About Greg Holmes

Technology Business Management, Service Management and ITAM

- Worked in Australia, USA, Europe & UK
- ITIL Qualified since V2
- First big ITAM project in 2000
- TBM Executive Certification

- Joined Apptio to focus on the way IT decisions are made, and enable business decisions with IT contributing
How does IT help make business decisions

TBM Organization Focus & Value

- IT goes from Cost focus to value focus
- More value focus, means more ability to help the business & be a business driver.
- Orgs only focused on cost, make cuts to services that impact on value.
TBM, ITAM & ITSM

TBM
- Finance (GL)
- Budgets
- Unit pricing
- Cost Management

ITAM
- License Compliance
- Optimizing Consumption
- Handling Audit risk
- Hardware lifecycle

ITSM
- Service Catalog
- Application Definition
- Transition
- Portfolio

Vendor & Supplier Management Contracts

ITIL
- Application Rationalization
- Migrations
- Accurate Data!

Service Level management
Business Relationship
Demand Management

Service Costing
Service Design

Dependency
Operations
Capacity
Availability

Financial Analysis
Planning
Cloud Cost Optimization

Usage
SW/HW Support
The TBM Council

9,000 Members  $1.1 Trillion

Taxonomy | Process | Practice

Ashley Pettit SVP, IT
Atticus Tysen SVP, CIO
Bharat Amin VP, CIO
Bhushan Ivaturi SVP, CIO
Carman Wenkoff EVP, CIO
Debra Bailey CIO
Ed McLaughlin Pres., Ops & Tech
Eileen Baines SVP, CIO

Gerry Imhoff SVP, IT Services
Guillermo Diaz CIO, IT
James LaPlaine CTO
Phil Armstrong EVP & Global CIO
Ralph Loura SVP IT, CIO
Rhonda Gass VP & CIO
Scott Spradley CTO
Tom Murphy CIO & VP, IT

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The TBM Council + European Committee
The Undisputed ITFM Market Leader

- 1000+ Customers
- 8 Patents
- 1000+ Employees
- 61 Fortune 100 Customers
- 18 Global Locations
54% of CIOs cite Improving Operational Excellence/ Efficiency as their top business priority, according to Gartner Inc.

44% of organizations cite “Insufficient Funding” as their most significant barrier to achieving objectives.

Source: The 2020 CIO Agenda: Winning in the Turns (G00407791)
Technology Business Management (TBM) provides the technology leaders with standards and validated best practices to communicate the cost, quality and value of IT investments to their business partners.
New Operating Models for IT Are Required

From

- Demonstrating Value
- Waterfall
- On-Premises
- Tactical Sourcing
- Fixed/CapEx

To

- Creating Value
- Agile/DevOps
- Cloud
- Strategic Sourcing
- Variable/OpEx
IT Financial Management Challenges

**Budgeting & Forecasting**
Managing the IT budget effectively, driving stakeholder accountability and improving budget transparency

**Optimizing Costs**
Identifying cost optimization opportunities, understanding the impact of these choices, establishing an on-going optimization discipline

**Allocating Costs**
Selecting a chargeback approach, communicating costs in business terms, and exposing levers and choices to the business

**Investment Planning**
Adjusting the mix of project and product portfolios, tracking investment value by teams, tracking forecasting and adjusting capacity as needed
Gartner predicts that by 2024, 70% of successful CIOs will have a dedicated ITFM system or tool to help clarify and analyze total IT spend.

Source: Gartner – 7 Factors Drive IT Financial Management Tool Success (G00393530)
ATUM: The Standard IT Cost Model

Business Units
Describe the consumers of the technology supported by IT spend

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

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

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

Actual & planned costs
ATUM: The Standard IT Cost Model
The Standard Model for IT Costs

1. Data: What to gather
   - Business unit list
   - Applications
   - Projects
   - Fixed assets
   - Cloud
   - Labor
   - Financials

2. Taxonomy: How to organize
   - Align costs to common terminology
   - Automate categorization via mapping rules
   - Customize or extend as needed

3. Model: How to calculate
   - Pre-defined allocable costs
   - Apportion costs to consuming elements
   - Weight costs via operational data

Industry-specific Business Capabilities (enabling)
- Business Capability 1
- Business Capability 2
- Business Capability 3

Business Units (consuming)
- Business Unit 1
- Business Unit 2
- Business Unit 3

Products & Services
- Product Management
- Sales & Marketing
- Customer Service
- Finance
- Workforce
- Vendor & Procurement

Quality Services
- Health, Safety, Security & Environmental
- Risk, Audit & Compliance
- Legal
- Property & Facility

Corporate Communication

IT Towers & Sub-Towers
- Data Center
- Compute
- Storage
- Network

Platforms
- Application
- Data Center
- Infrastructure Services

Finances
- Tax
- Finance

Cost Pools & Sub-Pools
- Internal Labor
- External Labor
- Bad debt & Allowances
- Software
- Other

Actual & Planned Costs

SAAS SOFTWARE TO MANAGE COST & COMMUNICATE VALUE OF IT

SAAS SOFTWARE TO MANAGE TECHNOLOGY FINANCES WITH FUGI

Apptio transforms the way IT runs its business & makes decisions
Get started in 10 weeks

How does Forrester calculate Apptio’s ROI?
8x ROI in 8 mo.
65% Run the business faster
35% Grow and transforms spend

Automate annual & multi-year budgeting workflow
Proactively manage IT spend to budget variance
Accurately forecast future IT spend in minutes
Delegate accountability to IT cost center owners
Transparency: communicate parameters & targets
Drive ongoing alignment to business priorities
Analyze, decide, adjust budgets with ease

Visit Apptio’s ATUM to learn more

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Financial Management

Compare to Cost Pool & Tower Benchmarks

Compare to other Apptio customers using the same standard of taxonomy (ATUM™)
New IT Operating Model Requirements

Communicate & Recover Costs

Optimize Cloud & Hybrid Infrastructure
Rationalize Apps & Services
Manage & Monitor Vendor Spend
Maximize Investment Planning

Analyze, Optimize & Plan Technology Spend
Apps & Services

Rationalize Applications & Services
70% of application rationalization initiatives are triggered by business transformation.
The State of Portfolio Management

Understanding Cost
77% of CIOs have trouble articulating true app costs

Rationalize Portfolio
Difficult to know which apps to keep vs. divest

Cloud/SaaS Transition
41% of organizations lack cloud strategy alignment between business & IT

Invest for Growth
62% of organizations want to self-fund digital transformation
Rationalized 50% of Services

“We have aligned Apptio to our enterprise strategy and improved cost transparency. Within 15 months, the IT team has established complete end-to-end ownership of services with clear visibility into costs.”

Goplana Natarhan
CFO Global Business Services

Goal
Reduce IT costs to the benchmark of 1.8% of revenues to help the organization attain the goal of 20% operating margin

How
Replaced a homegrown system that only allocated 30% of IT costs back to the business
Rationalized the service catalog from 4,000 services to 2,000

Results
Reduced IT costs from 40% above the benchmark to within 10%
Accelerated cloud migration decision to save $50M two years ahead of schedule
Value for Every Role

CIO

Accelerate Decision Making

- Cloud Leaders
  - Eliminate Cloud Waste

- IT Finance
  - Reduce Budget Variance

- App Leaders
  - Reduce Application TCO

- Portfolio Managers
  - Improve Value Realization

- Business Relationship Manager
  - Expose Levers and Tradeoffs
Action Plans

Realized and Target Savings Year-to-Date

- **Realized Savings YTD**: $789K
- **Target Savings YTD**: $1.02M
- **Potential Benefit**: $1.83M

### Action Plans status next 30 days

- **Reported Status**: $600K, $400K, $200K
- **Days remaining to target date**: -10 to 30
- **Target amount**: 0 to 25

### Action Plans Table

<table>
<thead>
<tr>
<th>Name</th>
<th>Status</th>
<th>Progress</th>
<th>Target Date</th>
<th>Target</th>
<th>Realized Savings</th>
<th>Priority</th>
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</thead>
<tbody>
<tr>
<td>Action Plan - Unknown Account Co...</td>
<td>Closed</td>
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<td>03/14/19</td>
<td>$1,974,400</td>
<td>$325,400</td>
<td>Critical</td>
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<tr>
<td>Investigate Closed Projects Spendi...</td>
<td>In Progress</td>
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<td>12/01/19</td>
<td>$1,930,200</td>
<td>$435,382</td>
<td>High</td>
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<tr>
<td>Investigate Hidden Vendor Spendi...</td>
<td>In Progress</td>
<td></td>
<td>09/01/19</td>
<td>$1,924,330</td>
<td>$239,444</td>
<td>Medium</td>
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<tr>
<td>My Action Plan</td>
<td>Cancelled</td>
<td></td>
<td>05/12/19</td>
<td>$100,000</td>
<td>0</td>
<td>Low</td>
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<tr>
<td>Reduce Spending</td>
<td>Blocked</td>
<td></td>
<td>11/28/19</td>
<td>$345,100</td>
<td>0</td>
<td>High</td>
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</tbody>
</table>
Before

30 Days to Answer Questions
Increasing Run Costs
Cloud Spend Overrun
Bloated Portfolios
15% Variance to Plan
Cost Cutting Exercises

After

Immediate Answers to Questions
Shift 3-5% of Run Cost to Growth
Reduce Cloud Costs by 20%
Lean Portfolios
< 1% Variance
Continuous Cost Optimization
<table>
<thead>
<tr>
<th>IT Spending by Functional Area Cross-Industry Averages</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>IT Spending: Operational Expenses</td>
<td>4.5%</td>
<td>4.6%</td>
</tr>
<tr>
<td>IT Spending: Revenue</td>
<td>3.6%</td>
<td>3.5%</td>
</tr>
<tr>
<td>IT Spending: Per Employees</td>
<td>$13,368</td>
<td>$13,028</td>
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<tr>
<td>IT Spending: Total Employees</td>
<td>5.0%</td>
<td>$5.2%*</td>
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<table>
<thead>
<tr>
<th>Investment</th>
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<tbody>
<tr>
<td>Run</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>Grow</td>
<td>19%</td>
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<tr>
<td>Transform</td>
<td>10%</td>
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<table>
<thead>
<tr>
<th>OpEx vs. CapEx</th>
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<tbody>
<tr>
<td>In-House</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>Contractors</td>
<td>19%</td>
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<table>
<thead>
<tr>
<th>Asset Category</th>
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<tbody>
<tr>
<td>Hardware</td>
<td>14%</td>
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<tr>
<td>Software</td>
<td>22%</td>
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<tr>
<td>Labor</td>
<td>37%</td>
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<tr>
<td>Outsourcing</td>
<td>22%</td>
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<tr>
<td>Public Cloud</td>
<td>5%</td>
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</table>

<table>
<thead>
<tr>
<th>Functional Area</th>
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<tbody>
<tr>
<td>Apps Development</td>
<td>19%</td>
<td></td>
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<tr>
<td>Apps Support</td>
<td>21%</td>
<td></td>
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<tr>
<td>Data Center</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>End-User Computing</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>IT Service Desk</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Voice/Data Network</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>IT Management, Finance, Administration</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>
How to use Technology Business Management?

**Align**
Connect business related goals & measure in TBM taxonomy terms

**Measure**
Measure a baseline and set up some targets for improvement

**Govern**
Combine data, people & processes, with some initiatives to achieve those targets, check results, and re-align for the next phase.
Find out more?

Join the community
- tbmcouncil.org
- finops.org

Learn how to apply TBM
Come to the TBM Conference
Join a course and get certified

apptio.com/emerge
How to operate IT with a business mindset

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