



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.

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?

1. 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.

“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.
2. An ROI calculator should be *scalable* and reflect the impact of an IT investment in a variety of size and growth conditions.
3. ROI value drivers should connect directly to the bottom line and *measure hard - not soft -ROI*. Soft ROI, such as
4. 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.
5. 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.

6. 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.
7. 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.
8. In order to be believable, ROI *must be evaluated and certified by an objective*
9. 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.
10. 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.

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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 IT vendors

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

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