



Evaluating ITFM Solutions

ITFMA 2018 Orlando

“A lie can travel half way around the world while the truth is putting on its shoes.”

— Mark Twain

- What is an IT FM Tool going to do for us?
- Defining Actionable Transparency
- Keys to Success
 - Capabilities & Methodologies: **Ask What and How**
- Common Pitfalls
- The IT Finance Staffing Problem
- *Q: Do we need an IT FM tool?*
- *Q: Are we ready for an IT FM tool?*

- Choosing & using for 22 years in 100+ organizations
- ITFM - Pre and Post 2010
- **50%** don't realize *full* benefit - *why?*
 - ✓ Solid strategic plan, but poor tactical execution
 - ✓ Solid tactical plan, poor strategy
 - ✓ Lack of due diligence
 - ✓ Choose the wrong tool
 - ✓ Poor implementation – not aligned with *value*
- Tips for a tool selection process

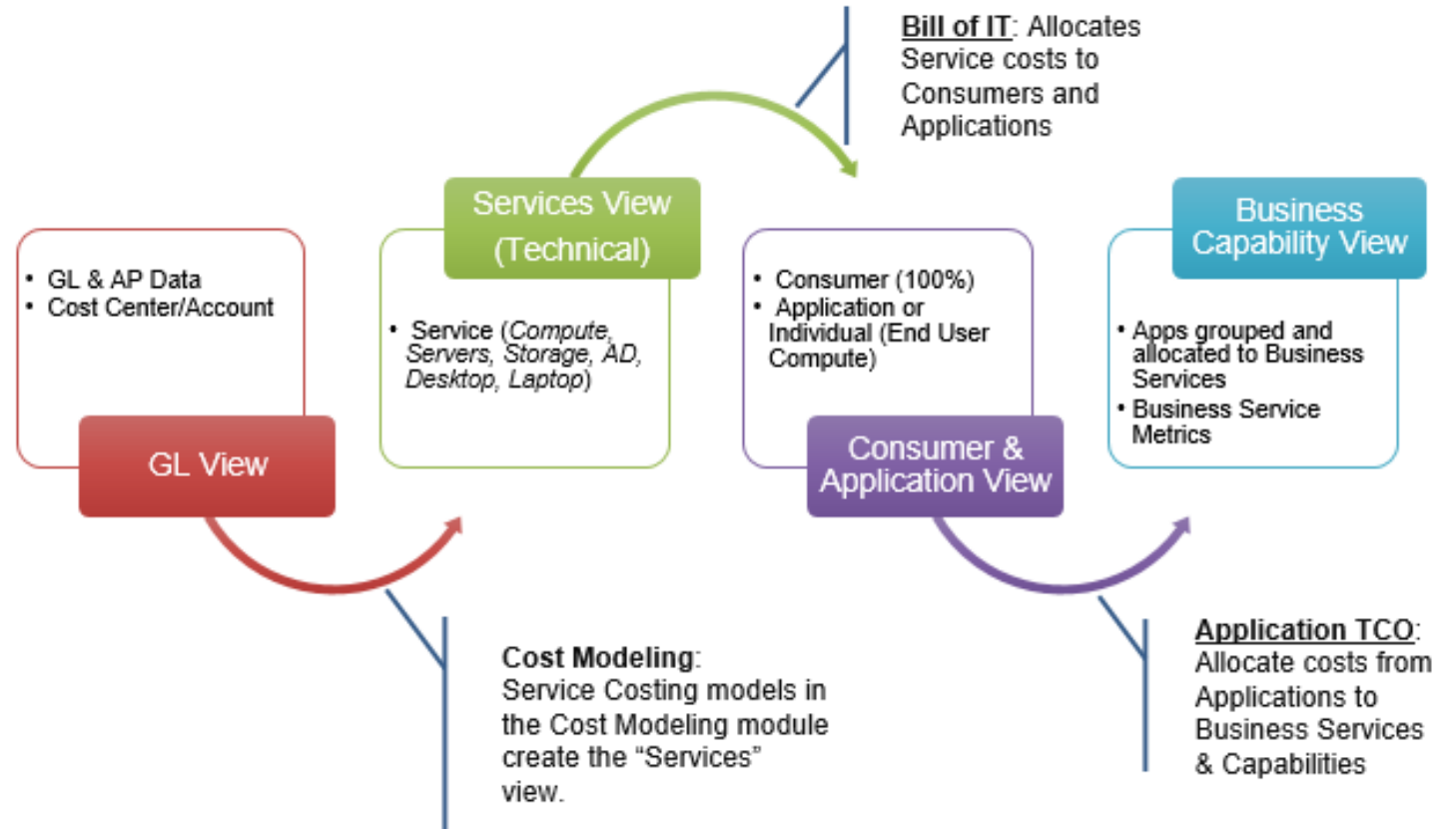
- SaaS or On-Premise Delivery
- Implementation Services
- Managed Services
 - IT Finance staff augmentation
 - Supplier resources include industry and tool experts
- IT Finance-as-a-Service (ITFaaS)
 - No tool acquisition required
 - Service provider utilizes and ITFM tool with your data

- IT Planning
 - Labor Forecasting
 - HW/SW Maintenance
 - Vendor Expense Management
- Service Costing
- Benchmarking & Analytics
- Show-back, Chargeback, Cost Allocation
- Application TCO
- Project Financials
- Cloud Financials

ITFM 101:

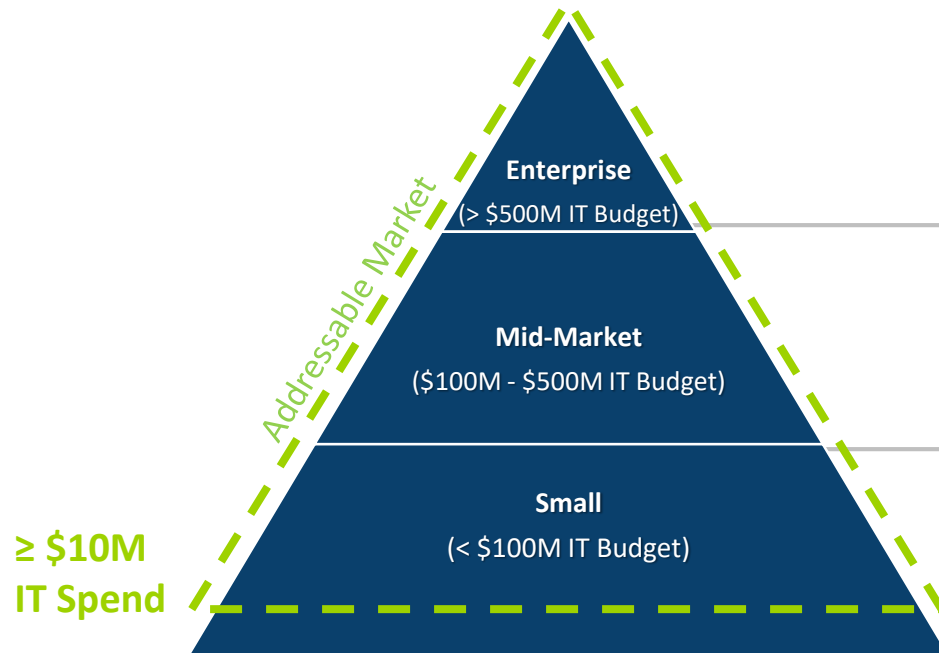
- ITFM is basically *allocated* views of IT spend
- Each view is generated by a separate module
- Each view provides value to key stakeholders
- **Services View:** Provides insight into technology service costs and unit rates. Enables Service managers to *drive down unit rates* and *benchmark* against outside suppliers and peers
- **Consumer View:** Provides insight into what organizational entities benefit from IT and helps the CIO demonstrate value
- **Application View:** Provides the Total Cost Ownership (TCO) of Applications and *enables application rationalization* exercises
- **Business Capability View:** Provides insight into costs to support business capabilities. Helps the CIO *align existing spend* and new IT investments more directly to business functions

Key IT Spend Viewpoints



The addressable market has changed dramatically. **Five years ago, only companies with a minimum of \$100M in IT spend needed ITFM systems.** Today, any organization throughout the world with **≥\$10M** of IT spend can benefit from an ITFM system.

Market Segmentation by IT Budget

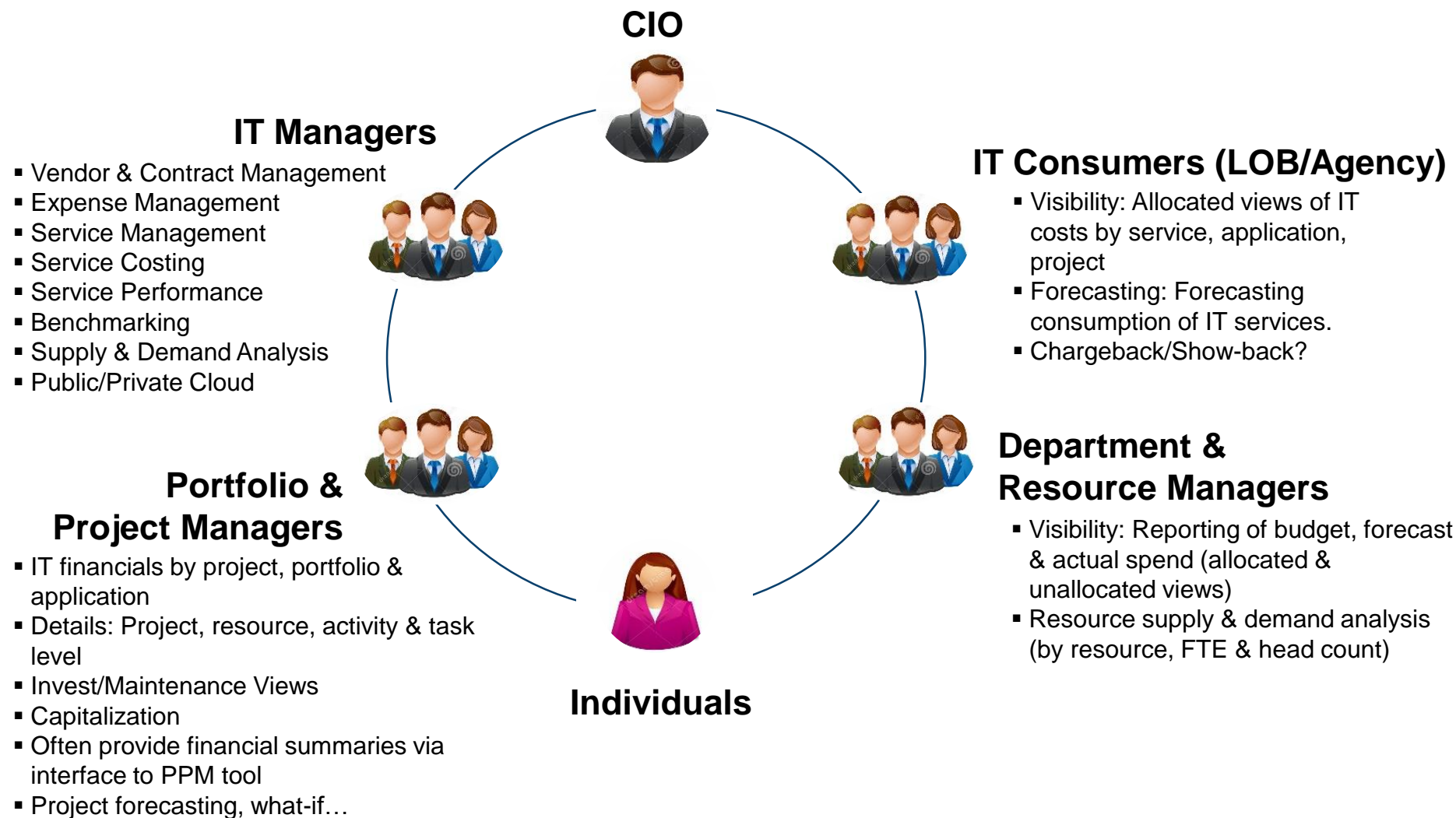


Overview of Segment

- High level of ITFM maturity
 - Typically have 30+ individuals in IT Finance department
 - 1/3rd of companies in segment are using a pure ITFM software solution; 2/3rds are using a mix of BI tools, internally developed solutions, or excel worksheets*
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- Average level of ITFM maturity
 - Typically have 3-4 individuals managing a custom ITFM practice
 - 75% companies are using numerous excel worksheets or a mix of BI tools*
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- Low level of ITFM maturity
 - < 2% penetrated
 - No current system; using excel spreadsheets*

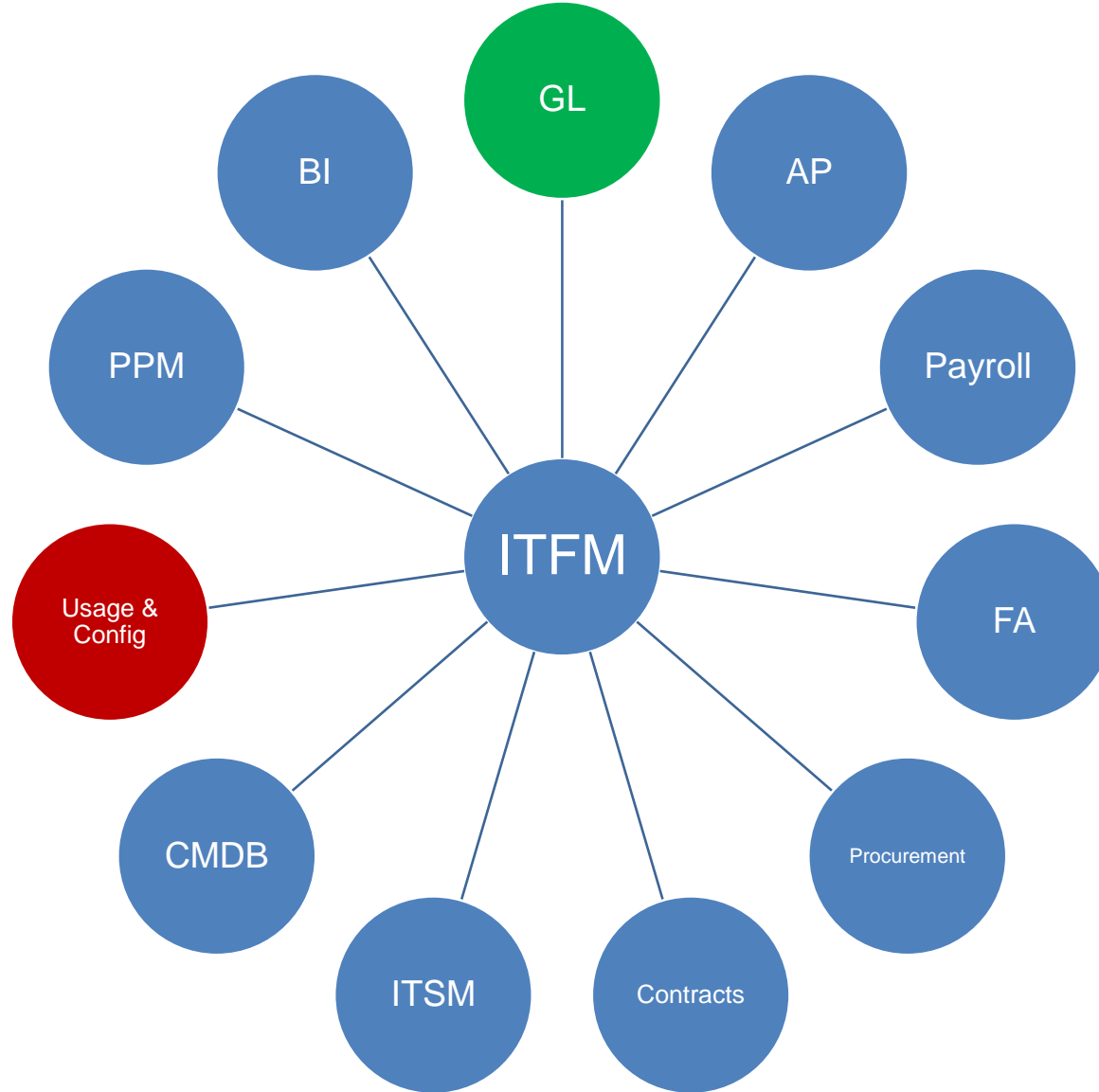
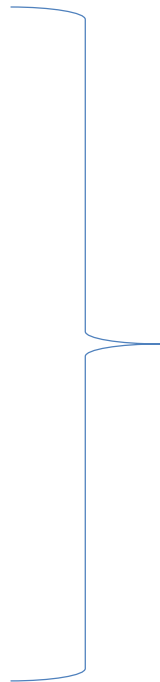
- Effective Transparency
 - ✓ IT Finance output that becomes an effective part of the every day life of the manager
- Accountability
 - ✓ Workflow approval
 - ✓ Variance tracking
- Actionable: The *Right Data* in the *Right Place*
 - ✓ **Deliver** the data to the correct manager
 - ✓ Ensure they can and do **understand** the data & processes
 - ✓ Make sure they know their **options**

A quality ITFM solution provides visibility into IT costs at all levels of an organization, and currently delivers actionable data to **key decision makers**.



- Develop & Socialize a Roadmap
 - ✓ Both *strategic & tactical*
 - ✓ Co-operatively develop and execute
 - ✓ *Vendor* contributes - **capabilities, domain knowledge, methodologies, best practices**
 - ✓ *You* contribute - **critical institutional knowledge** (people, business, operations, history & future, data, and more)
 - ✓ Socialize the plan
 - ✓ Acquire buy-in, rather than force cooperation
 - ✓ Establish a steering committee

Mainframe	Midrange
Server	Storage
Time Tracking (Labor)	Application Directory
Security	Asset Management
HR	Other



□ Data & Process Preparation

- ✓ The IT Finance Data Set: Completing the Alphabet
- ✓ Identify required data
- ✓ Ownership of source data – *Assign data source owners to manage data quality, completeness, and delivery*
- ✓ Data & process improvements are often a by-product of an IT FM implementation

Interface Type	Features	Common Use
High Control	<ul style="list-style-type: none"> • Staging Table (Preliminary) • Control File/Verify Balance • Control & Error Reporting • Version Control (Raw Data & Table) • Data Transformation Rules • Data Validation Rules • Audit Trail 	<ul style="list-style-type: none"> • Financial Systems: GL, AP, Payroll, Procurement, EPM (Hyperion Planning)
Medium Control	<ul style="list-style-type: none"> • Staging Table (Import) • Version Control (Raw Data & Table) • Data Transformation Rules • Data Validation Rules • Audit Trail 	<ul style="list-style-type: none"> • Utilization Metrics • Configuration Data (CMDB, ITAM, ITSM) • Organizational Hierarchies & Roll-ups • Identity Management (AD, HR)
Low Control	<ul style="list-style-type: none"> • Imports Direct to Target Table • Audit Trail 	

- Contributors – Key People
 - ✓ Project Sponsor(s) - Gain Executive (both CIO-level and Finance Executive level) commitment
 - ✓ Finance and IT need to partner
 - ✓ High Quality PM - Assign a Project Manager to ensure regular communications and status updates on risk areas
 - ✓ IT Finance
 - ✓ Consumers of IT Finance Output
 - ✓ Data Source Owners

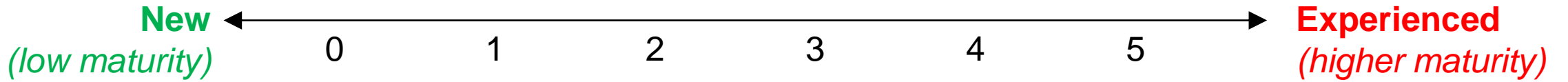


Simplicity	Complexity
Easier to digest; more actionable	Accuracy often drives complexity up; lack of accuracy can damage credibility
Easier to maintain & repeat	Poor data quality can drive complexity
Management gravitates toward simplicity	Accountants gravitate toward complexity

□ Manage Scope

- ✓ Don't boil the ocean in phase 1
- ✓ Start with something directionally correct & refine and evolve
- ✓ Iterative process (*stick to the strategic and tactical roadmap*)
- ✓ Why **strategic and tactical plan misalignment** occurs and how to manage it

- Application TCO
 - ✓ Take Top 5-10%
 - ✓ Limit collection of Application attributes (tiers, owners, etc.)
 - ✓ Limit mapping of infrastructure and labor



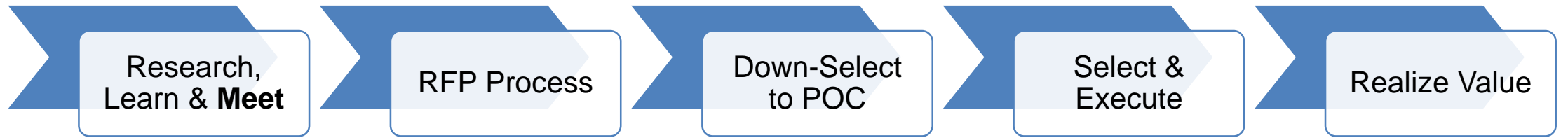
If <i>new</i> to IT FM, you often seek...	If <i>experienced</i> with IT FM, you often seek...
Rapid gain in capabilities; perhaps using OOTB solutions and standardized processes	Gain in efficiencies; automation and streamlining of existing processes
Positioned to expand and mature...	Expanding capabilities; grow functionality
Require a larger amount of assistance from your vendor/partner	Process improvements; escape unnecessary complexities; you know what you do well and what you don't

□ Criteria

- ✓ Capability (Data Integration, Calculation, Automation, Reporting & Analysis)
- ✓ Domain Knowledge – Experience, Methodology, and **Depth**
- ✓ Flexibility
- ✓ Ability to scale (size and functional extensibility)
- ✓ Easy to perform analysis
- ✓ Cost

□ Evaluation & Selection Process

- ✓ Heavy engagement: Get face-to-face; discuss experience, methods, approach, etc.
- ✓ Talk to references...*don't speed date!*
- ✓ Find a partner you can lean on...it's a long term relationship
- ✓ Demonstrations
- ✓ Proof of Concept (POC) or "**Day in the Life**"
- ✓ Learn about implementation teams (Vendor & IT) structure & process – *What is your engagement going to be like...*



- The IT Finance Staffing Problem
- IT Finance Staff Qualities
 - ✓ Finance degree
 - ✓ 2-5 years experience – Corporate FP&A
 - ✓ Excellent analytical skills
 - ✓ Good communication skills
 - ✓ Some leadership qualities
 - ✓ Critical thinking (*analyze, form judgments, take action, lead an initiative, ownership*)

Q&A

- *Q: Do we need an IT FM tool?*
- *Q: Are we ready for an IT FM tool?*