



regoUniversity 2019

SAN DIEGO

IT Financial Management (ITFM) | Expanding the Value of PPM with Apptio

Your Guides: Doug Greer and Ben Barrow

Introductions

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



Agenda

- Introduction
- Challenges
 - Investment Planning
 - IT Financial Management
 - Agile Financials
- ServiceNow ITFM Capabilities
- Apptio Introduction
- ServiceNow / Apptio Solution
 - Best Practices
 - Pitfalls to Avoid
- Apptio Details

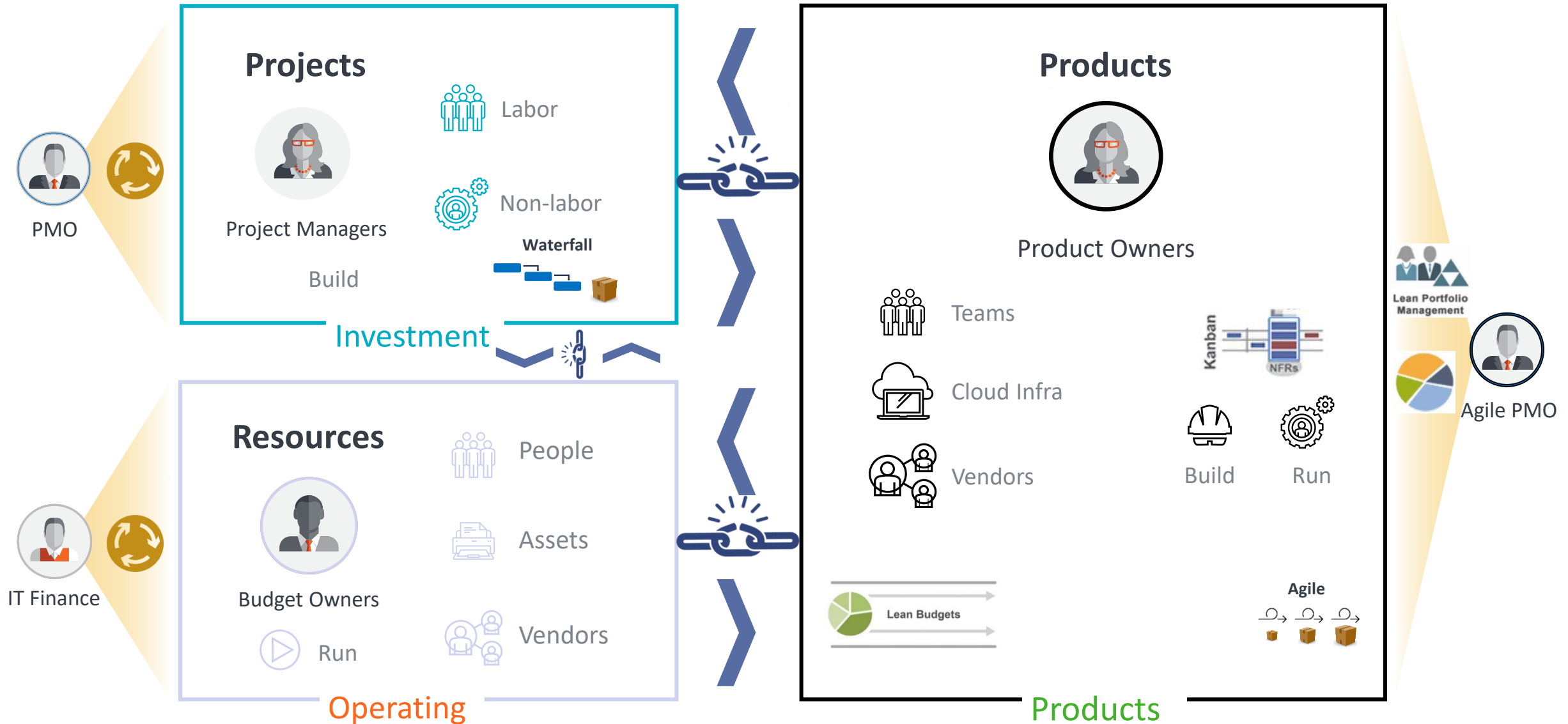
Quick Poll

- How many are using ServiceNow ITFM module(s)?
- How many use Apptio in some part of the organization?
- How many have already looked into using Apptio?
- How many are using ServiceNow to track non-project data (time, resources, forecasts, etc)?
- How many have PMs using Excel to track project costs?
- How many are also doing work in Agile tool?
- How many have or will shift from project to product operating model?

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.

Disconnect between Investment / Operating Budgets



The State of Investment Planning



Funding Model

Only **15%** have made changes to their funding process to account for Agile



Value Tracking

66% cannot accurately or consistently measure value delivery for projects & products



Business Case

43% cite misalignment with business priorities as the primary cause of project failure.



Collaboration

70% struggle to foster collaboration between finance and development teams

The State of IT Financial Management



Limited visibility

87% of organizations are budgeting for IT in spreadsheets, with no aggregate view of spend across disparate GLs



Poor stewardship

Over **60%** of organizations experience budget padding and a lack of accountability by budget owners



Conservatism

On average, organizations report that between **11-15%** of their IT budget is tied up as contingency



Insufficient funding

44% of organizations cite insufficient funding as their most significant barrier to achieving objectives

PPM Financial Challenges

- ▶ **Complicated Processes & Reporting:** PPM systems with financial capabilities unnecessarily pull PMs into financial planning duties, and complicate processes for both PM and IT Finance teams
- ▶ **Limitations for Project Accounting:** Lack of system for true project accounting (Depreciation/amortization, vendors, cost centers, contracts, assets, GL accounts, etc)
- ▶ **Limits for Run the Business Planning:** Cannot plan out-year operational phase of projects, leaving PMO blind to realities of the full financial lifecycle of new initiatives.

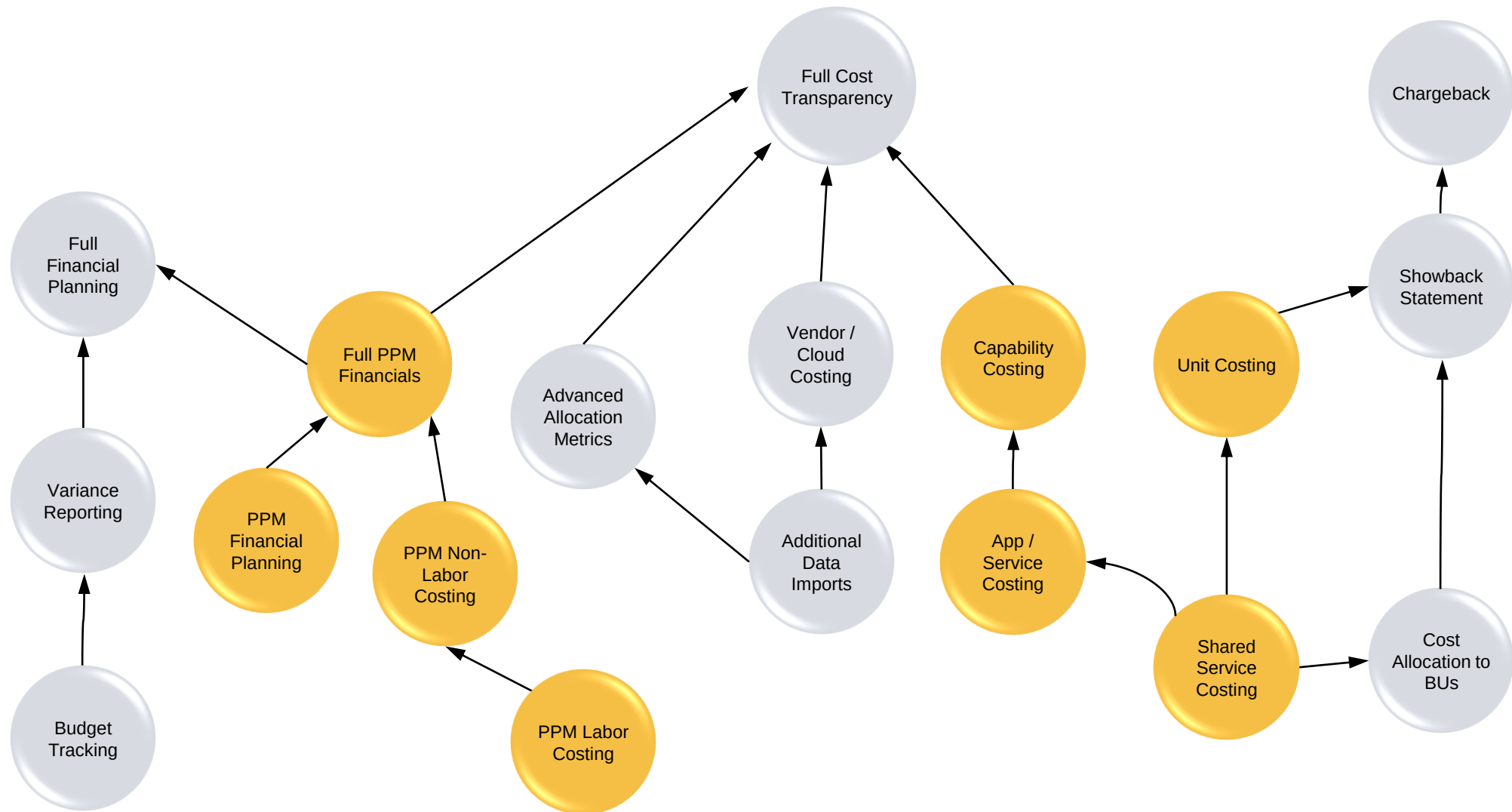
Agile Financial Challenges

- ▶ **Investment Prioritization:** How are investments evaluated and prioritized 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?

ServiceNow ITFM Product

- ServiceNow has an ITFM product, but has recently made shifts in the direction
- Current ServiceNow ITFM customers (or customers already evaluating the product) will be unaffected
- Future focus will be on:
 - PPM Financial Planning
 - SPM Use Case for Service Offering TCO
 - APM Use Case for Application & Capability TCO
- When might this new direction be a fit?
 - Leveraging only data already within ServiceNow instance
 - Starting from scratch and not replacing another ITFM solution
 - Simple use cases aligned to out of the box solution

ServiceNow ITFM Product



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Apptio Introduction



Let Rego be your guide.

What is Apptio?

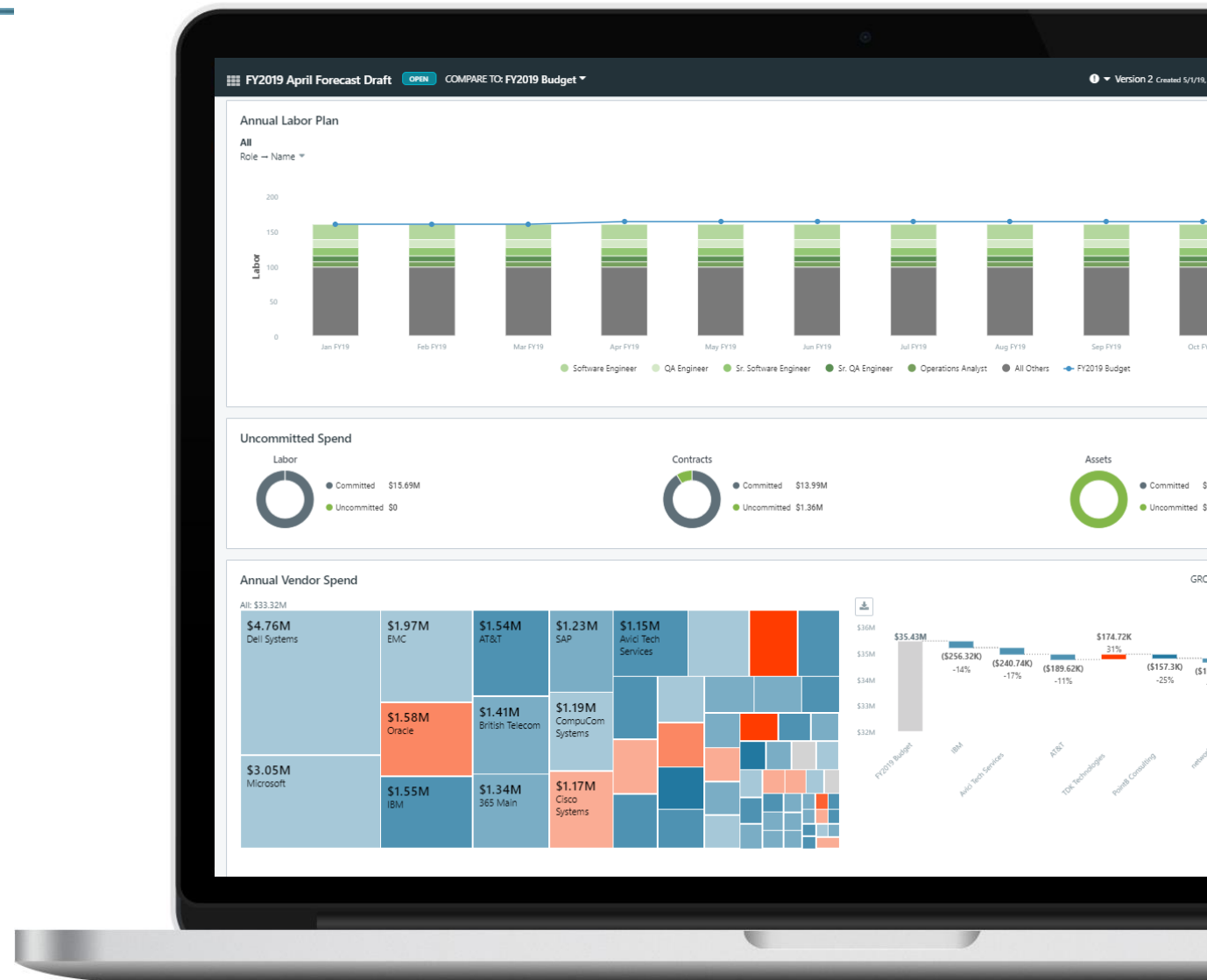
- Apptio is the market-leading IT Financial Management (ITFM) / Technology Business Management (TBM) solution for IT organizations
- It is a business management system to measure technology investments, plan for the future, and communicate the business value of IT.
- It helps IT leaders make data-driven business decisions by providing analytics and insights into the cost, quality, and value of IT.
- It automatically aggregates, cleanses, and establishes relationships across large amounts of data from disparate sources

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

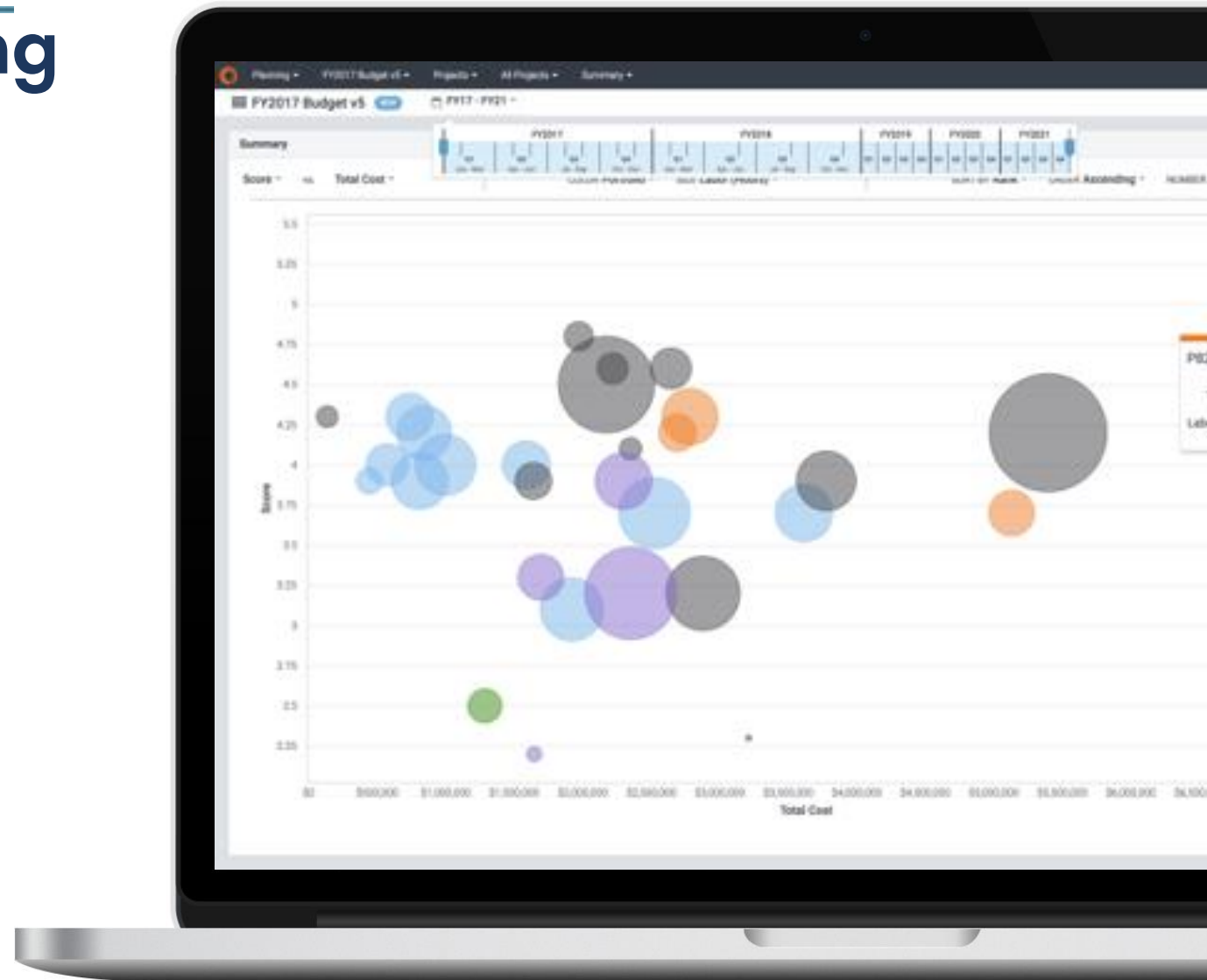
IT Planning

- 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



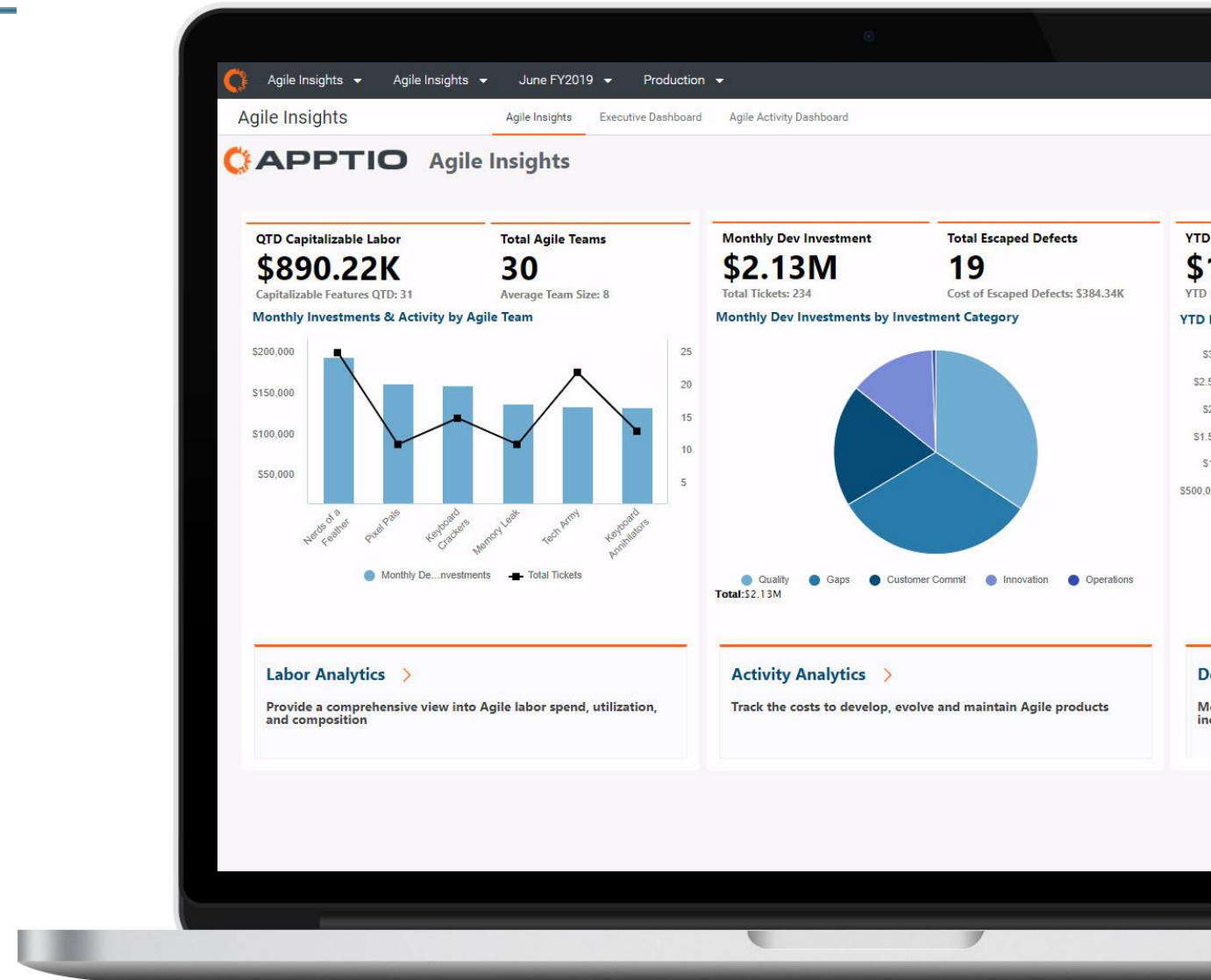
Project Financial Planning

- 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



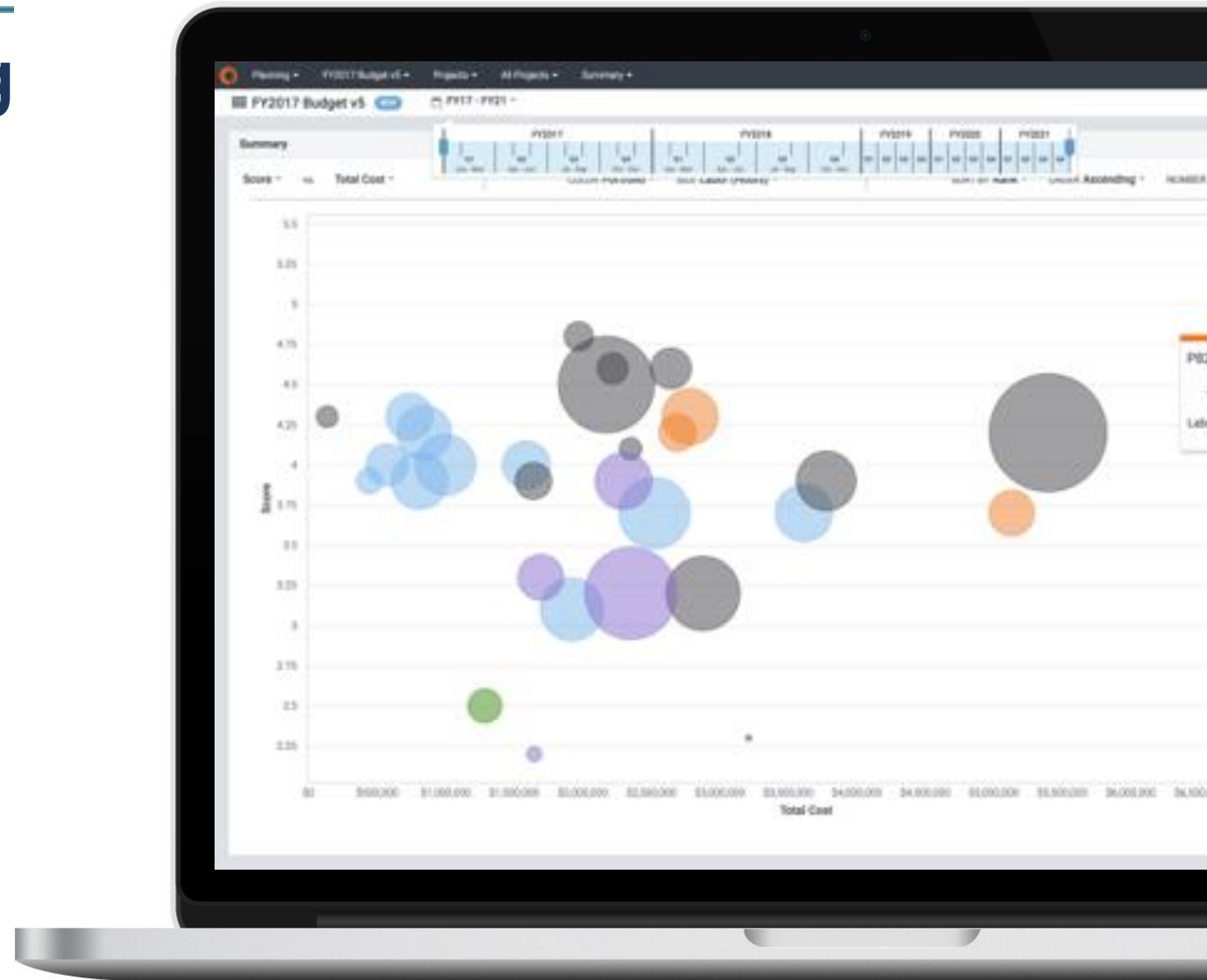
Agile Insights

- 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



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



Common Investment Challenges Addressed

Challenge

Trouble prioritizing investment mix across both Agile & project portfolios

Difficulty tracking investment outcomes for value delivered

Unexpected run costs that lead to over capacity teams & painful OpEx trade-offs

Inability to capitalize labor for Agile slows enterprise wide adoption



Solution

Prioritize & select investments using both product and project funding models

Create investment roadmaps to set team priorities and communicate value delivery

Budget build and run costs in a single system for products & projects

Track Capex & Opex based on company-specific rules, labor rates and activity

IT Financial Management Challenges Addressed

Challenge

Spreadsheets are labor intensive, error-prone and limited in their ability to scale

Corporate performance management tools are GL-driven and finance-centric

Email-based approaches require constant reconciliation of inputs

Inefficient processes prevent quick analyses or diagnoses of variances



Solution

A single source of truth to improve communication & version tracking

Automated translation of GL data into IT-relevant categories

Process-workflow to support collaborative budgeting and forecasting

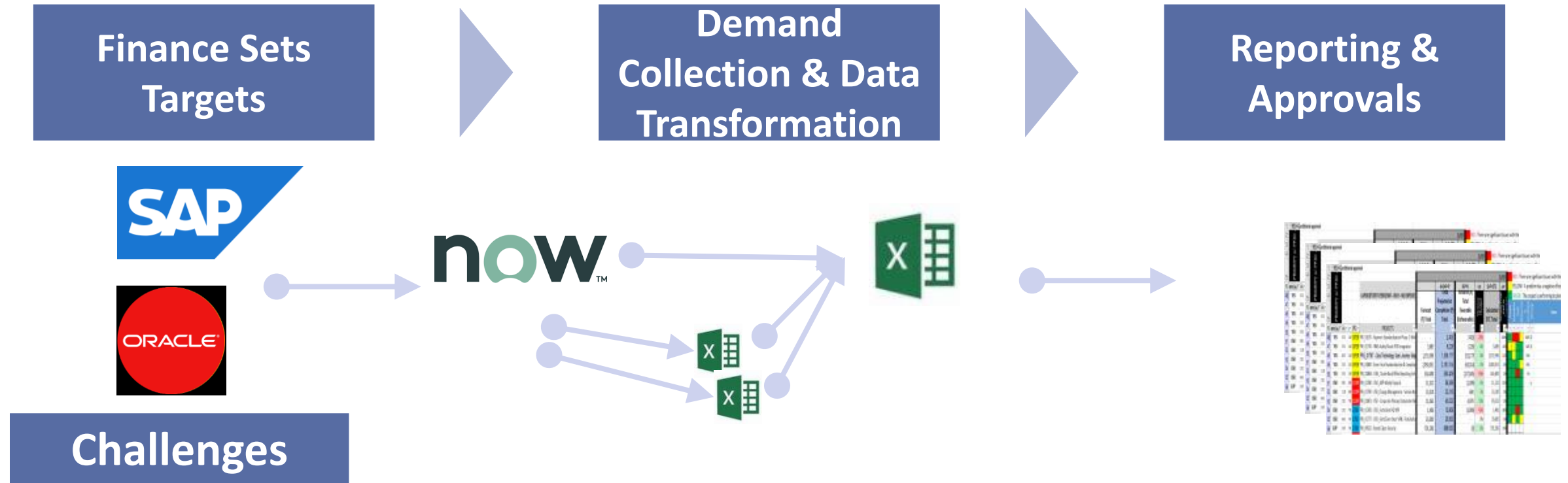
Actionable cost reduction insights with relevant visualizations

ServiceNow / Apptio Joint Solution



Let Rego be your guide.

Typical Planning Process



- Leadership **lacks visibility** and requires granularity for control
- Heavy **manual** efforts to transform the data
- Larger **margin for error** possible depending on tool selection
- **Time-consuming** across multiple FTE's to prepare leadership presentations
- **Inability to scale**

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)

Apptio Complements ServiceNow

PPM

now™



Projects
Resources

Projects Master Data
Labor Master Data



Budgets



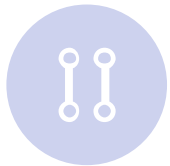
Plan Work to Deliver Projects

- Project intake & selection
- Labor planning for execution
- Task scheduling & management

Plan Costs of Project Work

- Project funding & budget approval
- Plan spend for all resources
- Project impact on build & run costs

Ideal Apptio + PPM Outcomes



Unify

Unify portfolio and operational IT budgeting/forecasting process



Forecast

Forecast changes in operational spend or labor usage that a project will trigger post go-live



Remove Complexity

Remove finance-driven complexity from PPM and shift those processes to Apptio



Contracts & Assets

Support for tracking contracts and assets related to a project



Collaboration

Better collaboration between the PMO and IT Finance to avoid unwieldy hand-offs that slow down initiatives



Best of Both Worlds

Use the best functionality of each system – giving both the PMO and IT Finance the capabilities they need

Best Practice Recommendations

- Approach
 - Leverage the best capabilities of ServiceNow/Apptio for a joint solution
 - Customer experience focus -- one place to do things
 - Don't turn PMs into financial analysts
- Desired Outcomes
 - Bi-directional, multi-point Apptio/ServiceNow integration
 - Alignment of time tracking, resource mgmt, etc to TBM within PPM, with PPM feeding data to Apptio
 - Streamlined cross-tool demand management / project lifecycle process
 - Demand, prioritization, project selection, approval, & handoffs between tools
 - Streamlined cross-tool project-related financial processes
 - Budgeting, forecast, baseline, change control, & handoffs between tools

Pitfalls to Avoid

- Insufficient ServiceNow / Apptio integration
 - Basic, not all needed data is transferred
 - Only one direction (PPM -> Apptio)
- Duplicate entry of data, resulting in inefficiencies
- Jumping between systems to find information, resulting in a poor customer experience
- Lack of uniform project lifecycle management, including financial governance, across both PPM and Apptio
- Data misalignment, with the inability to join data across systems (such as resource allocations, timesheets, and actual costs)
- Non-uniform resource management process across systems
- Project costs not being delegated to departments post-implementation

ServiceNow / Apptio Architecture Considerations

Functionality Cross-Over

- Demand intake
- Portfolio Analysis & Reporting
- Resource Management
- Project Labor Forecasting
- Project Non-Labor Forecasting (Contracts, Assets, etc)
- Project Budget

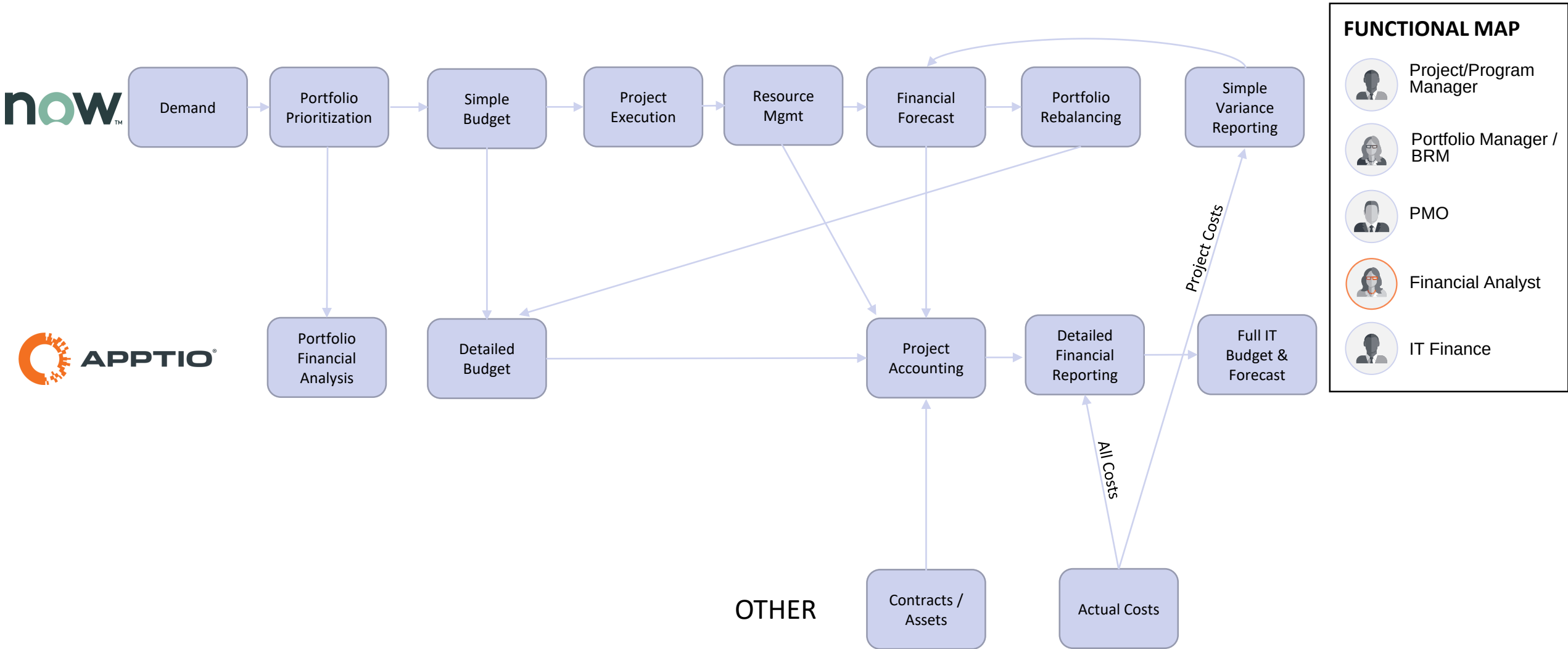
System of Record Decisions

- Idea/Demand
- Portfolios
- Resource Availability/Allocations
- Project Labor Forecasts
- Project Non-Labor Forecasts (Contracts, Assets, etc)
- Project Budget

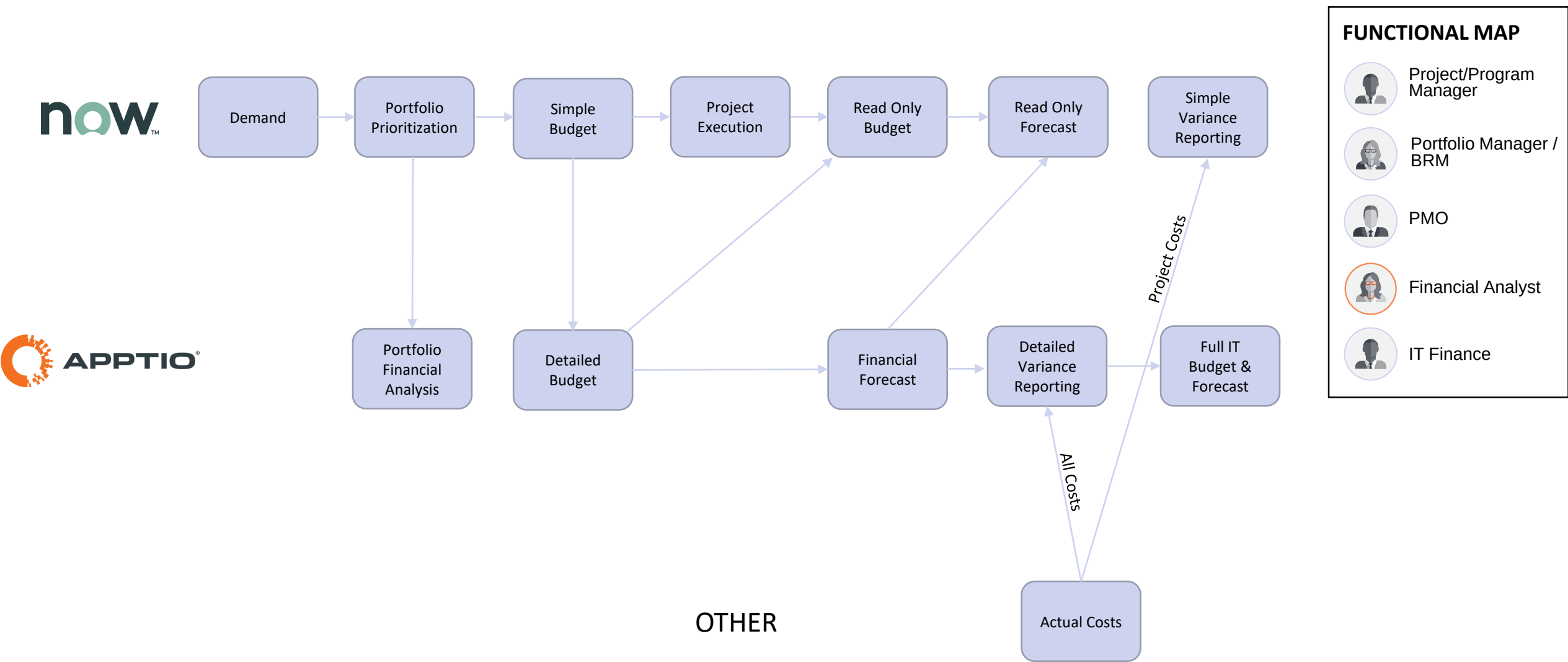
Integration Points

- Demands
- Portfolios
- Resource Availability/Allocations
- Asset Mgmt
- Contracts
- Project Labor Forecasts
- Project Non-Labor Forecasts (Contracts, Assets, etc)
- Project Budget

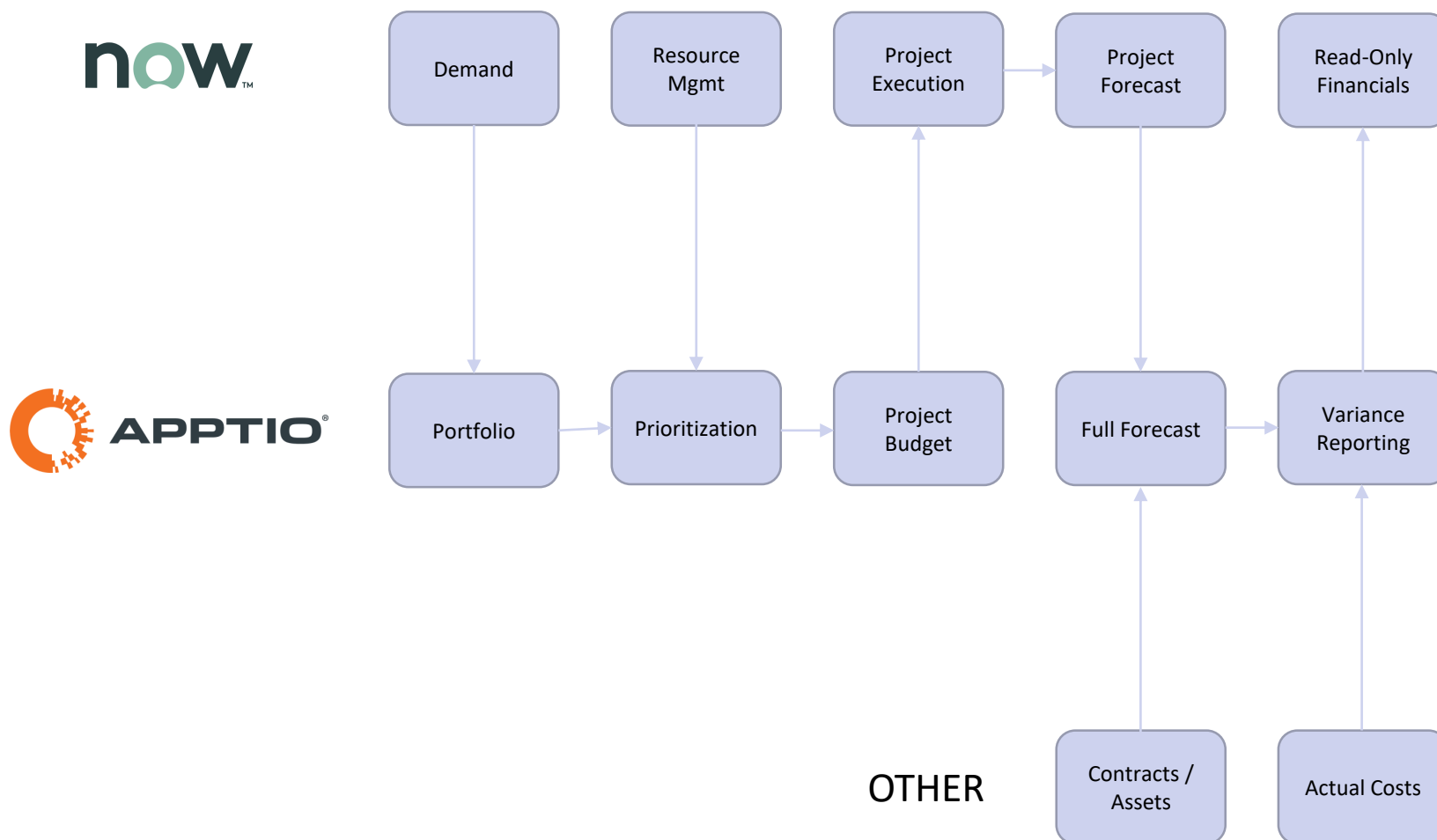
Apptio + ServiceNow Data Flows – Example #1



Apptio + ServiceNow Data Flows – Example #2



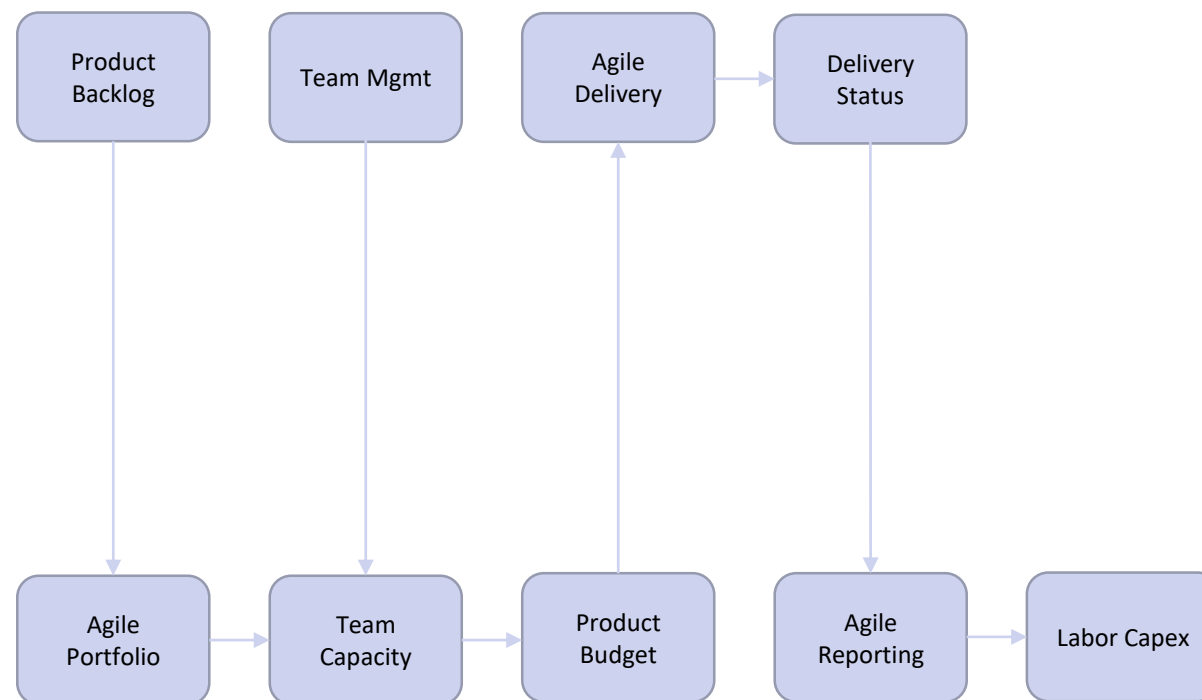
Apptio + ServiceNow Data Flows – Example #3



FUNCTIONAL MAP

-  Project/Program Manager
-  Portfolio Manager / BRM
-  PMO
-  Financial Analyst
-  IT Finance

Agile Governance



FUNCTIONAL MAP



Getting Started with Apptio

	Apptio products	Key capabilities	Data Requirements	Time to value
Manage Financials	IT Financial Management Foundation	Create a starting budget Create and compare multiple plan versions Track and communicate status of the planning process Identify significant spend to plan variance Control, optimize and plan labor, asset and vendor costs Track IT spend from Executive Dashboard View (CIO-1)	General Ledger Budget Chart of Accounts Labor Details Vendor Contracts List of Assets	8 – 10 weeks
Manage Financials of Projects	Project Financial Planning	Allocate department labor resources to projects Calculate and forecast multi-year project costs Forecast and delegate future project run costs to responsible departments Capture investment requests from the business Evaluate project demand relative to available resource capacity	PPM Tool	5 - 8 weeks
Understand & Optimize Resources & Investments	Agile Insights	Analyze the cost of labor resources dedicated to a product Compare the output of the team to team investment Compare completed work to planned activities Identify team activity not associated to product work streams Monitor team's yield and quality of work over time	Application Lifecycle Management Tool	8-10 weeks
Plan and Prioritize Agile Investments	Agile Investment Planning	Capture investment demand from the business Prioritize product investments Plan business value of product investments Create roadmaps that connect feature & investments to strategy Align product demand and resource capacity	Application Lifecycle Management Tool	3-5 weeks

Questions?



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