# IT Investment Budgets

The last decision area in Operations involves investments in new technology.

In the simulation, you can invest in new technology related to:

- Customer experience
- Payments
- Robo-advisory services
- Risk analytics
- Process automation
- Employee experience

As you increase your investments in new technology, you improve:

- The value of your products
- The quality of your service delivery
- The sophistication of your risk management

Depending on the investment, this leads to more sales (through higher response rates), better customer service (leading to higher retention rates) and/or improved risk management (leading to lower delinquency and charge-off rates).

More specifically:

- Investments in *Customer Experience* improves the experience customers realize when they interact with your bank across delivery channels (including online banking, mobile banking, call center interactions and branch interactions)
  - As a result, investments in Customer Experience will improve sales and customer service for all of your retail banking products
- Investments in *Payments* allows you to develop new payment products
  - This leads to improved sales and customer service for your Checking Account and Credit Card products
- Investments in *Robo-Advisory Services* improves your Investment Management services
  - This leads to improved sales and customer service in Investment Management
- Investments in *Risk Analytics* lowers delinquency and charge-off rates for:
  - Credit cards
  - Consumer loans
  - Mortgage loans
- Investments in *Process Automation* improves the efficiency of your Operations
  - This counteracts lower Service Levels in Operations by improving retention rates for all retail banking products
- Investments in *Employee Experience* improves the experience employees realize when performing their day-to-day activities, improving employee satisfaction and efficiency

- As a result, investments in Employee Experience will improve sales and customer service for all of your retail banking products

The appropriate amount to invest in new technology is relative to your competitors and your strategy. If your competitors spend more than you do, you will fall behind (leading to lower sales, lower retention rates and less effective risk management). To maintain your competitive position, your investments in new technology should be equal to your "fair share" of all investments in new technology. In other words, if there are four teams in the simulation, your investments in Risk Analytics should be equal to 25% of the total investments in Risk Analytics by all teams. Spending more than your fair share will provide you with a competitive advantage (i.e., higher sales, higher customer retention and improved risk management).

There is also a "lag" to the business benefit realized by these technology investments, It takes a year for your bank to design, develop, test and implement new technology. As a result, technology investments in the current year will create additional expenses for the current year, but won't improve sales, service or risk management until the following year.