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07363

IID

Distr.
LIMITED

ID/WO.230/9
4 February 1977

ENGLISH

United Nations Industrial Development Organization

**Consultation Panel on the Use of Management
Information Systems (MIS) for Raising
Industrial Performance**

Budapest, Hungary, 29 November - 3 December 1976

**THE RISING COST OF SOLUTIONS -
IMPLEMENTATION OF FINANCIAL CONTROL SYSTEMS ✓**

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AIM

This talk will introduce the concepts outlined below in a brief manner, highlighting the key points. Various charts will be shown, to help clarify the main issues.

GENERAL OUTLINE

1. CHANGES IN THE DATA PROCESSING INDUSTRY
 - a) HARDWARE COSTS
 - b) SOFTWARE COSTS etc.
2. LINE OF BUSINESS MARKETING
3. WHAT IS AN APPLICATION PROGRAM PRODUCT?
4. BENEFITS OF PROGRAM PRODUCTS
5. FINANCIAL CONTROL SYSTEMS
 - a) A REQUIREMENT FOR ANY LINE OF BUSINESS
 - b) DETAILED DESCRIPTION OF SOFTWARE AVAILABLE ON BOTH SMALL TO LARGE SCALE COMPUTERS.

1. During the past 10 years there have been considerable changes in the Data Processing Industry.

Technology has dramatically reduced hardware costs. Developments in peripherals, data communications and processors have contributed to dramatic improvements in cost/performance ratios for computer equipment. In fact it is possible today to buy the processing power of 10 years ago at 30 % of its former price.

At the same time that hardware cost/performance ratios have been falling, the cost of solutions has been rising.

In 1960 the average installation could expect to meet its costs in system design, programming and operations by matching dollars with its hardware on a one to one basis.

Today with rising labour costs, increasingly sophisticated equipment and more being demanded of a computer investment the position has changed.

Computer power is now much cheaper than the expertise and experience needed to harness it to provide solutions to business problems. Today the experienced systems analyst with knowledge of the specific problems of a particular industry is a very valuable commodity and, therefore a very costly one.

Generally speaking the policy of the computer suppliers is to try to counteract this upward trend by introducing Line of Business Program Products.

2. To counteract the rising costs that all computer users are experiencing in seeking a solution to their company's problems, Computer Suppliers have:

- i. Re-aligned their marketing and support organisations to specialise on specific lines of business, thus identifying and providing for the requirements of specific industries.
- ii. Invested millions of dollars in setting up Development Centers charged with developing application programs to meet the requirements of specific line of business.
- iii. Initiated a policy of developing Application Program Products for installation on full range of Computer systems.

3. WHAT is an Application Program Product?

- i. Ready to use Software - written and tested on the designated computer system by a Development Centre so that it may be quickly and easily installed by the user.**
- ii. Software designed to meet the requirements of specific lines of business. Application Program Products are designed to solve the problems of a specific industry, not written for a particular customer who happens to be in one of the chosen lines of business.**
- iii. The Software is designed by specialists in the industry concerned.**
- iv. Software is designed to take advantage of the latest technological advances built into equipment.**
- v. The responsibility of the Development Centre includes the preparation of complete documentation which is used by training personnel to prepare professional training courses for the users management and staff.**
- vi. The Application Program Products are not only written by the Development Centres but are also maintained and regularly enhanced by the same organisations.**

4. The computer user benefits from the use of Application Program Products as follows:

- i. The software is ready for use when the computer is delivered thus ensuring an immediate return on the user's investment.**
- ii. The software is available at the price of standard program products thus avoiding the high cost of customised programming.**
- iii. The systems design and programming techniques employed incorporate the expertise of trained and experienced analysts otherwise available to the user only at high cost.**
- iv. The documentation is prepared and kept permanently up to date by the Suppliers Personnel thus freeing the user from loss or damage caused by staff turnover and poor documentation.**
- v. The user's staff can be trained on the use of the computer and in addition, on the implementation and operation of the application programs to be installed.**

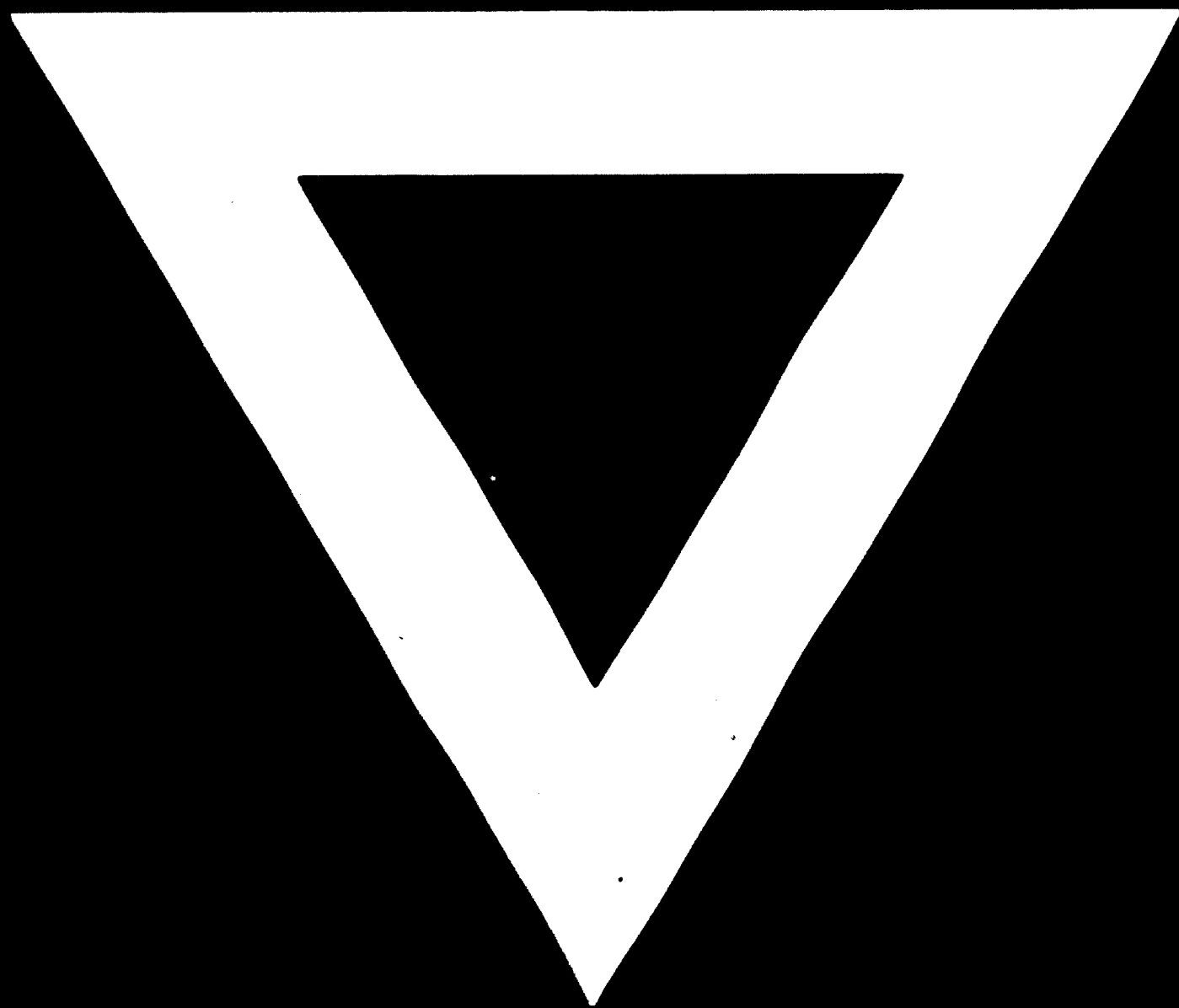
vi. The user need have no anxiety about maintenance of the software since the Supplier will offer a maintenance contract ensuring professional maintenance by the group responsible for the Program Products design.

In addition to maintenance the Application Development Centre constantly reviews the status of each Program Product and regularly introduces enhancements and new developments.

5. In addition to the special characteristics of an Industry, a Line of Business Program Product requires a good Financial Control System.



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