



Driving Home the Benefits

The Victorian government's Investment Management Standard and Investment Logic Maps is now being applied to all types of government investments and is delivering both process savings and benefits.

Sue Bushell (CIO) | 25 October, 2007 12:03

One of the authors of the Victorian government's Investment Management Standard and Investment Logic Maps says the impact of the new approach has been "flabbergasting."

A principal strategist in the Commercial division of the Victorian Department of Treasury and Finance, Terry Wright, says the standard, designed to lower investment costs, improve delivered benefits and build strategic capability in ICT projects, is now being applied to all types of government investments and is delivering both major process savings and benefits.

Wright's comments came as research group Ovum praised the initiative as a way to sheet home accountability for outcomes with the business.

Dr Steve Hodgkinson, Ovum research director within the IT public sector, says the standard and maps, developed over a four-year period by Victorian government's Office of the CIO, help the executive team get 'on the same page' with the organization's major IT investments.

"IT investments have become clouded in a fog of complexity, with business cases comprising a cornucopia of detail but often failing to secure the understanding and support of the executive team," Hodgkinson says.

"The problem is that organizations have become preoccupied with managing IT as projects and lose sight of the common sense business logic of the investment. We need simpler techniques to manage the life cycle of an investment to create business value, not just better ways to manage projects. This means finding new ways to engage and sustain the attention of executives who are interested in understanding and delivering business value. "

"A good start is to use Investment Logic Maps to define the key logic of a proposed investment on one page. This can be developed in a few hours in a facilitated workshop. The investor executives participate in the process of setting the core logic of the proposal, helping them understand the real drivers of value and also the non-IT enablers required for value to be realized. This helps secure executive engagement in the project and also provides a way to sheet home accountability for outcomes with the business, rather than an IT project manager. "

The government says the outcome of the two workshops is a clear and concise articulation of the investment proposal and the full engagement of the senior executives. Wright says it achieves major process savings, forces a focus on reuse and ensures maximum value from IT spend.

Investment management begins by engaging the relevant senior executive in a structured two-hour dialogue that focuses on articulating the business problem, the benefits that are expected to be achieved and how their delivery will be ultimately measured. An independent study by KPMG of the impact on the 2006 budget process conservatively estimated application of the standard had driven down the costs of the investment by 10 per cent and resulted in a 20 per cent increase in delivered benefits, although Wright believes the real figure for the latter is many times more.

Wright says 650 senior public servants have now been through the workshops, including 120 senior police officers.

"In Victoria we have a major project reporting process where the 25 top or most risky ICT investments across government are reported quarterly. When this reporting started two years ago none of them had benefits management plans. Now all of them have and six are actually reporting benefits at the moment. So because of the focus on benefits you not only get more benefits but the investment solution is shaped around the KPIs that must be met to indicate the benefits have been delivered" he says.