

Look into the 'I'

Realising the Potential of IT/IS Projects

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If these statements are true:

- 80% of SAP clients disappointed in:
 - Benefits attained
 - Measurability of benefits
 - User competency
- 90% of IT projects do not return real benefit
- 40% fail completely
- McKinsey
 - two thirds of CIOs admitting budgets don't have to be defended
- Morgan Stanley
 - between 2000 and 2002 companies threw away over \$130 billion of their IT capital expenditure
- HBR
 - 'IT doesn't matter'

If these statements are true:

then somebody somewhere
MUST be doing something wrong

or, maybe, we are valuing
the wrong things!

- Any organisation commissioning an IT/IS project will typically
 - measure the cost of:
 - hardware, software, configuration, customisation, training, business disruption
 - capitalise it all
 - measure the payback through:
 - reduced headcount, increased availability, better compliance, improved reporting, reduced ‘clicks’, improved appearance, better toys
 - hold nobody fully accountable for the difference
 - believe that IT/IS is a ‘necessary evil’ and seek to minimise the costs it imposes on the organisation

IT/IS conventions

- Many people might be happier with:
 - The latest generation of software
 - A blackberry
 - A(nother) mobile phone
 - A faster laptop
 - A wireless lan
 - A 3g card
 - A colour printer
 - A flat screen
 - A big screen
 - Even a big, flat screen
- But
 - How much more productive, efficient, effective do they make us?
 - How much better are we able to do our jobs?

NOT very!

IT/IS conventions

- Often all we get is a faster, more efficient way of making the same mistakes
- These mistakes individually cost us less to make and we can make more of them more rapidly
- The total cost of all the errors is greater than it was before!

IT/IS unconventions

- The INFORMATION is more important than the TECHNOLOGY

Benefits Realisation Failure

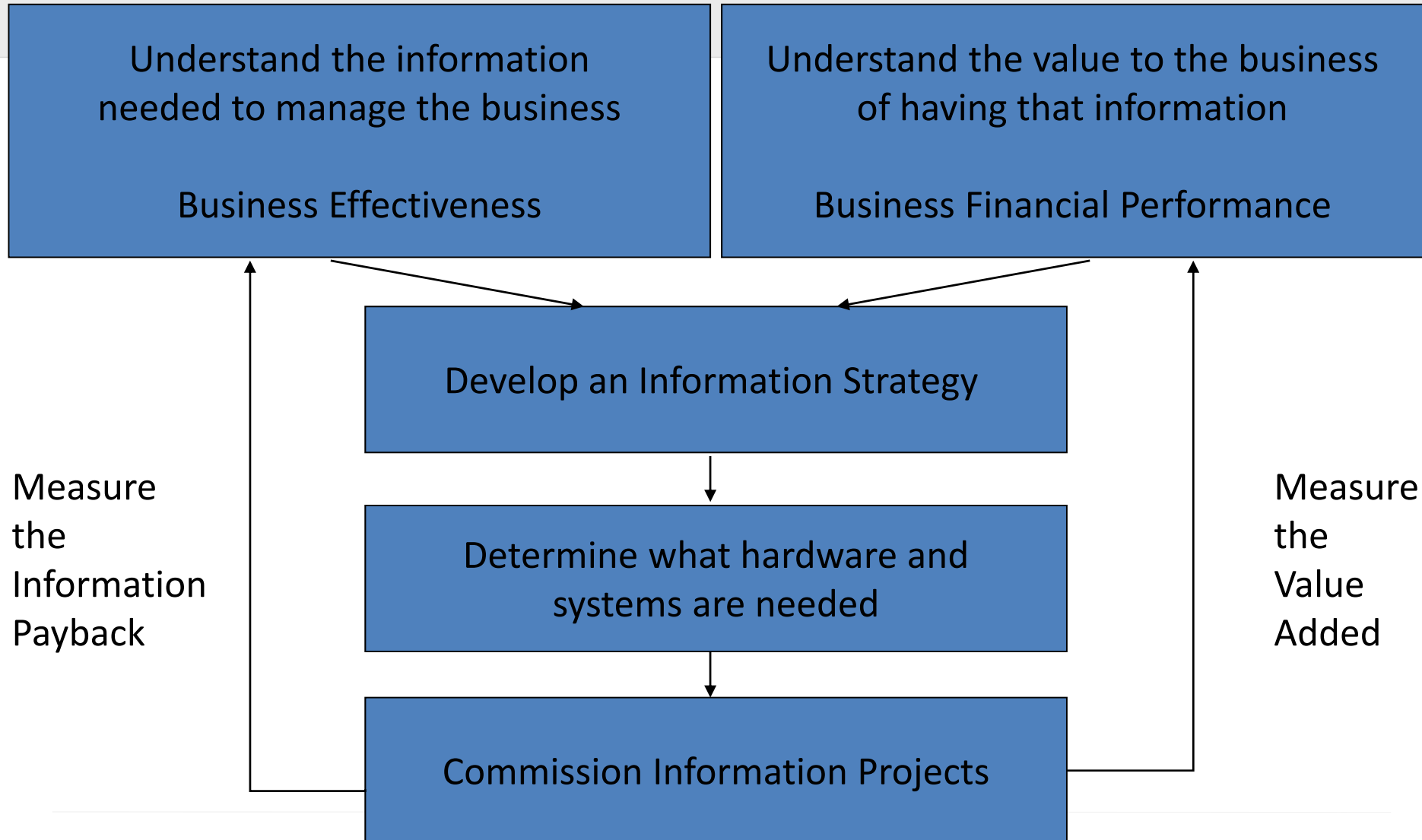
- Examining projects in:
 - The Rail Industry – lots of data, no information
 - Social Housing – investment inhibition
 - Policing – multiple investments addressing the same need
 - Banking – customers continually resubmitting the same data
 - Pharmaceuticals – data integration between research processes
- ALL suffer failure to deliver expected benefits
- MOST have seemingly failed through:
 - Technical dominance
 - Project team skills deficiencies
 - Inadequate project management

- **Technology dominance - the hardware**
 - Investments - laptops, blackberries, flat screens, infrastructure
 - Result – more people generating more ‘data’ – but no definition of the information that should be carried
 - Outcome – higher cost of operation
- **Software dominance – the information system**
 - Investments – licenses, data warehouse, training, KPI review
 - Result – a bigger, newer, faster way of getting the same information
 - Outcome – a system unused by the target population
- **Project Management – delivering the benefits**
 - Skill bias towards hardware or software
 - Objectives expressed in hardware or software terms
 - Resourcing

Realising Benefits

- The truth seems to be:
 - The COSTS and PAYBACK are all measured in terms of the software, the toys and the people
 - The BENEFITS are all in the information!
- But we don't measure the VALUE of the information!

So, what SHOULD we do?



Payback on the 'I'

- Instead of measuring the COST of information provision, measure the VALUE of information provided
- How can that be expressed:
 - Improved response times to customers improve Customer Service
 - Reduced time to market
 - Adverse external events responded to more rapidly reducing losses
 - Positive external events are responded to more rapidly increasing revenues
 - New opportunities can be recognised and responded to more effectively
 - Staff can make better decisions
 - They spend LESS time collating data, more time analysing and using information
 - More 'informed' decisions, made more quickly
- Value can be expressed in terms of the drivers of YOUR business

Payback on the 'I'

- And yes:
 - Total numbers employed can fall
 - The systems can be easier to use
 - There can be less duplication
 - Systems can be more up to date and more reliable
- ALL the conventional benefits can be realised as well!