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Leadership Groups Embrace Return on Investment Process

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During these difficult economic times of decreasing revenues and budget reductions, the Department of Information Technology (IT) is continually searching for ways to maximize benefits from technology investments. However, with growing lists of customer-requested projects and anticipated Information Technology hour shortages, Oakland County Leadership Groups have struggled to prioritize projects that will most benefit the County.

As of April 2003, the Oakland County Leadership Groups have joined many private sector companies by adopting a new Return on Investment process. This new process was added to the existing project prioritization process that has been in place for several years. Specifically, all Information Technology projects are championed by a project sponsor, who is a member of the department that is requesting the project. The project sponsor presents their project request to the Leadership Group, which is made up of representatives from various County departments. The Leadership Group approves and prioritizes all project requests based on IT staff availability.

The Return on Investment process quantifies anticipated, economic benefits derived from a project and the associated costs to deliver and maintain a project. Once benefits and costs have been quantified, data exists that can be manipulated to provide valuable information for the project prioritization process. The Oakland County process uses three basic statistics resulting from the Return on Investment Analysis: the return on investment, the cost/benefit ratio, and the payback period.

The return on investment calculates the difference of costs from benefits or the net dollar gain/loss projected for a six-year project time period. For example, a new inventory system costs \$40,000 to develop and maintain for six years and the expected economic benefits yield \$20,000 a year totaling

\$120,000 for the same six-year project time period. In this example, Oakland County gains \$80,000 more than what the project costs; therefore yielding a \$80,000 return on investment.

The cost/benefit ratio calculates the percentage of costs compared to benefits, project cost/project total benefit. Using the previous example, the cost/benefit ratio yields 1/3 or 33%. In other words,

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costs equal 33% of the expected economic benefits of the project. So, a cost/benefit ratio less than 100% results in costs less than benefits (a net gain) and a cost/benefit ratio greater than 100% results in costs more than benefits (a net loss).

The payback period identifies the time period required to break even for a project. Returning to the previous example, positive payback occurs during year three. The Leadership Groups benchmark projects to demonstrate a payback period within six years.

The Oakland County Return on Investment process requires that a Return on Investment Analysis (ROI) be completed at the time the project sponsor presents a project to a Leadership Group. It also requires the ROI be updated throughout the project life-cycle. During the project lifecycle, if the updated ROI negatively impacts the forecasted return on investment, the cost/benefit ratio, or payback period, work on the project may be delayed while the Leadership Group reviews the updated ROI.

During January and February 2003, staff from the Information Technology Project Management Office developed a standard Excel spreadsheet to be used as an ROI template and procedures for all Leadership Groups. During March 2003, Project Management Office staff conducted seven training workshops. Over 75 Information Technology Project Managers and County Department Project Sponsors participated in the training workshops. With the process defined and County employees trained, Oakland County leads the public sector in answering how to maximize benefit from Information Technology investments.

For more information regarding the Leadership Group process, see "o:/Infotech/Leadgrp/Procedur.doc" or to review a current copy of the Information Technology Master Plan Quarterly Status, go to <http://www.co.oakland.mi.us/infotech/about> and select IT Master Plan Quarterly Status. If you have any questions, please contact your Information Technology liaison or member of the IT Project Management Office at (248) 858-0810.

Why Do We Need eGovernment? *by Sandy Jaszczak, Content Consultant, eGovernment*

There's a certain human principle that drives change of any kind – fulfilling our needs. We need shelter, food, safety and recreation, among other things. If our needs are being met, then there seems to be no need for change. The desire to meet our own needs is innate to us – it's what drives our actions all day long.

So where does the need for eGovernment fit into this picture of basic human reality?

In the last decade, the Internet has revolutionized the way information and services are stored and moved. People can now shop online at a store virtually anywhere on the planet – they expect overnight delivery, and they expect it to be free. E-mail and instant messaging, cell phones, fax machines, databases and personal digital assistants are all items that have become essential to many people – all tools of this new age of information required in order to fulfill a whole new set of different kinds of needs.

eGovernment will meet these new consumer-driven needs by providing services the way customers expect to conduct business in the future. Take a look at some of the major trends in technology:

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Dot what?



The Internet Corporation for Assigned Names and Numbers (ICANN) is the official organization charged with creating, assigning and regulating Web addresses. Fearing that entrepreneurs and speculators had snatched up so many domain names that others wanting to get on the Net would be stymied, ICANN recently introduced a bundle of new domains. Some were inaugurated in 2001 and the rest in 2002, but most are still not as ubiquitous or as well known yet as the three classics—dot-com, dot-org and dot-net.

Here's an explanation of what all the official domain names are intended to denote:

- dot-com (designed for businesses only, but open to all)
- dot-org (designed for nonprofits, but open to all)
- dot-net (designed for companies with big networks, but open to all)
- dot-coop (restricted to cooperatives, like utilities and credit unions)
- dot-biz (restricted to businesses)
- dot-info (designed for information sites, but open to all)
- dot-name (restricted to individual names)
- dot-pro (restricted to professionals, initially physicians, lawyers and accountants)
- dot-us (designed for any U.S. resident, business or government agency)

Up until recently, ICANN was the only entity introducing names. But an Internet startup called New.net Inc. broke ranks and added unofficial domain names that some surfers might see, though like the newer crop of ICANN names, they remain a rarity. These unofficial designations include dot-inc, dot-llp, dot-ltd, dot-med, dot-agent, dot-law, dot-med and dot-family.

—*adapted from Inc.*

Viruses, Hoaxes and Scams

During an average month, over 400 e-mail viruses, plus 200 Web page (or disk-based viruses) are found and removed from County computers. While every effort is made to keep your County computer safe and free from dangerous viruses, many home computers are left unprotected.

More information on viruses, hoaxes and scams can be found under http://www.co.oakland.mi.us/intranet/common/virus_info.html or call the Software Help Desk at (248) 858-8812.

Trend 1: The Internet and its Web-enabled infrastructure will continue to grow and expand; newly developed applications will target this Web infrastructure; Internet technologies will be used in organizations as the primary application service mechanism.

Trend 2: Service and information will be the primary focus for users; the perception of an organization will be measured on their ability to deliver service. At the same time, the need for security, privacy and accessibility will continue to be a priority for users.

Trend 3: Mobile computing will accelerate dramatically through the use of integrated computing devices; Web technology is the primary delivery mechanism for mobile devices.

Trend 4: The costs of computing resources will continue to decline; human resources will continue to increase in cost.

Trend 5: The shift from legacy systems/client servers to eGovernment network-centric computing environment will allow governments to be proactive rather than reactive, service aware instead of environment aware, and, most important, customer-focused rather than IT focused.

Trend 6: Network bandwidths will continue to increase, thus allowing Internet-based services and information to be provided in a timelier manner.

Now, take a brief moment to imagine the government of the future...what is it that *you will need*? Find out more about eGovernment and access Oakland County's eGovernment Strategic Plan online at <http://www.co.oakland.mi.us/egov>.

Don't Forget to Backup!



Whether you have a document saved on a floppy disk, a database saved on your "D" drive, or a spreadsheet saved on a network drive, make sure you have a backup copy, preferably on different media. Equipment fails and accidents happen!

Backup instructions can be found under <http://www.co.oakland.mi.us/ittrain/assets/docs/Winntbu.pdf>. If you have any questions, please contact the Software Help Desk at (248) 858-8812.

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This newsletter is designed to share useful technology news and information with Oakland County Employees!

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