IT Investment Budgets

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

In the simulation, you can invest in new technology for:

- Marketing Analytics
- Risk Analytics
- Research Analytics
- Treasury Platform
- 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 new accounts (created by superior products and services), 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 *Marketing Analytics* improves your ability to target, market and sell to new prospects
  - This leads to improved sales across all of your Corporate Banking products and services
- Investments in *Risk Analytics* lowers delinquency and charge-off rates for:
  - Commercial lines of credit
  - Commercial real estate loans
- Investments in *Research Analytics* improve the quality of your research, leading to more sales in:
  - Investment banking
  - Investment management
- Investments in your *Treasury Platform* improve the quality of your Treasury platform used by customers, leader to higher sales and retention rates in Treasury Services
- Investments in *Process Automation* improves the efficiency of your Operations
  - This counteracts lower Service Levels in Operations by improving retention rates for all Corporate 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 Corporate 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.