

## **SYSC4106 Assignment 2**

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### **Chapter 4:**

#### **Are IT applications an asset or an expense?**

IT applications can be an asset or an expense depending on how much it contributes to the company. If the IT application is able to contribute and add value to the company then it is considered to be an asset to the company. The IT application could help increase efficiency and productivity for the company. If the IT application isn't able to contribute and does not provide a good use for it then it would be considered an expense.

#### **What is the main purpose of allocating IT costs to user departments?**

The main purpose of allocating IT costs to the user departments is to help them make good decisions of how to allocate their budget and resources. It makes the user departments spend more time to understand where the resources could be used better and how to optimize the costs and spending. They will start to use more resources on the things that are more important and reduce the things that are not as important.

#### **What is an appropriate percentage of the IT budget to spend on maintenance?**

I think that the percentage of the IT budget to spend on maintenance really depends. I would spend around 70% of the IT budget on maintenance. Because of how fast technology is changing and evolving, I think that spending this much on maintenance is what the company needs. The costs for the maintenance will go towards making sure the systems and infrastructure is stable, reliable and secure to any threats. This is really important because if any of these maintenance is not up to date, the cost to fix the systems will be much more detrimental. The rest of the budget could go towards new technology.

#### **As a percentage of sales, how much should a company spend on IT?**

I think as Davies noted, about 5 to 6 percent of sales spent on IT should be good for now. The amount of spending on IT really depends on the company and how well it is doing. Since this company is highly IT applications dependent, they should allocate a bit more to IT to keep the assets from degrading over time.

### **Chapter 5:**

#### **How do IT investments create value? Enable value creation?**

IT investments can create a competitive advantage against other companies. Such as the example that was given from Maggie where the company Zara used IT to read the high demanded products which they focused on stocking faster for the customer to buy and stocked the unpopular items slower. IT investments can also help improve efficiency and productivity of the company. It could also help reduce cost savings in the long run if maintenance is done regularly to ensure that there are no system failures. Investments can help improve customer satisfaction which means more sales.

### **How might we get a quantitative handle on the level of value provided by IT?**

A way that you would get a quantitative handle on the level of value provided by IT is seeing how much return you get from your investments. You could take the cost of the investments and then compare it with how much you ended up getting from that investment. Another way you could get the level of value would be to compare your company to other companies and see how your company performs compared to others.

### **What light does the consultants' report shed on the matter of Davies' firing and the subsequent choice of Barton as CIO? What (if anything) does it add to the IT value discussion?**

From the consultants' report, it shows that Davies was a Type 1 manager that was struggling to transition to Type 2. Davies did not play well in managing portfolios of projects and infrastructures, as well as playing a senior team leadership role. Davies was just underperforming in the organization and did not see any type of improvement for him to advance and develop. Not taking accountability and ownership for the projects and initiatives. This led to the firing of Davies. Barton on the other hand, implemented the recommendations that other people had and had a drive to help improve and transform the company. His leadership skills and expertise really play a big part. By highlighting the importance of how improving communication, taking initiative, and having the drive to improve makes a huge difference. By addressing these challenges, it helps to add to the IT value discussion.

## **Chapter 6:**

### **Which side would you take in the debate between Huerta and Calder?**

It's hard to side either side in the debate because they both prove a valid point. Huerta is trying to argue that reducing costs and operating more efficiently is the way to go while Calder is arguing that you should focus on making value and understanding what needs to be done. I would learn more towards Huerta's side because I think that operating more efficiently with more planning and more discipline is always really important and needed. Overall, both points are valid and it really depends on what the company or organization needs, even a balance between both goals are needed.

### **Does it really make sense to jump directly into project coding and early prototypes in order to discover "messes" (unanticipated issues) early—that is, "to fail fast to succeed sooner"? Can this advice be implemented in a practical way?**

It kind of make sense and kind of doesn't make sense to jump directly into project coding and early prototypes to discover messes early. It could be effective if done correctly but it does come with lots of complications and risks. The biggest risk to this approach is that it is going to take a lot of time and resources to do this if the prototypes become pretty much useless. The team might spend lots of time trying to make a prototype then decide to scratch it because it just fails to meet expectations. In order for this advice to be implemented in a practical way, the team must decide on their specific needs and goals beforehand, set a timeline to get things done and invest more time in planning so that prototypes don't get scrapped and go to waste.

**How can you manage, or prepare to manage, what you cannot anticipate and do not expect?**

You can prepare to manage what you cannot anticipate and don't expect by developing the system to be more robust. Including many testings and update the system regularly. Check on the system regularly and make sure everything is working correctly. Thorough planning throughout the developing of the system is required.

**What do you think of the approach that Davies seems to have used (as revealed in the documents discovered by Barton) to manage uncertainty in IT projects?**

Davies approach of stating the risks and benefits of the IT projects is kind of unrealistic most of the time. This was only based on Davies knowledge of the IT projects which he could adjust it to whatever he wants and could allow for more funding depending on the project. This is really unrealistic because it is important to assess the risks and benefits as a group in order to make good decision and good management.

**Chapter 7:****What root causes lead to the need for a major infrastructure replacement project?**

The root causes that led to the need for a major infrastructure replacement project is it being outdated, inefficient and expensive maintenance. The infrastructure was outdated and no longer able to support what the company needs because of the rapid development of technology. It didn't provide the level of performance that was needed by the company and was really inefficient.

**What makes such projects so difficult?**

Projects such as these are so difficult because of the complexity of them. They could involve many different system and technologies which make it really difficult to manage. The cost of a project this big is also going to be really expensive and well as the time taken to complete this project. The risk could be really high as well with issues that come with huge projects.

**Do you agree with Barton's decision to terminate the agreement with NetiFects?**

I would agree with Barton's decision to terminate the agreement with NetiFects. NetiFects have the bias of using packages based on their favored technologies and not the ones that they're most comfortable with. That means it takes time for them to learn how to do it efficiently instead of going with something that they know. They are also unable to meet project deadlines and reports about their projects.

**Can projects like the IR project be avoided?**

Projects like the IR project might not be entirely unavoidable because of the always changing technology but you can help minimize what needs to be done. Regular maintenance on the system, robust planning for the system and continuous improvement can all help to avoid having large scale IR projects or just reduce the load on them.

## **Chapter 8:**

### **What processes need to be in place to effectively establish IT project priorities?**

To effectively establish IT project priorities, you need the goals and strategies to work with the business and what they have to offer to provide the best chances to make the most value. The decision making should be clear and well established to ensure that the project is done well and on time. The resources that are going to be used in the project needs to be allocated and managed well to ensure the project has enough funds and is done properly.

### **Is assigning control of IT budgets to user departments an effective mechanism to establish IT priorities? Who should control the IT budget?**

Assigning control of IT budgets to user department can be an effective mechanism to establish IT priorities. It makes sure that the funding works with the goals and what the department needs. It gives them more ownership of their own projects which in terms makes them focus more on what they need to get done. It isn't always going to be effective though if the department doesn't have the same goals as what the company has which in this case can be a huge hinderance to the company.

### **Given his disagreement with Maggie and his peers, do you think Barton is wise to ask for IT budget control? What consequences (positive or negative) do you foresee?**

I think it would be wise for Barton to ask for IT budget control. Barton has the right mindset to get the company under control with all the information that he's gathering along the way. He can help allocate the budget for departments to help create a greater value for the company and prioritize the things that are most important first. But some negatives that may come with this is tension between the different departments, if he's not able to manage the budget well by balancing the budget needed for each department, they are going to be really upset and cause some bad blood.