



TECHNOLOGY INVESTMENT DECISIONS: 10 KEY QUESTIONS

Directors and management of a financial institution should be able to answer the following ten questions as they consider technology investments. These questions draw out important issues such as why the technology is being implemented, the alternatives considered, and what returns can be expected. Note that the organization must have a clear understanding of its core business strategy before its leadership can thoroughly evaluate any kind of investment. As part of this review, the directors may wish to ask an independent consultant to make recommendations on the proposal directly to the board.

1. How does this investment further the core business strategy of the organization? Has it been preceded by an institution-wide assessment of technology needs? What problem are we trying to solve, or what opportunity are we seeking to gain, with this technology?
2. What has been the experience of similar organizations, in our country or elsewhere, that have used technology to solve these problems? What are alternative approaches, including renting or leasing equipment, using older versions of software or hardware, choosing high-quality local technology products, or performing tasks manually?
3. What criteria and process (e.g. open bid, reference checks) were used to select this particular technology and this vendor, from among at least three alternatives? Was the technology requirements document or request for proposal (RFP) sufficiently detailed, including contributions from all relevant staff in the organization? Was it reviewed by an independent consultant for thoroughness, to help us ensure that there will be no disagreements with the vendor on the precise deliverables and quality of performance we expect?
4. What will we own as a result of this investment? What is the vendor's capacity to provide technical support? Are we dependent on this technology vendor to maintain the system we purchase, or can other vendors improve the product?
5. How will we change key business processes to ensure that we take full advantage of the new technology, so that we don't simply gain marginal improvements in efficiency or scale? How will we help staff and clients adapt to the new processes and adopt this technology?
6. Who will be the project manager, and does this person have the required project management skills and experience? Do we require external specialized consultants to guide us through this implementation?
7. What are the total project costs, including hardware, software, training, project management, consulting, staff time and running costs? Have we taken into account that staff time and training can be 3 to 6 times the cost of hardware and software? Does the size of investment make sense when compared to total assets, or to annual operating expenses?
8. What quantitative benefits do we expect to realize during the pilot project and once it is complete? What indicators will be used at milestones and as targets to evaluate progress and success or failure?
9. What is the expected return on this investment? How have we come to this result, considering both the potential benefits and the complete set of costs?
10. What next step or investment will we make if this pilot project is successful? For how many months, or years, can we use the equipment or infrastructure we are purchasing? What if we reject this proposal – what are the consequences?