

CONTENTS

FOREWORD XIII

1	INTRODUCTION TO INFORMATION TECHNOLOGY PAYOFF	1
	IT PAYOFF: A DIALOG	1
	REASONS FOR IT PAYOFF MEASUREMENT	4
	Competing Investments	4
	Duration of Payoff	5
	Overall Economic Picture	5
	HOW HAS INVESTMENT IN IT BEEN MEASURED THUS FAR?	6
	Profitability	6
	Productivity	7
	Customer Value	8
	IT PAYOFF: A CASE FOR CONTINUED INVESTMENT?	8
2	THE IT PAYOFF PARADOX	11
	FACTORS CONTRIBUTING TO THE IT PRODUCTIVITY PARADOX	12
	Anecdotal Evidence	12
	A Snapshot View	13
	Isolating the Effect of IT	14
	Levels of Analysis	15
	Aggregated Analysis	16
	Complementary Factors	16
	DOES THE PARADOX STILL EXIST?	17
	MOVING BEYOND THE PARADOX?	17

3	THE STRATEGIC ROLE OF TECHNOLOGIES	19
	WHY IS STRATEGY IN IT PLANNING IMPORTANT?	19
	WHAT IS STRATEGY?	21
	DEVELOPING A STRATEGY	22
	LOOKING OUTWARD	22
	LOOKING INWARD	25
	WHAT TO LOOK FOR	29
	CONNECTING THE DOTS	30
4	FAILURE ANALYSES	31
	TIMING IS EVERYTHING	32
	UNREALISTIC EXPECTATIONS	32
	MANAGEMENT SUPPORT	33
	EXPLICIT PAYOFF METRICS	34
	INFRASTRUCTURE	35
	ARE YOU READY FOR INTEGRATION?	36
	TRAINING	38
5	A PROCESS PERSPECTIVE	41
	LET'S TALK THEORY	42
	ADVANTAGES OF VARIANCE AND PROCESS APPROACHES	43
	PROCESS APPROACH: A DISCUSSION	44
	PROCESS APPROACH: AN APPLICATION	46
	COMBINING PROCESS AND VARIANCE APPROACHES	47
	SUMMARY	49
6	TECHNOLOGY PAYOFF METRICS—BALANCED MULTIPLE OBJECTIVES	51
	IMMEDIATE VERSUS LAGGED METRICS	53
	PRODUCTIVITY, PROFITABILITY, AND CUSTOMER VALUE	54
	A BALANCED AND INCLUSIVE APPROACH	55
	Customer Perspective	57
	Internal Business Perspective	57
	Innovation and Learning Perspective	58
	Financial Perspective	59
	Final Thoughts on the Balanced Scorecard	59
	RECOMMENDATIONS	60

7	THE TECHNOLOGY CURVE	65
	IS THERE EVIDENCE FOR THE EXISTENCE OF TECHNOLOGY CURVES?	67
	DRAWING AN S-CURVE (ADAPTED FROM FOSTER)	68
	IMPLICATIONS	69
	Payoff Depends on the Position on the Technology Curve	69
	Pay Attention to S-Curves of New Technologies	70
	Become Comfortable with Rendering Your Product Obsolete	71
	Recognize Competitors in Related Fields	72
	Reduce Market Acceptance Time	72
	TECHNOLOGY TREND CURVES	73
	DISRUPTIVE TECHNOLOGIES	75
	TECHNOLOGIES OF THE FUTURE	78
8	TECHNOLOGY JUSTIFICATION MODELS	79
	THE REAL OPTIONS APPROACH	86
	ECONOMIC VALUE ADDED	88
	STATISTICAL APPROACHES	88
9	IMPLEMENTING IT PAYOFF INITIATIVES:	
	A FRAMEWORK	95
	PHASE I: EXPLORATION	97
	PHASE II: INVOLVEMENT	99
	PHASE III: ANALYSIS	101
	PHASE IV: COMMUNICATION	103
10	ELECTRONIC COMMERCE: CHALLENGES AND OPPORTUNITIES IN ASSESSING IT PAYOFF	113
	DATA, INFORMATION, AND KNOWLEDGE	114
	E-LOYALTY: YOUR PAYOFF IN ONLINE COMMERCE	116
	A Model for E-Loyalty	117
	E-COMMERCE PAYOFF	118
	LOOKING TO THE FUTURE: CHALLENGES IN IT PAYOFF ASSESSMENT	126
11	ASSESSING IT PAYOFF: A CASE STUDY	129
	PHASE 1: EXPLORATION	130
	Step 1: Identifying the Investment Stage	131
	Step 2: Match Approach and Techniques	132

PHASE II: INVOLVEMENT 133

Step 3: Identify Tangible and Intangible Metrics 133

Steps 4 and 5: Make Business Case for IT Payoff Measurement and Ensure
Customer Involvement 133

PHASE III: ANALYSIS 134

Step 6: Conduct Analysis 134

Step 7: Interpret Data for Constituents 137

PHASE IV: COMMUNICATION 138

Step 8: Provide Feedback and Actionable Steps 138

Step 9: Institutionalize Bias for IT Payoff Measurement 139

AN UPDATE 139

CONCLUSION 140

12 SUCCEEDING AT IT PAYOFF MEASUREMENT:

AN ACTION PLAN 145

RECAP 146

AN ACTION PLAN 149

HOW TO IMPLEMENT A MEASUREMENT SYSTEM 152

Securing Organizational and Management Commitment 152

Building Data Partnerships with Constituencies Inside and Outside the
Organization 153

Gathering Data 155

Analyzing Data 157

**CAPITALIZING ON THE CASCADING EFFECTS OF IT
PAYOFF 157**

**BUILDING AN INFRASTRUCTURE FOR ONGOING IT
PAYOFF ANALYSIS 158**

**INTEGRATING IT PAYOFF RESULTS IN MANAGERIAL AND
STRATEGIC PLANNING AND DECISION
MAKING 159**

INDEX 161