

Securing the Virtual Corporation

BY STEVEN ENGLMAN

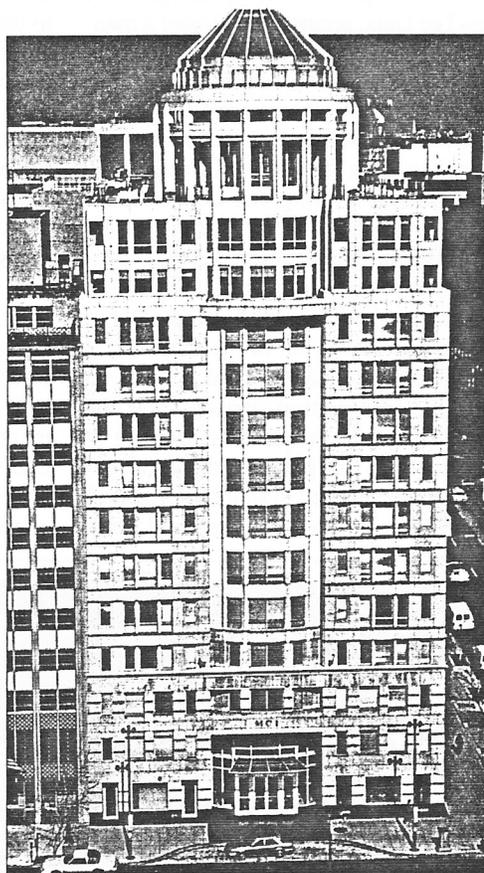
TO PROSPER IN THE GLOBAL marketplace, today's businesses are pioneering a new kind of allied force—the virtual corporation. In a virtual corporation, organizations form temporary partnerships in which each participating company brings to the table its core capabilities. The basis of the collaboration is an understanding that none of the participating companies could achieve the desired results alone. The challenge for security managers is to protect corporate assets in this new environment.

Since relationships in virtual corporations are opportunistic, arrangements are seldom permanent. Once the desired result is achieved, the relationship is dissolved or changed. New partnerships and alliances are forged with different companies to meet new market requirements.

Management believes that the benefits of these on-again, off-again alliances—which may last months or years, depending on the products or services being developed—far outweigh the risks. It is clear, however, that the virtual corporation can create a risky array of bedfellows. Organizations that were formerly industry enemies—and that may be future competitors—share information and resources to seek specific market opportunities.

Ultimately, however, it is a company's proprietary information that provides the uniqueness to compete and win either individually or as a prospective collaborator in a virtual corporation. A field of specialization will remain unique only if it is held as proprietary. If a company does not protect the secrets of its success, its forte will soon be duplicated.

How does a company protect proprietary information and the secrets of success while partnering with other companies in a virtual corporation? This is the proprietary information quagmire that



MCI, like many companies, is forming business alliances. These partnerships challenge corporate security teams.

challenged Washington, D.C.-based MCI Telecommunications Corporation, the sixth largest international telecommunications company.

FOR MCI TO BRING INNOVATIVE PRODUCTS to market, management encourages development with third party interest groups. This has led the company to enter into its own virtual corporation partnerships. For instance, recently MCI announced a joint development and marketing relationship with The Boston Software Works, a software development firm. The two companies will develop enhancements to MCI's worldwide electronic mail service. According to Dan Akerson, MCI's president, this type of partnership makes the

company a more efficient competitor by allowing it to match its expertise in network integration and software development with the strengths of other companies.

MCI's ability to change is one of its strengths. The company recognizes that it must quickly adapt to market demands. It is the telecommunications provider's vision for change, along with its business, marketing, and product strategies, that make it unique. This strategic and tactical information could give the company's competitors an edge, if they obtained access to it without making the investment MCI has made in its development.

Yet, like any other operation, MCI's virtual corporation is based on coordinated functions working together. Working together efficiently requires sharing information, including the strategic information that MCI must hold proprietary to stay competitive.

To meet the challenge of protecting proprietary information in the virtual corporation environment, MCI took stock of its own expertise in information security. Many functions within the company were already available for information protection. Systems Integrity, for instance, is a multidisciplinary department that includes investigations, technical security, and physical security and safety. A separate department, Systems Security, provides administration, training, and technical support for the security of information on computer resources.

The company's guidance and handling procedures serve as the cornerstone of its information protection program. They provide a hierarchy of information classifications, which establishes a method of control for restricting access to certain information based on the value to MCI and the value to those outside the company. The guidance provides an effective process for distributing infor-