

# Insight

## Technology and Weathering the Economic Storm

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# Information Technology Investments during Tough Times

A catalyst for improvement

■ By **Joe Morray**

As the news continues to paint a dark cloud regarding the overall economic health of the world, there is a push to reduce all costs within companies and public agencies.

While our industry has generally benefited from the momentum of large projects and capital investments, we can expect a slowdown during 2009 with declines in real GDP of as much as 3.6 percent on a quarterly basis. The investments in information technology projects will, of course, be scrutinized and frequently may be put on hold or canceled.

The last recession hit tech jobs hard, but this time we are seeing compelling examples of tough times cutting the other way, where firms are looking to IT for help in coping and innovating their way out of this downturn. Further, firms are beginning to understand that blind or indiscriminate cost-cutting jeopardizes core process improvement gains.

My experience is that now is the time to aggressively move forward since some of the most important corporate innovations occur during "tough" times. This happens because:

- During busy periods (which have been happily quite prolonged during this decade), there is no opportunity for discovery, training and piloting. Work just has to get done. It is during less frenetic times that people have the ability to learn, test and move up the learning curve.
- Implementing new systems within an organization represents an investment, which will produce a return when project work volume returns. There is no better time to gain value from people by allowing them to become more knowledgeable, and in doing so, better prepared to deliver superior performance now and in the future.
- Tough times increase the demand from the market to deliver superior value to achieve a competitive advantage. This is true of both



owners and EPC companies. What better time to "move out from the pack" with the investments in new systems and processes?

- Technology vendors like Intergraph recognize corporate commitments during the tough times. This is frequently when vendors can concentrate on a particular company and form a "partnership" to accelerate technology innovation.
- As headcounts get frozen, information technology usage is one of the logical strategies for improving the productivity of people. As the project workload continues to fluctuate, technology is a way to ensure that a fixed workforce can respond to changes in demand.
- In some companies, information technology projects are considered capital investments (the rules on this seem to vary widely from company to company) and thus provide a way to move costs from an operating budget

to an amortized capital budget. Costs are deferred until future years when the systems are fully in use.

So, as we navigate the uncertain economic climate of 2009, we should continue to keep our focus on upgrading the technologies within and use them as a catalyst for improvement ... yes, even during tough times.



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