Value Tools

Given that unidentified value can be unlocked, the right tools become fundamental to the effective deployment of that newfound value. The wrong tools will continue to have a negative effect, as we will see later - hence tools being one of our three hurdles to identifying value.

So what might the fundamental attributes of the right tools look like?

Well the customer must be able to change data and assumptions to simulate the performance of their enterprise and to observe the likely impact of using the vendor’s products and services in scenarios of their choosing. And perhaps more importantly be able to test the veracity of the results by being able to understand how the results were actually calculated. By this I mean the logic strings from base customer data to projected value must be physically visible, must be easily understood and therefore easy to challenge and change. The act of changing their data and assumptions is the final act of ownership.

They must also be able to understand the means by which they will be able to track the calculated and agreed value through to actual delivery.

In combination, these attributes will help to create an incentive to invest, the confidence to invest and the confidence to change in order to release the value - because no change, no value.

How are the vendors doing with their current tools?

Well, it’s now very clear that the standard TCO or ROI spreadsheet isn't the way to do it. Customers are heartily sick of what they perceive to be biased sales tools that they don't understand or trust. But why should this be?

Well, determining value is as complex as determining tomorrow's weather - neither weather nor complex value prediction is done on a spreadsheet. Why? Because of the multitude of variables and their complex interactions and inter-dependencies that must be understood, managed and communicated.

Customers know it's a good deal more complicated than most vendors suggest, but they also know that they struggle to do it successfully themselves, so any vendor that can truly help in an unbiased way is going to be welcome.

“Most organisations invest in the 'idea' of 'value' but not the practical means to assure its delivery.”

Robert White
Lucidus Ltd
### Toolset Comparison Table

The table below outlines a key set of recommended good-practice elements for your toolset – and then compares a typical TCO or ROI Spreadsheet performance with that of the Lucidus Toolset.

<table>
<thead>
<tr>
<th>Recommended Good Practice</th>
<th>Typical TCO / ROI Spreadsheet</th>
<th>Lucidus Toolset</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top-level value calculation results should be clearly outlined and supported with relevant graphics</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Benefit logic strings from base customer data to projected value must be physically visible and easily understood</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Supporting graphics should be located in the correct place within their benefit logic chain</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Supporting evidence, documentation, slides, project plan, spreadsheets etc. should be available in the correct place within their benefit logic chain</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>The tool should be able to demonstrate the means by which the customer will be able to track the calculated and agreed value through to actual delivery</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Both financial and non financial benefits should be evaluated and tracked to an equal degree using the same mechanisms</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Customer should be able to undertake single and multiple &quot;What if&quot; calculations on any base data and assumptions within – all within a protected environment</td>
<td>*1/2</td>
<td>✓</td>
</tr>
<tr>
<td>Customer should be able to inter-actively change data to simulate the performance of their enterprise</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Customer should be able to inter-actively change any assumptions to simulate the performance of their enterprise</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Value tracking should be predictive i.e. identify specific areas of potential value variance – whilst remedial action is still possible</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Value tracking should identify the financial effect of any variance from plans, the reason for this variance and the person (or people) responsible</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Business Case should be clearly articulated at the top level and then be capable of resolving questions by drilling down through specific benefit logic to the declared value assumptions and base data</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Risk and stakeholder management mechanisms should be available</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Business case and tracking dashboards should be made available and viewable over the web</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Automated (and flexible) Word &amp; Excel output reporting should be available</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Automated and live process control support should be available to key individuals within a sales process and a procurement process</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>This automated and live process control support should be capable of being used either within a sales process or a procurement process</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Data inputs should have secure audit facility</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

* Frequently will have single data item "What if" facility or even multiple "What if" calculations - but rarely will have the ability to undertake these fully within a safe environment.
So, you've got this great Value Proposition spreadsheet have you???
Robert White – CEO Lucidus Ltd

Robert has 35 years of business experience and founded Lucidus in 1989. His experience includes the creation of a new outsourcing business for one of the global consultancy firms and he was the architect of the first Inland Revenue outsourcing deal valued at £1.7bn. With his business partner Howard Hughes, he has developed leading edge thinking and practical solutions to all of the issues associated with value and how to capture it.

The Lucidus approach to value based selling is deployed across a number of different sectors worldwide and the Lucidus pre-emptive value tracking techniques are currently deployed by the UKs Ministry of Defence to track the value from its top 50 change programmes just one of which is a £4.6bn 10 year programme of IT renewal.

About Lucidus

Lucidus is a privately owned, independent Management Consultancy that was founded in 1989. It provides impartial and objective advice to Government, Agencies and the Executive Boards of private sector companies that recognise the need for robust value management strategies in support of investment in major change programmes.

Lucidus founder, Robert White (CEO), an authority on the emerging subject of Value Lifecycle Management as a critical management discipline, has provided leading edge strategies and advice to some of the world’s most successful private enterprises, public sector organisations, and high-value sales and consulting organisations.

As a value practitioner over the last two decades, Robert has made a significant contribution to the de-risking of a large number of high profile change programmes. In 1996, Gower published his book, The Outsourcing Manual, the first comprehensive guide for any organisation considering taking this route, which Robert wrote based on many years experience of selling and delivering Outsourcing agreements, including the Inland Revenue, arguably the first and most successful Public Private Partnership let by the UK Government after the announcement of the Private Finance Initiative by the Conservative Government in 1992.

Co-founder, Howard Hughes, is a leader in the science of ‘value assessment and measurement’ and the visionary architect of a revolutionary benefits assessment, modelling and predictive tracking tool (Integrated Performance Measures - IPM) which he has been developing and refining since 1995. IPM enables and delivers the value management strategies and crucially, deals with the complexity that is inherent in multiple high-value change programmes. This tool and its associated techniques have reached a level of capability and maturity that remain unique and unsurpassed some 10 years later.

In combination, they provide a coherent end-to-end Benefits Lifecycle Management process that is seen as the holy grail of benefits centred programme governance, with emphasis on achieving planned outcomes and a clear understanding of affordability versus capability. IPM has been referred to by academics as a ‘thinking technology’ based on its exceptional capability as a visualisation aid, enabling stakeholders, technologists and the recipients of the investment to understand how value is derived, measured and what is required of them to assure its delivery.

Lucidus’ clients receive this expertise in the form of executive level management consulting that focuses on diagnosis, strategy development, thought leadership and management training, followed by delivery of a customised and appropriate end-to-end Value Lifecycle Management process, enabled by IPM. This is licensed for the lifecycle of the investment programme, and is supported by regular audit of the VLM process.

Using ‘Value’ effectively - What are the benefits?

Diagnostic Value Assurance gives the following benefits:

- Sets you apart in process, solution and performance.
- Empowers your team to engage the executive level.
- Engages all key customer people.
- Gives the customer powerful new insights into its own business that were otherwise unavailable to it.
- Empowers the customer to operate and own the value determination of value.
- Empowers the customer to differentiate between vendors.
- Documents how value achievement will be accomplished.
- Measures the value achieved to assure client retention.

Some Lucidus Clients

Boston Scientific
Pillar Data
BP Chemicals
British Airways
Ministry of Defence
H.M. Revenue & Customs
Manchester United
IBM
EDS
Hewlet Packard
Fujitsu
Kodak
Rogers Communications
Balfour Beatty
Warner Brothers
The Met Office
Pilkington Glass
Lend Lease
Inversys
What Lucidus Customers Say

Stephen Hester Director IS&T - global PC manufacturing

“Astonishing. Lucidus will enable us to have ‘grown up’ conversations across the Department. We should adopt this across the MoD for all Programmes.”

Marcus Klein VP Global Marketing Director - MSI

“The tools combined with the structured value presentation review were, to me, very enlightening. I know I felt we were really onto something. I think this is very powerful. The team is no longer thinking feature/function - but value / enterprise. In summary, the Lucidus approach is great! But like any approach, we need to develop the use of it around new, improved processes that I think will be very powerful.”

Director General Information (CIO), UK Ministry of Defence

Robert Musgrove – IBM Business Consulting Services

“Relative to other Benefits Realisation techniques, the Lucidus approach is powerfully differentiated by its ability to:
1. Clearly communicate the key value & benefit levers – and the breadth of factors that influence those levers
2. Provide leadership with the granularity to manage a program at a strategic & operational level
3. Show the implication of practical decisions on timing; Capex versus Opex investment; a risk allocation on the business case and benefit realisation profile. (showing benefits delivered and at risk)”

Jeremy Hudson - Salesman Ark Group (using Lucidus techniques)

"The IT services market is increasingly competitive, and in order to succeed, we need a key differentiator. The Lucidus Value techniques and tools helps us gain access to power, where we can learn about business priorities, position our relevant services, and crucially articulate the business case for change. Having worked with Lucidus on some selected accounts it is already helping us to close more business, of higher value, with shorter sales cycles"
Lucidus are always pleased to hear from our existing and potential partners. If you would like to discuss your particular requirements, you can contact us via one of the following methods:

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