Chapter 1

A Business Case Process for IT–Enabled Investments: Its Perceived Effectiveness from a Practitioner Perspective

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ABSTRACT

Many organisations perform an adequate job in order to build a sound justification for their decision-making on IT enabled investments. It is recognised that developing a detailed business case is an essential step in order to realise the value potential of IT enabled investments. However, many business cases are often disregarded after the investment approval. Such an attitude towards business case use might be risky. Moreover, several advantages attributed to business cases could only be achieved if they are used continuously throughout the investment life cycle. It is suggested that the latter approach would be more capable to enable benefit realisation and increase the investment success. According to some scholars, a rational transformation is therefore required in which the perspective on business cases shifts from

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1. INTRODUCTION

Business investments enabled by Information technology (IT) are consistently recognised as investments that hold the highest potential for value creation (Weill & Ross, 2009). The research group Gartner forecasts a stable growth of four per cent per year on IT spending (Gartner, 2013). De Haes and Van Grembergen (2013, p60) state however that “a common and critical dilemma confronting enterprises today is how to ensure that they realise value from their large-scale investments in IT and IT-enabled change.” The development of a detailed business case is perceived to be an essential step in the pursuit of value creation from IT enabled investments (Swanton & Draper, 2010; Ward, Daniel, & Peppard, 2008). Yet, many business cases are developed solely in order to acquire a formal approval for the investment and to obtain funding; after which they are disregarded, gather dust on a shelf or are lost on someone’s hard disk (Davenport, Harris, De Long, & Jacobson, 2001; Franken, Edwards, & Lambert, 2009; Witman & Ryan, 2010). Some scholars attribute various risks to such an attitude (Avison, Gregor, & Wilson, 2006; S. Brown & Eisenhardt, 1997), while others argue that several advantages of a sound business case come only to the surface if it is adequately used during and after investment implementation (Al-Mudimigh, Zairi, Al-Mashari, & others, 2001; D. Brown & Lockett, 2004; Jeffrey & Leliveld, 2004; Law & Ngai, 2007; Luftman & McLean,
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