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2. Relationships Between IT Professionals and Clients

- **IT professional provides**
 - Hardware, software, or services at a certain cost and within a given time frame
- **Client provides**
 - Compensation
 - Access to key contacts
 - Work space
- **Relationship is usually documented in contractual terms**

Relationships Between IT Professionals and Clients (continued)

- **Conflict of Interest:** Ethical problems arise if a company recommends its own products and services to remedy problems they have detected
- A company is unable to provide full and accurate reporting of a project's status →
 1. Fraud
 2. Misrepresentation
 3. Breach of Contract

Legal Overview: Fraud

- Crime of obtaining goods, services, or property through **deception** or **trickery**
- **Fraud is proven in court:**
 - The wrongdoer made a false representation of material fact.
 - The wrongdoer intended to deceive the innocent party.
 - The innocent party justifiably relied on the misrepresentation.
 - The innocent party was injured.

Fraud: Case Study

- Stein Bagger (Danish-Norwegian) businessman indicted in December 2008 by Danish authorities for fraud:
 - Bagger's company, IT Factory, provided hosted applications using IBM and HP hardware and software.
 - Bagger allegedly created fake **contracts with companies that did not exist**, and then sold the contracts to banks and other investors.
 - Major U.S. IT firms were caught in the fraud, with IBM losing \$25 million and HP losing \$5 million



Legal Overview: Misrepresentation

The misstatement or incomplete statement of a material fact.

Misrepresentation: Case Study

- **Oracle** marketing campaign claimed that retail companies using its software are “49.7 percent more profitable and 61.5 percent more capital efficient than peers.”
 - Based on analysis performed by Oracle on data provided by Stratascope, a market research firm.
 - The Stratascope CEO demanded that Oracle issue a correction, claiming:
 - “We have no knowledge of the validity of the criteria and the methodology [Oracle] used, particularly because several of its claims are based on a set of data we do not possess.”

The Oracle logo, consisting of the word "ORACLE" in a bold, red, sans-serif font.

Legal Overview: Breach of Contract

One party fails to meet the terms of a contract

- IT projects are joint efforts in which vendors and customers work together
 - Difficult to assign blame

Breach of Contract: Case Study



- The Texas Department of Information Resources and IBM
- Seven-year, \$863 million contract in November 2006 to update the state government's IT infrastructure.
- Texas Department of Information Resources, claimed, "IBM had breached its contractual duties and obligations to the state of Texas" by failing to perform the crucial backup of data for more than 20 state agencies.
- IBM disputed the idea that IBM was at fault for the data backup failures but agreed that it would work to develop a plan to fix the problems.

Main Reasons of Problems in IT Projects

- **Scope Creep**—Changes to the scope of the project or the system requirements can result in cost overruns, missed deadlines, and a project that fails to meet end-user expectations.
- **Poor Communication**—Miscommunication or a lack of communication between customer and vendor can lead to a system whose performance does not meet expectations.
- **Delivery of an Obsolete Solution**—The vendor delivers a system that meets customer requirements, but a competitor comes out with a system that offers more advanced and useful features.
- **Legacy Systems**—If a customer fails to reveal information about legacy systems or databases that must connect with the new hardware or software at the start of a project, implementation can become extremely difficult.

3. Relationships Between IT Professionals and Suppliers

- Develop good relationships with suppliers
 - Deal fairly with them
 - Do not make unreasonable demands
- **Bribery**
 - Providing money, property, or favors to someone in business or government to obtain a business advantage
 - U.S. Foreign Corrupt Practices Act (FCPA) makes it a crime to bribe a foreign official, a foreign political party official, or a candidate for foreign political office
 - Fines from \$100,000 to \$2 million, 5 years in jail

Bribery: Case Study



- KBR, a major global engineering, construction, and services company
- They paid \$180 million in consulting fees to two agents to bribe Nigerian officials to gain a construction contract.
- KBR pled guilty to violating the FCPA and paid a \$402 million fine.
- The company stated that
“limitations on our use of agents to comply with applicable laws, including the FCPA, could put us at a competitive disadvantage in pursuing large-scale international projects.”
- 44 percent of U.S. respondents said they had lost a contract because they did not pay a bribe.

Relationships Between IT Professionals and Suppliers (continued)

- **Bribery**
 - At what point does a gift become a bribe?
 - No gift should be hidden
 - Perceptions of donor and recipient can differ

Distinguishing Between a Bribe and a Gift

Bribes	Gifts
Are made in secret, as they are neither legally nor morally acceptable	Are made openly and publicly, as a gesture of friendship or goodwill
Are often made indirectly through a third party	Are made directly from donor to recipient
Encourage an obligation for the recipient to act favorably toward the donor	Come with no expectation of a future favor for the donor

4. Relationships Between IT Professionals and Other Professionals

- Professionals owe each other adherence to a profession's code of conduct
- Ethical problems between members of the IT profession
 1. **Résumé inflation**
 2. **Inappropriate sharing of corporate information**

Area of exaggeration	Frequency (%)	How to uncover the truth
Embellished skill set	57	Verification of licenses and/or certifications with accrediting agency
Embellished responsibilities	55	Thorough background and reference checks
Dates of employment	42	Thorough background and reference check
Job title	34	Thorough background and reference check
Academic degrees earned	33	Verification of education claims with educational institutions
Companies worked for	26	Thorough background and reference check
Accolades/Awards	18	Thorough background and background check

Source: “Infographic: The Lies We Tell on Resumes,” Background Checks.org, <http://backgroundchecks.org/infographic-the-lies-we-tell-on-resumes.html>.

5. Relationships Between IT Professionals and IT Users

- IT user is a person for whom a hardware or software product is designed
- IT professionals' duty
 1. Understand users' needs and capabilities
 2. Deliver products and services that best meet those needs
 3. Establish an environment that supports ethical behavior by users

6. Relationships Between IT Professionals and Society

Actions of an IT professional can affect society

- **Example:** a systems analyst may design a computer-based control system to monitor a chemical manufacturing process. A failure or an error in the system may put workers or residents near the plant at risk.
- No single, formal organization of IT workers that takes responsibility for establishing and maintaining standards that protect the public.

Solution!

Mini Project 2:

AN UNETHICAL CASE IN IT PROFESSIONALISM IN IRAN