

Recent Citings

Don't lose employees to greener pastures

IT staff salaries will increase by as much as 10–15 percent over the next three years, according to META Group, a leading provider of IT research, advisory services, and strategic consulting. This salary inflation will drive up labor costs through 2007, when they will represent upward of 55 percent of an organization's IT budget.

According to META Group analysts, as the economy improves during the next 12 months, key IT employees will seek “greener pastures” with competitive firms. To prevent a mass exodus of highly valued employees, CIOs will need to pay closer attention to their human capital management programs, including management development, employee welfare/morale programs, recruiting/retention programs, and perhaps most important, compensatory strategies such as performance-based incentives.

“The ‘grass is greener’ mentality must be dealt with head-on,” said Maria Schafer, senior program director with Executive Directions at META Group. “CIOs must begin to work more closely with human resources professionals to implement strategies that address human capital management trends and innovative retention programs—an area in which IT has historically been reactive rather than proactive.”

META Group analysts point to a range between 4 and 6 percent as the “magic” turnover rate threshold. Analysts believe the IT organization must devise particularly innovative



retention strategies such as enabling more flexible work rules (for example, job sharing and teleworking), because staff turnover has long plagued the industry, specifically for talent with desirable application development, security, and networking skills.

Source: META Group: “IT Staff Salaries to Escalate 10%-15% Through 2007, According to META Group.” October 13, 2004. [http://domino.metagroup.com/pressHome.nsf/\(webPressRelease\)/03BB0DB5DB2BD88085256F2C004AE349?OpenDocument](http://domino.metagroup.com/pressHome.nsf/(webPressRelease)/03BB0DB5DB2BD88085256F2C004AE349?OpenDocument)



So much to do (but so little time?)

The role of the CIO continues to morph beyond the scope of the traditional IT leader, according to a recent study by META Group, a leading provider of IT research, advisory services, and strategic consulting.

The study, *Driving the Business Value With IT*, reveals that only 58 percent of responding CIOs believe their scope of responsibility was “traditional CIO,” the lowest margin in the two years that META Group’s Executive Directions service has been conducting the survey. More than 40 percent of responding CIOs indicated their job scope included other business functions, from facilities to human resources, and 29 percent specifically indicated their job scope included responsibility for leading or supporting business transformation.

“Given the IT organization’s end-to-end view of business processes, it is no

surprise that CIOs are gaining responsibility for supporting business transformation,” said CD Hobbs, senior vice president with META Group’s Executive Directions. “Effective business transformation depends on an executive’s ability to impact work routines by changing the business processes that define how work is done. The CIO has unique knowledge and insight valuable for business process management, reengineering, and/or reconfiguration—all with the potential to alter culture in a positive manner while responding to market imperatives.”

Source: META Group: “Scope of CIO’s Responsibilities Continues to Expand, According to META Group Study.” September 21, 2004. [http://domino.metagroup.com/pressHome.nsf/\(webPressRelease\)/19388928B1F627EA85256F160046532F?OpenDocument](http://domino.metagroup.com/pressHome.nsf/(webPressRelease)/19388928B1F627EA85256F160046532F?OpenDocument)

Citizen bounty hunters may not stop spammers

The U.S. Federal Trade Commission (FTC) has issued a report assessing whether and how a system that rewards members of the public for tracking down spammers would or could help improve enforcement of the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (CAN-SPAM Act).

That act, which became effective on January 1, 2004, required the FTC to conduct a study and provide a report to Congress



on a CAN-SPAM “bounty system.” Most notably, the report states that persons most likely to identify a spammer and provide evidence—what it terms *high-value information*—would be whistle-blowers or insiders—personal or business associates of the spammers themselves. Some have suggested that so-called cybersleuths—persons with above-average technical skill and knowledge

of computers and the Internet—could track down spammers, but the FTC concludes that is not likely. The report says that even with high-dollar rewards, whistle-blowers may be reluctant to come forward. “To the extent an insider has ‘unclean hands’ and faces potential legal liability, it is questionable whether such a person would be willing to assume the significant personal risk of coming forward. Thus, the benefits of a reward system remain unclear.”

Source: Federal Trade Commission: “FTC Assesses Reward System for Catching Spammers.” September 16, 2004. <http://www.ftc.gov/opa/2004/09/bounty.htm>



Technology gives rise to dangerous “counterfeit reality”

While digital media presents companies with new options for handling information, it also allows unscrupulous entities to create an entire world of digital forgeries that will become virtually impossible to detect through casual inspection. Digital media has created new possibilities in counterfeit reality, with many images no longer easily certified as real. This rise of counterfeit reality increasingly will lead to disputes over interpretations of social, political, legal, and business realities that the judicial system and other institutions of conflict resolution are not equipped to resolve, according to Gartner, Inc.

Gartner defines counterfeit reality as the digital creation of images, video, documents, or sounds that are convincingly realistic representations of things that never occurred or never existed exactly as represented.

In the past, it was reasonable to assume that a photograph was good enough evidence to “establish a reality” in a court. Today, photographs are scrutinized by experts in court, but few people know how to spot an enhanced, forged, or fake image.

“Laws covering admissibility of electronic documents in courts will need to be revamped to anticipate superior digital forgeries,” said Daryl Plummer, group vice president and chief fellow at Gartner. “Approaches to document verification, privacy legislation, digital rights management, and protection of intellectual property will need to be revolutionized over time.”

Source: Gartner, Inc.: “Gartner Says New Laws Must Be Passed to Combat Rise of Counterfeit Reality.” October 14, 2004. http://www4.gartner.com/5_about/press_releases/asset_111332_11.jsp

RFID is long-term investment, not overnight answer

Radio frequency identification (RFID) has climbed from relative obscurity to become one of today’s most discussed retail technologies, spurred by industry speculation that a five-cent RFID tag will be available in the near future, according to Gartner, Inc.

“RFID technology holds exciting opportunities for almost every business,” says Stephen Smith, research vice president at Gartner. “But rather than ask at what price does RFID become effective, retailers should identify if a specific business case exists for the technology in their business based on today’s price.”

“The use of RFID to capitalize on data flow in global supply chains could be one of the most significant developments in business strategy since companies first recognized the importance of information flow,” says Smith. “This means we can expect tremendous change ahead for product-centric organizations.”

Companies will go through a two-phase adoption of RFID. First will be the creation of RFID-enabled business processes, using RFID within the context of existing business processes and thereby achieving marginal benefits from it. The second phase will be when companies adopt RFID-centric business processes, involving a radical reengineering of business processes.

“RFID technology and the business benefits it promises will not arrive with a big bang,” says Smith. “High capital costs, imperfect read-rates, unproven systems, and uncertainty around standards will all need to be addressed before retailers can adopt and benefit from the technology. This means that, over the next 10 years, retailers will continue to use barcodes and gradually introduce RFID tagging, creating an environment of coexistence.”

Source: Gartner, Inc.: “Companies Should Focus on Business Benefits of RFID, Not 5-Cent Price Myth.” October 20, 2004. http://www3.gartner.com/5_about/press_releases/asset_112599_11.jsp