Making a Recommendation Peer-Graded Assignment

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From my point of view, Economic Value of Information (EVI) is the most significant approach to be implemented in order to evaluate information within the company. Because it allows us to make decisions that are able to yield higher expected payoffs and potential utility. Since there abundance of information that allows us to investigate further in detail to get the best results out of it.

To begin with, we have to conduct a comparison to measure the difference between how much income is generated with the availability of information against what is generated without using the information (Revenue i – Revenue c), then subtract the life cycle costs of the information.

This model can be recommended when trying to understand the computing life cycle expenses. After that, we need to use the multiplication of the generated sum by the ratio of the information asset's life span, capital T, for the duration of the trial, small t. In determining the economic value of information, all other factors and aspects of the revenue should be fixed throughout the process.

The EVI can be followed in real-life implementations to evaluate the economic value of information in any organization, in any field of business because EVI approach results are owed to the net financial value of information asset as follows; first we have to apply the traditional income approach of assets valuation, then the second step is to subtract the information assets related to lifecycle expenses.

The value of information can be considered as an incremental generation of revenue, that’s why it is a profound approach that should be implemented through the organization’s information valuation processes. All the information needed to implement EVI already exist in the information database of the organization, thus, many techniques can be implemented to apply the principle of continuous improvement and related adjustments to fulfill the needs and meet the requirements of the organization financial analysis and value creation approaches.

In order to improve this approach, we can factor in weighted averages regarding the average lifespan of data. Non-linear patters are to prevail here because the value creation from information follows a variant pattern over undefined period at the beginning and keeps to acquire a constant pattern somehow overtime, that's why we need to have proper weights to reflect that value contribution.

The challenges associated with implementing this approach include but are not limited to; it needs specific expertise and skills to conduct the volatility estimation of changes throughout the average lifespan of data and weighting the significant contribution of each period, that will cause a variation in the final valuation outcomes. This challenge can be handled hiring or outsourcing subject-matter-experts to conduct the information assets useful lifespans volatility estimation.