

Summer 2004

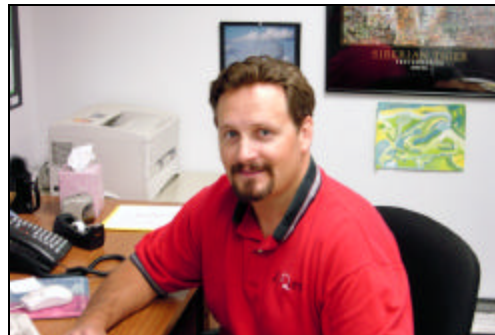
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## Al Zeise talks... ...about the economy, IT, and the consulting business.

**T**he *Washington Post* reports that U.S. businesses added hundreds of thousands of workers last month. Cisco System announces that it plans to hire a thousand more workers. Google is so hot it looks to go public, and Microsoft considered acquiring SAP. Does this sound like an economy on the rebound? Al Zeise, President and CEO of ZyQuest, Inc., thinks so. *Innovation* talked to Al recently to get his take on the state of the economy as it relates to the IT industry.

***Innovation:*** Al, as the founder of a computer consulting company that has weathered a lot of economic changes over the last nine years, how do you rate the health of the IT industry now, compared

to a few years ago?

***Al:*** From a consulting standpoint, the industry in general is definitely on the rise again. I think that with new technologies and the fact that companies have been holding off, cutting their IT budgets back, there's a substantial backlog of things to do. Certainly the economy is picking up. But that's not the whole reason for the increase in IT consulting needs. There are things companies just have to do in order to be more competitive, in order to compete in a global market. Companies have to upgrade their systems and move forward.

***Innovation:*** How does this work out in practical terms for a company like ZyQuest?

***Al:*** We're at a place where we're just starting to come out of the "crash", if you want to call it that, or the low point. So we're on the upswing again. We're at a point where the demand is extremely high. In fact, in the 1st quarter, ZyQuest had more job orders or more requests for services than in any quarter in our history. And I think the nice thing is that we're still at a point where even though the demand is high, the supply is still high. So it's still very much a buyer's market, although that is starting to change.

***Innovation:*** How do you see this affecting the salaries of people you're adding to the company?

***Al:*** I think people are still a little bit afraid. They're

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Al Zeise talks ...Continued from front cover

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~~ Al Zeise

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still willing – especially those that are unemployed – to take a smaller salary. We still don't have any jumping, where we have competitors recruiting our people, and they can make a little more, so they jump. But salaries will start climbing again. I'm pretty confident of that, barring anything happening like another 9/11 terrorist attack or serious problems in Iraq. But I do believe that if things continue as they are, salaries will increase because of the laws of supply and demand.

**Innovation:** Do you think 9/11 had much to do with the bust in the computer industry?

**AI:** I think it was poor timing more than anything else. It definitely had an effect. People pulled back. But I think the excesses of the late 1990s and the die-off of the Y2K projects affected the IT industry more than 9/11. 9/11 was just one more contributing factor to all the greed that was going around on Wall Street. That had a lot to do with it. And there was an influx of foreign workers because of the huge demand in the 90s. So there were a number of different pressures – foreign workers, all the corruption in the stock markets, all these IPOs with technology companies that really had nothing to

go on, and Y2K projects finishing up. So 9/11 was just bad timing.

**Innovation:** What would you say to students who are considering careers in the computer industry but are pulling back because they're worried about off-shoring and job security?

**AI:** I think there's as much if not more opportunity in IT as ever before. It's still a great career choice. There are so many different possibilities in IT, so many different directions to go in, whether it's infrastructure, whether it's software development or management. IT is still the central hub of any organization. Even with outsourcing, I believe the number of workers in the U.S. is still going to climb. We need outsourcing. It's not going to kill the job market in the United States.

**Innovation:** Some experts report that we actually have a trade advantage when it comes to outsourcing. Do you agree?

**AI:** Yes, although a lot of that is hardware, equipment, that sort of thing. But I think there is still a surplus of services being outsourced to us. The things we send offshore are still the lower level activities. And the

things that are sent to us are much higher priced projects.

**Innovation:** Is it your impression that all the really cutting-edge development, the things that involve real creativity and imagination, are still U.S. commodities?

**AI:** I think that's still true and it will continue for some time. But off-shore companies are amassing a lot of talent, so there will be a point where that will start to change. There is something to be said about American ingenuity and our ability to think outside the box. It seems like a lot of our foreign competitors, they box themselves up too much. But it just seems like a natural evolution more and more that it will start equalizing.

**Innovation:** Do you think there's anything Government can do to boost the IT industry?

**AI:** As much as I'd like to have fewer competitors out there and not have to compete with foreigners and the foreign market, I think it would be a mistake for anyone to put legislation through that curtails off-shoring. Do I think they need to level the playing field some? Yes. It's an unfair playing field right now. But I don't think they should go overboard like Tennessee

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# government watch

## high-end computing

**A**s business begins to ratchet up its investment in information technology, the Federal government is poised to embark on a high-end computer (supercomputer) program to ensure U.S. leadership in science and technology. Just what that program should address and how it would function was the focus of a recent report by the White House Office of Science and Technology's High-End Computing Revitalization Task Force.

The Task Force was chartered under the National Science and Technology Council to develop a plan for revitalizing Federal high-end computing. Among its major conclusions is the assertion that urgent action is needed now.

Like many American businesses, the Federal government had scaled back its computer development and information technology programs over the last several years. In an effort to keep computing costs low during the 1990s, the government used commercial off-the-shelf

(COTS) components to build systems for high-end computing. With no clear evidence that this was an ineffective strategy, government IT workers believed this was a sensible way to obtain high performance at a low cost. Recently, that thinking has changed.

In 2003, the Department of Defense, the Department of Energy, and the National Science Foundation independently initiated plans to address technology and the Federal government's computer resources. As a result, the Office of Science and Technology Policy formed the High-End Computing Revitalization Task Force to "engage in planning activities to guide future investments in high-end computing." Focusing on technology directly needed for high-end computing, the Task Force reviewed more than 80 white papers, held workshops, and met with high-end computing industry representatives.

The conclusions from that study were released on May 10, 2004, in a report titled, "Federal Plan for High-End Computing".

According to its Executive Summary, the 75-page report "offers a vision for a proactive Federal effort that advances high-end computing technology to address many of society's most challenging large-scale computational problems and, in doing so, strengthens the nation's global leadership in the sciences, engineering, and technology."

The Task Force plan included three primary components: research and development, resources, and procurement. First and foremost, the Task Force recommended a coordinated, sustained research program over 10 to 15 years to overcome major technology barriers that limit effective use of high-end computing systems. Among the problems identified were poor system reliability, the increasing cost of software development, and the growing imbalance between processor and memory performance. With a comprehensive technology strategy for hardware, software, and system development, the Task Force plan aims to create a diversity of tools



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*~~ Task Force report*

and technologies that will minimize time-to-solution for the most challenging computation problems.

Second, the Task Force called for Federal agencies to coordinate resources to make high-end computers available where and when necessary. The Task Force noted that some agencies with a science and technology mission lack access to high-end computers and that many large-scale problems cannot be solved with the available systems. The Task Force plan would provide interagency collaboration to solve those problems.

Third, efforts to procure high-end computers need to be coordinated among Federal agencies to make the systems more affordable. By coordinating procurement efforts, Federal agencies will have more leverage in working with industry vendors, the Task Force concluded.

In its summary comments, the Task Force noted, “The overarching conclusion...is that action to revitalize high-end computing in the U.S. is needed now.” So it seems that the Federal government, like the private sector, has found itself in the position of

having to act quickly to make up for a lack in IT development during the recent economic slump. How that Federal action will play out, and what it may mean for the computer industry as a whole, remains to be seen.

The full report of the High-End Computing Revitalization Task Force can be seen at [http://www.hpcc.gov/pubs/2004\\_hecrtf/20040510\\_hecrtf.pdf](http://www.hpcc.gov/pubs/2004_hecrtf/20040510_hecrtf.pdf). For information about other issues of importance to the computer industry, visit the government news page of our website, [www.zyquest.com](http://www.zyquest.com). ✉

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*AI Zeise talks ...Continued from page 2*

seems to have done. They're the first state to give incentives to companies that use local developers. And the state itself is requiring its IT departments to use local developers. But a lot of those off-shore countries, like India, are good allies, and we need them as allies. If we're hostile to their emerging market, it's not going to go over very well.

**Innovation:** What about the skills that are hot right now? What are you looking for in consultants?

Is there anything in particular?

**AI:** Believe it or not, mainframes are still hot. Our clients are holding on to their legacy systems as much as possible. I think in many cases they're looking for technologies that will help extend the life of their legacy systems. But the hot, sexy things are, of course, Java and .NET. They're probably the two hottest software products or development toolkits on the market now. There's still a demand for ERP,

people who know SAP or JD Edwards or Oracle. Those are still dominating the market.

**Innovation:** What's the hardest skill set to find?

**AI:** Definitely the newer cutting-edge technologies. In fact we're looking for something for a client right now – a new product called Liquid Data. It's from a company called DEA. They also have WebLogic, which is similar to WebSphere, but it's a product by DEA. It's something that this client

# employee watch

## Peter Kerr

Ask Peter Kerr to give his economic forecast for the IT industry and he doesn't hesitate for a second. "I think it's going to go gangbusters," he responds, with the Aussie optimism that makes him a natural for his new role as ZyQuest's Milwaukee Area Rep.

Like many programmers in the late 1970s, Peter started his IT career more or less by happy accident. Peter was in his first job after graduating with a Bachelor of Business degree in marketing from Monash University in Melbourne, Australia. His boss was having trouble with a computer program and asked Peter to take a look at it. Peter fixed it and thought that was a pretty fun way to make a living.

Peter's first real programming job was with the Metropolitan, a Melbourne Board of Works (we might call it the Water and Sewer Commission here in the

states) where he was thrown in on the deep end, coding COBOL for mainframes. He wrote his first "paid-for" program in 1978 and began contracting work in 1982. Since then, Peter has worked for about 25 different companies across three different continents.

What does Peter have to say about changes in the IT industry over the last quarter century? "It's perpetual change," Peter says. "If you don't accept change you don't accept the industry. At the moment, people are going on about outsourcing to India. Well, every five years there's a different crisis, a different change. In five years, this outsourcing thing will go away and something else will replace it. Whether it will be case tools, client server, communications plans, wide area network, it's a perpetually evolving industry and if you don't accept that, you can't live within it."

As for the advent of the

Internet, Peter describes it as "phenomenal". But he also calls for caution, saying that companies need to be careful when using the Internet to run business-critical systems or transferring data for Just-In-Time processes. "Any node can fall over. None of it is guaranteed. It's really exposing your business to an outside source that you have no control over." As for the information gleaned from the Internet, Peter calls for a skeptical eye. "The old saying is, 'Don't believe everything you read in the papers.' The Internet makes that 10 times worse. With so much information, you now have a much harder task separating the wheat from the chaff."

In his new role as Milwaukee Area Rep, Peter is in a position to see how the economy looks for IT. His assessment? "I think our industry is ready to boom." The reason?



Peter Kerr

Peter Kerr ...Continued from page 5

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Peter describes the situation this way: “When the recession hit in the early 1990s, it cost large companies like Hewlett Packard a lot of money to downsize and lay off permanent employees. The redundancy payments were huge. They not only got nailed by the economy, but they got nailed by their infrastructure. So they made a policy decision that they would always have a 15 percent temporary workforce. What that meant was that when the economy was booming, they could ramp up really quickly, and if the economy went down, they could off load really quickly without cost to them. What I see a lot of times now is that many companies have that unwritten policy that they like to keep a temporary workforce.”

How does that help businesses such as ZyQuest? Simple. We provide that 15 percent temporary workforce. Peter explains that as the economy picks up, “that’s the first niche to boom. There are a lot of businesses that have been waiting two or three years

for their projects to ramp up and get going. And as the economy picks up, they’re the first thing that gets put on. That’s the first part of the industry that goes. I think our industry – our little 15 percent contract programming niche – is ready to boom. There are so many projects that have been waiting for the economy. Bang, bang, bang, they’re all going to be switched on and we’ll have heaps of demand.”

Peter sees just as rosy a future for IT development. “It’s such a creative industry. I think especially in America more than anywhere else in the world. I think America is very good at having a business problem and then creating IT or technical solutions to solve that business problem. And I think that’s a great thing and I think that will always continue. In other parts of the world, and I know Australia is a classic example, once they have a piece of technology, they wander around businesses looking for someplace to apply it. And that’s putting the cart before the horse a bit. So I think we’re pretty

safe in the U.S. as distinct from other parts of the world. As long as people have imagination, IT will just keep evolving.”

And how does Peter see his future with ZyQuest? “I am very excited about the opportunity with ZyQuest to open up the Milwaukee area to our services. Some may see this as a major change out of the technical arena, but in fact I see it as a natural progression. I will still be helping people solve technical problems, I’ll just be doing it with people rather than code.”

But, as a true Aussie, Peter admits that he is really a bohemian at heart. He loves his Cricket and Aussie Rules Football and is an active sailor. “Living in the tropics is more for me,” he says. “If I could have computing tasks that would allow me to be creative and still live in the tropics, I’d be there.” Fortunately for ZyQuest and its clients, Peter has found an outlet on Big Cedar Lake with the Inland Lakes Yachting Association. Otherwise he might just sail off to a South Pacific island. ✍

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Editorial comments are welcome and should be sent to  
Stephanie Forbes at [stephanie.forbes@zyquest.com](mailto:stephanie.forbes@zyquest.com).*

# company watch

## redesigned website



**IT'S UP!** The redesigned ZyQuest website - still located at [www.zyquest.com](http://www.zyquest.com) - is up and running, thanks to the graphic work of Tina Allen of Due North Design and the technical help of ZyQuest consultant David Rosenfield.

Our redesigned website features a wealth of reformatted information, including news about our company, our industry, and our government. You'll find updates about ZyQuest, details about our services, regularly changing

features about our consultants, news about our corporate community, and information about Federal legislation of importance to the IT world, all in a layout we hope will be easy to use. We've also added an on-line application form and a new job postings feature.

We invite you to "take a scroll" through our new website and see what ZyQuest has to offer to our clients and consultants. ✍

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licensed, so we're currently looking for a consultant in that area. And that's tough. When they're cutting edge people, they still command a very high price, because there are so few resources in the new technologies.

**Innovention:** How do you see the future for the IT industry?

**Al:** I think that off-shoring will always be something we have to contend with. But the reality is, it's just

supplementing the needs we'll have in the U.S. And the more off-shoring there is, the more needs there will be overseas for products that are made in the U.S. So I think within the IT market, the future is extremely bright. If someone is interested in it as a career, they should not shy away from it in any way, shape, or form. There's a myth that IT is a "heads down" occupation, and you go into a back room and you build systems. It's not like that.

It's very people centered, very high contact with other individuals. If you like brainstorming, like creating things, it's a great profession to go into. The sky is still the limit.

**Innovention:** Have you ever considered, as a small company owner, expanding to foreign shores - maybe opening a branch in Ireland and tapping into the off-shoring market and the talent over there?



*Al Zeise talks ...Continued from page 7*

**Al:** We have. In fact, there's an individual with whom we've discussed that sort of possibility. The key is that we need to bring in someone who knows what he's doing there. It's like anything else with ZyQuest that's ever been successful – there's been an individual who knows what he's doing. We've looked at it and asked whether that's something we really want to do or, "where's the lowest hanging fruit and let's go after it". We need to keep determining where's the lowest hanging fruit. For us, it may be just being better at selling to the clients in our local market. The key is, do we know how to do that. If we don't feel comfortable or don't have someone knowledgeable, I don't see that as something we'd do.

It just depends on who we run across.

**Innovation:** That's interesting. What I'm hearing you say is that ZyQuest is a very person-centered company. What's important to the company is its people and not just a set of technical tricks. Is that an accurate assessment?

**Al:** There isn't a client that I don't get in front of. And I tell all our clients that our consultants *are* ZyQuest to them. The person we put at a client site to represent ZyQuest *is* ZyQuest to the client. It doesn't matter what ZyQuest has done in the past, it doesn't matter what ZyQuest is currently doing. It's all about the individual consultant that's currently there. And if we

don't do a good job matching the skill set and the culture and the abilities of the person to the company and assignment, we're going to fail. And to the client, that means ZyQuest failed, not the individual consultant.

**Innovation:** That's really the key to any IT consulting company, isn't it?

**Al:** I believe so. Unless you're outsourcing projects where it becomes more of a group of people. But even in large group projects, like the one we did for Grede Foundries, it still really comes down to a few key people who have regular contact with the client.

**Innovation:** Anything else you'd like to add for

our readers?

**Al:** The bottom line is that many of our competitors are really struggling for some reason. Not the better ones. But a lot of our other competitors are not making it, and that's just because they aren't positioned well. Making it in this business is about two things. It's about having relationships with clients and building strong relationships and going that extra mile to really perform and going out of your way to just give them a lot more value than they're paying for. And second, it's about finding good people to make sure that happens.

**Innovation:** Thank you.