

# Getting Started with IT Financial Management Foundation

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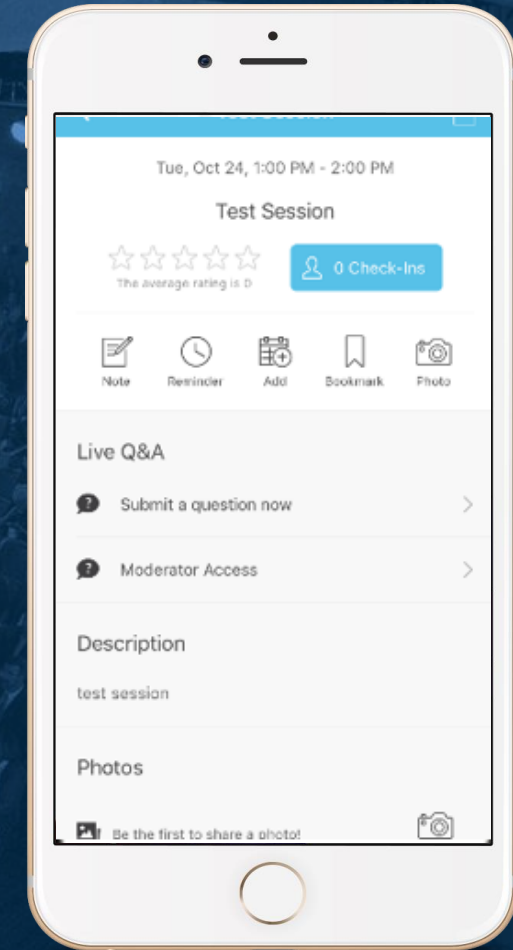
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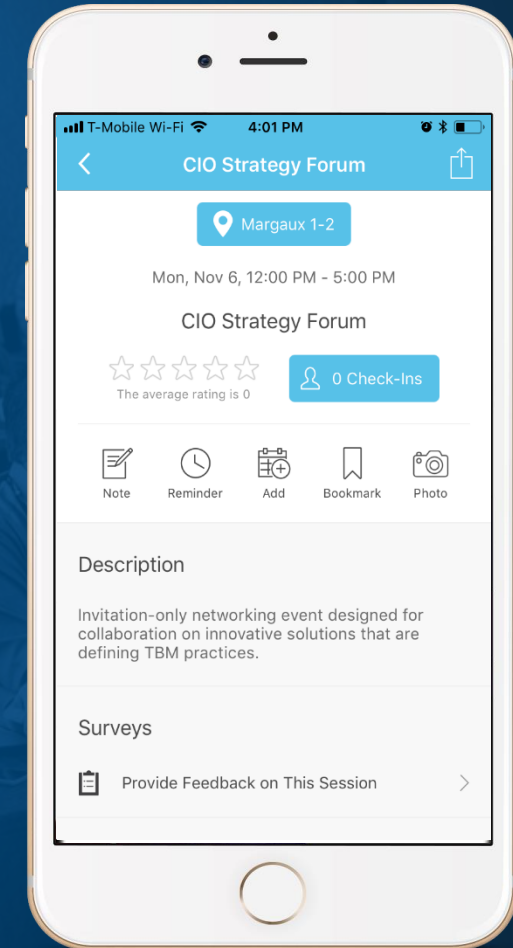
*If you have a more complex or long question – raise your hand and we'll provide you with a microphone.*





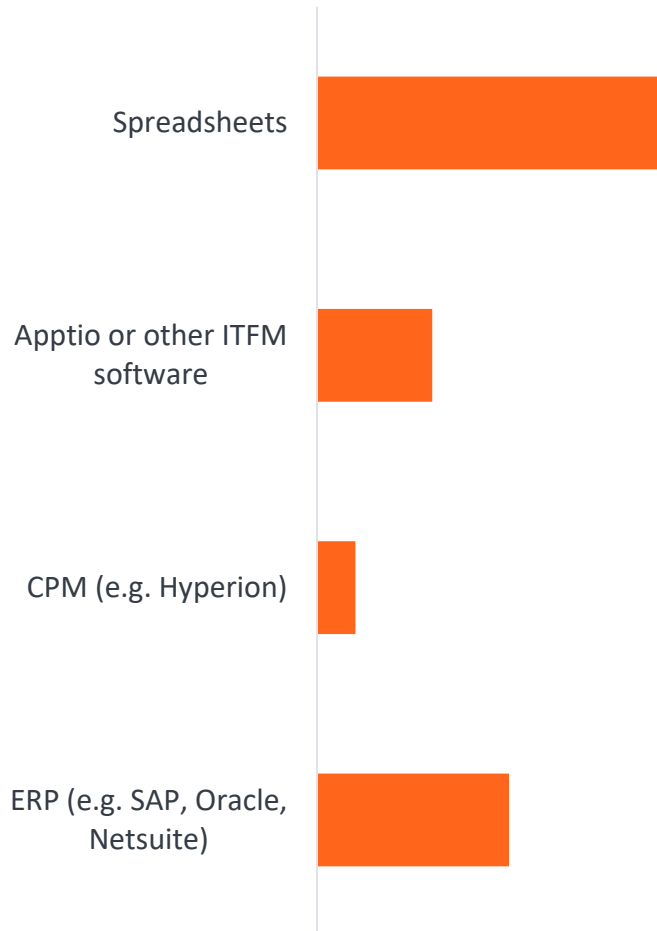
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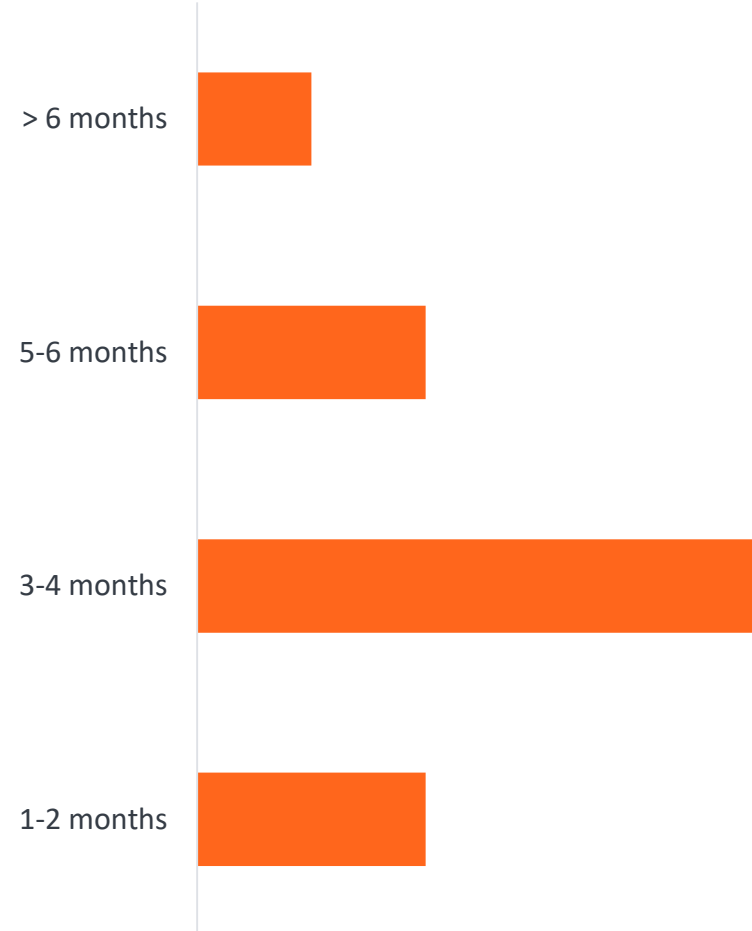


# What we're hearing from IT Finance pros

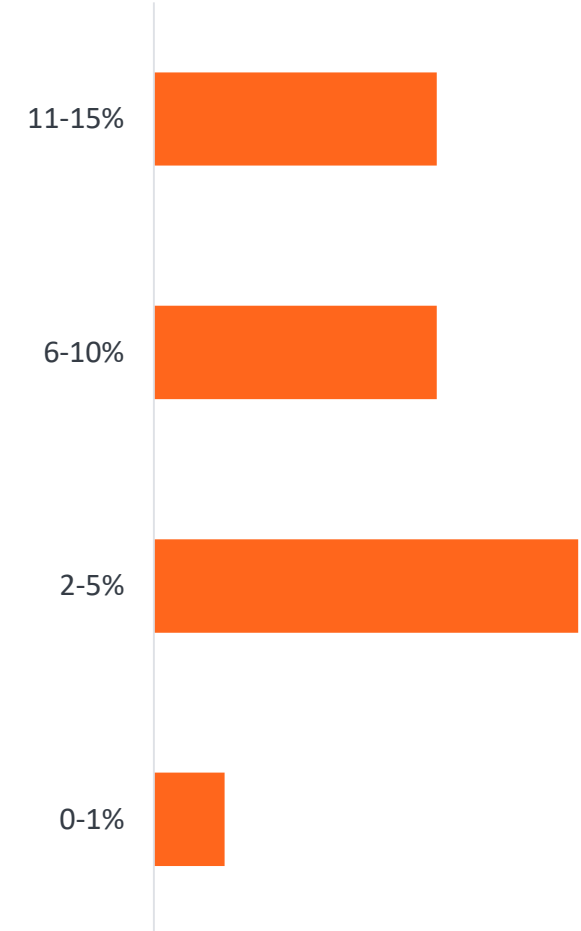
What is your primary tool for planning IT finances today?



How long is your annual planning process in a typical year?



What is your typical annual budget variance?



**“ 76% of IT Finance executives list IT budgeting, forecasting & variance analysis as their top priority for the last four years running.**

**Gartner**

Source: 2016 Gartner ITFM Market Guide

## IT Finance

- ▶ Initiatives go unfunded because of “padding”
- ▶ Corporate planning tools lack IT specifics
- ▶ Inaccurate forecasts create surprise variances
- ▶ Planning process lacks accountability & collaboration
- ▶ Challenging to adjust plan when priorities change

# Customer Initiatives

## Fund new initiatives

*"IT Planning allows us to maneuver and manipulate data quickly, to identify areas to redistribute the budget, and provide budget owners with the confidence to make decisions with the data to back it up."*

HomeAway®

## Increase credibility

*"In IT we went from the bad boys of the planning process to the stand out stars this year with accolades from everyone in the org because of Apptio..."*



## Reduce risk

*"We're wrapping up our first full forecasting cycle with Apptio, and since we were able to streamline actuals and budget variance reporting, we feel like we've mitigated the risk of unforeseen budget surprises..."*



## Increase collaboration

*"Initially, we invested in Apptio IT Planning for the huge time savings we knew we'd achieve. But it has also changed the conversations we're having with the business and fostered better, more collaborative relationships with budget owners."*



## Eliminate costly manual work

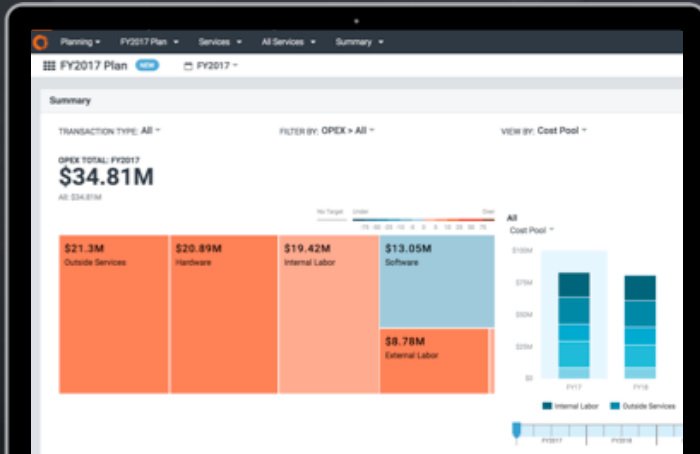
*"Apptio's IT Planning solution will allow us to drastically reduce our overall planning window and at the same time enabled us to get a greater accuracy, accountability and predictability on our IT spend throughout the year."*





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IT Financial Management®  
Foundation



Align IT Spend  
to Business Priorities

# IT Finance Initiatives

- ▶ **Proactively manage spend** with budgeting, forecasting & variance management purpose built for IT
- ▶ **Make better decisions** with scenario planning and what-if analysis
- ▶ **Avoid risk and surprise** multi-year planning and integration with corporate performance management tools
- ▶ **Create a budget in days not months** by automating actual costs translated from the corporate GL into relevant IT cost pools
- ▶ **Drive collaboration and accountability** with IT role based collaboration, plan rollups and workflow
- ▶ **Leverage your investment** by extending to full cost transparency, project financial planning, service demand planning, billing and benchmarking



# IT Finance needs to do three things in 2017



## Manage

Proactively manage IT spend and labor variance to avoid surprises



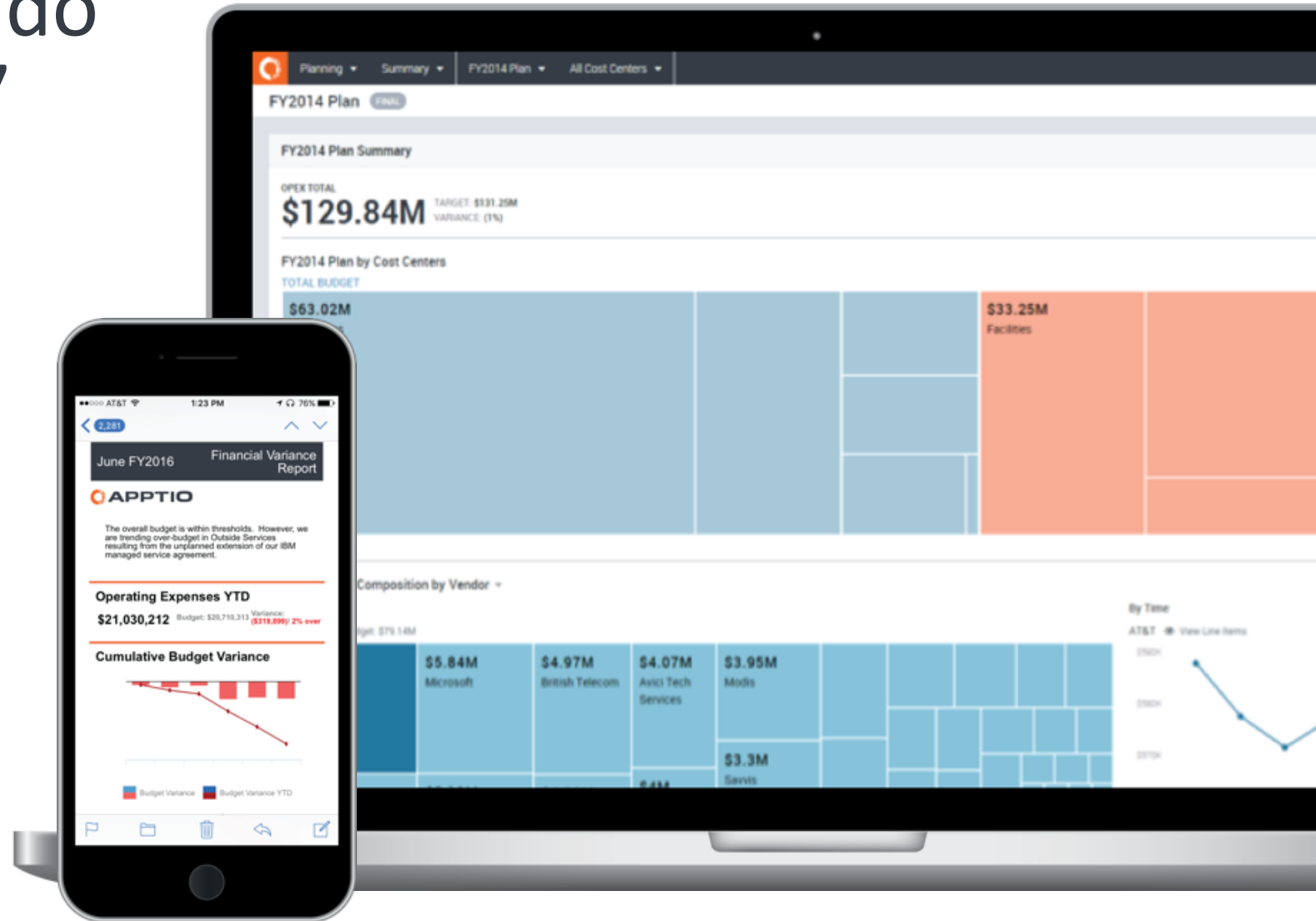
## Decide

Use scenario planning, what-if analytics and multi-year to make informed decisions



## Automate & Go faster

Automated translation of actual costs from the GL into relevant IT Cost Pools



# Return on Apptio Investment Example<sup>1</sup>

**4x**  
**ROI**

**6mo.**  
**Breakeven**

## Assumptions:

**\$50M** Annual Operating budget

**80%** Run-the-Business spend

**20%** Grow and Transform spend

**FORRESTER<sup>®</sup>**

**Total Economic Impact<sup>™</sup> (TEI<sup>™</sup>)**  
**certified<sup>2</sup>**

# Quick time to value

## Get Started:

- ▶ Requires only a general ledger and account list
- ▶ Consolidate hundreds of spreadsheets into one system
- ▶ Maintained by existing budget owner in days vs. weeks
- ▶ Go-live in eight weeks



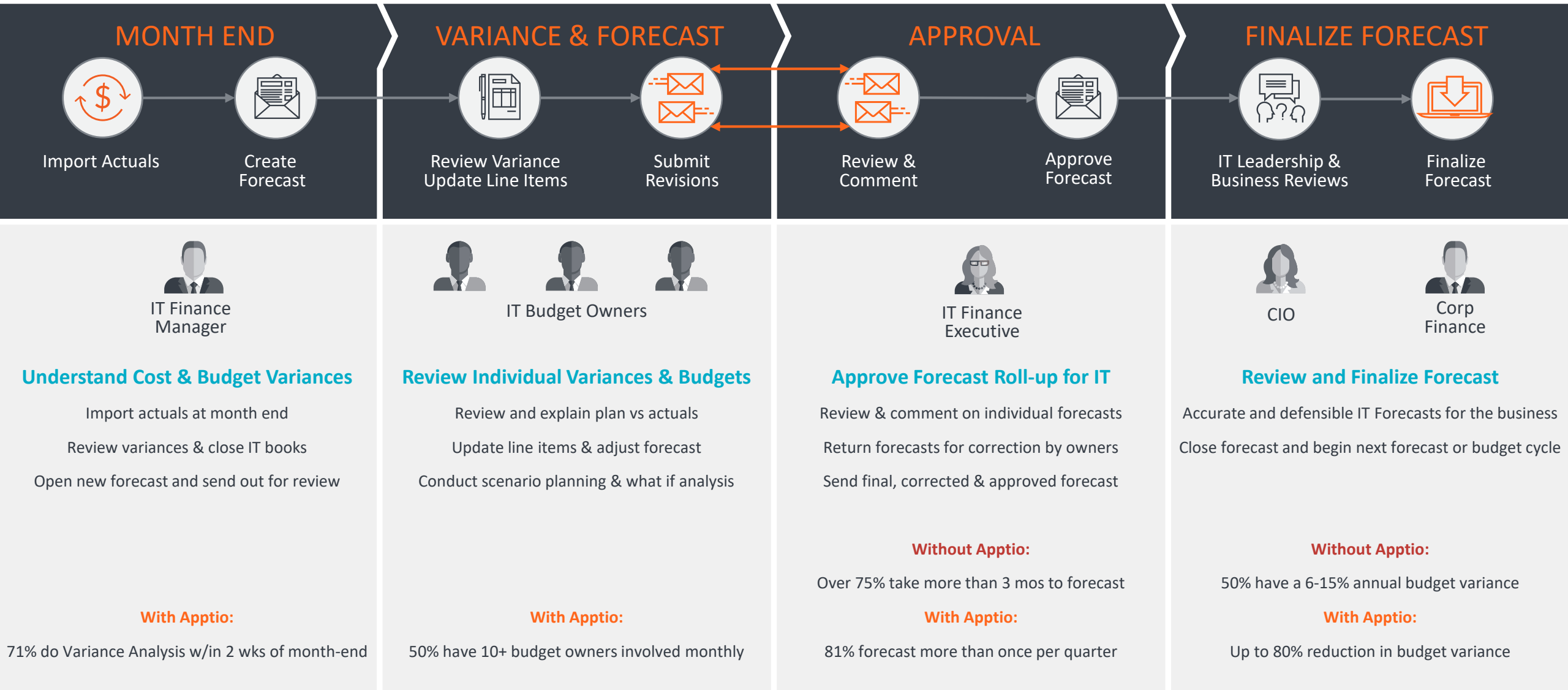
Deployed in 6 weeks with lightning-quick impact on plan completion target. The quick win built credibility and major attention with budget stakeholders. Delivered annual plan final review with CIO months ahead of expectations.”

**Linda Schmitz, Sr. Director IT Finance at Caesars**

1: Example based on purchase of IT Financial Management Foundation package.

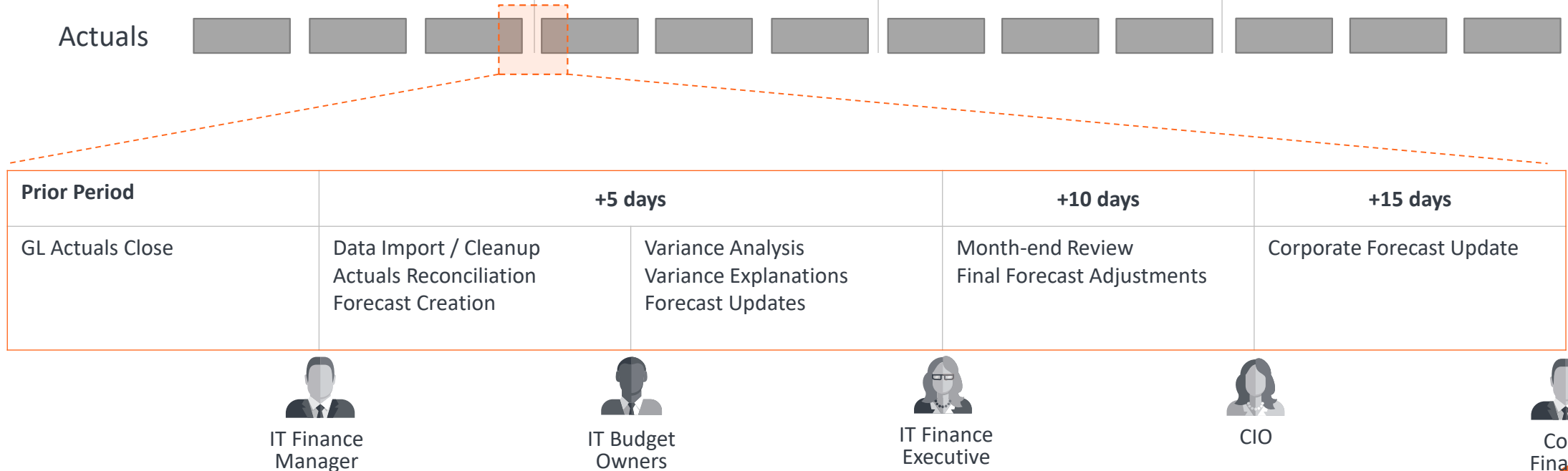
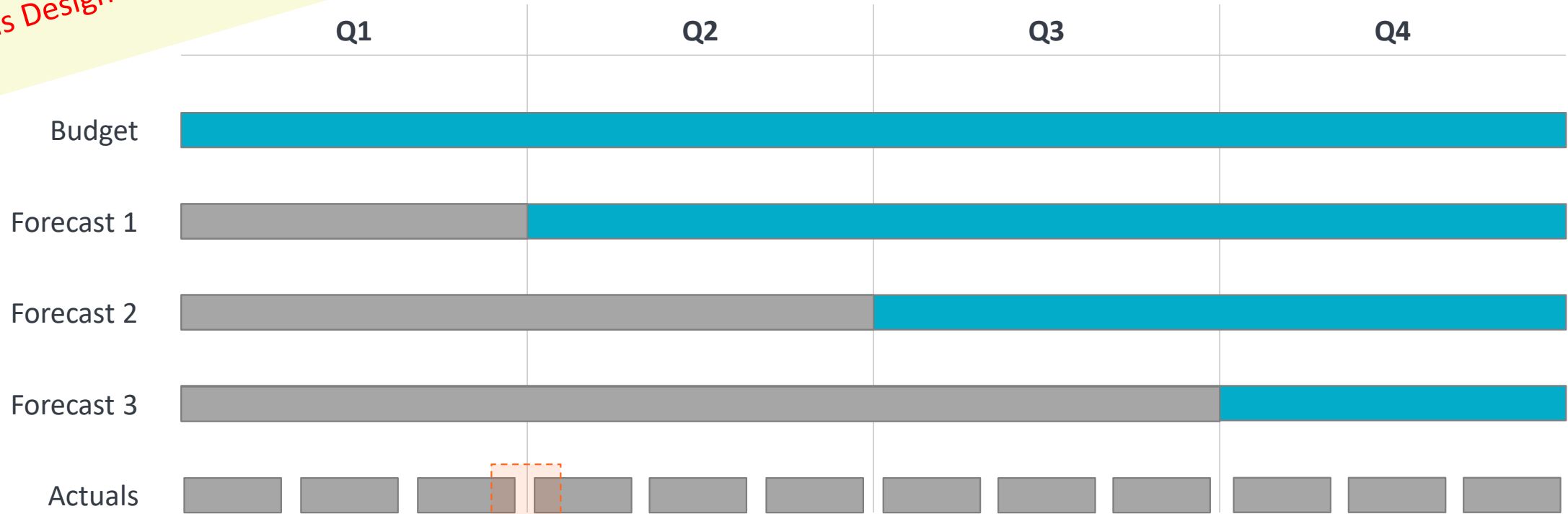
2: Apptio commissioned Forrester to review the Apptio ROI model in June 2017 using its proprietary Total Economic Impact<sup>™</sup> methodology. Forrester deems that the Apptio ROI model conforms to the TEI fundamentals and principles of a sound business case. The intent is for Apptio to guide prospects through the questionnaire to solicit inputs specific to your business and technology environment. Apptio is not permitted to change the calculations or equations. Forrester believes that this analysis is representative of what companies may achieve with Apptio services based on the inputs provided and any assumptions made. Forrester does not endorse Apptio or its offerings.

# Better Variance Analysis & Forecasting





Needs Design Help



# Start with a solid ITFM Foundation.

1

## Plan & Manage IT Budgets & Spend

### ITFM Foundation

Forecast | Spend Variance | Budget

2

## Manage Financial Lifecycle of Projects

### Project Financial Planning

Projects | Build & Run Costs | Change Impact

3

## Align IT Service Investments to Business Demand

### Bill of IT

Change Behavior | Chargeback | Showback

### Service Demand Planning

Service Volumes | Consumption Costs | Unit Price

# THANK YOU



# Start with a solid ITFM Foundation

Capability		ITFM Foundation	Project Financial Planning	Cost Transparency & Benchmarking	Service Demand Planning & Bill of IT
Plan and Manage IT Budgets and Spend	Asset, labor, contract budgets	○			
	OPEX and CAPEX forecasts	○			
	Multi-Year resource plans	○			
	Spend management by cost pools, hw, sw, labor & contracts	○			
	Vendor spend by vendor and type	○			
	Self-service analytics for budget owners to explain variances	○			
Manage Financial Lifecycle of Projects	Project build and run budgets		○		
	Direct and indirect cost forecasts		○		
	Project P&L		○		
Understand & Communicate IT Costs & Business Value	Project spend by labor, build and run costs			○	
	Infrastructure, application and service TCO			○	
	Cost by business unit			○	
	Optimize public cloud spend			○	
	Benchmark against peers			○	
Align IT Service Investments to Business Demand	Service budgets				○
	Chargeback for IT services and cost recovery forecasts				○
	Set prices for services and run price scenario models				○



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**IT Financial**  
**Management®**  
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Establishing a single  
source of record  
using Apptio: A look  
into **Cox Enterprises**  
budgeting and  
planning process

## GOAL:

*Leverage IT Planning to support monthly budgeting and forecasting, increase planning productivity, and create visibility for budget owners.*

## HOW?

- Implemented IT Planning in two weeks
- Loaded six months of historical and six months of forecasting data to generate the first draft of the 2017 budget in two weeks.
- Provided planners actuals and forecast for the current year and a mostly even spread budget for the next year
- Held trainings for each major department
- Integrated IT Planning with Cost Transparency to leverage spend variance and service library

## RESULTS:

- Reduction in budget padding across all departments, dollars had to be specifically allocated
- Have the information and easily pivot and work with the business with unplanned projects arise
- Reduced time from weeks to days to prepare monthly forecast



**INDUSTRY:**  
Telecommunications

**HEADQUARTERS:**  
Atlanta, GA

**IT SPEND:**  
\$18B

**EMPLOYEES:**  
60,000

*"It used to take weeks of agonizing excel spreadsheet management to produce a monthly forecast. Now with Apptio IT Planning, our budget is in one tool so we are able to quickly produce monthly budgets and forecasts without the headache of time-consuming manual efforts. We also have better insights into our spend and areas where we can pivot or move the budget."*

— **Peggy Rouland**  
IT Finance Manager, Cox Enterprises



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Caesars  
Entertainment is  
fine-tuning the  
budgeting process  
while achieving  
better accuracy and  
maturing the  
planning cycle

## GOAL:

*Eliminate manual budgeting processes, reduce budget variances to plan and increase confidence IT spend decisions*

## HOW?

- Aligned 35 budget owners
- Deployed solution in 6 weeks
- Implemented Apptio ITP planning for ease of use and for critical functionality not offered in corporate planning tool

## RESULTS:

- IT budget planning process reduced from 6 months to less than 1 month
- Delivered annual plan final review with CIO months ahead of expectations
- Corporate Finance blown away with ad hoc question response time and accuracy
- Improved budget variance and predictability
- Extending to multi-year planning for projects and investments



### INDUSTRY:

Hospitality

### HEADQUARTERS:

Las Vegas, NV

### IT SPEND:

\$223B

### EMPLOYEES:

33,000

*“Our budget variance is more predictable than in prior planning periods before we’ve used Apptio. For example, last year our variance on software & hardware repair and maintenance costs was 9% off from budget while this year we are trending at 4%. The granularity at which we can budget and review our actuals prevents planning misses.”*

— **Linda Schmitz**

Sr. Director of Financial Planning & Analysis, Caesars Entertainment





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HomeAway  
uses Apptio  
to drive agile  
decisions and  
maintain evergreen  
forecasting

## GOAL:

*Support a high velocity forecasting workflow that identifies areas of cost savings and redeploys them to unfunded projects to maximize business opportunities.*

## HOW?

- Use IT Planning instead of a CPM to drill down the vendor/contract level and to make changes on a daily basis
- Daily updates to quarterly budget to align spend with strategic imperatives and redeploy unused funds
- Accept or reject budget changes in real-time

## RESULTS:

- Freed up \$10M of unspent budget (cost savings) to pour into other initiatives
- Time spent aggregating data is now spent on analysis and redistributing savings
- Maintain a 0.5% variance in the overall budget

## HomeAway®

### INDUSTRY:

Tourism, Advertising, Travel

### HEADQUARTERS:

Austin, TX

### IT SPEND:

\$100M

### EMPLOYEES:

1,900

*“IT Planning allows us to maneuver and manipulate data quickly, to identify areas to redistribute the budget, and provide budget owners with the confidence to make decisions with the data to back it up.”*

— Jeff Blume

Technology Business Management Analyst, HomeAway



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How **CHRISTUS Health**  
unified distributed  
budget centers around  
a common, more  
accurate planning  
process with complete  
visibility to all IT and  
business stakeholders

## GOAL:

*Increase transparency into the types of IT services business owners pay for, as IT transitioned from a decentralized to a centralized governance model*

## HOW?

- Automated the budget collection, consolidation, and control process
- Automated budget-to-actuals variance reporting
- Consolidated data from multiple sources into a single planning environment
- Enabled IT budget owners to input budgets directly and self-reliantly

## RESULTS:

- Gives visibility of budgets, forecasts, and variances to budget and business owners
- Surfaced shadow IT spend by capturing SaaS contracts in the budgeting process
- Frees IT Finance time to focus on strategic planning and analysis initiatives
- Fosters better collaboration across budget owners, IT Finance, Corporate Finance



**INDUSTRY:**  
Healthcare/Hospitals

**HEADQUARTERS:**  
Irving, Texas

**IT SPEND:**  
\$120M

**EMPLOYEES:**  
30,000

*“Initially, we invested in Apptio IT Planning for the huge time savings we knew we’d achieve. But it has also changed the conversations we’re having with the business and fostered better, more collaborative relationships with budget owners.”*

— **Stephanie Rendon**  
Director of Finance, CHRISTUS Health



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How **First Citizens Bank** reduced budgeting processes from weeks to hours, while finding new cost savings

## GOAL:

*Increase credibility, reduce budget variance, and provide budget owners access to their budget in a central location*

## HOW?

- Form a strong implementation team
- Elevate the IT managers' knowledge of the economics of how they spend budget

## RESULTS:

- Increased from two quarterly forecasts to four, plus monthly forecasts on depreciation and labor
- Reduced budget variance by 80% to less than 1% annually
- Enhanced ability to understand the true cost of growth and new opportunities by leveraging IT Planning's ability to plan down to labor, asset, and contract levels



### INDUSTRY:

Banking

### HEADQUARTERS:

Raleigh, NC

### IT SPEND:

\$81M

### EMPLOYEES:

6,200

*"Within 30 days of implementing the IT planning tool, we had it populated with all our GL information, two years of budgets, and two years of actuals. We rolled it out and had a toll in front of our end users."*

— **Robert Winchester Jr.**  
IT Finance Manager, First Citizens Bank



“

Initially, we invested in Apptio for the huge time savings we knew we'd achieve. But it has also changed the conversations we're having with the business and fostered better, more collaborative relationships with budget owners.”

**Stephanie Rendon**

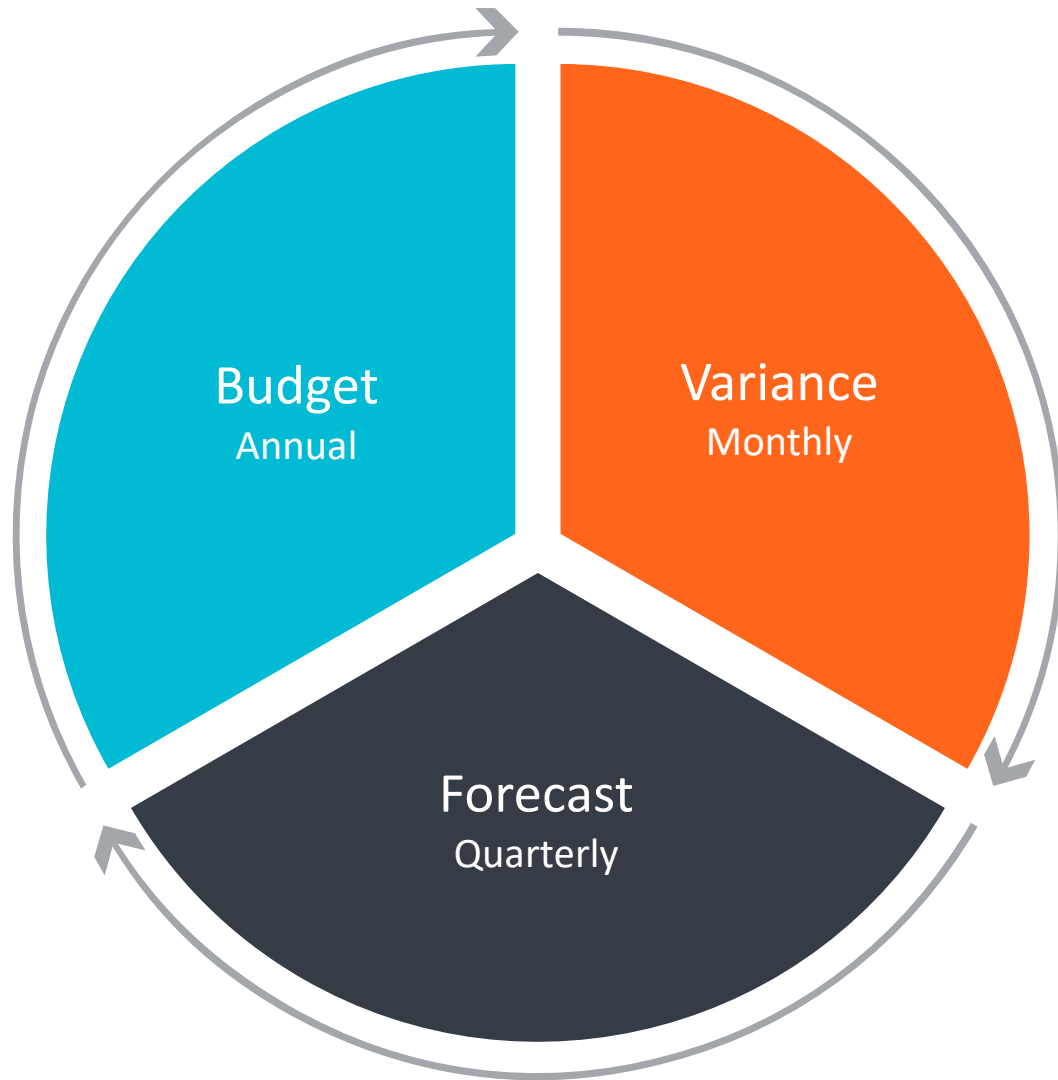
Director of IT Finance



- ▶ Surfaced shadow IT spend by capturing SaaS contracts in the budgeting process
- ▶ Fostered better collaboration across budget owners, IT Finance & Corporate Finance
- ▶ Freed IT Finance time



# ITFM Foundation **Product Demonstration**



## **Manage IT Spend and Labor Variance**

- ▶ Start mid plan-year
- ▶ Email variance report to budget owners
- ▶ Review cost pool & labor variance

## **Forecast Continuously and in Real Time**

- ▶ Review budget vs actuals
- ▶ Adjust contract spend

## **Create Financial Plan Based on IT Business Drivers & Inputs**

- ▶ Kick off next year planning cycle
- ▶ Open annual planning to department & cost center owners
- ▶ Manage workflow to produce budget.



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