



Bi-Monthly
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Support
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Predictions of 1993 and beyond

The recession will be over but brace yourselves for a round of inflation and rapid technological change.

With the upbeat attitude since the election and the reporting by the media that the sky is not falling, the economy is poised to move. There are a number of significant changes that are going to drive the economy over the next twelve to twenty-four months. They will be:

Implementation of many new client server applications:

With the downsizing in the last few quarters firmly rooted as the new business culture, the only way to meet the processing demands of the economy will be with client server applications. Driving this will be:

- Falling hardware prices - 486's at below 386 prices;
- Release of several new PC based data base tools - Foxpro for Windows, SQL and others;
- Release of improved PC based multiprocessing operating systems - An improved OS2 and Windows NT;
- Falling network operating system, on

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DEC user saves over \$900,000 plus finds overpayment

Overpayment of \$1.87MM due to poor vendor support and user record keeping

As we reported a number of issues ago DEC is in search of more revenue. The company does not seem to care that it is going after good customers. Recently a software re-audit of a large customer resulted in DEC demanding payment for over \$900,000.

DEC had audited this same customer less than two years ago. At that time DEC demanded payment of over \$1MM for software that the customer had installed on their computers. A settlement of a lesser amount was paid and the user and DEC agreed to stay on top of software usage so this problem would not occur again.

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Compensation goes up by 5% to \$280,000 for top MIS executives

Other data processing salaries increase only 1.5% on the west coast....

The results of PSR's 10th annual west coast MIS (Management Information Systems) compensation study were just released. The total compensation (mean) for the top data processing executives was \$280,000 for large companies (revenues over \$500MM) and \$159,710 for medium sized companies (revenues less than \$500MM). This represents an increase of 5.02% from last year.

The salary ranges for middle level and other top level positions have shifted downward from 2% to 5%. At the same time, the averages have remained the same. This reflects a shift in the actual number of individuals in those positions. Downsizing and the recession have eliminated a number of positions, while

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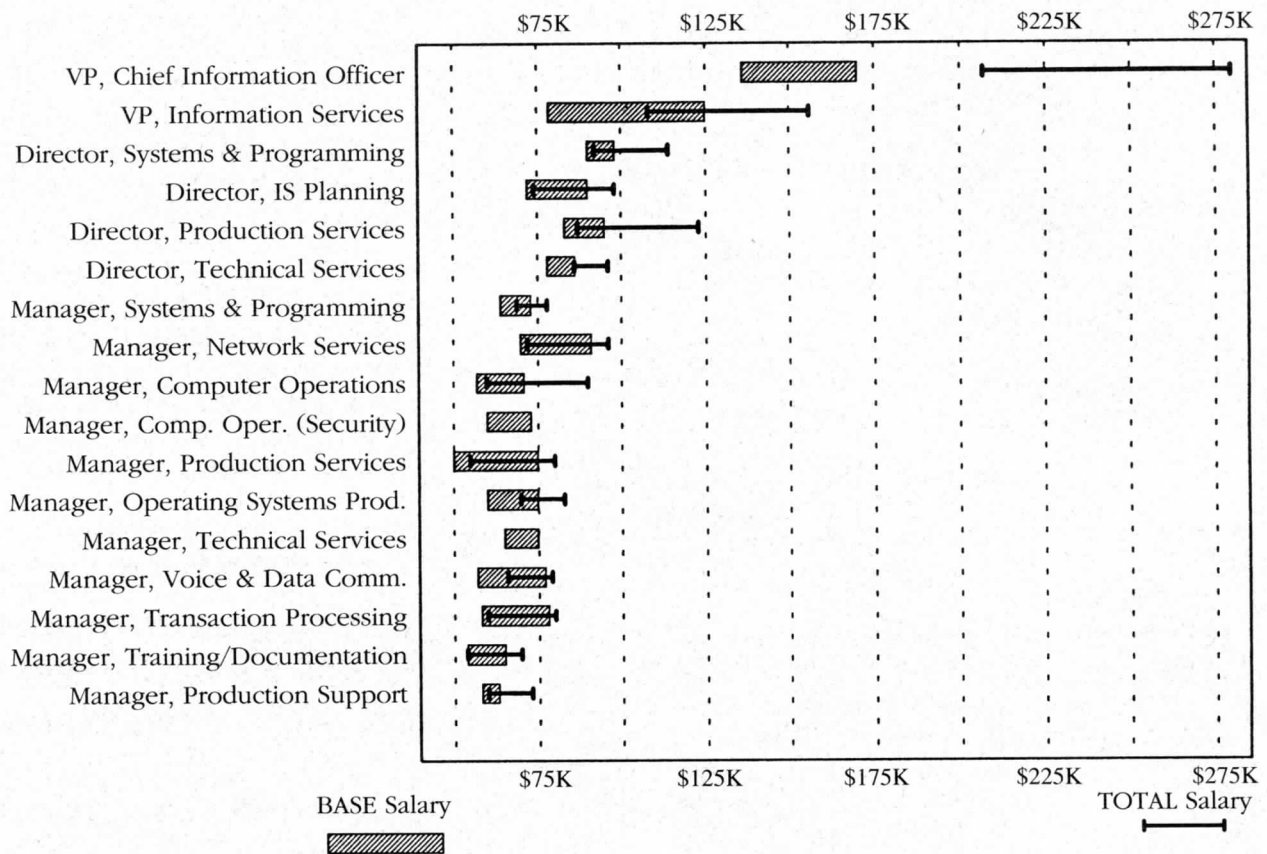
Compensation goes up by 5% to \$280,000 for top DP executives

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the individuals remaining are typically more senior.

A significant number of lower level positions have been eliminated in many medium sized and larger companies. Salaries for this group have remained flat for the last twelve months.

The survey was conducted in the third quarter of 1992. Thirty-seven (37) west coast data processing organizations and forty-three (43) positions were surveyed. These positions are fully described in the "Position Description HandiGuide®" that is published by PSR. The population of the survey was 4,625 individuals. For more information please contact Dwight Zinn on extension 170 at PSR. ☎



DEC user saves over \$900,000

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Well it did, and the customer was not very pleased. During the course of our investigation we classified the demands of the vendor with the exposure of the customer. The classifications were:

- The vendor said the customer had the software but the customer did not have or use it (20%).
- The vendor had sold the customer software the customer did not really need (30%).
- The vendor said the customer had not paid for software but the customer had records that showed payment (30%).
- The vendor had installed the software on a larger (more costly) computer than was required to run (15%).
- The customer had the software and had not paid for it (5%).

We saved our client over \$900,000 by using our audit reconciliation process. In addition, we implemented a software management process to minimize the possibility this would occur again.

After all was said and done, we calculated that DEC was owed nothing. As a matter of fact, the customer had overpaid DEC by \$1.87MM. They had not verified the audit by an independent third party. There are some definite lessons that were learned by both the customer and the software vendor:

1. Good record keeping is essential;
2. Do not agree with anyone's numbers or data unless you have had them reviewed by an independent party; and,
3. Do not install software in a "helter skelter" manner.

More information is available. Call and ask for Victor at extension 101. ☎

Predictions of 1993 and beyond

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a per user cost basis; and,

- Institution of new and better software licensing by vendors.

Macs will lose their monopoly position in graphical applications and electronic publishing

With the advance of Windows, software companies are looking at IBM as the growth market of the future. Every major Mac software product will have a companion product that works on Windows. For example, Adobe Illustrator now works on Windows and at COMDEX in Las Vegas several other Mac only products had versions working on Windows. Has Scully been so interested in his own ego that he forgot about Apple?

One of the drivers of this movement will be the increase in the processing power that is available on the desktop. Most of these advances have been in the INTEL world of "IBM class" PCs. The open architecture of IBM will win here.

One of the questions that we have is why IBM did not make Micro Channel Architecture (MCA) truly open. This will be the telling year for MCA.

Design and implementation of Graphical User Interface (GUI) applications will be the focus of corporate America

The availability of database and application generation tools for GUI applications will drive the demand for new application features and functions. This will have a very interesting impact on the existing applications and hardware in place at many companies.

No longer will IBM 3270 or VAX terminal type devices be the "heads" of choice in the user environment. Demand will place PC devices or X-Window terminals in the DEC world as the "work horse" display. The existing applications base will look old and not very glamorous. That will lead to many

organizations questioning their platform. The result will be an acceleration in the turnover of MIS executives -- at least those who are not leading the charge to GUI.

Word processing will leap from text letter tools to electronic publishing drivers. With this advance of feature and function, it is difficult to distinguish the current suite of word processing packages from the electronic

Macs will lose their monopoly position in graphical applications and electronic publishing

publishing packages (EPP) of a few years ago. As this trend continues, the areas where EPP will be able to have the technological advantage to justify the cost associated with them will be limited. Look for Microsoft to be one of the first vendors to cross the bridge from word processor to electronic publisher with Word for Windows. Also look to see what WordPerfect does to keep up.

Inflation will begin to run rampant eighteen to twenty four months from now

As progress is made to move the economy, the deficit will continue to grow. The only solution will be to have inflation pay for it. Given this, it would be wise to pay for new technology with new debt. That is risky but there is no reason to pay for new technology with the scarce capital of today. ☹

First Quarter 1993 Release Information Systems Metrics HandiGuide®



Metrics HandiGuide will include

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- ✓ Graphics for all metrics
- ✓ Sample monthly operating report

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Forecast Of The West Coast MIS Job Market

There is some light at the end of the tunnel. The second quarter should be normal....

by M. Victor Janulaitis

Now that the election is over, the economy can finally move ahead. By the way, my forecast on the election results was right on. We now have a new Senate team. Let us hope they have a better view of how to create jobs than the old team.

In the last few weeks we have not had the announcements that ten to twenty thousand jobs are leaving the West Coast. What we have had are sporadic cuts of 1,000 to 1,500 jobs from companies that had already announced those cuts.

The California Industry Migration Study, produced by five big utilities, found that the job flight from Southern California was no worse than from the rest of the state. Some good news was that the California Employment Development Department results for September showed a jump of 110,000 jobs for the month of September in Los Angeles County. That number is still 108,000 less than were employed in same month last year. But the trend is good.

The bad news was that the Califor-



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nia Industry Mitigation Study found that Los Angeles County accounted for 36% of all large California manufacturers that chose to relocate or expand outside of the state since 1980. On the bright side, the study found that just 29% of the manufacturing companies that remain in Los Angeles county have plans to relocate or expand elsewhere by 1995. For your information, according to late 1987 business census data Los Angeles County has well over 40% of the state's manufacturing jobs.

The area of concern voiced in the study is that high technology jobs are the ones that are the most at risk on the West Coast. For example, Apple computer is closing down over 1,500 jobs in Northern California to move to Texas.


As an interesting side note on the lack of governmental support, the Public Utility Commission (PUC) criticized the utilities for publishing the study. The PUC said it was not the business of utilities to do economic studies. I guess the PUC feels

that utilities do not need to know what is happening to their customer base.

On the data processing front, things do not look as bad as they were a few months ago. There still is a general continuing Reduction In Force (RIF) program going on. I

...September showed a jump of 110,000 jobs for the month in Los Angeles County

know of at least two larger data processing organizations that are continuing to downsize. One of these companies plans on laying off a large percentage of its staff after the new year. There was one rather massive layoff just recently with the announcement that Mazda was canceling its luxury car, a \$100MM write off.

One CIO put it very crisply. In the early 1980's, the Japanese sold all the cars they could land. They managed to supply to the cars available. Now they have to manage to demand and demand is not all that great. 

Vic

| Industry | Prospects Short Term | Prospects Long Term |
|---------------------|----------------------|---------------------|
| Aerospace | Worse | Fair |
| Distribution | Good | Fair |
| Entertainment | Fair | Good |
| Financial Services | Poor | Fair |
| Health Care | Good | Fair |
| Insurance | Fair | Poor |
| Manufacturing | Fair | Good |
| National Consulting | Good | Fair |
| Service | Fair | Good |