

Technology Business Management: Driving value in IT investments

Public Policy Perspective July 2018

For more information, contact:
Mary Moore Hamrick
National Managing Principal of
Public Policy
T +1 202 521 1545
E PublicPolicy@us.gt.com

Help government agencies drive value in their IT investments

Federal spending on IT will be \$83.4 billion in 2019. Applying the Technology Business Management (TBM) framework to the Federal government will help agencies understand and prioritize IT spending, and comply with Federal guidance and mandates. TBM, a best practice used across the private sector, provides a standardized view of IT spend and a taxonomy to categorize IT spending. Currently, spending is not tracked consistently across agencies, nor is it consistently linked to outcomes. According to the President's Management Agenda (PMA), 84% of the 2018 Federal IT request was classified as "other" and has no specific IT priority or value associated with it.

Benefits of TBM

- Improves communication between finance and technology executives through a common taxonomy.
- Increases evidence-based decision making through the availability of consistent and granular data.
- Demonstrates the business value of IT investments using data to drive discussion of cost and value.
- Improves the way data is coded by agencies to drive consistency.
- Reduces reporting burdens by using common data to meet a variety of management information needs.

Agencies are not required to implement Administration guidance on TBM

To get a handle on IT spending, the administration included TBM as one of 14 cross-agency goals in the PMA, with full Federal-wide adoption in place by 2022. General Services Administration (GSA) is leading TBM implementation, based on a recommendation from the TBM Council. The President's 2019 budget set aside \$1.5 million for GSA to stand up a TBM program management office responsible for coordinating TBM implementation across the Federal government.

Office of Management and Budget (OMB) will begin requiring agencies to report the value of IT investments in line with the TBM framework beginning in fiscal year 2019. No formal mandate has been released yet, but OMB envisions using agencies' TBM data as the backbone to the Federal IT Capital Planning Investment Control (CPIC) process. Within one cycle of introducing TBM elements into the CPIC process, OMB reduced the amount of the IT portfolio that was not categorized from 84% to 34%. OMB plans to have TBM reporting fully in place in the CPIC process by 2021.

Grant Thornton Ask – Bringing TBM to Government Act

Grant Thornton recommends drafting legislation to set implementation standards and codify reporting procedures for Federal agencies. We specifically support the establishment of a program management office within GSA dedicated to implementing TBM government-wide, and aligning OMB CPIC reporting requirements to the TBM framework to ensure consistent, outcome-based reporting across the Federal government. Grant Thornton recommends including these provisions in a "Bringing TBM to Government Act" to ensure that TBM best practices from the private sector are applied and enforced across government— driving transparency into IT budgets, improving the communication of IT modernization initiatives to the taxpayers and ensuring compliance.

Implementing TBM in government

Implementation of TBM does not require a specific software package to align IT spending to the TBM framework. Successful implementation of TBM across the Federal government requires: (1) consistent interpretation of the TBM framework, (2) a phased approach to demonstrate early value and prove to agencies that existing data, systems and processes can be used, and (3) implementation teams that understand the financial, mission and technology realms.

Before undertaking a large-scale TBM program, each implementation should focus on a few key steps:

- Visioning with agency leadership to ensure alignment with needs.
- Analyzing financial and organizational data.
- Forming high level assumptions based on data.
- Reviewing and validating assumptions with organizational subject matter experts.
- Developing a rapid prototype model for each agency.

These models will provide agencies with valuable insights into their IT spend and allow them to meet OMB's CPIC guidelines in a timely fashion.

What is TBM?

The TBM framework was developed by the TBM Council¹ and provides a standardized view of IT spend, linked to value. It helps to facilitate conversations between finance and technology, and enables conversations in common terms that make sense to business leaders.

The TBM taxonomy captures generally accepted ways of reporting IT costs and producing quality metrics that are consistently accepted by IT organizations worldwide. It provides consistency in cost definition, transparency, and benchmarking opportunities. The TBM taxonomy supports the modeling of costs and other metrics. The TBM model maps and allocates costs and resource consumption from their sources to their uses. The model translates between the layers of the taxonomy and adds the data requirements, allocation rules and metrics needed to create transparency and enable the reporting that allows for the value conversations of TBM. These TBM tools allow for benchmarking and trend analysis of IT costs including comparing unit costs of technologies, comparing costs over time, and looking at ratios like the IT cost per employee or storage cost as a percentage of IT spending.

¹ The TBM Council is a nonprofit business entity focused on developing a definitive framework for managing the business of IT. It is governed by an independent board of business technology leaders. The board oversees the TBM Council Standards Committee who are responsible for overseeing, reviewing, and managing the development and maintenance of TBM standards including the taxonomy and KPIs/metrics. The Committee has two co-chairs, 15 voting members from industry, a non-voting Federal liaison, and Alliance Partner representatives from ISG and KPMG. www.tbmcouncil.com

To learn more visit gt.com/policy

"Grant Thornton" refers to Grant Thornton LLP, the U.S. member firm of Grant Thornton International Ltd (GTIL), and/or refers to the brand under which the GTIL member firms provide audit, tax and advisory services to their clients, as the context requires. GTIL and each of its member firms are separate legal entities and are not a worldwide partnership. GTIL does not provide services to clients. Services are delivered by the member firms in their respective countries. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. In the United States, visit grantthornton.com for details.