Benefits of information system projects: The tale of two countries

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Abstract

International results emphasise that information systems (IS) projects fail at an alarming rate and do not contribute to the strategy of the organisation. The results also indicate that there is a shift in how IS project success is measured, i.e. towards benefits realisation. This raises the concern whether organisations understand the notion of benefits management. Secondly, does benefits management have an impact on the success rates of IS projects and ultimately the success of the organisation itself? Organisations within the Netherlands and South Africa were targeted to benchmark the benefits management process employed by the organisations against best practices. Semi-structured interviews were conducted within 33 organisations and the interviewees expressed their views on the adoption of the benefits management process. The results indicate that although organisations are aware of and are implementing benefits management best practices, there is still a notion not to relate the delivered benefits back to the promised benefits within the business case. Benefits management also plays a role within individual projects and not just within programme management. Organisations can reap more benefits from IS projects when benefits are stipulated up front and are managed throughout the project/programme life cycle. Enhancing benefits realisation implies that the return on investment improves and that organisations ultimately are successful and sustainable.
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1. Introduction

Organisations realise that information systems (IS) contribute to the overall performance of the organisation and that IS are not merely providing a service (Bennington and Baccarini, 2004). IS are entrenched in the day-to-day running of the organisation and aid in the realisation of the vision and strategies of the organisation (Buchta et al., 2007). Despite this, organisations are not reaping the benefits of IS-related projects and as a direct consequence, IS are not reaching their full intended potential and do not contribute to the implementation of the organisational vision and strategies.

The increased adoption of IS directly influences the spend on IS and their deployment (Turban and Volonino, 2012). In 2012 South Africa spent US$12.91 billion on IS and the forecast is that

South Africa will spend approximately US$14.59 billion in 2014 and US$18.18 billion in 2017 (IDC, 2013). The comparative figure for the Netherlands is €10.3 billion by 2016. Contrary to the huge amount of money spent on IS projects, it was already highlighted in 2005 that organisations in the United States of America (USA) spent nearly $59 million in cost overruns and some $81 million in cancelled IS projects. These losses are attributed to the inability of organisations to adequately perform benefits management (Bennington and Baccarini, 2004; Dhillon, 2005). This trend of increased IS spending and the lack of benefits realisation seems to be an international phenomenon which has not been solved over the last decade (Love and Irani, 2004; Marnewick, 2014; Naidoo and Palk, 2011). The evaluation of IS investments and the subsequent realisation of the promised benefits is a complex affair which is either avoided or dealt with ineffectively (Lin and Pervan, 2003). This was highlighted by Smith et al. (2008) who established that the focus of IS projects is

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on the artefact and not necessarily on the promised benefits that often form the justification for IS projects. As such, many IS projects have failed to show the net benefits identified in the initial project justification. Although most organisations do have existing processes in place to evaluate IS investments and benefits management, only about one-third have a formal benefits realisation methodology (Lin and Pervan, 2003). A literature review done by Coombs et al. (2013) of 32 journal articles over the last 20 years focusing on benefits management highlights the extent to which the concept of benefits management within IS projects has been neglected and remains underdeveloped.

Longitudinal research in South Africa has revealed that IS project success has not improved and projects are failing at a rate of between 12% and 27%. The research also indicates that the success of IS projects is no longer measured just on the triple constraint, but that the focus is shifting towards the realisation of the organisational objectives and of benefits. Given the failure rates, the indication is that South African organisations are not realising the promised benefits either and are thus experiencing the same concerns as international organisations. This article addresses the concern whether organisations within the Netherlands and South Africa are adhering to the benefits management best practices which will ultimately lead to the success of the organisation itself.

There is currently no research on benefits management and the impact that the delivery or non-delivery of benefits has on IS project success and ultimately the success of the organisation. Research is also being undertaken on benefits management through the theoretical lens of programme management, although organisations expect benefits from individual projects. This article followed a qualitative approach and interviews were conducted with role players in the Netherlands and South Africa. The results indicate that organisations are aware of the benefits management process but are not necessarily harvesting the benefits associated with IS projects.

The article is structured in the following way: the first section focuses on current literature and explores the phenomenon of IS project success within the context of benefits realisation. The second section focuses on the research methodology, followed by an in-depth analysis of the interviews. The analysis focuses on the way organisations are currently applying benefits management. The article concludes with a discussion of the findings and the impact on current theory and future research.

2. Literature review

The rationale for benefits management is motivated by the huge cost of IS projects versus the low return on benefits associated with IS projects. As stated by Bennington and Baccarini (2004) as well as Dhillon (2005), organisations cannot afford to waste money on IS projects that do not deliver on the benefits. Smith et al. (2008) argue that the focus of IS projects is on the delivery of project artefacts rather than the targeted benefits that often form the justification for such projects. As such, many IS projects have failed to show the net benefits identified in the initial project justification. This argument is echoed by Breese (2012), who suggests that benefits management within IS was developed to

counter the technocratic way IS investments were undertaken. The focus has moved away from delivering a purely technical solution to a solution that is technical in nature but delivering benefits to the organisation as a whole and underpinning the sustainability of the organisation in the long run. This renewed focus implies that all IS projects should be scrutinised for the promised benefits that they should deliver and this should be the major motivation for initiating an IS project. Lin and Pervan (2003) as well as Zwikael and Smyrk (2012) suggest that some of the reasons for the failure to monitor whether the projected benefits of IS were being realised by an organisation, are the difficulty to assess benefits after a project has been implemented as well as the cost involved to undertake proper post-implementation reviews on benefits.

Benefits management forms an integral part of organisational change management and the primary focus is to increase the successful delivery of quantifiable and meaningful business benefits to an organisation. The change can be stimulated through the implementation of new or upgraded information technology (IT) or IS. The focus is on how business areas will benefit from IS-related changes, and benefits management introduces a framework to start thinking beyond the completion and delivery of an IS project. Ward et al. (2007) is of the opinion that organisational, process and relationship changes create business benefits and need to co-evolve with IS-related changes.

The literature on benefits management can be divided into two major areas. The first major area is the role standards and methodologies play. The Project Management Body of Knowledge (PMBoK® Guide) of the Project Management Institute (PMI) refers to benefits as a way to measure the success of the project itself (Project Management Institute, 2013a). However, benefits and the associated management and their realisation are not seen as part of project management, but rather as the function of programme management. An entire knowledge area, Program Benefits Management, is dedicated to the management of benefits (Project Management Institute, 2013c). Five processes have been identified, i.e. (i) benefits identification, (ii) benefits analysis and planning, (iii) benefits delivery, (iv) benefits transition and (v) benefits sustainment. It must be noted that a programme is defined as a "group of related projects that are managed in a coordinated way to obtain benefits not available from managing them individually" (Project Management Institute, 2013c). The standard for portfolio management does not mention benefits management. It is clear from the PMI's perspective that benefits management is the sole responsibility of programme management. The Association for Project Management Body of Knowledge (APMBOK) defines benefits management as the identification of benefits and how they will be measured and managed throughout the project (Association for Project Management, 2006). Although the project manager is responsible for the delivery of the benefits, the project sponsor uses the benefits to determine whether the project is a success or not. This is in contradiction of PMI's views where there is no reference to the role that the project manager must play in the benefits management process. Managing Successful Programmes (MSP) has an activity called *Realizing the Benefits* (Sowden, 2011). This activity outlines the preparation, delivery and reviewing of activities to take the capability delivered and embeds it within the business operations to realise