

# The Metrics Monster Returns

Achieving VOI and ROI through Effective Metrics



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- The Metrics Monster
- Using the 7-Step Improvement Process to Achieve VOI and ROI



## *The issues that arise when we use measurements and metrics to drive behavior instead of using metrics to achieve VOI and ROI*

- Letting only financial goals drive our desire for VOI and ROI, instead of seeing the results of ITSM

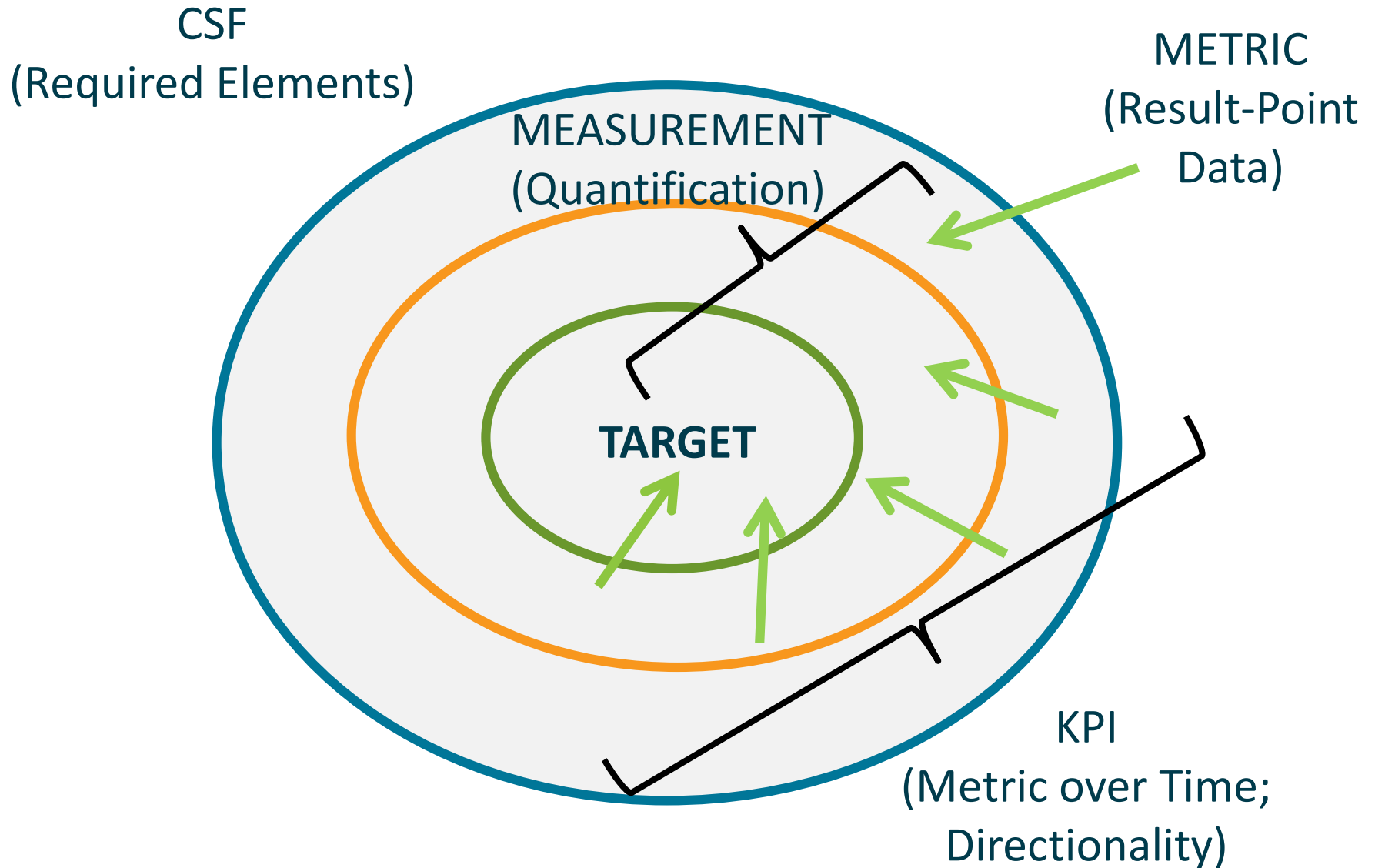


***VOI = Value on Investment = warm fuzzies***  
***ROI = Return on Investment = cold facts***

## *The disconnect that results from reverse engineering IT Services from a set of measurements and metrics*

- Building from the bottom up, without top down design
- Identifying processes and technologies as services
- You cannot deliver “Change Management” like a product





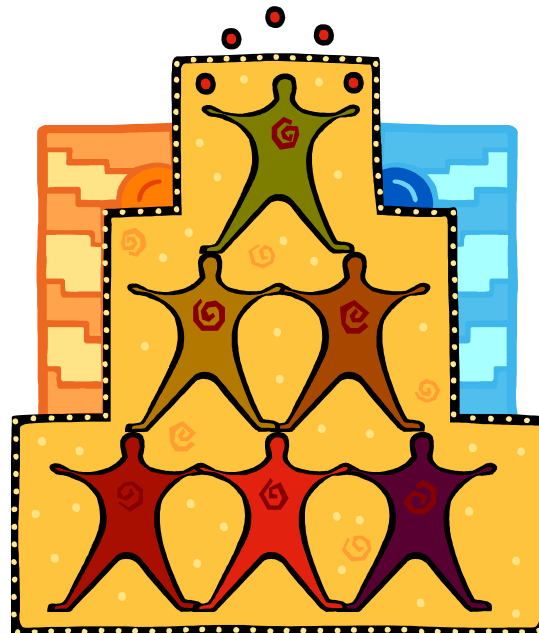
## *Focus first on the customer and their needs (i.e. IT Services)*

- Identify your customer or market segments
- Gather customer requirements for services they desire
- Identify quantifiable aspects of the requirements by breaking down the requirements into more granular pieces



## *Gather requirements like you would for any other needs*

- Build measurements and metrics based on the most granular pieces
- Aggregate together to find meaningful points to baseline





## *Validate the measurements and the metrics*

- What will they do with the information and knowledge you will provide to them?
- How will they use the information to see VOI and ROI?



### *Using various outputs, gather only the data needed to fulfill the measurements*

- Look in all your Service Management tools
- Differentiate between data and information



***Do not waste time collecting unusable or unimportant information***

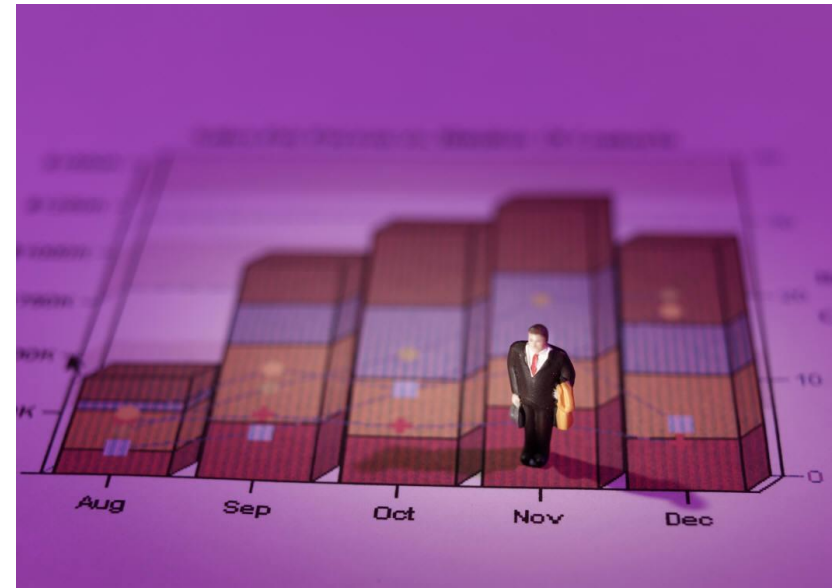
### *Identify the “currency” that your customers use*

- Translate dollars into hours or hours into dollars
  - 40 FTE Hours \* \$100= \$4000
- Slice and dice
  - Excel is your friend
  - Pivot tables
  - Histograms
  - Statistical tools



***There are many tools available for analysis. Some are simple and some are elaborate. Find the ones that suit you and your needs.***

- ROI Calculator
- Control charts
- Advanced Statistical tools
- Brain power



# ROI Worksheet: Fewer IT Service Outages



\_\_\_\_\_ outages per month

Average outage: \_\_\_\_\_ minutes

Average users impacted: \_\_\_\_\_

Average user rate: \$\_\_\_\_\_/hour

Outage costs = \$\_\_\_\_\_/minute

Outage costs = \$\_\_\_\_\_/hour

Outage costs = \$\_\_\_\_\_/month

Reduce by 20% = \$\_\_\_\_\_/month

Reduce by 35% = \$\_\_\_\_\_/month

Reduce by 50% = \$\_\_\_\_\_/month

## Sample ROI: Fewer IT Service Outages

10 outages per month  
Average outage: 15 minutes  
Average users impacted: 100  
Average user rate: \$50/hour  
Outage costs: \$83/minute  
Outage costs: \$5,000/hour  
Outage costs: \$12,500/month  
Reduce by 50%: \$6,250/month

Annual Cost:  
*120 Outages*  
*x .25 hours*  
*x 100 users*  
*x \$50 hourly*  

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*= \$150,000*

***At 1000 Impacted Users: \$1.5M***

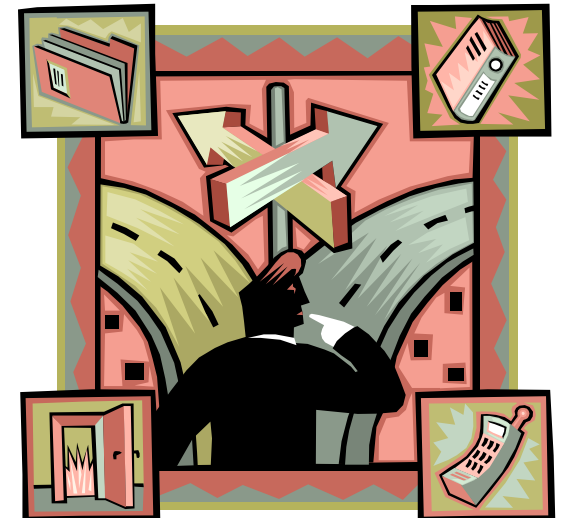


“How” did these incidents occur?

“Why” did these incidents occur?

### *Translate the analysis into meaningful pieces of information and knowledge*

- Understand how your customers intend to use the information and knowledge
- Use their language
- 0%, 50%, 100% Options
- Recommended solution





***Be willing to throw out measurements and metrics if the customer sees no value in them***

- Follow up on the chosen recommendation
- Begin a project
- Identify accountable individuals
- Identify funding
- Begin the cycle again

***Remember: Metrics are the results and the goal, not the beginning***



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