



# Bridging Business & IT: 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, to ensure IT/Digital team's contributions are recognised and understood by the business, thereby enhancing:

- Data-driven decision making;
- Earned autonomy;
- Quality of Engagement.
- Transparency.

Experience shows us that the overall 'value' delivered by IT is important to measure but is often difficult to articulate and be understood by stakeholders. These communication issues of *talking in apples and pears* can hamper true agility or undermine positive efforts from these teams.

It's more important than ever the contribution and value is recognised and maximised across all facets of business, by:

- Establishing a simple, unified language that articulates IT's value across operational efficiency, product development, and strategic initiatives,
- Codifying processes, policies, and strategies using orchestration tools to measure and enhance IT's flow of work across the organisation, continually reducing friction,
- Embedding related data analytics to drive innovation, improve decision-making, and optimise performance.

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

Whilst this paper focuses on expressing the value of IT, similar challenges exist elsewhere in organisations and the solution we present 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 challenges of navigating rapid change and leveraging technology to drive strategic outcomes. This environment necessitates the continuous evaluation of all the IT and Digital functions — from operations to new product development and strategic transformation initiatives.

Amidst this evolution, a critical gap can emerge: a disconnect between the IT delivery model 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 aligning technology delivery approaches; it requires forging clear communication, mutual understanding of value, and strategic alignment between IT and the rest of the business.

Even in product-oriented models, which brings business and IT teams closer together, these communication hindrances can lead to inefficient strategy development, prioritisation, and 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 alignment but also ensures that the value of IT 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 presents an opportunity: to remove traditional IT 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.

This paper and the others in Mozaic's series on Enterprise Product, provides valuable insight from our extensive IT operating model design and transformation experience, to help Digital leaders identify how they can best meet their user and business needs.

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

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# Unified IT Value Formula

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

The amalgamation of insights from the Mozaic series into the Unified IT 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 IT's business contribution accessible and relevant to a broad audience, including both technical and non-technical stakeholders.

- ▶ **Performance:** Highlights IT's pivotal role in boosting operational efficiency, leading new product development, and driving transformation programmes.
- ▶ **Perception:** Focuses on IT'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 IT operations and project delivery.

Using this formula encourages a culture of collaboration and shared understanding, where IT 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 IT 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 IT management that combines technical expertise with broader business insights.

## FORMULA COMPONENTS

### **PERFORMANCE: ENHANCING OPERATIONAL EXCELLENCE AND INNOVATION**

Performance measures the effectiveness and efficiency of IT operations, including its role in facilitating new product development and driving transformation initiatives. It reflects IT'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. The components of Performance are:

- ▶ **Operational Efficiency:** How IT optimises processes and resources to deliver services cost-effectively.
- ▶ **Product Development:** The agility with which IT supports or leads in bringing new products to market, fostering innovation and responding to customer needs.
- ▶ **Transformational Impact:** IT'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 IT's efforts are viewed by users, customers, and the broader business community. It encompasses user satisfaction, service quality, and the overall impression of IT as a strategic business partner. This component is critical for securing buy-in for IT initiatives, attracting investment, and reinforcing the role of technology in achieving business goals. The components of Perception are:

- ▶ **User Experience:** The usability, accessibility, and satisfaction associated with IT services and products.
- ▶ **Customer Engagement:** The effectiveness of IT solutions in enhancing customer interactions and satisfaction.
- ▶ **Strategic Alignment:** The extent to which IT 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 IT operations. This includes reducing unnecessary expenditures, streamlining processes, and ensuring that IT projects deliver maximum value for the investment. By focusing on waste reduction, organisations can enhance their agility, responsiveness, and capacity for innovation. The components of Waste are:

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

# Bridging Business and IT: A Unified Approach

The Unified IT Value Formula serves as a bridge between IT 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 IT'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 IT and supporting functions; This is about consolidating and weighting extant data, before applying the formula to achieve a succinct common language.*

## USING THE FORMULA

The application of the Formula,  $\frac{(Performance+Perception)}{Waste}$ , facilitates a comprehensive evaluation of IT'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 IT'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:** Defining and agreeing the weighting applied to component metrics and indicators as part of the formula requires judgment and discussion –

these weightings 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 IT'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 IT Leaders:** Detailed views on operational efficiency, project delivery timelines, and budget adherence.
  - **For Business Executives:** High-level insights into how IT 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 strategies on future IT 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 IT's strategic role. It aids in demystifying IT 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 IT. are aligned with strategic priorities and deliver tangible value.

## **FURTHER APPLICATIONS OF THE UNIFIED IT VALUE FORMULA**

As organisations navigate the complexities of digital transformation, the Value Formula provides a robust framework for evaluating IT's contribution to business success. There are several other promising areas where the formula's principles can be further applied:

### **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.

## **REFINING SUPPLIER EVALUATION AND SELECTION**

The formula can also refine the process of evaluating and selecting suppliers, particularly for IT 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.

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**If you're grappling with how to quantify IT's value, looking to drive more strategic IT investments, or exploring ways to enhance operational efficiency, we encourage you to get in touch.**

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# The Future of the Operating Model

As a recognised leader in IT 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 & IT: 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](mailto:info@mozaic.net) or call us on 0203 709 1625.

## **FOR MORE INFORMATION**

### **CHRISTOPHER FISHER**

07793 431 809

chris.fisher@mozaic.net

### **STEVE TUPPEN**

07584 171 013

steve.tuppen@mozaic.net

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