



E BOOK

A Value First Approach

Measuring the value
of your digital investment

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Overview

In a challenging economic climate, taking a serious approach to measuring value can be a powerful launchpad for bringing your organisation with you on the journey of digital transformation and evolution. Don't fear measurement, lean into the visibility and accountability it brings and its effectiveness as a way to focus and drive your digital product and experience decision making and investment strategy.

In this five part series, Dom Graveson, Netcel's Strategy Director explores the foundations of taking a Value First approach to digital strategy and implementation, focusing on the Optimizely DXP platform, as well as providing some practical advice on building your own framework for measurement and building sustained support for your digital journey.

Measuring and demonstrating value is an essential enabler to making better decisions as digital leaders. We hope that this outline is helpful. If you have any questions, you can find out how to get in touch at the end of the eBook.



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Dom is responsible for leading and growing the strategic design and digital transformation advisory function at Netcel, focusing on digital product centred design, impact measurement, organisational change, and innovation. He has 20 years' experience working with business leaders delivering major global programmes for organisations across a range of sectors, including international financial services, utilities, professional services and government.

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Part One

What is Digital Value?



Digital value – it is unique to your organisation, and takes a partnership to define and deliver it.

One thing struck me during a conversation with a partner the other day: Why is it, in more than 25 years of responding to major RFPs, have I rarely seen one that openly requests a view on measurement of value? Alongside the feature lists, desired technology capabilities, and ambitions of the experience that often are the basis of the process of 'going out to market' for a client, we don't often see the inclusion of what I believe is one of the most important elements of a successful digital investment – an effective framework for measuring and proving value of what is being invested.

RFP's themselves can be, in my view, a fairly limiting method to kicking off a successful relationship with a digital partner. It focuses minds on a short-term question of meeting a certain 'shopping list' of requirements, and then often due to perhaps lack of a better longer term strategic view of value and ROI, you win or lose based on price. This hints at an approach to planning and budgeting at some organizations that is fixed term, output rather than outcome focused, and doesn't allow for learning and adjustment as the digital product evolves and responds to user, market and economic change. What we need as a foundation for high performing partnerships are outcomes, ambitions to aim for, results that can be measured, rather than lists of features and outputs. Having worked on both client and agency/partner side, I fully appreciate it's difficult to select the right digital partner with confidence on the basis of a shopping list, but that's the starting baseline of many relationships.

There is an alternative. If we are taking a long term committed approach to digital experience and process optimisation as a core part of our strategies for a digital future, a key part of a successful engagement for client and partner is to help a client discover and drive value based on their specific ambitions and outcomes, not on generic 'digital analytics'. From here we can help them communicate that as a compelling story that inspires, galvanizes and sustains stakeholder and colleague support for the digital cause over the long term – delivering sustainable meaningful benefits for audiences, customers and colleagues.

The first step of that can be to work together during the process of getting to know one another as partner and client, on clarifying what these outcomes are, and what successful manifestation of them would look like for both the organisation's audiences (jobs to be done, reduced effort/friction to engage), and business objectives (revenue, costs savings, loyalty, etc). Technology, and Optimizely in particular, has an important empowering role across delivering on both of these.

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Measuring digital ROI can appear difficult at first, but this is why its essential.

Demonstrating tangible value is the key to building support and sponsorship, and ultimately building a better case for further investment.

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Part Two

Defining your Digital Value



How do we define digital value across the fundamentals of revenue growth, cost savings and organisational capability

Perhaps its best to start by defining what we actually mean by 'Digital Value'. Digital Value is actually dependent on what you are trying to achieve for your organisation – whether a customer facing or B2B business or a third sector organisation, these are principles that are relevant to all. Here are four key elements to consider:

In some cases Digital Value represents primarily income or sales revenue. This can either come direct revenue from bookings, e-commerce sales, donations and subscriptions, for example, or indirect revenue from product information, relationship building through developing trust, credibility or inspiring customers through great content experiences.

For other organisations, the emphasis might be on cost savings. This could be through encouraging self serve and online assistance for users of a product or service, an ambition to make savings across other customer touchpoints, or redeploy teams from low value customer service activities such as resetting customers' lost passwords, to higher value interactions such as upselling services or addressing more complex concerns that are differentiating in terms of customer experience.

A third area of Digital Value is around customer satisfaction, reputation and service experience provision. This is more particularly important for organisations that either deliver services primarily through digital channels, or are providing an online component to blended services.

Another category to consider is the impact of digital on your organisation internally. If you are investing in digital as part of a wider transformation towards market growth, higher service quality, greater efficiency, and better performing teams, you are probably delivering a significant portion of that through digital means both customer and colleague facing. From CMS, to MarTech, to HR and innovation platforms, doing digital well not only delivers income, growth and savings, but also it builds a fitter, leaner organisation with faster flow of ideas, better insight-led decision making, and a happier more effective workforce.

Digital value for your organisation will almost certainly combine elements of a number of these four categories in a unique way that reflects your ambitions, opportunity and capabilities. The key is to define and develop a Value Framework that is most relevant to demonstrating the progress and challenges for you on your individual digital journey.

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Digital value and analytics are not the same thing. Analytics is just one enabler of the measurement of digital value. Always measure with your strategic organisation's objectives in mind.

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Part Three

Creating your own Value Framework



Creating a Value Framework that's uniquely reflective of your business needs

This definition of value frameworks works most successfully when developed as part of a process with the client – often best in 1 – 1 conversations to develop a shared understanding of what is relevant to quantify, and the expectations for scale and schedule of these benefits. These should be based on available data and insights where possible, rather than assumption and estimation, or the loudest voice in the room. This takes time and a process of building trust as often these aren't clear initially.

From a practical perspective, Value Frameworks work best when built on a OKR approach – that is a clear definition of the ambitions sought for audience, and organisation or business (the Outcomes part), and then a definition of the measures we can use to indicate progress towards realizing that ambition (the Key Results part).

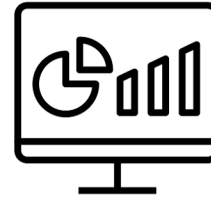
It makes a lot of sense to take an adaptive and flexible approach to defining this framework – expect change and adjustment to be necessary throughout. You shouldn't expect to get all of it right first time. One of the biggest hidden benefits of committing to iterative experimentation and improvement of digital products and experiences, is the constant learning – and that learning should extend to discovery of the right things to measure as indicators of movement towards your goals. For example, traffic isn't everything, so how can you better measure the quality of your visitors, the predisposition to get to the all-important transactional goal? These things may not be immediately obvious, and fixing them at the start and not regularly reviewing based on emerging new insights leave opportunities unrealised and introduces risk to eventual and sustained success.

A framework for digital value can be a sprawling beast that touches all kinds of parts of the organisation from customer experience (CX), insights and data, technology platforms, IT strategy and people and processes. It can appear daunting and expansive, and it is important to stay focused. What is the Value Framework's main objective? Is it to prove value and ROI of an allocated digital marketing budget? To encourage further digital investment for the future? To grow and validate cooperation and adoption across other departments? Usually, it is a combination of these.



Part Four

Measuring Digital Value with OKRs



Different OKRs and how you build yours across your Value Framework

You can break down the measurement of value of your investment in digital experience and the enabling technologies in Optimizely and other data and systems integrations, across the following components:

The value of digital experience. This is typically achieved through a goal tree-based attribution of value that translates big picture Objectives into directly measurable Key Results (O and KR's). These can be across journeys that are both direct and indirect – for example ecommerce online purchasing is usually more directly attributable than marketing awareness). This way we can link behaviour we can measure through analytics as a direct result of investment in features in the product and experience – the core of effective product ownership.

A simplified goal tree might look something like:

Outcome/ambition: Revenue growth (increased income)

- Key Result: Increase in conversion rates.
- Key Result: Higher average customer value
- Key Result: Higher average order value
- Key Result: More users spending money.
- Key Result: More money spent per user.
- Key Result: Effective up and cross sell

Outcome/ambition: Customer loyalty (increased income)

- Key Result: Frequency of visitors returning more than twice in a month
- Key Result: Dwell time on key pages, subscription to topic-based content feed
- Key Result: Returning visitors
- Key Result: Engagement on the site

Outcome/ambition: Reduced cost to serve customers (reduced costs)

- Key Result: Fewer low value calls such as password resets
- Key Result: Higher numbers of call based up and cross sells of higher value products and services (revenue growth)
- Key Result: Reduced call centre demand through self service
- Key Result: Redeployment value of your teams doing higher value work

It should be said these KRs should have a measurable target – for example, 'Effective cross and upsell' should have an aspirational target and would be better worded and made specific for your organisation by changing to 'attributed cross and upsells increase by over 50%'.

Delivering great experiences drive great business and audience outcomes when the feature decisions are focused on driving the right desired behaviours – these are unique to your relationship with your audience – from browsing products, to feeling inspired to donate or volunteer, to purchasing add-ons and upgrades, to taking a next step and making an enquiry. Effective measurement is a direct result of having a robust sense of where the value is for your digital experience rather than the generic measures that mean very little in terms of informing your prioritization of features. There's only really insights in the quality of your traffic (who are they? What do they want? What are they struggling with? Etc. quantity, in many cases, can be a false positive.

You can't always measure the behavioural outcomes of experience improvements immediately. It takes time. A useful approach to this can be to develop a 'leading' and 'lagging' metric for each branch on your goal tree. A leading metric is one that suggests you are heading in the right direction – something you can measure that you hypothesize will lead to the desired outcome. A lagging metric is one that proves the outcomes has been achieved. Leading metrics build support and show early traction, lagging metrics provide proof.

For example, if your outcome is to lead a healthier lifestyle, it will take time to prove that has happened. So you might change some behaviours – quit drinking, eat more healthily.

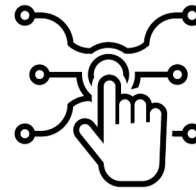
These in themselves don't prove you have a healthier lifestyle, but you can hypothesize that they will contribute to that outcome – measuring these behaviours would be examples of leading metrics. However, at a later date, measuring your lung capacity, or ability to run a 5k in a particular time indicates your objective of a healthier lifestyle has been achieved – this is a lagging metric.

Leading and lagging metrics are important in getting a balanced view of your digital performance and enable earlier indications than a traditional outcome only based approach which can take months to give useful results. Combine the two to ensure you are building stakeholder support as you proceed and enable evidence based experimentation, which reaching for the big ticket objectives of your organisation.



Part Five

The Optimizely platform as an enabler



The role of technology and Optimizely in delivering the ambition

If you apply this to the context of delivering your digital goals, you can test out your hypotheses and measure these as leading metrics, while your lagging metrics might take longer to indicate change. Experimentation is a powerful way of testing these hypotheses in rapid cadence, enabling you to demonstrate value fast, often in a matter of weeks, and generate some positive stories to engage and inspire support for your digital programme.

Experimentation is the key to driving continuous improvement, as well as providing a foundation for personalization, which is the key to driving lasting digital customer relationships. You can and should be seriously considering introducing and scaling experimentation as a core part of your 'small change' or BAU approach – this approach can turn what is often seen as 'business as usual' into something more like 'better as usual' – a committed approach to continuous iterative insight-led improvement. Measuring the small things, makes it much easier the measure the larger initiatives as it becomes part of your 'digital DNA'.

It is important to remember the impact of your technology choices in enabling the continuous improvement of your digital experience. In order to evaluate the tangible benefits of Optimizely as the Digital Experience Platform and Content Management System in making that experience possible. The value of Optimizely is in enabling the speed, effectiveness and scale of your digital experience and the experimentation and personalization to drive it. You can evaluate the impact of Optimizely across the following.

The value of Experimentation:

Measure through iterative improvement – the speed of and quality of turnaround of ideas into experiments into benefits (or at worst case, learning if it fails). The benefits can be calculated through a formula of multiplying the uplift potential of the improvement by the number and quality of experiments. The quality of insights, and the flexibility, scale and speed of deployments of experimentation are crucial here. This is again, where we have found Optimizely to outperform other platforms significantly.

The value of the Optimizely CMP (Content Marketing Platform):

Here we evaluate the process optimisation and faster turnaround for your teams and how Optimizely's CMP platform is making creating content that engages your audiences and delivers results easier, faster and more insight led. An example you can measure is an increased number of campaigns delivered per Digital Marketeer, and greater success for each campaign as they are based on less guesswork and more on actionable insights from ODP and other sources. This scale and lowered risk enable greater coverage of your market but also higher numbers of variations which can drive personalisation – the more options, the more you can target individuals.

The value of the Optimizely Content Management System (CMS):

There are established performance metrics for digital experiences that a CMS will contribute towards – when you deploy or update your CMS you can measure the impact on things like accessibility, Core Web Vitals scores, Lighthouse assessments, page load speeds, etc... but this is only part of the picture. The delivery of a CMS is often part of a wider change programme, one which looks at integrated systems, data and the people and processes that deliver the experiences. When you calculate the end-to-end cost of delivering marketing operations the value of your CMS becomes clear.

We have a framework for developing a tailored framework measuring value across these areas above that is specific to the unique ambitions of your organization, and what you are seeking to gain from your choice of Optimizely as a technology platform. This aims to simplify the complex question of digital ROI realisation across people, process, experience and technology.

This value first approach might not herald the end of the traditional RFP but it should make for a more cooperative and evidence led approach to building sustainable digital partnerships, and that has the potential to be transformative.

If you feel you would benefit from further discussions around how you can demonstrate digital ROI by measuring what really matters, please feel free to reach out:

netcel.com/services/advisory-and-consulting/

Six key takeaways

In a changing world, any feature or initiative in your digital experience that goes unmeasured is really a shot in the dark. Investing in measurement is one of the smartest things you can do.

A value first approach to digital leadership is a collaborative activity. You should involve colleagues from customer service, sales, marketing and other involved departments in the journey.

No two organisations are the same, and your ambitions and points of measurement may be different from your competitors. Spend time defining them specifically to your OKRs.

Measurement means better decision making, but only if you measure the right things. Go beyond web analytics and think about how your digital touchpoints combine with others across your customer experience.

Understand that a value first approach takes time, and needs practice. It may be disruptive for some colleagues, but that accountability and insight is worth the time and practice.

Having the right technology and implementation advice can really accelerate progress. Challenge your digital partner to help you build a value first approach to digital.

Discover and create your digital future

Netcel is a leading digital product consultancy, helping organisations discover, create and improve digital experiences. We create intelligent digital products using the power of insight, design thinking and market leading Optimizely technology.

Our range of services include:

- Digital Product Strategy & Value
- Experience Design & UX
- Technology & Engineering
- Optimisation & Support
- Experimentation – CRO

Get ready to transform your digital products and experience at netcel.com

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