BUSINESS VALUE CREATION AND STAKEHOLDER EXPECTATION MANAGEMENT AS TOOLS FOR BETTER BUSINESS RELATIONSHIPS

Case Study: TeliaSonera AB, Enterprise Systems

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ABSTRACT

The aim of this Master's thesis is to create a plan of conduct for aligning and implementing business value metrics on the basis of the expectations of business stakeholders in TeliaSonera.

The study analyzes how IT and business can be bridged closer together so that IT is creating and communicating business value to the business stakeholder from the point of view of improving business performance.

The target is to improve customer satisfaction towards business stakeholders and end-users. This study seeks to benefit three stakeholders: Enterprise Systems management team, business stakeholders in TeliaSonera and Group IT.

This thesis introduces the theories of creating business value, business value metrics, expectation management and business relationship management by applying them into practice in case study.

Research is a qualitative case study. Data was retrieved by using an online questionnaire, by interviewing business stakeholders in TeliaSonera as well as Gartner specialists and by doing daily observations.

In conclusion, the study gives relevant information about what kind of expectations the business stakeholders have for Enterprise Systems and what their views are on business value creation. The research results indicate that without implementation of proper business value metrics it is hard to measure and communicate created business value to the business stakeholders.

Keywords: creating business value, expectation management, business relationship management, business value metrics

Lahden ammattikorkeakoulu
Yrittäjyyden ja liiketoimintaosaamisen koulutusohjelma

KIRJOLA, SIRPA: BUSINESS ARVON TUOTTAMINEN JA SIDOSRYHMÄODOTUSTEN JOHTAMINEN LIIKESUHTEIDEN HALLINNAN VÄLINEENÄ
Case: TeliaSonera AB, Enterprise Systems

Liiketalouden ylemmän korkeakoulututkinnon opinnäytetyö, 93 sivua, 6 liitesivua

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TIIVISTELMÄ

Tämä ylemmän ammattikorkeakoulun opinnäytetyö käsittelee kuinka IT-projektit tuottavat business-arvoa yrityksen sisäisille sidosryhmille parantamalla business prosesseja. Opinnäytetyö tutkii miten arvomittareita voidaan hyödyntää IT-projektien tuottaman arvon viestinnässä sisäisille sidosryhmille sekä kuinka sidosryhmien odotuksia voisi paremmin johtaa kansainvälisessä IT-alan yrityksessä.

Opinnäytetyön tavoitteena on selvittää kuinka arvomittariston käyttö kohdeorganisaatiossa voi auttaa hallitsemaan paremmin sisäisten sidosryhmien odotuksia ja näin ollen kasvattaa sisäisten sidosryhmien ja loppukäyttäjien asiakastyytyväisyyttä. Tämä tutkimus pyrkii hyödyttämään kolmea sidosryhmää: Enterprise Systems johtoryhmää, sidosryhmiä TeliaSoneralla sekä Group IT:tä.

Tässä opinnäytetyössä esitellään teoriat business arvon tuottamisesta, arvomittaristosta, odotusten johtamisesta sekä liikesuhteiden hallinnasta. Opinnäytetyön empiriaosuus koostuu liiketoimintasuhteiden hallinnan kehittämisestä kohdeorganisaatiossa tapaustutkimuksen muodossa. Tutkimustieto kerättiin lähdekirjallisuuden, online kyselylomakkeen, puolistrukturoitujen haastatteluiden sekä havainnoinnin avulla.

Tutkimus antaa merkityksellistä tietoa siitä mitä odotuksia liiketoiminnan sidosryhmillä on Enterprise Systems-yksikköä kohtaan ja mitä mieltä he ovat arvon tuottamisesta IT projektien kautta. Tutkimustulokset osoittavat, että ilman asianmukaista arvomittaristoa on vaikeaa todentaa IT:n tuomaa lisäarvoa liiketoiminnalle.

Avainsanat: business-arvo, sidosryhmien odotusten johtaminen, liiketoimintasuhteiden hallinta, business-arvomittaristo

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“Well done is better than well said” – Benjamin Franklin

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It is my sincerest hope that you, the reader, will find this thesis as fascinating as I have found discovering the many facts and aspects of creating business value.

Lahti, November 2011

Sirpa Kirjola

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LIST OF ABBREVIATIONS AND DEFINITIONS:

AMS	Application Management Services
BSM	Business Service Management
BRM	Business Relationship Management
CIO	Chief Information Officer
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CS	Corporate Systems, old organization
CSI	Critical success factor
ERP	Enterprise Resource Planning
ES	Enterprise Systems, a part of TeliaSonera's Group IT organization
Gartner	International ICT research and advisory company
Group IT	Head organization of Enterprise Systems has about 260 employees (June 2011).
HR	Human Resources
IT	Information Technology
ICT	Information and communication technologies
KPI	Key Performance Indicators
NCPM	Network construction process management
PROCUREMENT	Strategic purchasing and sourcing unit
RACI	Responsible, Accountable, Consulted, Informed
ROI	Return On Investment
SAP	Systeme, Anwendungen, Produkte, German for Systems Applications and Products
TELEPRESENCE	Service which offers face-to-face interactions between the people in the meeting through the transmission of life-size, high-definition images and audio
VOC	Voice of Customer
VOP	Voice of the Process

1 INTRODUCTION

This chapter provides an overview of the research. The beginning of the Chapter focuses on describing thesis background, objectives, research questions and scope. Research strategy and methods are presented in the paragraph 1.3. Theoretical framework is shortly presented in chapter 1.4 and the structure of the research is described in paragraph 1.5.

Business demands towards information and communication technology (ICT) are growing the closer we get to the future. General expectations are that information technology (IT) is providing services with better quality at a low cost and low business risk with increased agility (Govekar 2010, 4). According to Mohan (2010, 171-173) IT is an essential part of business; creating an information-rich environment by enhancing the quality of communication, providing knowledge bases for storing information and improving the efficiency of company operations. IT is not just supporting the business anymore; it is about demonstrating IT-based possibilities to business stakeholders (McNurlin, Sprague & Bui 2009, 137).

IT produced business value is more relevant today than ever, because companies are harnessing IT to improve and enable productivity, profitability and the quality of their operations. Worldwide, business leaders are wondering if and when their IT investments are paying off. It is both challenging and critical to measure value and prove business stakeholders that IT investments are worth investing in and that IT investments are tied closely to business value. IT organizations are shifting focus from technical expertise to a business process expertise, and therefore aiming to be a strategic asset to the business stakeholders. (Gray 2008; 65, 16.) Earlier companies were asking for available solutions, but now they want to a find solution that will add value to their business processes. It has become increasingly important to demonstrate the impact IT has on the profitability of the company it supports (Sward 2006, 3).

IT as a corporate function is responsible for purchasing IT hardware, ensuring availability of software, designing and managing IT (Gray 2008, 3). The main principle for IT is to guarantee system availability. End-users are expecting IT services to be agile, predictable and reliable. On the other hand businesses want to benefit from IT projects by gaining better productivity and business process enhancements. Businesses need to find new ways to increase productivity if they want to gain competitive advantage. It is critical to align business needs and IT to fulfill and serve those needs. (Vesset 2005, 27–30.) IT is generally recognized as a valuable instrument for creating, storing, and transferring information capital, but when merged with inter-organizational business processes IT can create business value by coordination of operations and workflow, global optimization of resources and enhancing business processes. (Hyeyoung, Lee & Han 2010, 151-156.)

IT is something that earlier has been thought to be a back-office function for companies. However, companies have started to realize that IT has a vital role in business success. When talking about the importance of IT to the business, in Hoffmans' (2006, 29) interview Gibson summarizes it well; if IT systems are not up and running, the company is not generating revenue. According to Gray (2008, 14) IT has been seen earlier as a function which gives support to business processes and presents recommendations for the use of specific technology, but nowadays IT first concentrates on designing an efficient process and then searches the areas in which technology could improve business processes. Gray (2008, 48-49) explains that technology serves IT as a process enabler by increasing performance, ensuring accuracy, freeing valuable resources and cutting down costs.

Characteristics of supply and demand are constantly changing in IT business. Agility is required to meet the customer expectations. (Schurter 2006, 13-14.) Earlier stakeholders' expectations were that IT created value by purchasing enough computing capacity, ensuring that capacity had 100% availability and that IT was delivering acceptable service at the lowest possible price. However, today business stakeholders expect that IT is helping the company to execute its strategic objectives. (Gray 2008, 22-25.) Business stakeholder expectations are more fo-

cused on what business value IT can deliver and how business processes can be enhanced with the help of new IT solutions.

According to Gartner research (Dreyfuss, Maurer & Cohen 2008, 1) it is critical that enterprises align stakeholders' business value expectations with service provider expectations to ensure that performance delivers expected value. The research also indicates that company organization structure should support an appropriate relationship between the business stakeholders. The service provider should ensure that both expectations are mutually agreed and defined and that business-oriented metrics are followed accordingly. When it comes to customer expectations, users often expect that IT can immediately solve tough business problems and produce a lot of data for a further analysis. This, however, requires good co-operation between business and IT. (Vesset 2005, 27–30.)

This qualitative research is carried out as an action research to a case company: TeliaSonera AB, Enterprise Systems unit (ES). TeliaSonera is a large listed company which provides network access and telecommunication services in 20 market areas. Main market areas are the Nordic and Baltic countries, markets of Eurasia, Russia, Turkey and Spain. Main business areas, including product lines, subsidiaries and branch offices, are: Mobility Services, Broadband Services and Eurasia. Eurasia in this context means market areas in Eurasia.

1.1 Background of the thesis

Inspiration for making this thesis grew out of my postgraduate studies in autumn 2010 and at the same time I applied for an open job position in Corporate Systems unit (CS). I have been working in TeliaSonera for six years and I joined CS management team in August 2010. A big organizational change was made in CS in 1.11.2010, when the IT maintenance and all small development (project effort less 50 FTE, full time equivalent) was outsourced to Accenture utilizing off-shore capabilities in Bangalore, India. This organizational change is referred to later as an AMS (application management services). According to Moore (2000, 271) com-

panies who outsource the context in order to manage better core functions, can bring more value to stakeholders. This was what the organizational change from CS to ES was all about. After AMS, CS was called Enterprise Systems. One major change to the old CS organization was that the Business Service Management (BSM) unit was established to support business stakeholders: Finance, Human Resources (HR), Procurement, Logistics, Network construction process management (NCPM) and Group IT. New Enterprise Systems organization structure is presented in Figure 1 (see page 5).

The need for starting this research came from the new ES management team as they felt that ES needed to change its' way of working towards business stakeholders needs. The circumstances for conducting the research were well timed because even though AMS was made; the new ES was still working in the of old CS terms. In addition, the results of customer service survey showed signs that stakeholders and end-users were not satisfied with the services that ES delivered. I found the research topic to be very intriguing because I was not familiar with the CS organization or did not know how IT project deliverables were perceived from the business stakeholders' point of view.

ES management team set two targets for the upcoming years. A short term goal for year 2011 is that ES would gain Operational Excellence. This means creating structured working models for business stakeholders, using test IT KPI's (Key Performance Indicators), e.g. system availability metrics. Long term goal for years 2012-2015 is to have Business Excellence by changing earlier IT test KPI's into business KPI's. This means that business KPI's would measure the efficiency of the entire business process end-to-end, not merely measuring one part of each system's availability. Long term goal, Business Excellence, also means that ES wants to bridge business and IT closer together to ensure that promises (in terms of proper solutions that support business processes) can be delivered timely with the right quality, within an efficient cost level, and bring value to the business (see Figure 1, page 5). Most importantly, in practice, bridging business and IT means that IT is creating and communicating business value to the business from the point of view of improving business performance.

Ward and Daniel (2007, 98) explain that the gap between IT and business can be bridged by identification of value and benefit realization. According to Sward (2006, 4) IT organizations which are able to bridge the gap between IT and business will create competitive advantage with IT investments and therefore impact the profitability of the company. Bridging IT and business is not a new innovation, since Moore (2000, 20-21) has already stated that IT is a vital part of enabling business and executing company strategy.

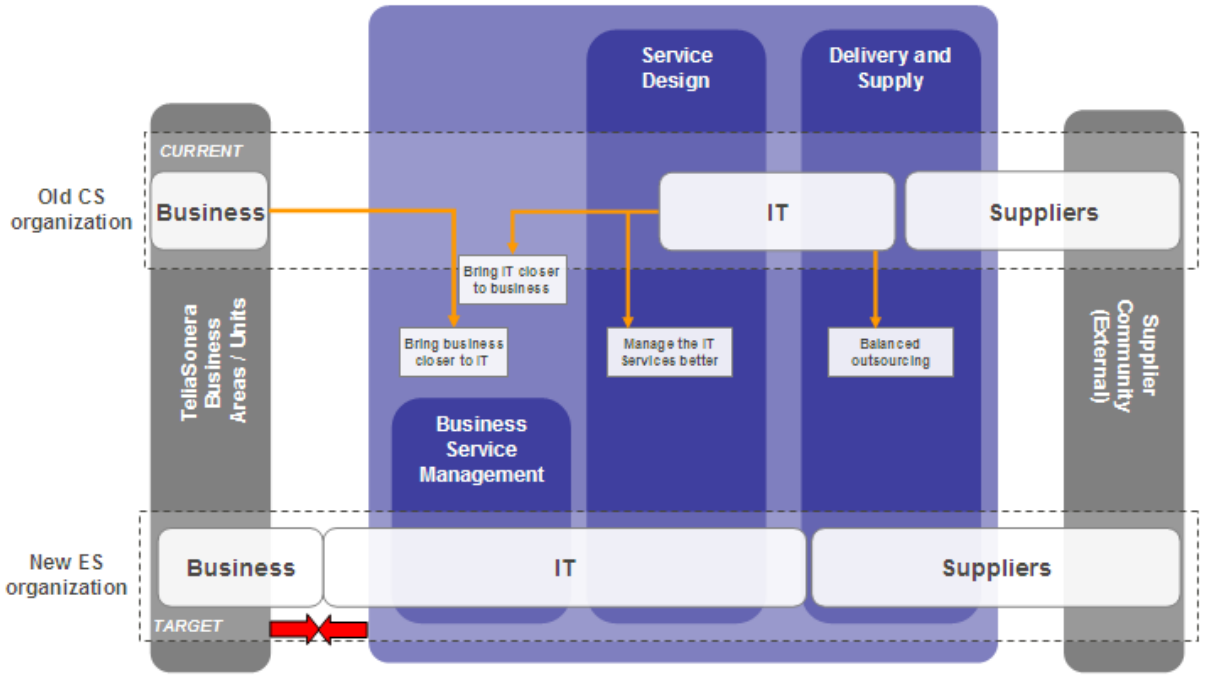

FIGURE 1: Bridging Business and IT in TeliaSonera (Ebbesen 2010.)

ES needed to make closer connections towards business stakeholders and their targets by implementing and aligning ES business value metrics. This way ES could create value to TeliaSonera business and better manage the expectations of the business stakeholders. In comparison to the old CS organization, the new ES organization has a Business Service Management unit (BSM unit), whose main function is to work closely with the business stakeholders. One important goal that BSM has is to catch the Voice of Customer (VOC) and hence interfere if there are problems in IT projects supporting business processes. VOC means identifying the key drivers of customer satisfaction (Watson 2004, 224).

This study seeks to benefit three stakeholders: ES management team, business stakeholders in TeliaSonera and Group IT. Hopefully, this research will also benefit and give answers to other international companies and units which are operating in IT business.

1.2 Thesis objectives, research questions and scope

The primary objective of this research is to find out how IT and business can be bridged closer together so that IT is creating and communicating business value to the business from the point of view of improving business performance. The target is to improve customer satisfaction of business stakeholders and end-users. Research findings are then used to align with business stakeholders' expectations. Final output of the research is a plan of conduct for the ES management team for the year 2012.

The main research question is: How can the use of business value metrics in ES improve business performance and create business value for the business stakeholders?

To explore the research problem five sub-questions were addressed:

1. What expectations do business stakeholders have for ES as a service provider?
2. What kind of business value metrics exist at the present state?
3. How can ES measure business value? What kind of new business value metrics are needed?
4. How stakeholders' expectations and business value metrics can be aligned?
5. How can a business relationship be better managed between ES and the internal stakeholders?

The scope of this thesis is to focus on finding out the expectations of the ES internal business stakeholders and study how business value metrics can help better manage stakeholders' expectations. Research scope, business stakeholders and BSM unit are presented in the Figure 2.

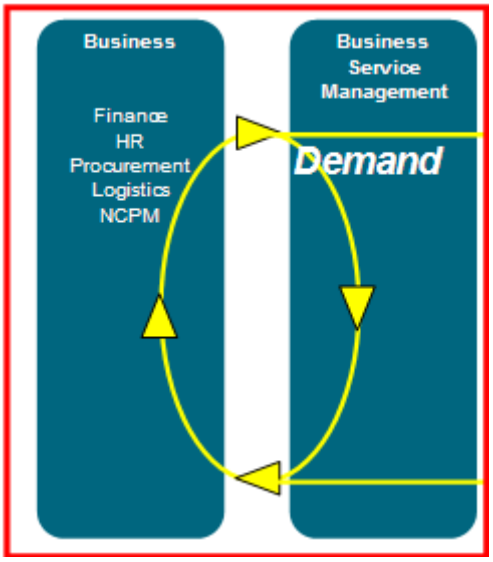

FIGURE 2: Research scope

The results and conclusions of this research aim to give concrete action proposals to the ES management team: what business value metrics ES business service managers could implement for a better alignment of business expectations and how business relations could be better managed. The research also gives suggestions on how to better manage business relationships towards business stakeholders. This research does not answer how or when the research results should be implemented in the ES organization or how the results could be carried through in other industries / other companies. The research focuses on the value creation process and business relationship management from the point of view of IT as an internal service provider. The research scope is therefore limited to the case study on Enterprise Systems.

Most prior studies have mainly focused on customer value creation within IT organizations. This research, however, contributes to the existing knowledge in the area of business value creation in an IT organization for better business relationship management.

1.3 Research strategy and methods

Qualitative research methods were used for this study. Qualitative research describes reality in a holistic way and the goal is to find or reveal something which already exists (Hirsjärvi, Remes & Sajavaara 2009, 161). Qualitative research is an activity which locates the observer in the world. Researchers study things in their natural settings and try to make sense of different kinds of phenomena (Denzin & Lincoln 2005, 3). This research is an abduction research, which is a combination of deductive and inductive research. Abductive inference is typically based on a number of observations, and it progresses from the most likely explanation for the observation group. (University of Jyväskylä 2011.) This research focuses on the interaction between the ES Business Service Management unit and business stakeholders (Figures 1 & 2). This research is an empirical qualitative case study, in which the exploratory case study seeks to give new insights to the ES way of working for stakeholders. Action research was chosen, because action research aims to solve practical problems which are currently causing problems in the organization (Myers 2008, 55). Action research was also chosen because researcher works for the organization and this method allows for exploration of solutions for complex issues. Because the researcher is not very familiar with the old CS organization or the previous methods of working, it can be noted that the researcher has a neutral point of view towards the research. According to Heikkinen (2010), the goal of action research is to develop and enhance the environment in which the researcher is working by combining theory and practicality (Aaltola & Valli 2010, 214).

The data used in this study is collected by used existing materials and self-produced materials. A simple goal-directed sampling was used to collect the data for this research. Empirical data is collected through an online questionnaire, semi-structured interviews and observation.

Online questionnaire

Online questionnaire is chosen as a research method, because it is an economical alternative for travelling abroad and because the researcher wants to get more detailed information about the expectations of business stakeholders in written form. In addition, answers will be in electronic format and therefore save researcher's time. Online questionnaire is sent out to business stakeholders, which are closely connected to Enterprise Systems. Material gained from online questionnaire is used to get basic understanding of the current situation between ES and business.

Semi-structured interviews

Interviews are a unique way to collect information because the researcher is in a direct contact with the interviewee. Direct contact gives flexibility and a better chance to collect more information than originally intended. A group of business stakeholders is interviewed because researcher wants to get more detailed information in addition to the information learned from the online questionnaire.

Observation

Observations are an important part of the study, because the researcher is working in the case organization and is a part of the ES management team. Hence, the researcher is closely connected to the matters involving business stakeholders. By observing the organization, one can get information on whether ES employees and business stakeholders are behaving as they say. Observation gives instant feedback about the real world. (Hirsjärvi, Remes & Sajavaara 2009, 212.) Part of the research data will be collected from the researcher's own personal experience and daily observations.

The analysis of the research data is made by using typification, thematic analysis and hermeneutic circle method. According to Siekkinen (2010), hermeneutic method means that research questions give answers to what the phenomenon means and what is the purpose of it (Aaltola & Valli 2010, 51). Researcher is working as a part of the ES management team and therefore works closely with the issues concerning the stakeholders. The case organization and the plan for using research methods are described in depth in Chapter 3.

1.4 Theoretical framework

The theoretical framework of this thesis consists of theories of creating business value, business value metrics, expectation management and business relationship management. These theories were chosen because they will aid in answering the main research question and give a deeper understanding of the subject study. Chosen theories apply well to the IT business field in which ES is operating. The following books were used as main sources: Hunter and Westerman (2009) “The real business of IT: How CIOs create and communicate value”, Gray (2008) “Breakthrough IT: Superchanging organizational value through technology” and Freeman, Harrison and Wick (2008) “Managing for stakeholders: survival, reputation and values”. Prior mentioned sources give a comprehensive basis to the theoretical framework. Richard Hunter is the Vice President of Gartner and is well regarded in the field of IT literature. The theoretical framework is extended by Gartner´s articles and interviews, because Gartner is a well-thought-of IT research and advisory company, which produces topical IT articles worldwide. Researcher will also be in direct contact with Gartner IT researchers in order to gain deeper insight into value creation in IT business. The knowledge gain from the theoretical framework is applied to the empirical part of the research by designing and executing the research methods used in this thesis.

Creating business value

First part of the theoretical framework concentrates on explaining how IT projects are delivered, what the business value process is and how business value is created through improving business performance.

Business value metrics

Second part of the theoretical framework will explain what kinds of business value metrics are commonly used in IT and how company can create added value to its stakeholders by using business value metrics.

Expectation management

Third part will explain what expectations stakeholder's generally have towards IT and how expectations can be aligned with business value metrics.

Business relationship management

The theory and importance of business relationship management in IT business and value creation will be explained in the fourth part of the theoretical framework.

The theoretical framework will be presented in more detail in Chapter 2.

1.5 Research structure

Chapter 1 describes the background of the thesis, theoretical framework, research objectives, questions, methodology, scope and structure. Chapter 2 presents the theoretical framework of this thesis in more detail, and Chapter 3 describes the research approach and the methods used. Chapter 4 provides an overview of the case study and further describes the empirical part of the research and the research evaluation. Chapter 5 focuses on the conclusions based on the empirical part, summarizes key findings and also presents a proposed plan of conduct to the Enterprise Systems management team.

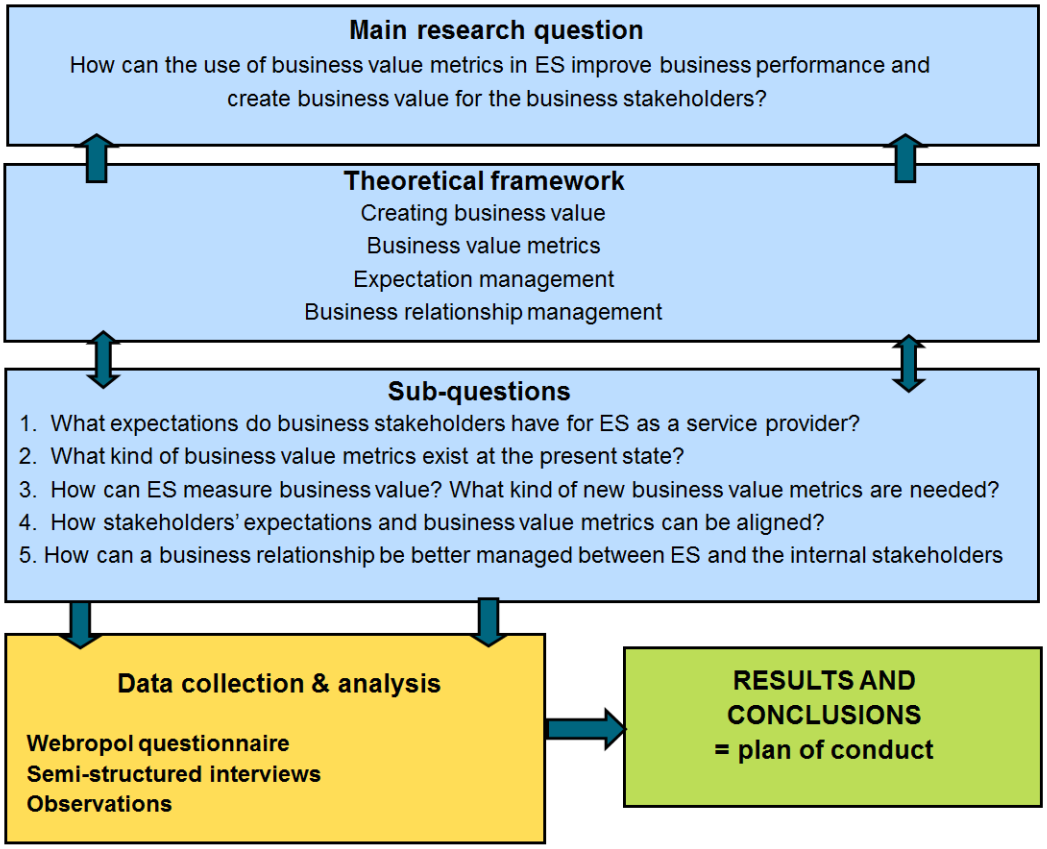

FIGURE 3: Research structure

Figure 3 presents the research structure, which describes the theoretical framework and research methods that were used. With the help of the theoretical framework and research methods the researcher attempts to find answers for the additional questions and create a plan of conduct for the ES management team.

2 BUSINESS VALUE AND EXPECTATIONS IN BUSINESS RELATIONSHIP MANAGEMENT

In this chapter, the theoretical framework is presented. The theoretical framework has been chosen on the basis of the importance of topics which are related to the research subject. Firstly, the process of an IT project delivery is explained to gain basis of understanding for what type of work is done in Enterprise Systems. Secondly, customer value creation is explained. Paragraph 2.2 describes business value process; how it is created, demonstrated, communicated and managed. Thirdly, the improvement of business performance and how it is linked to business value creation is explained. The importance of communication is explained in sub chapters.

Fourthly, in Paragraph 2.4, the concept of business value metrics is presented by pointing out examples of using business value metrics and describing how business value metrics should be communicated and aligned with business stakeholder's expectations. Finally, the expectation and business relationship management is presented; what are the main stakeholder groups and what are their general expectations, how expectations and business relationships should be managed, what the general stakeholder management strategies are, and the importance of business relationship management (BRM/ BSM). Theory is applied to practice in Chapter 4.

Evaluating and measuring the business value of IT has been in focus and as a topic of interest for many researchers during the past two decades (Lin, Chuang & Choi 2010, 158). The CEO's (Chief Executive Officer) and CIO's (Chief Information Officer) expectations of cost reduction and commoditization increase pressure towards IT. IT is seldom taken into strategic meetings where decisions are being made and IT is often an easy target for cost cutting and budget reductions. Due to the easy availability of communication technologies and commodity business applications, higher-level IT work is often outsourced to off-shore capabilities. (Gray 2008, 5-10.) IT expenditures are often seen as a waste of resources, because the business stakeholders are unable to see the business value creation (Gabler 2001,

76). Previously, IT was seen as a backoffice function rather than creating value for the business.

Even though stakeholders have doubts and CIO's are wondering how to demonstrate the value of IT investments, IT can create value by delivering improved business processes and business performance (Malhotra 2005, 14). When CIO's invest in IT solutions they should consider what the true return of an investment (ROI) is and how it will benefit business strategies and targets (Pratt 2011, 21-22). When a business is buying IT services, such as, new features to existing software or new hardware, the business expects the IT to improve the performance of business processes and the business itself. Business value creation can therefore be viewed through the outcomes which IT enables.

Value creation, however, has to be reported and communicated. Business value metrics should be planned and implemented to follow the development of business value creation. According to Hoffman (2003, 26) many companies are using hard-dollar metrics such as net present value (NPV), internal rate of return (IRR) and other ROI tools to measure the success of IT investments and to show that IT projects are supporting the company's business strategy. Sometimes these metrics can be seen as too complicated and time consuming. Metrics in IT projects, such as key performance indicators (KPI's), are generally used to help the management of stakeholder expectations and are determined when the project is being kicked off. Value of IT should be shown as an investment in business performance (Hunter & Westerman 2009, 197). The global trend is that CEO's expect that IT managers are managing people, finances and materials, not merely technological solutions (Austin, Nolan & O'Donnell 2009, 35).

2.1 Delivery of IT projects

IT investments are usually carried out as IT projects. According to Gentle (2008, 43), IT departments should only deliver projects which are aligned with the company strategies and objectives to create business alignment. Before launching an IT project top management has to be involved from the business stakeholders' side. This means that IT based proposal is supporting the business problem and business needs. (Simonsen 2007, 54.) There is a risk of failure to meet the IT project delivery targets if the IT project manager fails to match the projects requirements and stakeholder expectations (Alexander 2009, 54-55).

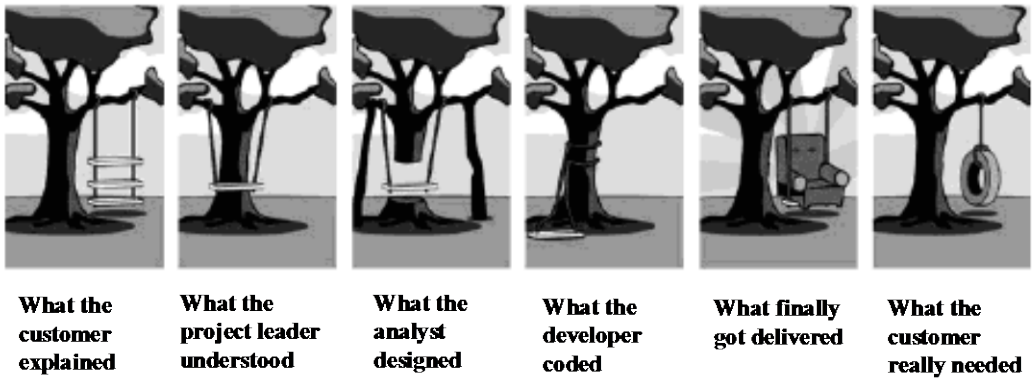

FIGURE 4: View of IT projects and communication (Gentle 2008, 29.)

Figure 4 shows that Gentle (2008, 29) has creatively described the communication difficulties between business and IT with adapting a picture from www.cartoonproject.com. Figure 4 shows that there is a gap between customer and IT expectations. Therefore, there is a chance of possible misunderstandings when it comes to delivering IT solutions. Without good visualization and communication the end result might vary from the planned. According to one research, made by British Royal Academy of Engineering and British Computer Society (2004), the software professionals working as project managers failed to deliver business value due to poor understanding of business demands (Glass 2006, 16-17).

IT project management

IT management is about managing IT systems in three different time dimensions: the past (legacy systems which are to be retired), the existing systems in production and the new systems to be deployed (Thornton 2010, 12). IT projects mainly focus on new systems and the rest of the work is considered to be maintenance work. Nowadays, projects are considered to have become riskier because the new IT solutions need to be compatible with old legacy systems (Alexander 2009, 54). The four main objectives of IT project management are to deliver an IT solution on schedule (time), within budget (cost), according to requirements (scope) and meeting the acceptable criteria (quality) (Bainey 2004, 2; Snedaker 2005, 20-21). If any of the objectives change it has an effect on the IT project delivery. One major challenge in IT project management is so called "scope creep", which means that business stakeholders have difficulties defining requirements for the project clearly enough. Scope creep is caused when the scope of the project is constantly changing from the business side. (Austin et al. 2009, 90.) According to a large-scale study of projects, condected in 2006, 67 % of the IT projects are delivered on the agreed schedule, in budget and meeting the scope expectations (Sauer, Gemino & Reich 2007, 79). Bainey (2004, 2) argues that all too often IT managers are forgetting to think about the business objectives while conducting IT projects.

Business processes are the core of IT project needs. In IT projects, the applications are used to automate, streamline and standardize business processes. (Cassese 2006, 32.) Figure 5 describes how demand from business stakeholders' side is traditionally managed. Each phase is normally conducted in different teams of specialists. First, business defines requirements for the IT project. Then IT specialists start to design the solution to improve business processes. Development and testing will be done before delivering the solution to the business. After the implementation phase IT unit will support the solution. (Gentle 2008, 61-63.)

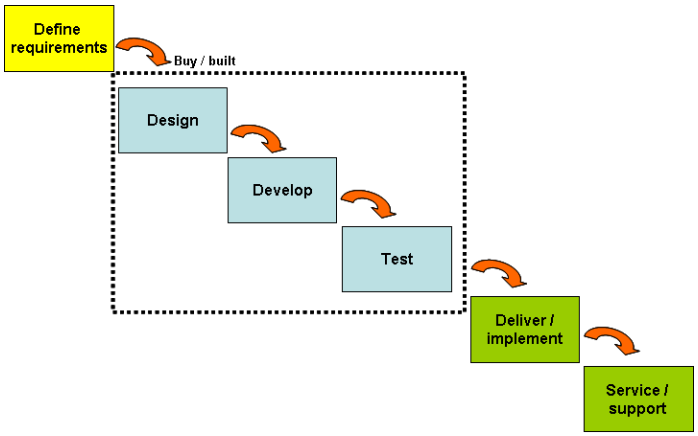

FIGURE 5: Managing supply with the traditional waterfall method (see Gentle 2008, 62.)

The various success factors for managing IT project are: executive support, user involvement, experienced project manager, clearly defined project objectives, clearly defined project scope, multiple project milestones, clearly defined project management process and standard infrastructure. The user involvement has been perceived challenging from the IT manager's point of view because they typically see end-users as uneducated about IT processes and that end-users commonly have unrealistic expectations about how things can and should be done in an IT project. (Snedaker 2005, 8-19.)

Here are some problems which IT project managers encounter when executing IT projects are: the scope is so complex that there is no linkage to business processes and objectives, poor estimates about the total cost, schedule slippages, inconsistent and incomplete quality, poor communication towards stakeholders and unclear roles and responsibilities (Bainey 2004, 4-5). IT projects are mainly disrupted by following changes: including technology which differs from the original plan, project requirements, personnel and external environment (Sauer et al. 2007, 82). There is no correlation between the project size and the level of risk. One research states that although project size was reduced the risk of underperformance remained the same (Sauer et al. 2007, 80).

2.2 Creating business value

Creating business value, from IT's point of view, has always been a topic of discussion and it has not been easy proving it to the business stakeholders. It is difficult to define when and how business value is created (Nevo & Wade 2010, 163). Generally speaking, value is often something which is understood to be intangible. Value has been defined as benefits received from the resource over the cost (or sacrifice for) of the resource (Armstrong & Kotler 2011, 41; Woodside, Golfetto & Gibbert 2008, 11). Delivered business value can be seen as something which customer receives into their own business processes to fulfill their relevant business needs and strategies (Cheverton 2010, 139).

A company is creating business value when business stakeholders achieve the outcomes they wanted and had paid for. IT is not merely delivering and installing the technology. (Hunter & Westerman 2009, 24.) McNurlin et al. (2009, 568) also agree with Hunter and Westerman that business value comes from the use of IT, not just the technology itself. IT is delivering true value to the company when it improves business processes. In principle IT infrastructure management should support the business and minimize disruptions in business processes and functions (Darmawan, Cox & Rajab 2004, ix). Kumar (2004, 12) states that there is a close relationship between the IT infrastructure and the applications using the infrastructure in correlation to create business value.

IT departments should create business value to business stakeholders in order to ensure that an IT department is not seen merely as a cost, but as a key partner enabling business improvements (Snedaker 2005, 32). Delivering business value from IT perspective is, however, a challenge. According to Devaraj and Kohli (2002, 13-14), it is demanding to prove the benefits of IT implementation short-term because usually true IT benefits can be observed over a longer period of time. It is also common that after the implementation of an IT solution there is no evaluation of the gained benefits or business value (Ward & Daniel 2007, 114). Statistics about the value creation in IT projects are surprising. According to Berman (2006, 97), 57 % of SAP customers believe that they have not achieved positive benefits

from their IT investment. Justifying the cost of new IT systems is a challenge if you can not show the value created for the business.

Gray (2008, 201) explains that strategic IT projects are building a strong partnership between IT and stakeholders. In the best case scenario the relationship gets stronger and their mutual understanding becomes deeper. Nevertheless, there is a chance that when value is not created and delivered, the relationship can the turn for the worse. Weill and Ross (2009, 65) state that companies which do not have a clarified operating model or a functioning IT funding model, can not bring value to the business. There are ways to enhance business value creation. According to Hunter and Westerman (2009, 5), IT value creation can be enhanced by consolidating the infrastructure, improving measurement, creating transparent governance mechanisms and focusing on continually process improvement.

The use of IT

Information technology can be used for more than merely storing and retrieving data. Applications can be used as flexible tools in more complex and less structured business processes. (Tsui 2005, 4-5.) IT can create business value in many ways. By increasing efficiency, quality and functionality of processes and by improving decision making with the help of a better information quality and timeliness (Hunter & Westerman 2009, 95). According to Weill and Ross (2009, 2), data that IT produces can be used to develop better business processes and therefore create value to the business. New hardware and technology are only tools when creating value and it is up to the business to teach the users to utilize the new capabilities that e.g. applications can offer. Malhotra (2005, 14) states that a company can expect value from IT when applications and hardware are adopted by the user's and integrated within users work-context. According to research of (Gentle 2008, 12), the benefits of using IT became apparent once end-users started to utilize the new features. Weill and Ross (2009, 24) introduced a new aspect of delivering value from IT: integration and standardization. Integration provides data access across a business enabling end-to-end processes and provides a single face to customers, while standardization reduces variation in business processes.

Customer value

Figure 6 shows, how value is being measured from the customer's point of view. In a process customers are simultaneously balancing the efforts and the risks. You might say that the customer is evaluating the benefits against the costs and making their own conclusions to either buy the service / commodity or not. Customer value includes comparing the differences between total benefits versus total costs for each of components. Spitzer (2007, 72) states that value is created when benefits provided exceed all the total costs. New technology can enhance perceived customer value. (Woodside, Golfetto & Gibbert 2008, 11.) Costs may even be higher than benefits at the beginning, but it does not effect customer purchase decision.

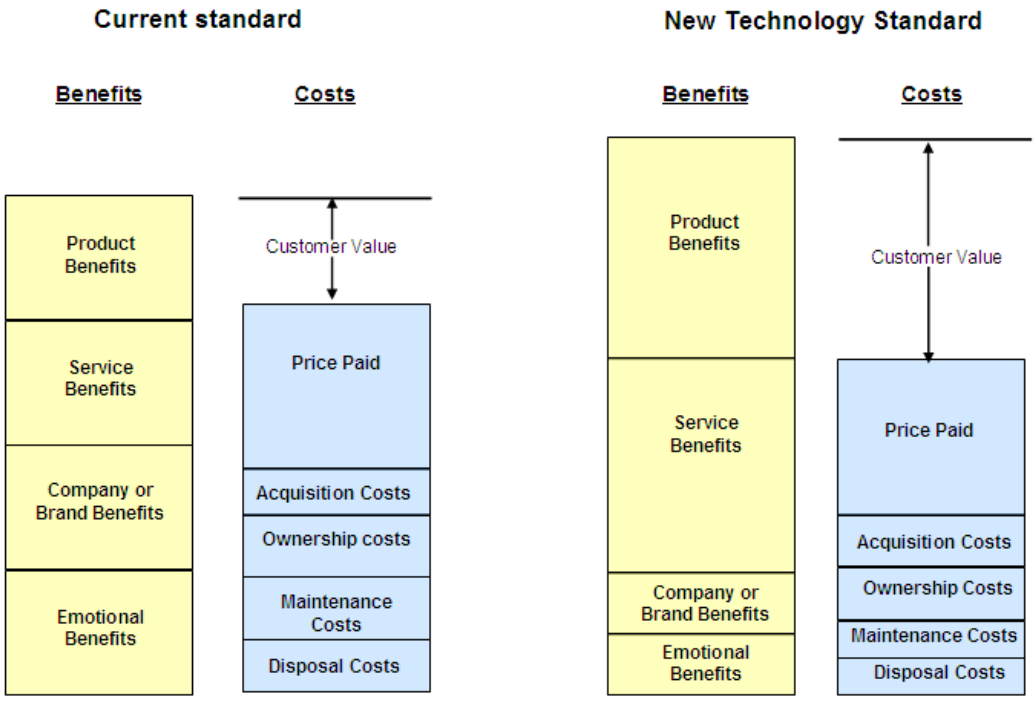

FIGURE 6: Customer value analysis (Woodside et al. 2008, 11.)

On the left of Figure 6 it is shown that an old standard technology solution is creating little customer value, because the benefits against the costs are only creating a small gap. When looking at the right side of Figure 6, it is shown that benefits have risen with the use of new technology solution and the costs have decreased. From the customer's point of view, this creates a bigger gap between the perceived benefits against costs and therefore creates more value.

Earlier research made by Ward and Daniel (2007, 357–358) showed that those companies which invested more time and money for both benefits and stakeholder management, also gained greater benefits. Therefore it is important to recognize the value the customer perceives and that there is an operating Business Relationship Management or Business Service Management (BRM/BSM) function in the company. IT costs consist mostly of hardware, software and people. The expected benefits from IT projects are generally: increased revenue (make money), decreased costs (save money) and increased customer service performance or satisfaction. (Gentle 2008, 45-46.) The main categories of IT cost are: product development (new program and application versions), infrastructure (physical hardware) and operations to run the day-to-day business processes (people). (Gentle 2008, 91-94.)

Improving business performance

The image of IT among business people and companies is not a rosy one. Gentle (2008, 5) argues that even though IT delivers new technology and tries to improve business processes, generally speaking an IT unit is seen inflexible, unable to communicate in business terms, unable to justify cost spending, delivering IT projects late and over the budget and generally having dissatisfied users. IT is not bringing revenues from external sources as other business departments. However, business value can be created for internal customers by improving business performance (Austin et al. 2009, 71). Normally IT units begin performance improvement initiative to solve a business problem (Aziza et al. 2008, 252). Improving performance is closely linked to performance metrics, because with the help of metrics the performance development can be proven more easily. IT can help to

improve business performance by providing tools and applications to develop new, better practices on how to work more efficiently (Aziza et al. 2008, 3).

Ballard et al. (2005, 2-3) suggest that managing and optimizing business performance is one of the critical requirements for maximizing business profitability and creating value to stakeholders. Companies who have the ability to manage performance can deliver better customer satisfaction, ensure growth of market share and save costs while stock prices are rising. (Aziza, Fitts & Kaplan 2008, xiv). According to Aziza et al. (2008, xxiv), business performance can be managed by: driving alignment so that strategies are executed in alignment with business objectives, ensuring the accountability of each person in the group, increasing agility to respond to the needs of the stakeholders and both capturing and developing the best practices. An organization first needs to know how their business is running before they can improve their performance (Aziza et al. 2008, 40).

Hunter and Westerman (2009, 96-97) discuss different options for improving business performance (Figure 7). Optimizing means that internal processes are transformed or improved through automation. Reshaping means that automation is used to change how customers and partners are using the enterprise's services and products. Internal informing means that IT is informing its internal customers support decision making, e.g. concerning IT solution purchase. External informing means that information is given directly to the external parties.

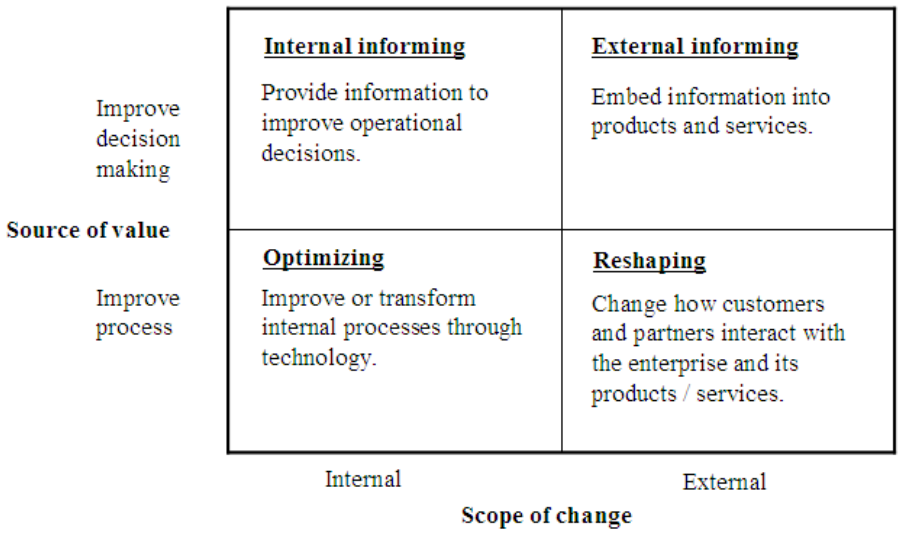

FIGURE 7: Improving business value (Hunter & Westerman 2009, 96.)

Internal informing means identifying who will use specific information and for what specific purpose. The importance of external informing is highlighted when a company has outsourced its functions. In strategic partnerships the relationships between parties should be strong. A company can optimize manual processes, replace multiple legacy systems with a new platform solution or provide automated help for manual tasks. Reshaping is changing the processes which are shared with multiple organizations. (Hunter & Westerman 2009, 98-104.) A company can choose which of the four sources of IT value it wishes to target.

According to Ward and Daniel (2007, 111), improving business performance may depend on the fact that other stakeholders don not have the ability or willingness to change and therefore business improvements do not take place as planned. This can occur e.g. when business stakeholders are not educating end-users about the new system features. This is a risk in business relationship management, because one can not always please everyone and you need to find a common solution which serves most of the stakeholders. The results of improving business processes may become apparent when a system has been working for a while, e.g. 2-3 months, and all the associated business changes have been made (Ward & Daniel 2007; 115, 268).

Business value process

From research's point of view, Sward (2006) has the best definition of a business value process. According to Sward (2006, 46), in order to understand the value that IT brings, you have to understand the customers' business first to support and meet the customer's strategic objectives (Figure 8). Figure 8 shows that after the customer needs are discussed and understood, the next step is to define requirements for an IT solution. This is a critical phase, because usually customer expectations are difficult to define clearly. Once the need is identified an IT solution is proposed to the customer. The proposal is usually connected to customer's success measures or core business processes. Estimate ROI (return of investment) means that IT project managers identify the costs and benefits of the proposal and see what impacts it has for business value. In assessing merits, the IT project manager checks if the plan is doable to be put forward. Then the IT organization decides which proposed solutions have the most value for the business and which are the best candidates for investment. (Sward 2006, 47-53.) In the planning phase a project manager should bear in mind the original business case and business value creation (Berman 2008, 69).

FIGURE 8: The Business Value Process (Sward 2006, 47-53.)

Funding decision for IT project comes in step seven. The next step is then to create a metrics plan, in which business value dials have been identified. The customer should be closely involved in this phase, because it is vital that customer understands what is being measured, and how and when the measuring is done Step eight is critical, because when it is not done properly, at the end of deployment, the customer might not understand how the IT solution has brought value to the business. After designing the metrics plan, a credible base for measuring should be established before implementing the IT solution. In step ten, the decision of go or no-go is made. Once the solution is rolled out, the next phase, step eleven measures whether the basis for the actual business value has been delivered. In step twelve, the IT and the customer should do the evaluation to see whether the customer expectations were met. The final evaluation takes place in a customer satisfaction survey where the end-users and the customer give feedback. (Sward 2006, 46-53.)

Demonstrating and communicating business value

According to McNurlin et al. (2009, 85), it is important that IT is discussing with the business about the value creation, because this leads to a better understanding of the business goals, the needs of support and prioritization. Demonstrating and communicating created value, however, is challenging. Hunter and Westerman (2009, 42) state that demonstrating the business value is when an IT organization is providing the right service, at the right level of quality, at a competitive price, and the business is aware of it. To bring true value, IT can help clarify the desired outcomes to a business and give meaningful input on technology, as opposed to just deliver what business is asking for. If the IT initiatives are based merely on the opinions of the business owners, there is a chance that the existing systems can become increasingly complex. (Hunter & Westerman 2009, 38-39.) A business needs to know how IT can improve business performance. Demonstrating and improving the business value of IT also means that the CIO needs to demonstrate the value for money. Costs and performance should be transparent and comparable with other units or enterprises. (Hunter & Westerman 2009, 7-9.)

Nevo and Wade (2010, 170) suggest that IT's value should be communicated to business stakeholders when informing of IT investment decisions. The business and stakeholders should be informed how IT performance is changing the quality and costs of the service (Hunter & Westerman 2009, 5). To create a common language between IT and businesses there needs to be a clear definition of what is meant by business value and how the achieved business value can be expressed and communicated to the business stakeholders by using business value metrics. (Sward 2006, 18.) Gabler (2001, 76) states that IT should better manage the business expectations by communicating the value that results from IT investments and emphasis how IT tools have improved business processes.

Management of business value creation

Managing the business value creation has puzzled many IT leaders. Ward and Daniel (2007, 38-43) state that for a better value creation in IT projects, the business stakeholders should have a clear understanding of what kinds of benefits the use of a new IT solution can provide and how they will impact the end-user groups. Financial measures for an IT solution should be used to track the progress of the project. Finally the business case should be linked to an organizational strategy and objectives, so that the stakeholders could be more closely involved with the planning of the project. Often the proper training of the end-users is forgotten or delayed and therefore the benefits of using a new technology will not be delivered. Decision making is improved when IT costs are transparent to the business at the service level (Hunter & Westerman 2009, 70). Surprisingly, statistics show that over 70 % of IT projects are seen as a failure among business users. Even though the IT implementation is done on-time and within budget, it fails to deliver value for the organization, because the delivered benefits are not identified or the benefits have not realized. (Ward & Daniel 2007, 35-36.)

2.3 Measurement of added value with business value metrics

Measuring added business value has been a challenge for many IT executives. IT executives are being measured primarily by their ability to improve business performance and create value to the stakeholders (Ballard, White, McDonald, Myllymäki, Mc Dowell, Goerlich & Neroda 2005, 12). In real life, tools are essential; executives need to have a good measurement system to manage the value creation (Spitzer 2007, 74). Surprisingly, according to one research, 44 % of board directors cannot identify the key drivers of value in the companies they govern (Aziza, et al. 2008, 8). Also according to another research made in 2002, 89 % of companies were lacking IT metrics expect for finance (Snedaker 2005, 34).

This indicates that business value metrics as such are a new thing in IT departments. Berman (2008, 68) is also amazed how much time and effort is spent to execute IT projects, but at the end of the project, nobody checks or measures the results. All too often business value metrics are not being used to monitor the results of value creation. Previously IT units have been measured for budgetary effectiveness and availability of the systems, but according to Gray (2008, 56), measuring should be more focused on the value that IT brings to the business.

The measurement of business value should be closely connected to the strategic goal of the business and have a direct impact towards the relationships with the customers, clients and suppliers (McNurlin et al. 2009, 387). According to Bentley (Hoffman 2006, 29), it is not enough that IT projects are delivered in time and-within budget or scope, but IT projects also need to meet the set business objectives. Business value metrics are usually connected with customers' critical success factors (CSIs), which link directly to the success of the customer (Sward 2006, 163). The real business value is not generally captured in typical IT metrics like response time or hardware utilization. It is more about how the business stakeholders and end-users perceive the effectiveness of the business processes. (Gabler 2001, 76.) It is important to understand that IT is creating true business

value only when the business value goals of an IT project has been fulfilled (Gomolski 2004, 36).

About measurement and business value metrics

Measurement is the means to understanding and better explaining phenomenon. When measuring phenomenon, a company can gain better control of the situation and use the information in decision making. Measurement enhances communication between parties, eases the understanding of the subject, and helps to understand alternatives better. (Saari 2006, 33-35.) Spitzer (2007, 16-20) states that using measurements clarifies expectations, gives attention to important focuses, enables accountability and prediction, increases objectivity, forms the basis for goal-setting, improves execution, promotes consistency and facilitates feedback. Measurements also improve decision making and problem solving. Without a good measurement system it is difficult to demonstrate e.g.how well an IT project is proceed or if there are some early warning sign the management should be aware of.

Measurement systems can support the value creation process by helping management in doing the right actions and making the right investments (Spitzer 2007, 72-72). Measurement results are usually being used to steer business demands in to the right direction (Saari 2006, 41). Measuring provides a deeper insight into what is happening in the processes. Spitzer (2007, 42) states that measuring is a neutral process of collecting and analyzing data for a better understanding of what is happening while the evaluation of measurement can be highly subjective. Sometimes hidden truths about the business process can be revealed by using the right measurement in the current situation (Spitzer 2007, 124).

The usage of business value metrics

IT needs internal operational metrics. Metrics should be measuring value, not machinery performance, e.g. WLAN connectivity rate. This is due to the fact that it needs to be clear what the impacts of IT's performance are on the rest of the business. (Hunter & Westerman 2009, 43-44.) Business value can always be measured in improved business performance as perceived by the business stakeholder (Hunter, Apfel, Mc Gee, Handler, Dreyfuss, Smith & Maurer 2008, 1). There are many different frameworks suggesting how to measure organizational performance. IT Governance Institute (2005, 40) presents two types of measurements: measuring in terms what customers and stakeholders want and measuring process of IT products and services. Gray (2008, xvi, 13) states that IT projects should be measured by what monetary value the IT investment has generated. Measuring should also be done in terms of performance rather than used resources and expended efforts (IT Governance Institute 2005, 4). Schurter (2006, 80) agrees with other researchers that companies need to determine metrics which are reflecting the success of a service delivery. Kumar (2004, 13) agrees with the previous opinion, by argueing that IT value measurement should be done by through IT usage rather than just focusing on the dollar value of investments, since value depends on usage of IT, not on investments alone.

Process of designing metrics starts by finding out what do business stakeholders wish to achieve and how they know if they have achieved it? (Sward 2006, 19). Choosing the right metrics are all about quality and price for visible services. Metrics and measurement influence behavior and hence influence the total cost of IT. Good metrics are visible to the business, costs are measured as unit costs, metrics can be compared to external benchmarks and the quality is measured in a meaningful way. (Hunter & Westerman 2009, 45-46.) It is important that the data behind business value metrics is consistent and reliable, because that data is the foundation for trust (Aziza et al. 2008, 59). The follow-up process of metrics should be so transparent that stakeholders have an easy access to the KPI's. The management teams and stakeholder committees should not blindly focus only on following KPI's, but try to get a deeper understanding of what metrics are all about. KPI's should express the strategy and objectives, define success and hold

individuals and teams accountable (Aziza et al. 2008, 65). KPI's must also measure things in the IT project which drives real business value (Ballard et al. 2005, 32).

Devaraj and Kohli (2002, 53) state that, one major reason why IT benefits are commonly undetected, is because the metrics are viewed in the wrong time. In fact, their further analyses revealed that actual benefits were shown using longer time-lagged metrics. To give an example of business value metrics, according to Weill and Ross (2009, 53), one valuable tool for measuring created business value is the post-implementation review (PIR). This measurement helps stakeholders to understand more transparently their own expectations and potential business value. Basically it is a comparison between the generated and estimated value in each business case.

Business value metrics as a part of expectation management

The main goal of business value measurement is to provide added value to stakeholders. In addition, business value metrics can help IT and business stakeholders to find new ways of collaborating with each other, e.g. spotting trends and improving business performance (Aziza et al. 2008, 55). Business value metrics support stakeholder expectation management in the evaluation phase, when business value metrics are being compared against the achieved results. Business stakeholders and the service provider should evaluate together whether an IT project has fulfilled stakeholder expectations or not. (Dreyfuss et al. 2008, 2.) The challenge has been that IT and business stakeholders do not understand the background of the business value metrics or how they are being measured (Aziza et al. 2008, 61). This is due to the fact that business stakeholders and BRM/BSM have difficulties for finding common language.

Gomolski (2004, 36) emphasizes that there needs to be a deeper understanding of the expectations from the business side to determine which value metrics to use. The challenge with basic KPI's, measuring machinery performance for instance, has been that they do not actually reflect the value created by the IT. IT projects are delivered on time and on schedule, but the business stakeholders are still not satisfied with the results. When it comes to expectation management with metrics, Schurter (2006, 123-124) warns us that it is equally bad to fail to meet the metrics targets than over exceeding expectations. If a company does it better than the agreed KPI's, it might be so that the customers are expecting the similar results from the next IT project. A company offering extended value to the customers can find itself in a situation where costs spiral out of control and they might have unhappy customers in the future.

Communication about business value metrics

Hoffman (2006, 29) states that IT organizations should map their performance against business outcomes with the help of measurements translated from technical language into tangible business terms. A simple SWOT analysis can be used to translate the achievements into created business value. The challenge is that IT organizations and business stakeholders have trouble of defining what the created business value is. According to Gray (2008, 107), it is also important to determine what to measure and how. Common consensus can be achieved when the stakeholders understand the different features of measurement; validity and reliability of measurement and the importance of the measured subject (Saari 2006, 40-41). Stakeholder committee should be aware of how exact metrics are being measured, not just settle with green/yellow/red status charts. If implemented correctly, business value metrics can help to better communicate the decisions and the project scope, and create a common language between business stakeholders and the service provider, as well as help to better understand the expectations of the business (Dreyfuss et al. 2008, 6). Communication is an essential part of building the trust between business stakeholders and the IT side. One should bear in mind that when business stakeholders wish to make minor adjustments to the IT solution, that is, a change in the IT project scope, the change should always be communicated for-

ward to the necessary stakeholders. When this is the case, also the business value metrics needs to be re-viewed. (Aziza et al. 2008, 98.)

Alignment of business value metrics

An overall objective for any business is to grow, for example by growing market share, overall sales or brand awareness. Growing the business is key to long-term viability. A second objective is to become more profitable, meaning that the company has to reduce its costs. The third objective is to work more efficiently and operate with greater speed. The final objective is to maintain business operations. (Berman 2008, 87-89.) According to Gartner research (Hunter et al. 2008, 1; Dreyfuss et al. 2008, 1), an IT metrics framework can be divided into three categories: run-the-business, grow-the-business and transform-the-business.

Gartner's business value metrics are in correlation with three classes of expectation:

- Efficiency expectations → run-the-business metrics
- Enhancement expectations → grow-the-business metrics
- Transformation expectations → transform-the-business metrics

(Dreyfuss et al. 2008, 4.)

Run-the-business means that the metrics are about both reducing costs and risks and cutting price-to-performance ratios. The objective for run-the-business metrics is to improve or maintain the balance between cost, quality and risk in the key business processes. This means running the business efficiently resulting in reduced cost or increased performance. (Hunter et al. 2008.) This can also mean that employee productivity increases (Sward 2006, 25). Grow-the-business metrics are monitoring the operational performance that the stakeholders perceive. This means looking at the entire value chain, efficiently improving business operations, resulting in increased customer retention, market share, revenue, earnings, operational throughput or other business performance metrics. Transform-the-business metrics is about new business horizons - new markets, products, business models and revenue streams (Hunter et al. 2008, 6; Hunter & Westerman 2009, 122-124; Dreyfuss et al. 2008, 4).

IT measurements should be aligned with the business measurements to establish the business value of an IT investment (Gabler 2001, 76). The challenge of aligning business value metrics against expectations is that efficiency, enhancement and transformation expectations are in right correlations with appropriate business value metrics (Dreyfuss et al. 2008, 4). According to Devaraj and Kohli (2002, 153-154), in order to ensure successful implementation of value metrics, the organization should build internal partnerships to gather data. With the help of partnerships it is easier to gain access to the meaningful data.

2.4 Expectation and business relationship management

One important aspect of IT governance is to understand business needs and expectations (Weill & Ross 2009, 91-92). Without commitment from the stakeholders' side, the change will not happen within the organization. In IT business there is a slow shift from only providing a service when asked to and focusing on technology issues to help different functions of the company to solve their business problems (Gray 2008, 54-55; Darmawan et al. 2004, 5). Customers' needs are shifting from product oriented solutions to services, where the service provider has the ownership of the service. Schurter (2006, 21) emphasizes that it is not enough that expectations are identified and managed, but the company also needs to fulfill those expectations in order to create value for the customer and the business. Well managed partnership between a business and IT can help reduce internal resistance factors and deploy a solution in which everyone knows their ownership (Aziza et al. 2008, 207).

Business relationship management is one well-tried solution for managing expectations and the relationships of the business stakeholders. Creating value for the stakeholders is about understanding and satisfying their needs and concerns (Freeman et al. 2008, 15). Weill and Ross (2009, 12) state that to meet customer expectations business processes must be disciplined well. Armstrong and Kotler (2011, 42) state that customer satisfaction can be measured in comparison with the

customers' expectations and perceived value of the product. Products' performance upon customers' expectations determine if the customer is satisfied or dissatisfied. According to Cerasale (2004, 13), those customers, whose needs are demanding exceptional value through solutions, can be best served by offering solutions to complex problems and providing new IT opportunities for value creation (Cerasale & Merlin 2004). Key point is to understand the values and needs that the stakeholders have.

Stakeholder groups and their expectations

Freeman et al. (2008, 6) have defined stakeholder as any group or individual who can affect or is affected by the achievements of the company. Figure 9 shows how a company's basic stakeholders are generally mapped.

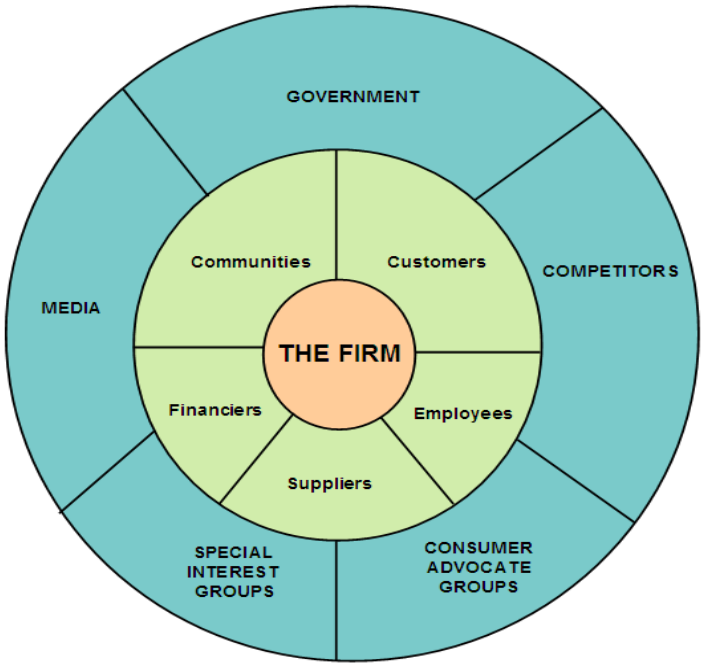

FIGURE 9: Basic stakeholder map (Freeman et al. 2008, 7.)

Inner circle represents the primary stakeholders and the outer circle the secondary stakeholders. Inner stakeholders are closer to the company and therefore also have a bigger effect to the company functions, i.e. they basically define the company. Secondary stakeholders can affect or be affected by the company. (Freeman et al. 2008, 6-8.) It's important that the company has mapped its stakeholders to gain a

deeper understanding of the possible effects that various stakeholders might cause the business.

Weick and Sutcliffe (2007, 25-26) describe expectations as something which are based on our own personal experience and which suggest the probable course of future events. Expectations can, however, when mislead the way of thinking. For example, if a user has had a negative experience when using SAP systems, he will probably have negative expectations in the future towards SAP systems. In some cases, the business has recognized IT implementation as a failure due to unrealistic expectations (Devaraj & Kohli 2002, 32). When it comes to the expectations of the business side, we are talking about whether the business investment has paid off or not. There is a risk that when a company is not defining and managing customer expectations, the customers might choose a product or a service which does not meet their expectations. This leads to dissatisfaction towards the company. (Schurter 2006, 10-12.) According to Gray (2008, 123), IT projects must be tied to strategic business objectives, show value to the stakeholders and deliver measurable financial results.

Generally stakeholders' expectations are linked with gaining better performance, safety, security or reliability for lower costs (Alexander 2009, 54). According to the Gartner research (Dreyfuss et al. 2008, 1-3), business stakeholders have three classes of expectations: efficiency, enhancement and transformation. This means that efficiency is primarily about cost reduction where services are delivered efficiently with high quality but lower costs. Enhancement focuses on improving business operations e.g. agility, flexibility, speed and throughput of the business processes. Transformation is about fundamental changes to the business or introduction of new business models where new revenue streams and business dimensions are generated. Business stakeholders measure IT units by using Service Level Agreements (SLA's). SLA is an agreement between a service provider and the customer receiving the service. SLA's set expectations for the service level for availability, performance and other measureable objectives. (Darmawan et al. 2004, 8.)

Managing expectations and business relationships

Freeman et al. (2008, 4) describe stakeholder management as a relationship where managers concentrate on creating value for key stakeholders. To understand the needs of the business, it is important to find out what of your business performance need improvement and what matters the most for business (Hunter & Westerman 2009, 81-82). Schurter (2006, 24) raises an interesting point about meeting customer expectations, there may be so many different customer expectation factors that a company is unable to control them all and therefore value is not created. Managing customer expectations is a demanding task. Companies have to be careful when promising what they can deliver to a customer, because unrealistic promises lead to unrealistic expectations. (Shurter 2006, 25.) When managing the expectations of business stakeholders, it is worth reviewing benefits measurements. After the service delivery business stakeholders should evaluate whether the expected benefits were gained or whether the initial goal unrealistically too high or low (Hunter & Westerman 2009, 163). One challenge is to find solutions to issues that satisfy multiple stakeholders simultaneously (Freeman et al. 2008, 53).

Generally speaking, the level of stakeholders' expectations is high at the beginning of the project. In most cases when project is proceeding forward, the stakeholders go through a stage of despair when they start to panic, realizing how much effort is actually required. However, after the despair stage they see the light at the end of the tunnel and start to participate more actively in the project. (Berman 2006, 99-101.) Freeman et al. (2008, 16) mention the importance of communication and direct negotiations when managing stakeholder expectations. There should be regular meetings between the business stakeholders and the BSM unit. Freeman et al. (2008, 104) present seven techniques how to manage stakeholder relationships; stakeholder assessment, stakeholder behavior analysis, understanding stakeholders more in depth, assessing stakeholder strategies, developing specific strategies for stakeholders, creating new modes of interaction with stakeholders and developing integrative value creation strategies.

Stakeholder assessment strategy has the idea of mapping stakeholders and identifying stakeholder interests and key strategies. Stakeholder behavior analysis, technique two, can help to gain a deeper understand of value creation process. Technique three deals with understanding the different mindsets of the business stakeholders. Technique four, assessing stakeholder strategies, is when stakeholders are categorized by their strategic posture. This defines how influential stakeholders are when decisions are made (see. Appendix 5, Stakeholder issues matrix). Technique five, developing specific strategies for stakeholders, is used when specific value creation strategies are planned for each stakeholder group. This technique, however, requires a deep understanding of the stakeholders' business strategy. Creating new modes of interaction with stakeholders means that an IT unit, in this case the BRM/BSM function, targets different types of communication towards stakeholders, e.g. dialogue, negotiation etc. The last technique is developing integrative value creation strategies, which means that business value strategy involves multiple stakeholders simultaneously. (Freeman et al. 2008, 104-130.)

Stakeholder management strategies

Stakeholder analysis as a strategy can help business service managers to evaluate what kind of impact each stakeholder group has to the IT project. Determining stakeholders' interests and motivations can also help an IT unit in stakeholder expectation management. (Austin et al. 2009, 203-205.) Assessing stakeholder strategies means that the company creates a strategy on how to handle different stakeholder groups. Stakeholder groups should be analyzed and categorized; high stakeholders have a high cooperative potential and a low competitive threat from groups who have a low cooperative potential and a high competitive threat. Stakeholder groups can be divided into four groups (Figure 10).

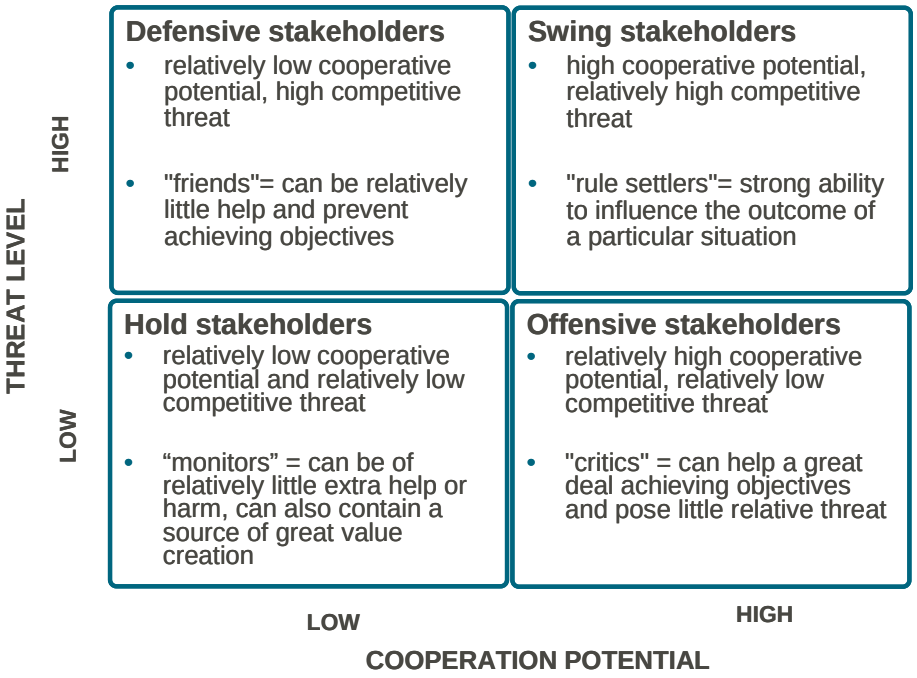

FIGURE 10: Stakeholder management strategies (Freeman et al. 2008, 113-116. The table summary is done by the thesis writer.)

Defensive stakeholders are to be used as a power base to provide project resources, manpower and time. Defensive stakeholders demonstrate how one can be most vulnerable with one's friends rather than one's enemies. Swing stakeholders should be isolated from the other stakeholders and in order to steer their interests to the right direction they require negotiations. Hold stakeholders build strong and political networks because they share common interests. Offensive stakeholders are whose indirect cooperation is needed but they do not necessary support the project. Negotiation is required with offensive stakeholders. (Freeman et al. 2008, 113–116; Austin et al. 2009, 203–205.)

Schurter (2006, 30-32) proposes that managing customer expectations can be done in three phases. Creating the value proposition phase happens when the company defines the scope of what is to be delivered to the customer. Then it is determined how the goods and services are delivered and who in the organization will be responsible for the delivery. The last phase is about performance and what the company actually does to deliver the service or product. In comparison, Berman (2006, 109-112) suggests that stakeholders should be indentified and then rated by the power of influence (low, medium, high). Power of influence means typically;

technical or functional skills, legal control, positional power and authority, external influence or credibility, informal leadership, the control of resources or communications. Rating is done on the basis of the current reaction to the change and the target reaction to change.

The practice of setting the customer expectations generally starts with aligning the business with the customer. This can also mean that customer expectations need to be reset and discussed between the business and the customer. (Schurter 2006, 66.) However, values between the stakeholders can be conflicting. Freeman et al. (2008, 83) state that perceived values can conflict between the stakeholders and then some processes might fulfill one need but violate the other. There should be a clear ownership of the service or product delivered to the customer (Schurter 2006, 89). Getting closer to the success of establishing trust, it is important to determine the ownership of the benefit and who is responsible for its delivery to the stakeholders (Ward & Daniel 2007, 108). To meet the stakeholders' expectations IT has to consistently elevate the company's performance by delivering reliable and predictable business processes for daily transactions (Weill & Ross 2009, 4). Gray (2008, xiii-xv) states that IT should be more closed to execute business strategy by delivering predictable and measurable IT deliverables.

Business Relationship Management (BRM)

One major part of managing the business stakeholders' expectations is Business Service Management (BSM), which is one approach to business performance management. According to Cerasale and Clark (2004, 154) in business relationship management there has to be a profound understanding of the customer's business and processes to be able to offer proper solution and delivery (Cerasale & Merlin 2004). Business Service Management is about aligning IT resources to the needs of the business stakeholders. Business service management works as a key function between the business stakeholders and IT, because BSM function helps to manage business stakeholders' satisfaction with an IT unit. Business relationship managers (BRM/BSM) are coordinating IT activities across business units and an IT unit. Basically, relationship managers are there to help align IT projects with business goals. Closing the expectation gap between the business stakehold-

ers and an IT unit with the BRM function is demanding (Brandel 2004, 27-28). Bridging IT and business is a corporate maturity journey where the business project managers and business relationship managers are truly working together with similar ways of thinking about processes and business outcome delivery. Bridging IT and business is not the only solution towards the goal. IT has to have stable IT environment and efficient, agile processes to ensure business value delivery (Mayer 2011).

A business relationship manager position was created by CIO's who wanted to improve the effectiveness of communication between a business and an IT unit. Business Service Managers' role is to manage business relationships by taking care of demand, supply, finance and the quality of service in an IT project. These managers should also be responsible and accountable for what they have promised to the business stakeholders. (Gentle 2008, 111.) One key element of a successful cooperation is trust; keeping promises and taking care of open communication in both directions (Cheverton 2010, 84). Taylor (2004, 164) describes solution selling process to the business stakeholders, from the point of view of his job as a customer relationship manager, that trust is one of the key elements when managing the stakeholder expectations. Without trust it is hard to have constructive cooperation. (Cerasale & Merlin 2004.) When benchmarking, key success factors what makes BSM function work well is that the business has a clear understanding of their own processes, regular business value measuring, consistent communication of created business value and good service discipline management (Mayer 2011).

Communicating about and agreeing on the business value metrics can help to steer the expectations into right direction. Communication is an important part of the stakeholder management, because when the stakeholders are informed in advance of the possible challenges, the level of trust increases (Berman 2006, 98-101). Managers who work for the relationship are normally good communicators and meet the stakeholder group's interests. (Freeman et al. 2008, 104-112.) Some obstacles that relationship managers encounter are: the lack of support from an IT organization, IT project release delays, lack of trust from business stakeholder

side, troubles of finding the common language within a business, lack of IT credibility and lack of collaboration with other relationship managers. Brandel (2004, 27-28) states that one thing which can create mistrust on business side is that relationship managers are creating demand but, are not accountable for delivering projects. This goes also for delivering business value. For handling stakeholders' expectations Gray (2008, 94), gives good advice on how to form a stakeholder committee. This committee includes the stakeholders and business units which are affected by the IT project. The goal of the committee is to discuss IT project management and business value delivery. According to Hunter and Westerman (2009, 159) there has to be clear expectations for benefits what an initiative supposed to deliver and how to measure its performance. Gray (2008, 119) states that way to success can be achieved by integrating IT projects with the business stakeholders' needs and by managing metrics transparently.

3 RESEARCH APPROACH AND METHODS

In this chapter, the research approach and methods are presented in more detail. First, the research context and both the case company and the case organization are presented. The business service management unit (BSM) and its main functions are presented in Paragraph 3.1. Secondly, the acquisition of the research data is described in Paragraph 3.2. This paragraph explains research execution; the collection of theoretical and empirical material, and about the different research methods used in the research process. Thirdly, in Paragraph 3.3, the research data processing and the analysis methods are presented.

3.1 Research context: TeliaSonera company introduction

TeliaSonera is a large listed company which provides network access and telecommunication services in 20 markets in the Nordic and Baltic countries, in Eurasia, including Russia and Turkey, and in Spain. TeliaSonera's vision is to be a world-class service company and an industry leader. World-class service company means that TeliaSonera wants to secure high quality networks and create the best-in-class cost efficiency. TeliaSonera values are: add value, show respect and make it happen. (TeliaSonera 2011.) In Figure 11 the structure of Group IT and case organization are presented.

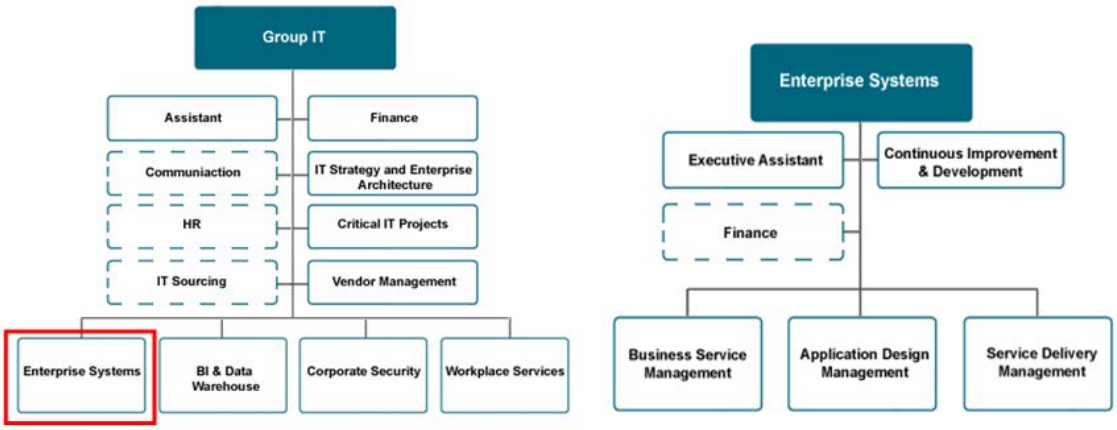

FIGURE 11: Structure of Group IT and case organization Enterprise Systems (TeliaSonera 2011)

Group IT's mission is to proactively support and enable TeliaSonera business strategy and focus areas through planning, coordination and execution of the strategic IT agenda. Group IT's main goal is to support the business processes. TeliaSonera IT strategy includes the governance and sourcing principles, the architecture frameworks, technology and security standards, methodologies and other IT related guidelines and policies. Group IT has the responsibility for coordination and governance of TeliaSonera IT portfolio including the overall cost efficiency, operational excellence and compliance with the corporate instructions and policies. Operational Excellence means providing the customers with reliable services at competitive prices and delivering them with minimal inconvenience (Andersson, Narus & Narayandas 2009, 145). Operational Excellence is about effective processes and the efficiency to do things well (Cheverton 2010, 131). Group IT is also responsible for planning, developing and delivering common business critical IT systems, infrastructure and services. Group IT services are e.g. debt collection (Sergel IT), data warehousing, security access, providing and supporting ERP, the SAP systems and payroll services. The SAP is being used for various tasks in TeliaSonera, e.g. for logistics and purchasing processes, for requests and approvals in finance and HR area, as well as for time reporting.

The case organization, Enterprise Systems, delivers components and tools which are part of the business processes, but not in end-to-end delivery perspective. Enterprise Systems' mission is committed to steer the business demands into sustainable and predictable IT service deliveries. Enterprise Systems' objective is to enable the IT services that will increase the business performance and business satisfaction on an ongoing basis. For the next 2-4 years Enterprise Systems' main goal is to ensure Service Excellence, which means ensuring that the basic service delivery is cost efficient and of good quality. (Ebbesen 2010.) Enterprise Systems delivers IT projects to business stakeholders to improve their business processes. Thus Enterprise Systems is an internal service provider in TeliaSonera and is not in direct contact with the end-user. After the AMS project (see introduction) Enterprise Systems has focused on managing the projects rather than doing IT maintenance or small development.

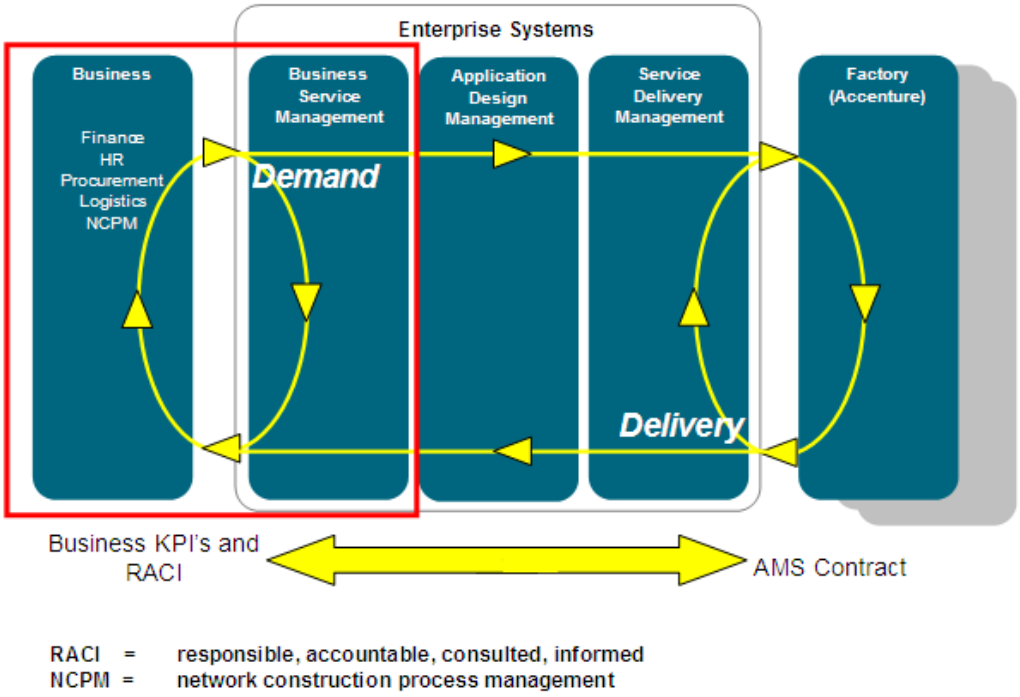

FIGURE 12: Enterprise Systems working process (Ebbesen 2010.)

Figure 12 presents the process overview of how business demands are captured, interpreted and delivered by Enterprise Systems. The scope of the research is marked with a frame around the business stakeholders and the Business Service Management (BSM) unit. Every business stakeholder should have its own BSM

resource in ES. Currently the business stakeholders have a list of projects they want to execute and BSMs help them to look for IT solutions to their problems. One example of an IT project could be a business stakeholder wanting to enhance some functionality in the systems to be able to handle more invoices then before.

Nowadays, life projects are in a consolidated Roadmap which the BSMs are managing for the stakeholders. After the BSM gets the proposal from the business stakeholder, they elaborate internally with Application Design Management (ADM) and Service Delivery Management (SDM) about the design and possible delivery of the IT project. SDM confirms with the external resources, such as Accenture, that the delivery can be made and after that the proposal is returned to the BSM. Finally the BSM discusses with the stakeholders about the possible solution to the problem. When a project is decided to be kicked off, the BSM and the stakeholders together agree on the budget and project schedule.

The role of the BSM is to support the development of setting a long-term, strategic enterprise target that is cross-functionally aligned between different group functions. This means supporting the business to establish long-term targets and establishing efficient processes on how to work between the business and ES. The business service managers support the business by planning long-term target picture for the IT project deliverables. They are also responsible for consolidating a view of the complete internal customer portfolio and ensuring that relevant IT organizations and IT parties are aware of which IT projects are in the long-term scope (IT roadmap). Chapter 4 explains in more detail the challenges which ES has for the business stakeholders.

3.2 Acquisition of research data

In order to answer the research questions it was necessary to gather empirical information from the stakeholders. The theoretical framework was extended by Gartner specialists' interviews while studying the literature related to the research topic. Model of the research execution is clarified in Figure 13. The research execution model was adopted from a Six Sigma model (DMAIC). First, the business problem was defined together with the mentor. After that, the researcher began to study the theoretical background of the problem. In Define and Measure phases the researcher found out what was the current work process of the stakeholders.

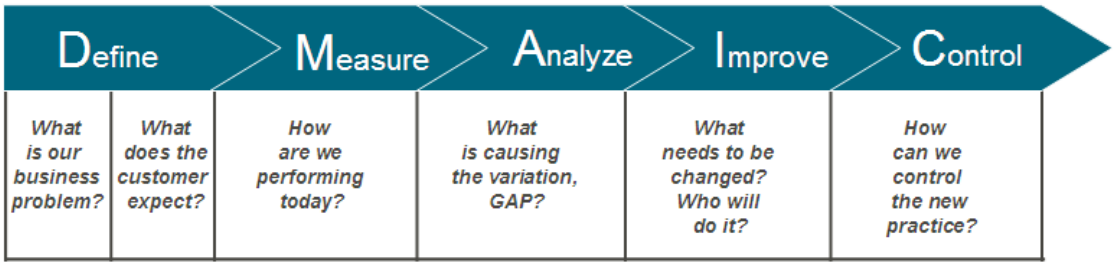

FIGURE 13: Research execution (Salminen, 2010.)

In the Analyze phase the researcher designed and executed the questionnaire and interviews to find out how ES was performing from the internal stakeholders' point of view. A gap analysis was created between the stakeholder expectations (VOC) and the experienced performance (VOP). Voice of the Process (VOP) describes the natural behavior of a process, whereas Voice of Customer (VOC) means identifying the key drivers of customer satisfaction (Watson 2004, 221-224). During this phase, recommendations for the ES management team were made. In the Control phase it was decided that the ES management team would then implement the recommendations into practice (see Paragraph 5.2). A carefully planned process execution plan allowed the researcher to evaluate and validate the findings carefully.

A case study was used to collect the data since the theory of IT delivering business value through improving business processes and business value metrics is not yet well understood in the literature. The data used in this study was collected from existing materials (produced by someone else) and self-produced materials (which researcher has produced herself during the study).

The information about creating business value, business value metrics, stakeholder expectation management and business relationship management was obtained from a literature study, the questionnaire, interviews and independent observation. These four main activities were used to execute the research plan and answer the research questions (Table 1). Q in the table stands for the research question, e.g. Q1 means the research question number one: “What expectations do business stakeholders have for ES as a service provider?”.

TABLE 1: Activity Matrix

	Literature study	Questionnaire	Interviews	Observation
Q1		x	x	X
Q2	X	x		X
Q3	X	x	x	X
Q4	X	x	x	X
Q5	X	x	x	X

A small sample is often used in qualitative research to give a better and deeper analysis of the research problem (Eskola & Suoranta, 1998, 18). The chosen sample is representative of the stakeholder population, because it consists of the main ES stakeholder groups. In the first stage of the research a link to the online questionnaire was sent out to the main ES stakeholders (32 respondents altogether). In the second stage of the research semi-structured interviews were held for a selection of four respondents from different business stakeholder groups and on different managerial levels. The respondents were selected in co-operation with the thesis mentor and the director of the BSM unit. The respondents are working on different managerial levels within the stakeholder groups. The four respondents were chosen after the evaluation of the questionnaire because the researcher first needed to find out what kind of and how in depth information could be obtained from the

questionnaire. Then, after the evaluation of the questionnaire, the researcher determined which managers, and on which managerial level, needed to be interviewed.

When investigating the existing materials, the researcher checked their overall suitability for the thesis topic. The dilemma of using action research was the conflict of in which extent, the researcher could have influenced the process flow (Kuula 2001, 116). Before acquisition of the research data it was planned how to inform the stakeholders beforehand about the research topic, the upcoming questionnaire and the interviews. Informing of the research was done by contacting the stakeholders by sending an email and an internal description with the help of both the thesis mentor and the director of the BSM unit.

Online questionnaire

A questionnaire was chosen as a research method because the questionnaire is an efficient way to acquire information and because the costs and the schedule could be determined and planned well beforehand. The questionnaire also had the benefit that it could be sent to several employees and the researcher was able to ask multiple questions. Additionally, the data could be both handled and analyzed in a short period of time. Another benefit of using an online questionnaire was that the respondents would have reminders from the system to answer the questionnaire. A questionnaire completed over in the Internet also has the benefit that the researcher can ensure that every question gets answered. With the help of computers, the quantitative research material could be easily saved and analyzed. (Hirsjärvi et al. 2009, 193-197.)

A questionnaire has the disadvantage that there is a possibility of the respondent misunderstanding the question or not having enough information to answer the question. When using the questionnaire it is hard to control the respondents' possible misunderstanding. (Hirsjärvi et al. 2009, 195.) To increase the response rate, the questionnaire was kept brief and specific (see Appendix 1). The questionnaire was planned so that answering the questionnaire would take approximately 10-15 minutes. The content validity was verified by checking the various value creation

meanings and by careful review of the literature. The goal of conducting an online questionnaire was to obtain information from the stakeholders: How can the use of business value metrics in ES improve business performance and create business value for business stakeholders?

In the design phase of the questionnaire, the structure of the online questionnaire and the questions were planned on the basis of the research goal, the theoretical framework and using previous experience of designing questionnaires. The questions were aimed to give answers to the research questions and support the research topic. (Tuomi & Sarajärvi 2009, 74-75.) The interests of the ES management team were taken under consideration by involving the thesis mentor and the director of BSM unit in designing and approving the questions before creating a Webropol questionnaire or sending out the questionnaire link to the stakeholders. The researcher took care that the questionnaire questions were relevant for solving the research problem by reflecting each of the questions in relation to the theoretical framework and the research goal. Finding out how to translate business improvements to benefits, the researcher used a model which Ward and Daniel (2007, 112) presented (Appendix 4). The model describes well which questions should be asked when the BSMs and the business stakeholders are planning the IT project execution. The model gave a good baseline for the questions in the business stakeholder online questionnaire.

Semi-structured interviews

In the second stage of the research, semi-structured interviews were conducted in order to get a more comprehensive and deeper understanding of the stakeholders' expectations, in addition to complete some of the answers gained from the questionnaire. The interviews were a flexible way to gather information from a certain topic and the researcher could ask questions in any order (Tuomi & Sarajärvi 2009, 73). Generally, interviews generate useful information about the subject's experiences and phenomena meanings (Denzin & Lincoln 2005, 642). The semi-structured interviews were able to generate rich data that allowed better understanding of the research topic. Semi-structured interviews also allowed the researcher to ask questions which were not originally set in the pre-planned inter-

view structure (Myers 2008, 124). Some of the given answers gave new aspects to consider in the research which the researcher could have not known beforehand.

The benefits for using the interviews in the data acquisition were that answers could be obtained with a fast response time and captured in detail or in certain order. The interviews also enabled flexibility if the interviewees needed to be contacted later on. One problem of using interviews is that they normally create costs and are time-consuming. (Hirsjärvi et al. 2009, 204-207.) This problem was however solved by using TelePresence service, which enabled interviews without travel costs. The disadvantage of using TelePresence was that the researcher could have had problems to interpret the gestures of the interviewee. The purpose of conducting semi-structured interviews was threefold. First, to receive instant feedback from the stakeholders. Second, to report the observations the researcher had made while conducting the interviews. Third, to ask the respondents' own views and opinions on how they saw ES as a service provider.

The structure for the semi-structured interviews and more detailed questions for the stakeholders were planned on the basis of the theoretical framework, information learned from the questionnaire and advice from the thesis mentor. The interview questions (Appendix 3) were structured under the topics of creating business value, business value metrics, stakeholder expectation management and business relationship management. In semi-structured interview the questions were the same for all interviewees and there were no preselected answers, so the interviewee could answer in their own words (Eskola & Suoranta 1998, 87). The research themes were the same for all the stakeholders, but the researcher had also prepared a couple of extra questions targeted for each stakeholder to reflect better their point of view about the research topic.

In theme interviews researcher's earlier comprehension of the subject guides forming research themes (Eskola & Suoranta, 1998, 79). The researcher decided to interview four people in the main ES stakeholder groups (Finance, HR, Procurement, Logistics, NCPM and Group IT), because these stakeholders had firsthand information about the current co-operation situation with the BSM. Generally, the results from the interview are in a direct correlation with the level of trust between the interviewee and the researcher conducting the interviews (Eskola & Suoranta, 1998, 94). Therefore it was important to gain the trust of interviewees by briefing them of the research topic before conducting the interview.

Observation

Observation was used as an acquisition method because the researcher wanted to gain more insight into how the stakeholders and the BSM unit managed their business relationship in every day life. Making observations helped to see the correct connections between the theory and reality (Tuomi & Sarajärvi 2009, 81). In passive unstructured observation the researcher did not want to influence the way these two parties interacted with each other. According to Denzin and Lincoln (2005, 643), the effects of the observer's presence can never be totally erased because observation involves participation in the world being studied. However, while observation was used as an acquisition method, the researcher kept observations and the interpretations of the observations separate from one another (Hirsjärvi et al. 2009, 217). In observation, the interactions between the researcher and the object of the research were engaged a two-way dialogue, where the researcher better learned to understand the complexity of the research object. According to Grönfors (2010), observation also helps to connect the research methods more closely to the context of knowledge. (Aaltola & Valli 2010, 154-155.)

The observation was an onerous method to gather information, because it required a lot of time and effort. While making observations the researcher had to be aware of the ethical dependencies between the researcher and the research participants. (Tuomi & Sarajärvi 2009, 81.) A disadvantage of using observation was the fact that even though the researcher was working closely in the ES management team; the researcher was not directly involved with the stakeholders and the BSM unit. This was due to geographical distance, the researcher worked in Finland and the stakeholders were located all over the Nordic countries. Observations were mainly done in the ES management team meetings during autumn 2010 and spring 2011. The researcher took care of recording the data by keeping an electronic research diary. The research diary was updated when the researcher found some new key information related to the research material.

3.3 Research data processing and analysis

The analysis of the research data was done through a qualitative analysis, in which the research phenomenon, the environment and the background were studied in more detail. The main idea of the qualitative research was to formulate observation sentences, rules that describe raw observations and which are valid of the entire material without exception. The exceptions found in the study results also prompted the researcher to consider the results from different angles. (Alasuutari 1995, 52-53.) The aim of the hermeneutic analysis is to try to make sense of the relationship between the research topic and the stakeholders (Myers 2008, 171). Primarily, the hermeneutic analysis was used to gain a deeper understanding of the way ES worked for its stakeholders by interpreting the research details repeatedly. The analysis of the qualitative data was a combination of deductive and inductive approaches since the research findings were closely related to each other. The research data analysis was made on the basis of data display. (Tuomi & Sarajärvi 2009, 95-99).

The research data was first collected and then changed into a digital format. The researcher used excel spreadsheets to gather and analyze information. The data was unitized with the help of typification and categorization. A thematic analysis was made on the basis of the data gathered from the questionnaire and the interviews. The data was coded and analyzed according to the themes. The researcher did categorization by themes and recognized relationships between the given answers. The data was analyzed by quantifying and finding the similarities and differences from the given responses (Eskola & Suoranta 1998, 140). The data from the questionnaire was analyzed first, followed by the information gained from the interviews. The researcher filtered the data under the research themes: creating business value, business value metrics, stakeholder expectation management and business relationship management according to the theoretical framework. The themes from the semi-structured interviews helped to structure the data. The typification was made by according to themes, concentrating on finding the similarities and differences from the research data (Hirsjärvi et al. 2009, 222; Eskola & Suoranta 1998, 182). Colors were used as codes for the data segments. The typification was done in an excel spreadsheet by filtering and using colors to code the answers under the themes.

All the research data from the questionnaire and the interviews were later coded and analyzed by using tables and highlighting the most relevant issues. The triangulation of several research data sources was used because the researcher wanted to study the same topic from different angles (Myers 2008, 10). The data triangulation was executed by comparing the data provided by the different respondents from the questionnaire and the interviews. The researcher had reserved two months for the second empirical part (semi-structured interviews) to analyze the data and thus avoiding possible false interpretations and conclusions. The researcher took all the given answers and feedback into consideration while making the typification and conclusions. The research data was documented so that the results could be verified later on. The documentation of the research data was saved in an electronic form in the Webropol service and the researcher preserved the paper versions herself. Both Webropol survey results, as paper versions, and digital interview files are planned to be preserved for ten years. This was done to

ensure that the empirical research materials were saved in the case of unexpected surprises. The reporting of the research results was done by using tables. The researcher grouped the research findings into themed categories in order to answer the research questions.

4 CASE STUDY: ALIGNING CUSTOMER EXPECTATIONS WITH BUSINESS VALUE AND METRICS

In this chapter the case study of the research is presented and the research execution and research findings are explained in more detail. Chapter 4 summarizes answers to the research questions.

In the starting point of the research, April 2011, the BSMs were putting out fires and smoothing out problems which occurred on the business side. Many of the BSM positions were still open and some of the business stakeholders were lacking the needed support. In June 2011 the BSM unit had only 60 % of its total employee capacity fulfilled. This meant that there was a strong demand to find out how the BSMs could better manage stakeholders' expectations and the business relationship process with the existing capacity. The lack of trust in the business service managers presented itself in situations where the business stakeholders contacted other departments than the BSM. The researcher observed situations where the business stakeholders wanted to get more information about the IT project status and passed over the formal chain of contact process. Previous customer satisfaction surveys had shown that even though the IT projects were delivered on-time, according to the agreed scope and within budget, the business stakeholders were not satisfied with the ES service delivery. This case study was done to find out the business stakeholders' expectations and also find out how the business value metrics could help better manage business relationships.

4.1 Research execution

The time frame for executing the empirical part of the research was 11 months, beginning from November 2010 to September 2011. The empirical research phase started when the researcher started her observation in the ES organization. The first empirical part of the research started in May 2011 when the researcher started to plan the structure of the Webropol questionnaire (Appendix 1). In June 2011, a

link to the online questionnaire was sent out to the stakeholders via email (Appendix 2). The second empirical part of the research started in August 2011 when the researcher conducted the semi-structured interviews via TelePresence and telephone. The time for conducting the empirical parts and evaluating the research results was altogether five months, from May 2011 to September 2011. More detailed descriptions of each research stage are described in the paragraphs below.

Online questionnaire

The goal of the questions in the questionnaire was to find out the gaps and the similarities of business value creation and needs from business stakeholders' side and from the BSM unit. This way the researcher could find out concrete examples on how expectations differ from each other and in which areas improvements need to be made. In the first phase, the online questionnaire was designed on the basis of the theoretical framework and with the help of thesis mentor and the director of BSM unit. The director of BSM unit was an important part of the design phase because he had more insight into the stages of the business relationship management. Before sending the link to the online questionnaire, the Webropol questionnaire was tested by the researcher and couple of other ES employees. The execution of making the Webropol questionnaire was made by the researcher, who had experience on designing questionnaires via Webropol.

A personal link to the Webropol questionnaire was sent out to 32 business stakeholders via email in June 2011. In the beginning of the questionnaire (see Appendix 1) it was explained that in the reporting phase, individual respondent could not be connected to the given answers. The email (see Appendix 2) was sent out from Webropol system and signed by the researcher and also by director of the BSM unit to ensure better response rate and to create trust among the respondents. The initial plan was that the respondents would have one week to respond to the questionnaire. In the first week, 22% of the business stakeholders had answered the questionnaire. Due to the fact that the summer holiday season was closing in, the researcher decided to give the business stakeholders two more weeks to answer the questionnaire. A reminder email was sent out from the Webropol system at the end of June 2011 to those respondents who had not answered the questionnaire on

the first round. The Webropol questionnaire link was closed in mid-July, response rate being 37,5 %. The low response rate came as surprise to the researcher, because the internal informing of the business stakeholders hould have ensured that the business stakeholders were well-informed about the research topic and the importance of questionnaire to the ES unit. However, it was decided with the thesis mentor that the response time would not be extended for more than two weeks from the originally planned schedule.

The results from the questionnaire were analyzed by using typification into themes. The researcher studied how the given answers corresponded to the research question topics. Even though the response rate was low, the researcher was able to get a lot of new information about business value creation, business stakeholders' expectations and their wishes for the development of ES business service manager role. Also, the observations made in November 2010 and the literature were supporting each other. After conducting the first empirical phase, the researcher started to plan questions for the semi-structured interviews based on information still needed to answer the research questions.

Semi-structured interviews

The researcher spent four weeks evaluating the questionnaire results before moving on to the second phase of the empirical research, conducting the semi-structured interviews. The interviews were done in August 2011. The semi-structured interviews were done because in some stakeholder groups the given answers from the questionnaire were lacking the inside information about the main research problem. The semi-structured interview questions (Appendix 3) were planned to give more detailed insight to the answers already given in the Webropol questionnaire.

The researcher had chosen the four business stakeholders who would be interviewed together with the thesis mentor. The selection was done according to Table 2, so that both medium and high level managers would be interviewed. The researcher also wanted to find out how answers would differ between respondents who had or had not responded to the Webropol questionnaire.

TABLE 2: Selection of business stakeholders for the semi-structured interviews

Respondent	**Managerial level**	
	Medium	**High**
answered the questionnaire	interviewee 1	interviewee 2
didn't answer the questionnaire	interviewee 3	interviewee 4

By doing the selection of the interviewees as explained above, the researcher wanted to ensure that the opinions of both the active and passive respondents would be noted. The interviews were divided into two groups: the high managerial interviews and the medium managerial interviews.

After the evaluation of the questionnaire and planning the structure for the interviews, the researcher contacted the business stakeholders by phone and email to schedule a meeting for an interview. When the interview was scheduled with the stakeholders, the researcher sent out meeting invitations via email for a personal individual interview. The researcher managed to book the interviews for all four interviewees who were selected. The interviews were recorded by using a digital voice recorder, because it allowed the full content of the interview to be captured. Each respondent was asked for permission to record the interview and the permission was granted in each case. A list of questions was designed according to themes to ensure that all of the relevant topics would be discussed (see Appendix 3). The notes were taken by hand in all the interviews. Two of the interviews were done by using TelePresence service which enabled the researcher to see the interviewee face-to-face even when the interviewee was in another country. Due to the busy schedules of the business stakeholders it was decided that the other two interviews were conducted via telephone.

The digital voice recording worked well in all interviews, both TelePresence and telephone calls. The digital voice recorder used for the interviews was tested and retested before each interview to prevent equipment failure during the interview. With the help of the digital voice recorder it was easy for the researcher to rewind to certain discussion topic and go through the conversation all over again. After the interview was given, the answers were transcribed into a Word document. This was done during the same day because the information was still fresh in the researcher's mind. Later the researcher went through the recordings once more and added information to the Word documents. The digital recordings were transferred to a computer after each interview was evaluated. The time reserved for each interview was one hour and in most of the cases the time reserved was used in full. Also the number of questions was suitable for the preserved time. After conducting all the interviews, the researcher grouped the answers according to the themes.

It took two weeks to conduct all interviews and four weeks to evaluate the overall results from the research material. After conducting the semi-structured interviews the researcher was able to state how the business value metrics could demonstrate created business value and what methods need to be used to identify the delivered business value. The answers from the interviews gave concrete action proposals of what ES could do to improve its business relationship management. After the semi-structured interviews it also became evident that the responsibility of delivering business value is a shared responsibility between the business and the IT. The business stakeholders need to express their expectations clearly in the beginning of the IT project and on the IT side, business service managers are responsible for communicating created business value to the stakeholders at the end of the IT project to stakeholders. There should also be a check-up meeting to evaluate whether true business value was created in long term.

Observation

In November 2010, the researcher informed the ES management team about the research topic and that observation was used as one of the research methods. While doing observation, the researcher made notes to the research diary every time something related to the research problem was presented. Most of the observation notes were made in the ES management team meetings and in individual conversations between the researcher and the ES management team members. The researcher paid particular attention to the topics related to the BSM unit and the challenges with the stakeholder expectation management. Observation was done during November 2010 and July 2011. The observation results are presented in Chapter 5, Conclusions.

4.2 Research results, findings and their analysis

The analysis for a qualitative research material happens partly at the same time as the acquisition of research material (Grönfors 1982, 145). Conducting separate workshops were a part of the original research plan, but when the researcher got the opportunity to change work position in TeliaSonera, it was decided that the workshops could be done in the later implementation phase in the ES organization. The research results were reported so that individual respondent could not be connected to the given answers. The collected research material can be stated to be a comprehensive, representative sample, because the essential research methods were used in the data collection and the research material covers the research question. The research sample is also comprehensive, because the questionnaire and the interviews were conducted with most of the ES stakeholders: Finance, HR, Procurement, Logistics, NCPM and Group IT. Based on the questionnaire results, the finance business stakeholders were most active to respond to the questionnaire. 83 % of the respondents had a named business service manager resource assigned to their unit which was considered a positive thing. The business stakeholders were, however, worried that the BSM unit only had 60 % of the employee capacity fulfilled and that there are external employees working in the BSM unit.

The business stakeholders felt that the external employees were not supported and involved enough in the decision making on the ES side.

Answers to the research questions

The answers from the Webropol questionnaire and the semi-structured interviews are discussed in this paragraph. Answers from the interviews did not differ much respondents who had or had not responded to the Webropol questionnaire or based on which managerial level they worked.

The main research question is: How can the use of business value metrics in ES improve business performance and create business value for the business stakeholders?

The research results indicate that there is a clear need for business value metrics and closer co-operation in ES for the benefit of business stakeholders. Based on the research results the business stakeholders do not yet see the total potential of the new business value metrics implementation, but their expectation is that ES should deliver business value in a more visible way.

> *”When you measure something it is easier to manage things and make prioritizations together”.*

According to the research results, business value is seen as something which adds value directly or indirectly to the company and it is something which the customers are benefiting from and willing to pay for. From the ES point of view, business value is also created when IT projects are aligned and a common global solution is designed. Good business processes and IT tools create business value. Business value has to be created for the company’s shareholders, customers, leaders and employees. Otherwise TeliaSonera will not succeed in the markets. Business performance can be improved when ES is doing things more efficiently and helps the business stakeholders to solve business process problems.

Questions 2 and 3: What kind of business value metrics exist at the present state? How can ES measure business value? What kind of new business value metrics are needed?

Rather than searching for more business value metrics, business stakeholders felt that the ES should develop an execution plan so that the business and IT could ensure business value creation. The business stakeholders stated that the business value metrics are being placed for the following services: support and roadmap planning process, change request process and release management process. However, a few of the stakeholders responded that they were not aware that business value metrics were being used. There were also clear contradictions in answers when business stakeholders were asked about the need for establishing business value metrics. The key areas where the business stakeholders wished business value metrics to be established were almost identical to where the business value metrics had already been placed. This indicated that perhaps the concept of business value metrics was not the same for all respondents. A few of the respondents wished business value metrics for delivery, resourcing and delivery quality.

Business value can be measured by using KPI's. The respondents replied that the most important business value metrics were: KPI's covering the key services, business KPI's and the continuous stakeholder satisfaction measurement. It did not come as surprise when the business stakeholders responded that 50 % of them had not measured the added business value metrics against the achieved results and 50 % of them only measured metrics sometimes. This confirmed the observation results which the researcher had done in November 2010. The business stakeholders suggested that the business value measuring should be done through the project evaluation points, e.g. at the end of the IT project delivery and in the critical parts of the business process. In NCPM area, it was reported that when the organizational situation becomes stable it might be possible to introduce quantitative measurements. This suggested that the business stakeholders could first measure business value in non-quantitative measurements and later on move to more quantitative measurements. The respondents also felt it important that re-

sources should be allocated to do business value measurement follow-up for future IT projects. This could be done e.g. by following up the business value milestones.

The respondents and the interviewees stated that the business value metrics should be related to the customer experience and expectations. The metrics should be used to see where we are, are we in the control of the situation and has there been development. Key performance indicators (KPI) have to be clearly defined on both sides (the business and IT) ton ensure that we are steering the right things. Sometimes it is difficult to define concrete action points on the basis of the business value metric results. The business value metrics should be a part of the strategic reporting in group management meetings.

According to the respondents and the interviewees, business units are accountable for measuring and following up the business value metrics because they own the business processes and have to report to the CFO (Chief Finance Officer) of the company. Some business stakeholders did not see it fit that IT is the organization for following up business value creation.

> *”It is not up to IT to work as a police for business value creation. Business stakeholders and business units are accountable for CFO and all IT investment decisions that they make”.*

Business value creation is not seen as a problem, but the realization of the business case is. The business units and the stakeholders are also accountable for communicating the results to their own end-users. The BSMs should only be responsible for communicating the business value that they have created for the business stakeholders in the IT project delivery.

Questions 1 and 4: What expectations do business stakeholders have for ES as a service provider? How stakeholders' expectations and business value metrics can be aligned?

Enterprise Systems is seen as an internal delivery organization and therefore the business stakeholders expect that ES is delivering according to the business case plan and IT project scope. Many business stakeholders were willing to share more information and knowledge with the ES employees about the business processes. One idea was to take e.g. the BSMs to meet the partners of the business stakeholders and visit the production facilities for a better understanding of the entire value chain.

> *"I have high expectations towards ES. They can be a part of everything in the early stage, but then they have to deliver according to what is upon agreed on. Otherwise trust is lost".*

The expectations for ES as a service provider are that the delivery success rate for the IT projects is 70-100 %. Surprisingly, 91 % of the business stakeholders estimated that in 2010 these expectations were not met. The reasons for not succeeding in an IT project delivery were: the contents of the business releases were not according to the requirements of the business and therefore the business did not meet their critical targets, the lack of project management skills, overrun on budget and time and the tendency to change the business release scope from the original scope. False expectations may be created when the IT project scope changes. In the case of a scope change in the IT project, the change should be documented and the consequences should be evaluated before moving forward. The findings from expectation management between ES and the business stakeholders were similar to theoretical literature about expectation management. The same reasoning for the IT projects to fail was also causing problems on the business stakeholders' side. The business stakeholders are expecting user-friendly systems and processes where the best system solutions are being provided to them.

One clear expectation from the business stakeholders' side is that the BSMs should make the IT solution proposals for the business stakeholders more proactively. According to the interviewees, this would add value to the business stakeholders. The business stakeholders would like to see more decision makers rather than opinion makers. The solution proposals are important because the IT development is so fast that the business stakeholders do not have the latest information about IT updates.

> *"I think business value measuring process is ok, but now we need to find out how the learned insight of the business value metrics will be transformed into tangible changes and action".*

The business stakeholders feel at the moment that the following services are important and creating enough value: roadmap and planning process, ES supporting business requirements and IT solutions and delivering projects. The business stakeholders are not expecting business value creation for: cross functional business alignment or supporting and mapping processes. According to the respondents business value is created when IT has a proactive role and proposes future IT solutions that increase e.g. business process efficiency. The business stakeholders are expecting ES to close the unnecessary legacy systems which are expensive for the business and that the ES will do more system integration between different countries. In semi-structured interviews the functionality of SAP systems came up as an important discussion topic as well as getting better system support for the TeliaSonera employees.

The alignment between the stakeholders' expectations and the business value metrics can be enhanced by better communication and co-operation. The business value metrics should always be a recurring topic in the management meetings. The business stakeholders and the business units need several regular meetings (weekly, monthly, quarterly and yearly). The expectations and the business value metrics can be aligned with the help of the BSMs, because the BSMs are working as translators when it comes to technical issues and details.

> *”I’m missing the transparency of reporting, delivery mindset and stakeholder focus. We, as business stakeholders, need to know what is the expected outcome, what is delivered, who will deliver and when. This scope setting should be discussed together with the BSMs and business stakeholders”.*

> *”Nowadays I feel that there are two different agendas when business stakeholders and IT meet. This is due to the different expectations from the business and IT sides”.*

> *”I have a feeling that there’s a gap between what is expected and what is delivered. This can be due to the complicated systems and processes”.*

Regular check points are needed throughout the project execution. Having all the needed stakeholders around one table is also a good way of sharing information. The questionnaire respondents and interviewees felt that a written documentation about the business expectations and delivered business value should be evaluated in the beginning of the process and after the IT project delivery. ES should evaluate and formulate the business portfolio together with the business. Then the IT and the business targets could be aligned. The business has to clearly define business requirements so that IT can manage their expectations.

In the business stakeholder interviews it became evident that the business stakeholders do not want to be too involved with different IT organizations. This means that the BSMs are considered to be the single point of contact for the business stakeholders. If there are issues that ES employees or the BSMs have to discuss with other units they should be accountable and take things forward. The stakeholders feel that the BSMs should have more knowledge about the technical landscape of the systems and broader experience of business processes.

Question 5: How can a business relationship be better managed between ES and the internal stakeholders?

According to the Webropol questionnaire results in June-July 2011, 58 % of the business stakeholders were satisfied with ES as a service provider. Good news were that, despite of the low customer satisfaction results, 67 % of the business stakeholders felt that they had high or medium level of trust for ES as a service provider. However, those who had low level of trust said that the lack of information about the on-going and future plans of the ES, difficulties to find the right person responsible, resource capacity planning and non-prepared testing environments makes it hard to build trust. This result also confirms the results from the observation period; the business stakeholders encounter at the moment many issues which are causing problems on the business side and therefore decrease the level of trust. Misunderstandings are also created when there is little the trust. Misunderstandings also arise in situations where the business stakeholders do not know who is driving the project or how they should lead the task initiatives. According to one interviewee, when ES is communicating a technical solution, it neglects to explain the kinds of effects the IT improvement will have for the end-users and the business processes. In addition, a few business stakeholders also responded that the AMS outsourcing is still affecting the internal customers in a negative way.

The respondents felt that the most important thing for managing better relationships between ES and the internal stakeholders is to increase collaboration and communication, ensure better quality in project preparation and planning on the IT side and improve project management capabilities. One new aspect of delivering the IT projects was that there should be a clear focus why changes are made to the current IT systems, what are the concrete changes and most importantly how the changes will affect the end-users. Communicating a clear focus and need for the IT project could also help to ensure business value creation in the future. In comparison, between understanding the role of the business service manager and business process manager, 58 % of the business stakeholders understood what to expect from the business service manager. The business stakeholders' expectations

were that the business service manager works like a key account manager towards a business, is highly experienced with business processes, contributes to strategic discussions on the business side and will provide proactive feedback. The stakeholders valued the following characteristics the most in a business service manager: good communication skills, understanding business strategy and objectives, clear delivery focus and good application skills.

Business relationships could be managed better if the ES employees would have clearer principles of working. For example, a BSM has to understand the time required for getting things approved inside ES. According to one interviewee, there have been cases where the proposed plans have been late due to bad time management and where the proposals have had contradictions compared to an earlier proposal already agreed upon. Communication and decision making inside ES are seen as complicated and inefficient. The business stakeholders say that the business and IT are too often stuck with too many formalities which hinder the planned IT project delivery.

> *” It is not uncommon that when you ask something you could get 5-6 different answers depending who you are asking from. Sometimes ES own employees start to question the project delivery even though it is done by ES employees. To my opinion, this has created confusion from both BSM and our side”.*

A discussion between the business and the BSMs should be transparent, goal-oriented and proactive. The characteristics of a good business service manager did not differ much from the characteristics mentioned in the literature and strengthened the feeling that the business stakeholders had understood well what they can expect from an ES business service manager. The improvement areas for the BSM function are: understanding business strategy and objectives, trustworthiness and better understanding of business processes.

> *”When asking for estimate about the needed resources for the project, sometimes its hard for us to know if the required resources are aligned with the work being done. This is something where BSM competence could help to challenge the price”.*

Based on the opinions of the business stakeholders, the most important ES development focus areas for the year 2012, which improve the IT project delivery and business relationships, are: better enabling of strategic imperative targets, implementation of a global SAP solution and ensuring better quality in key business processes. For better business relationship management the business stakeholders would suggest that the quality from the external supplier (India) would be a key topic for ES and that a business service manager would have a closer dialogue with the business about the business requirements in the IT projects.

In the IT roadmap planning, the business stakeholders are responsible for prioritizing the upcoming IT projects. The IT roadmap needs to be aligned so that the IT resources can mach the business needs. One must, however, take into consideration that the budgets might be different in a business portfolio and an IT roadmap. This means that if the business wants to execute all the projects they probably need to find some extra funding.

> *”Sometimes we are too optimistic or too eager to help. IT project should be mainly driven by the business”.*

The IT roadmap should be planned so that there is a categorization for the IT projects: big, medium and small. This could help to allocate the IT resources better. What usually happens is that even though the scope of the project is fixed, there are always minor changes. This is due to the lack of understanding of the business process and technical implementation. This leads to a situation where more money or more time is required when the scope of the project has slightly changed. One suggestion was that in each IT project there could be two allocations for resources: 50 % for specific changes and 50 % for small development and unexpected changes. This way the budgeting and resources would be sufficient for the pro-

jects. In addition, the business stakeholders felt it important that there should be a technical specialist involved in the early stage of the project to prevent unnecessary change requests.

There should also be one place to store all the IT project documentation on the Group IT level. This could help sharing the best practices and lessons learned. However, this would mean that there should be a group of people assigned to find and evaluate the best practices. Storing information in one place is not a solution. When collecting feedback with the help of ES customer satisfaction survey, ES should communicate the upcoming action plan for the future. According to the interviewees, collecting feedback is merely not enough.

5 CONCLUSIONS

This chapter focuses on summarizing the scope of the research, the research questions, and the used research methods and data acquisition. In this chapter, the previously presented research data is analyzed and based on that, recommendations for the ES management team are made. Chapter 5 includes a short summary of the theoretical framework, the research evaluation, suggestions for further research and researcher's thoughts about the research process.

The goal of the thesis was to find out: how can the use of business value metrics in ES improve business performance and create value for business stakeholders? The researcher needed to find out what expectations the business stakeholders had for ES as a service provider and whether they used business value metrics. Then the researcher needed to study how ES could measure business value. Important part of solving the research problem was to find out whether the stakeholders' expectations and business value metrics could be aligned when planning the business case. Final part of the process was to find out how business relationship between ES and the internal stakeholders could be managed better.

The information gathered from the theoretical framework demonstrated that research problem was recognized as a real problem all over the world in IT businesses and that there had been some discussion between specialists on how it could be solved. It was said that there should be a linkage, the BSM unit, between the business and IT to ensure better understanding what the created value is and when it is delivered in the IT projects. Many written sources demonstrated that the business value metrics should be used to ensure business value creation when planning the business cases, yet many companies failed to utilize them. This was due to the fact that measuring value is difficult and in many cases the co-operation between the business stakeholders and the BSM unit was not working well enough. The theoretical framework demonstrated that the business value metrics should be aligned with the stakeholders' expectations to better manage business relationships. The alignment could be done in many ways, but according to Gartners' research, the alignment should be done by using three different groups: run-

the-business, grow-the-business and transform-the-business. When the business value metrics are in place and in use, they can ensure better communication and also help demonstrate business value which is created after the IT solution implementation. The research results about business value creation are aligned with the literature.

The research was conducted by first determining the research problem with the thesis mentor and then by studying the literature about creating business value, business value metrics, expectation and business relationship management. The researcher also interviewed Gartner specialists to gain fresh information on the subject and to find out what successful methods could be benchmarked to the case company. On the basis of the theoretical framework, the researcher planned the online Webropol questionnaire together with the director of BSM unit. After the evaluation of questionnaire the researcher and the thesis mentor decided which persons were interviewed by using TelePresence service and telephone. The researcher kept an observation diary during the research period, November 2010 - July 2011. After the evaluation of the answers from the questionnaire and the interviews, the researcher felt that the answers met the researcher's perception about the current situation between the business stakeholders and the BSM unit.

During the research process the researcher observed that the ES BSM unit was not working according to the business value process presented by Sward (2006, 47-53). There were gaps in the following steps: step four: estimating return of investment (ROI) happens when the IT project managers identify costs and benefits of the proposal and see what impacts it has for business value: step eight: creating the business value metrics plan; and step eleven: measuring if business value was created. The researcher also observed that it was demanding for the BSM unit to manage the different stakeholder groups because they were all competing of ES resources and each business stakeholder group was trying to prioritize their own IT projects. The researcher also observed that even though the business stakeholders had said that they were using the BSMs as single point of contact, this was not the case. Sometimes the business stakeholders made direct contact with other ES units to find out about the project’s status, for example.

In the evaluation of my research, I have used a model of stakeholder issues matrix (see Appendix 5), which Freeman et al. (2008, 107) presented, as a layout model for describing some of the research conclusions. I have chosen the matrix, because to me, it simplifies how to describe the stakeholder expectations and values. I have changed the stakeholder names in the model to describe ES main stakeholder groups. The matrix is used as a tool to help the BSM managers to manage stakeholder expectations. Despite the simplicity of the model, one can notice that it helps to clarify the importance of different issues.

TABLE 3: ES stakeholder issues matrix

Stakeholders / Issues	Finance	HR	Procurement	Logistics	NCPM	Group IT
Communication	1	1	3	3	1	1
Proper follow-up of created business value	3	3	5	3	1	1
Business value metrics	3	1	3	5	3	1
Business relationship management	1	1	3	1	1	1

1= Critical importance to stakeholder
3= Somewhat important to stakeholder
5= Not very important to stakeholder

Table 3 summarizes how important the ES main business stakeholders feel communication, proper follow-up of created business value, business value metrics and business relationship management to be. Information in Table 3 is gathered on the basis of stakeholders' answers from the online questionnaire, the semi-structured interviews and observation. The results from the Group IT level confirmed the researcher's observations of the importance of the studied issues.

However, one must remember that the opinions from Group IT stakeholders consist mainly of top management opinions. When comparing the answers in each stakeholder group, it was noted that the importance of business relationship management was critical to most stakeholder groups. The business value metrics were, however, somewhat important to the stakeholders. This finding could indicate that the business value metrics as a concept may be a bit foreign to the stakeholders. According to the literature business service managers should communicate properly created business value by using the business value metrics. It came as a surprise that in the Procurement area the business stakeholders felt that all issues where either somewhat important or not very important.

The key findings of the research are listed in Table 4. The answer to the main research question is that business value is not the only key to help solving the expectation gap between the business and IT. There has to be better co-operation between the BSMs and the business. Better stakeholder communication, common methods of working, sufficient employee resources in the BSM unit, clearer definition of business requirements and IT project scope have to be in place for better business value creation. The research findings establish a link between the theoretical framework and daily observations.

TABLE 4: Key findings of the research

1. Business value The business stakeholders were not so familiar with the concept of business value or how it is created. However, they have expectations that business value should be communicated more clearly and in a visible way.
2. Business value monitoring Reasons for not monitoring or measuring business value are: business stakeholders do not have certain elements placed in their business processes or they do not have the resources to perform such measurements after an IT project is done.
3. Business value metrics New business value metrics are not needed but there should be better plans for action on the basis of business value metric results. Business value creation is not the problem but business case realization is. There are problems of deciding who should do the measuring or who is responsible for setting up the plan for creating business value.
4. Expectation management The business has to clearly define what it wants and the BSMs have to prepare proper documentation together with the business. The business stakeholders have many expectations for ES, but proper co-operation is lacking between the business and ES business service managers. E.g. there is a need for more effective distribution of information about the IT project status. **BSM unit needs developing in following areas** - communication towards business stakeholders, more effective internal communication, written documentation about expectations and business value creation, a common way of working with business stakeholders, effective decision making, better understanding of business processes and system's landscape architecture.
5. Business value process in ES ES way of working in business value process is not supporting the theory. E.g. gaps found in steps: creating business value metrics plan and measuring business value.
6. Business stakeholders working with ES The stakeholders expect the BSMs to be the single point of contact in ES, but some stakeholders are still trying to directly contact other ES departments such as Application Design management and Service Delivery management.
7. Main development areas for ES in the year 2012 - improving IT project delivery and business relationships, better enabling of strategic imperative targets, implementation of a global SAP solution and ensuring better quality in key business processes.
8. Resourcing IT roadmap and upcoming IT projects should be planned together with the business to assure IT resourcing.

Evaluation of the research

Based on the key findings of the research, the researcher can state that research questions were answered and the main problem was solved. The research scope was achieved because the researcher uncovered the expectations of the business stakeholders and was also able to give recommendations how business value metrics could help better manage stakeholders' expectations. The validity of the research can be stated to be good because the chosen research methods helped the researcher to find answers to the research questions. The information gained from the online questionnaire, semi-structured interviews and observation reflected the real situation in the BSM unit and on the business stakeholders' side. In addition, the research results supported the information in the theoretical literature (see e.g. Hunter and Westerman 2009). The chosen theoretical background literature supported the research questions and the phenomena which were studied. The research results also supported the researchers' observation results. The research strategy was appropriate for the research, because a qualitative case study reflected the current situation in the BSM unit. The reliability of the research can be stated to be good because the research results are not incidental. The researcher has planned the research carefully, used correct research methods in data acquisition and accurate analysis of the research data.

The results may have been influenced by the fact that even though the organization change from CS to ES was made in November 2010 and the BSM unit was established as a new unit, the BSM unit still did not have the needed resources for an operational mode. The BSM unit's official kick-off meeting for the business stakeholders was in February 2011. In June 2011, the BSM unit had 60 % of the needed resources at its disposal. Some difficulties were also due to the fact that internal roles and responsibilities in ES were partly unclear and the BSM unit was trying to find its place in the ES organization. It was also a new situation for the business stakeholders to operate with the BSM unit, so the attitudes from the business stakeholders' towards the new BSM function might have been a bit skeptical and having too high expectations. Should the research be conducted e.g. in 2012-2013 the results may well be different, but the benefits for developing business relationship management might not have been realized. The timing of the

first empirical part of the research might have affected the online questionnaire's results, because the online questionnaire link was sent out at the beginning of the summer holiday season (June 2011). The timing for conducting the online questionnaire was, however, taken into consideration by the BSM unit director and the researcher by making sure that the business stakeholders got email reminders to respond the questionnaire and internal informing about the research. Other reasons behind the low response rate to the online questionnaire may be due to the timing, organizational changes in the business stakeholder organizations or the lack of interest to the develop the BSM function in ES. The internal informing of the business stakeholders not have had the impact that researcher and thesis mentor hoped for. The different organizational situations in which each business stakeholder group was in may also have influenced the given answers. The researcher, however, gained a lot of useful information from the online questionnaire and was able to plan the semi-structured interviews so that the research questions were answered.

The research was completed within the originally planned schedule. It was a good decision to conduct an exploratory case study because I felt that it was very close to reality and helped in answering a complex problem. I am content having used the online questionnaire, the semi-structured interview and observation as research methods because with the help of the online questionnaire I was able to map the stakeholders' expectations and find the gaps and similarities in the current situation. As discussed in Paragraph 3.2, it was a good decision to use the interviews because the interviews enabled me to delve deeper into the study subject and get concrete ideas for improving the co-operation between the business stakeholders and the BSM unit. In my opinion, I was able to combine theory and practice by developing a new way of working for the business stakeholders. The importance of business value creation and use of business value metrics in reporting gave new insight into the director of the BSM. In hindsight, I think that the director of the BSM unit was the main beneficiary of the research along with the business stakeholders. In my opinion, I succeeded in observing, studying and exploring the subject from a neutral point of view, since I was a new employee in the ES organization and therefore did not have preconceptions about how things should have been

done between the business stakeholders and the BSM unit. By the end of the empirical research, it became evident that without proper business value metrics measurement real business value cannot be demonstrated. It has also become apparent that demonstrating business value helps to better manage internal business relationships.

The context of research problem was intriguing, because there are not many case studies in which the same problem would have been resolved. The solution is a combination of many different things: better reporting of the right things, more open communication and co-operation, true understanding of business value creation and the importance of business value metrics combined with expectation management. This case study has created new information about the expectation management in the ES organization. Solving this research problem has created an improved model of action between the business stakeholders and the BSM unit. The research problem was solvable but improving the situation will call for closer cooperation between the business stakeholders and the BSM function in the future. The research had a significant impact for the BSM function, because the BSM's inability to create and communicate business value by delivering IT projects, could lead to a chance of ES having even more unsatisfied customers and internal operations developing in the wrong direction. The research results can be seen beneficial to the ES management team and on the Group IT level because the check-list can be benchmarked to other units. The research results can be said to be indicative and beneficial to international companies but not to be generalized as such to IT companies which have BSM functions and are operating in the IT sector. This is due to the small research sample size and the small number of respondents participating in the online questionnaire. In addition, the case study reflects current situation in Enterprise Systems. The theoretical framework describes the challenges of creating business value in IT industry well and can be used as study material for similar case studies.

In the original plan of the thesis process it was intended that the researcher would have conducted workshops with the ES management team further develop of plan of conduct. Due to the changes in TeliaSonera this, however, was not possible. In hindsight, using the workshops might not have brought added value to the research. However, it is possible that some new ideas might have come up from the business stakeholders. The researcher gave a presentation about the conclusions and research findings to ES management team in October 2011, and handed out a plan of conduct for the year 2012. I see this research as a new step towards understanding the complexity of business relationship management in IT business and business value creation.

Recommendations for ES management team

As a unit, ES has shifted from merely maintaining networks, into productive and efficient performance. Before ES can bring strategic value for the business it has to build credibility by proving its value for money. In Table 5 the researcher has summarized a list of recommendations for the ES management team for the year 2012. Firstly, ES business service managers should start discussing the needs and expectations of business owners. This means implementing, following and communicating business value metrics with the business stakeholders. ES should identify each expectation within each IT project and determine the business value metrics for it. The criteria for success or failure should be determined and tracked with the help of metrics. Expectations, metrics and success criteria should be communicated to employees and to the business. Should problems arise, threats for success should be tracked and communicated. The business stakeholders are interested in business processes, because by improving their efficiency, a business can fulfill its business strategy better. The ES management team should help the business owners to make better IT decisions and align metrics to them. For the ES to be successful, the IT performance and value needs to be focused on IT contributions to business performance and business outcomes, not to the performance of IT's hardware / machinery. Communicating value is all about business, not about IT.

Secondly, the ES management team should utilize Gartner specialists in order to build business value metrics for IT projects. A clear plan must be created to ensure that both the business and IT know how the success of IT projects is measured in the future. Thirdly, a check-up should be done with the business stakeholders about upcoming IT project resourcing. Fourthly, the business service managers should identify different stakeholder management strategies for each stakeholder group for the year 2012.

In addition, as a long-term improvement, the ES business service managers should focus on improving business performance. This can be done by educating the project managers about the business processes and stakeholder needs. The ES business service managers should set up quarterly meetings with the business stakeholders where plan of benefiting each IT project will be checked. In addition, educating the internal project managers will create more trust in the business stakeholders and help keep the project management know-how in ES organization. ITIL and Six Sigma training will strengthen the continuous service improvement mentality. The business relationship management concept should be studied more carefully to ensure that the best practices are used.

TABLE 5: Recommendation list for ES management team

Item	Suggested action	Status
1	Discussing the needs and expectations with the business stakeholders → implementation of business value metrics to each IT project (including follow-up and communication of business value metrics). This means that the business stakeholders and the BSMs should work together so that the expectations from the business stakeholders are being documented and followed up with business value metrics. The success of an IT project could be measured with the help of the smiley-rating (Figure 14), for example.	open
2	Discuss with Gartner specialists how to build up a business value metrics for the IT projects in different scope categories: run-the business, grow-the business and transform-the-business	open
3	Make a plan how to measure the success of an IT project more clearly between the IT and the business → at the end of the IT project there should be a clear consensus whether the project succeeded or not	open
4	Do a check-up with the business stakeholders concerning the upcoming IT project resources for the year 2012 → which projects will be done and with what kind of resources?	open
5	Identify stakeholder management strategies for year 2012 (Figure 10)	open
6	Find out how to focus more on improving business performance → Educate the business service managers (BSMs) about the business processes to gain a deeper understanding of the customer processes	open
7	Set up quarterly meetings with the business stakeholders where a plan of benefiting each IT project will be checked	open
8	Educate the internal project managers instead of using external project managers → creates more trust in the business stakeholders and keeps the project management know-how in the ES organization	open
9	Hire the rest of the missing BSMs (40 % lack of resources) & ensure that the external employees in the BSM unit have support from other ES units	ongoing
10	Get to know the business value process and close the gaps (Figure 8)	open
11	Continue ITIL and Six Sigma training for the ES employees to ensure that the continuous service improvement perspective roots in the ES organization	ongoing
12	Enhance actively business relationship management e.g. co-operation meetings, documented expectations for IT projects, etc.	open

If ES fails to create and communicate IT value, there is a risk is that a business will drift even further away from Group IT. In the worst case scenario IT and ES are viewed as outsiders. The ES management team should demonstrate the value for money and effective business involvement in the IT decision making. The expectation management has been viewed as a risk, because business demands do not meet the ES resources. From ES management team's the point of view, there seemed to be too many projects and not enough resources to execute all of them. A check-up is necessary when the ES and the business stakeholders discuss the upcoming IT projects for the year 2012.

According to the literature and the research results, involving IT specialists in business meetings, for example, IT can help identify ways which can make the business more efficient or more effective. The decisions about initiatives should be made in consensus together with the business and the IT. The initiatives should also be aligned with the business vision and supported by the business model. When starting a new IT project, ES should discuss expected benefits with the business stakeholders. The benefits can be divided into two categories: the hard benefits and the soft benefits. The hard benefits can be measured financially while the soft benefits can be measured only in operational terms, if at all. (Hunter & Westerman 2009, 128.) Enterprise Systems should arrange regular planning sessions (e.g. quarterly) with the business stakeholders to ensure the proper resourcing for future IT projects. ES as an organization should develop a systematic approach to up-front problem analysis and business process analysis before launching the IT projects, to improve business performance.

When introducing a business case, the BSM unit should describe the benefits of implementing proposed IT solution to the business stakeholders what the expected business value is. The business value metrics need to be aligned with the expectations on both sides. Later on, the business case will operate as a reference when the business value metrics are compared against the achieved results. It is also the up to the professionalism of the BSM to understand each initiative's expectation from the business and choose the relationship model which is best suited for the

situation. Each business case requires pre-analysis before project engagement. With effective project execution, value can be added if the business value metrics are in place. In addition to the BSM function, the model in Figure 10 can be used to identify the stakeholder management strategies. Especially a strategy for managing swing stakeholders should be done for the year 2012 because swing stakeholders have a strong ability to influence the outcome of different situations.

On the basis of the research, project management and BSM function require more attention. Many business stakeholders are unhappy with the way the BSM unit and ES are working. Gentle (2008, 136) lists common best practice methodologies of improving project management in the IT field: ITIL, Six Sigma, Prince 2 and CoBIT. In autumn 2010, the ES management team started to take a closer look at ITIL and Six Sigma. The researcher suggests that the ES management team should supervise how these two methodologies will produce results in the near future. The ES management team could perhaps further study an IBM service called Tivoli BSM database, which enables alignment of IT and human resources utilization to meet business priorities. This service could help manage human resources better in end-to-end perspective.

Enterprise Systems could begin measuring the business value by using Net Promoter Scorecard (NPS) by implementing e.g. smiley face measurement system. The NPS is used to measure the loyalty of a company's customer relationships (Wikipedia 2011). The NPS could be used after the IT project delivery by the business stakeholders to evaluate the success of IT project delivery in the scale from 0-10. The NPS can be calculated so that the percentage of a smiley face is subtracted from the percentage of a non-happy smiley face. Figure 14 presents a few examples by using the calculation formula of NPS. The NPS score of over 40 % is considered to be extremely good.

Smiley Rating target > 40 %	10 - 9	8 - 4	3 - 0
Number of respondents	2	6	2
% number of respondents	20 %	60 %	20 %
→ NPS % – %	20 % - 20 % = 0 % → under target		
Number of respondents	4	4	2
% number of respondents	40 %	40 %	20 %
→ NPS % – %	40 % - 20 % = 20 % → closer to target		

FIGURE 14: Smiley rating example

Based on the findings presented above, the researcher recommends the ES management team to evaluate and carry out the plan of conduct (Table 5) as their next step. Circumstances in the ES organization and on the business stakeholders' side were taken under consideration when planning the plan of conduct for the ES management team. One key recommendation for the ES management team is that they should discuss the research findings with the stakeholders in workshops and try to improve the level of business relationship management.

Areas for possible future study

The suggestions in this paragraph are just a few possible areas for further study for the ES to investigate. The research in this thesis may be extended in several directions in the future. During the execution of the research some ideas were created for future study. One interesting future study could be finding out how CIO in Group IT level could pursue a peer-level partnership with the CEO to better support business strategy. The acquired information could be used for the development of Group IT level functions. It would also be interesting to investigate how the implementation of business value metrics and managing documented expectations has influenced the way business stakeholders view IT as a service provider in

TeliaSonera. This study could be conducted over a longer period of time, e.g. 3-5 years and with a wider target group. In order to generalize the results, similar research needs to be conducted in other IT units in international companies. The future studies could consider interviewing business stakeholders and IT personnel on different levels within the TeliaSonera or other organizations. In a future study, it would be useful to discover how the BSM unit has developed during the next 2-3 years. This could provide a good insight into lessons learned and what are the best practices in implementing a BSM unit to an IT organization.

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APPENDICES

APPENDIX 1: Questionnaire for business stakeholders

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Dear Participant,

The aim of this online questionnaire is to help collect research data for Master thesis on:

"Adding value by aligning business value metrics based on stakeholder expectations", as a partial requirement for the completion of my program: Master's Degree Programme in Entrepreneurship and Business Management at Lahti University of Applied Sciences.

The information gathered from this questionnaire is non-transferable to other people, projects or organizations. The privacy of the interviewee as well as his/her company unit is assured, as researcher only has access to the given answers. Research results will be reported anonymously so they can not be linked to a single respondent.

Responding to the questionnaire takes about 10-15 minutes. I want to thank you in advance for your participation to the research.

The thesis will be available in Theseus in the beginning of year 2012: https://publications.theseus.fi/?locale=lfi

Sincerely Yours,

Sirpa Kirjola

Please note: *if you any questions please contact me through:*

sirpa.kirjola@teliasonera.com, or +358-4030-25122. Thank you

Part I: Background

1. Stakeholder group *

- ◯ Finance
- ◯ Human Resources (HR)
- ◯ Logistics
- ◯ Network construction process management (NCPM)
- ◯ Procurement
- ◯ Group IT

2. Do you have your own, named ES business service manager (BSM) resource assigned to your unit? *

- ◯ Yes
- ◯ No

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Part II: Creating business value

"What expectations do business stakeholders have for ES as a service provider?"

3. What ES services are adding enough business value to you at his stage? Choose three services on the scale of 1-3, 1 being the most important

	1	2	3
Roadmap & planning process	○	○	○
Cross functional alignment of service deliveries (business & IT)	○	○	○
Support defining business requirements and related IT solutions	○	○	○
Projects delivery and support	○	○	○
Change Request process	○	○	○
Process documentation methodology and tools	○	○	○
Release Management process	○	○	○
Support process	○	○	○
Operational maintenance and system performance	○	○	○
Other 1, please specify	○	○	○
Other 2, please specify	○	○	○
Other 3, please specify	○	○	○

4. Are there services mentioned in question 3 above where you would not expect ES to deliver business value? *

- ○ If yes, please specify
- ○ No

5. In a larger view, when does IT create business value for you? *

- ○ When IT has a passive role and provides resources that will support you and understands and can translate your requirements into proper IT solution in alignment with your expectations
- ○ When IT has a proactive role and proposes future IT solutions that should provide increased business process efficiency and also challenges validity of business requirements raised from your organisation when IT considers it appropriate
- ○ A combination of the two above that differs between what service to service (If so please explore which service you would expect what).
- ○ Other, please specify

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Part III: Business value metrics

What kind of business value metrics exists at the present state? How ES can measure business value? What kind of new business value metrics are needed? How stakeholders' expectations and business value metrics can be aligned?

6. In which services do you see that business value metrics are in use? *

- [ ] Roadmap & planning process
- [ ] Cross functional alignment of service deliveries (business & IT)
- [ ] Support defining business requirements and related IT solutions
- [ ] Projects delivery and support
- [ ] Change Request process
- [ ] Process documentation methodology and tools
- [ ] Release Management process
- [ ] Support process
- [ ] Operational maintenance and system performance
- [ ] None of the above
- [ ] Other, please specify

7. In terms of the specific services provided by ES, what are the key areas where you would like to see business value metrics to be established? *

- [ ] Roadmap & planning process
- [ ] Cross functional alignment of service deliveries (business & IT)
- [ ] Support defining business requirements and related IT solutions
- [ ] Projects delivery and support
- [ ] Change Request process
- [ ] Process documentation methodology and tools
- [ ] Release Management process
- [ ] Support process
- [ ] Operational maintenance and system performance
- [ ] None of the above
- [ ] Other, please specify

8. How important do you consider the following business value metrics to be?

	very important	moderate importance	not important
Key performance indicators (KPI's) covering the key services	○	○	○
Business KPI;s related to key activities/procedures	○	○	○
Continuous stakeholder satisfaction measurement (e.g. smiley-rating)	○	○	○
End-user satisfaction survey	○	○	○
Other 1, please specify	○	○	○
Other 2, please specify	○	○	○
Other 3, please specify	○	○	○

9. After IT solution and/or process improvement has been implemented (such as project delivery, change request etc) have you measured the added business value metrics against the achieved results? This means before and after measurement. *

- ○ Yes
- ○ No
- ○ Sometimes

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10. You have chosen yes or sometimes to the question: "After IT solution and/or process improvement has been implemented (such as project delivery, change request etc) have you measured the added business value metrics against the achieved results? This means before and after measurement."

Please provide at least one example state whether this example is something you consider being a positive point of reference / lessons learned / how not to measure *

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Part IV: Expectation business & relationship management

"How business relationship can be managed better between ES and internal stakeholders?"

11. What are the key three elements that we need to improve to ensure successful IT project delivery in general? Choose three elements on the scale of 1-3, 1 being the most important

	1	2	3
Increased quality in project preparation and planning on IT side	○	○	○
Increased quality in project preparation and planning on Business side	○	○	○
Increased collaboration and communication between IT and Business	○	○	○
Increased quality in the decision materials	○	○	○
Increased business commitment towards project	○	○	○
Increased IT commitment towards project	○	○	○
Improved Project Management capabilities	○	○	○
Other 1, please specify	○	○	○
Other 2, please specify	○	○	○
Other 3, please specify	○	○	○

12. In your view, what are the key three elements that we need to ensure successful long term Enterprise roadmap planning? Choose three elements on the scale of 1-3, 1 being the most important

	1	2	3
Increased collaboration between Business and IT	○	○	○
Better planning foundation in terms of joint structure and templates	○	○	○
Clear guidance from EASG (Enterprise Area Steering Group) regarding long term target picture?	○	○	○
Clear guidance from PASG (Process Area Steering Group) regarding short term target picture?	○	○	○
Cross functional (group functions e.g. Procurement, Finance, HR) collaboration in project planning and targets	○	○	○
Shared target picture on group level and group	○	○	○
Better co-operation and alignment with Business Area roadmaps	○	○	○
Other 1, please specify	○	○	○
Other 2, please specify	○	○	○
Other 3, please specify	○	○	○

13. In what level do you trust ES as a service provider? *

- ○ High
- ○ Medium
- ○ Low

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14. You have chosen C low to the question: In what level do you trust ES as a service provider?

Please briefly explain why / what factors have influenced? *

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15. Give estimation / your opinion about the success rate of IT projects that ES has delivered in year 2010? *

- ◯ 10-30 % of projects delivered successfully
- ◯ 40-70 % of projects delivered successfully
- ◯ 70-100 % of projects delivered successfully

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16. You have chosen 10-30 % or 40-70%, which is lower than the ES target level, to the question: Give estimation / your opinion about the success rate of IT projects that ES has delivered in year 2010?

Please could you explain / give reasoning in more detailed level? *

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17. Choose your three most important focus areas for the year 2012 in which ES IT projects could support you. (scale of 1-3, 1 being the most important)

	1	2	3
Efficient business processes (cost reduction)	○	○	○
Better quality in key business processes (functionality)	○	○	○
Increase business performance (run-the-business)	○	○	○
Enable your strategic imperative targets	○	○	○
Implement common ways of working	○	○	○
Implement global processes	○	○	○
Implement global solution	○	○	○
Other 1, please specify	○	○	○
Other 2, please specify	○	○	○
Other 3, please specify	○	○	○

18. Do you have a clear understanding of what to expect from the Business Service Manager role? *

- ○ Yes
- ○ No

19. Please tell us what do you expect from Business Service Manager role? *

20. What are the top three characteristics you want from a BSM resource? (scale of 1-3, 1 being the most important)

	1	2	3
Good communication skills	○	○	○
Good organisation skills	○	○	○
Trustworthy	○	○	○
Understands the business strategy and objectives	○	○	○
Understands the business processes	○	○	○
Good application skills (SAP)	○	○	○
Other 1, please specify	○	○	○
Other 2, please specify	○	○	○
Other 3, please specify	○	○	○

21. What are the top three areas where you would like to see the BSM role to improve? (scale of 1-3, 1 being the most important)

	1	2	3
Good communication skills	○	○	○
Good organisation skills	○	○	○
Trustworthy	○	○	○
Understands the business strategy and objectives	○	○	○
Understands the business processes	○	○	○
Good application skills (SAP)	○	○	○
Other 1, please specify	○	○	○
Other 2, please specify	○	○	○
Other 3, please specify	○	○	○

22. Do you have a clear understanding of what to expect from the Business Process Manager role? *

- ◯ Yes
- ◯ No

23. Please tell us what do you expect from Business Process Manager role? *

24. How satisfied are you towards ES as a service provider? *

- ◯ Very satisfied
- ◯ Somewhat satisfied
- ◯ Average
- ◯ Somewhat unsatisfied
- ◯ Not satisfied at all

25. We are interested in any other comments you might have concerning ES managing business relationships (suggestions, feedback etc). Please write in the space below any thoughts you would like to share with us.

26. If you feel that you would like to leave your answers and feedback officially, please fill in your email address.

Email address

100% completed (9 of 9 pages)

☐ I want to submit my answers

Submit

APPENDIX 2: Emails sent to the business stakeholders

Subject: Business stakeholder questionnaire

Dear all,

We are doing research about Business value creation in BSM function, Enterprise Systems towards our stakeholders.
You have been chosen from our group of business stakeholders and we would greatly appreciate if you could answer our questionnaire.

Benefits for answering this questionnaire is that you can be part of development of BSM functionality in Enterprise Systems
and give your opinion how busines value creation should be done in IT organization. You can also give important feedback how do you perceive our deliverables and services at this stage.

Your personal link to the questionnaire: [#codelink]

Responding to the questionnaire takes about 10-15 minutes. Please respond to the questionnaire **by latest 23.6.2011.**

Thank you for your response!

Best Regards/Med vänlig hälsning/Ystävällisin terveisin,
Andreas Masuch and Sirpa Kirjola

Subject: Please respond to: Enterprise Systems Business stakeholder questionnaire

Dear all,

We are doing research about Business value creation in BSM function, Enterprise Systems towards our stakeholders.

You have been chosen from our group of business stakeholders and we would greatly appreciate if you could answer our questionnaire.
The size of the research sample (business stakeholder participants) is small so your contribution is very important for the success of our research!

Benefits for answering this questionnaire is that you can be part of development of BSM functionality in Enterprise Systems and give your opinion how busines value creation should be done in IT organization. You can also give important feedback how do you perceive our deliverables and services at his stage.

Your personal link to the questionnaire: [#codelink]

Responding to the questionnaire takes about 10-15 minutes. **Please respond to the questionnaire by latest 15.7.2011.**

Thank you for your response!

Best Regards/Med vänlig hälsning/Ystävällisin terveisin,
Andreas Masuch and Sirpa Kirjola

APPENDIX 3: Questions for business stakeholder interviews

1) What does business value mean to you?
1a. Could you please give an example?
1b. How do you create business value?

_____
_____

2) How would you prefer that business value is to be communicated?
2a. What kind of business value metrics should be implemented?

_____
_____
_____

3) In your opinion, who is responsible for measuring, communicating and following up business value metrics?
3a. Could you please specify why?
3b. In your perspective, do you have ideas how measuring, communicating and following up should be done?
3c. How often would like to get on update about created business value?

_____
_____
_____
_____

4) What expectations do you have towards Enterprise Systems?

_____
_____

5) How do you see that business value metrics could help managing stakeholder expectations?

_____
_____

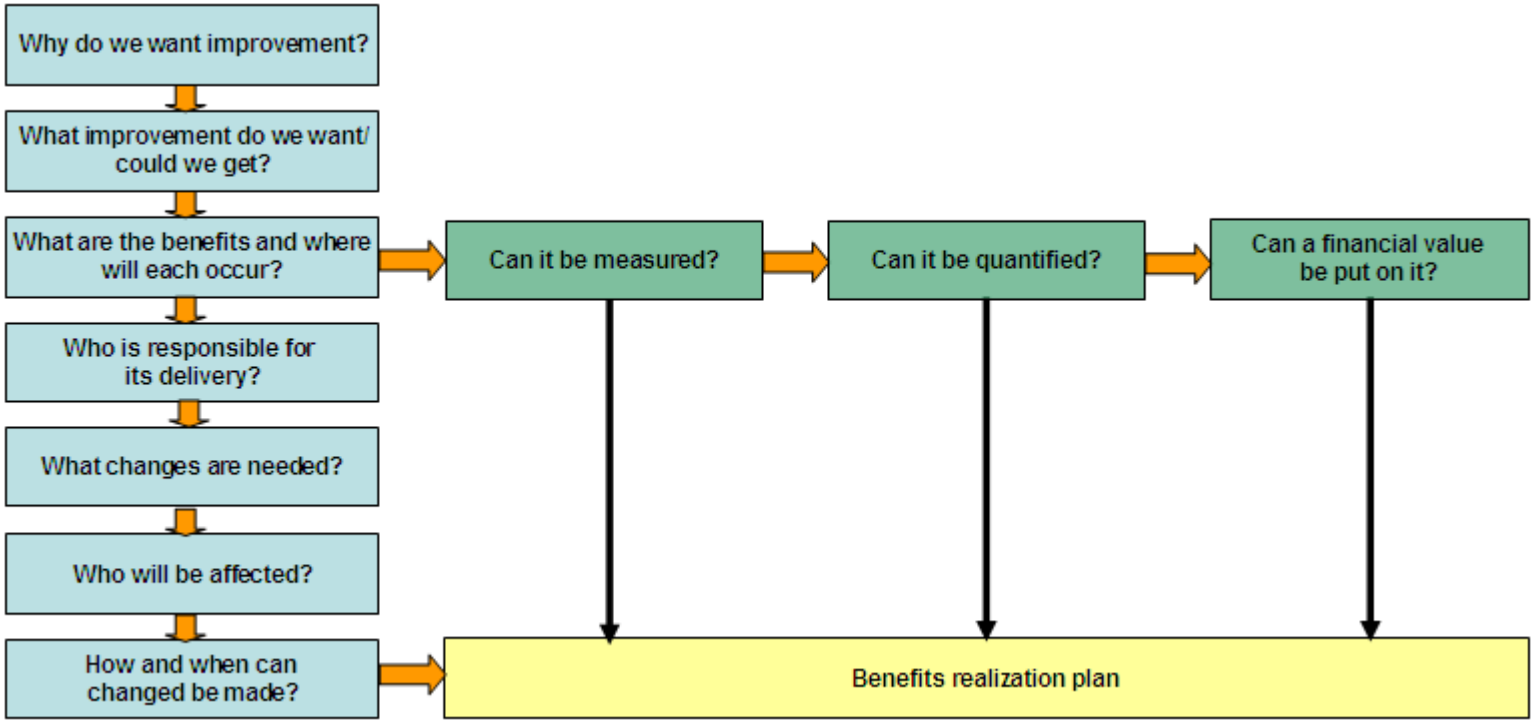
6) Where do you think the most common misunderstandings come in IT project delivery?
6a. How do you see this affecting to business relationship management?

_____
_____

7) In your perspective, what needs to happen that business relationships are better managed?
7a. Could you please give an example?

_____
_____

APPENDIX 4: Key questions in developing a benefit plan



Key questions in developing a benefits plan (Ward & Daniel 2007, 112)

APPENDIX 5: Model of stakeholder issues matrix

Stakeholders / Issues	Employees	Customers	Government	Community	Shareholders
Product Safety	3	1	1	1	3
Integrity of Financial Reporting	1	3	1	3	1
New Product Services	3	1	5	3	3
Financial Returns	3	5	5	5	1

1= Critical importance to stakeholder
3= Somewhat important to stakeholder
5= Not very important to stakeholder

Stakeholder issues matrix (Freeman et al. 2008, 107)

APPENDIX 6: Structure of Group IT and case organization Enterprise Systems