



## Why IT Matters

A lot of gray matter has been exercised in recent months debating whether IT is waning in importance. A *Harvard Business Review* article, "IT Doesn't Matter," argued that standardization and other advances are making it harder to leverage technology for competitive advantage. Not to be out-pundited, Oracle chief Larry Ellison expounded on IT product commoditization, industry consolidation and slower growth. Other vendors and consultants began revisiting the decades-old prediction that IT is destined to become a utility service—cheap, predictable and plentiful, but not particularly interesting.

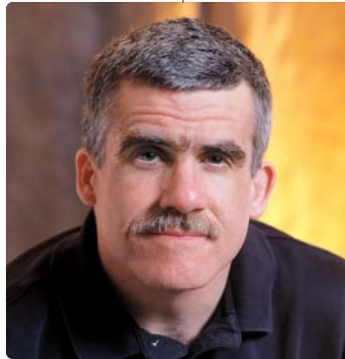
Given the soft job market, IT pros can't feel good about such observations. Why not just hang it up now, before Humongous Gas, Electric & IT or some foreign sweatshop takes over?

For one thing, the debate is far more complicated than the misleading *HBR* headline and provocative Ellison sound bites indicate. Just because data storage, processing, transport and other IT elements are less scarce than they used to be doesn't mean companies can't derive competitive advantage from them—or from the myriad noncommodity information technologies that continue to be invented and improved. Ultimately, it's how an organization deploys and manages those technologies and aligns them with unique business processes that distinguishes it from rivals. The creative interplay and manipulation of systems, applications, data, processes and people that render competitive advantage can't be mass-produced.

Indeed, companies must manage their IT spending better than they did a few years ago (a tenet of the *HBR* article is to spend less). The biggest IT spenders were never the biggest innovators. Wal-Mart and Dell—companies that transformed their industries through their unrelenting development and use of supply chain, point-of-sale, data analysis and other technologies—are classic penny-pinchers. Just ask any

IT vendor "lucky" enough to land their business. But selectivity is more important than parsimony. The commoditization of IT products only helps companies allocate money to those other systems, applications and processes that make a difference with customers, partners, suppliers and employees.

And sometimes it takes commodity systems to finally drive business innovation. For example, only when voice-over-IP systems are cheap and easy enough to deploy and manage will more than a handful of companies deliver their own unique multimedia applications over those systems.



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### Hardly a Commodity

If IT were an abundant, only marginally useful commodity, United Airlines wouldn't be fighting to give as many as 600 tech professionals bonuses equal to 20 percent of their annual salaries. United proposed the bonus plan in a federal bankruptcy-court filing earlier this month, just two months after cutting the pay of most other employees, to keep its IT pros from leaving for rival airlines and other companies. "They have highly marketable technical skills, and we feel it's essential to our restructuring to retain them," a United spokesman told the Associated Press. In other words, IT expertise, particularly as it's applied to airline efficiency and safety, remains scarce, even if some of the factors that underpin airline reservation and navigation systems are becoming commodities.

The big difference between IT and commodities like electricity is complexity. When you buy electricity, you buy it according to set standards. Even for IT infrastructure, the range of variation and choice will be much wider for the foreseeable future.

Tech professionals must understand the complexity of the products they deploy and manage. Their ability to do that, and to then align the technology and products with business goals, is what makes IT matter. **NWC**



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