

# Measuring the return on technology investment

*Why it's important to articulate business value across the customer life cycle*



**projectline**

**mainstay**  **partners**  
making technology investments count

**Contents**

- IT investment and the importance of measuring business value.....1
- The ROI of ROI: Why invest in finding out business value?.....1
- Strengthen credibility through an independent voice.....1
- What’s the right time to conduct business value analysis?.....2
  - Analyze business value during the proposal process.....2
  - Measure business value after implementation.....3
- Make the most of business value studies throughout the customer life cycle.....3
- The payoff of telling the whole business value story.....5

## **IT investment and the importance of measuring business value**

New technology investments are notoriously hard to justify. The benefits of technology often seem indirect, hard to measure, and delayed, but CIOs, IT directors, and technology companies know that IT is vital to the success of any business. To bring executives to a fuller appreciation of the role of IT and its effect on productivity and profitability, IT leaders must bolster their case with empirical evidence. Demonstrating the return on investment (ROI) of new technology investments is the foundation of this argument. Most organizations require major technology projects to present ROI or some other quantifiable measure as justification. Because there is often skepticism from business leadership, empirical evidence is often required to help IT investments compete against other capital opportunities. Given the complexity of the task, businesses often turn to technology vendors to conduct ROI assessments.

This article helps answer these important questions:

- How can technology vendors help customers make a stronger case for IT as a potential profit center and strategic enabler?
- How can vendors help customers further articulate the business value of IT by blending quantitative and qualitative data to demonstrate the benefits of new technology investments?
- What long-term benefits can vendors achieve by helping IT leaders tell this complete story?

## **The ROI of ROI: Why invest in finding out business value?**

At each stage of the customer life cycle, there is a twofold advantage to a strong business value case (see figure 1). Throughout this process, both the customer and the vendor benefit from verifiable business value analysis. Customers accrue the presentation and proposal materials they need to promote the solution internally, while technology vendors gain the statistics, testimonials, and collateral necessary to help advance external sales efforts. Demonstrating business value can require some investment of time and resources, so technology vendors benefit from considering the most effective methodology for analysis as well as the desired deliverables in the form of sales, marketing, and engagement tools.

Building a compelling business case for technology investment requires a comprehensive approach. Vendors need to provide customers with the information and tools necessary to conduct an assessment of the net value of a given solution. In addition, vendors need to assist customers in mapping specific business challenges to key performance indicators and benchmark customer performance against industry averages. To empower IT leaders to make the strongest possible case for adopting new technologies, vendors need to simplify the process of gathering these data points while ensuring the highest levels of transparency possible.

## **Strengthen credibility through an independent voice**

Technology vendors stand to gain from thorough business value analysis of their solutions, but that doesn't mean they should do it themselves. Many customers are more likely to trust a third-party analysis, even if it is funded by the vendor.

Helping companies articulate and express the total impact of technology adoption on their organization takes time—often time that neither the IT department or the vendor's sales or implementation teams can spare.

Third-party business value assessment provides a different perspective than the ones available either within the organization or from the vendor. Organizations are often prone to unintentional “blind spots” that prevent them from seeing potential cost centers—or opportunities for saving. If the solution enables new processes and saves time, a third party may be able to identify more nuanced savings and opportunities for growth better than anyone immersed in the day-to-day functioning of the organization.

A vendor, on the other hand, may be inclined to miss unexpected savings as well as points of concern. Sales teams are often focused on the newest or flashiest features, and may forget about the core value points of the product. In turn, a third party can note the points where a solution is causing frustration or costing time or money. A third party can also avoid getting sidetracked by the technical details of a product implementation, staying focused on the business challenges at hand.

### What’s the right time to conduct business value analysis?

Business value analysis either happens during the validation process or after the technology is in place and already making a difference in the customer’s business. Each type of analysis allows for varying levels of depth and can yield different results.

#### Business value before launch:

Even before a product has fully launched, comprehensive business value case studies are worth considering.

Early adopter programs can be an ideal way to begin measuring the real-life effects of implementing a solution.

Tracking savings, revenue opportunities, and implementation costs for a technology adoption program can provide valuable information:

- Product teams can see where the technology can be improved for increased efficiency or usability.
- Marketing teams can begin gathering the strongest benefits to use in collateral.
- Sales teams can line up initial references to be ready at launch time.

#### Analyze business value during the proposal process

For large companies or particularly significant technology solutions, the traditional proposal process may not address executive concerns. Because major technology implementations can be costly in terms of time and resources, it is especially important to establish a strong case for the long-term return on the investment.

When prospective customers need help justifying a major technology purchase, it falls to vendors to provide consultative attention to business problems and opportunities. Vendors can help strengthen a proposal by calling in a third party to examine the customer’s business and analyze how the new technology (or upgrade) will contribute to revenue opportunities or cost savings. The third-party analyst works with the vendor sales team to understand the strengths of the new solution, then engages the potential customer to analyze their situation. The engagement can be as short as an interview with an IT manager or as involved as a several day in-person workshop to understand the whole picture of the customer’s business.

The analyst then pairs observations with features and benefits, using his or her experience and research to calculate potential gains for the customer. At this point, both the customer and sales teams would have the chance to review and point out any gaps to ensure that the analysis accurately represents both the business and the solution.

The result is that the vendor sales team has a thorough, credible proposal for how their solution directly benefits the prospective customer. At the same time, the customer receives consultation and business analysis, along with the resulting presentation-ready estimates to deliver to executives. The consultation and analysis also sets clear expectations and goals for the implementation, allowing the customer's team to better focus their efforts toward the long-term payoff of the solution.

Ultimately, the business analysis helps to strengthen the customer sponsor's role as an internal advocate, as well as to reinforce their relationship with the sales team.

### **Measure business value after implementation**

For technology vendors, the best business value case will often come from an implementation that has been in place long enough for the customer to measure total cost of ownership (TCO) and realize longer-term benefits. Customer success stories communicate the larger picture of the impact that a technology solution has on a business. Weaving TCO or ROI data into the complete business value story can support a compelling, flexible narrative that helps both the customer and the vendor.

Business value case studies often require a customer's time and attention after a sale is closed. In addition, accurate assessment of business value may require some disclosure and transparency on the part of the customer, so it is crucial for sales teams to articulate the benefits for the customer.

The primary benefit to the customer is that the business value analysis will help tell their story. The data gathered will help them in conversations with executives as they marshal support for expanding deployment or bolster the case for an upgrade. It also gives customers an additional line to the vendor, enabling streamlined, comprehensive feedback that can contribute to decisions about strategic direction, services, and features.

By helping key customer contacts meet their ongoing need to show the strategic value of IT, vendors win loyal, sustainable references to feed into a long-term customer reference program. Because the analysis has helped these customers articulate the benefits of the solution in concrete terms, they are more likely to be a credible—as well as enthusiastic—reference for future customers.

### **Make the most of business value studies throughout the customer life cycle**

After a vendor builds a strong story about the comprehensive business value of their technology, they can use it in every customer engagement. At each stage of the customer relationship, vendors can improve collateral and sales support materials by including key data from the business value analysis in the product message.

Here's how business value helps throughout the customer life cycle:

- 1. Awareness:** Detailed collateral grounded in real-world customer experience can help deliver the marketing message to prospective customers. Often, this collateral won't require any difference in how the case study is conducted or how TCO or ROI is measured—it simply requires savvy marketers and open communication between sales and marketing.
- 2. Education:** Compelling case studies are a valuable part of increasing engagement and educating sponsors about how the solution might be directly relevant to their business problems. Long-form and short-form versions of the most powerful stories can answer buyers' questions, as well as give them ammunition for building the business case internally. At this stage, it is valuable to have content in several formats. Presentation decks, video testimonials, and one-page tear sheets can help the sponsor tell an effective story about how a solution will help solve their company's IT and business process challenges.
- 3. Validation:** From proposal through acquisition, customers need answers. Whether customers are trying to clarify the benefits to executives, make sure they're working with the right vendor, or determine deployment strategy, vendors can offer support. Predictive business value consulting may be right for some customers, while others may need to talk to a previous customer about the deployment process and post-implementation benefits. Having a portfolio of case studies and references that speak to the business value of the solution ensures that vendors have the resources they need to accelerate the sale and build the customer relationship.
- 4. Retention:** After the sale is closed, it is important to stay engaged and help retain valuable customers—or increase the size of existing deployments. The customer's IT staff can use information from vision and scope documents, employee surveys, interviews, and published media, such as case studies, to inform their change management strategy through deployment and beyond. At the same time, technology vendors gain valuable insight into the evolving needs of their customers and can take advantage of unique opportunities throughout the evidence production process to extend the sales conversation and further cultivate the role of trusted advisor for their clients.

**Segment case studies by industry, issue, or company size**

One of the most effective ways to connect the right content to the right customers is to organize customer stories by industry, product, business problem, and company size.

A consistent **tagging system** and **comprehensive record** for all your content and references will help you provide relevant answers at key stages in the buying process—without panic.

Figure 1

## Awareness

**Customer needs:** Consumable quotes and strong stories to help understand whether the solution applies to their business.

**Vendor needs:** Collateral that tells the product story effectively.

## Education

**Customer needs:** Proof points and TCO or ROI stories to help sponsors sell internally.

**Vendor needs:** Clear stories to engage leads and provide answers; relevant numbers and case studies to offer to engaged leads.

## Validation

**Customer needs:** Independent business value analysts to predict the ROI of the solution within their business; others may want to reach a relevant reference.

**Vendor needs:** To know which references are able to speak to business value, as well as when to call in a business value analyst to serve a consultative, predictive role in closing the sale.

## Retention

**Customer needs:** To be able to tell the ongoing ROI story to executives in order to justify continued IT spending and upgrades.

**Vendor needs:** Strong stories that feed collateral, references, and case studies; to strengthen the relationship with the customer.

### The payoff of telling the whole business value story

When customer sponsors meet their needs for ROI measurement and are able to tell an effective story, they become advocates for the technology. As those references mature over time, they have the potential to yield a broader and more diverse portfolio of marketing assets, which vendors can use to bolster benefit claims and demonstrate the ubiquity of their solutions. Even a few high-profile customer advocates can help vendors penetrate new markets or widen their advantage over competitors in specific industries. This expanded reach can generate the necessary momentum to drive consistent sales growth and expand into new market segments or industries.

To find out how Projectline Services, Inc. and Mainstay Partners can help your customers measure the business value of IT solutions, write to [extraordinary@projectlineinc.com](mailto:extraordinary@projectlineinc.com).