

RELIABLE IT SERVICE COMES WITH PRICE

Edwin Yoyada Pratama

Information Systems Department, School of Information Systems, Binus University
Jl. K.H. Syahdan No. 9, Palmerah, Jakarta Barat 11480
edwin.yoyada@gmail.com

ABSTRACT

Many companies are now considering investing in IT projects. The projects they invest in are very expensive. However the project they invested in cannot be assured to be success in the implementation. About 70% of IT projects are failed due to the poor governance. Some of them are failed because of the lack of understanding of the project value. The decision-maker of IT project should realize that IT project are not all about IT; people using the system should also be considered in investing.

Keywords: *projects, management, IT, failure*

ABSTRAK

Banyak perusahaan sekarang mempertimbangkan investasi dalam proyek TI dikarenakan oleh mahalnya proyek-proyek tersebut. Namun proyek yang mereka diinvestasikan tidak dapat menjamin kesuksesan dalam pelaksanaannya. Sekitar 70% dari proyek TI gagal karena tata laksana yang buruk. Sebagian gagal karena kurangnya pemahaman dari nilai proyek tersebut. Pembuat keputusan proyek TI harus menyadari bahwa proyek TI tidak semua tentang teknologi informasi, orang yang menggunakan sistem juga harus dipertimbangkan.

Kata kunci: *proyek, manajemen, IT, kegagalan*

INTRODUCTION

Nowadays, IT is being invested in many companies. The investment is not only in the large-scale companies, but also in the small ones. This investment is meant to improve business advantage of the company. However about 70 percent of IT projects are failed.

The failure in IT investment is most likely because of the poor governance in the company. The poor governance leads the company to the serious lost of money. Another reason why most IT investment failed is the lack of direction from the top-level management or also might because of the top-level management were over-ambitious.

Other reasons why IT projects fails are because of the decision-maker do not understand and do not know the real value of the project he/she took, the decision-maker do not understand the user of the project being developed, the requirements of the systems are not defined and understood clearly.

The IT manager, CIO, decision-maker, top-level management, or even the board of director should consider these principles before doing investment on IT or taking IT projects: IT project and investment are not all about IT, people using this IT system is the consideration; measure the level of effectiveness in the real practices before approving the IT project or investment; the information and IT usage as a key success factor to drive business projects.

METHOD

Data used in this paper are collected from: (1) literature study – performed to retrieve supporting theories related to the topic of the paper; (2) earlier research as references.

RESULTS AND DISCUSSION

Reasons Why IT Project or Investment Might Fail

There are several reasons why an IT project or investment might fail, even in the beginning of the project. According to Ingersoll (2007), first of all, the IT project may be based on the conversations between the top-level management about features and functions they might want to developed as opposed the problems need to be solved such as reducing cost, or reducing time. In the conversation users might ask features and functions they want to see or use in the systems that are not related to the problems of the company. In the other hand, the team developing the new system may have defined the solution without understanding the main problem.

Second, IT projects or investments are started without a clear understanding of what the objectives are and without the expected end results defined. To be successful on IT projects or investments, measurable and specific goals need to be defined clearly.

Third, the developing team and the people who will use the new system need to work together as a team. As they do not work together, the new system might be different to each person's expectations. This rule is especially true in smaller business using outsourced developer. Much valuable information may be missed when the developer comes to meet the client (in this case is you), doing research or making requirements, and then going back to develop the new system. This process

usually happens to the owner letting the “experts” develop the new system without any further support.

The last reason why IT project or investment fail even from the beginning is that they be only enhancement from the current system that already in place. The new system project or investment were not evaluating the current system, it may result instability of system and cost the company a large amount of money.

IT Capital Planning Investment and Control

Capital Planning Investment and Control (CPIC) is a body of practices and procedures for managing the entire set of a government agency’s information technology (IT) resources as if it were a financial portfolio. The objective of the CPIC is to ensure the maximum return on IT investment. It is a decision-making framework for aligning investments with the agency mission; for selecting investments that are in the best interests of the agency as a whole; and for identifying, managing, and mitigating risks that sometimes cause projects to fail.

The implementation of CPIC involves planning, selection, control, and evaluation. The objective of CPIC implementation and integration is to be the media among senior leadership, investment sponsors, and project teams; also to view investments globally throughout the agency; and to ensure that the IT investment risk is minimized while the benefits are maximized. The processes in CPIC implementation must be efficient to minimize the drain on participant’s time. Some members, however, might need to spend considerable time preparing information, interacting with committees, and collaborating to ensure that IT decisions are in the best interests of the agency.

The greatest obstacles to CPIC success are apathy and resistance. Senior executives often are totally busy in their own program responsibilities. Therefore they find it difficult finding time for CPIC meetings in their overcrowded meetings. The senior executives need to find the create an “efficient market” environment for not all systems and initiatives can be funded; those that are not performing well or providing a return on investment should be discontinued so that the funding can be reprogrammed to other more beneficial investments.

Evaluating how well IT has been invested over the years requires an accurate inventory of all IT assets. Having a comprehensive inventory enables the agency to: (1) determine the size, scope, and dollar value its IT investment portfolio; (2) develop or update its enterprise architecture; (3) decide how to structure its it portfolio; (4) analyze the portfolio to assess its performance and identify opportunities for improvement (Kessler dan Kelley, 2009).

EA analysis examines agency goals and objectives, processes, information needs, existing applications systems, and infrastructure and projects and how these factors need to change to align with strategic priorities. Portfolio analysis techniques pose questions about the IT asset mix to uncover a host of performance issues, such as redundancy, overlap, data interchange deficiencies, and gaps marking insufficient use of IT resources. Portfolio analysis can lead to interesting findings.

Assuring Reliable and Secure IT Services

The inherent reliability of modern internetworks is a legacy of U.S. Department of Defense research in the 1960s that led to technologies robust enough to withstand a military attack. The key to this inherent reliability is *redundancy*: the exceptional large number of potential paths a message can take between any two points in a network. Unfortunately, some components of a firm’s infrastructure are *not* inherently reliable. Every increment of additional redundancy makes outages less likely, but every increment increases expenses as well. It may be possible to estimate the direct revenues your

company will lose if your Web-based retail site goes down for two hours, but it is much harder to gauge how many customers, frustrated by the outage, will never return. Redundant systems are more complex than non-redundant systems, and this complexity must be managed. Businesses need policies that determine how to integrate redundant elements into a company's overall infrastructure: how backup systems and equipment will be brought online, how problems will be diagnosed and triaged, and who will be responsible for responding to incidents. Malicious threats, which are similar to accidental failures in their potential cost and unintended ripple effect, are designed specifically to damage a company's business. Attacks, intrusions, viruses, and worms have no legitimate uses when perpetrated against others' systems. A system that is 98 percent available is, on average, running and ready to be used 98 percent of the time. It is down, or not available for use, 2 percent of the time. In a day, 98 percent availability translates into just under one-half hour of downtime, which might be fine for some systems and businesses. In modern contexts, a 98 percent availability rating for a system usually means that its probability of being up and running at any given time is 98 percent period. In fact, the availability of today's IT infrastructure is often expressed in terms of a number of "nines." "Five nines" means 99.999 percent availability, which equates to less than a second of downtime in a 24-hour day, or no more than a minute in three months, on average.

Munye.com Company Profile

Munye.com is a website for online buying and selling. Munye.com was founded in 2007, and was meant to be a media between members to buy and sell to each other. However, in their business journey, they found it hard to make more profit only from member transactions, so the owners made a decision to sell their own goods to increase the profit.

Munye.com has only 7 employees for now, but it is increased from 4 employees in the first time they were founded. IT decision making in Munye.com is now managed by the owners themselves and supported by the programmer.

IT Problems Faced By Munye.com

As stated above, to have a reliable IT service we have to pay much money. For now, Munye.com has rented a dedicated server in one of the ISP in Indonesia. The ISP chosen by Munye.com is considered the best ISP in Indonesia. However, these days are tough days for Munye.com. The ISP often goes down with many excuses and the downtime is also quite long. This problem is a main problem in Munye.com; downtime means no sales during that period, no access to distributor and product information since information are kept in the server.

The problems are now being managed and discussed by the owner, the manager, and the programmer. The stakeholders considering to buy our own server or to use cloud provided by Amazon.com. To make a decision is not easy, consideration of the downtime might take during server changing, the price of the new server we might take, and also the difficulty that might be faced. Due to the fear of IT failure might happen that seriously cost amount of money since stakeholders have very minimum knowledge in server specification nor the cloud computing.

CONCLUSION

For this case, the author might suggest learning a new system of cloud computing so the company only need to pay what they use. It also might reduce the risk of IT failure. Though the first implementation is not easy, the cloud computing is worth to try.

Due to the high cost of system implementation, learning from best practices about web architecture might be good for the new programmer/ administrator. There should be other alternative affordable methods for beginner-level company.

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