



About The Gantry Group

Gantry: The super-structure used to launch a rocket

Return on Investment (ROI) has been a line item in technology procurement for a long time. But in the past 18 months the term has jumped from vernacular to vogue, spawning a cottage industry of specialists-for-hire and commodity-oriented, do-it-yourself-tools. The only thing missing — and it's of crucial importance — is best practice standards for ROI assessment. This is the mission and passion of the Gantry Group.

Who are we? The Gantry Group is the only management consulting firm specializing in technology ROI. With over 200 information technology and service clients, 3,000 business process interviews and profiles in our knowledgebase, and more 1,000 ROI business processes and value drivers modeled, we offer our clients the greatest depth and breadth of ROI experience and invaluable objectivity.

There are three major distinctions between the Gantry Group and ROI research/analyst firms or tool providers:

- **All of our principals have held executive positions with technology companies, from large established enterprises to smaller emerging growth ventures.** We believe that in order to create meaningful measurements of business process improvements, you first have to identify the relevant business processes at a granular level. This is difficult, if not impossible, without the first-hand knowledge that comes from running companies. Otherwise, what you're measuring has little relevance to real-world implementations and ROI.
- **We conduct "validated" ROI studies.** We do not base findings on theoretical gains and high level assumptions, but on actual customer experience which we then validate with hands-on customer ROI profiling.
- **Our clients are the information technology and service vendors, not the end-users.** We believe the best way to serve the customer's interests is to ensure that vendors provide a trustworthy model for measuring their products and services.

Why should it matter if there are no standards for ROI? Because without best practices, consultants and tools turn out meaningless ROI data that vendors embrace and customers accept. When these claims evaporate with real-world implementations, ROI falls into disrepute. Once that happens, vendors will go back to baseless claims and customers will be deferring or defending their purchases. ROI is a vitally important tool. If we create best practices for ROI that vendors follow and customers trust, it will impact everything from vendor competitiveness to corporate IT spending.

What are ROI industry best practices?

- ROI models should be **aligned with the same strategic goals** that companies use to measure their success. Today's IT solutions are evaluated based on how well they help a company achieve its strategic objectives. Therefore the ROI of an IT investment should reflect changes in key business performance metrics.
- An ROI calculator should be **scalable** and reflect the impact of an IT investment in a variety of size and growth conditions.
- ROI value drivers should connect directly to the bottom line and **measure hard - not soft -ROI**. Soft ROI, such as "increases employee productivity by 20%" does not have a direct connection to the bottom line. Hard ROI tells the customer how that 20% productivity increase will translate to a measurable economic return such as realized cost savings or revenue increase.
- ROI is not a single tool, i.e., an ROI calculator. **ROI is a core value** that informs every aspect of a technology vendor's development, marketing and sales business processes.
- In order to be valid and accurate, ROI studies identify and analyze the **appropriate and complete** business processes, down to the individual workflows, that will be affected by the technology investment. Value is measured by capturing the impact of an IT solution on operational business processes.
- A successful ROI initiative is fully dependent on its **adoption by** the vendor's sales force. This requires comprehensive training and follow-on support programs to ensure continual proper use.
- An ROI calculator is not credible until it is **validated, which means capturing data before and after** solution implementation using confirmation from customers based on real experience with the technology.
- In order to be believable, ROI **must be evaluated and certified by an objective third party**. Buyers of IT are skeptical of ROI models that are developed by the IT vendor.
- An ROI calculator is most effective as a sales tool when it can accurately forecast the upside from a technology investment. This ability to **predict** expected ROI is based on prior data sampling with real customers which provides "typical" ranges for expected benefits.
- The ROI methodology **must be transparent**. This means that there are no subjective "adjustment factors" included in the ROI calculation. If an ROI value driver requires a subjective risk factor it probably should not be included as tangible "hard" ROI component.

When ROI studies adhere to these best practices the outcomes go far beyond closing a sale. Here's how vendors can measure the outcomes of their ROI engagements.

ROI best practice outcomes for Information technology and service vendors

• More competitive products and services	• More informed product development, and reduced costs and cycle time
• Better customer retention and greater customer loyalty	• Reduced support costs
• Stronger, more effective market messaging	• Faster market penetration
• More efficient, streamlined marketing and sales efforts for initial sales, and upselling	• New business opportunities

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