

News**One in six IT projects 'out of control'***24 August 2011*

One in six major IT projects launched in the last ten years has either cost significantly more than expected or been delivered behind schedule, an Oxford University study has shown.

Of 1,500 IT projects worldwide studied by Oxford's Saïd Business School in the last two years, one in six were found to have exceeded deadlines by an average of 70 per cent and gone over budget by an average of 200 per cent.

The projects were said to routinely cost billions of pounds in excess spending and lost system benefits, sometimes destroying careers and organisations in the process.

The average budget of the projects studied stood at \$170m, and the study found that larger IT projects were 20 per cent more likely than others to get out of control.

IT projects overall were found to be 20 times more likely to exceed budgets and deadlines than standard risk management models allowed for, the report said.

A lack of understanding of new systems and problems with software compatibility were highlighted as two of the major pitfalls that bedevilled large-scale IT projects.

Principal investigator Professor Bent Flyvbjerg said: 'We were shocked when the data came in.'

"IT projects are now so big and touch so many aspects of business, government and citizens' lives that this poses a singular new challenge for top managers.

"Any company contemplating large technology projects should ask whether the company is strong enough to absorb the hit should it go over budget by 400 per cent. Although this figure may seem excessive, as our research shows costs such as these can occur all too frequently."

The research was carried out by the Saïd Business School's BT Centre for Major Programme Management in collaboration with global management consulting firm McKinsey and Company.