

Return on Investment: A Placebo for the Chief Financial Officer... and Other Paradoxes

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Background: Return on Investment (ROI) is one of the most popular evaluation metrics. ROI analysis (when applied correctly) is a powerful tool of evaluating existing information systems and making informed decisions on the acquisitions. However, practical use of the ROI is complicated by a number of uncertainties and controversies. The article reveals some of these controversies in an engaging and thought-provocative manner.

Purpose: The intent of this note is to highlight several of the ROI paradoxes in a format of an opinion or a viewpoint with a hope that drawing attention of the ROI practitioners and researchers to these issues will contribute to more transparent and responsible application of the ROI evaluation.

Setting: Not applicable.

Intervention: Not applicable.

Research Design: Not applicable.

Data Collection and Analysis: Review of current practice.

Findings: The article reveals three weaknesses of the ROI evaluations, which in the absence of the commonly accepted ROI standard, can make results of the ROI evaluations uncertain or questionable.

Keywords: *return on investment; ROI; paradox; evaluation*
