

Is it acceptable to overspend on IT projects?

CIO Connect Editorial Insight

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Value has been the word of 2009, with CIOs expected to cut operational IT expenditure and sweat existing technology resources.

It is a tough gig, especially as project remits often change. Take the public sector, where IT projects have contributed to more than £11bn of a total overspend of £19bn in capital spending initiatives by the government, according to the TaxPayers' Alliance.

Sympathy for some element of overspending seems high amongst CIOs. As much as 83% of respondents believe it is acceptable to overspend on IT projects, according to this week's CIO Connect poll.

While the headline figure might seem high, the option to overspend on a technology project comes with a series of tightly constrained conditions, covering scope, contingency, opportunity, business case and governance.

"The scope could change or the business opportunity could rise with an increase in spending," responded one CIO, who recognised that IT project requirements can change in-line with new openings. Another IT leader drew similar attention to project scoping.

"The situation depends on the maturity of the estimation model and the application of the cone of uncertainty throughout the various phases for delivery. Overspend should, however, be minimised beyond the design stage."

Other IT leaders drew attention to the needs of other executives; overspend can be justified if the business case warrants it: "Quite often the case will be driven by changing business requirements. Overspending also depends on your approach to allowing for contingencies in your project budgets."

Contingency was also a common theme for other members, many of who recognised that room for manoeuvre is a key feature when matching IT implementation with business case: "There has to be the flexibility to overspend because projects are not a predictable science. The key issues are the controls and the validity of the business case that underpin the viability of the project."

And when it comes to matching ever-changing business requirements, CIOs should not shoulder the blame alone and must recognise the importance of processes and standards: "This is not simply an IT issue; this is a project management issue," concluded one CIO. "If proper project governance isn't put in place, no project will either estimate its budget or come in anywhere near it."

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What do you think? Email your comments to the editor:

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<http://www.computing.co.uk/computing/news/2253644/projects-responsible-11bn-cost>