



TBM CONFERENCE 2015

## Lessons Learned along a TBM Journey

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# 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

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Now what???



Regroup -- Revise -- Reflect -- Resolve

# The Journey to Transparency...Tipping Point

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## 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?

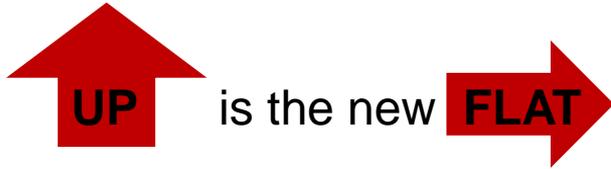
## Resolve

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

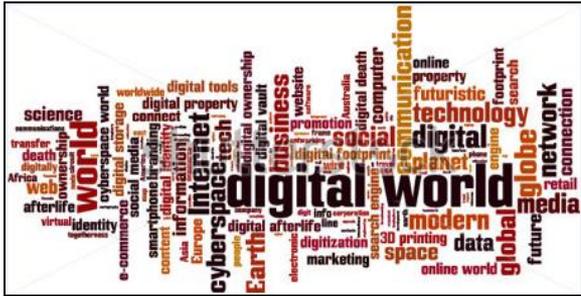
# The Journey to Transparency....Regroup

## Business Partner Perspective

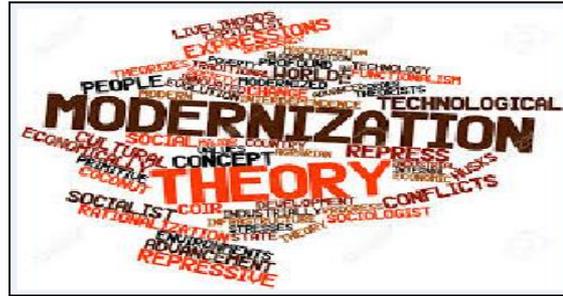
Revenue generating businesses might feel as if budgets are set using this logic:



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



Digitization



Modernization

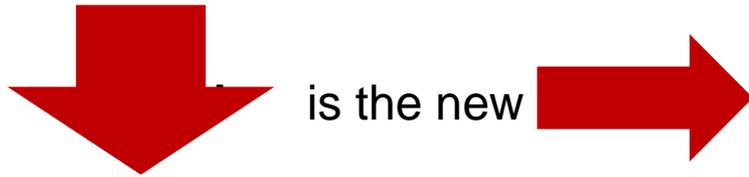


Innovation

# 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



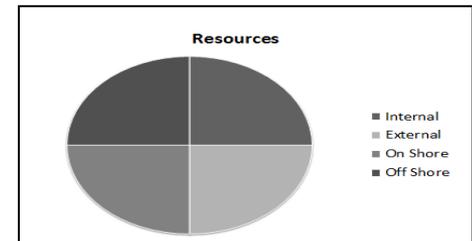
Productivity



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

# The Journey to Transparency....Resolve

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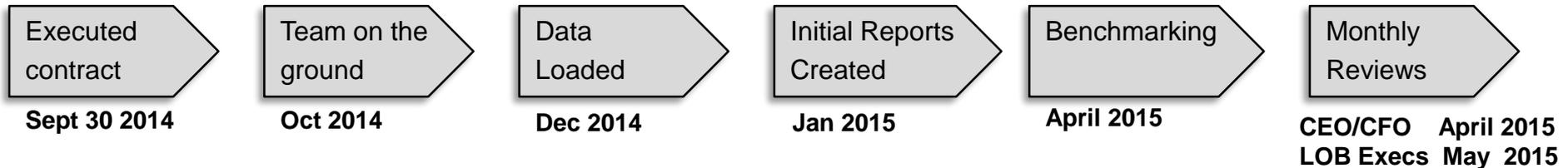
## Why did we choose Apptio?

- 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

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## 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

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## What Did We Learn?

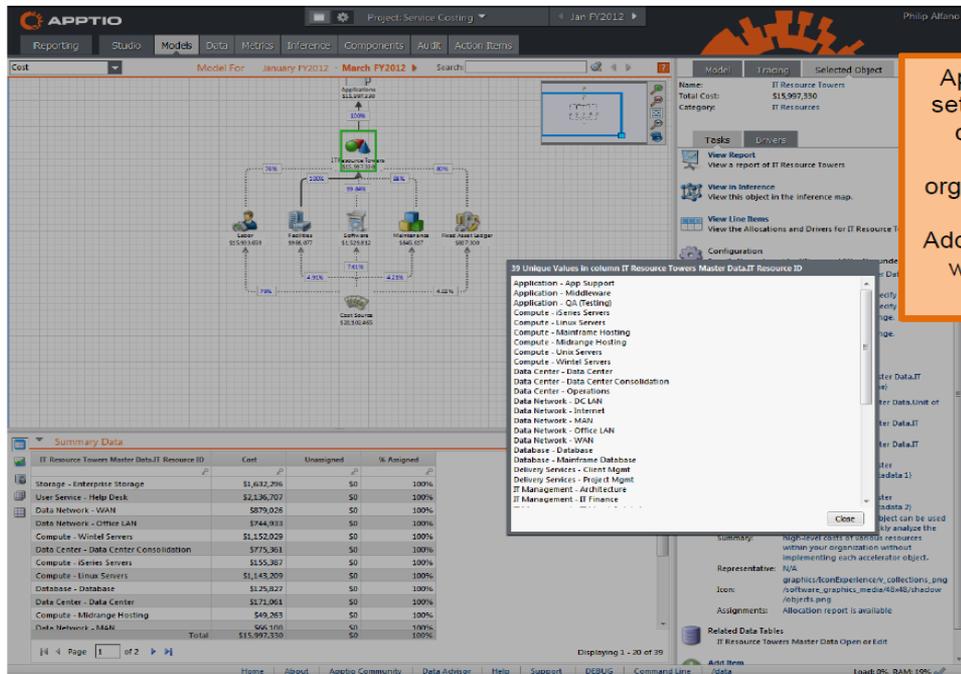
- 2 years behind where we could have been
- Apptio was a critical step in propelling us along our journey
- Insights gained during data scrubbing were invaluable
- External perspective helped us stay out of our way
- Launching an official project, with a third party, enhanced the accountability to deliver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

Source: Apptio documents

# The Journey to Transparency....Sample Reports

Creating service and function based cost reporting helped frame discussions

## IT Management – Summary

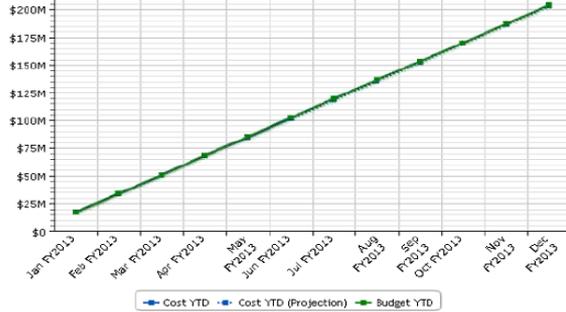
Cost YTD  
**\$101.26M**  
 Budget YTD: \$102.05M

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



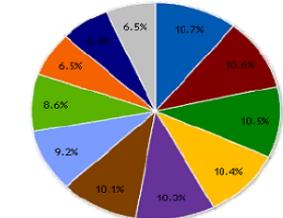
Budget Variance by Cost Pools



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.

Cost Summary

Summarize Costs By: IT Resource Tower Name



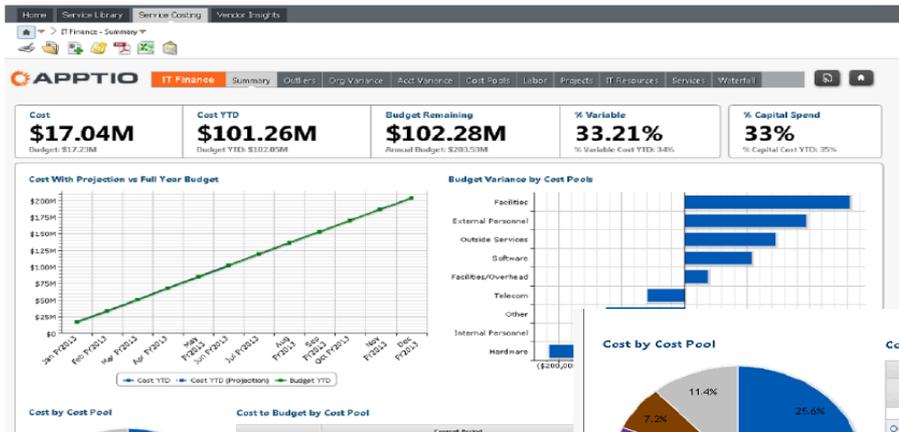
■ Voice Network ■ Data Network ■ Application  
■ IT Management ■ User Service ■ Compute  
■ Storage ■ Database ■ Security & Compliance  
■ Delivery Services ■ (Other)

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	\$1,451,970	\$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	\$1,303,329	\$1,370,027	(\$13,302)	(0.96%)	👉	\$1,437,392	\$54,063	
Storage	\$1,256,187	\$1,244,027	\$52,161	4.15%	👉	\$1,364,193	\$108,005	
Database	\$1,169,644	\$1,119,655	\$49,988	4.27%	👉	\$1,240,780	\$71,136	
Security & Compliance	\$892,412	\$914,260	(\$11,848)	(2.45%)	👉	\$954,648	\$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								
<b>Total</b>	<b>\$13,637,365</b>	<b>\$13,217,762</b>	<b>\$385,602</b>	<b>2.68%</b>		<b>\$14,191,872</b>	<b>\$554,507</b>	<b>(3.9)</b>

# The Journey to Transparency....Sample Reports

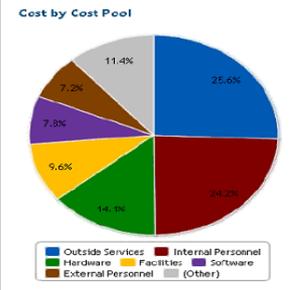
Creating service and function based cost reporting helped frame discussions

## 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.

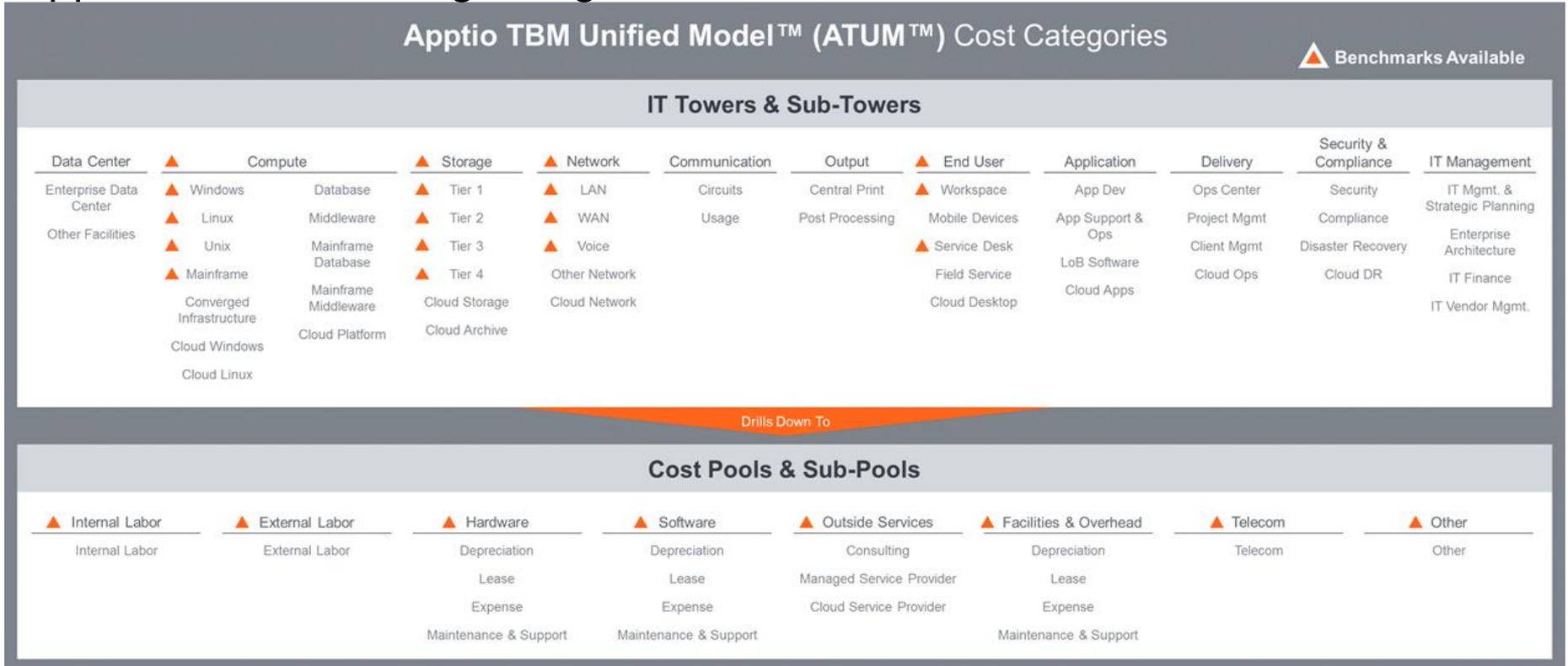
End users can drill all the way into GL line items, Fixed Asset records, and more.



Cost 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%	\$26,966,472	\$26,115,239	(\$853,233)	(3.27)
Internal Personnel	\$4,127,467	\$3,956,976	(\$170,490.39)	(4.33%)	\$22,768,089	\$24,277,312	\$1,509,223	6.22
Hardware	\$2,405,466	\$2,189,554	(\$215,911.78)	(8.96%)	\$13,756,744	\$12,651,066	(\$1,107,678)	(8.76)
Facilities	\$1,630,689	\$1,895,984	\$265,295.39	13.99%	\$16,355,466	\$10,208,206	(\$6,247,260)	(2.45)
Software	\$1,333,067	\$1,441,932	\$108,264.91	7.51%	\$1,473,523	\$8,482,746	\$1,018,223	11.9%
External Personnel	\$1,232,517	\$1,427,899	\$195,382.35	13.66%	\$6,336,731	\$8,670,566	\$333,834	3.9%
Other	\$96,789	\$921,455	(\$125,330.12)	(15.26%)	\$4,923,026	\$5,315,579	\$392,553	7.31
<b>Total</b>	<b>\$17,042,793</b>	<b>\$17,227,284</b>	<b>(\$184,581.80)</b>	<b>1.07%</b>	<b>\$101,255,649</b>	<b>\$102,649,297</b>	<b>\$793,648</b>	<b>0.78%</b>

# The Journey to Transparency....Benchmarking

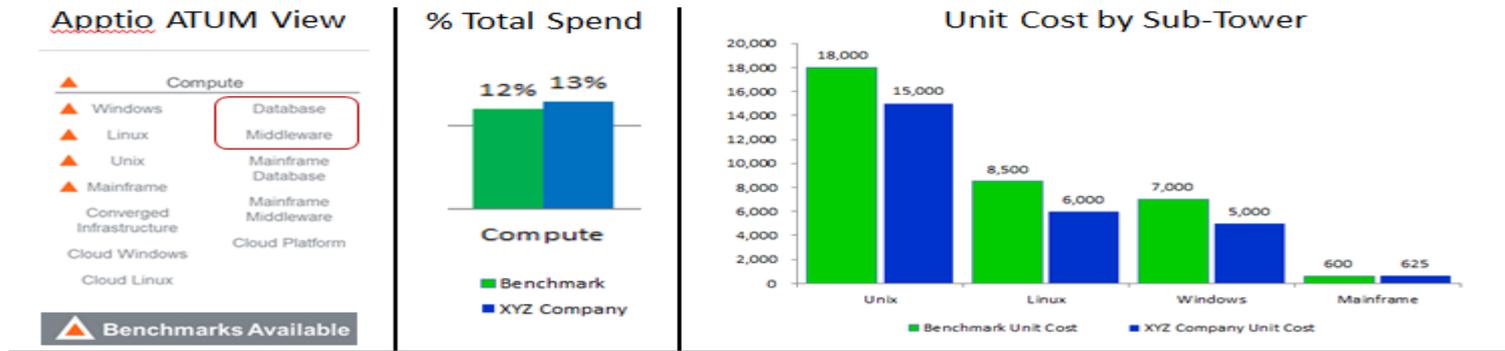
## Apptio's benchmarking categories



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...

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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.

