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Elevate the TBMO: Understanding TBM and Positioning its Value Within Your Organization

**Your Guides:**

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# Objectives

Upon completing this session, participants should be able to:

- Understand key concepts of TBM

- Understand how to position TBM value within their organization

# Agenda

- Introduction
- What is TBM
- TBM Value
- TBM Value in Practice

# Introduction

# Introductions

- Take 5 Minutes

- Turn to a Person Near You
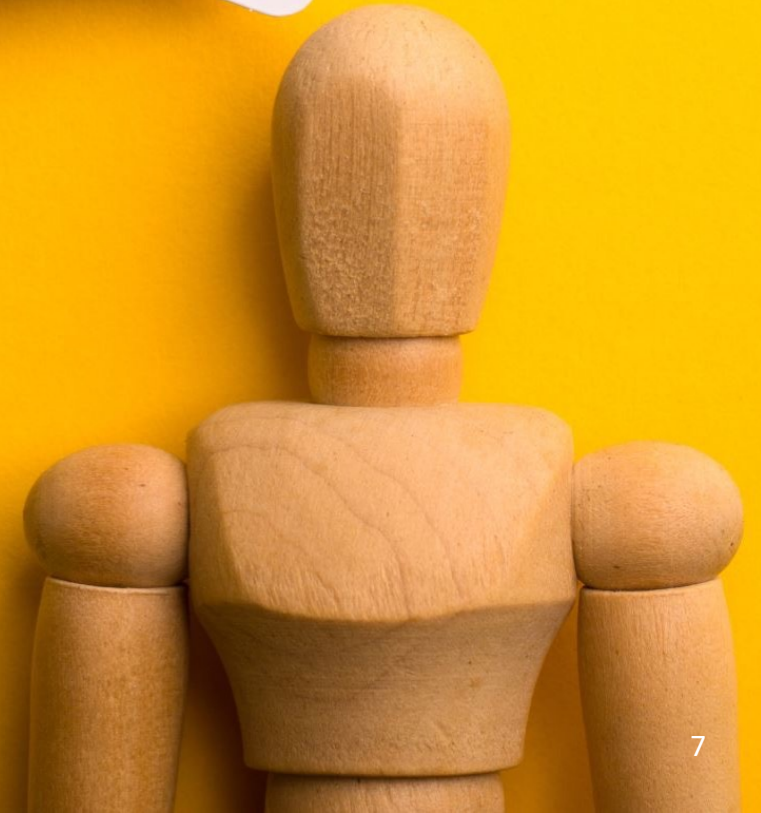
- Introduce Yourself
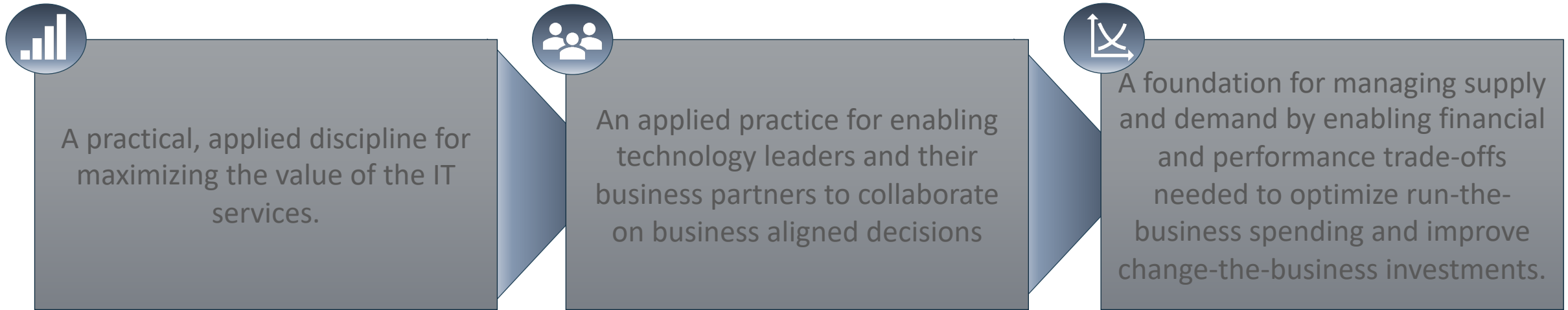
- Business Cards

# What is TBM

# Quick Poll

- How familiar are you with TBM concepts?

- How familiar are your primary stakeholders (Apptio support team, tool owner, exec sponsor)?

- How familiar are the wider set of stakeholders? (App owners, infrastructure owners, finance, IT leadership)
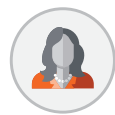
# Defining Technology Business Management

A practical, applied discipline for maximizing the value of the IT services.

An applied practice for enabling technology leaders and their business partners to collaborate on business aligned decisions

A foundation for managing supply and demand by enabling financial and performance trade-offs needed to optimize run-the-business spending and improve change-the-business investments.

**Consumption**

**Cost**

**Supply**

**Demand**

**Performance**

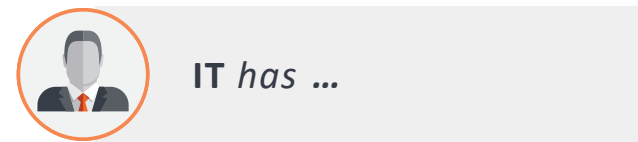CIO     CFO of IT     CTO     I&O Leaders     Service Owners     Business Units

# Apptio is the Business System for Governing Technology

Sales *has* **CRM**

HR *has* **HRM**

Marketing *has* **RPM**

Finance *has* **ERP**

IT *has* ...
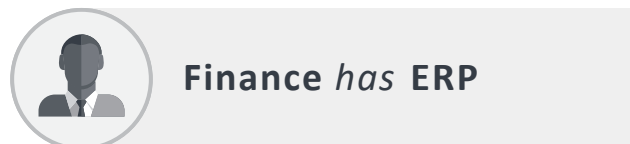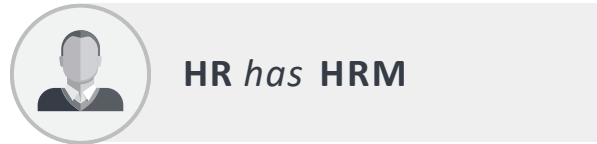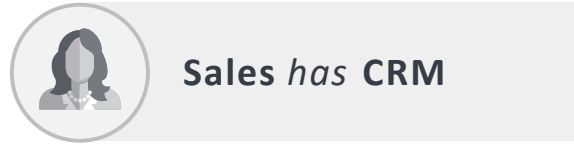
**Technology Business Management**

*"TBM shifts focus from cost to value, accelerating the business technology agenda."*

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# TBM Value

# Usual Apptio Implementation

Budgeting and Forecasting

Variance Analysis

Application TCO

Chargeback

And then what?

# Charter of the TBM Practice

| Mission | Vision | Value |
|---------|--------|-------|
| • To provide current information to IT decision makers by increasing transparency<br><br>• To understand the Cost, Quality, and Value of delivering IT Services | • To provide a comprehensive understanding of IT operations and strategy<br><br>• The TBMP will codify multi-source information into actions and decisions that generate measureable value | • Driving Insights through specific Use Cases<br><br>• Governance Frameworks for Decision Making<br><br>• Functional Excellence in IT and Finance<br><br>• Continuous Improvement |

# Tradeoffs



Performance

Tradeoffs

Cost

Consumption
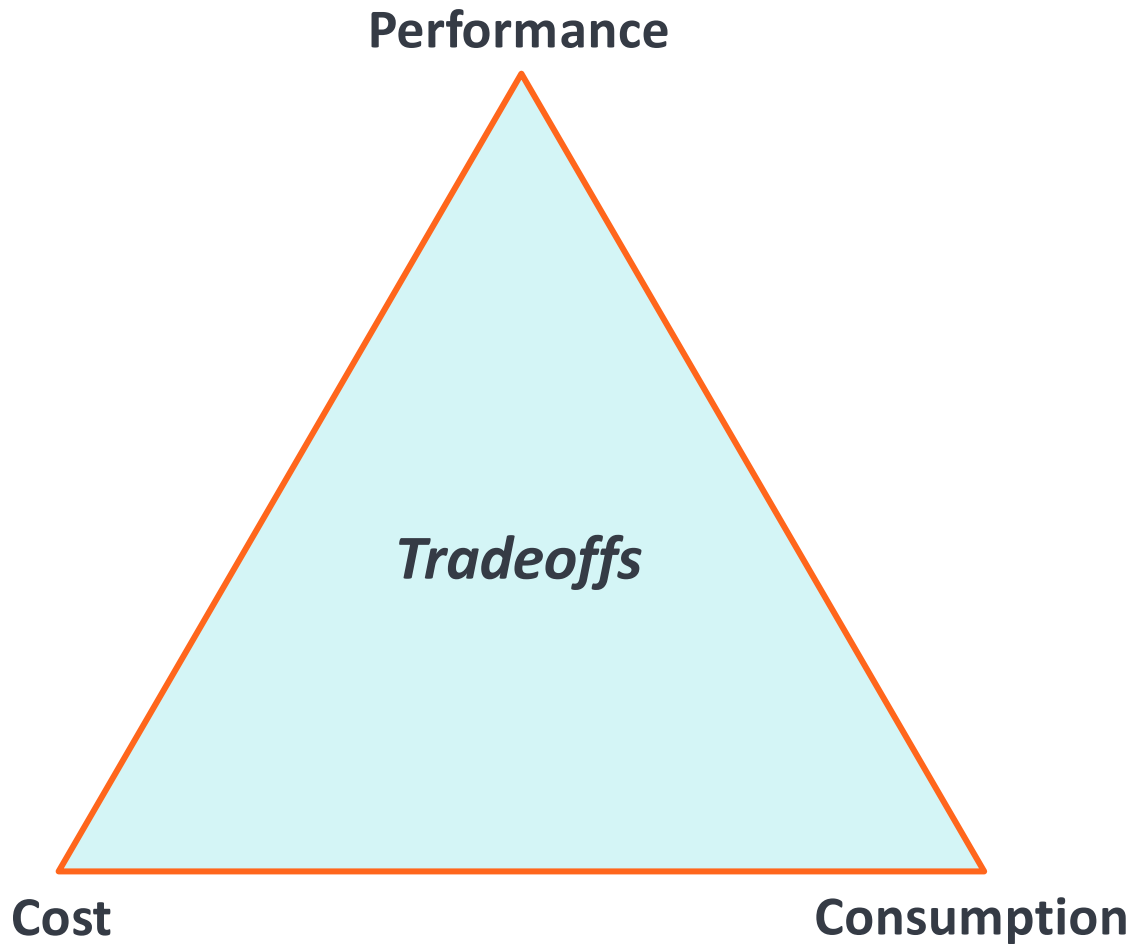
## Value Depends on Fact-Based Tradeoffs

- ❑ If you consume more of X, it will cost you Y

- ❑ If we do investment X, we cannot do investment Y (or you must invest more)

- ❑ To reduce cost tomorrow, we must invest today

- ❑ We can cut cost, but it will increase risk

# Value for all Stakeholders

## IT Management

- Understand the operating cost of IT Service & Resources
- Identify significant variance to plan or abnormal trends to spend
- Hold Cost Center Owners responsible for variance
- Communicate costs to the business

## IT Finance

- Drive awareness of the cost of technology services
- Manage the budget variance analysis process
- Increase financial understanding of IT
- Provide defensible cost allocations
- Communicate costs to the business
- Rationalize Vendor spend

## IT Service Owners

- Understand Application cost, quality and value
- Rationalize your Application Portfolio
- Understand direct vs indirect service consumption
- Understand total cost of services by business criticality
- Ensure competitive service pricing and cost recovery

## IT Operations

- Identify trends in inventory and unit cost changes
- Optimize your server and storage environments
- Right size infrastructure capacity to usage
- Understand cost of the data centers
- Understand Servers & Workloads that could be moved between the Cloud Service Providers

## Business Relationship Managers

- Communicate the value of IT
- Align IT spend to business needs
- Influence business demand
- Understand IT spend across Business Units
- Identify shifts/trend in consumption by Business Units

## Data Quality Owner

- Understand how to make best use of data
- Identify places to improve source data
- Understand the value that improved data can bring

# TBM Value Conversations

**Definition:**

An interaction between technology decision makers internally and/or with business partners that focuses on the tradeoffs between cost, consumption, capacity, performance, features, benefits, and risk, in the pursuit of better business outcomes.
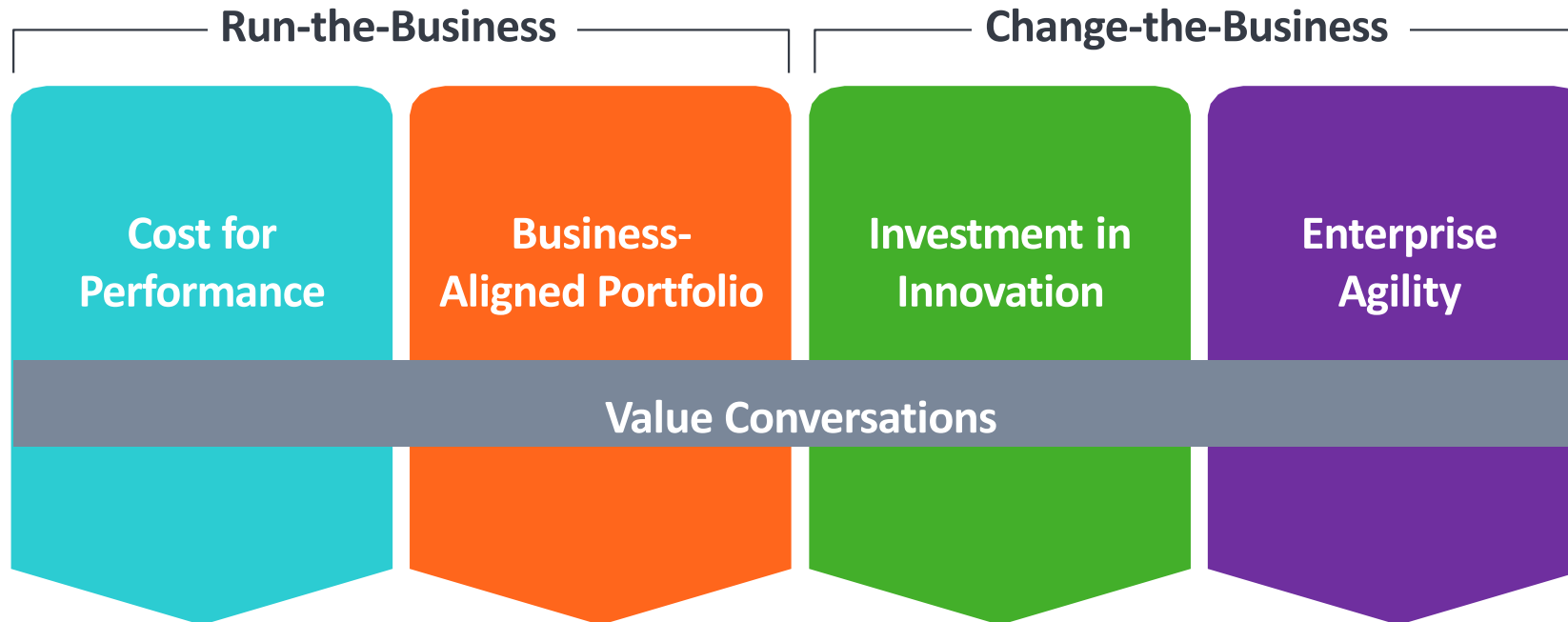
**Technology Decision Makers**

**Business Partners**

# The Four Types of Value Conversations

Spending and investments used for **ongoing operations** of the business

Spending and investments used to **grow or transform** the business

Run-the-Business

Change-the-Business

**Cost for Performance**

**Business-Aligned Portfolio**

**Investment in Innovation**

**Enterprise Agility**

Value Conversations

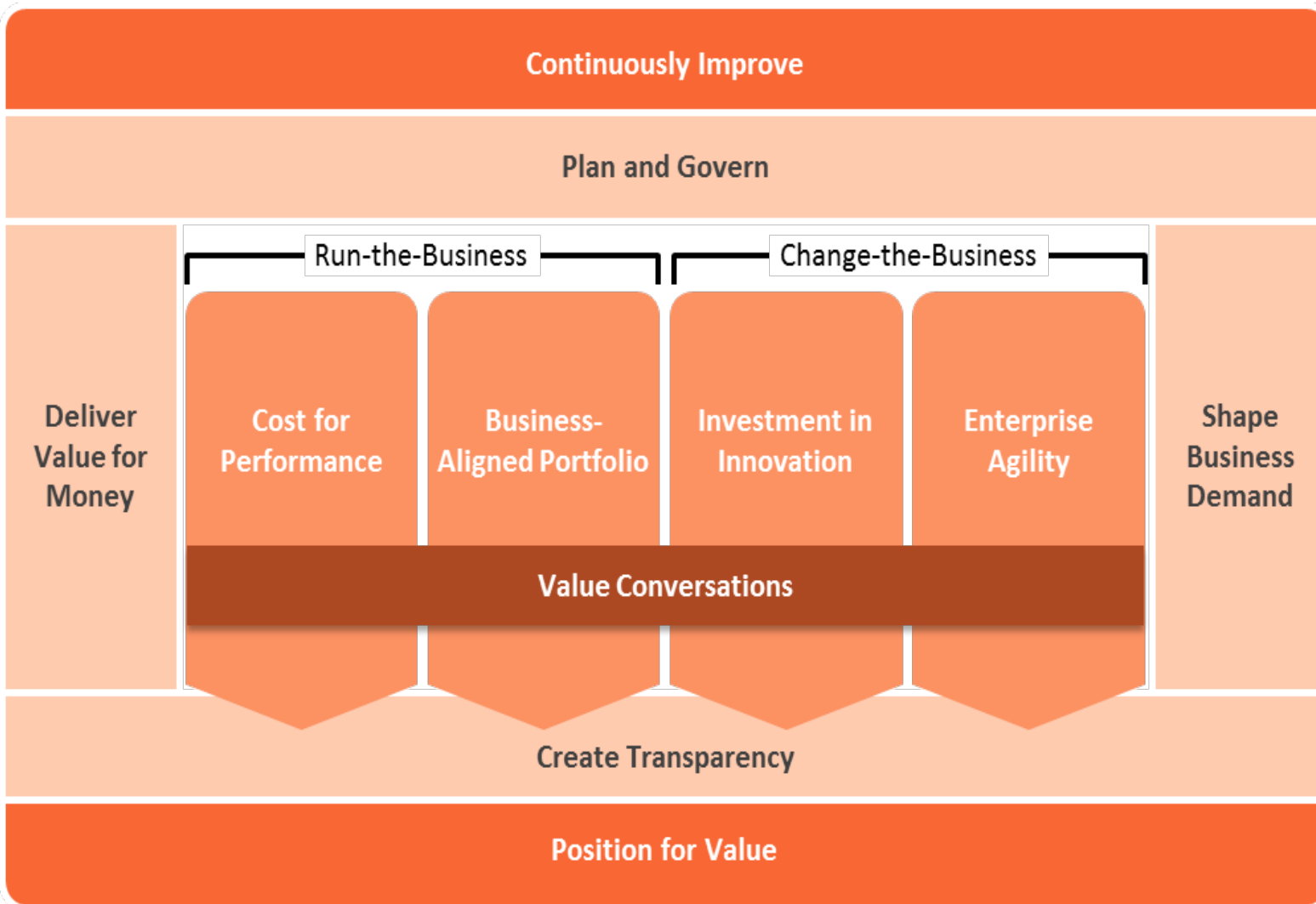We deliver the right performance for the best possible price.

We spend our resources to get the biggest return possible for our business.

We maximize our innovation dollars and ensure value over our investment lifetimes.

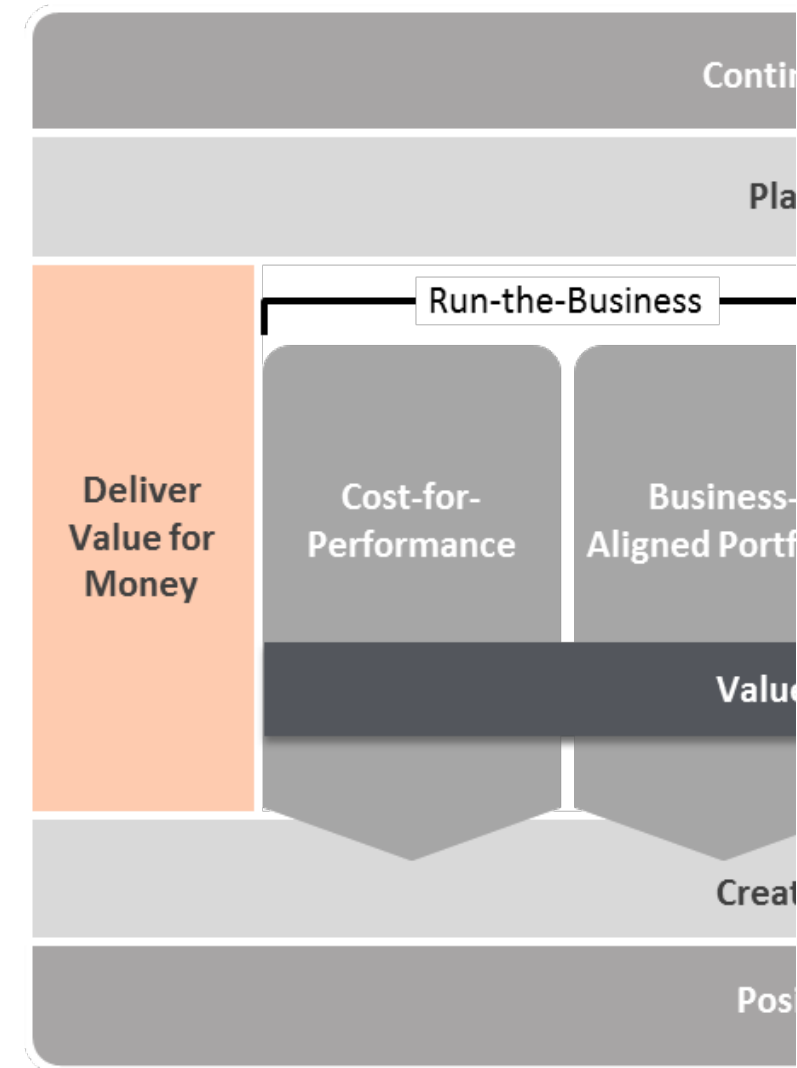We improve the speed at which our business – *including IT* – responds.

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# The TBM Framework



- What adjustments can we make to effectively address supply and demand? (Position)
- How can we create transparency around cost, consumption, capacity, and performance? (Create Transparency)
- How can we deliver best technology at best cost while minimizing risk? (Deliver Value for Money)
- How can we communicate the cost our business units drive and the quality of services we provide? (Shape Business Demand)
- How can we confidently translate business expectation into accurate technology plan (Plan & Govern)
- How can we create and sustain a performance-driven culture? (Drive)
- How do we make decision that optimize run-the-business cost and fund investment in change-the-business, driving innovation and growth (RtB vs CtB)
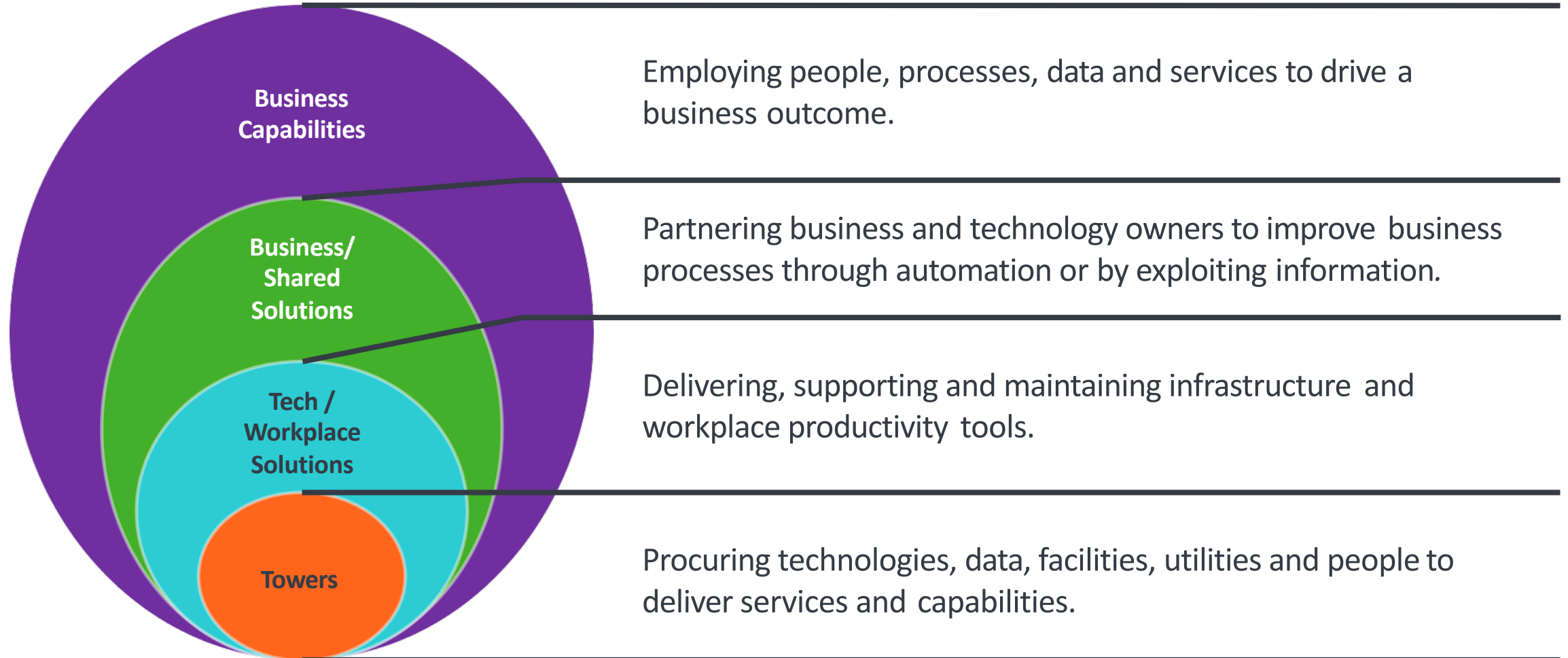
# TBM Framework: Deliver Value for the Money

Unit Costing ▶

Benchmarking ▶

Managing Spare/Excess Capacity ▶

Service Ownership ▶

# Value Chain

## What Can You Have Value Conversations About?



**Business Capabilities** — Employing people, processes, data and services to drive a business outcome.

**Business/ Shared Solutions** — Partnering business and technology owners to improve business processes through automation or by exploiting information.

**Tech / Workplace Solutions** — Delivering, supporting and maintaining infrastructure and workplace productivity tools.

**Towers** — Procuring technologies, data, facilities, utilities and people to deliver services and capabilities.

# Open Mic

- How do you communicate the value of TBM within your organization?

- What has been effective / ineffective?

# A TBM "Transformation"

# Elevate the TBMO: TBM Transformation Outline

Develop and execute adoption of TBM principles and practices across IT and the business

**Establish TBM Fundamentals**
- TBM Vision Alignment
- Overall organizational understanding and alignment to TBM principles and taxonomy

**TBM Strategy**
- TBM Strategy & Business Case
- TBM Use Case Mapping
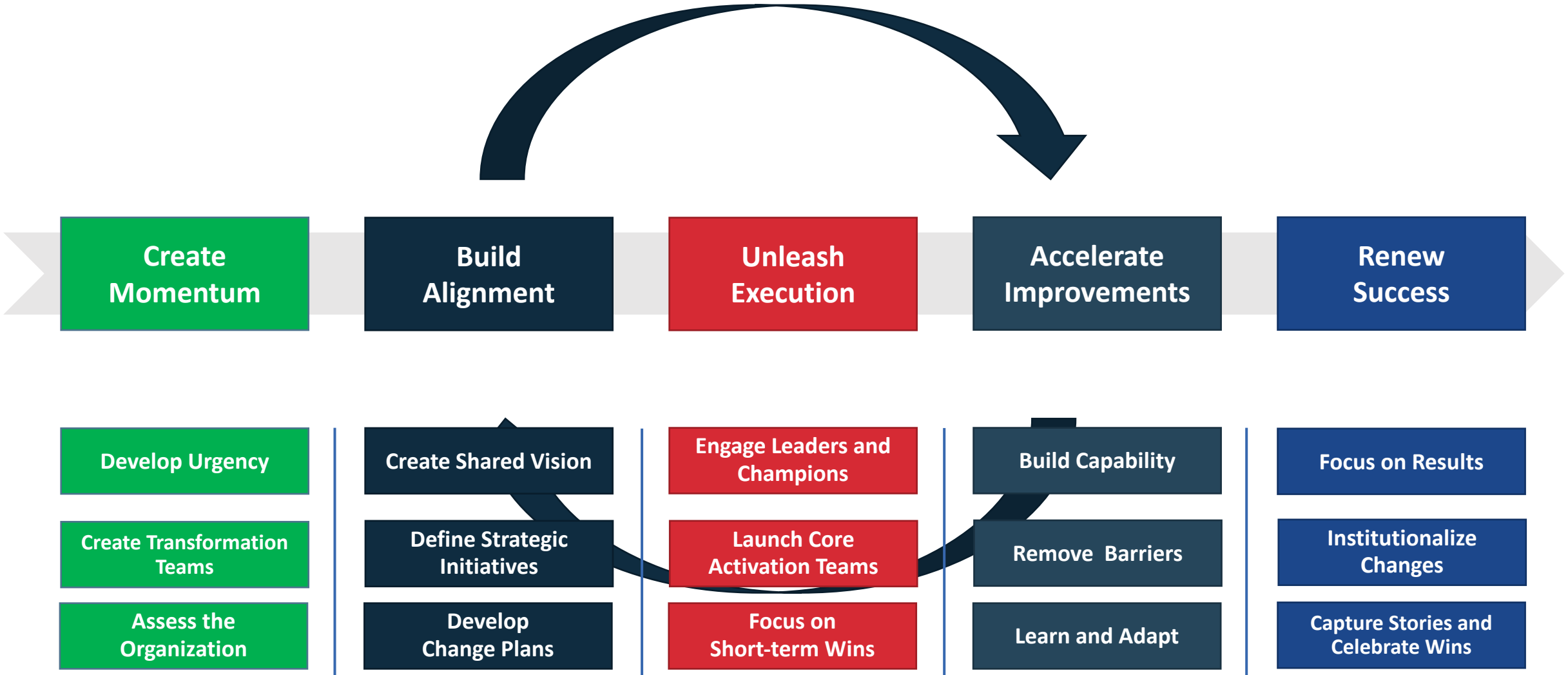- Align TBM value outcomes to IT Strategies and Objectives

**Change Management**
- Provide TBM Program Governance and Organizational Change Management
- TBM Transformation Change Plan, including stakeholder analysis, communication planning, and coaching plan
- TBM Governance / Operating Model
- TBM Coaching and Training Workshops Held
- Focus on optimizing the usage of TBM tool, ensuring value is being realized
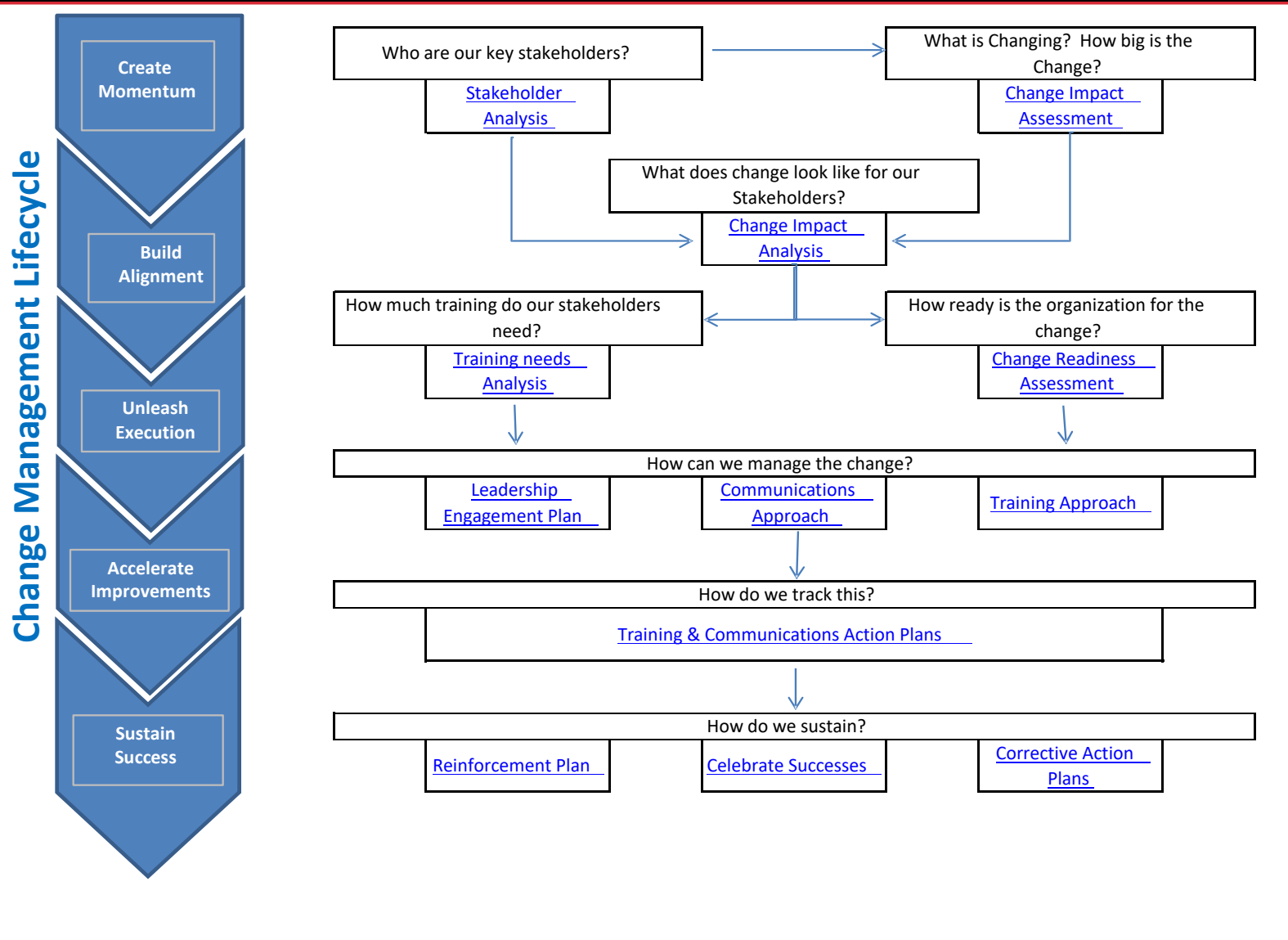- Change Plan execution

**Maturity Roadmap**
- Develop Strategic TBM Roadmap to Drive Incremental Value over Time
- Mature and evolve IT / Finance processes to support TBM

# Example Transformation Process



**Create Momentum**
- Develop Urgency
- Create Transformation Teams
- Assess the Organization

**Build Alignment**
- Create Shared Vision
- Define Strategic Initiatives
- Develop Change Plans

**Unleash Execution**
- Engage Leaders and Champions
- Launch Core Activation Teams
- Focus on Short-term Wins

**Accelerate Improvements**
- Build Capability
- Remove Barriers
- Learn and Adapt

**Renew Success**
- Focus on Results
- Institutionalize Changes
- Capture Stories and Celebrate Wins

# Example Change Map



**Change Management Lifecycle**

- Create Momentum
- Build Alignment
- Unleash Execution
- Accelerate Improvements
- Sustain Success

Who are our key stakeholders?
Stakeholder Analysis

What is Changing? How big is the Change?
Change Impact Assessment

What does change look like for our Stakeholders?
Change Impact Analysis

How much training do our stakeholders need?
Training needs Analysis

How ready is the organization for the change?
Change Readiness Assessment

How can we manage the change?
Leadership Engagement Plan
Communications Approach
Training Approach

How do we track this?
Training & Communications Action Plans

How do we sustain?
Reinforcement Plan
Celebrate Successes
Corrective Action Plans

# Open Mic

- Has anyone approached this as a transformation?

- What has been effective / ineffective?

# TBM Value in Practice

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# Value in Practice: Budgeting and Forecasting
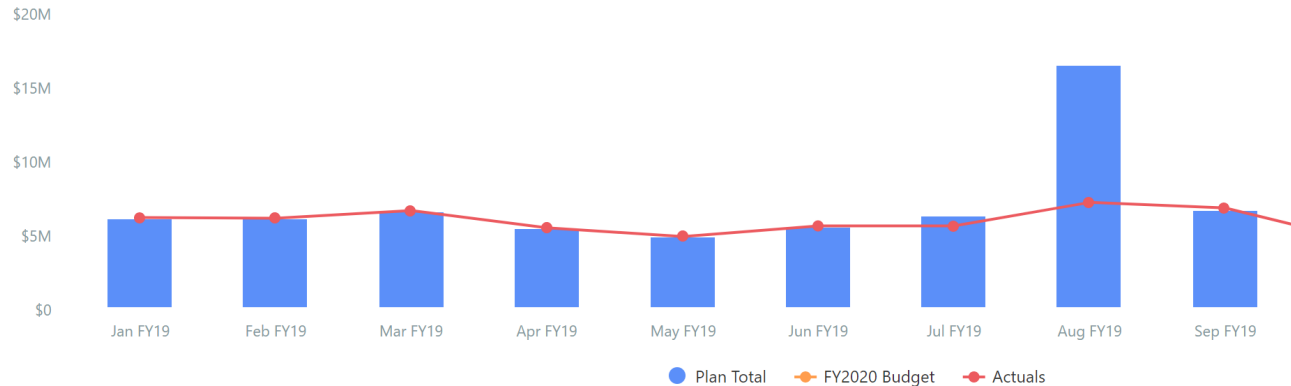


- ➤ How many spreadsheets eliminated in planning process?
- ➤ How much time was saved in the planning process?
- ➤ Plan versions
- ➤ Improved collaboration during planning

# Value in Practice: Automation

➤ DataLink
  ➤ How many spreadsheets have been eliminated?
  ➤ How many man hours eliminated from manual data extract and load?
    ➤ What is the financial value of those hours

➤ Report automation
  ➤ How many reports have been eliminated?
  ➤ How many man hours have been eliminated due to report automation?
    ➤ What is the financial value of those hours?

# Value in Practice: Vendor Insight
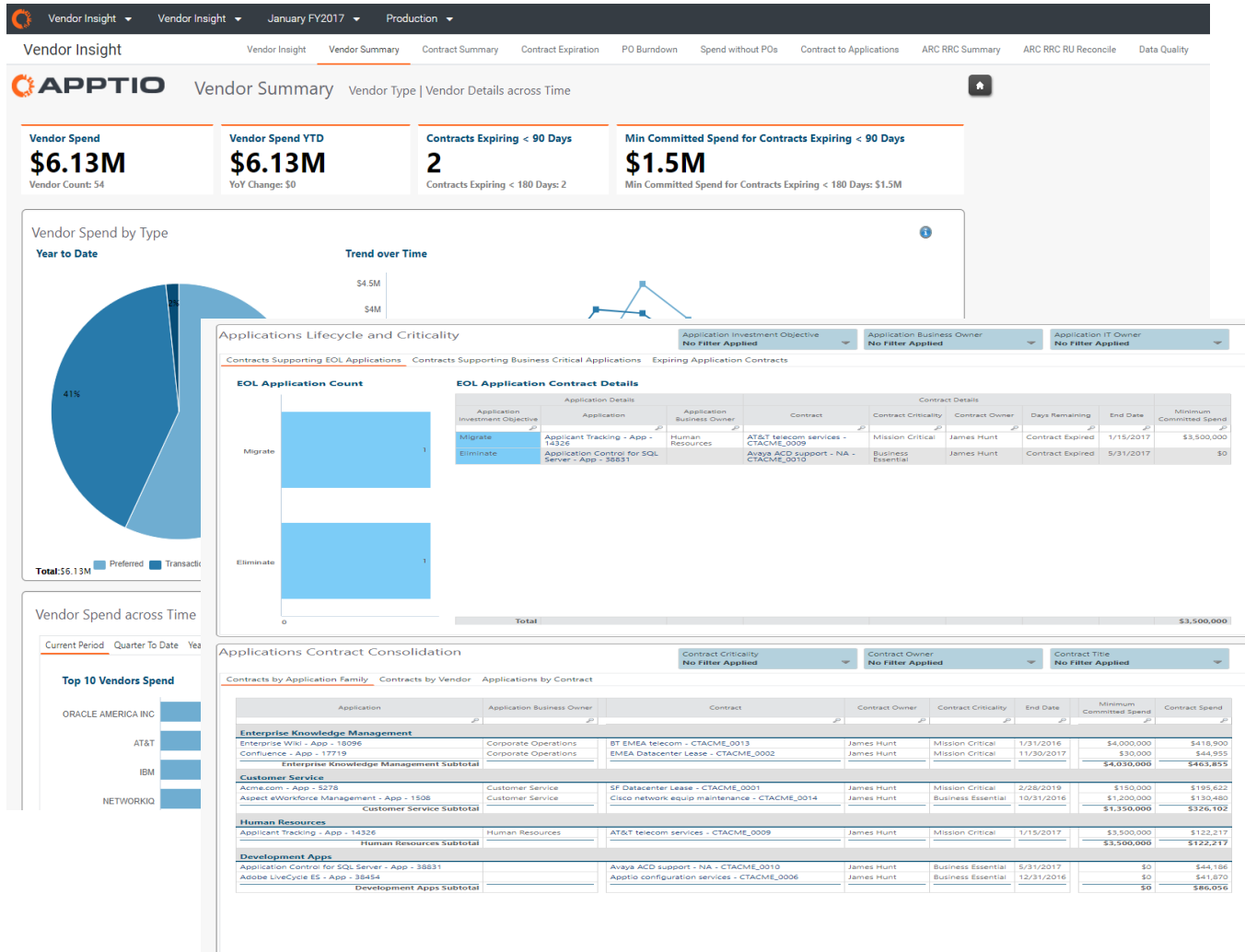


- ➢ What are we spending with preferred vs. commodity vendors?

- ➢ Where do we have variances in spend?

- ➢ What changes should we make to re-balance vendor spend?

- ➢ How fragmented/concentrated is spending across vendors?

- ➢ Do we have redundant vendors?

- ➢ How are we progressing against the vendor strategy? Does the spend reflect the vendor strategy?

- ➢ Which contracts are related to applications that are targeted for retirement?

# Value in Practice: Infrastructure Insight
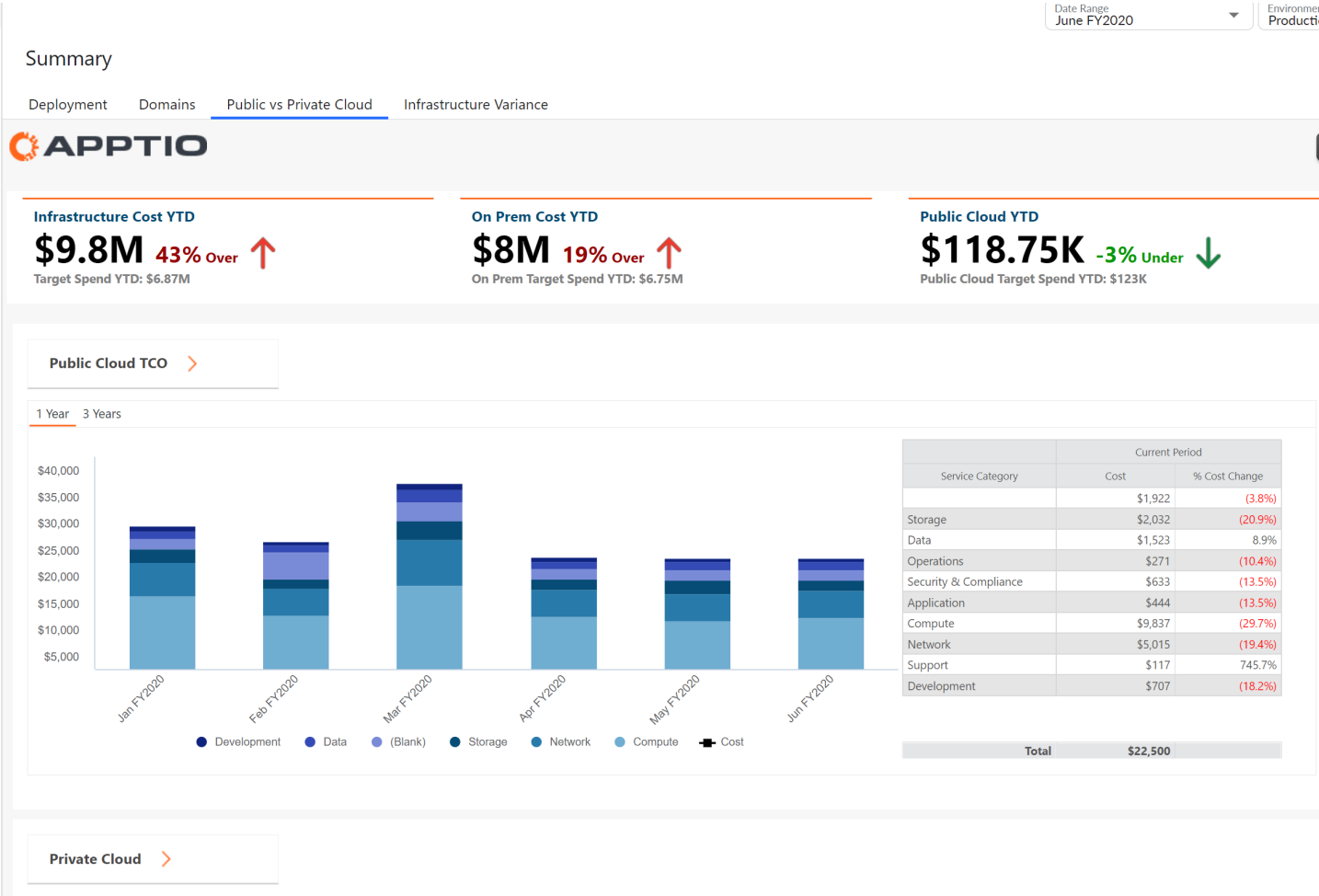


- ➤ What is the utilization of our infrastructure?
- ➤ Do we have excess capacity?
- ➤ Do we have enough capacity to address future demand?
- ➤ Is our unit cost competitive?
- ➤ Do we have infrastructure that are not mapped to any application?
- ➤ What is our percent virtualization? Are we on target?

# Value in Practice: Application TCO
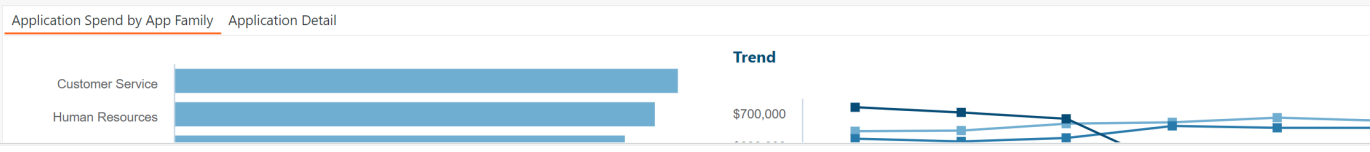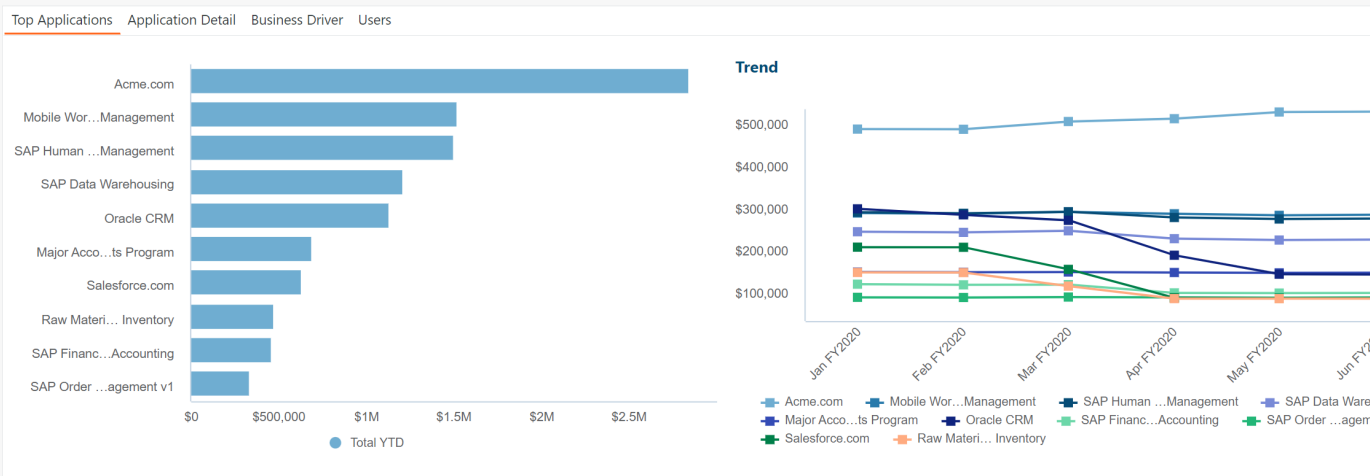


> How can we rationalize our application portfolio?

> Do we have redundant applications?

> Which applications are candidates for cloud migration?

> Are we still paying for retired applications?

# Value in Practice: Bill of IT
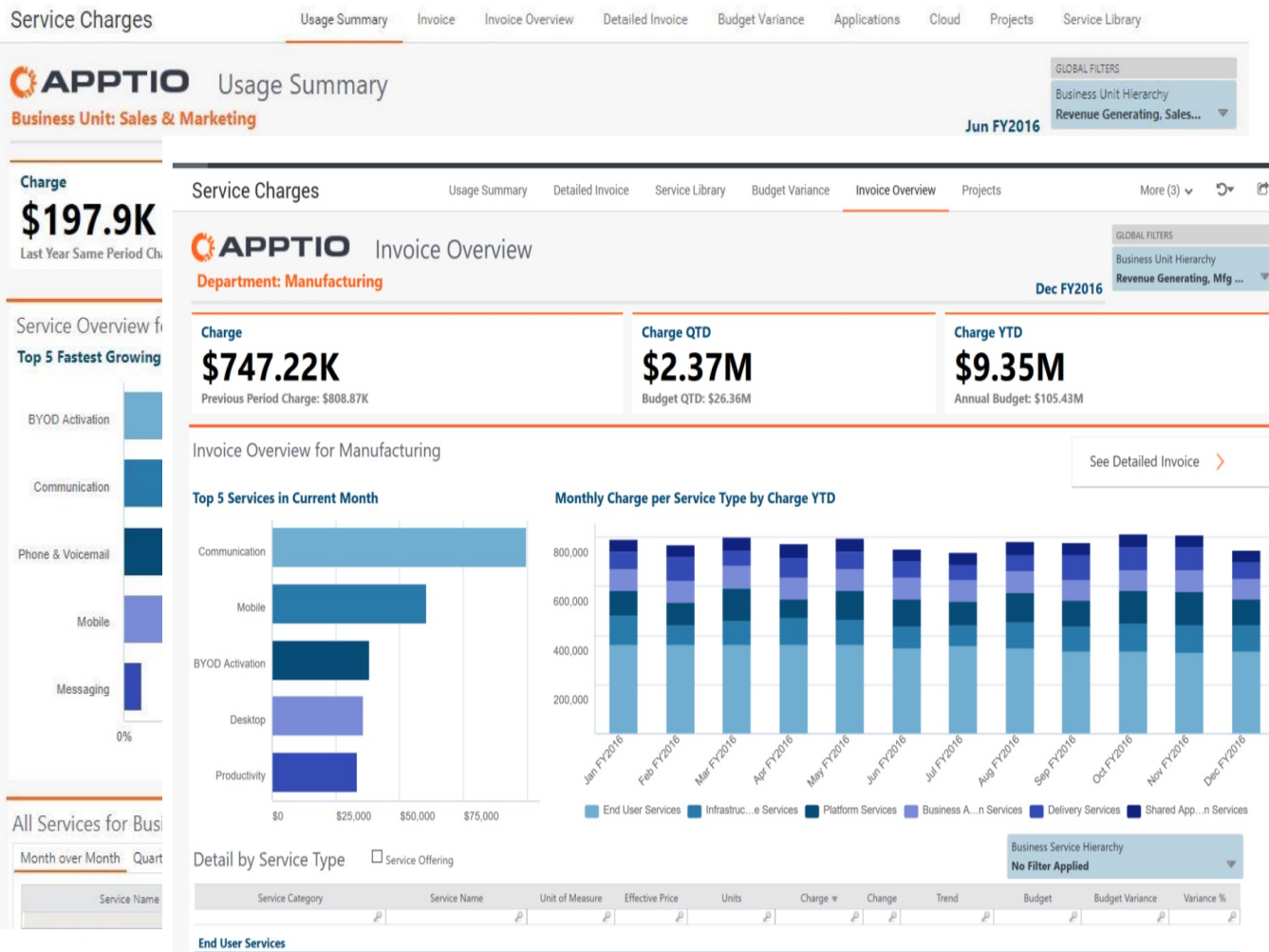


➢ How can we provide demand levers and let business consumers dictate IT consumption?

➢ How can we drive adoption of IT services with variable pricing and subscription strategies?

➢ Is the cost of services comparable to the value?

# Questions?



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