



# Why IT projects fail

Recent political debate focusing on government IT projects has revealed that 70% have been judged a failure. While one would hope private sector success rates would be healthier, high-profile litigation between outsourcers or system integrators and disgruntled customers suggests it might actually not be faring much better. So what are the common challenges that befall such projects? And how can they be avoided? An exclusive Computer Weekly roundtable, in association with specialist technology insurer Hiscox, explored how organisations are mitigating the risks of IT project failure

## KEY POINTS

- IT projects can fail through overextended budgets, schedules or expectations
- Managing relationships between suppliers, contractors and customers key to success
- Contracts must define roles and responsibilities clearly before work begins

**B**eneath any high-profile IT project failure lies a number of mistakes and issues that, in hindsight, could often be avoided. These could be escalating budgets or timescales, poor management relations, mission creep or just producing systems that do not meet expectations. Either way, the difference between success and failure can have far-reaching consequences for corporate reputations, managing risk and people's jobs.

It could also be said that, even though a large number of IT projects are judged to be successful, it is those that make the headlines for all the wrong reasons, potentially costing companies business and people their jobs, which stick in the memory. Luckily, however, it emerged that a few common and easily rectified mistakes are often to blame for IT projects going off the rails.

**Common causes of IT failure**  
Hiscox identified five top causes of

IT project failure. Alan Thomas, head of UK technology underwriting at the specialist insurer and roundtable sponsor explained: "Inevitably, as the insurers of technology companies' professional indemnity, we have seen quite a lot of project failures and the disputes that go on afterwards." These included commencing work too early, often when the parties involved are keen to get work underway before the necessary due diligence has taken place, which can actually lengthen, rather than shorten,



project timescales.

Ambiguous contracts can often lead to problems at the later stages of a project because it does not adequately lay out roles and responsibilities, as well as the scope of work to be undertaken.

And, likewise, inadequate initial scoping of the work undertaken by both the supplier and customer through the contract often leads to underestimating the complexity of the task and the "it didn't do what they promised it would" type of comments in feedback, which can lead to more resource being required than was originally allocated to resolve resulting issues.

Another common set of issues arise when either party fails to adhere to the contract during the project as a result of inadequate resource or contract management or change control processes. An example of this could be the supplier agreeing to take on extra work, out of scope of the original contract, without the time or resources within the contractual allocation to actually deliver it.

And finally, a failure to involve the right people at the right time emerged as a symptom of teams from parties on both sides of the project not working closely enough together or getting sufficient end-user buy in early enough.

Neil Cameron, consultant and owner of Neil Cameron Consulting, echoed the majority of the attendees' response to these common pitfalls by pointing to how a lack of good project management skills can limit abilities to successfully guide projects

through tough times. "Not many IT people are good project managers," he said. "In my experience, only about five per cent have the right skills, even though lots think they have. I often find the vendor can conflate the roles of project and contract manager where, in the past, they have been separate roles."

#### Project vs. contract

Consensus emerged among attendees that negotiating as exhaustive a contract as possible before starting work was a must for any IT project. But Cameron's comments about getting the right people in place, as opposed to the right processes or technology, drew the broadest agreement.

Naresh Mohindra, freelance consultant and formerly a director at EDS, elaborated: "It's all about defining what you want to get from the investment. The project manager runs things from day to day. The contract manager is someone who takes on the responsibility for managing the risk of the project and realising its return on investment."

Many agreed that managing relationships between suppliers, contractors and customers was a key skill. Peter Loomes, freelance IT consultant, said: "What's being measured [in the contract] are supposedly easy things to measure, such as tin and wires." But he added: "The contract often doesn't contain anything around the people involved and cultural change. These always seem to be pushed to the back of a project, when it's too late to change it."

Giles Sirett, Octavia Information

## At a glance – five reasons for IT failure

- **Commencing work too early**  
When work is undertaken without due diligence, contractual omissions can lengthen project timescales
- **Ambiguous contracts**  
Improperly defined roles and responsibilities can often lead to problems at the later stages of a project
- **Inadequate estimation of work**  
Underestimating the complexity of the task leads to more resources being required to resolve issues later in the project
- **Breaking the contract**  
Inadequate resource, contract management or change control processes can lead to one or both parties failing to deliver
- **Lack of engagement**  
Teams from parties on both sides failing to work closely enough together or generate sufficient end-user buy-in

Systems chief executive officer, added: "A lack of risk management or poor risk management can mean a disjoint between the supplier and customer who haven't really sat and talked through the potential issues."

John Reeve, Deloitte partner, observed that the competitive procurement process on large-scale projects often fails to factor in essential contract, change and risk management requirements at the pitch and negotiation phases.

"You go in and say, 'you need a team of 70 or 100, along with five change management people and a risk management person.' But those all get stripped out as the best and final offer comes up as there's no money left in the budget," he said. ●

The second part of the report from this roundtable follows next week

**25 years of government IT project failure**  
[computerweekly.com/238452.htm](http://computerweekly.com/238452.htm)

