Why Use a Specialist IT Benchmarking Consultancy?

As in all walks of life, using a specialist usually provides reliable, consistent and accurate results, particularly when the discipline involves forensic and diagnostic expertise. A generalist may well be able to provide higher level input, but may lack the expertise, tools or reference data to be incisive and definitive. Appearances may sometimes be deceptive, given the differing range of services and scope offered by a consultancy, making the choice complex. Like in so many fields, where it is advisable to seek the services of a specialist, metrics analysis and benchmarking of your IT services is a job best assigned to specialist consultancy.

As business technology has become more complex and pressured, while being tied closer than ever to business strategy and success, the measurement and benchmarking of enterprise IT services has evolved to a specialist forensic discipline. It not only allows comparisons across real world peers, but also enables decision making, listing priorities and informs IT strategy, through modelling capability. The optimization and tactical opportunities it unveils, in addition to informing strategic shifts to continuously align and improve enterprise IT strategy, make it an invaluable tool for transformation.

IT benchmarking as a discipline proves invaluable when seeking to evidence service value and commercial prudence, to executive management or industry regulators alike. A critical question for any incoming technology leader is, "what have I inherited"? IT metrics analysis and benchmarking helps establish an independent baseline, to define areas of focus and concern, before launching ambitious transformation programmes.

Enterprises and Services Providers who undertake metrics analysis and benchmarking of the IT services delivered to the business, do so in very particular circumstances, only some of which have been alluded to here. However, it highly pertinent to state that given the diagnostic potential of this fact-dependence scientific discipline, it is best advised to choose only from only specialist consultancies.

No benchmarking study is undertaken as an "academic exercise", as it always involves several layers of management, teams and individuals, both internal and external, committing the organization to time, effort and money.

Management consultancies and broad spectrum IT consultancies often do not profess to be independent IT benchmarking specialists, despite the occasional claim you come may come across. While a few consultancies may have retained metrics data from past IT services assignments, more often it is likely to be highly supplemented by high level survey data, thus making it inadequately detailed, recent or comprehensive. Another credible breed of consultancies offer performance benchmarking in areas like finance, HR, facilities, and so on. Most such consultancies do not profess specialization in IT services benchmarking, mainly due to its uniqueness and complexities.

Why use an external consultancy at all?

In addition to the obvious reasons why engaging independent unbiased expertise is advisable in most situations, there are often specific drivers why an IT benchmarking consultancy may be the way forward.
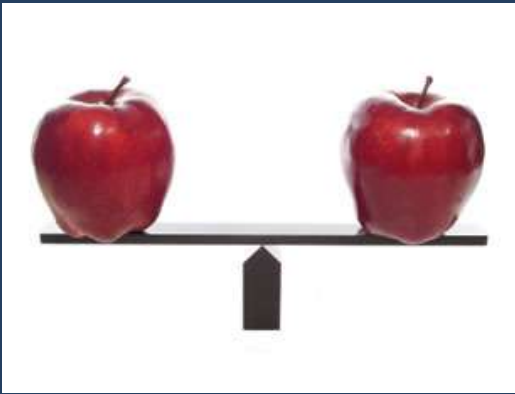
Consider situations, which typically surround benchmarking studies. These are normally driven top down, invariably high profile, sponsored by and visible to the highest levels in the enterprise. Such studies are often required to provide crucial independent evidence to regulators and auditors. If an enterprise retains and invests in an internal benchmarking discipline and team, the data held for comparison is unlikely to represent current external real world metrics. This limits the value and credibility of an internal benchmarking study with the board, executive management, regulators, auditors or customers.

What characteristics to look for when selecting an IT services benchmarking consultancy?

Having argued thus far – on the merits of engaging an independent specialist consultancy for your enterprise IT services benchmarking - the question that needs addressing is what are the main aspects to consider when identifying the most suitable consultancy:

- Specialist and focussed expertise in the IT services benchmarking, with robust and detailed methodology.

- This benchmarking methodology must be mature, established and updated over time, supported by well-established algorithms that have been regularly updated in line with real world changes in technology services.

- The consultancy must have the flexibility in their methodology to undertake benchmarking at different levels of detail, and across IT services towers, to enable the scope of study to truly fit the need, most optimally.

- Proven capability to embrace new technology options within the IT services portfolio for maturing technology trends.

- Detailed, regular and recent benchmarking studies in all areas of IT services, to enable selection of suitable peers for the benchmarking study.

- The benchmarking specialist must be truly independent, with no alignments and allegiances to technology or services providers, and have no interest in downstream operations work, to be truly unbiased in the study and recommendations.

- The external data used for benchmark comparisons must be regularly enriched with appropriate suitable metrics from current relevant studies, to ensure present realities are reflected in the comparisons. This current data enables improved data validation, making benchmarking analysis a true representation of facts, by challenging outliers early in the study.

- The data validation process allows improved understanding of context, by challenging and understanding the reasons for outlying individual data items. This directly impacts the study; an advantage lost in survey data led benchmarking studies.

- Experience of IT services benchmarking within your own industry sector. This provides the background and external context, regulatory environment; and by comparison an appreciation of the uniqueness of your own business.

- The analysis and findings delivered must include an executive overview alongside detailed findings and comparison, for each of the IT services assessed in the study scope. The recommendations must largely be backed-up by facts, metrics and findings. These may well be supplemented by qualitative findings obtained through the study and interactions, to ensure wider insight.

- Experience of cross industry benchmarking studies, which helps by not only comparing with industry peers, but peer selection by "service tower" as experienced by enterprises of similar scale and complexity, thus adding extensive value and insight.
- Appropriate geographic data for comparison where the enterprise operates, and particularly where service delivery is located, onshore, offshore or near-shore centres whether outsourced or captive.
- Peer selection itself should be based on an algorithmically defined complexity and scale index, rather than industry peers of differing scale or a financial metric like revenue.
- The methodology must provide for the peer data to be "normalised", ensuring a true "apples to apples" comparison between the enterprise and the peer group.
- The methodology must include the ability to simulate "what if" scenarios, to enable decision making and enable listing of tactical and strategic focus areas and priorities. Analysis of several inter-related parameters considered in the methodology, should have the ability to inform decisions on optimizations, sourcing, service delivery, process integration, and so on.

Summary

It can be tempting to undertake an IT services benchmarking study, using a survey based approach or engaging a non-specialised consultancy or one that is not truly independent. If an enterprise aims to get the best outcomes, insights and value from a benchmarking assessment, involving visibility, time, effort and money, then using a well selected specialist firm focussed on IT services benchmarking will provide the best results.