

PS: Have you noticed a big difference in how companies are justifying the cost of their IT projects in this last year?

SH: Actually, we have and we've seen this trend actually over the last several years where more and more IT organizations are beginning to operate much more like a business with a much greater degree of accountability to the overall business and being governed as such. And you kind of think about what's going on in the recent economic challenges that we're seeing worldwide

I think it's driving an even greater degree of scrutiny on the IT organization to ensure that every dollar that's invested, particularly, in the software projects is resulting in a desired business outcomes. And you kind of look at IT software projects overall and less than half of them are deemed to successfully meet desired business outcomes. So there is a renewed focus, if you will, on really creating a business process to help ensure that the IT organizations are delivering exactly what the business needs with a reasonable amount of cost and risk.

How can effective IT cost management help a company in times like these?

Well, I think the trick has always been with the IT organizations is that many of them are comprised of a multitude of projects, ten projects, five projects, up to hundreds of projects. And usually, those projects are aligned to individual stakeholders or lines of business that they're creating some software -- asset or software application for.

And many IT organizations have been spending their livelihood over the last decades automating business processes for other parts of the organizations -- of the business they make up and not perhaps their own. And so I think one of the best things that an IT organization can really do now is begin to really focus on building out a business process for their IT organization that will allow their organization to collaborate more effectively not only within itself but across the broader business to automate how people work together to achieve the business goals that they're being signed up to accomplish.

Then, of course, to be able to ongoingly measure and report against how they're making process against desired business outcomes. You think about this notion of reporting, and automating, and collaborating, I mean those of the pillars of a business process. And I think what IT is in most need of now is a real crisp repeatable, adaptable business process to help optimize the money that's being invested in those software projects.

Definitely. And I think this next question a lot of people will be interested in but how will this help IT professionals both keep their jobs and then justify their projects?

Well, I think this is key because again I think what the real catalyst for this -- at least in 2009 I think some -- and the later part of 2008 was the economic slowdown which is really driving all businesses to focus on costs and cost reduction. You see this across the board, across industries. And if you look at the average IT organization, is anywhere

from 15 to 25% of the overall operational cost of many businesses so it is a pretty sizable chunk of a potential cost savings.

And I think when business leaders see that perhaps not all the investments they're making and IT is returning what the business needs. I think the more an IT organization can show a governance model the ability to deliver upon the desired business outcomes, to measure in real-time and adapt as the business needs them to adapt.

I think by just lowering the overall cost and the overall risk associated with IT, is something that's going to not only allow money to be reinvested into new projects, and to new people, and to new efforts, but I think it's also going to help the business in the long run because it's not like a business can stop IT, it's not like software in particular is the innovation point that's going to make businesses successful in the future. So it's all about cost effective, mitigating risks in order to pursue innovation.

That makes a lot of sense. Now, a very important thing today is strategic decisions. Now, how does Rational help people make strategic decisions?

Well, we're going to be launching a whole new set of products actually and a methodology. I know we'll talk about the Rational Software Conference, June 1st in a couple of minutes here, but I think traditionally what many customers have had is they've built out a lifecycle management platform for their projects and for their software investments which will allow them to do effective change management, they can do configuration management, they're getting much better in managing quality.

There's a lot of capabilities that are beginning to come together because most of these projects teams are distributed either in different buildings, or different time zones, and even different companies, and countries. Getting them all to work together collaboratively is one of the key objectives and once you kind of get that kind of infrastructure working together, the most important thing you can begin to do with it now is use it sort of as virtual memory where the system and the infrastructure --the lifecycle management platform can keep track of real-time information, where this project status sits, who's doing what.

Basically, how you're doing against your key metrics and by being able to tap into that in real-time and be able to actually measure with dashboards on how you're progressing it's going to give the decision makers a much greater degree of information that's up-to-date and that is aligned with the business needs to make better decisions. And this whole notion of performance management, and the project, and portfolio management is becoming really critical because that's really the linchpin on how to save money and reduce risk associated with the IT projects.

Definitely. Now, can you just give me a -- drill down a little bit on this upcoming Rational Software Conference coming this June 1st?

Yep, this will be our 11th Rational Software Conference. It is down in Orlando Florida, June 1 - 5, I believe it is. We're expecting anywhere in the range of 3 -4,000 people so it's a pretty well attend conference. It is going to have some 500 sessions across a dozen or so tracks so everything from manufacturer product development, it includes software right up through security and compliance, and packaged applications, and software development, best practices.

And it's really designed to be sort of a big think tank where users get together and they go through these different sessions to talk about the key challenges that IT and software delivery organizations face and being more successful. And not surprising the theme of the conference this year is "To Get Real".

It's all about achieving the desired business outcomes and it's about making the right strategic decisions, and it's about being able to execute and precision against what you're trying to accomplish and to really lower that risk and cost associated with the need to innovate so it's going to cover everything from software development and more technical topics all the way up to executive level IT topics around investment management when it comes to software, and how you do business in an IT organizational transformation, and the strategic role that software plays. So it's a pretty comprehensive conference all about how to get greater value from the investments that you're making in software