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HOW TO MEASURE AND VALIDATE BUSINESS OUTCOMES

A CIONET EXECUTIVE ROUNDTABLE IN ASSOCIATION WITH SERVICENOW AND ACCENTURE

Discussion Documents
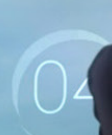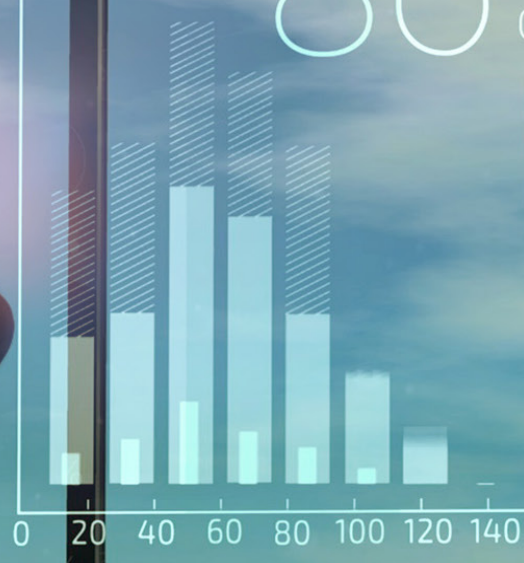
April 23

A cross sector event on 18th April 2023
How to measure and validate business outcomes

"To measure is to know", as the timeworn maxim has it. But do we know what to measure? When calculating business outcomes in 2023, do tried and trusted key performance indicators (KPIs) still apply? Or do we need to adapt to a world of products as well as projects, a world of agile timelines?

And, to be frank, has the IT industry – customers and vendors alike – ever successfully measured and validated business outcomes?

These questions were at the heart of a conversation conducted at a CIONET executive roundtable that took place in mid-April. Run in association with ServiceNow and Accenture, attendees shared their challenges and frustrations in capturing the right KPIs as well as exploring the opportunities ahead.

Despite the many billions of dollars invested in IT and process improvement, few, if any, organisations provide accurate measurements of business outcome. Productivity has stagnated over the last fifteen years in the UK. A perfect time, therefore, to demonstrate value if we are to invest further money into IT and digital transformation.

"New projects are always about business value," observed one attendee, "but how do you prioritise dollar spend? How do you make it more scientific?". Another pointed to the frustration of being asked to over measure. He cited a process that asked for "26 value drivers" for each new implementation. "In reality, it's about two drivers: top line and bottom line." Another was wrestling with the challenge of harmonising measurement across multiple third party suppliers.

So do the words of the American economist Robert Solow still apply? In 1987, he famously noted that,

" *You can see computers everywhere but not in the productivity statistics.* **"**

Is that still the case?

One attendee put it bluntly. He argued that: "The value of IT is negligible. Data is the value. As such IT is just an enabler."

Other guests offered mitigation. For example, the IT department continues to be seen as a cost centre rather than a value driver, one said. Challenging that perception – potentially by decoupling infrastructure from engineering – is an imperative.

Organisations have potentially much to gain from applying benefit realisation measures to their IT adoption, integration and migration. The problem, one attendee noted, is timing. Realisation is best measured in decades, but short-termism often rules. The average tenure of the CIO is a few years and "a 100 day plan" is just that – an incentive to think about the immediate, not long-term, future.

Nevertheless, thinking needs to change – and is already starting to change, most attendees agreed. Value stream mapping – a Lean management tool designed to improve product or service delivery through visualisation and analysis – offers a clear path to rigorous measurement and validation. Equally, 'value contracts' potentially allow suppliers and customers to share a commitment in better outcomes.

The evening ended with a discussion about the relative merits of ROI (return on investment) as a useful measure. Some believed it was an inefficient way of measuring efficiency gains, given the parameters of a project are likely to change – and some of that change might lead to additional cost through, for example, the need to upskill staff. Another voice around the table offered this distinction: "When you're addressing the organisation's operating model, ROI matters. When thinking about the business model, it's less important."
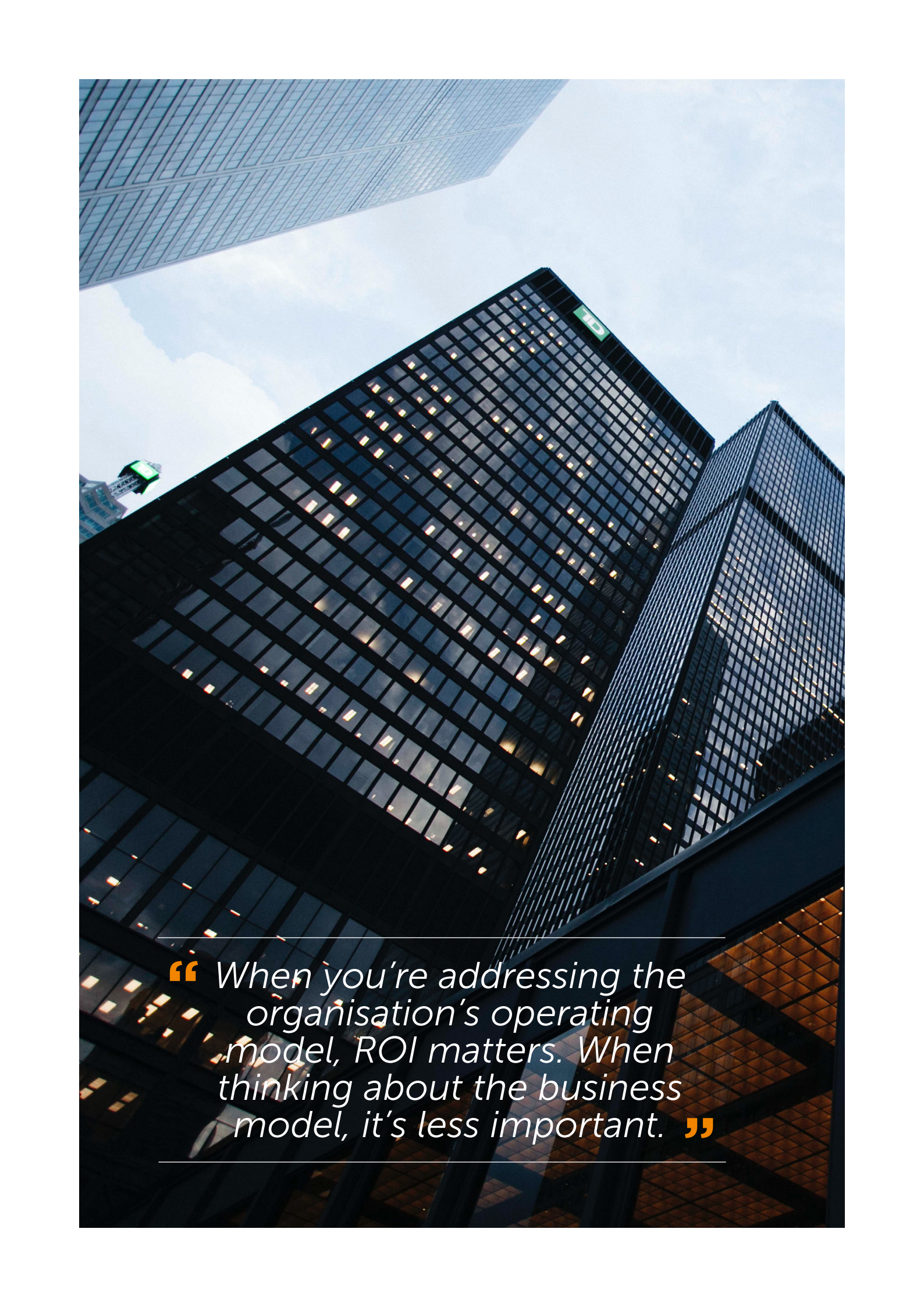
'How to measure and validate business outcomes'
– a CIONET executive dinner in association with ServiceNow and Accenture –
took place on 18 April 2023 at L'Oscar, London

"When you're addressing the organisation's operating model, ROI matters. When thinking about the business model, it's less important."

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CIONET is the leading community of more than 10,000 digital leaders in 20+ countries across Europe, Asia, and the Americas. Through this global presence CIONET orchestrates peer-to-peer interactions focused on the most important business and technology issues of the day. CIONET members join over a thousand international and regional live and virtual events annually, ranging from roundtables, programs for peer-to-peer exchange of expertise, community networking events, to large international gatherings. Its members testify that CIONET is an impartial and value adding platform that helps them use the wisdom of the (IT) crowd, to acquire expertise, advance their professional development, analyse and solve IT issues, and accelerate beneficial outcomes within their organisation.

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