

# New research from Harvard Business Review and Apptio reveals increased spending in business technology

As retailers and services locked down in the spring of 2020, business leaders were forced to adjust to conducting business and connecting with customers from a distance. Over a year later, as the global economy emerges from the pandemic, the same business leaders are applying the digital skills and operations they developed and implemented as a result of the crisis to various areas of the business model.

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In an expansive survey of 338 business leaders, The Harvard Business Review alongside cost management company *Apptio* says that 82% of business leaders stepped up their investment in digital initiatives as a result of the pandemic.

Going forward, 62% of leaders admitted that investing in technologies to accelerate the delivery of new business applications and products is a top spending priority for the near future.

# What are the priorities?

After spending a year navigating the process of adapting to rapidly evolving business needs, businesses are now seeking to harness what they have learned, driving greater agility and flexibility as a result of their technology investments.

Respondents agreed that improving customer experience was the most pressing issue, after demand from their customers for digital products and services rose rapidly in the past year. 65% agreed that this objective would drive their technology budget in the next 12-18 months.

Other priorities include providing more flexible technology for the virtual and hybrid working, migrating technology infrastructure to the cloud, consolidating or decommissioning legacy systems and applications, and providing tools for monitoring workforce and customer health and safety.

## The data gap

The new research is backed by the understanding that companies who invest in innovation during a crisis are more likely to outperform the market when the crisis has passed. But despite this realisation, there is still significant lack of information about the business value of technology investment.

While 92% of leaders said that insights on how tech contributes to business value are crucial for growth, only 62% had confidence in their data, while 55% admitted to being unable to make timely decisions as a result of outdated information.

Without visibility into their own current technology budget, alongside a shortage of relevant data more generally, business leaders are finding it hard to determine which investments are of the greatest value, and where money might be spent more effectively elsewhere.

Cost transparency “forces you to understand how you’re actually spending your dollars at the capability level,” says Yonas Yohannes, principal with business advisory firm, The Hackett Group. It enables business leaders to identify unproductive assets, and make trade-offs that better support their strategic objectives.

Thankfully, a lack of confidence in key financial information doesn’t undermine the awareness of its importance for decision making, with leaders appearing to understand that a comprehensive view of their investments is necessary to connect their technology spending with productive business outcomes.

To address persisting gaps, 59% of respondents said they were now working on developing new metrics and data-based processes to measure business outcomes.

Mike Brady, CIO with financial services company USAA, for example, is connecting costs with business value by incorporating a new metric: the speed with which the company can deliver value to its customers. The new metric helps Brady to connect spending on infrastructure with speed to market for new products and features.

Ultimately, achieving greater transparency into costs and business value requires commitment from business leaders to using technology to benefit the enterprise overall, rather than allowing internal competition between departments to undermine a collective approach.

Research found that business leaders who already collaborate across units regarding technology decisions have a head start.

“You don’t have enough money to do everything that everyone wants to do,” admitted Christopher Key, director of The Hackett Group’s IT executive advisory programme.

## From cost transparency to business value

The report found that as leaders gain more insight into what their technology costs, they begin to trust the numbers more.

Generating value is what moves business forward. When leaders are able to identify their most productive investments in the moment, they will be better positioned to make decisions about how to allocate funds as new business needs arise. Whether they are making their infrastructure more efficient, launching a new digital product, or establishing a new business model, they will have the means to uncover more value today and in the future.

The full report can be found [here](#).