



ATG Press Research Kit

Inside IT Firms II: Outlook on IT Organizations

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OVERVIEW

When we look to the IT industry from 1987 to 2001, what gets the looks among other things is the fast growth of the field itself. In human history, the fast growth of an industry is regularly accompanied with two things: buzzword, and frenzy. Most likely, these things cause to stun the industry insiders as of outsiders, if not mislead them completely! In this situation, a notable portion of the industry comes to failure in both of developing and marketing efforts. Losers are more among new players and less among old and long-established players. The mentioned failure urges the industry to reorganize itself and this is what we have been seeing in the IT industry since 2002 and expect to last by the end of 2006. Addressing the future tendency of the IT industry, we divide the industry into two main sections: companies and organizations. In this document, we focus on the second section, i.e. organizations, and try to give an insight to the nature and trends of IT organizations. To this end, we look to the IT organizations from three different viewpoints: their functions, their behaviors, and their impacts. This document wants to be a brief, bright, and realistic one that provides helpful information for independent policy makers at IT organizations and for strategists at SMB (small and midsize business) class IT companies around the world.

1. ORGANIZATION FUNCTION

As the term “organization” is a general word, it should be clarified what we mean by *IT organizations*. An IT organization is an institution which works in some technical, legal, or social aspects of information technology, and its operation expenditure is provided by its members or by some outsiders as its sponsors or donors. In contrast to the companies, the organization function can be considered only as its underlying activity not its role in the industry. In fact, organizations are not direct role players in an industry, rather they can be supposed as contributors to the role players. Considering the organization function as the underlying activity would result the following basic categories:

1. Research and education (Xerox PARC, MIT Media Lab)
2. Evaluation and standardization (IEEE, W3C)
3. Nonprofit development (Free Software Foundation, Mozilla Foundation)
4. Governance and regulation (NSF, FCC)

The above categories are basic, i.e., they do not include sub-categories. For example, the first category includes the sub-categories like basic research, applied research, and a few others. In this document, we do not focus on the sub-categories because we do not want to discuss about different contribution topics, rather we want to have a better understanding of the nature of IT organizations.

There is another significant difference between the company and organization function, i.e., it is likely to find a company with more than one function but it is hard to find a multi-function organization. Instead, organizations can joint together to collaborate over a mid or long-term goal more easily than companies. The mentioned 4-category of organization function is our first step to understanding the essence of IT organizations. At the second step, we dig into the organization behavior, which is about organization goals and trends.

We finish this section with this important fact that *the organization success neither depends on the number of its supporters nor the number of its contributions, but only the originality and authenticity of its contributions are the base factors of its success.*



2. ORGANIZATION BEHAVIOR

It seems that the analysis of organization behavior is somehow straightforward and less complex than of company behavior, but it is not as simple as it seems. In fact, organizations are usually supported by a range of different supporters (as their members, sponsors, or donors) with different disciplines and backgrounds, so it is hard to converge all of them into a same goal or trend. This issue is so important that the first goal, or as we call it the front goal, of every organization is the establishment of itself. Reaching for this goal, the following trends would be resulted for each of the four mentioned categories of organization function, respectively:

1. Inviting or hiring renewed researchers and university professors as the leaders of the organization
2. Collaborating with the industry and academia leaders as the coordinators of the organization
3. Inviting or hiring talented developers from the industry and academia especially those ones with some alternative thinking
4. Getting a notable budget from the government and hiring a few talented researchers and lawyers as the leading consultants

The major goal of every established organization is to make more valuable contributions to the industry. We call this goal as the rear goal of an organization. This goal would result the following trends for each of the mentioned functions, respectively:

1. Increasing the innovative works and investing into the new and promising research areas
2. Expanding the activity domain and having a tighter relationship with the leading companies
3. Working on the less-developed areas or alternative concepts
4. Investing into the critical, and long-term ventures and moving toward fair regulations

We finish this section with this important fact that *a normal and healthy organization emphasizes on both of its front and rear goals in a same manner. If it does not happen in practice, then the organization will be biased in favor of a special group in the industry.*

3. ORGANIZATION IMPACT

Contrary to the companies, the organization impact is not the effect(s) of an organization function and behavior on its underlying society. Instead, it shows that effect(s) on the underlying industry. It is because of the fact that the organizations are not direct role players, which previously mentioned in the first section. Like the companies, it is possible to use bottom-up and top-down methodologies for analyzing the impacts of IT organizations. For the same reason with IT companies, we use top-down methodology for IT organizations by leveraging the previously mentioned criteria for organization function and behavior.

Traditionally, impacts are divided into two main groups: positive and negative. Adhering this tradition, we suppose that an organization is following both of its front and rear goals (see the previous section) in a same manner and then explain the positive and negative impacts for each of the four categories of organization function. The followings explain the positive impacts for the categories, respectively:

1. Showing the future perspective of the industry to the inside and outside decision makers
2. Tuning the industry to the society needs and preparing the way for the future developments
3. Giving more accessible and alternative development options to the industry
4. Moving toward a well-managed and steady industrial growth



Although the above positive impacts sound good, but the negative impacts of IT organizations are more critical than of the companies. These negative impacts are as the followings:

1. Limiting the research and education methodologies to a few traditional styles
2. Moving toward short-term and less-scientific development strategies
3. Moving toward a bigotry development style instead of a compatible one
4. Having a few ultra-powerful decision makers in the industry instead of more corporative ones

We finish this section with this important fact that *a favorite and helpful organization is a one that never splits a section of the industry into two or more disparate parts. Rather it should be able to unify different productive forces into a same direction.*

4. CONCLUSION

The goal of this section is to inspire how one can use the introduced rules in the three previous sections for analyzing IT organizations from a desired perspective. It would be more effective if it is shown through a few sample facts and recommendations as the followings:

1. Never trust an organization that has not introduced its function publicly, clearly, and completely.
2. The organization that puts most of its efforts on its own establishment will remain at the level of a forum and cannot contribute to the industry, effectively.
3. An effective organization is one that can use the results of its previous contributions to make some new contributions.
4. The real size of an organization is proportional to the number of its contributions not its supporters and fans.
5. A large organization that uses a close-looped management team cannot remain a fair and non-bias organization, although it may make great contributions to the industry. For the small and midsize organizations, it is not necessarily a disadvantage.

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