Building a Business Case for Investment in MarTech is something that almost every organization is doing today in one way or another. As mentioned in an earlier video, MarTech is now the largest investment that is made in Marketing. Therefore, it's important to get it right as it's a significant investment and needs to be done correctly.

I have been in so many meetings with clients in which the CMO will turn to the head of Marketing Operations and ask why the company doesn't have a certain technology yet or why a certain MarTech investment isn't paying off yet. Whatever the response might be, it should always be grounded in data that is generated and used to justify the procurement of a particular marketing technology and the timeframe necessary to realize the return on investment.

There are really four major stages to developing a Business Case for a MarTech investment to senior management of a company. The most important thing to remember is that it's never about the technology, it's about the business goal that the technology helps the company achieve. The four stages are:

1. Introduce the current business situation and challenges
2. Identify the primary business goals of the company based on those challenges
3. Introduce the Strategic Marketing Plan and then the MarTech Strategy and Roadmap as a solution that is necessary to the plan
4. Present a cost-benefit analysis. Justify the MarTech Investment with existing company Data, Industry Benchmarks, etc., showing clear ROI by projecting both savings and incremental revenue and profitability to be generated

So, let's look at these four stages in a bit more detail, keeping in mind that presenting a business case is no different than telling a story to a large extent.

First, it's always important to level set the audience by validating the current business situation and current challenges, etc. Some companies have strong strategic leadership and identify clear business goals and strategies around which the firm should align every year. Most companies today, however, are sales and operations oriented and run by the seat of their pants, chasing revenue and cutting costs when revenue is down. Also, they don't often have the talent or leadership to take the business to the next level.

Either way, it's important to build a business case by first clearly articulating where the business is today and to identify the main challenges the business is facing. This should all be supported by current company data on revenue, market share, industry trends, competitors and some version of a SWOT analysis within a MarTech context

Next is to clearly play back the business goals and strategies of the company - as they have been identified. It's important to stay focused on what the company has already identified as important instead of trying to persuade management to adopt a different strategy. That is not the task at hand, when presenting a business case for a MarTech investment – at least not initially. For example, if the company has developed a business goal of increasing sales by 20% from a certain market segment, make certain to play that strategy back. Anything for which you're seeking investment should support the current priorities of the company, if at all possible. The MarTech Strategy and Roadmap supports the overall strategic marketing plan of the company and that is where the MarTech business case needs to stay focused.

This leads to the next step, which is to introduce the Strategic Marketing Plan and the MarTech Strategy and Roadmap. Clearly show how the MarTech Strategy and Roadmap can help the company achieve its business goals. Here you are going to begin to address the value that MarTech can add to the firm in two key areas: (1) generating revenue and (2) optimizing cost. This is super important as MarTech is a financial investment and the CFO understand either bringing more money into the firm or saving the firm money. Speaking in the CFO's language here is super helpful in moving the firm toward making the investment.

Lastly, you need to work with you vendor or systems integrator to pull together a cost-benefit analysis. The cost-benefit analysis should include five key components:

1. Identify the value drivers and KPIs. Here you want to reiterate (1) the current state including business goals and challenges from the first step and then (2) identify the business objectives, key business requirements and KPIs
2. Then you want to benchmark against the industry in more detail. Here you'll actually need to access or generate industry benchmarks. A large vendor such as Adobe, Microsoft or Salesforce will probably have their own benchmarks with similar clients in the industry, but it's always best to go with a third party, objective source where possible, as any vendor can potentially present self-serving statistics. It's important to note here that The Financial Marketing Institute is the primary and objective resource for industry engagement benchmarks in key digital channels today for Financial Marketers.
3. Next is to identify the modeled state. Here you begin to identify KPI uplifts from best practices adoption - based on industry benchmarks and customer performance data in order to arrive at a modeled state. Here you start to show, for example, what increase over the benchmark that you can expect from adopting a particular Marketing Technology. A variable in the modeled state, for example, might be that the adoption of a marketing automation platform will increase the email open rate by 10% over the industry benchmark, etc. A good model will have several variables as inputs and KPIs for a particular Marketing Technology.
4. After you've identified the modeled state, you now begin to Quantify the Annual Benefit to the company. To do this, you first quantify modeled state improvement in KPIs to financial impact, as just mentioned, by now incorporating company data into the model and then project operating profit impact of either (1) revenue uplift as well as any (2) cost optimizations that can be achieved with the Marketing Technology.
5. Lastly, and perhaps most importantly, you present the NPV, ROI and Payback period on the investment in the Marketing Technology and summarize all financial benefits. For those of you who are unfamiliar with NPV, it stands for Net Present Value. Net Present Value is calculated by subtracting the PV (present value) of the initial investment from the Present Value of the money that the investment will make in the future. Overall, it's important here to articulate yearly benefits over project life time and to document the NPV, ROI and Payback Period of the investment, in particular. Examples here might include:
    1. Potential Annual Recurring Increase in Revenue
    2. Potential Annual Recurring Increase in Operating Profit
    3. Total Operating Profit Increase over a three-year period

4. NPV**,** ROI percentage and Payback Period for a conservative benefit scenario
5. Cost of Delay for every 3 Months of not adopting the Marketing Technology
6. Additional Strategic Benefits, such as Higher Brand Equity, Greater Competitive Advantage etc.

Developing a MarTech entails a lot of work to quantify the investment. Just please keep in mind that it is futile to build a MarTech business case without a Strategic Marketing Plan and business goals that the plan supports. The focus should never be on the technology first, but on how the technology helps the company achieve its business goals. Marketing Technology is a significant investment in the firm's future, but its success is still dependent on supporting the right strategies that grown the business and, in turn, generate the greatest return for its investors and shareholders.