

# Technology Selection Decision: With the Shoe on the Other Foot

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April 21, 2011

DAAG 2011 Presentation



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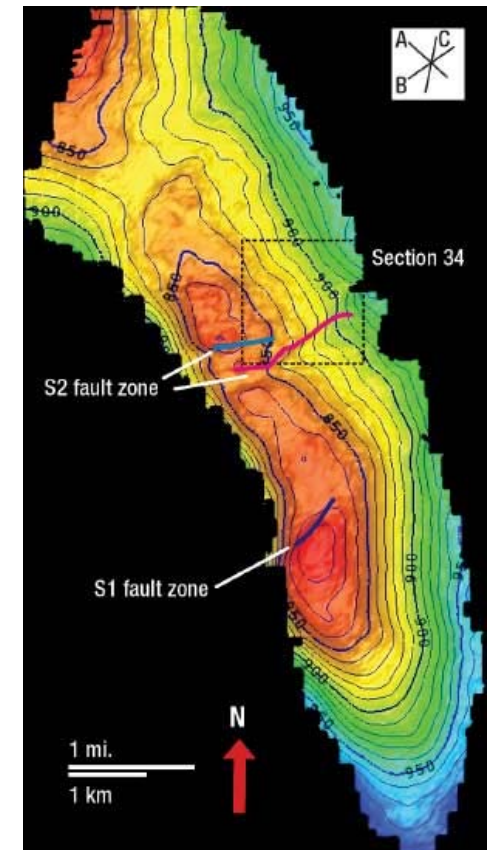
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# Technology Enables Better Business Ops



- Flexible fixturing for auto body shops
- Benefits: Cost savings and flexibility

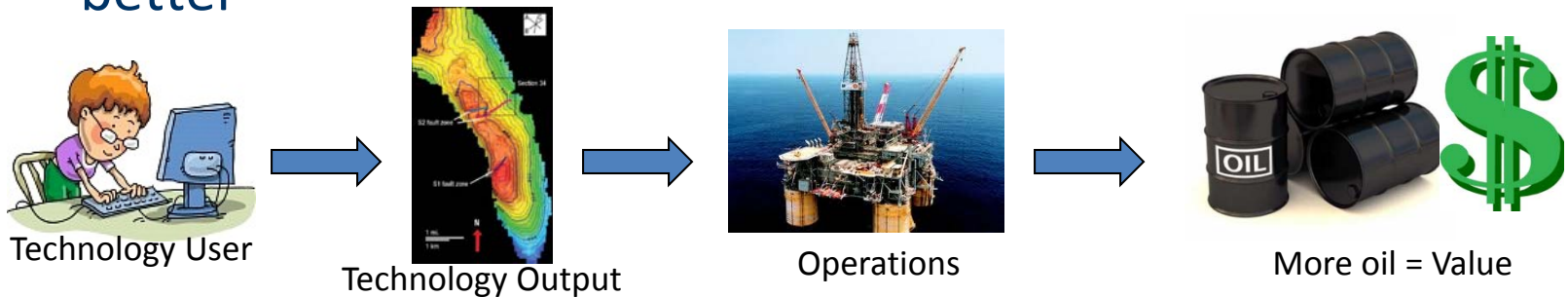
- Seismic mapping for finding oil
- Technology benefits
  - Find it faster
  - Better “batting average”



- Enterprise Resource Planning (ERP)
- Benefit: Better operations

# Characteristics of Technology Selection

- Technology enables users to do core business processes better



- Decision frequently driven by technology support group (e.g. IT, R&D), not operational business users

- Switch and support costs are formidable



R&D Project Budgeting

# How do technology selection and implementation decisions get made?

- Technology selection decision:

- Vendor friend
- Familiarity
- User preferences
- Support cost minimization
- Technology capability



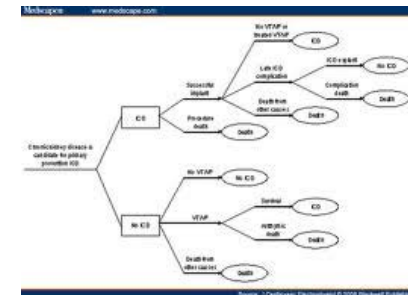
- Implementation often suffers from

- Cost and schedule minimization
- Inadequate planning



- As a high value decision, should view as

- Business investment decision
- Value trade-offs for best implementation



# How is this non-traditional DA?

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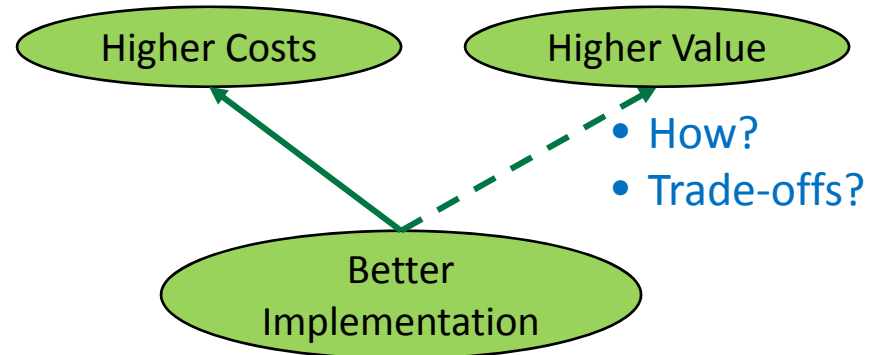
- Technology selection decisions
  - Not often treated as a business investment
    - Indirect enabler of business value
    - Responsibility of technologists, not operational business
  - Often treated as cost minimization
    - Ignoring hard to quantify value and costs
  - Fail to see
    - This is a big decision
    - DA role in implementation planning
- Our client was technology provider, not user

# Switch costs are large and may not be adequately resourced for success

- What are the costs of switching technologies?

- Training
- Change Management
- Bubble Support
- Data Conversion
- Acceptance Testing
- Double Maintenance Costs
- Productivity Loss During Switch

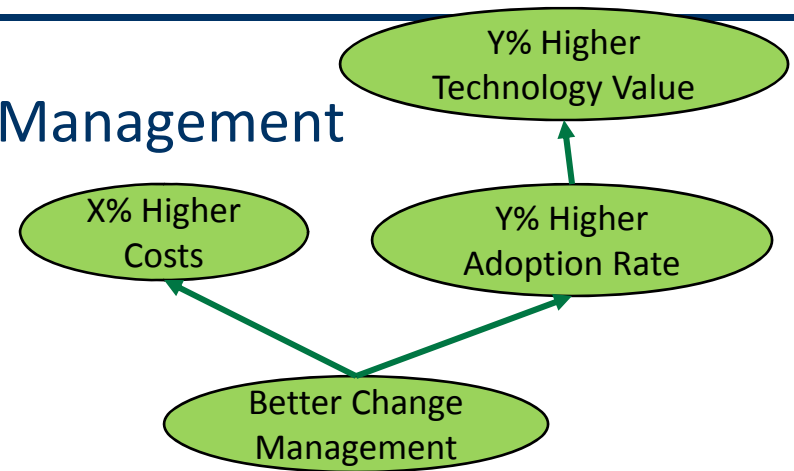
Can you measure this? Is it real? Can you mitigate it?



- Did you plan for all of these tasks? Measure them?

# Cost Examples

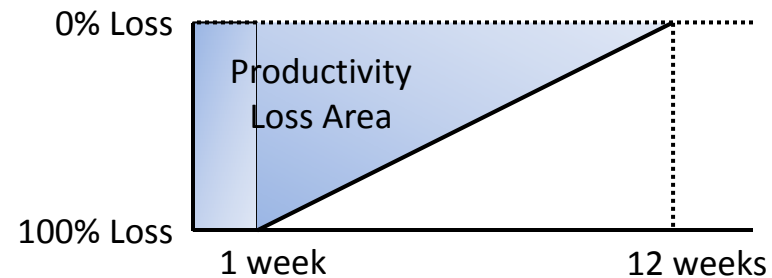
- Trade-off around better Change Management



- Disruption: Productivity Loss

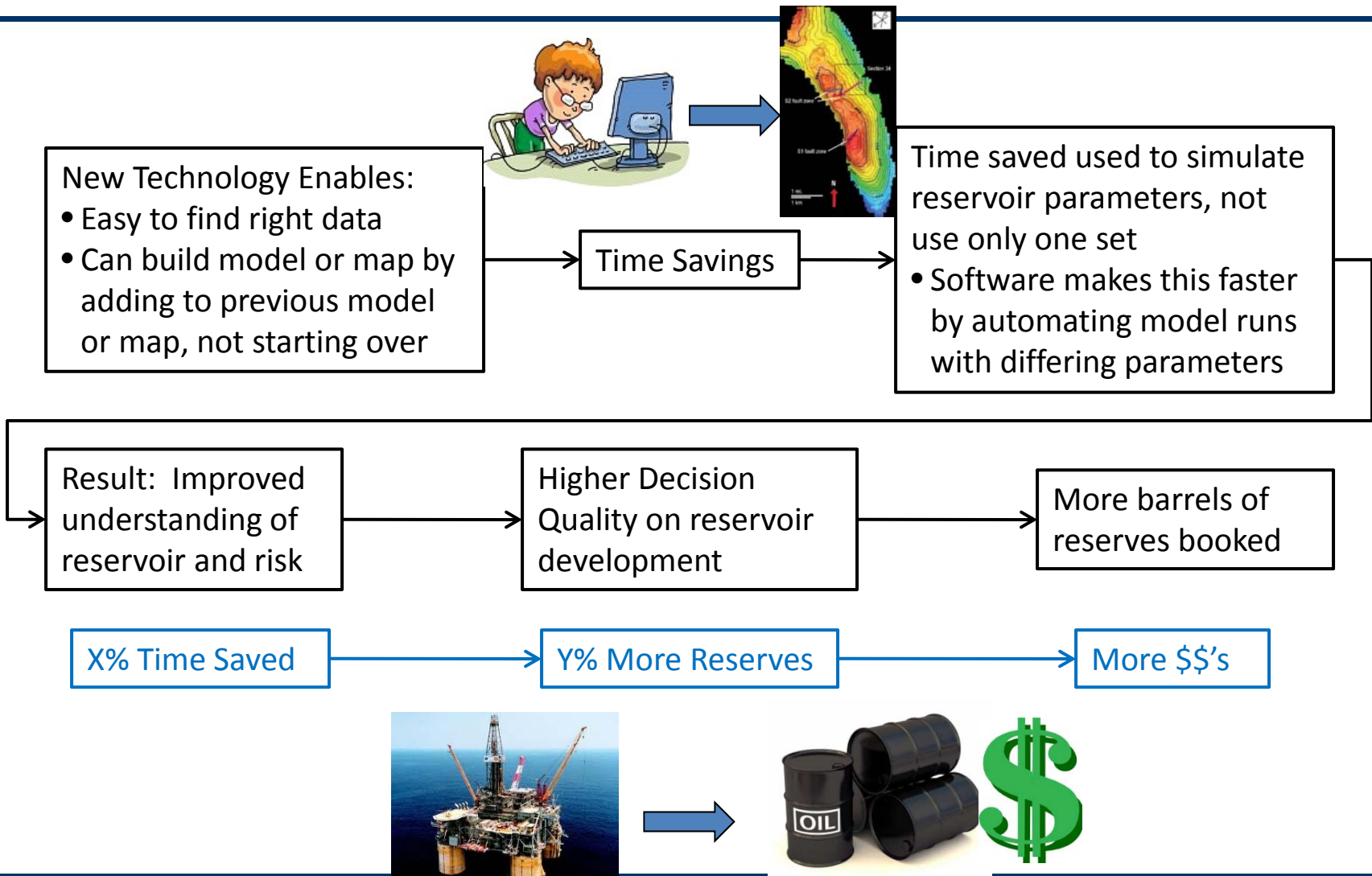
	Low	Base	High
Time to proficiency	20	12	4
Value of FTE week	\$40K	\$60K	\$80K

- Productivity Loss = (#FTE weeks disrupted / user) \* (# of users) \* (Value of FTE week)
- = (6.5 weeks) \* (100 users) \* (\$60K/week)
- = \$39 MM



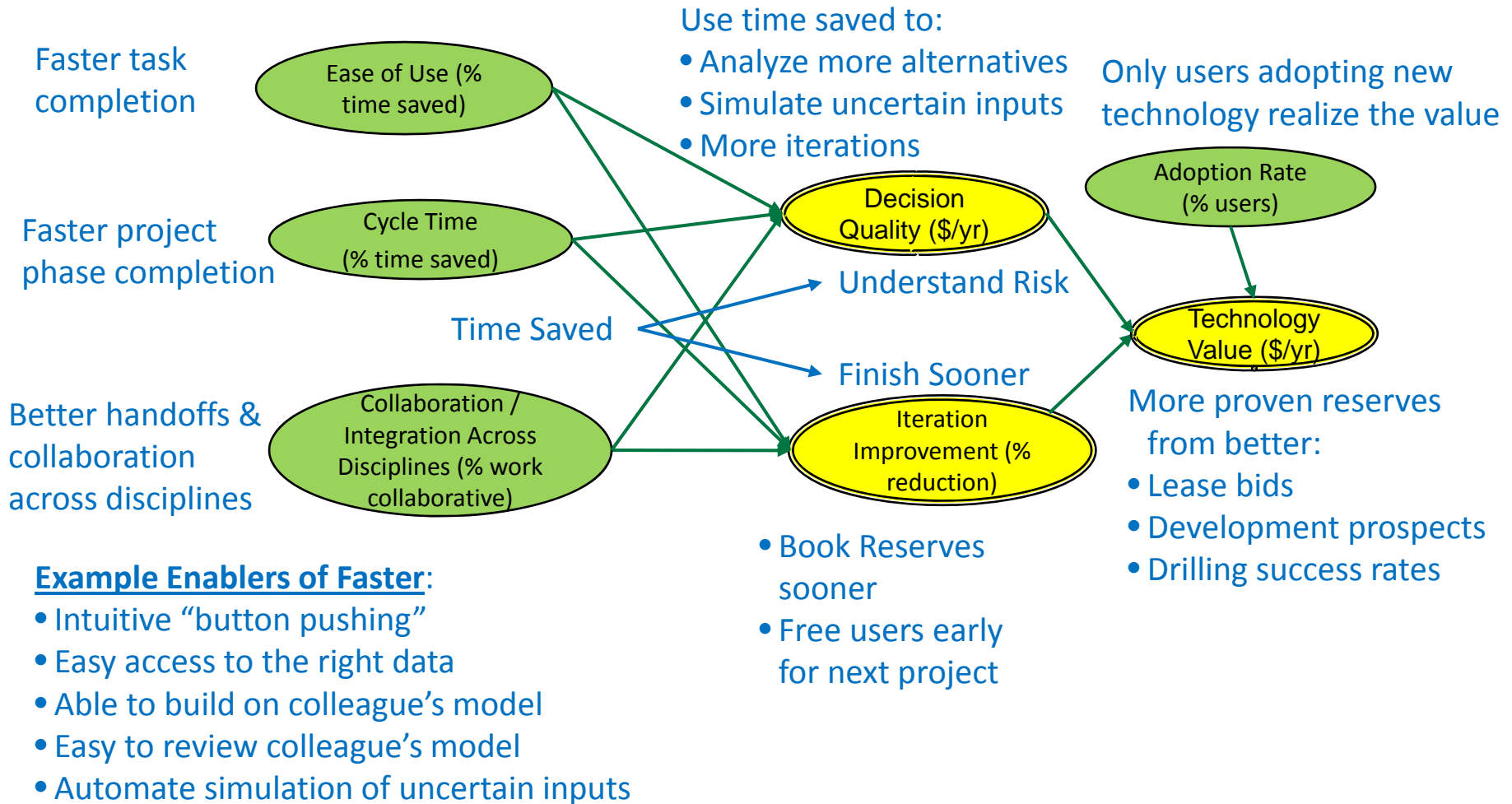


# Value Story / Calculation Example





# Value Story



# Our Client: Technology Supplier

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- Why did client ask us to create an investment decision model from their customer's perspective?
  - Better understand how their customers evaluated (or should evaluate) technology switch decisions
  - Encourage more “rational” customer decisions
  - Help customers better understand the switch decision
    - Did you think about ... ?
    - How much will that cost?
    - How to best allocate resources to implementation tasks?

# What did we learn?

- Treat switch decision as a business investment
  - Technology enabling the core business can add huge value
  - Switch costs will overwhelm marginal opportunities
  - Don't switch unless added value is clear and large, but then focus on implementing well, fast, and with high adoption
- Don't omit hard to quantify value and cost drivers
- Plan implementation to optimize value
  - Disruption / Productivity Loss
  - Data
  - Change Management
  - Training
  - Adoption