

Technology forecast

How businesses can use an IT strategy to streamline operations in 2010 **Interviewed by Clare DeCapua**

Cost-cutting measures have defined the business environment in 2009, but business leaders have discovered that it is equally important to increase workflow and efficiency throughout an organization. By continuing these strategies into 2010, companies can place the focus on improving processes.

“For most of 2010, you’re still going to see a lot of pressure on business expenses,” says Bill Dvorak, Chief Financial Officer and General Manager of CIMCO Communications. “A lot of the larger companies and banks are starting to show more profitability, but I don’t believe it’s because revenue is increasing, I think it’s because they are managing their expenses.”

Smart Business spoke with Dvorak about how companies can use IT to take their business processes to the next level in the new marketplace.

How is the current business climate driving changes in business strategy?

To operate successfully, top-level management knows that employees at every level need to understand the goals and objectives of the company. In addition, the long- and short-term goals that the company utilizes have to align directly to those strategies in order to be effective.

For example, if 2010 looks like a year of tremendous revenue growth, then a company would gear strategy around supporting sales and adding products. If creating operational efficiencies is a more realistic goal, a company may alternatively receive more benefit from cost savings than going after sales in a tight market.

How can technology solutions be part of these strategies?

Any kind of technology change requires a certain amount of re-engineering of the business. Business leaders must think through what they want to achieve from an investment in technology. Just jumping into something may not produce any value — in fact, it will end up being a point of frustration and adding costs.

You have to figure out where you need to go next, what you’re trying to accom-



Bill Dvorak
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plish and then find the technology that will get you there. Voice over Internet Protocol (VoIP) gives you a lot of flexibility and cost savings if it’s installed and engineered properly within a business.

For example, a company might invest in a VoIP solution to achieve long-term scalability and flexibility for the business. The result of that solution may allow employees to work remotely, therefore causing real estate costs to decrease.

What other technology solutions can be part of a strategy that promotes efficiency?

■ Multiprotocol label switching (MPLS) is used in multisite operations, connecting all locations and creating an open flow of communication. Converged voice, video and data run over a secure, private network scalable to the growing needs of a company.

■ Ethernet provides more bandwidth at a more reasonable price and can lower support expense for a company. This scalable solution offers a variety of bandwidth options, which makes it easier for companies to change as they grow.

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■ Managed services provide expertise, particularly for small and medium-sized companies that need to focus their IT resources in other areas. Outsourcing services such as a router, firewall and bandwidth monitoring unburdens a company’s IT staff to focus on more critical issues.

If blended with the same vendor that provides your telecommunications, you can achieve relatively inexpensive pricing and get a single point of contact for the services.

What should IT managers know about implementing new solutions?

Not every solution is the right fit for every company. What are you trying to accomplish? Can you accomplish your goals with the staff and expertise you currently have?

You may need to work with a technology provider that can bring the expertise and resources that will help you structure that strategy.

For example, you may hear that VoIP is a really good technology, but you’re not quite sure how it works and whether it’s right for your company. The right technology provider will have a staff of engineers that will help determine your needs and design a solution specifically for your company.

How can companies measure the ROI of technology investments?

A simple, high-level metric to use is expenses as a percent of revenue. If you want your technology to make you more efficient, then your operational expenses should come down as a percent of revenue. It’s very simple and easy to measure, and it’s something you can do every month.

But if the strategy of installing a new technology such as VoIP, for instance, is to make you more effective in generating sales, new sales growth would be a better barometer. Just make sure that your metrics are parallel to your goals and you’ll be able to effectively measure your investments. <<

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