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Internet Managers: It's not all about budget and ROI

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EXECUTIVE SUMMARY

Developing and coordinating an expanding universe of operating metrics, marketing metrics, industry trend data and customer research is a complex and ongoing challenge for multi-channel organizations. The development of integrated metrics is seen as a cross-functional issue requiring support from C-level executives to succeed.

Making the ROI case for Internet investments – whether web related, or e-business enablement -- is less of a problem in some organizations now than deciding which technologies will have the best long-term impact on the organization's longer term goals.

Virtual Roundtable

We recently had a diverse group of managers responsible for their organization's internet presence in a virtual discussion group, with a few consultants added in for good measure. The purpose: to find out what their challenges are. They have a lot on their minds.

Demonstrating ROI from Internet Investments

Managers responsible for the internet in their enterprise now recognize that demonstrating ROI for new technology investments is a fact of life. As one individual put it, *"Where an extremely clear case is difficult to make, budgets are rarely approved"*.

For customer service and marketing initiatives, they can see many options for making the business case, largely in displaced expenses from their customer contact centre, or sometimes from improved loyalty and satisfaction, or actual revenue growth.

The consultants in our group pointed to organization culture as a factor in making the business case; organizations have standards for how much data is required, and these standards must be honored to achieve success.

Content Management

A discussion about content management revealed some skepticism and doubts about selecting the right CMS tools. One individual cautioned others to: *"Be careful of the hype around CMS"*. While fully integrated, high-end tools may be right for large enterprises, mid-sized firms that invest may be paying for functionality they will not use.

Challenges in content management include how to keep the content fresh, both online and offline. For some, version management is also a problem to be addressed, both online and offline, and determining the best way to invest in solutions is the issue.

E-Business enablement: both risks and opportunities

Some were thinking beyond the web site to e-business functionality, such as integrating the front and back end of processes.

Back end processes can be challenging to fund with new IS initiatives, because they tend to be clerical work currently performed by inexpensive staff. While ROI from a shift in functionality can be shown, the transition period requires significant funding. The work to put new system in is done by relatively expensive resources, such as programmers and analysts. Internal IS resources are a scarce resource, and ROI may not be sufficient to give a project priority. Funding these types of projects is still a challenge, even when the long term benefits seem relatively obtainable.

Another consideration is that the new business models available using Internet technologies also create new opportunities for fraud, theft, and other security problems from an increasingly sophisticated underworld.

But do customers want it?

Where radically new concepts of e-business enablement are involved, standard customer research approaches may not generate a ringing endorsement from the concept test. This creates a challenge for management commitment, as to whether or not to invest in something that seems better, but did not test better. The question then becomes, would different research methods have shown more market support, or do customers truly not value the new benefits?

Choosing the Right Investments

When there are so many opportunities to develop new capabilities through technology investment, determining which technologies will continue to be important was an issue for some. What appears to be creating a competitive advantage today may be displaced by something better tomorrow. Keeping up versus watchful waiting appears to be a continuing issue in technology strategy, for mid-sized firms as well as large organizations.

The Holy Grail: Actionable Data and Integrated Metrics

The multi-channel environment has added significant complexity to tracking and integrating operational and performance metrics.

Potential sources of data that our respondents were considering are numerous, ranging from web site registration data to polls, surveys,

industry trend reports, and diverse internal metrics. Some ubiquitous tracking tools such as Web Trends are seen as providing little actionable marketing information.

Original customer research was considered the gold standard, where available. Our panel reflected the rising interest in ongoing consumer/user/stakeholder panels. While acknowledging that such panels are not naïve, the benefits of having easier, more rapid access to people who understand the basics of your service proposition may offset. The desire for comprehensive, integrated reporting and data is seen to be closely tied to organization strategy issues: How to determine whether this channel is successful? How to define success? How does any one channel of communication fit into the organization's strategy?

“Retention, acquisition, company/brand/product awareness – you need to determine what is most important before you try to develop metrics.”

Tracking across channels has added real complexity for managers:

“Multiple channel measurements is our biggest hurdle, especially traditional offline channels.”

Organizational Effectiveness and Cross Functional Integration

Regardless of whether the topic is content management, operational automation or metrics, cross-functional coordination continues to be a dominant theme in discussions of organizational effectiveness.

“Better integrate our department functions so we aren't operating in silos”.

Enablers to develop truly useful metrics and measurement require buy in at very senior levels in order to get across organizational silos. Change management is also an issue: sales people may need to track differently, policies and job descriptions may need to change, internal software and process changes – all require senior level commitment to succeed.

Franchise situations were specifically raised as presenting unique challenges, because you are requesting new work from independent franchisees to provide metric information that may not have immediately apparent value to the franchisee. Without good metrics, good evaluation is impossible. But metrics require ongoing investment of time and resources, by the franchisees.