

Coverage: Finextra.com

Date: 11 March 2009

Weblink: <http://www.finextra.com/fullstory.asp?id=19745>



11 March 2009 - 00:47

Banks failing to realise value of IT investments - Cass Business School

A study by the Cass Business School and ea Consulting Group has found that communication failures and cultural differences between IT departments and business units within the UK's leading banks are hampering the industry's strategic development and business effectiveness.

Twenty five senior managers across 24 UK firms, including nearly all major UK retail banks, were interviewed for the research. It found that financial services firms are being held back and not realising strategic level advantages due to the way in which project portfolios are being managed.

In many cases, the IT department was the only area within a business that had complete visibility of the project portfolio due to the heavy requirement for technology in almost all project tasks. Consequently, IT departments were often the only part of the business able to make decisions on the priority of projects and the allocation of resources.

Business units making demands on the IT teams were found to consistently place their own projects on the highest priority, frequently putting them at odds with overstretched IT departments. Further compounding this issue, IT departments frequently failed to appreciate the requirement for business units to change the scope of projects according to changing business environments.

As a consequence, says Chris Storey of the Cass Business School, "resources are being wasted and the strategic advantages that project portfolios should be delivering are not being realised."

He says robust systems need to be implemented by top-level management to oversee project portfolios and the allocation of resources.

"IT departments should be collating project information to provide senior management with portfolio wide visibility and not being relied upon to make decisions according to the value of projects or their priority," the report concludes.