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software News

APR 1999
VOL. 1, #7

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Power Trio



Dr. Les Belady, the new executive director of the Austin Software Council, Becky Taylor, outgoing ASC chair, and Admiral Bobby Inman exchange greetings at last month's ASC meeting. [page 6]

E. Sopensky photo

THE ROUNDUP

For IT Consultants, the Good Far Outweighs the Bad

By Jack Burlingame

► How's business? Ask an executive at a local IT consulting firm, and you just might get paraphrased Dickens in reply: It's the best of times in IT consulting; it's the worst of times in IT consulting. The rosy part of the assessment comes from the booming economy and the unprecedented demand for high-tech expertise. The dismal view stems from the chronic difficulties in finding the IT talent to meet that need.

Yet despite the labor shortage, most executives agree that the good far outweighs the bad. Sue Burnett, president of the Burnett IT Group, which has offices in Houston, Austin, and El Paso, offers this perspective: "We've got plenty of jobs that

we can't fill, but I'd much rather have a lot of jobs I can't fill than have a lot of people with no jobs. I've been in that market in the '80s and it was no fun."

In fact, some see more than just a silver lining in the labor cloud. Jon Piot, president of Contact Network, with offices in Dallas and Austin, perceives opportunity in the current climate. "It's been a boon for business," says Piot. "The labor shortage is the reason that a lot of our customers use us, because we can find people that they can't find."

Doug Ortega, vice president of technical services for The Adea Group, tells a similar tale: "The shortage of people and an increasing demand has actually helped our business and allowed us to grow."

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ASC SEMINAR

Software Startup 101

Tips from Pros Ensure Success

By Karen Roller

► Entrepreneurs thinking about starting a business or already in an early-stage company take note: If you want to hit pay dirt, be prepared to work the mine.

Eric Jones, partner with SSM Venture Partners, and Bob Fabbio, managing director with TL Ventures, were among other experts that offered fast-

[► STARTUP page 20]

PROGRAMMERS

Y2K Cools Down Hot Data Warehouse Market

By John H. Mayer

► While the job market for data warehousing experts has been running in the fast lane the last few years, it's hitting a temporary bump in the road in 1999, say recruiters. The reason? As the millennium draws near, the corporate world's focus on Y2K issues has put a temporary damper on data warehousing opportunities in some markets.

"There's not a lot of hiring going on in Houston [► PROGRAMMERS page 19]

IT Know-How



The Computer Merchant Ltd. provides IT expertise at ten offices across the country. [page 7]

IT Consultants Experiment with Gain- and Risk-Sharing

By William Tucker

► Everybody knows the feeling when the home improvement contractors come to your house,

take all the furniture out of the room they're supposed to be renovating, and then go off for a month to work on another job. Software consulting has been

similar. "I believe building construction and software development are really the same industry," says Kyle Rickett, the 28-year-old founder and CEO of Rickett & Company in Dallas. "They're just using different raw materials."

Rickett & Co. is one of a growing number of consulting firms that is trying to improve standards by offering fixed prices and guarantees of delivery within budget for major contracting jobs.

"Traditionally there have been a lot of cost overruns and missed deadlines in the IT consulting business," says Pedro Fernandez, vice president of corporate strategy and marketing with PSW Technologies, an Austin firm that is offering the same approach. "We decided our business model would include offering fixed



J. Kyle Rickett and John Hebley

prices and gain-sharing contracts. Essentially, we become partners with our clients."

"A lot of time consultants say, 'We'll give you six people. You're free to do what you want with them,'" echoes Madhav Anand, founder and president of i-Cube, a Cambridge, Mass., consulting firm. "It's still very much a time-and-materials industry."

Rickett says he hit on the strategy after his first company — RDS Consultants — contract-

ed a six-month job that ended up taking three years. "It was a large piece of software for an insurance company," he says. "We took a real hit. I sold the company and decided to spend time figuring out how to produce projects on time and on budget."

Rickett chose the construction industry for his model. "You have your architects and contractors, then you have your basic workers who hang drywall," he says. "The difference is construction is more mature than software." When Rickett reincorporated as Rickett & Co. in 1993, he emulated many construction companies by offering a fixed price and date with a full money-back guarantee. He was 17 percent over schedule on his first

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Admiral Inman Recalls Austin's High-Tech History

By Emily Sopensky

► Speaking to a packed house at the March 2 Austin Software Council meeting, Admiral Bobby Inman reaffirmed Austin's approach to attracting and retaining technology talent. For newcomers to the Texas political scene, a few of Inman's views might be considered radical. But for those who are familiar with the former deputy director of the CIA, Inman's opinions are given the due reserved for high-tech pontiffs.

Discussing his own investment philosophy, Inman claims he is reluctant to invest in hardware. "You don't have intellectual capital protection with hardware."

And in another observation, he believes that investment in technology went awry when the GI Bill stopped funding most graduate students. "Those are the ones who are attracted to the new technologies. We learned in the 1940s that they'll borrow money to get BAs, but if they get grants they will go on to graduate studies."

To the Austin technology community, Inman, who is also a former director of the NSA, is as much revered for his investments in local technology as he is for being the leader that brought the Microelectronics Computer & Technology Corporation (MCC)

consortium to town. He is on the board of directors for numerous startups, including software firms such as MCC spinoff Evolutionary Technologies International (ETI).

In 1983, a national search team led by Inman decided to locate a major public-private technology initiative in Austin. It seems like ancient history now, but at the time the U.S. was facing substantial competitive challenges from Japan, especially in all aspects of computerization. By establishing the MCC and choosing Austin as its home base, the U.S. government and U.S.-based international firms took a determined stand to compete against Japan's technological might. The partners backed their effort by staking considerable R&D sums.

Many cities were competing with Austin and all were keen on being home to the MCC. Remembering the bidding wars that pitted world-class cities and even states against each other, Inman's face lights up. "MCC was an unusual concept because we had unusual circumstances. The Japanese threat gave us focus." While the Texas-born Inman said his wife was talking to real estate agents in La Jolla, Calif., cities like Phoenix, Palo Alto, and North Carolina's high-tech triumvirate, the Research Triangle,

were actively competing alongside San Antonio and Dallas. And then there was Austin.

Inman relates how then-Governor Mark White came to the initial meeting with just two people, the chancellors of the University of Texas and of Texas A&M, who talked about higher education and the willingness to work together. Inman recalls how he stopped the proceedings to note an absolute "unique event."

"I loved the process and wanted it to keep going," Inman remembers. "I was learning so much about my country." What matters still, he claims, "is access to continuing education, which even in 1983 was high on the list." Despite the ensuing 16 years, he warns that this is an issue that must still be addressed if Austin is to grow as an attractive place. "We need graduate students to fuel Austin's economy [and just] as important are those who will fill the technician-level needs."

On the topic of leadership, Inman notes that leaders must be visible not only to those funding the effort but also to staff. "I get discouraged when I encounter employees who ask me what's going on and don't get that from their own infrastructure. The role of communicator is fundamental to good leadership."