



TBM CONFERENCE 2015

Lessons Learned along a TBM Journey

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The Journey to Transparency....

There comes a moment when you realize it's time to change your processes.....

That moment might start when you get asked one of these questions:

'How come I can buy a new computer for less money than you are charging me or allocating to my cost center?'



'We should move everything to 'the cloud'? Isn't 'the cloud' free?'



Significant budget variances and business partner dissatisfaction led us on our journey...

The Journey to Transparency....Define a Process

Step One – Gather all the necessary information



Step Two – Analyze all the data and create reports



Step three – Share information with business partners



The Journey to Transparency....Reaction

We were not expecting this reaction



The Journey to Transparency....Reaction

Now what???



Regroup -- Revise -- Reflect -- Resolve

The Journey to Transparency...Tipping Point

Regroup

- What went wrong?

Revise

- Too much data, not enough information
- Service catalogs are not relevant / current

Reflect

- Need to clearly articulate our story
- Do we need an external process / tool?

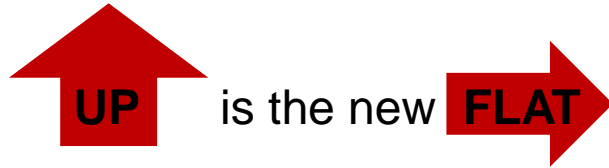
Resolve

- We've tried this alone several times before
- We need to get moving and demonstrate progress

The Journey to Transparency....Regroup

Business Partner Perspective

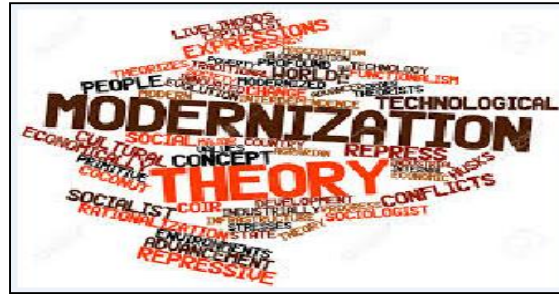
Revenue generating businesses might feel as if budgets are set using this logic:



To hit earnings goals, businesses are seeking innovative and creative ways to generate revenue. These include:



Digitization



Modernization

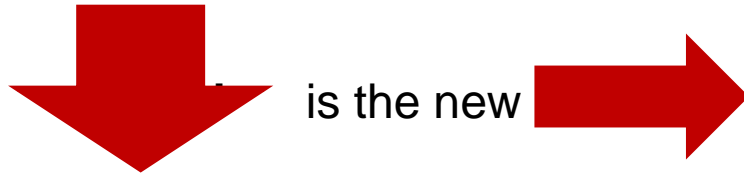


Innovation

The Journey to Transparency....Regroup

Technology Team Perspective

Support Functions might feel as if budgets are set using this logic:



To hit expense targets, tech functions are looking for ways to reduce costs



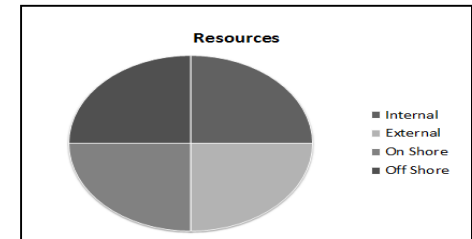
Productivity



Process Improvement



Application Rationalization



Resource Mix Adjustments

The Journey to Transparency....Revise / Reflect

Uncovering the Disconnect – Differing Perspectives

Role Based Perspectives	LOB Leaders Think	Technology Thinks	Finance Thinks
Digitization	<ul style="list-style-type: none">• Enhance Capabilities• Retain Clients• Increase revenue	<ul style="list-style-type: none">• More volume• Increased storage• Data Processing• Info Security• Fraud Risks	<ul style="list-style-type: none">• More money
Modernization	<ul style="list-style-type: none">• Speed to market• Attract Clients• Improve Sales• Increase Revenue	<ul style="list-style-type: none">• Redesign• Reengineer• Remediation• Automation• Interfaces	<ul style="list-style-type: none">• More money
Innovation	<ul style="list-style-type: none">• Disrupt the market• Gain Market Share• Create new capabilities• Increase Revenue	<ul style="list-style-type: none">• R&D• RFPs• Vendor POCs• Development• Testing	<ul style="list-style-type: none">• More money

The Journey to Transparency....Resolve

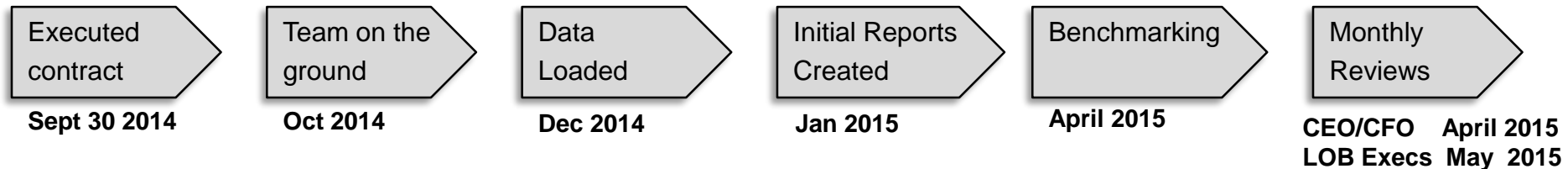
Why did we choose Apptio?

- Focus on what they could help us accomplish
- Clear understanding of the struggle
- Committed partnership during our internal attempts
- Genuine concern for our success
- TBM capabilities and peer network

The Journey to Transparency....Resolve

How did we launch Apptio?

- Finance led project, Tech partnership, engagement and support
- Engaged stakeholders to define target state
- Leveraged the ATUM model to align data into services
- Assigned owners to towers to create accountability
- Leveraged benchmarking to identify potential opportunities
- Timeline



The Journey to Transparency....Resolve

How do we use Apptio today?

- Data / information is leveraged for monthly reporting
- Becoming the TCOA data source
- Used in business cases
 - In one of the first business cases since launched, Apptio reports helped identify a \$2.4M savings opportunity
- Division CIOs use Apptio reporting to conduct App Rationalization exercises with LOB leaders

The Journey to Transparency....Resolve

What Did We Learn?

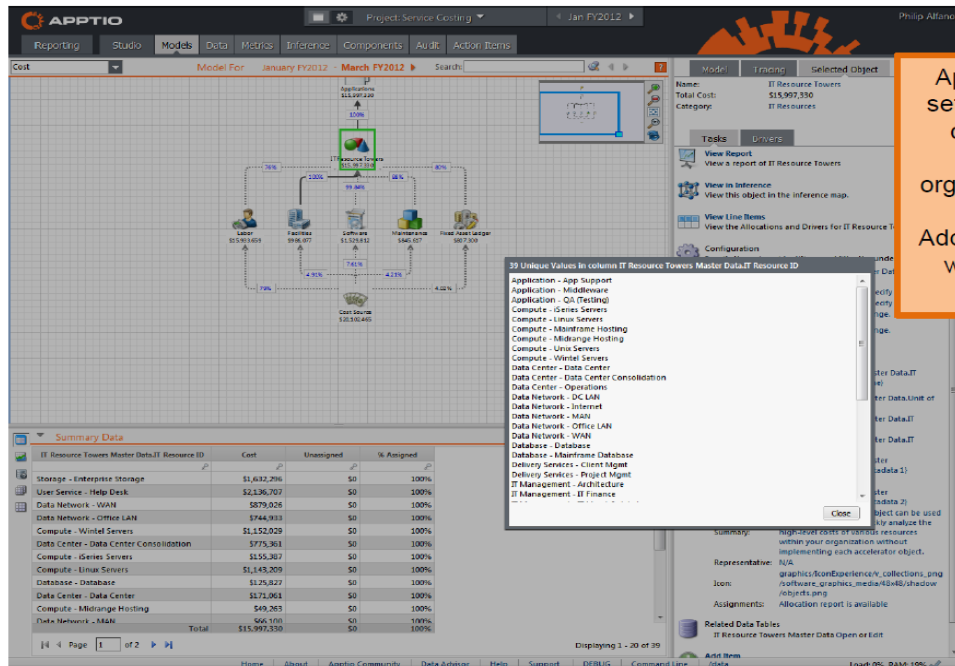
- 2 years behind where we could have been
- Apptio was a critical step in propelling us along our journey
- Insights gained during data scrubbing were invaluable
- External perspective helped us stay out of our way
- Launching an official project, with a third party, enhanced the accountability to deliver
- We've changed the conversations
- Apptio was the missing link to our puzzle



The Journey to Transparency....Apptio Examples

Aligning data into ATUM towers was a critical first step

Entry Level IT Cost Model – IT Resource Tower Example



Apptio leverages a model that follows a set of standards that has been proven by customers and validated by the TBM Council. Leveraging this model, organizations can quickly organize the GL into IT Products and Resources. Additionally, this allows customers to align with industry standard for purposes of benchmarking.

The Journey to Transparency....Sample Reports

Creating service and function based cost reporting helped frame discussions

IT Management – Summary

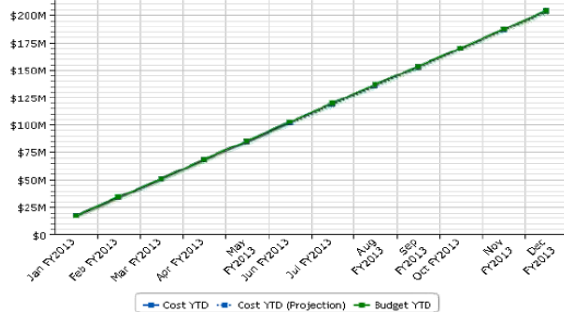
Cost YTD
\$101.26M
Budget YTD: \$102.05M

Budget Remaining
\$102.28M
Annual Budget: \$203.53M

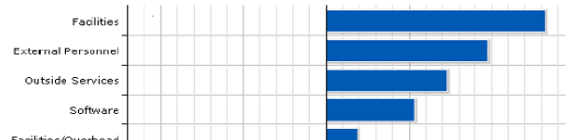
Total Labor Cost
\$5.36M
Total Labor Budget: \$5.38M

Labor Headcount
2,000
Headcount Plan: 1,987

Cost With Projection vs Full Year Budget

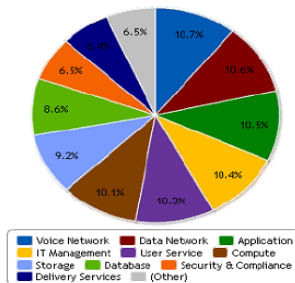


Budget Variance by Cost Pools



Cost Summary

Summarize Costs By: IT Resource Tower Name



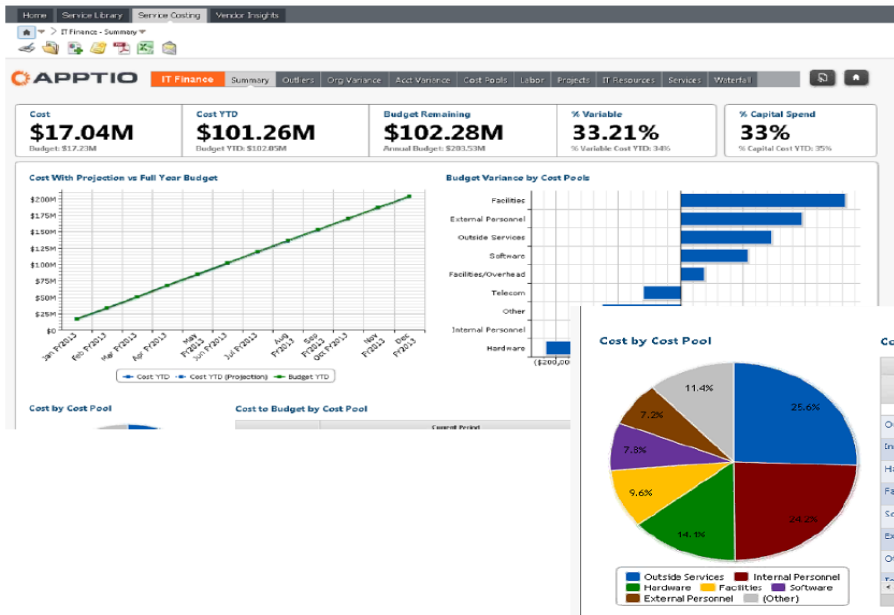
The IT Management Summary provides general visibility into the key metrics used to measure an IT organization. Consumers of data can pivot across elements such as cost pools and resource towers thus driving more agile, and fact-based decisions within the organization.

IT Resource Tower Name	Cost	Previous Period	Previous Period Change	Previous Period % Change	Period Over Period Trend	Budget	Budget Variance F/(U)	Budget Variance F/(U)
Voice Network	\$1,463,872	\$1,398,853	\$64,219	4.39%	👉	\$1,494,065	\$30,994	
Data Network	\$1,451,870	\$1,313,484	\$78,386	5.4%	👈	\$1,457,154	\$5,283	
Application	\$1,437,551	\$1,448,727	(\$11,176)	(0.78%)	👈	\$1,481,958	\$44,407	
IT Management	\$1,420,220	\$1,352,582	\$67,638	4.76%	👉	\$1,442,938	\$22,719	
User Service	\$1,403,785	\$1,337,967	\$65,817	4.69%	👉	\$1,435,803	\$32,019	
Compute	\$1,383,329	\$1,370,027	\$13,302	0.96%	👉	\$1,437,392	\$54,063	
Storage	\$1,256,187	\$1,244,027	\$12,161	4.15%	👉	\$1,364,193	\$108,005	
Database	\$1,169,644	\$1,119,655	\$49,988	4.27%	👉	\$1,240,788	\$71,136	
Security & Compliance	\$892,412	\$914,260	(\$21,848)	(2.45%)	👈	\$954,646	\$62,228	
Delivery Services	\$875,558	\$893,888	(\$18,330)	(2.09%)	👈	\$930,974	\$55,416	
IT Operations	\$605,396	\$581,549	\$23,847	3.94%	👉	\$652,045	\$46,649	
Data Center								
Total	\$13,637,365	\$13,271,762	\$365,602	2.68%		\$14,191,872	\$554,507	(3.9)

The Journey to Transparency....Sample Reports

Creating service and function based cost reporting helped frame discussions

IT Finance - Summary



The IT Finance Summary provides general visibility into the key metrics used to measure an IT organization, as well as, providing granular visibility into cost pools (Hardware, Software, Labor, etc.) and how they vary from a month over month and annual standpoint.

End users can drill all the way into GL line items, Fixed Asset records, and more.

Cost to Budget by Cost Pool

Cost Pool	Current Period				Year to Date			
	Cost	Budget	Budget Variance F/(U)	Budget Variance % F/(U)	Cost YTD	Budget YTD	Budget YTD Variance F/(U)	Budget YTD Variance % F/(U)
Outside Services	\$4,368,502	\$4,515,934	\$147,431.93	3.26%	\$26,961,472	\$26,115,239	(\$846,233)	(3.27)
Internal Personnel	\$4,127,407	\$3,956,976	(\$170,430.39)	(4.13%)	\$22,768,089	\$24,277,312	\$1,509,223	6.22
Hardware	\$2,405,466	\$2,181,554	(\$215,911.78)	(9.86%)	\$13,758,744	\$12,651,066	(\$1,107,678)	(8.76)
Facilities	\$1,630,689	\$1,895,984	\$265,295.39	13.99%	\$10,355,466	\$10,108,206	(\$247,260)	(2.45)
Software	\$1,333,067	\$1,441,332	\$108,264.31	7.53%	\$1,473,523	\$8,482,746	\$1,018,223	11.9
External Personnel	\$1,232,517	\$1,421,899	\$189,382.35	13.66%	\$4,336,731	\$8,670,566	\$333,834	3.9
Other	\$946,789	\$921,455	(\$25,330.12)	(2.52%)	\$4,923,026	\$5,315,579	\$392,553	7.31
Total	\$17,042,793	\$17,227,284	\$184,581.80	1.07%	\$101,255,649	\$102,649,297	\$1,393,648	0.78%

The Journey to Transparency....Benchmarking

Apptio's benchmarking categories

Apptio TBM Unified Model™ (ATUM™) Cost Categories

 Benchmarks Available

IT Towers & Sub-Towers

Data Center	▲ Compute	▲ Storage	▲ Network	Communication	Output	▲ End User	Application	Delivery	Security & Compliance	IT Management
Enterprise Data Center	▲ Windows Database	▲ Tier 1	▲ LAN	Circuits	Central Print	▲ Workspace	App Dev	Ops Center	Security	IT Mgmt. & Strategic Planning
Other Facilities	▲ Linux Middleware	▲ Tier 2	▲ WAN	Usage	Post Processing	Mobile Devices	App Support & Ops	Project Mgmt	Compliance	Enterprise Architecture
	▲ Unix Mainframe Database	▲ Tier 3	▲ Voice			▲ Service Desk	LoB Software	Client Mgmt	Disaster Recovery	IT Finance
	▲ Mainframe Mainframe Database	▲ Tier 4	Other Network			Field Service	Cloud Apps	Cloud Ops	Cloud DR	IT Vendor Mgmt.
	Converged Infrastructure	Cloud Storage	Cloud Network			Cloud Desktop				
	Cloud Windows	Cloud Platform	Cloud Archive							
	Cloud Linux									

Drills Down To

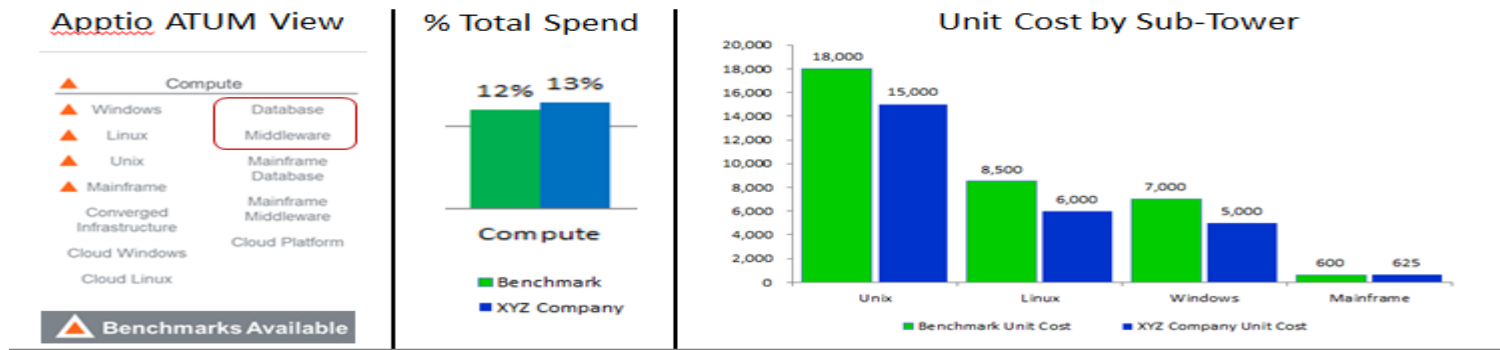
Cost Pools & Sub-Pools

▲ Internal Labor	▲ External Labor	▲ Hardware	▲ Software	▲ Outside Services	▲ Facilities & Overhead	▲ Telecom	▲ Other
Internal Labor	External Labor	Depreciation	Depreciation	Consulting	Depreciation	Telecom	Other
		Lease	Lease	Managed Service Provider	Lease		
		Expense	Expense	Cloud Service Provider	Expense		
		Maintenance & Support	Maintenance & Support		Maintenance & Support		

Source: Apptio documents

The Journey to Transparency....Benchmarking

Example of how we used benchmarking reports to enhance our analysis beyond the Apptio specific findings



Observations (based on modeled data above):

- Unit costs of benchmarked sub towers are lower, or in line with benchmark
- However, total costs are higher than benchmark

Questions:

- How many of the other sub towers do we have in our environment?
- Where are our costs too high?
- If the unit cost is lower, do we have more units? Why?

The Journey to Transparency - Continues...

We have:

- Enabled better dialogue and collaborative decision making
- Established a process for timely, transparent reporting
- Given LOB partners access to browse, point and click through financial data in ways we were never able to do before
- More work to do...

We are:

- Paving our path towards transparency

And.....

- We feel good about the work we have in flight.

