



Bridging Business & I.T/Digital: Unified Value Measurement

ENABLING EVERYONE TO SPEAK IN APPLES

MOZΔIC

Summary

This white paper introduces you to, and explores how Mozaic's unique value formula can be implemented, ensuring I.T/Digital's contribution is recognised and understood across the business, thereby enhancing:

- Autonomy;
- Data-driven decision making;
- Engagement;
- Transparency.

Our experience shows this value is often difficult to articulate, or infrequently understood by a broad spectrum of stakeholders – these communication issues of *talking in apples and pears* can hamper true agility or undermine positive efforts from these teams.

As part of our broader series of whitepapers aimed at modernising the I.T. function, it's more important than ever the contribution is recognised and maximised across all facets of business, by:

- Establishing a simple, unified language that articulates I.T's value across operational efficiency, product development, and strategic initiatives,
- Codifying processes, policies, and strategies using orchestration tools to measure and enhance I.T's flow of work across the organisation, continually reducing friction,
- Embedding AI and data analytics within our strategies to drive innovation, improve decision-making, and optimise performance.

Through addressing these critical areas, our goal is to bridge the divide between I.T. and the broader business context.

Whilst this paper focuses on expressing the value of I.T, similar challenges exist elsewhere in organisations and the solution is equally applicable with appropriate tailoring.

Read on to understand how we *enable everyone to speak in apples*.

Introduction

In an era defined by relentless digital transformation, businesses across every sector face the dual challenge of navigating rapid change and leveraging technology to drive strategic outcomes. This environment necessitates an evaluation of traditional I.T. functions—from operations to new product development and strategic transformation initiatives.

Amidst this evolution, a critical gap has emerged: a disconnect between the sophisticated I.T. landscape and the broader business goals it aims to enable. Whilst strides are being made in many organisations, particularly with the shift towards product-oriented approaches, this gap extends beyond technological complexities; it is fundamentally about forging clear communication, mutual understanding, and strategic alignment between I.T. and the rest of the business.

Even in product-oriented models, these communication hindrances lead to resource creep and less efficient strategy development, prioritisation, and can inhibit decision-making and autonomy which are at the heart of the methodology. This tension underscores the need for a unified approach that not only champions technological alignment but also ensures that the value of I.T. is communicated in a language that resonates across the entire organisation.

Today's businesses operate in a landscape enriched by digital knowledge. Customers and stakeholders possess an unprecedented understanding of technology (or access to demystifying tools), elevating their expectations and, in turn, reshaping business responses and strategies. This scenario presents an unparalleled opportunity: to transcend traditional I.T. boundaries and foster a holistic and engaging approach that encompasses service management, product innovation, and transformational leadership which is aligned to and understood by stakeholders – customers and broader business representatives.

Drawing from Mozaic's rich experiences across diverse organisations, our whitepaper series has distilled essential patterns, challenges, and, crucially, solutions. These solutions aim to address not just immediate challenges but also to pave the way for a future where I.T. is seamlessly integrated with business strategy.

As the I.T. organisation evolves, the value it brings and how this is articulated and understood must adjust in parallel, lest efforts be negated or undermined.

OVERVIEW AND ALIGNMENT WITH THE MOZAIC WHITEPAPER SERIES

The existing Mozaic whitepaper series acts as an indispensable guide for organisations navigating the complexities of digital transformation, addressing crucial areas such as the evolution of service management, strategic cloud adoption, the untapped potential of data, and the importance of a unified language in I.T. operations. Each paper distils valuable insights and strategic approaches, tackling the intricate challenges and opportunities within the rapidly evolving digital landscape.

While rich in technical depth, the insights provided extend beyond the confines of I.T. departments, laying the foundation for a broader dialogue that bridges the divide between I.T. professionals and the wider business community.

In an era where technology forms the backbone of all business strategies, facilitating this dialogue is essential. It ensures the role of technology in driving business objectives — from product development enhancement to customer engagement refinement and operational streamlining — is clearly understood and valued across organisational tiers.

Unified I.T. Value Formula

$$Q = \frac{(\text{Performance} + \text{Perception})}{\text{Waste}}$$

The amalgamation of insights from the Mozaic series into the Unified I.T. Value Formula presents a compelling narrative for organisations aiming for digital excellence. By encapsulating key performance indicators into a straightforward framework the formula renders the complex dynamics of I.T.'s business contribution accessible and relevant to a broad audience, including both technical and non-technical stakeholders.

- ▶ **Performance:** Highlights I.T.'s pivotal role in boosting operational efficiency, leading new product development, and driving transformation programmes.
- ▶ **Perception:** Focuses on I.T.'s influence on user experience and customer satisfaction, along with its wider impact on the organisation's strategic direction and market positioning.
- ▶ **Waste:** Concentrates on the efficient use of resources, streamlining processes, and minimising inefficiencies across I.T. operations and project delivery.

This formula encourages a culture of collaboration and shared understanding, where I.T. and business leaders can more easily unite towards common objectives. Alongside this formula, the concept of a dashboard emerges as a key tool for visualising and communicating value,

enabling stakeholders to engage in meaningful discussions about the state of operations, investments, strategic implementations, and their outcomes.

The following section delves deeper into each component of the I.T. Value formula, illustrating how the principles outlined in the white paper series so far can be built upon to enhance communication, decision-making, and strategic alignment throughout the organisation. This approach not only underscores the universal applicability of digital transformation principles but also advocates for a holistic approach to I.T. management that combines technical expertise with broader business insights.

FORMULA COMPONENTS

PERFORMANCE: ENHANCING OPERATIONAL EXCELLENCE AND INNOVATION

Performance measures the effectiveness and efficiency of I.T. operations, including its role in facilitating new product development and driving transformation initiatives. It reflects I.T.'s ability to execute projects that align with business strategies, deliver services that meet or exceed user expectations, and innovate solutions that provide competitive advantages.

- ▶ **Operational Efficiency:** How I.T. optimises processes and resources to deliver services cost-effectively.
- ▶ **Product Development:** The agility with which I.T. supports or leads in bringing new products to market, fostering innovation and responding to customer needs.
- ▶ **Transformational Impact:** I.T.'s contribution to organisational change programmes, ensuring technology alignment with evolving business models and market demands.

PERCEPTION: BUILDING TRUST AND SATISFACTION

Perception focuses on how I.T.'s efforts are viewed by users, customers, and the broader business community. It encompasses user satisfaction, service quality, and the overall impression of I.T. as a strategic business partner. This component is critical for securing buy-in for I.T. initiatives, attracting investment, and reinforcing the role of technology in achieving business goals.

- ▶ **User Experience:** The usability, accessibility, and satisfaction associated with I.T. services and products.
- ▶ **Customer Engagement:** The effectiveness of I.T. solutions in enhancing customer interactions and satisfaction.
- ▶ **Strategic Alignment:** The extent to which I.T. initiatives are perceived to support and drive the broader business strategy.

WASTE: OPTIMISING RESOURCES AND MINIMISING INEFFICIENCIES

Waste addresses the need to minimise inefficiencies and optimise the use of resources within I.T. operations. This includes reducing unnecessary expenditures, streamlining processes, and ensuring that I.T. projects deliver maximum value for the investment. By focusing on waste reduction, organisations can enhance their agility, responsiveness, and capacity for innovation.

- ▶ **Resource Utilisation:** Efficient use of I.T. assets, including hardware, software, and human resources.
- ▶ **Process Efficiency:** Streamlining I.T. processes to reduce delays, redundancies, and bottlenecks.
- ▶ **Investment Impact:** Ensuring that I.T. spending is aligned with strategic priorities and delivers tangible benefits.

Bridging Business and I.T: A Unified Approach

The Unified I.T. Value Formula serves as a bridge between I.T. and the rest of the business, creating a platform for a simple shared understanding of how technology enables organisational success. By adopting this formula, organisations can transcend traditional metrics that often obscure I.T.'s true contribution, fostering a culture of greater transparency, collaboration, and strategic alignment instead.

Critically, this approach leverages established information sources and doesn't involve starting from a blank sheet of paper.

Many important metrics and information sources will be available and actively utilised already by teams within I.T. and supporting functions; This is about consolidating and weighting extant data, before applying the formula to achieve a succinct common language.

UTILISING THE FORMULA

The application of the Formula, $\frac{(Performance+Perception)}{Waste}$, facilitates a comprehensive evaluation of I.T's business contribution, making it accessible and actionable for both technical and non-technical stakeholders. Here's how organisations can effectively employ this formula:

- ▶ **Amalgamating Data Sources:** The first step involves identifying and consolidating data from various sources. This includes project performance metrics, user satisfaction surveys, financial reports, and operational efficiency data. Centralising this information is crucial for a holistic view of I.T's impact on business performance. *Where limited information is available or maturity must first be increased, this work can be undertaken in parallel as part of a newly defined architecture/ontology.*
- ▶ **Selecting Appropriate Tooling:** With the plethora of data collected, selecting the right tooling for analysis and visualisation becomes paramount. Tools that offer flexibility in integrating diverse data sets and the capability to apply advanced analytics are preferred. Platforms like ServiceNow, Microsoft Power BI, Tableau, or custom-developed solutions within enterprise systems like SAP or Oracle can offer the necessary insights by processing this amalgamated data.
- ▶ **Applying Weighting:** Perhaps the hardest part, and one which should remain a subject of review, is agreeing the weighting applied to component metrics and indicators as part of the formula – these must be tailored to what matters most for your organisation and align with existing strategies, tolerances, etc.
- ▶ **Creating a Succinct Dashboard:** The ultimate goal is to distil the complexity of the data into a dashboard that succinctly communicates I.T's value which at the highest level is expressed as a single number. This dashboard is underpinned by an ability to re-cut or interrogate the underlying data with various stakeholders in mind, notable examples being:
 - **For I.T. Leaders:** Detailed views on operational efficiency, project delivery timelines, and budget adherence.
 - **For Business Executives:** High-level insights into how I.T. initiatives drive business growth, customer satisfaction, and return on investment.
 - **For Operational Teams:** Real-time data on service delivery performance, user feedback, and areas requiring attention to minimise waste and optimise resource allocation.
 - **For Product Owners:** Insights into product performance, user engagement, and feature adoption to guide strategy and development priorities as a vital component of product-oriented methodologies.
 - **For Vendor Managers:** Overview of vendor performance, SLA compliance, and cost analysis to streamline vendor management and negotiations.

By focusing on these elements, the dashboard and tooling becomes a powerful aid for decision-making, enabling stakeholders to identify strengths, pinpoint areas for improvement, and strategise on future I.T. investments.

FACILITATING EFFECTIVE COMMUNICATION AND DECISION-MAKING

The dashboard not only serves as a reporting tool but also as a communication platform that fosters informed discussions about I.T.'s strategic role. It aids in demystifying I.T. operations for non-technical stakeholders, highlighting how investments contribute to overarching business goals. Furthermore, it encourages a data-driven approach to decision-making, ensuring that investments in I.T. are aligned with strategic priorities and deliver tangible value.

WHAT NEXT? FUTURE APPLICATIONS OF THE UNIFIED I.T. VALUE FORMULA

As organisations continue to navigate the complexities of digital transformation, the Value Formula provides a robust framework for evaluating I.T.'s contribution to business success. Looking forward, there are several promising areas where the formula's principles can be further applied and integrated into broader business strategies:

ENHANCING THE VALUE OF TRANSFORMATION PROGRAMMES

The formula can play a crucial role in shaping the evaluation criteria for transformation programmes, offering a clear metric for assessing the anticipated performance improvements, stakeholder perception shifts, and efficiency gains. By aligning transformation initiatives with the formula's components, organisations can ensure these programmes are strategically focused and aligned with overarching business objectives.

The principles outlined in "The Evolution of Service Management" and "Cloud for Digital Excellence" can provide foundational insights into leveraging the formula within transformation programmes, ensuring that digital initiatives are both strategically aligned and operationally efficient.

REFINING SUPPLIER EVALUATION AND SELECTION

The formula can also refine the process of evaluating and selecting suppliers, particularly for I.T. services and solutions. Incorporating the formula into tender evaluation processes allows organisations to consider not just cost but also the potential impact on operational performance, user perception, and the reduction of inefficiencies.

By drawing on insights from "Aligning Sourcing Models" and "The Importance of Culture in Transformation", organisations can develop more nuanced criteria for supplier selection, focusing on partners that contribute to strategic goals and support a culture of innovation and efficiency.

Future Research and Development

The rapid evolution of digital landscapes presents continuous opportunities for innovation and improvement. At the forefront of Operating Model design and digital transformation, we recognise the potential of this Unified I.T. Value Formula to address not just current but future challenges within and beyond the I.T. domain. We are actively seeking to explore the formula's broader applicability and its potential to solve your emerging business challenges.

- ▶ **Expanding the Formula's Reach:** We are keen to engage with organisations interested in pioneering the application of the Unified I.T. Value Formula across diverse contexts, from evaluating the strategic impact of new technologies to enhancing supplier collaboration and beyond.
- ▶ **Solving Broader Challenges:** Our expertise lies in not only conceptualising strategic frameworks but also in applying them to real-world scenarios. We invite you to join us in this endeavour, whether it's adapting the formula for sector-specific challenges or integrating cutting-edge technologies that redefine business operations.

This is a call to arms for leaders, innovators, and visionaries.

If you're grappling with how to quantify I.T.'s value, looking to drive more strategic I.T. investments, or exploring ways to enhance operational efficiency, we encourage you to get in touch.

Together, we can push the boundaries of what's possible, leveraging the Value Formula & Dashboard as a beacon for navigating the complexities of transformation and day-to-day operations in an easily communicable manner.

Conclusion

The Unified Value Formula represents a foundational step towards reimagining I.T's role within the business.

As we venture into the future, its principles offer not just a lens through which to assess I.T's current contribution but also a beacon guiding us towards untapped potential and uncharted territories.

Our journey is far from complete, and the challenges ahead are as daunting as they are exciting. But with the formula as our compass and a community of engaged stakeholders in your business by our side, the path towards excellence is clear.

The future beckons with promises of innovation, efficiency, and strategic agility. We stand ready to explore, adapt, and lead—and we invite you to join us. Together, let's redefine the value of I.T, turning technology investments into strategic assets that propel our organisations to new heights of success and *enabling everyone to speak in apples* finally.

The Future of the Operating Model

As a recognised leader in I.T. and Digital Operating model design and transformation, Mozaic has delivered wholesale change in over a hundred, large complex estates over the past 10 years – possibly more than any other single organisation during that period. Our team includes ex-CIOs and CTOs from across a broad range of industries, giving us a unique perspective on the past, and on the next phase of operating model change that will affect us all.

THE SERIES

This whitepaper is one of a series that looks at the future of the operating model, and details the specific areas of change that organisations will need to embark upon to transform to Enterprise Product and achieve excellence in technology delivery.

The papers in the series are:

- ▶ The future of the technology operating model
- ▶ Focusing on value
- ▶ The importance of culture in transformation
- ▶ Measure the things that really matter
- ▶ Aligning sourcing models to support Enterprise Product
- ▶ Value stream management - it's time to stop throttling change
- ▶ Data driven operations
- ▶ Addressing legacy constraints
- ▶ Unleashing data's potential
- ▶ Cloud for Digital Excellence
- ▶ The Evolution of Service Management
- ▶ **Bridging Business & I.T: Unified Value Measurement**

The full catalogue of papers can be found on the Mozaic website at <https://mozaic.net/insights/>.

Accompanying the series, Mozaic offers a range of complementary workshops, which look in more detail at the subject areas, and help teams to better understand the challenges and opportunities in their context.

If you would like to know more, please contact us at info@mozaic.net or call us on 0203 709 1625.

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