Extracting Value from Investments in IT

Courtesy by

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Editorial Team

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PREFACE

With the proliferation of IT infrastructure, IT projects and Capacity building to use IT at functional level, most of us today are increasingly seeking to transform IT from a traditional technology-focused department to a reliable provider of flexible, low-cost IT services, responsive to rapidly changing governance needs and initiatives. Most of the senior officers are now seeking out new methods of working to meet the increasing pressures being placed on them.

The challenge on us is now to create an IT capability that is both efficient and effective in the way it operates and truly citizen-focused in its behaviors and culture.

Our approach is to assess, define and deploy solutions that ensure IT is:

- engaged fully with the government office to understand its needs and deliver to meet them

- efficient and that all investment delivers real departmental benefits

- effective and operates best of breed processes and systems

Working with our day to day function, we apply our knowledge and experience to achieve sustainable and beneficial change to the performance with the effective use of IT.

Prof. BH Jajoo (IIM, Ahmedabad) is a man with an honest smile and a brilliant knack of technology understanding, an achiever and aggressive knowledge seeker. A man widely respected for his ICT knowledge and a great personal disposition, Prof Jajoo draws good words from all in Information and communication Technology. Let us get his views on "Extracting value from Investments in Information Technology"
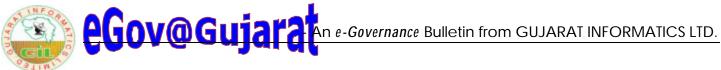
Review of Current Scenario

- Rapid Developments
- Key technologies leading to *IT enabled business process change*
- IT as core infrastructure for business activities
- Unending desktop revolution
- Digital Convergence MM / Communication Convergence
- "Network is the Computer"

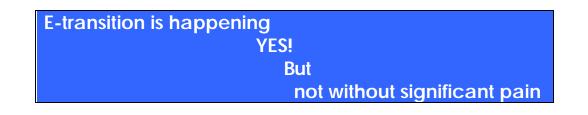## What are the key technological advances in last 20 years that have changed the world?

Fundamental break-throughs in Technology

- Merging of computing technology with communication technology leading to "computer networking" technology
  - Bits can be reliably transported at very high speed from any place to any other place as long as devices obey certain communication standards
  - Began in 1980s and saw fruits in 1990s
  - Open standards & Platform independence
- Ability to represent "anything" in bits (Digital Convergence / Multimedia)
- Advances in micro-electronics leading to increased digital power and tremendous miniaturization
- Ease of use and wide-spread proliferation/penetration (GUI, open architecture of PCs)
- Progress in tool-set for software development, prepackaged solutions (eg. ERP, CRM)

Some Examples of E-transition in India

- Railway reservation system
- Stock trading through BSE/NSE terminals
- HLL/TISCO/BPCL/AMUL/……….
- Small shops / hotels using PCs
- Student from a small town using Internet to track latest status of vacant seats during centralized admission in engineering colleges
- House wives queuing up at Internet Café to see HSSC results of their wards
- E-governance projects for citizen benefits

> **E-transition is happening**
> **YES!**
> **But**
> **not without significant pain**

Some Examples

- Multimedia case – CD not working on a PC
  - Should we be asked to rebuild the entire house if "windows" have to be repaired!
- What are end users doing with their PCs?
  - IT infrastructure costs dominated by cost of PCs
- PCs of 1995 and PCs of today
- Switch based network installation at IIM
  - During installation, learning at IIM cost
  - Users pay for features which are never configured or installed (most installation by clicking next!)
- Hype and being fanatic to own the latest: VoIP

What are we doing with IT?

- E-business note in Computer Network course
  - Junk volume full with video clips
  - Chronicle of Higher Education
- Projectors: Quality of teaching
  - Darkness
  - Look and feel, gizmos, form, and packaging far more important than contents
  - 25% growth this year
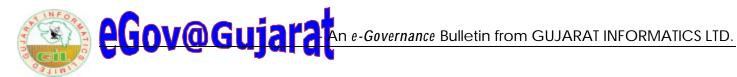- Paper less office : sale of printers doubled last year

What are the fundamental advances that have taken place in IT in last 5 years?

Where technology needs to improve significantly

- Reliability and stability
- Ease of use
- Too complex and full with nuisances (0791505)
- Security
- Virus and spam control
- Too expensive to own PC at home
- Information overload
- Communication is not bottleneck!

Some issues

- Costs are dropping
- Additional power being consumed by fatware
- PnP – Plug and pray
- Truckload of new features consuming hardware resources and lot of time to learn (before we develop craze for next version upgrade!)

Technology Costs

- Cost of ownership of PCs
- How does it compare with the developed world?
- Margins by IT companies: Microsoft and others

Technology Hazards

- Having state of the art IT infrastructure leads you to believe that benefits will reach you automatically (AP Story?)
- Market and environment pushes you to get caught in the race of being latest and even worse is "Making you busy all the time in being latest"
- Tempts you to buy ahead of time
    - Never forget that first set of H/W is for learning
- Gets applied to mundane usage (80% WP)
- Expenditure many times not in sync with capacity to utilize effectively
- Can at times tempt you to bypass "common sense"
- "Intangible" nature of benefits gives rights to let go putting in place "bottom line evaluation and monitoring mechanisms"
- It is easy to use "IT and its Jargon Terms" to gain publicity fast but harder to derive benefits in short duration

Extracting value

- Key is how we integrate it with our core business
- Key is how we "apply" it
- Key is appropriate applications and prioritization
- Key is having in place mechanisms which monitor and encourage productivity enhancements
- Key is working together and sharing knowledge
    - To unfold innovative ways of using IT in your context

> **Whether you have latest technology or not is irrelevant.**
>
> **What you do with the technology is of prime importance.**
> **Never forget this and don't engage yourself in competing to be the latest.**

Key to success

- "Total Business Solution" is the key:
    - Solution = hardware + software + services + "U"
- Believe that "*In IT, 15% is vision and rest is implementation*" and make senior management believe in this
- Technology may be *revolutionary* but adoption will be always *evolutionary*!
- Technology penetration should be in sync with organization's capability to extract bottom line benefits

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