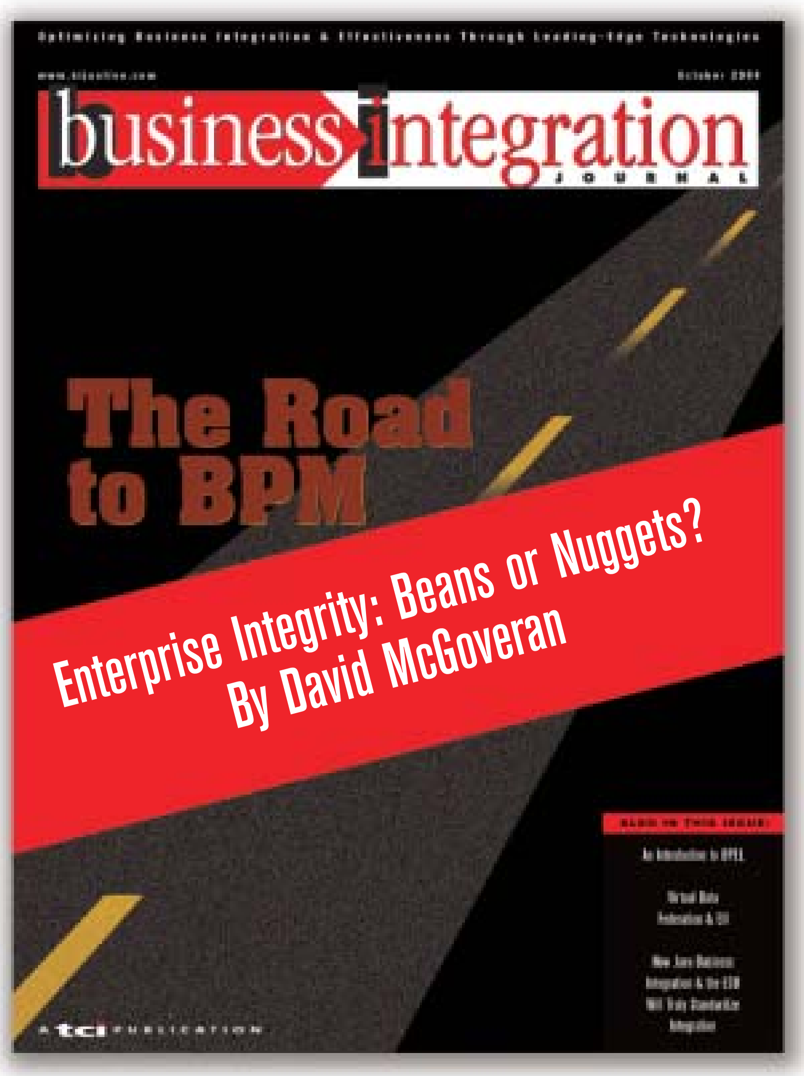
business integration
JOURNAL
The Road
to BPM
Enterprise Integrity: Beans or Nuggets?
By David McGoveran

ENTERPRISE INTEGRITY

BY DAVID McGOVERAN

Beans or Nuggets?

The economy is of concern to everyone in the technology sector, but probably to none so much as those of us in the software business. For 40 years, software innovation has been a significant contributor to the technology sector with an impact on almost every aspect of life. From the early days of business data processing through the intense years of the space program to the Internet boom, software has enabled old business methods to be accomplished faster. It has driven accommodation of, and adaptation to, that speed, and fostered more innovation and vision throughout the economy than any other sector. None of that has changed over the last five years. So, why has the software industry, and the computer hardware industry that depends on software consumption, suffered so much?

Certainly the bursting of the Internet bubble had a great deal to do with the transition from economic boom to bust. Careful analysis of that event, however, shows both that the bubble had little to do with the boom, and that the bust had nothing to do with any technology failure. The innovation of the Internet has been quietly working its magic to achieve its economic and social potential, perceived so clearly in the early '90s. Without the outrageous investment bubble, any competent business analyst could have anticipated that Internet technologies would lead to higher productivity and innovative products, and therefore to a healthy economy.

Both the bubble and bust had a single cause: unbridled financial greed. From corporate officers to day traders, the creation of perceived value supplanted the creation of real goods and services. Greed changed the rules for analyzing a good investment radically, increasingly striving for pure, short-term speculative profits at the expense of corporate profitability and, even worse, material, utilitarian productivity. I performed many due diligence studies and watched the time allotted for analyzing a startup's market opportunity and assessing the potential of its technology shrink from a week to a half-day. We transitioned from a society that saw honor and value in producing goods and services that make a sustainable difference in the quality of life, to one that seeks to profit by marketing and selling perceptions.

This speculative disease, this killer of economies, this—let me call it what it is—theft, was neither new nor limited to the technology sector. The vast majority of economic disasters can be traced to such uncontrolled speculation. Despite scandals and legislation, such as Sarbanes-Oxley, the effects of this disease persist. The outlook of most business, and the population at large, has become financially conservative. Rather than work harder to produce real value, we focus on minimizing risk and cutting costs. A realistic respect for risks and an aversion to waste is, of course, healthy. From time-to-time, the combination of competition and economic adversity can and should realign companies that have gone astray in this regard. Unfortunately, we are far beyond such realignment. The excitement that once pervaded the software sector, the hope in the population at large, the belief in constant innovation, and that "can do" attitude are largely missing.

We can only blame some of our lack of enthusiasm or our risk averseness on terrorism and war. Indeed, doing so merely concedes defeat to terrorism. The devaluation of Internet technology, and by association all software, was an improper response to the bursting of the Internet investment bubble. The twin goals of cost containment and short-term ROI have led us to engage in cannibalistic behavior, consuming and discarding the spirit that drives a healthy economy. We discard precious business process knowledge through offshore outsourcing. We implicitly discourage future computer science graduates, so that enrollment has decreased by 40 percent since 2001.

Businesses have been heading down a dark passage for the last decade. It's time to turn on the lights and decide where we are going. Our healthy economy depends on creating new business through constant innovation. Hope must overwhelm the fear of risk. Balance sheet profitability, short-term costs and ROI, and high stock valuation, at best, temporarily sustain pre-existing business. They offer no help in creating new business and should never be used to set primary corporate objectives. Focusing so much on vital statistics to the exclusion of the overall health achieves little beyond a vegetative state, awaiting death. Hopefully, we are not so busy counting beans that we're afraid to grasp the nuggets of innovation at our feet. The *integrity* of our economic *enterprise* is at stake. **bij**

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About the Author

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