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## **Some JD Edwards implementations are set to fail from the start**

**The six rules to succeed with packages are ignored by many**

By Dwight A. Zinn

Implementation of packaged software has its own unique hurdles, JD Edwards is no exception. JD Edwards offers considerable flexibility resulting in substantial complexity. Without adequate planning and direction, implementation of a software solution is doomed to fail from the start. This failure may not become apparent for years. However, there are six simple rules that when followed will produce a smooth transition to the JD Edwards system and ensure value for years to come.

### **1) Provide leadership**

Many MIS professionals believe that the mere installation of new software will drive business to change. This is not true. The implementation process only enables change to occur. For business processes to change, the end user community must be committed to change.

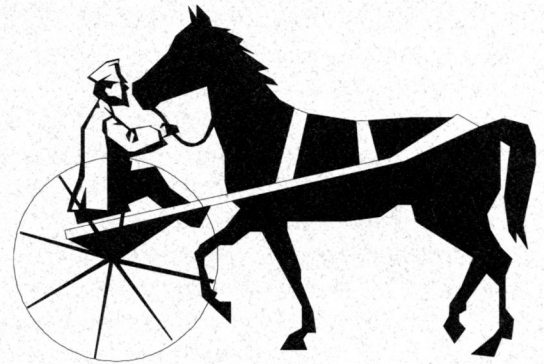
Often business process change requires senior management support and direction. MIS cannot and should not be in the driving role directing business change. MIS is best suited to act as consultant and advisor in this process.

The implementation of software should not be viewed solely as a technology endeavor, but a business and operations endeavor.

### **2) Create a results driven environment**

Establish the critical goals which must be met by the system. These are the mission critical business requirements necessary to maintain the business. By defining these goals up front, the scope of the implementation process becomes clear. These goals should dictate how software is implemented, not how individual business processes were completed in the past.

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## **Mainframe software pricing will accelerate the decline of mainframe computers**

**Tiered Software Pricing - Is it an unfair trade practice ?**

DEC, IBM and Computer Associates -- to name a few -- are working to eliminate the economies of scale of centralized MIS functions. Recently a large organization was confronted with the problem that a mainframe hardware vendor had been supplying a significant amount of software to this corporation free of charge. Since the earnings of the vendor were not good, they started a program to collect for all of the "free" software. They approached our client with an invoice for almost \$700,000. Needless to say, our client was not very happy.

In the process of negotiating for our client we were able to cut the amount they had to pay to less than \$200,000. What provided most of this savings was tier pricing. For example, a COBOL compiler on a large mainframe costs \$50,000 to purchase (maintenance is another 15% to 20% annually) and the same compiler on a mid-range computer could cost \$10,000. The same compiler on a PC costs \$350. Software and hardware vendors want to reap some of that benefit when their customers move to a larger computer where the price performance is better. With technology moving to PCs and workstations, the trend is clear.

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## Many JD Edwards implementations are set to fail from the start

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### 3) Minimize modifications to the package

As custom modification requirements expand, the advantages of any packaged software decline. Modifications must be kept to a minimum. Delve into why the modification is required and what it will accomplish. Frequently, an alternative solution can be found within the standard software system. JD Edwards issues several interim and one major new release each 12 months. A high degree of custom modifications will create lengthy and costly delays in the transition and installation of updates. In several cases, extensive custom modifications have resulted in the virtual inability of the business

### Minimize Risk Factors

- ✓ Provide leadership
- ✓ Create a results driven environment
- ✓ Minimize modifications to the package
- ✓ Manage scope and schedule
- ✓ Define and manage control points and security
- ✓ Provide in depth training to all users

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## Mainframe software pricing will accelerate the decline of mainframe computers

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You have to manage in this environment. Mainframe computers will be around for some time. Therefore, even if vendors give you something for free, they can and will try to get into your corporate wallet unless you have a signed document that provides you with a life long "free" license.

One of the most devious vendor techniques is to give you a piece of software that lists at \$250,000 for \$20,000. What they do not do is tell you that you are liable for maintenance at 20% of list price or \$50,000 after the warranty period. There are a number of things that can be done to minimize how much these vendors will take out of your hide.

In today's environment, it is very important you have documentation of not only the hardware but software capital assets of your corporation. To that end we recommend that you take the following steps:

- Assess and inventory the full set of software -- both system and application -- that is on your computers. There may be software that someone purchased a while back that is no longer needed.
- Understand the tier pricing offered by your hardware and software vendors. Often times it may be cheaper to run the same software on two smaller computers and provide your customers with better service.

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## **Risk Assessment is a skill that many mid-level managers need to develop**

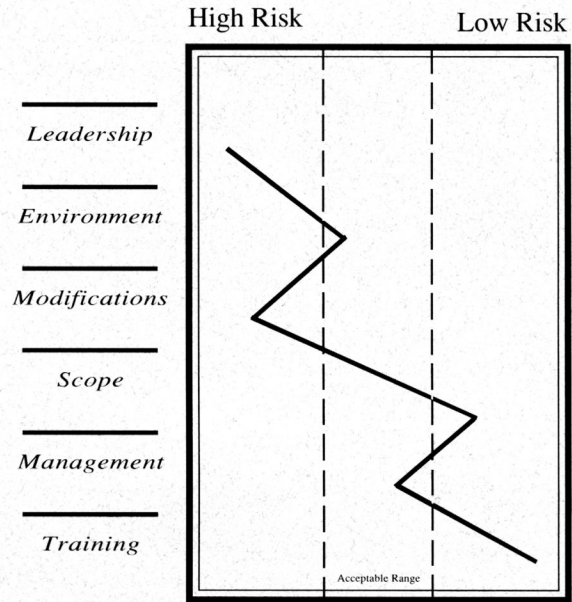
**MIS managers can easily document systems but many do not know how to depict risk to management**

Many MIS mid-level managers do not know how to evaluate and communicate the risks they face as well as they should. They tend to present data in large documents that are difficult to read.

We have found that ideas that take several pages to present do not communicate well. It is with this in mind that we use our one page per concept report. One of the more standard reports, the Risk Assessment Chart, is depicted on the right. We have taken the six factors that are discussed in the implementation article and classified them as to risk for a particular client.

The power of a report like this is in the amount of information that it communicates quickly. The risk assessment process is one that is driven by tools like the Risk Assessment Chart. This is one of the places where mid-level managers should focus their training time on. ➡

Risk Assessment Chart



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## **Many JD Edwards implementations are set to fail from the start**

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entity to migrate to current releases of the software package.

### **4) Manage scope and schedule**

With the complexity of the JD Edwards system it is easy to spend substantial time on fringe issues. Stay on track. When determining what data should be captured, ask "What benefit will it provide?" and "Who will maintain it and at what cost?"

### **5) Define and manage control points and security**

Establish proper and adequate control points and security prior to implementation. Many aspects, such as Automatic Accounting Instructions (AAI), of the system must be well-controlled by trained personnel to avoid pitfalls in the future.

### **6) Provide indepth training to all users**

The most often underestimated aspect of the implementation process is training. Often extensive effort and cost is expended during the implementation process but with minimum investment in training. To ensure acceptance by the end user community, proper training and support must be provided. End users need to be an active participant in the implementation process. Remember, it is their business structure which is changing. ➡

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## **Mainframe software pricing will accelerate the decline of mainframe computers**

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- Document all giveaways from your vendor. Since vendors' staff changes at the drop of a hat, it is too easy for them to change the rules in the middle of the game.
- Establish a policy for site and corporate-wide licenses for software. Avoid licensing any software that is tied to a specific computer that cannot be moved or outsourced. Make sure your software contract does not require you to pay more if your computer is replaced by a new bigger, better, cheaper model.

In addition, we have found that vendors do not generally know what products they have sold to their customers. This magnifies the importance of good record keeping and asset control on your part. You should be proactive in managing your vendors. As a first step you should develop and manage an accurate inventory and develop a hardware/software capacity plan with a clear understanding of the technologies and vendors' pricing. ➡



## Forecast Of The West Coast MIS Job Market

**There was a significant increase in the number of MIS openings and professionals hired last month !!!!**

by M. Victor Janulaitis

The recession of 1990/91 has turned into the recovery of 1992. Hiring of MIS professionals has taken a noticeable turn for the better. This, along with an increase in the number of organizations looking for new employees, has provided the best job outlook on the West Coast since the fall of 1989.

Some sectors of the market will have to wait longer -- several months if there is a reoccurrence of the civil disturbances. Financial Services and Aerospace are two industries this applies to. The hospitality industry will soften up some but traditional West Coast industries such as entertainment and technology will expand.

Within many organizations, restructuring of the MIS function is continuing at an ever increasing rate. More organizations are looking to change the way MIS operates and is managed. Control has passed to the business operating units. As this is happening, many MIS organizations and professionals are being left in the dust.

The best example of this is a services company that has grown



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rapidly in the last five years. The customer community (users) in a satisfaction survey said:

- Centralized MIS did not provide quality service.
- MIS cost was too high
- MIS processes such as SDM, charge back and steering committee got in the way of the company's growth

As a result, the centralized MIS function is being broken up and assigned to each of the organization's operating units. A core staff of MIS professionals will remain in the centralized group. Within the next twelve months I see this organization outsourcing the processing operations.

Given this as a sample of how the MIS function will be structured, systems will no longer be developed and maintained the same way that they have been in the past. MIS will report to user organizations and this will drive salaries and career paths in the future. Helping this

trend along is the introduction of the next generation of application development tools. These are application designers versus CASE application generators. These tools are available on PCs and do not

**Control has passed to the business operating units ... MIS professionals are being left in the dust.**

require the infrastructure cost of the large MIS processing centers. Tax laws will inhibit the advancement of these technologies. The people who use these tools most effectively are independent consultants and programmers. Tax law has limited the number of people who qualify for these positions. This, on top of the reluctance of some traditional MIS managers (Director level and above), will slow this advance. If you want a chance for the job of the future, focus on the new tools and find the organization that will let you apply this knowledge.

*Vic*

Industry	Prospects Short Term	Prospects Long Term
Aerospace	Poor to Worse	Worse
Distribution	Good	Excellent
Entertainment	Excellent	Excellent
Financial Services	Poor	Poor
Health Care	Excellent	Excellent
Insurance	Excellent	Excellent
Manufacturing	Good	Better
National Consulting	Good	Better
Service	Good	Better