Enduring relevance is a category of research and commentary which was published more than 10 years ago, yet its ideas, arguments and facts are as relevant today as they were then.

Enduring Relevance

Beware the software vendor selling many happy returns

A Google search of the phrase "achieve an ROI of" returns a sea of URLS from IT vendors promising that an investment in their product means a return on investment. As organizations grew more conscious of the need to fold the language of finance and profit into IT investment assessment, it was predictable that vendors would adopt the language of economicvalue into their sales and marketing efforts. Are these claims more than rhetoric?

"ROI selling," as the black art of appropriating the concepts of finance and economic profit into marketing is known, should add clarity to investment decisionmaking. A radical departure, so it would seem, for some vendors who insist that confusion and obfuscation are the quickest paths to closing the deal. OneWeb site's seduction goes: "X offers a flexible and scalable solution that allows for multi-channel customer interaction either through traditional or modern Internet methods. It can be implemented quickly and offers us the level of support we needto move forward."

The rhetorical fog was, no doubt, created by the marketing -- ahem -- communications department. Tell me what this solutionis supposed to accomplish -- forget its value -- and an all- expense-paid trip to an IT conference featuring keynote Bill Gates regaling the audience with reminders of Microsoft's greatness even as his Windows XP laptop running PowerPoint crashes is yours.

The problem for vendors staking products on a ROI value proposition is in what President John Adams called the "stubbornness of facts." The buying organization will either capture that ROI or it won't. That promised ROI can be empirically verified. But will the buying organization bother? It should. Here are some reality check tasks the investing organization should fold into its technology selection process when the vendor wraps its pitch in the splendors of financial returns:

The obvious tried-and-true practice of talking to current customers to validate ROI promises almost doesn't deserve mention, so basic is it as a part of product selection. However, talking with references is only as good as is the practice of those customers to measure economic value. If they aren't measuring, can you be confident in their claims that the vendor is telling the truth?

Benchmark vendor ROI data against outside findings: spend the money on a more unbiased collection of performance data from one of the analyst houses and overlay it on top of what the vendor has found.

Presumably if the vendor's value proposition sits on ROI, the style of its sales pitch will mirror the process it must have gone through to arrive at that ROI number; a deconstruction of costs, benefits, risks, and an explanation of the assumptions which inform cost, benefit, and risk values. Insist that the vendor pitch include exactly this methodological explanation as part of the sales presentation so you may better understand the thinking behind the ROI outcome.

Limit the amount of faith you place in claims of improving the value of intangible assets. Any vendor who talks about technology building your brand better be able to show how brand equity either increased shareholder value or contributed in some way to the bottom line, otherwise discount it. Stick with the quantifiable that allowed the vendor to arrive at a hard ROI number.

Consider the fascinating pricing and contracting possibilities arising out of a vendor's willingness to reengineer its entire marketing apparatus around economic value data. Are vendors willing to put part of their fee at risk based upon proven measurable returns? Value contracting is not new. ROI selling may raise vendor accountability to heights requiring oxygen tanks during the sales pitch.