



**Financial Management
Advisory Committee**

Technology Business Management
(TBM) Presentation

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What is TBM?

A methodology, community and category of software for data-driven management of the business of IT.

It integrates data about cost, technology, performance, supply and demand to provide a holistic picture of IT.

We use a SaaS product (Apptio) to support this program, but it relies on data from 'systems of record' including **AFRS** and HRMS, as well as agency-specific data sources, such as server monitoring tools, portfolio management tools, and manually maintained data.

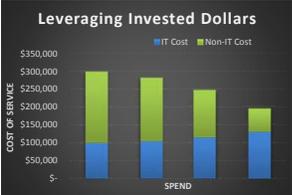
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IT Value Proposition

For every \$1 invested in IT, overall cost of service is reduced by \$3.50 to \$4.00*

The TBM Program exists to help us **understand, manage and articulate** our investments in common language (not IT speak) so that....



1. We can achieve and PROVE overall cost reductions consistent with research and
2. Justify investments in a tough fiscal climate.

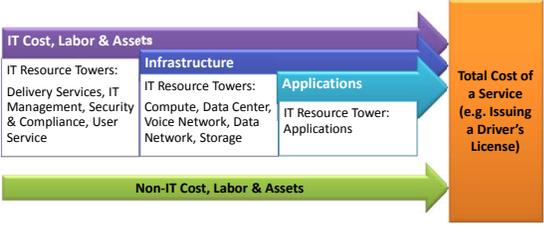
*Pang, Min-Seok, Do Information Technology Investments Lead to Bigger or Smaller Governments? - Theory and Evidence in U.S. State Governments (January 10, 2011). Available at SSRN: <http://ssrn.com/abstract=1616862> or <http://dx.doi.org/10.2139/ssrn.1616862>

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The Big Picture

IT + Non-IT = Total Cost of Service



IT Cost, Labor & Assets

IT Resource Towers: Delivery Services, IT Management, Security & Compliance, User Service	Infrastructure IT Resource Towers: Compute, Data Center, Voice Network, Data Network, Storage	Applications IT Resource Tower: Applications
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Non-IT Cost, Labor & Assets

Total Cost of a Service (e.g. Issuing a Driver's License)

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Where Are We Now?

Current Requirements for Participating

Participation requirement is based on IT spend as logged in AFRS using x/y coding.

- Threshold determination does not include monies agencies pay to central service agencies for IT (EB or EL)

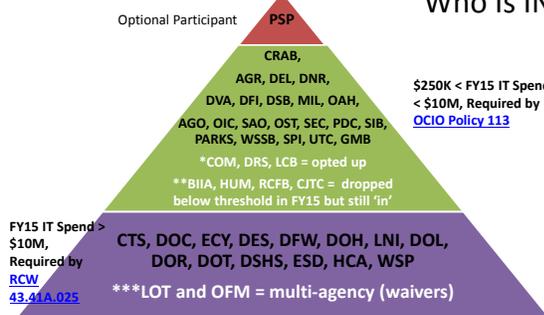
Based on **FY15 AFRS-reported IT spend**,

- 16 agencies are **REQUIRED** to participate because of statute (annual IT spend exceeded \$10m).
- Another 26 are required to participate because of OCIO Policy (which extended the spend threshold to \$250k/year).
- 1 is opting in, and 4 dropped below participation threshold in FY15 but are still in the program

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Who Is IN?



Optional Participant

PSP

CRAB,
AGR, DEL, DNR,
DVA, DFI, DSB, MIL, OAH,
AGO, OIC, SAO, OST, SEC, PDC, SIB,
PARKS, WSSB, SPI, UTC, GMB

*COM, DRS, LCB = opted up
**BIIA, HUM, RCFB, CJTC = dropped below threshold in FY15 but still 'in'

FY15 IT Spend > \$10M, Required by RCW 43.41A.025

CTS, DOC, ECY, DES, DFW, DOH, LNI, DOL, DOR, DOT, DSHS, ESD, HCA, WSP

***LOT and OFM = multi-agency (waivers)

\$250K < FY15 IT Spend < \$10M, Required by OCIO Policy 113

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Where Are We Now?

Current Architectural Implementation

Global Project

- Multi-Agency Project
 - 29 agencies
 - 26 required
 - 1 volunteer
 - 2 agency-specific
- Agency Specific Projects
 - 17 agencies
 - 14 required
 - 3 multi-agency

Agencies

Available Data

All Projects

- IT spend – financial & functional
- App Inventories

PLUS

- IT labor
- IT assets (limited to CAMS, few agencies use)
- Agency-specific data (few)

Standardized Rules...
Customized Rules...

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Partnerships with IT

Apptio is essentially a **rules engine** and a **business intelligence software**.

We **need** our **fiscal partners** to help us understand and set up the rules –

- How to interpret and handle the data from AFRS
- How best to modify or set up the chart of accounts for a given agency
- How to improve consistent entry of AFRS transactions into the system

We also need to work closely/partner with:

- **Procurement/purchasing** as it is often the bridge between IT and Finance.
- **HR** since the bulk of our IT spend is on labor.

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Partnering on Rules & Ops

Some questions agencies using Apptio have to answer (IT people don't know this stuff...)

- 1) Looking at the big pile of AFRS transactions, how do I know which are 'IT spend'?
- 2) How can I use the AFRS data to identify corresponding 'IT Budget'?
- 3) Once I have that subset, how can I further break that down into IT Resource Towers (the functional areas of IT)? [OCIO Standard 113.30: TBM Taxonomy](#).
- 4) How much trouble will it be if I modify the taxonomy? (annual revisit, align to industry)
- 5) Should I be counting depreciation or would that screw stuff up? (Proprietary vs non-proprietary)
- 6) How would I best identify Agency Spend so I can use it for a benchmark?

7) How can we use these reports to build better/stronger Decision Packages or grant applications? To ensure we're making wise choices about service providers? Etc.

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 **Partnering on Strategy & Policy**

TBM includes activities to improve data quality/completeness in source systems. **Sometimes, this means policy/process changes to support 'apples-apples' comparisons and the ability to aggregate/report data at enterprise level.**

PRESENT:

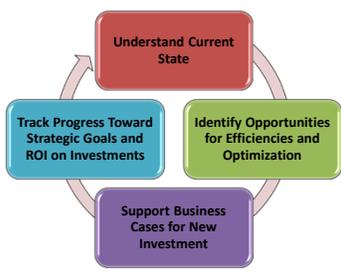
- Representatives from agency TBM (IT & Fiscal) and OCIO worked closely with OFM Statewide Accounting to make updates/changes to the SAAM Manual (e.g. "Updated subobject EY to include subscription-based computing services") and the [IT Cost Coding Guidance](#) to better align what is 'IT spend', and agency consistency in coding things like 'Cloud Computing'.

FUTURE: One Washington ERP –

- Consultant will work on creating a new enterprise chart of accounts; part of this work will be to add a spot for 'IT' to better identify IT spend and alignment to IT functional areas (IT Resource Towers/subtowers) resulting in more data confidence/consistency.

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 **Data-Driven Decisions**
What Can We Do With TBM?



WaTech TBM practice impacts all agencies because we are a service provider. We provide billing and utilization information and improve our strategic and operational decisions by analyzing data.

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 **Partnerships within IT**

TBM is broad in scope, and encompasses data from different disciplines WITHIN IT like...

1. Enterprise Architecture
2. Portfolio Management
3. Investment Planning
4. App Development & Maint
5. Infrastructure

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WaTech
Washington Technology Solutions
"the consolidated technology services agency" -RCW 43.105.006

Strategic Goals

Tracking Progress....

- Cost, Labor**
 - Leveraging purchasing power
 - Optimization & Efficiencies Achieved
 - Increased Understanding (incl Fund Sources)
- Infrastructure**
 - Migration to SDC
 - Use of Cloud Computing
 - Standardization & Virtualization
- Applications**
 - Increased Use of SaaS
 - Reduced Number of Legacy Systems
 - ROI on Proposed Investments

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Spiral to Accuracy

We're not perfect, but we're better than we were before!

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Questions/Comments?

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