

# The True Cost of Technology

*How much has your company invested in information technology?*

*Have you got your money's worth?*

*I already know the answer, and it's not very encouraging.*

Jim Davidson

IF YOU ARE ANYTHING like the rest of us, you've spent millions. And you can't quite account for where the money's gone or what the expense has actually accomplished. This is not a harsh criticism of IT specialists, just a very painful observation. Even the brightest minds with the sharpest pencils cannot perform a cost-benefit analysis that directly relates IT expenses to profit and loss. The cruel reality is that the true cost of information technology—the art of capturing data and converting it into useful information—cannot be measured simply or accurately, if at all. This is a serious management problem, because what can't be measured, can't be evaluated.

The value of technology is based on our collective assumption that we are better off with it than without it. This is true only if the technology you acquire actually addresses the problems you set out to solve or if it efficiently streamlines business activities. Unfortunately, we don't always get what we pay for—we usually get less. And most often we make IT expenditures without the benefit of an internal barometer telling us what it should cost. We all have a sense of what most business expenses "should" cost, yet operate with a blank-check mentality when it comes to IT. Not enough of us ever relate IT spending to actual economic results.

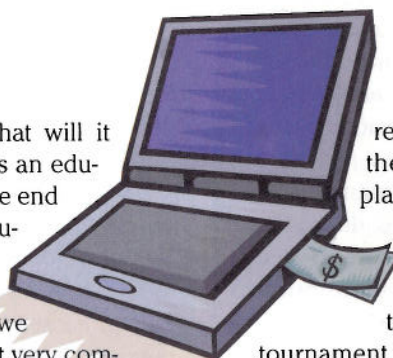
So, how to proceed with IT expenditures? With extreme caution. Our company is currently facing significant expenditure to upgrade our transportation management system. Over the years we have developed or acquired multiple business divisions, all of which use different software. The time has come for us to purchase a unifying platform. It's something we have to do to protect our future and remain at the top

of our game. But what will it cost? All I can offer is an educated guess that in the end may be wildly inaccurate. Truth is, we'll never know the total cost or whether we have spent wisely. Not very comforting to someone wanting to make a good decision and a sound investment.

Let's face it: we are all reluctant to spend big money on IT, even when we believe the results can cut waste and reduce costs in the long run. Admittedly, if our organization weren't facing increasing challenges from internal software incompatibilities, we might never make a change. Okay, I admit "never" is wishful thinking. But considering that one of our most efficient divisions is currently operating with 16-year-old technology, our impending IT expenditure and the requisite adjustment to a new system are all the more difficult to accept. If it ain't broke, I don't want to have to fix it.

I'm a techno-realist—a great believer in continually assessing how technology helps or hinders prevailing methodologies. And when something works, I like to keep it working, hopefully to its full potential. With technology that's not always possible.

I find it amazing how technology never gets to age. Consider our 16-year-old TMS. I bet it could keep on going for a good many years. How many? We'll never know—it's being forced into retirement. Just like your automobile, your cellphone and your laptop, you'll replace them with something new, better or different before they die of old age. Notice too how technology is never completely used up. You seldom make full use of any technology; there are always bells and whistles that



remain silent. So why are they there in the first place? Why do I have to pay for what I'm not going to use?

This brings to mind the results of a recent tournament for computer programmers held in Las Vegas. The winner made a point of avoiding the bells and whistles. Given only six hours to design a computer program, he spent a good portion of his allotted time asking questions. He kept asking questions until he clearly understood what the judges wanted his software to do. He then set out to design a system that met the requirements—nothing more and nothing less, no extra features at the expense of more basic functions. He focused on making sure his software worked to specifications and he even finished three minutes ahead of the deadline. For his efforts he won the \$25,000 first prize.

If only all IT suppliers took the same approach. Granted, we the customers don't always know what we want or what we can get. We adopt an "I'll know it when I see it" attitude, making it almost impossible for any programmer to develop software that isn't padded with unnecessary features—just in case they're needed. So one really needs to proceed with caution. I look forward to partnering with an IT supplier willing to ask lots of questions, to probe, to investigate, to understand what we need the system to do, and then design a system that does exactly what's required. Nothing more, nothing less.

There's no sense in delaying the inevitable. We're going to do what we have to do. We'll do it because our future depends on it. I wonder if that Las Vegas tournament winner is available?