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Are technology projects delivering the business value we hope for?

Insight into 500+ CxOs' technology budgets, projects and ROI

Introduction

Technology projects are failing to align with business objectives in 58% of cases.

This worrying statistic has echoes of the alignment challenge enterprise technology faced in the early 2000s when organisations discovered that major technology investment programmes during the dot com era were not delivering a business return. Today, as this esynergy study reveals, organisations are unaware of how to measure technology projects and therefore unable to define whether the project is delivering a return on investment.

If technology projects do not deliver value, enterprise IT faces an existential threat as it loses the ability to influence the organisation, lead change, and adapt to new technological customer trends and opportunities to make the organisation more economically and environmentally sustainable. Without a clear understanding of the value technology can and will deliver, organisations will lose faith in technology, which creates a further existential threat to the organisation as digitally savvy challengers could disintermediate them.

Having seen early signs of this worrying trend, esynergy surveyed business technology leaders in major organisations across the UK about their ability to measure and track the creation of value from technology projects. As this study reveals, there is a worrying lack of a trusted yardstick from which technology projects can be measured; this is at a time when CEOs and executive boards are demanding digital transformation and are poised to make significant technology investments.
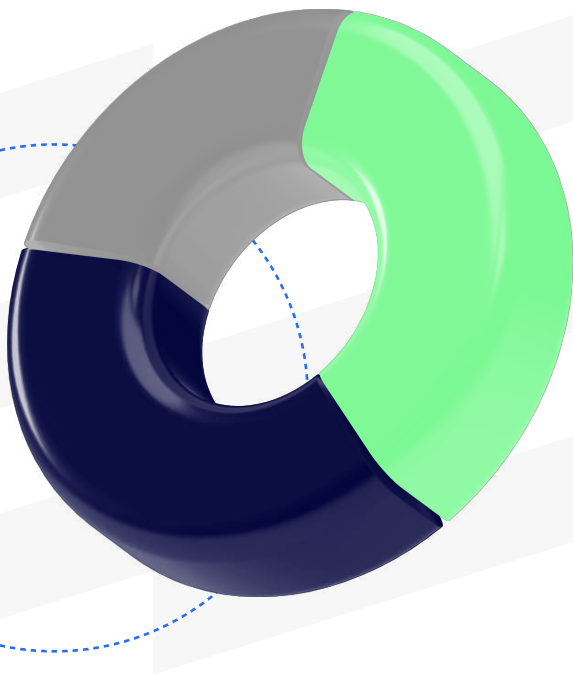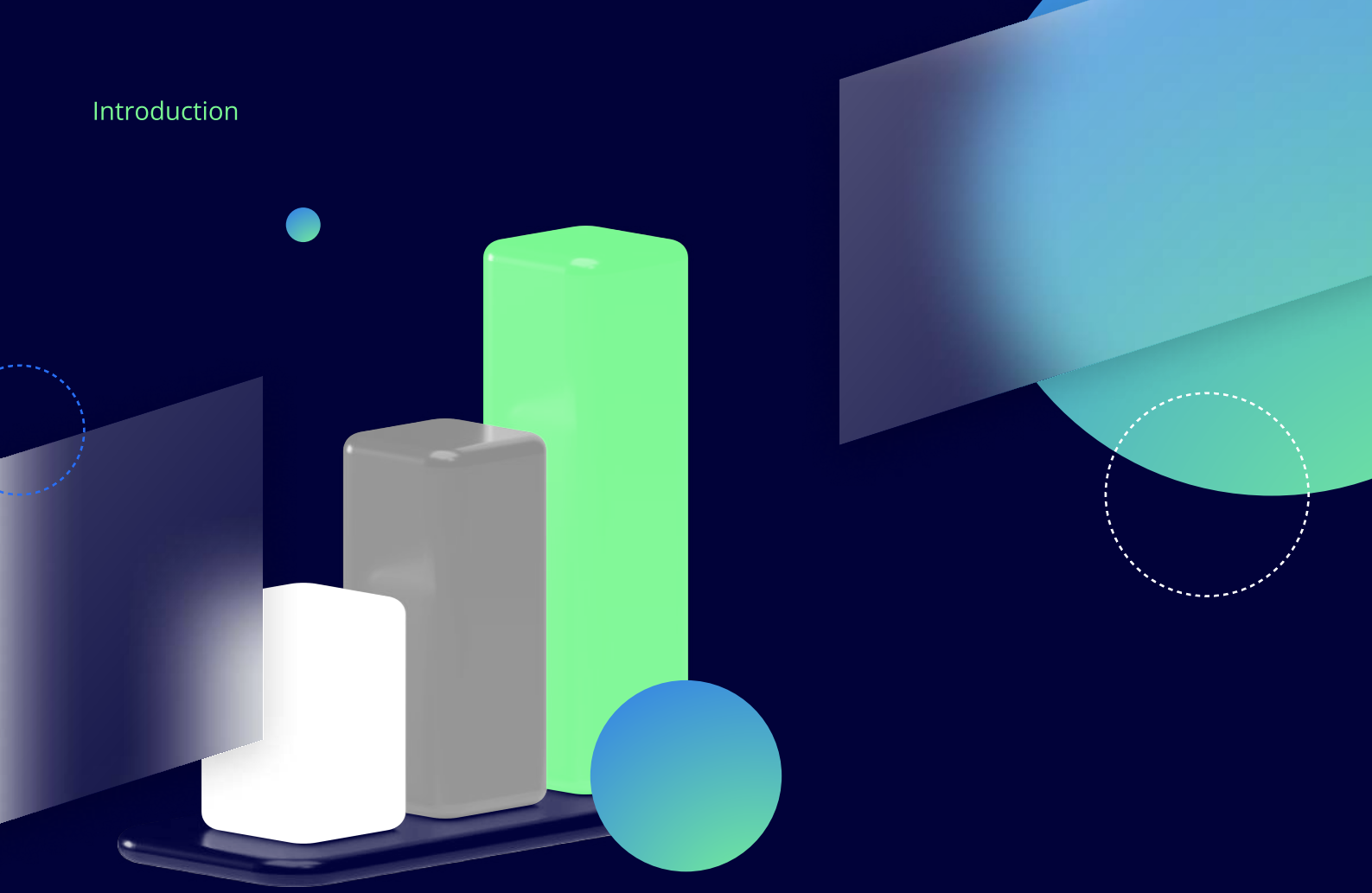
Technology projects are an essential component in how organisations will deal with the energy crisis, inflation, supply chain challenges, environmental regulations, climate emergency risks and the skills shortage.

This report reveals the scale of the challenge that CIOs and CTOs face within enterprise technology, but it also reveals a positive future for technology projects when tied to business objectives.
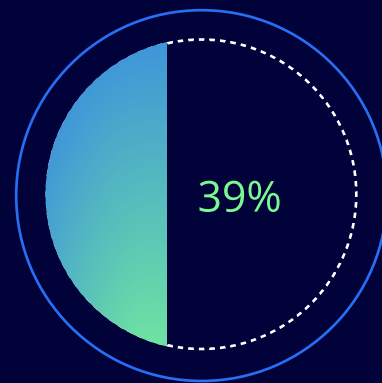
Failing to deliver value

Company Turnover

£50 million to £99.99 million

50%
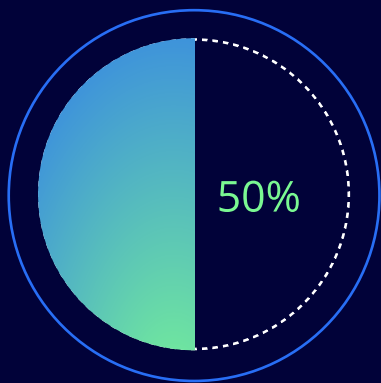
Technology projects failed

Company Turnover

Over £500 million

39%

Technology projects failed

Nearly half (46%) of the organisations taking part in this survey revealed that, on average, technology projects in their businesses failed to meet the business objectives.

These projects also took longer than expected to be implemented or were not adopted by the wider business. In large enterprises, those with a company turnover of £50 million to £99.99 million, half of the technology projects failed, and in organisations with a company turnover of over £500 million, 39% of technology projects failed.

The causes of these failures suggest major business and technology alignment issues within organisations; **37%** of organisations said technology projects:
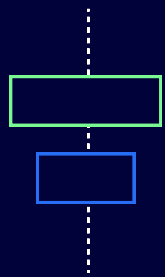
"did not align the technology solution with the aims of the business".

Again this scenario was most prevalent in smaller organisations (200-299 employees) which in 41% of cases reported alignment problems. Thirty per cent of organisations with over 500 employees and 49% of large organisations with a company turnover of £100 million to £500 million, and 34% of organisations with a turnover above £10 million reported alignment failings.

Poor identification of the right business objectives was identified as the primary cause of technology project failure by 43% of organisations, and in 40% of organisations, the right technology had not been identified.

Data and actionable insights are typically the bedrock of new digital business models, and 32% of respondents said their last technology project aimed to accelerate the time to market of the products and services their organisation offered; 31% said the last project was focused on driving revenue.

The latter is of vital importance to organisations which have seen their vertical market completely transformed by the adoption of digital methods during the Covid-19 pandemic.
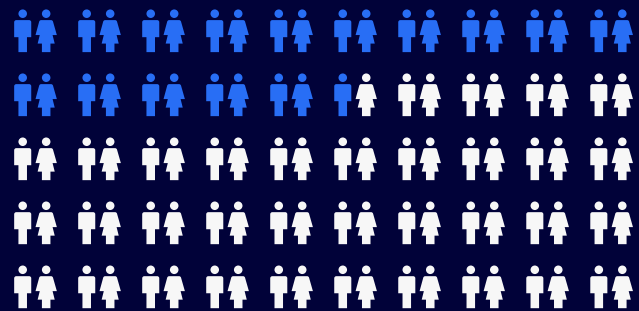
A common problem organisations encountered was not having the right skills and capabilities within the organisation to deliver a successful technology project.

32%

said their last technology project aimed to accelerate the time to market of the products and services their organisation offered

31%

said the last project was focused on driving revenue

Exacerbating this challenge is the current contracting model.

Typically suppliers are contracted on a time and materials basis. This leads to technology services companies never knowing or understanding the objective the business is aiming for.

Contractors therefore deliver the technology and little else. If CIOs and organisations are to counter the statistics that this report has identified and meet the needs of the business then contracting organisations will need to be commissioned in a new way - a way that is deeply connected to business objectives.

Unsurprisingly, the esynergy survey reveals that the technology projects being delivered - or failing to deliver - were focused on business improvement. With the UK heading into recession, 46% of organisations with over 500 employees said their last sizable project was focused on cost savings, which was also the focus for 34% of the entire surveyed group of business technology leaders. With cost savings and the skills shortage a serious concern for organisations and technology leaders, 33% of respondents said their last technology project was the automation of business processes.

Data and actionable insight projects were also a high priority, with 33% of the overall surveyed group, 46% of large organisations with a turnover of over £500 million and 26% of organisations with a turnover of between £10 million and £49.99 million.

No clear measurement

Nearly three-quarters (72%) of business technology leaders find measuring the value of their technology projects challenging, and 24% say it is "extremely challenging".

Whether large or small, organisations are struggling to measure the value of technology projects.

Found difficulty in measuring the value of techology projects based on organisation size

76%

65%

63%

78%

- 200 - 299 employees
- 400 - 499 employess
- Turnover of over £1 million
- Turnover between £50 - £99.9 million

With 76% of organisations that have 200 to 299 employees stating that measuring the value of technology projects is difficult, and 65% of organisations with 400 to 499 staff reporting the same issue. Despite their greater access to resources, 78% of large organisations (a company turnover of £50 million to £99.99 million) struggle to measure technology project value and 63% of organisations with a turnover of over £1 million report the same challenge.

When the same question was posed to executives and their management teams, the results were strikingly similar, with 76% of C-level executives struggling to measure the value of technology projects, and 64% of their senior managers making the same claim.
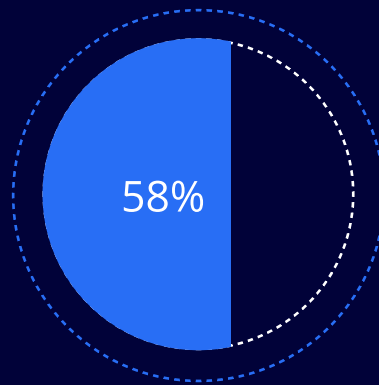
So what is failing to measure up?

56%
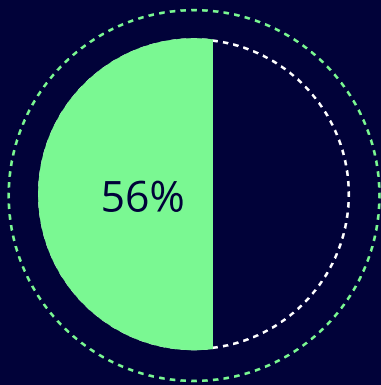
Return on investment (ROI) issue

58%

Problem in linking the project
back to a business objective

In organisations with over 500 staff, 54% of respondents said they could not tie the value of a technology project to a business objective, and the same issue faces 60% of those in organisations with 300 to 399 employees. Again, this is evidence that technology projects and contractors working on them are committed to a technology outcome, when as these results clearly demonstrate they need to be working on a business outcome, that is delivered through technology.

In vertical markets undergoing significant digital change, such as financial services and telecoms, the same issue arises in 51% and 60% of responding organisations respectively. Asked what metrics these organisations were using, 65% of the total survey group said off-the-shelf metrics, but over half were using bespoke metrics to measure the value of technology projects. It is concerning that 65% of the survey respondents are using off-the-shelf metrics supplied by technology companies. The metrics need to be deeply connected to the business objectives and share the same measurements as the business objective, delivering an annual saving of £500,000 for example.

Large organisations typically use off-the-shelf metrics to measure the value of their technology projects

Percentage rate of off the shelf metrics usage

76% **55%** **71%** **57%**
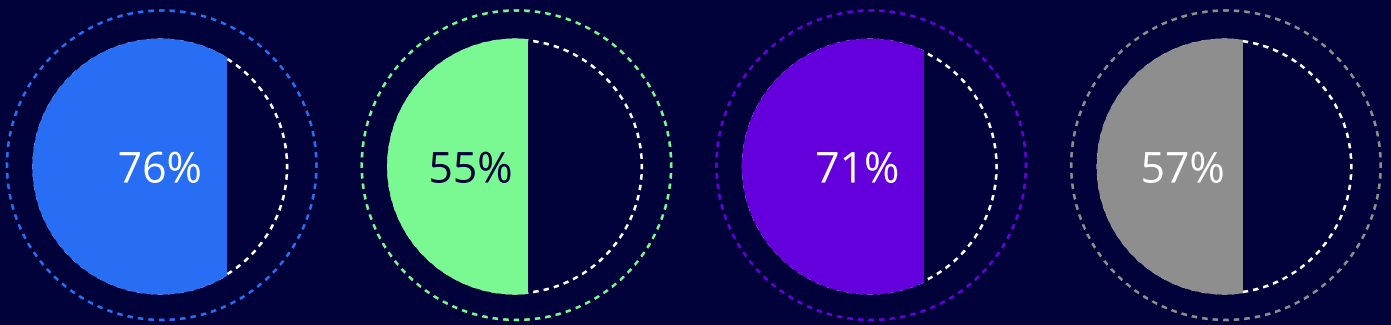
- 76% of businesses with a turnover of £50 million to £99.99 million use off-the-shelf metrics

- 55% of organisations with a turnover of £1 million to £9.99 million use off-the-shelf metrics

- 71% of cases of smaller organisations (200-299 employees) report they use off-the-shelf metrics

- 57% of cases of organisations with over 500 employees report they use off-the-shelf metrics

Percentage rate of bespoke metrics usage in leadership teams

48% **55%**
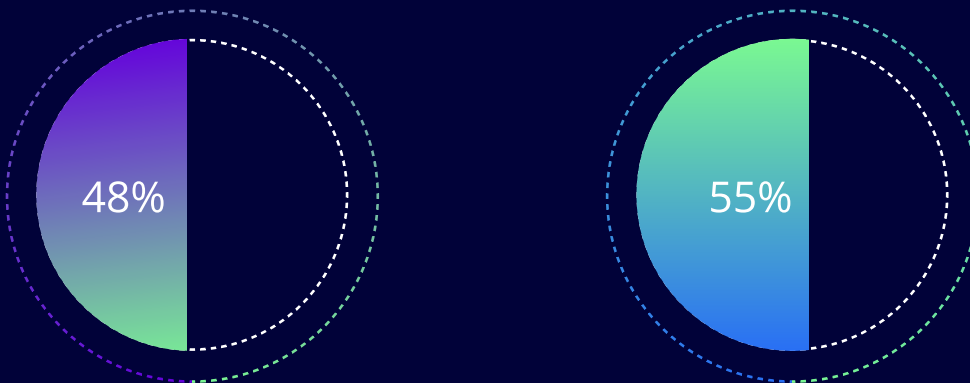
- 48% of C-level executives use bespoke metrics to measure the value of technology projects

- 63% of their senior management use bespoke metrics

This suggests that the next generation of business technology leaders may be more comfortable with devising and utilising measurement metrics that are tailored to the technology project and its intended outcome.
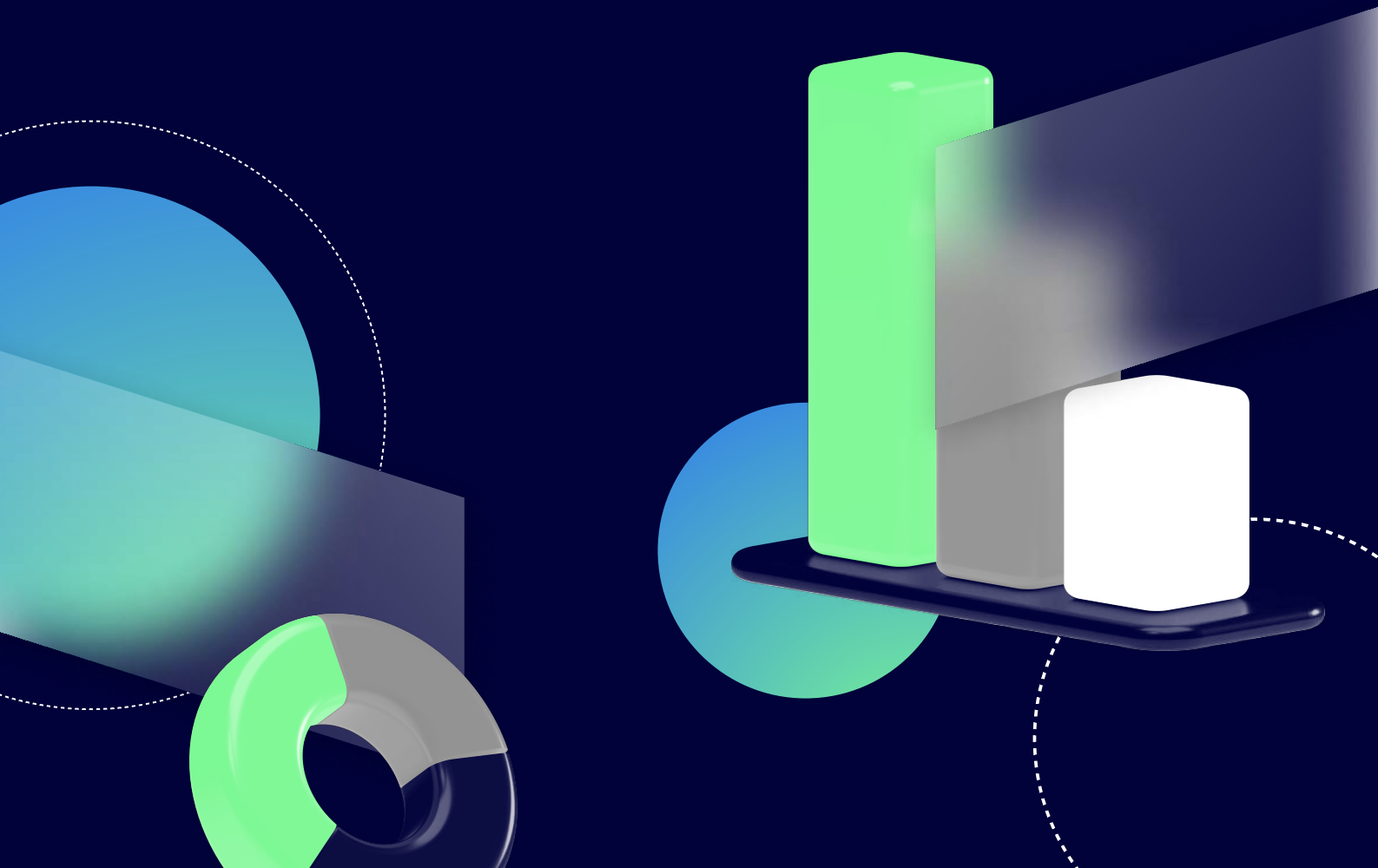
Creating risk
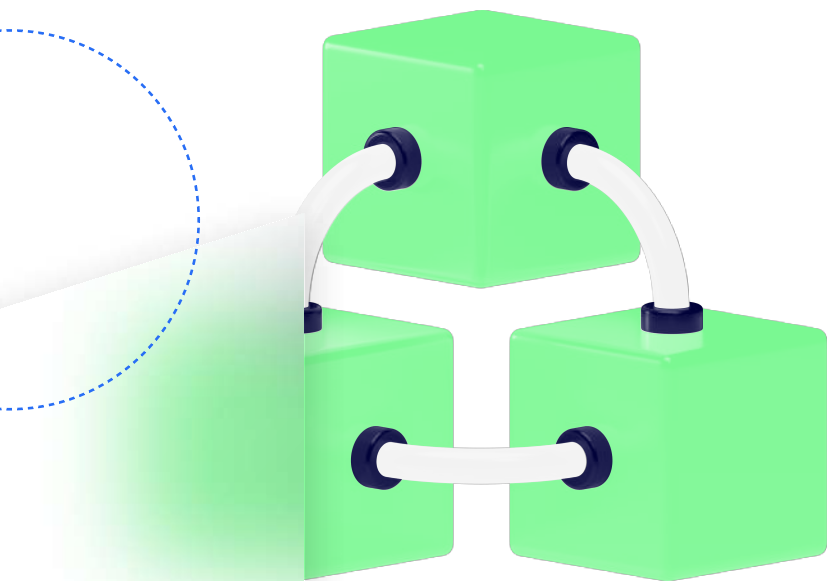
With technology projects failing
to align with business objectives,
enterprise IT and its leaders face
an existential crisis.

The esynergy survey reveals a clear correlation between the failure
of technology projects to meet the needs of the business and a mid-
to long-term erosion of the role of technology leadership across the
organisation.

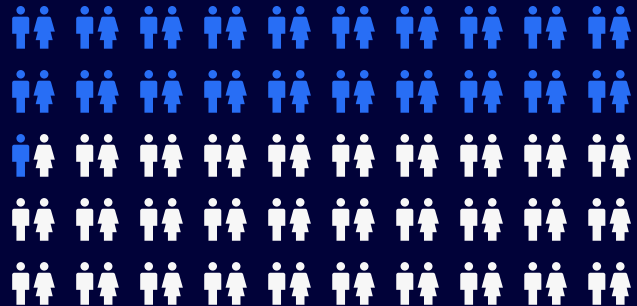# Over half (66%) of the surveyed organisations said driving change in their organisations was difficult.

Without a track record of success, with the metrics to back up those claims, peers and their teams will not embrace new technology projects and change programmes.

45%

said gaining the buy-in of stakeholders for additional projects was becoming a major issue

41%

said buy-in from employees was a challenge

Organisations that see technology project outcomes as part and parcel of business plans and delivery will not suffer from the same buy-in challenges, there will be an understanding that technology projects are key to business objectives.
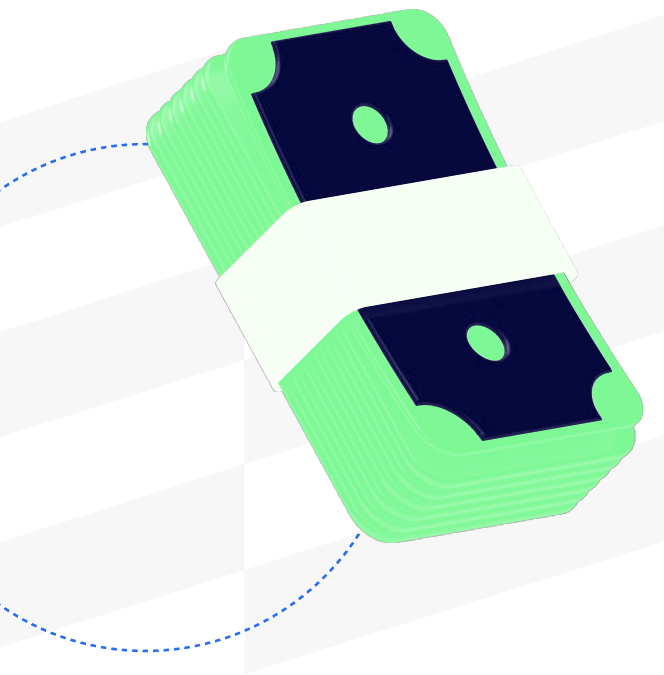
As a result, nearly half of respondents (48%) said future projects had to be delivered on lower budgets - a significant problem during a period of wage inflation and skills shortages.

Over half of large organisations (turnover of £100million to £499.99 million) reported this to be the case, as did 42% of organisations with a turnover of £1 million to £9.99 million.

Together these three issues lead to 37% of the respondents stating that they are under pressure to justify their position as a business technology leader.

When business owners were consulted, over half, 55%, said that they found measuring the value of technology projects challenging, and the impact would be to lower the budget of future technology projects. C-level executives concurred (44%), giving the same answer.

These issues are leading to a return of the alignment problem that IT departments and business technology leaders faced in the early 2000s.

Nearly three-quarters of C-level executives report that driving technology change in their organisation is a challenge and 62% of senior management say they face the same problem. The problem is exacerbated in larger organisations - which typically need to drive the most change in order to respond to younger and more digitally savvy challengers. In organisations with a company turnover of £50 million to £99.99 million, 76% of respondents said driving technology change was a challenge, and 49% of respondents in firms with a turnover of £500 million or over said they faced an identical problem.

What is holiding back the success of technology projects according to business technology leaders

38%	33%	33%	32%
● Staff resourcing	● Staff upskilling	● Organisational buy-in	● Staff buy-in
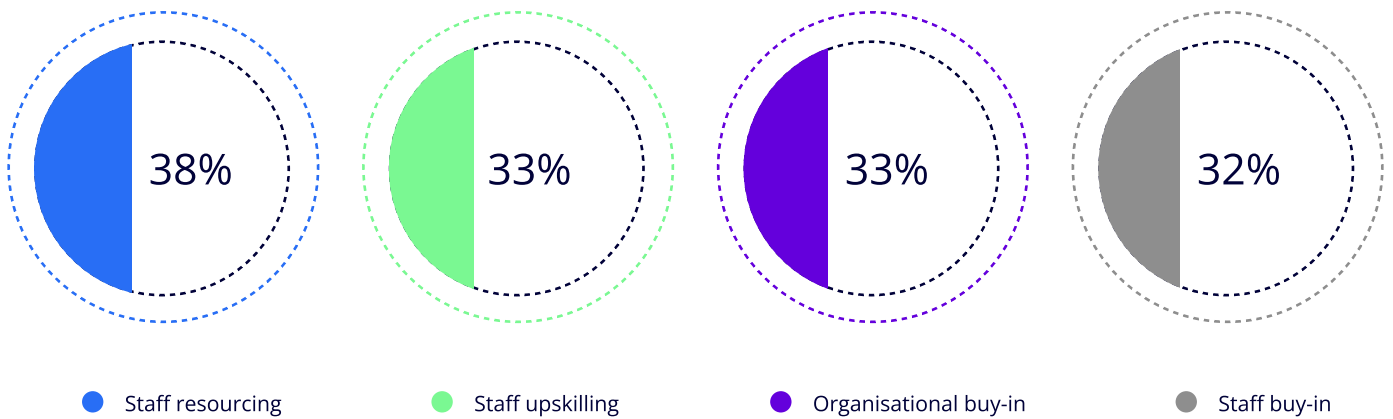
Role of technology providers

Some of the blame lies at the feet of the technology industry.

The well-known situation of systems integrators and major consultancies using the CIO's technology project as a training ground remains a major problem for nearly half (40%) of respondents. Who all said too many junior staff are put onto their projects. Exacerbating the above alignment issue, 36% of respondents said technology providers built systems that did not solve their business problem, and in 36% of cases, the provider took too long to deliver tangible results to the organisation.

Arguably the technology providers would argue that they delivered what was asked of them. If organisations do not tie technology projects to business objectives and ensure their partners are well aware of and involved with the business key performance indicators (KPI), then technology projects will continue to misalign.

The esynergy report also identifies a lack of alignment between technology providers and the internal technology teams. Over a quarter (35%), said technology providers worked in isolation from their internal teams and failed to create "the right synergies".

At the heart of these challenges is a lack of technology project metrics, with 36% of the entire survey group stating there were not enough metrics in place which demonstrated and measured the impact of the technology project.
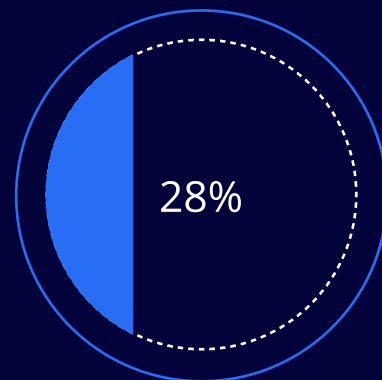
Company size

200 to 299 employees

39%
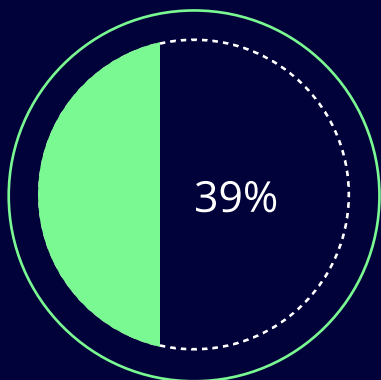
cited lack of metrics as a major issue

Company size

## 400 to 499 employees

28%

cited lack of metrics as a major issue

This will lead to further problems for business technology leaders, with 40% stating that they don't have a trusted partner to advise them on the optimal solution.

Perhaps due to there being too many junior staff on projects, who are, therefore, unable to provide experience and guidance.

Technology leaders face a number of internal challenges that create significant obstacles to the success of technology projects. In 36% of cases, respondents said they were aligning the technology solution to the in-house skill set of the organisation and, therefore, not selecting the best technology for the requirements.

In organisations of 200 to 299 employees, over half (52%) were selecting a technology stack that was not optimal for achieving the desired business outcomes. The same challenge exists in 42% of organisations with over 500 employees. Over half of business owners reported that their organisation was selecting a technology stack that was interesting and new but not optimal to business needs, a situation which 42% of C-level executives also cited.
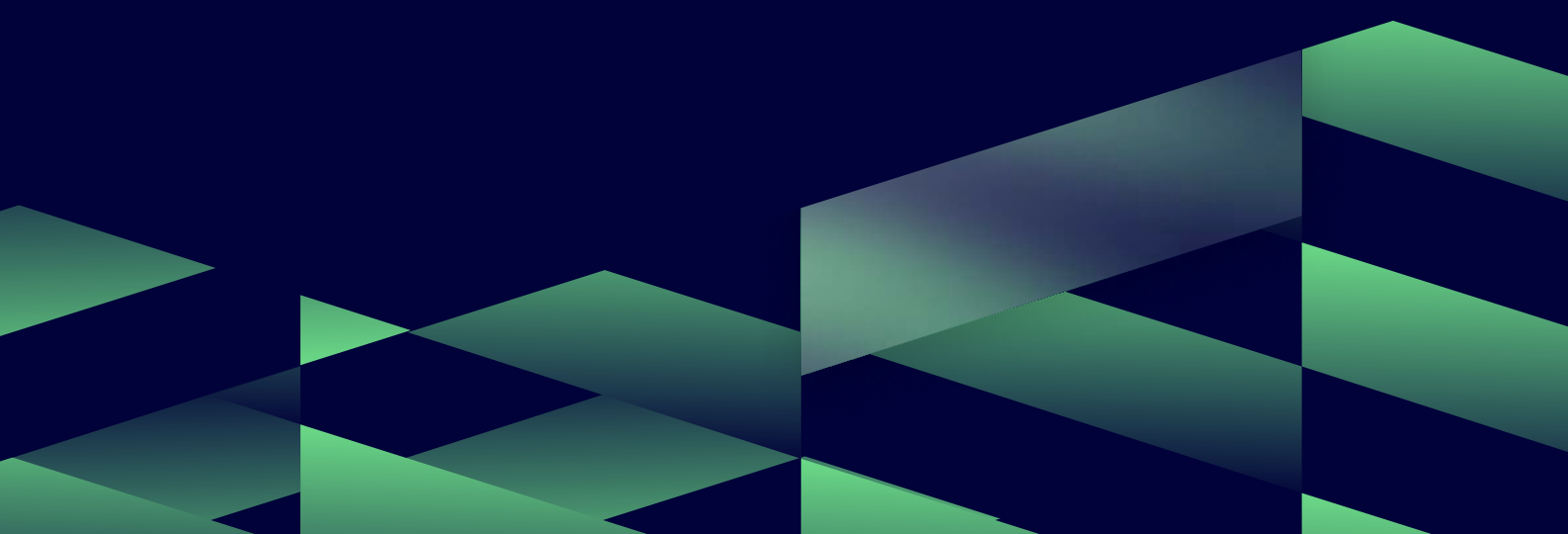
Looking ahead
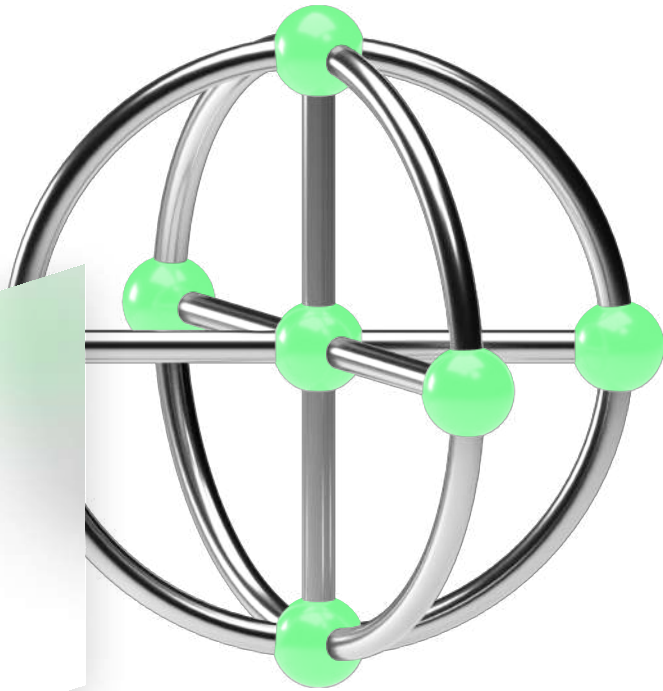
Despite these challenges, the future of technology projects looks assured and - with the right metrics in place - exciting.

Technology will continue to play a significant role in delivering on business requirements. Nearly 80% of respondents (77%) said external technology partners would play a significant role in meeting their technology requirements, and over 80% of organisations with more than 500 employees said external technology partners would be vital. Business owners feel the same way; 85% said external technology partners would play a significant role in meeting future technology requirements, and 74% of senior managers said the same.

Organisations see technology investment as key to responding to the opportunities and challenges in their vertical market.

Organisations see technology investment as key to responding to the opportunities and challenges in their vertical market. Nearly half of the responding organisations (40%) said they would be investing their budget in sustainability programmes. Whilst the heightened security threat organisations face following the pandemic and invasion of Ukraine has led to 38% of business technology leaders stating that cybersecurity was a major investment plan. Over a quarter of organisations (35%) will spend their budget over the next 12 to 18 months on cloud and platform implementations, a trend, again, accelerated by the pandemic. This is also a likely cause of 34% of respondents stating that technology investments will focus on new ways of working, and the same percentage investing in data projects.

40% **38%** **35%** **34%**
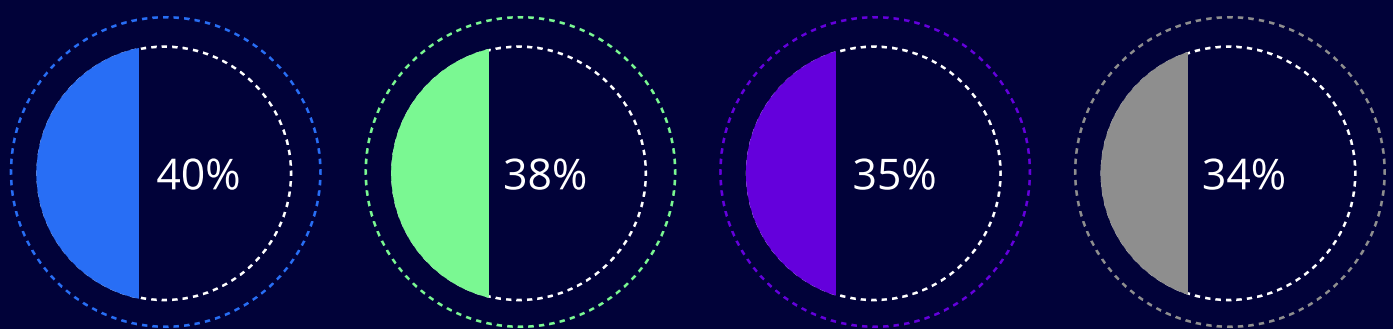
- Would be investing their budget in sustainability programmes
- Cybersecurity was a major investment plan
- Spend their budget over the next 12 to 18 months on cloud and platform implementations
- Will focus on new ways of working, and investing in data projects

With the need for technology providers to play a significant role in the delivery of technology projects, the esynergy survey reveals that CIOs and CTOs require partnerships that are driven by measured and agreed metrics of value delivery.

62%

said if a technology vendor was able to provide them with clear metrics on the progress of a technology project set against their business objectives, this would be a clear differentiator for them

41%
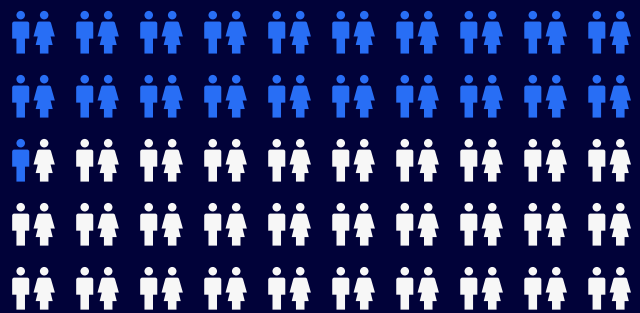
of business owners cited that clear metrics of project value would be a differentiator for them

74%

of senior management cited that clear metrics of project value would be a differentiator for them

50%

of organisations of 200 - 299 employess cited that clear metrics of project value would be a differentiator for them

This report demonstrates that technology projects remain the most sustainable way for organisations to respond to changes in their marketplace, customer expectations, regulator demands and technology itself.

However, the respondents to this comprehensive survey also reveal a worrying alignment challenge that has concerning echoes of a previous era in technology leadership. With inflation, the climate emergency, macro-economic challenges and digitisation impacting all organisations, 58% of technology projects cannot fail to align with business objectives.

The findings of this esynergy survey clearly show that now is the time for organisations and their partners to work together and define the impact that technology can and will have on their business.

Leading technology partners are keen to embrace new business models and work in collaboration with clients to meet business objectives. In doing so they will share both the risk and reward, which in turn will lead to the technology community, both in-house and partners having an informed and impactful understanding of the business and how they can enable real change.
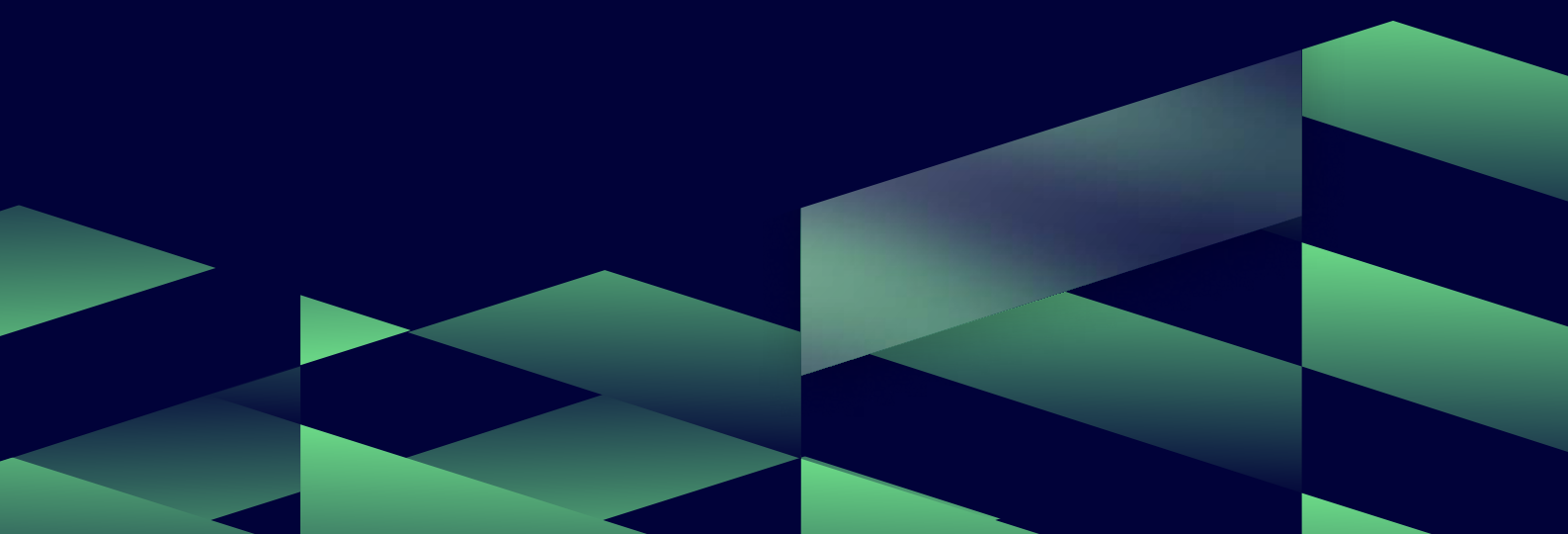
If technology projects do not deliver value, enterprise IT faces an existential threat as it loses the ability to influence the organisation, lead change, and adapt to new technological customer trends and opportunities to make the organisation more sustainable, both economically and environmentally.

Without a clear understanding of the value, technology can and will deliver, organisations will lose faith in technology, which creates a further existential threat to the organisation as digitally savvy challengers could disintermediate it.

These challenges are not insurmountable, though; this report shows that organisations continue to believe technology can deliver real change.

The real opportunity though is to closely tie metrics of technology project value to the values the business expects to be delivered. Strangely this should not be seen as transformational, but as this report shows, too many projects and too many providers
are failing to do just that. By jointly devising the metrics to measure technology project value and its impact on business objectives, the tripartite of technology vendor, IT department and the business can see and realise project value.

About this report

On behalf of esynergy, Censuswide surveyed 500+ senior technology and business decision-makers working in UK firms with 200+ employees on behalf of esynergy in July and August 2022.
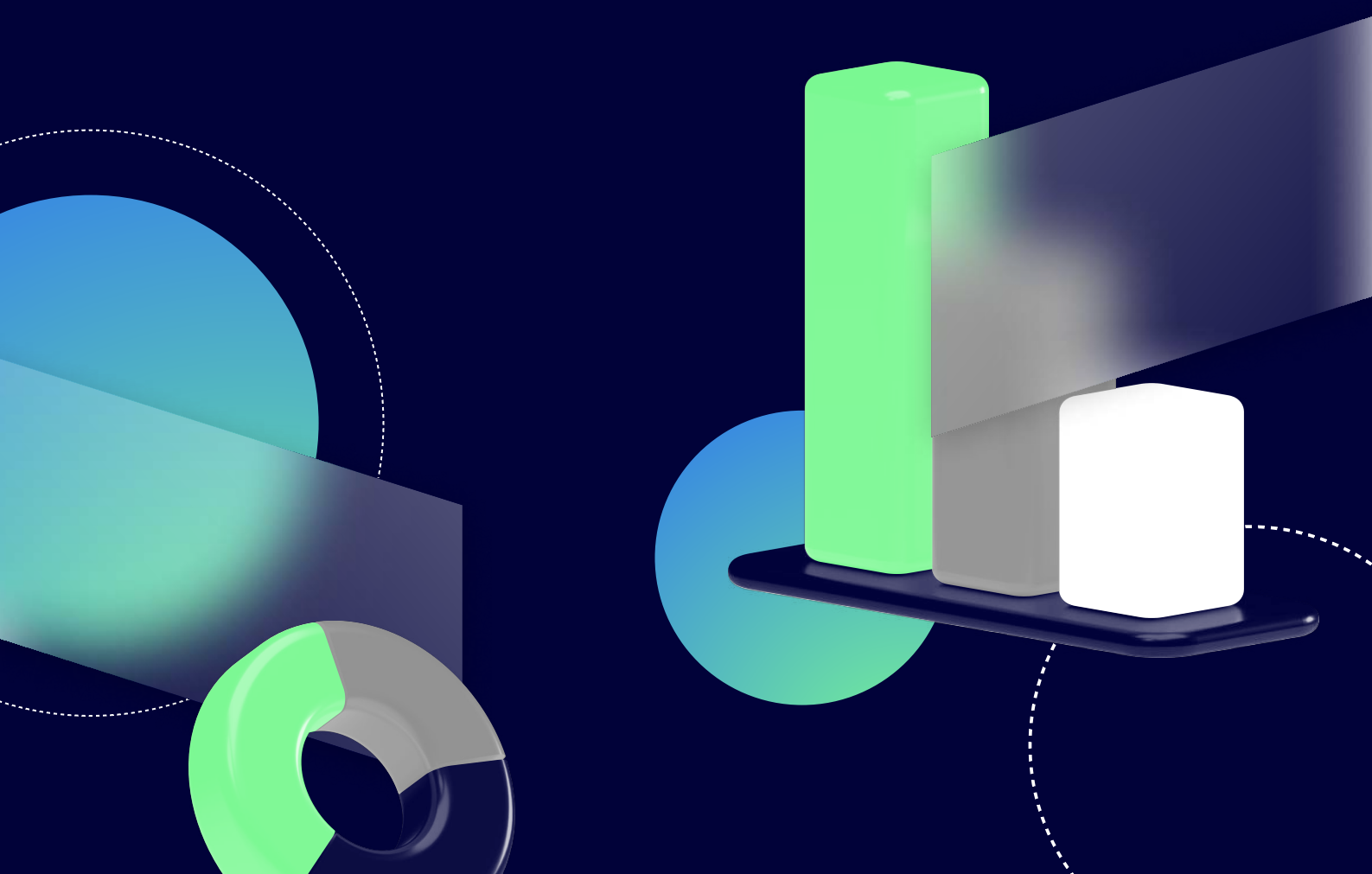
About esynergy

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esynergy is a technology consultancy that accelerates business value for its clients.

Working with enterprises and scale-ups in highly regulated industries, we build scalable platforms, products, and services.

Our delivery teams are small and highly functional, formed by a vetted ecosystem of associates, luminaries and partners. We choose technologies that are the right fit for our clients' needs and are not opinionated around specific tech stacks and service offerings.

Our philosophy is around impact consulting, which means that all our work is measurable and directly ties back to our clients' business objectives. This approach is at the heart of all our engagements with the objective of added value and insight for our clients.

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