

Measuring the Value of Information Technology – A Framework

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Abstract

Over the years there has been an increasing call for understanding, measuring and managing value of IT in the overall business context. Increasing adoption of IT with its ever expanding influence on what the enterprises can do with new technological pieces has increased the value of IT to such an extent that most enterprises now regard IT as central to their business strategy. However, in the world driven by measurement and quantitative financial benefits, value of IT has remained in the realms of perception. The problems lie in a not so overt connection between IT adoption and direct business benefits. This paper describes a framework for measuring the impact of various IT initiatives using the well-established balanced score card (BSC). Since IT measurement has expanded into measuring IT value and alignment with enterprise vision the framework described here uses the Analytic Hierarchy Process (AHP) to establish the linkages between IT initiatives and enterprise vision as reflected in the BSC. Further there is a need to include judgments of multiple stakeholders for which this framework provides a structured approach for generating consensus.
