are key people just watching IT cost management?

measure IT
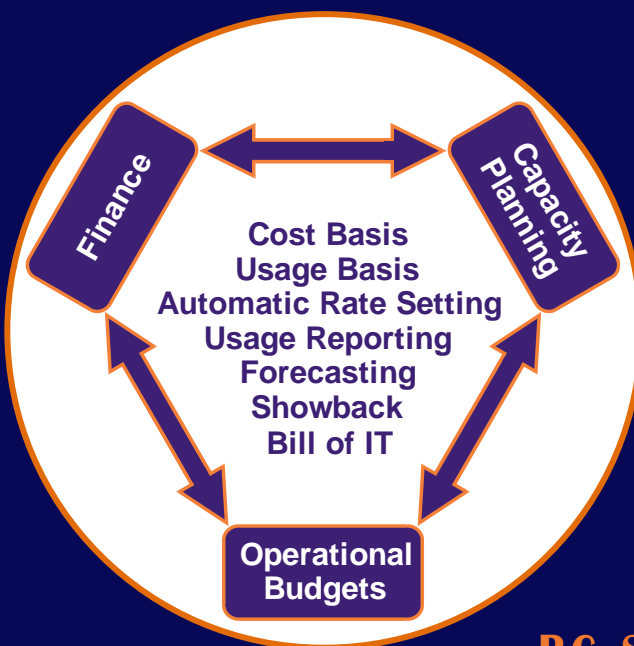
effective IT costing

ORGANIZATION

It is the responsibility of many: Finance, IT, Users, and Management. It is a dynamic process that includes many different perspectives and concerns. The goal is an integrated process that works for the business and is universally accepted. By adapting and learning, the combined actions of the groups will result in a process that not only controls costs, but allows full and equal participation.

PEOPLE

It is done by the individuals within the groups. People with different goals and skills are brought together for the common purpose of managing IT costs. The process must be non-judgmental in nature and have empathy for all. IT Cost Management is not just about money; it is a persistent process that is pertinent and respectful.

effective solutions for IT costing.

Finance

Capacity Planning

Cost Basis
Usage Basis
Automatic Rate Setting
Usage Reporting
Forecasting
Showback
Bill of IT

Operational Budgets

- **FINANCIAL**
  - Capital Assets
  - Annual Expenses
  - Cost Pools
- **TECHNICAL**
  - Mainframe, Server, VM
  - Shared Processing (SOA)
  - Public / Private Clouds
  - Software as a Service
- **PLANNING & CONTROL**
  - Usage Based Cost Model
  - Total Cost of Ownership
  - Unit Costs

RG Solutions®

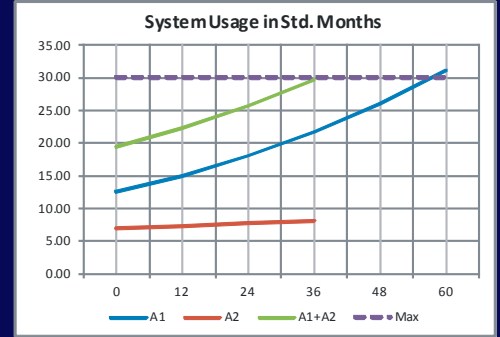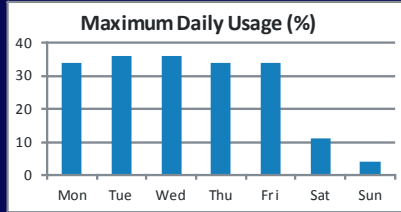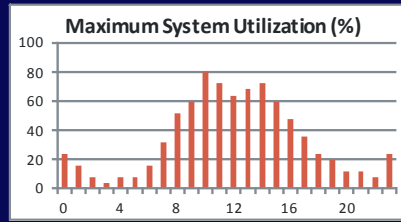Measuring the Value of Your IT Services

Resource Guidance, Inc.

5332 W. Pershing Ave. — Glendale, Arizona 85304   602.843.0023   WWW.RGSOLUTIONS.COM

TECHNICAL

Establish Standard System Rating

Determine Processing Model

Forecast Future Demand

Determine All Usage Basis

Maximum System Utilization (%)

Maximum Daily Usage (%)

System Usage in Std. Months

Usage Basis (Std. Months)			
Year	Activity 1	Activity 2	Total
1	163.4	91.5	254.9
2	196.0	96.1	292.1
3	235.2	100.9	336.1
4	282.3		282.3
5	338.8		338.8
Total	1,215.7	288.4	1,504.1

Activity 1 Unit Cost					
	Year				
	1	2	3	4	5
Server	**53.49**	**51.80**	**50.23**	**63.24**	**58.46**
Capital Asset	7.98	7.98	7.98	7.98	7.98
Hardware & Software	7.98	7.98	7.98	7.98	7.98
Expense	45.52	43.82	42.25	55.26	50.48
Support	31.39	30.13	28.86	37.55	34.24
Environment	14.13	13.69	13.39	17.71	16.24
Application	**471.72**	**354.90**	**237.67**	**222.93**	**209.06**
Capital Asset	49.35	49.35	49.35	49.35	49.35
Software	49.35	49.35	49.35	49.35	49.35
Expense	422.36	305.55	188.31	173.58	159.70
Maintenance	-	45.91	42.08	38.61	35.42
Training	61.21	12.75	12.75	12.40	11.81
Support	85.70	78.56	71.84	65.89	60.52
Help	275.45	168.33	61.64	56.68	51.95

RG SOLUTIONS®

Automatic Rate Setting

Usage & Cost Based Budgets

Activity Usage & Cost Allocation

FINANCIAL

Establish Cost Pools

Determine all Cost Basis

Determine All Unit Cost

Forecast Budgets

Activity 1 Budget Forecast					
	Year				
	1	2	3	4	5
Total Cost	85,802	79,730	67,726	80,785	90,622
Server Cost	8,739	10,155	11,816	17,852	19,803
Hardware & Software	1,303	1,564	1,877	2,252	2,703
Expense	7,436	8,591	9,939	15,600	17,100
Support	5,128	5,906	6,789	10,600	11,600
Environment	2,308	2,685	3,150	5,000	5,500
Application Cost	77,063	69,575	55,910	62,932	70,819
Software	8,063	9,675	11,610	13,932	16,719
Expense	69,000	59,900	44,300	49,000	54,100
Maintenance	-	9,000	9,900	10,900	12,000
Training	10,000	2,500	3,000	3,500	4,000
Support	14,000	15,400	16,900	18,600	20,500
Help	45,000	33,000	14,500	16,000	17,600

OPERATIONAL

Measure
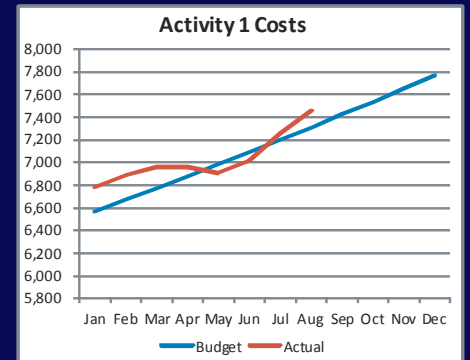
Evaluate

Revise

Repeat

August Bill of IT	
Usage (Std. Months)	14.20
Total Cost	7,458
Server Cost	**760**
Hardware & Software	113
Expense	646
Support	446
Environment	201
Application Cost	**6,698**
Software	701
Expense	5,998
Maintenance	-
Training	869
Support	1,217
Help	3,911

	Budget	Actual	Variance	YTD Var
Jan	6,565	6,775	(210)	-3.2%
Feb	6,666	6,880	(214)	-3.2%
Mar	6,769	6,959	(190)	-3.1%
Apr	6,873	6,959	(86)	-2.6%
May	6,979	6,907	72	-1.9%
Jun	7,086	7,012	74	-1.4%
Jul	7,195	7,248	(53)	-1.3%
Aug	7,306	7,458	(152)	-1.4%

Activity 1 Costs

RG Solutions®

Measuring the Value of Your IT Services