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Welcome To the First Issue of the OC IT Newsletter

NEW TEAM MEMBERS

We are pleased to announce the addition of our first Chief Technical Office to the Orange County IT Team.



We would like to welcome Mr. Reza Khayyami to the Orange County Team. Reza is Orange County's first Chief Technology Officer (CTO). He comes to Orange County with an extensive professional background and is among the best of the best CTOs around the country. For example, he has been the CTO of the largest Medical Center (and medical region) in the U.S.A., the North America CTO of a major Telecommunications Company, has worked for several major IT contractors, and has owned his own small business providing IT consulting to County government. Reza is responsible for daily IT operations (i.e. hardware, systems, applications, help desk, network, the Enterprise Data Center) and customer service. He is already out and about meeting with you, learning about the OC business & Team, organizations, customer requirements, and ensuring daily IT operations are ever improving. We have no doubt his contributions to OC will be numerous, first rate, and focused on customer service!



CIO'S MESSAGE

Hello! A hearty welcome to the first issue of the new Orange County Information Technology Newsletter. My name is Dan Hatton and I'm your new CIO.

I'm a native Californian and like many of my generation, I joined the US Army right out of High School and left home for a career in military service. After completing a 30-year military career in the US Army Infantry, Field Artillery, and Medical Service Corps (to include being a CIO), followed by a return to California and 4-year stint as a VP in the private sector with a major IT contractor, I actively sought a return to the public sector and a new career challenge as your Orange County CEO-IT/CIO. Like most of you, I don't consider this a job. It is truly a viable career in service to the constituents of Orange County. At the expense of sounding corny, I truly love public service because as a Team we can all make a positive difference in our community in a very broad sense. It was a great career decision in my opinion because 6 months into my return to public service, I have discovered the entire OC Team is totally dedicated to superb customer service.

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FEATURED ARTICLE CIO'S MESSAGE

CAPS Upgrade

Auditor-Controller
By Mahesh Patel
Assistant
Auditor-Controller



(continued from page 1)

In this issue of our Newsletter, I would first like to welcome to the OC Team Mr. Reza Khayyami, our first Orange County Chief Technology Officer (CTO). Then I would like to share with you some of my impressions now that it has been 6 months since I joined the Orange County Team. Finally, I would like to briefly outline the vision and goals of this newsletter and request your active participation to make it the best electronic publication ever.

In terms of the Orange County team --- what a remarkable & first rate teams it is! As you probably know, the Orange County Team is comprised of elected officials, executive assistants, appointees, directors, managers, supervisors, secretaries, and thousands of solid employees that truly represent just about every career field imaginable and every city within the County. There are also a large number of contractors integral to the Team. And let's not forget the hundreds of volunteers that truly round out the team and make much of the success achieved not just possible, but always probable! The Team is comprised of very intelligent, dedicated, hard working, and results oriented people. I meet daily with Team members throughout the County, talk with them, listen to them, learn from them, and we exchange ideas. It's always "people," not technology that makes the difference. Technology can, at best, help them make a positive difference. I frequently stop outside the Hall of Administration and talk with County constituents seeking our services and ask them, if they are willing to talk, to discuss their impressions of the services they seek or receive. For the most part, the comments are positive—even when made by people irritated with some aspect of service they are receiving or seeking. But, the overall impression I receive is that just about everyone on the OC customer service delivery team makes a positive contribution to the services provided and you really are appreciated by the majority of people of Orange County. Take a risk sometime and during your lunchtime walk, just stop and ask 1 or 2 people how they think we are doing! You might be pleasantly surprised by the answers you receive!

We are about to embark on what I call the newest Orange County C3 Era (3 years of enormous Challenge, Commitment, and Change). Many challenges will result from the State of California budget constraints that, in turn, impact local government and constituents. to problem solving by each and every one of us. ➔

We are seeing some of that right now during our current budget planning process. In turn, meeting those challenges head-on not just to survive, rather to ensure our County will thrive, will require very strong personal commitments to problem solving by each and every one of us. Facing enormous challenges through a determined commitment to make things better than before also implies a keen ability to embrace change and perhaps transform the way we conduct business and deliver customer service through increasing levels of efficiency, effectiveness, and quality! It will become extremely important that we all have a solid understanding of our County Vision, Mission, Goals, Objectives, performance measurement metrics, and work towards their successful accomplishment. That means establishing concrete and measurable outcomes, then ensuring throughout the year we are on track. It also means a lot of collaboration will be necessary, listening to others ideas, sharing ideas of our own, and thinking outside the box -- Teamwork. So, think OC C3. Since Orange County is well known around the globe as being comprised of a team with a "shirt sleeves & hands on" approach to meeting challenges, making a commitment to get the job done, and embracing change, there is no doubt in my mind that, over the next 3 years, all adversity will be met with enormous success. In future issues of this newsletter, I'll discuss & write not just about the new initiatives implemented by the CEO-IT Team, but also about you, your team, and your Best Practice IT initiatives being implemented throughout the County that will contribute to OC C3 success.

Finally, I would like to ask you to contribute to this newsletter and help make it a huge success. Your ideas, comments, suggestions, and article contributions are very much welcome and encouraged. The newsletter will be factual, witty, cover issues, recognize accomplishments & contributions, and hopefully it will be read and enjoyed by both technical and non-technical people alike. We actively seek people to write laudatory articles about their organizations IT and Team. It would be great to spotlight 1 individual each month and recognize his or her contributions. Perhaps we have an IT cartoonist in OC that would like to contribute - here's your opportunity. How about volunteer staff to help produce a high quality on-line product. I'll bet there is someone who would like to write brief specialty articles each month. We are open to any creative idea. Let's hear them!

Daniel K. Hattan, PHD
Chief Information Officer

The Countywide Accounting and Personnel System (CAPS) is scheduled to undergo a major upgrade over the next two to three years. The application, Advantage 3.x, will be web based, and has been developed using the Versata (<http://www.versata.com/products/inSuite/products.html>) product for execution on J2EE application servers. County staff, along with staff from AMS Inc., the vendor of the application, has completed a fit analysis of the financial and purchasing modules with a fit analysis of the HR/Payroll module scheduled to commence in July 2003 and end January 2004. As part of the analysis, specific strategies are being developed for the upgrade. They address such areas as:

- Implementation of the core application / Custom Modifications
- Reporting
- Conversion
- Interfaces
- Training and Help Tools
- Workflow

Upon completion of the analysis, we expect to have a clearer picture of the scope and cost of the project along with resource requirements.

CAPS and Business Objects

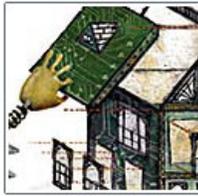
The reporting strategy for the CAPS upgrade calls for using Business Objects as a reporting tool. In preparation for this, the current CAPS application at the County is being further extended through the deployment of Business Objects (<http://www.businessobjects.com/products/bo/bj/>). This tool provides integrated query, reporting, and analysis capabilities. The product comes in thin and thick full client versions. Another component, WebIntelligence, is a thin-client geared towards end-users. CAPS team members are busy learning and testing the tool and building the necessary Universes. CEO-HR is currently using the tool for back-end reporting on online recruitment. As a pilot, the Auditor-Controller expects to deploy the "push" functionality of this application in August for tracking of some specific fund balances.

application in August for tracking of some specific fund balances.

INDUSTRY ARTICLE

Buy! No, build! Debate continues over software packages vs. development:

By Steve Ulfelder
computerworld.com



The debate between buy and build advocates continues.

Do you buy? Or do you build and adjust? It is an elder among IT debates. It is our own "Tastes great!" "Less filling!"

When you need a new enterprise software tool, what's wiser: buying a packaged application from a major vendor and customizing as needed? Or developing it yourself from scratch? Interviews with IT leaders show this conundrum is no closer to resolution today than it was a quarter-century ago. But that doesn't mean that things haven't changed.

Build advocates need only wave a fistful of Computerworld articles dating back to the mid-1990s, when enterprises discovered the joy of ERP. It is hardly a secret that many ERP, CRM and supply chain management implementations have blown up—wasting millions, causing corporate turmoil for years and, in a few cases, being named as factors in bankruptcies. Moreover, CIOs and business executives alike have grumbled in recent years that even when such projects "succeed" (that is, when they don't fail utterly), return on the investment comes slowly—if at all.

On the other hand, there's clearly a limit on how large an application IT can create. "You don't see enterprises trying to re-create SAP," jokes Jennifer Chew, an analyst at Forrester Research Inc. in Cambridge, Mass. Many of the applications CIOs point to as triumphs of the build philosophy are relatively modest—making data easier for users to access via a browser, perhaps, or allowing previously isolated software tools to communicate with one another.

So what'll it be, buy or build? Some of today's arguments may surprise you.

Buying and Crying



Rich Bursek, CIO and senior vice president at Lydian Trust Co., recently made the decision to buy a packaged application, and the process reinforced his philosophy to build his own software whenever possible.

Lydian, a Palm Beach Gardens, Fla.-based parent company to several financial-services businesses, needed Web-based mortgage-origination software that the lenders use to receive and process loan requests. Many vendors offer mature applications that fill this vertical need. "It would have taken us a year to build it" at a cost of about \$1 million, Bursek says. The price of the packaged application selected by Lydian (Bursek declined to name the vendor because the contract has yet to be locked in) is about \$250,000, he says, and another \$250,000 in resources—in-house developers' time and consulting—is needed to get the application running.

The capper is that Lydian hopes to put the packaged application in production in six months. "So that's a half-million-dollar savings, plus we're six months closer [to a functioning application]," Bursek says. "When I took those two factors to the board, it was pretty persuasive."

While the 50% savings made this a clear-cut buy decision, Bursek discusses the experience with enthusiasm usually reserved for a pulled groin. Lydian's senior management team has a strong IT background and prefers to build applications whenever possible—and despite the overwhelming cost advantage of purchasing packaged mortgage-origination software, this experience is doing little to change their minds about the non-finance-related advantages of the build approach. (Bursek believes the unpleasantness isn't his specific vendor's fault, but rather the nature of the buy beast.)

In January, after running the numbers, Bursek knew he would purchase a packaged application and began vendor meetings. "That took us a month, which everyone told us was very aggressive, and another [month] to negotiate and sign the contract," he says. (As noted above, there are still T's to be crossed, I's to be dotted.) The software was installed in March and was scheduled to go live May 1.

"We have five people dedicated to managing this project," Bursek groans. "Five dedicated resources doing nothing else." Three are business analysts who act as conduits between Lydian's business units and IT,



and two are developers writing code to make sure the company's existing applications work with the new mortgage-origination software. "When you're working with vendors there's this ongoing battle," Bursek says. "Things snowball; you can lose control." He contrasts this experience with a recent build project—an extranet sales tool for third-party brokers and account executives who do business with Lydian.

The company needed to give those professionals real-time, browser-based access to mortgage approval status. Bursek simply grabbed a few developers from his six-member team and went at it. "I met with an analyst and a systems architect" to sketch out the basics, he says. "Then we made a presentation to two people in operations and started development the same week. From problem analysis to going live took three weeks."

Bursek shakes his head. "With vendors, it's just a grueling process." In particular, he chafed at the vendor selection process, the contract negotiations and the need to rely on outside developers. But in the case of the mortgage-origination software, the massive price differential trumped all other arguments and made the buy decision unavoidable.

Customize With Caution

Rich Bursek, senior vice president and CIO, Lydian Trust Co.

One of the popular build arguments is that there's really no such thing as a major packaged application—vendors' suites must be customized so heavily that getting your allegedly off-the-shelf application running requires a massive amount of developer time and a shotgun wedding with an integrator. But some IT leaders turn this argument inside out. According to David Schwartz, CIO at George Washington University in Washington, the big problem with ERP implementations is that companies overcustomize software. "A lot of these modifications are simply preferences," he says. "People change the way a screen looks or what appears on a report."

"If you buy packages, you want to keep customization to an absolute minimum," agrees Chuck Mackey, IT director at the Elkay Division of privately held Elkay Manufacturing Co. in Oak Brook, Ill.

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INDUSTRY ARTICLE

(continued from page 3)

The diversified manufacturer of plumbing products and cabinets built its own software until 1997, when it put in place a PeopleSoft Inc. ERP suite. And despite a lousy experience with a systems integrator (Mackey declines to name the firm but says, "They did a very poor job for us"), he has no regrets. Elkay's annual PeopleSoft maintenance fee is equivalent to two or three developers' salaries, Mackey estimates. And for that fee, he says, "today we're totally Web-enabled. There's sure no way we would have gotten here with two or three more developers."

In 2000, when George Washington embarked on an implementation of an Oracle Corp. ERP suite, Schwartz minimized customization and instead updated the university's business processes to match best practices recommended by Oracle. "That's tough. You go through a chain of pain when you're re-engineering and changing corporate culture," he says. "But now our systems reflect recognized best practices."

Rick Peltz, CIO, Marcus & Millichap Working with systems integrator BearingPoint Inc. (formerly KPMG Consulting Inc.), the university implemented the ERP suite in two years at a total cost of \$25 million, Schwartz says. Between George Washington developers, BearingPoint consultants and line-of-business representatives, the implementation team numbered 50 to 60. Schwartz claims there are Ivy League colleges (which he declines to name) "that paid two or three times" \$25 million because they went wild on customization.

Build If You Must

"The last thing we wanted to do was build this app ourselves," says Rick Peltz, CIO at Marcus & Millichap. Late last year, the Encino, Calif.-based real estate investment brokerage company shopped around for off-the-shelf tools that would let its sales agents pull data from many sources (photos, published articles, government information and others), use it to generate marketing packages for individual properties and send that information back to the company's SQL Server database. Peltz assumed that he would use Microsoft Corp.'s PowerPoint, a tool the agents were familiar with, as a front end. Surely it would be simple to find a package that could send the data back to headquarters. ➔

But even with his two consultants "on the phone all the time with Microsoft" trying to pull something together, Peltz found that PowerPoint's architecture made it impractical to set up a way to prevent users from deleting information they had created. This feature was a must-have; turnover among real estate agents is high, and many are technology neophytes, so Peltz was concerned that users would accidentally delete marketing packages they had just created.

As a result, Marcus & Millichap was forced to spend its budget (\$250,000 to \$500,000) "to re-create PowerPoint from a [user interface] perspective, but without all the functionality," Peltz says—and with the ability to build "whiteboard" fields that users can't delete. While the company would have preferred to buy a packaged application, Peltz did find some advantages in building his own. Four months after work began, the tool was already being beta-tested because Marcus & Millichap set its own aggressive timetable. And the consultants who were initially earmarked for integrating packaged software have instead been writing code and auditing one another's work.

About the only thing that's certain in enterprise software today is that even passionate build advocates aren't about to create true ERP or CRM suites from scratch. But at the sharp end of business, where money is made or lost, perhaps no vendor can truly meet your company's needs—perhaps you're on your own. AMR Research Inc. analyst Eric Austvold believes a new mind-set is required: "In the past, people thought of packaged apps as the endgame," he says. "But we need to start thinking of them instead as the foundation—the system of record."

Tipping Factors

- BUILD** - straightforward applications that a small team of developers can handle quickly.
- BUY** - major ERP and CRM suites - why reinvent the wheel?
- BUILD** - software if vendors can't provide key features and capabilities that your business demands.
- BUY** - Packaged applications if they are much cheaper - and faster to implement - than anything you could do yourself.
- BUILD** - custom software that can differentiate you from competitors.

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End ■

IT CALENDAR

Upcoming IT Events



OPS Council Meeting

Every third Wednesday of the month
June 18th
July 16th
August 20th

IT Steering Committee Meeting

Every fourth Wednesday of every four months
June 25th

ISMF

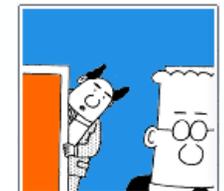
Every first Tuesday of every other month
September 2nd

Pictometry User Group Meeting

July 15th

IT COMIX

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