

Setting a different tune

Sonata Software was founded over two decades ago, but even today the company has only about 2,200 employees, a fraction of the size of rival software services companies such as Infosys and Wipro. It says a lot about the organization which works in an environment where Big IT is scrambling to increase headcount to meet the needs of clients and adding value to their businesses.

In this interview, B. Ramaswamy discusses ways to ensure the use of appropriate technologies, and their alignment with business goals, and the CIO's role as 'business impact creator'.

CIO: What technologies should leading companies consider in the near term

B. Ramaswamy: One should consider the mega trends occurring in the IT industry. In the '60s it was IBM mainframes and in the '70s it was minis. Then came the client server applications, followed by the Wintel platform in the '90s. If you look back and then look forward, you will see that the trends of the future are based upon two things -- the low cost of bandwidth and the Web emerging as a platform for computing. The technologies that are deployed today arise out of these two trends.

First off, there is Web 2.0, which is about using the Web as a computing platform, just like the desktop. Web 2.0, popularly called Enterprise 2.0 in the enterprise space, is pushing the use of the Web as a platform in organizations.

Next comes SOA. Here, the thrust is on applications that were developed in the past, which are not talking to each other. These applications can no longer be islands and thanks to SOA they aren't. It is useful because it allows enterprises to leverage applications that are already there.

Business intelligence is one of your offerings. What more should Indian CIOs do to push BI

BI has been around for a while, and today, people are more interested in business analytics, which focuses more on the real-time aspects of BI. Earlier, a lot of companies invested in ERP and today, these systems are throwing up a lot of data, which needs to be analyzed. The emphasis now is on the type of reports that can be generated from existing information. But BI can achieve much more for an organization. What needs to be done is to take a top-down approach in terms of business imperatives. This way, one can ensure that the BI software is highly aligned with business goals.

How do you plan to manage tax changes in 2009 and the constant rupee appreciation

Let me add one more complexity to the list you have mentioned: wage inflation. All these three are putting a big squeeze on companies. If a business model is conceived on the basis of manpower, there are going to be no good answers. So, in Sonata, we are not working on the headcount model at all. The only way we can do something positive is by looking at how we can add value to the business processes of our clients. We don't just do projects -- we try to establish strategic relationships with our clients. This leads to repeat business, and only when you have repeat business do you find the opportunity to add value to your customers.

Where is SaaS relevant in the Indian context Where is it not

SaaS is important because the traditional model of software, which involves buying software from a vendor and continuing to pay for it as you go along, causes problems with supporting the software. Especially in the Indian context, it is not always feasible for every company to have a large IT staff built around supporting the software. Therefore, SaaS is even more relevant in the Indian context, especially for SMEs.

But SaaS cannot be used everywhere. If the application is not standard -- that is, if a particular application is unique to a company, then SaaS is not the answer. In any enterprise, there are a few applications that are core to the functioning of the company, and such applications are best retained in-house. Organizations should also pay attention to the security provided by the SaaS provider.

Do you think that Indian CIOs should consider open source seriously

Open source should be viewed from a TCO (total cost of ownership) angle. It is not just about the license. The question CIOs should look at is support. If there is no support, then a CIO has to grapple with that in-house, and this may not always be easy. CIOs should also pay attention to application availability. With open source, application availability is sometimes restricted in certain areas. This will govern whether open source works for you or not.

As an enterprise that uses IT internally, can you talk about some best practices and processes you use

In the kind of business that we are in, processes are the key. We are a CMM Level 5 company, and we try to

make sure that every process is watertight. The vital part is to be certain that these processes are aligned to the customer's requirements.

In client-facing processes, the projects we do are collaborative -- the client's team and my team have to function as one virtual team in order to complete the project. This is possible only if we have an IT infrastructure that is completely compatible with the client's infrastructure. So, for every customer, we have a customer portal. We use this as a project management tool so that a customer sitting thousands of kilometers away knows the status of his project at any time.

The portal concept has also been used to enhance collaboration within the company. For instance, our marketing department has its own portal, and this allows the marketing staff to collaborate with their colleagues around the world. Similar portals exist for other departments, like HR. We use the Web extensively for collaboration. These are some of the best practices that we have used, both internally and externally.

What is the best way for CIOs to sell ideas to the management

Based on my constant interactions with CIOs of our clients, I've seen that CIOs are expected to cut cost. Every CEO will tell his CIO that his project is spending 90 million Euros. As long as cost is a CIO's primary concern, the thrust will always be on reducing it.

I think CIOs are better off when they say that they are adding value to the business. CIOs should tell CEOs that they want to be measured on business improvements. To do this, CIOs should carefully analyze how their operations impact business.

Suppose a company wants to enable its entire mobile staff with a device like a Blackberry. The moment this is decided, people tend to look at the costs and the savings associated with this move. But it is not about savings at all. It is about process improvement. It's about how you can improve your revenues by two percentage points. What does this mean to the bottom line if CIOs start wearing the cap of 'business impact creators', then they will be talking to the CEO in his own language.

What migration strategies old-economy companies use to grapple with legacy systems

Much has been said about migration strategies, re-engineering, and other areas. Most of it has failed. But what has come across is that companies have understood that legacy systems have their own merits. This is because legacy systems contain a lot of proven business logic -- one that works. The only difficulty is that legacy systems software usually run on expensive and outdated hardware. Since these applications were developed using old technologies, CIOs cannot use newer technologies. The best thing to do in such cases is re-platforming, where you move the application and make it run on a modern platform.

The next step is to put a wrapper around these legacy applications, expose them through SOA and you are ready to use modern technologies like Web 2.0. This way, you have the best of both worlds with the least risk. Here, risk is the key factor. No CIO wants to scrap legacy systems that run mission critical apps. It is a nightmare, and people who have tried this have faced serious problems.

Should companies outsource core functions

Instead of looking at core and non-core processes, it is better for organizations to look at processes and ask: are these best done by outsiders Some outsourcing companies can do a better job because they have better economies of scale, or because they have competencies that are of a much higher order than what an organization may possess in-house. So, even if you have a core function, you can outsource it, provided the company you are outsourcing it to can do a better job than what you can do.

For example, recruiting people is a core area in Sonata. Still, if there is a company that has an automated and scientific process for screening applicants, and for short-listing them, I would ask: why not Now, you could argue that I might lose my competitive advantage, but I don't agree. You only need to set the right parameters. For instance, I would not want to outsource to the same guy who is interviewing for Infosys and Wipro -- and ends up asking candidates to choose between us and our competitors. It would not work -- we need people who can work in a specialized, virtual environment. Once such things are clear, there is a case for outsourcing even very critical functions of the company.

What role does your CIO play in the company Does he take part in driving the strategic direction of the organization

Absolutely. The way we are set up, the CIO's job role encompasses two areas: the first is related to technical infrastructure. The CIO has to know how he can impact areas like customer acquisitions or retention. Our CIO is also responsible for introducing best practices to the company. He also has to ensure that our clients are able to see the difference that we make.

Second, the CIO's team members are a part of the customer group. Each customer has a dedicated group, and a member of the CIO's team is present with each dedicated group in order to execute the CIO's plan. That is absolutely frontline business. Thus, my CIO has an impact across the organization.

Should a CIO also be responsible for security Or, should companies have a CSO

Security should be a part of risk management. Security is not about technology, hardware or software. It's about the overall view. Therefore, it should also involve physical security. For instance, this building where we are currently sitting in, has three access points. So, it is susceptible to a breach from three points, as opposed to another office of my company, which has only one gate. This has nothing to do with software or technology. Since we have to look at security in a larger context, the CIO can't handle security. You cannot set your own examination paper and correct the answers yourself.

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