

ABSTRACT

Information Technology affects the company's business processes, where companies use the value of Information Technology (IT) in their work processes to improve the effectiveness of company performance. This final project research discusses the substance of the value of IT in an IT-based company, namely PT. Telkom Indonesia for a period of 15 years (2004-2019). The method used to estimate the value of TI uses the Partial Adjustment Valuation (PAV) approach, which states that changes in output that occur in the production process are usually not exactly the desired one, so the Speed of Adjustment coefficient is needed as a bridge between the desired output and the output results. Calculation of the value of IT in companies that use IT in their performance systems will be very useful and have an effect on the company as material for evaluating and making company decisions. This study uses Dynamic Speed of Adjustment because this method is commonly used to calculate the value of IT which fluctuates each period, and the factor used to measure its dynamics is Market to Book Value (MTBV), other dynamic factors such as EVA, MVA and Tobins' Q will also briefly discussed in the study as a comparison. To prove the existence of the benefits of the value of IT to the company, this study uses tests using two calculation models: the three-factor model (K, L, and I) and the two-factor model (K, and L). K is the value of the company's equity, L is the cost of labor, and I is the cost of IT. The results of these measurements are also divided into two types, namely measurements based on currency units (Performance Value) and based on ratio units (Performance Ratio). This final project research leads to an understanding that the value of IT is real in improving business performance, and refutes the paradox which states that there is no relationship between IT spending/investment and the size of the profits that the organization/company will receive. Thus, the results of this study are open to studies that discuss the value of IT to develop further.

Keywords: IT, IT Value, Partial Adjustment Value, PAV, Dynamic Speed of Adjustment, Market to Book Value, MTBV, Performance Value, Performance Ratio, SPSS.