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# Re-Thinking IT Survey



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# Re-Thinking IT Survey

*Supported by Department of Trade & Industry, UK*



*In conjunction with*





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## Proposition

To assess the state of executive  
thinking towards IT investment for  
continuous improvement and  
sustained competitive advantage

“ *Assessing the trend in thinking, and future vision of  
industry leaders and innovators* ”



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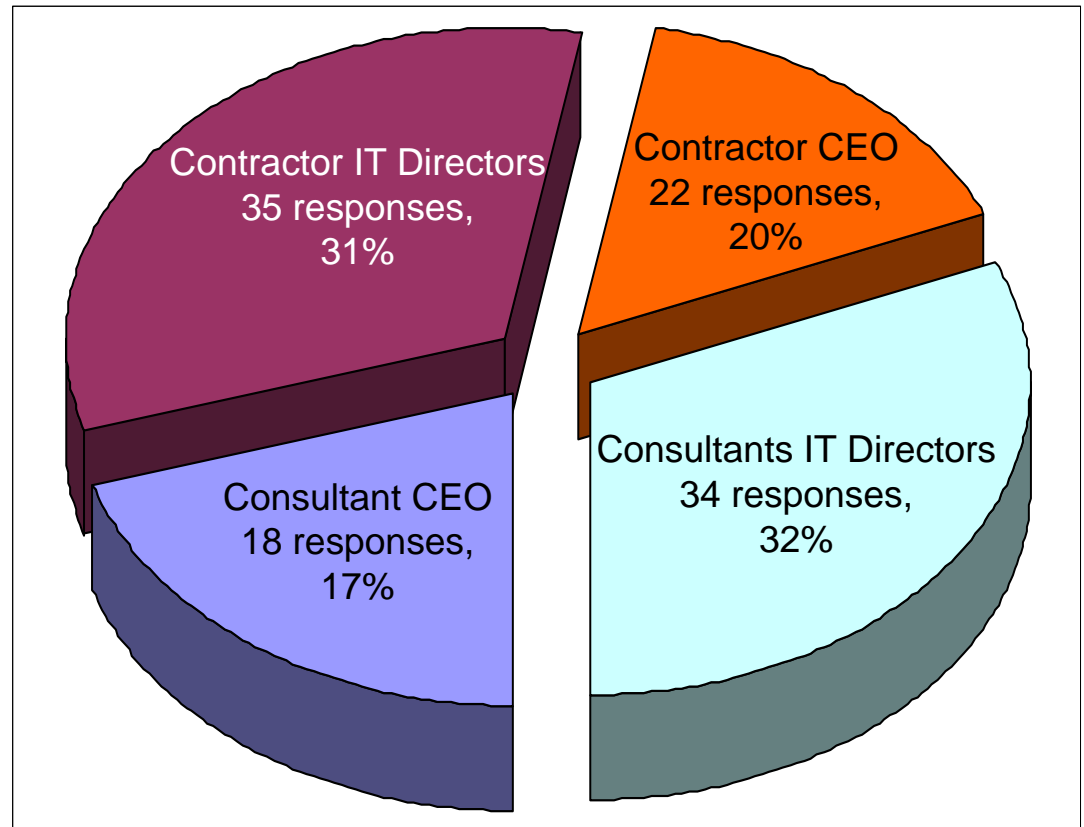
# Objectives

1. Understand the **evolving use and uptake** of IT in relation to the industry's past and current understanding of the **value of IT to innovation** and continuous improvement.
2. Identify the **shift in** executives' thinking in terms of:
  - understanding the **role of IT** for improving performance;
  - the **impact of** continuous **innovation** in technology on enterprises;
  - awareness on **relationship bet IT, processes & people**
3. Identify difference in understanding of IT priorities between business **executives and IT directors**.
4. Determine **disparities** in IT awareness throughout the **supply chain**.
5. Identify future patterns in creating business **core capabilities** based on IT.



## Statistics

- Total of 109 responses
- Return rate of 30%
- 40 Contracting organisations
- 40 Consulting organisations
- Survey period of 3 months



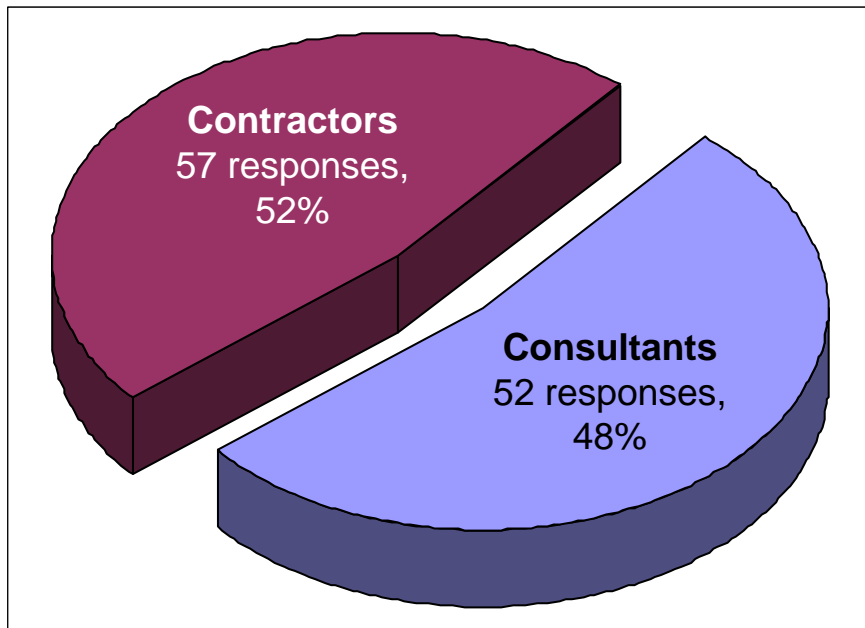


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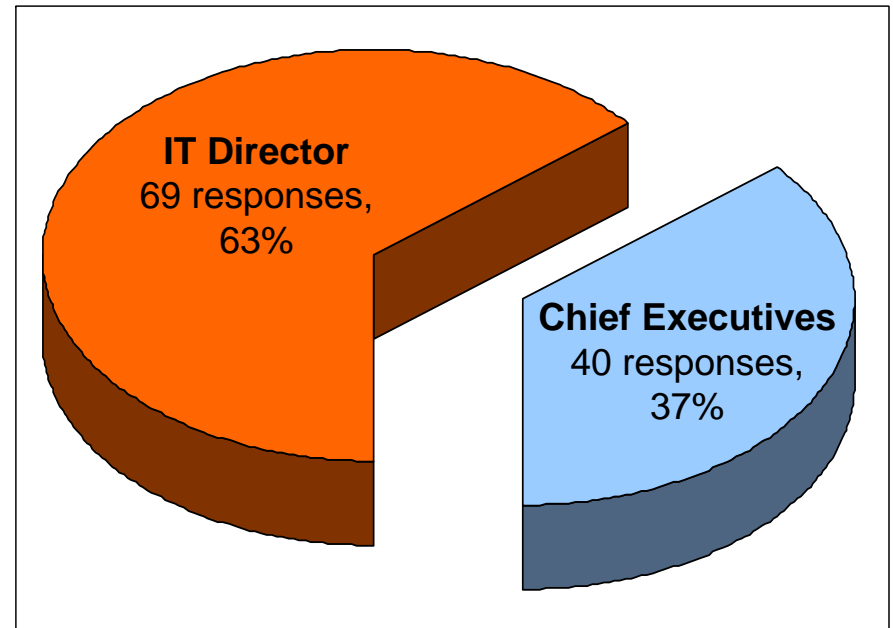
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# Statistics



Contractors vs Consultants

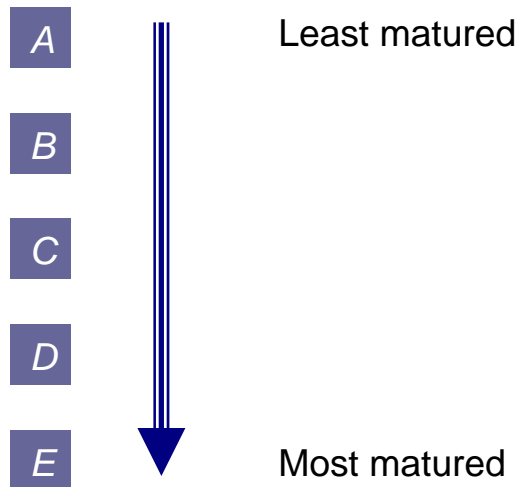


CEOs vs IT Directors



# How we analyse

## The maturity model



## Thinking levels

1995 thinking

*Measuring past thinking level in 1995*

2007 practice

*Measuring current practice in 2007*

2007 thinking

*Measuring future thinking in 2007*



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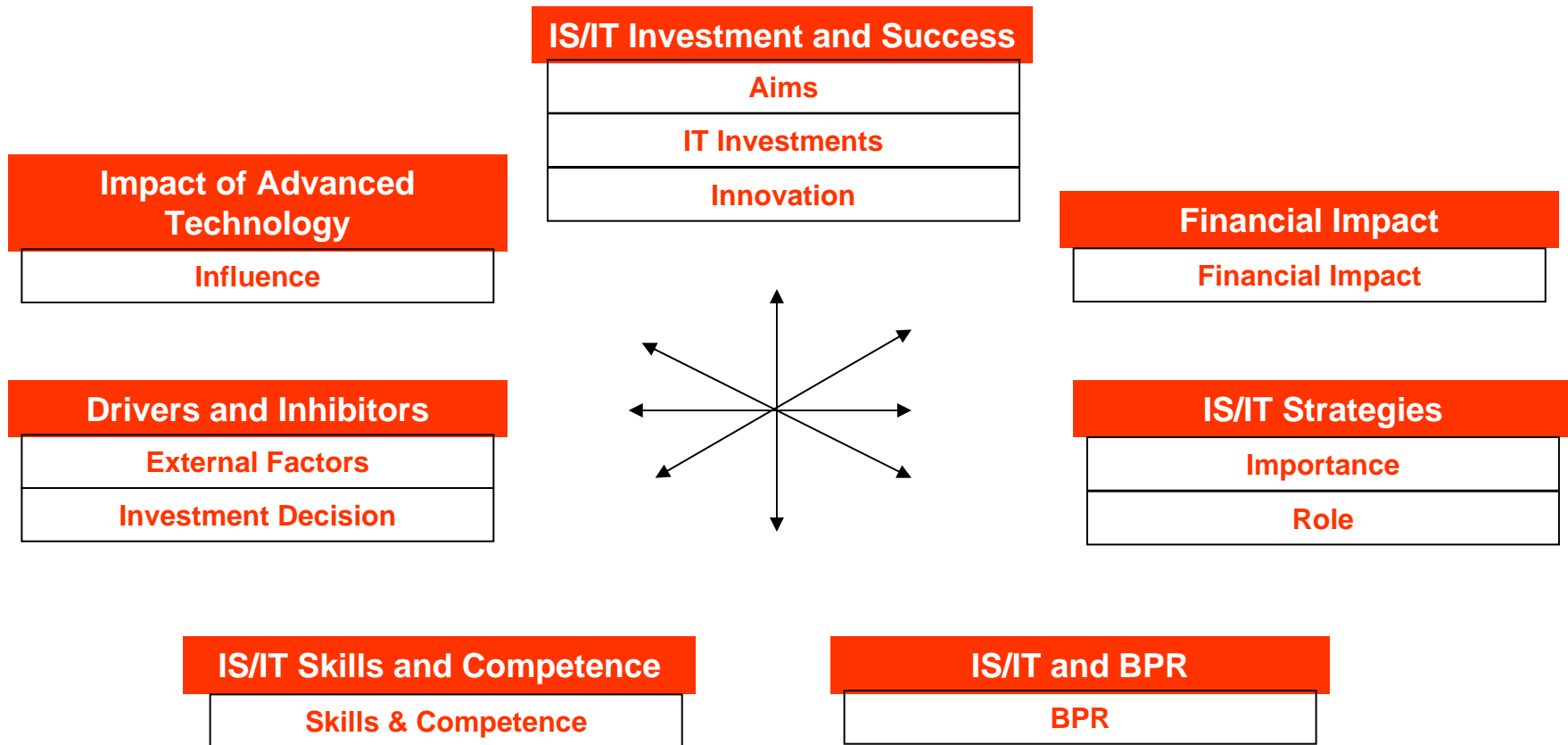
## What we ask

- Section A: Information Systems/Information Technology (IS/IT) Investment and Success**
- Section B: Financial Impact**
- Section C: IS/IT Strategies**
- Section D: IS/IT and Business Process Re-engineering (BPR)**
- Section E: IS/IT Skills and Competence**
- Section F: Drivers and Inhibitors for IS/IT Investments**
- Section G: Impact of Advanced Technology**



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# What we ask

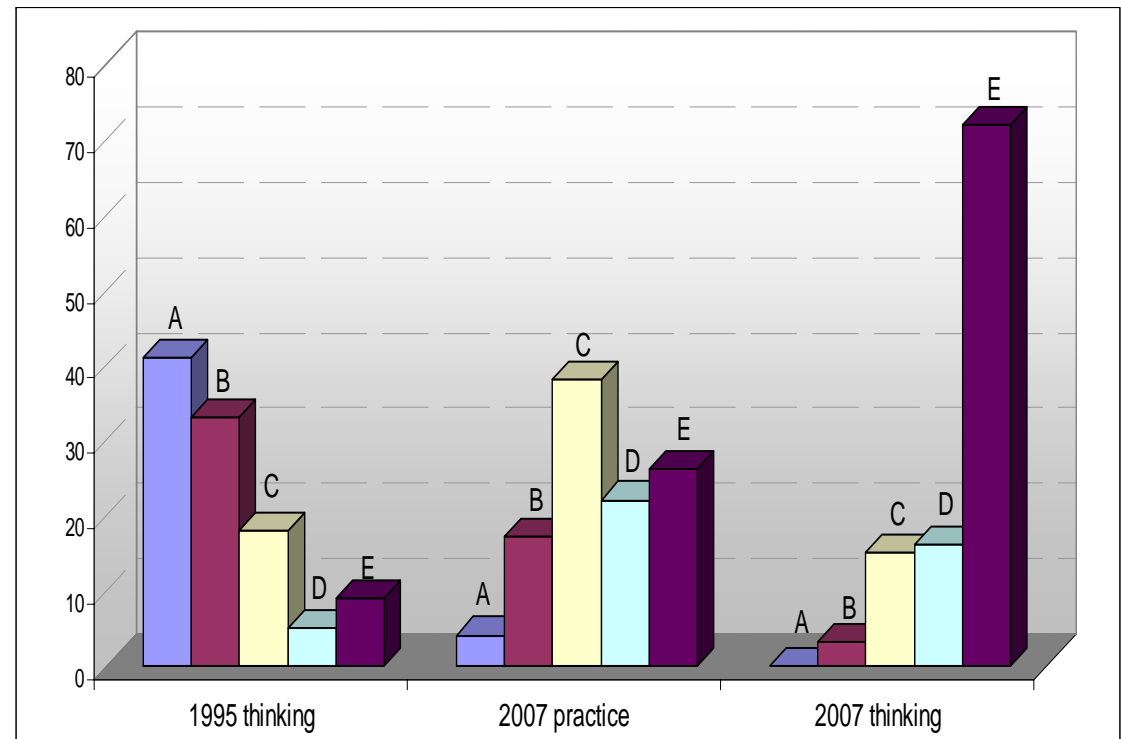




# Analysis – IS/IT Investment and Success

I strongly believe that IS/IT investments should aim to:

- a) Improve a specific bottleneck at operational level
- b) Reduce costs of a particular business process where benefits can be financially measured
- c) Improve the organisation's overall performance but only if the impact of the systems can be measured
- d) Deliver value to customers/clients
- e) Contribute to the strategic objectives of the organisation



*Moved away from focus on bottlenecks & specific processes*

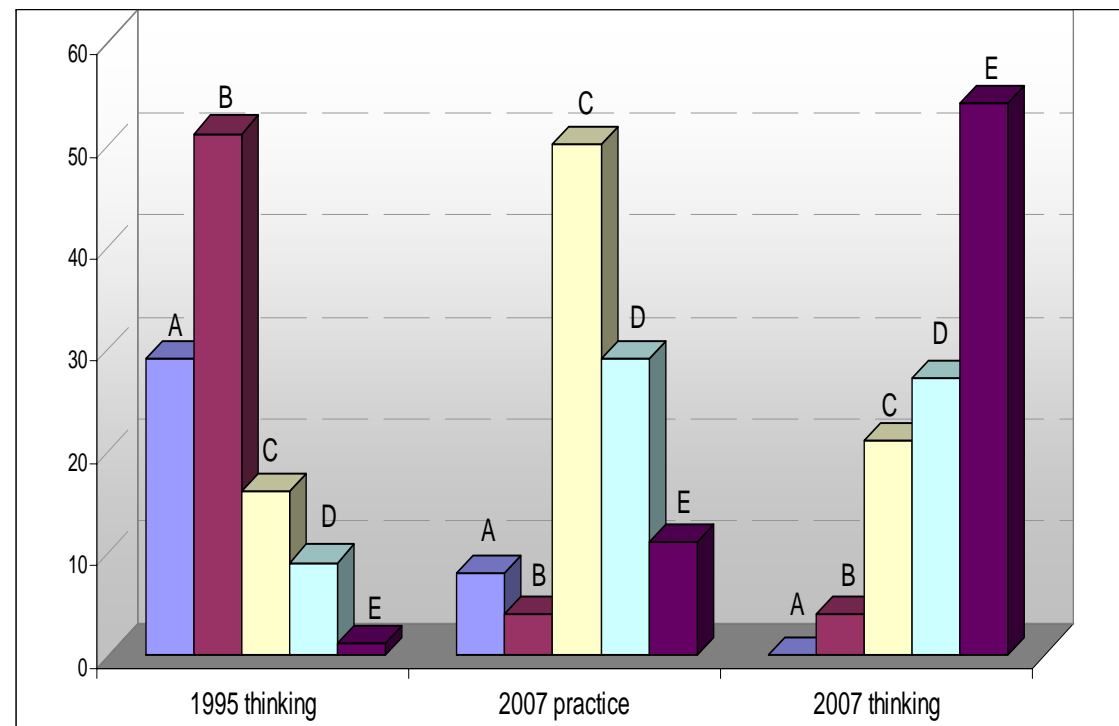
*Aware of benefits but not commit to focus on value to customers and aligning investment with organisational strategic objectives. !*



# Analysis – IS/IT Investment and Success

To achieve the option selected above, I strongly believe that IS/IT investments should be:

- Project-oriented, with systems' cost covered by projects
- Targeted to short-term business improvements (*cost cutting*)
- Targeted to long term business improvements (streamlining processes, improving efficiency)
- Used to add value to products and services (*leading to competitive advantage*)
- Used for innovation and creating/realising core business capabilities



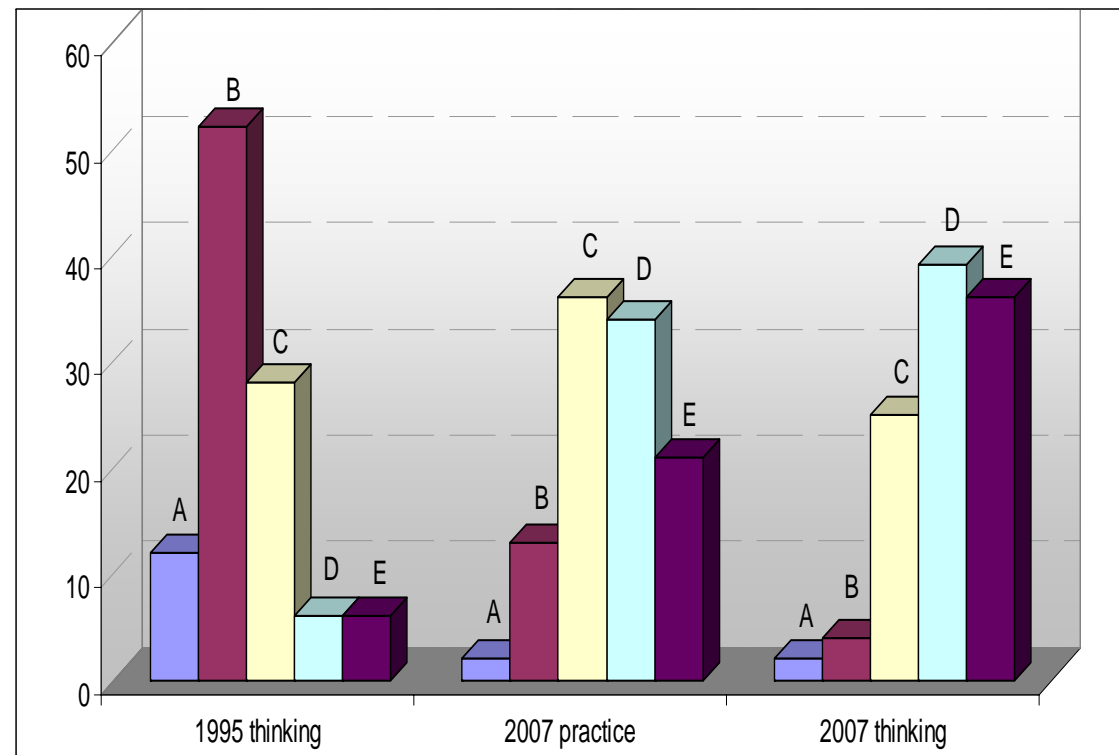
- Shift from individual project oriented to business-wide focus.
- Today aim to improve efficiency & provide added-value to products & services
- Need for a period of maturity before aligning IST with business objectives.



# Analysis – IS/IT Investment and Success

From innovation & competitive advantage perspective; I strongly believe that IS/IT:

- Can not bring about innovation and competitive advantage
- Can bring about limited business improvements focused on operational level
- Needs high IS/IT awareness across the organisation supported by a good communication strategy
- Needs IS/IT skills and competence across the organisation along with board representation (e.g. Chief Information Officer)
- Needs organisations to have good management practices prior to IS/IT implementation (e.g. TQM, BPR, Benchmarking, etc)



-Past: little faith in IST to create innovation and competitive advantage.

-Today, need for awareness across organisation (not departments or projects)

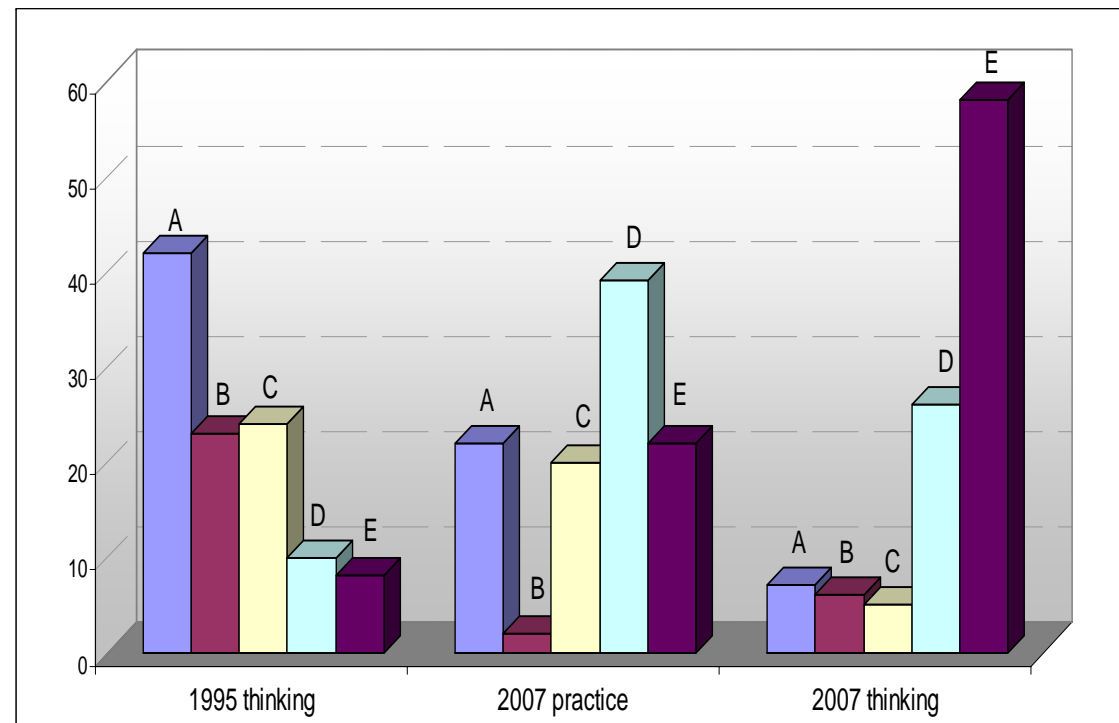
-Realise: need for good communication strategy & competence across organisation



# Analysis – Financial Impact

Investment in IS/ IT solutions should :

- a) Only be considered if there is a clear financial benefit (*either at project or organisational level*)
- b) Have no potential financial risks
- c) Be directly proportional to the company's financial capabilities
- d) Only be considered if it increases the cost effectiveness (*by integrating and coordinating business processes*)
- e) Be primarily driven by corporate goals (*rather than financial priorities*)



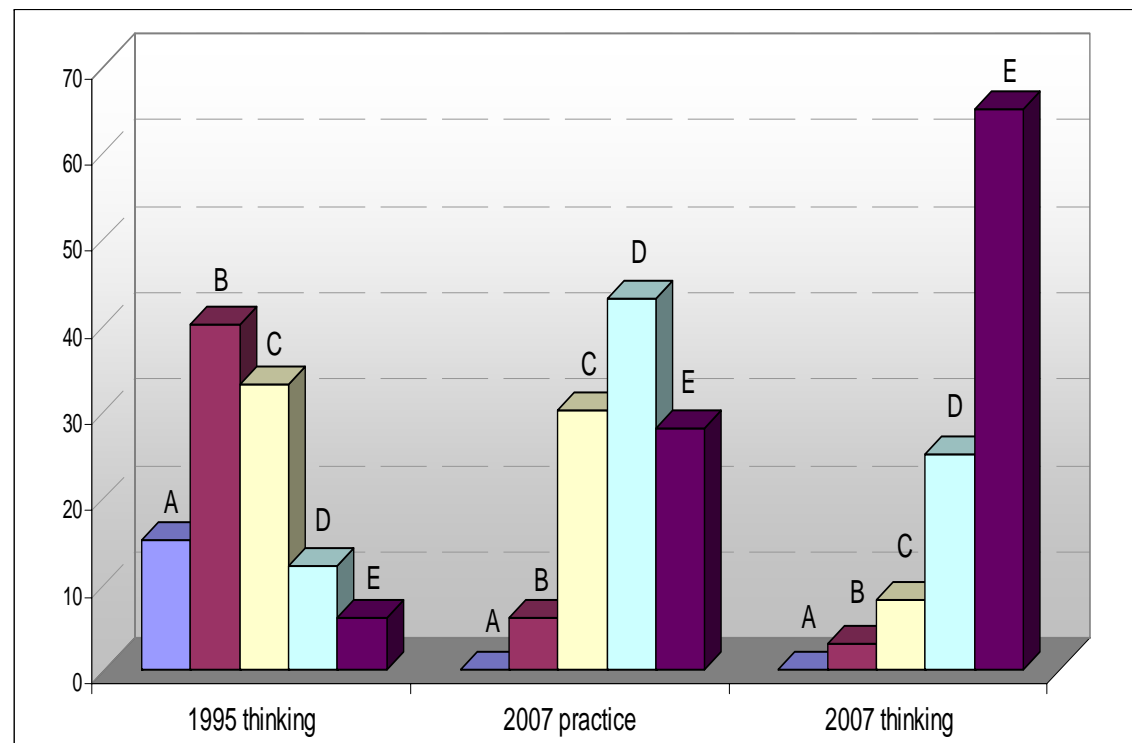
- No radical progress over the past decade – need clear financial benefit
- Now, some shift away from project focussed (clear & short term results, low risk)
- Future: higher concentration on corporate goals



# Analysis – IS/IT Strategies

## How important is IS/IT strategy to your business?

- a) It should not be considered, as there is no direct value added to the business
- b) It is not important, but IS/IT is important to drive a few business applications (*albeit with tight budgetary control*)
- c) It is important to improve internal performance, but it is not expected to contribute to achieving business objectives
- d) The business strategy drives the IS/IT strategy
- e) IS/IT strategy is developed in alignment with the business strategy



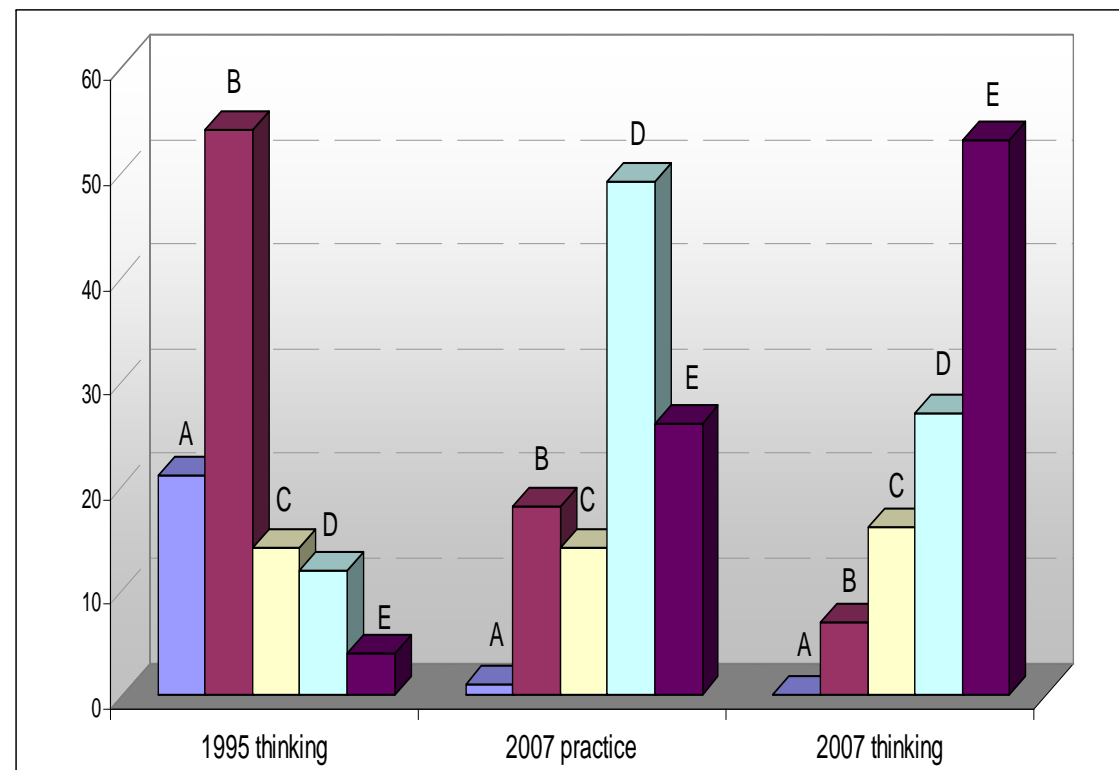
- Moving from application-focused to alignment with business strategies.
- Moving from service-based systems towards business improvement with IS/IT
- Thinking: Clear understanding of need to align IT & Business strategies



# Analysis – IS/IT Strategies

How do you see the role of **IS/IT departments** within your organisation?

- a) There is no need for IS/IT departments, as IS/IT is predominantly user-managed
- b) There is a need for a centralised IS/IT department for policy setting and support (*albeit mainly technical*)
- c) The IS/IT department is expected to advise on internal business performance
- d) The IS/IT department is involved in business improvement but has no representation on the Board of Directors
- e) The Director of the IS/IT department is on the organisation's Board of Directors



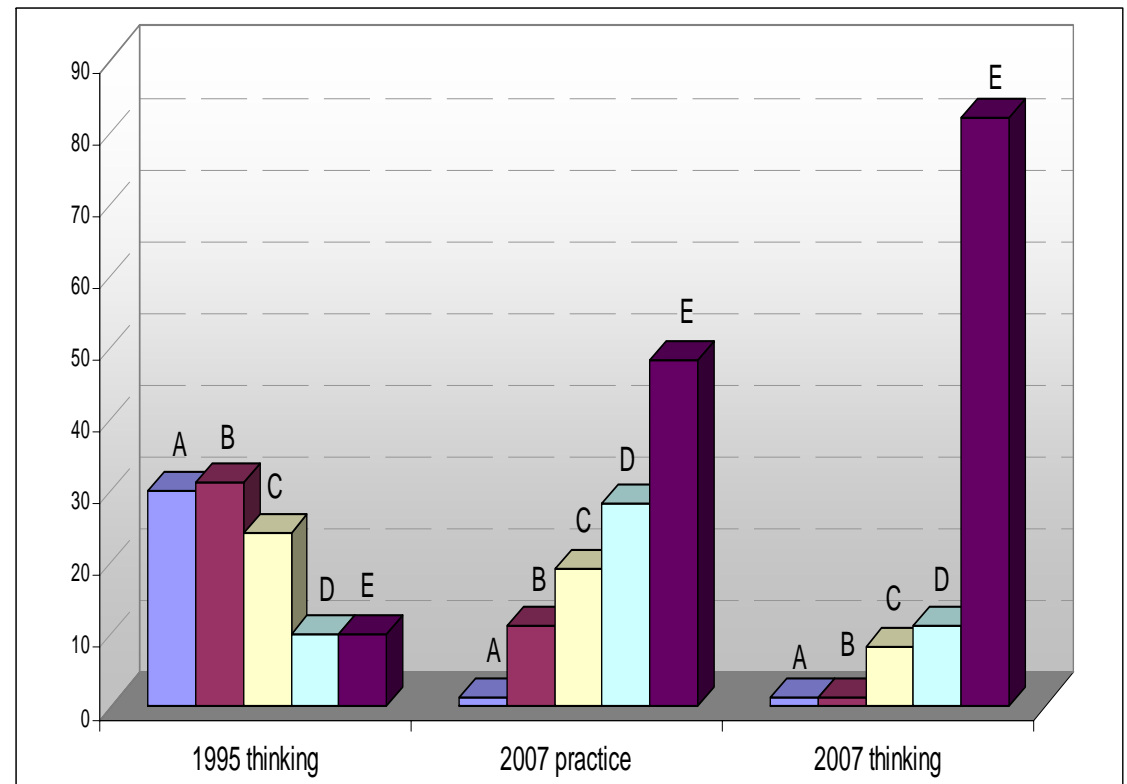
- Past decade: need of centralised IST ( for technical support)
- Today: IST involved in organisational business improvements
- Will move towards full board representation



# Analysis – IS/IT and BPR

I believe that :

- IS/IT is only applied to isolated business applications with no consideration to business process
- Business processes might need to be partially adjusted for the proposed IS/IT system
- Business processes could be re-engineered based on functionalities of the proposed IS/IT system
- IS/IT systems should support the already re-engineered business processes
- IS/IT and process re-engineering need to be considered simultaneously



*-Now prepared to embrace & align process reengineering and IS/IT.*

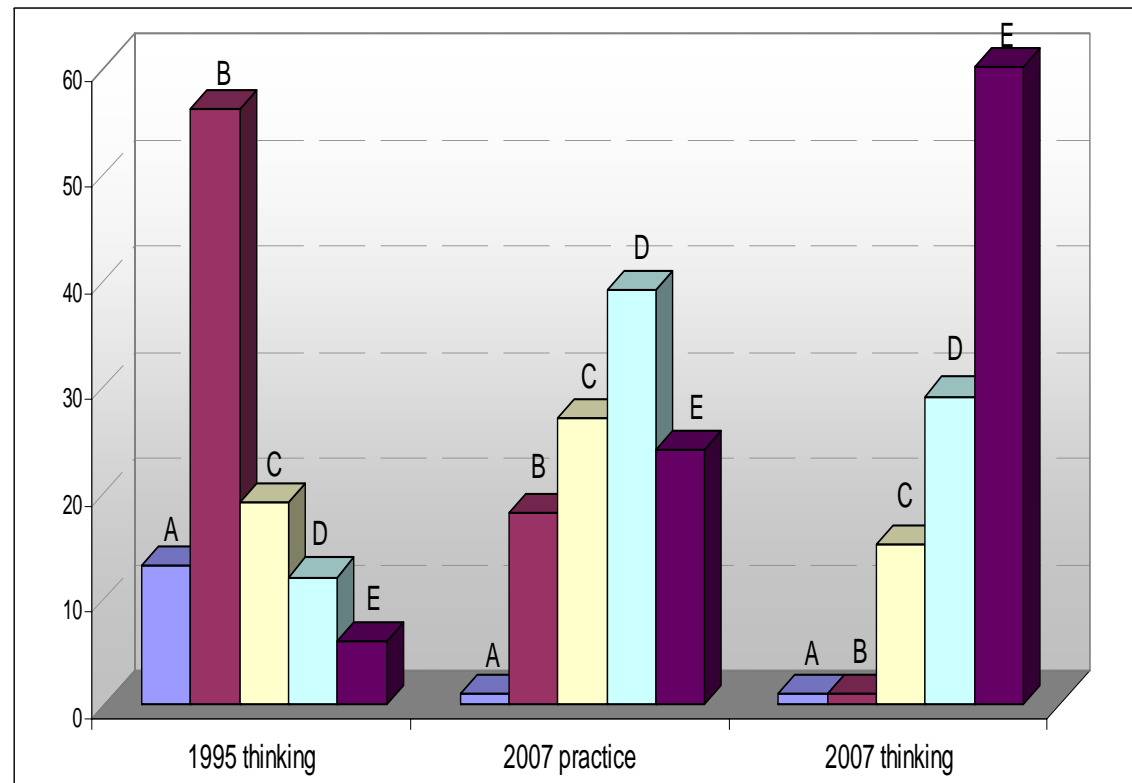
*-Clear move from technological driven to a process driven approach today*



# Analysis – IS/IT Skills and Competence

## I believe that :

- There is no need for IS/IT skills, but technical support for individuals who need it
- IS/IT skills are only needed for **current applications** with possible technical support from IT Dept
- IS/IT training is an integral component of employees' performance appraisal scheme, and can be demonstrably linked to business improvements
- IS/IT can only be used for **business improvement** if the organisation has the appropriate **internal IS/IT competence**
- IS/IT competence, across the organisation, is a key requirement for IS/IT based business innovation and competitive advantage



*-Natural progression of employee skills and competence*

*-Clear shift from individual to collective skills,*

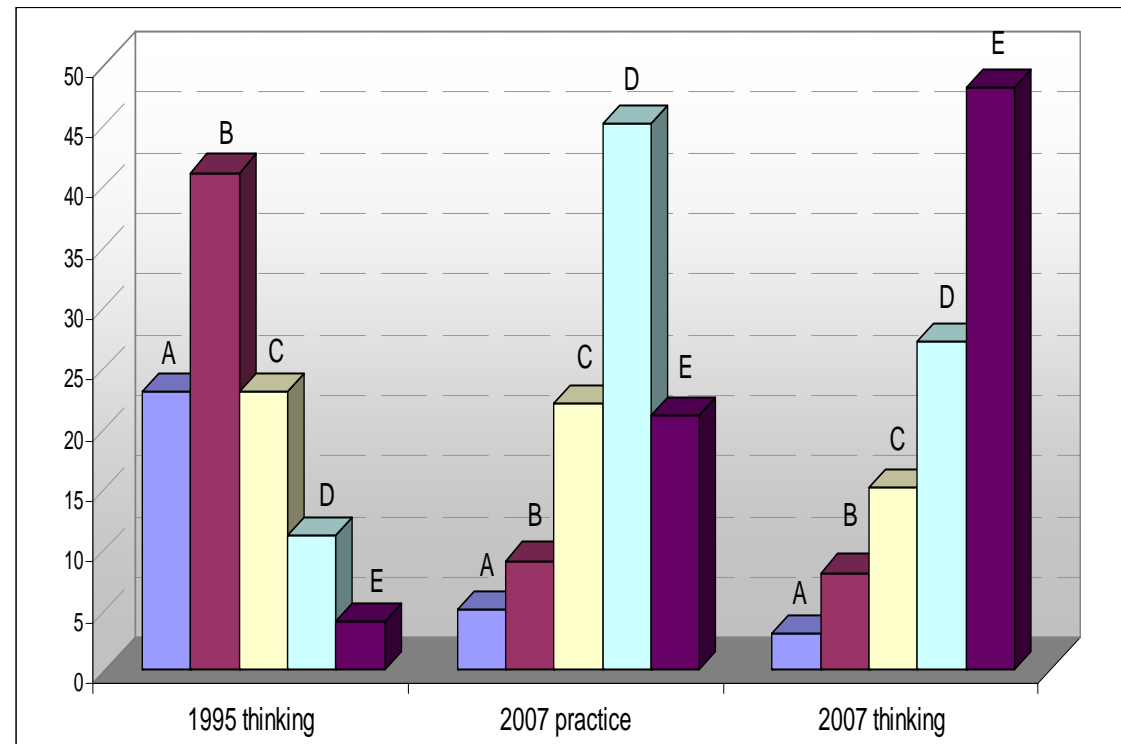
*-Need IST competence across organisation for innovation & competitive advantage*



# Analysis – Drivers and Inhibitors

## I (intend to) authorise IS/IT investments (external factors)

- a) Only if requested by clients (*to improve chances of winning contracts*)
- b) Only as a necessary tool to communicate with clients' systems, *e.g. e-government*
- c) To improve market share by attracting/impressing clients (*impact of technology*)
- d) To improve communication within the supply chain (*to bring value to clients*)
- e) To facilitate virtual work environments with business partners, *e.g. virtual companies*



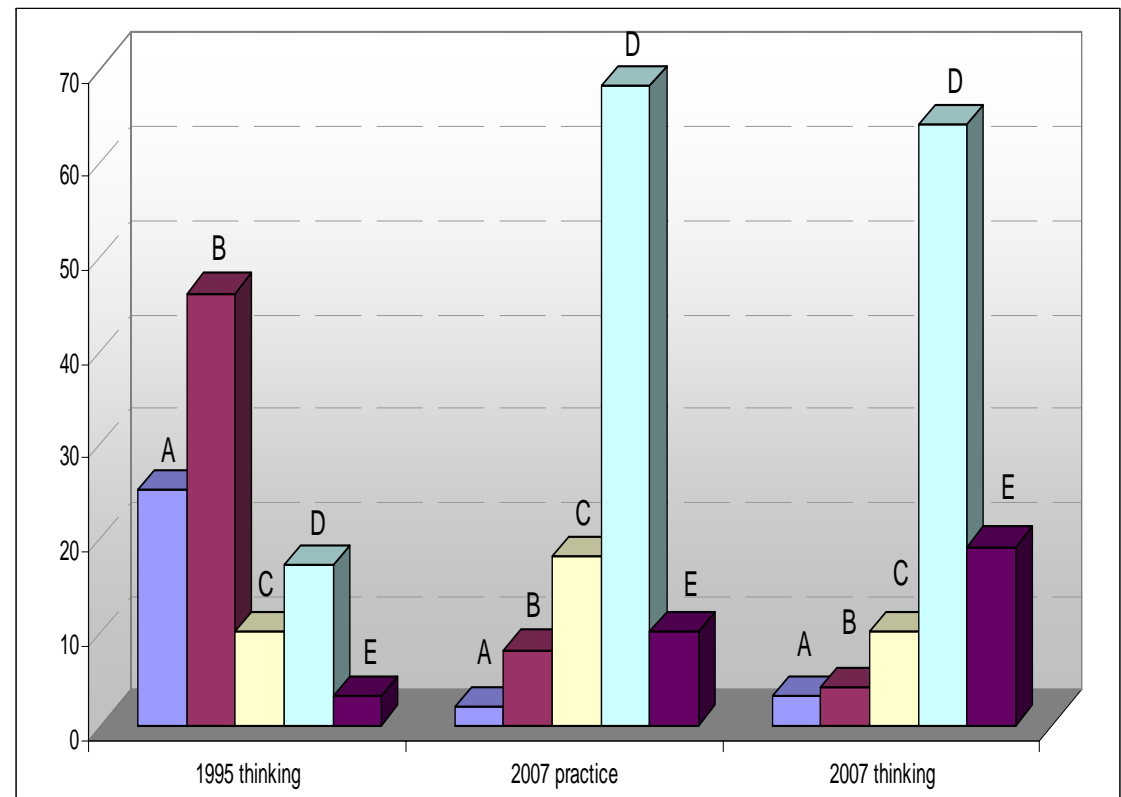
- Past&Today: Clients are main investment driver (to impress or communicate)*
- Evidence of a shift towards investment for integration with the supply chain,*
- Thinking: pay less attention to competitors or experience of past systems failures.*



# Analysis – Drivers and Inhibitors

My IS/IT investment decision could be influenced by:

- Previous IS/IT investments which failed to achieve their objectives; therefore, I have to be more cautious in future investments
- The level of success of similar systems in improving competitor's business performance
- The lack of reliable tools to measure the capability of the organisation to successfully implement IS/IT projects
- The organisational "readiness" to integrate the proposed IS/IT systems within current business processes (*impact of people, business processes, work environment and IT infrastructure*)
- The difficulty in estimating the required level of organisational change prior to IS/IT investments



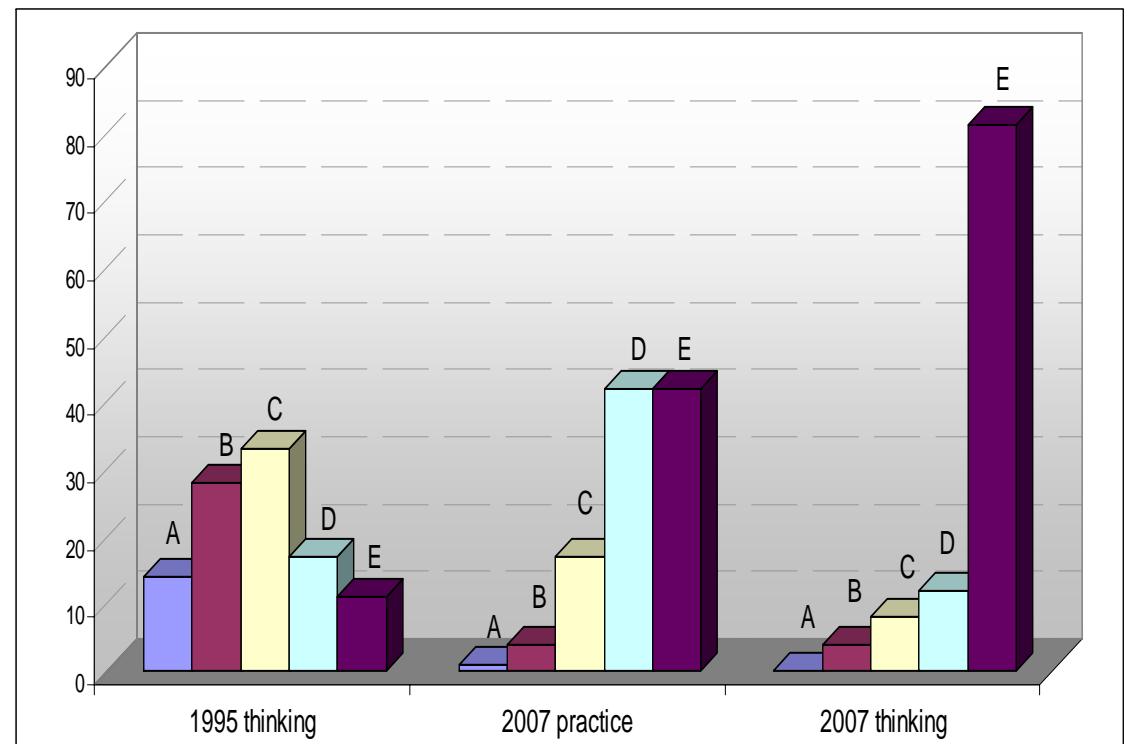
- Were cautious, adopting low risk approach, allowing other competitors to test first
- Today: influenced by level of readiness to invest
- Thinking the same



# Analysis – Impact of Advanced Technology

What influence should advances in technology have on my IS/IT investment decisions?

- a) None
- b) Only if it is specifically requested by clients (*client-led*)
- c) Only if it is proven to be beneficial to my business by my competitors/other organisations
- d) On specific advice from the IT department *e.g. to improve aging IT services or business processes*
- e) The organisation is continuously investigating new technologies for delivering competitive advantage



-Needed evidence of benefits & tested by others

-Adopting a more consistent approach to assessing technology

-Thinking: more proactive in exploiting new technologies for competitive advantage



# What is the industry telling us?

## IS/IT Investments and Success

Aims  
IT Investments  
Innovation

*If thinking today is a reflection of trend in future, then industry is shifting towards establishment of solid management practices for the implementation of IST*

## Financial Impact

Financial Impacts

*I will build the strategies,  
let my successor implement it !*

## IS/IT Strategies

Importance  
Role

*The industry is aware of the benefits of aligning IS/IT and organisational business strategies but shows reluctance (the reluctance merits further investigation).*



# What is the industry telling us?

IS/IT and BPR  
BPR

*-Awareness about nature & benefits of BPR & business improvement.*

IS/IT Skills  
Skills and Competence

*-The industry now is rationalising skills, but moving ahead towards full competency for competitive advantage.*

Drivers and Inhibitors  
External Factors  
Investment Decisions

*-Supply chain integration more important than impressing clients. Intend to invest, but when ready*

Impact of Advanced Technology  
Influence

*-Believe in continuously exploring new technologies for delivering competitive advantage.*



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**Overall observation**

<b>1995</b>	<b>2007</b>	<b><i>Future</i></b>
<ul style="list-style-type: none"><li>•Application focused</li><li>•Isolated areas</li><li>•Low risk</li><li>•Technology push</li></ul>	<ul style="list-style-type: none"><li>•Organisational &amp; strategic issues</li><li>•Business pull</li><li>•Value driven</li></ul>	<ul style="list-style-type: none"><li>•Integration / alignment of IS/IT with business objectives</li><li>•Customer driven</li><li>•Risk prone</li></ul>



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the way forward

Questions  
&  
Discussions



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# The way forward

# Questions & Discussions

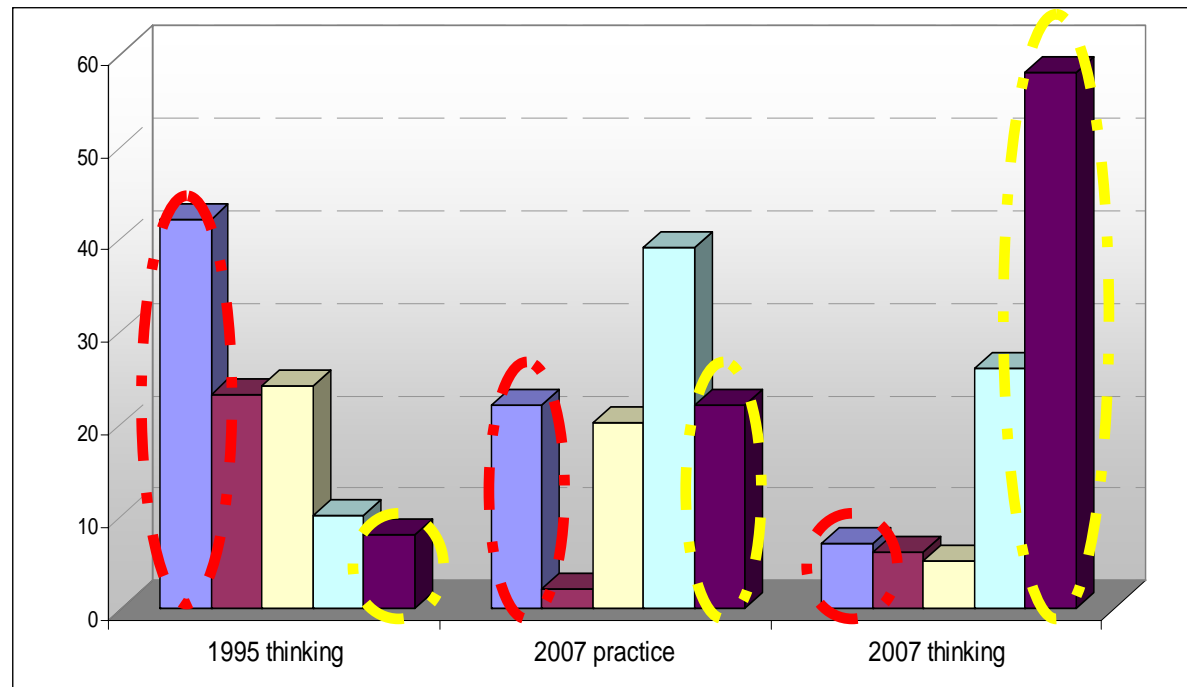


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# Financial Impacts of ICT Investment





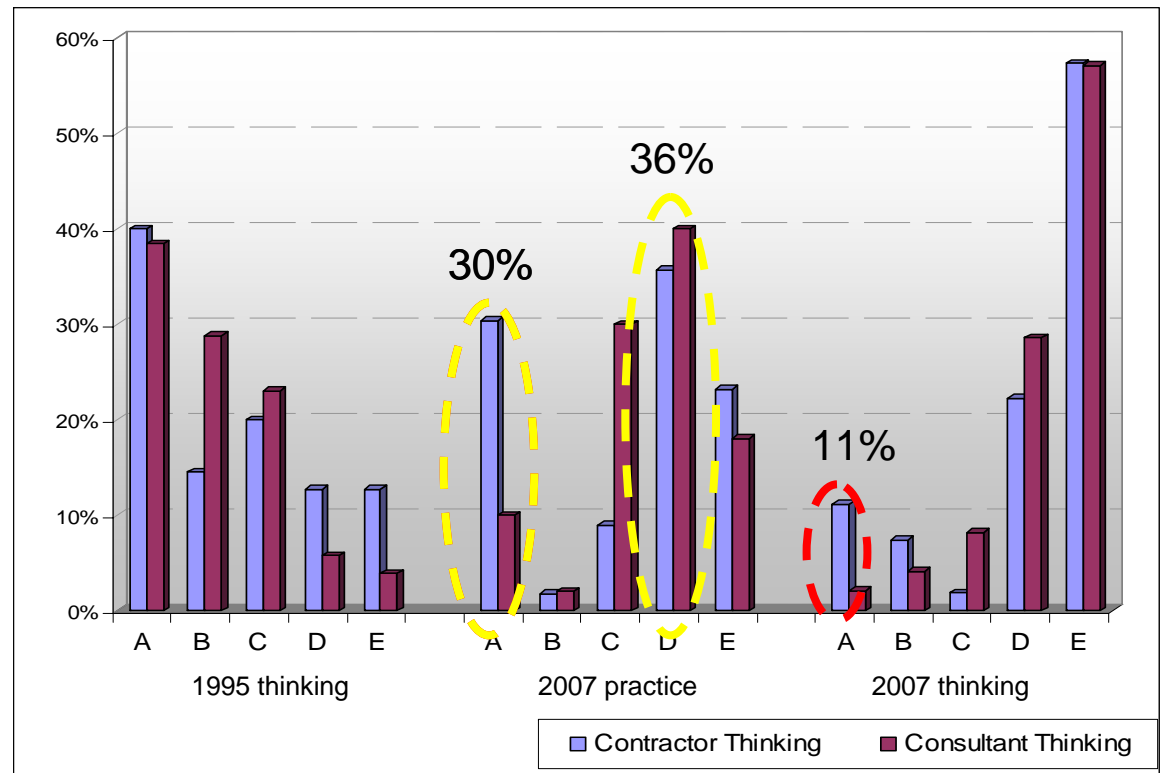
# Financial Impacts of ICT Investment

## Contractors vs Consultants

Contractors are more conservative in ICT investment

In today's practice, 30% of contractors only be considered if there is a clear financial benefit; 11% still thinks the same for the future.

In today's practice, wide gaps of thinking exist within the contracting practice.



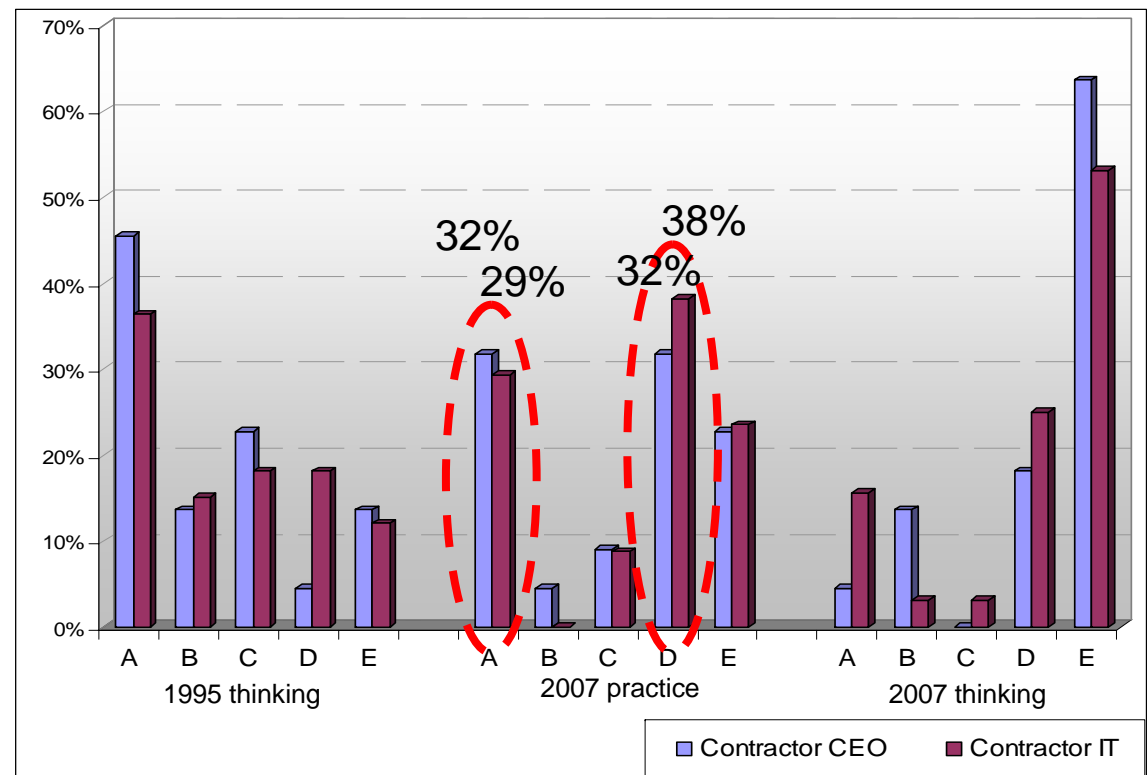


# Financial Impacts of ICT Investment

## Contractors CEOs vs Contractors IT Director

Clear thinking gaps in today's practices among contractors.

In today's practice, large thinking gaps exist – bring the question of why?





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# How we analyse

*The maturity model*



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# How we analyse

*The maturity model*