

**The eBusiness Technology Dilemma:**

*How Do Cross-Functional eBusiness Teams  
Make Smart Technology Decisions?*

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**Forrester Research, Inc.**

## The eBusiness Technology Dilemma

Every company must become an eBusiness. Leaders will use emerging eBusiness technologies to cut operating costs, build stronger customer loyalty, and streamline supplier relationships — and stragglers will be forced to do the same. Unprepared by traditional business experience, emerging eBusiness leaders face a new dilemma:

- **eBusiness strategy requires eBusiness technology . . .** Technology products and services are key weapons for competing in the Internet economy. To field new business initiatives, firms must take calculated risks on new technology offerings in segments that didn't even exist three years ago.
- **. . . But eBusiness executives are focused on business — not technology.** Executives chartered to drive eBusiness transformations may not possess the technology IQ they need to directly lead the charge, but they do know that the overall success of their eBusiness efforts depends on timely, accurate technology decisions.

## Business-As-Usual Technology-Selection Strategies Won't Cut It

Firms have been using technology in their operations for years. They've relied on their IT groups to build or buy their way to more efficient customer service or inventory management. So what's different about eBusiness? In the eBusiness arena, where companies are forced to adopt new technologies that lead to competitive differentiation:

- **Companies must acquire technology under pressure.** eBusiness initiatives depend on innovative, ever-changing technologies. This means that firms must quickly identify and commit to a vendor-partner for products and services that will operate a vital eBusiness function. To further complicate matters, this decision must be made collectively by eBusiness teams drawn from diverse departments — IT, line-of-business, and marketing. These teams struggle to operate under tight deadlines, amid uncertainty created by vendor hype, and with vigilance toward their competition.
- **Technology change outpaces IT.** In the past, businesses could ask their internal technology experts to attend a couple of trade conferences and scan the literature to create a vendor shortlist. But this approach will not work for eBusiness — it's just too risky. The pace of innovation and the proliferation of new product segments demand increasingly specialized knowledge of product features and vendor capabilities. To make the right decision, eBusiness teams must be able to quickly separate hype from reality when they are identifying which vendors can help, crafting an RFP, building a vendor shortlist, running a side-by-side comparison, and making a best match to the initiative.
- **Firms must buy and integrate technology — the “build” option has crumbled.** In today's business environment, the option of building applications instead of buying them has all but disappeared, as few companies can afford to maintain the internal expertise for creating commercial-quality software. While the build option has withered, most companies are far from having a robust and reliable process for buying the software on which they're betting their eBusiness projects.

## *Characteristics Of eBusiness Technology Selection*

Attribute	Traditional IT selection	eBusiness technology selection
<b>Who</b>	IT department	Cross-functional eBusiness teams (IT, line-of-business, marketing)
<b>Decision time frame</b>	3-12 months	3-12 weeks
<b>How many decisions</b>	One decision made upfront	Many decisions made over time: every module, every project, every upgrade
<b>Risk of project failure</b>	Internal	External: customers, suppliers, and partners
<b>Complexity of the decision</b>	Must fit with internal architecture and serve operational imperatives	Must fit with internal and industry architectures and serve both operational and business imperatives
<b>Possible solutions</b>	IT can choose between building a custom solution and buying a packaged solution	Cross-functional team must buy a product and integrate it into the architecture

Source: Forrester Research, Inc.

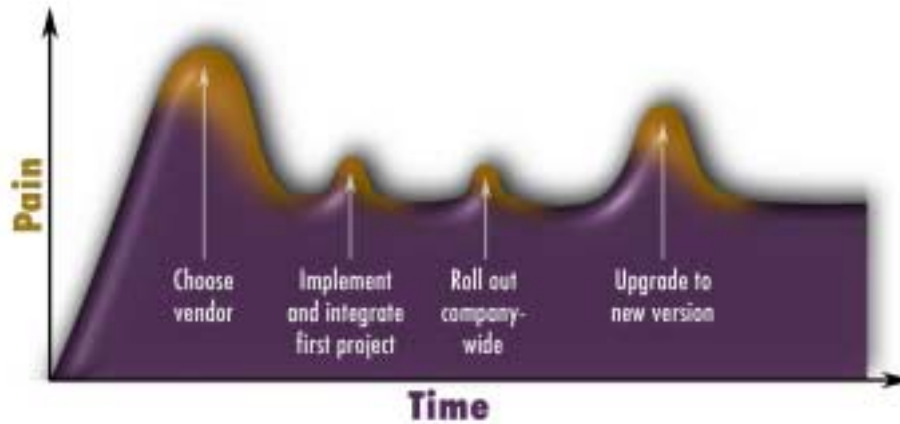
### **Companies Have To Get Smart And Stay Smart About eBusiness Technology**

As firms face these issues, they must strike a balance between depending on external services for speed and implementation help and retaining the ability to make strategic choices and course corrections. This means that firms must:

- **Get all the players in on technology decisions.** To take a strong position in the Internet economy, firms must drive an integrated approach that hinges on the full cross-functional team working together to choose technology products and services. As business and technology decisions become interdependent, so do the fates of the participants. eBusiness leaders must be as conversant in tech-speak as they are in finance, sales, or manufacturing lingo — just as technologists need to understand business and marketing jargon and issues.
- **Make sure corporate standards work for each project.** Even when architecture groups designate corporate standards, each business unit still must place its own bets. The architecture groups can help by sharing their decisions across the enterprise. But to be successful, business units must also be able to perform what-if analysis — pitting the detailed requirements of their projects against equivalent details about potential technology vendors' products and services.

- **Go beyond vendor hype.** When technology buyers go into the market to assess technology products and services, they are playing a game that is fundamentally rigged against finding objective, accurate information. Software vendors and service providers have deeply influenced the media, exerting advertising muscle to sway the criteria behind many evaluation methodologies.

### *Pain Profile Of eBusiness Technology*



Phase	Project tasks	Sources of pain
<b>Choose vendor</b>	<ul style="list-style-type: none"> <li>• Research the market</li> <li>• Narrow to a vendor shortlist</li> <li>• Hold a product "boke-off"</li> <li>• Negotiate terms</li> </ul>	<ul style="list-style-type: none"> <li>• Which vendors matter?</li> <li>• How do we justify testing costs?</li> <li>• How do we get the best deal?</li> </ul>
<b>Implement and integrate first project</b>	<ul style="list-style-type: none"> <li>• Build project plan</li> <li>• Allocate internal and external developers</li> <li>• Test application and integration</li> </ul>	<ul style="list-style-type: none"> <li>• Where are the pitfalls?</li> <li>• Do we have the right skills?</li> <li>• What are the deployment and integration costs?</li> </ul>
<b>Roll out companywide</b>	<ul style="list-style-type: none"> <li>• Educate project managers</li> <li>• Assist in their project planning</li> <li>• Lend technical resources</li> </ul>	<ul style="list-style-type: none"> <li>• How do we convince project teams that this is the right product?</li> <li>• What did we learn that we can share?</li> </ul>
<b>Upgrade to new version</b>	<ul style="list-style-type: none"> <li>• Weigh upgrade benefits against costs</li> <li>• Prioritize module upgrades</li> </ul>	<ul style="list-style-type: none"> <li>• How is the new version better? Worse?</li> <li>• Which modules give the greatest benefit?</li> </ul>

Source: Forrester Research, Inc.

## **Firms Equipped For The Long Haul Show Lasting Success**

A good eBusiness decision unfolds as an ongoing process; it isn't nailed at a distinct point in time. Traditional product sourcing focuses on the initial decision. With eBusiness technologies, firms must continuously monitor their technology markets. This is because:

- **Projects evolve, and what matters most can shift.** As eBusiness strategies develop, the functionality needed to wow customers, partners, and suppliers will change. The original thinking behind assessing and choosing a vendor doesn't age gracefully.
- **Today's winners can fall behind — quickly.** In eBusiness software markets, like commerce platforms or content management, new ideas and product enhancements appear rapidly. First-in products may gain critical mass, but they lack new and important features. On the other hand, the most recent entrants offer the latest features but look risky. Project sponsors must be in a position to evaluate, or reassess, their technology decisions at every pivotal point — not just once at the start of a project.

## **Companies Should Use Interactive eBusiness Research To Solve The eBusiness Technology Dilemma**

While bulging binders of hard copy about technology products and services may be comforting to handle, that medium is badly mismatched to the needs of the eBusiness team. Hard copy constantly falls out of date, fails to reflect the dynamics of markets, offers generic advice, and is extremely difficult to share across offices, let alone continents.

An effective eBusiness team uses Internet technologies to function, both for practical reasons and to demonstrate leadership to the rest of the company. Firms make the best eBusiness technology decisions with the help of timely, trustworthy research and tools that let the team customize the rankings based on the critical success factors for their business or project.

## **Implementing Forrester's TechRankings™ Research**

Forrester has created a new kind of research that is expressly designed to meet the needs of the eBusiness team and resolve the team's dilemma of selecting and implementing the right technology products and services. TechRankings comprises an online database of research on emerging-technology products and services that users can customize to their unique eBusiness project requirements. We have built TechRankings to:

- **Deliver detailed objective technology research.** Every product is laboratory-tested by our strategic partner, Doculabs, Inc., for the features and functionality that users need to fulfill their eBusiness goals. Our open methodology ensures that we test the right features and that every vendor gets a fair shake. The result is research you can trust to separate winners from losers, thereby cutting time and money from your selection process.
- **Address the concerns of eBusiness executives and development managers.** Because TechRankings research is delivered at both summary and highly detailed levels, all members

of the eBusiness team can use it. This helps unite an eBusiness team on a critical success factor: choosing the best technology to support the project goals.

- **Analyze markets and vendors monthly.** Technology pain does not stop when a vendor is chosen. Development teams across a company must still implement, integrate, and operate the software. Forrester updates TechRankings research every month to reflect the latest product offerings and address users' most current needs. This keeps eBusiness teams and project sponsors informed at every decision point.
- **Let teams customize the research to their specific project needs.** Forrester's rankings reflect the needs of large user companies. But each company and each eBusiness project differs. TechRankings research is stored in an interactive database and delivered with Web tools that let teams customize the research to reflect the features that matter most to them. Users can share their customized research with project teams across their company. This accelerates the decision-making process and improves the quality of each decision.

## *TechRankings™ Addresses The Pain*

Phase	Sources of pain	How TechRankings™ helps
<b>Choose vendor</b>	Which vendors matter?	Teams can customize the research to rank key vendors based on specific project requirements.
	How do we minimize testing costs?	TechRankings tests each product so firms can build a vendor shortlist quickly. This means that they have fewer products to test.
	How do we get the best deal?	A tradeoff analysis tool makes it easy to compare products and act smart in any vendor negotiation.
<b>Implement and integrate first project</b>	Where are the pitfalls?	TechRankings' detailed analysis showcases each product's strengths and weaknesses.
	Do we have the right skills?	Product test results prepare development teams with hard facts about functionality and tools.
	What are the deployment and integration challenges?	Laboratory-based product testing reveals the detailed problems in these key characteristics.
<b>Roll out companywide</b>	How do we convince project teams that this is the right product?	The customized rankings used to choose the product can be shared across the firm.
<b>Upgrade to new version</b>	How is the new version better?	On release, TechRankings ranks the new version so firms can perform a tradeoff analysis.

Source: Forrester Research, Inc.