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An Enterprise Architecture Approach to TBM

Meeting the government mandate today and in the future

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CHANGING THE WAY YOU ACCOUNT FOR YOUR IT SPEND

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It's never been easy to account for the IT spending in an organization the size of a large federal agency, let alone the entire U.S. government.

Think about your organization's IT environment for a moment. It's likely built on an infrastructure that over the years has grown increasingly complex. You have legacy software applications used by employees who are likely distributed around the country, if not the world, running on your infrastructure.

The introduction of cloud-based infrastructure and applications adds more complexity to your environment. At least some of your environment resides beyond your data center, and the ease with which employees can procure cloud-based resources makes it difficult to accurately identify the tools being used, the security measures in place, and your IT costs.

Complex, distributed IT environments present several challenges for IT leaders, and one of the biggest challenges is associating the costs of IT with the services being provided, the initiatives being supported, and future plans.

The President's Management Agenda identifies Cross-Agency Priority (CAP) Goals that target areas where multiple agencies must collaborate to effect change and report progress in a manner the public can easily track.

By mandating the use of TBM by the year 2022 leveraging incremental implementation, the U.S. government is trying to better understand its IT spending — not just how much money is spent on IT, but how that spending helps agencies meet their goals and serve citizens.

TBM can help you provide detailed, accurate answers to questions like:

- What is your IT spend on a process or capability, and what are the drivers of that spend?

- What are the trends for your IT Tower costs?

- Which are your 10 most expensive applications to run?

- What are your candidate applications for rationalization and retirement?

- How will a specific project, like upgrading to the latest version of a database, affect other applications? And what are the additional costs that will be incurred beyond the new license?

The current methods used by many public and private sector organizations to track their IT spending lack transparency. These methods fail to draw the connections between the spending and the return on investment. Transparency and cost monitoring need to extend beyond new purchases such as adding hardware or software. Transparency into IT operations – understanding the costs to operate a specific application or support a business service – can help improve costs and performance.

TBM asks IT professionals to account for their IT spending the way businesses account for other types of spending. Instead of thinking in terms of servers and software licenses, TBM requires you to think in terms of the costs of a service or of providing a capability.

If you're like a lot of IT professionals, being asked to think like an accountant might seem beyond your core competencies. The truth, however, is that TBM can help make you a better, more-informed IT leader. As we'll see in this eBook, there are tools available that can help you adopt TBM and increase the transparency of your IT spending. And if your organization is already using IT portfolio management, or enterprise architecture, the transition to TBM might be easier than it appears at first glance.

2

WHAT'S THE BEST APPROACH TO TBM?

What's the best approach to TBM?

Technology Business Management relies on a well-vetted, thorough framework and a standard taxonomy to describe cost sources, technologies, IT resources, applications, and services. TBM is similar to a lot of mandates in that how you achieve compliance is, to some extent, up to your agency or organization. There is no prescribed software solution or "TBM-in-a-box" application.

Software solutions that focus on helping organizations track their IT spending are not new, and they are often plagued by complexity. When efforts to more accurately account for IT spending are led by the finance organization, they can be difficult for the IT department to understand. When IT takes the lead in such efforts, the opposite tends to happen.

A better approach to TBM starts with a holistic view of the IT environment, and then layers the TBM framework on top, thus integrating the view of the environment with the framework and adding costs to the picture.

In many large organizations, enterprise architecture (EA) is the place where IT leaders turn when they need a holistic view of the IT environment. EA tracks the business capabilities, dependencies, applications, infrastructure, interrelationships, and more.

Enterprise architecture is where you go to understand the true scope, cost and benefit of a project. To return to the example in the previous section, a database upgrade is more than upgrading the license and the software. It touches the applications that rely on that database and the processes and capabilities built on those applications. Because EA understands those relationships, it can help you understand the true scope of the project, including any additional upgrades that are required.

Enterprise architecture provides the most holistic view of the entire IT environment and how it is used to support the business. If your organization can apply the TBM taxonomy to its enterprise architecture, you will gain an understanding of how your technology spending is being used to support your agency's mission.

In addition to helping identify the true costs of projects, the combination of EA and TBM will also help you identify areas of waste, technology ready for retirement, and more. This is where transparency enables better planning. By taking an enterprise architecture approach to TBM, you reduce surprises, and you'll be able to create more accurate plans for your technology and your budget.

Combining enterprise architecture and TBM is significantly more than a budget exercise. It helps create an even more holistic view of the IT organization than either strategy provides on its own. This new view will tie together capabilities and dollars to deliver a whole new level of transparency to IT and financial leaders.

3

HOW SOFTWARE AG'S ALFABET SUPPORTS TBM

How Software AG's Alfabet Supports TBM

Because technology plays such a vital role in everything your organization does, it's almost impossible to make strategic plans or prepare budgets without accounting for your IT spend. Accurate planning and budgeting requires a platform for collaboration between IT and finance, and the ability for each side to understand the information being presented.

Software AG's Alfabet is an industry leader in both the IT portfolio management and enterprise architecture markets.

Alfabet provides IT leaders with the type of visibility they need into their enterprise architecture, enabling better investment decisions and helping them manage risk.

Federal agencies that need to meet the Technology Business Management mandate will find the TBM taxonomy is included out of the box in Alfabet, thereby adding a financial element to their IT portfolio management and enterprise architecture. This makes it easier to meet compliance, improve planning, and foster better collaboration between IT, finance, and governance, risk and compliance (GRC) leaders.

Alfabet will map your IT costs to your IT elements and aggregate those numbers in a way that is most relevant to your organization. This helps the IT organization:

• Achieve a clear understanding of its costs, which opens the door to more accurate, meaningful benchmarking

• Create and monitor plans for IT rationalization

• Better sustain business operations and improve cost/performance ratios

Alfabet's dashboards help make the data around technology spending and planning available to the various roles involved in budgeting on both the IT and business side.

Alfabet also offers integration with other applications used in planning and budgeting, like ERP and IT financial management systems, allowing stakeholders to view the information they need in the environment where they normally operate. Because Alfabet is highly configurable, it supports TBM-relevant artifacts as well as variations specific to your organization and even other cost frameworks.

Case Study: Large Federal Civilian Agency

One large federal civilian agency is using Software AG's Alfabet IT portfolio management and enterprise architecture solution to meet the requirements of TBM. This agency runs the Alfabet solution in its private cloud.

In order to begin developing a minimally viable product (MVP), the agency first exported data from its investment system as spreadsheets and validated the data. The data was then mapped to the TBM taxonomy included in Alfabet. Working in sprints that ran from two to four weeks, the agency then began iterating its way forward.

- Iteration 1.0 represented the agency's IT Towers data

- Iteration 2.0 represented its Cost Pools data

- Iteration 3.0 represented KPI Data Visualization

The first two iterations took six months for the agency to complete. Iteration 3.0 was completed in one month. The agency started its visualization efforts with tabular reports that are included in the Software AG solution out of the box and has evolved to role-based KPI boards.

While some federal agencies continue to rely on complex spreadsheets to gather and share their TBM data, this particular agency is continuing to develop its TBM solution. Going forward, the agency is using Software AG's webMethods integration product to retrieve TBM information from multiple disparate sources.

Most importantly, Software AG's Alfabet IT portfolio management and enterprise architecture solution is helping meet the agency's obligations for TBM compliance with far more efficiency than manual processes that rely on spreadsheets. The agency's KPI data visualizations are used by Capital Planning and Investment Control (CPIC) personnel to assess the agency's business alignment and cost of performance. The Alfabet TBM product is used in validation and submissions to the Office of Management and Budget (OMB) for compliance with CAP 10.

TBM: More than a Mandate

The TBM mandate presents an opportunity for IT leaders. By marrying the information around your IT environment and your capabilities with the details of your IT spend, you'll be able to make more informed, more impactful decisions that help meet agency goals and make more effective use of your funding. You don't have to become an accountant to make TBM a reality, but you will become a more informed IT leader.

For more information please visit **www.softwareaggov.com** or email us at **info@softwareaggov.com**