



cutting through complexity

Moving Information Technology from a Cost Consumer to a Value Partner Investment

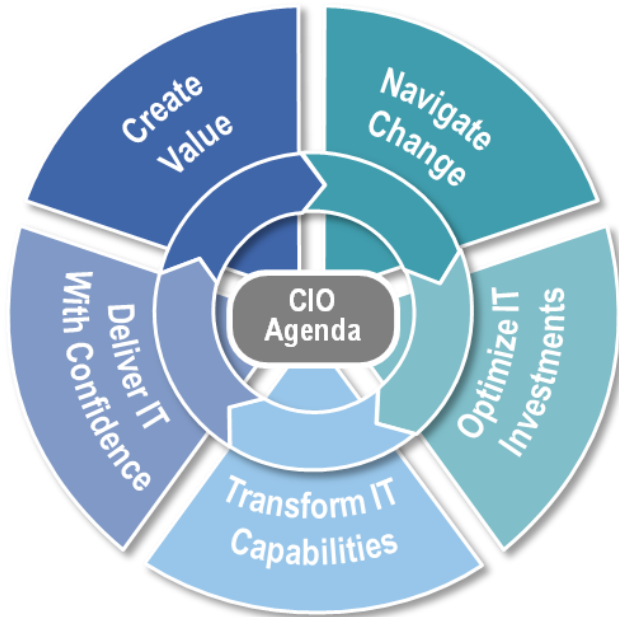
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TBM Practice Leader*

There are 3 takeaways objectives for this session

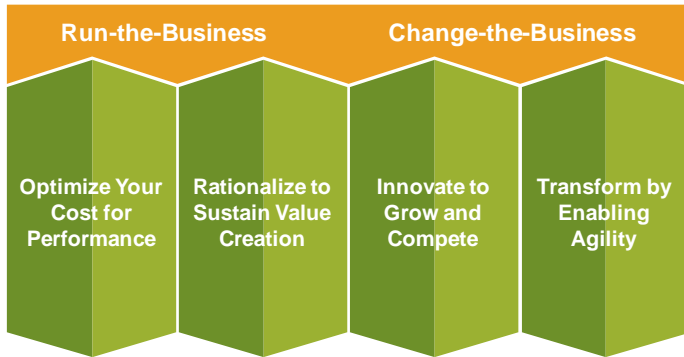
- 1 Understand the market forces driving the move to transparency**
- 2 Define the domain of Technology Business Management (TBM) and the underlying components**
- 3 Connect the benefits of TBM to a Value Management Program**

Businesses are insisting that IT become a better partner and create more value



- CIO are being asked to “align with the business for better success.”
- CIOs are under unprecedented pressure to better manage and optimize IT spend and assets
- CIO’s need to run IT as business

Where do Businesses Focus their Resources?



Source: Technology Business Management Council, 2013

4 primary value levers

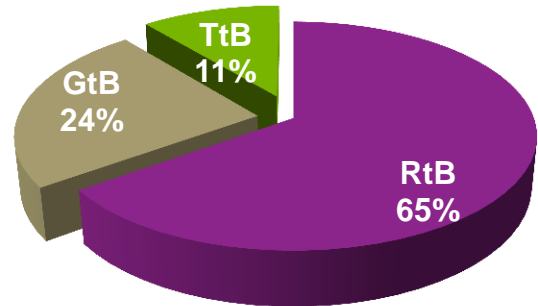
to help IT executives manage IT spend and enhance IT's contribution to business value:

- Transparency to cost, consumption
- Line of sight into operational efficiency
- Linkage of IT to business services
- Rapid return on capital employed

Source: KPMG, *Cutting IT Spend: Taking Action in Turbulent Times*, 2014

R:

Our research has found that the ratio of resource allocation is still heavily tilted toward RtB



Source: KPMG Research, 2014

There are three primary constituents when defining IT value, and each and ask different questions



CIOs

Business Leaders

CFOs

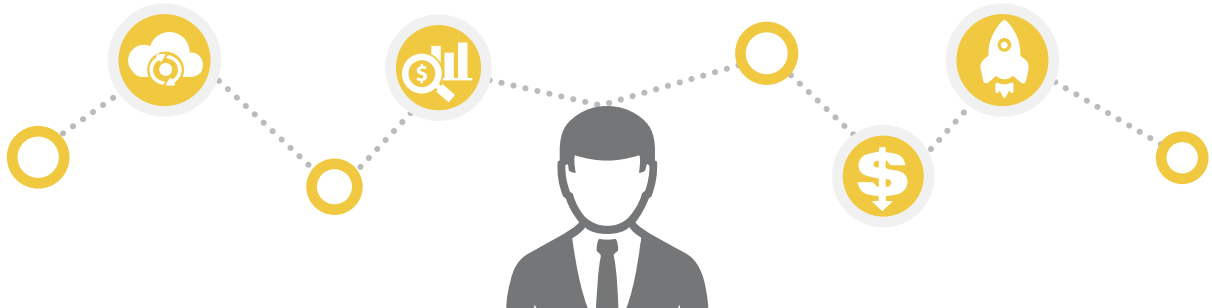
Questions Asked by Business Stakeholders



When considering TBM, Business Leaders want to know:

- Why is IT so expensive?
 - What does it cost me to deliver my product
 - Where can I cut my IT spending without impacting my customers?
 - Are IT investments aligned with the most strategic business needs?
 - How can I accurately plan my for my IT service forecast and budget costs?
 - What is the connection between IT services and business value?
 - What IT investments deliver the most value?

Questions Asked by Technology Stakeholders



When considering TBM, CIOs want to know:

- Our business transformation agenda (Digital, Data Intelligence) is growing but how can IT support?
 - How will business demand affect my costs in the future?
- How much does my IT cost and performance compare to my competitors? To best in class?
- How can I spend less on running the business and more on innovation and agility to grow/change the business?
 - How can I drive down service costs without sacrificing quality and stability?

Questions Asked by Financial Stakeholders



When considering TBM, CFOs want to know:

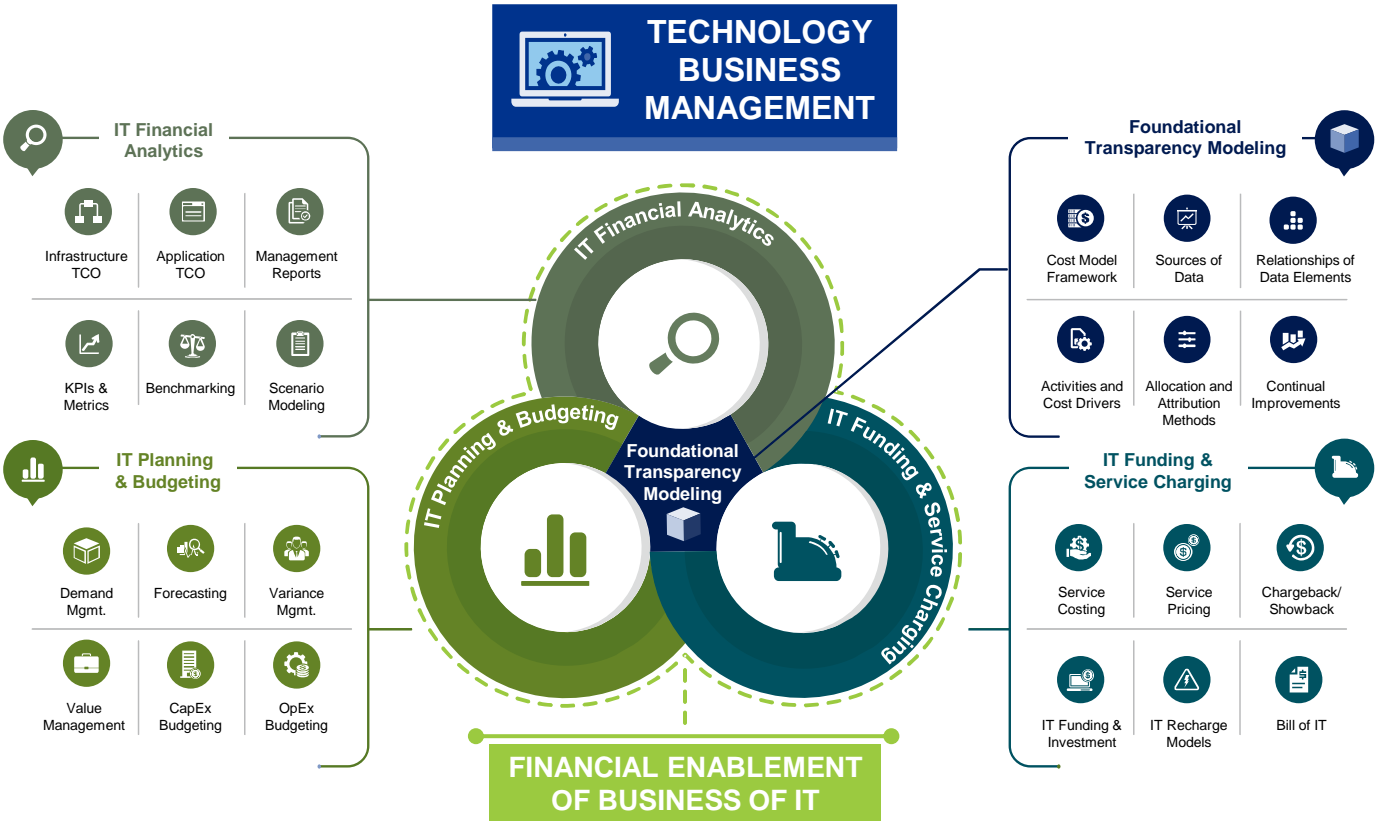
- We have invested in transparency but haven't seen the benefits yet
- How can we accurately drive tax efficient and transparent recharge of IT services across the business?
 - Where can I get the most value for an incremental investment in IT?
- How can I get reliable data to make informed decisions about IT spending, budgeting, and investment?

Overall Benefits of managing IT as a business using Technology Business Management (TBM)

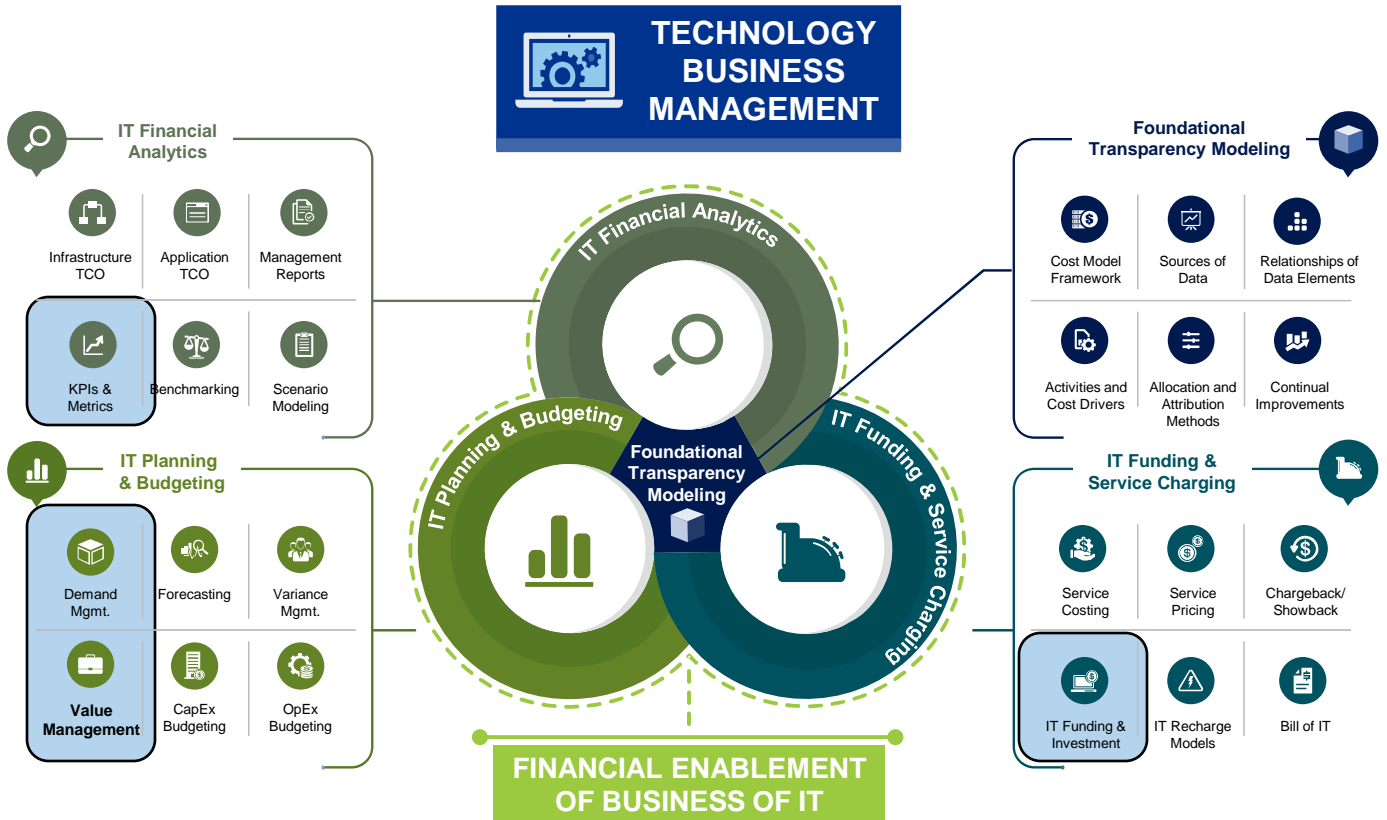
- **Clear visibility and insight** into IT spend enabling fact-based decisions, improving IT's credibility as a service provider
- **More effective partnering with the business** through forecast-driven demand management and data-driven allocation strategies.
 - **Increased performance of existing investments** by understanding portfolio performance relative to expectations.
 - **Clear and articulate value propositions** for IT services and linkage to business spend.
 - **Optimize resources** to service “run the business (RTB)” and “change the business (CTB)” demands.
 - **Fuel collaboration and innovation** between IT, Finance and the business
 - **Improved budget cycle efficiency and accuracy** with spending aligned to business priorities.

These benefits are all core capabilities that are fleshed out in the defining of TBM

TBM provides 3 core capabilities, all of which rely on foundational transparency modeling



There are 4 capabilities with TBM that are related to a comprehensive Value Management Program



Value Management – The Key to Achieving Superior Transformation Results

Value Management is a formal, disciplined approach to helping organizations define, manage, and more confidently capture tangible value, either created through operations and continuous improvement efforts or delivered from business transformation.

- Realizes superior business results with speed and confidence
- Maintains the linkage between transformation and strategic objectives
- Establishes governance focused on business results
- Provides an objective basis for setting priorities and making tradeoffs
- Creates a roadmap of business actions needed to achieve the value
- Provides the mechanism for sustaining and extending the benefits
- Provides for tracking and monitoring of results

KPMG's 2015 Transformation survey found that of CEOs at U.S.-based multinationals reported:

34% 
The actual, realized value from completed transformative efforts was less than originally anticipated

<1/3
Less than a third of CEOs felt their organizations were "Highly Capable" of extracting the value from business transformation

- A significant percentage of transformation efforts fail to deliver the full potential business results and benefits
- The programs that are more successful at achieving the potential benefits tend to employ formal approaches to managing value throughout the transformation
- Value management** is increasingly being recognized as an essential discipline in successful business transformation

Value Management is a core method of the overall transformational KPMG Value Delivery Framework

Aligned to the Value Delivery Framework (VDF), providing a standardized set of models and journeys that allow an agile delivery of large, complex transformation programs

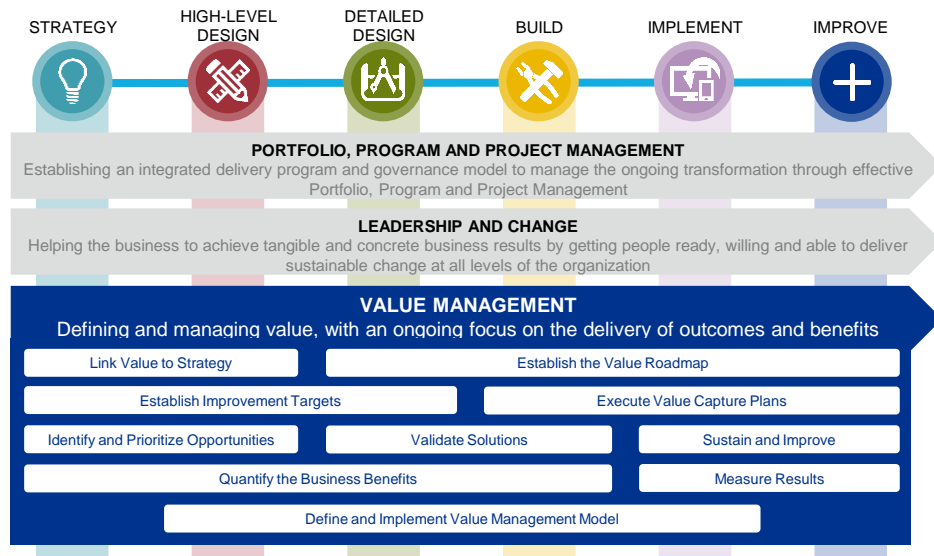
Value models logically link actions to benefits, goals and objectives

Value cases drive better, comprehensive program portfolio choices

Significantly enhances program governance through strategic alignment and direction and tactical enablement

Increased visibility of results enabling more effective accountability

KPMG Value Delivery Framework



The Value Management method incorporates the same 4 TBM capabilities

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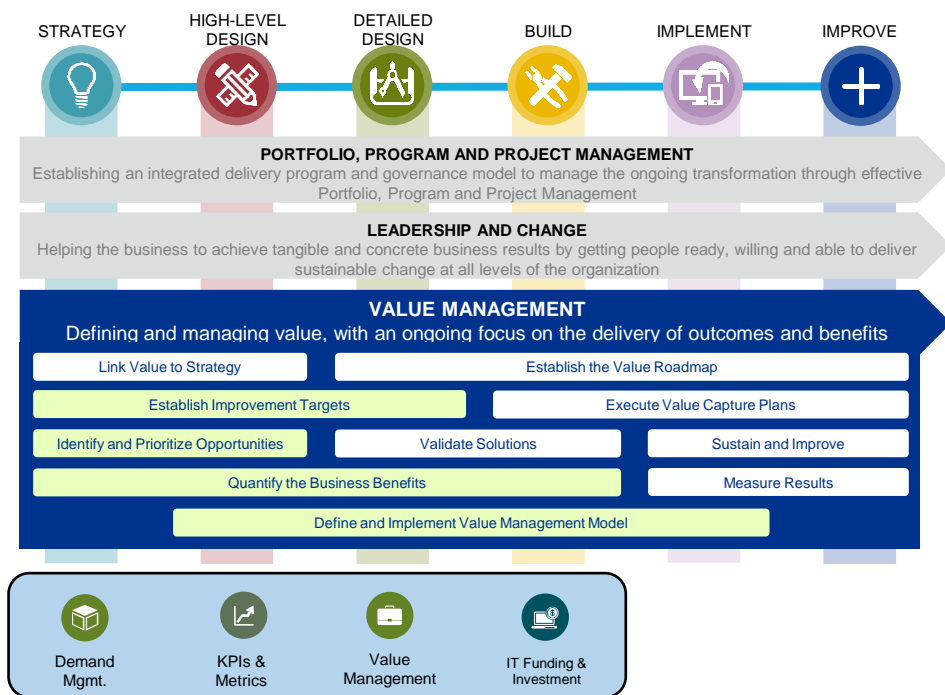
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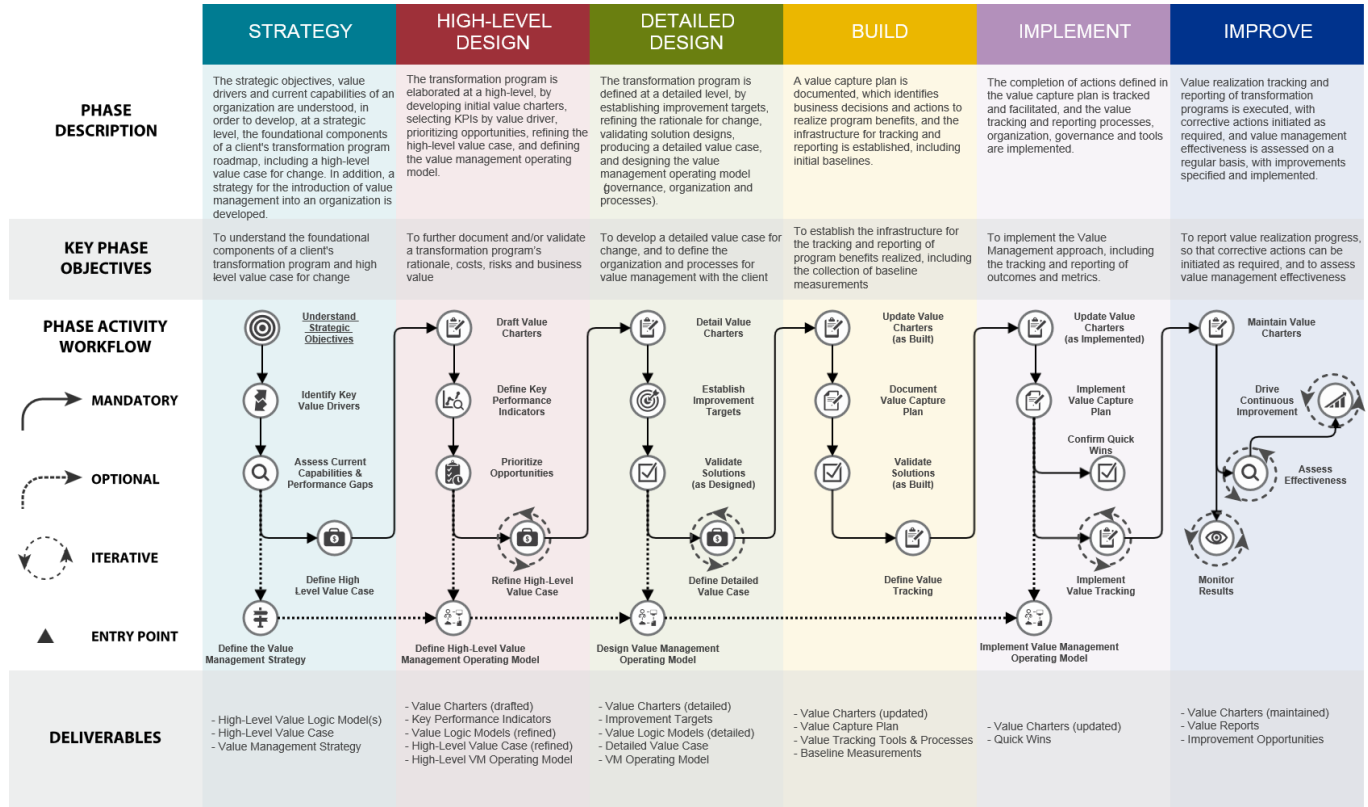
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KPMG Value Delivery Framework



The Value Management method aligns to the phases of the Value Delivery Framework



Forecasting and Tracking Process is integrated in a cycle with initial project prioritization

