



What the monitoring parties say:

- Gartner Group published a survey in 2002 which found that 20% of all expenditure on IT is wasted
- IBM in 2004 surveyed Fortune 1000 CIOs (Chief Information Officers) whose average view was that 40% of all IT spending came to nothing
- A survey by The Butler Group found that in many companies less than 8% of the IT budget is spent on change initiatives that bring value to the business (2005)
- The 2006 The Standish Group study found that the split between successful and challenged / failed IT projects was 35% to 65%



Rowallan Software Services

Rowallan Software Services Ltd was established in 1994 in response to a need for realistic and practicable advice for busy IT departments and, in particular, development teams.

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Software Project Failure – Part 1

by Larysa Szalapaj

During the recession of 1990 – 1992, the previous recession seriously to affect the UK, many companies cut IT budgets and reduced headcount. The intervening period has seen enormous advances in technology capabilities and in associated techniques too, such as project governance and management. The trend in the last two decades has been to improve structure in the practices of defining, approving, and producing software solutions. The recent recession found IT leaders in a similar position; reviewing structures and projects for their contributions to reducing operating costs.

We are, officially, and only just, no longer in recession; at least that is according to the most recent government statistics. Should we now stop reminding ourselves to be less confident and more focused on the return on investment expected by our stakeholders? I've gathered a number of examples to illustrate how the road to achieving value for money is littered with failure, ensuring that we treat the realisation of our plans with the utmost seriousness.

December 2008: USA bed and mattress retailer abandoned its software implementation without blaming the vendor, reduced its workforce by 22% having started to replace IT systems without proper justification.

December 2008: UK Department for Transport Shared Services (HR, payroll & finance support) project failed due to poor planning & management, imprecise requirements gathering, unrealistic schedules. Initial estimates were net benefit over 10years would be £57m; current forecast is for £81m net loss.

April 2007: British Gas implemented a new system and after a year had more than doubled the number of customer complaints. "British Gas has approximately 30% of all gas and electricity accounts in Britain but more than 70% of all complaints," Energywatch said.'

May 2007: UK Register Offices abandon new online system for the registration of births, deaths and marriages. A £6m system meets 'complete system failure' after the failure of volume testing.

July 2005: Parliamentary Intelligence & Security committee stated that SCOPE, a communication system linking UK intelligence agencies, was going to be have less capability, take 3 years longer and cost 50% more than original estimates.

October 2004: Leading British supermarket chain abandons a new supply-chain management system after trying to make its \$526m investment pay off and hires 3000 clerks to stock the shelves manually.

January 2003: "Libra", a system for Magistrates Courts PFI contract for £184m over 10.5 years was awarded in 1998 covering upgraded infrastructure, office automation facilities, a national casework application and electronic links with other criminal justice agencies, was described by the chairman of the Public Accounts Committee as, "One of the worst IT projects I have ever seen." By May 2000 costs revised to £319m over 14.5 years. The deal subsequently collapsed and was renegotiated at a price, for the infrastructure alone, of £232m. The total system would now take 8.5 years to develop and cost around £400m. The department was forced to procure new contracts with other suppliers for software and systems integration. In June 2006 the National Audit Office noted that "...it was not demonstrated that the financial value of the benefits exceeds the cost of the Programme"

A fair assessment of what goes wrong in projects is often difficult to obtain, in particular in the private sector, public projects are more likely to be documented and published.

In Part 2 we'll list the most commonly identified causes of failure & offer some pointers for their avoidance.