



Aalto University  
School of Business

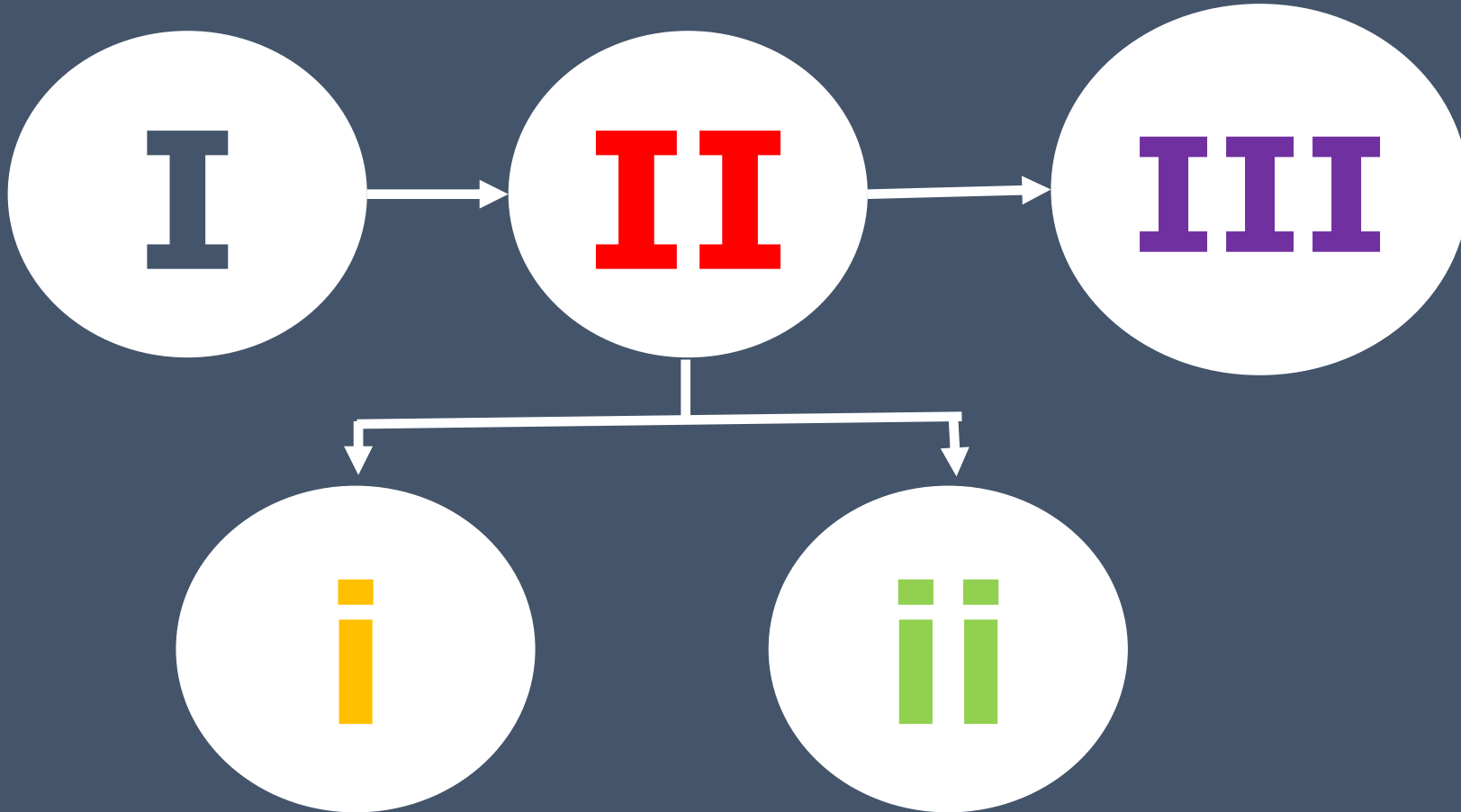
# The AIS investment process

*by Arpine Maghakyán*  
*Lecture 4*

Investment  
process

Develop or  
buy AIS?

Maintenance

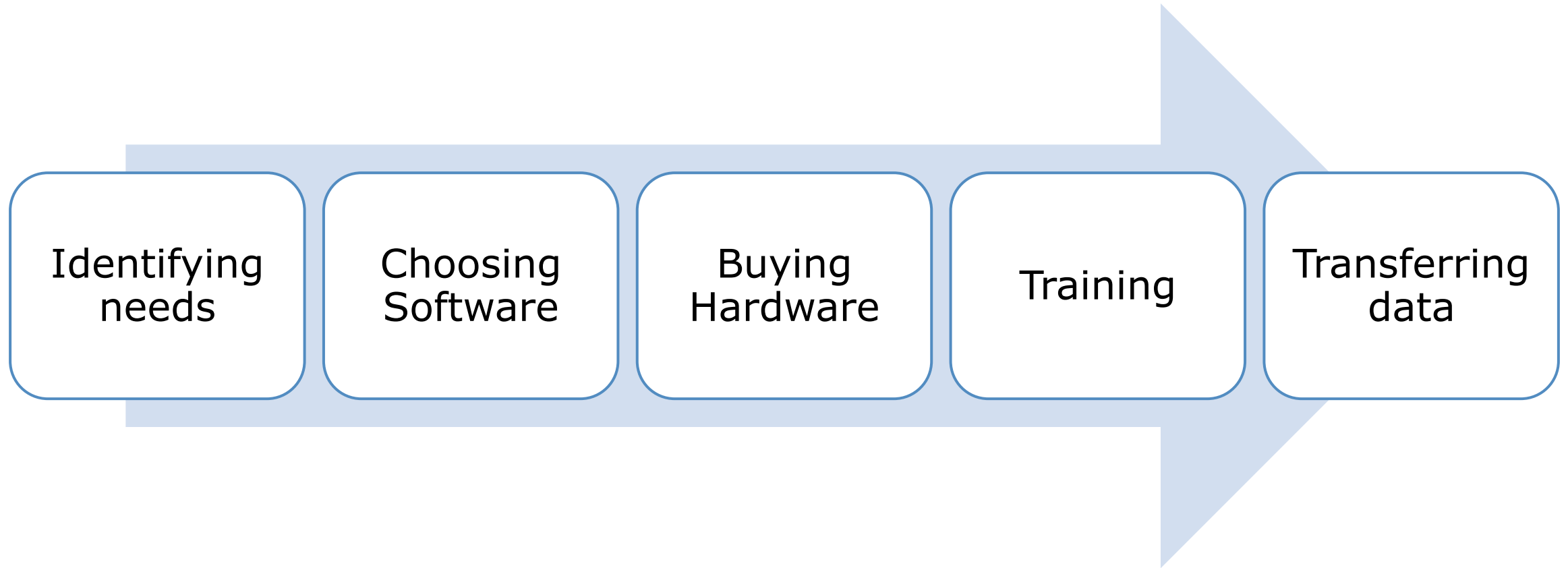


In-House  
system

Purchasing software  
package

# I. Investment process

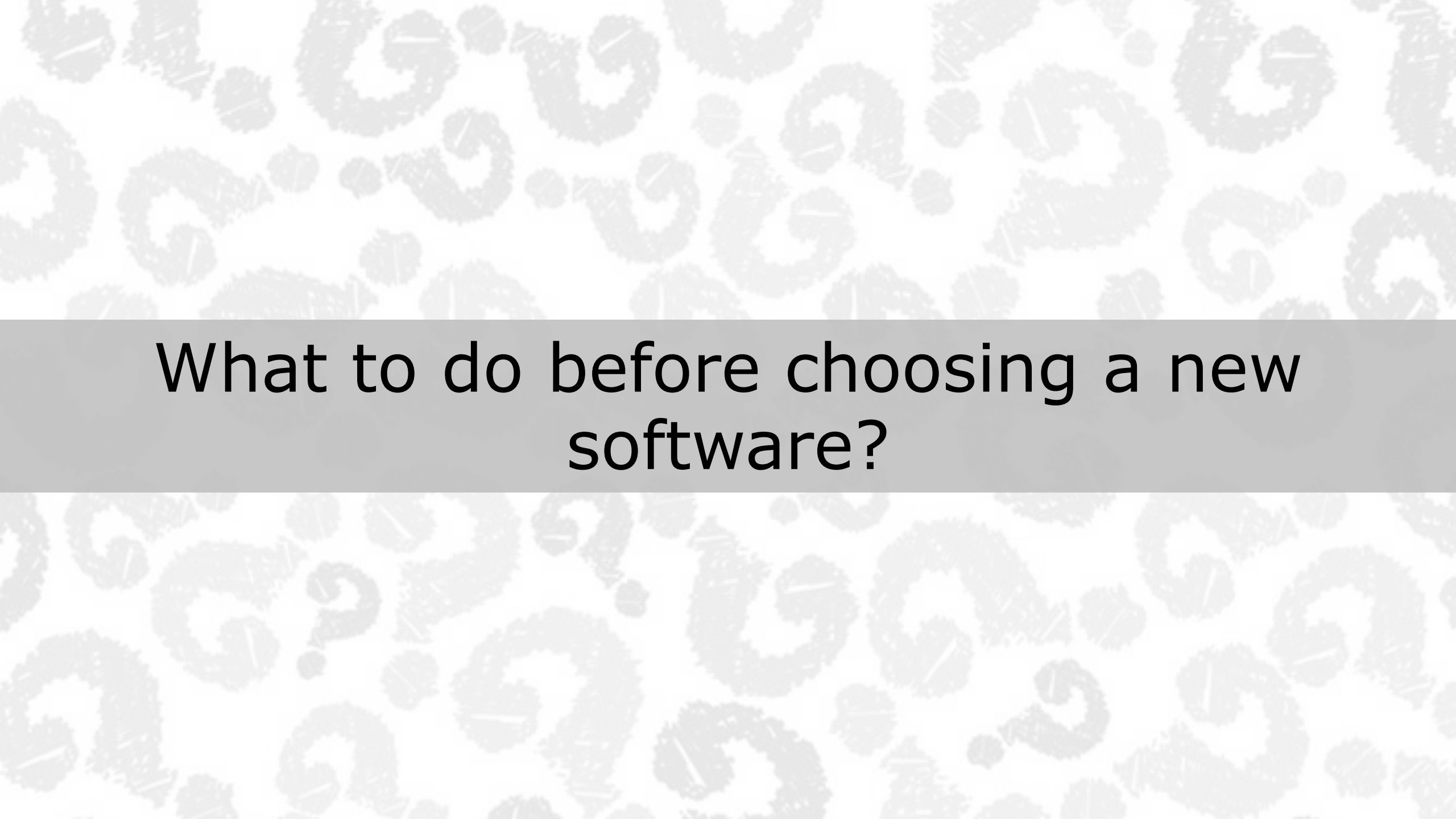
# Process to the new AIS





What are the benefits of the new AIS?  
Why invest in a new AIS?





What to do before choosing a new software?





Right timing





Industry specific requirements





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# Changes in legislation

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# Needs to make changes in your business process





New team or new skills?



# Scared of the change?

Fear

Lack of support

Prior changes

Communication

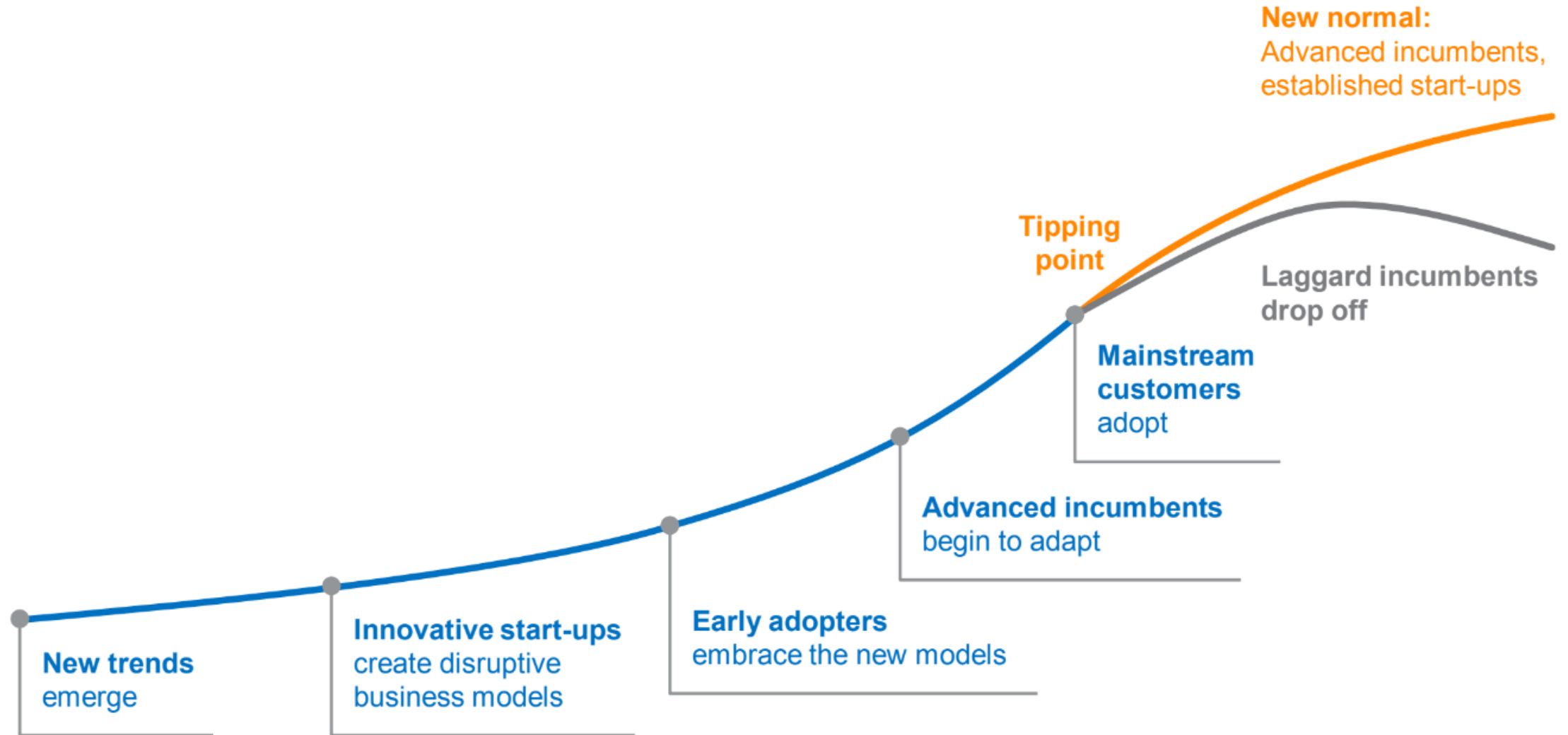
Disruptive nature of change

Manner in which change is introduced

Biases and emotions

Personal characteristics and background

## Digitization starts with pioneering firms, then spreads to entire industries

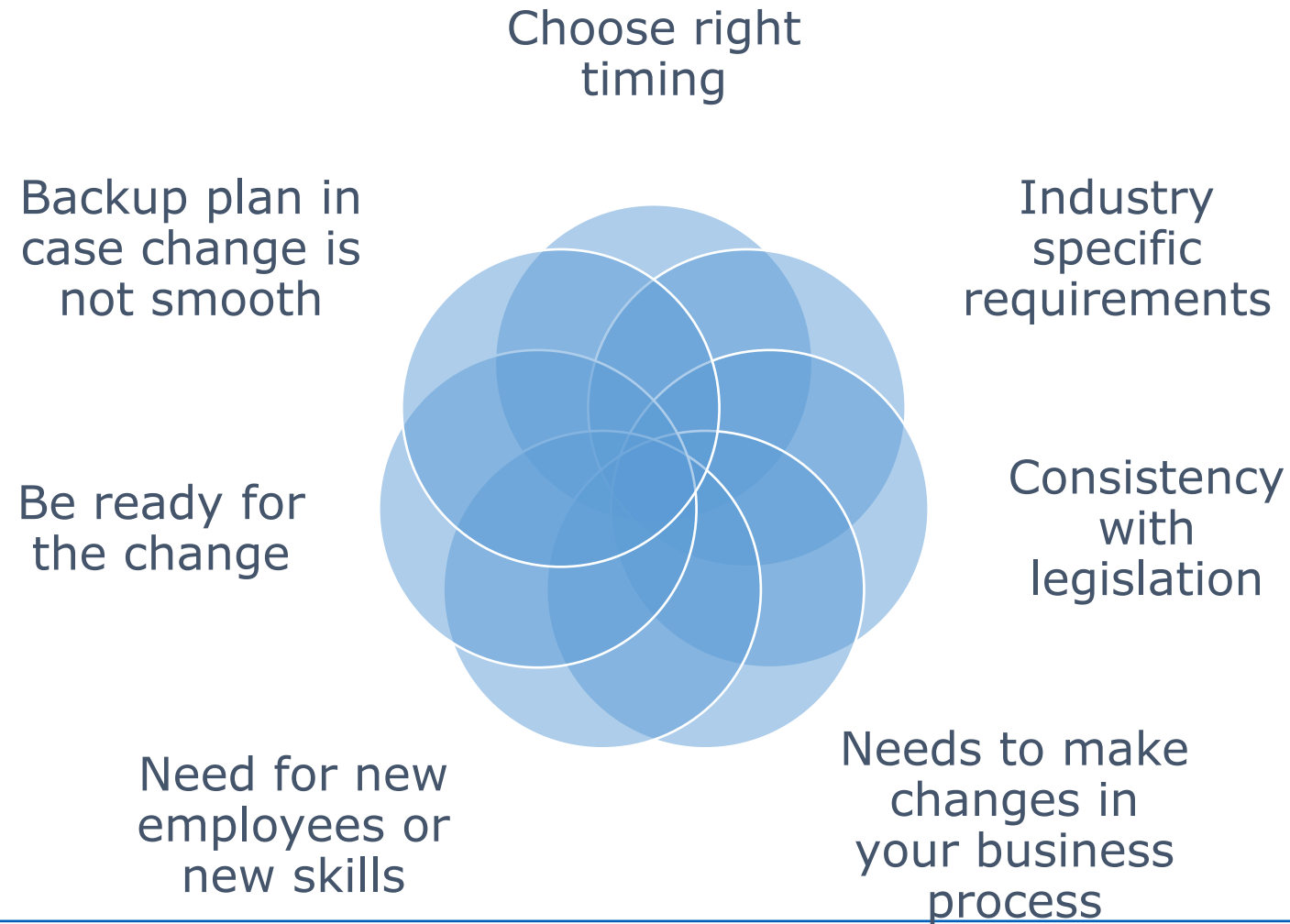




Backup plan in case change is not smooth

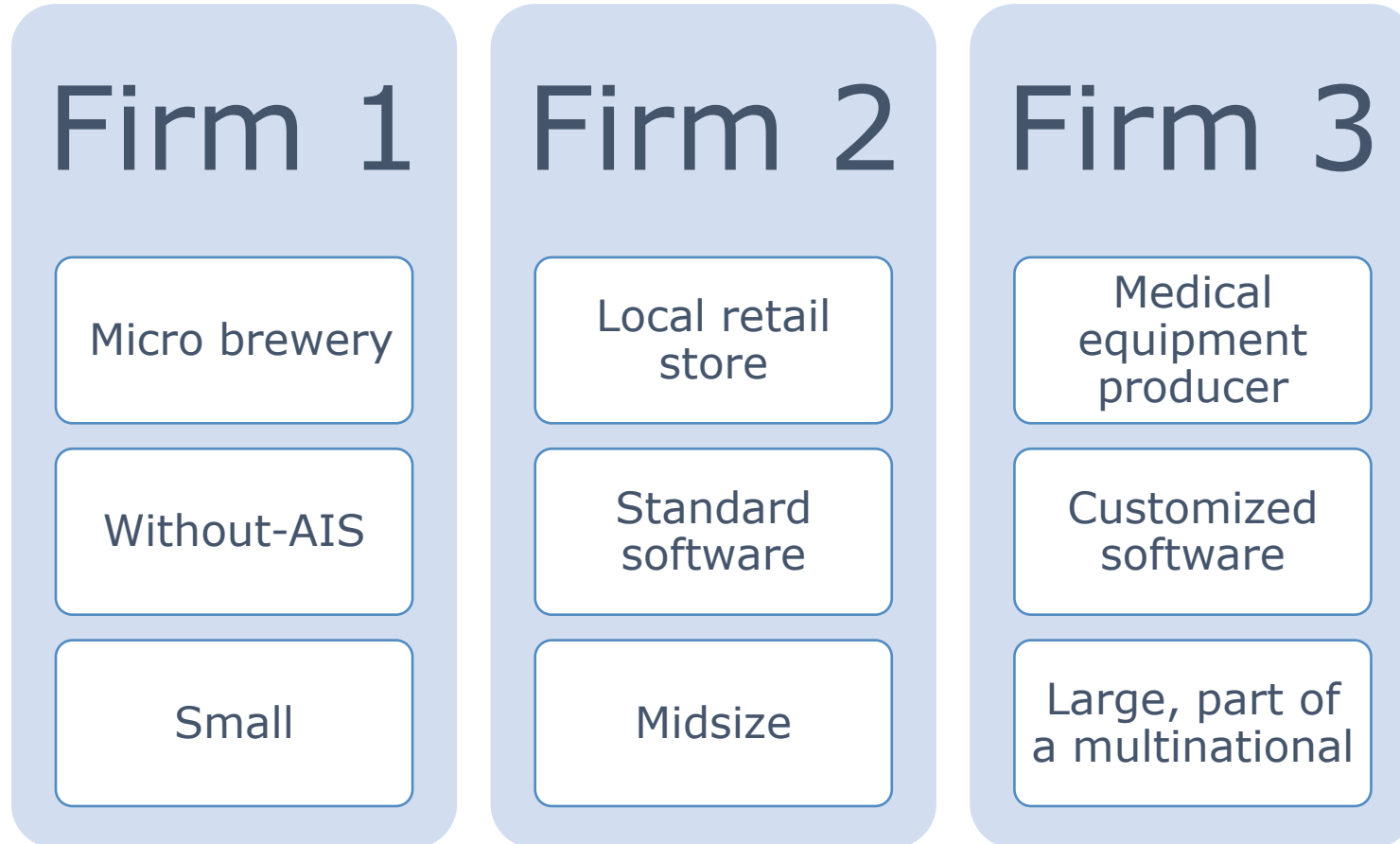


# Before making the decision check list



# II. Develop or buy AIS?

# How to choose AIS?



# Requirements AIS should satisfy

# Learning materials

Trainings

Documentation

Online forums

# Integration with other systems

Taxation,

Internet banking

B2B, B2C portals

Logistics

CRM

# Payment models

Per user

Per transaction

Per module

For updates and services

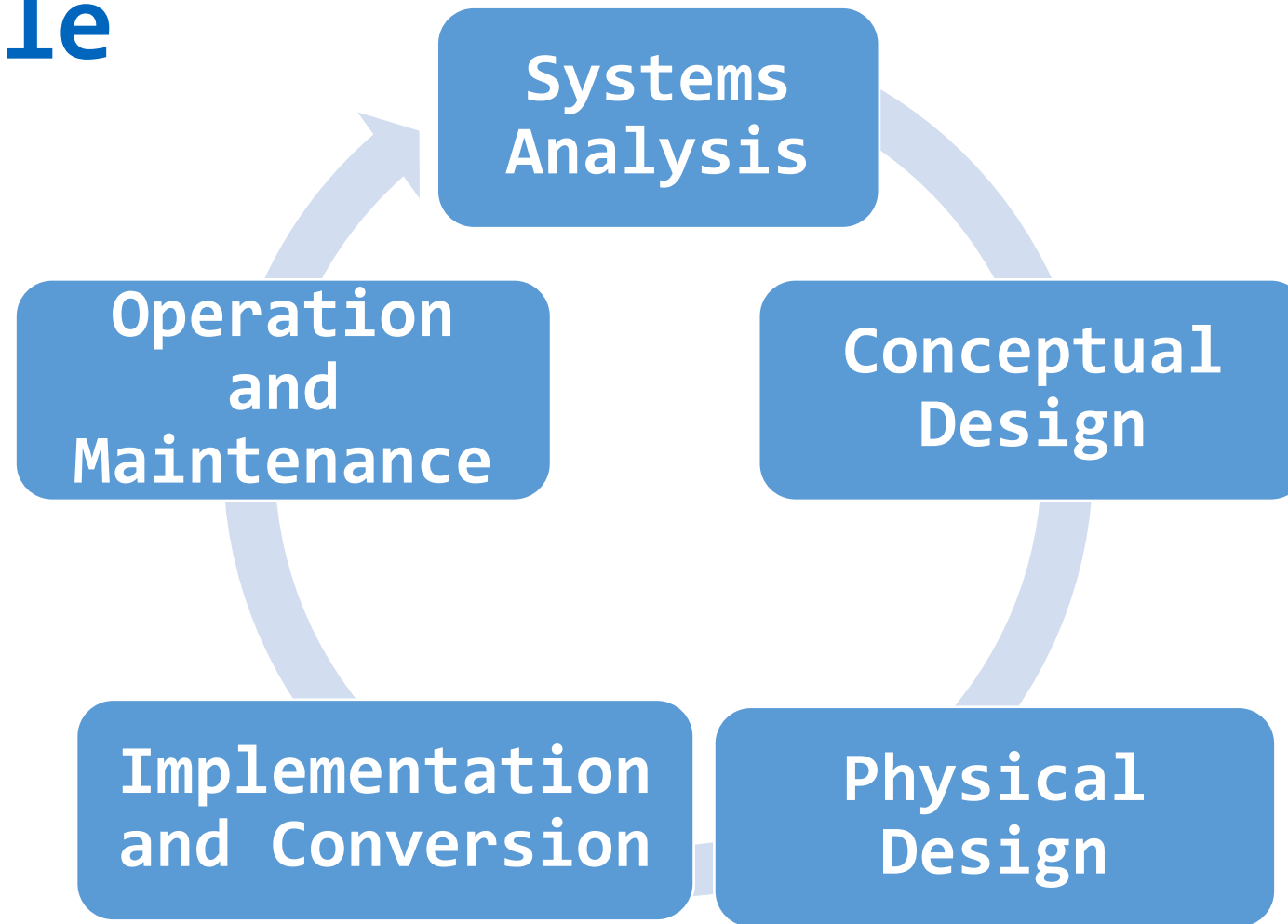


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To buy or to develop AIS?

# II.i. In-House Information Systems

# 5 key elements of system development life cycle



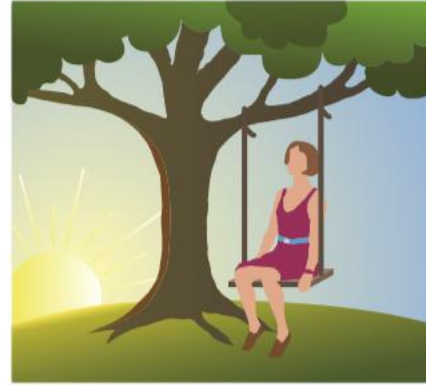
# Feasibility analysis

- ✓ **Economic**: Will system benefits justify the **time, money, and resources** required to implement it?
- ✓ **Technical**: Can the system be developed and implemented using **existing technology**?
- ✓ **Legal**: Does the system comply with all applicable **laws**, administrative agency **regulations**, and contractual obligations?
- ✓ **Scheduling**: Can the system be developed and implemented in the **time allotted**?
- ✓ **Operational**: Does the organization have **access to people** who can design, implement, and operate the proposed system? Will people use the system?

# Communication Problems



As proposed by  
user management



As sold to  
top management



As planned by project  
development team



As approved by  
the steering committee



As designed by  
the senior analyst



As written by  
the applications programmers



As installed at  
the user's site



What the users  
actually needed

# II.ii. Purchasing software packages

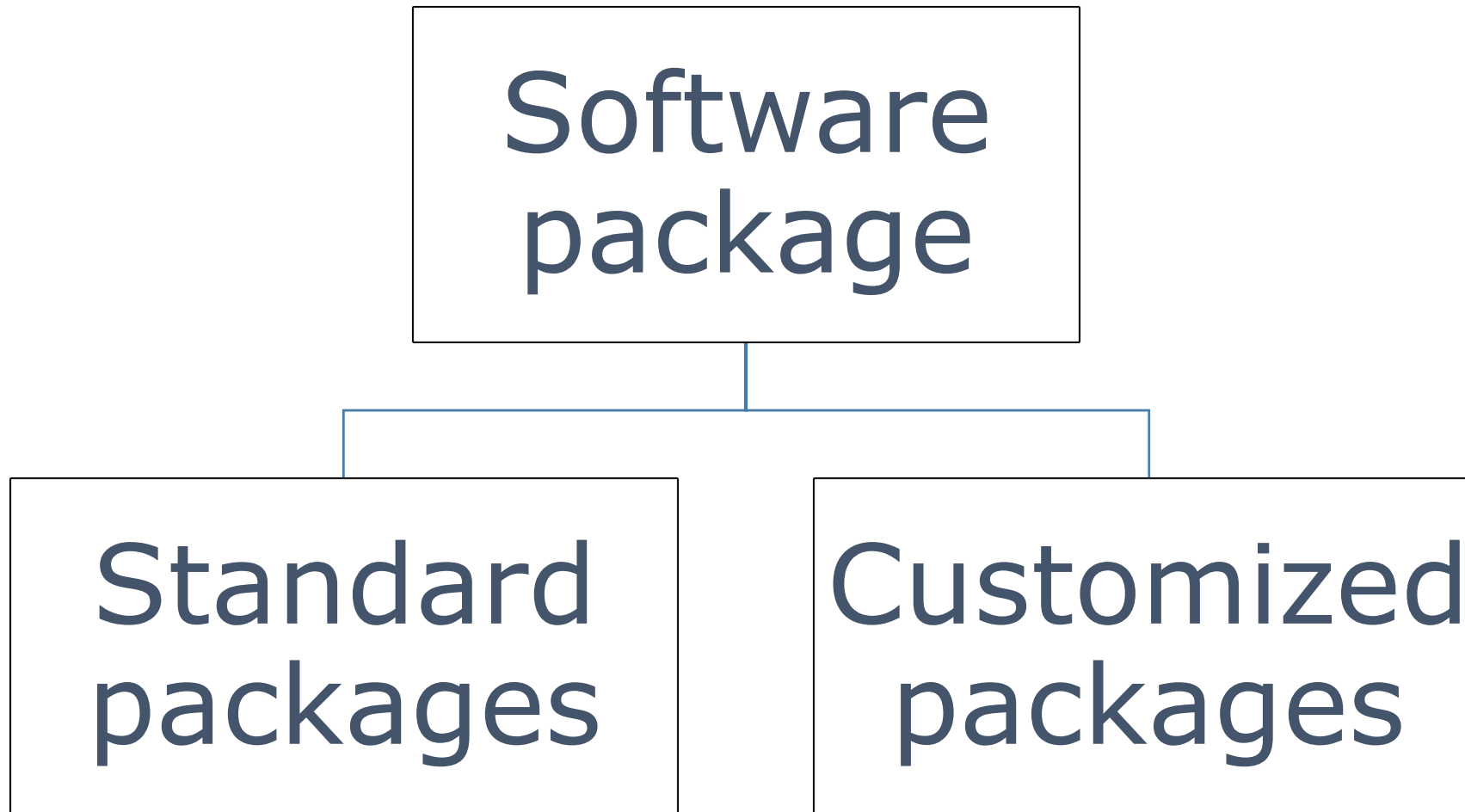
# Software Evaluation 1/2

- ✓ Does the software meet all **mandatory and desirable specifications**?
- ✓ Will program **modifications** be required to meet company needs?
- ✓ Does the software have adequate **control capabilities**?
- ✓ Is the **performance** (speed, accuracy, reliability) adequate?
- ✓ How many companies use the software? Are they **satisfied**?
- ✓ Is **documentation** adequate?



# Software Evaluation 2/2

- ✓ Is the software compatible with **existing software**?
- ✓ Was the software **demonstration/test-drive** adequate?
- ✓ Does the software have an adequate **warranty**?
- ✓ Is the software flexible, easily maintained, and **user-friendly**?
- ✓ Is **online inquiry** of files and records possible?
- ✓ Will the vendor keep the package **up to date**?



# Vendor Evaluation 1/2

- ✓ **How long** has the vendor been in business?
- ✓ Is the vendor **financially stable and secure**?
- ✓ How **experienced** is the vendor with the hardware and software?
- ✓ Does the vendor stand behind its products?
- ✓ How good is its **warranty**?
- ✓ Does the vendor **regularly update** its products?
- ✓ Will the vendor put promises in a **contract**?

# Vendor Evaluation 2/2

- ✓ Will the vendor supply a list of **customer references**?
- ✓ Does the vendor have a **reputation** for reliability and dependability?
- ✓ Does the vendor provide timely **support** and **maintenance**?
- ✓ Does the vendor provide **implementation** and **installation** support?
- ✓ Does the vendor have high-quality, responsive, and experienced **personnel**?
- ✓ Does the vendor provide **training**?

# III. Maintenance

Maintenance

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graph TD; Maintenance[Maintenance] --- Branch[ ]; Branch --- BySoftwareOwner[By software owner]; Branch --- Outsourcing[Outsourcing];
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By software  
owner

Outsourcing



Thank you!  
Questions?