

FMAC 2012

Improving IT Financial Transparency

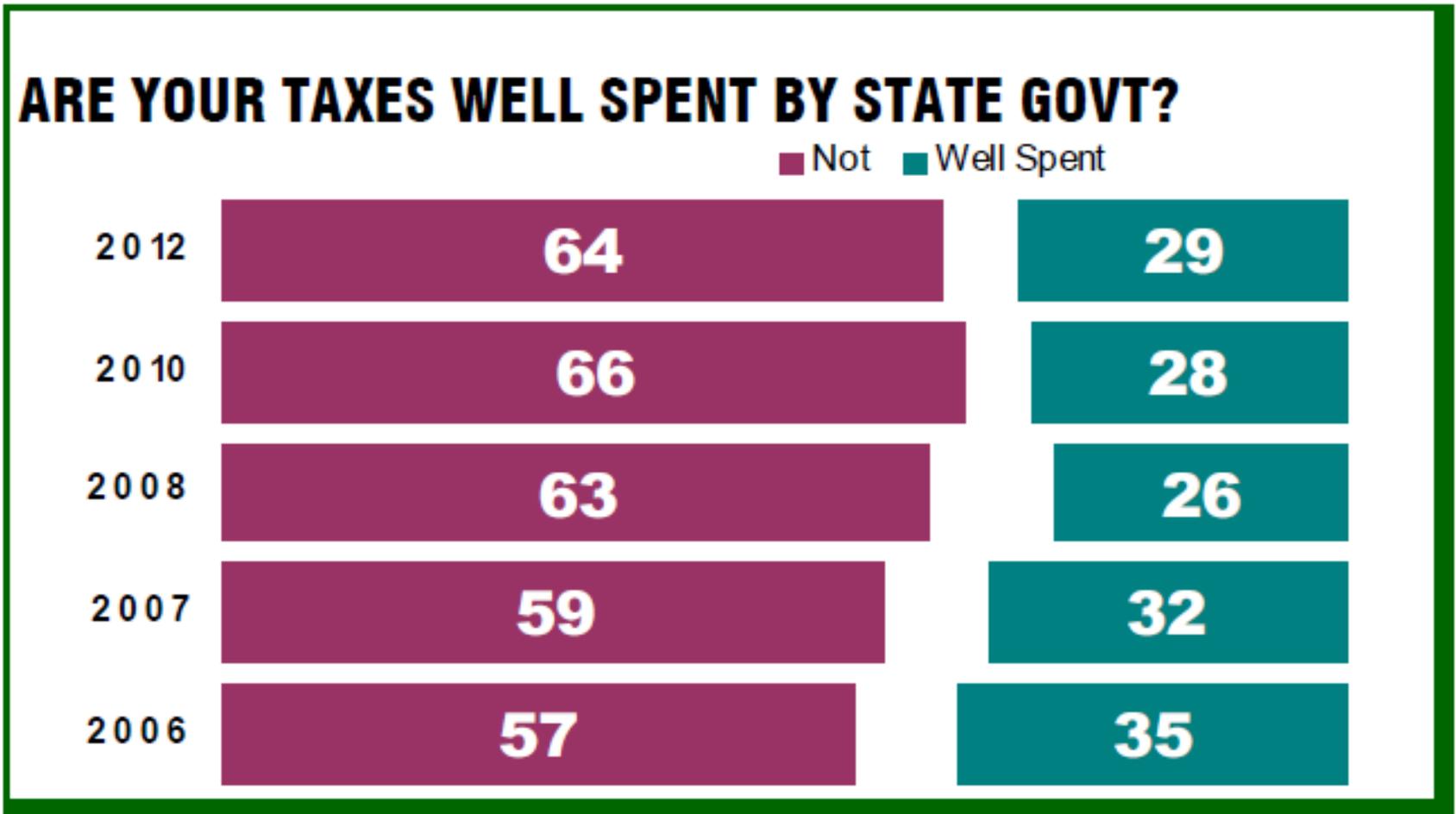
Insights into managing IT spending

Thursday, June 28

Presenter:

Larry Dzieza, Office of the Chief Information Officer

Confidence in Government



Elway Poll, April 2012

Confidence in Government



“During scouting trips, GSA “VIPs” were shown upgraded suites that they received as a perk for GSA contracting with the M Resort for the 2010 WRC. Loft suites have 2,400 square feet of space, two stories, multiple HD televisions and wet bars...

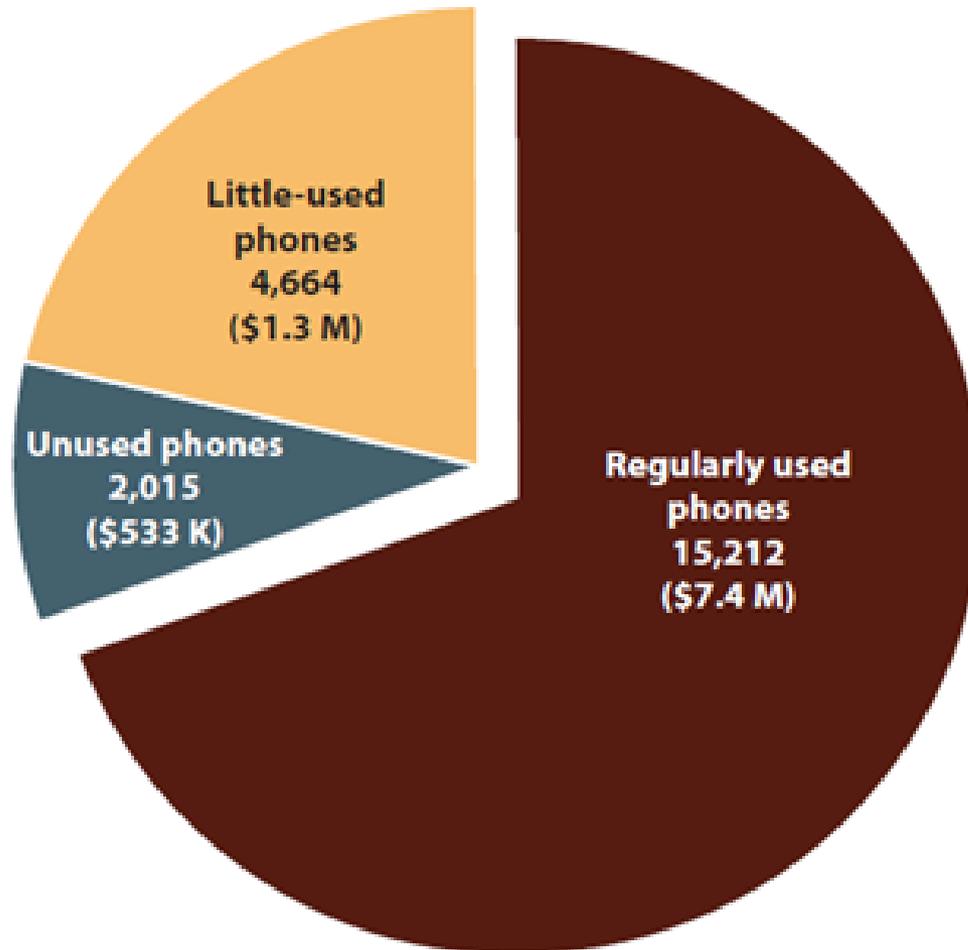
GSA spent \$6,325 on commemorative coins



Confidence in Government

Exhibit 2

Almost one in three cell phones was unused or little-used



Source: State Auditor's Office analysis of billing data provided by Verizon, Sprint, and AT&T.

TPI, 3178, PTI, 5931, X, Y, TCO

An Evaluation of Washington State's Approach to Information Technology

Prepared for:
Information Technology Work Group
June 24, 2009

Pacific Technologies, Inc. Practical Planning. Positive Change.

State of Washington Agency Total Cost of IT Ownership Assessment

DRAFT Final Report
Version 1.6



Gartner

Prepared for: State of Washington

GARTNER CONSULTING
Engagement: 33002417



knowledge powering results

Requirement	Data Provided to Meet Requirement	Data Source
Current (actual) IT Expenditures	Statewide and by agency for FY12 and FY13, by object of expense, Project X & Y, and IT FTE's	Agency Financial Reporting System (AFRS)
Proposed (budgeted) IT Expenditures	Statewide and by agency for FY12 and FY13, by object of expense, Project X & Y, and IT FTE's	AFRS

State Auditor's Office - IT Services and Cost Study

IT PERFORMANCE AND COST STUDY FINAL REPORT

December 15, 2009

CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE SENATE BILL 5931

62nd Legislature
2011 1st Special Session

Specific IT Budget Statutory Requirements (ESSB 3178, Section 3)

OFM shall collect from agencies, reports, summaries, and budget detail in detail sufficient to allow review, analysis, and documentation of **all current and proposed expenditures** for information technology. This information shall be submitted as part of the OFM budget submittal required by RCW 43.88.030.

We Are Not Alone...

Our Challenge

Engineering, Operations & Technology | Information Technology



No Reliable Single Source of Truth

- Disparate data repositories and no mapping of relationships between costs, assets, labor, utilization and performance



Inconsistent Reporting

- Data manipulations required to produce management reports



Getting a Handle on Costs

- IT spend continues to grow without clear ROI



Strategic Decision Making

- Lack of thorough datasets to support strategic decision making

Classic IT Challenges

TBM & Apptio Momentum

Company Leadership

- Pioneers of Technology Business Management
- The only solution purpose-built for IT Cost Transparency
- Trusted independent solution provider to the World's Leading IT Organizations

Market Leadership

J.P.Morgan

2010 Inductee
Technology Hall
of Innovation

ERNST & YOUNG
**ENTREPRENEUR
OF THE YEAR***

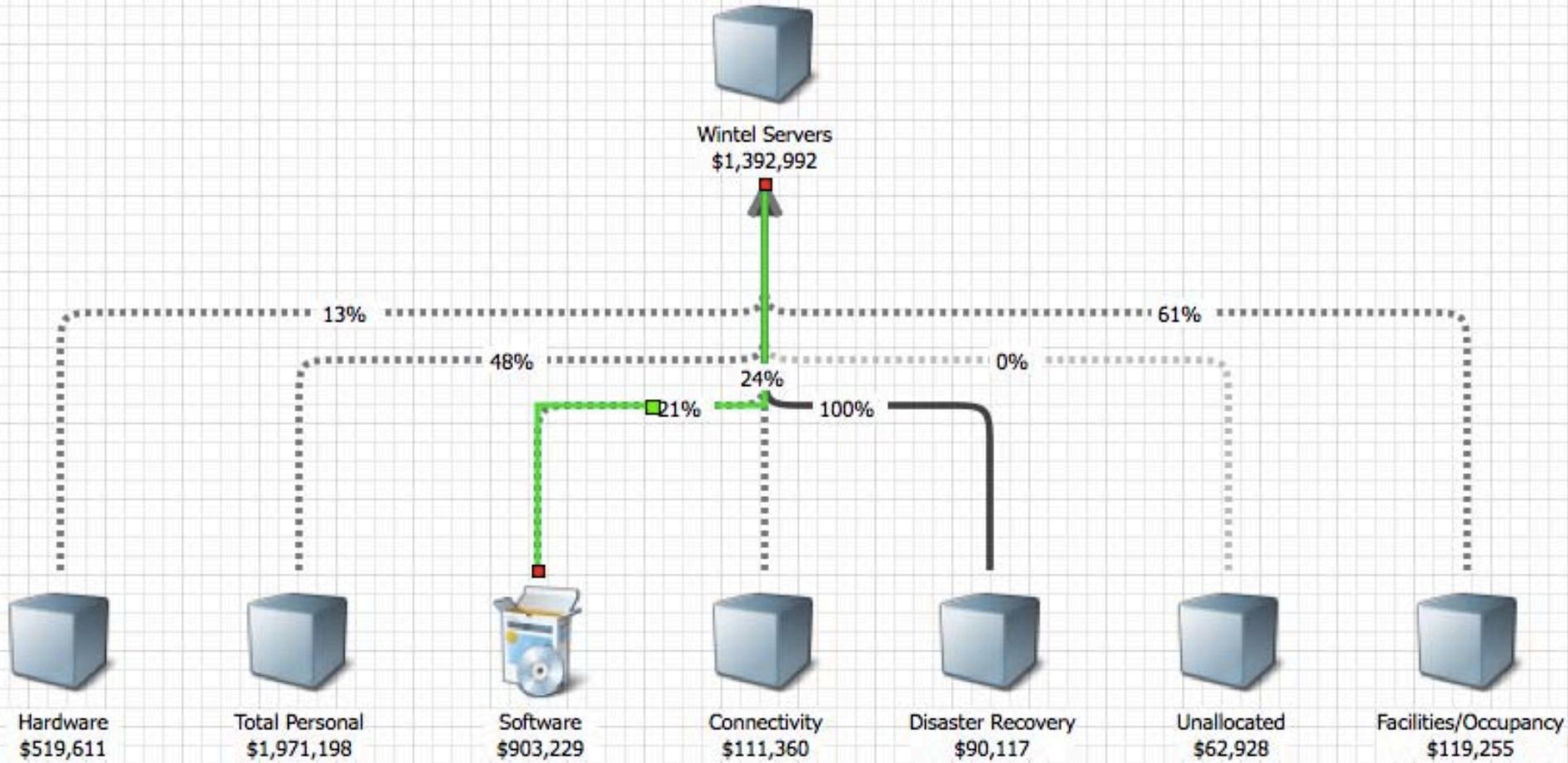
**RED
HERRING**
WINNER
100
N. AMERICA

SELECTED FOR 2011
VentureWire's
FASTech50
MOST INNOVATIVE
TECHNOLOGY STARTUPS

TBM Adoption



Beyond Excel...



Cost Pools

Standard Definition

COST POOLS

Labor

- Internal FTEs
- Salary & wages
- Benefits
- Other overhead (e.g. T&E, training, etc.)

Outside Services

- Contractors
- Consultants
- External Services (e.g. hosted data center, outsourced email, SaaS)

Hardware

- Hardware depreciation
- Hardware expense (e.g. monitors, keyboards, drives)
- Maintenance & Support

Software

- Software amortization
- Software expense (e.g. software < \$1k)
- Licensing
- Maintenance & support

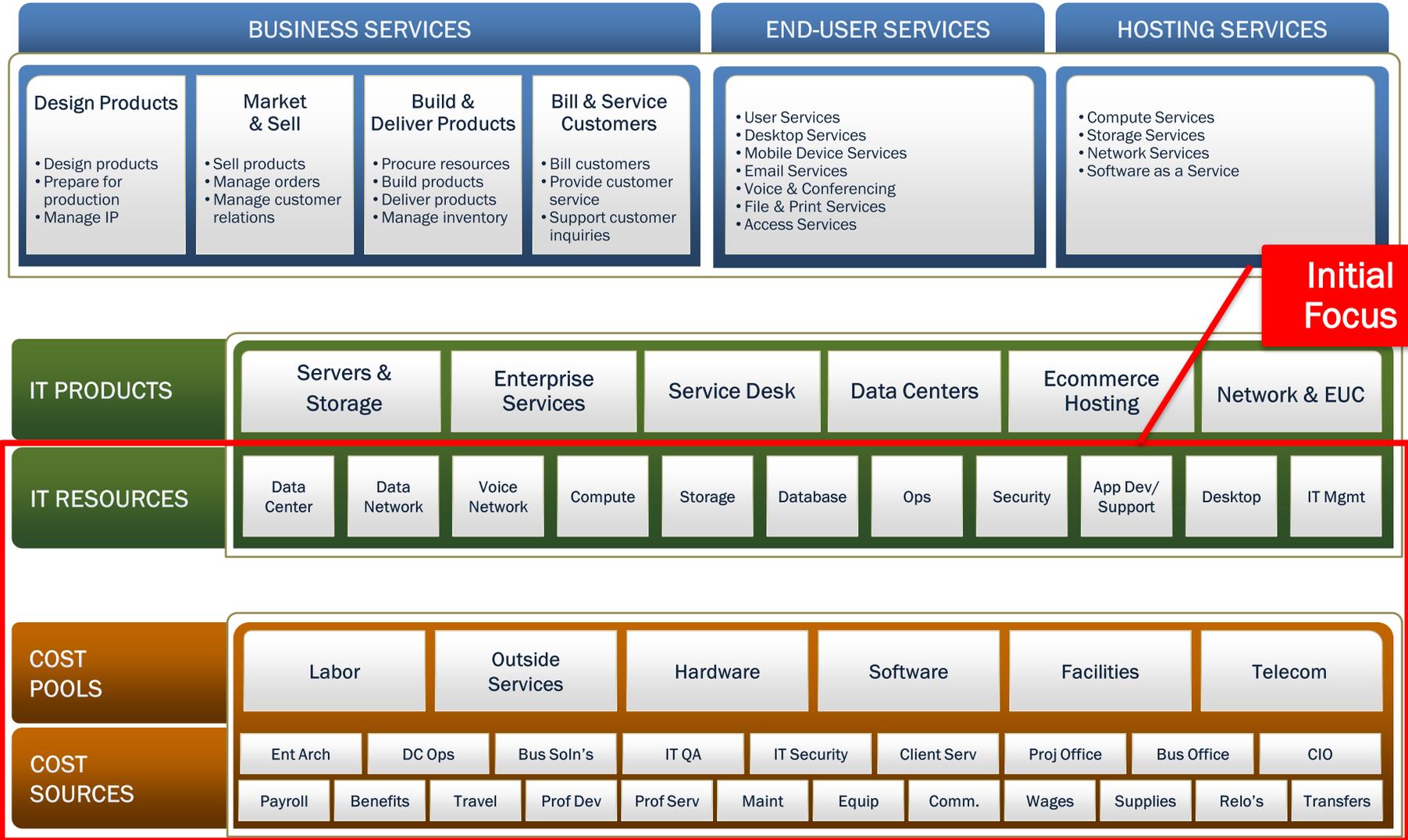
Facilities

- Space / lease
- Power
- Leasehold Improvement (LHI) (e.g. raised floors, racks, cabling, etc.)

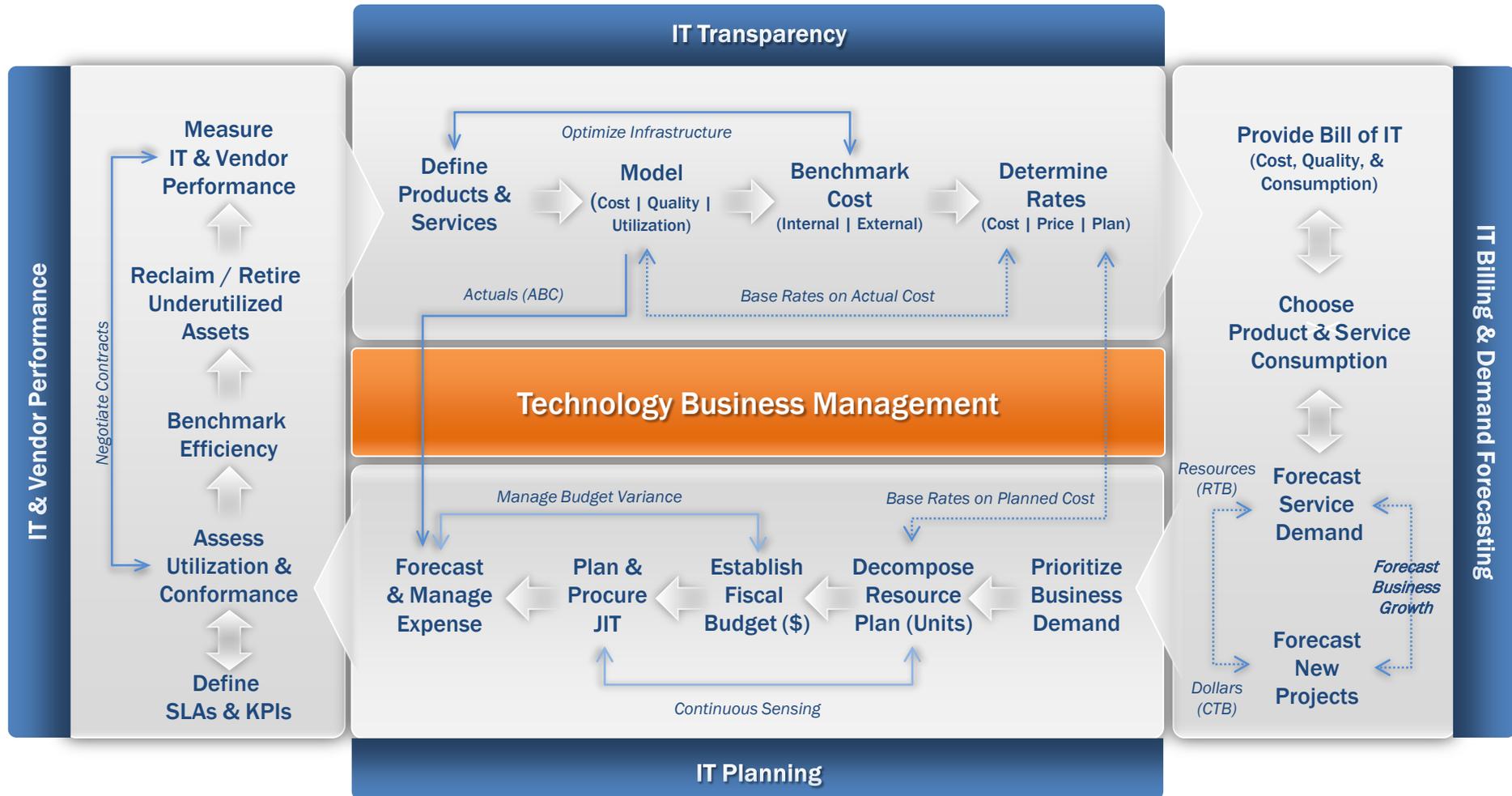
Telecom

- Circuits
- Toll-free
- Usage
- Internet access
- Content delivery network (CDN)

Full View of a Typical IT Cost Structure



Technology Business Management

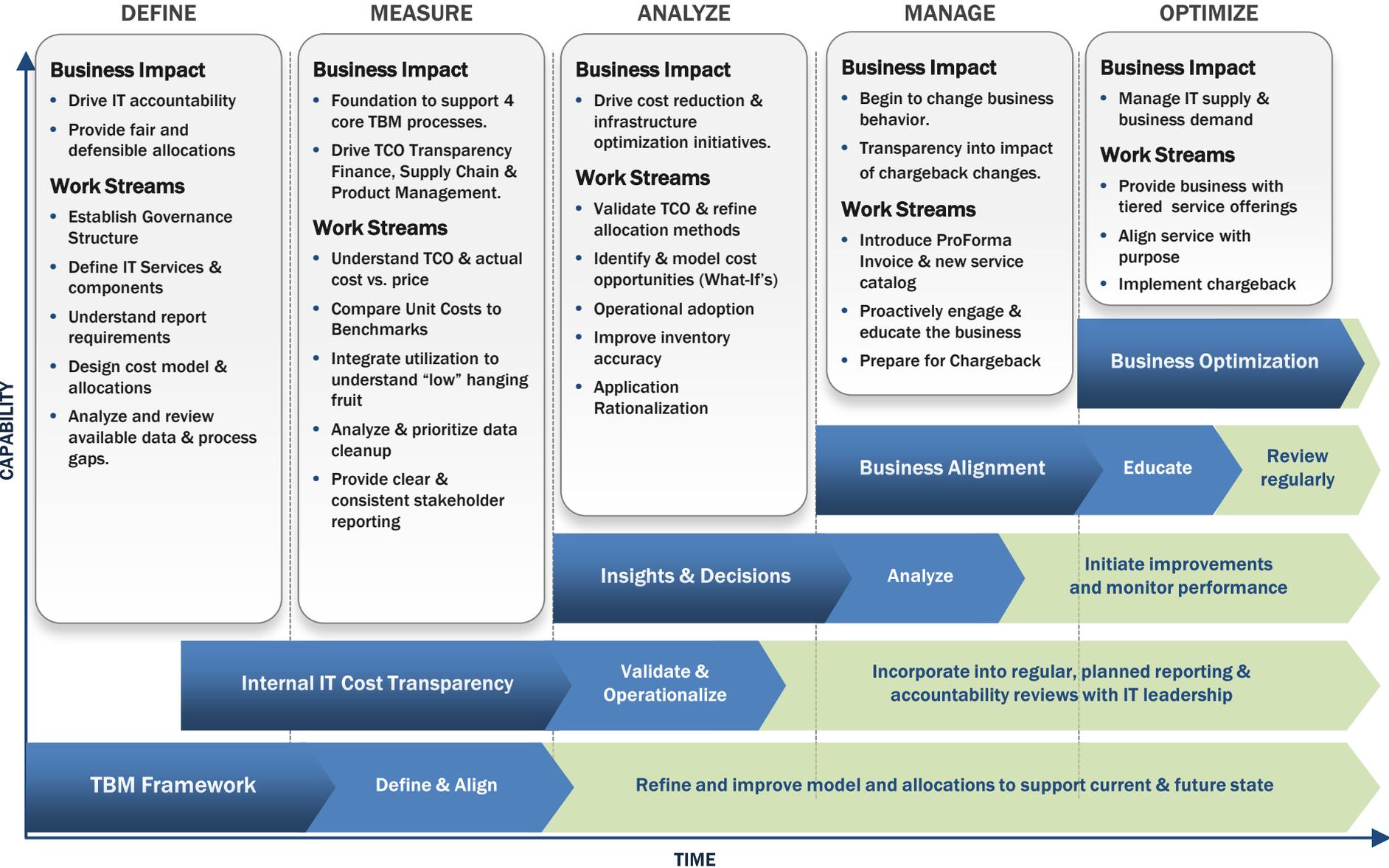


Data Sources Required



- **Sourced data:**
 - GL Actuals
 - GL Budget
 - Chart of Accounts
 - Cost Center Master
 - Fixed Asset Register
 - Headcount by Department/Cost Center
 - IT Resource Tower List (we can provide a starting point)
 - Server Asset List
 - Mainframe apps/usage
 - Application List
 - Business Service List (we can provide a starting point)
- **Mapping tables (we would typically help construct these):**
 - Account Code to Cost Pool Mapping
 - Cost Center to IT Resource Tower Mapping
 - Server to Application Mapping
 - Application to Business Service Mapping

Stair Step to Improvement

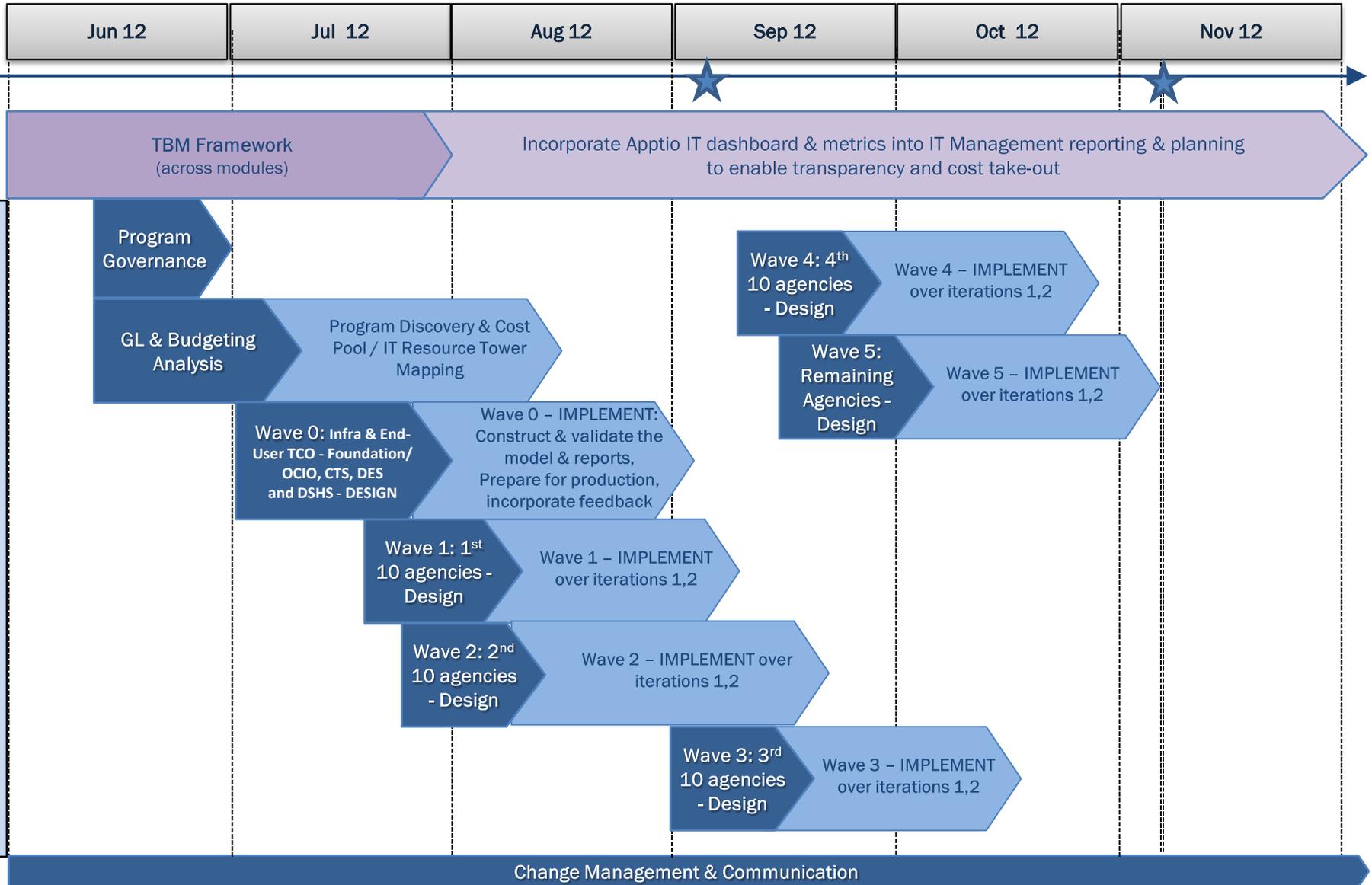


Proposed Agency Grouping

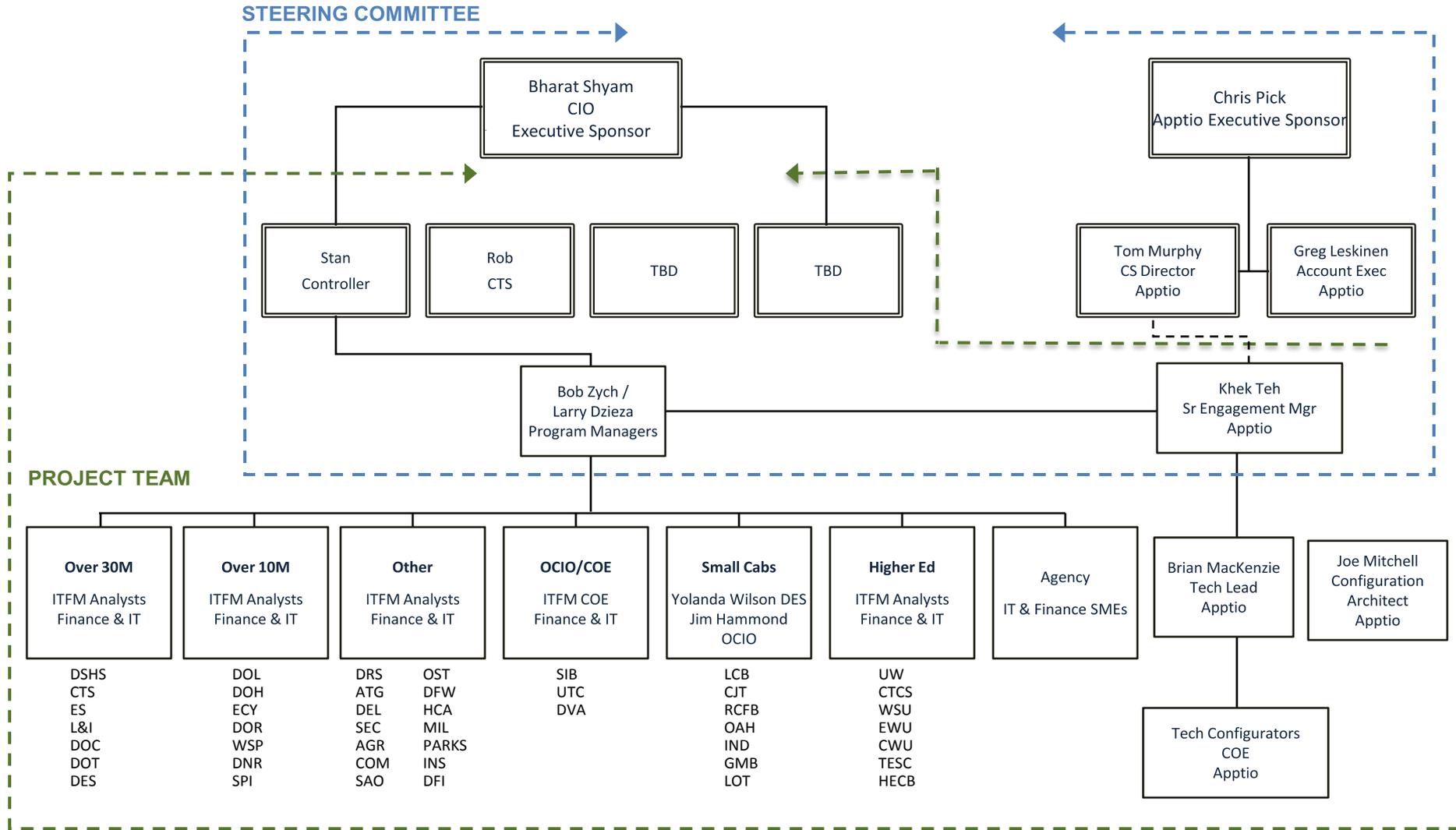
Wave 1		Wave 2		Wave 3	
Agency	Grouping	Agency	Grouping	Agency	Grouping
Department of Social and Health Services	Over30M	Department of Ecology	Over10M	University of Washington	HiEd
Consolidated Technology Services	Over30M	Department of Natural Resources	Over10M	Military Department	Other
Department of Employment Security	Over30M	Department of Veterans' Affairs	OCIO/COE	Department of Financial Institutions	Other
Department of Enterprise Services	Over30M	Washington State Health Care Authority	Other	Western Washington University	
Department of Labor and Industries	Over30M	Department of Retirement Systems	Other	Department of Early Learning	Other
Department of Corrections	Over30M	Washington State Patrol	Over10M	Department of Commerce	Other
Department of Transportation	Over30M	State Parks and Recreation Commission	Other	Office of the Attorney General	Other
Department of Health	Over10M	Department of Agriculture	Other	Utilities and Transportation Commission	OCIO/COE
Department of Revenue	Over10M	Department of Fish and Wildlife	Other	Board of Industrial Insurance Appeals	Cabs
Department of Licensing	Over10M	Superintendent of Public Instruction	Over10M	Office of the State Treasurer	Other
				Office of the State Auditor	Other
				Office of the Secretary of State	Other

Wave 4		Wave 5	
Agency	Grouping	Agency	Grouping
Liquor Control Board	Cabs	Eastern Washington University	HiEd
State Investment Board	OCIO/COE	Washington State University	HiEd
Community and Technical College System	HiEd	Central Washington University	HiEd
Office of the Insurance Commissioner	Other	Higher Education Coordinating Board	HiEd
The Evergreen State College	HiEd	Western Washington University	HiEd
Office of Administrative Hearings	Cabs		
State Lottery Commission	Cabs		
Washington State Criminal Justice Training Commission	Cabs		
Recreation and Conservation Funding Board	Cabs		
Washington State Gambling Commission	Cabs		

Program Schedule - Phase 1



Program Structure



Data Sources That Drive Allocations

General Ledger

OpEx, Fixed Assets (Depreciation & Amortization), CapEx
Source of IT operational costs and investments.

Organization

Org Structure, Locations
Drive Bill of IT reporting and analysis; define unit costs by location

People

IT Employees/Contractors, Company Employees/Counts
Drive IT labor allocations and end-user service allocations

Financial Schedules

Hardware/Software Schedules, Outside Services Schedules
Drive high-level allocations of hardware, software and services

IT Inventory & Utilization

Asset Lists, CMDB and Enterprise Management Systems
Drive DC, NW, Server, Storage, Desktop, App and other IT Service cost allocations and unit costs; analyze utilization and efficient use of assets

Portfolio-Project Mgmt / Time Reporting

Portfolio Categorization, Project Lists, Labor by Project
Drive IT labor allocations, identify IT capital / project investments

Service Desk

Help Desk Tickets by Category, by Person/Dept
Allocate support & maintenance costs by IT products, services and users