

Exploring the Business Case Process for IT enabled Investments

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ABSTRACT

Although some organisations still develop weak business cases, the vast majority does an adequate job in order to build a sound justification for their investment decision-making. However, according to some scholars, a transformation is therefore in which the perspective on business cases shifts from document thinking to process thinking. This study presents a part of an exploration of a process perspective on business cases. In order to achieve this objectives, a group of academic and practitioner experts participated in a Delphi study and validated in total 31 business case practices, of which the majority was perceived as highly effective to support the objectives of a business case process. The paper ends with an exploration of the practical application of business case process practices in the context of COBIT 5, as an instance of a widely used practitioners framework.

Keywords: Business Case, COBIT 5, Conceptual Model, Delphi Study, IT Enabled Investment, Process Perspective

1. INTRODUCTION

Business investments enabled by Information technology (IT) are consistently recognised as investments that hold the highest potential for value creation (Weill & Ross, 2009). The research group Gartner forecasts a stable growth of four per cent per year on IT spending (Gartner, 2013). De Haes and Van Grembergen (2013, p60) state however that “a common and critical dilemma confronting enterprises today is how to ensure that they realise value from their large-scale investments in IT and IT-enabled change.” The development of a detailed business case is perceived to be an essential step in the pursuit of value creation from IT enabled investments (Swanton & Draper, 2010; Ward, Daniel, & Peppard, 2008). Yet, many business cases are developed solely

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in order to acquire a formal approval for the investment and to obtain funding; after which they are disregarded, gather dust on a shelf or are lost on someone's hard disk (Davenport, Harris, De Long, & Jacobson, 2001; Franken, Edwards, & Lambert, 2009; Witman & Ryan, 2010). Some scholars attribute various risks to such an attitude (Avison, Gregor, & Wilson, 2006; S. Brown & Eisenhardt, 1997), while others argue that several advantages of a sound business case come only to the surface if it is adequately used during and after investment implementation (Al-Mudimigh, Zairi, Al-Mashari, & others, 2001; D. Brown & Lockett, 2004; Jeffrey & Leliveld, 2004; Law & Ngai, 2007; Luftman & McLean, 2004; Smith, McKeen, Cranston, & Benson, 2010). In order to realise these advantages, Franken et al. (2009) emphasise that a business case should become a living document that is frequently updated and matures during the entire investment life cycle. This requires a rational transformation on business case use in which people should shift from document thinking to process thinking.

Prior exploratory research in literature and day-to-day operations enabled the identification of multiple individual practices supporting business case use throughout the investment life cycle (Maes, De Haes, & Van Grembergen, 2013, 2014; Maes, Van Grembergen, & De Haes, 2013). Taking a process perspective, the individual practices have been structured into a conceptual model that is developed in line with the process theory (Janowicz, Kenis, & Oerlemans, 2005; Van de Ven, 1992). Hence, the individual business case practices can be employed in order to operationalise the conceptual model of the business case process. As an important step to increase the validity of the business case process model, the present study investigates *through what practices the business case process model can be effective in order to enable well-founded investment decision-making and to ultimately increase investment success?* Therefore, the article has three objectives:

1. To obtain a validated list of business case practices and definitions;
2. To understand the practices' perceived effectiveness / ease of implementation;
3. To identify a minimum set of key business case practices.

These objectives will be achieved by way of a Delphi study in which a group of academic and practitioner experts has been consulted. They validated in total 31 business case practices, of which the majority was perceived as highly effective to support the overall aim of a business case process. The paper ends with an exploration of the practical application of business case process practices in the context of COBIT 5, as an instance of a widely used practitioners framework.

2. CONCEPTUAL MODEL

In academic literature on IT and management, a business case is generally defined as a formal document that provides a structured overview of information about a potential investment. The information enclosed in the business case can be limited to the basic costs, benefits and risks (Hsiao, 2008), or an enriched version may include the identified actions necessary to implement changes and realise benefits along with a benefit realisation plan (Krell & Matook, 2009; Ward & Daniel, 2006). The overall goal of a business case is consistently described as to enable well-founded business decisions to make, let proceed or stop the investment (ITGI, 2008; Post, 1992). Various advantages attributed to business cases result from its continuous use. Business cases can help to monitor the investment progress, budget and risks, while regularly updating a business case increases the likelihood of responding adequately to changes in the investment context (D. Brown & Lockett, 2004; Smith et al., 2010). After the investment has been deliv-

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