



## Spend More — Not Less — on IT

By Jerry Mechling

Cutting technology  
 spending along with  
 everything else is a  
 false economy.  
 IT-enabled productivity  
 improvements  
 can save more than  
 they cost.

Technology-enabled productivity improvements can be used to hold down government spending without taking all the budget cuts as service reductions. While the possibilities are clearly important — especially through economies of scale, self-service offerings, and expanded collaboration and transparency — they will call for new IT investments.

Unfortunately, given that governments at all levels are now debating how to reduce deficits and close budget gaps, it's politically difficult (some say impossible) to argue for more spending on anything. Politics typically says that the way to handle cutbacks is the way Vince Lombardi handled the Green Bay Packers (“He treats us all equally — like dirt.”).

But information technology is different and shouldn't be treated “equally.” It's an area where additional spending in one part of the budget — properly targeted — can reduce spending overall. So you heard me right: We should spend *more* on IT today than yesterday, certainly as a fraction of government spending and probably in total. And we should do this despite or, indeed, *because* of government's fiscal problems.

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In the battle to reduce deficits, conservatives and liberals strongly disagree on the balance between cutting costs and raising revenues. But both sides should agree on the value of productivity. When we gain productivity — and we can — we can reduce spending without cutting services or raising taxes. What's disappointing today is that so little attention is going to the productivity possibilities.

It's here that the IT budget becomes extremely important. IT is rarely more than 5 percent of government expenditures, but, as the factor behind roughly one-fourth of society-wide productivity improvements since the early 1990s, it's a powerful catalyst for overall productivity. The “big numbers” for IT in the budget are thus not the potential savings in the 5 percent of the budget that's IT alone, but in the productivity improvements that the 5 percent enables in the other 95 percent. A “cut-across-the-board” mentality — one that assumes that everything should be cut equally — throws away that productivity power when we need it most.

So it's time for leaders to do the analysis and stand up for needed investments. Some of those investments, as with the consolidation of IT services and movement to the cloud, will preserve IT service levels while holding down IT costs.

The major investments, however, will come from using IT in areas of govern-



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ment ranging from public safety to education to health. Technology can, for example, improve transparency for better accountability and control over police; replace more expensive traditional classroom work with distance education; and leverage electronic medical records to avoid health-care misdiagnoses and their costs.

The bottom line: To gain the productivity that the times urgently require, the percentage of the budget devoted to IT should increase, and total IT spending should probably also increase. That's what's happened in the past and that's what should continue. And we need it to happen now, while the pressure is on, not at some "more convenient" time later.

Of course, it will be difficult and not very effective for chief information officers alone to make these arguments. The CIOs don't have the expertise or the authority needed to lead the behavioral change that IT-enabled reforms will enable and require within such line services as policing or education or health care, or in staff services such as human resources or financial management.

Therefore, what we need most is for budget directors, department heads, mayors, and governors to step up and provide leadership for the productivity improvements that technology can bring to governmental operations and, through government, to the entire society.

If they do, we'll all be much better off. ■

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