

# IS/PM 535 IT Investment Financial Analysis

## Syllabus (Winter 2015)

Time	Tuesday 5:45 pm – 9:00pm
Location	Lewis 1105
Instructor	Dr. Xiaowen Fang
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**Office Hours:** Tuesday 4:00 pm – 5:30 pm

### Course Description:

This course focuses on the application of financial analysis and decision-making approaches to aid information technology investment decisions at the operational, project, tactical and strategic levels. Students will learn how to apply a variety of financial methods -- breakeven analysis, present value analysis, internal rate of return, return on investment— to various IT investment decisions. The course will also address cost benefit analysis, outsourcing, balanced scorecard, and multi-factor scoring, benchmarking, and IT investment portfolio methods. These techniques will prepare students to manage capital budgets, acquisition of system and application software, hardware, personnel, and professional services at project and system levels as well as enterprise investment portfolio. Prerequisite: Advanced standing for all CDM majors.

### Readings

Readings and worksheets are posted on the course website on D2L at <https://d2l.depaul.edu>. No textbooks are required.

### Lecture Schedule:

Date	Lecture Topic and Textbook Chapter	Due at Start of Class
Week 1, January 6, 2015	Course overview Framework for IT investment and management decision making: cost benefit analysis	
Week 2, January 13, 2015	IT department/service cost management: cost classification and behavior, break-even analysis	
Week 3, January 20, 2015	Break-even analysis, IT operating budget and profit planning	Assignment #1
Week 4, January 27, 2015	Financial reporting and IT Capital Budgets	Assignment #2
Week 5, February 3, 2015	IT investment financial analysis (I): projecting revenues and expenses, payback period, accounting rate of return (ARR)	Assignment #3
Week 6, February 10,	Midterm Exam	

2015		
Week 7, February 17, 2015	IT investment financial analysis (II): projecting cash flows of an IT investment, net present value (NPV), internal rate of return (IRR)	
Week 8, February 24, 2015	ROI strategy IT investment financial analysis (III) Cost-benefit analysis of multiple decision alternatives: make or buy decisions	Assignment #4
Week 9, March 3, 2015	IT Lease versus purchase Analysis Total Cost of Ownership (TCO) Balanced scorecard method; value and risk analysis	Assignment #5
Week 10, March 10, 2015	Business Case Analysis Cloud Computing Review for Final Exam	Assignment #6
Week 11, March 17, 2015	Final Exam	

**Grading Policy:**

Assignments	35%
Midterm Exam	30%
Final Exam	35%

No late submissions. No make-up exams.

**Grade Standards:**

Letter Grade	Minimum Numerical Grades	Letter Grade	Minimum Numerical Grades
A	90.00%	C	70.00%
A-	87.00%	C-	67.00%
B+	83.00%	D+	65.00%
B	80.00%	D	60.00%
B-	77.00%	F	0.00%
C+	75.00%		

**Attendance**

Every student in the class is required and responsible to attend every class. If a student miss a class without officially acceptable excuses such as a serious illness, the instructor has no responsibility to make up any missing lab sessions and lectures for him or her.

**Plagiarism and Cheating**

Students are encouraged to work together and to discuss the assignments in general terms. The following activities (but not limited to) will be considered as cheating: copying another person's work on a written assignment or exam; copying another person's program and Web page design; using any reference not authorized by the instructor in a close-book exam. When creating Web material, if you use information from another Website, you should credit that work to those people who are responsible for the work.

Include a hyperlink to that Website. Otherwise you can be cited for plagiarism. According to DePaul University's policy, if proven, a charge of plagiarism could result in an automatic F in the course and possible expulsion. The strongest of sanctions will be imposed on anyone who submits as his/her own work a report, examination paper, computer file, lab report, or other assignment which has been prepared by someone else. If you have any questions or doubts about what plagiarism entails or how to properly acknowledge source materials be sure to consult the instructor.

**Incomplete**

An incomplete grade is given only for an exceptional reason such as a death in the family, a serious illness, etc. Any such reason must be documented. Any incomplete request must be made at least two weeks before the final, and approved by the Dean of the School of Computer Science, Telecommunications and Information Systems. Any consequences resulting from a poor grade for the course will not be considered as valid reasons for such a request.

**Other Requirements**

All students are responsible to check the course online page frequently for various announcements, weekly topics, assignments and the due dates.