



“IT Investment”

What approach should you take to IT investment in lean times?

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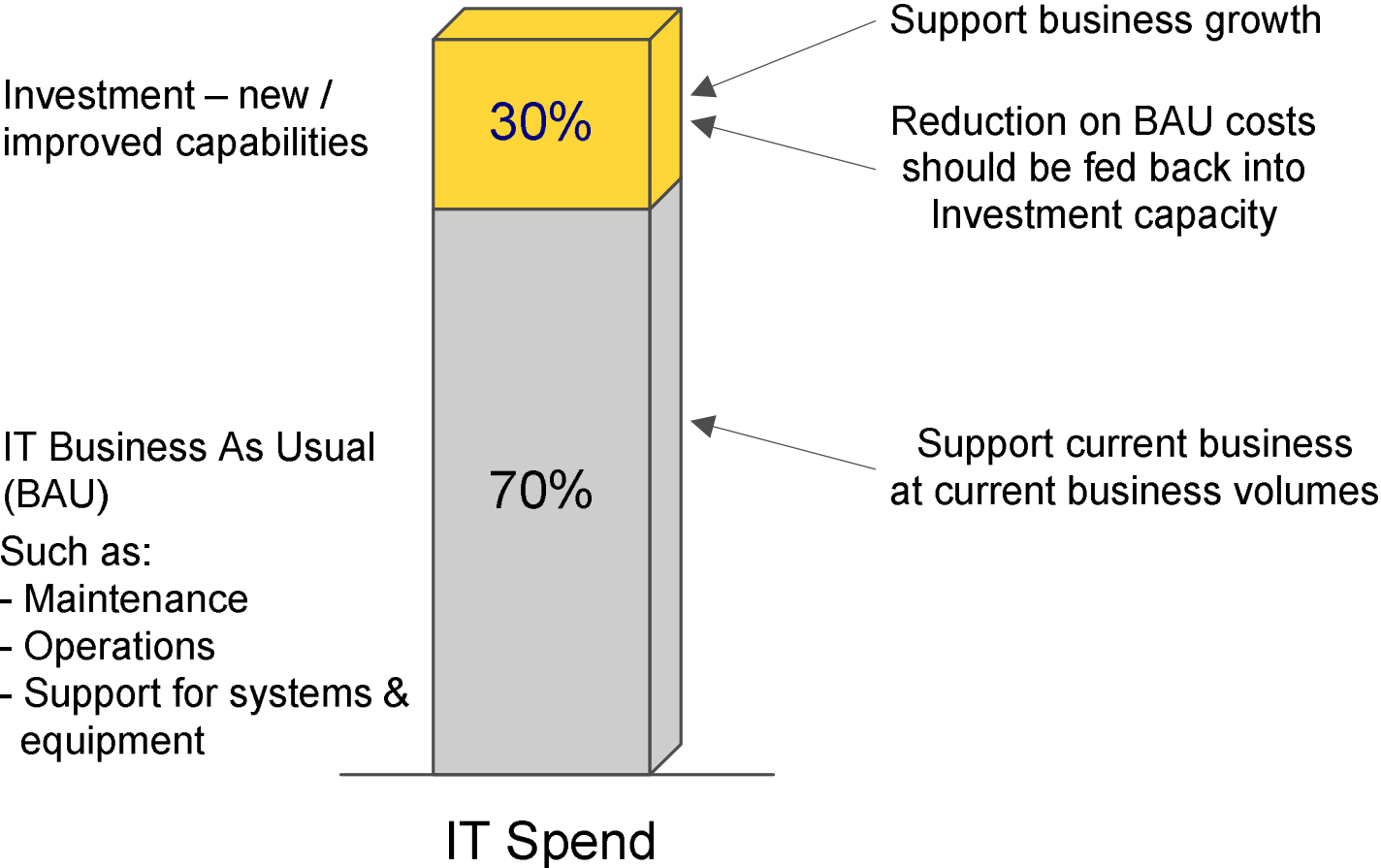
Agenda

- ▶ Introduction
- ▶ Your investment capacity
- ▶ How to increase your investment capacity?
 - ▶ What not to do
 - ▶ What to do
- ▶ Strengths, Weakness, Opportunities, Threats (SWOT) Analysis
- ▶ IT Investment Heat Map
- ▶ Business Case
- ▶ Investment View vs. Project View
- ▶ Questions
- ▶ Appendix A – Questions You Should Ask

Introduction

- ▶ The current global financial crisis has placed increasing pressure on CIOs and IT Managers to do more with less
- ▶ Organisations are cutting costs and trying to become more efficient
- ▶ Yet they still need to stay focussed on three important objectives:
 1. Creating value
 2. Driving their competitive advantage
 3. Building the business

Your investment capacity



Your investment capacity?

What **NOT** to do

1. **Reactive** resource management
 - ▶ Making resource management and maintenance process leaner
 - ▶ Consider the benefits of contractors vs. full time and part time staff
2. Outsourcing for the **wrong** reasons
 - ▶ Inability to deliver critical IT services when needed
 - ▶ Loss of customer centricity
3. Application rationalisation without a business case
 - ▶ Merging applications onto a single platform resulting in performance issues
 - ▶ Compromising the quality of IT services
4. Cutting costs vs. managing costs
 - ▶ Solely cutting costs and losing the competitive edge

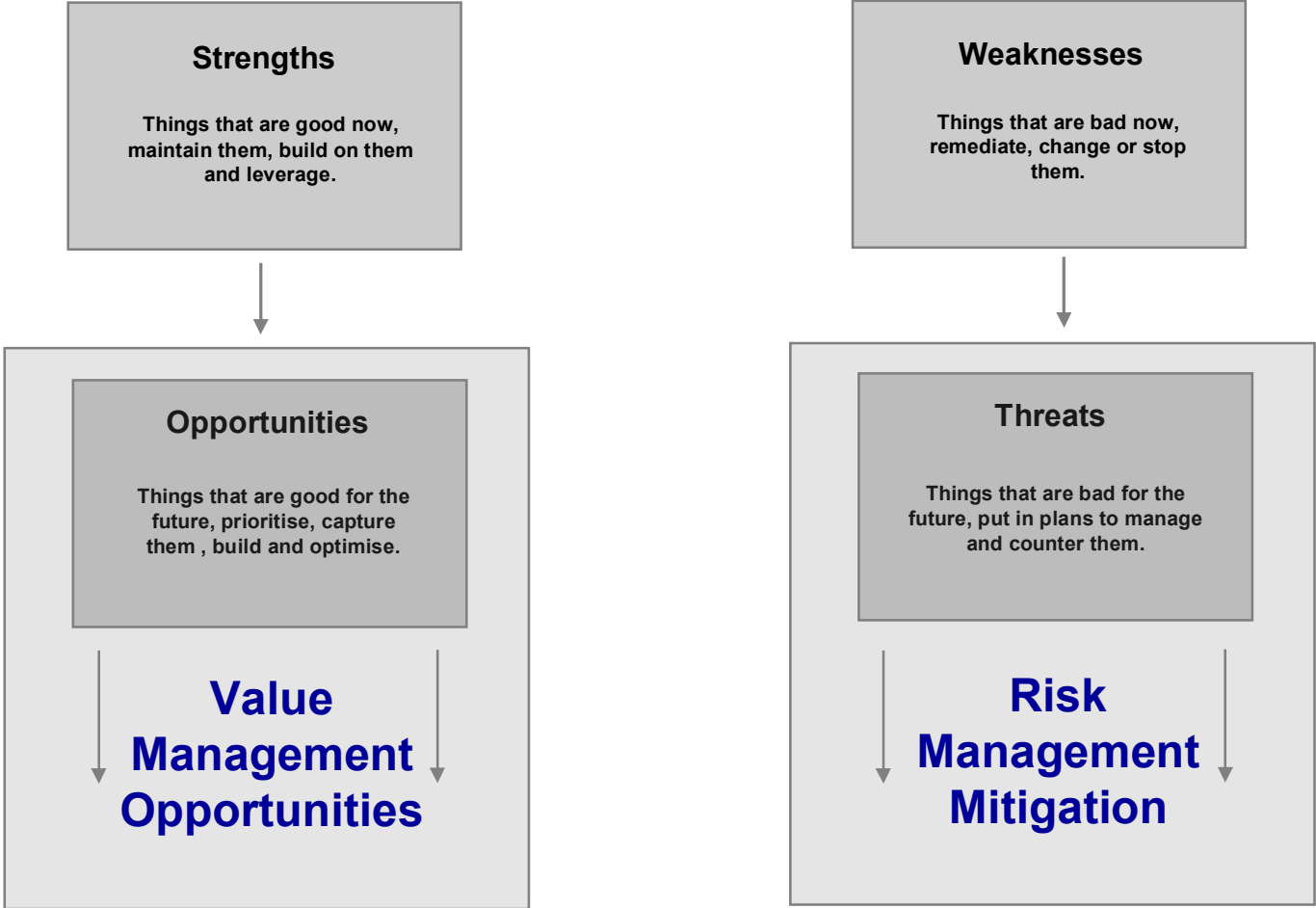
How to increase your investment capacity?

What to do

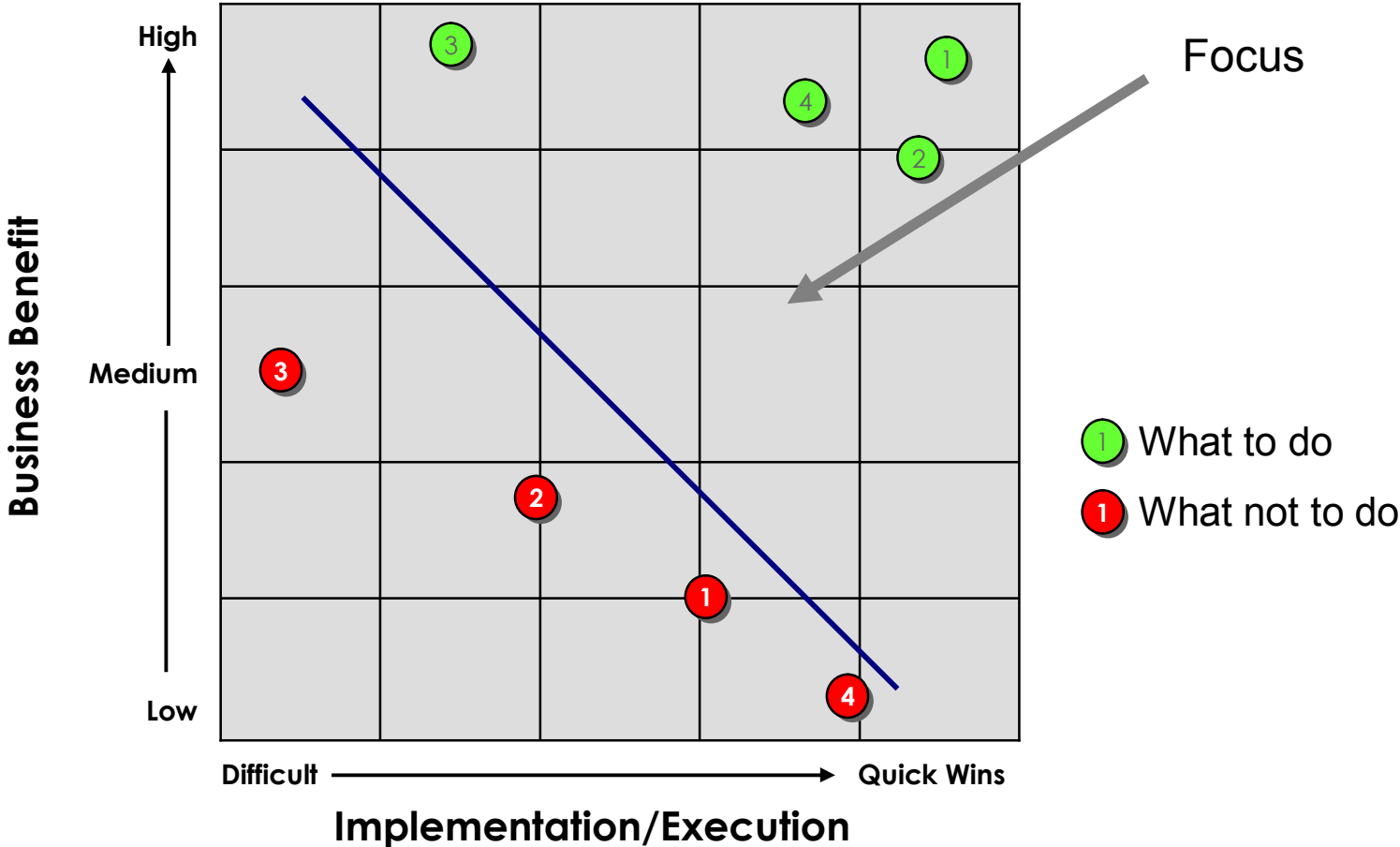
1. Align strategically
 - ▶ Align IT to business critical initiatives (the Business Case)
 - ▶ Consider value and competitive differentiation
2. Govern effectively
 - ▶ Perform risk management activities up front
 - ▶ Only allocate resources to meet business needs
3. Operate efficiently
 - ▶ Consolidate IT platforms and processes where possible/justified
 - ▶ Increase computing efficiencies (e.g. cloud computing, virtualisation)
 - ▶ Review and renegotiate outsourcing agreements, contracts and licenses
4. Measure performance
 - ▶ Application of performance assessments against KPI's for CIO/IT Manager
 - ▶ Regularly communicate with key stakeholders

In Ernst & Young's *IT Effectiveness study*, over 80% of the business executives within successful companies can provide specific examples of how IT investments within their company helped promote their competitive advantage and defend their market position.

SWOT Analysis



Focus – Prioritising IT Investments



Business Case

- ▶ Is there a compelling case to invest?
- ▶ For any project requiring a significant commitment of scarce resources (people and funds) a critical component in the investment planning decision is the development of a comprehensive business case.
- ▶ This helps to support informed decision-making on the project and allows decision-makers to be confident that the proposed investment is worthwhile and of more merit than other proposals competing for funds.
- ▶ **Demand** an Options Analysis for 'major' ICT investments.

Investment view vs. project view

- ▶ Investment refers to any use of resources intended to create future benefits.
- ▶ **A project**, on the other hand, is a temporary endeavour undertaken to create or deliver a unique product, service or result required to effect the investment.
- ▶ Investment management considers the investment **from the viewpoint** of the investor rather than the project manager.
- ▶ Investment timeframes are longer than those for projects. They cover the lifecycle from strategic planning to benefit delivery (i.e. meeting the needs of stakeholders). In this context, once a project is completed the investment moves into an operational phase where the benefits are delivered.

Investment view vs. project view – comparative analysis - lifecycle



Appendix A – Questions to ask throughout the ICT investment lifecycle – executive focus – are you satisfied that ...

Understand and explore

- ▶ There is a clear business imperative for this investment?
- ▶ The urgency and priority of the investment has been tested against other investment opportunities?
- ▶ Estimates of time, cost and benefits have been adjusted for optimism bias?

Appendix A – Questions to ask throughout the ICT investment lifecycle – executive focus – are you satisfied that ...

Identify and refine options

- ▶ Technology and non-technology options have been considered?
- ▶ Restructuring or re-engineering of existing business processes to achieve the desired result without any ICT investment has been considered?

Appendix A – Questions to ask throughout the ICT investment lifecycle – executive focus – are you satisfied that ...

Decide to invest

The investment is based on an evidence based business case that:

- ▶ Clearly demonstrates that benefits exceed costs?
- ▶ Is a reliable roadmap for the investment?
- ▶ All costs and benefits are included and understood?
- ▶ An analysis of your business capability and any partners to execute the ICT investment has been performed?

Appendix A – Questions to ask throughout the ICT investment lifecycle – executive focus – are you satisfied that ...

Procure a solution

- ▶ The market is able to deliver the required needs?
- ▶ Procurement options have been considered?

Appendix A – Questions to ask throughout the ICT investment lifecycle – executive focus – are you satisfied that ...

Manage delivery

- ▶ A senior responsible officer has been appointed as the project owner, sponsor and champion - with personal accountability and overall responsibility for the delivery of benefits?
- ▶ A governance oversight body with the necessary authority has been established to monitor the investment benefits and resolve issues such as the allocation of adequate resources and risk management?
- ▶ Rigorous testing of compliance with quality standards and business needs is in place?
- ▶ A skilled project manager is appointed and a recognised project management methodology is in place?

Appendix A – Questions to ask throughout the ICT investment lifecycle – executive focus – are you satisfied that ...

Review and learn

- ▶ A sound benefits management approach is in place and used to monitor and track the investment?
- ▶ Realisation of benefits is clearly allocated to the business and not a project or technology owner?
- ▶ Where appropriate independent assurance has been performed?

Questions

