

Welcome!

We'll start shortly...

Meantime, please take **polls 1-2**.
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Mobile QR Code



T B M C O U N C I L

TBM Metrics, Cost Allocation Best Practices and More

Standards Committee Open Forum

February 18, 2021

Introductions



- ▶ Ed Hayman[#]
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[#] Technical Advisor to the TBM Council Standards Committee

“Modified” Chatham House Rule

Applies to Kick-Off and All Workgroup Meetings

Chatham House Rule

The unmodified Chatham House Rule reads as follows:

When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

Our Modifications

- We will take minutes of the meeting that may identify individuals or their companies. Distribution is limited to board members and management.
- If the TBM Council or our guests wish to publish anything that identifies others, they must get explicit permission from those individuals.

TBMC Antitrust Guidelines

Applies to Kick-Off and All Workgroup Meetings

Guidelines

We've applied the following protocols to minimize the antitrust risks associated with the meeting or function:

- Meetings and functions will follow a prepared agenda; any deviations will be noted in the meeting minutes.
- The TBM Council will prepare meeting minutes summarizing all topics of discussion. The meeting minutes will reflect the names of all attendees, as well as the results of any votes taken.

Please also be sensitive and mindful of antitrust concerns outside of the formal meeting setting, such as during social gatherings, receptions or meals.

Prohibited Items of Discussion

- Specific prices or terms or conditions of sale where the seller is identified by name
- Specifically received discounts, rebates, service charges, or other terms and conditions of purchases and sales, where the seller is identified by name
- Whether to do business with certain suppliers, or divide up sales among certain suppliers
- Whether to do business with any customers, or divide up sales among certain customers
- Whether to do business with any competitors
- The nature and composition of RFPs in the IT industry
- Complaints regarding the practices of individual firms
- Confidential info regarding future plans or offerings

Reminder: Where to Find Content

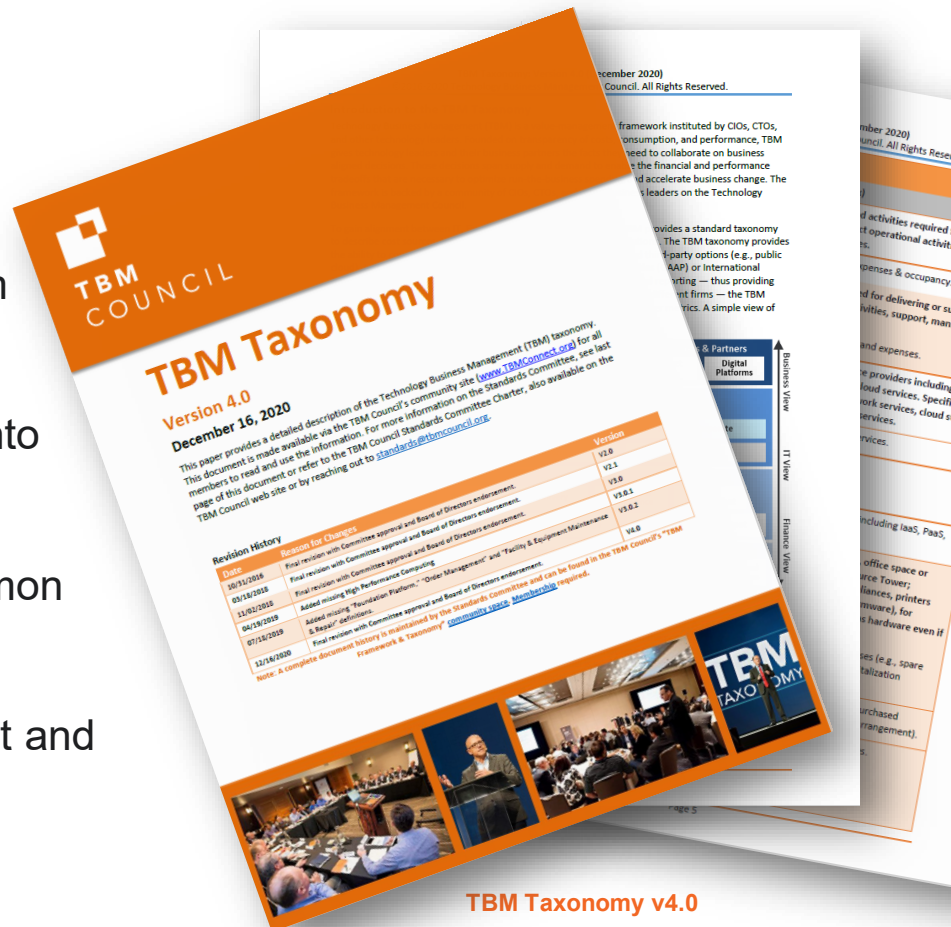
- ▶ You can find the Taxonomy documents (PDF and PowerPoint slides) in the “**TBM Framework & Taxonomy**” community at community.tbmCouncil.org
- ▶ You must join the community and then you can access the library.



Today's Focus Areas

- ▶ Introducing the TBM Metrics Model Workstream for 2021
- ▶ Introducing the Cost Allocation Workstream for 2021
- ▶ Integrating Public Cloud IaaS/PaaS Data into the TBM Cost Model
- ▶ TBM Taxonomy 4.0 and ServiceNow Common Service Data Model (CSDM) 3.0*
- ▶ How to Use the Community Site to Connect and Learn*

* Time permitting



Introducing the TBM Metrics Model Workstream for 2021

Ed Hayman



TBM COUNCIL

Why Use TBM Metrics?

Please take polls 3-4
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To enable performance improvement:

- ▶ Set goals
- ▶ Look at actual data
- ▶ Act on results

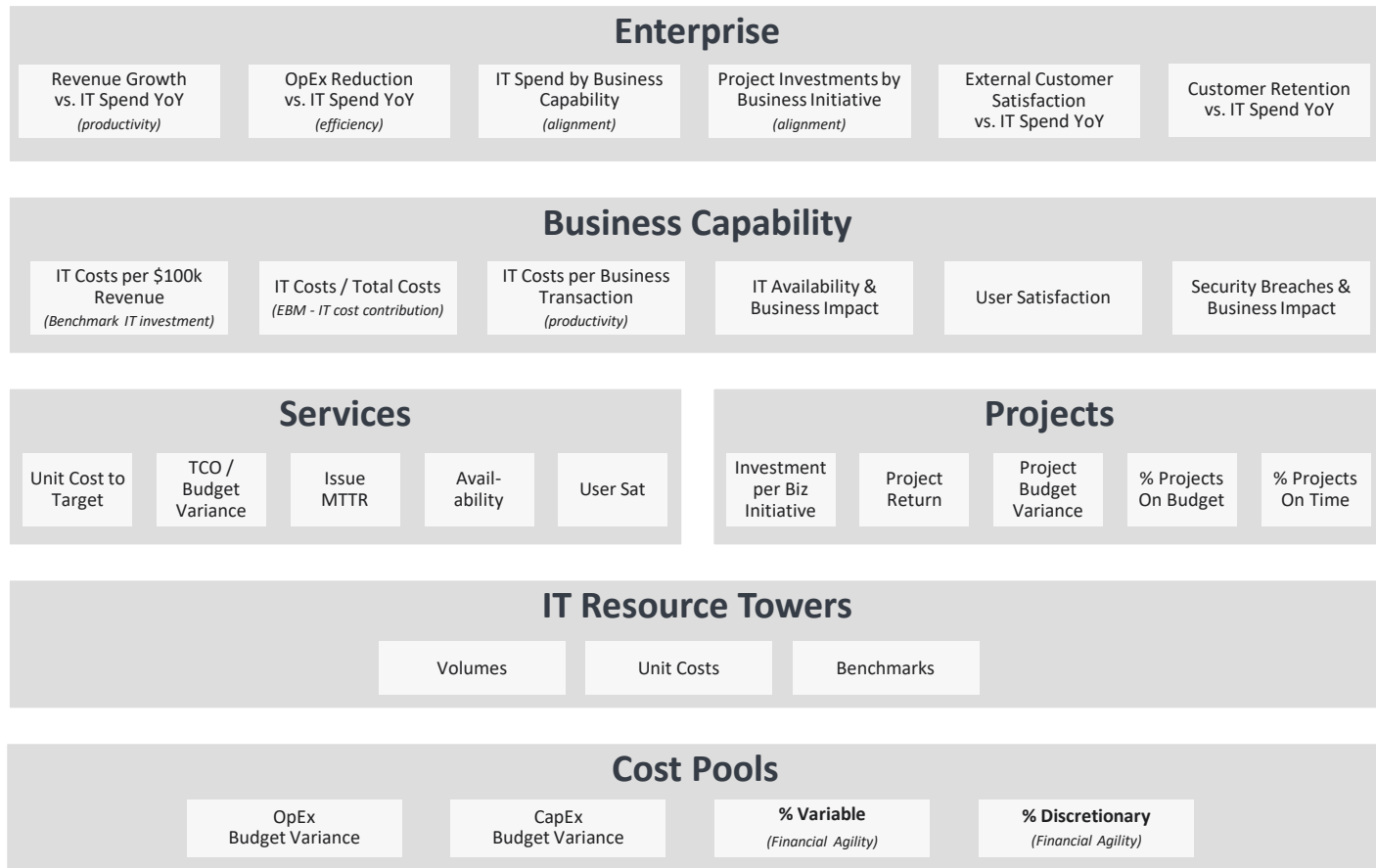
Putting a metrics program into action:

- ▶ Set targets annually
- ▶ Track metrics monthly
- ▶ Govern quarterly

TBM Metrics – Accomplishments

- ▶ Consolidated a detailed list of IT/TBM metrics from multiple sources
- ▶ Defined framework aligned to TBM taxonomy
- ▶ Identified 5 business goals
- ▶ Categorized & identified “top 5” metrics per business goal
- ▶ Created definitions
- ▶ Shared at TBMC ‘19

Metrics Aligned to TBM Taxonomy



Increasing Value

Aligning TBM Metrics to Business Goals

Increase Innovation

Drive revenue

Increase Customer Satisfaction

Drive retention

Increase Speed to Market

Drive competitive advantage

Increase Efficiency

Drive margins

Manage Risk

Protect the brand

Please take poll 5
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Increase Innovation

- ▶ % of IT spend on Run/Grow/Transform
- ▶ % of IT spend on R&D/emerging technologies
- ▶ % of IT spend on new customer-facing technology
- ▶ % of IT spend on business differentiating capabilities

Please take poll 5
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Standard Metric Definition

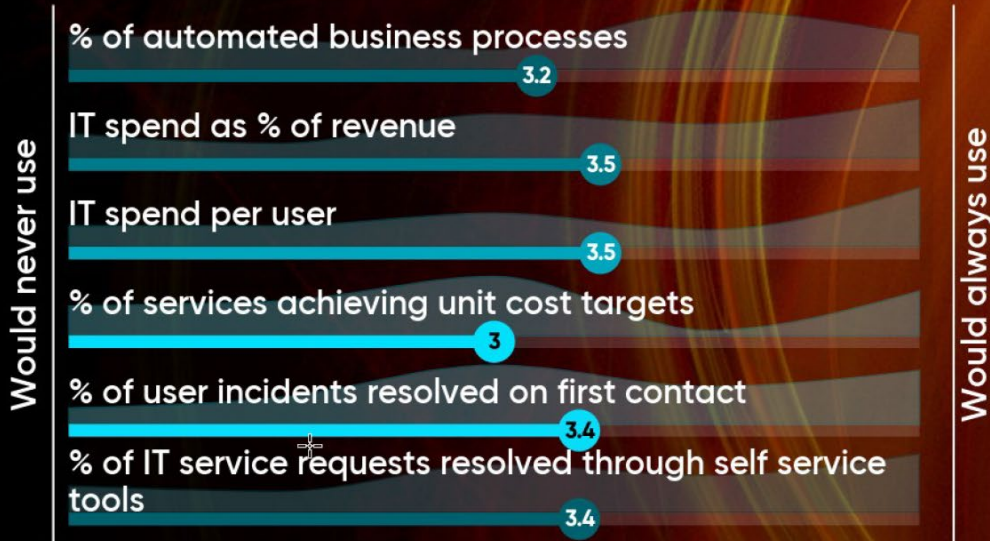
Concept	Purpose
Metric	Specific name of a metric.
Primary Persona	The role within IT who is primarily interested in the tracking and managing the metric.
Audience	Is the metric for internal IT use or shared with business consumers or users outside IT.
Maturity	Broad categorization of the org, process and data maturity required to track a specific metric.
Description	Description explaining the full meaning and purpose of the metric.
Rationale / Actions to Improve	The primary reason for tracking and managing the metric. Ideally speaks to the actions that would be taken if not in an expected range.
Frequency	How often the metric should be measured and reviewed and any targets adjusted.
Calculation	Specific formula to calculate the metric.
Data Required	Underlying data required to support the metric calculation. Should identify the source of where the data can be found.

TBM Metric Details (~95% Complete)

	A	B	C	D	E	F	G	H	I	J
	Initiative	Metric Name	Description	Rationale / Actions to Improve	Responsible Persons	Primary Audience	TBM Layer	Maturity	Calculation	Data Required
1	Increase Customer Sat	% of critical SLAs met (Showing All)	Measure the percent of defined business critical SLAs that do not meet the stated performance targets.	Identify areas in the IT portfolio where SLAs are not being met and focus on technology and delivery improvements to meet SLAs or re-calibrate appropriate service levels.	Infra/App/Service Owner	External	Apps & Services	2-Better	% = # of services meeting SLAs / # of total services with SLAs	SLA listing Service listing Service to SLA mapping
2	Increase Customer Sat	% of failed customer interactions followed up on	Measure the percent of interactions (e.g., phone, email, web) where the customer is contacted after abandoning the transaction.	Failed customer interactions, and those at risk of failure, represent a key opportunity for companies to improve the processes that matter most.	BRM	External	Business Capability	3-Best	# = sum of all failed customer interaction transactions % = sum of all failed customer interaction transactions / total number of customer interactions	Customer interaction (phone, web, email) tracking
3	Increase Customer Sat	% of projects meeting hard benefits	Measure the percent of completed projects that met or exceeded the expected quantifiable benefits project completion based on the business case. Ideally, benefits achieved should be determined at various intervals based on the timeline in the business case (e.g. after 90 days, after 1 year, after 2 years).	Did the projects deliver more value than we anticipated? Or is IT not delivering on expectations. If yes, need to communicate the success and value delivered. If not, need to focus on better project execution.	PMO	External	Projects	3-Best	= total realized benefits / total expected benefits	List of "completed projects" over past 2 years Benefit realization / ROI assessment of "completed project" over past 2 years
4	Increase Customer Sat	% of user incidents re-opened	Measures the percent of incidents closed and then re-opened by the customer or internal support desk due to a lack of satisfaction with the initial resolution.	Incidents that are re-opened can be indicative of a number of underlying issues including: poorly trained support staff; the lack of a customer service ethos; and potentially deliberate attempts to game the SLA. Actions should be taken to remediate the underlying causes.	BRM	External	IT Resource Towers	2-Better	= sum of all re-opened incidents / total number of incidents	Incident data Designation between new tickets and reopened tickets
5	Increase Customer Sat	External customer satisfaction score (NPS)	Measures the average score of external customers who recommend the company's products or services. The Net Promoter Score (NPS) is a straightforward approach to capturing	All IT staff are aware of and focused on customer satisfaction.	BRM	External	Enterprise	3-Best	Recommend NPV score: 1-10 scale = % Promoters (9-10 score) - % Detractors (0-6 score)	Customer satisfaction survey results
6	Increase Customer Sat	Internal end-user satisfaction score (NPS)	Measures the average score of internal users who like / recommend the IT organization's products or services. The Net Promoter Score (NPS) is a straightforward approach to capturing	Keep the focus of customer service staff and application/service owners on end-user satisfaction.	BRM	External	Business Capability	3-Best	Recommend NPV score: 1-10 scale = % Promoters (9-10 score) - % Detractors (0-6 score)	Customer satisfaction survey results
7	Increase Customer Sat	Minutes downtime for critical business systems	Measures the number of minutes per time period where the system is unavailable. This includes time where the application is running but inaccessible for other technical reasons (e.g. application is up, network is down).	Are core business applications available when users and customers need it. When business critical systems are unavailable, it will have a direct impact on company revenue, customer satisfaction and workforce productivity.	Infra/App/Service Owner	Internal	Apps & Services	2-Better	= sum of uptime minutes per system / total SLA uptime minutes	Critical system listing SLA availability (in minutes/month) Application availability measurements (in minutes/month)
8	Increase Efficiency	% of automated business processes	Measures the percent of business processes that have been automated to the point that they require no manual interaction or just a single manual interaction.	Measures the amount of automation where IT supports the business through RPA and other automation tools. This automation reduces manual effort which helps increase margin, improve process efficiency, reduce manual errors and improve customer satisfaction.	BRM	External	Business Capability	2-Better	= Total number of automated business process / Total number of business processes	An assessment of business process. Number of processes material to the business. Number of those processes automated.
9	Increase Efficiency	% of IT service requests resolved through self service tools	Measures the percent of contacts to the IT service desk where the user is able to fulfill their request without interacting with a Service Desk agent. Examples include: automated password resets, requests for new hardware and software, configuration of shared mailboxes.	Measures the degree of self-help automation which enables internal customers/users to quickly satisfy their needs so they can remain productive or access more technology to help with the performance of their job.	I&O	External	IT Resource Towers	2-Better	= Total number of tickets resolved via self-service tools / total number of resolved tickets for the current period	# of help desk tickets per month # of resolved tickets via self service per month
10	Increase Efficiency	% of services achieving unit cost targets	Measures the percent of individual applications or services that have set a unit cost target and have an actual unit cost at or below the target.	Unit cost is a single metric that takes into account cost and volumes. It is important for application and service owners to track unit costs over time to determine if changes in volume and total cost are a good or bad thing. For example, if the business is driving greater demand and higher volumes, it should be expected that the total costs also go up. What is important to know is whether the unit costs are staying flat or decreasing. Over time, IT should drive greater efficiencies and thus lower unit costs with increasing volumes.	Infra/App/Service Owner	Internal	Apps & Services	2-Better	= # of IT services achieving unit cost targets / total number of IT services with a unit cost target	# of IT services # of IT services with unit costs measured # of IT services with unit cost target # of IT services achieving unit cost target
11	Increase Efficiency	% of user incidents resolved on first contact	Measures the percent of Service Desk contacts from all sources (phone, email, chat, app) that are resolved to the user's satisfaction on the initial contact and do not require a hand off to another team, escalation or further follow up.	Making the service desk accountable for ensuring customers' issues are adequately addressed before closing tickets, helps enable users productive through the use of technology.	Infra/App/Service Owner	External	IT Resource Towers	1-Good	= Total number of tickets resolved with a first contact / total number of resolved tickets for the current period	statistics from Help Desk system * Total number of resolved tickets * Total number of resolved tickets on initial contact
12	Increase Efficiency	IT spend as % of revenue	Measures the annual IT budget or actual total spend (OpEx plus CapEx less depreciation) for all technology spend for the organization and compares to the company revenue. Technology spend includes IT infrastructure, application development/support and cross functional services including any	Provides a high level view of how you compare to your industry and/or companies of similar industry and/or revenue. Is indicative of an organizations efficiency in delivering IT services to its business.	OCIO	External	Enterprise	1-Good	= [(Total OpEx + Total CapEx - Depreciation) / Total Annual Revenue]	Total Operating Expenses (OpEx) - excluding depreciation Total Capital Expenditures (CapEx) Total Company Annual Revenue

Feedback From TBMC '19

Metrics to "Increase Efficiency"



Standard Committee – Next Steps

- ▶ Form team to finalize & publish
- ▶ Incorporate updated Agile input, look at leading indicators
- ▶ Final review & refinement of definitions
- ▶ Publish on TBM Council
- ▶ Host practitioner webinar(s)
- ▶ Guide workgroups to define vertical metrics

Open Forum

- Review
- Discussion
- Process
- Input

Community Navigator

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TBM Metrics (Draft for Review)

Following

0Recommend

[Ed Hayman](#)

5 minutes ago

Attached are the TBM Metrics that were originally defined by the Standards Committee in 2019. In 2021, we will be reviewing with the TBM Practitioner community through the Open Forum sessions looking for input to help us refine and finalize the metrics so we can publish by end of year.

We will be reviewing the metrics and detailed definitions for one category each month over the next several months. If interested in metrics, we highly encourage you to participate.

Please post comments if you have any questions or suggestions.

Thanks!
Ed

Tags and Keywords

[Add a tag](#)

Comments

Currently no comments.

Add

Attachment(s)

[TBM Metrics Summary \(Draft\)](#) 964 KB 1 version
Uploaded - 02-18-2021
Summary of the TBM Metrics in PPT form
Download

[TBM Metrics Detailed Definitions \(Draft\)](#) 58 KB 1 version
Uploaded - 02-18-2021
Detailed spreadsheet of the TBM Metrics by Goal with definition and attributes
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[Using Metrics that Emanate from TBM - TBMC 2019.pdf](#) 143 MB 1 version
Uploaded - 02-18-2021
Successfully uploaded!
Poll results and feedback about the TBM Metrics as presented at the 2019 TBM Conference

Download All

Introducing the Cost Allocation Workstream for 2021

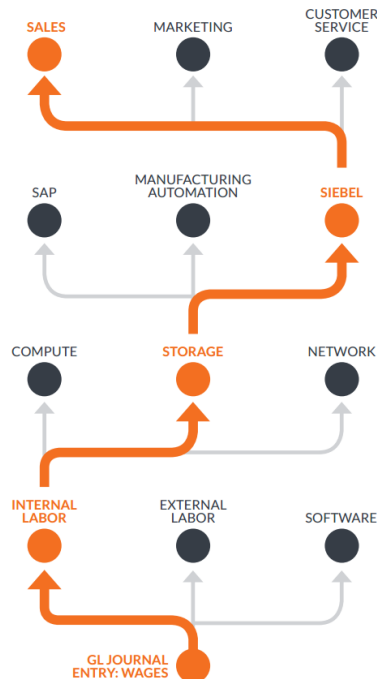
Todd Tucker



TBM COUNCIL

Cost Allocation Goals for 2021

- ▶ Create and expand a compendium of best practices for allocating costs in a TBM model
- ▶ Should include:
 - Allocation topic defined (see next slide)
 - Nature of costs such as categories or types
 - Data sources typically used + where to find them + common data quality challenges
 - Good-Better-Best allocation options
- ▶ Deliver and refine through these monthly open forums



3

Routed by: BU Consumption
Weighted by: Number of Logins
Data sources:

- CMDB or Service Catalog
- Log Monitoring Tool

2

Routed by: Storage to App Relationship
Weighted by: Reserved storage size
Data sources:

- CMDB
- Asset DB
- Storage Manager

1

Routed by: Account Code, Cost Center, & Organization Structure
Data sources:

- Chart of Accounts
- List of Cost Centers
- Active Directory

Suggested Allocation Topics

Please take polls 6-7
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1. Public Cloud IaaS Costs to TBM Model
2. Agile Product/Value Stream Costing
3. Application TCO (top down)
4. Labor Cost Allocation (general principles)
5. IT Support Costs
6. Platform and Network Costs
7. “Overhead” Type Costs (e.g., IT Management)
8. Vendor Purchases such as ELAs, MSP invoices, telecom, etc.
9. Security & Compliance and DR
10. BU-based allocation strategies

Example: Labor Cost Allocation Types

- **Direct:** GL-driven assignments
- **Indirect:**
 - Ticket Driven
 - Time Tracking via Project or Activity Codes
 - Time Estimates from Managers or Employees (surveys or “rate cards”)
 - Contract Labor via Invoices
 - ...

Integrating Public Cloud IaaS/PaaS Data into the TBM Cost Model

Todd Tucker



Cost Allocation Considerations

- ▶ We'll focus on Infrastructure- and Platform-as-a-Service type offerings
 - Software-as-a-Service will be covered separately at another time
 - We'll avoid specific service providers, although our point of view is largely shaped by Amazon (AWS), Microsoft (Azure) and Google (GCP)
- ▶ We will focus on general cost allocation concepts
 - FinOps disciplines such as cost (and consumption) optimizing, right-sizing instances, forecasting demand/consumption, and more are beyond our scope here

The new requirements for FinOps

Inform		Optimize		Operate	
Understand cost drivers, allocate spend, and benchmark efficiency		Measure potential optimizations and set goals based on strategy		Define processes to ensure actions achieve goals	
Map spending data to the business	Trending and variance analysis	Identify usage and spend anomalies	Set goals to achieve business strategies	Define responsibilities and processes	Centralize rate optimization ownership
Create showbacks and chargebacks	Internal and external benchmarking	Find and measure usage optimization	Compare services and workload placement	Show real-time spend data to stakeholders	Continuously improve and automate
Define budgets and forecasts	Integrate showback and chargeback	Measure and set goals on rate optimizations	Understand and educate on optimization levers	Empower teams to take action	Define governance and controls
Allocate team spend and shared costs	Calculate custom rates and amortizations				

The *Optimize* and *Operate* phases of the FinOps lifecycle are largely beyond the scope of this discussion. We'll focus on certain aspects of the *Inform* phase.

To *WHAT* or *WHO* Are You Allocating?

► Applications or Business-Facing Solutions

Where you have not defined Infra or Platform “Services” and you need to understand how Apps consume IaaS/PaaS.

Here are you concerned with App, Product or Service “TCO.”

► Infrastructure and/or Platform Services

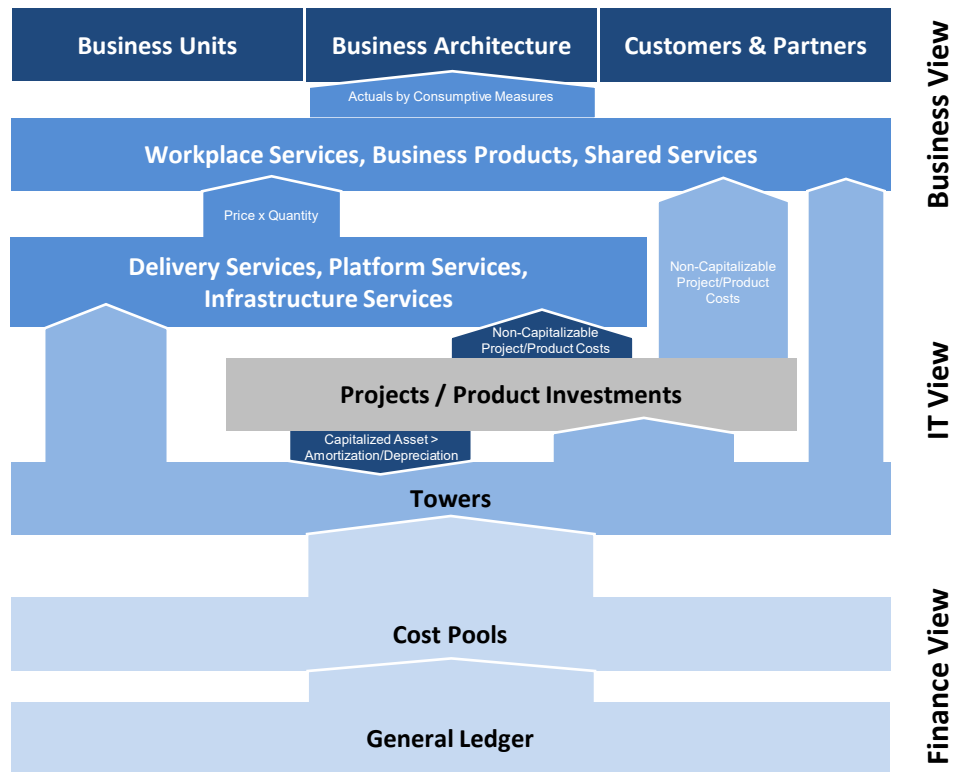
Where you have defined Infra and/or Platform Services that you provide to internal consumers (e.g., BUs, application owners, service owners, product teams).

Here you are concerned with the TCO of your technical solutions.

► Directly to Business Units

Where you are brokering public cloud services for your BUs but you do not need or want to burden those services with your internal costs.

Here, you are not concerned with App TCO or the TCO of business-facing solutions. You are concerned with divvying up the cloud bills fairly and properly.



Conceptual TBM model only. Actual models vary depending on software used, allocation methods chosen, reporting produced and other factors.



A Word of Caution

► IaaS and PaaS bills are notoriously large and complex

- 100+ columns of data
- Per-second billing
- 100Ks to 10Ms of rows per month

► Many types of rates

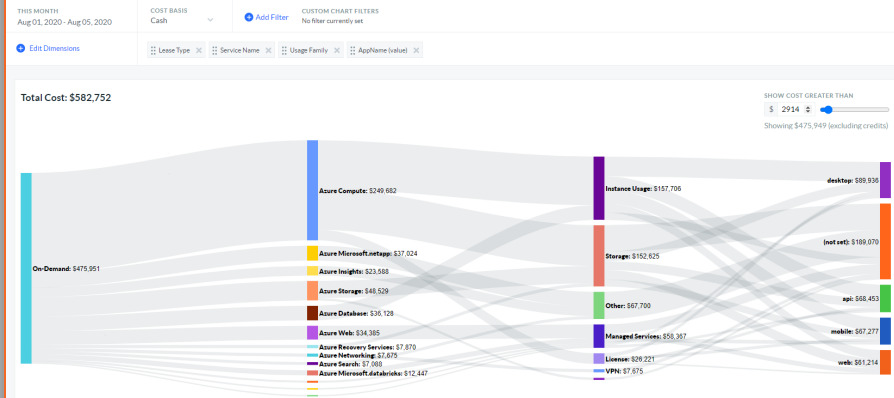
- Spot, Reserved Instances, Savings Plans, Committed Use Discounts, etc.

► Potentially many accounts and *ideally* a master account for all

	M	N	O	P	R	S	T
1	lineltem/ProductCode	lineltem/UsageType	lineltem/Operation	lineltem/AvailabilityZone	lineltem/UsageAmount	lineltem/CurrencyCode	lineltem/lineltemDescription
2	AmazonEC2	CW-AlarmMonitorUsage	Unknown		0.00134409	USD	\$0.00 per alarm-month - first 10 alarms
3	AmazonS3	Requests-Tier1	ListAllMyBuckets		2	USD	\$0.00 per request - PUT, COPY, POST, or LIST requests under the monthly global free tier
4	AmazonEC2	CW-AlarmMonitorUsage	Unknown		0.00134409	USD	\$0.00 per alarm-month - first 10 alarms
5	AmazonEC2	AP2-EB5-VolumeUsage-gp2	CreateVolume-Gp2		0.01344086	USD	\$0.00 per GB-month of General Purpose (SSD) provisioned storage under monthly free tier
6	AmazonEC2	AP2-EB5-VolumeUsage-gp2	CreateVolume-Gp2		0.01344086	USD	\$0.00 per GB-month of General Purpose (SSD) provisioned storage under monthly free tier
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11	AmazonS3	Requests-Tier1	ListAllMyBuckets		2	USD	\$0.00 per request - PUT, COPY, POST, or LIST requests under the monthly global free tier
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13	AmazonEC2	USW2-USE1-AWS-Out-Bytes	PublicIP-Out		0.00000174	USD	\$0.0000 per GB - data transfer out under the monthly global free tier
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15	AmazonEC2	USW2-BoxUsage-t2.micro	RunInstances-0002	us-west-2a	1	USD	\$0.00 per Windows t2.micro instance-hour (or partial hour) under monthly free tier
16	AmazonEC2	USW2-USE1-AWS-Out-Bytes	PublicIP-Out		0.00000349	USD	\$0.0000 per GB - data transfer out under the monthly global free tier
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18	AmazonEC2	AP2-EB5-VolumeUsage-gp2	CreateVolume-Gp2		0.01344086	USD	\$0.00 per GB-month of General Purpose (SSD) provisioned storage under monthly free tier
19	AmazonEC2	CW-AlarmMonitorUsage	Unknown		0.00134409	USD	\$0.00 per alarm-month - first 10 alarms
20	AmazonEC2	USW2-BoxUsage-t2.micro	RunInstances-0002	us-west-2a	1	USD	\$0.00 per Windows t2.micro instance-hour (or partial hour) under monthly free tier
21	AmazonEC2	USW2-DataTransfer-Regional-Bytes	PublicIP-Out		0.00000349	USD	\$0.0000 per GB - regional data transfer under the monthly global free tier
22	AmazonEC2	USW2-DataTransfer-In-Bytes	RunInstances		0.00003071	USD	\$0.0000 per GB - data transfer in per month
23	AmazonEC2	USW2-DataTransfer-Regional-Bytes	PublicIP-In		0.00000302	USD	\$0.0000 per GB - regional data transfer under the monthly global free tier
24	AmazonEC2	USW2-USE1-AWS-Out-Bytes	PublicIP-Out		0.00000174	USD	\$0.0000 per GB - data transfer out under the monthly global free tier
25	AmazonEC2	USW2-DataTransfer-Out-Bytes	RunInstances		0.00045736	USD	\$0.0000 per GB - data transfer out under the monthly global free tier
26	AmazonEC2	USW2-DataTransfer-In-Bytes	RunInstances		0.00026737	USD	\$0.0000 per GB - data transfer in per month
27	AmazonEC2	USW2-APN2-AWS-In-Bytes	PublicIP-In		0.00000005	USD	\$0.00 per GB - US West (Oregon) data transfer from Asia Pacific (Seoul)
28	AmazonEC2	USW2-APN2-AWS-Out-Bytes	PublicIP-Out		0.00000018	USD	\$0.0000 per GB - data transfer out under the monthly global free tier
29	AmazonEC2	USW2-USE1-AWS-In-Bytes	PublicIP-In		0.00000153	USD	\$0.00 per GB - US West (Oregon) data transfer from US East (Northern Virginia)
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31	AmazonEC2	CW-AlarmMonitorUsage	Unknown		0.00134409	USD	\$0.00 per alarm-month - first 10 alarms

TrueCost Explorer

Explore your billing data visually and answer questions about how your usage translates into costs. [Learn More about TrueCost Explorer in our Knowledge Base.](#)



Tags: Data You Bring to the Party

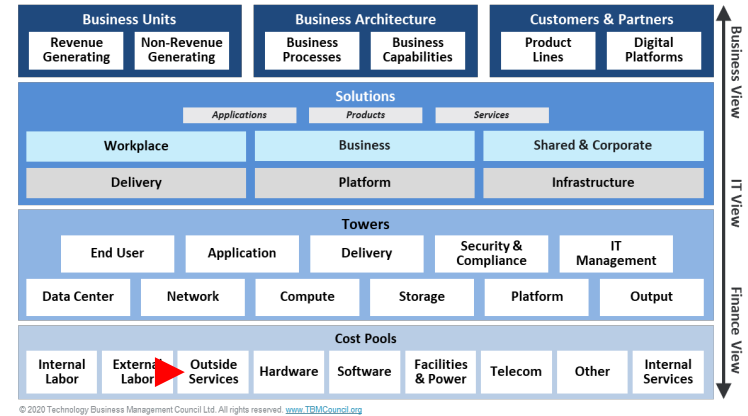
Column	Sample values	Questions
Organization	CS, Sales, Marketing, P&E	What group/department/division of your organization does this spending fall under?
Application Name or ID	Active Directory, Claims Processing	Am I allocating cloud costs to the correct application?
Application Category	Web, db, backend, Hadoop	Which part of my app is driving AWS costs—web, app, db, backend, Hadoop, auto scaling group
Application Objective	Eliminate, invest, tolerate	Is our application rationalization initiative succeeding?
Environment	Dev, DR, Prod, Test	Are we leaving things on or over-provisioning for our staging, test, or dev environments?
Purpose	Database, web, app srv	Are cloud resources replacing or replicating existing on-premises resources?
Cost Center ID	cc001, cc002, cc003	Which cost center is the biggest driver of cloud spent-to-budget variance?
Owner	John Doe, jdoe@acme.com	Which individual developer or team is responsible for this spend?
Project or Business Initiative	Compliance, customer growth, digitalization, market expansion	Is our project spend reflecting our project priorities? Where can we pivot?

Your tagging strategy will depend on reporting needs, automation you want to put in place, and the tools with which you integrate.

Tagging strategies range from the very simple (CMDB identifier) to more complex. Generally with a TBM model, simpler tagging strategies are possible because reporting is powered by the model itself.

Bringing Cloud Costs into the Model

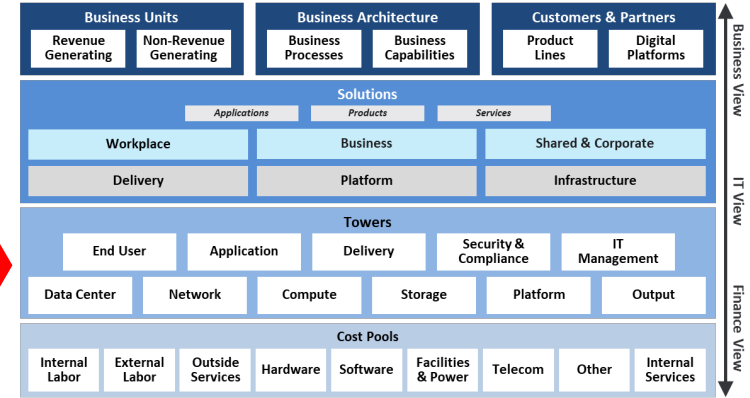
- ▶ IaaS and PaaS are mapped to:
 - Outside Services Cost Pool
 - Cloud Service Provider Sub-Pool
- ▶ If your bill is managed and paid centrally, mapping is easy at this point
 - GL accounts should help you identify public cloud spending
 - Cost Centers or Object Codes will help identify the owner (e.g., Cloud COE responsible for overall contract)
- ▶ *Can you have Capital costs associated with Cloud?*



COST POOLS (v4.0)								
	INTERNAL LABOR	EXTERNAL LABOR	OUTSIDE SERVICES	HARDWARE	SOFTWARE	FACILITIES & POWER	TELECOM	INTERNAL SERVICES
Operating Expenditures	Expense	Expense	Consulting	Expense	Expense	Expense	Expense	by Shared Service*
			Managed Service Provider	Lease	Licensing	Lease	Lease	
			Cloud Service Provider	Maintenance & Support	Maintenance & Support	Maintenance & Support	Maintenance & Support	
				Depreciation & Amortization	Depreciation & Amortization	Depreciation & Amortization	Depreciation & Amortization	
CapEx	Capital	Capital	Capital	Capital	Capital	Capital	Capital	

Allocating to Towers

- ▶ There are a WIDE RANGE of products from AWS, Azure and GCP
- ▶ SKUs (product codes) from your bill can be mapped to Towers and Subtowers
- ▶ For IaaS and PaaS, primary towers of concern are Compute, Storage, Network and Platform
- ▶ Delivery and Security & Compliance may also be needed



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TOWERS (v4.0)										
DATA CENTER	COMPUTE	STORAGE	NETWORK	PLATFORM	OUTPUT	END USER	APPLICATION	DELIVERY	SECURITY & COMPLIANCE	IT MANAGEMENT
Enterprise Data Center	Servers	Online Storage	LAN/WAN	Database	Central Print	Workspace	Application Development	IT Service Management	Security	IT Management & Strategic Planning
Other Facilities	Unix	Offline Storage	Voice	Middleware		Mobile Devices	Application Support & Operations	Operations Center	Compliance	Enterprise Architecture
	Midrange	Mainframe Online Storage	Transport	Mainframe Database		End User Software	Business Software	Program, Product & Project Management	Disaster Recovery	IT Finance
	Converged Infrastructure	Mainframe Offline Storage		Mainframe Middleware		Network Printers		Client Management		IT Vendor Management
	Mainframe			Container Orchestration		Conferencing & AV				
	High Performance Computing			Big Data		IT Help Desk				
						Desktop Support				

Allocating to Services or Solutions

- ▶ **Applications or Business-Facing Solutions**

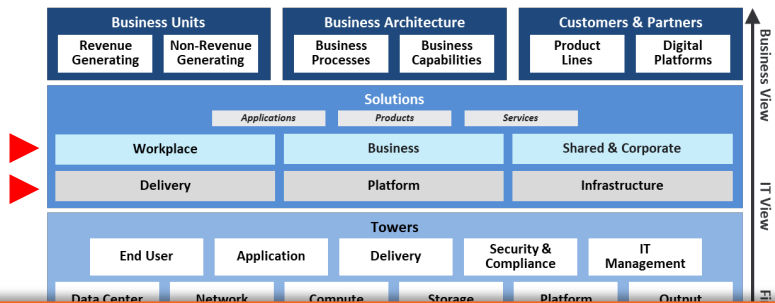
- Most costs can be allocated based on their application identifiers (from your tags that show up in your bills), assuming apps are linked to business-facing Products or Services
- Some cloud costs may appear as overhead (e.g., Security & Compliance, Network, Delivery)

► **Infrastructure and/or Platform Services**

- Once again, cloud costs can be mapped based on their product SKUs
- App owners, service owners, and product teams can be charged or allocated actual costs burdened with internal costs
- Are you defining and setting rates (internal prices) for those services? Are those rate models different than those of your public cloud provider?

► **Directly to Business Units**

- Have you agreed with service consumers (e.g., app owners, business unit IT) to merely pass cloud costs on to them? OR...
- Are you passing through cloud costs after burdening them with internal costs? OR...

[illegible]

Let's Talk Discounts!

- ▶ Cloud providers offer discounts based on either actual consumption (e.g., GCP's Sustained Use Discount) or direct payments (e.g., AWS's Reserved Instances and Savings Plans)
- ▶ When allocating costs, how do you handle those discounts, which may not be applied evenly across all instances or consumption?
- ▶ Also, how do you handle the payments made for the discounts? These are prepaid expenses (assets) that must be amortized as they are used to reduce on-demand costs.
- ▶ Note that discounts can be purchased in one account but then flow to other accounts!
- ▶ Your allocation model should account for both the discounts and the amortization of payments.

All Upfront	Pay for the entire reservation in one payment. It's a lot of upfront cash, but offers the highest savings rate.
Partial Upfront	Pay for part of the usage time upfront, then pay the remainder in monthly payments. The discount is closer to All Upfront, but not quite as good, making it a solid middle ground.
No Upfront	Pay for the reserved time in monthly installments spread out across the entire duration. This payment option has the lowest savings rate and requires a successful billing history.

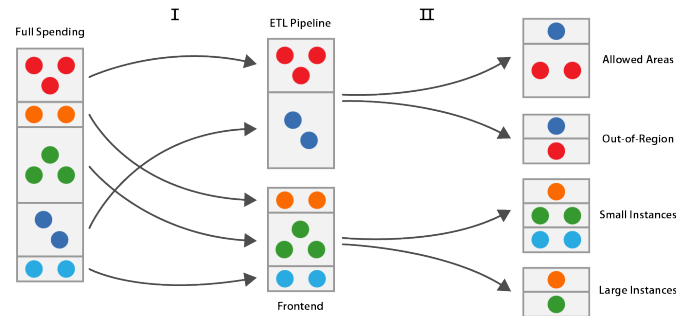
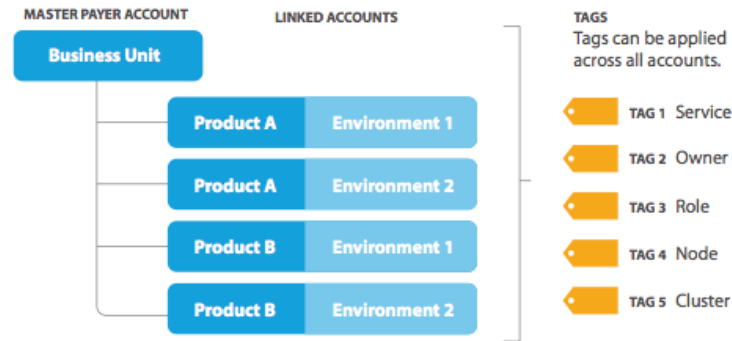
Payment Option	Pros	Cons
No Upfront	No initial investment Lower outlay often means easier & faster approval	Higher payments Monthly obligation Lowest savings
Partial Upfront	Lower initial investment 3-4% more savings Possibly easier approval	Some initial investment Monthly obligation Possibly complex approval
All Upfront	No monthly costs Highest savings level Lowest break-even point	High initial investment Possibly complex approval due to large lump sum payment

Bill of IT (Cloud) Considerations

- ▶ The normal monthly cadence for a bill of IT may be insufficient for public cloud consumption (hence the need for FinOps, including automation)
- ▶ Rethink how you provide details of cost and consumption to your consumers
 - Simple line items of cloud charges with rates, volumes and total costs may be overwhelming
 - Trend reporting to show when there are spikes and anomalies are often more important
- ▶ Have a regular consult with your cloud consumers (e.g., app owners, DevOps teams, etc.)
 - Explain charges and especially any changes from expectations
 - Share opportunities to alter consumption and costs
 - HELP them be better consumers
- ▶ Provide a clear mechanism for reporting errors or omissions
 - Establish a clear policy for handling errors/omissions (including those discovered by IT and by the BUs)
 - Common “errors” include instances that are running or storage that is provisioned that is no longer in use
 - Employ automation with pre-defined (and communicated) policies to reduce or prevent such errors

Other Options: Good, Better, Best

- ▶ We just described the Better/Best options
 - Leverages readily available data source
 - Requires discipline around tagging
 - Synergistic with FinOps practices
- ▶ What else might be “good enough?”
 - Use accounts to allocate to respective Business Units
 - Use Business Mapping or similar rules in cloud cost management tools
 - Even spread across your cloud-hosted apps
 - T-shirt sizing (weighted spread) your cloud hosted apps based on assumed workloads
 - Allocating based on named instances (for compute)
 - Others?



TBM Taxonomy 4.0 and ServiceNow Common Service Data Model (CSDM) 3.0

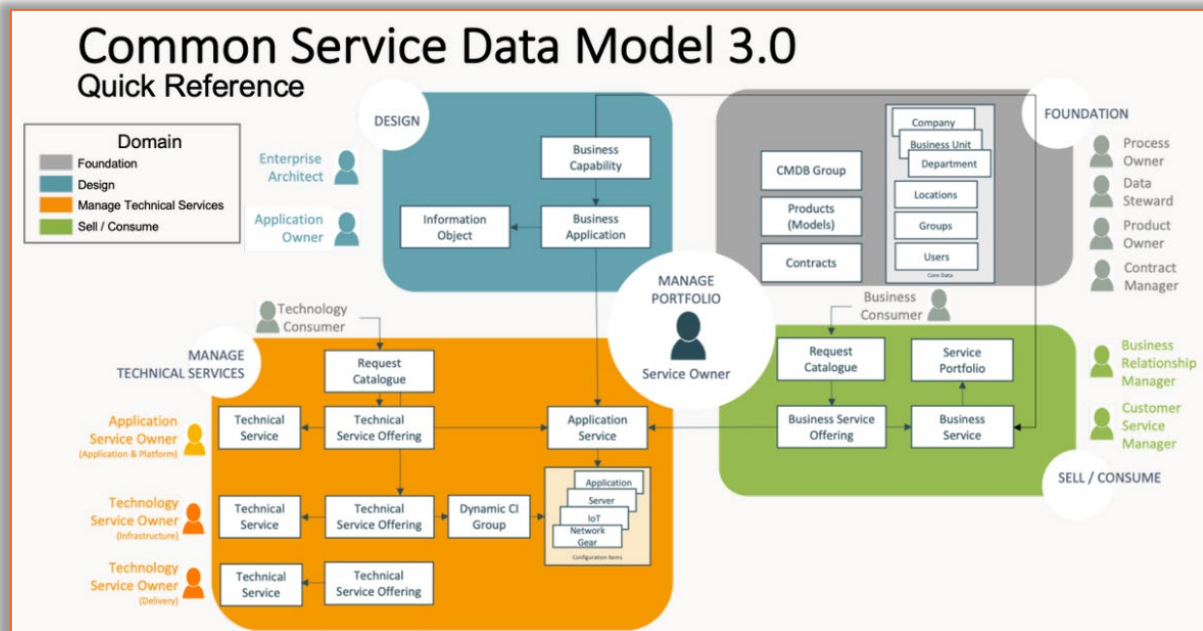
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ServiceNow Common Service Data Model

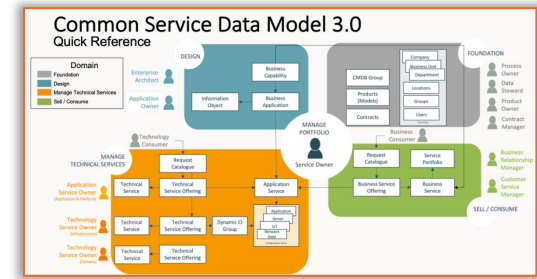
- ▶ A standard and consistent set of terms and definitions that span and can be used with all ServiceNow products
- ▶ Spans four “domains” that relate to distinct product offerings from ServiceNow (e.g., “Design” relates to ServiceNow Application Portfolio Management)
- ▶ The Foundation domain includes the Configuration Management Database (CMDB) tables and data that is used by the other domains



CSDM 3.0 conceptual model from ServiceNow.

Source: <https://docs.servicenow.com/bundle/paris-servicenow-platform/page/product/csdm-implementation/concept/csdm-conceptual-model.html>

CSDM Definitions (per NOW)



Business Capability

Descriptors of what the organization does (not how it is performed) to achieve business outcomes (ie. Financial Management, Support Services, Workforce Management, Mortgage Origination, Equity Trading). May be hierarchical with leaf nodes (ie. Workforce Management – Hire / Retire / Relocation)

Business Application

Application inventory: Those applications used in the support of business functions, departments and outcomes, such as Payables, Receivables, General Ledger Accounting (ie. Oracle Payables, Workday Payroll, LegalZoom)

Application Service

Logical representation of an application stack. Intended use is for (and is mapped to) **application mapping / discovery**.
Application service offerings are exposed in the relevant business or technical service offering tables

Application

Discoverable deployed instance of a program / module, sitting on a single host, with a 1-to-1 or 1-to-many relationship.
NOT an application inventory! This inventory resides in the Business Application Table. **This CSDM class is made for discovery data.**

Technical Service

Published operational Technical Service types made available to Service Owners (int./ext. to IT) and underpinning one or more business or application services. These are often more technical “IT to IT” type services, and can comprise one or more Technical Service Offerings.

Technical Service Offering

Discretely defined Service “commitments” that stratify a Technical Service into options that address elements like localization / geography / pricing / availability / support group / approval group, packaging options etc... (ie. two application support levels, a “Prod” for high availability, & response times, or “Non-Prod” for more limited availability and support windows.

Service Portfolio

A collection of services, products, applications or projects used to manage like items together for the business. Can be grouped by objective, capability, organizational entity or geography. Intended to be hierarchical and to support the lifecycle.

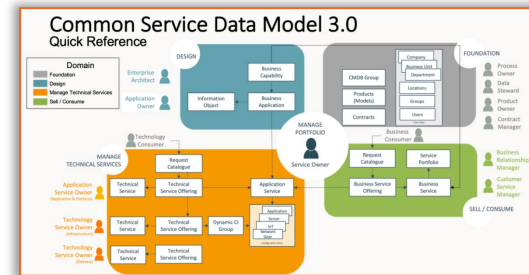
Business Service

Service types published by IT for Business consumption, that typically underpin one or more business capabilities, and is typically orderable via catalog. Can have multiple service offerings (ie. “Laptop”, or “Desktop”).

Business Service Offering

Service “commitments” that discretely define service levels (ie. two levels of desktop support, with a “standard” offering of upgrades and virus protection, and an “Executive” offering for shorter response times and longer support windows). Should stratify into capability, availability, pricing, packaging options etc.. **Includes the Business Area being serviced, and the Entity where services are delivered.**

Proposed Linkage for Discussion



TBM Taxonomy v4.0 Objects

Business Capability

Business Capability in the *Business Architecture* element in the Business Layer of the Taxonomy. Since the CDSM definition specifically states “not how it is performed”, we do not include the TBM Taxonomy *Business Process* object here.

Business Application

Business and **Shared & Corporate** Solutions of the Application Class in the Business Layer of the TBM Taxonomy.

Application Service

The application stack is not defined as an object in the TBM Taxonomy. However, a TBM model would use this information to understand the relationship of Business Applications to underpinning technical services.

Application

Discoverable deployed instances of applications are not defined as an object in the TBM Taxonomy. However, a TBM model would use this information to understand the relationship of Business Applications to underpinning technical services.

Technical Service

Delivery, Infrastructure and **Platform** Solutions of the Service Class in the Business Layer of the TBM Taxonomy.

Technical Service Offering

Service Offering for *Delivery*, *Infrastructure* and *Platform* Solutions of the Service Class in the Business Layer of the TBM Taxonomy.

Service Portfolio

Service Portfolio is not defined as an object in the TBM Taxonomy. However, a TBM model would use this information to provide Portfolio-level reporting of costs, consumption and other facts.

Business Service

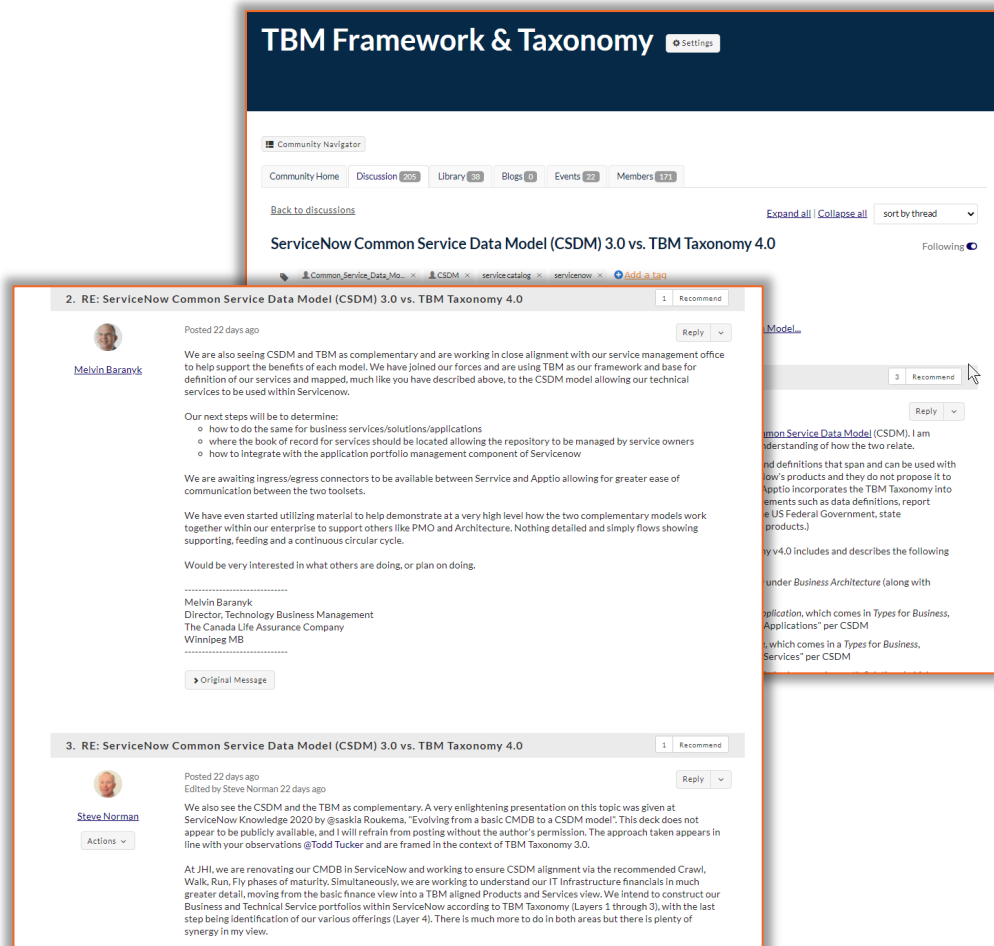
Business and **Shared & Corporate** Solutions of the Service Class in the Business Layer of the TBM Taxonomy.

Business Service Offering

Service Offering for **Business** and **Shared & Corporate** Solutions of the Service Class in the Business Layer of the TBM Taxonomy.

Continue Online...

- Discussion on this topic can be found in the TBM Taxonomy & Framework Community



How to Use the Community Site to Connect and Learn

Todd Tucker



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Wrap-Up



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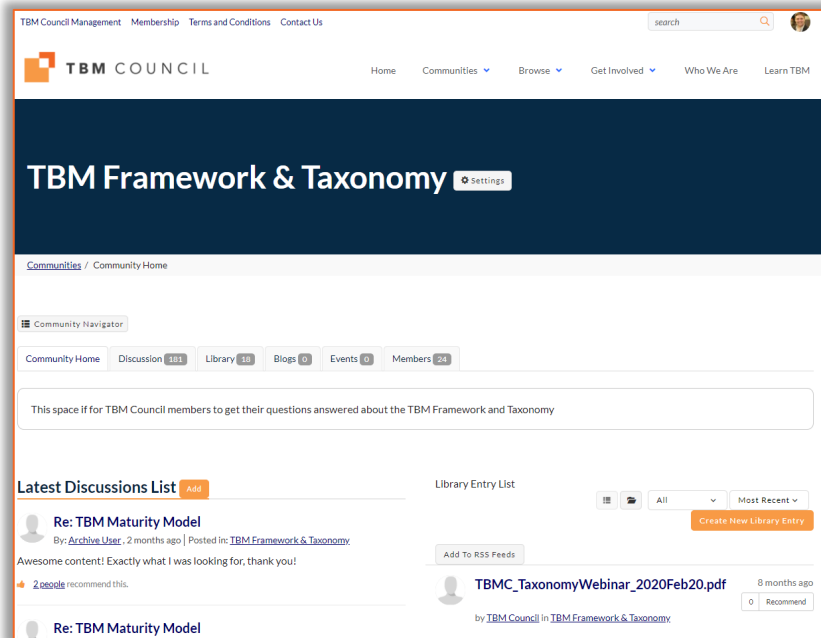
Wrapping Up

- ▶ Thanks for joining us today!
- ▶ Please engage with us online: **TBM Framework & Framework Community** on TBMCouncil.org:

<https://community.tbmcouncil.org/communities/allcommunities>

NOTE: TBM Council membership required. Sign-up at: <https://community.tbmcouncil.org/membership>

We will post this and past meeting deliverables there.



Community Space for Taxonomy-Related Content
(see library)



Thank You!

Stay healthy and warm!



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