









# ITFM/TBM Program Maturity Guide



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# Purpose of This Guide

**With the right forethought and execution, launching an IT Financial Management (ITFM) or Technology Business Management (TBM) practice is often the single most impactful initiative an IT organization can undertake. Both disciplines share the same common goal: maximize transparency and efficiency of spend by running IT like a business -- defining and pricing services, tracking consumption, and billing usage (via real charges or simply a “showback”).**

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However, many organizations struggle to understand what it takes to put an effective ITFM/TBM practice in place. Even more problematic, they often set out to build the function before fully defining the specific outcomes they hope to achieve.

As a result, new ITFM/TBM programs frequently start strong -- typically accompanied by a software purchase -- only to fall by the wayside when anticipated results never materialize.

The good news is that it doesn't have to be that way.

By following a proven path to maturity, organizations enable themselves to:

- Understand exactly where they are today and why
- Create a custom roadmap to achieve the highest priority business outcomes in the least amount of time possible
- Outline the specific prerequisites and action items required to grow incrementally and sustainably
- Track and measure progress to maintain trust, demonstrate value, and compare against peers



# People



## The IT Finance Team and its ability to influence effective delivery and consumption of technology services.

The foundation of every successful ITFM/TBM practice is a team of competent individuals who are trusted by the business. Without a strong, influential team, it's very difficult to enact positive change on how technology services are supplied by IT and demanded by the business.

That said, the maturity of an ITFM/TBM program's People Element is measured in two ways:

1) The degree to which the ITFM function is formally defined and supported by dedicated staff.

and...

2) The level of influence and impact the ITFM function has over decision-making.

Rudimentary ITFM/TBM organizations have no dedicated IT Finance staff. In some cases, there may be 1-2 people who spend their free time on highly elementary activities, but no formal responsibility is defined. Consequently, the sole requirement to mature a program's People Element from Rudimentary to Foundational is to establish some form of permanent responsibility for IT Finance activities.

It might be nothing more than a single part-time resource or FTE. What's important is that the organization establishes some form of dedicated effort to IT Finance activities, regardless of what it may look like on day one.

Once an organization reaches the Foundational stage by establishing some form of dedicated IT Finance function, the next step is to start building out a more complete team. Because, as the scale and complexity of ITFM/TBM activities increase, additional manpower will quickly become a necessity. Typically, this means Sustaining organizations will need a minimum of two FTEs dedicated to the IT Finance function.

But program headcount isn't the only indicator that an organization has reached a Sustaining level of maturity; the second, and arguably more important, indicator is the degree of influence the ITFM/TBM team holds over the rest of the business.

A Sustaining ITFM/TBM practice may still have plenty of room to improve when it comes to trust and credibility. However, they've typically built a stronger reputation with the business than their Foundational counterparts, meaning they're at least beginning to be able to influence decision-making.

Moving further up the maturity scale, the indicators of a Progressive level of maturity for People are:

- The IT Finance function now contains multiple members, led by a strong program champion.
- Analysis encompasses not just supply-side IT costs and fully loaded business services, but consumption as well.
- The IT Finance team becomes a trusted partner of consumers, holding considerable influence over most decision-making.

To achieve the final level of maturity (Transformational), the ITFM/TBM team must fully pivot from reactive analysis to proactive analysis -- i.e. delivering insight into what's going to happen, not what's already happened. As a result of this, the ITFM/TBM staff will become the ultimate authority on any decision connected to technology costs or consumption, not just to business consumers and internal IT stakeholders, but also to top-level management across the organization.





# Process

**Execution of core ITFM/TBM activities, the quality of their outputs, and their level of socialization across the business.**

The best laid plans fall to waste without rigorous discipline for execution. That's why it's so critical to cultivate clearly defined, repeatable processes to keep ITFM/TBM activities running smoothly.

Process maturity is measured using three markers:

- The type and number of core processes in place (service costing, benchmarking, showback/chargeback, etc.).
- The integrity and repeatability of all processes.
- The extent to which IT Finance insight is voluntarily leveraged by leaders and stakeholders for decision-making.

In the same way Rudimentary ITFM/TBM organizations start with no dedicated IT Finance staff, they're also starting without any concrete processes. As a result, there's a complete absence of transparency into technology spend and stakeholders have extremely limited understanding of cost vs. value.

That said, to achieve a Foundational level of Process maturity, organizations must: .

- Establish a standalone IT budget with visibility at the cost center level; ideally, the organization will begin applying a concrete taxonomy for spend that offers further transparency at the service tower/domain level as well.
- Deliver some form of routine IT Finance insight to the business, usually just high-level, "one size fits all" reporting at this stage (often ad-hoc or reactive still at this stage).

- Begin educating non-Finance IT staff on how the technology budget will be created and administered moving forward, empowering them to actively participate in the process during later stages of maturity.

To mature further, organizations will first need to start focusing their ITFM/TBM processes around clearly defined IT services. Furthermore, to achieve a Sustaining level of Process maturity, organizations must:

- Define at least a handful of business-facing IT services in a formal catalog, with accurate unit rates and consumption metrics for tracking.
- Move toward more granular, service-based budgeting and reporting.
- Increase reporting cadence to further socialize the ITFM/TBM program and its outputs with the business.

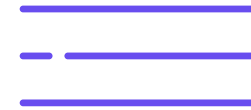
In order to traverse the final levels of maturity, organizations must continue building and refining processes to encompass the full IT service lifecycle with steps including:

- Finish building out a formal catalog of all business-facing IT services; few if any resources should be consumed outside a defined service.
- Begin delivering a monthly “bill of IT” showing consumers their costs and how/why those costs were incurred, typically using a lower-effort method like high-level allocation or % of use (not based on consumption).
- Deliver tailored, actionable reporting (ideally, self-service) on cost and consumption based on stakeholder needs.





# Technology



**Tools used to consume and manipulate required data to deliver actionable insight on a regular cadence.**

Without a doubt, the biggest obstacle to higher degrees of ITFM/TBM maturity is a lack of robust, purpose-built technology to support the function. Despite making considerable investments in Project, Asset, and Contract Management platforms, IT Leaders have historically opted to rely on Excel -- vs. a dedicated ITFM/TBM solution -- for as long as possible.

The problem with traditional spreadsheets isn't that they're totally unfit for ITFM/TBM; the problem is that they simply aren't scalable.

For smaller organizations, Excel may work just fine – albeit with fewer capabilities and more manual effort. But in the context of a larger organization, the weaknesses of Excel become very apparent: sluggish performance, overwhelming complexity, and human error to name a few.

To reach higher levels of maturity, organizations must have the technological means to:

- 1) Model costs across a complete catalog of defined, business-facing IT services.
- 2) Connect directly with source systems for automated data collection and manipulation.
- 3) Provide self-serve persona-based reports and monthly bill of IT to consumers.

In other words, the viability of using spreadsheets for ITFM/TBM depends on your organization's size and maturity goals.

For example...

- If you're managing less than \$30~ million in annual IT spend and you're only interested in low-maturity outcomes like service cost transparency, then a dedicated solution could be overkill.
- However, if annual IT spend exceeds \$30~ million or you're seeking high-maturity outcomes like showback/chargeback, then a dedicated solution is easily justified.

# Data

## Integrity and availability of cost and consumption data, as well as how it's collected, validated, and stored.

Organizations frequently cite problems with data quality, completeness, and availability as the main hurdle to launching a new ITFM/TBM program. However, these fears are often unfounded. ITFM/TBM programs rarely have the luxury of perfect data (or even great data) on day one, and it's in no way a prerequisite.

In truth, pursuing perfect data before ITFM/TBM is a catch 22. Because the best way to improve bad data is by taking the plunge and creating an impetus to fix it – for the simple reason that you don't know what you're missing until you understand what you need. Plus, there's less incentive to get things right when there's no accountability and dollars aren't at stake.

The structure provided by an ITFM/TBM program makes the process of boosting data quality far more guided and intentional. And nearly all organizations can use what data they do have (along with quality proxies) to produce usable analysis from day one – laying the foundation to iterate and improve over time.

Furthermore, Data maturity is measured with these three markers:

- Understanding and availability of required data
- Quality and completeness
- Collection, normalization, and storage



Rudimentary organizations are essentially starting from “ground zero” when it comes to data. They have no concept of what data they need, its quality and completeness, or how to collect it. Foundational organizations have started attempting to tackle those three problems by identifying the correct systems of record and interrogating them thoroughly.



Foundational organizations' data may still be problematic and their plans for collection/validation might not be refined; but the important thing is that the organization knows what data is needed, where it resides, and how it can be improved.

After an organization has achieved a Foundational level of maturity by identifying the correct systems of record for required data and beginning initial quality improvements, the next step to reach a Sustaining level of maturity is to simply keep addressing quality and completeness issues even further. Thankfully, the process of standing up an IT service cost model often aids data improvement efforts significantly -- by illuminating the biggest gaps and areas of inconsistency.

Maturing a program from a Sustaining to Progressive level of maturity is primarily about how data is collected and stored. Sustaining programs may have a firm understanding of their data, but they still face many issues when it comes to collection and normalization.

To achieve the final levels of maturity, an organization must remedy those problems by establishing one source of truth and automating all data collection and validation, usually with the help of a dedicated ITFM/TBM solution.





# Choosing a Partner Who Understands the Journey

Based on what you've read here, you should now have a general sense for where your ITFM/TBM program's maturity stands today and what your next steps should be. However, the road ahead may seem daunting, especially if you're starting from a lower level of maturity.

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But with the help of an experienced guide, the work becomes far simpler.

Nicus has partnered with organizations across the private and public sector to grow sustainable, outcome-focused ITFM/TBM practices -- with the fastest time-to-value possible.

If you're ready to use ITFM/TBM to expand what's possible for IT, Nicus is ready to lead the way. Reach out today to start the conversation.



## Elevate IT. Ignite Possibility.

At Nicus, we empower organizations to realize their full potential by elevating IT. We're passionate advocates, providing financial management solutions that expand what's possible. We believe what we do with technology defines what we can do in the world.

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