



SEVEN STEPS TO MAXIMIZING YOUR IT INVESTMENT

Digital transformation is set to be a top investment area in 2021, with 2020 acting as a compelling business case for the benefits of accelerating technology innovation in an organization. According to the [2021 BDO Middle Market CFO Outlook Survey](#), nearly 50% of CFOs cited digital transformation as a strategy they're pursuing in the next year, and 59% of CFOs plan to increase their IT spending in 2021. In the past, digital transformation initiatives have placed a spotlight on IT departments and the technologies they adopt—however, little attention is paid to foundational considerations like strategy, culture and approach. As a result, IT investments often fail to live up to their full potential.

For many companies, it makes sense to invest in IT now to set the foundation for future digital transformation initiatives. While choosing the right technology is important, and often a primary focus for organizations, it's only half the battle. It's up to senior IT leadership—in particular, the CIO and supporting team—to work with the organization as a whole to carefully consider the goals, priorities and constraints of the initiatives the organization will pursue in order to maximize ROI and prove the value of the investment.

As the CIO, you should ensure you can answer the following questions before you begin planning your investment:



Do I have a clear idea of the firm's business goals and objectives? Do I have buy-in from senior leadership?



Do I have the right strategy to execute and support this initiative? Will the organization—from the top down—embrace innovation?



Have I adequately mitigated risk to the firm's data, technology and users?



How extensive will the impact of the investment be to the business? Can the project be integrated with our legacy system, or do we need a complete system overhaul?



Can I prove the value of the investment and technology to the business?



Can I keep pace with future innovations?

Once you've done the preliminary work and can answer these basic questions, you're ready to start planning your investment. Here are seven steps every company should take when preparing for an IT investment.

1. PRIORITIZE YOUR INITIATIVES

When it comes to allocating dollars, you probably have several competing initiatives to choose from. Determining the project that will be your starting point can be the hardest part of planning an investment.

Here are five questions to consider when prioritizing your initiatives:

- ▶ Which will deliver value most quickly and with the least disruption?
- ▶ Which will provide the foundation for future innovation?
- ▶ What will our employees rally around and embrace? Which initiative will have the most visibility among employees?
- ▶ Does it move the needle for my big picture strategic goals?
- ▶ How should we approach our initiative? Does it need to be driven from the top down, and if so, how can it be combined with a grassroots effort?

It's unlikely that any one initiative will perfectly embody all of these characteristics, and it's important not to let that impede progress. After you've narrowed your pool of possible initiatives, choose the factor most valuable to the company and select the project that best captures it.

2. MEASURE, MEASURE, MEASURE

Everyone wants their IT investment to be successful, but what does that look like, exactly? In order to define success, it must be measurable. Measuring success is crucial to proving the value of the investment to senior leadership.

Once you choose your IT initiative, the next step will be to decide how to benchmark the project. What KPIs matter most to you and to senior leadership? Cost reduction or optimization could be valuable KPIs, for example—are you paying for multiple technologies that provide the same service? What data will you need to measure these KPIs and how will you access it?

As you consider how to approach measuring success, it's critical to understand the project's key variables:



1. **Timing:** How long do you expect the initiative to take from the planning stage through implementation and adoption? What is the deadline for deployment?



2. **Resources:** What specific resources will you need for the initiative and in what quantities? For example, how many employees will you need to work on the initiative? Do you need to engage subject matter experts who can help accelerate your project?



3. **Money:** How much do you expect the initiative to cost? Where do you plan to find the money for your initiative?



4. **Company Sentiment:** Will employees be excited about the project? Who in the company is most excited for the initiative, and how much support can they offer you?



5. **Buy-In:** Is there buy-in from all levels of the business?

Your KPIs will be crucial in marketing the initiative within the organization and securing buy-in. Data that proves the initiative was successful can and should be used to drive further innovation. Once everyone has a shared understanding of the relevant KPIs and variables, you can begin to plan your approach and take stock of the resources needed for the initiative.



3. FIND YOUR INNOVATION CHAMPION

An Innovation Champion is an individual within an organization who moves initiatives forward, aligns business goals and technology and eliminates barriers to progress. Some organizations are now considering hiring a senior leader for this role or designating one from within their own staff.

When working on a new IT project—or any digital initiative—it's important to identify your Innovation Champion. If your organization doesn't have an individual who can fill this role, you should find one externally.

Innovation Champions should:

- ▶ Continually evaluate the goals of the investment and how initiatives are tracking towards attainment.
- ▶ Identify and mitigate roadblocks and communicate associated changes to stakeholders.
- ▶ Consistently assess the technology dependencies associated with each project.
- ▶ Drive innovations and proactively communicate with business leadership regarding progress using hard data related to project KPIs.
- ▶ Monitor new innovations coming to the market and gauge how the organization can best capitalize on them.
- ▶ Evaluate enablement and adoption strategies to ensure the organization is embracing change.
- ▶ Strive to evolve the culture of innovation by soliciting continuous feedback, showing gratitude and widely sharing success.
- ▶ Involve employees across all levels of the organization to build consensus regarding project direction.
- ▶ Maintain a living roadmap for future projects and initiatives.



The Innovation Champion's roadmap

The five-year roadmap is dead. Technology changes at an exponential rate, and your organization needs to recalculate and realign accordingly. When an Innovation Champion designs a roadmap, they should have an idea as to how technology will change in the short- and long-term. Using that insight, they should design a roadmap that looks only one to two years into the future, with agility built into the design that enables the company to adapt to evolving business and technology considerations.



5 Key Traits of an Effective Innovation Champion



Strong Connections and Communication

Gifted in connecting with all members of the organization and communicates clearly and concisely so everyone is up-to-date, aligned on the mission and can work through conflict.



Outside-the-Box Thinkers

Open-minded, gains inspiration and insight from unexpected places.



Personally Invested

Relies on their own passion and vision to motivate them as they pursue a project.



Team Players

Works well in teams, values feedback and ideas from all levels of the organization and takes initiative. Is well-respected by their peers.



Forward Looking

Thinks in terms of what's possible, not just now but in the future, and plans accordingly.

The Innovation Champion should provide crucial support and direction for the initiative, including making strategic choices to tailor it to the organization's specific needs. One of the most important decisions an Innovation Champion needs to make is how much customization to build into the project.

4. CAREFULLY CONSIDER CUSTOMIZATION

When leveraging new technologies and IT solutions, it's important to consider whether customization will add value. In recent years, organizations have focused on minimizing customization, particularly when leveraging cloud-based solutions, as vendors design offerings to support regularly deployed feature updates. These updates serve to push innovation and manage risk in a holistic way by allowing vendors to control the platform. However, it also means that customization can be tricky and unwieldy.

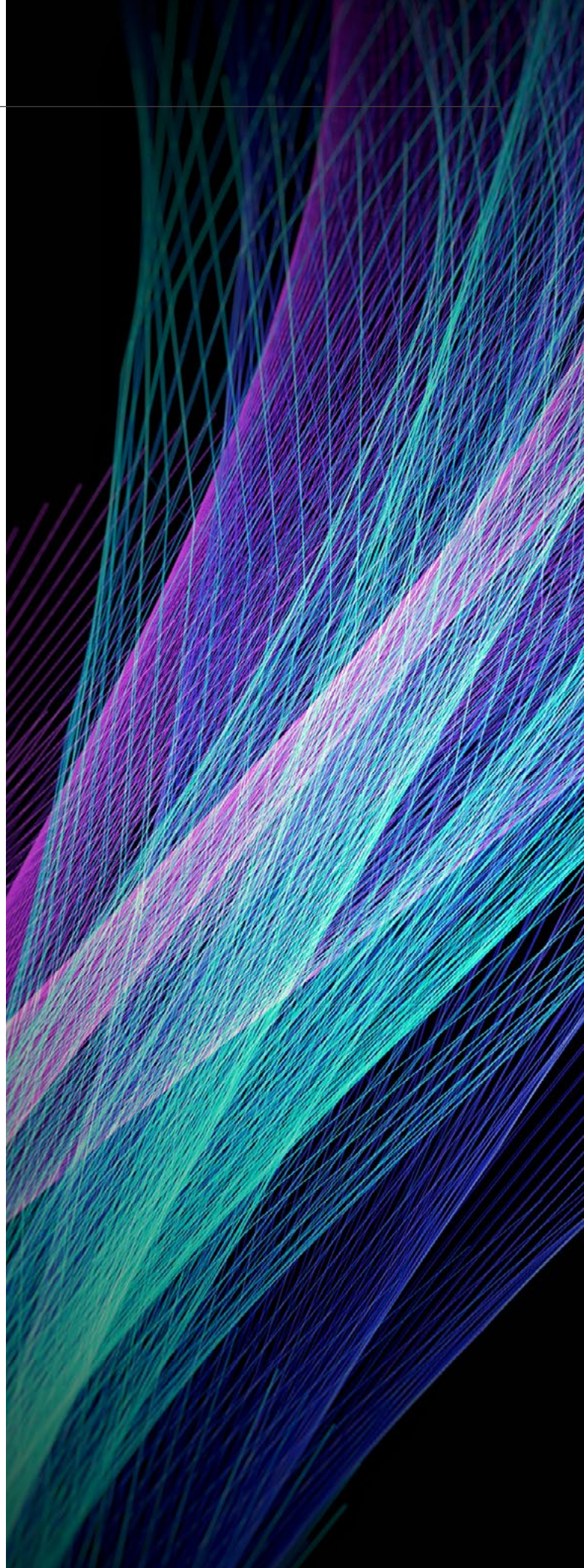
On the other hand, there may not be a ready-made solution that meets a unique and specific business need. In these scenarios, custom software can deliver significant value to your business and should be considered to address gaps.

How can you tell if customization is necessary? The key lies in understanding your specific business need and the options available to address it. Create a list of potential impacts, both positive and negative, before choosing whether or not to customize.

Here are some considerations to keep in mind when deciding whether to customize:

- ▶ Is there an existing solution that serves my specific business needs?
- ▶ Can I configure existing software to address my organization's needs?
- ▶ What is the cost of customization versus already-made solution?
- ▶ Can my budget support customization, including the future support required to maintain it? Are we comfortable keeping up with our customization for the long-term?
- ▶ Can we adjust our business processes to adhere to a ready-made solution?
- ▶ Will customization allow us to create a sticky platform that helps retain clients?

Customization, when strategically implemented, can be a vital asset to your business. When poorly implemented, however, it can create unnecessary complexity and confusion.



5. INVEST IN CHANGE MANAGEMENT

Once you lay out the specific aspects of the investment—which initiative to prioritize, how to measure success, who will lead the project and how much customization is needed—you can shift focus to your employees and your strategy for guiding them through the future change. Managing change throughout the lifecycle of your initiative will be critical to creating a culture of innovation and securing ROI. There are five phases of change management—as you strategize how best to execute your initiative and encourage business-wide adoption, you should plan your approach for each phase. The below checklist will give you a solid foundation to begin planning your change management program.

The Five Phases of Change Management Checklist

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| <p>1</p> <p>Understanding the Change </p> | <p>Identify the changes that will affect the entire business</p> <p>Pinpoint those that will affect specific groups within the business</p> <p>Understand what will remain the same</p> |
| <p>2</p> <p>Marketing Change </p> | <p>Decide how you will present the initiative</p> <p>Identify possible questions and concerns that will be raised regarding the initiative and prepare to address them</p> |
| <p>3</p> <p>Communicating Change </p> | <p>Create written materials explaining the plan and its impacts</p> <p>Hold business-wide meetings to verbally explain the change and answer questions</p> <p>Meet with individual teams and groups that will be affected</p> |
| <p>4</p> <p>Executing Change </p> | <p>Implement the change in a step-by-step process</p> <p>Alert employees of implementation and adjustments to expect during the process</p> <p>Identify department or team-level representatives who can support the Innovation Champion and rally their teams to embrace the technology</p> |
| <p>5</p> <p>Supporting Change </p> | <p>Create a help desk or resource center for employees as they adjust to the new systems or technologies</p> <p>Hold training sessions for all levels of the business</p> <p>Regularly solicit employee feedback on the initiative</p> |

[DOWNLOAD THE CHECKLIST ►](#)

Adjusting to a new IT initiative is easiest when your organization already has a culture of change. If you don't have one, use your next project as a launching point to build it. While it will be extra work to lay the foundation for a cultural shift initially, your efforts will pay off for both current and future initiatives.



Challenges to Change Management

People often become attached to the systems currently in place. Perhaps they created the systems themselves or feel their job security is tied to the current system. Whatever the reason, it all adds up to resistance to change. Managing these tricky emotional ties can be challenging, but it is absolutely vital to your initiative's success. Consider the following tips for dealing with emotional attachments:

- ▶ **Appreciate the old.** Make sure your employees know how valuable legacy systems have been to the organization, and pinpoint what, if anything, will be kept when deploying the new one. Even if it's something that seems minor, it can show employees that the work they've done is valued.
- ▶ **Get employees invested.** Involve employees in each step of the initiative planning and deployment process. Solicit regular feedback and pay close attention to what they are saying. Incorporate their ideas into the new system. Ensuring their needs are addressed and giving them the opportunity to help own the process will encourage personal investment in the initiative's success.
- ▶ **Help them find their place.** Worries over job security can cause friction, so it's important to show employees that they will not be obsolete with the addition of the new system and that they can learn new skills and technologies to help them advance in their careers.

BDO's Enablement and Adoption Framework

You've invested in technology. Now get your people to use it.

Companies may spend a lot of time selecting and implementing the right technology, but too often what's missing in these plans is perhaps the most critical component of all—the people.

Without building change management into the project implementation process, the initiative will ultimately fail to reach maximum ROI.

BDO's digital adoption framework is people-centric, so your initiative gets the widespread support it needs to succeed.



The Change Management Value Proposition



UTILIZATION

Get as many users as possible to use, and use often, the new tool, device or software.



CONTINUITY

Minimize disruptions to people's day-to-day work, with minimal impact on work and revenue due to lost time.



PROFICIENCY

Make users as proficient, efficient and effective as possible with the new tool, device or software.



OPINION

Build positive feelings and opinions in users regarding the change, and IT as a whole, making this a positive experience.

6. BE AGILE, BE SMART

Whenever you are investing in technology or a technology-adjacent project, being able to move quickly and pragmatically is a key driver of success. Remember, technology changes at an exponential rate—you need to be able to capitalize on innovation in a timely manner.

It's also important to work smart. Fail fast and fail hard is still in, but it's not enough on its own. You need to fine-tune your failures in order to reduce their impact on both scope and resources. How do you ensure that you are maximizing the value mined from your failures?

- ▶ **Build strong plumbing.** Design your network, security and compliance apparatuses to be both resilient and effective—if these components fail, they can cause significant business disruption or worse.
- ▶ **Control your failures.** Unlike network, security and compliance components, new capabilities can fail—you just need to control the failure process. Create a governance council to oversee the process, then identify the key corporate initiatives for testing and ensure you understand the impact to employees to contain concern.
- ▶ **Start small.** Don't begin with full implementation of the solution. Start off with a proof of concept or a pilot program. That way, your failures will be informative while staying contained and manageable.

Proper governance, a controlled-failure model and a strong infrastructure foundation will help ensure you mitigate the downsides of failure while still capitalizing on its rewards.



7. INVEST IN INDUSTRY EXPERIENCE

Industry acts as another lens through which you can view your initiative. After all, technology is just a tool, and it isn't the tool you select that matters most; it's what you do with it. Understanding technology solutions that are tailored to your specific industry may allow you to accelerate your innovation by deploying a tried-and-true solution. However, you should also consider innovation in a broader context. Choosing a solution or tool atypical for the industry and applying it to your specific organization might be the best strategy to meet your objectives. It's worth asking yourself: do you want to lead or follow?



The best way to create value is to keep your industry insight and goals front and center. Remember, you aren't creating and deploying this initiative for just anyone or anything—you're doing it for your organization, and it needs to be tailored accordingly. When designing your initiative, consider using a hybrid approach that leverages mainstream and industry applications to address the full scope of your organization's needs.

FINAL THOUGHTS

Maximizing your IT investment takes significant forethought and planning, but the results are worth it. Following these steps will help you create an initiative that lays the foundation for future innovation and achieves overarching business goals. Building a culture of change, identifying an Innovation Champion to support new initiatives and approaching business solutions from an industry lens are best practices that can have wider-reaching positive impacts on other parts of your business.

Ultimately, the most important lesson is to spend time crafting a holistic, thoughtful and practical strategic vision for your IT initiatives. This vision will determine your ROI—the technology or solution is simply the conduit.

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