

Section I: Why Assess Public ROI for Government IT?

The scope of government investment in IT and the associated problems certainly deserve serious attention. Both the levels and growth rates in government IT spending are substantial. The most recent data available shows that the level of this investment in both the industrialized countries and the developing world has grown to a very large scale.

- European government IT spending is expected to increase from US\$110 billion in 2005 to US\$119 billion by 2007, with US\$26 billion in the UK alone, which is about 40% above Germany or France.
- IT spending by Asia-Pacific region governments, excluding Japan, is expected to reach US\$31.7 billion by 2010, from US\$22.7 billion in 2006.
- The Chinese government expenditures of USD\$5 billion in 2004 are expected to grow 16% in the following five years.
- India spent US\$943 million on e-government in 2002, and this figure is predicted to increase by 15% a year to US\$3.3 billion by 2009.
- The U.S. federal budget for fiscal year 2007 provides \$64 billion in funding for IT investments, approximately a 3% increase from the 2006 enacted level of \$62 billion. Total state and local government IT spending was about \$55 billion in FY2004 and is expected to grow to \$62.4 billion by FY2009.

Though what is included in the IT category may vary across these examples, the overall scale of expenditure remains substantial. (1)

This level of expenditure is receiving increasing scrutiny. The reason for this scrutiny is clear, according to Andrea DiMaio, a Gartner Vice President focusing on the public sector: if governments do not accurately measure the full value of their IT investments, they risk a serious political backlash. They will be accused of wasting billions of pounds of taxpayers' money on unnecessary technology.¹ This sentiment has reached the US Congress. In July of this year the Senate Appropriations Committee recommended no funding for the administration's 2007 e-government initiatives, reporting that it— the committee has no confidence that the amounts being assessed have any relationship to the benefits anticipated to be returned.² And in the House of Representatives, the current appropriations bill calls for a cost-benefit analysis of all e-government initiatives. According to Mike Hettinger, staff director at the House Government Reform Committee's Government Management, Finance and Accountability Subcommittee, "the language speaks for itself and reiterates what the subcommittee has been saying for the past year, that in order for this initiative to be successful, we need to have a better understanding of the costs and benefits and clearer guidance for the agencies to follow."³ (2) Certainly this enhanced attention to ROI for IT must include a comprehensive and effective way to deal with the public value side of the problem.