Positive Support Review Newsletter

Soft Climate Diffuses IS Focus

CIOs are limited in their ability to add resources and face critical demands for service while trying to meet business objectives

There are few CIOs that have not had to reduce their budgets in the last three to four months. At the same time there has been an increased demand for "VALUE" for the monies that are being spent on systems. When the Chief Executive Officer asked what he was getting for the 20,000 plus PCs that were being used, the CIO was on the carpet to explain how this $140MM hardware resource was helping the company.

The following week the CIO was trying to stop an across the board staff reduction from eliminating a project to replace a 32 year old "core" system application. If that project stopped, the number of PCs in his firm would double. We have talked with several CIOs in the last quarter that have been in a similar situation.

As we discussed in the last issue, service is still one of the most critical success factors for most CIOs. There are still other areas that CIOs can attack. One client recently evaluated the communications in just one plant. They were able to reduce the voice telephone expense by over $175,000 in the first year. This was without any additional capital expense. ◄PSR►

Quick Check Reduces Voice and Data Expense

Here are 10 easy checks that you can use to reduce your voice and data long distance expenses

As much as we hate to admit it, the biggest reason companies review voice and data communication services is to save money. We generally find that clients have been taken for granted by their current vendors. Normally this results in an inappropriate mix of services. The following ten items are areas for savings opportunities:

1. *Are there locations that can justify T1 access to long distance services?*
   → T1 access reduces long distance rates about 25%.
   → The break even point is steadily dropping due to a variety of factors.
   ✓ Local carriers are charging less for T1 access.
   ✓ Long distance carriers are reducing T1 access costs by establishing points of presence (POP's) closer to their customers.
   ✓ Monthly channel bank leases are attractive.
   ✓ End-users can route some of their local traffic over the T1 and reap substantial savings. Although long distance carriers cannot encourage this, they cannot prevent it from happening either.
   → As icing on the cake, you normally enjoy faster set-up times for long distance calls and a higher quality connection.

2. *Are locations and services combined under an umbrella discount plan? Are all subsidiaries taking advantage of the plan?*
   → MCI, for example, has four types of umbrella discount plans for outbound calling -- Vision, Corporate Account Service, Corporate Account Service Plus, and VNET.

3. *Is a multi-year agreement in place for additional discounts?*

In this issue

➡ You don't want to reevaluate your long distance services more than every two years. You might as well make a long-term commitment to receive maximum savings.

4. Does inter-office voice traffic and total outbound service cost more than $50,000 per month?

➡ If so, a virtual private network will provide the savings of tie-lines, without the cost of tie lines.

5. Is an analog or 56K DDS data network used?

➡ Converting to a "DSO" data configuration without changing modems or DSU's saves money. This is because the long haul segments change to DSO, but the local loops can remain analog or DDS.

➡ DSO provides far better quality than analog, and virtually equivalent with DDS.

6. Can voice and data service be combined?

➡ If so, a private Tl network may be the way to go. Compression technology ensures very efficient bandwidth usage. Strategic vendor alliances, such as between MCI and NET, results in extremely favorable terms on equipment and circuits.

7. Do you often hold meetings between widely dispersed employees?

➡ New "pay as you go" tele-conferencing services can improve communications while reducing travel expenses.

8. Do traveling employees make many credit card or collect calls back to headquarters?

➡ An internal 800 number will save time and money.

9. Even if correctly configured, you may still be able to save money with another vendor.

➡ Even a 5% savings provides an attractive return on investment when conversion costs are covered and equivalent quality is delivered.

10. Finally, even if you are happy with your long distance vendor, you can often negotiate better terms through a competitive bidding process. ◈

SPA is Watching You!

by Ron Scarnecchia

The Software Publishers Association (SPA) is a self-styled software police force that have been putting out the message: **Illegal software copying will bring trouble!**

Most of the data processing trade publications have had recent articles describing the highly successful efforts of the SPA to bring to light the illegal coping of software by companies of all sizes and in every industry.

We are talking about SPA raids that have resulted in legal settlements from $250,000 to $750,000. Besides the settlement charge, many of the companies found guilty are required to pay for the illegal copies made, whether they actually needed the additional copies. This is quite a heavy price to pay for a situation that can be easily prevented.

SELF-STYLED SOFTWARE POLICE THAT HAVE BEEN PUTTING OUT THE MESSAGE

Many of these companies have documented policies that served to "prevent" the occurrence of illegal software coping. This obviously is not enough to avoid the wrath of the SPA if your employees have not followed policy and are found harboring illegal PC software.

The SPA representative, with the support of the local sheriff, enters your company and performs a sample audit of your PCs. Generally, the sample audit may show a non-licensed copy of a common word processing software package or possibly a spreadsheet package. This is enough ammunition for SPA to open Pandora's box and now perform a complete audit of all PCs corporate wide.

Each SPA audit is picked up by the press and given exten-

sive free publicity in the trade publications and local newspapers. This is all the SPA needs to generate more leads of companies to audit.

CIOs are now scrambling to get a handle on the issue of what software is on the innumerable hard disks in their company. These executives are not a bit interested in having a software liability lawsuit thrust upon them. That's the "bad news".

The GOOD NEWS is that PSR has a remedy to prevent the ills that can be thrust upon you by the SPA. The PSR PC AUDIT Program is preventative medicine that is simple to implement, provides immediate benefits and costs a fraction of what you would pay if "caught in the act". ◀PSR▶

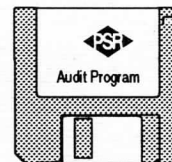# Personal Computers - Your Most Under-Managed Asset?

by Robert Laskey

Virtually no business has been left untouched by the PC revolution. Remember the PC industry is now only ten (10) years old. Ten short years ago, in 1981, IBM by announcing their original PC legitimized within the business world what was viewed as an hobbyist's electronic tinker toy. Today, PCs with tremendous processing capability are available for under $10,000. The power of today's PC exceeds the million dollar machines being marketed by IBM and others in 1981. Tens of millions of PCs are now installed. Nearly every business will be impacted by the year 2000. Yet cost effective management and control methods and procedures over this valuable asset are practically non-existent.

One of the issues that many firms face is that of the capital requirements associated with the PC revolution. For example, assume that you have 1,000 PCs in your firm. Further assume that they all have a letter quality printer, DOS, a word processor and a spreadsheet program on it. The replacement cost of this minimal configuration is $5,000 to $7,000 per PC for the hardware; $1,000 to $1,500 for software. The replacement cost of the equipment and software alone is between $6,000,000 to $8,500,000. Now consider this technology is going to be obsoleted in the next 36 months....

And you thought you had problems before! ◀PSR▶

Forecast Of The Southern California MIS Job Market

The impact of the War and the recession is still being felt in California

Two major MIS organizations are now eliminating in excess of 500 IS jobs in Southern California. The number of CIOs that are out of jobs and/or are actively looking again increased this past sixty days. In addition, the number of good managers out of work at the next level down is growing. The announcement of the closing of several military bases in California more than offset the favorable impact of the rain in March for the California job market.

Two large employers in Orange County have implemented reduction in force programs that have included the MIS organizations. On the other hand one firm in the same market has just "inked" a deal with a recruiting firm for several key management level positions. The result is a net break even.

Car sales for both domestic and foreign models have improved somewhat. One of the Japanese-American firms is about to implement several major new systems. When that is completed, they plan to start work on some major new initiatives.

One of the national consulting firms has instituted its second wave of lay-offs. Those who have not been let go are now starting to actively look for new positions. With all this going on, it is interesting to see that the MBAs that are coming out of school are window shopping. At Pepperdine and the University of Southern California, there are several soon to be graduates that did not take the first (and only) job offer that came along because they wanted to window shop. They now are looking to see what they will be doing when they graduate. There have also been cases where job offers have been pulled back after the students have accepted them.

There is some light in the health care and recently in entertainment industry (a little) but not enough to absorb the excess number of applicants available.

Just as I stated in the last newsletter, if you want to add good people at a fair cost now is the best time to hire. If you are interested in a new position, over the next 60-90 days, I would strongly suggest that you stay where you are. The job market will get better the middle of July (versus May in the last newsletter) and should really open up by September/October.◄PSR►

Vic

◄PSR►

Industry	Prospects Short Term	Prospects Long Term
Defense	Poor	Poor
Entertainment	Poor	Good to Excellent
Financial Services	Poor	Good
International	Good	Good to Poor
National Consulting	Poor	Poor
Health Care	Good	Excellent