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Abstract

The challenges with managerial decision-making regarding IT investments are partly due to the fact that the value for money from these investments is far from guaranteed. This uncertainty and unpredictability indicates the need for improved evaluation. Conventional, accountancy-based techniques are no longer enough, due to their sole focus on effects that can easily be translated into short-term financial figures. The concept of business case is essentially about adding something more to investment evaluation than “just” evaluating the investment in quantitative terms. It is an evaluation of the resulting consequences for the business, organization and processes; comparison of investment alternatives, and justification of the proposed action.

The research was conducted as a qualitative case study. Empirical data collection was done by conducting interviews and by observing the operations in the target organization. Four research questions were formulated. What are the characteristics and differences of IT investments to other capital investments? What are the challenges in the evaluation of IT investments? What is a business case framework? How can the target organization improve its investment process by applying the business case framework?

In the theoretical part of the thesis, literature is reviewed from IT investment evaluation point of view. The research on the subject suggests that properly conducted IT investment evaluation is crucial for a successful IT investment. However, evaluation is considered challenging due to the nature of IT investments. They often have qualitative benefits, which are difficult to be quantified, the costs may come from many sources and are usually underestimated, and usually IT investments require complementary investments, such as new strategies and processes to be truly successful. Finally, the concept of business case as a means to evaluate and justify IT investments is introduced.

The empirical part comprises of identifying and analyzing the practices in the investment process of a certification laboratory environment. The current short-comings of the process were identified and suggestions for improvement were made. These short-comings were mainly originating from the lack of focus in the development of investment evaluation and justification culture in the organization. The suggested improvements include the introduction and development of investment governance process with a tailored adoption of the business case framework.

Key words	IT investment evaluation, business case
Further information	