Value Model for Information Systems Investment

Sangwon Lee*, Sunghyun Kim*, Sungbum Park*, Hyunsup Ahn**

*Division of Information and Electronic Commerce (Institute of Convergence and Creativity), Wonkwang University

**Big Data Strategy Center, National Information Society Agency

Department of Wirtschaftsinformatik, Technische Universität Braunschweig

Abstract

Results of Investment mean not results of procedure but the final goal of an organization. That is to say, results focus on success or failure of investment. So, cost effectiveness means financial cost that is affected in order to attain the output of organizational goal. Many enterprises are investing in developing and redeveloping various projects of information systems. But, it is not generally considered to check values with monitoring and evaluating their projects. We propose a new value model for information systems investment.

Keywords: Information Systems; Evaluation; Management Model; Monitoring

I. Introduction

Cost effectiveness means financial cost that is affected in order to attain the output of organizational goal. Results of Investment mean not results of procedure but the final goal of an organization. Namely, results focus on success or failure of investment. Many enterprises are investing in developing and redeveloping various projects of information systems. But, it is not generally considered to check values with monitoring and evaluating their projects. We propose a new value model for information systems investment. The new model is a systematic methodology to analyze IT cost and benefit.

II. Value on Investment Model for Information Systems Project

For efficient and effective administration of information systems projects, we consider nine stages and six phases in value on investment model (Stage 1). The nine stages are initializing, analyzing beneficiaries, checking benefits, structuring, evaluating benefits, evaluating cost, evaluating potential restrictions, evaluating net benefits, and inducing management systems. And the whole stages are performed thought phases such as initial analysis, preliminary work, preliminary meeting, workshop, project performance, final work.
III. Designing Value on Investment Model for Information Systems Project

The first stage as initializing steps up the goal and plan of value on investment model. The second stage as analyzing beneficiaries and the connected persons. Its goal is to list beneficiaries and verify their benefits. The third stage as checking benefits checks major potential benefits as well as realized ones. The fourth stage as structuring logically designs the benefit structure with focusing on beneficiaries.

The fifth stage as evaluating benefits considers unfailing and secured benefits as well as potential ones. The sixth stage as evaluating cost calculates yearly cost. This is a standard for evaluation or calculation of IT cost. The seventh stage as evaluating potential restrictions considers all conditional effective factors. The eighth stage as evaluating net benefits evaluates final cost and benefit. The last stage as inducing management systems implements monitoring systems for information systems investment.

IV. Conclusions

Since the proposed model for value on investment proposes concepts of benefit or cost of IT and includes classification standard, it would be utilized in extracting benefits and costs of related investment projects.

References