

Workbook

MEASURING TECHNOLOGY ROI

Assessing the Business Value of Technology

USING THE RIGHT METRICS TO ASSESS THE BUSINESS VALUE DERIVED FROM TECHNOLOGY IS CRITICAL IN DEMONSTRATING THE EFFECTIVENESS OF BUSINESS-TECHNOLOGY INVESTMENTS.

BY FAISAL HOQUE

Senior executives increasingly demand an understanding of how business technology can improve operations, enhance managers' decision making and place the organization in a strong position to compete.

For many companies, the link between business-technology investment and business performance remains elusive. However, information-oriented companies know how to break out of the cycle of spending more on technology and getting less. These companies leverage information across their business processes—and with customers and suppliers—to gain knowledge for developing products, spotting emergent customer needs, forming strategy and analyzing risk.

To ensure that good information delivery results in good business outcomes, companies must push to instill in their employees the behaviors and values that affect how the company best uses information for customer, supplier and partner relationships. When that is done, an information-oriented culture flourishes, and the business-technology payoff is achieved.

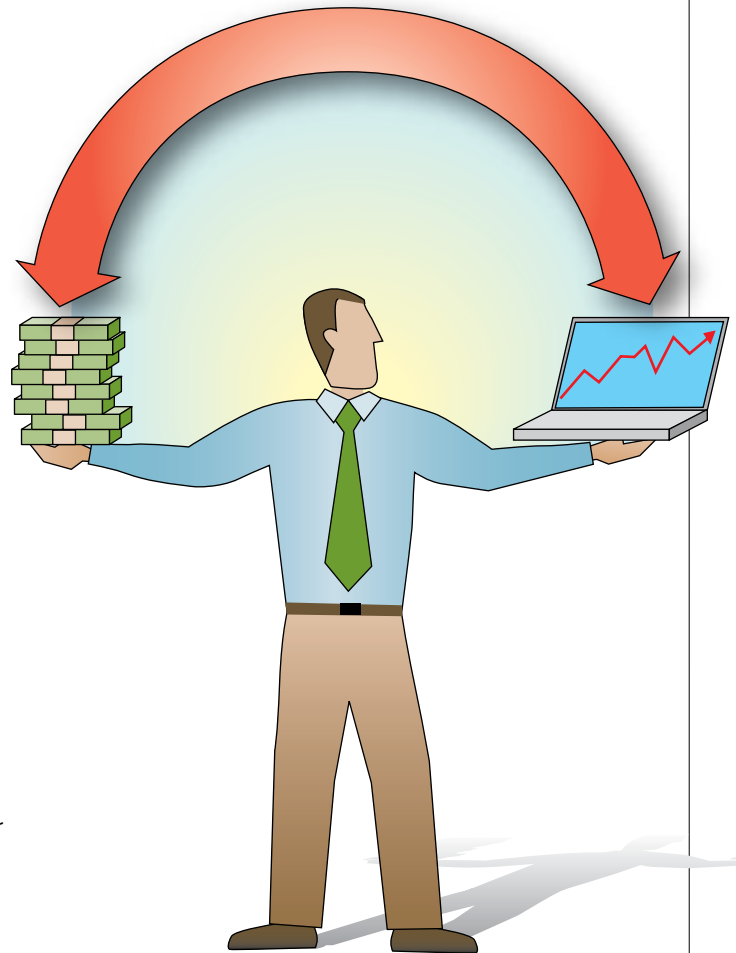
The following steps can help create a foundation to provide evidence of a positive relationship between business-technology investment and company performance:

ESTABLISH the business purpose of each investment in technology: Is it to enable growth, maintain the infrastructure or manage risk?

DETERMINE whether the metrics you use have changed along with changes in business processes and technology.

AGREE on new metrics that show how your organization creates agility, sense-and-respond capabilities, and digital options. This agreement will ultimately lead to metrics that accurately measure business value.

UNDERSTAND the business environment and how the company adjusts its strategy to changes in the environment. This often requires real-time adjustments in operations, placing a greater onus on business-technology executives to develop a well-oiled system for gathering information and presenting business alternatives.



LEVERAGE management capabilities, such as BTM's Approval and Prioritization capabilities and its Consolidation and Standardization capabilities. These can be used to manage and define the information requirements to support a high information-orientation culture.

TRANSLATE the business strategy into tactical plans for which information and communication technologies can be deployed. It is increasingly the role of the technology executives to make this connection. Executives must take the lead in communicating the areas in which business technology can add value. Employees must be made aware of how these opportunities relate to their jobs.

IDENTIFY the complementary investments necessary to get full value out of technology investments.

INSTILL in employees the behaviors and values that will lead to the best use of information to support and enhance customer, supplier and partner relationships.

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