Assessing Value from IT

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Investing in Information Technology

• Every organization is investing significant resources into Information Technology (IT)

• Are they getting a proper Return on that Investment?
  • VALUE

• How can you assess VALUE from IT investments?
What is Value?

- **Value** is the agreed upon benefit to be derived from applying IT to support the delivery of outcomes customers, clients, citizens, or donors are willing to pay for or fund.

- **Value** = Business Value

- **Value** is articulated in terms that make sense to shareholders, customers, citizens and/or donors

- **Value** is measurable and must be measured
Value Cycle – Incorrect Focus
The Agricultural Model

- **Investment in the life cycle**
  - Planting
  - Cultivating
  - Nurturing
  - Harvesting
  - Renewing

- **Includes all stakeholders in the full cycle**
The Agricultural Model

• Focus is on value (the harvest)
• Weather eye to manage change
• Alignment is ensured through a common, measured goal - value
Value Realization Cycle

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Value Realization Cycle: Fully Loaded Costs

SET STRATEGIC DIRECTION

- Business opportunity planning
- Search and research
- Strategy development

MAKE INVESTMENTS

- Service architecture and portfolio development
- Sourcing/partner development
- Service and systems analysis, design, and development

CONSOLIDATE TRANSFORMATION

- Service/systems operations
- Transition
- Training and skills development
- Transformation and Change management
- Service/systems adjustments

ENSURE IMPLEMENTATION

- Service/systems acquisition and testing
- Service/systems deployment and testing
- Facilities preparation and commissioning

HARVEST

- Harvesting value
- Measurement and reporting
- Quality control
- Service/systems improvement
Supporting the Value Focus

• Governance is mandatory

• Communication is necessary and possible through appropriate tools
  - Enterprise Architecture
  - Portfolio Management
  - ROI

• All modes of sourcing are options to be considered

• Measurement
Assess the organization’s strategy as a source for defining and communicating value.

How did the realized business value impact the strategy?

How is business value defined, and communicated, relative to the centre of the Value Cycle?

How was the chosen asset intended to affect business value?

How was business value used to drive this process?

What business value was realized?

How does this compare to expected business value?

What explains the difference?

How was the asset applied to business processes?

How were business processes altered to exploit the asset?

How was business value used to drive this process?

How was business value used to guide the project?

What business value was realized?

How does this compare to expected business value?

What explains the difference?

How is business value defined, and communicated, relative to the centre of the Value Cycle?

How was the chosen asset intended to affect business value?

How was business value used to guide the project?
• We are developing an Audit Guide based on
  • Agricultural Model
  • Value Cycle
  • Value Realization Cycle

• It can also be used to evaluate a portfolio of IT systems

• If you want to help advance it, please contact us
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Thank You!

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