

## **Computer Services and Management Consulting: Opportunities in the World Trade Organization**

### **Computer Services as an Enabler of Competitiveness and Economic Growth**

Information technology (IT) plays a critical role across all sectors of today's economy, helping businesses and governments to enhance productivity, provide better services, increase competitiveness and foster economic growth.

Increasingly, computer users are purchasing information technology solutions as a service, rather than buying computer hardware and software to create their own solutions. Given this trend, liberalization in computer and related services is now more important than ever. Just as many countries have opened their markets in order to reap the benefits of IT goods, countries must now focus their efforts on the liberalization of IT services to fully realize the potential benefits.

Computer and related services are a substantial generator of new employment, especially of skilled, well-paying jobs, not only in developed markets but also in developing countries. It is worth noting that the client base and emerging opportunities for this industry are truly global. Countries able to exploit these opportunities will find that the liberalization of this sector can make a positive contribution to their economic development. Even countries that have not yet developed an export capability in this sector can benefit from liberalization of computer and related services, since access to these services can help to make both manufacturers and providers of other services more efficient and competitive.

Computers and other information technology have historically undergone rapid and continual technological advances, providing ever-increasing computing capability to users, and this rapid pace of innovation can be expected to continue in the future. In addition, the development of the Internet has provided an added catalyst to spur accelerated innovation in the computer and related services industry, enabling new applications, providing an efficient way to deliver many services, creating new business models, and enabling businesses, governments and other organizations to transform the way they operate.

### **Convergence between Computer Services and Management Consulting**

As information technology has become more deeply integrated into large organizations, the effective application of IT has taken on greater strategic importance. Decisions about how to gain the greatest advantage from the application of IT now require fundamental decisions about the organization and operation of a business, not just consideration of processing speed, capacity and technical standards. Accordingly, decisions about information technology have risen to the level of the chief executive officer (CEO), and are no longer left only to the director of IT or the chief information officer (CIO). As a result, providers of computer services have had to evolve, expanding their capabilities to meet these new client needs.

The application of IT to the management and operation of organizations is the core business of the computer and related services industry. Computer and related services (CPC 84) include consulting services in the following subsectors<sup>1</sup>:

**CPC 84100 – Consultancy services related to the installation of computer hardware:** Assistance services to the clients in the installation of computer hardware (i.e., physical equipment) and computer networks.

**CPC 84210 – Systems and software consulting services:** Services of a general nature prior to the development of data processing systems and applications. It might be management services, project planning services, etc.

**CPC 84250 – Systems maintenance services:** Maintenance services include consulting and technical assistance services of software products in use, rewriting or changing existing programmes or systems, and maintaining up-to-date software documentation and manuals. Also included are specialist work, e.g., conversions.

In addition to the consulting services included under computer and related services, the CPC classification system also includes separate classifications for **management consulting services (CPC 865)** and **services related to management consulting (CPC 866)**. Management consulting services include a number of subsectors. For example, **general management consulting services (CPC 86501)** is defined in part as:

“Advisory, guidance and operational assistance services concerning business policy and strategy and the overall planning, structuring and control of an organization.”

Services related to management consulting include **project management services other than for construction (CPC 86601)**, which is defined in part as:

“Coordination and supervision services of resources in preparing, running and completing a project on behalf of a client.”

Just as computer services companies must address fundamental business issues in addition to technology questions, management consulting firms must regularly address information technology issues as part of their business recommendations, since organizational redesign and process changes will inevitably impact information technology needs. In fact, it is increasingly difficult to draw a line between IT consulting and management consulting, since these services now overlap considerably.

Given the unclear distinction between the computer and related services sector on the one hand and management consulting services and services related to management consulting on the other hand, full liberalization commitments should be taken in all of these sectors. Such commitments would avoid confusion over the proper classification of a consulting service related to IT and would ensure market access and national treatment in these critical sectors for economic development. Moreover, failure to obtain

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<sup>1</sup> As defined in the Provisional Central Product Classification (CPC) (United Nations, 1991), used as the basis for the WTO services classification system, MTN.GNS/W/120.

commitments in management consulting and related services could actually undermine commitments in the consulting subsectors of computer and related services.

To ensure that WTO Member States' growing software and IT services sector will have access to global markets in the future, they should seize the opportunity presented by the WTO Doha Round by including the following two elements in its services negotiations strategy:

- To avoid confusion and debate over which sector's commitments would cover these services, WTO Members ***should seek full liberalization in computer and related services (CPC 84), management consulting services (CPC 865), and services related to management consulting (CPC 866).***
- Furthermore, to enhance its negotiating leverage to obtain these commitments from its trading partners and to demonstrate its leadership in this area, WTO Members ***should include full market access and national treatment commitments in its offer in these three sectors.***