Company Goals

The goal of IT Tools is to
Support the Company Goals

The goal of IT Management is
to Support the IT Tool Goals

Economic Hierarchy of IT Management

This section is going to first examine the benefits of IT,
then those of IT Management. This understanding is fun-
damental to knowing why IT needs to be managed. Next
the section will provide some important background con-
cepts in market economics. These will be related to IT
Management, first in respect to the relationships between
IT people and vendors and, second, with respect to com-
petition.

The key concepts in this section are:

- Learning how IT exists to serve business needs in
  order to increase efficiency.
- Understanding that IT is an economic investment
  made by the business.
- Finding out that IT Management exists to pre-
  serve the IT investment, and is therefore an
  investment as well.

- Understanding why IT Management decisions are based on the fundamentals of economic supply and demand.

- Learning that the pricing for IT Management products falls between the value to the buyer (high) and the cost of production to the vendor (low). Competition pushes the price down within this range.

- Realizing that in order to figure the value of a tool, different "currencies," such as money and time, need to be used.

Benefits of IT

What does IT do and what are the benefits of IT? At the fundamental level, there is the business need. This need can be the consolidation of financial data from multiple divisions in order to generate financial statements, or it could be the gathering of individuals from across the country to form a team to make product introduction decisions. The business need drives the IT need, and if IT did not exist, many business needs would be met in other ways just as they were before IT existed. Divisional numbers would be sent by post to corporate headquarters, where staff would put the consolidated information together. Members of the product team would each get on an airplane and meet at a convenient location.

What is IT? As the acronym implies, IT is information technology, or more specifically, the application of technology to information needs. In its simplest form, IT