

A Publication from INPUT's U.S. Systems Integration Program

Re-engineering—A Change in Processes and a Change for SI Vendors

Business process re-engineering is emerging as a key driver for more federal systems integration projects. In a newly released report, *The Federal Systems Integration Market, 1992-1997*, INPUT asked federal agency IRM personnel what trends had affected their systems integration projects the most. As shown in Exhibit 1, business process re-engineering ranked among the top three trends. Agencies commented that re-engineering is essential in bringing systems to open systems compliance (the top ranked trend). Agencies also commented on the savings that re-engineering can provide and how it is instrumental in cost-justifying automation expenditures.

Business process re-engineering is the radical retooling of organizational work flow before starting the automation of a system. It recognizes that adding more computing power to an older system will not give you a better system and that technology must be viewed as an enabler, not a solution.

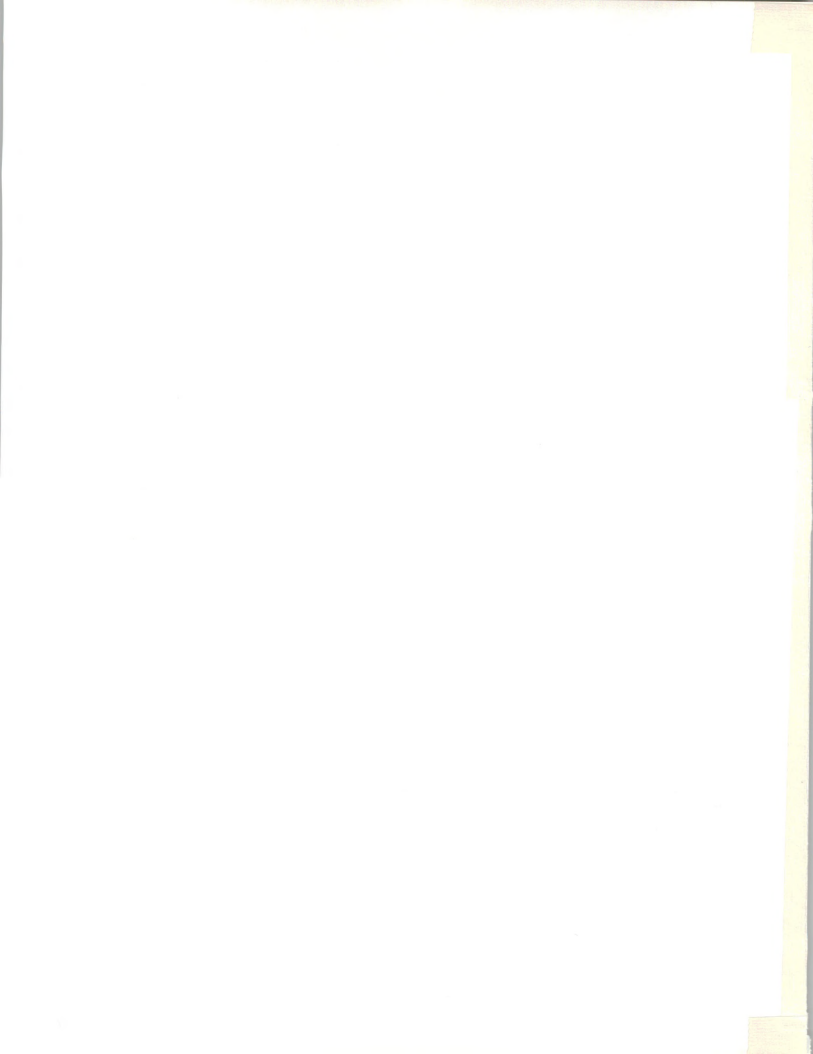
This trend is reshaping the formula of systems integration projects. In business process re-engineering, the systems integrator does not have the luxury of building systems based on well-defined agency specifications and guidelines as has been done in the past. Re-engineering demands a fresh look at business

Exhibit 1

Trends Affecting Agencies' Use of SI Projects

Trend	Rank
Open systems	1
Standards compliance	2
Re-engineering	3
Computer security	4
Downsizing	5

Source: INPUT



processes and rules that require a new set of skills to be a successful integrator.

This new approach emphasizing systems design places greater demands on the internal staff of systems integrators. Vendors are now forced to develop the skills within their internal staff because personnel with these skills are not readily available in the marketplace. A handful of integrators have jumped ahead in the re-engineering race. Companies like CACI International, Price Waterhouse, BTG Inc., Systems Research and Applications, and NMI of Fairfax, VA, are winning more contracts because they can provide re-engineering services.

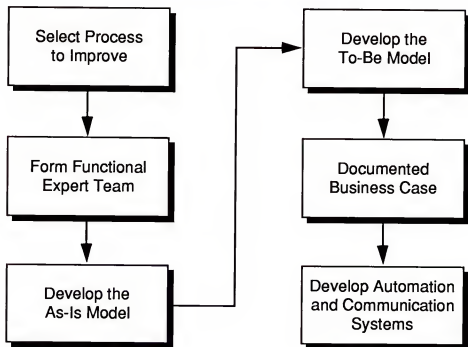
The push for business process re-engineering in the federal government comes largely from a change in how federal users view their mission.

With the help of the high profile Corporate Information Management (CIM) initiative created at DoD, federal users now see themselves as providers of services to the public, much like commercial businesses. In order for them to respond quickly to customer demands, they need to restructure their organizations, business processes and information systems to be more efficient as deliverers of service. This will lead to the opening of a very large re-engineering market in the federal government.

Business process re-engineering originally got its start as part of DoD's CIM initiative. The concept was developed to help DoD meet its mission objectives under shrinking Defense budgets. Exhibit 2 diagrams the steps that DoD takes when implementing a re-engineering project. DoD plans to use re-engineering in the

Exhibit 2

DoD Steps of Business Process Re-engineering



Source: INPUT

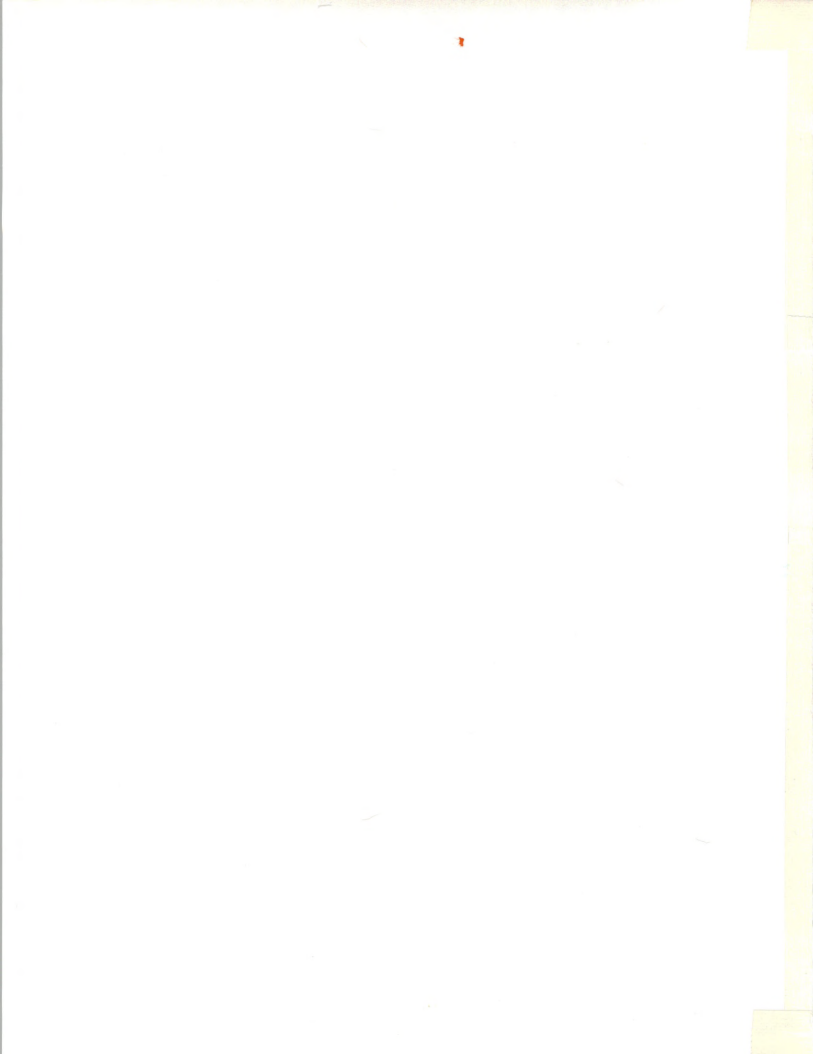


development of the Army's Sustaining Baseline Information System (SBIS) program. It is also expected to use the \$1 billion Integrated Computer-Aided Software Engineering (I-CASE) procurement as a vehicle for satisfying the DoD's requirement for the software modeling tools used in re-engineering.

Yet the concept is not limited to DoD agencies. Several civilian agencies such as the Internal Revenue Service, the Social Security Administration, and the Department of Energy have started including business process re-engineering in their systems integration efforts. The IRS has made a large commitment to utilize re-engineering techniques in its Document Processing System (DPS). As business process re-engineering becomes more popular, civilian agencies will probably look to DoD for guidance with methodologies and standards.

Systems integrators need to gain business process re-engineering capabilities because their competitors are sure to acquire them, whether by external acquisition, alliance or internal growth. Vendors can participate in the expansion of the systems integration marketplace if they can gain enough business process re-engineering experience early in the game. For these reasons alone, today's integrator must participate in this new methodology.

This Research Bulletin is issued as part of INPUT's U.S. Systems Integration Program for the information services industry. If you have questions or comments on this bulletin, please call your local INPUT organization or J.P. Richard at INPUT, 1953 Gallows Road, Suite 560, Vienna, VA 22182, Telephone (703) 847-6870, Fax (703) 847-6872.



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