

Value Management Based IT Procurement Model
for
Construction Organisations



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Sri Lanka

January 2006

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Thesis

Submitted as a Fulfillment of

Master of Philosophy

Faculty of Architecture

University of Moratuwa

Sri Lanka

January 2006

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Dedication



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To my parents with love.....

Declaration

I hereby declare that this submission is my own work and that, to the best my knowledge and belief, it contains material or facts neither previously published or written by another person nor which to a substantial extent has been accepted for award of any degree or diploma of a university or other institute of higher education, except where an acknowledgement has been made.

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List of Abbreviations

- ASP -Application Services Provision
- DB -Database
- DSS -Decision Support System
- FAST -Functional Analysis System Technique
- HW -Hardware
- ICTAD -Institute Construction Training And Development
- IDE -Integrated Development Environment
- IESL -Institute of Engineers, Sri Lanka
- ISO -International Standard Organisation
- IT -Information Technology
- J2SDK -Java 2 Soft Development Kit
- JDK -Java Development Kit
- LAN -Local Area Network
- MM -Method Message
- MS -Microsoft
- RDMS -Relational Database Management System
- SAVE -Society of American Value Engineers
- SDK -Soft Development Kit
- SPSS -Statistical Package for Social Science
- SQL -Standard Query Language
- SW -Software
- TQM -Total Quality Management
- UK -United Kingdom
- UML -Unified Modeling Language
- VA -Value Analysis
- VE -Value Engineering
- VM -Value Management
- VP -Value Planning
- WAN -Wide Area Network



Acknowledgement

It is with deep gratitude that I cherish memories of many whose efforts influenced content and direction of this research.

It has been a real pleasure to work with Dr Srinath Perera, who as supervisor gently guided and directed me through the tedious process of research. I also express my gratitude to Mr. Indunil Seneviratne for his guidance, advice and support extended towards the research.

I will be failing in my duty if I do not extend my gratitude to Archt. Lalith de Silva (former Head of Department of Building Economics, University of Moratuwa and co-supervisor) and other academic and non-academic staff members of the Department of Building Economics for their unfailing assistance rendered towards this research. My thanks also go out to Prof. Chitra Weddikara, former Research Director of Building Economics Management Research Unit (BEMRU), for numerous assistance rendered.



My special thanks are extended to Prof. Lakshman Alwis (former Director, Postgraduate Research) and Dr. Harsha Munasinghe (Director, Postgraduate Studies), Faculty of Architecture, University of Moratuwa for their guidance towards success of this research. Also I would like to express gratitude to External examiners, Prof. Allen Ashworth and Mr. H.D. Chandrasena for their valuable comments.

Many other individuals contributed in special ways to make this research a success. I greatly appreciate the input of construction and non-construction professionals in industry. Also I would like to thank Mr. Saman de Silva, Mr. Radesh Batuwita and Ms. Waruni Liyanage for their advice and support towards success of this research.

I also wish to thank all my colleagues at research unit for their unfailing support given at all times. Last but not least, I gratefully acknowledge support and encouragement of my mother, father, sister and brother.

Karunasena G.I.

Abstract

Lack of effective IT exploitation in construction organisations often create difficulty in justifying future expansion and use of benefits of IT innovations. The problem of identifying best IT products, procurement approaches, costs and benefits is one reason behind that. It is a global problem experienced at all types of business sectors and organisations. However, it is more acute in the construction industry as a result of its structure, fragmentation and under capitalization.

A recent article by Central Unit of Procurement, UK states, *everybody benefits from fast, effective and transparent procurement. It reduces supplier cost, enables the organisation to fulfill commitments faster and more effectively and gives better value for the client's money.* This necessitates existence of a tool to identify best-valued procurement options and provide feedback on their probable successes or failures. Therefore, the primary aim of this study is development of Decision Support System for construction organisations to assist in IT procurement capable of increasing customer satisfaction while eliminating unnecessary expenditure with value management principles. Value management is an organized approach providing necessary functions at the lowest cost.

For development of the model, theoretical considerations and current industry practices were reviewed to synthesize a new approach drawing from the best practices of procurement in construction industry. This new approach also incorporates principles of value management in selecting the best procurement route. The selection was then modeled into an Object Oriented information model allowing users to make intelligent and informed decisions on procurement routes. It was then tested with real life IT procurement scenarios and refined accordingly. The evaluated model was enhanced as a Computer Aided Decision Support tool providing a user-friendly guide for IT procurement in construction organisations. The research samples comprised of experienced academics and industry representatives, all with direct experience in IT based systems within construction organisations. The research established need for a new approach to assist IT procurement in construction organisations. Moreover, no satisfactory IT procurement method for individual construction organisations was discovered.

The developed Decision Support Model provides an interactive and automated system for procuring IT in timely manner with the best value. The model has been designed to help users to understand procedures, merits and demerits associated with ranked list of best valued procurement methods that can be used to procure IT for identified IT solutions and IT procurement requirements. The model is targeted at the senior management level, particularly those without much knowledge in IT procurement, but responsible for such. The model is effective in satisfying established objectives and requirements of construction organisations, eliminating deficiencies in IT procurement. The main benefit expected from IT procurement model is assurance of best value, cost savings and better performance in procurement process encouraging enhanced investments in IT.

KEYWORDS: Information Technology Procurement, Value Management, Construction Industry, Procurement Model, IT Solutions, Decision Support System



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