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TECHNOLOGY LEADERS CITE BUDGETS AS TOP CONCERN FOR 2004

FAYETTEVILLE, Ark. – Information technology (IT) departments must deliver more services to and make a larger strategic impact on their businesses. IT budgets, however, are not keeping pace with organizational growth as a percentage of revenue, according to the board of advisors for the Information Technology Research Center (ITRC) in the Sam M. Walton College of Business, University of Arkansas.

For the fourth year in a row, the ITRC board representatives have ranked their top-10 issues currently facing IT organizations (See Sidebar - Summary). Budgets topped the board’s 2003 list as well.

“With relatively smaller budgets, IT must maintain existing systems and respond to today’s demands such as security threats, Sarbanes-Oxley and RFID, among other issues,” said Bill Hardgrave, executive director of the ITRC and Edwin and Karlee Bradberry Chair. “Right behind budgets, security and privacy came in at the number two spot again this year. As international events and domestic threats continue to expose IT security issues, companies must increase their security management efforts, especially in the areas of risk assessment and access controls.”
The proliferation of wireless networks and mobile devices continues to challenge IT security, according to Hardgrave. Privacy is also linked to security; corporations must revise and audit their data access and retention policies to protect their customers and themselves.

The ITRC is an interdisciplinary research unit of the Walton College. Its board of advisors is comprised of 17 technology executives from international, national and regional businesses as well as state government. The board provides long-term strategic direction, industry feedback on IT research and education and, in some instances, funding for IT research. Rather than focusing on technologies, which change rapidly, the board survey reflects broader IT issues. The top-10 issues provide a barometer of activities in these organizations and serve as a signpost for the academic community on research and curriculum issues.

Project management leapt four spaces to the number three ranking in this year’s list. A difficult and highly valued skill among IT professionals, project management touches on several other subjects in the top-10, including training, budget, teamwork and collaboration.

Organizational change management, new to the list this year, represents a shift in management thinking. IT managers have come to realize that managing resistance to change is critical to successful system deployment and to overall business success. Rounding out the top five, business process design, up from number nine on last year’s list, is showing increased importance because new ways of doing business and reducing cost in the enterprise, never before possible, are now being implemented by today’s IT.

Governmental regulations and compliance continue to impose significant overhead on IT. In addition to Sarbanes-Oxley, these regulations include HIPPA, which affects health-related information. IT not only must respond to compliance issues but also anticipate new reporting requirements.

“IT training is always an important topic, but fewer organizations are experiencing the large shifts in technology paradigms that usually drive this training,” said Hardgrave. “Because companies are becoming increasingly geographically and temporally diverse, inter-organizational collaboration and teamwork have become more critical. This is especially true in relation to offshore outsourcing, our ninth top issue. With the flow of IT jobs offshore at an all time high, IT must be careful. Economic benefits could be mitigated by decreased productivity if workers are constantly worried about losing their jobs.”
The tenth top issue, Radio Frequency Identification (RFID), a technology used to track items in corporate and governmental supply chains, poses a unique set of IT concerns. Properly implemented, RFID has the potential to drive costs out of the supply chain, but businesses must get over the research and implementation challenges to realize these benefits.

ITRC board members include: Scott Hambuchen, Acxiom Corporation; Ed Page, ALLTEL Corporation; Joseph Smith, Arkansas Blue Cross Blue Shield; Lindy Bowie, Arkansas Department of Information Systems; Doug Elkins, Arkansas’ Executive CIO Office; Phil Porter, Arvest Bank Group; Steve Ratterree, Beverly Enterprises; Marty Schoenthaler, ConocoPhillips; Don Hall, Data-Tronics Corp.; Charlie McMurtry, Dell; Bill Holder, Dillard’s Inc.; Kent Kushar, E.&J. Gallo Winery; Kay Palmer, J.B. Hunt Transport Services Inc.; Joe Rarey, NCR; Dee Hency, Southwestern Energy; Jeri Dunn, Tyson Foods Inc.; and Dan Phillips, Wal-Mart Stores Inc. In addition, members from the Walton College include Doyle Z. Williams, dean; Fred Davis, David D. Glass Chair in Information Systems and chair of the information systems department; and Anne O’Leary-Kelly, chair of the management department.

The ITRC was established in the Walton College in 1999 from a portion of the endowment created by the Walton Family Charitable Support Foundation 1998 gift of $50 million. The ITRC’s goal is to engage the business community in such activities as research projects, roundtables, workshops, conferences and a variety of student-oriented events.

For more information on the ITRC and the 2004 top-10 IT issues, check the Web at http://itrc.uark.edu or contact (479) 575-4261.

(Sidebar - Summary)

Top-10 Issues Facing IT Organizations in 2004

(According to ITRC member organizations)

1. Budget versus service delivery (2003 Rank: #1, 2002 Rank: #2, 2001 Rank: #7)
4. Organizational change management (2003 – not ranked)
7. Training and development of information technology workers (2003 Rank: #3, 2002 Rank: #1, 2001 Rank: #3)
8. Inter-organizational collaboration and teamwork (2003 Rank: #4 [Facilitating Teamwork and Collaboration], #6 [Inter-organizational collaboration and global standards], 2002 Rank: not ranked, 2001 Rank: not ranked)

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