

Journal of Management Information Systems >

Volume 16, 2000 - [Issue 4](#)

844 Views | 161 CrossRef citations to date | 0 Altmetric

Original Articles

Discovering Potential and Realizing Value from Information Technology Investments

Michael J. Davern & Robert J. Kauffman

Pages 121-143 | Published online: 02 Dec 2015

🗨️ Cite this article 🔗 <https://doi.org/10.1080/07421222.2000.11518268>

Sample our
Communication Studies
Journals

>> **Sign in here** to start your access
to the latest two volumes for 14 days

📖 References 🗨️ Citations 📊 Metrics 🖨️ Reprints & Permissions

Read this article

Share

Abstract:

Information technology (IT) value has been measured at various levels of analysis, yet few authors would contend that the search for value has reached a point where practitioners and theoreticians are satisfied with its outcomes. We present a new perspective that emphasizes the importance of understanding where potential value lies and how best to relate it contextually to the measurement of the firm's realized value across multiple levels of analysis. We develop the idea that complementary assets (especially business process design and human capital) influence the firm's realization of value, using concepts such as locus of value and value conversion contingencies. Expanding beyond earlier process models of IT value, which begin with IT expenditure, our analysis of IT value emphasizes the consideration of potential value for an IT investment both in ex ante project selection, and ex post investment evaluation. We illustrate and validate the application of our framework using IT investments in a variety of business domains.

Key Words and Phrases:

business-process design

business value of information technology

conversion contingencies

decision-support systems

IT value

potential value

realized value

Additional information

Notes on contributors

Michael J. Davern

MICHAEL J. DAVERN is an Assistant Professor of Information Systems at the Stern School of Business, New York University. He holds a Ph.D. in information and decision sciences from the University of Minnesota's Carlson School of Management, and a B.Com. (first class honors) from the University of Tasmania. His research seeks to understand managerial reliance on information from decision technologies. One aspect of this work considers the business value impacts of effective and ineffective use of such information, with a particular focus on revenue management decision making in the hospitality industry. Another stream builds on theories from the cognitive sciences and task/technology fit to explore the dynamics of decision technology use. He has taught in two countries and at four universities. He has given invited research presentations in Australia, Canada, Hong Kong, New Zealand, and the United States.

Robert J. Kauffman

ROBERT J. KAUFFMAN is an Associate Professor of Information and Decision Sciences at the Carlson School of Management, University of Minnesota. Before completing a Ph.D. in industrial administration at Carnegie Mellon University in 1988, he received degrees from Cornell University and the University of Colorado, Boulder. He has taught at New York University and the University of Rochester. His current research focuses on the study of emerging strategy and organizational performance issues in electronic commerce and electronic marketplaces. He continues to contribute to the development of new methods for measuring the value of information technology investments, using techniques from economics, finance and management science, as well as to the base of empirical research in this area. His research articles appear in Communications of the ACM, International Journal of Electronic Commerce, Information Systems Research, Journal of Management Information Systems, Decision Science, MIS Quarterly, Journal of Strategic Information Systems, IEEE Transactions on Software Engineering, and Information and Management.

Related research

People also read

Recommended articles

Cited by
161

[Executives' Perceptions of the Business Value of Information Technology: A Process-Oriented Approach >](#)

Paul P. Tallon et al.
Journal of Management Information Systems
Published online: 2 Dec 2015

[Revisiting IS business value research: what we already know, what we still need to know, and how we can get there >](#)

Guido Schryen
European Journal of Information Systems
Published online: 19 Dec 2017

[The DeLone and McLean Model of Information Systems Success: A Ten-Year Update >](#)

William H. Delone et al.

[View more](#)

Information for

[Authors](#)
[R&D professionals](#)
[Editors](#)
[Librarians](#)
[Societies](#)

Opportunities

[Reprints and e-prints](#)
[Advertising solutions](#)
[Accelerated publication](#)
[Corporate access solutions](#)

Open access

[Overview](#)
[Open journals](#)
[Open Select](#)
[Dove Medical Press](#)
[F1000Research](#)

Help and information

[Help and contact](#)
[Newsroom](#)
[All journals](#)
[Books](#)

Keep up to date

Register to receive personalised research and resources by email



[Sign me up](#)



Copyright © 2026 Informa UK Limited [Privacy policy](#)

[Cookies](#) [Terms & conditions](#) [Accessibility](#)

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG



Taylor & Francis
by **informa** •••