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SAN DIEGO • 2023

# Understanding and Positioning the Value of TBM

**Your Guides:**

Rob DeLeo and Tim Pietro

# Agenda

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- What is TBM
- TBM Value
- A TBM “Transformation”
- TBM Value in Practice

# Introductions

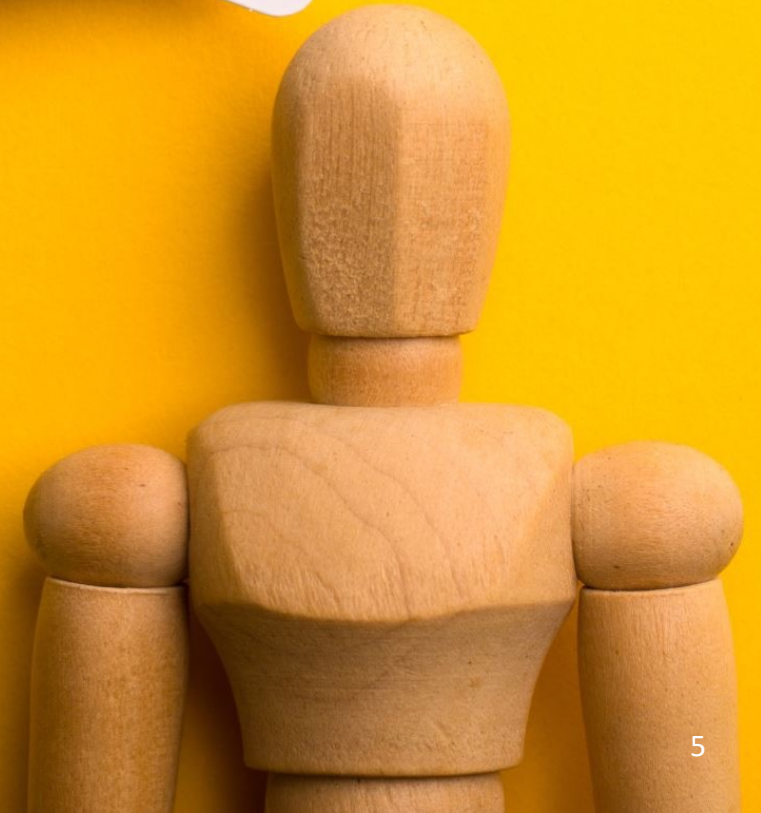
- Take 5 Minutes
- Turn to a Person Near You
- Introduce Yourself
- Business Cards



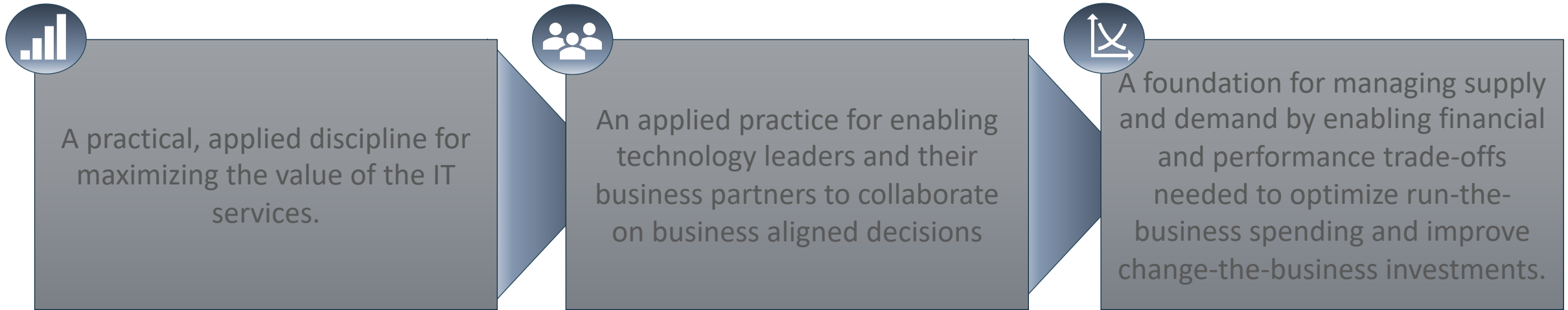
# What is TBM

# Quick Poll

- How familiar are you with TBM concepts?
- How familiar are your primary stakeholders (Apptio support team, tool owner, exec sponsor)?
- How familiar is your organization at large? (App owners, infrastructure owners, finance, IT leadership)



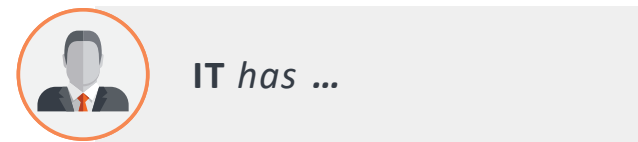
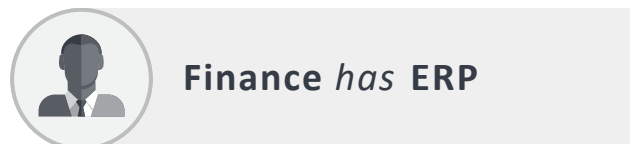
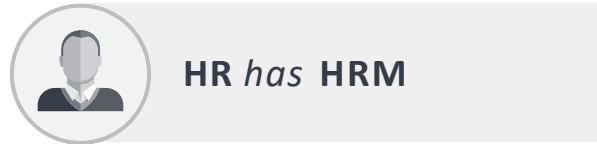
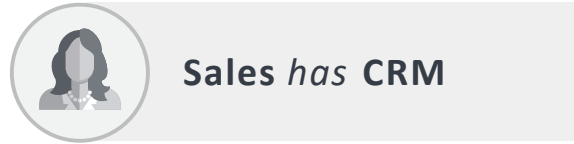
# Defining Technology Business Management



## Consumption



# Apptio is the Business System for Governing Technology



## Technology Business Management

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

FORRESTER®



- How do you view TBM in your organization?



# TBM Value



# Usual Apptio Implementation

And then what?



Budgeting and Forecasting



Variance Analysis



Application TCO



Chargeback



# Charter of the TBM Practice

## Mission

- To provide current information to IT decision makers by increasing transparency
- To understand the Cost, Quality, and Value of delivering IT Services

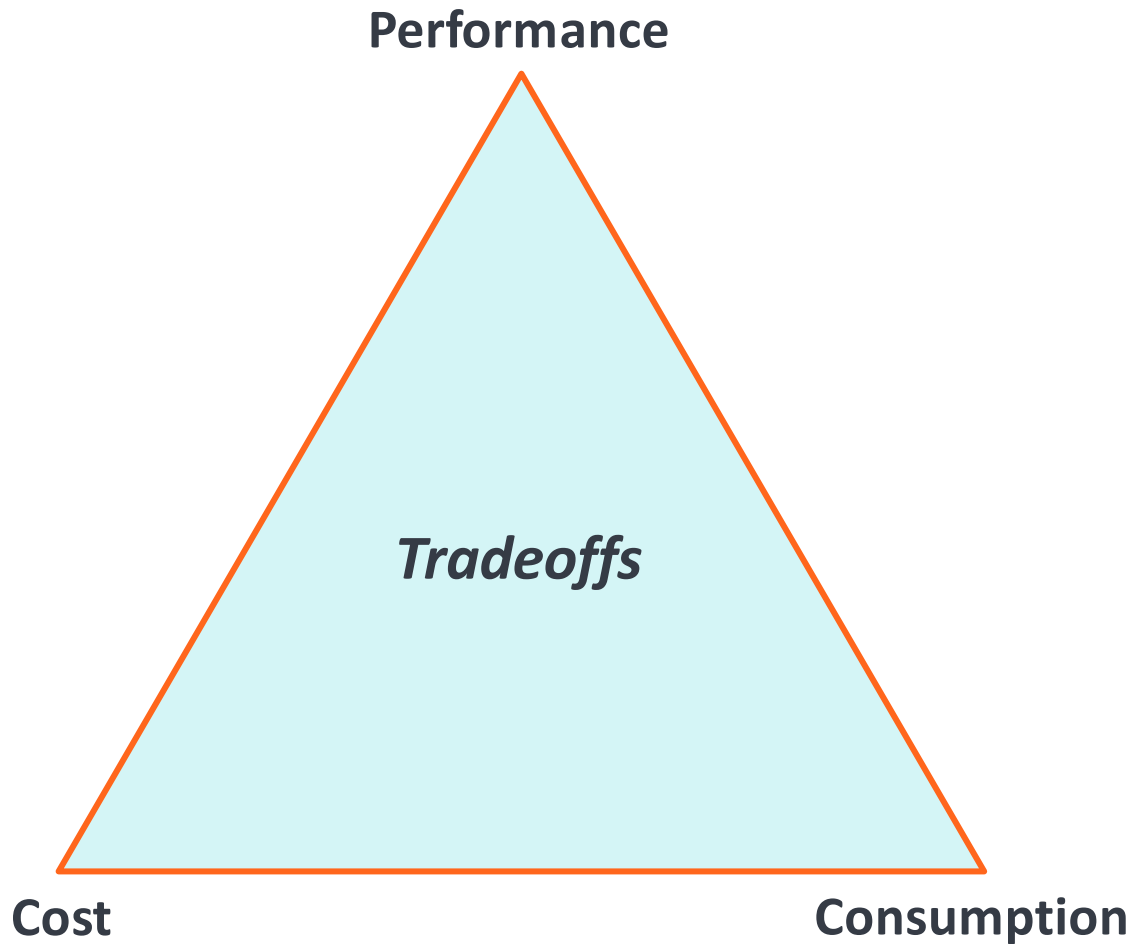
## Vision

- To provide a comprehensive understanding of IT operations and strategy
- The TBMP will codify multi-source information into actions and decisions that generate measurable value

## Value

- Driving Insights through specific Use Cases
- Governance Frameworks for Decision Making
- Functional Excellence in IT and Finance
- Continuous Improvement

# Tradeoffs



## 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

# 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



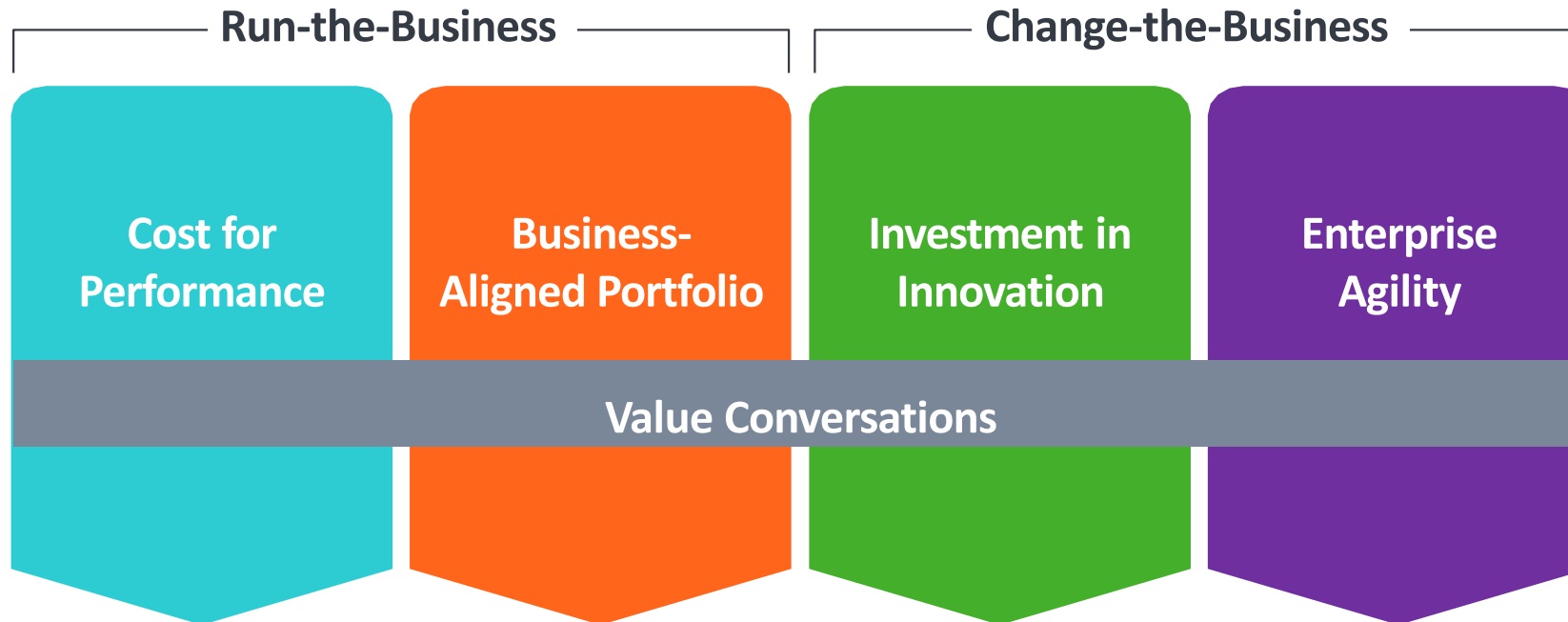
Business  
Partners



# 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



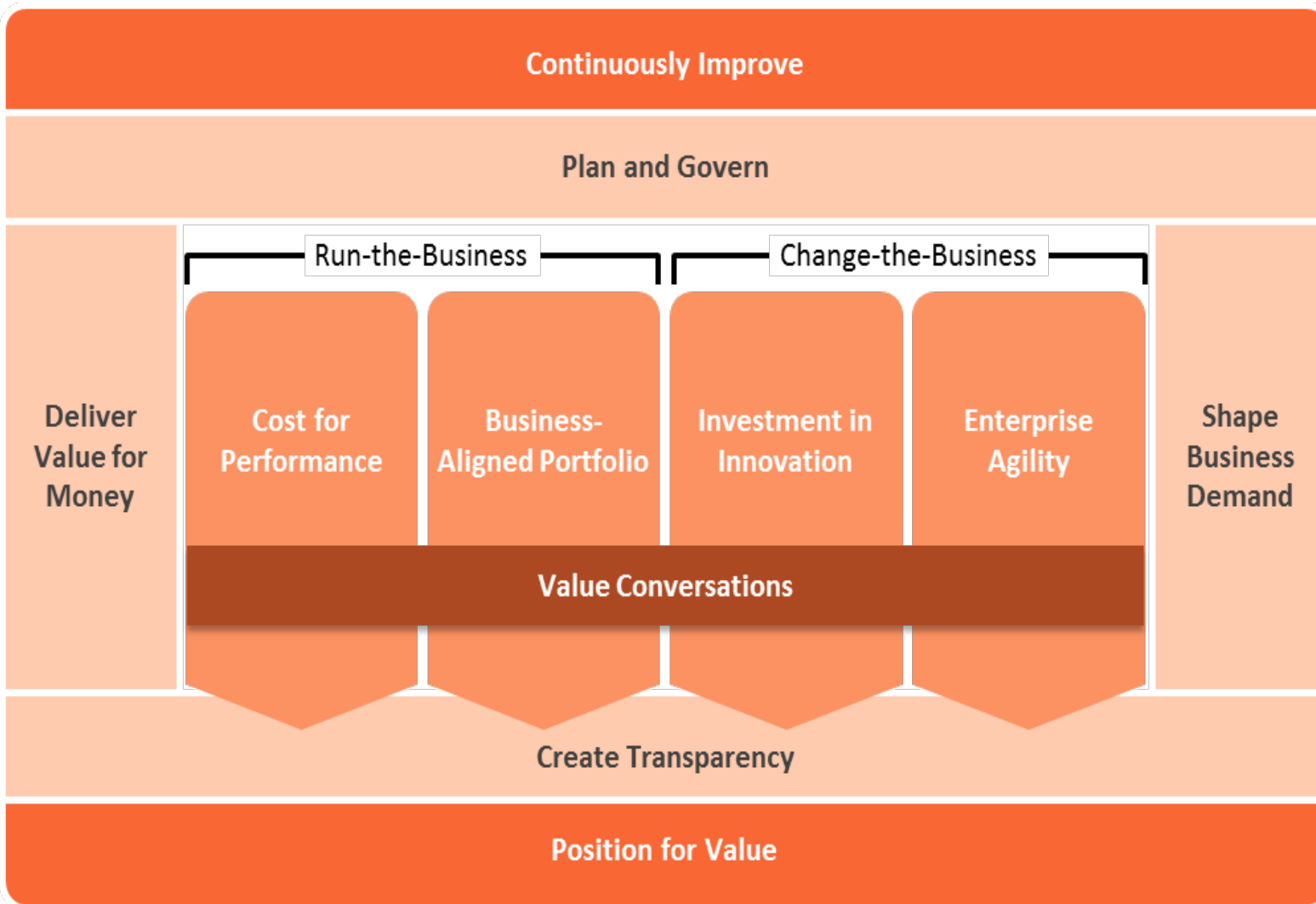
We deliver the right performance for the best possible price.

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.

# 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)**

# Open Mic



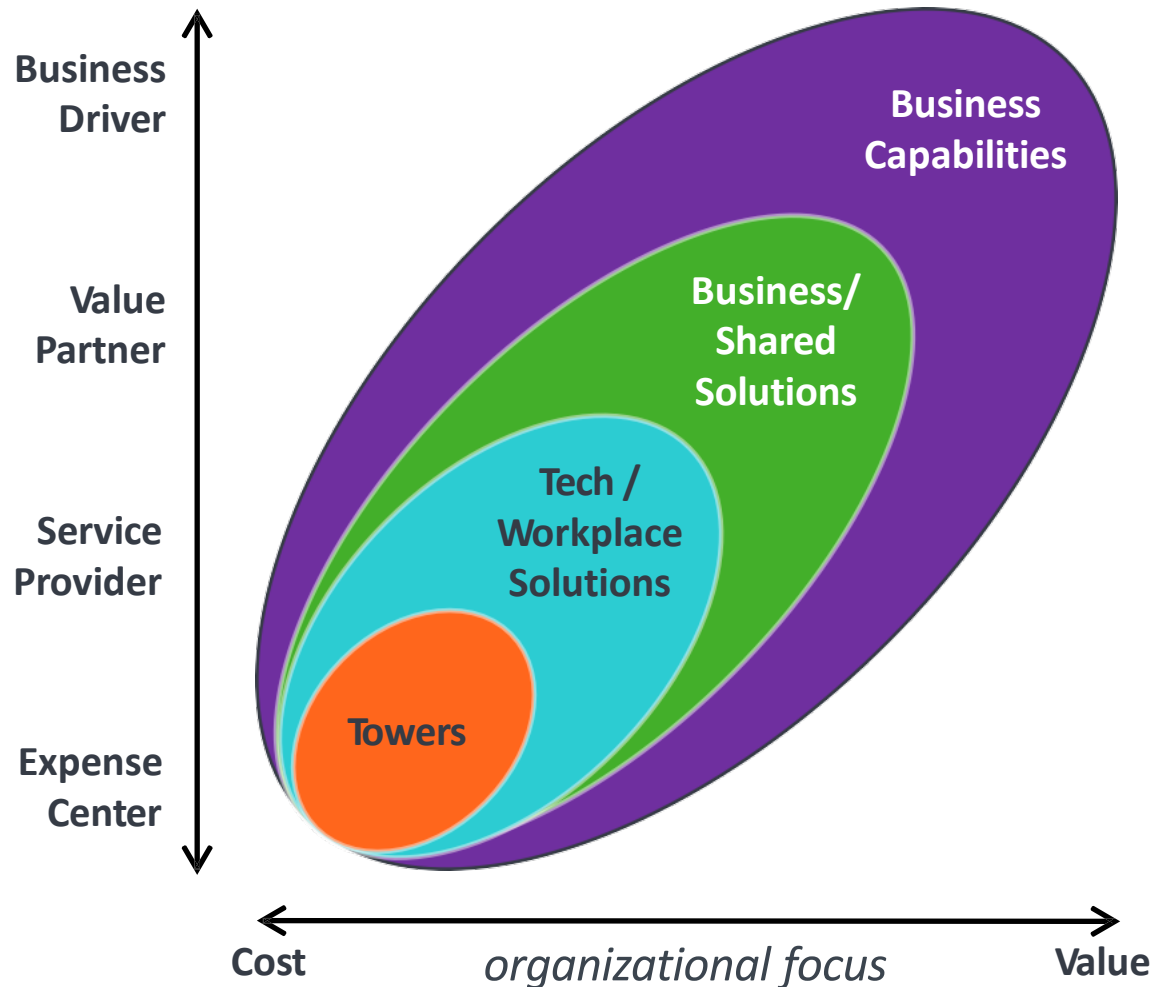
- How do you communicate the value of TBM within your organization?
- What has been effective / ineffective?



# A TBM “Transformation”

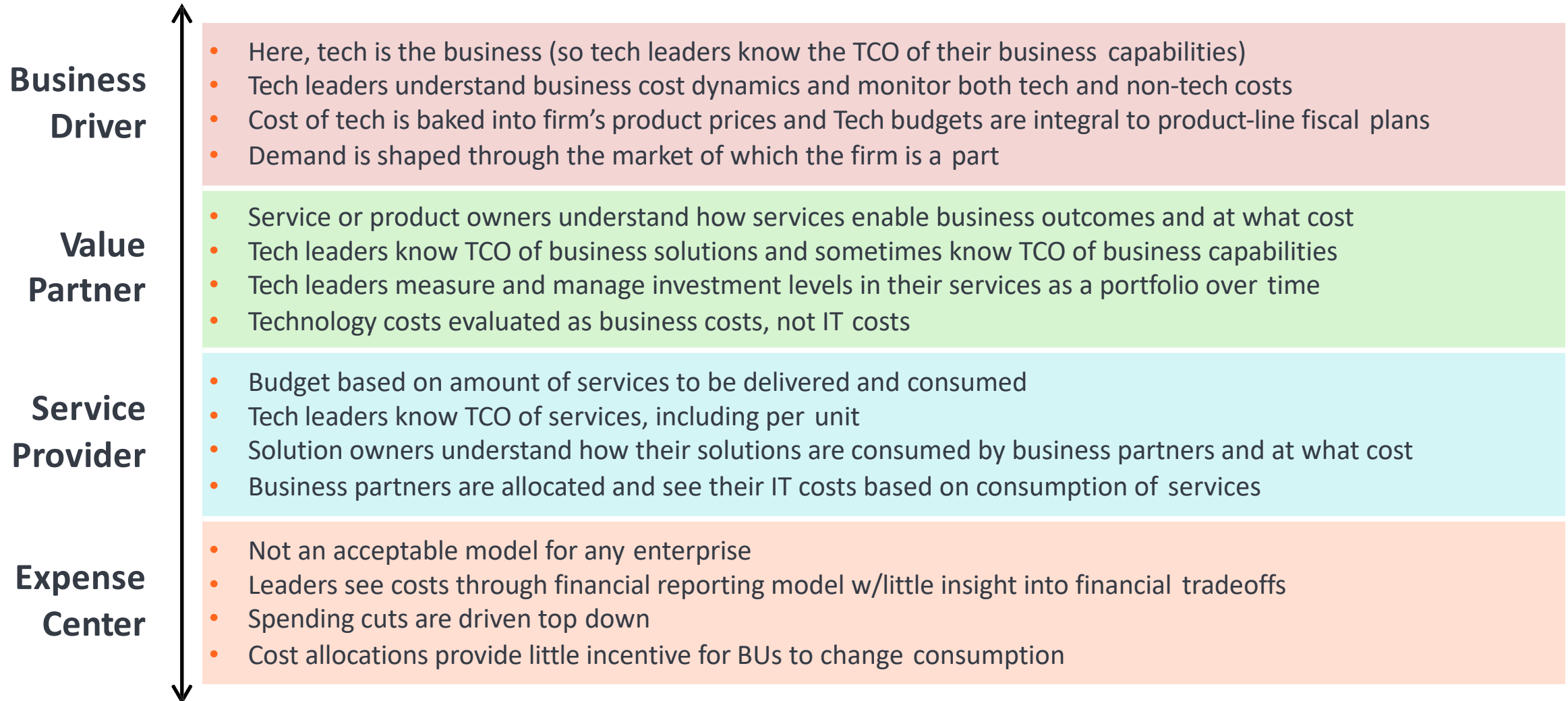
# Archetypical Technology Business Models

## What Is the Role that “IT” Plays for Your Business?



- 4 archetypes vary by focus of the technology organization and placement in the value chain
  - Internally focused emphasize asset and cost management
  - Externally focused emphasize business-focused services and capabilities
- CIOs often aspire to higher-level models, and may exhibit characteristics of more than one

# Archetypical Technology Business Models



# 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

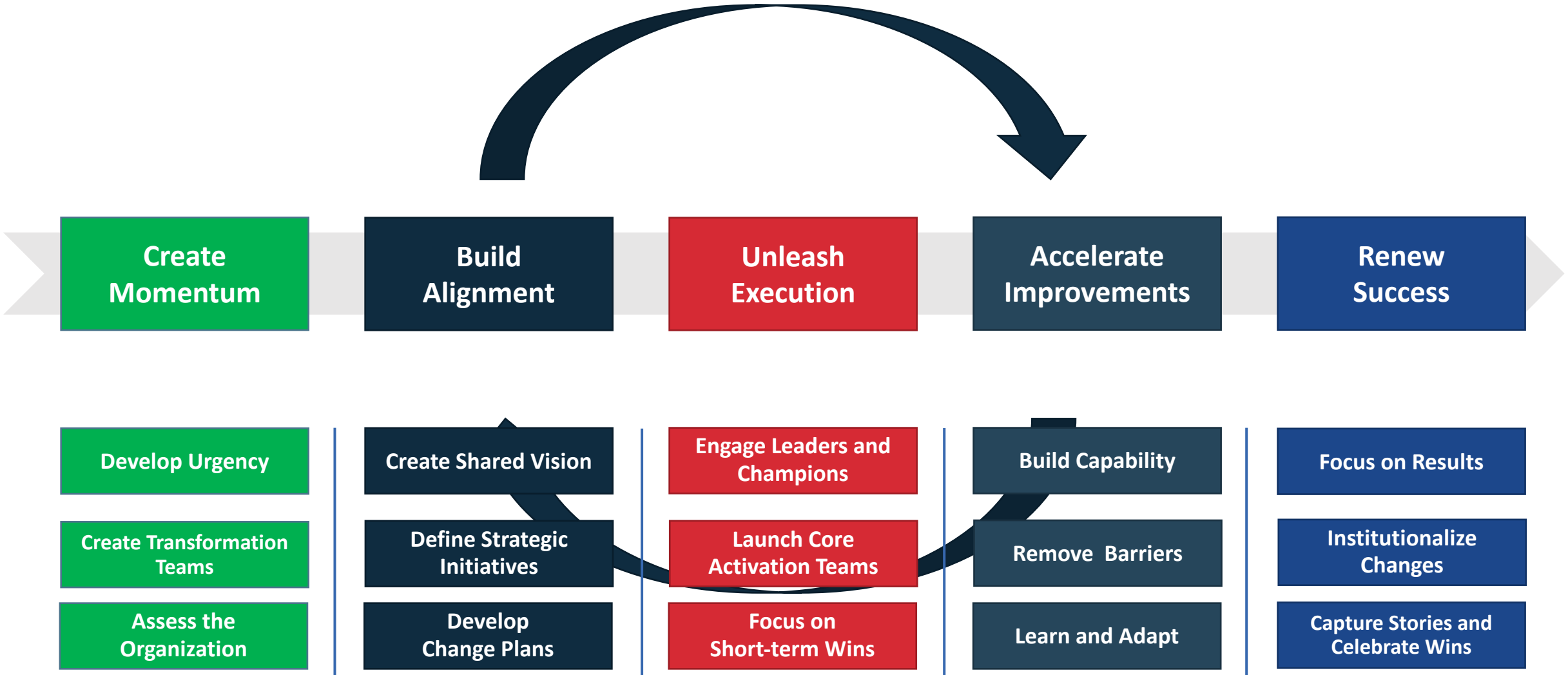
## Change Management

- 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

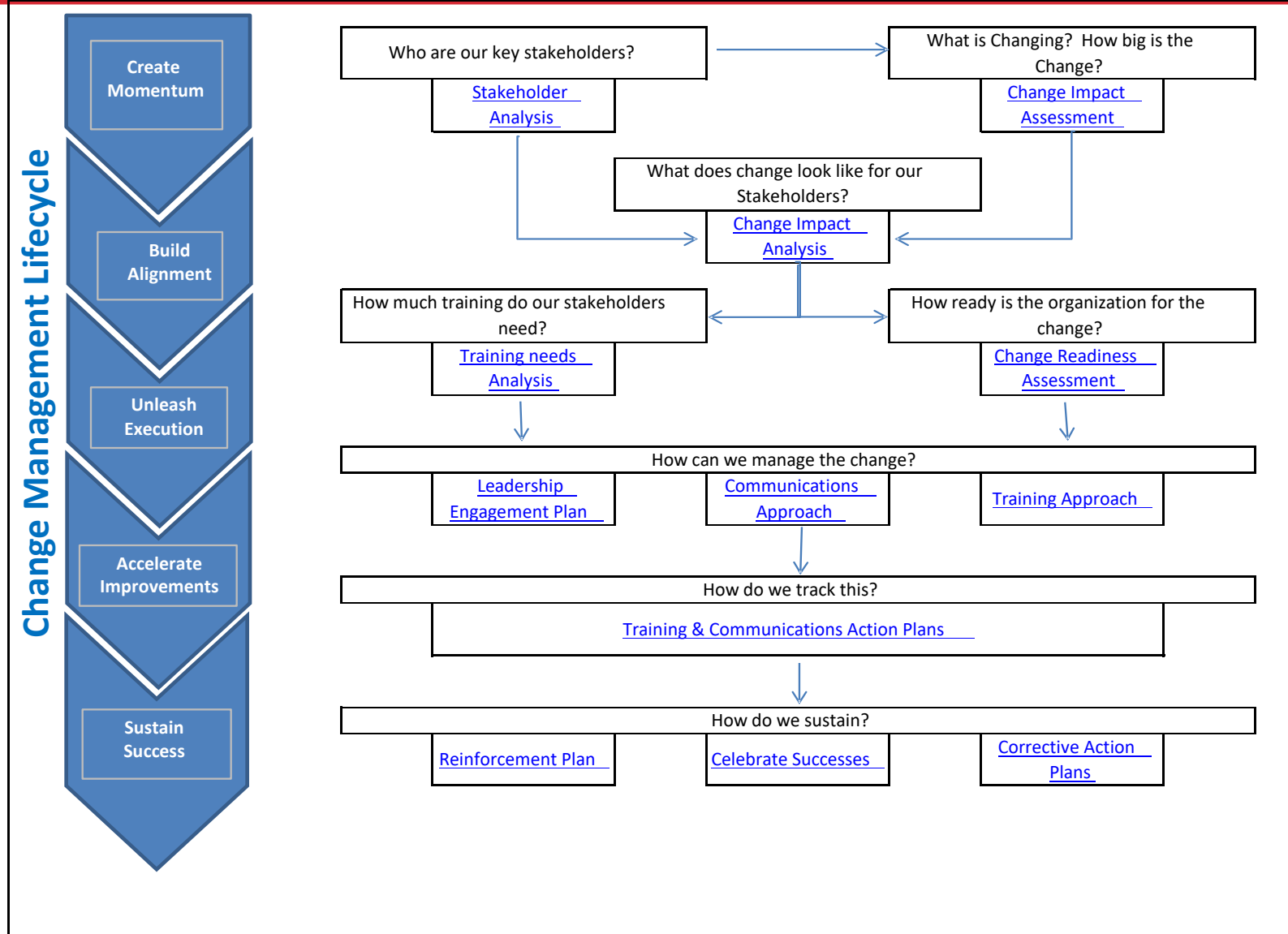
## Maturity Roadmap

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

# Example Transformation Process



# Example Change Map



# Open Mic



- Has anyone approached this as a transformation?
- What has been effective / ineffective?

# TBM Value in Practice



# Value in Practice: Budgeting and Forecasting

FY2019 July Forecast Forecast: Open ⚠️ 💬

## Dashboard

All Pl:

COMPARE TO: FY2020 Budget

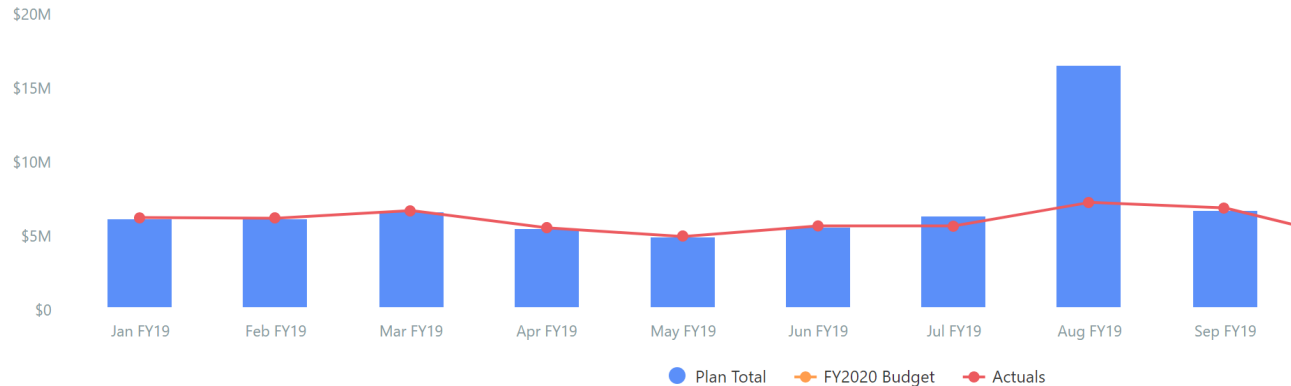
OPEX TOTAL: FY2019  
**\$71.23M** TARGET: \$0  
VARIANCE: N/A

CAPEX TOTAL: FY2019  
**\$11.78M** TARGET: \$0  
VARIANCE: N/A

TOTAL HEADCOUNT (AVG): FY2019  
**338.75** TARGET: 0  
VARIANCE: N/A

### IT Spend Trend

All  
None



- 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

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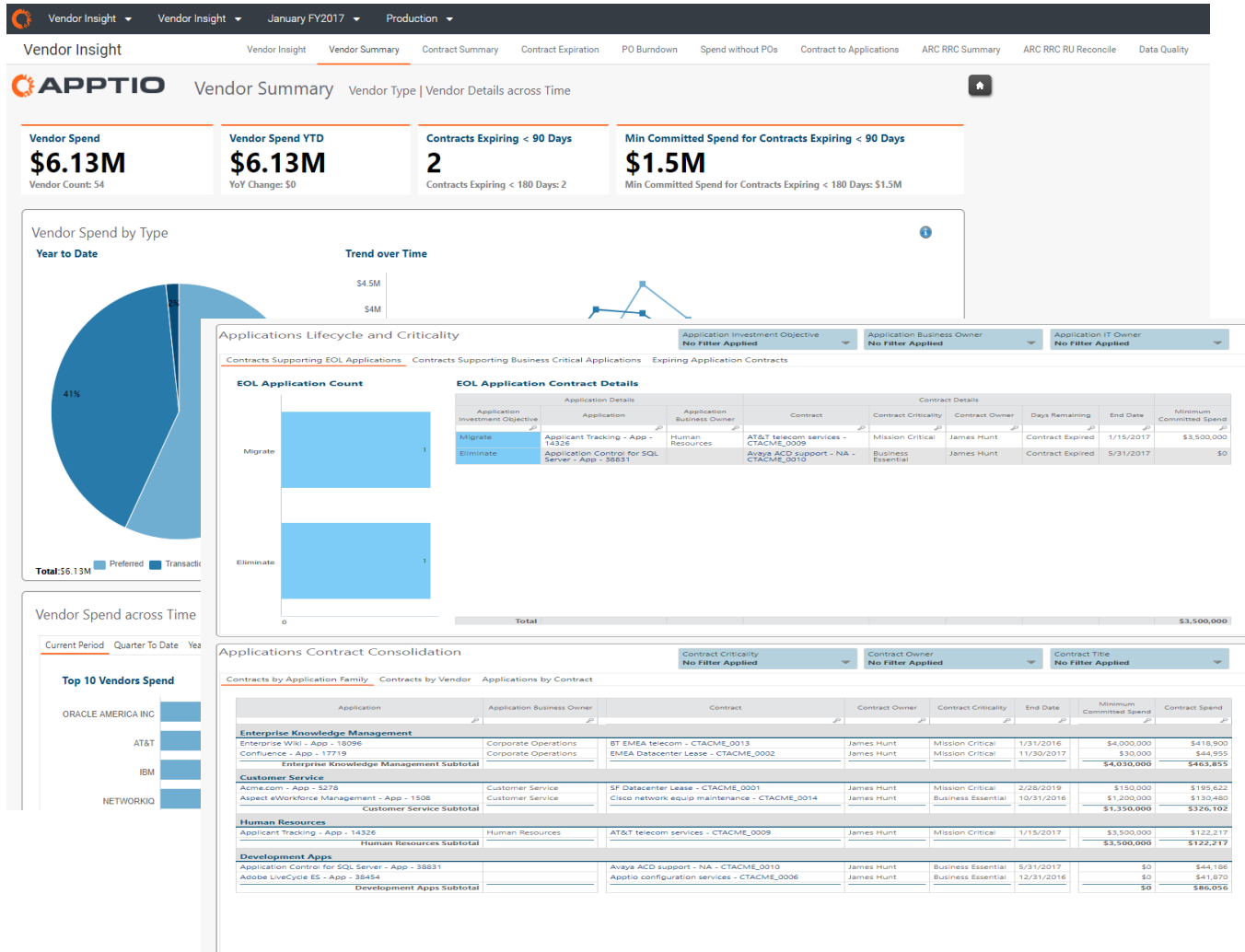
## ➤ DataLink

- 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

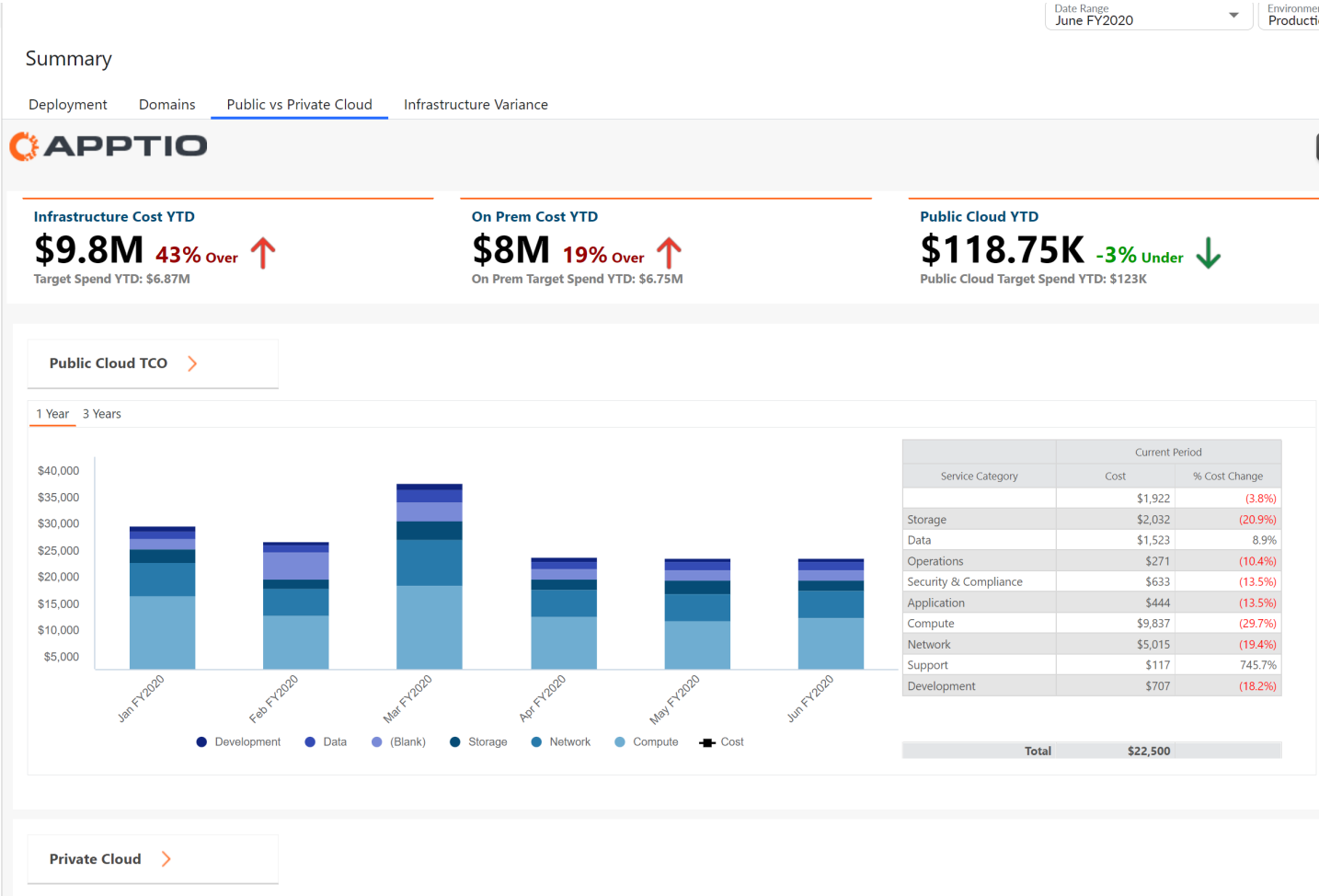
- How many reports have been eliminated?
- How many man hours have been eliminated due to report automation?
  - What is the financial value of those hours?

# 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

## Applications

Application Review Application Portfolio Application List Infrastructure Analysis by Applicat... New & Retired Apps Public vs On-Prem Application Rationalization

**APPTIO** Applications GLOBAL FILTERS Application Type No Filter Applied Application IT Owner No Filter Applied Application Family No Filter Applied

YTD App Spend as a % of Overall IT Spend

**75.8%**

CM App Spend as % of Overall IT Spend: 75.4%

App Run YTD

**\$14.66M** ↓

App Run YTD Prev Yr: \$18.06M

App Dev YTD

**\$4.3M** ↑

App Dev YTD Prev Yr: \$2.93M

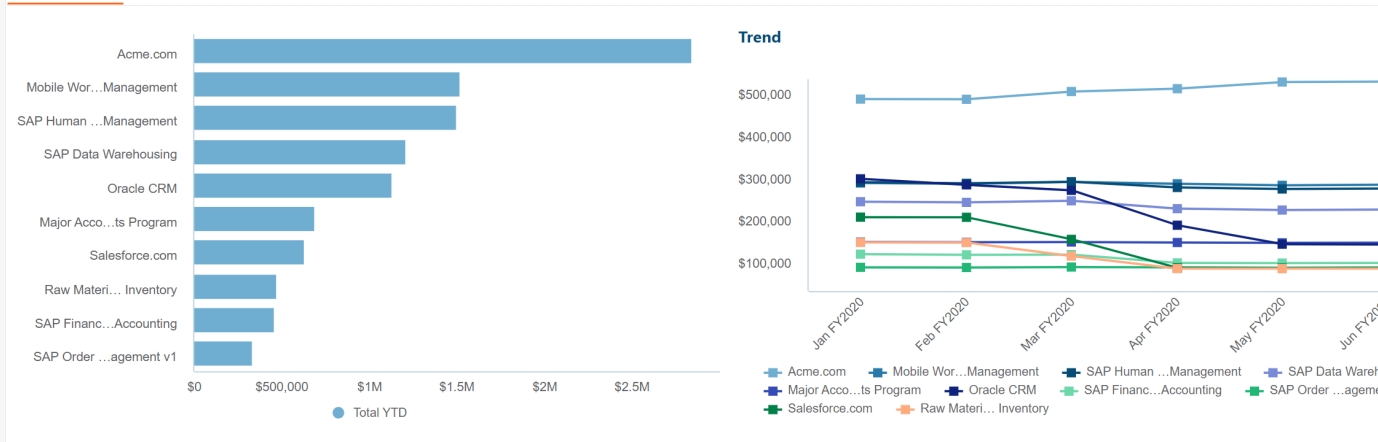
Total # of Apps

**115**

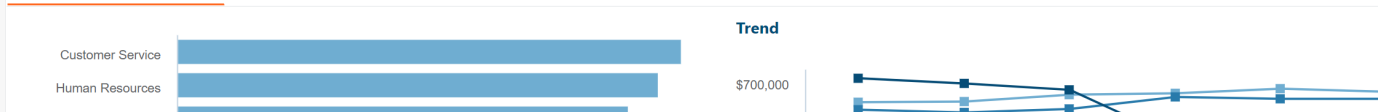
Total # of Apps LM: 1

## Top Application Details

Top Applications Application Detail Business Driver Users

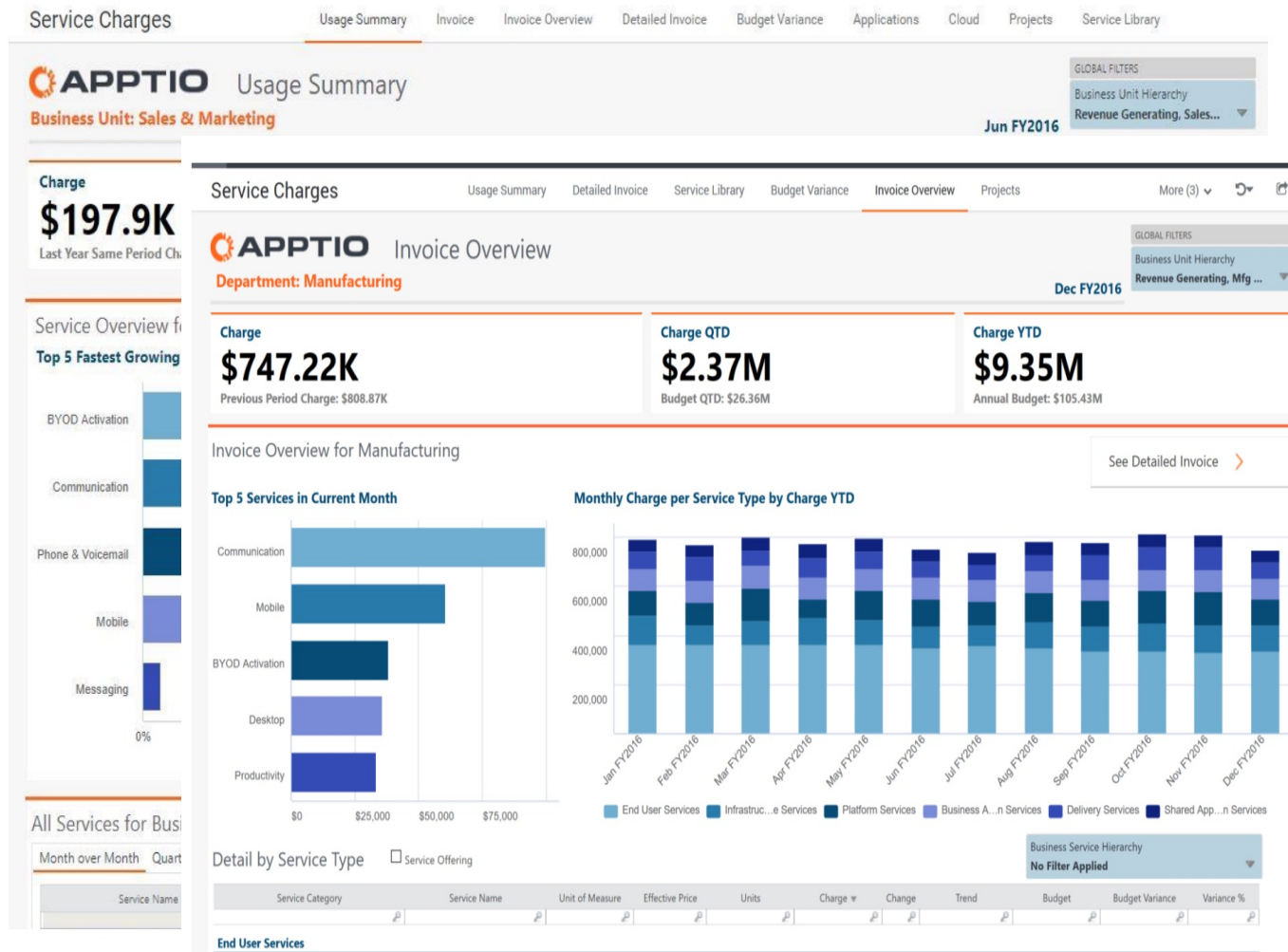


Application Spend by App Family Application Detail



- 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?



# Surveys

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





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