Internet Use and Opportunities
for Recruiters and
Computer Consulting Organizations

Summary:

IT recruiters and computer consulting organizations have significant opportunities to utilize Internet technology to advance their businesses. Rapid integration of Internet technology methodologies into the IT recruiter and computer consulting organization business model provides the means for continued growth and expansion.

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It is impossible to pick up any Information Technology (IT) publication without seeing a report on the rapid growth of the Internet. "In 1988, the Internet consisted of an estimated 200,000 users." (Jardin 11) Today Cary A. Jardin, author of <u>Java Electronic Commerce Sourcebook,</u> states that by even the most conservative estimates there are 30 million users. (Jardin 11). Most projections for future expansion of the Internet show no decline in growth rates. Accompanying the growth in the number of users is a growth in the amount of money invested in Internet development. "Market researchers at Dataquest Inc. in San Jose, Calif., estimate that the market for Internet-related services is $7 billion; they expect it to soar to $25 billion by 2000." (McGee 80). The effort required to simply keep pace with the growth of the Internet is staggering. In attempting to put Internet growth in perspective some writers have compared Internet growth to "dog years", but in 1997 a growing number of Internet watchers have stated that the Internet re-invents itself every six months. This six month ruler provides a two-edged view of where any Internet user or prospective user might be located. From one perspective view the six month ruler would make it impossible for any new or old Internet user to be more than six months behind in Internet knowledge. From the other perspective view the six month ruler would put any Internet user's Internet knowledge back on par with the newest of Internet user's Internet knowledge should a user not work to keep current.

As a group, IT recruiters and computer consulting organizations are fairly late in coming to the Internet as a resource and medium for advancing their organizations. There may be several reasons why IT recruiters and computer consulting organizations delayed making a strong foray into the Internet. Perhaps the most convincing explanation for the IT recruiters and computer consulting organizations opting to delay investment in Internet technology is that like most small and medium size service organizations IT recruiters and computer consulting organizations were not convinced that they would not be able to earn a return on the investment that might be made in the new technology knowing that such an investment would take resources away from established legacy methodologies known to produce measurable results. But IT recruiters and computer consulting organizations are different than most small and medium size service organizations in that the service they provide is not only of serious interest to many of the earliest and most dedicated Internet users because it directly relates to their personal career growth but also something that is in high demand by thousands of other organizations as

they make their first steps into doing business on the Internet. IT recruiters and computer consulting organizations benefit from the Internet technology as consumer, content provider, content producer, and staffing resource for organizations engaged in the process of providing Internet content, services, and tools.

Not surprisingly the first web sites dedicated to servicing job seekers and employers seeking to generate a wider and more cost-effective way of publishing their job openings were not designed and launched by established IT recruiters and computer consulting organizations. Probably the first such job seeker related sites were created by default by the designers of Internet search engines. The next group establishing job seekers services sprouted from the interest many print media publications had in creating an online version of their products.

The number of web site dedicated exclusively to job searches has rapidly increased over the past six to nine months. At the beginning of 1997 there were relatively few web sites where job seekers could go for a listing of position openings, and the most useful place on the Internet for finding job postings was on the usenet. Early web sites providing job listings were mainly a mirror of the newsgroup postings, and their primary value-added was that the information was available at a World Wide Web site that might be easier for a more novice Internet user to locate. These early posting services did not even provide a search capability for the postings. Over the past several months these early web sites have expanded their content and enhanced their content to make job searches easier. Many of these job search and career oriented web sites are seemingly not otherwise involved in the recruitment or consulting industry, and their growth has been more a function of being in a place where a vacuum existed than anything else. The fact that these web sites are now perceived as neutral venues for anyone to visit has some advantage for IT recruiters and computer consulting organizations because these web sites have become a "safe" place to post a job opening because there is generally no charge for a simple posting. The disadvantage for these job search web sites is that it may be quite difficult for them to alter their format in a way that would increased opportunities to make money from the services except in the form of banner advertising.

Traditionally IT recruiters and computer consulting organizations have been successful because they have been able to provide high quality, focused, and results at a cost that is generally less either directly or indirectly than its clients could manage. In an era of expanding demand for IT professionals coupled with a growing real shortage of qualified IT professionals available in the marketplace the IT recruiter and computer consulting organization needs to be in a position to utilize

every technological resource it can bring to bear in providing service to its clientele. As a technology, the Internet provides IT recruiters and computer consulting organizations not only with opportunities to enhance delivery of services but also a completely new area where services can be provided.

The Internet services market is huge. Writing for <u>Information Week</u> Marianne Kolbasuk McGee states:

> Corporate Internet initiatives are fueling the demand for a wide variety of specialty services, ranging from Web site design and remote hosting to the integration of World Wide Web, client-server, and legacy applications. The business application of these services encompasses electronic-commerce projects, business-to-business extranets, and corporate intranets for sharing essential sales data.
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> All sorts of service providers are racing to get in on this lucrative market. Traditional systems vendors such as IBM and Digital Equipment bring their big-systems view and ability to integrate disparate platforms to the party, while Big Six consulting firms like Andersen Consulting and Price Waterhouse focus on providing vertical applications and services to specific industry sectors such as finance and entertainment. Mammoth integrators such as EDS have formed business units dedicated to providing Internet expertise. While the earnings potential of Internet services is great, Web-related business is only a small portion of these companies' overall businesses.
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> At the other end of the spectrum, there's a variety of small, often privately owned graphic arts and advertising companies that have begun offering Web site design as part of their services, as well as small network integrators that have expanded their services to include intranet support. The latter category includes Intranet Partners in Santa Clara, Calif., the Web-services arm of Taos Mountain, a private network services company, also in Santa Clara.
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> In between the large, publicly traded IT service integrators and tiny private specialty companies are pockets of smaller private integrators. They're focusing most of their efforts on start-to-finish Internet and intranet solutions. Among the better-known of these smaller companies is USWeb Corp., which was launched two years ago by a group of former Novell executives. USWeb, in Santa Clara, Calif., consists of 17 company-owned offices and 25 franchisees that offer services for building intranet and Internet applications ranging from online cataloging to E-commerce.
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> "We target the *Fortune* 2000 to 100," says Toby Corey, USWeb's President and former VP of marketing at Novell. Corey declined to disclose whether the company is profitable, or any details of revenue. However, he says the company recently raised $35 million in financing from investors, including 21 Century, Attraction, Cutler Group, Reuters, and Softbank.
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> While it's anybody's guess which companies will survive and dominate the services market, it's likely that the smaller players will be gobbled up by the more dominant ones. The usual market consolidation hasn't occurred yet, and the services sector is still enjoying the thrill of early growth.

"The worldwide Internet services market is single-handedly the largest event since the invention of computing itself," says Tom Iannotti, Digital's VP for multivendor customer services. "Intranet outsourcing will be the fastest-growing area within Digital's outsourcing services business."

Digital earned $1 billion in revenue from all multivendor outsourcing services in fiscal 1997, which ended June 30. Digital expects outsourcing to grow 30% this year. While company officials declined to estimate specific revenue figures, that would come to more than $1.3 billion.

Despite the absence of public companies focusing their efforts exclusively in Internet and intranet integration services, there's at least one publicly traded integrator whose efforts are shifting significantly toward E-commerce and online solutions. Cambridge Technology Partners made its mark in the early 1990s by offering fixed-price, rapid application development services for client-server environments. Now, the $237 million company is bringing that experience to building Internet and intranet solutions — it expects Web-related initiatives to eventually become the bulk of is business. (McGee 80)

Clearly, there is a future for IT recruiters and computer consulting organizations that become involved with delivering Internet-related solutions.

IT recruiters and computer consulting organizations will be and are involved in providing staffing resources for Internet-related integrators. In addition, IT recruiters and computer consulting organizations are increasingly drawn to the Internet as a way to promote and grow their organizations just as any other type of organization has been drawn to the Internet. Alex Frankel, who is a staff writer for <u>CIO</u>, recently spoke with Paul Saffo, a director at the Institute for the Future located in Menlo Park, Calif., about the future and the Web's role in that future. Key excerpts of that interview follow:

CIO: So what does the future of the Web hold?

SAFFO: The Web is a local phenomenon of a larger revolution. The Web happens to be ground zero in a pattern of larger change. It's the fastest-changing part of the Internet, and it will probably remain so for at least another two or three years.

The most important thing about the Internet is its rapid mutability. It's that mutability that makes the Internet and the Web such powerful business tools. Think back about four years ago: Advertising was a complete anathema on the Internet, and then within six months it went from an anathema to the norm. Now commerce is the norm.

CIO: The Web is more than a communication tool?

SAFFO: The Web is a fundamental shift. For most of this century, communication has been synonymous with being a conduit, a pipe between physical locations on the planet. Now, with the Web in particular, communication as conduit is taking a back seat to communication as a destination in its own right. In that sense, the Web is not just a pipe between people communicating, it's actually a venue where people go to buy and sell things, to hang out, to socialize. It's a new kind of real estate.

CIO: How will the Web affect how businesses operate?

SAFFO: The Web lowers transaction costs. Over the Web, you can suddenly do transactions for a fraction of what you could profitably do in the physical world. That doesn't just save money, that's not just about more efficiency. It's about changing the way you buy and sell things. Changing the granularity. Giving smaller businesses the same kind of leverage that a large business once had.

But when the new technology comes in, first we pave the cow paths. For example, the first generation of magazines on the Web used strictly two-dimensional display. It takes time for the innovative uses of new technology to start.

CIO: What is the challenge for business on the Web over the next 10 years?

SAFFO: The Web as information medium is shifting into something different. It's a shift from a model of people accessing information to a model of people meeting other people in information-rich environments. So it's a shift from an information to an interpersonal medium: the information is literally the electronic wallpaper around electronic social spaces.

CIO: Will companies doing business on the Web succeed at a greater rate than those companies doing business in the traditional environment?

SAFFO: You're going to see more risk and more failure on the Web. When a new technology arrives, it is easier for smaller organizations or individuals to use it than for groups or large organizations. That pattern of being more useful for individuals and small groups and less so for large enterprises is constant. New technologies scale up badly so when one is introduced the playing field is skewed toward small players. The small player has an intrinsic advantage when new technologies are developed.

CIO: What is an example of that advantage as seen on the Web?

SAFFO: We saw a real example of that with online bookselling. When Amazon.com [Inc.] got started, the technology was such that you could build something to scale for Amazon.com, but you could not do a full-scale implementation of something that Barnes & Noble [Inc.] would have wanted to do. The Web created an opening where somebody could come out of nowhere. It wasn't that the Barnes & Noble people were stupid. They just couldn't see their way. Amazon.com was able to come in, move fast, stay small and grow with the technology. Going to the Web did not immediately apply to Barnes & Noble's business plan, so they had to shift when they adopted it later. It's harder and more expensive to be a large player and jump onto the train after it's already moving. Of course, it's also equally difficult as a small player to make sure you don't get thrown off the train as it gets bigger and faster.

CIO: Given the amount of hype, do businesses need to be online?

SAFFO: The Web affects different industries in different ways. But there's one reason businesses need to be online, and it can be summed up in an observation made to me by a graduate student at Stanford University. He said, "You know, in cyberspace there is no distance between two points." That's exactly why the Web matters. There's a whole different kind of

physical geography. Suddenly, that partner or that competitor who is halfway around the planet is immediately co-located with you. Two clicks of a mouse, and you're there. That completely changes the opportunity landscape for businesses. We all see it in our personal lives. It changes the granularity of our transactions.

CIO: Are there enough users on the Web to provide growth for Web-based businesses?

SAFFO: Novelist William Gibson made a salient observation when he said, "You know, the future has already arrived. It's just not evenly distributed yet." I think that's the way to view the Web. It's arrived. We can get a good feel for what commerce is going to be because it's being done by small communities today on the Web. Add in things like Web TV, and you're snapping up people you never would have had before. And every time the Web becomes one magnitude cheaper, one magnitude easier to use, another population shifts the Web in yet another way.

CIO: How does the Web influence users differently than other technologies do?

SAFFO: Television was a mass medium; it delivered the world to our living rooms. But all we could do was press our noses against the glass and watch. The Web is not a mass medium. It is truly a personal medium. You don't just watch. You can influence things. You can send a message back. That's a big difference. Even though, obviously, one individual's impact is just one individual's impact. Even in an age of personal media, there will be mass moments where large groups of individual users come together in a common interest and in common cause. It will shift this planet on its axis in some unpredictable way.

CIO: Is doing business on the Web worth the risk?

SAFFO: The whole essence of business is putting assets at risk in the service of profit. Businesses have problems only when they cannot quantify the risk. In the credit card business, there's fraud. Depending on how you measure it, it's between 1 percent and 3 percent of all transactions or transaction volumes. But the reason it doesn't interfere is they can quantify that risk and indemnify against it. We will do the same thing with the Internet. We will take the risk. (Frankel 61)

Among all types of enterprises looking to increase their use of the Internet IT recruiters and computer consulting organizations are particularly well placed. IT professionals were amongst the first users of the Internet, and they now have the benefit of being the most enlightened group of Internet users. While reaching IT professionals on the Internet is not just a matter of putting up a web site, it is generally safe to say that IT professionals are in a much better position to locate Internet resources when they are available. If there is a downside to presenting Internet content to IT professionals from another group of IT professionals, it is that IT professionals are more likely to expect better content from other IT professionals

than they might expect from non-IT professionals. Thus, web content directed to IT professionals from IT professionals should be of professional quality.

IT recruiters and computer consulting organizations have been successful in the past because they were able to deliver quality limited resources to clients in a timely manner at costs that could not be matched internally by the client organizations. Warren S. Hersch reports that according to government studies, the U.S. is experiencing a shortage of approximately 190,000 information technology workers, including programmers, engineers, and hardware and software specialists, as well as others. (Hersch 48) Hersch adds that by 2005, that number is expected to reach about 1 million. (Hersch 48) The successful IT recruiters and computer consulting organizations in the Internet age will have effectively and efficiently integrated use of Internet technology into its business practices model at all levels of integration. Joseph L. Levy, President and Group Publisher of CIO Communications, Inc., sums up the need for being on the Web by saying, "Organizations that fail to take advantage of the Web do so at their own peril. The vital job of CIOs, IT and business executives is to embrace the Web and create practical ways to make the transition from Old World structures to the brave new Internet age of the 21st century. (Levy 10)"

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