

## **Boards demand measurable value to justify the costs of enterprise software solutions. Are CFOs equipped for this challenge?**

*Bram Meyerson, founder and CEO of Quantimetrics*

Most executives agree that the global pandemic played a key role in accelerating the adoption of new technology solutions in most sectors around the globe. This resulted in an immediate change in ways of work for employees as well as customer experiences, and subsequently the pace of automation put organisations under immense pressure to respond with a responsible and strategic approach.

We can already identify winners and losers, the risk takers and early adopters, as well as the laggards, in the technological revolution that continues to play out. The organisations that were able to pivot rapidly, backed by resources and support for digital transformation are already proving their success in a post-pandemic world. Application technology is now a critical business capability and organisations can no longer tolerate slow delivery and poor returns.

As some economies show signs of recovery, successful companies have already taken the next steps needed to further extend their digital strategy, including implementing flexible architectures and ensuring that they can leverage the value of their IP embedded in legacy systems by seamlessly integrating new digital channels.

The challenge for CFOs in particular, as they step back to consider the legacy of application solutions that keep their organisations running, is how to properly assess the value of their IT ecosystems before large sums are invested into the next generation of technology.

### **Are organisations spending more on IT solutions?**

As markets around the world remain under pressure, companies remain reluctant to spend more on IT solutions without a strong business case that demonstrates value.

However, the pressure extracting the most value from IT budgets is not scaling down. If anything, it is becoming more challenging to keep IT systems safe, functional, scalable, and optimised without the proper investment.

[Findings from EY research](#) urged CIOs to prioritise the review and renewal of contracts with technology service providers to ensure that every cent is accounted for. Driving this recommendation is the global trend of accelerated scaling of solutions, which calls for

organisations and service providers to work collaboratively on scalable, common and results-driven platforms and budgeting.

In the 2021 edition of the [Deloitte Tech Trends Report](#) the priorities for tech transformation, “value-driving supply chain networks”, integration of Artificial Intelligence and Machine Learning into systems and even upgrading customer digital experiences are high on the list of global executive expectations.

From this, it is clear that Boards are demanding evidence from CFOs and CIOs of the value that enterprise IT solutions add before they allocate budget and resources strategically. So, what are the critical drivers for CFOs and CIOs to assess the value of the organisation’s IT ecosystem and dependencies, and what benchmarks are used for this assessment?

### **Value assessments challenge traditional approaches**

Quantimetrix has been in the software assessment, benchmarking and improvement business for over 25 years. Now, more than ever, Boards are increasingly demanding to see tangible value for money from their operating systems.

The strain on outdated applications, exacerbated by the quick integration with digital channels of 2020 as well as the demands of business growth and recovery, make the assessment of IT ecosystems challenging. When weighed down by choices to move to entirely new solutions, or upgrade existing systems, having reliable insights from a value assessment will give CFOs and CIOs a great advantage as they map out their IT transformation strategies and priorities.

At Quantimetrix we have refined our methodology, which includes the latest practices in output quantification, based on ‘Function Point Analysis’, an international standard. The sizing of software is based on the business-functional capabilities of the software, such as the types and complexity of the business transactions the software is designed to process, the richness or complexity of the data that it maintains and the management information it provides.

We do a deep dive into our clients’ ecosystems that allow us to assess beyond only the traditional replacement value approach, which has often been used as a proxy to determine the broad concept of “value”. In reality, the value businesses obtain from such software is very much dependent on the value proposition of the business. However, what businesses can do, as a minimum, is judge whether their acquired/developed software is being procured at a fair price. The foundation of these types of judgement is using techniques to ‘size’ the amount of software procured and supported and relate this to the cost of the procurement

and support. Effective management of software procurement, delivery and support, requires a range of key dimensions of performance to be considered and measured, to help the business get the balance that meets its needs.

We call it 'software economics', which can be seen as both a threat and opportunity by buyers of our services.

Like a risk audit, it will independently also consider gaps of the current ecosystem against the IT transformation plan, and include elements for consideration such as the cost of maintenance and ability for the system to support future growth. Importantly, like the services of a quantity surveyor, our clients can use the outcomes of our assessment to properly scope procurement projects, and determine the appropriate price points, based on our robust database of benchmarks that define acceptable and best practice.

Our approach takes the guess work out of the equation when making tough decisions. This means that we help CFOs and CIOs "speak the language of Boards" and give them the insights and confidence needed to make highly informed and data-driven decisions.

For example, recently, our team worked with a JSE-listed medical scheme administrator to assess the value of their operating platforms. We often help to determine the risks and value-add of outsource applications and future investment required to align with emerging requirements. Our team also helped determine the value of their intangible software assets, as required for reporting purposes.

Recently, our team worked with a European bank to assess the value for money (or perceived lack thereof) from a number of outsourced software development suppliers, and rank the bank's suppliers against benchmarked criteria deemed critical for executive decision making. This made their procurement process more transparent, and empowered their executives to challenge their solution providers to streamline and optimise.

As CFOs are concerned about the yield of their services and products, they need to think about measuring the value-for-money of supporting software application that underpins their revenue streams, whether owned, licenced or provided as a service, which the organisation then smartly orchestrates.

With all our engagements, Quantimetrix helps clients make better decisions in the context of the needs and opportunities of TODAY, enhancements of TOMORROW and leveraging intelligent analytics to disrupt and deliver a positive return on the investment in the BEYOND.

Please let us know if you would like to explore how we can help you address your challenges.

## About Quantimetrix

<https://quantimetrix.net/>

Quantimetrix supports the strategic outcomes of organisations through meaningful data insights and successful software deployment. We engage with Systems and Finance executives so that we can address their challenges and needs. We offer the flexibility, agility and specialist reach to resolve the most complex business challenges within reasonable budgetary constraints.

Established in 1992, continuously evolving and fiercely independent, we have worked with some of the world's leading telcos, financial services companies and government agencies.

Quantimetrix is a proud member of the [HIA! Digital Network](#).