

Alfabet

and the TBM framework

Fact sheet

Understand how IT supports business priorities and at what cost

To optimize IT investments, your business and IT stakeholders need a common understanding of IT costs and the same call to action. That's why Software AG's Alfabet puts the Technology Business Management (TBM) framework at the heart of IT portfolio financial management.

Know how to spend on IT

When you use TBM in Alfabet's IT portfolio management solution, you can confidently make those tough decisions on prioritizing and rationalizing IT spending—without compromising IT support or alignment with business strategy. You gain a clear view of business priorities, IT cost drivers, the project portfolio, and the IT landscape for CapEx prioritization and OpEx management. You can make informed decisions to reduce costs and deliver sustainable value from IT.

With Alfabet and the TBM framework, you'll be able to focus on the right projects and most valuable initiatives. You can answer questions like..

- Which business capabilities are critical to business strategy?
- Is there sufficient IT support for important business capabilities?
- Where are IT costs and planned IT investments disproportionate to business strategy?
- What is the impact of operational cost cutting and cancelled projects on critical business areas, current projects, and future business plans?

How Alfabet works with TBM

Capturing IT costs merely as general overhead keeps the enterprise from truly understanding IT's real contribution to the business. Often you can't see where to free up financial resources for innovation. You need differentiated methods for viewing, measuring and planning. That's where the TBM framework comes in.

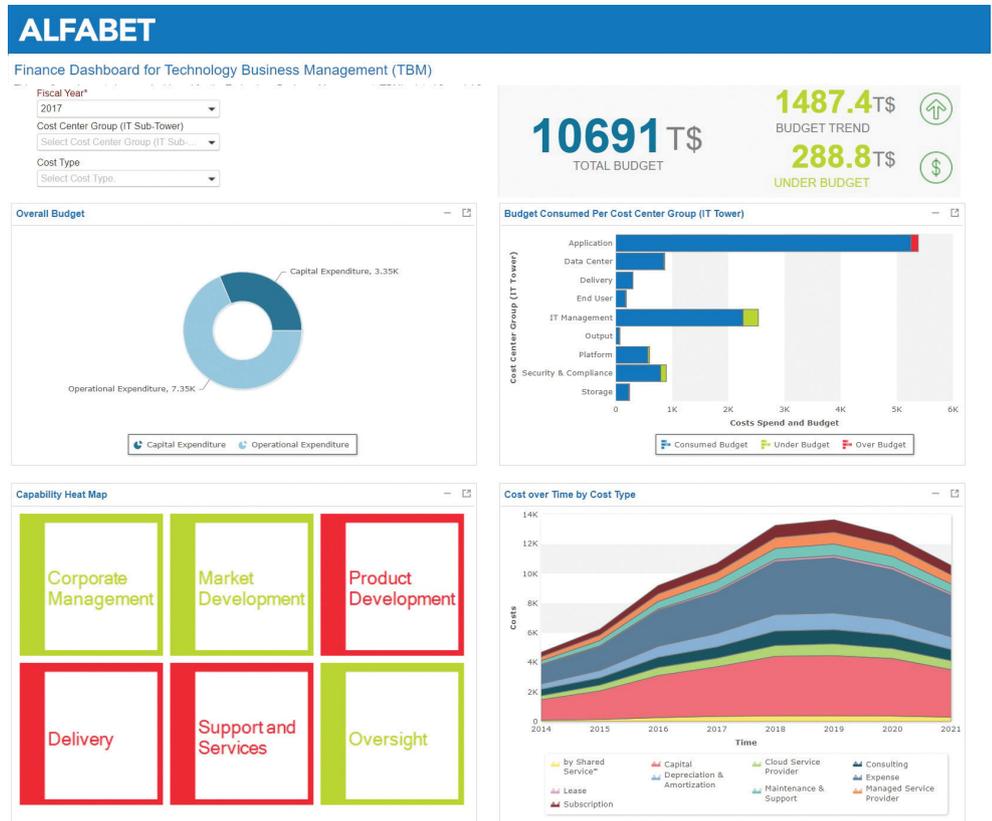
The TBM framework:

- Associates IT costs with business services, business capabilities and business units
- Demonstrates how IT supports business
- Provides a platform for collaborative business-IT planning

Alfabet then maps IT costs to IT elements and aggregates them in various combinations that are relevant to the business. IT achieves a clear understanding of costs for more meaningful benchmarking, project proposals that are more precise, reliable budgeting, and well-founded investment decisions.

Transparency into IT operations costs— for example, per application or business service— empowers IT to better sustain business operations and improve cost/ performance ratios.

Highly configurable, Alfabet supports TBM-relevant artifacts and can be adjusted to customer specific variations or other cost frameworks.



The Finance Dashboard configured report includes business capability heat maps of IT costs, the IT budget for each of the TBM top-level IT towers, CapEx and OpEx, and the trend over time for TBM cost pools.



Features

- Cost center group structure for defining TBM “IT Towers”
- Cost center type structure for implementing TBM cost pools
- Computation of aggregated costs over time for cost centers and cost types
- Association of assets—for, example, applications, projects, technology components, services and infrastructure—to cost centers
- Finance dashboard and reports that highlight TBM-related financial figures

Key benefits

Enjoy the confidence of having a defensible portfolio of projects. With Alfabet and TBM, you can:

- Map IT spend to business usage
- Plan change so it doesn't impact critical business processes
- Assess whether IT spend supports business strategy
- Free up budget for digital business innovation
- Measure proposed projects against strategic KPIs
- Compare cost scenarios for better decision making
- Ensure IT provides true business value

You'll know:

- Which projects to cancel or put on hold
- How to change the provisioning of IT services—for example, where to adjust SLAs or outsource
- Which IT systems to remove due to redundancy
- Where to tweak vendor contracts for price optimization

Teaming up for better insights

Cost management is a business discipline that is part of IT planning and governance. It requires a formal process framework for budgeting, cost aggregation and allocation models, as well as chargeback schemes and their relationships to business strategy. It must be underpinned by general accounting principles (such as activity-based costing).

The process framework must clearly identify all IT cost components and the fundamental drivers and behaviors of these costs from which the appropriate cost control strategies can be devised. It requires an information give-and-take with the corporate financial management systems that are in place.

Alfabet integrates with ERP and other relevant systems, such as Apptio®, to exchange information relevant for IT cost optimization. It acts as the central hub for budget-informed IT portfolio planning and management.



**Take the
next step**

To learn more about Alfabet and the TBM framework, talk to your Software AG representative or visit www.softwareaggov.com.

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