Digital-Outcome-Driven Metrics for Utilities

Published 4 August 2021 - ID G00744161 - 3 min read

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Initiatives: Energy and Utilities Digital Transformation and Innovation; Executive Leadership: Digital Business; Executive Leadership: Strategic Cost Optimization; IT Cost Optimization, Finance, Risk and Value

During energy transition, utility executive leaders demand insight into measurable business outcomes obtained by technology investment. In this presentation, we provide example outcome-driven metrics used to show impacts of technology investments on revenue, cost or risk, and to develop KPIs.

More on This Topic
This is part of an in-depth collection of research. See the collection:

- Research Roundup for Digital-Outcome-Driven Metrics for Industries

Creating a Framework of Outcome-Driven Metrics

The utility sector is going through an inflection point at which the industry is getting ready for challenges and opportunities posed by the energy transition — a structural change in energy provisioning systems. The energy transition will require significant investments in digital technologies and digital-technology-enabled innovation to address new business and operating models, and the consequent new capabilities. Never has it been more critical to ensure that IT spending is targeted at achieving optimal business value.

Consequently, executive leaders are interested to see the business value obtained by technology investment, forcing CIOs to demonstrate measurable business outcomes.

Many utility CIOs struggle to communicate the business value of IT to executive leadership, using tactical measures and metrics that do not convey business value. In order to establish a clear “line of sight” between technology and institutional business outcomes, IT leaders need to build a structured metrics library (see Use Digital-Outcome-Driven Metrics to Quantify the Business Value of Technology Investments).
Developing credible, transparent and meaningful technology-outcome-driven metrics doesn't happen overnight but over time and, within the context of your business strategy in an iterative fashion, by testing and refining them over time. CIOs and their business partners must establish a common approach for articulating metrics, clearly linking business and IT outcome measurement. In this downloadable presentation, Gartner suggests a simple three-layered approach to doing so:

- Aggregated Business Outcomes
- Business-Outcome-Driven Metrics (BODM)
- Technology-Outcome-Driven Metrics (TODM)

This downloadable presentation has four sections:

- Section 1 contains a quantifiable value model of technology, illustrating three primary value areas of revenue growth, cost savings or risk reduction.
- Section 2 contains "line-of-sight" slides with foundational example BODM and TODM mappings for utilities.
- Section 3 contains the templates to the slides used in this presentation. These can be used to start building an organization-specific metrics library.
- Section 4 contains recommendations and next steps for further utility insight.

The attached presentation is a model that CIOs can use as a framework for developing digital-outcome-driven metrics. Figure 1 provides an overview of the examples you will find in the downloadable presentation. These examples are illustrative, not comprehensive and are intended to help you develop your own metrics. This presentation is part of a collected effort by all Gartner industry coverage areas (see Research Roundup for Digital-Outcome-Driven Metrics for Industries). We recommend looking at other industry decks for cross-industry inspiration for metrics.
The downloadable presentation slides will be useful if you are struggling with a framework for linking business and technology outcomes to which your business partners and you can be held accountable. This is an essential aspect of governance as you and your business partners realign to execute on your digital strategy.

This presentation is not an exhaustive list of quantifiable utility technology metrics. Valuable outcome-driven metrics are situational and company-specific. They take time to develop. The framework and examples are a good starting point, recognizing that as you develop your metrics:

1. They will be situational to your business strategy.
2. They will align to your business and IT operating model.
3. The process will be iterative.
4. You will test their efficacy over time.
5. You will revise them regularly as priorities change.

Quantifiable Value in Utilities

- **Aggregated business outcome**: Financial performance/profitability
- **Business-outcome-driven metrics**:
  - Customer service provisioning cost
  - Asset reliability
- **Paired technology-outcome-driven metrics**:
  - Percentage of AMI meters
  - Percentage of digitally completed customer service requests
  - Percentage of digitally connected asset

Source: Gartner
Recommended by the Authors

Research Roundup for Digital-Outcome-Driven Metrics for Industries

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