Cost Transparency and ITs Value

Nowadays people know the price of everything and the value of nothing.

OSCAR WILDE
What is CT and TBM?

**Cost Transparency (CT):** helps provide understanding and communicates the cost and consumption of IT resources.

**Technology Business Management (TBM):** is a methodology that enables IT to be understood in a business framework. The framework of TBM defines the disciplines of creating transparency, delivering value for the money, shaping business demand, and governing for value.
Goals & Benefits

Immediate Short-Term Goals

- More effective way to communicate to customers and stakeholders
  - Clear & repeatable process to show IT costs to customers
- Monitoring environment
  - Show efficiencies and inefficiencies to help drive IT behavior

Long-Term Goals

- Provide a “Bill of IT” based on a business unit’s consumption - i.e.) Rate x Volume

Utilizing a phased approach, TBM can help GSA’s businesses:

- Understand IT cost drivers in business terms.
- Relate IT’s services to the businesses’ missions.
- Understand how consumption of IT’s services impacts IT costs.
- Engage IT in fact-based trade-off discussions so the businesses can choose a level of consumption based on their needs and budget.
TBM Framework - Adopted by over 300 Organizations
TBM Framework Elements

Goal: Optimize Run the Business and Change the Business

2 Organizational Elements

4 Core Elements

Continuously Improve

Plan and Govern

Run-the-Business

Change-the-Business

Deliver Value for Money

Cost for Performance

Business-Aligned Portfolio

Investment in Innovation

Enterprise Agility

Create Transparency

Position for Value

4 Value Conversations
Splits up GL by object class and routes the dollars into appropriate Cost Pools

GSA IT Budget Uploaded into Tool
## GSA TBM Archetype: Next Phase

<table>
<thead>
<tr>
<th>Archetype</th>
<th>Service Provider</th>
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<tbody>
<tr>
<td>Business Value</td>
<td>Value is based on the quality of services and their impact on the organization</td>
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<td>Business partners more easily balance the cost of IT with its value</td>
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<tr>
<td>Service Portfolio</td>
<td>Services are well defined, costed, priced, and advertised through a catalog</td>
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<td>Business Alignment</td>
<td>Service owners and BRMs exist and work to balance costs, service levels, risk</td>
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<td>- BRMs help partners understand technology choices, levels of consumption, and</td>
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<td>impact to cost allocations</td>
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<tr>
<td>Creating Transparency</td>
<td>Tech leaders know the TCO of services, including TCO per unit</td>
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<td>Asset owners know how assets are consumed by providing services</td>
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<tr>
<td></td>
<td>Service owners know how services are consumed by partners and cost</td>
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<tr>
<td>Delivering Value for Money</td>
<td>Tech leaders monitor the unit costs of their services and towers - benchmark</td>
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<td>costs &amp; cost ratios regularly to identify variances and set targets for improving</td>
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<td>cost for performance and measure attainment</td>
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<tr>
<td>Shaping Business Demand</td>
<td>Business partners are allocated costs based on consumption of services using</td>
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<td>rates (prices) and receive a bill of IT w/consumption details</td>
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<td>Business partners are incentivized to balance consumption/service value</td>
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<tr>
<td>Planning and Governing for</td>
<td>The budget is often set based on the amount of services to be delivered and</td>
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<tr>
<td>Value</td>
<td>consumed by the business, after considering headwinds and tailwinds Some</td>
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<td>top-down pressures on the overall budget may exist, but they are weighed</td>
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<td>against service and project funding needs</td>
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Move from cost focus towards value focus
Tools of TBM

- **COST TRANSPARENCY**: Total Cost of Projects, Apps, Infrastructure, and Services
- **IT BENCHMARKING**: Up-to-date KPIs Benchmarked by Peer Industry
- **BUSINESS INSIGHTS**: Detailed Utilization and Cost Analytics for Optimization
- **BILL OF IT**: Automated Showback or Charge-back

**Reports, Dashboards, Real-time Analytics**

1. **Store Data**
2. **Cleanse**
3. **Enrich**
4. **Relate to Model**
5. **Allocate Costs**

**Categories**

- **FINANCIAL**
  - G/L Fixed Assets
  - Budget
  - HR

- **OPERATIONAL**
  - Asset/CMDB
  - PPM
  - Service Desk
  - Monitoring
  - Provisioning

- **BILLING**
  - Vendors
  - Cloud Services