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## "Pay as you go" Services Key to Making IT Matter for Business

*Saugatuck Technology founder Bill McNee presents "C-level" survey data and insights to rebut recent hype on the declining business importance of IT.*

**New York City, February 16, 2004** --- Software and services are key elements of IT that enable businesses to differentiate themselves, and therefore will continue to provide tremendous competitive advantage, according to research presented by Saugatuck Technology founder and president Bill McNee.

McNee presented current Saugatuck research as part of a panel debate at *CFO Magazine's* "Excellence in Finance: Corporate Performance Management" conference in New York City on February 9, 2004. McNee's remarks rebutted assertions by fellow panel member Nicholas Carr, author of the Harvard Business Review article "IT Doesn't Matter," which suggests that IT is now a commodity, and no longer a strategic resource that can be leveraged for sustained competitive advantage.

"IT definitely matters to business, as both a strategic and tactical set of tools with which a differentiated business strategy can be deployed," McNee stated. "Unlike commodity IT infrastructure, software and IT services can create sustainable advantages by enabling and supporting business strategies that differentiate firms from one another. They are key elements of IT that allow firms to configure processes, as well as other IT assets, in a way that electric power, telephones and other so-called 'utilities' cannot."

McNee's remarks were based on recent Saugatuck surveys of CFOs and CIOs regarding the business value of IT and utility computing offerings, including "pay as you go" (PAYG) IT services. Saugatuck's research suggests that "pay as you go" IT services can provide exceptional business value by:

- Enabling a flexible business IT and application portfolio, allowing the enterprise to retain only those assets that enable and support differentiated business strategies;
- Enabling a continued focus of IT assets on core business value created by the firm;
- Selectively outsourcing non-value-added IT assets; and
- Managing those outsourced IT assets cost-effectively, and defensively, to minimize risk.

"While much of IT can be managed defensively, I believe we are only in the 4<sup>th</sup> or 5<sup>th</sup> inning in terms of how IT can be used to innovate in business. In this regard, utility computing, especially through 'pay as you go' IT services, is really all about achieving true business differentiation, and focusing on the most important tasks and opportunities at hand," McNee concluded.

### **PAYG Research**

Saugatuck's PAYG research program, entitled "Pay-as-you-go IT: Where's the Business Value?", examines not just the costs and benefits of vendor-provided IT and business services in the emerging "on demand" workplace, but the underlying user business and IT management factors and beliefs used to evaluate, justify, purchase and utilize such offerings. The project was developed by Saugatuck Technology in partnership with CFO Research Services, and is being executed by Saugatuck Technology.

### **About Saugatuck**

The company uses a research-centric consulting model that combines business planning and market assessment with first-hand research of executive technology buyer trends. Founded in 1999, Saugatuck is headquartered in Westport, CT ([www.saugatech.com](http://www.saugatech.com) 1-203-454-3900).

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