Chapter IX

Information Technology Investment Evaluation and Measurement Methodology:
A Case Study and Action Research of the Dimensions and Measures of IT-Business-Value in Financial Institutions

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Abstract

The chapter reviews the present methodology and comes to the conclusion that there is a solution for the predicament of the managers. The author is convinced that the ITIEM methodology is the solution.
Introduction

The study was motivated by the researcher’s concern that a fundamental area of business, ITIEM, has been found to be extremely problematic for most organisations. The lack of an integrated methodical approach to the problem as well as the isolated non-integrated research done to date on the effective measurement of IT-business-value enhanced the need for this study.

The Research Objective

The objective of this study was to identify from empirical evidence, using both case study, as well as action research techniques, a pragmatic ITIEM methodology that would enable organisations to identify their IT investments with the greatest IT-business-value; that will enable the greatest business benefits, while at the same time rigorously assessing all risks, being business risks, IT risks or people (human) risks.

Thus the research question:

*What information technology investment evaluation and measurement methodology can organisations use to effectively evaluate and measure IT investments according to their IT-business-value?*

In order to take advantage of the researcher’s experience with the financial sector, the study focused on large, publicly held financial institutions. In addition, the financial sector is perhaps the most information intensive sector and has proportionally high investments in IT with proportionally high potential benefits.

The research question has not been made specific to financial institutions, as it was not anticipated that the study results nor ITIEM methodology will be specific to financial institutions. Nonetheless, the study has been conducted entirely within financial institutions, and for this reason, we have much less confidence extending the findings beyond this context.
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