Federal Commission On IT Cost, Opportunity, Strategy & Transparency (IT COST)

Commission Meeting

January 27, 2016

Introduction and TBM Council Overview

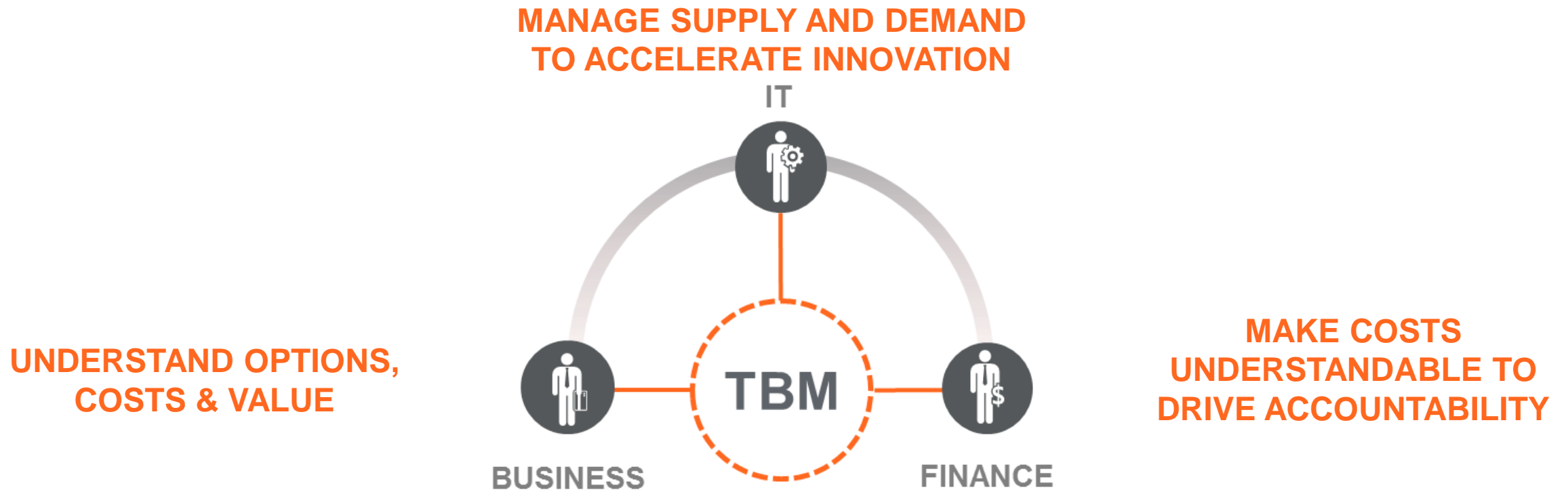**Todd Tucker**, General Manager

TBM Council

HOUSEKEEPING!

- **Recording:** this WebEx meeting will be recorded. Attendees will receive a follow up email within the next four (4) business days explaining how to access the recording in TBM Connect

- **Questions to Presenters:** all phones have been muted to minimize noise. Please use the "Chat" panel to submit your questions to Todd Tucker.

Welcome!
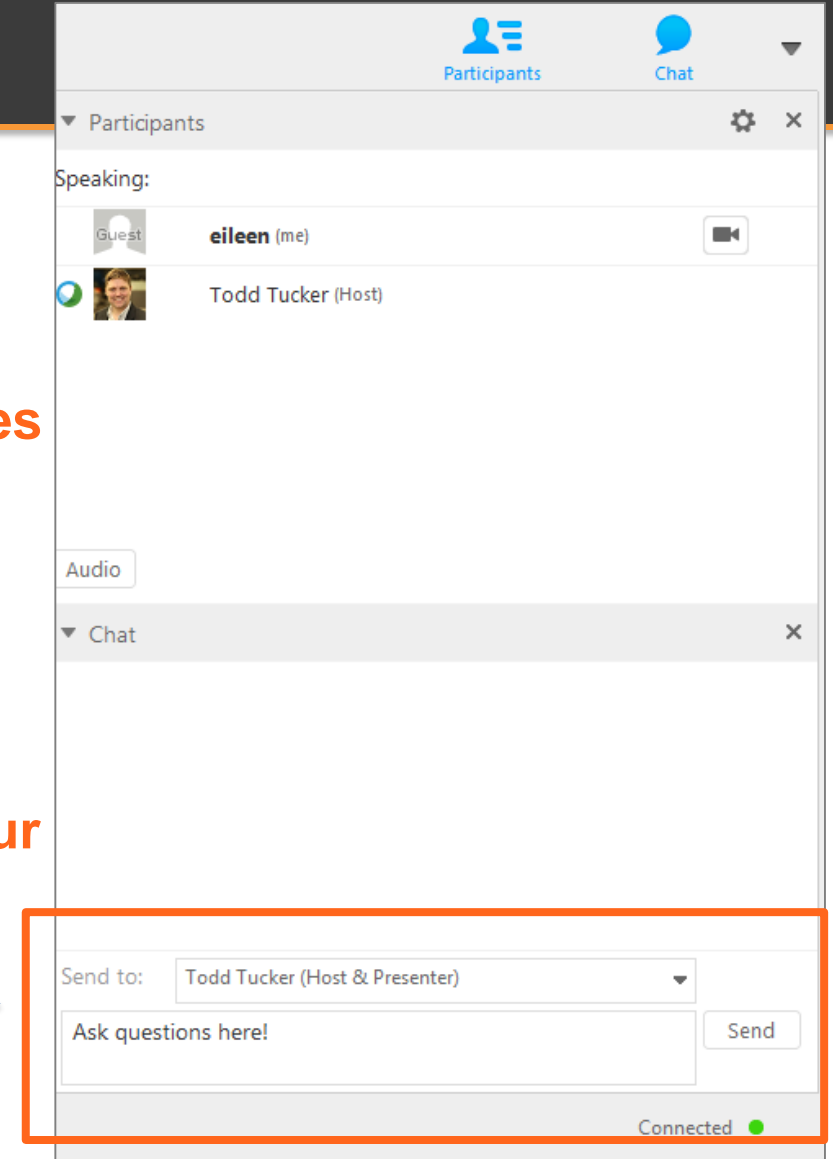
- **Deloitte**
  - Kevin Corcoran
  - Tish Russell
- **Department of Commerce**
  - Steve Cooper (CIO)
  - Gordon Keller
- **Department of Defense** – Kevin Garrison
- **Department of Health and Human Services**
  - Brock Stevenson
  - Beth Killoran (CIO)
- **Dept. of Homeland Security** – Luke McCormack (CIO)
- **Department of Housing and Urban Development**
  - Rafael Diaz (CIO)
  - Janice Ausby
  - Cynthia Moore
- **Department of Justice**
  - Joseph Klimavicz (CIO)
  - John Raymond
  - Angela Cobb (FBI)
- **Department of the Interior**
  - Sylvia Burns (CIO)
  - Kevin Schmitt
  - Amanda Epperson
  - Bruce Downs
  - Oluwarotimi Abimbola

- **Department of the Treasury** – Sonny Bhagowalia (CIO)
- **Department of Transportation (DOT)**
  - Richard McKinney (CIO)
  - Kristen Baldwin
  - Maria Roat
  - Jason Gray
  - Walter McDonald
- **Department of Veterans Affairs** – Richard Chandler
- **Environmental Protection Agency** – Harrell Watkins
- **Federal Trade Commission** – Megan Baburek
- **First American** – Chuck Niethold
- **General Services Administration**
  - David Shive (CIO)
  - Brian Isbrandt
  - Stacy Riggs
  - Jason Mason
  - Trey Bradley
  - Liz DelNegro
  - Craig Jennings
  - Lesley Briante
  - Gail Bruss
- **NASA** – Leigh Anne Giraldi
- **National Institutes of Health** – Taryn Cyrus
- **Navy** – Robert Foster

- **Nuclear Regulatory Commission**
  - Daniel Shapiro
  - Nicholas Buggs
  - Menelik Yimam
- **Office of Management and Budget**
  - Kelly Morrison
  - Russell Ficken
  - Randy Tharp
- **Tanium** – Ralph Kahn
- **TBM Council**
  - Samantha Roehl
  - Eileen Wade
  - Melissa Mereghetti
- **USDA**
  - Joyce Hunter (CIO)
  - Tonye Gross
  - Jack Blount
  - Antoinetta Grant
  - Naomi Gumbs
  - Dr. Claudette Millsap
  - Richard Young (CIO – Foreign Agriculture Service)
  - Solongo Erdenekhuyag
- **US Senate** – Tim McCrosson
- **White House** – Mishu Rahman
- **World Bank** – Janet Piller

- **TBM Council Overview:** Todd Tucker, GM, TBM Council

- **TBM@FAF, Metrics & Reporting:** Larry Godec, SVP & CIO, First American

- **ITCC Work Streams:** Suzanne Chartol, Program Dir., Federal, TBM Council

  - **Capgemini:**
    - Kathleen Flynn, Principal
    - Quenten Sareminouri, Senior Manager

  - **Deloitte:**
    - Mitchell Bostelman, Competency Leader

  - **ISG:**
    - Paul Schmidt, Partner

  - **Cask:**
    - Dain Belyeu, Managing Director
    - Brian Wissinger, Senior TBM Analyst

Technology Business Management, or TBM, defines a business model which enables IT to run like a business. It is a decision-making framework for making informed trade-offs of the cost, quality, and value of IT services.

MANAGE SUPPLY AND DEMAND TO ACCELERATE INNOVATION

UNDERSTAND OPTIONS, COSTS & VALUE

MAKE COSTS UNDERSTANDABLE TO DRIVE ACCOUNTABILITY

IT

TBM

BUSINESS

FINANCE

Council Mandates

Standards

Education

Collaboration

2,200+ General Members

45% CXOs

Brian Adams CIO WorleyParsons	**Debra Bailey** CIO Nationwide Building Society	**Mike Brady** Global CTO AIG	**Mike Brown** IT Vice President ExxonMobil
John Bruno CIO AON	**Guillermo Diaz** CIO Cisco	**Mike Dreyer** President Americas, Monitise (and Former CIO, Visa)	**Jim DuBois** CIO Microsoft
Don Duet Co-Head Technology Division Goldman Sachs	**Christopher Furst** CIO Univision	**Larry Godec** CIO First American Financial	**Sunny Gupta** CEO Apptio
Ralph Loura Former CIO, Enterprise Group HP	**Greg Morrison** CIO Cox Enterprises	**Tom Murphy** CIO University of Pennsylvania	**Michael Neff** CIO RWE
Jim Scholefield CIO Nike	**Phuong Tram** CIO DuPont	**George Westerman** Research Scientist MIT Initiative on the Digital Economy	

TBM Taxonomy

APPLICATIONS & SERVICES

IT TOWERS & SUB-TOWERS

COST POOLS & SUB-POOLS

Mission Area
- What is the total IT cost to fulfill mission area activities?
- Is our IT spend aligned with our mission priorities?
- What are the trade-offs between our investment choices?

Apps / Services
- Which applications are the most expensive?
- How much will we save by eliminating duplicate systems?
- What is the true cost of providing an IT service?

IT Towers
- What should we move to provisioned services?
- Where can we bundle purchases to reduce cost?
- Are there opportunities for shared services across agencies?

Cost Pools
- Which leaders are accountable for the over(under) spend?
- How much do we spend by vendor?
- How much flexibility do we have in our cost structure?

TBM council

Nonprofit Host

TBM COUNCIL

Federal Agencies

Vice Chairs & Partners

Deloitte.

Capgemini
CONSULTING.TECHNOLOGY.OUTSOURCING

*i ISG INFORMATION SERVICES GROUP

Cask

TANIUM

ASK QUESTIONS

- **Please use the "Chat" function to submit your questions to Todd Tucker.**

- **Todd will facilitate asking Larry your question at the end of his presentation.**
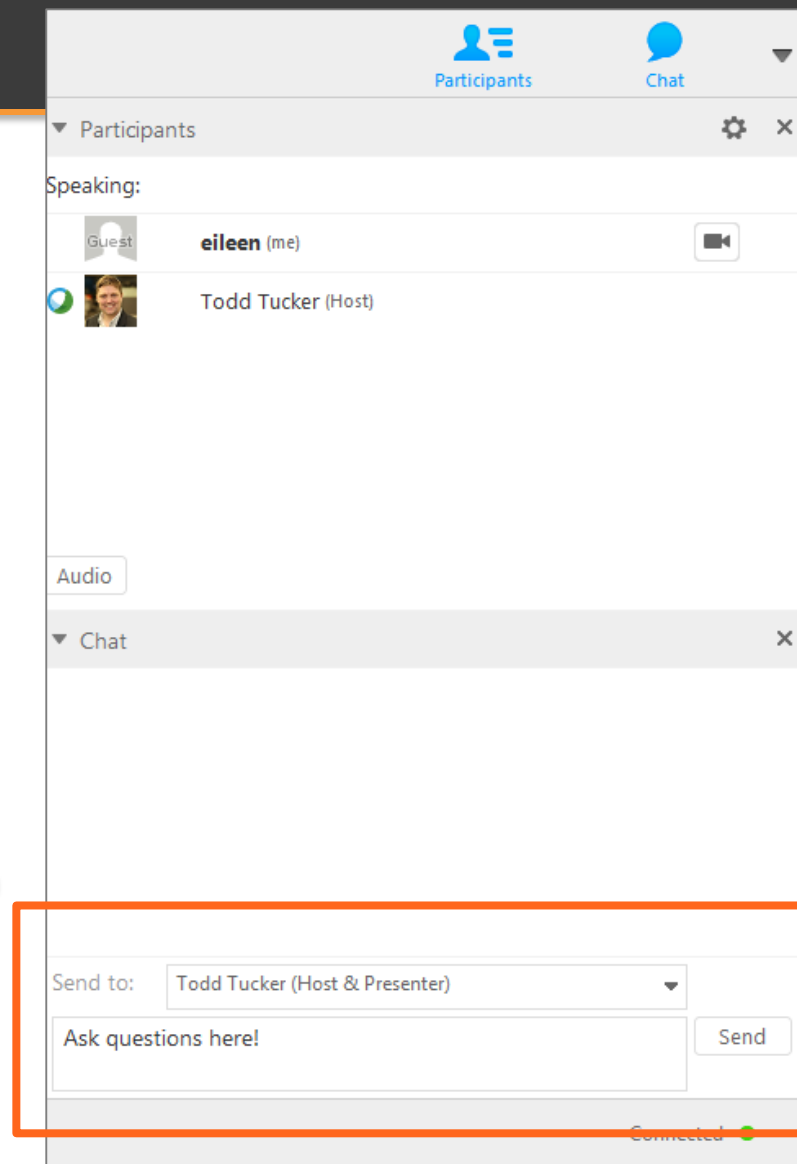
TBM – IT COST Commission

Larry Godec

SVP & CIO, First American

January 27, 2016

First American Title™

First American: Forward Thinking, Historically Strong

OVERVIEW

First American Financial Corporation, through operating subsidiaries, is a leading provider of:

- ► Title insurance, settlement services and risk solutions to the real estate and mortgage industries
- ► Title plant management services
- ► Title and other real property records and images

- ► Valuation products and services
- ► Property and casualty insurance
- ► Banking, trust and investment advisory services

QUICK FACTS

Heritage traced to **1889**

Revenues of **$4.7 billion** in 2014

Headquartered in Santa Ana, **California, USA**

Traded on the New York Stock Exchange as **FAF**

Provided services **outside the U.S.** for 30+ years

First American Title™

First American: A History of Innovation and Strength

1889 — Orange County Abstract Company and Santa Ana Abstract Company are founded

1894 — Two companies merge forming Orange County Title Company

1924 — Begins to issue title insurance policies

1954 — Disneyland construction begins; First American provides title policy

1960 — Company changes name to First American Title Insurance and Trust Company

1964 — Makes initial public offering of capital stock

1979 — Establishes office in London, England

1982 — Expands to 50 states

1986 — Diversification program begins, eventually including home warranty and homeowners insurance

1993 — Listed on New York Stock Exchange

1998 — The company begins providing database management and document imaging systems

2010 — First American Financial Corporation spins off from The First American Corporation's information solutions group (now named CoreLogic) as a new company

2014 — The company acquires Interthinx, Inc., enabling it to offer end-to-end transaction service to lender customers

First American Title™

First American's TBM Journey

Key Technology Business Management Milestones

- Budget process challenges: several years ago
  - Are we spending too much, too little or the right amount on technology?

- Change in strategic direction: cost cutting vs. growing revenue and focusing on customers
  - Business Leaders and Sales Managers will blame technology on why they aren't hitting their numbers

- Shut down over 200 legacy applications
  - Data Center Consolidation from 30 to 2
  - Saved more than $7.5M

- New charge-back model in 2014

- Support of CFO for TBM and funding IT's strategic projects

First American Title™

First American's TBM Journey

Why Technology Business Management?

- Enhance financial transparency

- Drive more dollars to strategic initiatives

- Hold IT accountable for project costs

- Help hold business accountable for project ROI

- Provide business leaders more control over IT spend

First American Title™

First American's TBM Journey

What About Data Quality?

When we realized our infrastructure data and project time tracking weren't very good, what did we do?

WE STARTED THE TBM JOURNEY ANYWAY!!

If you aren't using the TBM framework, your successor will.

Partnership between Finance and IT (Relationship Vector)

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Moments of Impact

Early Opportunities Found

- $25M spent outside top 10 applications

- More than $10M spent on "legacy" applications

- File storage exceeding 5-10 years on most expensive disk

- Server costs masked because of aging, fully depreciated hardware

- Visibility into our CFT to run vs. change the business spend

- More than 150 legacy applications we have shut down (and still going)

- Costs by application / Business Division

- Total cost by project

First American Title™

Moments of Impact

More Recent Opportunities Found

- Tiering of disk has reduced annual growth needs

- Opportunity to capitalize more on development work

- Discovery of additional 280 business applications

- Hardware still provisioned for retired applications (non-production servers)

- Large proportion of IT spend on "service requests" (small enhancements) vs. projects

- Infrastructure Services vs Outsourcing RFIs

- Cost of Cloud vs. In-house

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Results, Lessons Learned & Recommendations

Start now! Don't wait for data to improve (critical)

This is a top-down project

- CIO
- CIO direct reports
- Directors

Two people can make it happen

Track down unknown servers

Track down servers with no activity

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TBM Metric Categories

Financial Fundamentals	Stewardship of technology expenditure and investment
Delivery	Track execution and delivery
Innovation & Agility	Prioritize and drive investments to change or transform
Business Value	Drive technology investments to impact business outcomes

First American Title™

TBM Metric Categories

Financial Fundamentals	Stewardship of technology expenditure and investment

First American Title™

Financial Fundamentals

IT Spend vs. Plan (OpEx & CapEx variance)

First American TBM Dashboards →

First American Title™

Cost	Total IT Spend This Month	Cost	Total Development Spend This Month	Cost	Total Server Infrastructure Spend This Month
$ ▓▓▓	% MoM ↑	$ ▓▓▓	% MoM ↑	$ ▓▓▓	% MoM ↑

Legend: ■ Cost ■ Forecasted Spend

X-axis: Jun FY2015, Jul FY2015, Aug FY2015, Sep FY2015, -2015, Nov FY2015, Dec FY2015
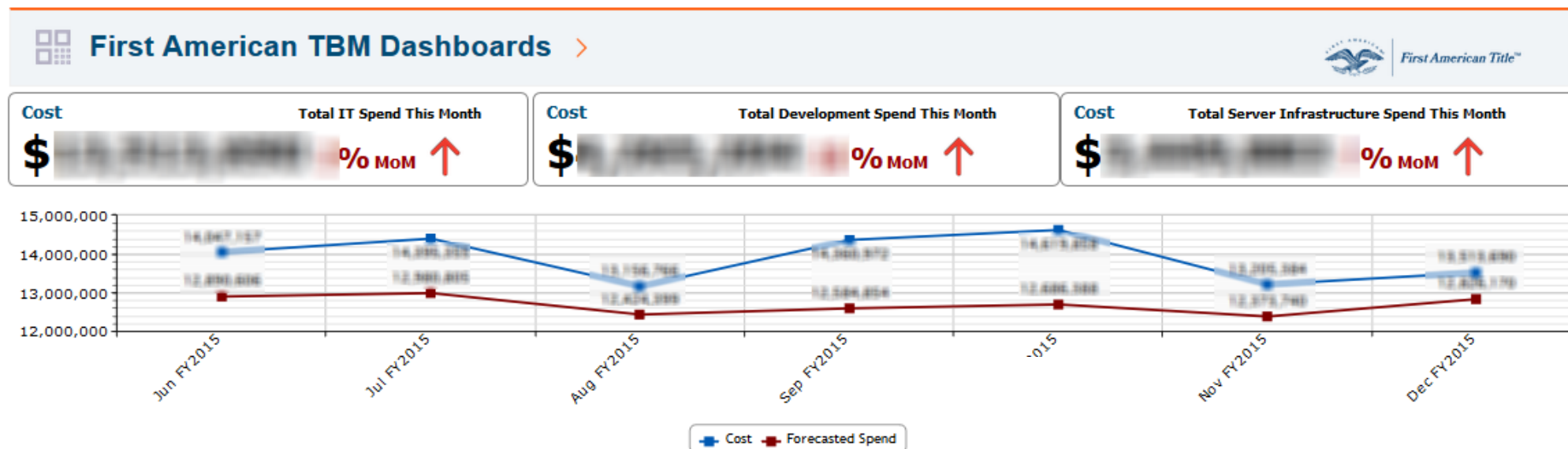
Utilize KPIs to manage spend and know what questions to ask

IT Spend Per FTE	% Revenue Spend On IT	Personal Computing Devices Supported per End User Computing FTE
▓▓▓ MoM ↑	▓▓▓ %	▓▓▓
Benchmark IT Spend Per Employee: $2,120	Benchmark IT Spend as % of Annual Revenue: 6.2%	Benchmark Personal Computing Devices Supported per End User Computing FTE: 272

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Financial Fundamentals

- Know Key Business Application and Service Costs
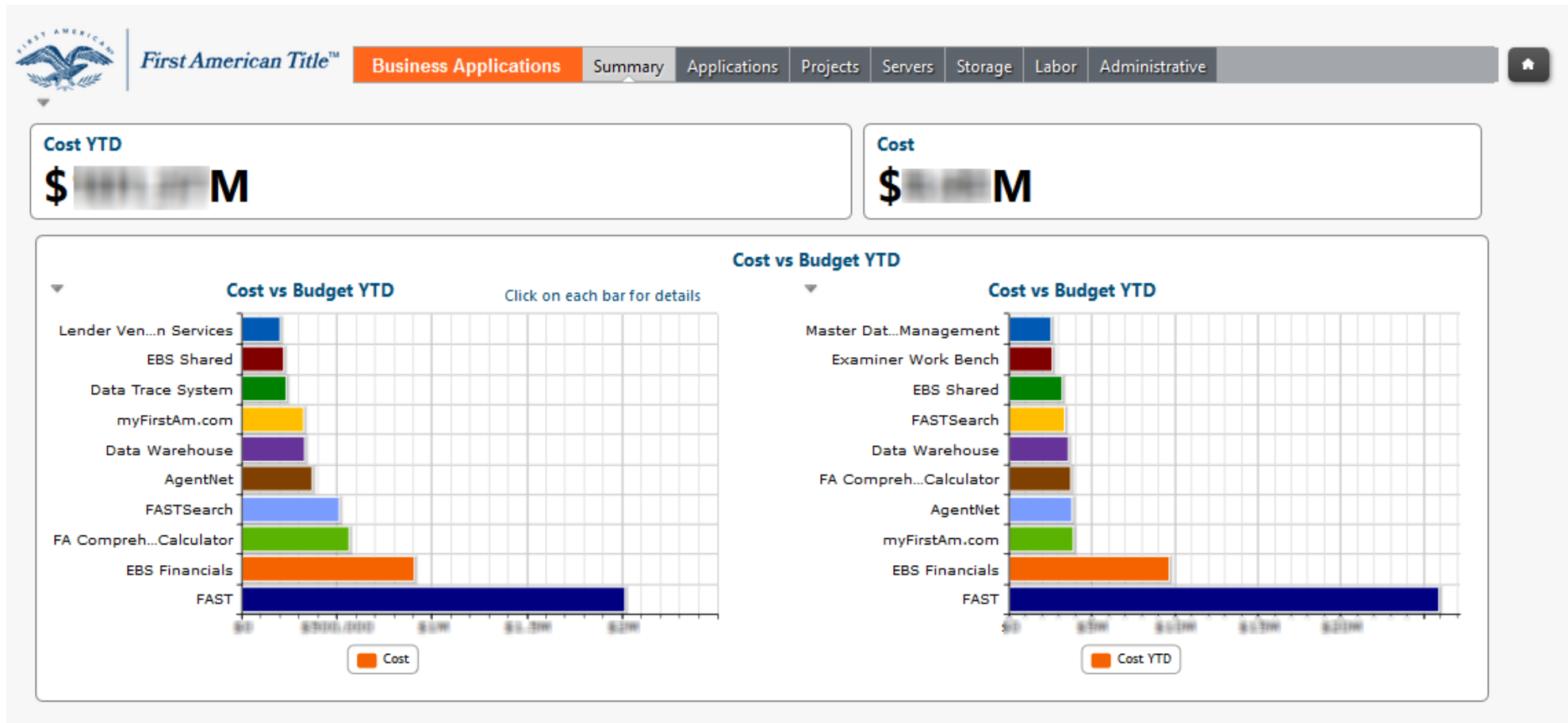
Quickly Identify Areas Needing Attention

- Use the right charts to quickly identify what IT services need attention
- Know the story

IT Services - Cost to Previous Month Cost

Application Development | Server Management | Desktop Support S... | Service Desk | IT Workforce ...

Storage Management

Security Operations | Network Man... | IT Proj... | Mess...

Service Moni... | Teleph... | Chan...

Data ... | Servic...

Service Name
No Filter Applied

-58%   58%

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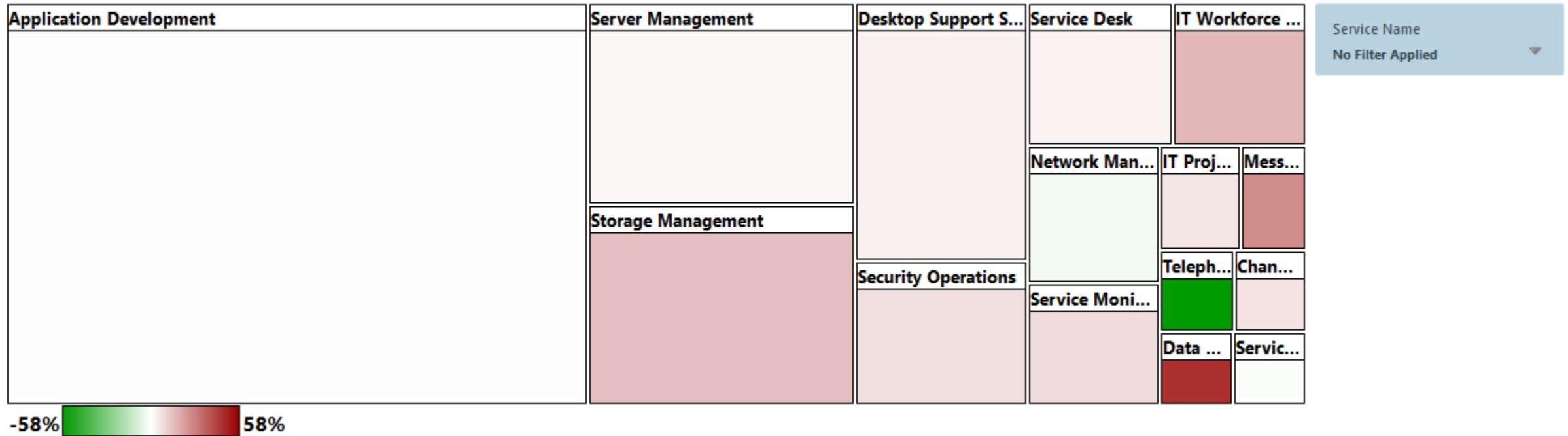
Quickly Identify Areas Needing Attention

- Develop tables that help identify the biggest change month-over-month and deliver details

TBM Metric Categories

Delivery	Track execution and delivery

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Project Delivery Management

% of Projects On-Time, On-Budget, On Spec
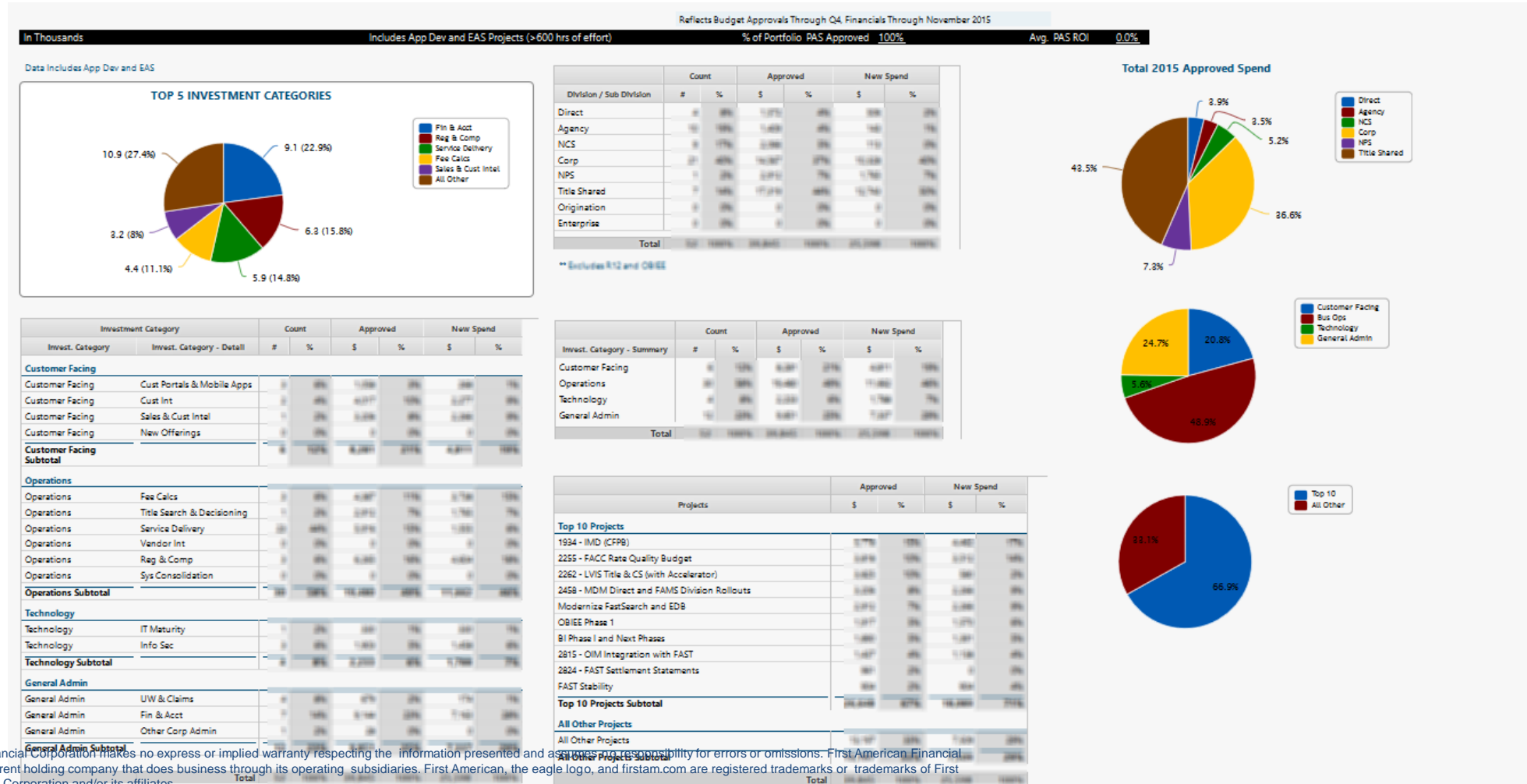
Track Top Projects
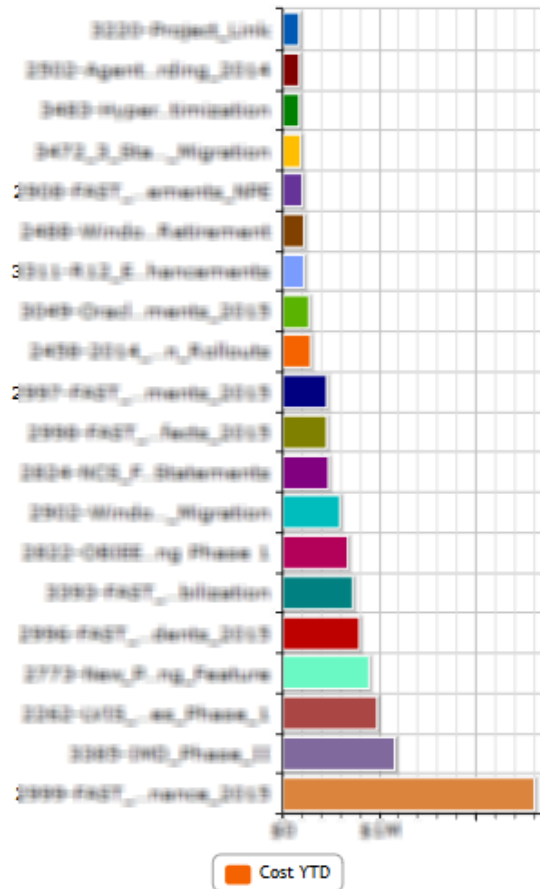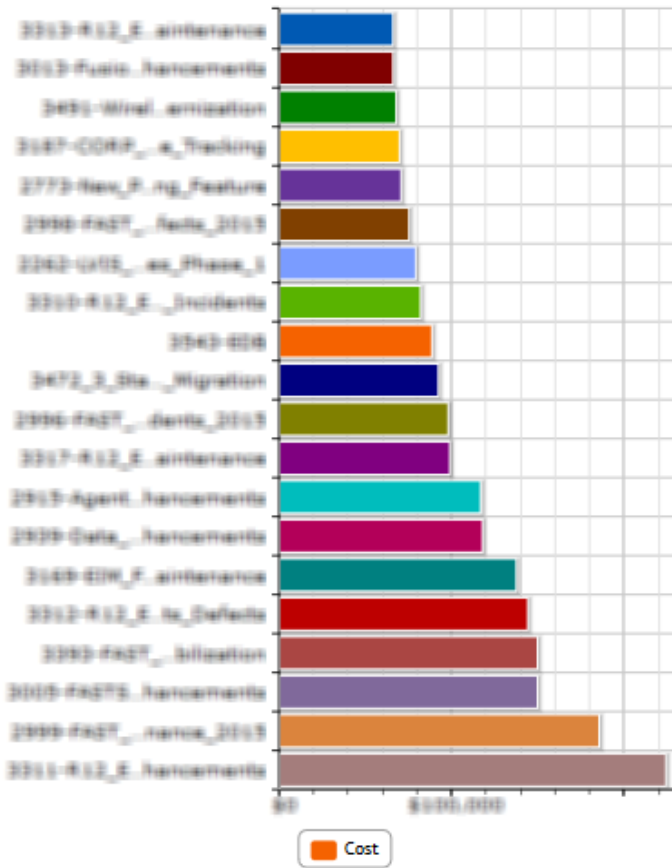
First American Title™
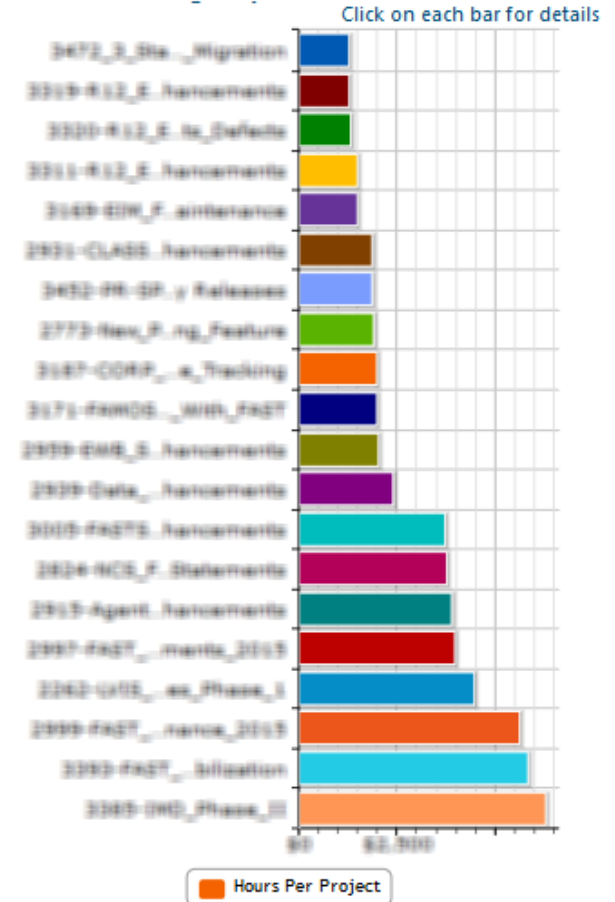
Infrastructure Service Delivery Management

Know your infrastructure service costs and how they compare to external vendors

- SAN
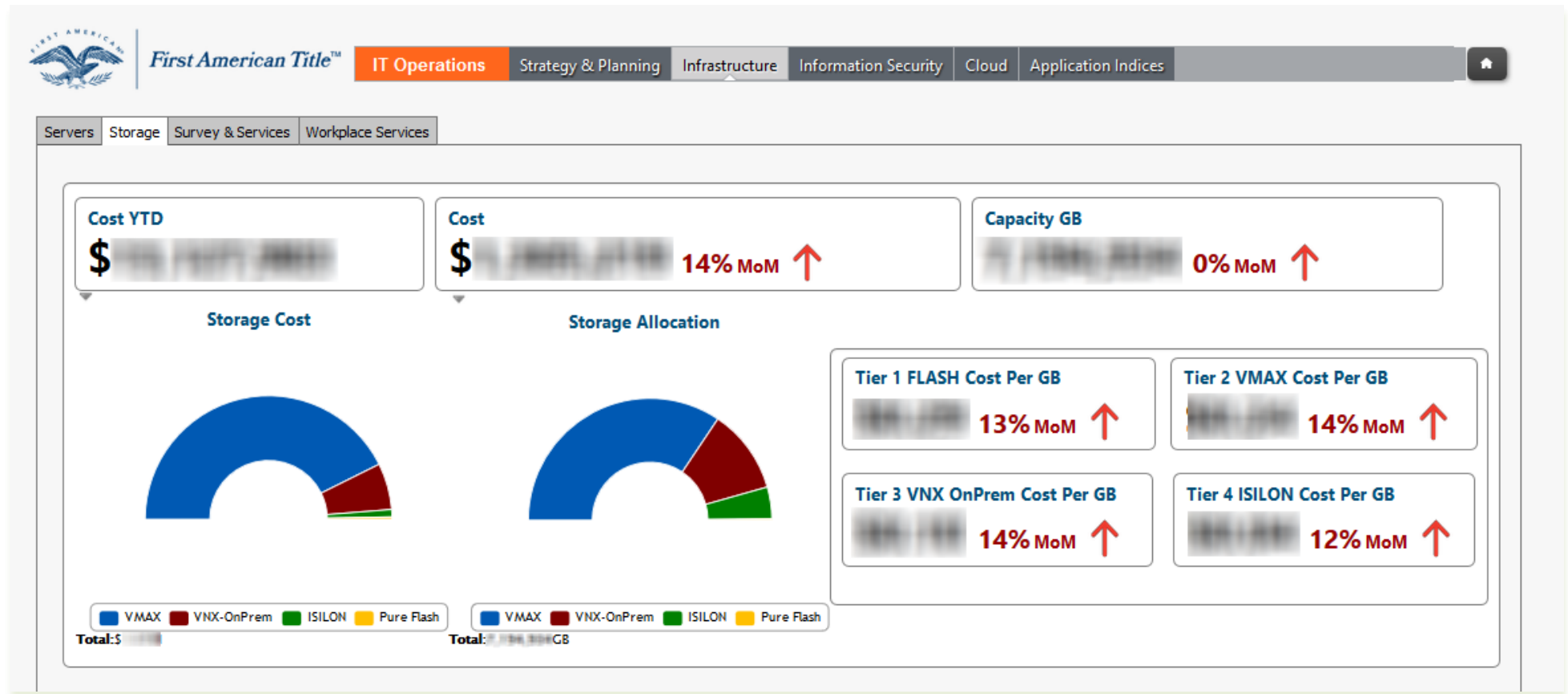
Infrastructure Service Delivery Management

- Server
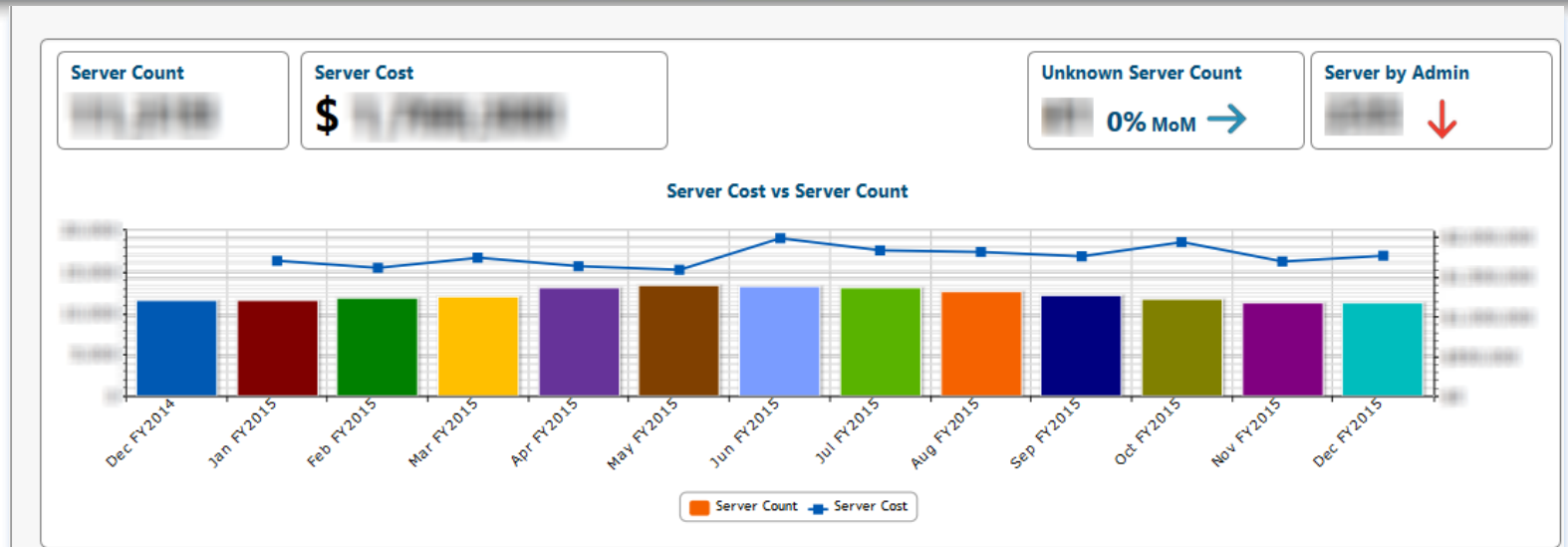
- Desktop/Mobile
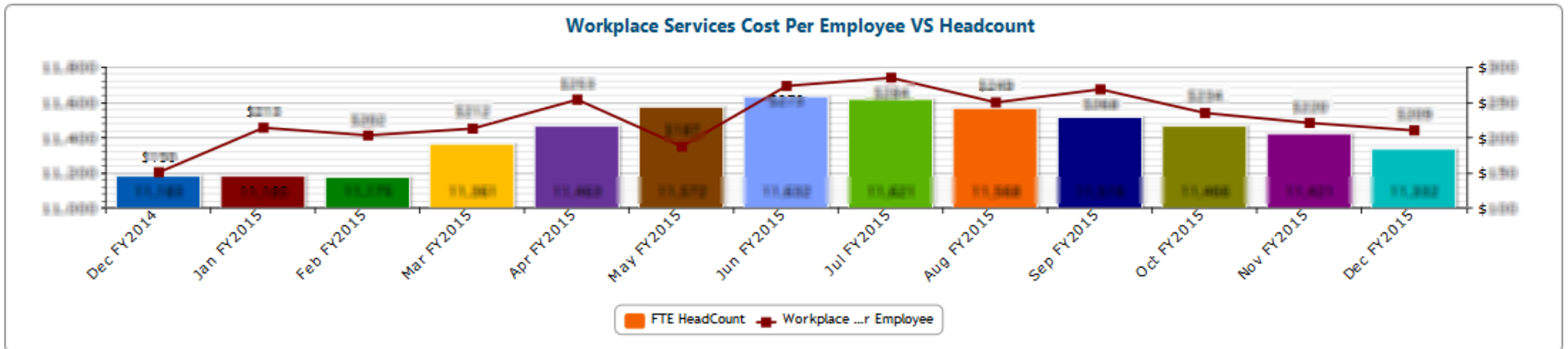
TBM Metric Categories

Innovation & Agility	Prioritize and drive investments to change or transform

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Innovation & Agility

% of IT Investment on Run, Grow, Transform the Business
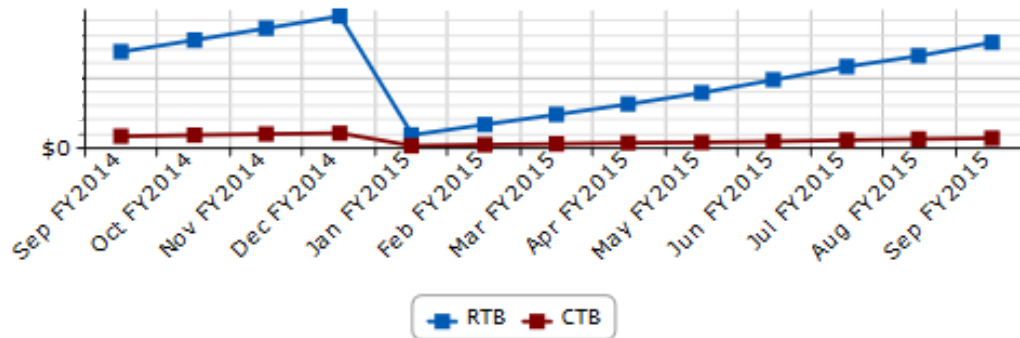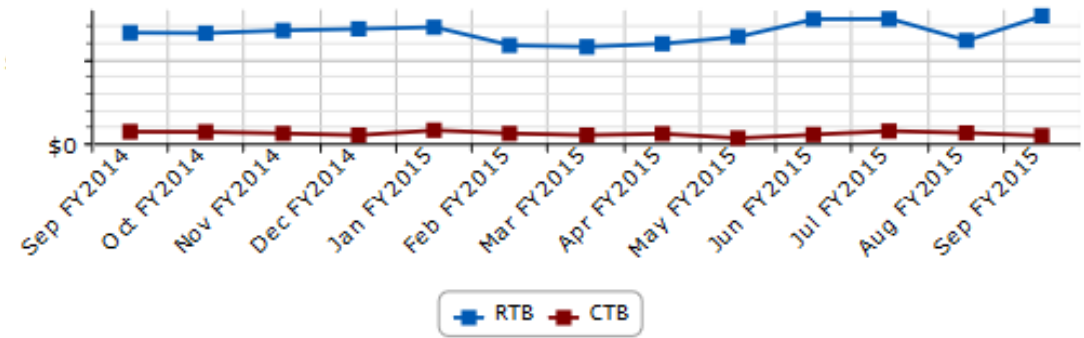
Innovation & Agility

% of Project Spend on Customer-Facing Initiatives
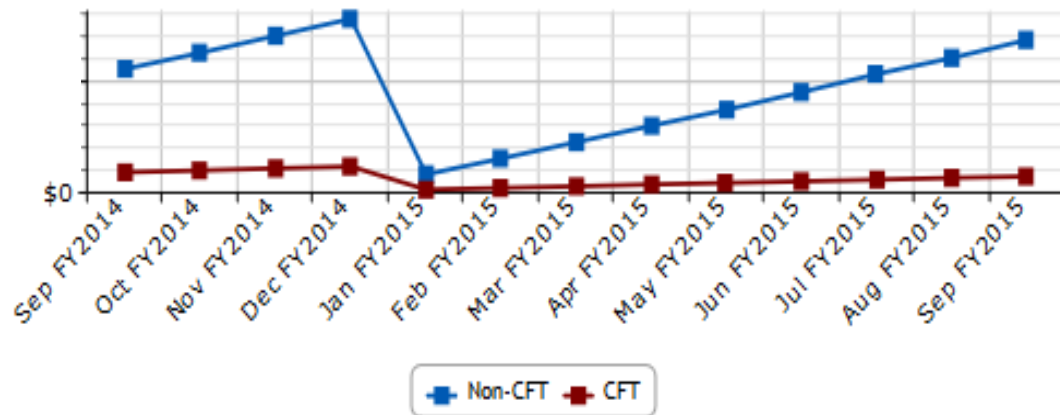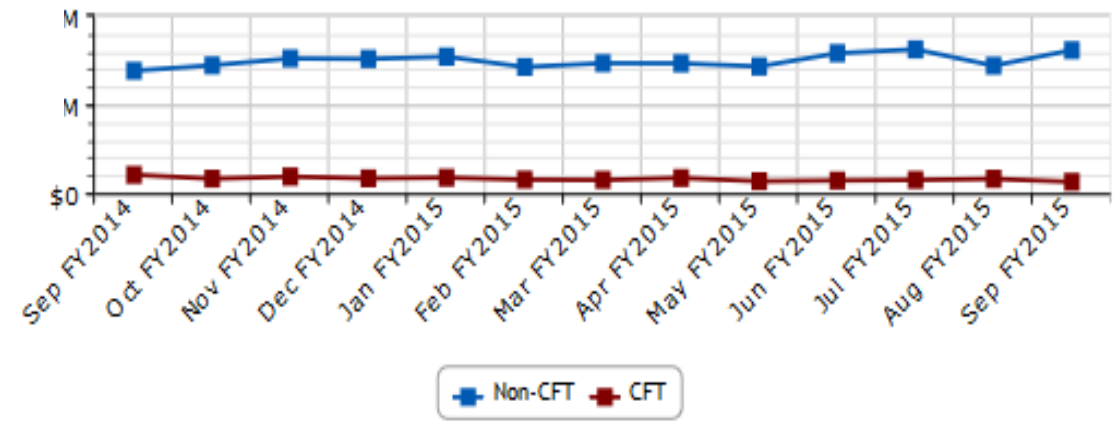
TBM Metric Categories

Business Value	Drive technology investments to impact business outcomes

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Spend by Business Unit

IT Spend by Business Unit
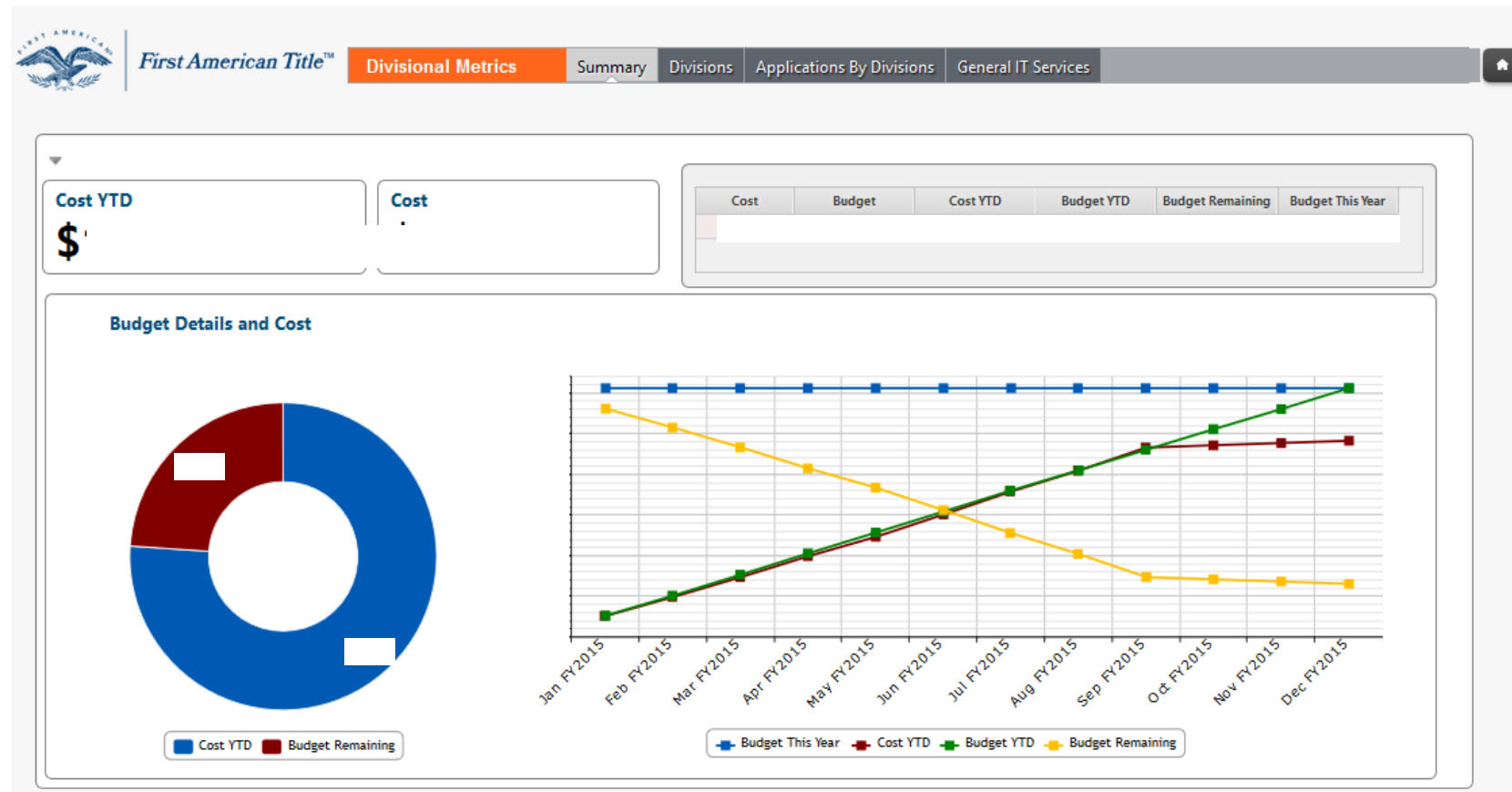
Corporate vs. BU Resource Distribution

Business Units Corporate IT Resource Distribution

Corporate IT Distribution - ALL

Business Units	Corp IT FTE ▾	% of Corp IT	Total IT Headcount
DID - Direct Division	386	34.71%	0
TCORP - Corporate Title Division	183	16.48%	1,113
TSAD - Title Admin - Domestic	119	10.70%	0
AGD - Agency Division	88	7.92%	0
NCSD - National Commercial Services Division	77	6.93%	0
FAMS - FA Mortgage Services	75	6.77%	0
DBS - Database Services	72	6.48%	0
Total	**1,102**	**98.98%**	**1,113**

Page 1 of 2   Displaying 1 - 20 of 28
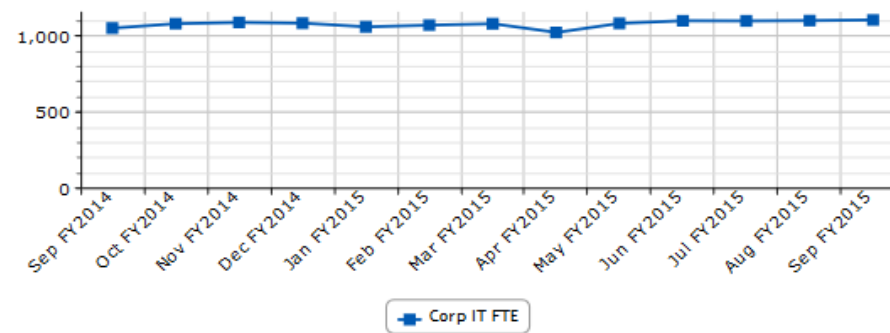
Business Units Corporate IT Resource Distribution

Tier5 Value - Desc	Total Developer Headcount ▾	% of Corp Dev	Total Project_Dev FTE
DID - Direct Division	178	34.71%	0
TCORP - Corporate Title Division	84	16.48%	512
TSAD - Title Admin - Domestic	55	10.70%	0
AGD - Agency Division	41	7.92%	0
NCSD - National Commercial Services Division	35	6.93%	0
FAMS - FA Mortgage Services	35	6.77%	0
DBS - Database Services	33	6.48%	0
NPS - National Production Services	21	4.16%	0
Total	**507**	**98.98%**	**512**

Page 1 of 2   Displaying 1 - 20 of 28

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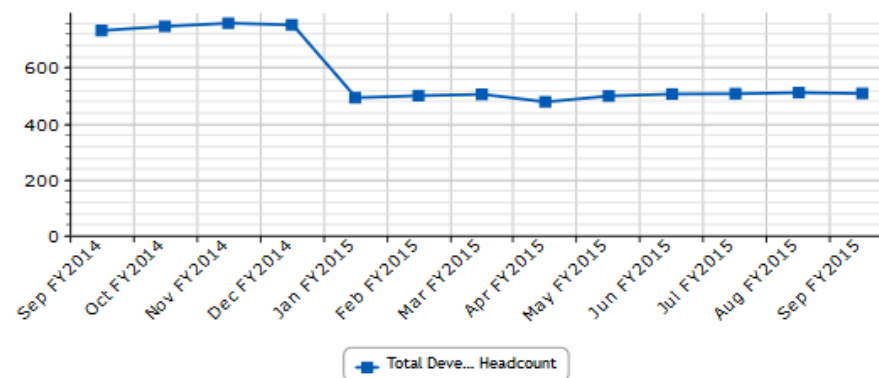
Business Value

IT Spend by Business Unit

Top 10 Business Units

Click on each bar for details
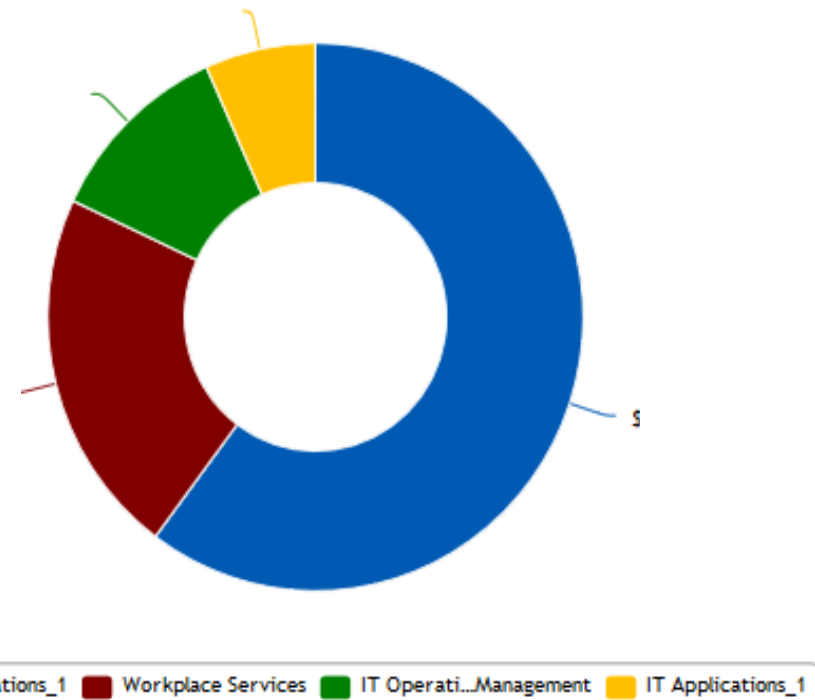
- CCAT5 - Ti...solidation
- SMS - SMS
- NPS - Nati...n Services
- DBS - Data...e Services
- NCSD - Nat...s Division
- AGD - Agency Division
- FAMS - FA ...e Services
- TSAD - Tit...- Domestic
- TCORP - Co...e Division
- DID - Direct Division

Cost

Applications & Services

Business A...ications_1 · Workplace Services · IT Operati...Management · IT Applications_1

Total:

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Q&A

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ASK QUESTIONS

- **Please use the "Chat" function to submit your questions to Todd Tucker.**

- **Todd will facilitate asking the work stream leaders your question at the end of all presentations.**
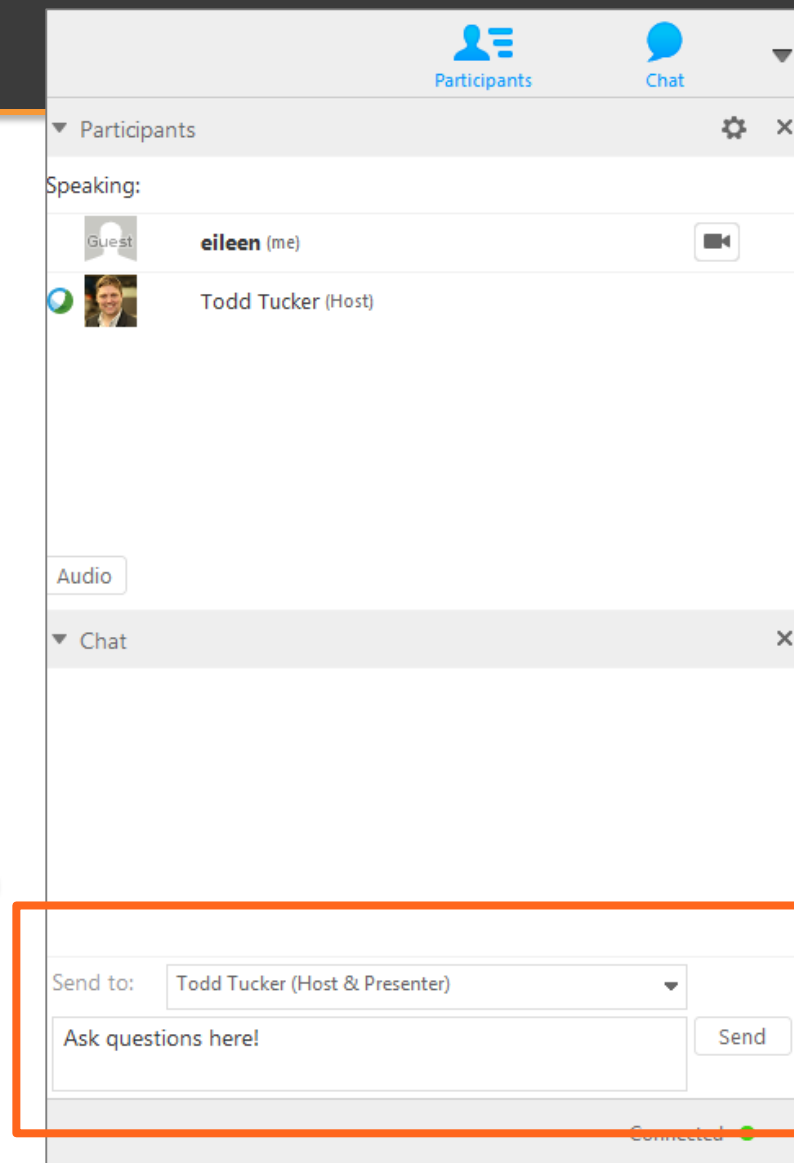
IT COST Commission Overview

Suzanne Chartol, Program Director, Federal TBM Council

Produce recommendations for Federal CIOs to apply TBM best practices to:

- Reduce waste and increase efficiency of public sector IT spend

- Empower federal CIOs to demonstrate the cost, quality, and value of their IT spend

- Aid in the implementation for Federal IT Acquisition Reform Act (FITARA)

TBM council

1 FACT
Define a common cost taxonomy for all Federal IT cost identification, estimation, and reporting

Capgemini

2 IT Investment Framework
Understand costs of capabilities, activities, deliverables, and supporting services by IT investment

Deloitte.

3 Financial Framework
Understand aggregated cost and *colors of money* of IT capabilities and supporting services

ISG INFORMATION SERVICES GROUP®

4 Federal Policy & Data Requirements
Summarize all Federal policy, standards, guidelines, circulars, and data and reporting requirements related to IT costs

Cask

Investment View of Resources

Financial View of Resources

Federal IT Cost Taxonomy
- Tailored for each stakeholder group's needs and purpose
- Bi-directional transparency to provide each stakeholder with their preferred view

TBM council

Write final report

Build ITCC work stream teams

Formulate recommendations

Finalize recommendations

Validate ITCC work streams scope

work streams build content with federal and commercial stakeholders

September

- Define ITCC proposed scope: four work streams
- Secure leads for each work stream

October

- ITCC Meeting at TBM Conference
- Validate ITCC scope with Federal leadership

November

- ITCC November meeting: James LaPlaine, CIO, AOL
- Work Streams conduct federal stake-holder meetings with Federal and commercial stakeholders

December

- Continue federal and commercial stake-holder meetings

January

- ITCC Meeting: Larry Godec, CIO, First American
- Present interim findings

February

- ITCC Meeting: Kim Manigault, CFO Key Bank and Kevin Brown and Stacy Shifflet, IT Finance, Freddie Mac
- Draft recommendations socialized with public and private sector stakeholders

March

- ITCC Meeting: Present final recommendations

Work Stream Update

Kathleen Flynn, Principal

Quenten Sareminouri, Senior Manager

Goal: *Evaluate the Technology Business Management (TBM) Taxonomy as a model for the Federal Approach for Costing Technology (FACT) to enable a consistent method to define, analyze, report, and decision all aspects of IT cost and measurement of IT value*

Key Benefits:

- Foundation for a common framework to track IT spend by category from procurement through O&M
- Ability to establish quantifiable metrics for IT spend within and across agencies and departments
- Aligned to industry best practices and terminology
- Comprehensive yet extensible to accommodate emerging technologies and service models

Approach:

- Gather Pool of Federal IT Opportunities
- Define Repeatable Process to Evaluate Opportunities against the TBM Taxonomy
- Execute Process and Document Results
  - Collect matches
  - Identify common paths
  - Capture outliers

Deliverables:

- Revised Taxonomy and Definitions to support FACT
  - Delta between commercial model and Federal model
- Evaluation of taxonomy against historical IT procurement data
  - Model Agency/ organization
- Implementation Recommendations
  - Taxonomy maintenance and change management process
  - Criteria and authority for updating/ modifying model at the community level

FACT Taxonomy
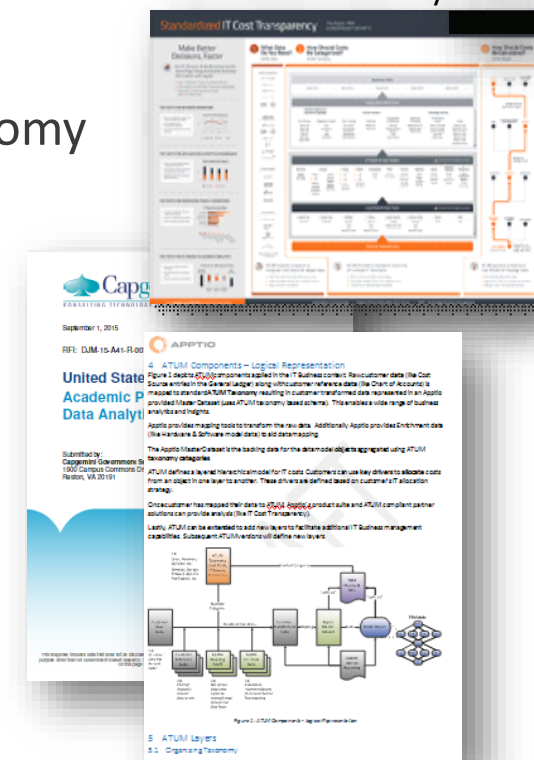
The Federal Approach to Costing Technology Process
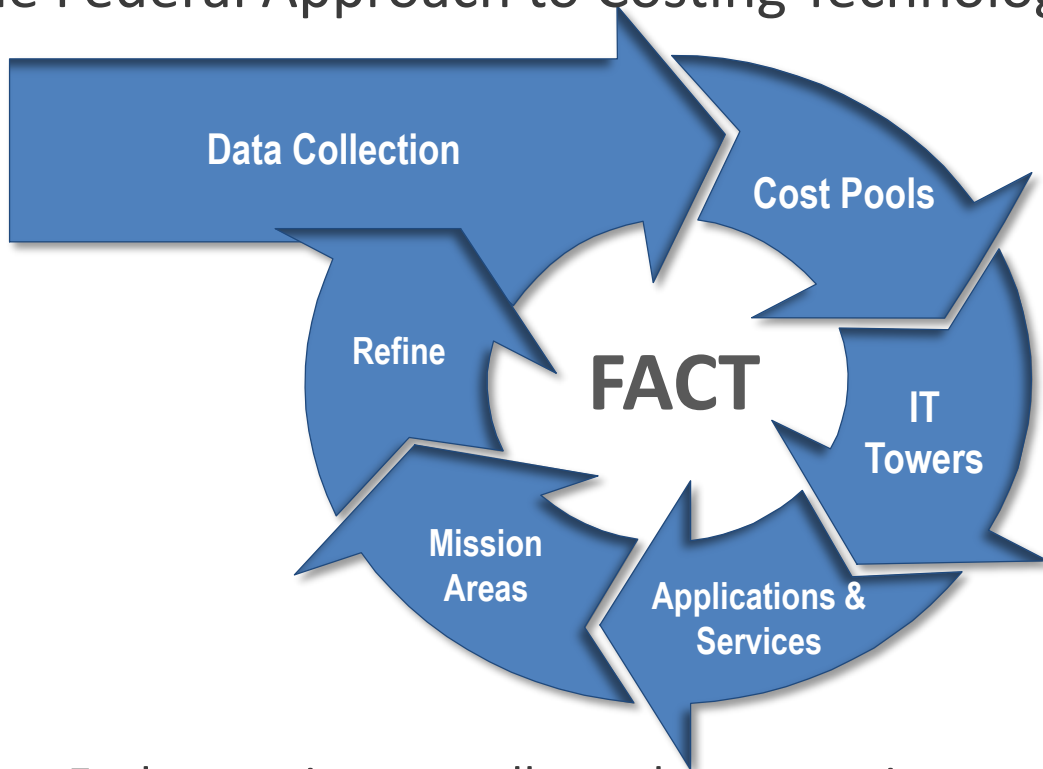
- Data Collection
- Assign Financial Data Sources to Cost Pools
- Map IT Infrastructure to Cost Pools
- Map Applications & Services to IT Infrastructure (IT Towers)
- Map Mission Areas to Applications & Services
- Refine the FACT

- Each mapping step allows the cost estimator to perform three functions:
  - **Allocate** the planned percent of effort/cost within a given taxonomy layer
  - **Forecast** the spend for that taxonomy layer
  - **Report actual** spend for that taxonomy layer

Mission Areas (Customized to the Agency)

Apps & Services

LOB	Management and Support	Client Computing	Connectivity	Comms and Collaboration	Application and Integration	IT Professional Services	Hosting
√√√√√√√√ √√√√√√√ √√√√√√√	√√√ √√√ √√	√√√√	√	√√	√√√√√√√√√√ √√√√√√√√√√ √√√√√√√√√√ √√√√√√√√√	√√√√√√√√	

IT Tower

IT Management	Data Center	Compute	Storage	Network	Comms	Output	End User	App	Delivery	Security and Compliance
√√√ √√√ √		√	√√√	√	√√√ √√√	√	√√√√√√√√√ √√√√√√√ √√√√√√√√	√√√√√√√√√√ √√√√√√√√√√ √√√√√√√√ √√√√√√√√√√ √√√√√√√√√√ √√√√√√√√ √√√	√√√ √√√ √√√	√√

Cost Pool

Internal Labor	External Labor	Hardware	Software	Outside Services	Facilities and Power	Telecom	Other
	√√√ √√√ √√ √√√ √√√ √	√√√√√√√√√ √√√√√√√√√ √√√√√√√√	√√√√√√√√√ √√√√√√√√√√ √√√√√√√√√ √√√√√√√√√√ √√√√√√√ √√√√√√√√√ √√√√√√√√√ √√√√√√√	√√√√√√√√ √√√√√√√√	√√√	√√√√√	√√√

Funding Sources (Customized to the Agency)

DOT
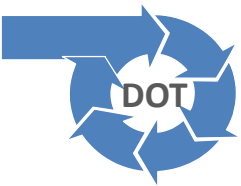
- Population of 419 SOWs Collected from GovWin
- Focused on Awarded Department of Transportation Awarded Information Technology contracts
- Date range 2013 to 2015
- 25% currently match taxonomy with value of $420,858,000

Confidence

High -
Medium -
Low -

Capgemini
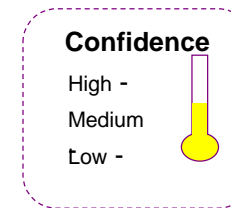
Common Taxonomy Paths Found When Applying the FACT Process

- Top five paths ordered by frequency
- Total values grouped by path
- Path represents the
  - Cost Pool Layer
  - IT Tower Layer
  - Application & Service Layer

Software > Application > Applications & Integration

30	$321M

Hardware > End User > Line of Business

13	$345K

Hardware > Storage > Line of Business

4	$136K

Hardware > End User > Management & Support

3	$7M
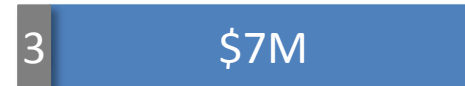
Software > Application > Line of Business

3	$119K

DOT

Confidence

High -
Medium -
Low -

Capgemini
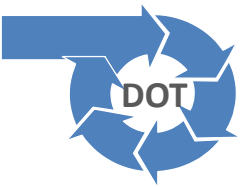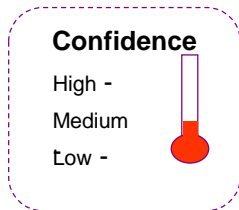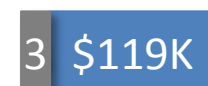
- Common Components and Commodities
  - Software license procurements, renewals, and maintenance agreements
  - Hardware procurements that are not strictly IT systems (e.g., radio, radar, and crash test equipment)
  - Procurements that are solely consulting services with analyses, reports, or recommendations as the deliverable
- Clear Inclusion and Exclusion Criteria
  - Maintain flexibility in classifying procurements
  - Clearly define inclusion and exclusion criteria for the FACT process as a user navigates each layer of the model
- Infrastructure Gaps – IT Towers
  - Data Center has no matches
  - Compute, Network, Output, and Security & Compliance have few matches
- Applications & Services Gaps
  - Hosting has no matches
  - Connectivity and Communications & Collaboration have few matches

Confidence

High -

Medium -

Low -

DOT

Capgemini
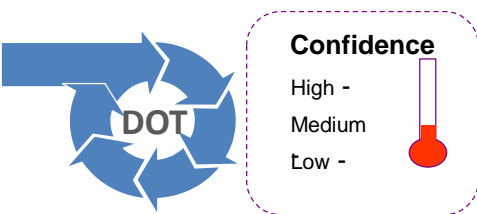
- Identify additional partners to participate in the FACT Work Stream

- Operationalize the FACT evaluation tool

- Work with current Federal partner (DOT) to
  - Obtain additional SOWs for analysis in the FACT evaluation tool
  - Identify additional financial data sources not represented by the current TBM taxonomy
  - Capture changes to the Cost Pool inclusion and exclusion criteria specific to DOT
  - Document common components and commodities that indicate reoccurring mission-specific procurements
  - Determine touchpoints between the FACT process and DOT IT Acquisition process

- Pull together list of recommended edits and augmentations for the taxonomy

Work Stream Update

Mitchell Bostelman, Competency Leader

Deloitte.

Work Stream Goals

- Our goal is to assess the current resources available and processes in place to **identify, define, evaluate, direct, and monitor IT investment planning activities** including the use of tools and accelerators which aid in decision-making and the delivery of IT value/benefits to mission areas and business operating units (e.g., OCFO).

- Our recommendations will identify **enterprise practices and accelerators that optimize IT value, resources, and risk** aimed at evaluating strategic IT investment options, directing and monitoring IT, and increasing stakeholder transparency.

Participants

- OMB
- GSA
- DOT
- DOI
- USDA
- ICE
- Deloitte SMEs

TBM council   **Deloitte.**

Interviews
Facilitated structured interviews with ITCC volunteers

- Completed qualitative analysis to assess common themes across the interviewees on topics including:
  - CPIC guidelines and reporting requirements
  - Mission need identification
  - Demand management
  - Capability identification and technology solution architecture
  - Cost and benefit analysis
  - Prioritization and Governance
  - Budget formulation
  - IT value frameworks and realization

Observations & Industry Research

- 85+ interview observations
- Observations from other sources, for example:
  - Industry forums
  - FITARA congressional testimony
  - GAO guidelines and reports
  - OMB circulars
- Observations focused on people, processes, tools / accelerators, and information

Framework for Recommendations
Developed a framework for recommendations based upon key findings from the interviews and industry research

- Aggregated findings to enable the formulation of a cohesive set of recommendations:
  - **Governance**—Analyze and articulate the requirements for the governance of IT across the enterprise—effective enabling structures, principles, processes and practices—to achieve the mission, goals, and objectives of the organization.
  - **Stakeholder Transparency**—Ensure that enterprise IT performance and conformance are transparent, with stakeholders understanding the goals and metrics and the necessary remedial actions.
  - **IT Value/Benefits Realization**—Optimize the value and benefit contribution to mission areas from IT products, services, and assets resulting from investments made by IT at acceptable costs.
  - **Resource and Risk Optimization**—Resource: Ensure that adequate IT-related capabilities are available to support enterprise objectives effectively at optimal cost. Risk: Ensure that the enterprise's risk tolerance are understood and communicated, and that risk to enterprise value related to the use of IT is identified and managed.

Governance

Traceability — Need consistency and **lifecycle traceability of project commitment parameters** (i.e., scope, cost, schedule, staffing, quality, etc.) used (1) by governance/decision-makers, (2) by PMs for detailed project planning/delivery, and (3) to define project baselines on which performance management/investment health assessments are conducted.

Stakeholder Transparency

Transparency — There are two interrelated sides to the transparency equation that need to be acknowledged and addressed: **(1)** What do resources and assets **actually** (historically) cost in the Federal technology environment. **(2)** What is the **forecast** of future IT resources and assets, and the proposed value they provide to mission objectives and outcomes.

IT Value/Benefits Realization

Cost and Benefits Framework — Need a **common cost and benefits/value analysis method** (e.g., metrics, criteria, framework) that both IT and mission areas understand and that aids in making technology investment decisions. Need ability to quantitatively determine ROI.

Resource and Risk Optimization

Reporting Alignment, Reduce Burden — **Need external (i.e., OMB) and internal reporting requirements aligned such that burden is reduced and value of analysis efforts are increased** and leveraged for all stakeholders. E300s/E53s do not represent efficient reporting mechanisms that can be utilized by both internal and external stakeholders.

Staff and Tool Support — Dedicated, trained **staff and tool support are critical** to managing the complexities and maturation of Federal IT investment planning and management.

Deloitte.

Work Stream Goals

- Develop a framework for TBM metric and benchmarking activities

- Recommend initial set of metrics for use which facilitates governmental and commercial comparisons

Participants

- Sylvia Burns, CIO, Interior

- Trey Bradley, GSA

- Stacy Riggs, GSA

- Paul Schmidt, ISG

- Alex-Paul Manders, ISG

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- Design, draft, and socialize potential framework for implementation of metrics compatible with external benchmarking

- Refine commercial metrics and benchmarks available for use in Federal gov't environment

- Identify potential pilots for the framework

- Commercial metric constructs very applicable to federal government environment
- Use of standard taxonomy and metrics can facilitate cross-government and commercial comparisons using available benchmarks
- A standard implementation blueprint should be developed to "jump start" adoption

Metric Framework

Business View

Mission/Line of Business Units
Describe the consumers of the technology supported by IT Spend

Business Unit 1	Business Unit 2	Business Unit 3	Business Unit 4	Business Unit 5

Applications and Services
Describe the products or outputs delivered by IT and consumed by business units

Individual Apps by Mission/Business		End User Services			Technology Services		
Line of Business	Management and Support	Client Computing	Connectivity	Communication & Collaboration	Applications & Integration	IT Professional Services	Hosting

IT View

Resource Towers & Sub-Towers
Describe the technology functions supported by IT spend in terms and groupings relevant to the owners and consumers of those functions

Data Center	Compute	Storage	Network	Communication	Output
End User	Application	Delivery	Security & Compliance	IT Management	

Finance View

Cost Pools & Sub-Pools
Describe the type or asset or service purchased using terms and groupings relevant to both IT and Finance

Internal Labor	External Labor	Hardware	Software	Outside Services	Facilities & Power	Telecom	Other

TBM Framework Dimensions

	Activities	Deliverables
Strategy	• Gather insights from stakeholders to identify and prioritize **TBM use cases to drive adoption** of cost transparency • Build a communication **plan to integrate TBM** in the organization and track the execution of prioritized use cases	• *TBM prioritized use cases* • *TBM Roadmap to execute* • *TBM Communication plan*
Analytics	• Define metrics to **build a fact based performance framework** supporting the execution of TBM use cases • Iterate and mature an analytics framework **supporting IT strategic initiatives**	• *List of metrics, including the definition of TBM analytics* • *Early insights comparing TBM analytics to market data*
Data	• Identify and collect the **source data for finance, IT operations configuration, and business operations** to compute TBM analytics • Document all data sources, systems of records, and data owners supporting the collection of data for TBM analytics	• *Cost Model maturity analysis* • *Data maturity analysis* • *Documentation describing data sources, systems, etc.*
Technology	• **Automate cost-transparency** with software providing IT cost-transparency leading practices and industry standard frameworks • **Integrate IT Cost Transparency** with IT Service Management and Financial Management systems to support the TBM journey	• *TBM technology roadmap* • *IT Cost Transparency solution support*
People	• Design **TBM function embedded within the organization** – resources/skills aligned with complexity of TBM use cases • Identify stakeholders to **support the execution of TBM** use cases	• *TBM office design, including list of resources, and number of FTE* • *TBM roles description*
Process	• Define/implement **standard TBM processes** – steps, workflows, roles and responsibilities integrated in IT management processes • Ensure the quality of analytics and **drive adoption**	• *TBM framework and process cards for primary and secondary processes*

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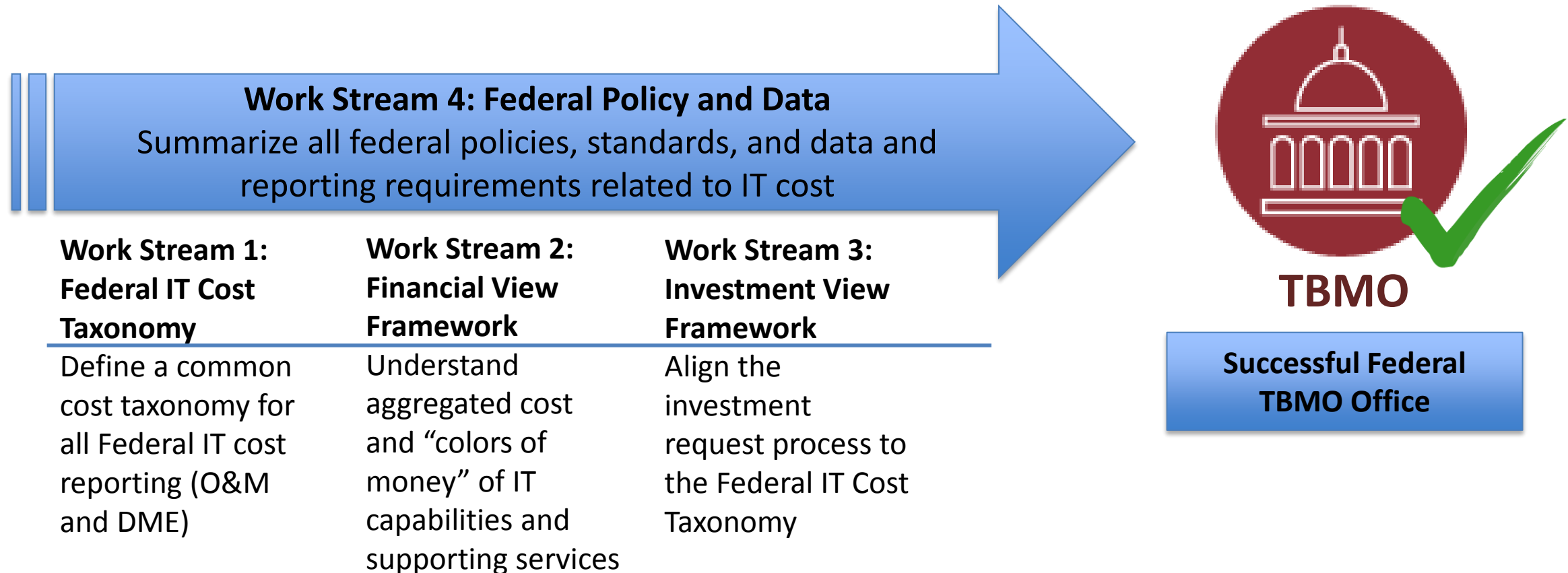
Work Stream Goals

- Summarize all Federal policies, standards, and data reporting requirements related to IT Cost

Participants

- Cask
  - Mark Larsen, Dain Belyeu, Paul Gvoth, Brian Wissinger
- Department of Transportation
  - Walter McDonald
- GSA
  - Mick Harris
- EPA
  - Harrell Watkins

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Ensure Work Streams 1-3 meet current policy, data, and reporting requirements . . .
Work Stream 4 is about Integration

Work Stream 4: Federal Policy and Data
Summarize all federal policies, standards, and data and reporting requirements related to IT cost

Work Stream 1: Federal IT Cost Taxonomy

Define a common cost taxonomy for all Federal IT cost reporting (O&M and DME)

Work Stream 2: Financial View Framework

Understand aggregated cost and "colors of money" of IT capabilities and supporting services

Work Stream 3: Investment View Framework

Align the investment request process to the Federal IT Cost Taxonomy

TBMO

Successful Federal TBMO Office

INPUT

- Laws
- Regulations
- Policies
- Requirements
- Guidelines
- Current Practices

PROCESS

- Gather
- Organize
- Stratify
- Evaluate
- Analyze
- Crosswalk

OUTPUT

- Mapped Data
- Matrix
- Analysis
- Requirements
- Taxonomy
- Recommendations
- KPIs
- Roadmaps

- Analysis – Comparison and Gap Analysis
  - What is does our current analysis say about Federal IT regulation and policy?
  - How does FITARA affect these regulations and policies?
  - Where is Federal IT Policy lacking when TBM best practices are applied?

- Key Activities Accomplished
  - Formation of team with industry and Federal participants
  - Analyzed Key Federal IT Data Sources
    - FITARA
    - GSA
    - DOT
    - OMB
    - GAO
  - Development of requirements baseline database
    - Will be used as a "check and balance" in tandem with other work streams

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- Existing reporting structure is already robust, FITARA is refining priorities of IT Spend
- Gaps in the accounting methods of depreciation between TBM best practices and Federal spend

Next Steps and Wrap-Up

Todd Tucker, General Manager

TBM Council

- ## February 25th – The IT / Finance Partnership in TBM
  - Kim Manigault, CFO, Technology & Operations, KeyBank
  - Kevin Brown, Manager IT Cost Transparency and Stacy Shifflett, IT Finance Director, Freddie Mac

- ## March 30th – Draft Recommendations
  - Presentation of recommendations by work stream leaders
  - Discussions and commentary by commissioners, partners and other participants

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To learn more or to participate in one or more of the work streams contact:

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TBM Connect

Join the ITCC Community

https://tbmcouncil.jiveon.com/groups/it-cost-commission

- Past ITCC presentations

- Blogs

- Work Stream Updates

- Ask/Answer questions

The recording of today's WebEx will be posted to TBM Connect in the coming days!