

NYU Stern School of Business
Department of Information, Operations & Management Sciences
INFORMATION SYSTEMS RESEARCH SEMINAR

TOPIC: Reexamining the Market Value of Technology Investments in Organizations

SPEAKER: Anitesh Barua (University of Texas at Austin)

DATE: Thursday, November 29th, 2012

TIME: 4:00-5:30pm

PLACE: KMC 3-70

ABSTRACT

The use of market models to assess the financial impacts of Information Technology (IT) investments suffers from two related limitations. First, announcement period returns assume the market is efficient in pricing the investment. However, many IT investments are characterized by high information acquisition and learning costs that impede efficient pricing. Second, market models only price systematic risks, and assume idiosyncratic risks are eliminated through diversification. Yet, prior research posits IT matters, largely because of firms' idiosyncratic capabilities to exploit IT resources to create value. Thus, models deployed to assess the market value of IT events may be misaligned with the basic theoretical tenets of the IS field. We develop a framework involving the maturity of the IT event and the scope of complementary changes required to manage the event to assess pricing efficiency of the market. We empirically illustrate our framework with the case of large-scale outsourcing initiatives.

BIO

Anitesh Barua is the William F. Wright Centennial Professor of Information Technology, Stevens Piper Foundation Professor, Distinguished Teaching Professor, and Associate Director of the Center for Research in Electronic Commerce at the McCombs School of Business, the University of Texas at Austin. He received his Ph.D from Carnegie Mellon University.

Dr. Barua's research has been sponsored by the National Science Foundation, Cisco Systems, Dell Inc., Ernst & Young, IBM Research, Intel Corporation, Sprint, Phillips and Sybase and VeriSign. Over eighty of his research articles have appeared (or are forthcoming) in academic journals, refereed conference proceedings and edited book chapters. His current research interests include outsourcing governance and its impact on long-term firm value, contractual alignment and performance of outsourcing service providers, and migration in online social networks. He serves as a Senior Editor at Information Systems Research and also on the Editorial Board of the Journal of MIS.