experts who are available to gather, define, and document requirements, write specifications, and conduct User Acceptance Testing of the deliverables of the projects.
- Anyone familiar with the body of knowledge for APICS’ Certified Supply Chain Professional will remember that, possibly, the primal barrier to sharing and integrating business processes with business partners is trust. If we don’t trust our suppliers, customers, and partners enough to even share our planning information, it’s not likely that we’ll be willing to share the intimate details of our processes, even if we understand them.

“Technologies for extracting intelligence from data are maturing, adding urgency to all aspects of data management.”

Everything Elastic includes a section, “Data and decisions,” that describes some of the trends around the use of data in decision making. They start by listing several reasons why the use of data in decision making is more an exception than a rule in most companies; this, in spite of larger databases and data warehouses. Some of the reasons they mention are:

- “Uncorrelated data silos from different systems across different departments
- A mishmash of business processes inherited from different companies through mergers and acquisitions
- The difficulty in accessing data from back-end systems
- The time lag between data acquisition and use
- The difficulty in changing business processes that are deeply embedded in IT systems”

These are all logical impediments to the use of historical data in the decision-making process. However, simply enumerating a list of causes for failure, neglects the acknowledgement of the true reason that we, for the most part, fail to find value in our data warehouses. The reason that

we fail is that, when we attempt to extract value from our data, we often find that a substantial portion of it is inaccurate, incomplete, inconsistent, and unsuitable for transformation into useful information.

The paper goes on to detail several developments that are improving data extraction and management capabilities. Here are some of them:

- “First: A major impediment to accessing data from big complex enterprise systems is being solved by standards such as Web services and Representational State Transfer (REST) that are widely supported by technology vendors.
- Second: Several major technology platform vendors have acquired an analytics/business intelligence company recently, suggesting much tighter integration between the data held by the platform and the intelligence needed to analyze it.
- Third: New technologies such as mashups are enabling users to access and manipulate live data from multiple sources to suit their particular job needs rather than depending on standard and usually out-of-date reports.
- Fourth: A variety of sophisticated data visualization tools have recently entered the market. The tools are integrated into popular business intelligence software; some support collaborative data visualization for multiple users.”

A single statement can be made to address all four of the points expressed above:

It doesn't matter how easily advanced software tools allow you to access, extract, manipulate, mashup, visualize, analyze, or report the data in your systems if the data itself is of poor quality.

This is not intended to imply that data warehousing and business intelligence can't be successful. There are companies out there that are doing some pretty impressive, if not amazing, things through effective command and control of their legacy data. But, for most companies (maybe as much as 90%), it **won't** be successful, because they don't have the level of sophistication and quality of data to allow these tools to be used in a value-creating way. In those cases, instead of aspiring to implement advanced planning tools for strategic analysis, the company would be much better off funding projects to scrub, standardize, and improve the quality of their existing data, before even thinking about what advanced planning and management software tools could provide.

This section of the paper ends by stating a few conclusions extrapolated from the aforementioned advances:

- “Soon, analytics will become a non-differentiating “utility” available to everyone. The real advantage will be found in what goes into the analytics engine and how that output impacts decisions that are made.”

When Nicholas Carr wrote *IT Doesn't Matter*² the outcry was immediate and vociferous. Carr pointed out that IT had become a “utility” available to everyone, and therefore incapable of providing a lasting competitive advantage. Some of his detractors correctly pointed out that the differentiator was not in the technology itself, but in how effectively it was used; meaning that

the availability of technology isn't as important as the appropriate and successful employment of technology.

- “Master Data Management (MDM) will play a much bigger role, integrating data from multiple systems and ensuring consistent data semantics, and standards-based approach to data access, a policy of enabling end-user access to corporate data and a gradual ramp-up of business process management to separate business processes from IT systems.”

MDM is, indeed, gaining more prominence as companies discover inconsistencies and redundancies in their Master Data. But the data we're interested in for analysis with Business Intelligence tools is not master data; it's transactional data. And transactional data come from processes. Master data conveys the “who,” “what,” and “where” of our customers. But the real value of our data, at least in data mining, comes from the analysis of the “when,” “how much,” and “what if” characteristics of the transactional data captured through customer interactions on a regular basis. This is the data that needs to be tamed. If it's of poor quality, Business Intelligence endeavors cannot provide value.

- “Companies with a comprehensive approach to data governance may have advantages over those that do not.”

Companies with effective data governance policies may well have advantages over those that do not. But, as stated above, it's processes that create data. And so, as important as data governance can be, it's *process* governance that is necessary in order to achieve the level of quality of the data infrastructure needed to succeed with advanced planning and management tools.

The real conclusion to be made is that, no matter how advanced the tool, if the underlying data is of poor quality, decision-makers will be forced to continue their analyses and planning with the one tool that they've been able to depend on for years – Excel spreadsheets.

The final trend, “Convergence of the 4C's – communication, collaboration, communities and content,” asserts that the convergence of the 4C's is significant for the following reasons:

- “Given the aging Western workforce and global war for talent, companies now have many different technological options to enable them to rethink their workforces and work practices.
- It is vital to strive for higher productivity by reducing time spent commuting, for example.
- With innovation at a premium, more and more fresh thinking will come from outside the company including customers, suppliers and others.
- An elastic workforce will demand new approaches to human resources management.”

It's important to note that, no matter where talent, productivity, or innovation comes from, it mustn't be given a higher premium than that given to quality. In today's environment, quality is often sacrificed, purposely or unknowingly, for the sake of speed, cost savings, or the perception of productivity or innovation. The convergence of the 4C's could very well lead us further down the path of assuming that our capabilities are greater than they actually are. This can only result

in additional inadequate systems and processes than what we suffer today. The mantra for every company when it comes to technology should be:

It doesn't matter how badly you want it, or how desperately you need it, if you don't have the skill, the will, and the capacity to achieve it. (Project Portfolio Excellence Truth #40)

Technology is a powerful tool, but it doesn't obviate the need for thought. Almost ten years ago Bill Gates wrote a book entitled, *Business @ the Speed of Thought*, an excellent metaphor to describe the pitiful state we currently face regarding enterprise software and software-related projects. As long as we continue to jump into initiatives at the speed of thought, we'll continue to experience the frustration and disappointment of results that don't live up to the promise and expectations we have of technology. The book that remains to be written – the book that will show us how to succeed with systems and technology – will be entitled, *Business @ the Speed of Understanding!*

Everything Elastic may well become a reality, sometime in our future. I predict it will be feasible at about the same that we're able to speak a foreign language by plugging a computer chip directly into our heads. Maybe by then they'll also have a chip that will allow us to understand the ramifications of our business decisions.

Project Portfolio Excellence is a combination of tools, strategy, and methodology leading to greater success with enterprise software and software-related projects. You can get more information about Project Portfolio Excellence at: <http://www.projectportfolioexcellence.com>.

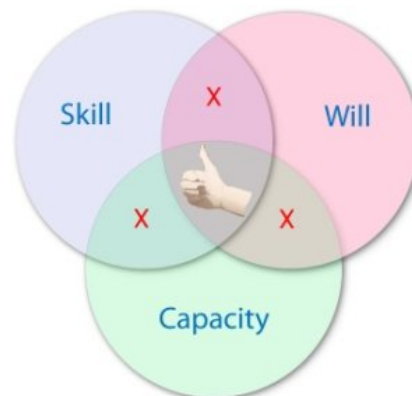
¹ This report is annually updated. The link now leads to Accenture's 2010 Technology Vision. (as of 05/24/10)

http://www.accenture.com/global/services/accenture_technology_labs/services/technologyvision.htm

² The original piece by Nicholas Carr, "Why IT Doesn't Matter," is no longer freely available. It is available for purchase from Mr. Carr's blog site.



The Project Triad



The Project Trinity