

NEWS RELEASE

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UAlbany's Center for Technology in Government and Software Industry Leader SAP Collaborate on Public ROI Research

Research to Inform Ways Governments Can Uncover True Value of Programs and Services

Albany, NY - The Center for Technology in Government (CTG) and SAP, the world's leading provider of business software solutions to public sector organizations, are partnering on a new ROI research project focused on improving government's ability to analyze expected returns on information technology (IT) related investments. SAP has contracted with CTG, an independent research center, to produce a comprehensive, non-proprietary public ROI methodology.

The timing of this project is significant. Nearly 70 percent of public sector executives worldwide stated in a recent **Economist** study that they aim to measure social returns on IT initiatives and make these transparent to citizens and stakeholders in the next five years. Various analyst projections indicate government IT spending will grow strongly during the coming years, surpassing many commercial sector markets. However, in the face of such historic spending and need for accountability, public sector organizations lack comprehensive methods that will allow them to measure the full value of IT investments for the public.

CTG will develop a comprehensive, non-proprietary public ROI methodology to guide government managers in designing and conducting public ROI analysis for their investments. The initiative has already brought together over 20 public sector practitioners and academic and private sector thought leaders from organizations around the world, including Harvard University's John F. Kennedy School of Government, SAP, Accenture, Gartner Research, Cisco Systems, and a host of government agencies from North America and Europe. At a CTG workshop in Albany this past summer, these leaders helped to define the core issues of government ROI analysis and frame the next steps of CTG's work.

As part of this research, CTG is developing a preliminary Public ROI methodology that it will test and develop further based on case studies conducted over the next six months. The studies will look at international cases where government organizations have conducted some substantial ROI analysis for a specific IT investment. CTG plans to work with U.S., Canadian, European and other international government organizations to produce results that are insightful and useful across geographic, cultural, and political boundaries. CTG's analysis of the case studies data and related research findings will help refine its Public ROI methodology; the results of which will be made publicly available in a white paper on CTG's Web site.

"For years, assessing public ROI for IT investments has been a complex and difficult problem," said CTG deputy director Anthony Cresswell. "We expect this research to produce results that will make a major contribution to the ability of governments of all types to enhance the political, social, and economic value they obtain from IT investments."

In May 2005, SAP launched a Public ROI initiative aimed at defining the value of IT for public sector organizations. The goal of this project was to move beyond financial and operational-based quantitative methods and to evaluate the qualitative intangible benefits of IT transformation, including societal and political value. SAP's work with CTG is an extension of this program and builds upon CTG's prior work on public ROI. In August 2004, CTG produced a guide, *Return on Investment In Information Technology: A Guide for Managers*, that presented a practical approach for government decision makers looking to understand what ROI analysis can and cannot do. Working together, CTG and SAP hope to address the current weaknesses in ROI analyses to produce results that will help governments around the world to go beyond the financial and operational measurements used to demonstrate success.

SAP has heard from our worldwide government client base the need for a better framework to measure how government IT initiatives are serving the public," said Tom Shirk, president, SAP Global Public Services. "Concurrent with global corporate governance trends in the past years, governments are looking for ways to be more accountable, transparent and to show value to their constituents. As the leading software provider to the public sector, SAP has the experience helping federal, provincial, state and local governments achieve public ROI

for many years. Our focus now is to fill the void in the marketplace and help governments and public organizations define the social, political and operational value achieved through IT transformation."

The Center for Technology in Government is an applied research center devoted to improving government and public services through policy, management, and technology innovation. The Center, located at the University at Albany, works with government to develop well-informed information strategies that foster innovation and enhances the quality and coordination of public services. For more information visit www.ctg.albany.edu.

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