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Evaluating Different IT Innovation Investment Strategies from an Ex Ante and Ex Post Evaluation Perspective

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EVALUATING DIFFERENT IT INNOVATION INVESTMENT STRATEGIES FROM AN EX ANTE AND EX POST EVALUATION PERSPECTIVE

Contrary to mature IT innovations, fashionable IT innovations are hyped but lack institutionalization. Since an appropriate evaluation of these innovations is rather complex, companies often choose fixed investment strategies that neglect effects of organizational learning through continuous innovating. Hence, we develop a dynamic optimization model that determines the optimal budget allocation to mature and fashionable IT innovations by considering organizational learning. Furthermore, we evaluate various investment strategies both from an ex ante and an ex post perspective. Thereby, we focus on a company's innovativeness and draw conclusions about the superiority of different investment strategies regarding expected NPV and its volatility.

Keywords: IS innovation; IS strategic planning; Organizational learning