IT Valuation and Investment

Syllabus & Course Outline

IT Valuation an Investment

TEACHING TEAM :

Heru Purnomo Ipung

SYLLABUS

Course Code :

Course Title :

#SCU : 3 credits

PREREQUISITE : -

Course Description :

This course provides an understanding for the available methods in evaluating IT Investments and Assets as well as it relation to IT Governance.

The course is designed using Information Economics and the base theory while introducing other methods, and exploring its relation with IT Governance.

Course Objectives

Information Systems (IS)/Information Technology (IT) investments will always be related to costs and benefits. Costs are much easier to identify and calculate than benefits, especially intangible benefits, which include increased company image due to the use of IS/IT. The hardest and most tedious part is the effort to quantify intangible benefits into monetary values in order to make the cost-benefit analysis more accurate. Most of business and IS/IT managers prefer not to go into detail when talking about intangible benefits because the depth of analysis is uncertain. The more practical way in using this financial approach is to focus on tangible benefits, such as cost saving, reduced staff, etc. Unfortunately, reducing or even eliminating the intangible benefits contribution to the IS/IT implementation has degraded the economic value of the investment.

Based on this issue, some thinkers have introduced a much more practical way for business and IS/IT managers to get snapshots of how IS/IT investment is going to be measured, i.e., using the non-financial approach. Some people believe that the two approaches must be combined to have a better and more accurate result. The information economics will be used as the base theory, further sessions will include common and current IT Valuation Techniques as well as the appropriate case in using the techniques.

Upon the completion of the course, students are expected to gain knowledge in the use of Information Economics and Latest IT Valuation methodologies, which combines both financial and non-financial approaches to assess and justify IS/IT investment.

Learning Method

- **8 (eight) Sessions**, including case study discussion, preparation, and presentation.

- **1 (one) Group Case Study**, it is strongly recommended that the case topic will be chosen from among companies in which students are working with. The studied method will be applied to the chosen topics throughout the course. If for some reasons there is no "real" case, then selected cases from textbook(s) will be used. The contribution of each student in making the case report will be assessed by other students in a group, so students in one group may have different marks.

Main Prescribed Textbook

[ISACA] COBIT 5

[ISACA] COBIT ValIT - IT Valiation Framework

[ISACA] COBIT RiskIT - IT Risk Framework

[Parker88] Parker, Marilyn *et al*, *Information Economics – Linking Business Performance to IT*, Prentice Hall, 1988.

[Remenyi] "Effective Measurement and Management of IT Costs and Benefits", D. Remenyi;

Supporting Textbook

[HBR01] "Harvard Business Review on the Business Value of It", Harvard Business Review;

[HBR02] "IT Doesn't Matter-Business Processes Do: A Critical Analysis of Nicholas Carr's I.T. Article in the Harvard Business Review" Howard Smith;

[Devarj] "The IT Payoff: Measuring the Business Value of Information Technology Investments", Sarvanan Devaraj;

++ Related journals, magazines, reports, etc.

Course Outline

Sess.	Instr	Topics	Reading materials, Case StudiesWebsites	Assignment
1.	HI	• Introduction • Introduction to Information Economics and IT Valuation Techniques • COBIT ValIT • Case Study Identification for Course Assignment	Course Syllabus Parker, Marilyn *et al*, *Information Economics – Linking Business Performance to IT* *COBIT ValIT Framework*	
2.	HI	COBIT ValIT Framework - COBIT IT Valuation COBIT RiskIT Framework - Risk Based IT Valuation Information Economics	COBIT ValIT and RiskIT	
3.	HI	Business Model, Value Proposition and System Dynamics Case 1: Scenario Planning - IT Value Planning	Various Papers	
4.	HI	Scenario Planning IT Lifecycle Management Case 2: Early Adopter and Strategic Follower	Various Papers	
5.	HI	IT Value Governance Case 3: Expectation Management Case 4: Change Management and Cultural Issues	Various Papers	

Sess.	Instr	Topics	Reading materials, Case StudiesWebsites	Assignment
6.	HI	Case 5: Benefits Realization Case 6: IT Portfolio Management Case 7: Software Selection	Various Papers	
7.	GL	Finance Investment Basics		
8.	HI	Participant Class Presentation		
		Final Exam		