Glossary

On the Internet in particular there are already a number of useful dictionaries which explain the wide range of specialist terms to both layperson and insider alike. The following terms provide an introduction into each theme and include the most important terms used in this book.

Application Service Provision (ASP): The operation of applications from a central computing centre without decentralized components. The provider aims to offer the same application and operating resources for several companies simultaneously. The crux of this model is that it allows pay-per-use billing of operating costs including license costs. To date this model has not been very successful as it appears that the needs of different companies are difficult to harmonize.

Budget cap: A measure by company executives to limit IT budgets in corporate budgeting. It is often an expression of a lack of transparency in IT costs and the loss of IT cost controlling at senior executive level. If not well managed and as operating costs increase, this can lead to ever smaller innovation budgets and thus to a complete standstill in IT development within the company.

Computer Aided Design (CAD): A collective term for all activities in which IT is used for development and design work for example in plant engineering. A CAD system is a stand-alone IT application that is installed on workstations or put on a network of several users for joint design projects. CAD systems have a great deal of potential for savings as they allow components to be reused in manufacturing and CAD systems also offer flexible adjustability and adaptivity.

Customer Relationship Management (CRM): Methods which place the customers at the centre of all considerations within a company. CRM is not only call-centre-automation, 1:1 marketing, sales force automation or database marketing, but a complete approach which encompasses strategy, operations and technology. CRM is a holistic concept which individualises the way customers are addressed and ensures that customers and their needs are analysed in depth and their needs are met above and beyond product and company division level.

Data warehouse (DWH): Central instrument for storing, consolidating, evaluating and presenting information on corporate strategy. DWHs are used in particular when data from several applications needs to be consolidated for reporting purposes or if external data for example need to be integrated by market research institutes. Companies with large databases such as telecoms companies use DWH to carry out evaluations separately from operational systems and thus avoiding blocking these systems with lengthy evaluations.

Enabler: A device that allows users to exploit a particular potential. In IT we refer to an enabler if IT enables the primary business of a company to improve efficiency in the form of cost savings or efficiency such as sales increases.

Enterprise Resource Planning (ERP): Software that controls the information and material flows within a company. Although these systems are process-oriented and company-specific, they are often referred to as standard software. Users are often torn between the desire for standards and their specific requirements, which demand a high degree of customisation, and thus become more and more non-standard.

Groupware: An application for supporting communication and interaction between various users. Typical groupware applications are email functions for exchanging information, calendar functions for example for coordinating meetings and deadlines, joint forums and data directories or workflow functionalities. Commonly used groupware products are Microsoft Outlook, Lotus Notes or Novell GroupWise.

IT applications: Applications software for supporting an operational functionality. An example of an IT application is cost accounting software which covers the operational functionalities of cost centres, cost items and cost unit invoicing.

IT asset management: The content (not purely accounting) administration of IT assets is the basis for increasing transparency in IT costs. Often part of a total cost of ownership assessment and thus of a user pays principle where IT costs are charged back to the consumers within a company.

IT costs: IT costs result directly from the introduction of IT and operating and maintaining already installed IT solutions. Launch costs encompass investment in software or hardware and one-off costs for adapting, programming or training. Operating and maintenance costs contain cost items resulting from version changes, corrections or regular, elementary activities such as loading or shutting down the systems or data securing activities.

IT infrastructure: Technical platform essential for using IT applications. Servers, workstation systems and networks are all part of infrastructure.

IT services: Services provided by IT. Examples could be PC support, operating computer centres or user help desks. Unlike one-off project services, IT services are provided on a continual basis.

Legacy applications: Since IT has been introduced into companies, a series of individual applications have arisen in many companies, which often fulfil functionalities that are essential for the company. Many of these applications today are technologically obsolete and disproportionately expensive to maintain and development. Most legacy applications were replaced by ERP systems in the course of the Y2K conversions, but the next generation of legacy applications is due out soon.

Product Lifecycle Management (PLM): Comprehensive method for integrating all product-related processes and information in companies and also among suppliers and clients in order to enable a holistic management throughout the lifecycle of a product. The benefits to be gained from this result in shorter times for development, production and shipment, a reduction in complexity, lower development, production, sales and after-sales costs and an increased faithfulness to deadlines.

Service Level Agreement (SLA): Service level agreements are an agreement between a service provider (internally or externally) and client (normally the divisions of a company) and they describe the service relationship. This includes the obligations of the service providers, the extent to which the client must cooperate, the level/quality of

the services required and if necessary the prices per service unit. It is important to design these documents as pragmatically as possible, despite the fact that they are part of a contract, i.e. specialist legal terms should not be used. It is more important that the service level agreement represents a set of clear and easy-to-understand instructions for the service provider and users. These documents should 'work' in practice in the service relationship.

Shared services: Linking and centralizing cross-sectional processes, in particular accounting, finances, personnel and others. Usually this kind of centralization can only be realized with a high degree of IT deployment, for example an ERP launch. The basis is the simplification of basic processes across all of the organizational units involved. This can create considerable process efficiencies of up to 30 percent.

Total Cost of Ownership (TCO): The total costs of an IT service that not only includes the costs of any direct IT service, but also the costs indirectly linked to this service. Therefore the total cost of ownership of a network PC is not only the (immediate) hardware and software costs, but also the proportional network and support costs.

Workstation: A computer for workstation-related applications. This is usually a PC on which the most common communication and office applications are installed. Alternatively, a workstation can also be a 'thin client' workstation that allows users to access centrally stored applications and data via a local network.