Inspire, Transform and Create (ITC) XXII – 2018 IT Strategy Case

Request for Information (RFI) for Consulting Services for Improving Governance over Rapid Innovation (hack-a-thons)

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Background Information

www.iNOU.com (pronounced "I Know You") is a rapidly growing social networking company. The social networking site was launched three years ago by two founders, a former law enforcement detective division commander and a former chief technology officer who specialized in financial services industry software. Both founders have more than 30 years of experience in their respective fields.

These two founders created a social networking site that achieves the synergy of their collective knowledge of understanding human behavior/relationships and leading edge financial services technologies. Unlike other social networking sites www.iNOU.com focuses on users creating private social networks of individuals they personally know and trust. www.iNOU.com has proprietary tools and capabilities that include a special "relationship discovery engine" which automates identification of known contacts via assimilation of disparate information sources and personal relationships. Additional unique features include the following:

- Single profile supporting professional/public and personal/private relationships to enhance personal privacy.
- Automated import of personal information from other social networking websites via web based interfaces which allow information capture when either data exchange protocols don't exist and/or information exchange is discouraged.
- Personal communications methodology with messaging limitations/budgets which reduce the amount of time required to update and communicate with contacts.
- Targeted advertising integrated into the overall user experience which allows advertisers to pay for advertisements only on a positive outcome basis. Payment of optional annual membership fee allows users to opt out of advertising.
- Extensible software architecture which facilitates continuous introduction of new features and capabilities users can easily follow and understand. Scalable hardware architecture supports rapid growth in users and activity.

These innovative features and capabilities have resulted in www.iNOU.com becoming one of the fastest growing social networks. In just under 3 years www.iNOU.com has grown to more than 150 million US users. Average revenue realized per user is $17.39 with 25 percent of users paying the annual fee to opt out of advertising. Annual revenue is forecast to be $2.6 billion with approximately 1,275 employees. Plans are being developed to expand www.iNOU.com into select foreign markets during the next year. The company has been able to grow and fund organically and thus does not have any outside angel funding or venture capital and intends to remain private. A recent article in _The Wall Street Journal_ speculated that if www.iNOU.com were to go public its market capitalization could be greater than $250 billion.

Problem Statement

During a recent www.INOU.com hack-a-thon, a new college graduate came up with the idea of leveraging www.iNOU.com's users to mine cryptocurrency. This college graduate had assembled a server which ran

in his college dorm room allowing him to mine Bitcoin. He earned $50,000 in Bitcoin which he used to help pay off part of his student loans.

He demonstrated a JavaScript hack which involved using Coinhive to borrow CPU or GPU cycles from www.iNOU.com users' computers to mine a cryptocurrency called Monero. Mining is the processing activity of verifying blockchain transactions that are rewarded with a trickle of cryptocurrency. Given the large www.iNOU.com user community he estimated that www.iNOU.com could turn this user mining activity into a multi-million dollar revenue stream which would have no cost to www.iNOU.com and could almost be pure profit margin.

www.iNOU.com decided to implement a pilot test with 100,000 online users for 30 days which was successful and earned www.iNOU.com almost $10,000. Management decided to approve the idea to scale up to the full www.iNOU.com user community. Shortly after the cryptocurrency mining began several users began to notice symptoms with their smart phone batteries not lasting as long as normal. This battery draining problem appeared to be most prevalent on Apple iPhones. Apple Computer started to get many complaints about battery draining problems and even after implementing a $29 low cost new battery replacement www.iNOU.com users still experienced battery draining problems. Further analysis by Apple Computer technicians traced the source of the problem to the cryptocurrency mining activity occurring while the users were connected to www.iNOU.com and located the JavaScript Coinhive mining software as the root cause.

Apple Computer's legal department has become involved in this technical issue since Apple Computer recently was sanctioned by the Security Exchange Commission (SEC) for issues involving manipulating iPhone battery life as a possible way to drive sales of new Apple iPhones and thus Apple's stock price. The legal department investigation was leaked to the business press and there is already speculation that a class action law suit could be brought against www.iNOU.com on behalf of every online user. The US Attorney General's Office has also launched an investigation into www.iNOU.com since the cryptocurrency mining activity may be a violation of the Computer Fraud and Abuse Act (CFAA) which prohibits accessing a computer without authorization, or in excess of authorization. Since the Federal Government uses Apple Computer iPhones any Federal Government iPhone accessing www.iNOU.com could be under the scope of CFAA.

The founders and shareholders of www.iNOU.com are very concerned about these developments and do not want the social network's brand to be damaged similar to Facebook/Cambridge Analytica. Legal counsel has recommended to them that they should quickly address these legal issues and develop a better governance process over rapid innovation via hack-a-thon. Based on this recommendation the company has developed and issued a request for information to qualified consulting teams to assist with generating ideas on how to resolve the current cryptocurrency mining problem and for longer term developing and implementing a better governance process for rapid innovation.

Developing and implementing a better governance oversight process is complex and neither of the founders has the skill set to lead such a critical effort without competent outside assistance. The founders of www.iNOU.com have identified the following issues they would like addressed by resolving these legal issues and developing and implementing an improved governance process for rapid innovation:

1. What would be the best approach to resolve the current legal issues? Should www.iNOU.com cease cryptocurrency mining activity or should cryptocurrency mining activity continue with new guidelines, such as requesting user permission?

2. What should the scope of the governance process be over rapid innovation (hack-a-thons)? Should the scope of governance restrict the types of innovation ideas because of anticipated legal liability? Could a strong preoccupation with legal liability stifle good innovation?
3. How long does it take to develop and implement an improved governance process?
4. What members of www.iNOU.com's management and staff should be involved in such an effort and how much of their time would be required?
5. How could developing and implementing an improved governance process over rapid innovation help to defer a potential class action lawsuit and US Attorney General investigation?

Request for Information (RFI) Terms and Conditions

www.iNOU.com is requesting RFIs from qualified consulting teams to assess the practicality of obtaining consulting services to assist with resolving current legal issues and an improved governance process over rapid innovation (hack-a-thons). In order to evaluate RFIs and to rank consulting teams the company has formed a Consultant Selection Committee composed of prominent IT executives from industry. The Consultant Selection Committee will review all RFIs submitted and rank the consulting teams based on RFIs and oral presentations/interviews. ***The request for information should describe ideas and approaches for how an improved governance process would be implemented over rapid innovation (hack-a-thons).***

It is recommended each RFI submitted contain at a minimum the following sections:

1. **Background Observations** – The consultants' interpretation and understanding of www.iNOU.com's problem (problem statement) and proposed assignment. Identify any special issues the consulting team believes the proposed consulting assignment should address as well as any potential risks.

2. **Scope and Objectives** – What are the objectives of the consultant team's assistance to www.iNOU.com in order to address legal issues and governance problem(s)? What are the boundaries of the consultant team's services, what areas won't be covered and which issues may not be addressed?

3. **Proposed Governance Process Plan** – What areas of rapid innovation (hack-a-thons) should be addressed by the new governance process? How will the new process avoid impairing innovation? A high-level outline of the implementation steps (not too much detail) which will be completed by www.iNOU.com personnel and consultants together to develop and implement the new governance process.

4. **Proposed Consulting Team** – Present the consultants to be assigned, identify their roles in the project and provide information on their past experiences as it relates to completing the consulting assignment.

5. **Timetable and Cost** – What is the schedule for developing and implementing the new governance process, how long will it take to complete and what will the governance process project cost? www.iNOU.com is only interested in a very general estimate for cost and schedule, specific detail is not required at this time.

6. **Benefits to www.iNOU.com** – What business benefits (value) will www.iNOU.com receive in exchange for the fees spent to implement an improved governance process over rapid innovation (hack-a-thons)?

Care should be taken with preparing the contents of the written RFI since it will be incorporated as part of a future contract between www.iNOU.com and the selected consulting team. All RFIs submitted become

the property of www.iNOU.com and the company will not be responsible for any costs associated for preparation of RFIs or for attending the oral presentation/interview.

Oral Presentation and Interview

The indigenous www.iNOU.com company culture does not have a tolerance for meetings longer than 30 minutes. Therefore, Consulting Teams will be given 20 minutes to deliver their presentations and then the Consultant Selection Committee will limit questions and answers to 10 minutes. In order for the Consultant Selection Committee to properly understand and evaluate your RFI, it will be very important for the entire oral presentation to be completed within the 20 minute presentation period.

Submission of RFIs

It is the policy of www.iNOU.com to accept RFIs in electronic form only (Adobe Acrobat .pdf format). Proposing consulting teams are responsible for ensuring their RFIs are received by www.iNOU.com's Consultant Selection Committee by the date and time indicated below. Completed proposals shall be emailed to **itcchair@calpolymissa.org** and proposing consulting teams will receive an email confirming successful receipt by the Consultant Selection Committee.

Important Dates

Prospective consulting teams should be aware of the following important dates. Failure to complete submissions or attendance at these dates will result in disqualification from being considered for final ranking:

- **April 6, 2012 – Proposals in electronic form due to www.iNOU.com by 5:00 P.M. Pacific Time**

- **April 14, 2012 – Oral Presentation and Interview to www.iNOU.com Consultant Selection Committee**

www.iNOU.com's Consultant Selection Committee is looking forward to receiving your RFI and attending your oral presentation and interview.