NETWATCH

Your guide to business and accounting on the Internet

As we begin to clear away the wreckage left from the dot-com world, it's probably time to dispel one of the greatest myths of the era: the concept of "Internet time."

First, let me put my cards on the table — there's nothing wrong with e-business and the Internet. Many valuable and important business strategies can be pursued online. But as experience has shown, you need to keep your sanity when dealing with e-biz.

One of the problems with the dot-com craze was that it became fashionable to try to make business operate at lightning speed, regardless of the consequences. People said companies that couldn't live up to Internet time would eventually disappear, destroyed by the nimbleness of their new, wired, startup competition.

Yet, it seems that the exact opposite has happened. Dot-coms that rushed around changing their business model every other week have now all but disappeared, and it is the slow and steady old-economy companies that have prevailed.

So much for the almighty dot-com. But what about efforts to implement e-biz technologies in established organizations? Why has progress been so slow? For the simple reason that many of the people pushing e-biz initiatives, having succumbed to the alluring concept of Internet time, failed to appreciate a long-standing business fundamental: it takes time to make technology work. Anyone who has ever implemented an Enterprise Resource Planning system knows this to be true.

The fact is, when it comes to technology, it takes time to change the way an organization works. It takes time to design and implement the complex set of procedures required for financial, business or other transaction systems to function smoothly. Those promoting the use of e-biz technologies found their efforts stymied because they ran smack-dab up against corporate procedures that are, by necessity, designed to make business move slowly.

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As accountants well know, many procedures have been put in place to protect the assets of an organization, and to ensure all financial transactions are duly recorded. We know them as internal controls, and they have long been an important part of the world of business.

Consider a simple internal control, in which a company matches up a purchase order with a receiving document to ensure it is paying only for goods received. Along comes e-procurement — electronic purchasing systems — which involve completely new procedures and methods of generating purchase orders, recording the receipt of products and invoices. Most financial officers will want to proceed slowly with e-procurement to ensure the new system provides the proper level of internal controls. This, of course, is greatly frustrating to Internet-time purists.

Sure, in a world of Internet time, there are many who want to speed ahead. But as the saying goes, haste makes waste, and organizations need not throw out perfectly good internal controls simply to conduct business at a hurried pace. Nor should they fail to institute proper controls for e-business systems. As a result, companies will need time — time to figure out how to provide adequate internal controls with e-biz, and further time still to implement them.

Which leads us to the reality of the e-biz era: Internet time takes a long time.

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