

## **Realising the benefits of investment in Information and Communication Technology**

In March 2008 the Australian Government commissioned a review of its use of information and communication technology (ICT). The review was led by Sir Peter Gershon, who had carried out a similar review for the UK government. The final report of the findings and recommendations of the review was issued in August 2008 and became known as the “Gershon Report”. When submitting his report to the Minister of Finance, Sir Peter wrote, “While ICT has undoubtedly benefited government administration and the delivery of key public services, I have also found that benefits realisation and the measurement of benefits arising from investments in ICT are areas where there is substantial scope for improvement, together with measuring and improving the efficiency of current ICT operations.”

As part of his review, Sir Peter examined almost 200 IT projects that had been completed by 41 Australian government agencies. He found that only 5% of the projects had measured the benefits actually achieved as a result of the project and compared those actual benefits to the benefits that were anticipated when the project was proposed.

The Australian Information Industry Association (AIIA), a trade group made up of information technology and telecommunications hardware, software, and services companies, telecommunications carriers, multimedia developers, and online services providers, made a public response to the Gershon report. The AIIA believed that the major reason for the lack of benefits realisation was a lack of skill on the part of IT workers in the Australian public service. The skill gap was caused by relatively low salaries in the government sector and the lack of career development opportunities for government ICT employees.

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This case was written by Professor Michael Vitale, Monash University, from published sources. It has been prepared as a basis for class discussion rather than to illustrate either effective or ineffective handling of a managerial situation. The case is based on published information.

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It was recognised that benefits realisation and measurement could be difficult, because ICT project benefits were often the result of reforms in business processes that were enabled by the project or technology, rather than by successful implementation of the project itself. Nevertheless, there was a growing demand, both from within government and from the public, to make government more accountable for its IT spending and for the results achieved.

### Questions for discussion

1. Think back to some ICT projects that have recently been completed in your own organisation. Were the benefits measured? Why/why not? If the benefits were measured, do you believe that the effort required to do the measurement was worthwhile? If the benefits were not measured, why not?
2. How important do you believe it actually is to measure the benefits of an ICT project? Why? Since the project has ended by the time the measurement takes place, what can be done with the information that is learned?
3. Why does measuring benefits seem so difficult? Can anything be done to make it easier?
4. Do you agree with the Australian Information Industry Association's position regarding the reason that benefits are often not realised from public sector IT projects?