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CHECKLIST

# HOW TO GET BETTER RETURNS ON YOUR **TECHNOLOGY INVESTMENTS**

Digital transformation is high on the agenda for most organisations but, at the same time, many are looking to eliminate unnecessary costs. This means business leaders are looking to get more from their technology investments, squeezing every last drop of productivity and efficiency out of them while taking every opportunity to reduce unnecessary expenditure. Doing so can free up funds and other resources for transformation projects that will generate growth and sustainability into the long term.

Technology has grown from being a business tool to becoming a competitive enabler to, now, providing strategic opportunities for organisations to significantly differentiate themselves even in crowded marketplaces. Even before 2020, 92 per cent of company leaders surveyed by McKinsey believed their business model would not remain viable without accelerating digitisation. The global health crisis accelerated digital transformation and companies that are failing to keep up will soon fade from view.

Maximising returns on technology investments can help solidify an organisation's ability to survive and thrive into the long term, despite disruption and evolution in the marketplace. Softsource has identified eight ways to get better returns on technology investments so organisations can leverage their current working capital and invest it back into the business for ongoing growth.

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## Eight ways to improve technology return on investment (ROI):

### 1. Reimagine technology's role in the organisation

Technology is no longer a tool to complete discrete business processes (although it will still deliver value in this area). Instead, it should be seen as a strategic enabler that drives innovation and improvement across the board. Organisations that effectively reimagine the role of technology in business, and take steps to help realise its potential, will be better placed to grow and scale into the future.

### 2. Align technology investments to business challenges

It's important to understand how technology drives business value so the true value of the investment can be realised. For example, if an organisation is struggling to make smart business decisions in a timely fashion, it might make sense to invest in data and analytics technology that delivers actionable insights. High-performing organisations are three times more likely than others to say their data and analytics initiatives have contributed at least 20 per cent to earnings.

### 3. Converge the business strategy and the technology strategy

Business and technology strategy should no longer be considered separate but, rather, intertwined aspects of an organisation's opportunities and risks. A single unified strategy, with buy-in from the C-suite, is essential to ensure the technology decisions being made fit with the business roadmap. It's important not to rush the process. Leaders should ensure there is clarity on the business problem that will be solved by the technology, the estimated time to value, and the anticipated ROI.

### 4. Consider the future

It can be tempting to invest in quick-fix solutions or choose the cheapest option when investing in technology. However, this can lead to increasing tech debt, which is the accumulation of the technology work a business needs to do in future. Tech debt occurs when existing technology creates complications and roadblocks, preventing employees from working frictionlessly. A recent McKinsey survey revealed up to 20 per cent of the technology budget spent on new products was diverted to resolving issues related to tech debt, and 60 per cent of CIOs felt their tech debt was only continuing to rise. While some tech debt is unavoidable, organisations should factor it into the decision-making process and look to reduce it where possible.

### 5. Review existing systems for potential savings

Some organisations may find that they're not using their existing systems to their full potential, and can gain significant performance and efficiency advantages by leveraging new or additional features in existing systems. Alternatively, a review may reveal that some systems are bloated and unnecessary, incurring costs that the organisation simply doesn't need to pay. Gaining maximum ROI can mean jettisoning systems that aren't pulling their weight and relying on those that have more to offer.

### 6. Avoid shadow IT

In many organisations, business leaders with credit cards simply sign up to cloud-based services and software that they believe will make their jobs easier. This can lead to invisible IT investments because they aren't accounted for (nor approved) by the IT team but have still been paid for by the organisation. It's important to eliminate these invisible investments, also known as shadow IT, because they can incur additional costs, introduce risks, and lead to siloed systems and data, all of which are undesirable for modern, digitally driven organisations.

### 7. Work effectively with vendors and partners

It is often possible to get discounts and bundled deals or additional support from vendors and partners, so it's worth asking the question. If vendors or partners aren't visibly working to support the business, it may be advisable to renegotiate or even exit contracts altogether.

### 8. Provide training for staff members

Often, the reason technology isn't providing sufficient ROI is that staff members don't know how to use it to its full potential. Providing regular training on the features and benefits of the technology can ensure people use it more effectively.

Choosing your technology partner carefully is essential to ensure smooth integrations and secure ongoing expertise. Softsource helps NZ businesses maximise the value of their technology investments for ongoing returns. **To find out how we can help your business, contact the team today.**

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