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TBM: Moving Beyond Costs


A guide for TBM practices leveraging expanded data sets incorporating labor, product, location, and vendor analytics in support of hyper-efficiency programs and Exponential Organizations

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Executive Summary

Mature TBM practitioners regularly augment metadata to support better decision insight and value conversations brokered between business, technology, and finance leaders. As macro-economic and policy conditions evolve in keeping with emerging technologies and methods, additional perspective is needed for superior decision-making. This requirement is pushing organizations to expand the data sets they leverage to generate additional relevant context for decision support.

In 2022 and 2023, many enterprises began a series of aggressive efficiency actions in response to significant swings in the macro-economic environment. These hyper-efficiency programs often included significant restructuring, offshoring, outsourcing, divestiture, facility consolidation, and other major decisions in parallel to transformative technology investments. To fully support successful planning and execution of these types of initiatives, TBM practices need to augment their data models to incorporate:

1. A full labor model
2. Product and Agile data
3. Location and jurisdiction data
4. A complete vendor view

With this additional contextual insight, TBM can better support new and emerging practices like the [Exponential Organization](#), a framework designed to facilitate organizational growth in context of today's more dynamic and often exponential growth opportunities that are driven by the opportunities and risks of technology. Over an eight-year period, companies that most reflected attributes of the Exponential Organization delivered shareholder returns that were 40 times better than peers¹, and TBM is well suited as a complimentary and enabling practice.

Efficiency programs and the Exponential Organization, serve as two practical examples relevant to today's public and private organizations for continuing to evolve TBM data and decision-making beyond costs.

¹ Salim Ismail, Michael S. Malone, Yuri van Geest, and Peter H. Diamandis. "Exponential Organizations 2.0: The New Playbook for 10x Growth and Impact." Page 39. 2023, OpenExo, Ethos Collective.

1 The Call to Arms: The Year of Efficiencies

After the initial shock of the pandemic in March 2020, enterprises grew significantly as the world re-opened, spiking demand through e-commerce across all sectors seemingly overnight and far beyond what business delivery and operations capacity, at the time, could supply. Stock prices rose and companies faced a war for talent as they worked to resolve supply-chain challenges and support demand.

However, in 2022, enterprises suddenly faced a new set of challenges. With supply and demand disparities easing, rising interest rates, and economic headwinds driving declines in stock market values, many enterprises reversed course with a series of actions in what was called “The Year of Efficiencies.” These encompassed a range of actions, such as restructuring, outsourcing, reducing management overhead, aggressive workforce reductions, reducing third-party consulting spend, consolidating real estate, and eliminating marginal projects. Public sector organizations across various echelons were dealt elevated levels of budget constraints and, in some cases, were handed drastically altered and reduced mandates, leading to similar aggressive and widespread “efficiency” initiatives. Simultaneously, many of these organizations chose to continue funding or even increased investments in new technologies.

For large, publicly traded companies, these efficiency activities were communicated directly to market channels through earnings calls, presentations, and memos, such as the famous one penned by Mark Zuckerberg titled [The Year of Efficiency](#)². Organizations like Meta that had committed to reducing costs and driving value also had to provide estimates to investors for these projected savings and forecast the degree to which they would favorably impact profits. The same requirement to provide historical views and current and projected outcomes from various scenarios existed for public organizations accountable to government oversight boards or committees.

Throughout the industry these efficiency programs shared common elements:

- Strategic sourcing and partnerships
- Remove layers and simplify to move faster
- Consolidate and move to lower cost jurisdictions
- Consolidate facilities and real estate
- Reduce labor by role (executive, overhead, manager)
- Focus on core products and reduce teams on marginal or non-core items
- Move to the cloud or outsource engineering
- Invest in analytics, AI, and predictive usage

These efficiency actions have not slowed down. In August 2023, for example, CVS announced major restructuring effort aiming to reduce 2024 expenses by \$800 million through restructuring including workforce reductions and closure of select non-core services, in parallel to technology investments seen

² Mark Zuckerberg. 9 November 2022. “Mark Zuckerberg’s Message to Meta Employees.” Meta. Accessed October 2023. <https://about.fb.com/news/2022/11/mark-zuckerberg-layoff-message-to-employees/>

as key to achieving reduced costs. “These actions enable us to reallocate resources and invest in critical growth areas, such as health services and technology, which are the biggest enabler of our strategy,” CVS Health president and CEO Karen Lynch stated.

TBM practices are well positioned to support these types of efficiency initiatives, especially those that have been actively expanding their data models beyond core technology financials. Mature TBM organizations regularly augment their model with contextual data that enables decision support and actively refine these data sets to support the types of decisions business and technology leaders are actively weighing.

A recurring opportunity for TBM organizations to contribute value and expand their data sets is by supporting the adoption of standards and frameworks like FinOps or the Scaled Agile Framework (SAFe), which then act as valuable sources of metadata. One such example is the Exponential Organization, which emphasizes organizational flexibility and scalability to fully embrace innovation that can move businesses from linear to transformative, exponential growth. Business organizations that have embraced TBM can immediately support and mature several of the primary characteristics defined by the Exponential Organization, as described in Section 3.

"Continuous expansion of metadata and refinement of data models beyond financials has always been an implicit responsibility of TBM practices and inherent to the mission of realizing the highest possible value from every technology investment, resource, and asset."

In practice however, not all TBM teams have proactively evolved their data or incorporated the required data sets to facilitate these efficiency programs or emerging frameworks. The goal of this paper is to convey the importance of TBM organizations continuously expanding their data sets by providing a sample, recommended set of data categories to support popular efficiency programs alongside highlighting opportunities to support adoption of Exponential Organization. Continuous expansion of metadata and refinement of data models beyond financials has always been an implicit responsibility of TBM organizations and inherent to the mission of realizing the highest possible value from every technology investment, resource, and asset. Technology financials are foundational to this mission, but as technology, frameworks, public policy, macro-economic conditions, and other drivers continuously evolve the landscape of value conversations supported by TBM, it becomes increasingly critical that TBM organizations broaden their scope of attention beyond costs.

³ Jay Asser. 4 August 2023. "Cvs Health Aims to Cut \$800M in Costs in 2024." HealthLeaders Media. Accessed October 2023. <https://www.healthleadersmedia.com/finance/cvs-health-aims-cut-800m-costs-2024#:~:text=President%20and%20CEO%20Karen%20Lynch,of%205%2C000%20jobs%20and%20restructuring.>

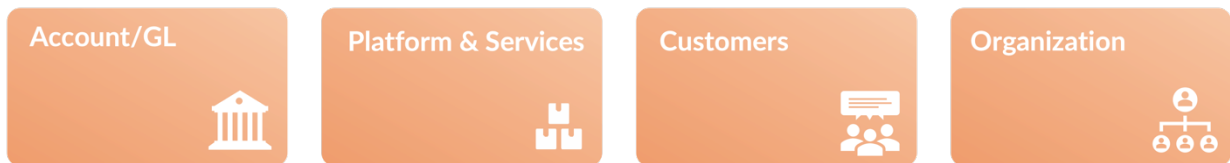
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Additional Data Sets Necessary to Support Enterprise Efficiency Programs

Standard TBM practices will typically leverage data sets associated with areas like account and general ledger data entries, platform and services, and organizational and customer data highlighted in orange below. In order to meet the needs of emerging enterprise efficiency programs described in Section 1, it is recommended that TBM practices augment their data models with visibility to data categories highlighted in blue in the image below. These categories of data elements associated with spend drivers, product and value, location, and vendors represent a new foundation of highly valuable metadata for TBM practices moving forward.

Traditional TBM Data Categories

TBM Traditional Areas



Expanded Metadata Categories



Figure 1: Expanded Metadata categories

The following sections will provide background and guidance for leveraging each of these areas, as well as sample data elements relevant to each.

Spend Drivers



Proactively elevating visibility to primary spend drivers is essential to accelerating decision-making at all levels, drawing attention to the most significant levers, and empowering efficiency programs. In today's landscape, the primary drivers of technology and innovation spend encompass labor and funding of capacity and cloud, which has become the foremost platform for development, delivery, and operations. Historically, costs related to organizational,

management, and delivery resources were static, with little year to year movement for technology organizations. However, as digitization increasingly leverages custom software to own the end-to-end customer-experience and deliver increasingly higher levels of value, a notable shift has emerged. This shift signifies that costs linked to resource, labor, and capacity now represent a rapidly growing and increasingly dynamic areas of spend throughout a bill of IT, product or solution TCO, investment planning, and serves as a primary driver of digital spend for most organizations.

In practice, many TBM models today are incapable of accounting for required levels of detail in capacity and labor to support high-frequency decision-making across product-centric organizations leveraging increasing levels of Agile work and delivery. Accounting for these elements will require a fully developed labor model involving all staff and consultants at a very granular level of detail, with consistency across both key elements. Ensuring consistency is paramount not only across internal staff but also for the significant share of external, outsourced, and consulting that constitutes a substantial portion of resourcing costs. Note that due to the expansive landscape of technology domains, practice specialties, and variable levels of support required — ranging from supplemental analysts to senior-level strategic advisors — TBM teams should anticipate serviceable labor models ranging from 30 to even 80 labor types and locations. This far exceeds traditionally simplistic labor models reflecting less than a dozen labor types.

In addition to resource and labor, it's important to recognize that funding of capacity and value streams is an increasingly important funding mechanism to support digital initiatives that leverage Agile practices at scale for delivery. Industry best practices, including Scaled Agile Framework (SAFe), a leading framework for enterprise Agile, emphasize the funding of capacity for value streams or Agile Release Trains (ARTs) for the planning and delivery of Agile programs.

Budgeting, forecasting, and accounting for Agile labor and funding for capacity and value streams can no longer be regarded as an ambitious future capability and must instead be considered as required competency for today's TBM organizations to support the modern business and provide transparency. This transparency ensures labor costs and capacity funding are aligned to business priorities and enables executives to show any savings or speed-to-value opportunities available when changes are made.

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This level of detail is conceptually similar to the data expansion required to account for the complexity of cloud spend and incorporation of data sets from FinOps, a framework for cloud financial management, into decision-making and value-conversations driven by TBM. Cloud is now a primary platform for development, delivery, and operation of technology solutions and represents another major spend driver and necessary evolution of data modeling. FinOps goes far beyond the general ledger (GL) data and basic system and consumption data needed to power the prior demand for platform resources. As a major spend driver, implementing and maturing cloud FinOps practices, as well as maturing data exchange and interoperability between TBM and FinOps, is key to efficiency programs as well as value planning and realization, such as intelligent adoption planning for cloud programs.

While these data elements are key to value planning and realization, it is important to note that the topmost contributors driving spend are likely to change over time. TBM teams will need to regularly

reevaluate the most significant spend drivers and their relevant data sets. The significance of this category of metadata lies in providing not only transparency but in proactively drawing attention to the most impactful spend drivers and possible levers for achieving hyper-efficiency gains.

Product & Value Delivery



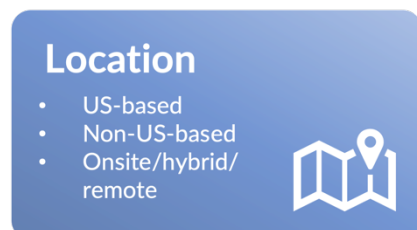
The metadata categories of product and Agile allows TBM teams, as well as business and technology leaders, to establish a comprehensive understanding of how work across the enterprise connects to products and programs. This insight will be essential to enabling efficiency programs to focus on core, value-adding work while scaling back or outright canceling marginal products, programs, and spend. Enterprise Agile planning (EAP) tools are

leveraged to plan and manage Agile work at scale by creating a single source of truth for work in planning or progress across the enterprise. Furthermore, these tools are typically leveraged to connect work to specific products, programs, portfolios, and overarching objectives and key results (OKRs). This category of metadata from EAP tools allows TBM teams to associate costs not only with work or products but to specific company objectives, KPIs, and metrics, allowing decision-makers to better articulate the impact of efficiency programs beyond financial considerations, all while ensuring the expectations of investors for savings and profitable growth are met.

Under the guidance of enterprise Agile methodologies, many organizations are also modernizing portfolio management practices by incorporating Lean budgeting capabilities, such as budgeting guardrails and horizon planning. Additionally, Agile practices and product teams increasingly leverage flow metrics and units, popularized in the book *Project to Product* by Mik Kerston. These metrics quantify the flow of value across an organization to delivery and reflect work aligned to technical debt and minimization of risk. Collectively, these platforms represent a treasure-trove of metadata that TBM teams can prioritize for incorporation to support efficiency initiatives or simply increase value planning and realization.

Additionally, revenue and supporting data fields are the final area of consideration for this category of metadata. Revenue and profit and loss (P&L) data are integral to modeling true product TCO and value planning. Historical and forecasted revenue linked to digital products and services now often represents one of the most critical set of data elements in scenario planning to support aggressive efficiency initiatives.

Location Data



Utilizing simple location data for labor arbitrage has been fundamental to most TBM programs for years. However, moving forward, the expansion of location data is poised to play a central role in almost every product, program, or strategic planning conversation. Expanded location data is increasingly leveraged to finalize critical investment decisions spanning product and service

launches and shifting work and production between regions, as well as uncovering efficiency gains such as maximizing tax incentives or even real-estate efficiency. Many organizations are now even factoring in

regional or location-specific operational risks, which can all be important variables in efficiency and value planning within the modern Enterprise.

"Far beyond simple labor arbitrage, evaluation of regional considerations for where work is done, what space is consumed, where assets reside, what incentives are available, what regulations apply, and the aggregate costs and value in comparison to other possible regions is now a critical competency for TBM organizations and their data models."

Beyond simple labor arbitrage, evaluation of regional considerations for where work is done, what space is consumed, where assets reside, what incentives are available, what regulations apply, and the aggregate costs and value in comparison to other possible regions is now a critical competency for TBM organizations and their data models. Organizations are also seeing many jurisdictions, such as Europe, China and South Korea, demanding local solutions and local data sources. Organizations can no longer build one central solution in their local region and serve all global locations out of a single enterprise platform or instance. This adds another layer of complexity to regional investment, operations, and resourcing decisions.

Where the work is done, what space is consumed, where assets reside or are leased, and what it all costs is now an area of intense interest both to the organization as well as the regions themselves. Cities can suffer as they face empty office buildings and reduced levels of activity in their local economies and core downtown areas as a result of remote or other work migration. States and national levels can see significant swing in all areas of their economies as industry vertical shift their investments and resourcing in and out of country. This leads to competition between governing bodies and results in a regular tide of changing incentives, fees, requirements, and obligations that can and should influence decision-making.

With dozens of elements to factor between regions, including cost variances, operational risks, and logistical considerations, all subject to constant change, it is critical that TBM practices incorporate appropriately complex data and analytics models going forward.

Vendor Data

Vendor View

- High level
- Forecast & historical spend
- Categorization



Much like resource and labor costs, vendor costs have typically been incorporated by most TBM practices, and here again, this domain has grown in scope, complexity, and potential impact on value and efficiency, and it has become necessary to allocate an explicit category for metadata collection. Vendors and their related costs are now increasingly leveraged by specific products, solutions, programs, and portfolios that are owned and managed

across multiple teams within an organization. Like resourcing models, vendors now support an increasingly complex landscape of specialties, and trade-offs must be made between cost efficiencies afforded by large scale contracts and solution-specific value realization opportunities afforded by highly specialized vendor engagement.

The TBM Taxonomy is uniquely situated to maintaining visibility to the increasingly complex and nuanced impacts and multitude of tradeoffs afforded by vendor engagements at every level of a technology solution stack, portfolio, and organization. Through the integration of vendor data with TBM models that link cost pools to solutions, the C-suite, Solution Owners, IT Procurement, and Operations teams can more effectively correlate vendor fees with their impact on platform and product development, operations, and recovery. Optimal vendor engagement can prioritize speed support, more easily satisfy regulatory and compliance requirements, and optimize solution TCO, all at once, but only if the underlying TBM data model facilitates these insights.

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Going forward, TBM practices must prioritize an expansive vendor view to provide a blueprint for rightsizing third-party vendor costs weighed against numerous tradeoffs at the tower, solution, portfolio, and organizational levels. These costs can reflect large portions of total spend at a global technology department, directly impact unit costs, solution TCO, and have significant effects on value realization. Companies are leveraging third-parties for outsourcing to drive value and looking for savings everywhere in their existing vendor stack through consolidation and other efficiency efforts. Leveraging a comprehensive model of vendor data is essential to major efficiency initiatives. This requires a comprehensive understanding of current vendor commitments, landscape of possible vendors, their specialties and regions of operation, and additional vendor data that can be weighed against opportunities at the solution, portfolio, or organizational level. Acknowledging and supporting more complex and nuanced vendor strategies and incorporating resultant data into TBM practices can unlock entire sets of new levers at every level of the organization to support efficiency initiatives now and increase value realization in the long-term.

Connecting the Dots

The combination of these newly expanded data sets, alongside data traditionally leveraged by TBM practices, can create new and distinct perspectives across historical, current, and future organizational views. These expanded, overarching views offered connects the dots between areas, ensuring critical decisions — such as forgoing low-code tooling purchases or doubling AI investments — are considered from all angles of impact, including vendors, locations, impact from spend drivers or core products, and more, all while providing full capability for drilling down into granular analytics and data.



Figure 2: Connecting the dots

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The Exponential Organization: How TBM Can Help Power the Future

The mission of TBM has always been to ensure the highest levels of value creation through technology, and support for hyper-efficiency programs is only one of many applications. The synergy between TBM and other established business and technology standards, frameworks, and methodologies holds extensive value potential for TBM practices. This synergy is achieved through the expansion of data sets, expediting the implementation, and amplifying the value proposition of the integrated frameworks. Such collaborative integration doesn't merely amplify TBM's impact, but also culminates in substantially greater value for the entire organization, far surpassing the outcomes of adopting TBM and other frameworks in isolation. The Exponential Organization is one such example of a high-value opportunity for integration and higher value returns for an organization.

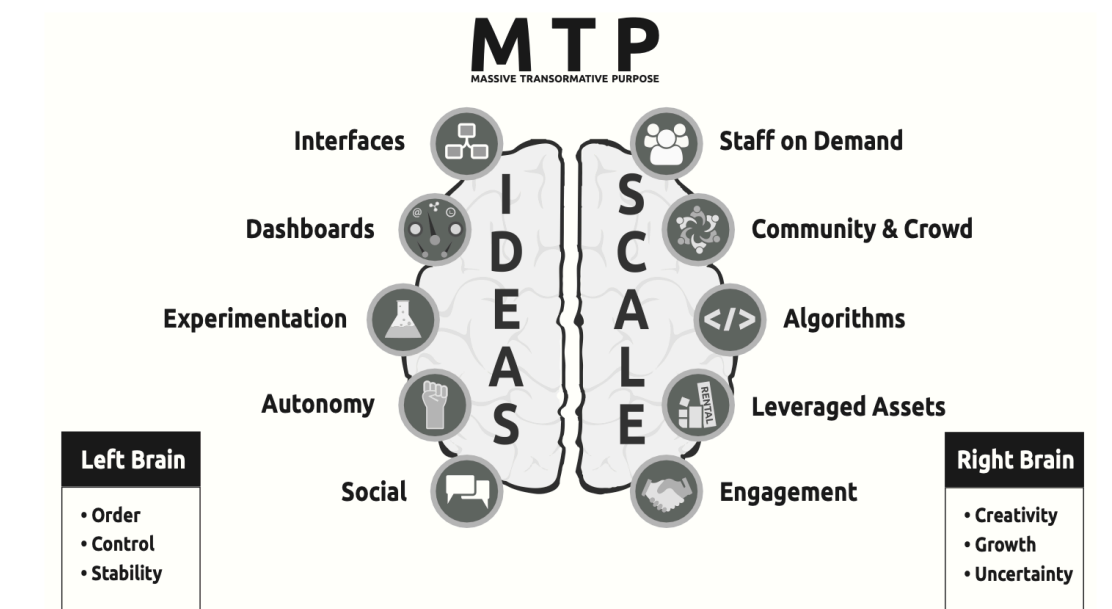
The Exponential Organization sets an overarching vision for business organization, operations, and leadership that positions businesses to embrace technology for exponential growth. Organizations exhibiting at least a majority of characteristics and capabilities detailed by Exponential Organizations have proven to deliver returns to stockholders far in excess of companies operating by traditional business models and have outperformed organizations lacking these capabilities by 40 to 1.2⁴.

What makes The Exponential Organization uniquely valuable for today's organizations, and of particular interest to TBM practices, is its acknowledgement of transformative technology innovations as a now ongoing force in the world that both private enterprises and public organizations will need to embrace as the new normal. The Exponential Organization is positioned to take advantage of the intersections of new technologies that are here today and growing rapidly. Consider, for example, how ChatGPT became the fastest growing app in history and spawned a mini-stock market boom for selected companies. It is

⁴ Salim Ismail, Michael S. Malone, Yuri van Geest, and Peter H. Diamandis. "Exponential Organizations 2.0: The New Playbook for 10x Growth and Impact." 2023, OpenExo, Ethos Collective.

important to remember that AI is only one of potential transformation, including augmented/virtual reality, wearable technology, robotics, and even quantum computing.

TBM is well-positioned to be a central part of any tech revolution and to also play a supporting role in organizations moving to Exponential Organizations. An Exponential Organization begins with a massive transformational purpose (MTP), described as a long-term mission for the organization that also acts to inspire and align stakeholders. After establishing an MTP, organizations are evaluated on ten dimensions or characteristics that are either outward or inward facing. TBM practices can immediately support and enhance a number of these organizational characteristics.



Source: *Exponential Organizations 2.0: The New Playbook for 10x Growth and Impact* (page 82)

Leveraged Assets is an outward-facing characteristic of Exponential Organizations that considers how teams and operations remain nimble and minimize capital expenditures through their approach to accessing and leveraging assets. For example, considerations for purchasing vs. leasing or renting of assets. TBM practices have a well-established reputation for aiding organizations in the optimal access, acquisition, and leveraging of assets. TBM practices apply continuous improvement to identifying unused or underutilized infrastructure, applications rationalization, and rightsizing of solutions, and these capabilities are key to the Exponential Organization.

One of the inward-facing characteristics of Exponential Organizations is Interfaces, which considers various ways the organization interacts internally and externally and processes and automates external-facing attributes of Exponential Organizations (staff on demand, community and crowd, AI and algorithms, leveraged assets, and engagement). TBM practices have always been centered at the core of business, technology, and finance and their numerous operational processes, data sets, and standards and frameworks.

TBM can also play a key role in Dashboards, another inward facing characteristic of Exponential Organizations. Here again the foundational intent of TBM in bridging business, technology, and financials makes it uniquely positioned as the tooling leveraged to operationalized TBM, spanning technology and cloud financials as well as enterprise Agile planning (EAP), support exactly the end-to-end transparency of work, financials, and other metrics linked to OKRs cribbed by the capability – and TBM is specifically aligned with interfaces and dashboards.

In addition to these areas, TBM, especially when leveraging expanded categories of metadata recommended in the previous section, can make significant contributions to areas of algorithms, experimentation, and staffing on demand.

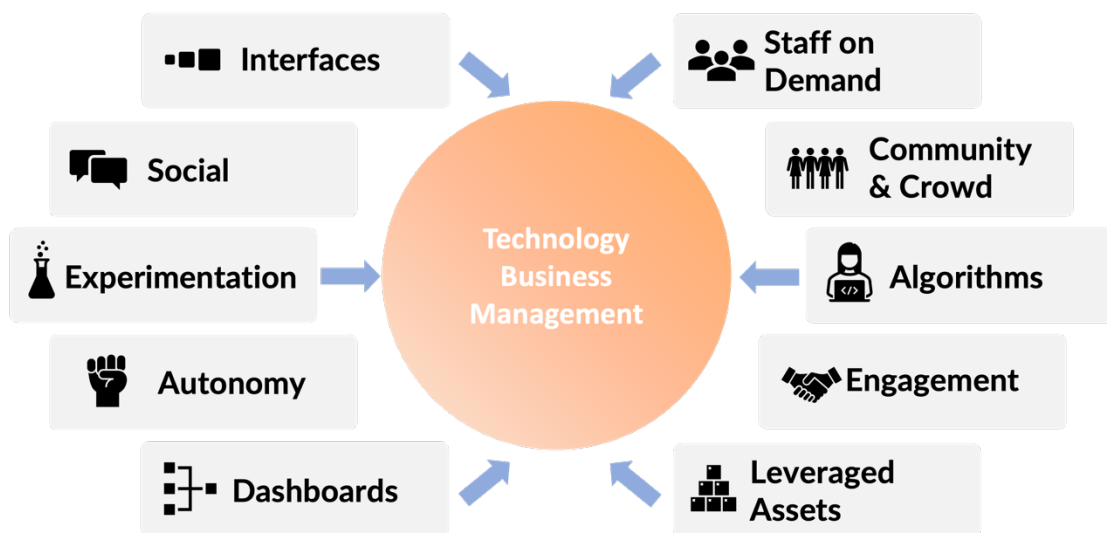


Figure 3: TBM supports an Exponential Organization

4 Conclusions and Recommendations

In recent years, enterprises have committed to investors' and governing boards' specific efficiency actions to drive value in face of economic headwinds. These actions include large-scale restructuring, reducing organizational layers, eliminating marginal projects, and consolidating real estate. At the same time, many organizations are accelerating investments in key technologies to drive productivity, such as AI and automation as a core part of these efficiency initiatives.

To support these efficiency actions, TBM practices must grow their aperture and increase the data sets they ingest and use for analytics, including a full labor model, product and Agile views, customer views, and location/jurisdiction views. These new categories of metadata can be connected to existing data sets to provide entirely new perspectives across historical, current, and future views of the organization that executives can use to evaluate and select specific scenarios to support their efficiency initiatives and then

show the impact of productivity actions today on future earnings.

TBM can also play a vital role in the successful adoption of emerging technology and business frameworks, standards, and practices, which can then seed TBM practices with yet another high-value data set. The Exponential Organization, as a vision for business organization and operations designed to embrace technology revolutions is a prime example of such bi-directional collaboration between TBM and adjacent frameworks that is of primary interest to today's organizations.

Since its inception the mission of TBM has always been to understand and manage the value of technology. In practice, this often began with costing data as a means to drive key value conversations, and some TBM teams may not have moved beyond that realm. The expanded data sets and considerations described in this paper can serve as a strong foundation for modern TBM practices, which will need to continuously work backwards from decisions business leaders are weighing and ensure they leverage data sets and tools to support these evolving value conversations.

About the TBM Council

Founded in 2012, the Technology Business Management (TBM) Council is a nonprofit business entity dedicated to advancing the discipline of TBM through education, standards, and collaboration. Governed by an independent board of both global and regional business technology leaders, this diverse group represents some of the world's most innovative companies, including Mastercard, Wells Fargo, State Farm Insurance, Nike, Stanley Black & Decker, Equifax, ANZ Group, Commonwealth Bank of Australia, Adidas, Mercedes Benz, and more. The TBM Council provides best practices for leaders to leverage so they can react quickly to changing market dynamics and optimize cloud and Agile strategies to deliver on business objectives.

Learn more and become a member at

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About the TBM Council Standards Committee

The Standards Committee, chaired by Atticus Tysen, SVP Product Development, Chief Information Security & Fraud Prevention Officer at Intuit, maintains and governs the TBM Taxonomy as well as the extensions and other deliverables created by the TBM Council Strategy Communities. As part of our standardization initiatives, the TBM Council Standards Committee hosts community open forums to share information and seek feedback.

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