Do you have a Standard Model for IT costs?
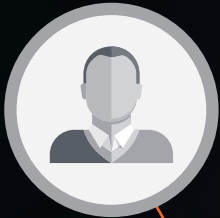
APPTIO®

The Challenge: Getting IT, Finance, and Business Units on the same page about technology cost, value, and decisions

Does this sound familiar?

For most organizations, there's a mismatch of terminology and context that makes it hard to get alignment around technology decisions.

Business Units: I can use my credit card to buy a better service for less money from a cloud provider, so why should I bother with IT?
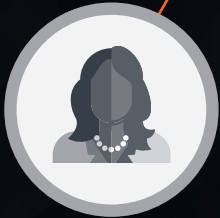
IT's Value?

IT: BUs make wasteful, reckless technology decisions and then question my budget. How can I be expected to do more with less?

Finance: IT is one of our largest costs and BUs don't see enough value. When can you get me a plan to reduce the IT budget?

We get the problem: you have no shortage of corporate finance data, but it's Greek to IT.

You're struggling to relate financial information to IT budget owners so they can make better decisions about servers, storage, networks, and projects. You're more focused on wrestling data than extracting meaningful analysis. Worse yet, virtually no one has the patience to decode the complicated formulas required for calculating even basic IT costs.

If only there was a simple, fast, proven, way of translating corporate costs into standard categories useful to IT decision makers. An automated ongoing process that provides repeatable, trended, and shared cost visibility...

Introducing ATUM: The Standard Model for IT Costs

The **Apptio TBM Unified Model® (ATUM®)** specifies how to marry cost data from corporate finance with IT operational data to produce granular, actionable IT cost analytics. This information empowers IT leaders to manage IT as a business. Apptio developed ATUM through our experience with 350+ customers and our role as the Technology Advisor to the Technology Business Management (TBM) Council.

What to gather

Data

Source data elements, formats, and relationships needed by the Model

How to organize

Taxonomy

Standard management categories for common IT functions

TBM Council Endorsed

How to calculate

Model

Standard costing rules to map and apportion general ledger (GL) costs to IT categories

APPTIO® TBM Unified Model® (ATUM®)

ATUM provides the following benefits:

- Better alignment between IT, Finance, and BUs via common language and information about IT costs
- Confidence to manage the business of IT with the backing of peer-derived best practices
- Faster adoption of TBM disciplines via pre-packaged software built to the standard
- Easier, more frequent IT cost comparisons with peers via ATUM-aligned benchmarking

Visit **Apptio.com** to learn how Apptio's suite of TBM applications leverages ATUM to deliver these benefits and many more.

How can you use this poster?

Shape conversations with your IT, Finance, and Business Unit partners. Put it up in your workspace, take it to meetings, even order more posters for your colleagues at **Apptio.com/ATUM**!

Notes for ROI statements on reverse

1. Example based on purchase of Apptio Cost Transparency All Modules or Apptio IT Financial Management Foundation packages and respective implementation services.
2. Apptio commissioned Forrester to review the Apptio ROI model in June 2017 using its proprietary Total Economic Impact™ methodology. Forrester deems that the Apptio ROI model conforms to the TEI fundamentals and principles of a sound business case. The intent is for Apptio to guide prospects through the questionnaire to solicit inputs specific to your business and technology environment. Apptio is not permitted to change the calculations or equations. Forrester believes that this analysis is representative of what companies may achieve with Apptio services based on the inputs provided and any assumptions made. Forrester does not endorse Apptio or its offerings.

The Standard Model for IT Costs

The Apptio TBM
Unified Model® (ATUM®)

APPTIO

1. Data: What to gather

- Guide you to data from existing sources
- Integrate appropriate source data columns
- Align format to standard

2. Taxonomy: How to organize

- Align costs to common terminology
- Automate categorization via mapping rules
- Customize or extend where needed

3. Model: How to calculate

- Pre-defined allocation rules
- Apportion costs to consuming elements
- Weight costs via operational data

Data panel (left column)

BUSINESS UNITS
- Business unit list
- Headcount by department

APPLICATIONS
- Top 20 application list

PROJECTS
- Project details
- Time tracking

FIXED ASSETS
- Fixed asset depreciation schedule

CLOUD
- AWS and Azure billing logins
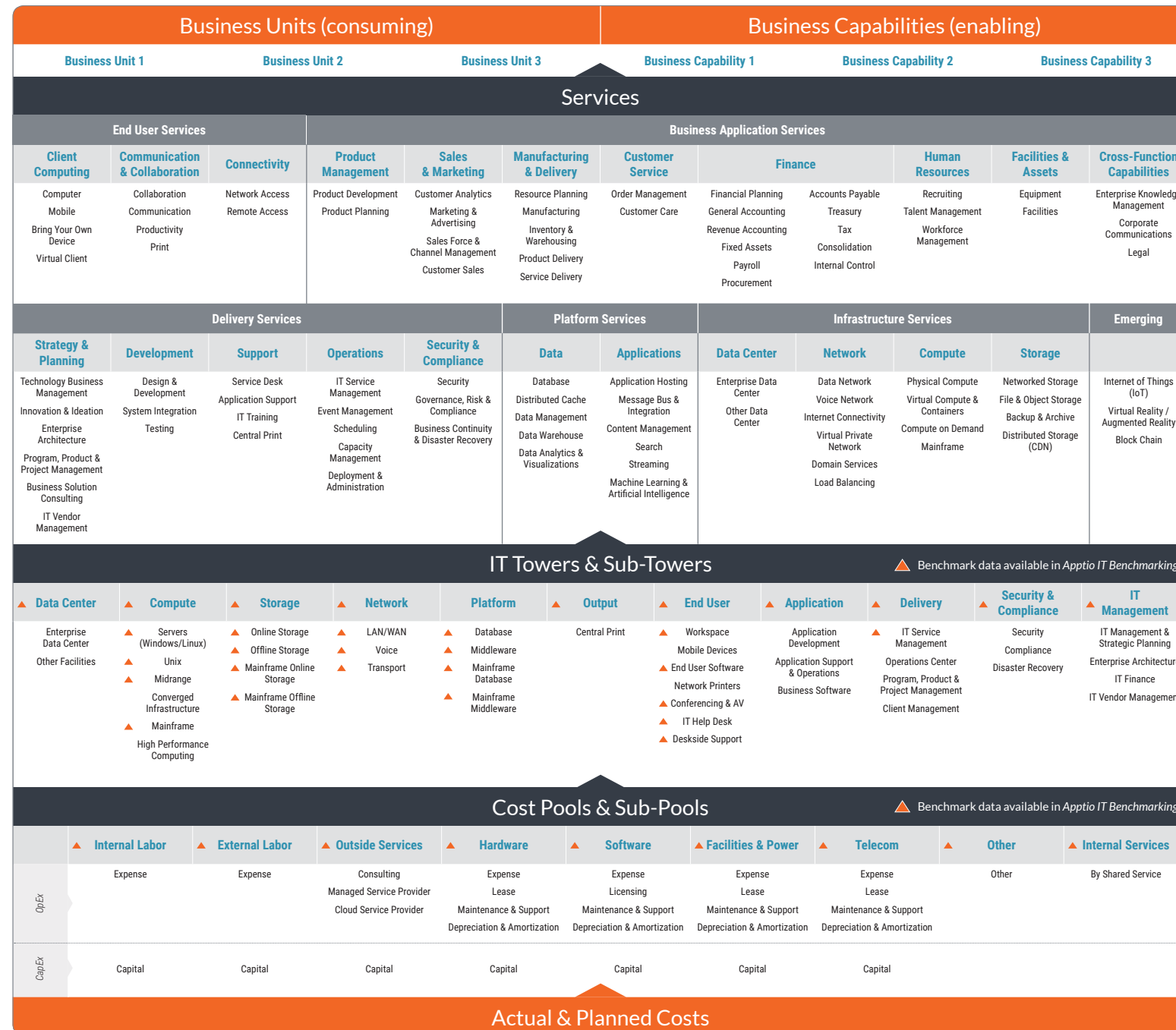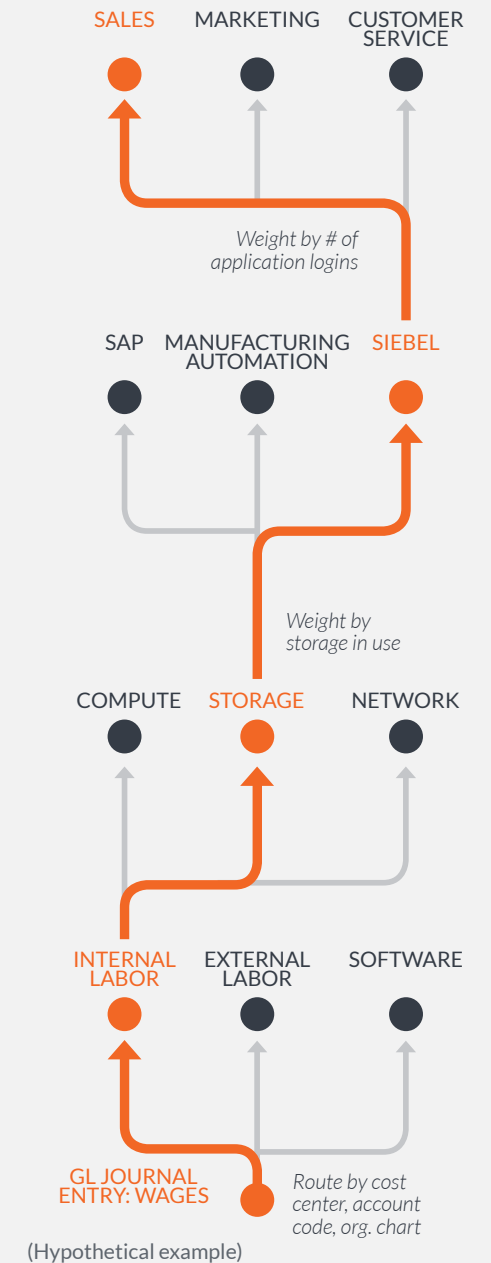
LABOR
- Available labor details (role, location)

FINANCIALS
- General ledger (OpEx)
- Capital expenses (CapEx)
- Budget (OpEx and CapEx)
- Cost Center hierarchy
- Chart of accounts

Taxonomy (center)

Business Units (consuming)			Business Capabilities (enabling)		
Business Unit 1	Business Unit 2	Business Unit 3	Business Capability 1	Business Capability 2	Business Capability 3

Services

End User Services

Client Computing	Communication & Collaboration	Connectivity
Computer	Collaboration	Network Access
Mobile	Communication	Remote Access
Bring Your Own Device	Productivity	
Virtual Client	Print	

Business Application Services

Product Management	Sales & Marketing	Manufacturing & Delivery	Customer Service	Finance	Human Resources	Facilities & Assets	Cross-Function Capabilities
Product Development	Customer Analytics	Resource Planning	Order Management	Financial Planning	Recruiting	Equipment	Enterprise Knowledge Management
Product Planning	Marketing & Advertising	Manufacturing	Customer Care	General Accounting	Talent Management	Facilities	Corporate Communications
	Sales Force & Channel Management	Inventory & Warehousing		Revenue Accounting	Workforce Management		Legal
	Customer Sales	Product Delivery		Fixed Assets			
		Service Delivery		Payroll			
				Procurement			
				Accounts Payable			
				Treasury			
				Tax			
				Consolidation			
				Internal Control			

Delivery Services

Strategy & Planning	Development	Support	Operations	Security & Compliance
Technology Business Management	Design & Development	Service Desk	IT Service Management	Security
Innovation & Ideation	System Integration	Application Support	Event Management	Governance, Risk & Compliance
Enterprise Architecture	Testing	IT Training	Scheduling	Business Continuity & Disaster Recovery
Program, Product & Project Management		Central Print	Capacity Management	
Business Solution Consulting			Deployment & Administration	
IT Vendor Management				

Platform Services

Data	Applications
Database	Application Hosting
Distributed Cache	Message Bus & Integration
Data Management	Content Management
Data Warehouse	Search
Data Analytics & Visualizations	Streaming
	Machine Learning & Artificial Intelligence

Infrastructure Services

Data Center	Network	Compute	Storage
Enterprise Data Center	Data Network	Physical Compute	Networked Storage
Other Data Center	Voice Network	Virtual Compute & Containers	File & Object Storage
	Internet Connectivity	Compute on Demand	Backup & Archive
	Virtual Private Network	Mainframe	Distributed Storage (CDN)
	Domain Services		
	Load Balancing		

Emerging

- Internet of Things (IoT)
- Virtual Reality / Augmented Reality
- Block Chain

IT Towers & Sub-Towers
⚠ Benchmark data available in *Apptio IT Benchmarking*

▲ Data Center	▲ Compute	▲ Storage	▲ Network	▲ Platform	▲ Output	▲ End User	▲ Application	▲ Delivery	▲ Security & Compliance	▲ IT Management
Enterprise Data Center	Servers (Windows/Linux)	Online Storage	LAN/WAN	Database	Central Print	▲ Workspace	Application Development	▲ IT Service Management	Security	IT Management & Strategic Planning
Other Facilities	▲ Unix	Offline Storage	Voice	Middleware		Mobile Devices	Application Support & Operations	Operations Center	Compliance	Enterprise Architecture
	▲ Midrange	▲ Mainframe Online Storage	Transport	Mainframe Database		▲ End User Software	Business Software	Program, Product & Project Management	Disaster Recovery	IT Finance
	Converged Infrastructure	▲ Mainframe Offline Storage		Mainframe Middleware		Network Printers		Client Management		IT Vendor Management
	▲ Mainframe					▲ Conferencing & AV				
	High Performance Computing					▲ IT Help Desk				
						▲ Deskside Support				

Cost Pools & Sub-Pools
⚠ Benchmark data available in *Apptio IT Benchmarking*

	▲ Internal Labor	▲ External Labor	▲ Outside Services	▲ Hardware	▲ Software	▲ Facilities & Power	▲ Telecom	▲ Other	▲ Internal Services
OpEx	Expense	Expense	Consulting	Expense	Expense	Expense	Expense	Other	By Shared Service
			Managed Service Provider	Lease	Licensing	Lease	Lease		
			Cloud Service Provider	Maintenance & Support	Maintenance & Support	Maintenance & Support	Maintenance & Support		
				Depreciation & Amortization	Depreciation & Amortization	Depreciation & Amortization	Depreciation & Amortization		
CapEx	Capital	Capital	Capital	Capital	Capital	Capital	Capital		

Actual & Planned Costs

TBM Council Endorsed

Model panel (right column) — Hypothetical example

SALES   MARKETING   CUSTOMER SERVICE

Weight by # of application logins

SAP   MANUFACTURING AUTOMATION   SIEBEL

Weight by storage in use

COMPUTE   STORAGE   NETWORK

INTERNAL LABOR   EXTERNAL LABOR   SOFTWARE

GL JOURNAL ENTRY: WAGES

Route by cost center, account code, org. chart

(Hypothetical example)

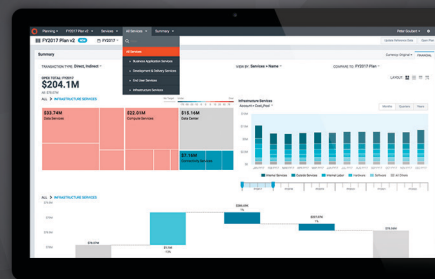---

Cost Transparency

APPTIO

SAAS SOFTWARE FOR CIOs TO MANAGE COST & COMMUNICATE VALUE OF IT

- Proactively manage **IT spend** to budget
- Make informed **staffing** decisions
- Understand **infrastructure** costs & trends
- Prioritize **public cloud** decisions
- Align **project** resources to business priorities
- Manage your **app portfolio** for business value
- Drive shared accountability with **the business**

Apptio transforms the way IT runs its business & makes decisions.

GET STARTED IN 10 WEEKS with a prioritized subset of the TBM Taxonomy

Visit **Apptio.com/ATUM** to learn & order more

$204.1M

How does Forrester calculate Apptio's ROI?

8x ROI   **8mo.** BREAKEVEN

Assumptions:
- **$50M** Annual Operating budget
- **65%** Run-the-Business spend
- **35%** Grow and Transform spend

IT Financial Management
APPTIO Foundation

SAAS SOFTWARE FOR IT FINANCE TO ALIGN SPEND WITH BUSINESS PRIORITIES

- 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
- Transparently **communicate** parameters & targets
- Drive ongoing **alignment** to business priorities
- Analyze, decide, & **adjust** budgets with ease