15.571 Generating Business Value from Information Technology
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Generating Business Value
From Information Technology

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Four Principles for Driving Business Value from IT

- Establish clear IT investment priorities.

- Doggedly track costs and benefits with explicit metrics.

- Use IT to empower people.

- Specify accountabilities.

#1: Establish clear investment priorities

- Define your operating model
  - **Specify core processes**
  - **Specify critical data**
- Debate what to do first
  - **Make sure each deliverable has benefits**
  - **But design each deliverable with longer term objectives in mind**

#2: Doggedly track costs and benefits with explicit metrics

- **Understand IT costs**
  - On average, 71% of IT spending goes to running existing systems.
  - That 71% should run like a factory delivering multiple products with associated costs/prices.
  - Know what you're getting for your money.
- **Provide explicit metrics for every project**
  - The debate about metrics clarifies objectives
  - Metrics need not be financial
  - Persistent follow-up drives additional value

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#3: Use IT to empower people

- To be of value, new systems must involve organizational change. Plan the change.

- Data does not empower people, but it is a prerequisite to empowerment.

- The goal is to empower people on very specific decision criteria.

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#4: Specify accountabilities

- Cherish organizational tensions.
- Accountable people are responsible for fixing what's broken.

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