IBSVIEW

GETTING THE MOST FROM YOUR IT INVESTMENT

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V. RAMKUMAR ANALYSES THE VARIOUS DETERMINING FACTORS THAT GOVERN A SERIOUS IT INVESTMENT.

It is always disturbing to note how very large IT investments by most organisations do not get the intended benefit, for the most simplest of reasons.

Why do IT projects tend to face difficulties through its implementation life cycle? Is it because it is too technical? Is it because we don't have the right people? Is it because the solution itself is not what a company should be looking at in the first place? Or even after getting the implementation done, what can be done to get the most of the investment? After all, IT investments don't come cheap, and as an SME, one needs to ensure the right return on the investment is received.

What we saw above are very common questions that one gets to hear from CEOs, especially of SMEs. One can make the entire investment a rolling success and deliver continuous value both to the enterprise and the shareholder, if one gets three simple and common tenets that need to be followed while making any serious IT investments. And they get answered with three simple questions: why, what, and how. Let's explore them.

Addressing a business objective Simple as it may sound, this is perhaps the first and foremost factor that needs to be ingrained in the minds of both the organisation and the vendor while any large technology initiative is undertaken. And don't be surprised - 90 per cent of projects that fail have this as one of the common reasons for not being successful. When you fail to plan, you are indeed planning to fail.

Any project - IT or otherwise, has to have the alignment to the business need defined upfront, in clear terms. Why am I investing in this project? What business pains am I addressing? What benefits do I expect to reap? This could be defined by way of improved processes, better turnaround time, reduction of manpower and effort, better quality of MIS, reduction of dependency on multiple smaller and disparate systems, higher operational controls, and so on. But the bottom line is to define: what is the foremost objective that will matter the most to you, from a return of investment standpoint. That defines the "why" part of the equation. And that is key to the first part of this equation.

Right solution, vendor and team This is moving into the second part of the equation, which is to ask the question "what." The typical questions that one needs to ask are not too daunting, but are quite pertinent: Which is the right solution that addresses my requirement - has it successfully been established in the region? Does it have the right functional and technical capability that I am looking to have? Several times, we do see organisations investing in the solution that is quite good functionally, but has an archaic architecture or that is not scalable. More importantly, who is the right vendor I need to partner with, to deliver the implementation successfully? What should be the team I need to have in place to deliver this project - do I have the team in place, and if not where do I get the right resources from - can they be contracted, employed or mandated to a firm?

One should note that not having any of the above can make or break the quality of the output expected from this initiative. Unless we get the solution, the vendor, the team and the mandates for them right, it would not make the right recipe for success.

The other important factor is the 'Total Cost of Ownership' (TCO). While the cost or investments of a solution is directly measured by the licence, implementation and customisation costs, the indirect costs that get associated with this investment also count - the support costs, the hardware and third party solutions required to run the core solution, the database investment, etc. Additionally there is a list of "supplementary" costs that also need to be accounted for in the TCO, which are measured by way of internal team costs, other service providers for testing, training, project management, etc. There can be quite a few hidden costs that one uncovers much later, unless due diligence is applied upfront in having these well reviewed and tightly contracted.

Project plan and controls The most critical part of the project, and perhaps where maximum management attention is attracted, is the 'how' part of the equation. A specialised area in itself, the very idea of a well-managed project implies it has been well planned and well executed.

Investing adequate time in planning the project - in terms of the activities and sub-activities, the resources executing these activities, the interdependencies, the key milestones in the project and what is known as the "critical path" of the project that conveys if the project is on track or not, are all critical. A good project management office (PMO) also helps in defining the mechanism of tracking these projects, determining the key risks and identifying mitigations that need to be put in place, the communication framework for both internal and external updates, escalation framework for any deviation that needs to be managed and also a formal project status update model, that gives a periodic update to key stakeholders are important for a timely delivery - that saves unnecessary wastage of time, effort, and of course, money!

Having reviewed and managed multiple such projects globally and also in the Middle East, one thing I have always found most effective is to have the right measurement and alert systems in place. Ultimately, one can only manage what can be measured, and if you have your controls for measuring the project progress right, then management of it becomes that much easier!

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