



How To Select An ITFM Tool



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ITFM | FINOPS | SHARED SERVICES

ENTERPRISE FINANCIAL MANAGEMENT

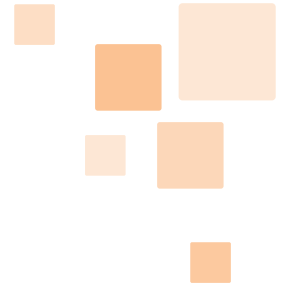
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What's in a
Name?



AGENDA

- 1 Introduction
- 2 Why the need for a ITFM tool?
- 3 Benefits & Challenges of a ITFM tool
- 4 The ITFM tool pathway
- 5 Q & A





Peter Hidalgo, JR

Global Advisory Services Leader, MagicOrange

Experience

- Over 25 Years of IT Financial Management (ITFM) & industry experience
- Former CIO, COO & IT Financial Director
- Former EY ITFM Service Leader
- Recognized ITFM Thought Leader
- Leading presenter & contributor to the ITFM industry

Education

- West Point – USMA, BS – Engineering
- Columbia University – MBA

Areas of expertise

- ITFM & TBM
- Telecom & Infrastructure
- Cost Optimization
- Program Management
- IT & Digital Transformations
- IT Service Management



Jeff Stark

Head of Customer Success, MagicOrange

Experience

- Over 14 Years of ITFM, TBM and FinOps experience
- 200+ ITFM/TBM and Cost modelling implementations across many industry verticals
- TBM Council Taxonomy Contributor

Education

- Thiel College, BA MIS/CS
- FinOps Certified Practitioner

Areas of expertise

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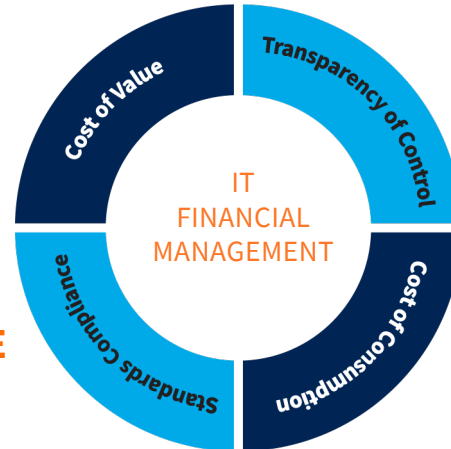
WHY HAVE AN ITFM TOOL?

Providing Transparency

DEMONSTRATE IT VALUE

Target Audience: The Business

- What's the business value of IT?
- What does IT cost per user?
- Why is our investment in IT so high?
- Am I paying my fair share?



OPTIMIZE IT SPEND

Target Audience: IT Leaders

- Are IT costs managed and under control?
- Is our vendor spend optimized?
- What's the cost of physical vs virtual compute?

DEMONSTRATE IT COMPLIANCE

Target Audience: Governance/Regulatory/Boards

- Is IT meeting prescribed regulations?
- Is IT's performance comparable to industry standards?




MANAGE IT DEMAND

Target Audience: CIO/CFO

- How do we make better IT consumption & investment decisions?
- How do I change consumption?
- How can I encourage less expensive options for users?

WHY HAVE AN ITFM TOOL?

Why Is There A Need For ITFM

STAKEHOLDERS	STAKEHOLDER PRIORITIES FOR IT
 <p>CEO</p>	<ul style="list-style-type: none">• Increase the value received from IT• Make sure IT is supporting the business strategy• Measure and manage IT appropriately
 <p>SENIOR BUSINESS LEADERS</p>	<ul style="list-style-type: none">• Use IT to improve the business• Develop a common language for communication with IT• Make IT a part of the team
 <p>CIO / SENIOR IT LEADERS</p>	<ul style="list-style-type: none">• Demonstrate the value IT provides to the business• Secure the resources IT needs to deliver results• Have a place at the executive table• Have a common language for communicating with business leaders

WHY HAVE AN ITFM TOOL?

The Reason for ITFM Tools

“ While possible to do ITFM outside of a system, doing ITFM at scale with accuracy rapidly becomes difficult. ”



WHY HAVE AN ITFM TOOL?

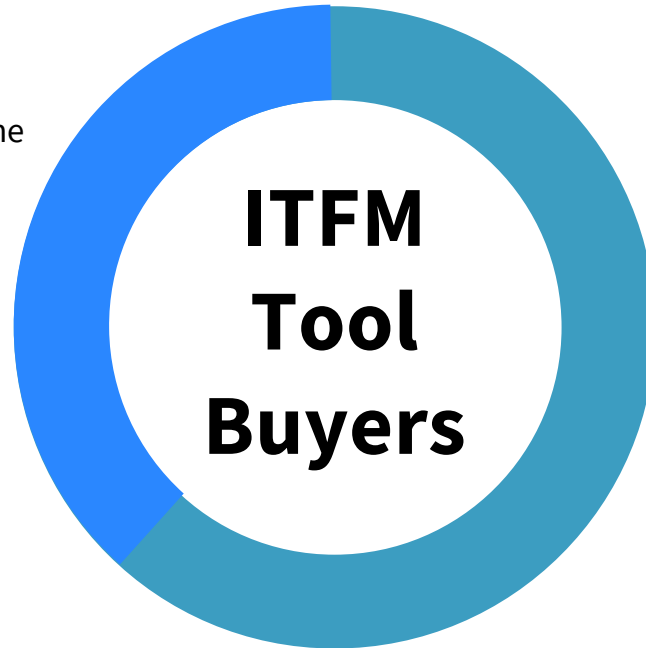
When To Buy A Tool

	Tipping Points	Tool Adoption Trigger
1	Reporting frequency	Quarterly or more often
2	Number of data sources	More than three
3	Consumption data complexity & hygiene	Extract transform load (ETL) requirements are medium to high
4	Allocation changes	Three to four allocation method changes per year
5	Allocation flexibility	Inflexible model with special coding required, rather than configuration
6	Cost model change dynamics	Major change to cost object types/classes (e.g. from technology to application or business unit). New views, stages or levels

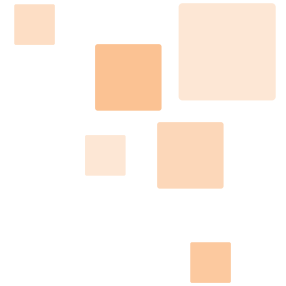
WHY HAVE AN ITFM TOOL?

ITFM Buyers Journey

40%
Purchasing a tool as the
first step in the ITFM
journey



60%
Moving from spreadsheet



WHY HAVE AN ITFM TOOL?

Use Cases

Automate the allocation process - Solutions are scalable, leverage multiple connectors, rapidly produce a granular cost model. Embedded analytics allow for end users self-serve. Inward & outbound APIs. Remove manual excel work and key resource dependency

Enable the multiple views of IT Financial Management - Create transparency of spend, follow frameworks such as ITFM & TBM. Show spend through multiple views such as Assets & Resources/Cost Pool, IT Towers/Technical Services, Application TCO, Business Services, Business Consumers. Leverage to optimize cost and reapply elsewhere

Manage & Consolidate Technology spend - Plan and manage spend at a detailed level such as vendor or tech initiative. Understand variances to plan and what opportunities or risks exist. Provide a consolidated view of spend across scenarios, ledgers, organisations and regions regardless of different ERPs. Provide a single place for a view into all spend

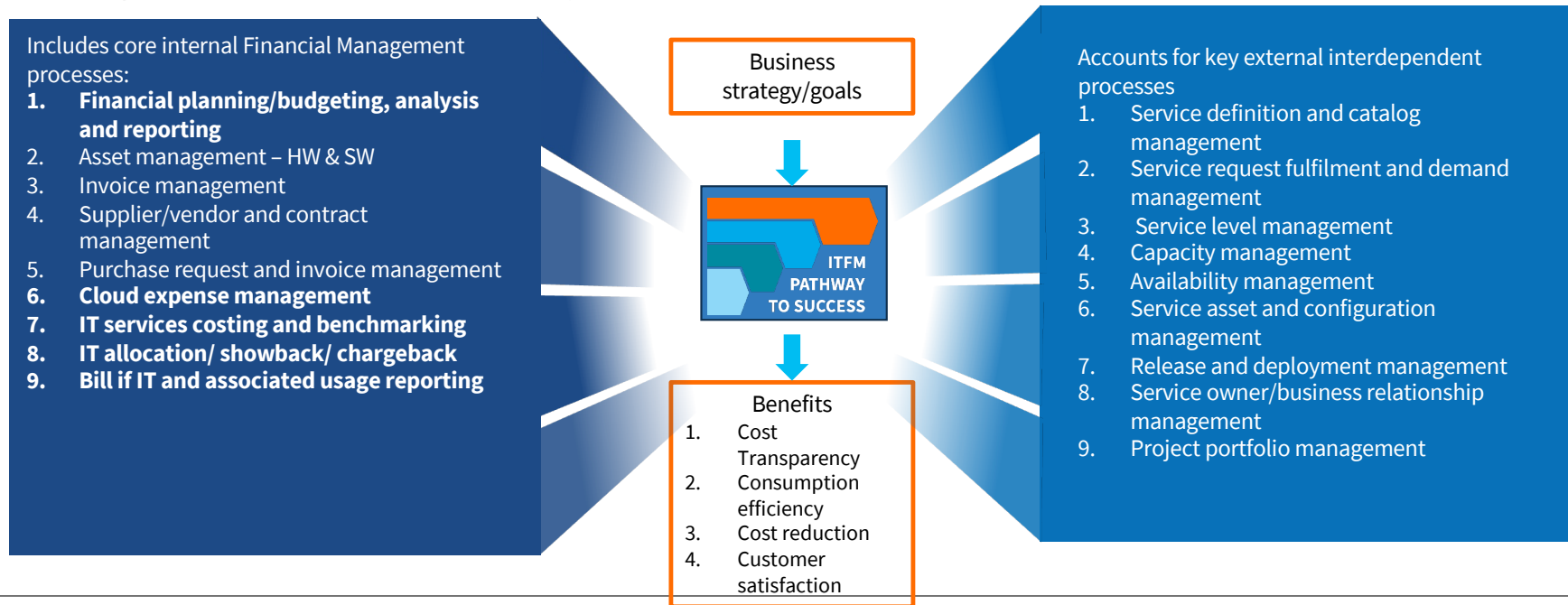
Implement Chargeback or Allocation process - Create an auditable and defensible value chain to justify allocations. Give end consumers self service capability to understand their recharge

WHY HAVE AN ITFM TOOL?

The Big Picture

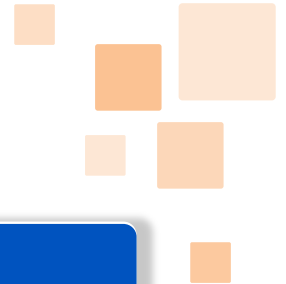
MagicOrange ITFM Pathway to Success Framework – based on ITIL and leading practices

Italic indicates processes that can be automated by a ITFM tool



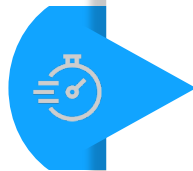
WHY HAVE AN ITFM TOOL?

Benefits Of An ITFM Tool



Data Controls

- SaaS solutions provide robust data protection and access control functionality
- ITFM tools allow for multiple data integrations across disparate systems of record (e.g. ERP, CMDB, Asset Management, PPM, Service Catalog, etc.)
- Much easier to put permissions and visibility constraints on data and reports when relevant
- Reports and Dashboards can be customized to fit the audience and organized via reporting repository



Increase ITFM Agility

- Drives alignment across relevant IT functional silos without risk of manual build
- Delivers quick wins and better business agility
- Able to defend cost allocations and quickly understand cause of variances
- Automate IT financial processes, including MBRs, CIO, Service Owner, Infra and BU dashboards
- Business will now be able to cost-justify infrastructure investments and hold vendors more accountable



Cost Management

- By being able to quickly answer questions about IT costs, IT can move from cost center to business partner
- Demonstrate value by showing costs in terms of business applications and services; terms the business understands
- Quickly adjust to changing business priorities

WHY HAVE AN ITFM TOOL?

Benefits Of An ITFM Tool



Centralized System of record

- Spreadsheets are static and labor intensive
 - Inconsistent formulas and user error forces additional maintenance and manual effort. These issues can be severely diminished with an ITFM tool
- Able to join financial and operational data in a meaningful way
- "One stop shop" for all data and reporting updates/change
- ITFM tool platforms allow for multiple data integrations across disparate systems of record (e.g. ERP, CMDB, Asset Management, PPM, Service Catalog, etc.)



Allocations Chargeback Showback

- Easier to replace assumptions with facts
- Tool implementation will allow the ability to explain and defend allocations down to GL/transaction level
- Drives efficient consumption of IT Services
- Proper documentation of allocation strategies makes it seamless to educate consumers of the reports on sometimes difficult reporting around TCO and chargeback level analytics

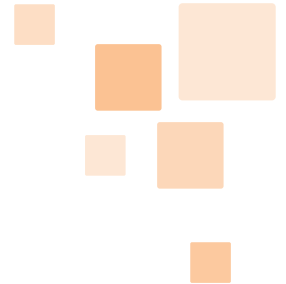


Data maturity

- Built-in data cleansing and refinement. Much easier to visualize data improvements over time.
- Improve data accuracy, predictability and hold data owners accountable with data quality reporting
- Have a much better understanding of how data quality affects allocations throughout model
- Can now visualize unallocated percentages and drill into issue much faster
- "Let the tool paint the maturity picture for you"

WHY HAVE AN ITFM TOOL?

Implementation Challenges



Data quality



Lack of governance



Lack of education on proper ITFM methodology



WHY HAVE AN ITFM TOOL?

Implementation Challenges

Data Quality

Accuracy

- Is the data trustworthy?



Availability

- Who is the owner of the data?
- Can the data be refreshed?
- Can it be easily access?



Timeliness

- How long does it take to receive the data?
- Are the source refreshed timeously ?



Completeness

- Do we have a complete data set?




Referential integrity

- Can the datasets be joined in a meaningful way?



WHY HAVE AN ITFM TOOL?

Improving Data Quality

 Use tools to transform and clean data	 Have designated data owner(s)
 Use the ITFM tool & benchmarking to identify errors	 Embark on Project to clean data at source
 Fill gaps by using generic allocation rules	 Hold data owner accountable
 Fix source data quality problems over time	 Offer assistance to data owner

Modelling & reporting data will increase visibility and will lead to better data

WHY HAVE AN ITFM TOOL?

Implementation Challenges – Lack of Governance



- ITFM office needs to be pre-defined with regards to roles and responsibilities across IT, Finance and the Business
- This essentially is a RACI that identifies who will be responsible for key milestone signoffs, validation checkpoints, technical architecture and data/reporting responsibilities.
 - Laser-focused project and engagement management is paramount



Data ownership, thought leadership and allocation validation/signoffs need to be pre-defined and signed off prior to implementation kickoff



Poorly built or no templates around data runbook, solution requirements, use cases, etc.



- Unclear or vague ITFM roadmap causes “Boiling the Ocean” effect on advanced modelling and reporting
- Easy to try and tackle every challenge at once.
 - You can’t move forward without knowing first where you are and what is a realistic maturation cadence
 - Critical to set proper expectations and align with CIO and other execs on prioritization
 - Management & execution of approved continuous improvement activities is vital for continued success

WHY HAVE AN ITFM TOOL?

Implementation Challenges – Lacking ITFM Methodology

Educate the Organization and the key stakeholders on:

- What business case this is going to solve
- What resources will be needed and what % of FTE
- What thought leaders need to be available and at what time during implementation

ITFM team should have clear understating allocations and maturity levels:

- Education on IT finance and IT terms/definitions
- Understand what data is needed and when
- Understand the cost model strategy and objectives

End user training for ITFM Analysts and Report users

- Ensure that users complete the required training
- Make sure that there is common language used between users
- ITFM team have knowledge on model updates and the latest methodologies

Priority for organization to understand ERP systems and financial systems of record and how they connect

- Generic and lumped ledgers can turn into liability for transparency purposes and poor end user reporting experience



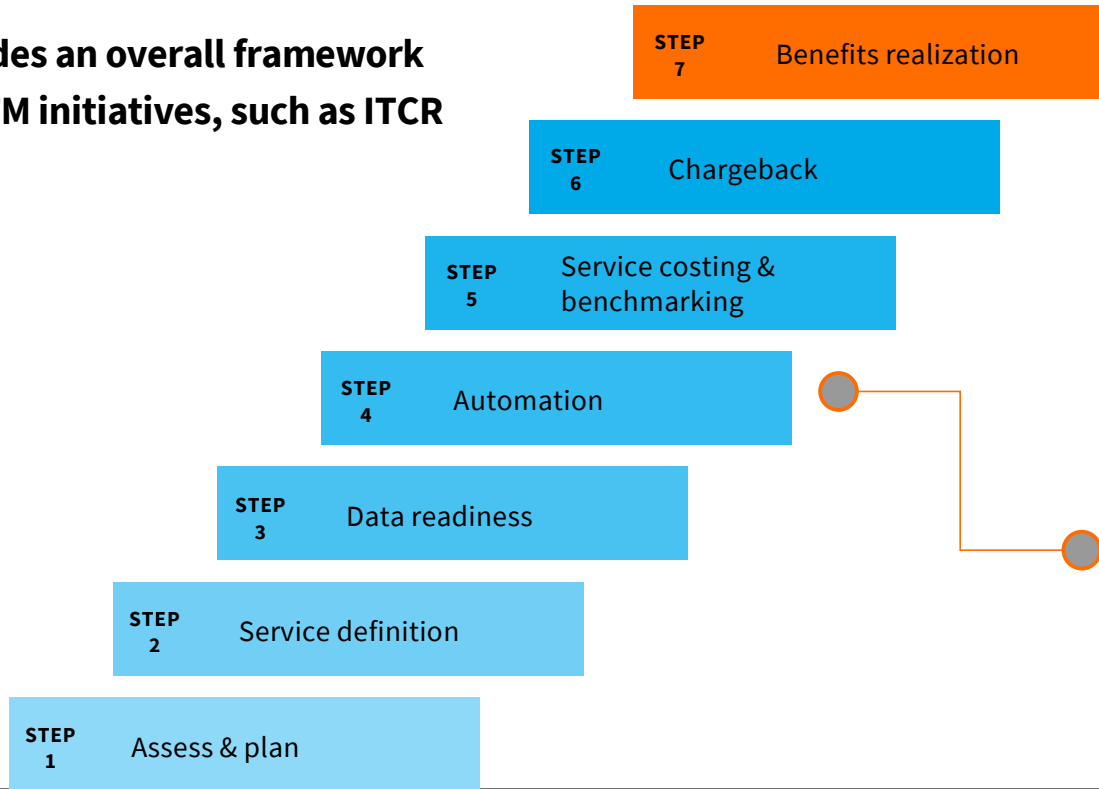
ITFM TOOL PATHWAY

MagicOrange ITFM Pathway to SuccessSM

The ITFM Pathway provides an overall framework for pursuing multiple ITFM initiatives, such as ITCR

Framework Benefits

- Transparency
- Cost efficiency
- Customer Satisfaction



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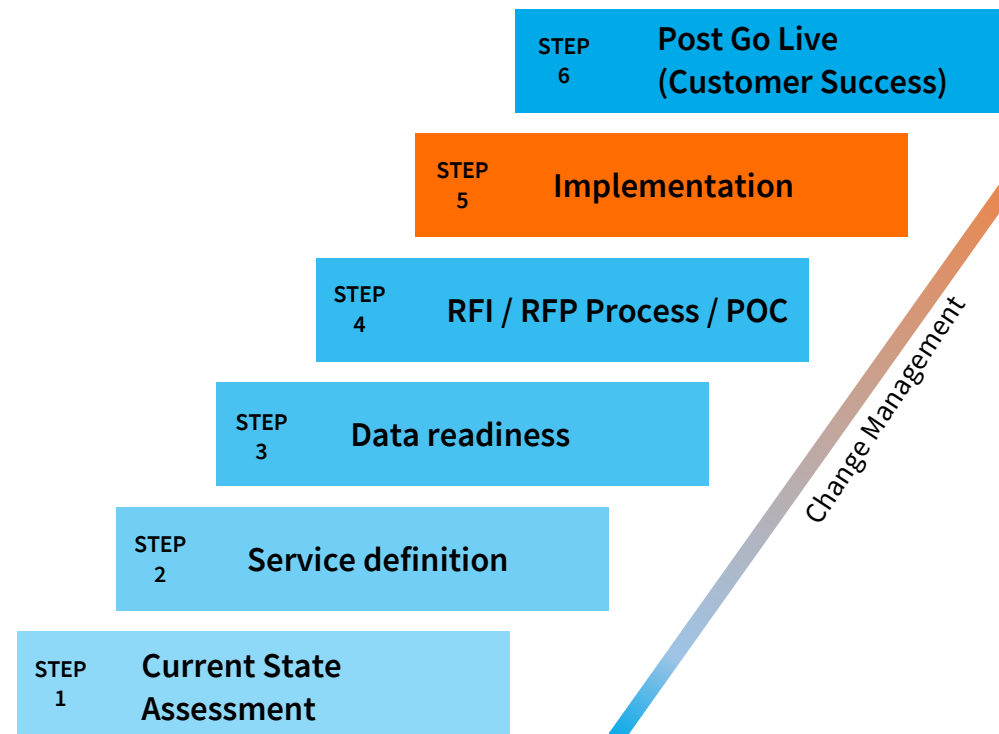
Highly Granular Bill of IT
Showback / Chargeback Modeling
Compare across business lines

ITFM TOOL PATHWAY

ITFM Tool Pathway – Change Management

Benefits

- Make sure you are ready
- Choose the right tool for your use case
- Get the value and return on investment



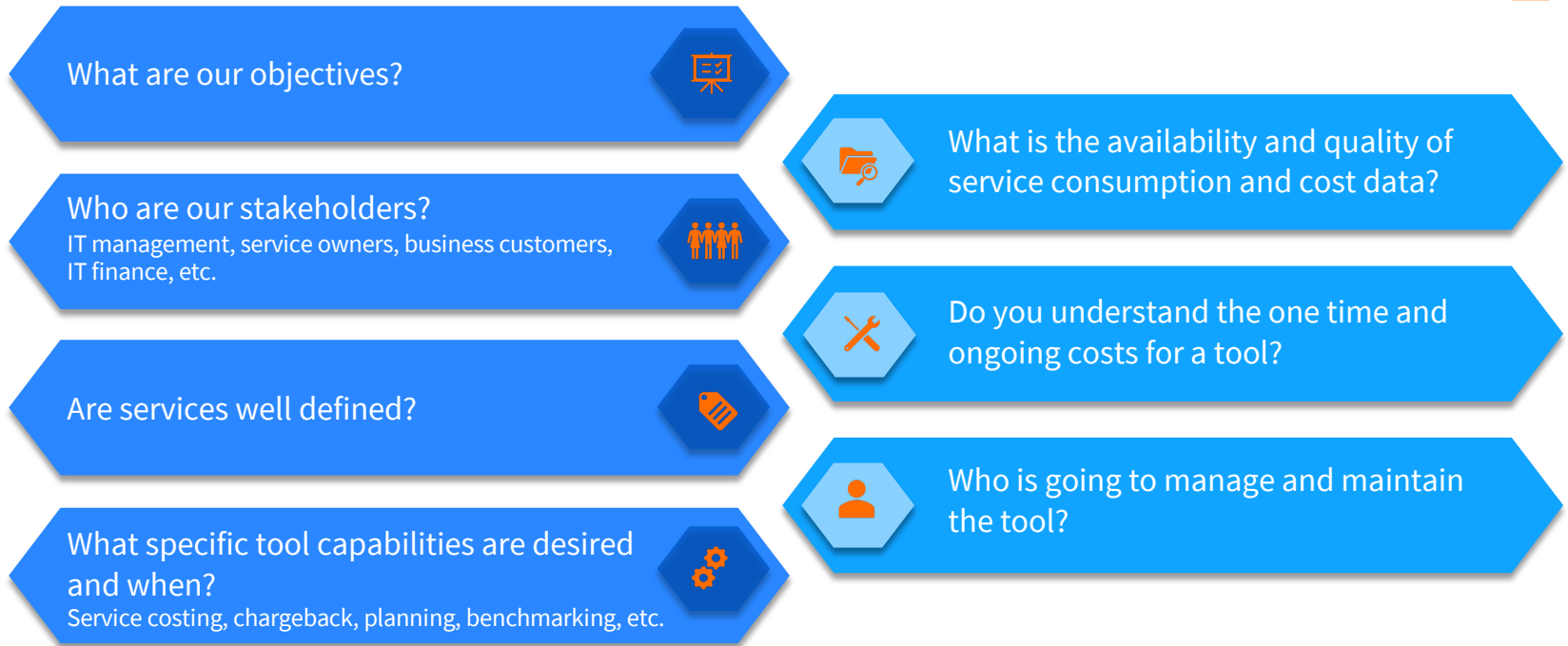
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CURRENT STATE ASSESSMENT

Current State Assessment

Essential to Understanding where you are and where you want to go

Before selecting and implementing a tool, ask these questions



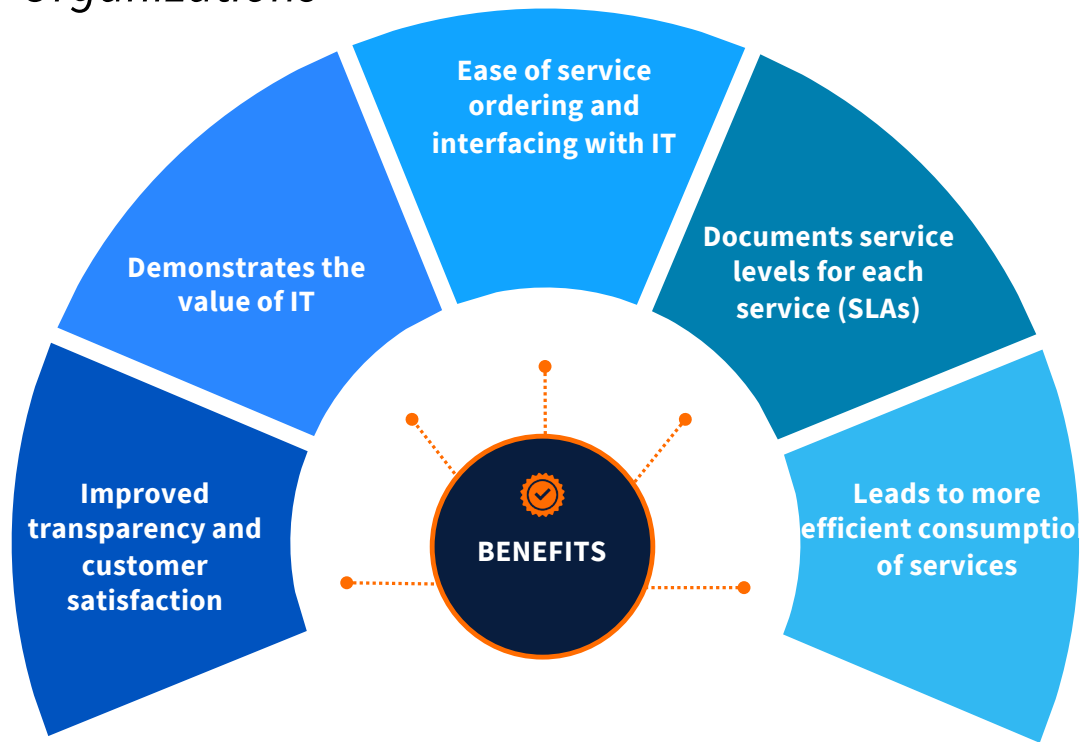
SERVICE DEFINITION

Service Definition

Foundational Element for ALL IT Organizations



Provides a Single Customer Facing Reference Source for all IT Services Offered



DATA READINESS

Data Readiness

Foundational Element for ALL IT Organizations



Which data sources are easily accessed, and which ones require a higher level of effort?



Have you identified the data owners for your disparate datasets?



Is the data accurate? Do you have a listing of true systems of record?

DATA READINESS

Data Readiness

Requirements – Typical Data Sources for ITFM Tool Import

Data Sources	Description	Modeling Object
Finance - Cost Source	<ul style="list-style-type: none"> General Ledger (OpEx/CapEx actuals) Budget (Plan) IT Cost Centers Chart of Accounts Accounts Payable (Sub-Ledgers) 	Cost Source
Fixed Asset Ledger	<ul style="list-style-type: none"> List of assets actively being depreciated or amortized 	Fixed Assets
HR	<ul style="list-style-type: none"> Headcount FTE and Contractor type data Labor Time tracking data 	Labor
PPM / Projects	<ul style="list-style-type: none"> Time tracking Detailed project data (OpEx / CapEx) 	Projects
Support	<ul style="list-style-type: none"> Incident management / ticketing system used to track issues, problems and requests 	Service Desk
IT Infrastructure	<ul style="list-style-type: none"> All data related to current IT Infrastructure (CMDB) <ul style="list-style-type: none"> Servers, storage, Data Center, Network 	Multiple (Servers, Storage, Data Center, Network)
Application Library or Global Application List	<ul style="list-style-type: none"> Enterprise Application Portfolio or equivalent 	Applications
Service Library or Catalog	<ul style="list-style-type: none"> Repository of services that IT offers to internal LOBs 	Business Services

RFI / RFP PROCESS

RFI / RFP Process & POC

Evaluation & Proof of Value (POV)

Take the time to conduct a thorough RFP and Selection Process:

- Conduct a Request for Information (RFI) – the more time you have to learn about the tools the better
- Define Request For Proposal (RFP) requirements, evaluation criteria, and use cases
- Use multiple teams to score RFP responses and ensure all stakeholders are included
- After demo, have selected vendor do a comprehensive Proof of Concept (POC) or Proof of Value (POV) before contract award

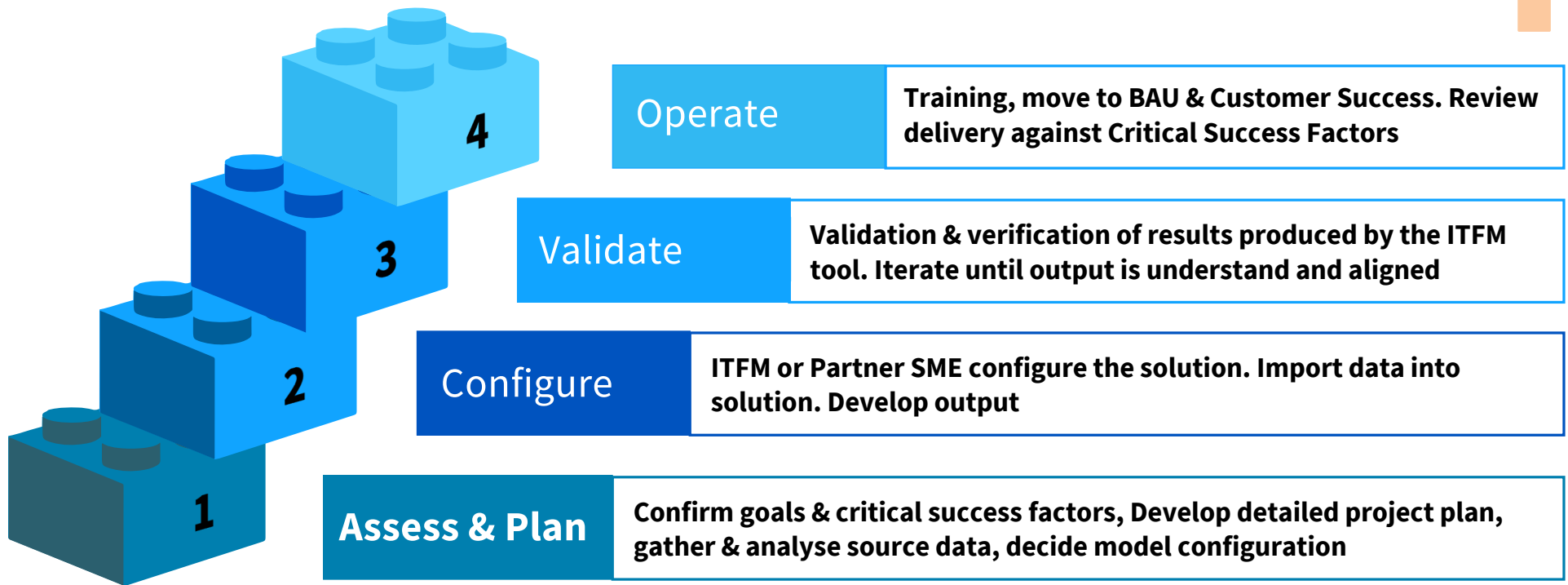
		Weight Score				Weighted Average Score %	
		Raw Score	Vendor 1	Vendor 2	Vendor 1	Vendor 2	
1	IT Services / Costing	115				20.0%	15.2%
1.1	Service Definition	3	15	4	5	2.61%	3.26%
1.2	Service Costing and Chargeback	5	25	4	2	4.35%	2.17%
1.3	Benchmarking	3	15	4	0	2.61%	0.00%
1.4	IT Performance Management	3	15	4	3	2.61%	1.96%
1.5	Service Consumption Reporting	5	25	4	4	4.35%	4.35%
1.6	Platform Integration	4	20	4	4	3.48%	3.48%
2	Budgeting, Planning, Forecasting	45				16.0%	9.3%
2.1	Budgeting, Planning, Forecasting, Analysis, and Reporting	5	25	4	1	8.89%	2.22%
2.2	Platform Integration	4	20	4	4	7.11%	7.11%
3	Use Cases	95				7.7%	3.8%
3.1	Replicate the Cost Model	5	25	5	0	2.63%	0.00%



TOOL IMPLEMENTATION

Core Implementation Steps

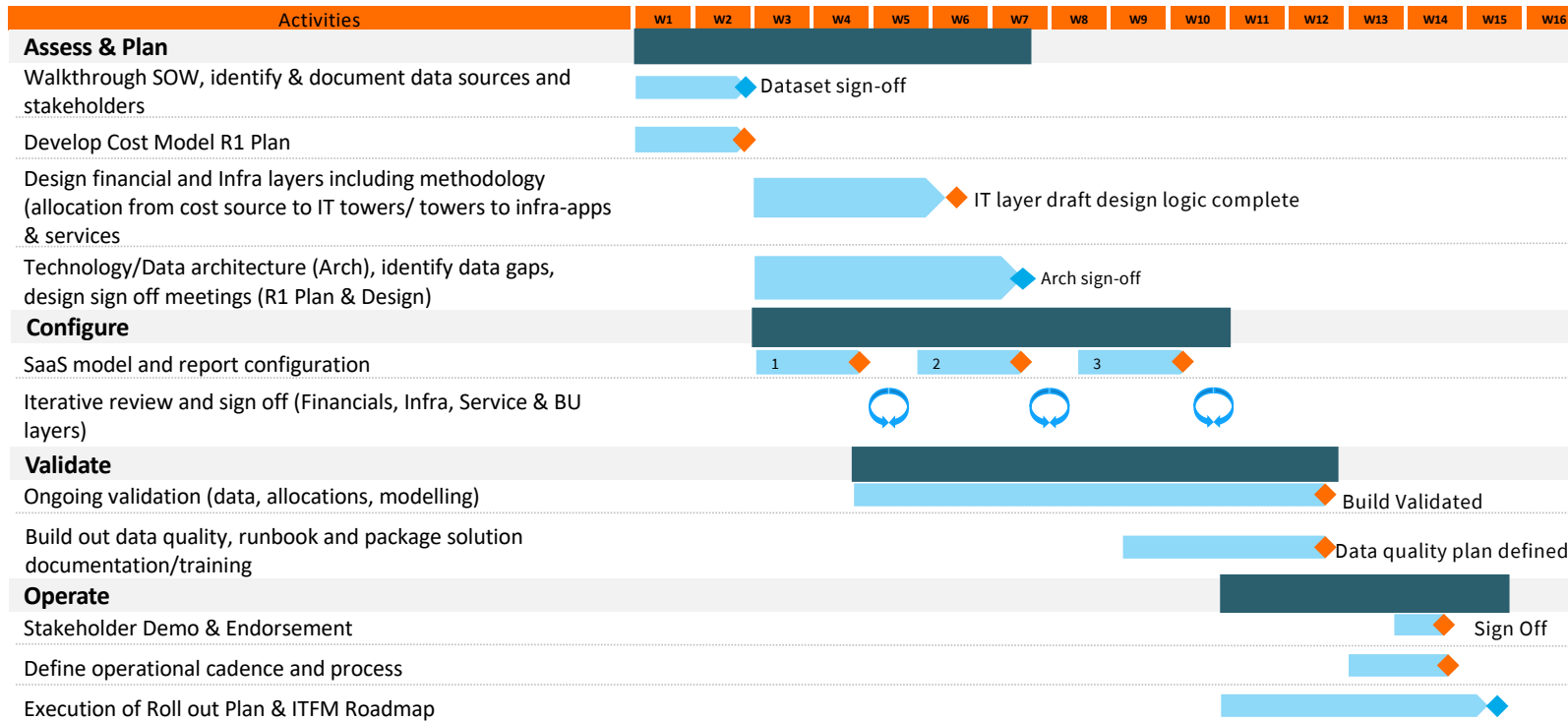
STEP
5



TOOL IMPLEMENTATION

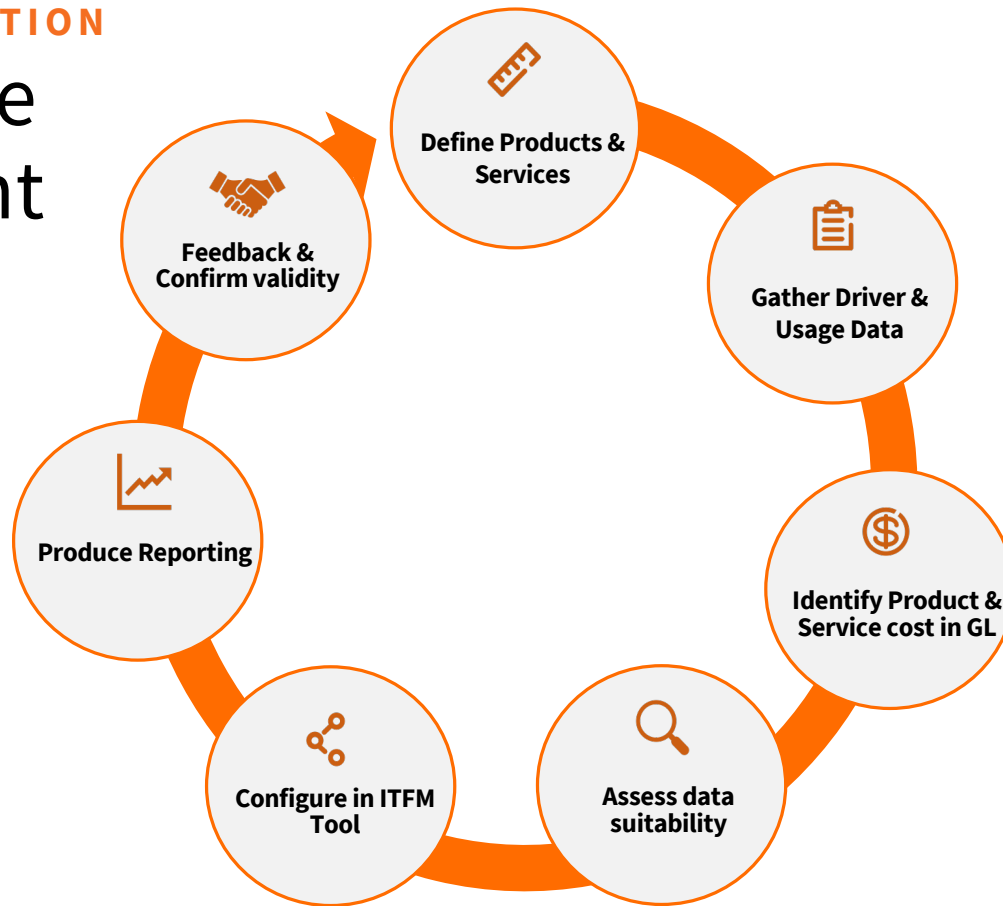
ITFM Solution Project Timeline

Implementation timeframe



TOOL IMPLEMENTATION

Full Lifecycle Management



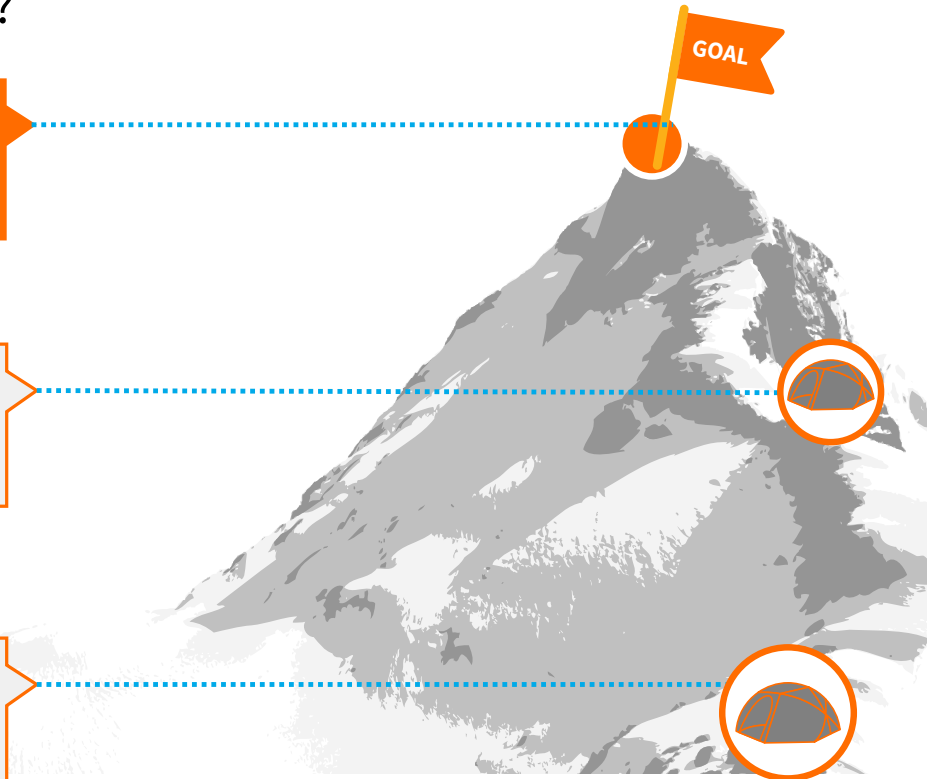
POST GO-LIVE!

Post Go-Live! ...now what?

Truly successful ITFM automation allows for maximum cost efficiency and defensible ROI

If you are organized and align with your colleagues on initiatives and goals, the path will be much easier

Start with a clear plan and be realistic with time to value



**STEP
6**

POST GO-LIVE!

Customer Success

CREATE YOUR ITFM ROADMAP

- Develop your own ITFM Roadmap, refresh every few months. Ask your solution provider for input
- Have your solution provider advise how they can solve for your new use cases as they arise

COMPLETE SOLUTION

- Select a provider that has Customer Success (post implementation) capabilities beyond just the tool. Include these in your selection criteria
- Understand capabilities and processes for account management, new releases, Community, Academy, webinars, best practices, product briefs, etc

FUTURE PROOF

- Understand your providers Product Roadmap and how it aligns to your needs now and in the future
- Familiarize yourself with their service offerings such as advisory, managed services, maintenance, support offerings

**The proactive approach
of ensuring customers
achieve their desired
outcomes and
maximize the value of a
product or service.**

CHANGE MANAGEMENT

Change Management

Ensure Proper Governance for Running the ITFM Office & Tool Ownership

Understanding system governance both current and future state is critical to the success of the ITFM organization

- Build a steering committee for the onboarding
- Ensure representation from the stakeholders (provider and consumers)
- Provides a path for accountability and issue resolution within the organization and with the project team



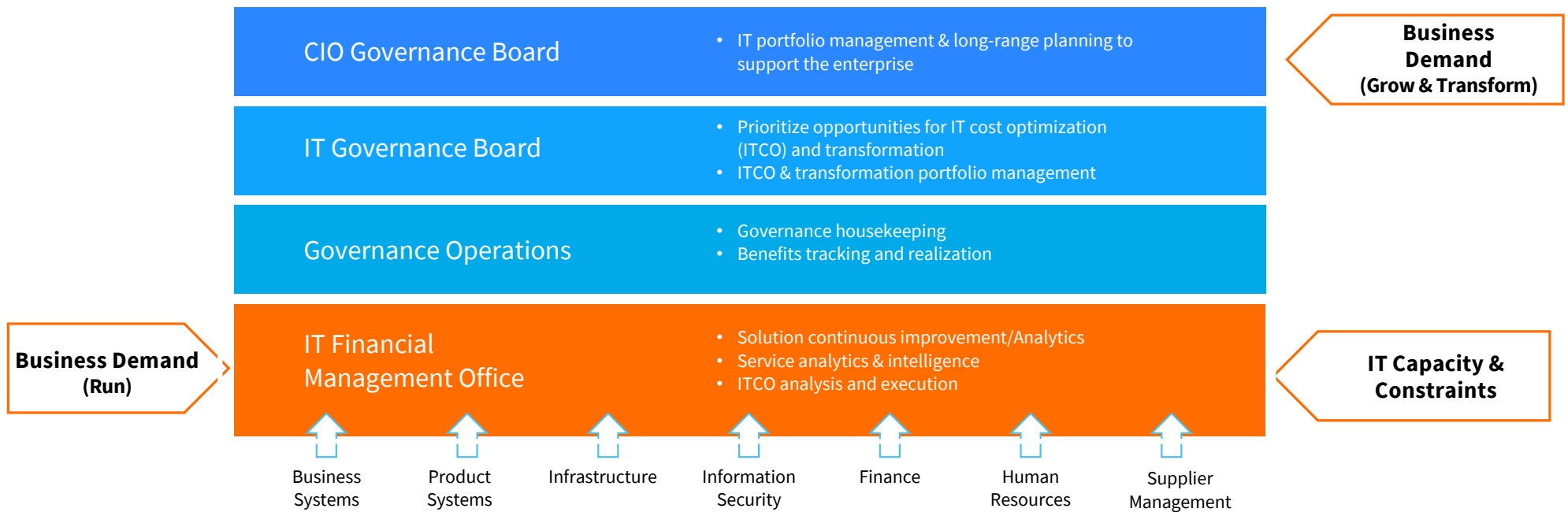
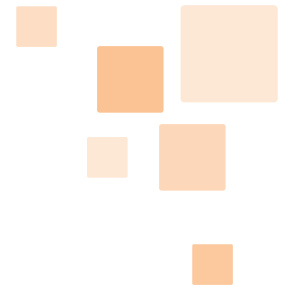
CHANGE MANAGEMENT

Change Management

ITFM Office

Note – Before an ITFM solution is in place, you need to ensure all related processes are mature.

- *Having a well-structured ITFM office compliments existing IT Governance whose objective is to ensure the right IT work is being done*



CHANGE MANAGEMENT

Change Management

Roles & Responsibilities for ITFM Tool Deployment



Executive Sponsor

- Involved in stakeholder engagement and executive management
- Overall promotion and education facilitator to key stakeholders and business units



Project Manager

- Day-to-day project management tasks related to implementation
- Status reporting to stakeholders and members of engagement team
- Issues & Milestones
- Manage deliverables and work products throughout engagement lifecycle
- Leads UAT and validation



Functional Subject Matter Experts IT & Finance

- Area knowledge and experience
- Owner of relevant data related to their area of specialty to be used within MagicOrange
- Assists in validation of metrics and reporting related to their specialty
- Support engagement team in required data collection and analysis



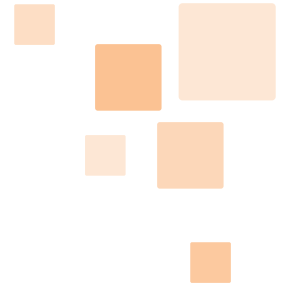
Software Solution Analyst/Configurator

- Analyze and upload data
- Model configuration
- Report build
- Environment maintenance
- Report troubleshooting
- Validation of data and reporting
- Perform upgrades when necessary

HOW TO SELECT AN ITFM TOOL

What If I Already Have An ITFM Tool?

How to Optimize & Achieve Expected Value



Perform a gap analysis

Using this material as a leading practice, review the recommended steps of the journey and note where there are gaps

Develop a plan

Now that you know what the gaps are, develop a plan to address and fill them. Prioritize the gaps so that you focus on the most important ones first.

Implement the plan

Sounds easy but having a good plan with well understood objectives and the right support will make a big difference!



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THANK YOU!

