

In Focus

This month the ICS fellow takes a look at the argument that IT is a commodity that leads to the questioning of its relevance in business. The Honeynet educates on the menace of rootkits and how they can be exploited. Daniel Thomas writes about the threat within that is often overlooked in security implementations. John Clancy argues that there is a digital divide between regional Ireland and Dublin that can affect business and investment. Mark McPhillips sets out the case for managed services and offers advice on how to assess the benefits.

Value Points:

ICS Fellow: Attitudes need to change as IT moves toward becoming a commodity.

Honeynet: Rootkits can be detected and combated with the right tools.

Security: Security must be approached in a holistic manner, with attention paid to internal issues.

Development: Regional areas must be as well served as Dublin to foster inward investment

Print Services: Managed print services need to be carefully examined to ensure they make sense for your organisation

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IT a commodity? What next?



ICS Fellow, PETER LAWLESS, reopens the case for IT relevance as it moves toward becoming a commodity

When he wrote *Why IT Doesn't Matter* Harvard Business Review editor-at-large Nicholas G. Carr sparked a vehement debate that is still raging three years on.

I want to re-ignite the debate by saying he has been proved right. Before you dip your pen in poison to compose a stream of invective, let me explain where I'm coming from.

Carr's argument wasn't exactly that IT doesn't

matter but, rather, that it has become a commodity providing little competitive advantage. As a result, he argued, companies should rethink how much they spend on IT, given this reduced return on investment.

Without people, technology just does not work'

Carr goes on to liken the Information Age to the Industrial Age. He discusses how the amount of power - in terms of MIPS and storage you get per euro - has increased exponentially. This is along the lines of Moore's Law, immortalised by the eponymous Intel executive.

What is IT used for?
I suppose the real crux of the matter is what IT really does for business. The argument that business

Definitions

Below are some of the commonly accepted definitions of a commodity;

- Something useful that can be turned to commercial or other advantage
- An article of trade or commerce, especially an agricultural or mining product that can be processed and resold
- Advantage; benefit

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could not survive without IT only helps the argument in favour of the "IT is a commodity" theme. I mean, how would a business survive without electricity? We have no problem calling electricity a commodity!

What matters is what you use the commodity for. If you use electricity just to illuminate light-bulbs, well I guess you could survive with candles. If, however, it runs your computers, factory, security and just about everything else a business needs, then surely it is a necessity.

So then why is electricity called a commodity? It is probably because you can create it in many different ways and buy it from many different vendors, and because it is ubiquitous. See the inset panel for definitions of a commodity.

The funny thing is that,

The real crux of the matter is what IT really does for business'

when one looks at the definitions of a commodity, one seriously wonders why Carr's book created such a furore, since it seems here that commodities are actually beneficial!

IT intensity and productivity

I believe it has been proven that IT-intensive companies tend to be more productive than companies that have not yet figured out how to take advantage of information technologies. But is IT the real driver behind that productivity? I submit that IT is the catalyst to productivity.

Indeed this argument is supported by Erik Brynjolffson, co-director of the Center for E-business at MIT. He asserts that "organisation capital is the hidden bulk of the iceberg".

Brynjolffson enumerates seven practices that characterise the top performing firms (see the panel "Seven winning ways").

These seven characteristics

were made more efficient, yet it was still people who ran and managed the factories. People still drove the tractors that tilled the fields.

In the same way today,

users can become more productive and efficient. However, when technology starts slowing people down and reducing output there is a problem.

technology as a whole. That is why companies are in business: to deliver a higher rate of return on equity than simply putting the money in the bank.

A systematic review of how IT benefits your company must be undertaken in a coherent fashion.

IT-intensive companies tend to be more productive than companies who have not yet figured out how to take advantage of information technologies'

share two themes: people and technology. As people are all different, you can't have people operating in a completely uniform way. This was the basis of the industrial revolution: to create a uniform means of production.

To create some sort of equilibrium, you can at least put in place IT systems that should perform in a uniform way. How you put them together in your business, and what use you put them to, should really depend on what your business does.

People or technology?

Asking which is more important, people or technology, can be answered with an emphatic "both!" Without people, technology just does not work. In the factories of the Industrial Age, mundane and uniform tasks

having huge volumes of information recorded and analysed by computers is not going to make a company more efficient unless some one is going to use that information for tangible benefit.

We all approach technology differently. In the IT world there are builders and users. The maxim that states "if you build it they will come" does not apply unless you know what the users want. Companies deploy productivity tools so that

Seven winning ways

Brynjolffson's seven practices of top-performing firms:

- Digitisation of processes
- Open, widespread information access to employees
- Employee empowerment
- Meritocratic incentive structures that link employee pay to performance
- Investment in corporate culture
- Recruitment of quality personnel
- Investment in human capital

CIO on the board

The days of the IT manager looking after his bits and bytes empire – fire-fighting problems and delivering what the business wanted months or even years late – have no place in today's EPS [earnings per share] driven corporate world.

Today's CIO, must have a clear understanding of the business mission of the company, maximising the use of technology to help achieve those goals.

IT budgets must be viewed in a holistic manner. Throwing money at IT to cure a company's systems is no longer an option. Harmonious, integrated technology must work cost effectively. Quantifiable return on capital employed must be calculated on the enterprise's use of

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Conclusion

Saying that IT is now a commodity is no bad thing. I just don't think we are there yet. I can go out buy a DVD player, plug it in, enlist the help of my 5-year-old and, hey presto, it works. Why? Because the power for it comes from a socket in the wall and because the DVD player company can focus on delivering an enjoyable and user friendly experience.

In a lot of cases, I can buy applications and plug them into my company computing grid. But in 99% of cases it still takes a lot to make it work the way I envisaged it. This in my view means IT is still not a commodity yet.

But roll on the day it is!

Disclaimer

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