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Chargeback Best Practices: Process and Tooling

Your Guides:
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Part I: Introduction

Agenda

- Introductions
- What is Chargeback and Initial Discussion
- Implementation Considerations
- Implementation Processes
- Ongoing Management and Maturity
- Additional Discussion

Introductions

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

Overview

- Showback vs Chargeback
 - Showback: A reporting mechanism used to show customers the usage and cost of services
 - Chargeback: A billing mechanism used to charge customers for the actual usage of services
- Apptio Cost Transparency vs Apptio Bill of IT

Discussion

- Where are you on your Chargeback journey?
- What specific questions or topics do you have today regarding Chargeback?



Why Implement a Chargeback Process

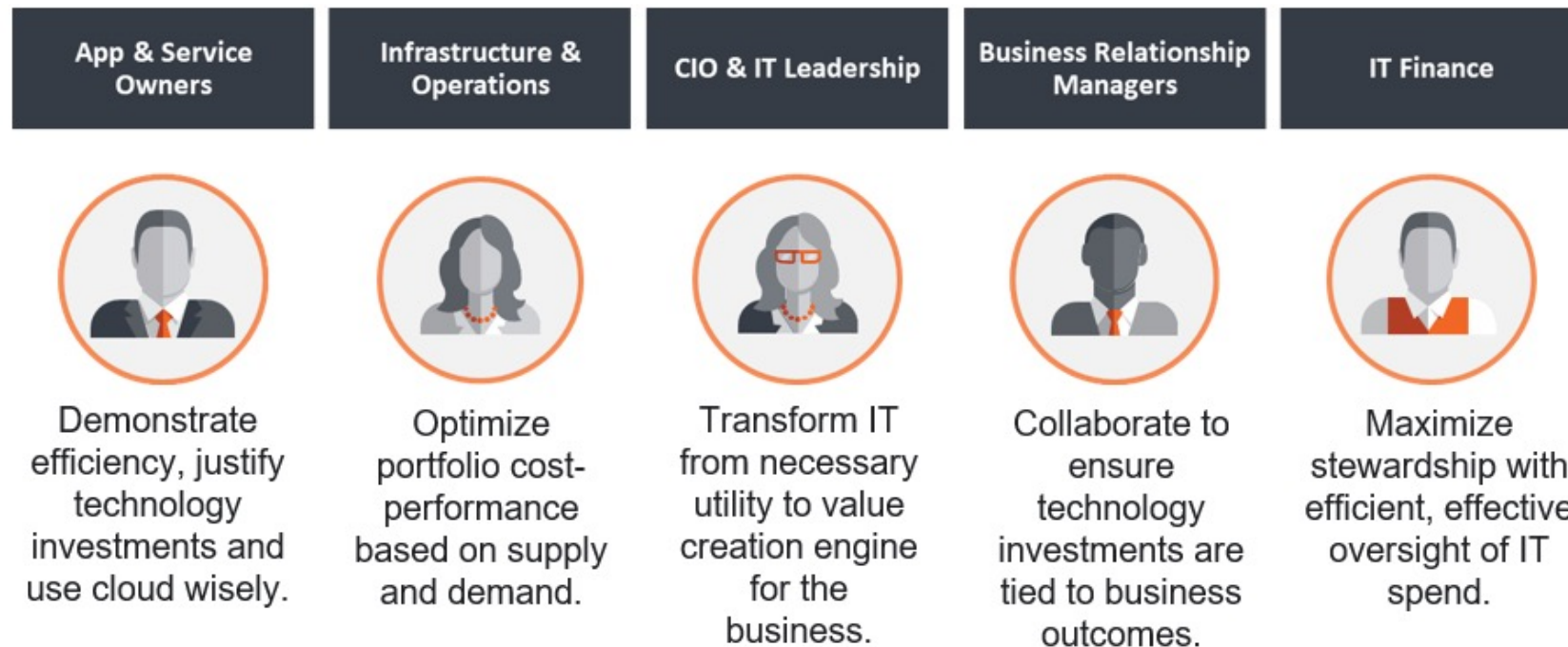
- Understand costs and consumption by making cost recovery transparent and defensible (showback)
- Drive consumption behavior and accountability by creating the link between your consumers/business units' IT usage choices and the size of their bill of IT (chargeback)
- Advance the conversation from simply “what are my costs” to “how can I better manage my costs and ensure they are aligned to business objectives”

Planning and Considerations

- Understand your own costs: create a defensible showback model
 - Define you list of Products and Services
 - Calculate the total cost of ownership TCO for those products and services
 - Socialize and start the conversations
- Define and implement a chargeback strategy
 - Get buy-in from business stakeholders on your chargeback strategy
 - Standardize your products and services
 - Develop a process to generate professional bills of IT each month
 - Socialize bills early to build trust

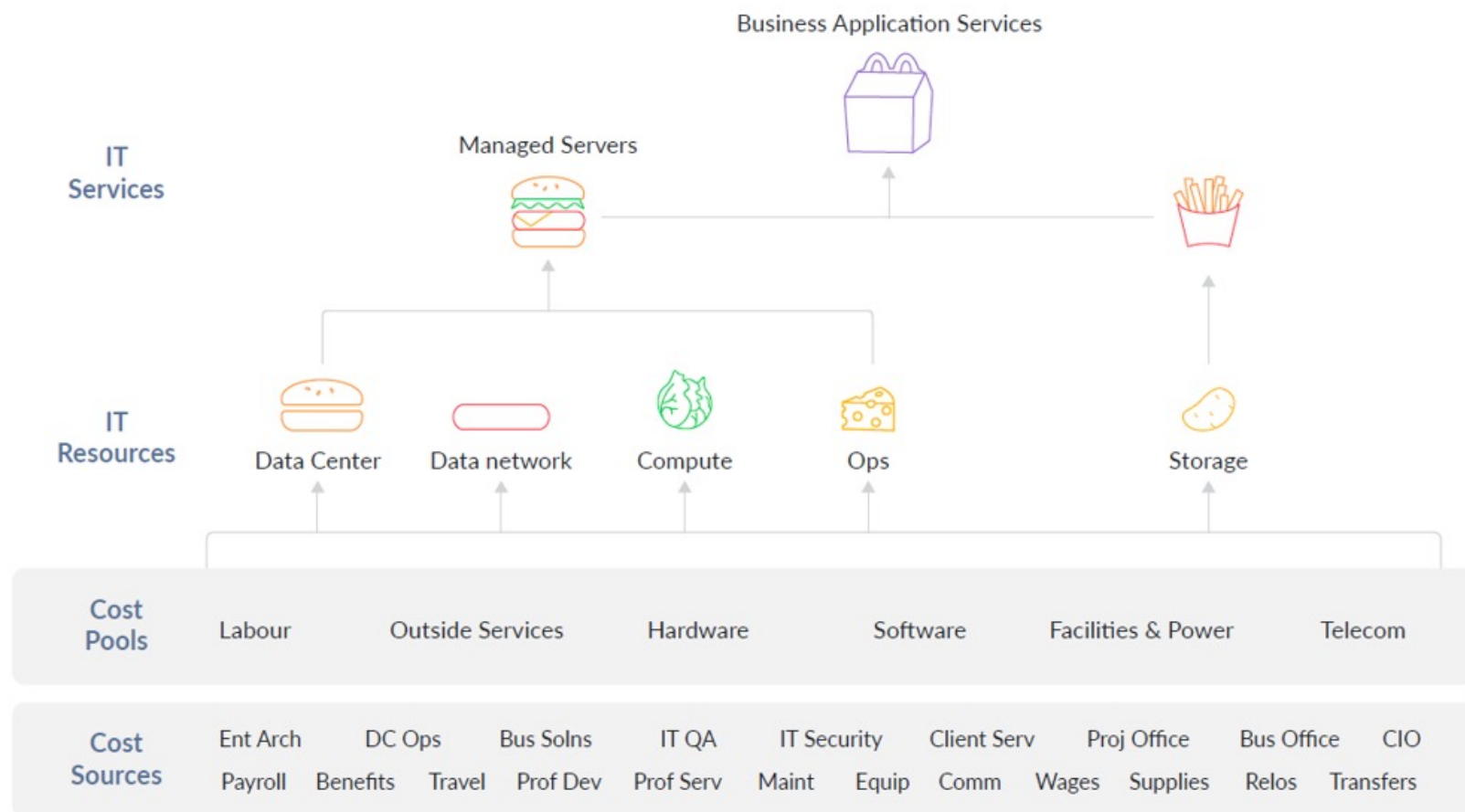
Stakeholder Buy-in

- Having sponsors and stakeholders aligned on your chargeback strategy and how the organization will benefit is critical



The Data: Creating a Defensible Showback Model

The happy meal analogy



Defining your Products and Services

- BU partners should be able to easily understand the services and consumption so they can willingly accept charges and proactively change their behavior in order to influence costs.

Standard Laptop	Executive Laptop
Compute Platform Dell Laptop, 16 GB memory, 512 GB SSD	Compute Platform Dell Ultra Laptop, 8 GB memory, 256 GB SSD
Software Microsoft Office 365, Slack	Software Microsoft Office 365, Slack, Salesforce.com
Network Storage 20 GB, daily backup with 3 month retention	Network Storage 10 GB, daily backup with unlimited retention
Support Mon-Fri 6am-6pm; After hours: pager support	Support Direct support: 24 hours per day, 7 days per week
Price \$100/mo	Price \$150/mo

Defining your Products and Services

- The Products and Services should include a measure of consumption (unit of measure), rate and analytics to drill in, understand cost drivers and see levers they can pull to change future charges.

Service Category	Service Name	Service Offering	Service Manager	Price	Unit of Measure
End User Services					
Client Computing	Computer	Fixed Workspace	Laurena Stemper	\$110.67	Desktop
Client Computing	Mobile	Moble Workspace	Tyson Shoals	\$3.75	Device
Client Computing	Virtual Client	Virtual Workspace	Tesha Askren	\$12.50	Virtual Desktop
Communication & Collaboration	Print	Departmental Printers	Lula Ballog	\$133.33	Device
Communication & Collaboration	Communication	Conferencing	Dian Zemlicka	\$0.67	Hosted Meetings
Communication & Collaboration	Collaboration	Collaborative Workspace	Vonnie Burdsall	\$91.67	Device
Communication & Collaboration	Communication	Messaging	Alexandria Fosher	\$2.08	User Account
Communication & Collaboration	Communication	Email	Meaghan Coxe	\$7.50	Mailbox
Communication & Collaboration	Productivity	Office Automation	Shawna Molinary	\$3.08	User Account
Communication & Collaboration	Communication	Phone & Voicemail	Frieda Alavi	\$3.83	Port
Connectivity	Network Access	Local Ethernet Access	Carole Winberg	\$9.75	Device
Connectivity	Network Access	WiFi Access	Carole Winberg	\$5.00	Device
Connectivity	Remote Access	VPN Access	Genevie Noggler	\$9.25	Device
End User Services Subtotal				\$393.08	

Discussion

- Tell us about your list of Products and Services. What's working? What's not?



Rates and Units of Measure

- Rate options:
 - Price x Quantity
 - Actual Cost
 - Actual Cost Plus
 - Budget
- Units of Measure

- Recovery and True Up Considerations:
 - Discussion

Business Relationship Summary Recovery by Business **Detailed Recovery**

Select Services: Business Service Hierarchy **No Filter Applied** Service Type Service Category Service Name Service Offering Business Unit Hierarchy: Business Unit Owner Cost Center Department

Select Metrics: Charge Cost Budget Forecast Units Planned Billable Units Recovery Variance Business Budget Business Forecast Business Budget Variance Set Time Periods: Current Month Current Quarter Year To Date Months (Yr) Quarters (Yr)

Services Provided *Please note that displaying Billable Units without Unit of Measure may produce mixed units and an Effective Price that is not representative of the relationship of Units to Charge.

Service Type	Service Name	Unit of Measure	Service Offering	Business Unit	Jun FY2019		
					Charge	Recovery Variance	Cost
Infrastructure Services	Voice Network	Unit	Telephony Services	Information Technology	\$160,673	\$155,290	\$5,383
End User Services	Collaboration	Device	Collaborative Workspace	Finance	\$17,074	\$10,223	\$6,851
End User Services	Collaboration	Device	Collaborative Workspace	Human Resources	\$6,228	\$3,503	\$2,725
End User Services	Collaboration	Device	Collaborative Workspace	Customer Service	\$12,625	(\$30,602)	\$43,227
End User Services	Collaboration	Device	Collaborative Workspace	Sales & Marketing	\$13,999	(\$9,847)	\$23,847
End User Services	Collaboration	Device	Collaborative Workspace	Mfg & Distribution	\$15,711	(\$64,309)	\$80,020
End User Services	Collaboration	Device	Collaborative Workspace	Product Development	\$7,381	(\$9,085)	\$16,466
End User Services	Collaboration	Device	Collaborative Workspace	Information Technology	\$132,475	\$126,759	\$5,716
End User Services	Communication	User Account	Messaging	Finance	\$18	(\$185)	\$203
End User Services	Communication	User Account	Messaging	Human Resources	\$1,432	\$1,351	\$81
End User Services	Communication	User Account	Messaging	Customer Service	\$51,659	\$50,378	\$1,281
End User Services	Communication	User Account	Messaging	Sales & Marketing	\$2,277	\$1,571	\$707
End User Services	Communication	User Account	Messaging	Mfg & Distribution	\$209	(\$2,161)	\$2,371
End User Services	Communication	User Account	Messaging	Product Development	\$43	(\$445)	\$488
End User Services	Communication	User Account	Messaging	Information Technology	\$3,397	\$3,228	\$169
End User Services	Communication	Mailbox	Email	Finance	\$129,351	\$128,666	\$685
End User Services	Communication	Mailbox	Email	Human Resources	\$31	(\$242)	\$272
End User Services	Communication	Mailbox	Email	Customer Service	\$409	(\$3,832)	\$4,322
End User Services	Communication	Mailbox	Email	Sales & Marketing	\$2,115	(\$269)	\$2,384
End User Services	Communication	Mailbox	Email	Mfg & Distribution	\$906	(\$7,094)	\$8,000
End User Services	Communication	Mailbox	Email	Product Development	\$186	(\$1,460)	\$1,646
End User Services	Communication	Mailbox	Email	Information Technology	\$11,733	\$11,162	\$571
Total					\$6,267,849	\$800,829	\$5,467,020

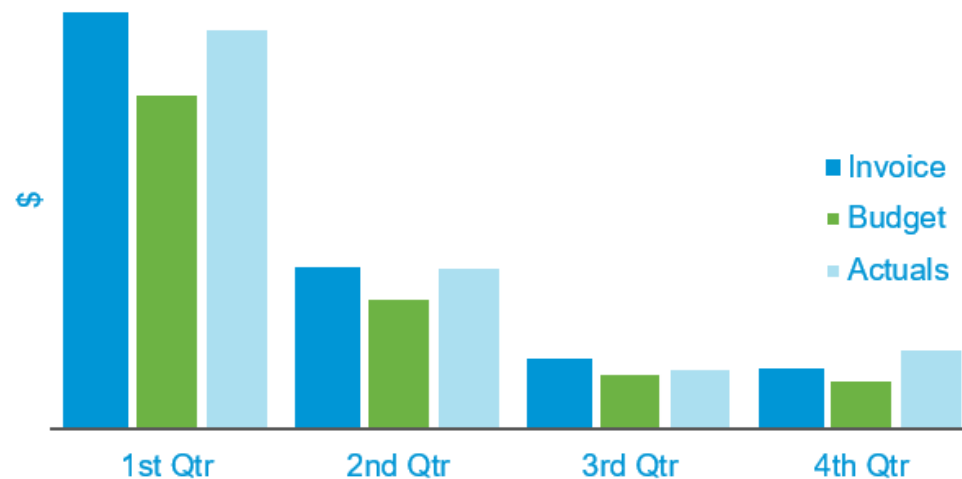
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Invoicing Process

Monthly Invoicing (recommended)



Invoice Variance



A successful chargeback implementation provides IT with the ability to view cost by the user, BU, application, project, etc. on monthly/quarterly basis to support variance analysis

Socialization and Buy-in

- This should begin well before going live with invoicing
 - During showback phase
 - Ensure service owners are involved in the modeling and validation phases
- Build intuitive, easy to navigate reports that answer key questions
 - Before building reports, first identify the audience and questions to be answered
 - Seek out feedback on reports before rollout
- Virtual roadshows and office hours

Discussion

- How have you gone about socializing your Chargeback model or Showback model? What were your successes and challenges?



Ongoing development and maturity

- No model is perfect (anyone who says otherwise is selling something)
- Create time to revisit data and allocation logic to identify areas for refinement
- Ongoing conversations with service owners are critical

Questions?



Surveys

Please take a few moments to fill out the class survey.
Your feedback is extremely important for future events.



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- Class Provider = **Rego Consulting**
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- Course **Description**
- Date Started = **Today's Date**
- Date Completed = **Today's Date**
- Hours Completed = **1 PDU per hour of class time**
- Training classes = **Technical**
- Click on **I agree** and **Submit**



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



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