

Bigger than Buying a Car: A Tax Administrator's Guide to Making Wise IT Investments

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3 Reasons Wise Investments are Important

1. Systems are expensive
2. Budgets are tight
3. Failure rates are high



Failure Rates of Major IT Projects

- “On average, about 70% of all IT-related projects fail to meet their objectives” (*Lewis, 2003*)
- 32% succeeded, 24% failed, 44% challenged (*Standish Group, 2009*)
- “Unsuccessful IT projects are more likely than successful IT projects” (*Qassim, 2008*)

What is a “Wise Investment”?

- Meets your needs and expectations
- On time
- On budget
- Positive, trusting long-term partnership

The Importance of Making a Wise Investment



Worst Practices (Car Buying)

- Failure to do your homework
- Primary reliance on ads, brochures, car salesmen
- A belief you have nothing to learn from others because “you are different”
- You become enchanted with the wrong things (gimmicks, gadgets)
- Delegate your decision to others (hobbyists, car geeks, hear-say)
- You believe “bad things don’t happen to good people”

Worst Practices (IT Investments)

- Failure to do your homework
- Primary reliance on ads, sales people
- A belief you have nothing to learn from others because you are different
- You become enchanted by the wrong things (gimmicks, gadgets, etc.)
- You delegate your decision to others
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Procurement “Best Practices”

- These projects by their very nature are high risk
- It is important to manage the risks at every stage



Begin Before the Proposal

- Pre-proposal workshops
- Scripted demos
- Learn from others
- Site visitations
- Read other RFPs



What to Find Out

- What is the vendor's past performance?
- Who delivers on time?
- Who delivers on budget?
- Who is continuing to improve their product?
- How much tax experience do they have?
- Do they have strong references?
- How strong is the project staff?
- Who has a reputation for being a good partner?

Stumbling Blocks to Avoid

- Hanging onto the “bleeding edge”
- Dictating “how” versus “what”
- Limiting responses unintentionally
- Not aggressively checking references
- Evaluation scores that don’t reflect what’s important
- Not being open to different ways of accomplishing the end goal

Conclusion

- It's important to manage risk at each step of the process
- Trust – but verify

