Battle for the middle space

Gordon Moore, in 1965 made an interesting observation. He said the capacity of a microprocessor chip increased twice as much as its predecessor within 18-24 months. This later came to be known as the Moore's Law that has actually set pace for the development of microprocessor technology. In the last 26 years the number of transistors on a chip has increased more than 3200 times proving Moore's observation accurately. What this means in real terms is that the PC you buy today maybe obsolete even before you get a hang of It. That's where Moore's observation makes a very relevant point about technology obsolescence, which is becoming a major Issue for companies in the new economy

For all the benefits of technology, companies are compelled to contend with the devil of obsolescence. Modern systems that replace legacy systems find themselves being relegated to the legacy status soon enough for even the best of strategist's comfort. Take for instance SAP and Baan, which only a couple of years ago made a splash in the market with their ERP systems that could efficiently streamline the organization's activities. But today, with the rapid growth of Internet, these companies are reworking their strategies to be relevant in the internet world.

There are clearly two choices for companies to beat obsolescence--going in for an outsourced solution by tying up with an ASP or finding a median path to ultimately migrate into newer technologies. The ASP route suits well for start-ups and companies newly adopting technology. But for companies that have implemented technology in some form, taking the migration path seems to be the best option. There are major gains for companies that opt for a migration path. Firstly the company can buy enough time till the technology matures and secondly it can protect its investment in the already implemented systems. No other industry is experiencing the heat of obsolescence more than the banking industry. Being one of the earliest adopters of technology the industry is finding itself at the vortex of rapid changes. When banks realized that technology implementation was the only way to retain customers, they went in for technologisation at various levels in various forms but in isolation. Only select branches were partially computerized and in most cases there was absolutely no compatibility between the various systems. Now, with banks increasingly looking at centralising customer information and integrating customer data, the incompatible systems and incongruent solutions is posing problems for the banks. Centralization is the need of the hour, but the path to complete centralization cannot be at the cost of junking the existing systems. Therefore, solution providers today are talking of middleware that not only protects investment in legacy systems but also provides a workable model for banks to move gradually towards complete centralization.

Our cover story this issue focuses on this problem and offers virtual centralization (that centers around a financial middleware) as a viable solution to overcome it. With a whole industry in need of migration solutions, it is no wonder that a number of companies are preparing for the battle in the 'middle space'.

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