

Nine-country ISACA Survey: Two-thirds of Companies Not Fully Measuring IT Value, Neglecting Competitive Advantage

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New Delhi, Delhi, August 17, 2009 /[India PRwire](#)/ -- A nine-country survey of 1,217 IT professionals reveals that enterprises worldwide believe they are realizing value from their IT investments—yet they cannot be sure, as fewer than half have a shared understanding of value across the enterprise, and two-thirds fail to fully measure it.

Conducted by ISACA, an association of 86,000 IT governance, security and assurance professionals, the Value of IT Investments survey found that half of the respondents believe they are realizing between 50-74 percent of expected value from their IT investments, and nearly a fifth believe they are realizing 75-100 percent. Yet, half measure the actual value only “to some extent,” while one in 10 does not measure it at all.

At the same time, half of the respondents reported that accountability for such value measurements is delegated to the IT function itself, instead of remaining with the business, where it belongs. Full results of the survey can be obtained by contacting news@isaca.org.

Anjay Agarwal, Chairman & Managing Director, AAA Technologies P. Ltd. commented, "Many e-Governance projects is being undertaken by Government in India and huge IT investments by other organisations. Implementation of ValIT will lead to successful implementation of IT Projects and aligning with overall business goals"

John Thorp, chair of the Val IT Development Team for ISACA and president of the Thorp Network, commented, “The results of this survey reinforce findings from earlier studies that, while most enterprises feel they are realizing value from IT, few have a clear understanding of what value means, and even fewer measure it. This raises the question, ‘On what basis are spending decisions made?’ Additionally, enterprises that do not fully measure value are unable to determine which investments are successful and which need to be cut—and thereby are likely to miss out on revenue-generating opportunities, pursue unsuccessful investments and neglect competitive advantage.”

Adds Thorp, “These findings support the results of a number of other studies, anecdotal evidence and my own experience that most decisions related to value from IT are subjective, and all too often are based on perception and emotion rather than on facts. Organizations will not come close to realizing the full value of their IT investments until they adopt effective value management practices and assign accountability for the realization of value from those investments to the board and CEO, rather than abdicating it to the CIO.”

Thorp’s view regarding the lack of business accountability for value from increasingly significant and complex IT-related investments is reflected in the 49 percent of respondents stating that the CIO or IT managers are responsible for ensuring that stakeholder returns on such investments are optimized. Only 15 percent said responsibility lies with the board, 11 percent the CEO and 9 percent the CFO. Remarkably, 8 percent said no one was responsible.

On a positive note, 76 percent of respondents are aware of the Val IT framework, and 44 percent of organizations questioned have such a framework or guidelines in place to select the investment that will result in the highest value.

Additionally, despite the challenging economy, 30 percent of companies are increasing their investments in IT this year, while only 13 percent plan to reduce spending and 14 percent plan to freeze it at the current level. In the UK this average isn’t replicated, as just 19 percent of organizations intend to increase their investment while 20 percent plan to cut spending across the board.

Interestingly, among the benefits organizations receive from their IT-related investments, respondents cited “improved customer service” (35 percent) and “cost reduction” (24 percent) as the two most important. Somewhat

surprisingly, only 16 percent named “new or improved products and services” as the top benefit. India stands out, with improved customer service as the top-ranked benefit, at 45 percent.

“Organizations should be careful not to ignore the value-generating opportunities of IT in favor of cost cutting. IT has the power to add competitive advantage and significant business value, so it is critical to focus on those opportunities—particularly in troubled economic times,” said Robert Stroud, CGEIT, international vice president of ISACA. “The implementation of Val IT can help enterprises identify more effective metrics, leading to successful investments in IT projects that better align with the strategic goals of their business.”

The survey identified some regional differences—specifically between established economies and fast-growing ones. Of the nine countries surveyed—Australia, Canada, France, Germany, Hong Kong, India, Mexico, the UK and the US—the India-based participants were the most advanced in adopting effective value management practices and assigning accountability for those investments to the business. Seventy percent of respondents’ organizations in India have a framework for selecting the IT-related investments that will result in the greatest value and 57 percent fully measure value. In addition, almost half of Indian organizations are increasing IT-related investment based on potential or expected contribution to business value, and 63 percent said there is a cross-departmental understanding of what constitutes value in IT investment—a figure significantly lower in the UK, at just 22 percent, and the US, at 34 percent. Top-down management responsibility for optimizing IT investment was also evident, with one-third of respondents indicating board or board chair level.

Notes to Editor

About ISACA

With more than 86,000 constituents in more than 160 countries, ISACA® (www.isaca.org) is a leading global provider of knowledge, certifications, community, advocacy and education on information systems assurance and security, enterprise governance of IT, and IT-related risk and compliance. Founded in 1969, ISACA sponsors international conferences, publishes the *ISACA® Journal*, and develops international information systems auditing and control standards. It also administers the globally respected Certified Information Systems Auditor™ (CISA®), Certified Information Security Manager® (CISM®) and Certified in the Governance of Enterprise IT® (CGEIT®) designations.

ISACA publishes the COBIT® and Val IT™ frameworks, available as free downloads at www.isaca.org/cobit and www.isaca.org/valit, as well as the upcoming Risk IT framework. The Val IT framework provides organizations with the structure to measure, monitor and optimize the business value realized from IT-related investments.

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