

# Beyond the numbers

CEOs and executives see competitive impact of IT as more important than cost. **By James Lane and Hersh Chaturvedi**

Information technology is increasingly becoming a competitive advantage for companies, according to a national survey of executives conducted by The Ohio State University's Fisher College of Business, Mirifex, InfoCision Management and Smart Business.

And, executives overwhelmingly expect the IT impact on their businesses to increase substantially over the next few years.

The survey of 112 executives — mostly CEOs, CFOs and COOs — reported that 66 percent say cost is not a strong indicator of IT performance. Nearly 70 percent say they are satisfied with IT spending growth relative to their business's growth.

Those rating competitiveness "more important" say it is nearly five times more important than IT-related costs and rate several areas as "more important" — ability to operate globally, speed of serving customers, ability to serve customers via the Internet and flexibility in production plans.

Despite their general satisfaction with IT performance, nearly one-third of the executives surveyed say their companies are either currently outsourcing or planning to outsource their IT operations over the coming months.

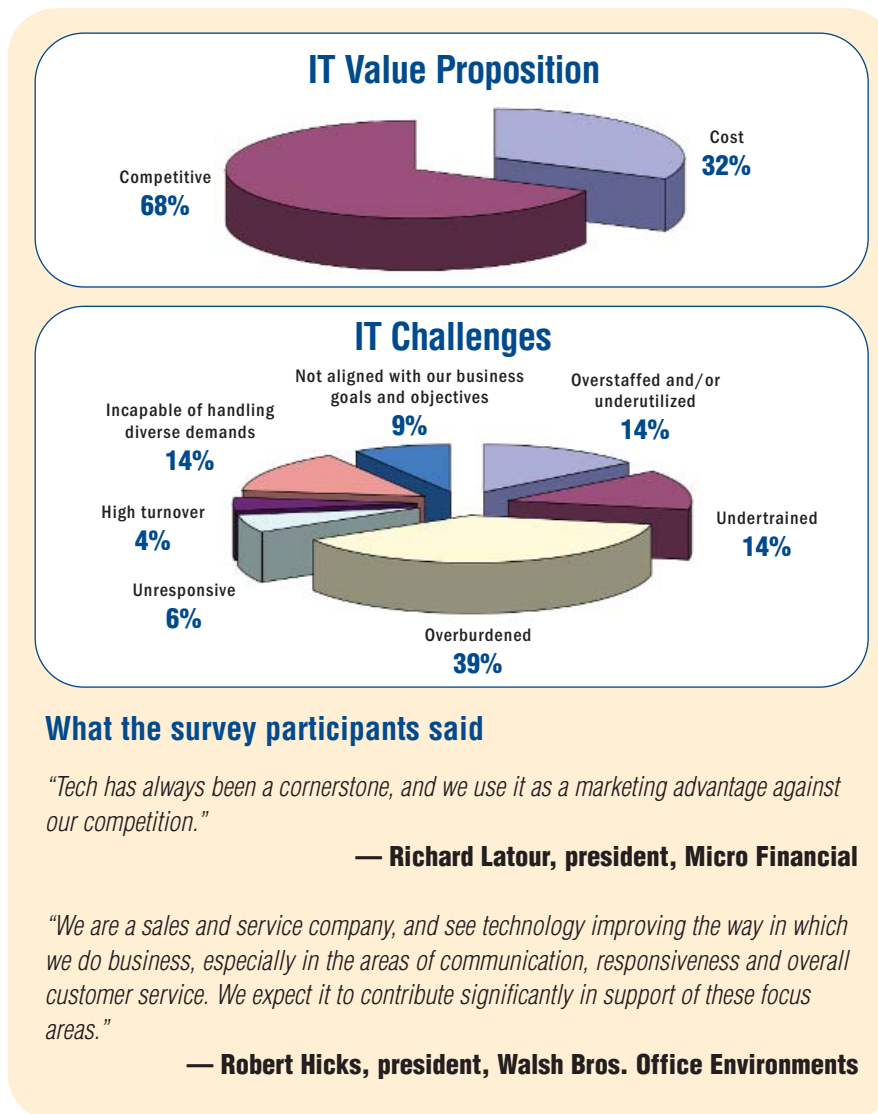
Operations rate about the same in overall satisfaction between those companies that do and don't outsource. However, executives at companies outsourcing IT operations say they are "very satisfied" about twice as often as other respondents.

Among the survey's findings:

- About 60 percent of respondents use projected ROI to approve a project while only about 40 percent determine after-the-fact whether the value proposition has been met.

- Executives at firms that outsource their services are more satisfied with their IT cost increases relative to company growth than are those that run in-house IT operations.

- Most firms that outsource IT operations use domestic service providers rather than overseas providers.



- Executives at companies where IT contributes to a competitive edge often do not view IT leadership as contributors to strategic planning or business innovation initiatives.

- Respondents who say technology negatively impacts their business cite three common challenges.

1. Business obsolescence due to technological advances such as in travel agencies and the Internet

2. Costs for implementing systems that kill their value proposition, such as health care and HIPAA regulations

3. Competitiveness that drives the need for systems such as ERP that are beyond the reach of smaller businesses.

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