



Deep Dive into IT Finance Pressing Topics of the Current Hybrid IT Environments

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ABSTRACT

Managing finances for hybrid IT environments has increased the complexity of challenges faced. Getting funding under corporate constraints and then explaining how that funding was spent takes considerable time. The need to research and adapt to changes in GAAP accounting and comply with regulations adds more pressure to a finance manager's day. Cloud options seem to multiply the issues faced. Everything must be accomplished faster!

This workshop provides a forum to discuss several pressing topics in IT finance today. Some topics are emerging as technology changes while others raise familiar questions. A few topics truly defy the test of time. Managing finances for hybrid IT environments has greatly increased the complexity of challenges faced. Getting funding under corporate constraints and then explaining how that funding was spent takes significant time. The need to research and adapt to changes in GAAP accounting and comply with regulations adds more pressure to a finance manager's day. Cloud options seem to multiply the issues faced. Everything must be accomplished faster!

Today's Approach

1. What topics are on your mind?

2. Business challenges

3. Challenges facing IT today

4. Walk through your lists

WHAT DO YOU HOPE TO COVER DURING THIS CONFERENCE?



Challenges facing Businesses Today

Source:WorkBorard 2024

Uncertainty in the general economy

Recession, Inflation, Stagflation, Expansion

- Spending visibility
- Investing in technology innovation
- Employee skills
 - Productivity
 - Recruitment
 - Make buy decisions in personnel

Adapting to the future of work

The Gig Economy

Hybrid Work

Trust Issues

Accelerating Digital Transformation

Data Management

Cloud Computing

Data privacy and Cybersecurity

Cultivating Agility

Reducing Bureaucracy

Incorporate innovation

Allow people to seize opportunities

Issues facing IT Today

Rapid evolution of AI

AI for IT

AI-enabled cyber attacks

AIOps and event intelligence

Getting to value fast

Geopolitics

Costs and cost containment

Talent

Security

Getting Ready for the Future

Discussion Topics Starter List

IT VALUE PROPOSITION	CLOUD	BUDGETING	FINANCIAL ACCOUNTING ISSUES
<p>Explaining value</p> <p>Cost Savings vs Productivity improvements</p> <p>Communication and Education</p>	<p>Cloud cost management</p> <p>Tagging</p> <p>Shadow IT: identifying cloud spending</p> <p>Capitalization of cloud costs</p>	<p>Baselines and versioning of budgets</p> <p>Variance tracking and explanations</p> <p>Client involvement inputs</p> <p>Results Visualization</p>	<p>Managing business case financials: savings and revenue generation</p> <p>Tech Debt</p> <p>Governance</p> <p>Audit responses</p> <p>SWICAP</p>
<p>Cost transparency Risks and rewards</p>	<p>Cloud business cases/ Cloud cost savings</p>	<p>AI</p>	<p>Software Asset Management</p>

Discussion Topics



PARTICIPANTS CAN INTRODUCE
QUESTIONS ABOUT ISSUES NEEDING
CLARIFICATION OR SOLUTIONS



YOUR WILLINGNESS IN SHARING WHAT
WORKS FOR YOU SO ALL OF US CAN
LEARN!

Explaining Value



Key business indicators



Strategic Plan



Are you bilingual?

Characteristics of KBI's

Forward Looking vs Historical Reporting

May include Financial, Operational Service goals

What KBI's work for you? What stories do your KBI's Tell?

Pizza Box Indicator



Pain Killer Indicator



Strategic Plan

Over-arching Principles
for Decisions



Are you bilingual?

Requires Fluency in both
Finance And **IT**

Most important figure in
negotiations



Cost savings vs. Productivity Gains



EVERYONE LOVES A NUMBER TO
SHOW COST SAVINGS.



WHY DO YOU NEED MORE MONEY?
YOU ARE CONSTANTLY ASKED TO
PROVIDE MORE WITH LESS.



CAN YOU CALCULATE MEANINGFUL
COST PER UNIT?

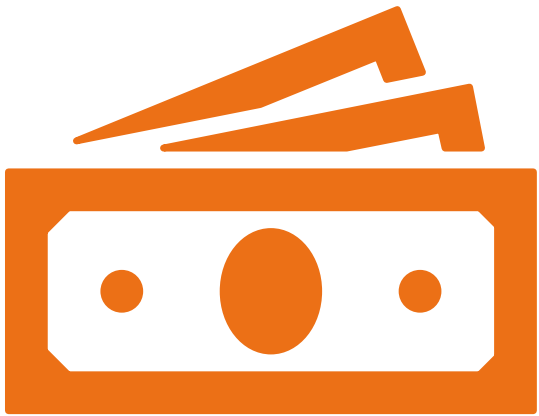


Cost Savings

Where do you find the greatest savings?

What happens with the saving you achieve?

How do you represent savings to those outside IT?



More money please!

WHAT ARE THE MAJOR DRIVERS OF INCREASED COSTS IN YOUR ORGANIZATION?

SWCAP Issues and Solutions

Statewide Cost Allocation Plan

- Guidelines
- Documentation
- Data Rototom
- Audits





What funding approach has gained the best response for you?

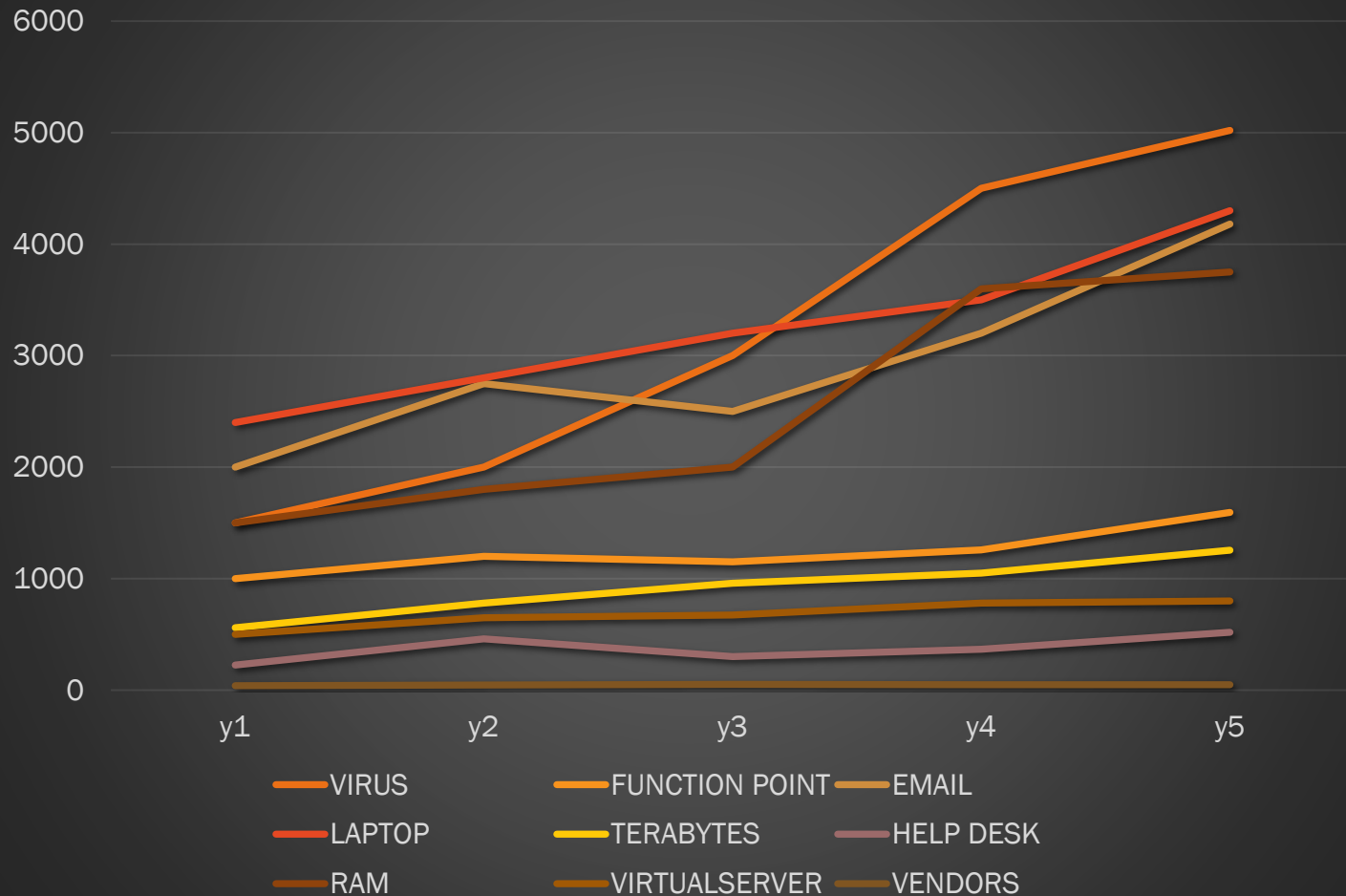
Productivity Gains

Cost per Unit Comparisons

- Facilitated by cost modeling
- Linked to usage measurements

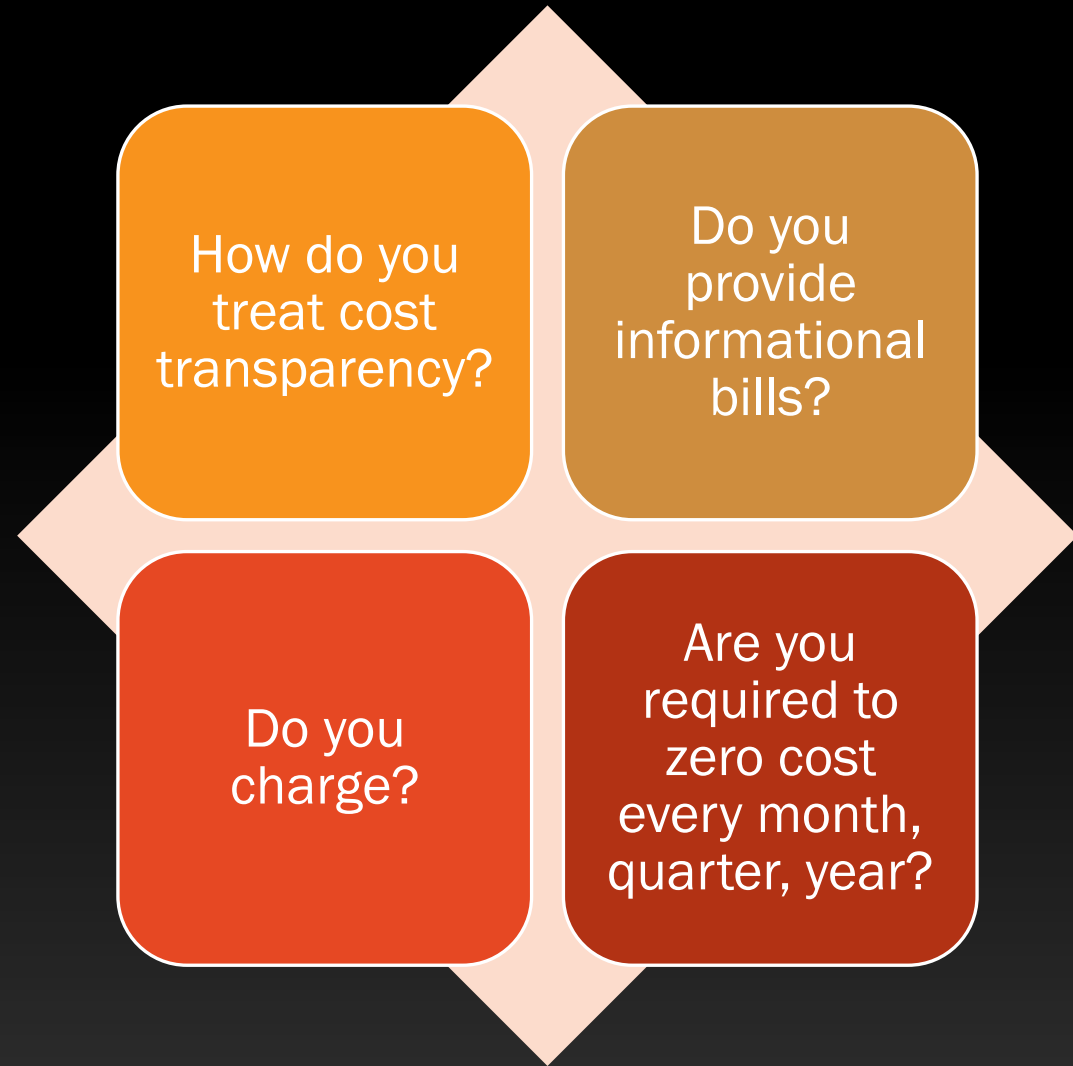


Activity Volumes



Compare
work
driver
stats to
costs

Cost transparency : Risks and Rewards



Why chargeback processes fail

IT invents
chargeback

Chargeback
strategy not linked
to corporate
strategy

Pricing of IT
services not tied
to costs

IT personal
sabotage efforts
unknowingly

Services too
technical

Clients do not
understand what
actions will impact
charges

Reward systems
not compatible
with desired
action

Communication and Education



Do you have a formal education plan for clients about IT finance?



Do you have regular meetings with clients sharing cost information?



Do you have a “Finance 101” class for IT personnel?



Do you prepare an annual report for IT?



How do you educate stakeholders about IT finance?

Cloud Cost Management

Who is responsible for cloud costs?

Who can request/contract cloud services?

What controls do you have in place to manage cloud costs?

Do you “chargeback” or pass through cloud services to the originator?

What tools do you use to manage and control cloud costs and usage?

Are there technical standards for cloud selection?





Where are your Cloud costs?

HOW DO YOU FIND CLOUD EXPENDITURES?

WHO PAYS FOR CLOUD?



Shadow IT: Identifying cloud spending

Why does shadow IT exist?

Restrictive compliance and a lack of communication have the biggest negative impacts on employee experience, and can quickly result in Shadow IT.

As the IT Finance Manager, do you believe you have captured all shadow IT/cloud costs?

What method did you use to do this?

Cloud business cases

Do you prepare business cases for cloud moves?

Do you include costs like standardization or platform upgrades in the costs of transitioning?

Cloud Cost Savings



Does anyone attempt to track savings from work migrated to Cloud platforms?



What factors are driving Cloud usage in your organizations?



What percentage of your expenditures are cloud related?

CAPITALIZATION OF CLOUD COSTS



Cloud Bills What did I just pay for?

What tools are you using to help understand cloud bills?

Cloud bills a headache?

All major CSP's offer free billing tools to support invoices

AMS, Azure, Google, etc.

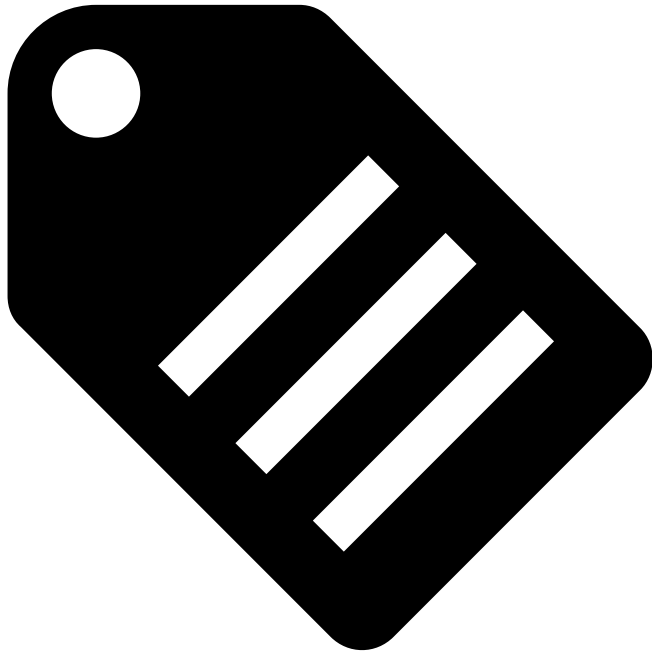
Several indecent vendors offer management services (Ex: HP)

Several non-cloud providers offer software for billing analysis (ex: Pepperdate)

Tagging Cloud Expenditures

Every major vendor offers tagging

What “intelligence” do you want to capture?



Knowing where to look for spending inefficiencies



Over- and under-provisioned resources



Orphan VMs (Zombies)



Runaway resources



Inappropriate pricing plan



Lack of accountability

Variance tracking and explanations



Do you have regular reporting required for variations?



Who does research on issues?



Do you explain variations based only on costs or do you include usage to support data?



Do you explain variations by client?



Are clients asked to provide data regarding changes?



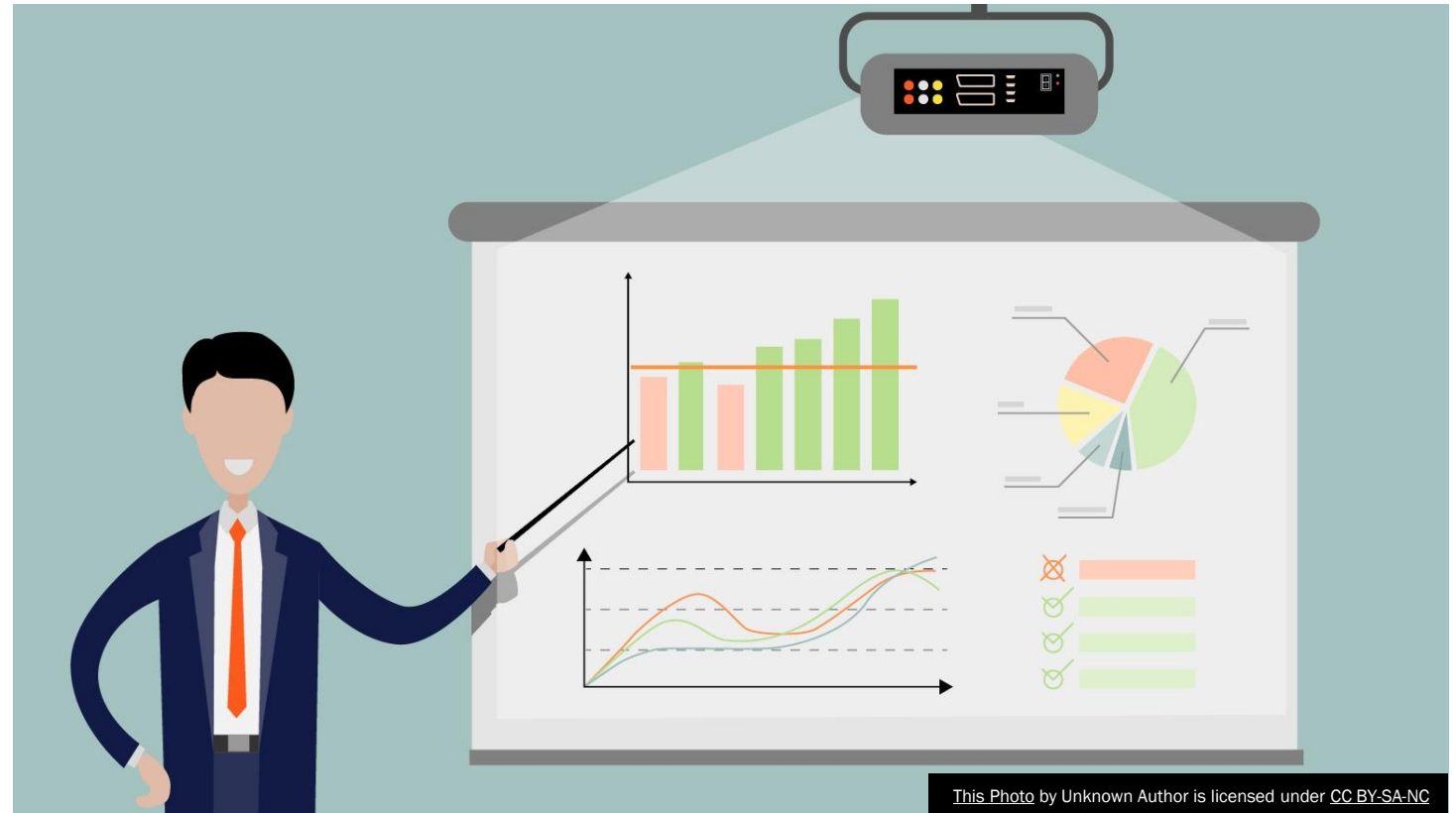
Do understand cost per unit? Are those costs broken out by contributing expense type?

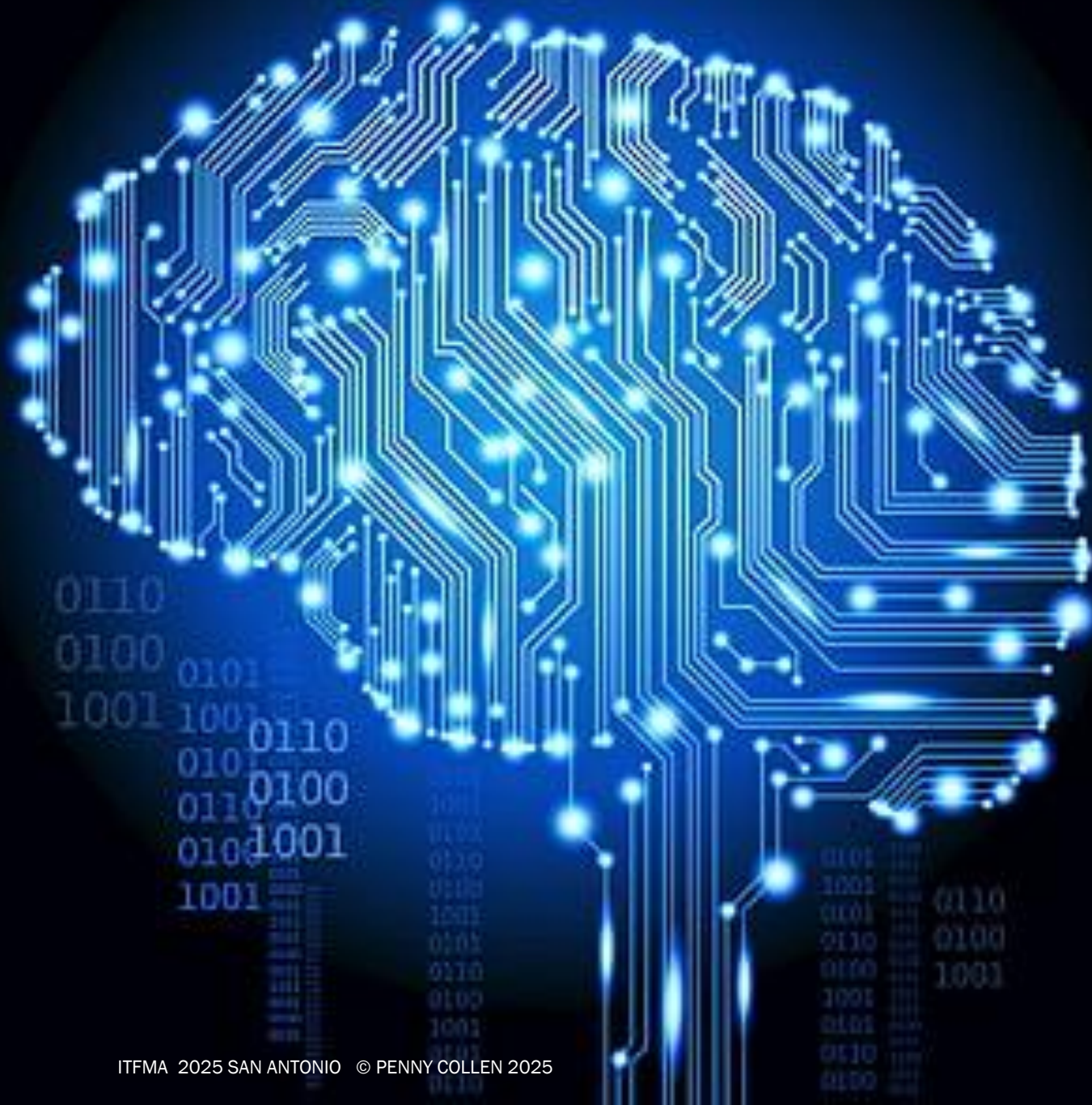


How much detail is too much detail?

Results visualization

They say a picture is worth a thousand words. What are some of the best ways you have found to tell your financial story?





What impacts
have you seen
from AI in
your
organization?

DATA MINING AND DATA ANALYTICS

- Data Mining
 - Massive amounts of data examined for patterns and anomalies
- Data Analytics
 - Data assembled for decision making

Hardware demands to support AI continue to grow

One estimate is that [server](#) sales [will triple from 2023 to 2028](#) to make way for AI experimentation and innovation.

Gartner experts expect IT software to increase 14% and IT services to experience 9.4% growth. In fact, experts at IDC project that global AI spending [will surpass \\$200 billion in 2025](#).

AI means recruiting/learning new skills

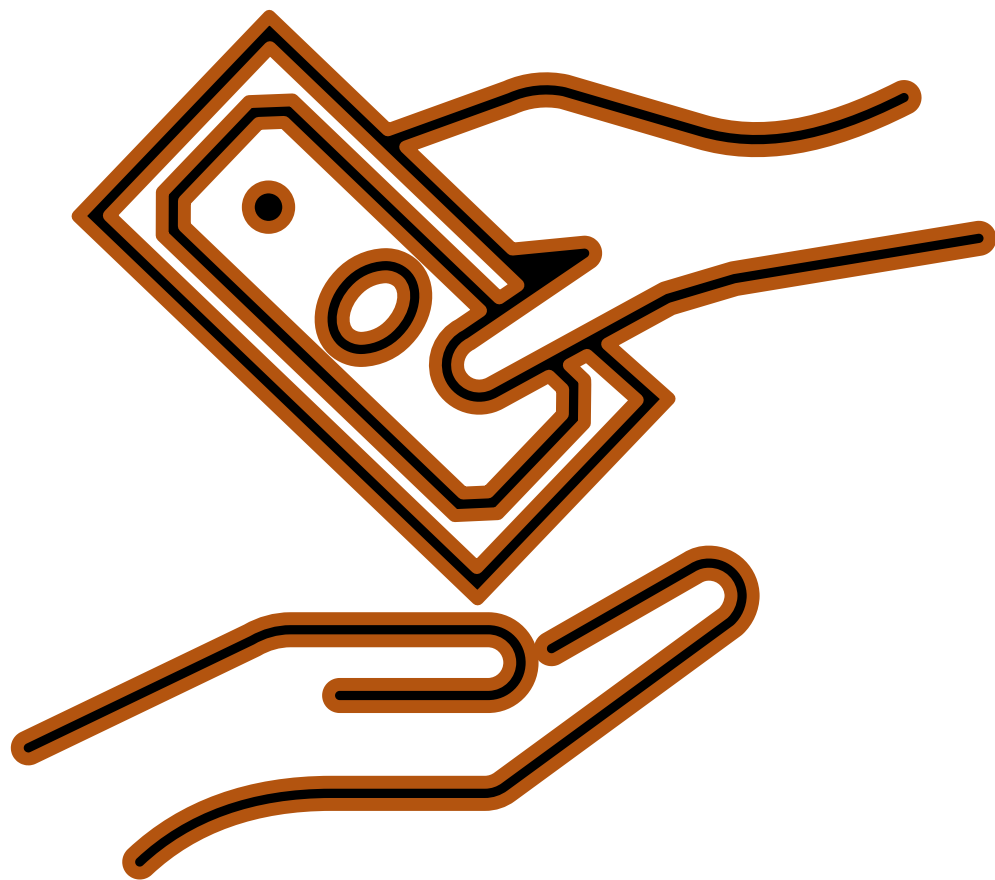
AI and ML skills growth. The rapid adoption of AI, machine learning, and cloud computing has created a significant demand for specialized skills in these areas. [Companies like Amazon and Cognizant are ramping up investments](#) in upskilling programs to improve their workforce skills.

- Amazon announced it plans to spend over \$1.2 billion to upskill 300,000 workers by 2025 through offering
- university tuition, career coaching, and certifications.
- Likewise, Cognizant plans to train over 200,000 employees in digital skills by partnering with educational institutions and companies like Google

Agile Development cost management and capitalization

How do you manage costs?

How do you identify work qualified for capitalization?

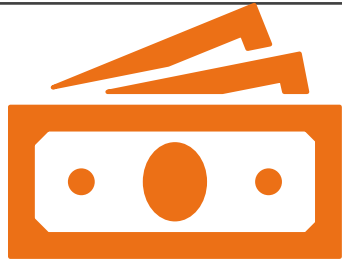


Tech Debt

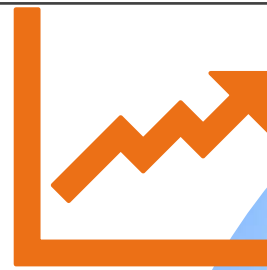
What is it?

How do you fund it?

Does anyone remember Y2K?



The estimated costs to resolve Y2K issues was \$300 Billion in 1999



Allowing for inflation, that would be \$558 Billion in today's dollars

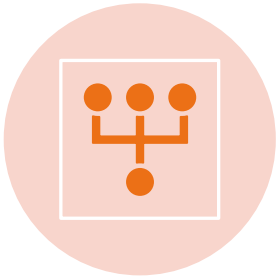
That includes \$24B to “fix the fixes” in 2000 and 2001



Governance

CONTROLLING THE PURSE STRINGS

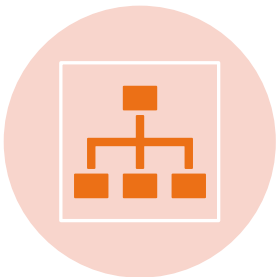
How is Governance structured?



Do you have a formal process for governance of IT projects?



Who is involved?



How frequently do you meet?



What tools do you use to establish priorities?

Software asset management



Why is it important?

- License contract terms
- Discounts/penalties
- Standardization efficiencies
- Support requirements
- Capitalization issues

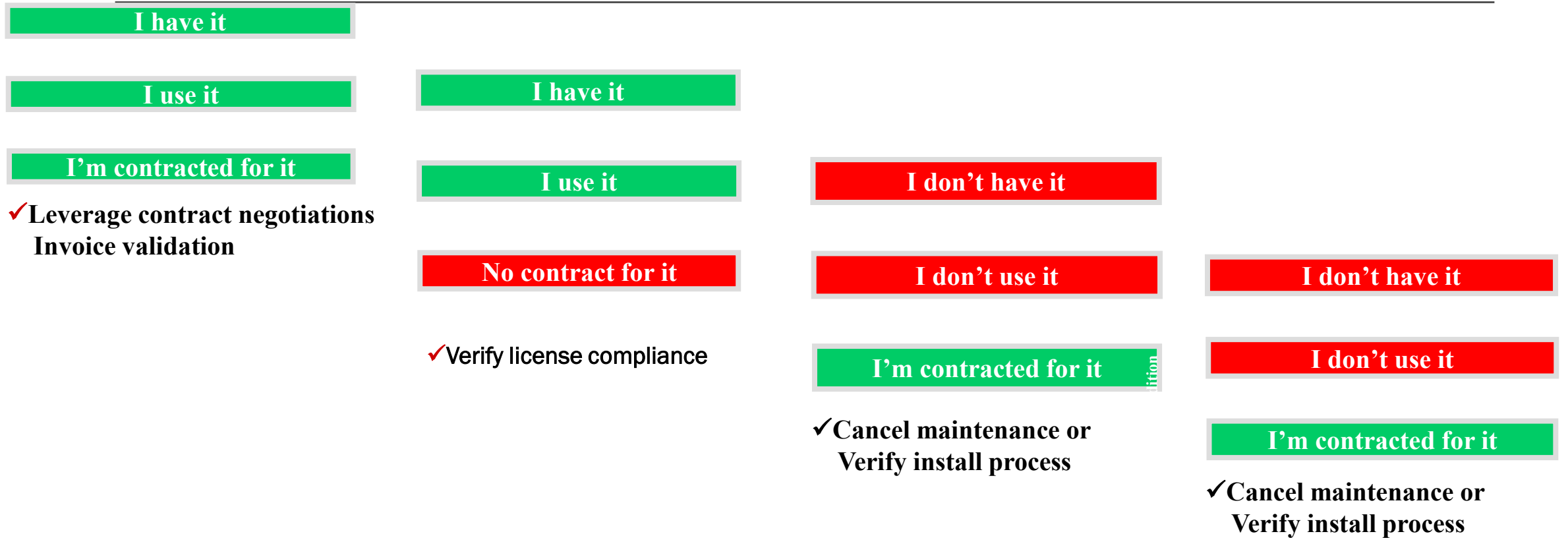


What challenges are you experiencing capturing accurate data?



What has given you success?

Software Asset Management



Managing business case financials: savings and revenue generation



A business case typically includes impacts to costs (up/down) and revenues.
Who approves business cases involving IT?



Who provides IT input to those business plans?



Who monitors the financials?



How are projected cost savings managed?