Run IT as a Business: TBM / ITFM with Apptio

Your Guides: Doug Greer and Karen Lifsey

Introductions

- Take 5 Minutes
- Turn to a Person Near You
- Introduce Yourself
- Business Cards

Today's Objectives…

What is Technology Business Management?

Why is TBM important for organizations and for CIOs?

What are the common challenges between IT and Finance?

How does Technology Business Management compliment the PPM & Agile tools you own?

What TBM tools are available in the marketplace?

Agenda

- TBM Essentials
- Foundation of TBM
- How TBM Enhances an Organization’s Investment in PPM / Agile Tools
- TBM Tools in the Marketplace
- How to Learn More
- Wrap up / Questions

TBM Essentials

Let Rego be your guide.

Technology Business Management (TBM) provides technology leaders with standards and validated best practices to communicate the cost, quality, and value of IT investments to their business partners.

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TBM Overview

- The single biggest risk for CIOs and IT organizations today is not being able to make good spending decisions at the pace of digital business.
- Cloud migration, agile development, and digital transformation have introduced new complexity to an already complex landscape - and more pressure for IT to balance run costs with new technology investments that drive business value and topline growth.
- The only way to shift focus and resources from keep-the-lights-on activity to business priorities is by having accurate information that factors both the financial and operational elements of the technology business.
- This transparency changes the conversation with the business to value vs cost and enables decisions that account for the fact-based reality of resource constraints and tradeoffs.

Key Benefits

- Single view of IT costs across the entire IT portfolio
- Cloud costs shown in the context of total IT spend
- Granular self-service analytics for IT decision makers
- Project and app cost by business priority and initiative
- Start with basic allocations and refine them over time

The TBM Council

9,000
Members

$1.1
Trillion

Taxonomy | Process | Practice

Ashley Pettit
SVP, IT
State Farm

Atticus Tysen
SVP, CIO
intuit

Bharat Amin
VP, CIO
Newport News Shipbuilding

Bhushan Ivaturi
SVP, CIO
ENBRIDGE

Carman Wenkoff
EVP, CIO
DOLLAR GENERAL

Debra Bailey
CIO
Telefónica

Ed McLaughlin
Pres., Ops & Tech
mastercard

Eileen Baines
SVP, CIO
COBANK
COOPERATIVE. CONNECTED. COMMITTED.

Gerry Imhoff
SVP, IT Services
Maritz

Guillermo Diaz
CIO, IT
cisco

James LaPlaine
CTO
RED VENTURES

Phil Armstrong
EVP & Global CIO
GREAT-WEST LIFECO INC.

Ralph Loura
SVP IT, CIO
LUMENTUM

Rhonda Gass
VP & CIO
StanleyBlack&Decker

Scott Spradley
CTO
Tyson

Tom Murphy
CIO & VP, IT
Penn
University of Pennsylvania

TBM Taxonomy – Adopted by over 300 organizations

RETAIL

SUPERVALU · Cox Automotive · Target · Safeway · Starbucks · Family Dollar · Hallmark

FINANCIAL SERVICES

American Express · Ameriprise Financial · Investment Managers · Bank of America · BCP · BNP Paribas · Citizens Bank · CME Group · Comerica · FannieMae · FHLBank · FHLBank San Francisco · Freddie Mac · Goldman Sachs · Nationwide · Jefferies · JPMorgan Chase & Co. · Lloyds Banking Group · MasterCard · Morgan Stanley · NASDAQ · US Bank · Navy Federal Credit Union · Nomura · RBC · RBS · SunTrust

INTERNET & DIGITAL

at&t · Facebook · eBay · Telstra · Verizon · Vodafone · LinkedIn · T-Mobile · TUI

PUBLIC / EDUCATION

Penn · TVA · La Trobe University · GSA · U.S. Department of the Interior · U.S. Department of Housing and Urban Development · Federal Reserve System

AEROSPACE

Boeing · BAE Systems · IAG · ULA United Launch Alliance

TRANSPORT / LOGISTICS

FedEx · Con-way · AmerisourceBergen

MANUFACTURING

GM · LyondellBasell · Watts · Navistar · Steelcase · Reliance · Smiths · United States Steel · Cummins · Sysco

CONSUMER GOODS

Campbell's · Motorola · Hershey's · Johnson & Johnson · Nike · Hillshire · Nintendo · The Clorox Company

TRAVEL / HOSPITALITY

AVIS · Hilton Worldwide · IHG · Marriott · Qantas · Sands · Walt Disney Parks and Resorts · CBRE · British Airways · Iberia

HIGH TECH

Microsoft · Rackspace · Xerox · Dell · Cisco · Verisk Analytics · TriZetto · CDW · DST Systems · Seagate · CoreLogic · Agilent Technologies

INSURANCE

ACE · Aetna · Aflac · Aon · Farmers Insurance · Guardian · HCC · Marsh & McLennan Companies · MetLife · New York Life · Prudential · RSA · Unum · Zurich · Novae · Swiss Re

MEDIA & ENTERTAINMENT

Aol. · Comcast · Cox · DirecTV · Time Warner · groupm · informa · NBC Universal · Technicolor · Univision · The Walt Disney Company

HEALTH / LIFE SCIENCE

AstraZeneca · blue of california · Bon Secours Health System · CHRISTUS Health · Cigna · Humana · Merck · Molina Healthcare · Partners Healthcare · Kaiser Permanente · DaVita · St Luke's · Premera · Ascension Health

ENERGY

AES · BP · Chevron · DTE Energy · Energy Future Holdings · Exelon · ExxonMobil · Shell · Cameron · Sempra Energy · Southern Company · Cenovus Energy · Weatherford · Enbridge

TBM Outcomes

Outcome	Description
Granular Cost Transparency	See costs of the full IT portfolio (TCO - applications, software, hardware, projects, resources, vendors…) and relate it to business services consumed by the business
Real time, Comprehensive and Consolidated data	Clear correlation between GL through to Applications & Services. Combining technical, infrastructure, asset, utilization, HR, Service Desk & operational data to expose cost drivers and clear linkage between all the data sources
Communicating IT Value	Transparency of cost allows a stronger dialog with the business over service cost trade offs, and moves budgetary discussion from an overhead discussion to a services based value discussion
Optimization of Technology Investment	Improved service / cost information supports more meaningful opportunities to optimize cost and quality across all aspects of IT service delivery – understanding the cost drivers and expose the levers
Manage the business of IT	Drive accountability and monitor progress on a consistent basis across all areas of the business – alignment of IT to business priorities
Accelerated decision agility	Deliver faster fact-based decisions using common information shared across the IT business management team (service owners, architects, operations, projects etc)

Business Satisfaction Improvements = 15-25%

Financial Impacts / IT Cost Reduction = up to 30%

Speed Delivery = 15-25%

Source: 2016 McKinsey & Co study based on interviews with 50 TBM Council members

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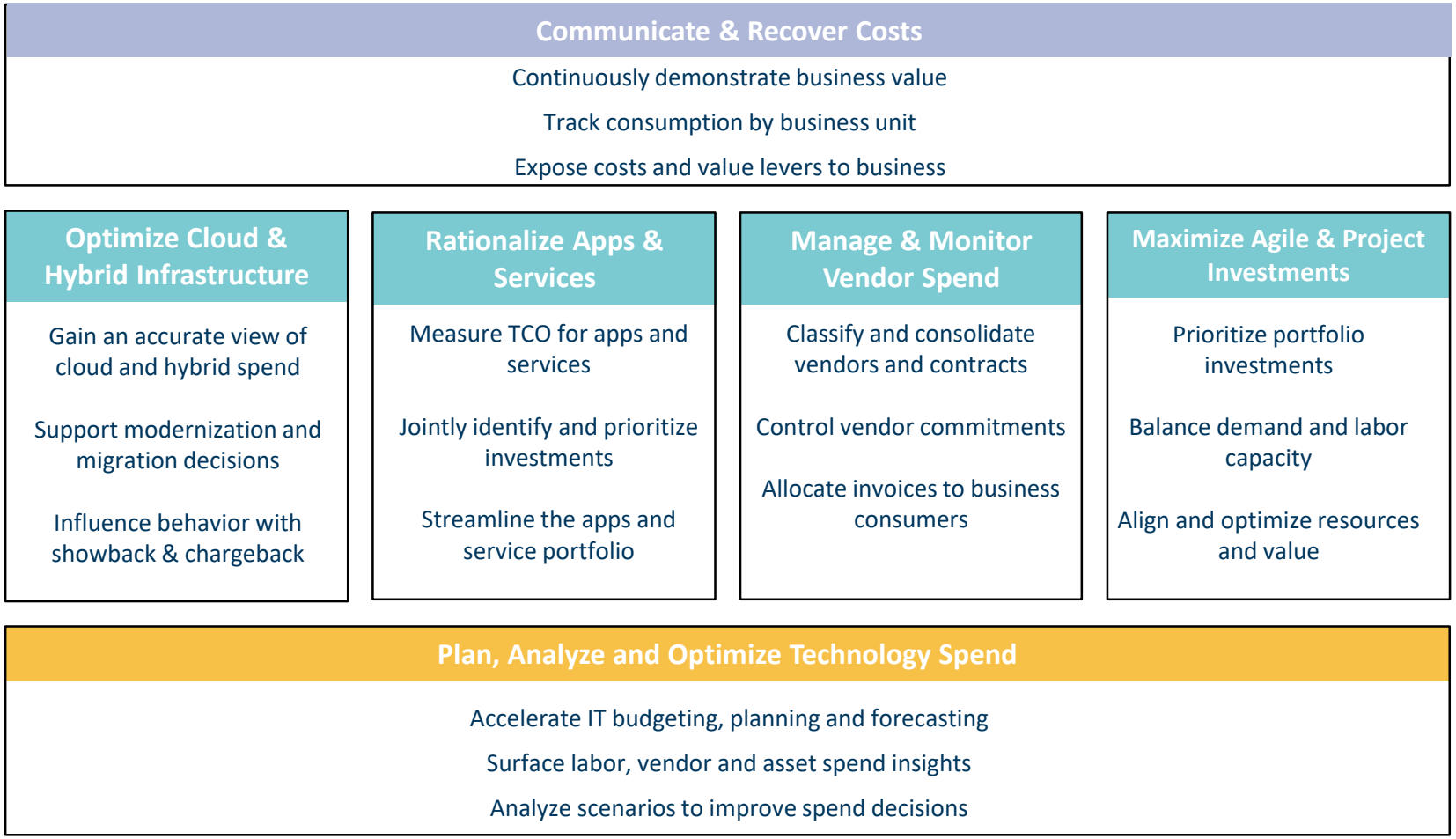
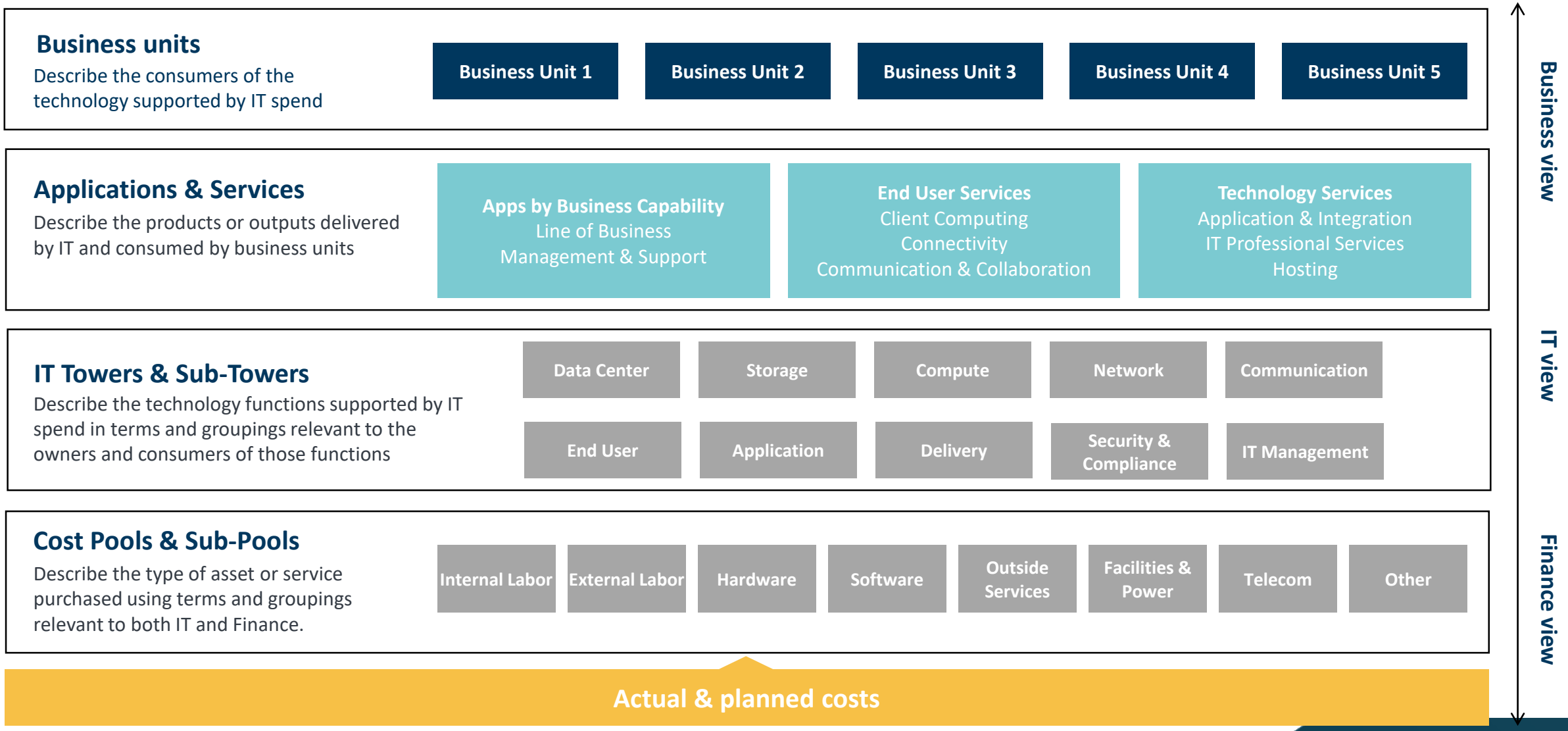
Foundation of TBM

Let Rego be your guide.

TBM Capabilities



ATUM: The Standard IT Model



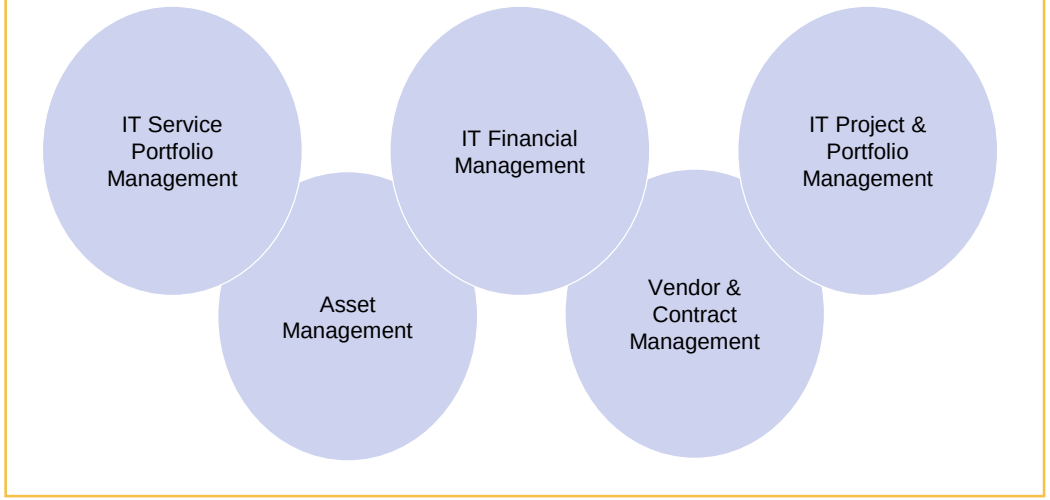
TBM Office

Coordinate Governance, Ensure Accountability, Drive Value Outcomes

Mission

Provide current information to IT and Business decision makers by increasing transparency into how IT efforts are performing and aligning with the business. Cultivate consistency across IT to enable more predictable results from planning to delivery and to drive greater efficiency.

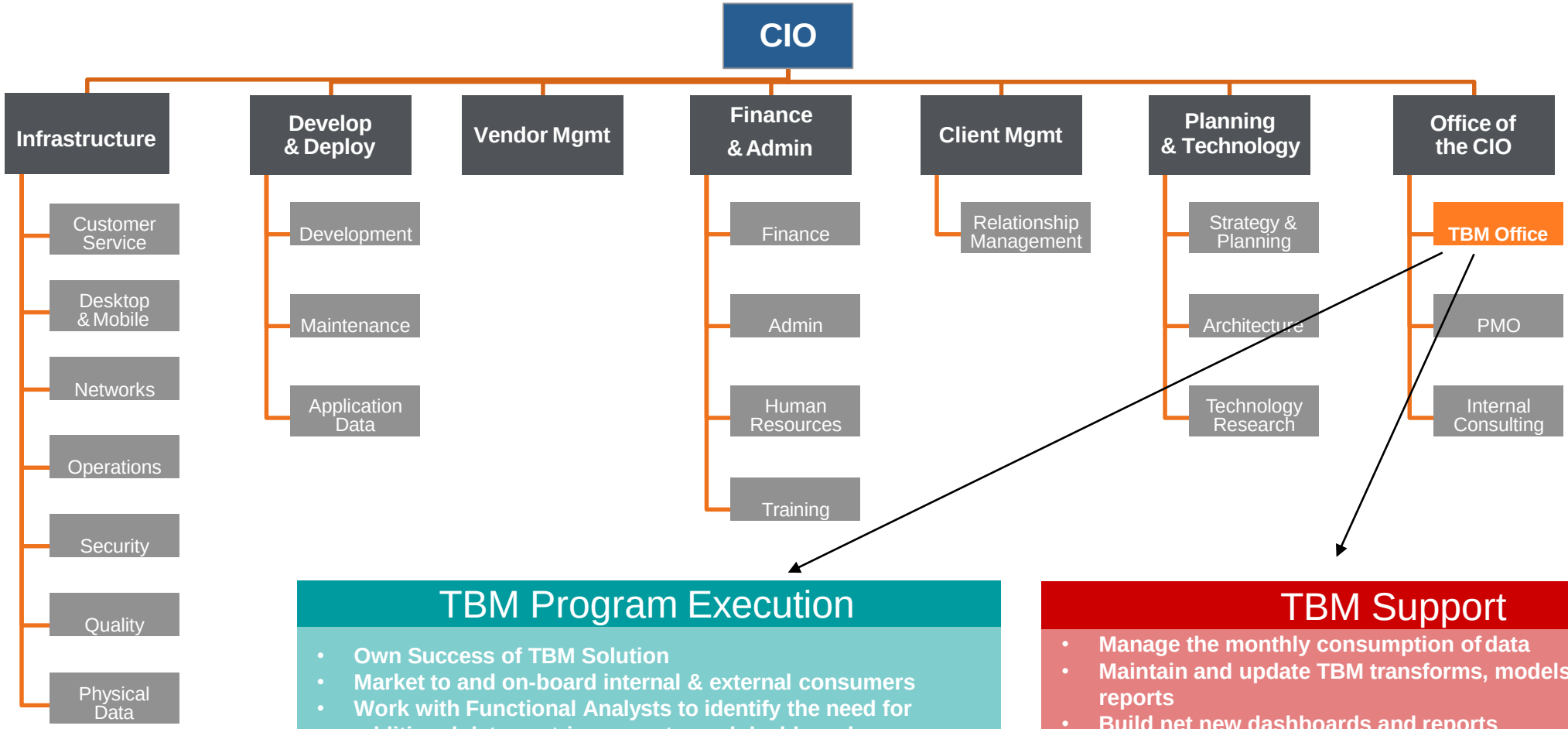
TBM PROCESS INTEGRATION



BUSINESS OUTCOMES

- **Strategic Alignment** through service and project portfolio management
- **Value Delivery** through portfolio, financial, and asset tracking
- **Performance Measurement** through metrics and reporting
- **Resource Management** through labor, software, and hardware tracking
- **Risk and Compliance Management** through policies, procedures, and contracts tracking

Where Does the TBMO Sit?



TBM Program Execution

- **Own Success of TBM Solution**
- **Market to and on-board internal & external consumers**
- **Work with Functional Analysts to identify the need for additional data, metrics, reports, and dashboards**
- **Analyze, use and suggest improvement to current modeling and reporting strategies**

TBM Support

- **Manage the monthly consumption of data**
- **Maintain and update TBM transforms, models, and reports**
- **Build net new dashboards and reports**
- **Provide support for consumers**

How TBM Enhances an Organization's Investment in PPM / Agile Tools

Let Rego be your guide.

"70% of IT executives

***struggle** to foster collaboration between project & finance stakeholders "*

Typical Points of Collaboration for PMO & IT Finance

Capex/Opex

Rules for classifying labor as capital or operating.

Blended Rates

Level of detail for rates, as well as the rates themselves

Systems of Record

Systems of record for financial data

Integration Points

Integration points between PMO-owned and IT Finance-owned systems

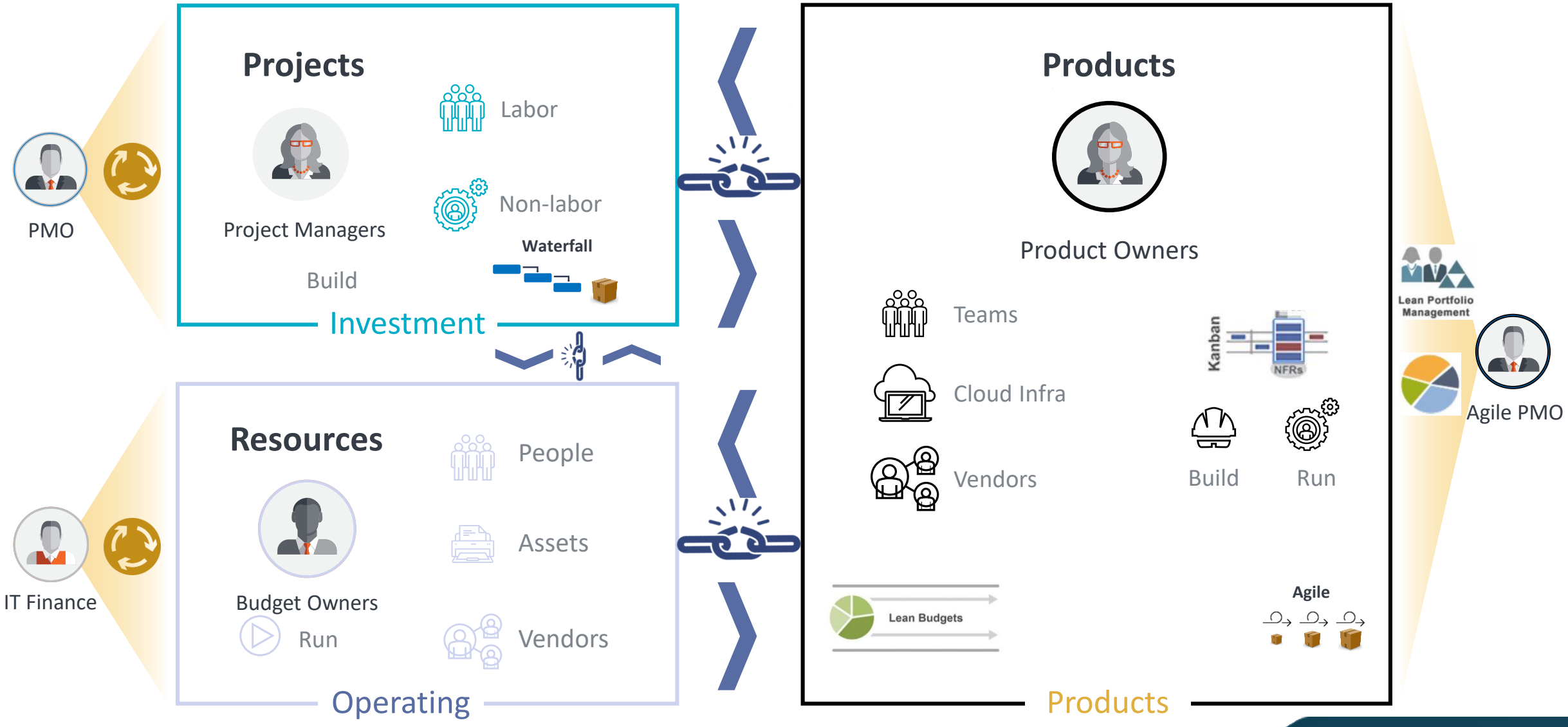
CIP

Trigger to CIP account for capital project completion (i.e. go-live)

Budget Data

Required project budget/forecast data dimensions

Disconnect between Project / Agile & Operating Spend



Typical Pain Points for PPM/Finance Ecosystem

Pain Point	Description
Disconnect between PPM / Finance System level of detail	Limited alignment between level of detail in PPM and level of detail in financial systems
Lack of Taxonomy Alignment	Differences in what costs are called in PPM vs. financial system including how reported
Limited insight into Run the Business / Operational costs post project implementation	Project costs not being delegated to departments post-implementation to understand Run costs
Data misalignment	Inability to join data across systems (such as resource allocations, timesheets, and actual costs)

Agile Financial Challenges

- **Agile Product Funding:** Despite switching to agile methodologies, only 15% of organizations have changed their funding approach to product-based
- **Investment Prioritization:** How are investments evaluated and prioritized (and by who) in moving from waterfall to Agile or hybrid- Waterfall/ Agile environment?
- **Resource Optimization:** Where do we optimize resources to for new innovation, maintenance, and quality efforts?
- **Value Tracking:** How to we track the $ value of product delivered based on the investments made and resources allocated?
- **Labor Capitalization:** How do we shift from traditional capitalized labor tracking and accounting to an Agile one, considering that time is no longer based on timesheet process?

TBM Compliments PPM/Agile by Providing Insights

- Purpose built applications designed to aggregate all IT spend and consumption data from disparate systems of record
- Cost models to allocate that data designed to provide appropriate transparency into IT spending (e.g., connect project spend to application and service costs)
- Ability to pull in investment, time, and resource data from PPM and Agile ALM systems to provide more detailed labor / non-labor allocations

PPM / Agile data is essential for TBM!

TBM Tools in the Marketplace

Let Rego be your guide.

Build vs Buy

Build

- Custom allocation model
- Build and maintain all reports & KPIs
- No Benchmarking
- Complex scenario modeling
- “Black box” allocations
- Insight Hunting
- Manual data
- On-going data cleansing
- Complex manual data mapping
- 9 – 12 months to value

Vs.

Buy

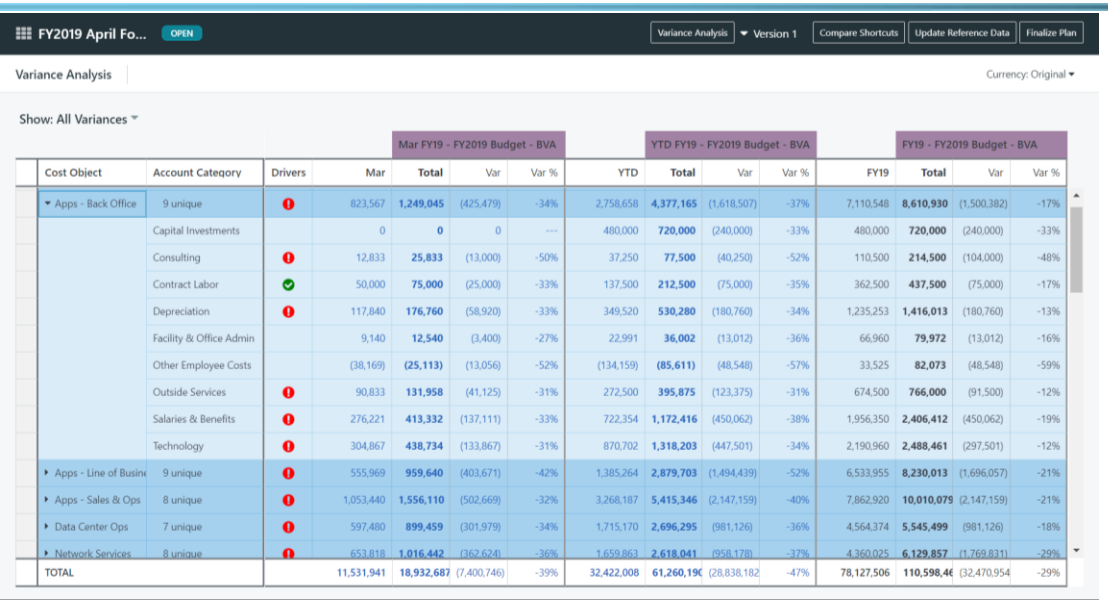
- Pre-built allocation model
- Pre-built reports and KPIs
- Benchmarking
- What-If Analysis
- Defensible & traceable allocations
- Predefined insights
- Out-of-the Box 3rd party connectors
- Software-driven data cleansing
- Weeks to value

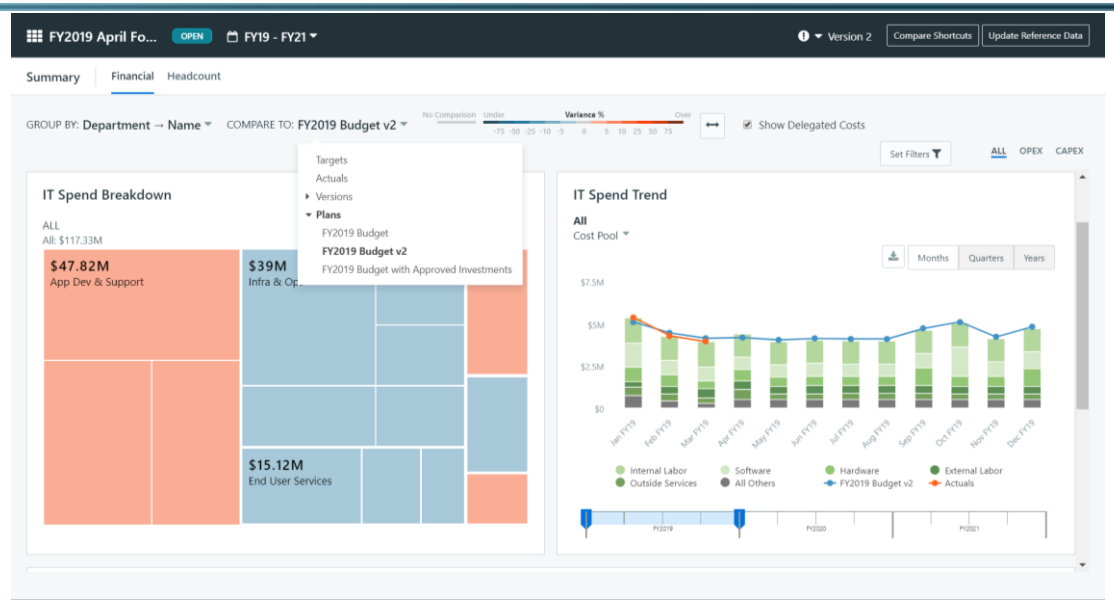
TBM Software Comparison

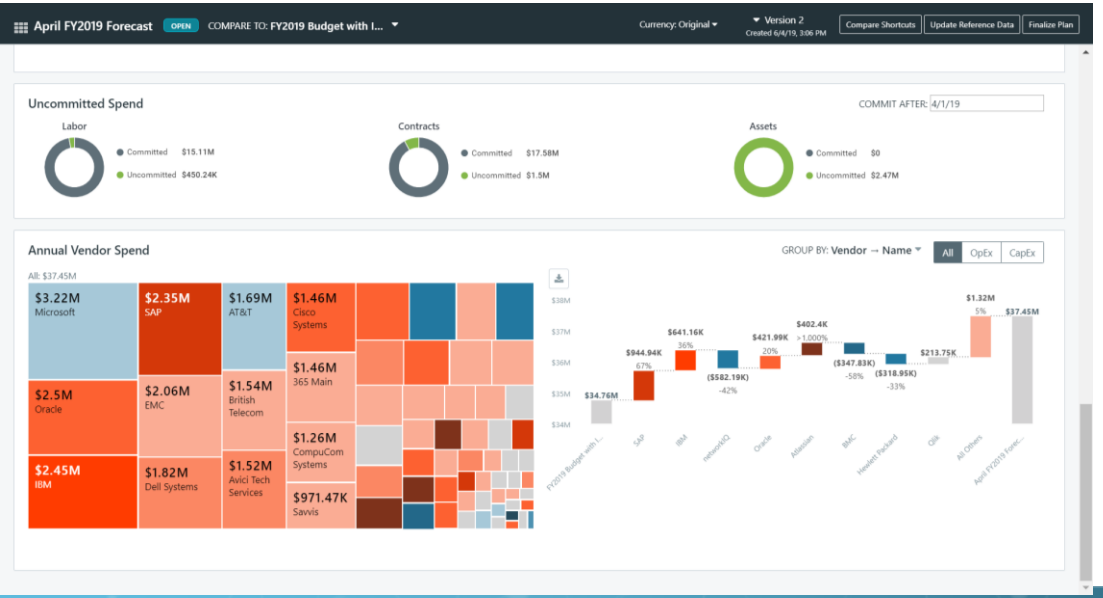
Category		Apptio		Nicus		ServiceNow
Native Support for TBM Framework		Alignment to the TBM Framework; Flexibility to modify as needed		Alignment to the TBM Framework; Flexibility to modify as needed		Alignment to the TBM Framework; Flexibility to modify as needed
IT Cost Transparency		Granularity to drive into TCO; Requires connection to data sources		Granularity to drive into TCO; Requires connection to data sources		Granularity to drive into TCO; Typically is a data source some data (CMDB, Asset DB)
Bill of IT		Support for Bill of IT / Showback / Chargeback		Support for Bill of IT / Showback / Chargeback		No longer supports Bill of IT / Showback / Chargeback
IT Planning / Forecasting		Proven IT Planning / Forecasting modules		Defined IT Planning / Forecasting modules		No native IT Planning / Forecasting module; Done with PPM module
Business Value of Agile Development		Modules for Agile Financial Planning / Insights		No native module dedicated for agile planning / costs		N/A

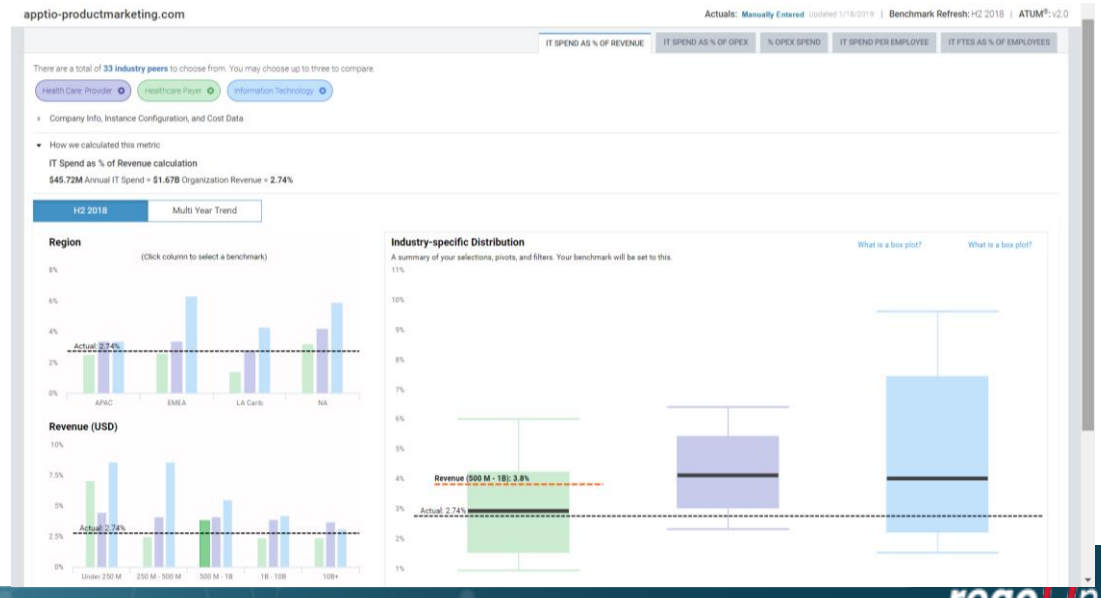
The Undisputed TBM Market Leader

APPTIO







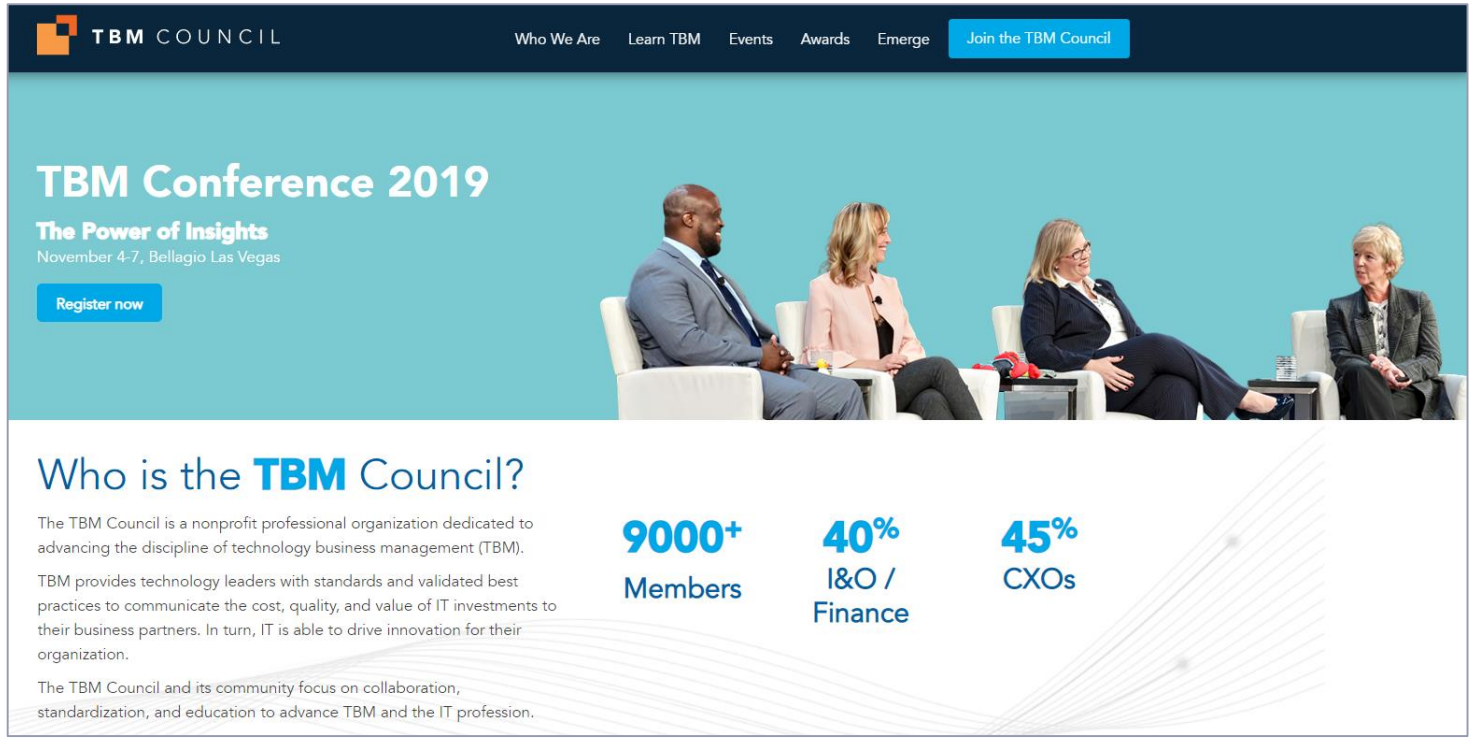


Learn More about Technology Business Management

Let Rego be your guide.

Want to learn more about TBM?

- Join the Technology Business Management Council at tbmcouncil.org
- TBM Book
- TBM Taxonomy
- TBM Foundation Class
- TBM Conference
- Reach out to Rego's TBM Experts!



Questions?

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Thank You For Attending regoUniversity

Instructions for PMI credits

- Access your account at pmi.org
- Click on **Certifications**
- Click on **Maintain My Certification**
- Click on **Visit CCR's** button under the **Report PDU's**
- Click on **Report PDU's**
- Click on **Course or Training**
- Class Name = **regoUniversity**
- Course Number = **Session Number**
- Date Started = **Today's Date**
- Date Completed = **Today's Date**
- Hours Completed = **1 PDU per hour of class time**
- Training classes = **Functional**
- Click on **I agree** and **Submit**

Let us know how we can improve!
Don't forget to fill out the class survey.

Phone
888.813.0444

Email
info@regouniversity.com

Website
www.regouniversity.com

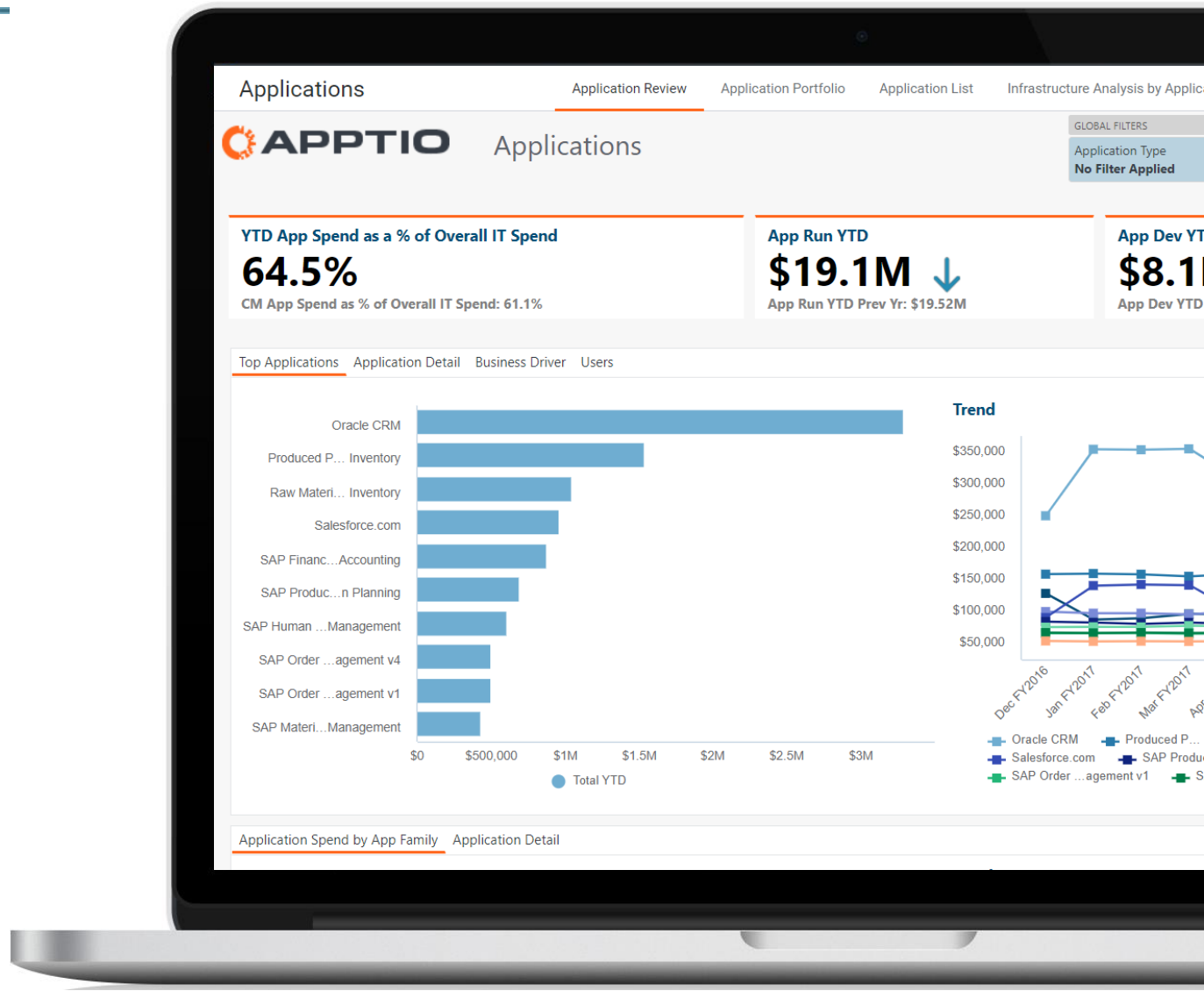
Appendix: Apptio Product Details

Let Rego be your guide.

APPTIO®

Cost Transparency

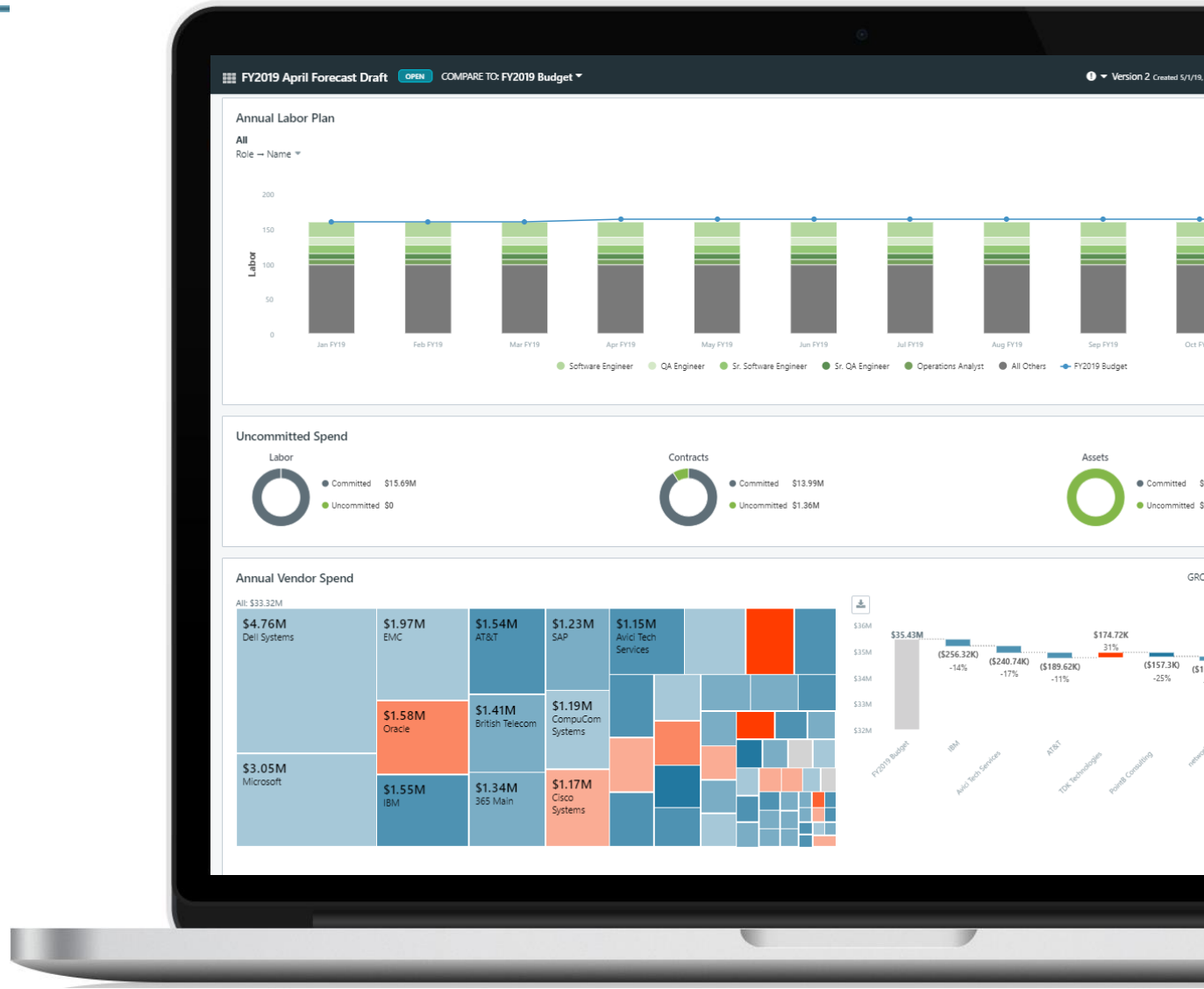
- Uncover fully-burdened cost structure and optimize infrastructure and application costs
- Uncover the fully-burdened cost of delivering apps and services
- Rationalize the app and service portfolio and reinvest savings



APPTIO®

IT Planning

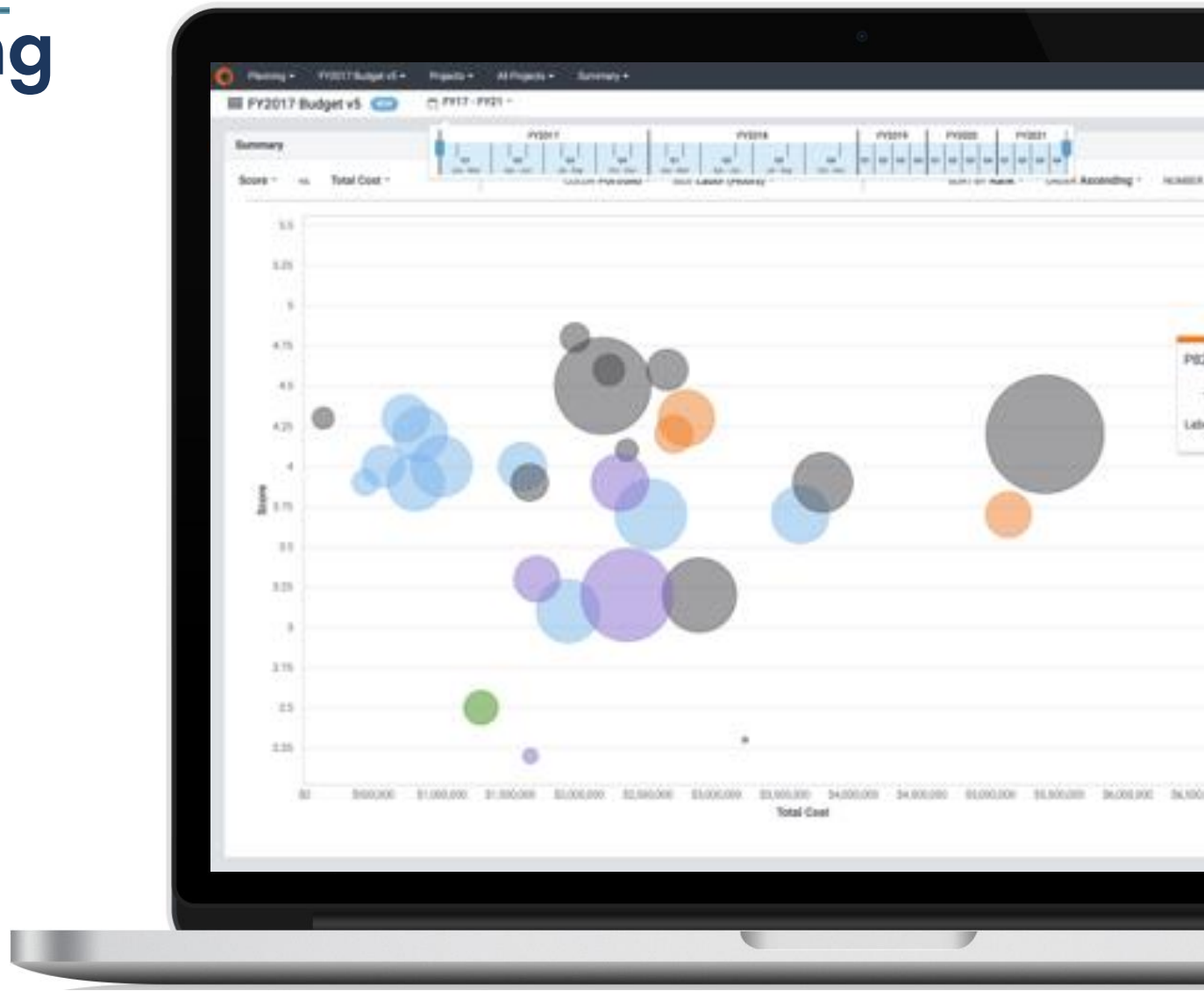
- Automate the planning process, to reduce variance and increase forecasting
- Review actuals-to-plan in IT-relevant categories to shift investments and optimize spend
- Perform what-if analysis across time to adjust resources as business needs dictate



APPTIO®

Project Financial Planning

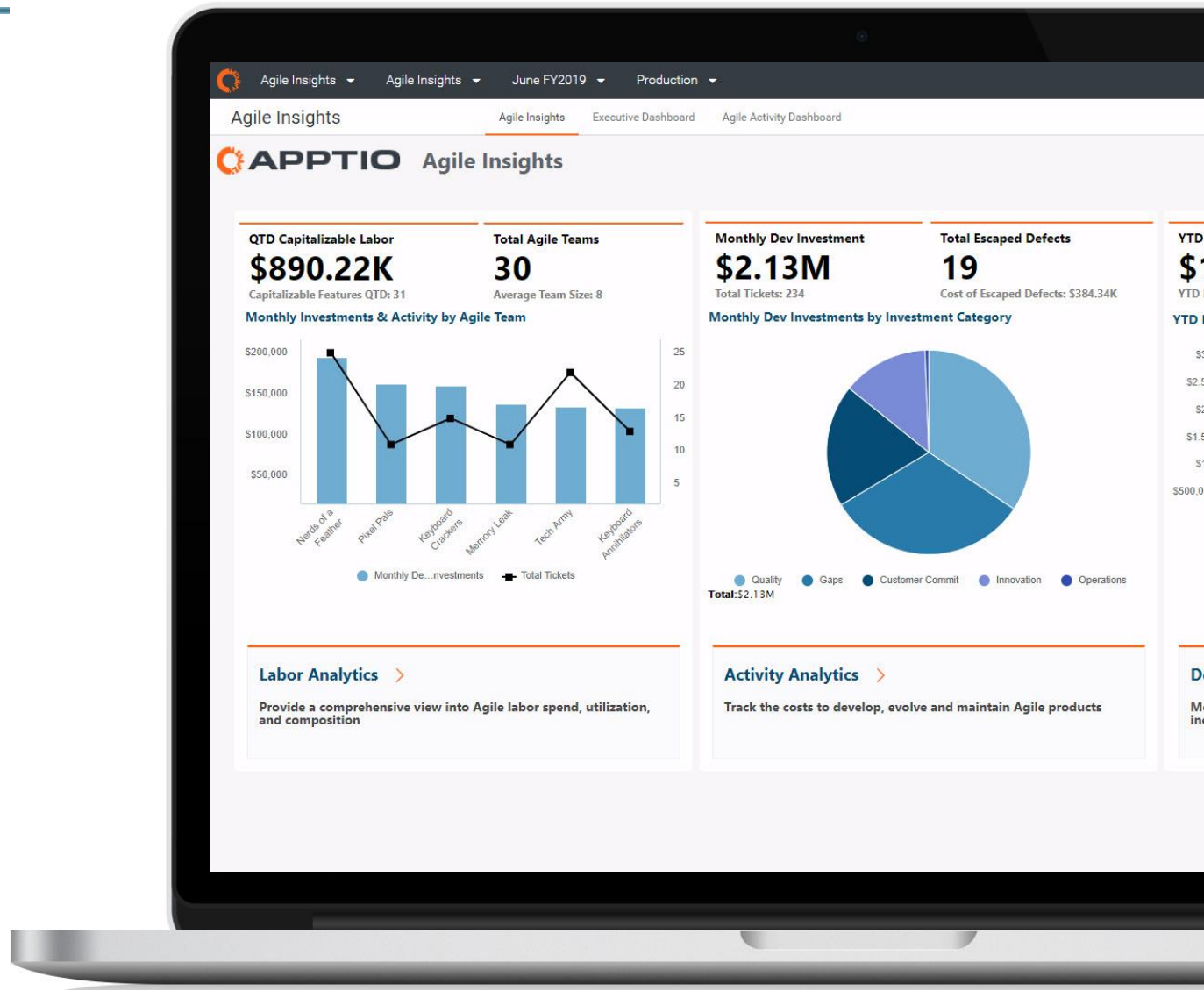
- Score & evaluate proposals for funding approval
- Build detailed financial plans with direct & indirect project costs
- Plan capital labor & forecast long-tail run costs
- Allocate departmental resources to project initiatives
- Forecast the business impact of the portfolio



APPTIO®

Agile Insights

- Visualize team labor spend & utilization
- Understand the cost to develop, innovate and maintain Agile products
- Track and analyze capitalized and operationalized labor spend and progress toward targets



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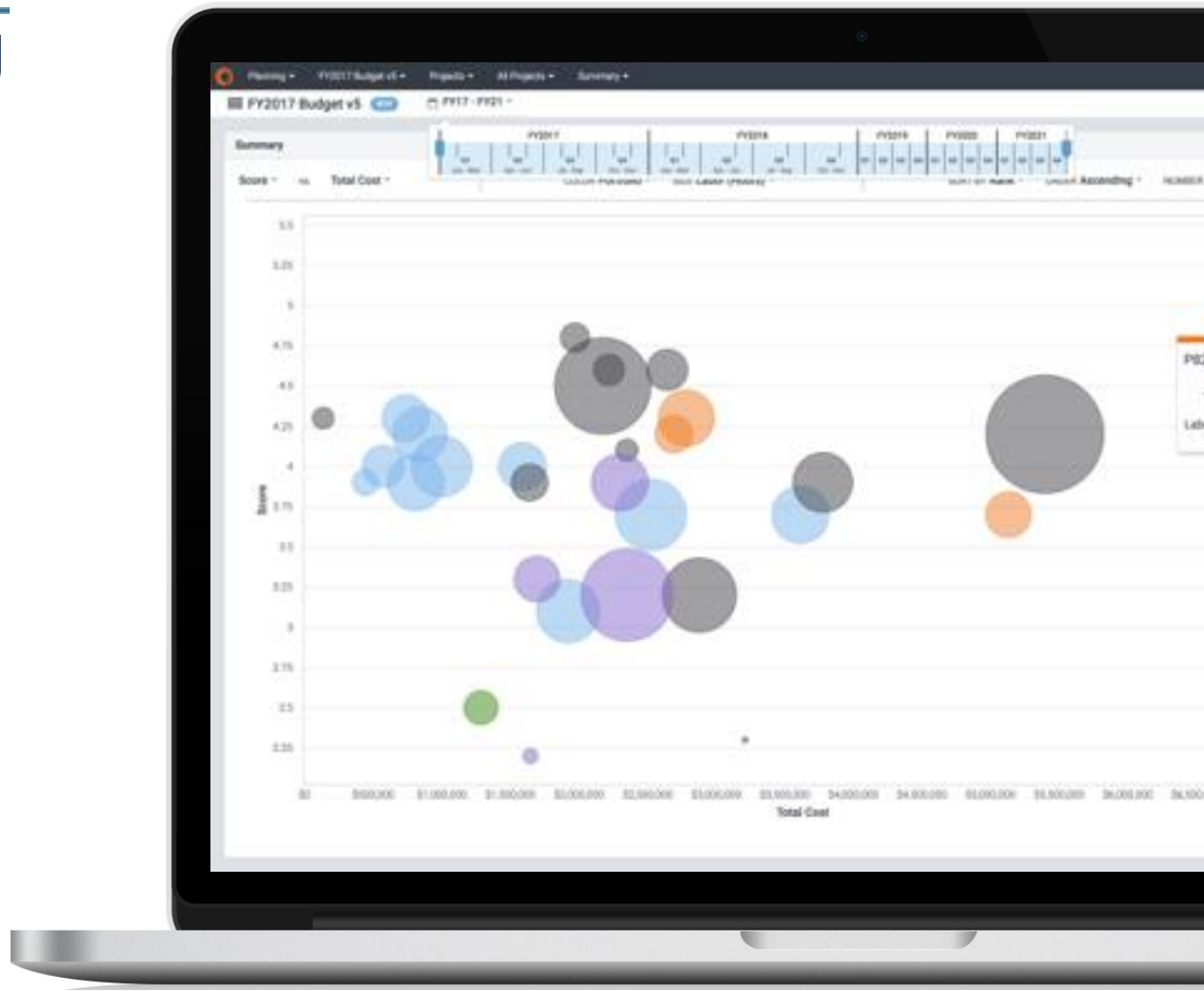
Agile Investment Planning

- Align portfolio investment with business strategy
- Build & manage financial plans that span waterfall & agile roadmaps
- Plan, track and adjust teams to ensure value delivery
- Assess the impact of current and planned Capex on operational budget
- Plan investments for Agile and project work in a single system