



Chapter III

The Link Between IT Planning and IT Valuation: The BTRIPLEE Framework

Managers, when faced with choices, generally use a set of decision rules and tools that help them to make choices to best achieve their objectives. This should not be different for decisions about IT, especially since IT has become part and parcel of the business strategy of virtually any business. An important aspect of planning for IT, as we have seen, is decision making, the process of developing and selecting options and related courses of actions. The application of IT has a cost and a benefit side, and business managers are in search of the IT with greater benefits than costs. Both parts of the cost/benefit equation must therefore be planned and then evaluated in a business context.

While the cost side may be difficult to plan and manage, the benefit side is even tougher to manage and measure: identifying and obtaining external and internal performance data to measure and value IT appears to be very difficult in practice. As was stated earlier, the common denominators of the shortfall of evidence of the value of IT are:

- insufficient management (including planning) of IT and the value of IT,
- deficiencies in frameworks to measure the value of IT,
- deficiencies in appropriate measures to determine the value of IT.

The first point, the subject of planning for value of IT, was addressed in the previous chapter. This chapter aims to provide a currently lacking, comprehensive measurement framework, answering the basic questions: *What* to measure, and *How* to measure, to compare results from IT investments with performance improvements in the business, and in the application and supply of IT. The following three chapters are dedicated to the determination of appropriate measures.

MEASURING THE VALUE OF IT

Organizations need to build a thorough picture of the connection between business strategy, business processes, and business activities on the one hand, and the opportunities, (im)possibilities, and current application and supply of IT on the other. Like commonly applied management accounting systems and other diagnostic control systems, an IT value measurement system should be aimed at a consistent attempt to systematically bring together different indicators of IT value at different levels of the organization. IT valuation at different levels helps manage the complexity of IT at each distinct level. Besides, IT value measurement must be aimed at multiple stakeholders. Whether it is sophisticated or a more rudimentary start, IT value measurement should be capable of bridging the communication gap between the worlds of the business and IT. It replaces opinion with fact, focusing discussions away from the emotional side, and it directs towards measurable improvements in the application and supply of IT.

In short, a systematic and consistent measurement of IT value must be based on two key attributes:

- *An overall management framework:* Because the realities of IT application in organizations are so complex, a conceptual scheme for simplifying and ordering them is desirable. Although “the use of any framework provokes the temptation to treat the framework’s abstractions as if they were the whirling reality, or alternatively, the temptation to dismiss the model as mere jargon,” as Cohen puts it, a framework must be treated as a tool to help navigate difficult terrain, rather than as an end in itself. To manage, monitor, and provide feedback on the value of IT, measurement of IT value must be based on a management framework (coined the BTRIPLEE framework) which links the levels of business planning, IT planning, and IT supply planning with comparable valuation levels. By assigning value to IT at each level, and in its full context, the overall value question can be answered.
- *A set of key measures for value:* These allow the management of IT, varying according to the objectives of the organization and the level of the framework for which the measures are constructed. The appropriate measures to assess the value of IT at three levels will be discussed in the next three chapters, on the basis of the BTRIPLEE framework.

The BTRIPLEE framework and associated measures are designed to determine the value of the application and supply of IT.

THE BTRIPLEE FRAMEWORK FOR PLANNING AND VALUATION OF IT

As IT is almost literally woven into every aspect of the business, IT has become an indispensable part of the business *fabric*, described in the previous chapter. The fabric analogy is elaborated in the following sections.

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