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Your technology investments are vital to the business, so prove it

It's a question as old as IT itself: How do I [prove the value of technology investments](#) to the business? The answer to that question is that there *isn't* any real answer -- but that doesn't mean it can't be done. Whether by using new monetization technology tools and business metrics, or by working with technology they already have, smart CIOs are finding ways to shed their department's reputation as a cost center.

And some CIOs, like Raul Cruz, didn't wait around for the business to ask him to prove the value of his IT organization. CIO at AECOM Technology Corp., a Los Angeles-based Fortune 500 design and engineering firm with 45,000 employees globally, he made [transparency](#) a mission two years ago, he said. His team took action by tracking expenses tied to charter accounts' activities and projects.

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The approach categorized services, defined categories for the services provided and tracked costs against them. This process allowed for related costs -- such as labor, hardware, software and maintenance -- to be tracked to a particular service activity or project. The team's first objective was to be able to provide transparency and greater detail to users, Cruz said, which would lead to their being able to compare internal costs to [outsourcing](#).

"It's something we really truly believe in; we recognize the trend going forward is [commoditization of our services](#), and my other interest was to outsource or to 'rightsource' as much as possible all the services we're providing," Cruz said. "You can't determine what is better or worse if you don't know what the costs are by service type."

Another trend is to do away with the "old way" of proving the value of technology investments, said Gartner Inc. analyst Mark McDonald, head of research for executive programs at the Stamford, Conn.-based consultancy. "When you measure scope, schedule and cost -- the old way -- you don't prove value; you just show you're not wasting money."

Today, CIOs need to think differently about what they offer the business and how, and look at it over time rather than at points in time, McDonald said.

Investing in technology investments

Cruz is getting help proving the value of his [technology investments](#) by investing in a little more technology. AECOM is using a trio of Software-as-a-Service-based applications from ComSci LLC to make financial information more accessible.

"We're starting to use ComSci to give us a better view of our plan," Cruz said. "We created the structure early to have charter accounts enabled in such a way that we can track our costs ... now we want a dashboard to display that data in a way that is more effective than we're able to do today just through spreadsheets."

Cruz also has plans under way to work with the business to create new metrics to monitor how IT is

transforming the business.

Everything old is revenue again

Like Cruz, United States Tennis Association Inc. CIO Larry Bonfante wasn't under any pressure to prove the value of his technology investments. Instead, he recognized and seized opportunities to generate revenue with what he already had.

"We're leveraging IT where we can to drive revenue in the marketplace," Bonfante said. "It's not a primary driver for us, but opportunities come up and we take advantage of them."

Three years ago, after he finished digitizing 25,000 hours of U.S. Open archival footage, Bonfante and his team created a highlights DVD for purchase, and licensed the entire footage for sale online. The six-figure success of the DVD sales was just a start, he said.

More on technology investments

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[Data analysis](#) from ticket scanners gives exact on-campus headcounts at the U.S. Open, and that paves the way for additional day-pass sales equaling an additional \$1.5 million in revenue. Looking at more homegrown technology already in use, Bonfante saw revenue potential in licensing the USTA's event management system, a coordinated public safety response system initially created for the U.S. Open. It's now being shopped to other large-scale events.

Bonfante said he knows there is "enormous pressure" to lower operating costs and drive new revenue streams through technology. He nevertheless cautions against allowing that pressure to cloud a company's judgment as to where it makes sense to seek revenue from IT. "Where we generate revenue is in line with our core mission, so it makes sense; when you don't stay in line with that, it can be a distraction or a drain," he said.

Cruz would agree.

You have to be in lock step with the business to support the business plan, first and foremost, Cruz said. Then, "I like to be able to show I'm able to provide the best services with the best service levels at the best cost," he said. "The cost is secondary to meeting the business objective. You can have the best cost transparency, but if the business is going 100 miles per hour and you're going 20, you're in trouble. First you must be relevant, then you must be cost-effective."

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