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Are Web Services Really the Answer?

Ray Lane [**Kleiner Perkins Caufield & Byers**] | POSTED: 09.30.03 @22:30

Most large enterprises have paid billions of dollars to get to where they are today and they still can't get answers to simple questions. This is pathetic.

Enterprises try to do most anything. They try to reorganize; they try to change business policies or practices; they try to acquire a new company or move into a new market sector. And with all this, the number one challenge they have is IT. They're told by the IT department, "Well, we just can't do that now. You have to wait a couple of years." So it is not a pleasing experience when everything in the organization reacts except for IT.

If you're a CEO, you have every department business function with different technology that has different standards, different data definitions, different ERP methods, different semantics, different automation competencies. So when you try to do something that is cross-departmental or cross-functional, it is extremely hard to do. So the CEO has a right to say "If I paid billions, why can't I get something that's more reactive on a timely basis? Because I'm heavily dependent and I don't have the option of going back to the 1970's or going back to doing it manually."

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The CIO's perspective is different. If you're the CIO, then you're caught in the middle. You're in a very precarious position. First of all, you know the CEO is not happy about the responsiveness of IT. At the same time, the CEO wants expenses reduced, so you can't spend your way out of the problem; you can't innovate your way out of the problem. Yet the CEO wants to see something change, wants to see something happen.

One bit of good news: variable expenses have been cut enormously. That's good, but the flip side is that if you're going to reduce the expenses to the enterprise, now it has to be structural, it has to be something that comes out of the fixed cost base, and to do that you have to spend money. So you've got a Catch-22. You can't spend money to get the structural costs out. So the CIO feels like there is no way to win: "I'm stuck and I have no way to get out of this."

The software industry's answer to all this is Web services. That's the next big thing. It's supposed to solve a lot of problems. When you talk to most of the large suppliers, they spill a bunch of acronyms and say all this will allow you to integrate. But it won't; it just won't. There are standards, and certainly messaging and integration are easier, but we don't know yet how to handle the semantic differences between industrial messages that are coming from suppliers to OEMs to whatever. XML, Sun ONE, Orion, Longhorn, on-demand computing, yada, yada, yada. There are a lot of solutions, a lot of hammers looking for the nail.

The enterprise is very lost. It's as if you came to the Bay Area for the first time and wanted to get to Oakland. You're there at the airport and you stop to ask directions of ten different people, and they are all experts only on their own little locale. So they can tell you how to get anywhere in Atherton or Woodside, but all they know about Oakland is that it's somewhere to the east. What are you supposed to do with that?

That's how the enterprise feels today. Everybody is giving them a way to get there that is only a partial solution; it gets them only so far. What they need is for someone to

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say "I'll just drive you there for 50 bucks. I'll get you there."

This blog is adapted from a speech Ray Lane gave at the recent AO Summit.

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We've all seen IT organizations that are out of control.
They make decisions based on emotions; the CEO and CIO are
seldom on the same page. Real Options provides a disciplined
approach to IT and allows business strategy to drive IT:

http://homepage.mac.com/sneiderhauser/iblog/index.html

Stevenj | POSTED: 10.13.03 @07:48 | I rate this blog: [**4**]

I agree web services are not the "answer" but they are an important
step to reducing the friction in system to system communication. We
now have (at the lower end of the stack) one way of communicating
(SOAP) and describing how to communicate (WSDL). Towards the
upper end of the upper end of the stack (Correlation, Transactions,
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functionality. Even this is better than the previous model - to paraphrase Ray's analogy, instead of asking 10 people how to get to Oakland I just need to ask two.

To futher reduce friction what is needed is enterprises to start taking advantage of web services with real world problems and telling the vendors and standard bodies what works and what does not. Nothing shapes a technolgoy like real customer problems.

John McDowall | POSTED: 10.04.03 @22:12 | I rate this blog: [**3**]

I agree web services are not the "answer" but they are an important step to reducing the friction in system to system communication. We now have (at the lower end of the stack) one way of communicating (SOAP) and describing how to communicate (WSDL). Towards the upper end of the upper end of the stack (Correlation, Transactions, Business Process) we still have 2-3 ways fo describing the same fucntionality. Even this is better than the previous model - to paraphrase Ray's analogy, instead of asking 10 people how to get to Oakland I just need to ask two.

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John McDowall | POSTED: 10.02.03 @09:15 | I rate this blog: [**3**]

We hear that everywhere the same thing , the problem is if companies stop and look at the long term picture and not short term profit then you will find the answer is in everyones face and has been for years .
A Large firm has had the answer given to them and they closed the door and buried it for short term profit and to make other spend more , I think this tactic is use all to often ant the expence of companies .
The day that Ceo give a fair go to the small firms then we will find the next stage and an equel ballance , finding that fixed cost dropping and business growing .

wawoftam | POSTED: 09.30.03 @20:23 | I rate this blog: [**3**]

Ray, all too true. But XML and the acronyms are the least of the problem with web services. The biggest issue is that web services are an addiction and you never really own anything.

As I wrote earlier this month: ""...in time, these same professionals will have to confront the addiction factor inherent in Web services. It won't be easy. Getting users out of nightmare Web services situations will become a specialty in itself."

More at http://www.techtransform.com/id339.htm

Riggs Eckelberry | POSTED: 09.30.03 @05:43 | I rate this blog: [**4**]

I see part of the problem you're addressing "between the lines".
You're looking for the next big thing to solve the current squeeze of
CXO's? Perhaps the answer is that they should stop looking for
solutions from consultants and re-discover their (and their
organizations') own innovation and problem solving abilities. Even if
there were great out-of-the-box solutions to such complex problems
on the market, the competitors' adoption of these would quickly
remove its competitive advantage. These solutions would just raise
the bar. It was a bit the same with the promise of CRM. Was that
promise ever delivered on? In Europe companies adopted it to
improve customer service. It delivered more information to Help
Desk employees, but did it improve the service? No, because the
mentality didn't change. Only organizations who have exhausted
the potential for development within existing applications will benefit
significantly from Web Services, I think. It certainly isn't the lack of
functionality in existing applications that is holding us down...

spommer | POSTED: 09.30.03 @00:33 | I rate this blog: [**3**]

So the CEO has a right to say "If I paid billions, why can't I get
something that's more reactive on a timely basis?

Because, Mr. CEO - you did not hire a Chief Reactive Officer and
gave him the authority to react on a timely basis. You want your
CIO, CFO and COO to do that job, but they have their hands full
putting out fires from the business dynamics. Hire a Chief
Knowledge Office and I guarantee, he will solve your problem and
still have money left over for you to sleep at night without Ambien.
This is a challenge to any CEOs out there.

Robbie Jena | POSTED: 09.29.03 @09:31 | I rate this blog: [**3**]

The challenge that business and IT face is a complete impedence
mismatch in their ability to innovate and absorb innovation, i.e. a
problem of focus. Tactical and patchwork "scripting" by IT to
address information needs of a business are not sustainable
solutions. Innovation resulting in higher levels of abstractions in
information value chain is what is required. However, such
innovation needs to be grounded in the current realities of the
business. Problem is that during boom times when businesses
have the ability to invest in innovation, R&D meanders into "sexy"
new things without staying focused on "meat and potatoes"
opportunities. As a result, when businesses run into really tough
times (such as last 3 years), wherein value of relevant information
can help make correct "tough" decisions, innovation done during
boom times proves to be completely irrelevant.

IT, specifically R&D, needs to stay grounded to the current state of business and limit its ride on the bleeding edge. Otherwise, it will continue to be one of the causes of hemorrhage in the business -- part of the problem, not solution.

Parmeet Chaddha
Corio Inc.

Parmeet Chaddha | POSTED: 09.25.03 @17:56 | I rate this blog: [**3**]

I sympathize with Ray Lane's point of view because this is not an argument it is a predicament. It is a predicament because executive teams can talk themselves out of the problem. This predicament is what we are in business to solve. Web Services like executive teams share one thing in common, they both echo promises. Promises will not get your business running, nor will the vast majority of stock consultants. By the time you have called a consultant in and paid for the maturity model, the upteenth survey of your people, a study of your existing technology and of course that wonderful non-event - a strategy session with your executive team - you can forget the word "web services" - its a political merry-go-round.

The answer usually lies in finding an honest broker, someone who can look across the organization and isn't afraid getting lashed or fired. If that broker scares the pants off your executive team, so much the better. Technology gets a bad rap when it is failure of executive decision and even if web services is a bit of a pipedream at present, EAI is far enough the adoption curve to be effective in linking up disparate systems. But it isn't the technology that is the starting point, it is getting human beings aligned around common objective and then contribute to the business case. That is in reality a question of whether you are ready to touch painpoints and hold your nerve when the surgery gets tough. There are people in organizations who will drive you to some solutions for 50 bucks but you require diggers to surface them. We are in that digging business, so I am talking from experience. Wow, I am sounding a bit too sensible for my own liking, I will have to forgive myself for doing that because I don't learn anything when I am sensible.
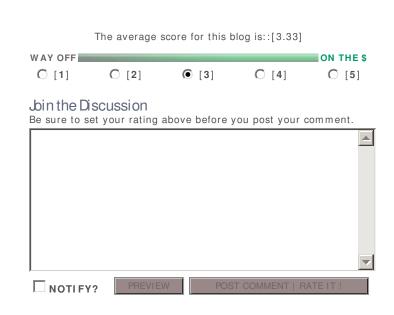
M.
zorromark@consultant.com
(Mark Twain wasn't Mark Twain, Mark Zorro isn't Mark Zorro)
http://www.markzorro.blogspot.com

Mark Zorro | POSTED: 09.24.03 @18:38 | I rate this blog: [**3**]

The solution is simple - cross train engineers in a little bit of IT concepts and vis versa. As the R&D engineer for one company, I easily conversed with the IT people to put our products out on the net. And the IT people knew exactly what a 4-40 screw was. Thus,

the synergy between us two disciplines provided one of the best product-based websites on the net. Customers look for techincal information on a website and when they find it, they buy the products shown by the sponsoring company.

chucksez | POSTED: 09.24.03 @12:11 | I rate this blog: [**3**]

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