Small Indonesian Holding Company Of SME’s : Study on The Value on IT Investment : PT.XYZ Core

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Abstract

This paper explains that in PT.XYZ as SMEs do not have the IT integrated . IT managers perform checks on the company and find the condition that it is true in the enterprise IT integrated yet. In this paper further research requires a comparison with conducting surveys and studies in several large holding company. This is what causes the difficulty to estimate the cost and benefits of information technology investment Compared to investment value. (Money et al., 1995) share the benefits the use of information technology into two kinds, tangible and intangible . This has the caused many organization have difficulty how to calculate the cost and benefit of the investment associated with the resulting benefits and using Val IT one of the solution to study on the value on IT investments in SMEs at PT.XYZ . Val IT is now, the realization of business value of a clear investment, measured monitoring, to provide a means to optimize, and add the best practices for the end.

Keywords: SMEs; Value IT Framework.

INTRODUCTION

Companies in this case an n SMEs which has multiple business. PT.XYZ IT managers get information from some of the staff in the company, that the company was in the running of the business transaction for the information technology sector is still not optimal. Furthermore, IT managers follow up to check and found that the current conditions at XYZ Company is not optimal for the information technology sector, and for it takes the IT investment plans are uniform and can provide value to business development and other strategic matters. In this case the information technology has become the backbone of the company to achieve a competitive advantage. Therefore, many companies are having trouble estimating the benefits of information technology investment than investment value. This resulted in the importance of estimating how big the benefits derived from the information technology sector as compared to the investment. The benefits of information technology there is a measurable or not measurable, there are perceived benefits quickly, and after a certain period of time. This is what causes the difficulty to estimate the benefits of information technology investment compared to investment value. (Money et al., 1995) share the benefits the use of information technology into two kinds, tangible and intangible. The real benefits is that will directly affect the profitability of the company, either reduction or cost savings (cost) and increase revenue (income). Intangible benefit is defined as the positive benefits acquired by the company use of information technology, but have no correlation directly to profitability company. This has caused many organizations have difficulty how to calculate the cost and benefit of the investment associated with the resulting benefits and Val IT one of the solution for estimating the value of IT investments. Val IT provides a means to now clear, add the last of the best practices for the end, it provides a means for accurately measuring, monitoring and optimize the realization of business value from investment in IT(ITGI, 2006). In this research paper will be study on the value on IT investment at SMEs (PT.XYZ core)

CHALLENGES
In this study concentrates on the challenges facing the company or organization that does not have an integrated IT, particularly in IT in the company or organization to make changes that will occur when using IT investment plans. The purpose of this paper is the company will be relevant to use IT investment plan. When designing the research methodology, one important thing to decide is determining the appropriate framework. in this case the selected Val IT framework to study IT investment planning in SMEs. In this research question will be discussed on Value: Viewed from business goals to reach the target company becomes more optimal, how IT investment opportunities in order to see the needs of SMEs can still exist and see the challenges ahead?

LITERATURE REVIEW

3.1 SME’s Indonesian

Currently, the evolution of many small and medium-sized enterprises (SMEs) business environment that is complex and also starts with globalization, the internationalization of markets, then innovation and based on the knowledge, greater efficiency, the need for effectiveness and competitive and knowledge. It has put an increase in the pressure on these companies management especially the manufacturing SMEs that must now compete globally (Cagliano and Spina, 2002).

3.2 SME’s Challenges

SMEs wish to establish a corporate culture of sustainability, but face organizational realities such as a high turnover and disparities in employee awareness levels or willingness to act. The challenge for SMEs is to remain focused on sustainability within a dynamic context. Creating a sustainability policy is not enough; objectives must be clear, employees and management must show commitment through consistent actions and, little by little, a set of values and habits transcending the individuals of the organization can emerge. This is even more critical for SMEs, since time dedicated to the education of sustainability is limited. To optimize their activities, SMEs seek to establish a culture of sustainability that creates a cycle, strengthening the customs and sustainable value in the workplace. This promotion of sustainability involves all employees in the organization – not just a few (France, 2013).

3.3 IT adoption by SMEs

(Adeosun et al., 2008) found that the use of IT value positive for management strategies related to aspects of communication, access information, decision-making, data management and knowledge management in an organization. IT can be a force strategies and tools for organization that provide benefits to the promotional aspects and competitiveness forces (Buhalis, 2004). (Den Hengst and Sol, 2001) argues that IT provide benefits to business organizations to reduce costs and improve business organizations in coordination with outsiders. However, some researches the research that has been conducted reveal the fact that the adoption of IT in SMEs is still lower than expected (Chung et al., 2007).

3.4 Val IT

Interest Val IT initiative includes research, publications and support services to help management understand the value of IT investments and ensure that the organization can obtain optimal value on IT investments in the context of the costs and the risks are acceptable. Val IT consists of guidelines, processes and some practical suggestions to help the parties management and executives to understand and fulfill their role in IT investment (INVESTMENTS, 2008).

Some of the benefits that can be gained from the implementation of Val IT are as follows:

1. Increase the understanding and on the basis of sufficient information, it costs due to management decisions, transparency of risks and benefits.
2. Increase the ability to select investments that have the greatest potential economic returns.
3. Increasing tendency of success in running the selected investments so that these investments can generate the intended benefits.
4. Stop the investment that does not generate the potential benefits to reduce the cost to do what needs to be done simply, immediately take the deal, or is expected. Reduce the risk of failure, especially high risk of failure.
5. Reduce the 'shock' associated with IT cost and delivery, thus increasing business value, reduce unnecessary costs and increase overall confidence in IT.

3.5 The VAL IT Initiative

Initiative is based on the experts and scholars, collective experience of existing practices and methodologies, and emerging team the research to develop the Val IT framework. Work of the team, including the selected organization to support the work of more initiative, are reviewed by a broader group of global advisors, it has been extended. Val IT is now obvious, the measurement and monitoring, to provide a means to optimize the realization of business value of IT investments, and add the best practices for the end. Val IT complements COBIT from a view of the business and finance, it will help all of the people who are interested in providing the value of IT (ITGI, 2006). As the initiatives evolves, it will include a number of types of research activities, Publications and grouped support services around the IT framework described in the text document, as illustrated in figure 1

3.6 Strategic Alignment of Business and IT

Strategic business alignment and IT IT strategic objectives of the investment company is defined as consistent with the (intended, the current strategy and business goals), and therefore to build the capacity necessary in order to provide "case" commercial value(ITGI, 2003, p. 22)

3.7 Delivery of Value from IT Systems

Delivery of value from IT systems has been defined as” the on-time and of appropriate quality budget delivery, the inner throat achieves the benefits that were promised"(ITGI, 2003, p. 24). This important component of ITG process, aims to make sure that the IT resources to provide maximum business value. Since the organization is investing in large-scale IT systems in the past 10 years, this issue has become more important. Board and other stakeholders, as part of their governance process, trying to determine the value escape from these large-scale investment.

3.8 Val IT Framework
Over the years the management team has struggled to achieve both short-term profits and long-term survival and growth of the company for that company needs a mature IT investment planning. To calculate the estimated value of the investment, there are several models and one that can be used include one Val IT Framework. The Val IT Framework is a comprehensive framework and pragmatic that enables the creation of business value from IT-enabled investment possibilities. Designed to align with and complement COBIT, Val principle and integrates a series of processes that are proven to support guidelines help practice IT governance, the practices and board, Management team of executives and other business leaders, optimize the realization of value from IT investments. (IT Governance, 2008)

3.9 IT/Enterprise Alignment (Davis, 2008)

Board, must be driven by the integrity of the business:

• Ensure that is aligned with the business strategy of the IT strategy.
• Measure and determine the delivery of its IT to the strategy through a clear understanding.
• Directing IT strategy in order to take the balance of investment between the support and the growth of the company.
• We examined a decision about where to concentrate the making IT resources.

4.0 Val IT Processes

For investment income, Val IT principles, should be applied by the effective interest groups IT investment in the following process (ITGI, 2006):

• Value Governance
• Portfolio Management
• Investment Management

RESEARCH METHODOLOGY

This study uses qualitative research using a case study approach, in which researchers carefully an activity, process or group of individuals. This is consistent with the qualitative method according to Bogdan & Taylor (Lexy, 2002) Definition of qualitative methods, such as a research procedure that produces descriptive data in the observed writing and speech in the form of actions and people. This research aims of this study How IT investment in SMEs is getting the benefits and optimal results in tune with the company’s business goals and targets.

The subject of this research is to conduct research in SMEs (PT.XYZ), which in Companies included in the SME, there are several subsidiary companies with several different characteristics. Characteristic in this company is different, because there are several different forms of business among existing hospitality, suppliers of medical equipment, IT maintenance and partners with the government, which is still a lack of facilities at the company's IT infrastructure.

3.1 Data Collection

The data source here, namely SMEs in the parent company with subsidiaries, which are both unsupported and supported with IT infrastructure data retrieval are good sign. The place in scattered locations in Jakarta and the SME Solo. For this study requires Study on The Value at IT Investment.

3.2 Data analysis

Data analysis by organizing the data, synthesize, choose what is important and make conclusions.

RESULTS AND DISCUSSION

This section describes the SMEs that are the focus of this study. SMEs which is the object of this study is SMEs engaged in Several business units. Data was obtained through interviews with
management and executive ranks XYZ core. Each of Different divisions of the company are given some questions questionnaire prepared by the researchers by giving some question questionnaire prepared by the researchers outline consists of 10 questions. This research was conducted area in Jakarta and Solo. Result from discussion with management that SMEs at PT.XYZ inadequate and support, but SMEs are aware of the role and benefits of information technology to support the business of the company.

CONCLUSION

Based on the analysis and discussion of the results, the conclusions of this study can be expressed as follows:

1. SME IT adoption in PT.XYZ inadequate and support, for it to support the performance of the business is run currently required IT investment.

2. Although SMEs in PT XYZ is still inadequate, but SMEs are aware of the role and benefits of information technology to support the business or the business of the company.

3. Use of Information Technology by SMEs in PT.XYZ still not optimized to deliver more strategic value to the development effort.

4. Utilization of Information Technology by SMEs in PT.XYZ is very much needed. This shows that in fact, businesses already have a strategic view in an effort to maintain good relations with customers, informing business or business to another party to seek information.

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