Cloud and virtualisation technology are drastically changing the way that businesses approach enterprise software. But exactly how are they shaping the software itself, and what impact are they having on business intelligence’s ability to collect data from them?

By Nithyasree Trivikram

As businesses in the Middle East begin to implement virtualisation and look forward to the impact that cloud computing will have on their business’ IT infrastructure, there is a need for those in charge of IT strategy to begin considering the changes that these technologies will have on enterprise software.

The enterprise software market has found itself at the forefront of a movement that seeks to bring enterprise technology more in line with what businesses need. One of the reasons it has found itself in this position, some experts argue, is because of the relative ease with which changes can be made in contrast to larger capital investments such as infrastructure and networks.

The cost element in particular is an important focus point for CIOs. Recent months have seen a growth in the number of CIOs focusing on measuring cost and value, with the intention of eradicating IT’s perception as a cost centre and nothing else. Vendors have, in the past, been accused of exacerbating this problem, with their drive for higher profits. However, there is a gradual shift in their thinking as well.

“Software is a key component in any IT infrastructure and it is a critical aspect of any business,” states Zaher Haydar, regional pre-sales manager at EMC Middle East. “We clearly see the need to improve the flexibility of enterprise software to bringing it closer to the business and to reduce the cost of implementing software.”

It’s a point echoed by Vivek Subramanyam, chief executive of business analytics vendor iCreate. “It is our belief that the enterprise software environment is in a transition phase from a focus on cost, to a focus on value creation for the enterprise.”

Software-as-a-service is one of the concepts that have been heralded in the past by vendors as the way enterprises will save money on their software deployments in the future. However, while enterprises in the West have been much more receptive to the concept, its adoption in the Middle East has so far been limited.

According to Paul Hammond, general manager of Infor Middle East, Arab culture and the desire to own assets has played a large role in the concept’s slow adoption. He also cited the region’s poor telecoms structure – both in terms of technology and regula-
tions, as well as a lack of competiveness and cooperation – as key stumbling blocks standing in the way of enterprises in the region adopting software-as-a-service. “Because of this, hosted applications are mainly around infrastructure at this stage,” he says.

However, software-as-a-service is only the tip of the iceberg as far as technological change is concerned. Virtualisation – which is seeing increased adoption in the Middle East, and especially in the GCC, after years of posturing by vendors – is putting pressure on those in charge of IT strategy to change how they think about enterprise software. The management of software in the virtualised cloud [see Death of the Disc on page 46] is also having ramifications on the way that vendors design and structure software, especially in areas like business intelligence.

“In the long term, all enterprise software will be affected,” states Haydar. “The journey started with the low hanging fruit: software like business productivity. It is the easiest software to virtualise and to put on a cloud platform. This is why there is a lot of office productivity software available as software-as-a-service.”

However, while productivity may have been the first area in enterprise software to be adapted for the new realities of IT infrastructures, it is far from the only area. “We are seeing many lines of business solutions such as learning, recruiting, CRM and BI being delivered on the cloud,” explains Melvina Tarazi, head of industry at SAP MENA. “These applications’ customers are not as sensitive to where the data resides.”

Subramanyam agrees, adding that: “The areas where CIOs would start experimenting with the new concepts are around the technology surrounding their non-core business processes and ones where the data security implications are to an extent lower.”

However, he warns that despite an increasing push toward virtualised environments and cloud computing, issues around the security of the applications themselves, and most importantly, the data created by them would prevent some industries like banking and finance from adopting the technology, at least until confidence rose.

What all of the industry experts agree on is that once businesses see how cloud computing and associated technologies can help them align IT with the business’ needs,
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According to Mohammed Jawad Ali Khan, chief operating officer at Focus Softnet, “If we look back at the challenges enterprise software has faced in the last two decades, it’s possible to see that there has been continuous additions with varying degrees of business intelligence added in. While business intelligence has been separately implemented in the past, often with considerable effort, the changes to software recently has made it easier for CIOs deploying business intelligence.”

According to Topbas, any three to five year plans currently being drafted by businesses must include a move to software-as-a-service enterprise software deployments, as well as how business intelligence will fit in with it.

However, Red Hat’s general manager for MEA George DeBono warns that enterprises must avoid going down what appears to be the easy route, and settling for a single vendor solution. Vendor lock-in, he warns, is one of the biggest threats to enterprise IT today, due to a lack of widely accepted standards, and the risk that technology invested in today, might not be around in three to five years.

Subramanyam agrees, but says that while it is difficult to predict the winners, it is possible to be sure that you are selecting the right solution by considering whether it meets the needs of current trends, rather than providing you with fancy buzzwords and features that might become redundant within a year’s time.

“The CIO is faced with an increasing number of value driving solutions around software-as-a-service, mobility, product innovations, and so on,” he says. “All of them can help drive greater value and therefore align IT with business priorities better, but the question is, how can the CIO leverage the new benefits while managing risk?”

Implemented properly, they claim, virtualisation cannot just help prevent lock-in, but make a company’s IT infrastructure more flexible to the businesses’ needs than ever before. “Organisations, for the first time, have the opportunity to get the needed resources without worrying about availability, scalability and reliability,” says Topbas. “An end-to-end service centric approach in cloud computing provides the necessary common processes, tools, and skills to deploy enterprise software and manage and monitor the full end-user experience while providing the best performance and availability.”

However, analyst at Forrester Research Dave West warns that the technologies – while promising – are still in the early stages of adoption. “It will grow, but at the moment, organisations are more about looking into virtualisation for areas like development and simple server models,” Subramanyam echoes West, warning that “virtualisation and cloud computing will continue to be buzz words for the coming years. We are a few technological advances away from these becoming core components of CIO strategy, especially for core business applications.”

However, that doesn’t mean that businesses can sit back and wait for those three years to pass. “The requirements of cloud applications are getting clearer,” says Ali Khan. “The benefits are also getting clearer. However, while the requirements are getting clearer, there is still a lot to be achieved in getting real business benefits from a cloud application.”

IN NUMBERS

$232bn
The revenue global software sales achieved during 2010 according to Gartner.

30%
The percentage of CIOs that see business intelligence as a top priority.

42%
The percentage of CIOs that consider virtualisation and cloud as top priorities.

Source: SAP Middle East user group.

there will be an increase in adoption. They also recognise that the key to achieving this will be the CIO.

“CIOs play a critical and complementary role in effectively aligning IT to business needs,” explains Ahmed Auda, IBM Software Group leader, Middle East, Saudi Arabia and Levant. “Turning information into insights, enabling product and services innovation, driving business integration and optimisation, managing risk, security and compliance are amongst the core set of capabilities that CIOs need to modernise and migrate their business to an open and agile operation.”

It is a point Goksel Topbas, regional server and tools business group lead at Microsoft Gulf agrees with. “Cloud is the most major development in terms of new opportunities, cost savings and efficiencies that can be gained by organisations, as well as enterprise software providers. CIOs need to consider how to utilise the cloud for their in-house applications, and also consider investing into enterprise software that can be utilised from the cloud.”

CIOs also need to consider carefully how business intelligence will integrate into any upcoming enterprise software deployment ac-