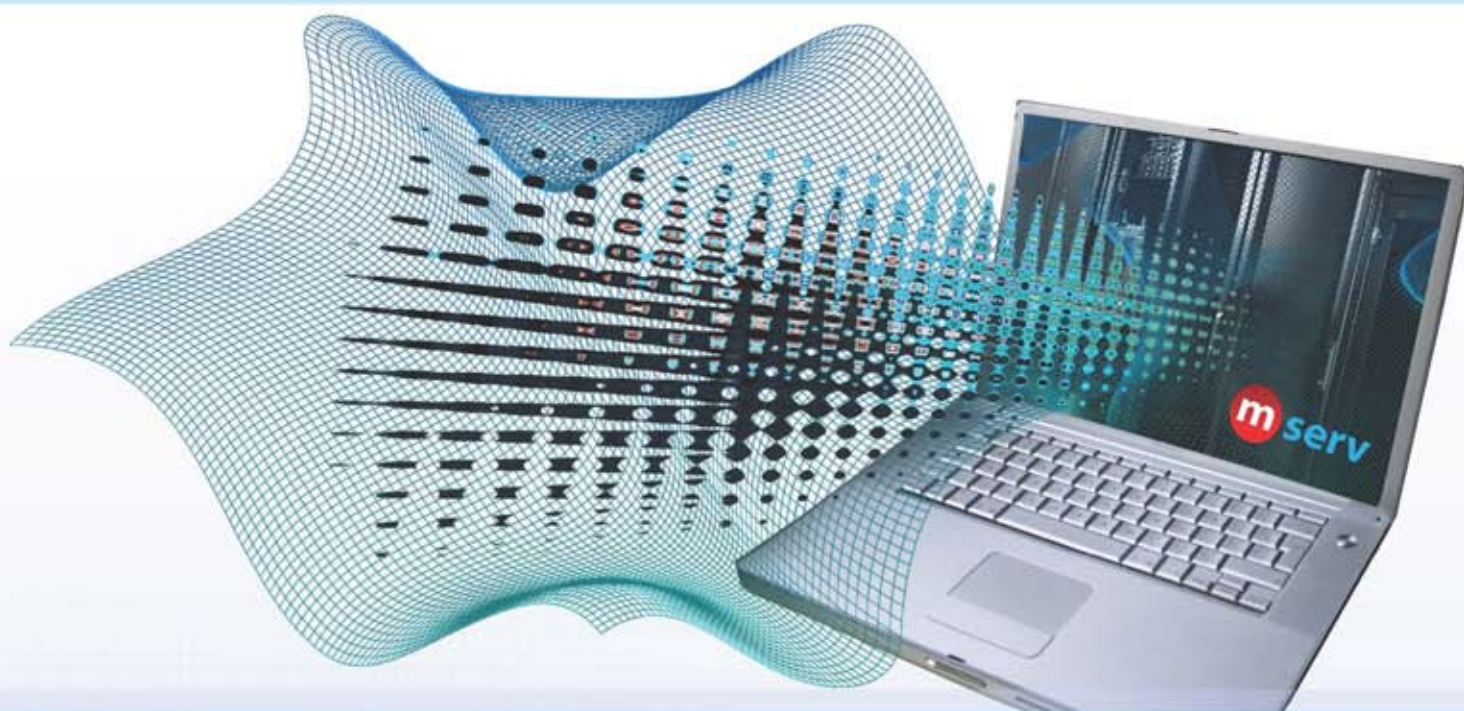


When to upgrade your IT services?

Perneq Technologies Sdn Bhd (Psitech), a subsidiary of Perneq Corporation Bhd answers the questions managers most want to know about IT upgrading.



From a managerial standpoint, at what point do you sacrifice efficiency over profitability?

In Perneq, we'd rather not use the word 'sacrifice'. We have a well developed business process flow that we adhere to every step of the way in achieving an objective and this has been working well for us throughout the years. All major decisions are made collectively.

For example, we have a process called Sales Qualification Review (SQR) where the sales personnel have to fine tune the details of the project, who are its main competitors and what is the value creation of the upgrading exercise. All these issues must first be addressed before they (sales personnel) can qualify the sales.

With these processes in place, we believe that we have addressed the issues relating to efficiency and we have succeeded to a certain extent. Furthermore, with the implementation of our Cost Modelling Tools (CMT) methodology where the various costs of a project undertaking such as material, technology, labour,

contingency as well as financing are projected and scrutinised, we are able to determine if a venture is viable or otherwise. CMT is applied all around in Perneq and it ensures transparency.

Thus, by maintaining a high level of efficiency as well as understanding the costs of an upgrade, there should not be a sacrifice of profitability.

Considering the economic climate, should now be a good time to upgrade?

Today, we can see that the economic climate is very encouraging compared to some years back when we were experiencing a crisis and many corporations have renewed confidence to invest (on upgrading) as compared to last year.

However, in terms of actual spending, we can see that they are being more cautious now and will only spend based on prudent considerations.

But at the end of the day, it is going to be purely business decision - they will determine how the investment that they make will be translated into dollars and cents. If they think there is need to spend, they will.

In the current economic environment, we see that customers or users are in a good position to get better value for their money, which means that they will get more products/services for the same amount of money now as compared to say if the investment were to be made three years ago.

Overall, we can say that the demand is improving but the margin is thinning, as far as the whole IT industry is concerned.

Can the expense of upgrading IT services be justified in terms of the bottomline?

Since we have a different segment of customers who come from different fields, it depends on which segment we are targeting at. For example, telecommunications companies (a main segment for us) require constant upgrading of their systems and technologies as they are always changing.

From the 2.5G or 3G frequency previously, now we are talking about 4G. Therefore, they must continue investing in new technologies to keep up with their competitors and not be left behind.

In Persec, our Telco division is a classic example where new investments in technological upgrades are almost mandatory. Another important segment for Psitech is financial institutions. We have to keep track of the demand and requirements of banks to enable us to develop the financial solutions that they need.

This is a trend now. Most of the time, new investments for system solutions are required when they (the banks) introduce new products. In making these investments, we need to study how much the new products will

contribute to our bottomline or topline. This is a core requirement. We have to see it in the short term, medium term or long term whether the demand will still be there or not.

What are the benefits of IT upgrading to a small/medium enterprise? Do they differ greatly from larger corporations?

For small and medium enterprises (SME), they need at least a simple Local Area Network (LAN). Previously, they needed to have servers in order to have the LAN in place to enjoy file sharing, email, etc. but now with the convergence of the technology, physical ownership of hardware is fast becoming a thing of the past.

With the emergence of Cloud Computing, SMEs now have the option to subscribe to the services that they require and only pay for what they actually need.

So, there will be no worries about under utilisation of hardware (servers, PCs etc) and upgrades can be implemented as and when they are needed. This is an area where Psitech is moving into and we are confident that the concept will gain a strong foothold in the local IT landscape.

However, for multi-national corporations (MNCs), their requirements are a bit different as there are issues that they have to safeguard such as confidentiality, trade marks, etc.

Therefore they still need to own and maintain their own servers but probably at a reduced number as most of the services that they'd require can be sourced from service providers. On a bigger picture, everybody stand to benefit from Cloud Computing as the cost is reduced while efficiency is raised.

In the next issue: How to teach your staff to use IT to its utmost potential, ensuring the most bang for your upgrading buck.

J Allard's Exit E-mail

From page 29

To: "Robert (Robbie) Bach", Entertainment & Devices Division FTE
Cc: Senior Leadership Team
Bcc:
Subject: Decide, Change, Reinvent.

I'd push a little further and say something like "Don't you see the force multiplier in connecting all of those desks and homes and people together across the Internet?" and they'd say something like "Internet? Is that like Compuserve?" However it was said, these responses activated my flight instinct.

My speedball would be, "Well, why in the hell should I join this company that doesn't have a clue about the Internet when that's the next big thing? It's going to completely change the world! It's what I was put on earth to do! You guys don't get it!" and the calm response would be, "You're right. We don't get it, but it seems that maybe you do. That's exactly why you should come here. Come here and make it happen. Write the job description!"

I couldn't believe it, but it was impossible to dismiss the similarity and authenticity I felt in every conversation. On the flight home, I contemplated these discussions, the passion and IQ of the people I had encountered and their invitation to create my own space to drive a bigger agenda alongside them.

It clicked. The "computer on every desk..." rhetoric was a ruse, the real purpose and ambition of these people was much, much broader: "Make the world a better place through technology."

Like every idealistic college hire, this was the unicorn I was looking for. I wanted to do something bigger than me - "change the world!" - with a bunch of people who respected and could augment my superpowers.

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