Chapter II

Impact on Society: The Missing Dimension in Evaluating the Benefits of IT in the Public Sector

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ABSTRACT

This chapter explains the need for a new dimension in the evaluation of the benefits of information technology where the technology has impact is on the broader society rather than just on the organization that implements it.

In the early 1990s, when DeLone and McLean (1992) developed their framework, the benefits described were intra-organizational. A decade later, many major IT systems directly impact on the society within which they function. This is the especially true of systems designed to provide the interface between government and the private sector. Additionally, the procurement environment is increasingly becoming more complex for practitioners with new e-marketplace developments.

This case illustrates specific peculiarities and constraints on public sector use of e-marketplaces. It provides an evaluation framework that can be used by public sector organizations when examining the adoption and evaluation of e-marketplace procurement that emphasizes the experimental nature of many e-commerce related projects.

INTRODUCTION

Procurement historically was "the activities which ensure the availability of material in the desired quality, quantity, place and time to the requesting unit" (European Logistics Association, 1994). The intervening years have seen subtle change; in particular today "procurement" encompasses both materials and services, particularly with the emphasis moving from service delivery to purchaser provider models in the public sector around the globe.

This chapter covers the main issues in relation to the procurement environment and benefits evaluation of IT projects in the public sector. These issues are by no means limited to the public sector however, as corporate social responsibility Web sites such as the "Business in the Community" site demonstrate (Business in the Community, 2002). The details of the case study are described together with the research method. The usefulness and validity of the various benefits frameworks are then discussed and conclusions are drawn on ways that they can be improved.

PROCUREMENT ENVIRONMENT AND THE RISE OF E-MARKETPLACES

There is ample evidence that in the private sector procurement environment benefits, risks and opportunities may accrue to both purchasers and suppliers (Greenstein & Vasarhelyi, 2002). When e-marketplaces are established as an independent business, this may bring a third party into the benefits equation. Even in this situation, the assessment of benefits and costs is relatively straightforward. However, public sector procurement can be a far more complex environment with its potential to impact on a variety of other policy issues of interest to stakeholders, particularly the government of the day and the bureaucracy. For example, in Western Australia, the state government has a "Buy Local" policy that is expressly designed to further the government aims of regional development, rather than to achieve the most cost-effective procurement for the purchasing agency.

There has been a plethora of e-marketplaces developed in the last decade. These marketplaces come in many forms.

- The development of traditional markets into electronic marketplaces, for example, the conversion from floor trading to electronic trading at most major world stock exchanges.
- Some markets have been established as vertical markets to service specific industry sectors, including motor vehicle manufacture, mining, plastics and the pharmaceutical industry.
- Some markets appear to have been established simply on the basis that integrated software solutions enable them to be effective, for example www.Mysap.com.

On another dimension, markets have been established by:
- Buyers (typically where the buyers are in a position of power in the market)
- Sellers (typically where they have the power)
- Intermediaries (typically where there is threat of disintermediation in the market)

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