

Course Title: Diploma in Business Process Management.

Module 13: System Selection

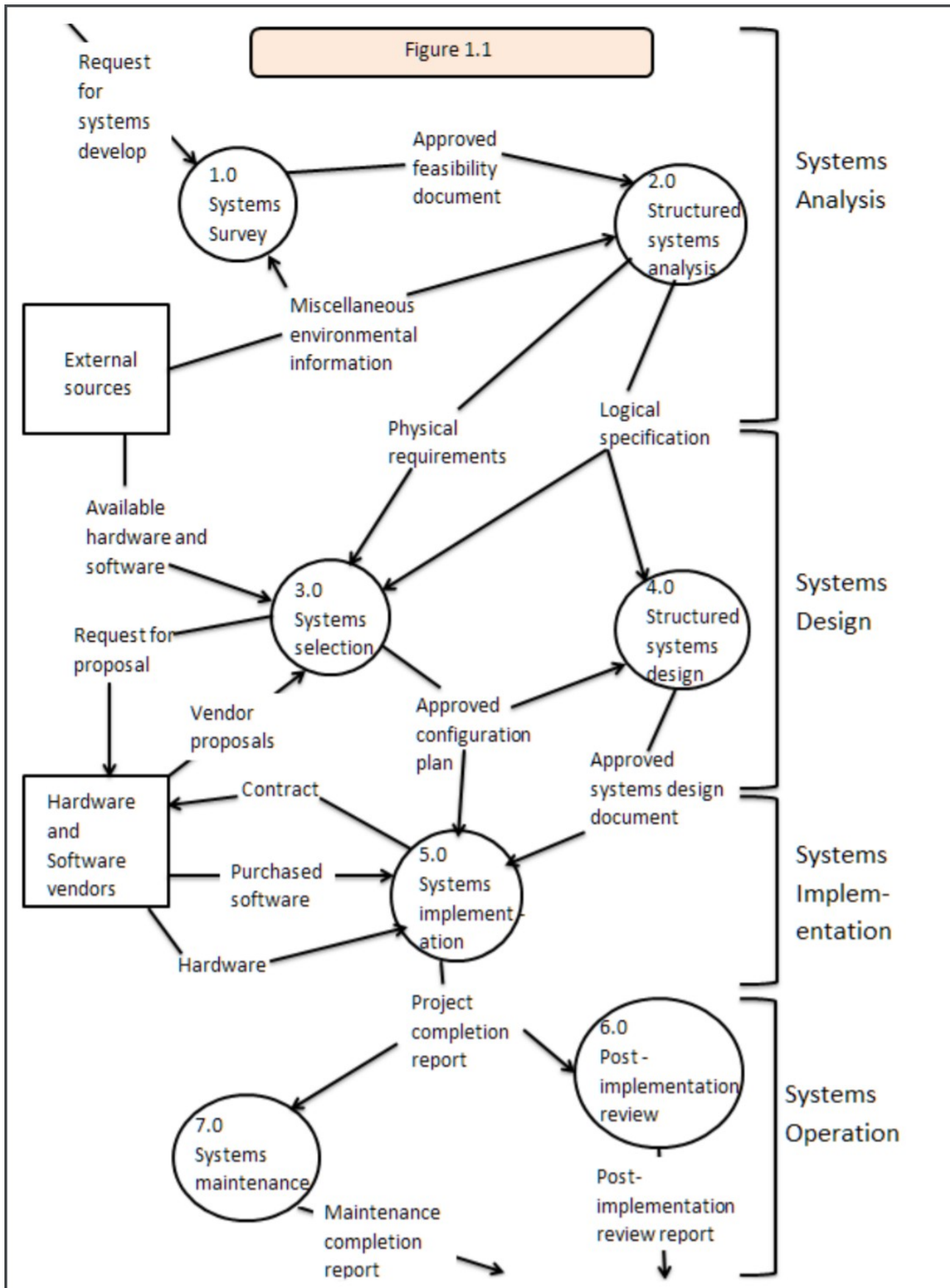


Table 1.1

Internal versus External Software and Hardware Sources	
Internal	External
<p>Software Can be developed to meet all user needs, but may take longer than would a purchase.</p> <p>Two company assets are built: the software and the experience of the development team.</p> <p>Initial costs are higher, but cost is difficult to assess because 80% of the cost of a system over its life is for maintenance.</p> <p>Outcome of the development process is uncertain. We don't know if the software will be delivered on time, within budget, and with required functionality.</p> <p>Ongoing support and maintenance must be provided in-house and staffing may not be adequate.</p> <p>Better option for software that may provide a competitive advantage.</p> <p>Can control the development process.</p> <p>Can ensure compatibility with existing and future applications.</p> <p>Can adapt software to changing needs.</p>	<p>May be available more quickly, but we must pay for any modifications required to meet all user needs.</p> <p>Purchased software may be an asset. But the software is probably similar to that owned by others. External expertise may be required to develop the software and to supplement and develop the internal staff expertise.</p> <p>Initial costs, being spread across many buyers, are lower, but we may have paid for features that are not required.</p> <p>We can test the software and examine documentation before purchase.</p> <p>Purchased on-going support and maintenance may be quite costly if we have modified the system and can't easily accept future releases.</p> <p>Better option for straightforward, common applications.</p> <p>Contract must specify performance requirements.</p> <p>May require tailoring or development of bridging applications.</p> <p>Adaptations may not be forthcoming from the vendor and costly modifications may be required.</p>
<p>Hardware Can determine level of control, security, and privacy.</p> <p>Management and staff must be in-house.</p> <p>Capacity limited.</p>	<p>Level of control may vary and be difficult to attain, especially if many companies use the same hardware.</p> <p>Management and staff are provided.</p> <p>Additional capacity may be available.</p>

<p>Costs are mostly fixed.</p> <p>Tailored to our needs.</p>	<p>Costs are mostly variable.</p> <p>Tailoring varies.</p>
--	--

Figure 1.2

An example of an Applications Service Provider

