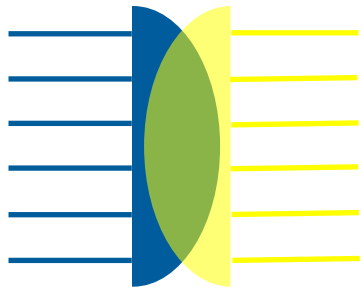


Is TCO Wanted?

Prepared for the
2016 Value Selling and Realization Summit
Dallas, Texas



International Institute of IT Economics

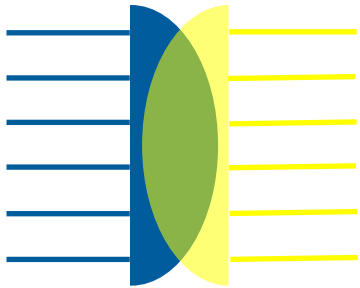
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February 29th, 2016

Is TCO Wanted, Dead or Alive?

Prepared for the
2016 Value Selling and Realization Summit
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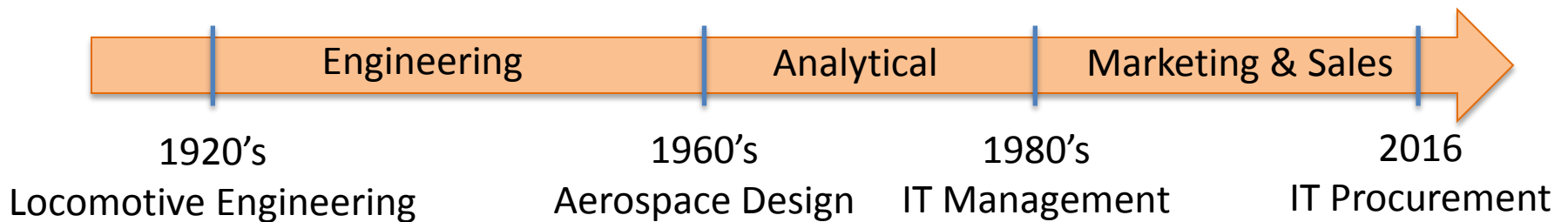
February 29th, 2016

Burning Questions

- Is TCO still relevant to your value proposition?
- Do vendor developed business cases have enough credibility?
- Are you ready to prove benefit realization?
- What would a next generation value model look like to you?

A Brief History of TCO

- Created for IT in 1987 by Bill Kirwin, Research Analyst - Gartner, PC Service

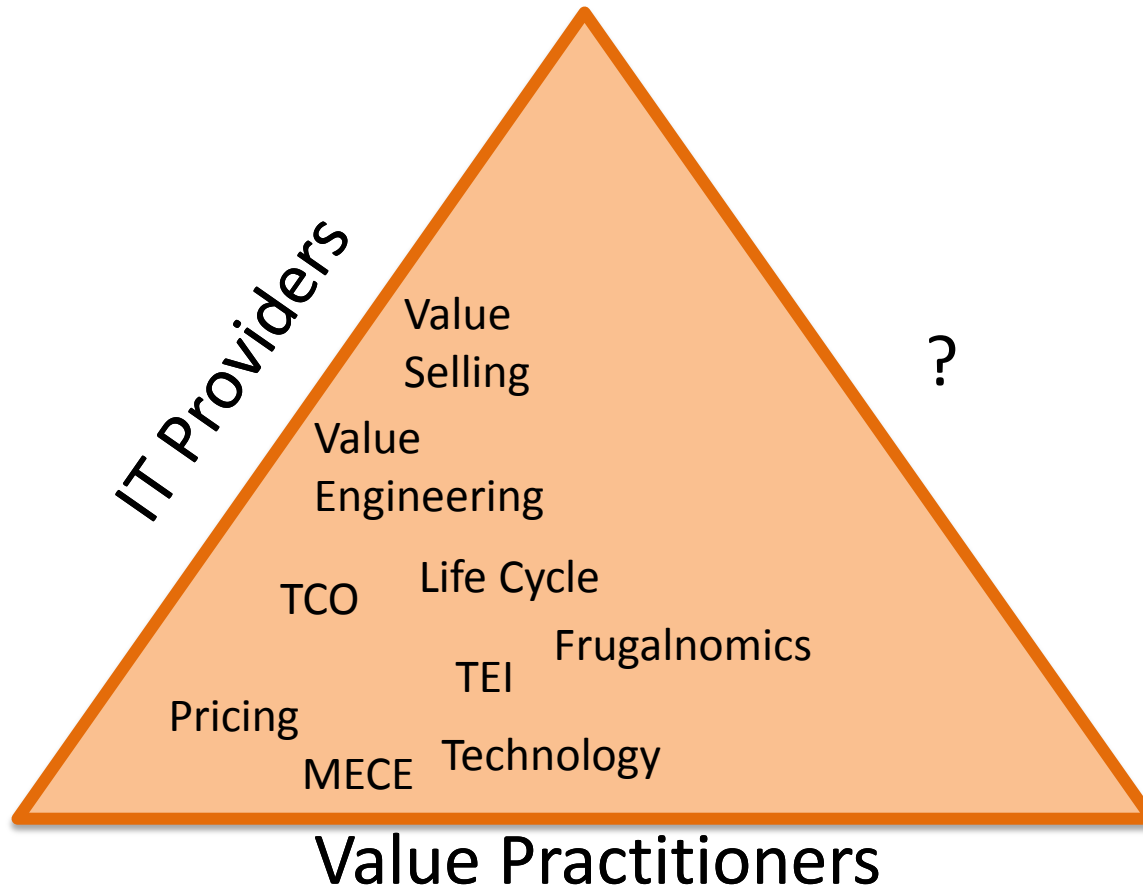


- Currently the industry standard for IT cost analysis, benchmarking, vendor differentiation and buyer procurement

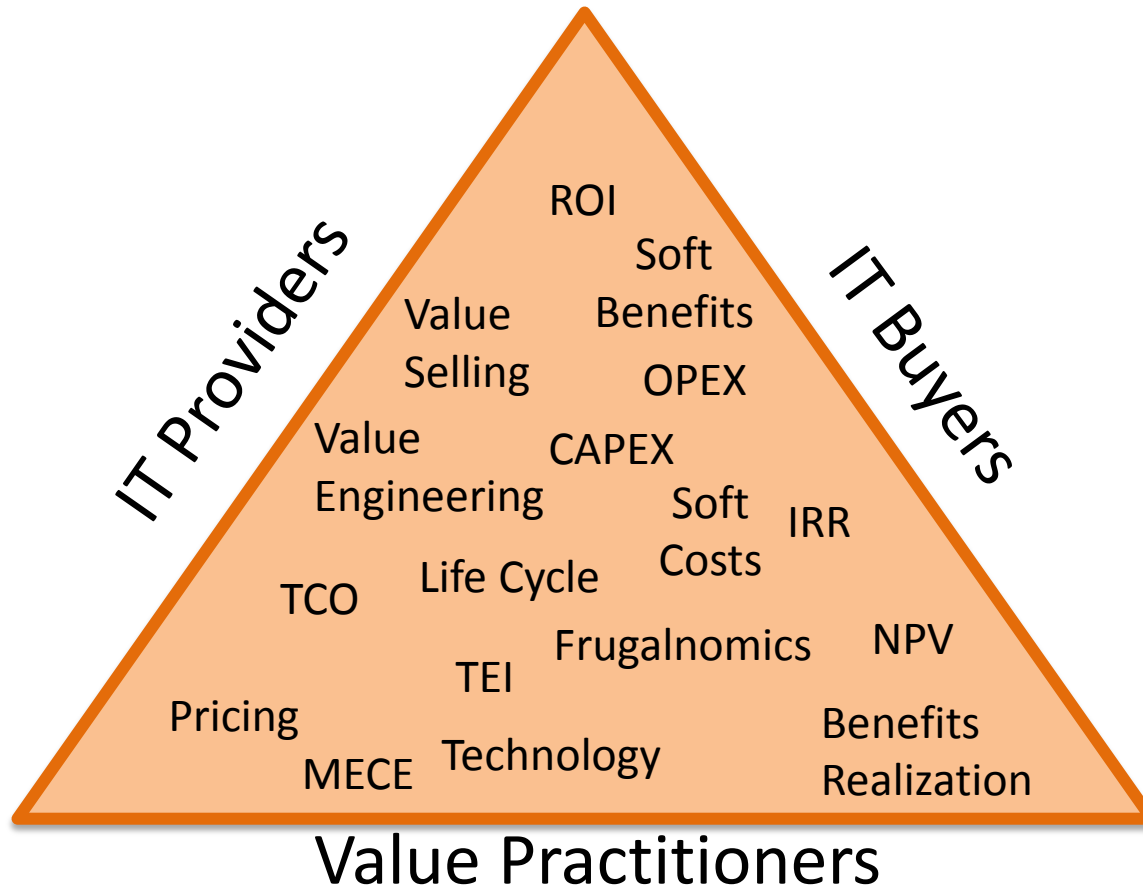
How is TCO Used Today?

- For vendors – Competitive Differentiation
- For users – Mandatory
- For Analysts – Research Fodder
- Fully embraced by the IT vendors and industry analysts (except Gartner)
- Typically performed by vendors by request of buyers
- Not just IT anymore (Cars, Planes and Trains)

The Missing Link



The Missing Link



Is TCO Still Relevant?

- Market is moving from asset-based to service-driven economics
- Financial management is shifting from CAPEX to OPEX
- IT is maturing from product / project to catalog-based service provision
- Business user is the new buyer in every market
- Market pricing is the new benchmark peer

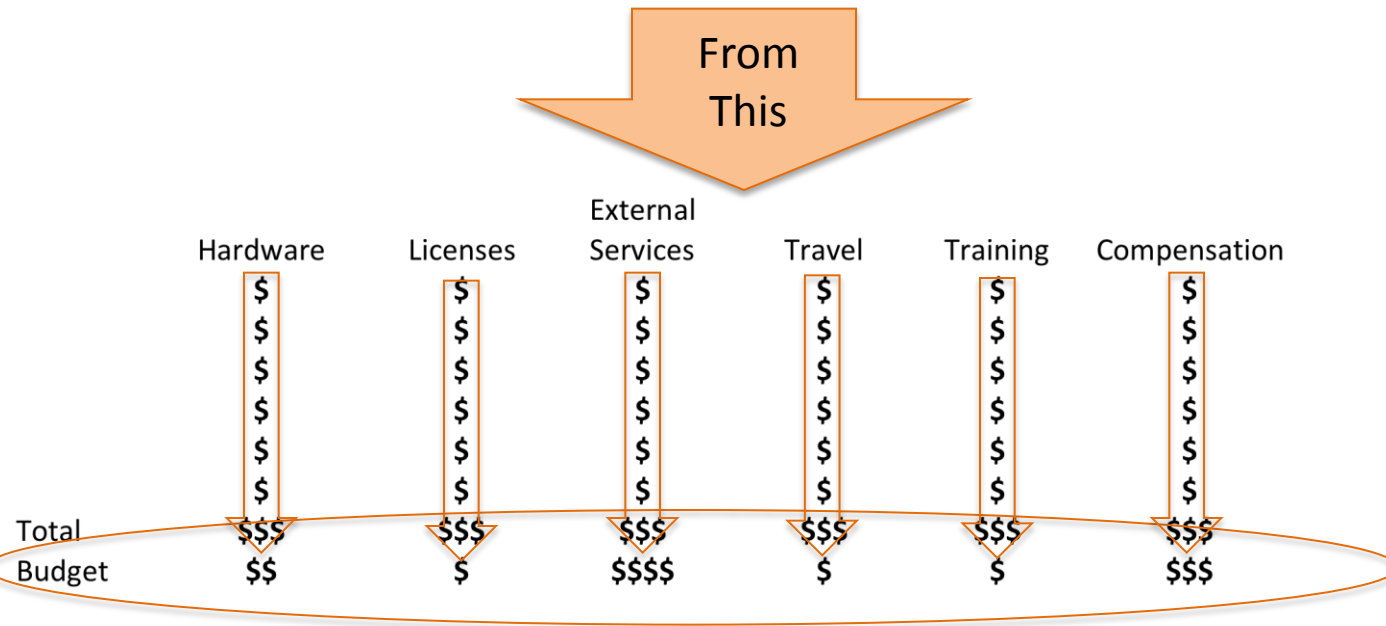
I Have This Idea...

Let's take IT cost and flip it on its side

	Hardware	Licenses	External Services	Travel	Training	Compensation
	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$
Total	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Budget	\$	\$	\$\$\$\$	\$	\$	\$\$\$

I Have This Idea...

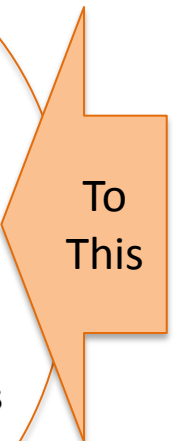
Let's take IT cost and flip it on its side



I Have This Idea...

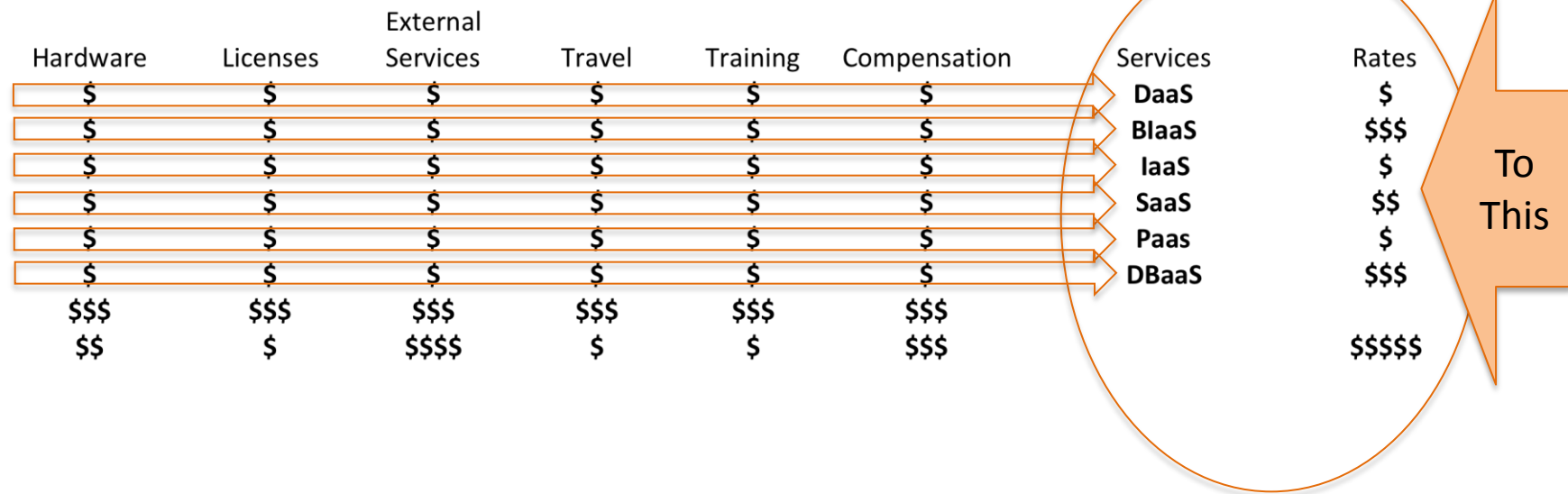
Let's take IT cost and flip it on its side

	Hardware	Licenses	External Services	Travel	Training	Compensation	Services	Rates
	\$	\$	\$	\$	\$	\$	DaaS	\$
	\$	\$	\$	\$	\$	\$	BaaS	\$\$\$
	\$	\$	\$	\$	\$	\$	IaaS	\$
	\$	\$	\$	\$	\$	\$	SaaS	\$\$
	\$	\$	\$	\$	\$	\$	Paas	\$
	\$	\$	\$	\$	\$	\$	DBaaS	\$\$\$
Total	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$		
Budget	\$\$	\$	\$\$\$\$	\$	\$	\$\$\$		\$\$\$\$\$



I Have This Idea...

...And we will call it Total Cost of Service!



Thanks!

International Institute of IT Economics

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