knowledge16

Experience the Service Revolution



Providing Cost Transparency into IT Spend

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servicenow

Alex Nesanelis

- Product Manager, Financial Management ServiceNow
- Joined ServiceNow, February 2012
- Over 19 years of experience successfully leading process, product and service transformations for a wide variety of different organizations, including many of the Fortune 100



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Albert Hsu

- Solution Architect, Global Solution Practice, ServiceNow
- Joined ServiceNow, March 2014
- 20+ Years in IT with Novell, Mercury, HP, Apptio
- Specialized in SDLC, Discovery, ITSM-SACM, Cloud Provisioning, IT Financial Management
- Married for 20 years, 2 teens
- Enjoy hockey, golf, snowboarding



ca.linkedin.com/pub/albert-hsu/2/6b5/5b9/

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Overview of Lab

- Customer outcomes
  - Take a Financial General Ledger and build a cost model that provides IT leaders with visibility into the costs of delivering IT Shared Services and Business Services
- Here's what to expect when you've completed the lab
  - Understand the basic principles around IT Cost Modeling
  - Learn how ServiceNow Cost Transparency automates the process of cost modeling
- Value and benefits
  - Understand financial cost drivers of labor, hardware, software, etc.
  - Defend the cost of running IT
  - Know where to allocate IT investment to align to the business

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What Is a Service?

Service:

A means of delivering value to customers by facilitating outcomes customers want to achieve without the ownership of specific costs and risks.

(Source: ITIL Service Strategy book)

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What Is IT Financial Management?

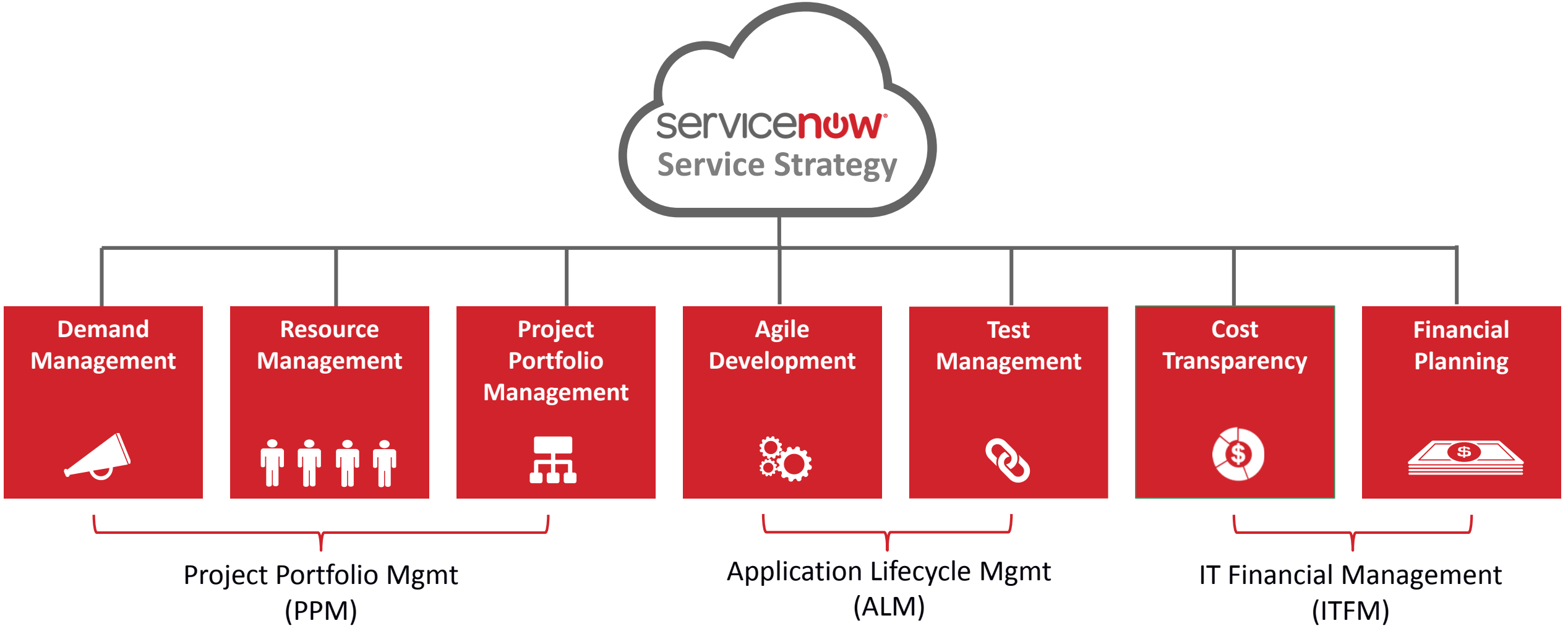
IT Financial Management:

The function and processes responsible for managing an IT Service Provider's accounting, budgeting, and charging requirements.

(Source: ITIL Service Strategy book)

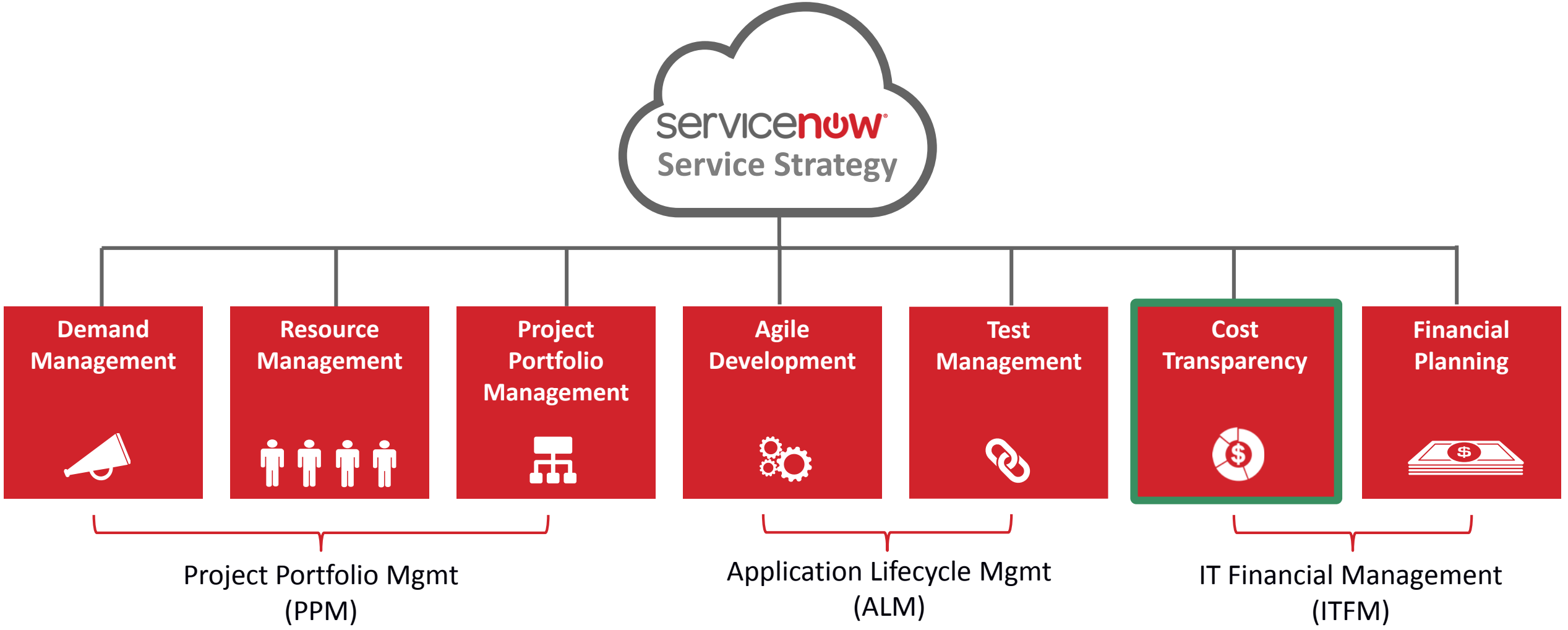
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Product Overview



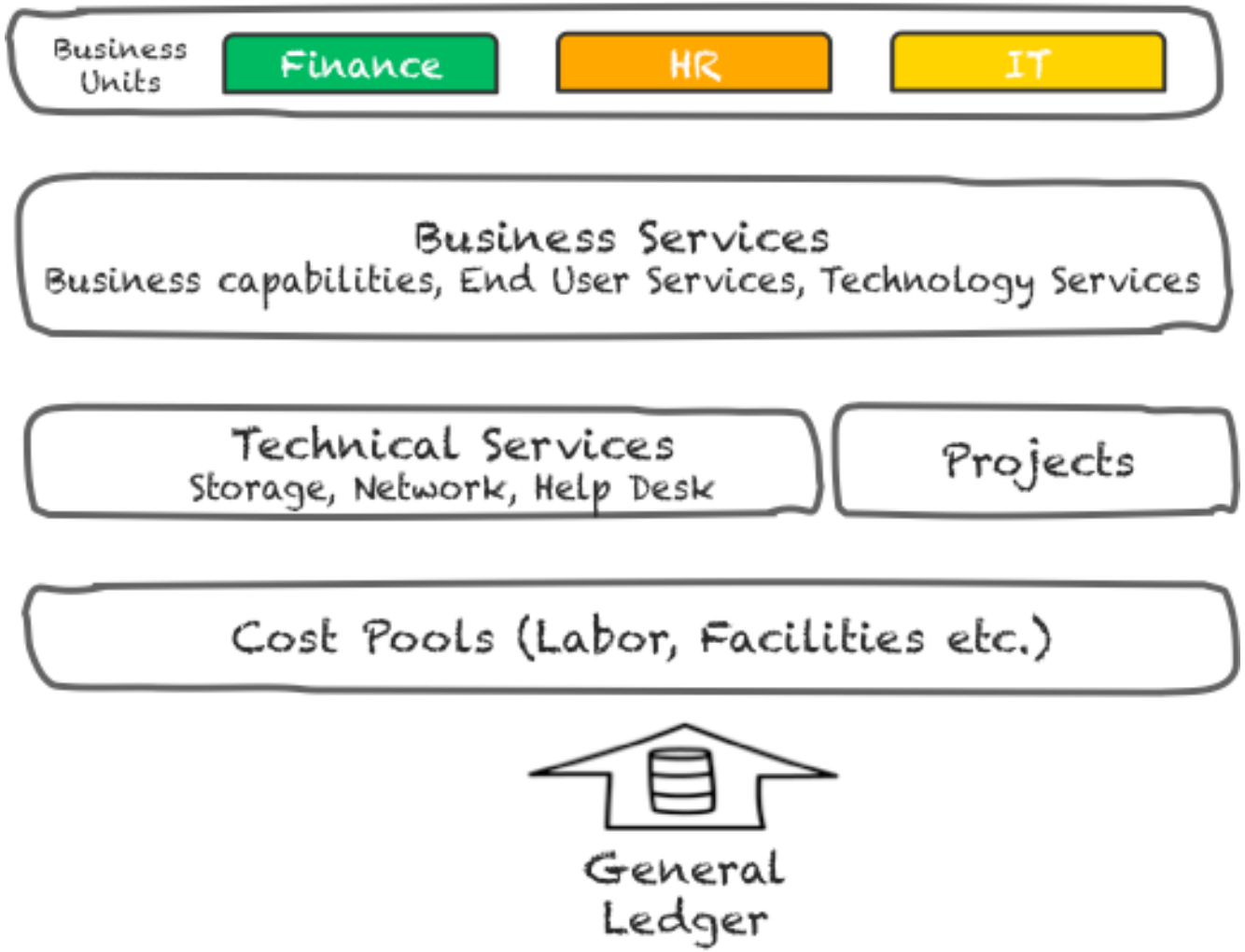
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Product Overview



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Cost Transparency – Implementing a Cost Model



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How Financial Management Works

The Financial Management applications uses these components:

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- The general ledger: A list of your organization's expenses

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How Financial Management Works

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- The allocation engine: The core of the application that uses your cost model to calculate expenses

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- Your cost model: The underlying records that tell the application how to allocate expenses
- The allocation engine: The core of the application that uses your cost model to calculate expenses
- Financial reports and dashboards: Graphical representations of the expense allocations that show you where your expenses are coming from

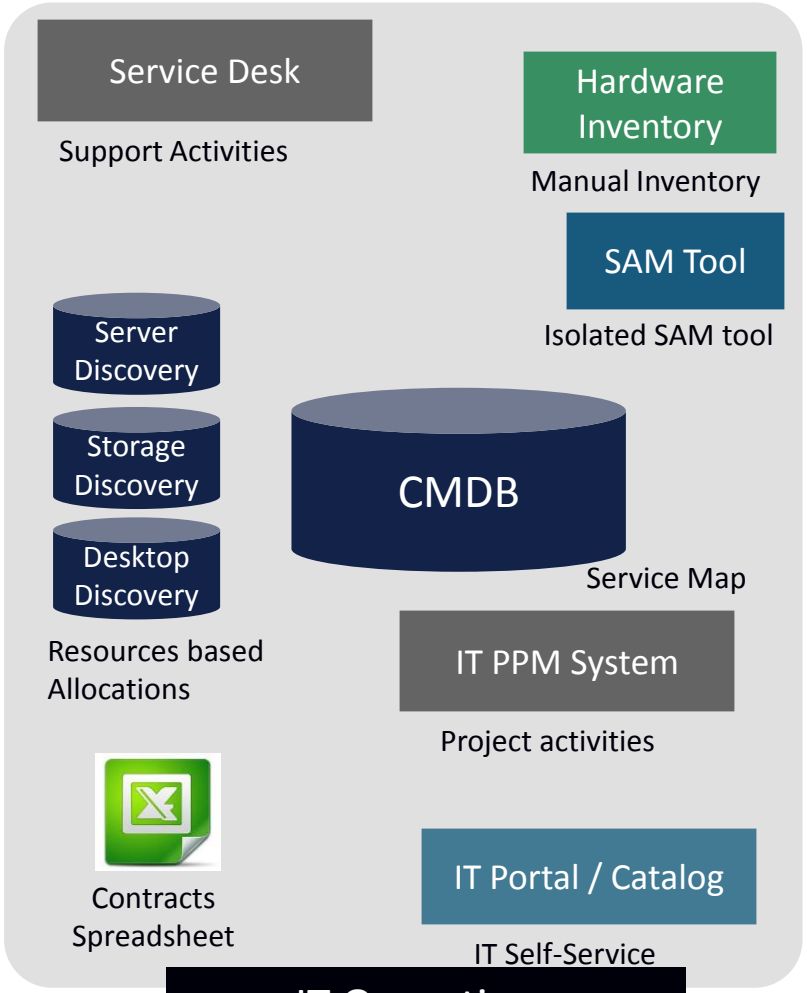
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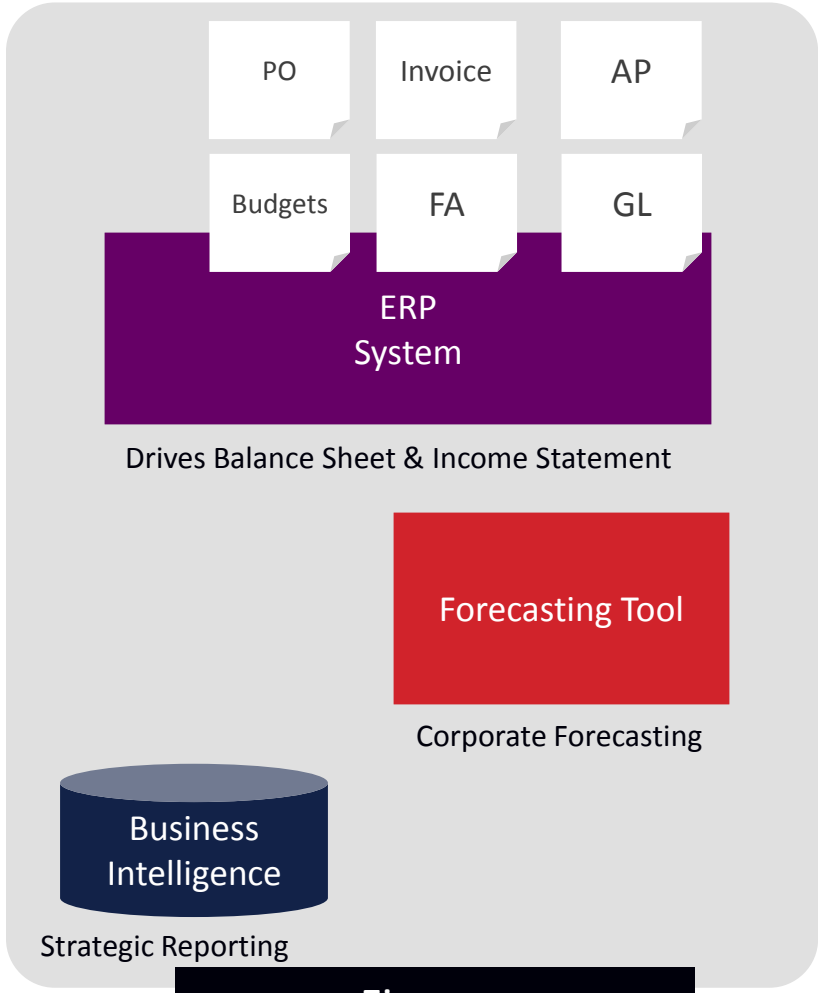
Lab 1.0

Working with IT Data – Configure Dimensions

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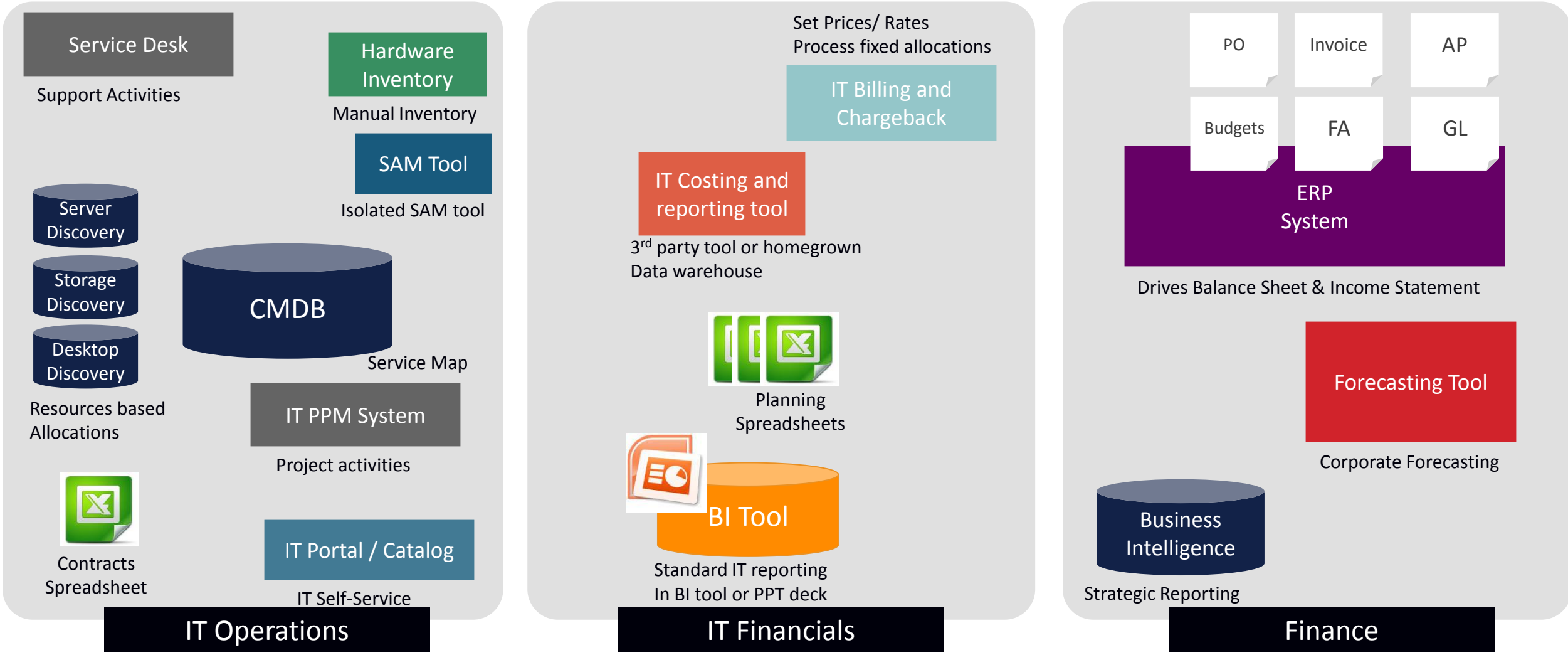
And This Is Why It's Difficult





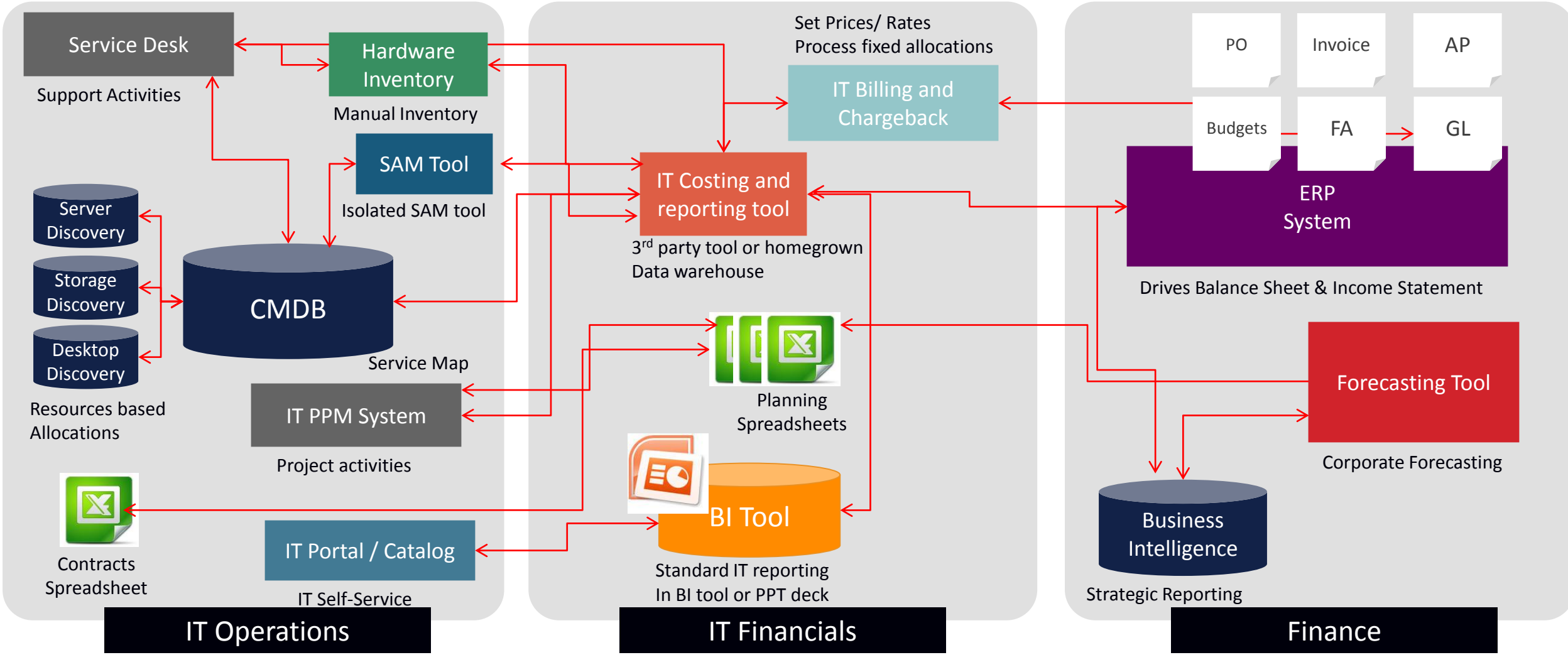
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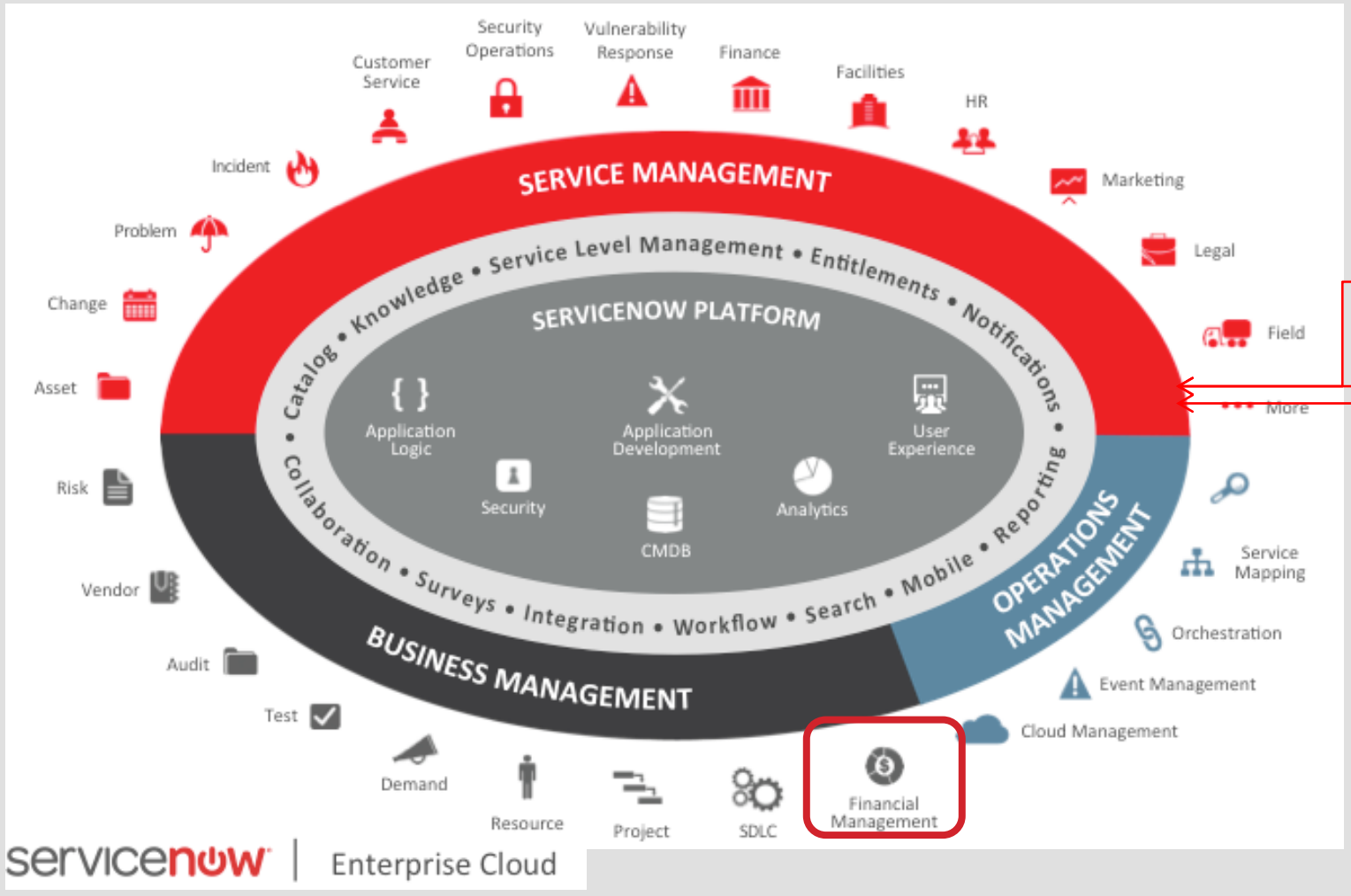
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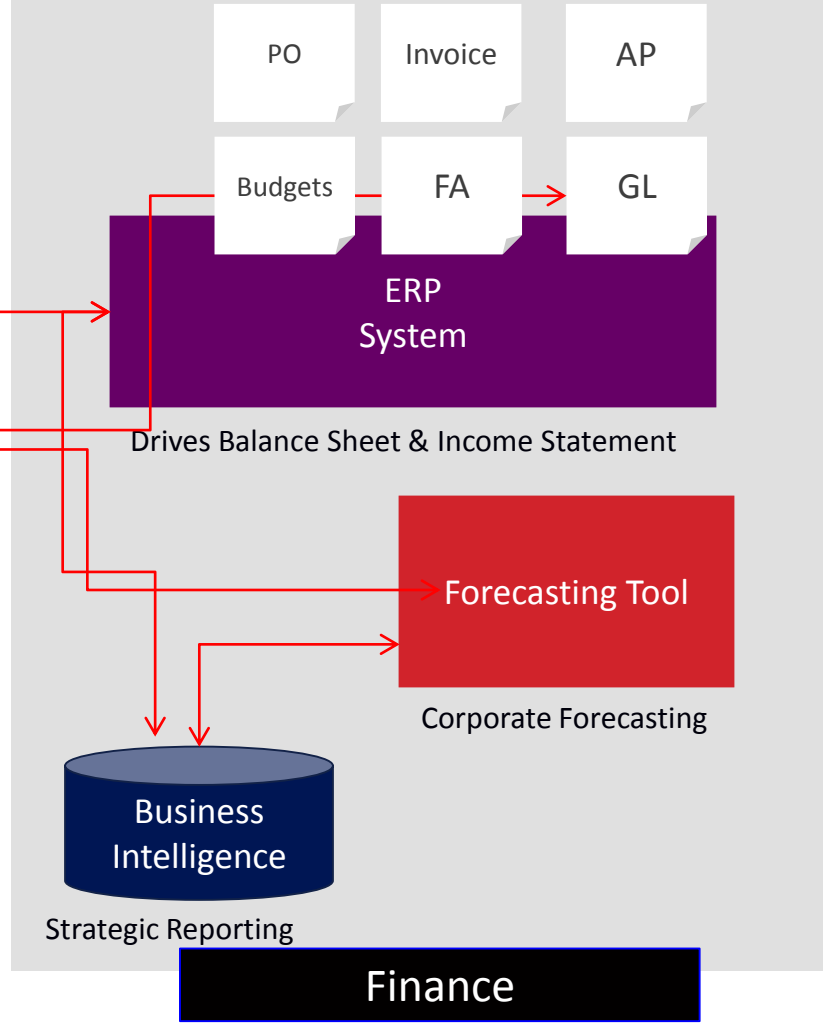
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ServiceNow Solution





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Lab 2.0

Working with the General Ledger – Load Staged GL Data

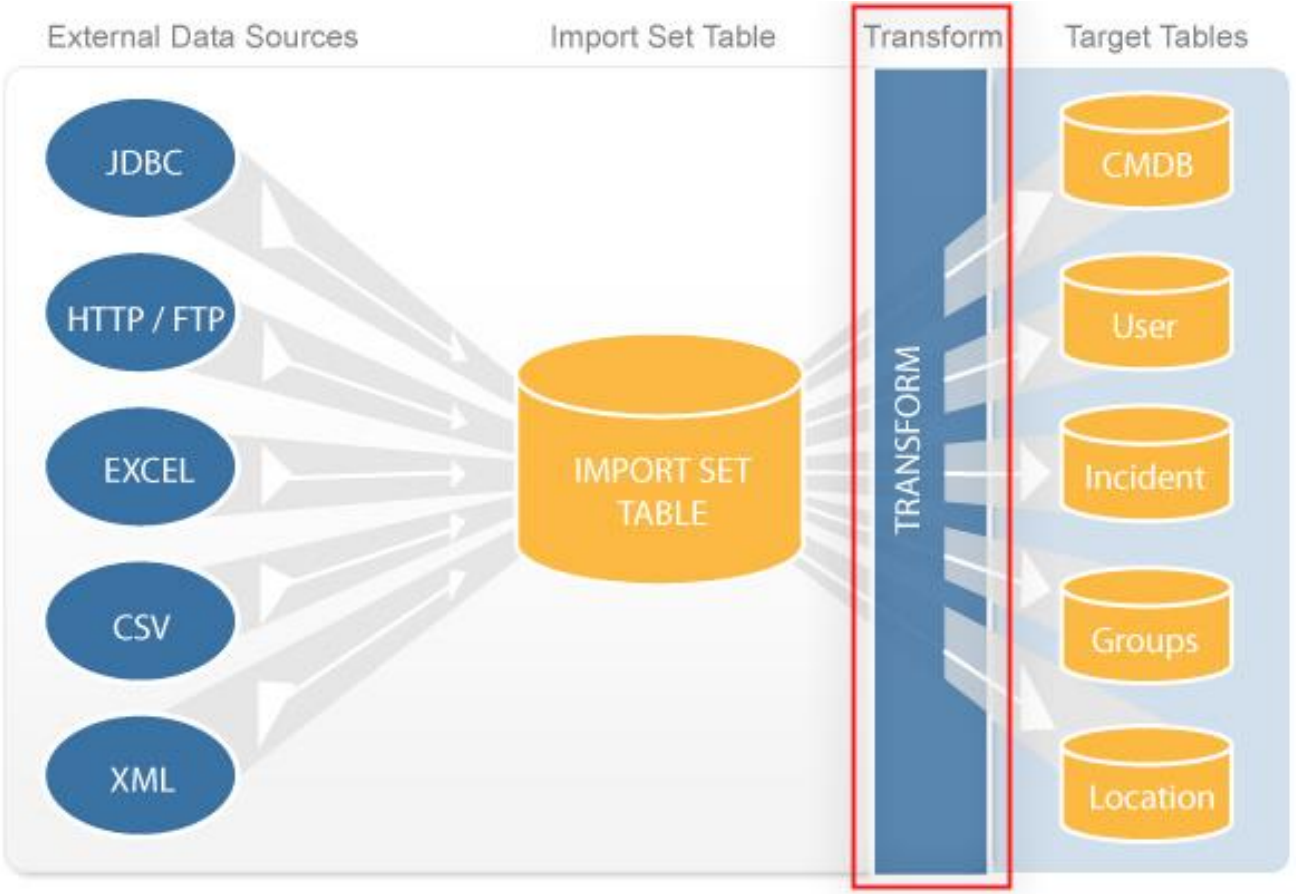
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Moving Your General Ledger into ServiceNow



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ServiceNow Transform Maps



- A transform map is a set of field maps that determine the relationships between fields in an import set and fields in an existing ServiceNow table, such as Incidents [incident] or Users [sys_user]
- After creating a transform map, you can reuse it to map data from another import set to the same ServiceNow table

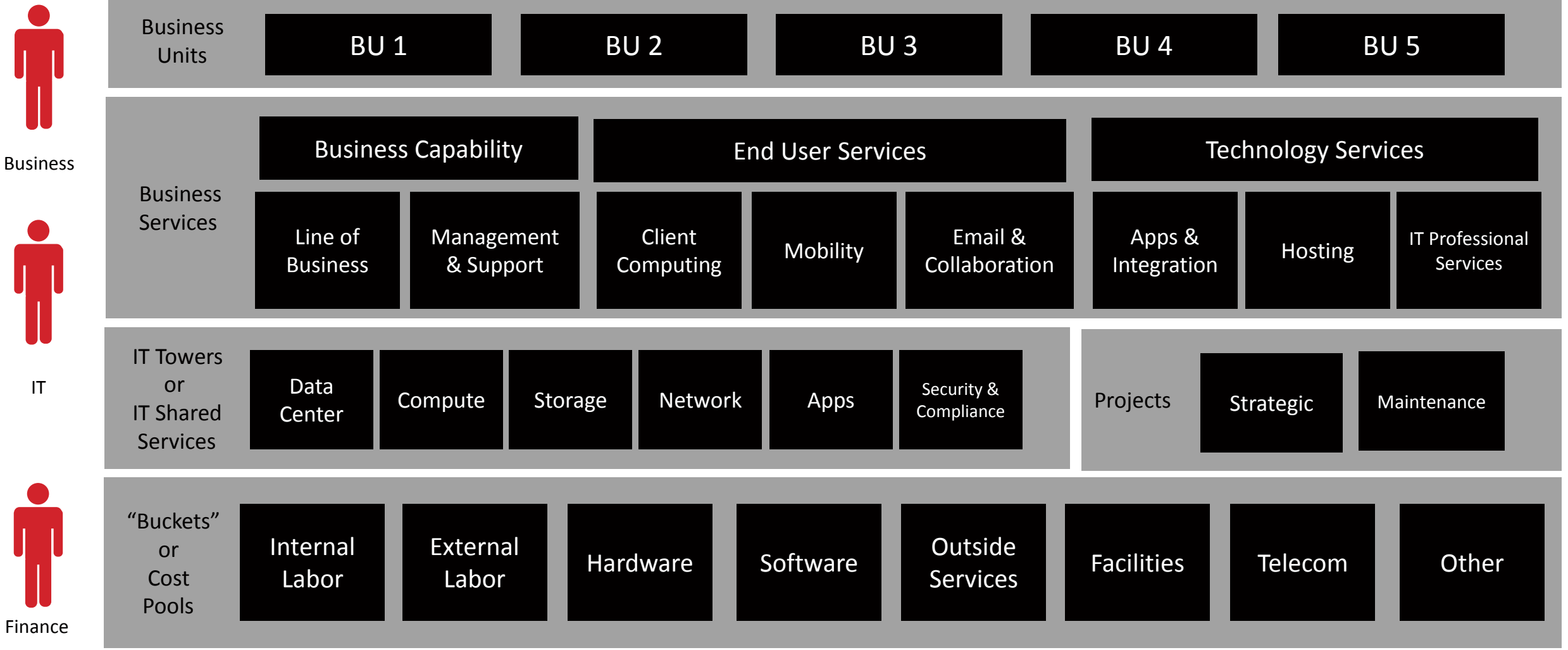
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Lab 3.0

IT Chart of Accounts – Workbench Data Definition

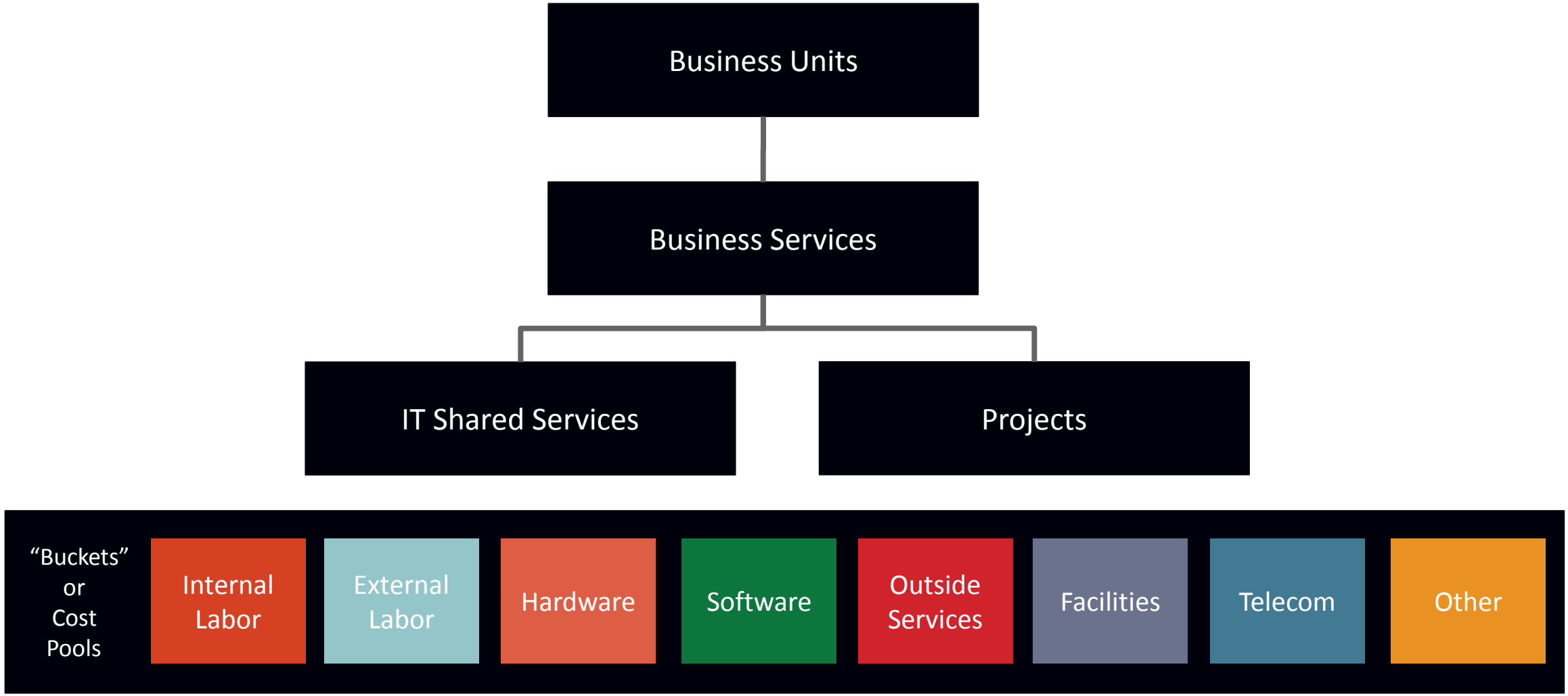
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Typical IT Cost Models



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Chart of Accounts Hierarchy



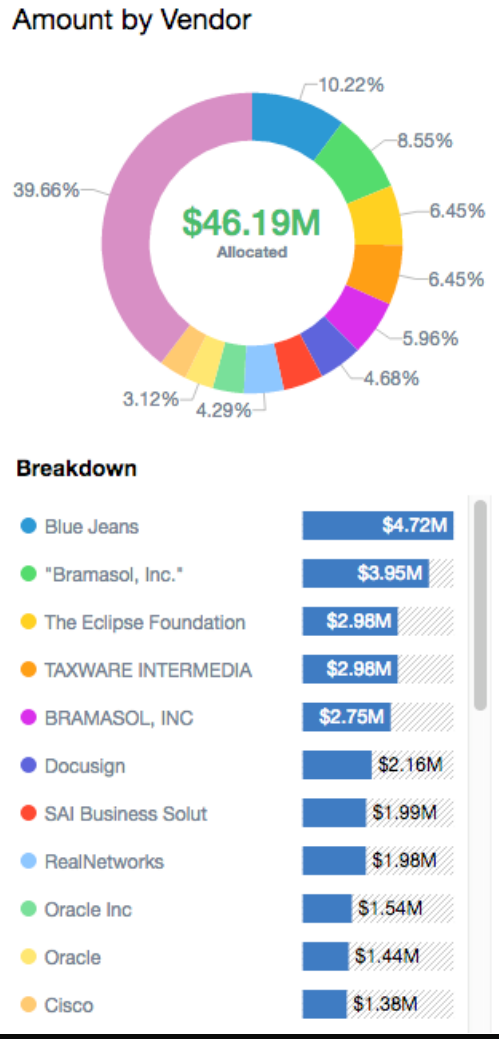
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Lab 4.0

Workbench Data Cleansing

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Data Cleansing – “Po-TA-to, PO-ta-to”



- Expenses posted from Accounts Payable is often inconsistent
  - “Acme Corporation”, ACME CORP, Acme Corp. International
- Sometimes it’s used to help categorize spend
- Sometimes it needs to be allocated to specific departments, cost centers, or services

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Lab 5.0

Categorizing Spend – Workbench Bucketing

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ServiceNow Default Buckets (Categories of Spend)

Buckets

Labor

- Labor External
- Labor Internal Capital
- Labor Internal Expense

Hardware

- Hardware Capital
- Hardware Expense
- Hardware Maintenance

Software

- Software License
- Software Maintenance

Services

- Services Cloud
- Services Vendor

Assets

- Other Assets

Other

- Other General Admin
- Other Miscellaneous
- Other Travel

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Lab 6.0

Workbench Allocation Setup

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Allocating Expenses

To allocate expenses, the application uses the following items, which comprise your cost model:

- Allocation rules, which are the over-arching definition that the application needs to break expenses down and allocate expenses to segments. Rules use filter conditions, methods, and metrics.
- Allocation filter conditions, which specify what conditions that expenses must meet to be matched by the rule. Rule matching means the expense met the criteria, such as the vendor or cost center, that the rule requires. Each rule must use a filter condition.
- Allocation methods, which tell the rule how to calculate the breakdown of the expense on a percentage or fixed basis. Methods also specify which account from the IT chart of accounts should receive the allocation.
- Allocation metrics, which contain additional instructions that the application uses to allocate expenses based on a weighted calculation or on a script. A method can use one or more metrics.

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Lab 7.0

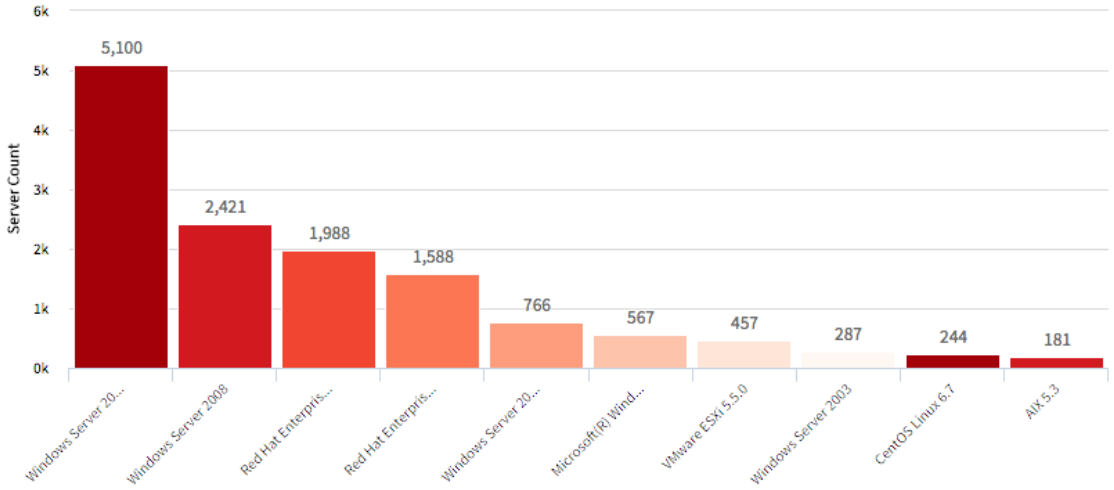
Create an FM Dashboard

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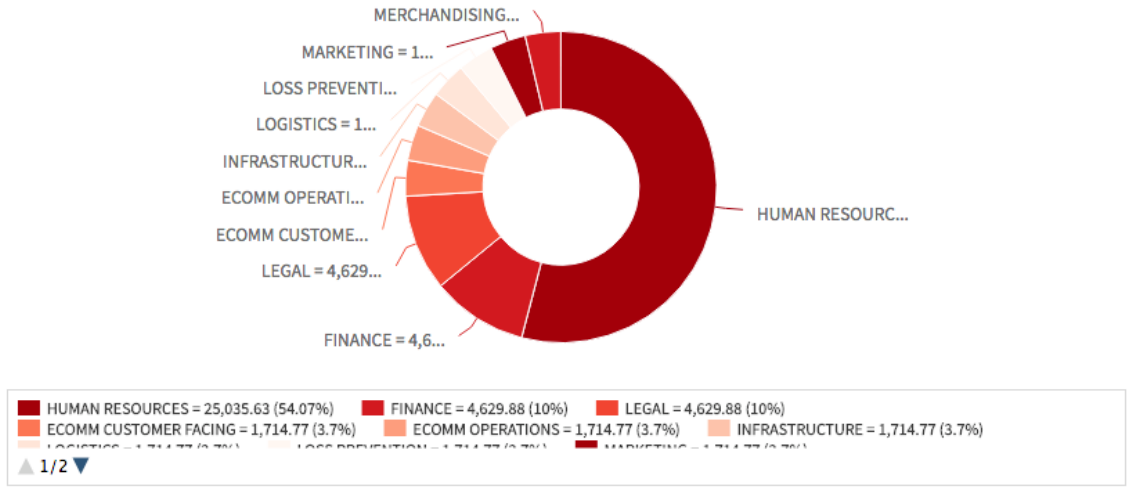
Server Inventory

14,371

Servers by Operating System



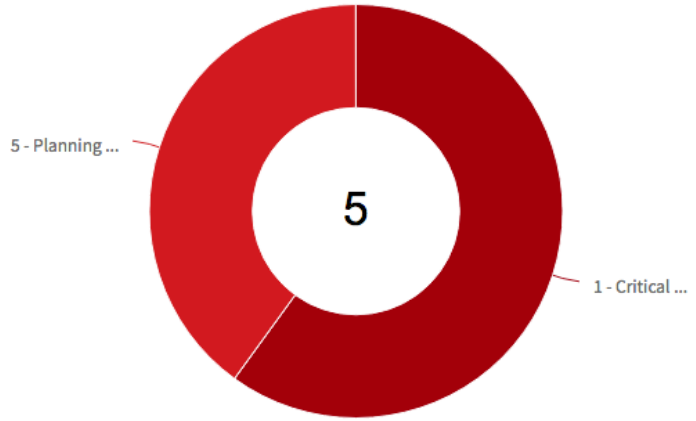
Business Unit Allocation of Server Infrastructure



Server Incident Tickets

	Number ▼	Caller	Short description	Category	Priority	State	Assignment group	Assigned to
ⓘ	INC0000039	Bud Richman	Trouble getting to Oregon mail server	Network	5 - Planning	New	Network	
ⓘ	INC0000036	Carol Coughlin	Issue with networking	Inquiry / Help	5 - Planning	Closed	Network	Luke Wilson
ⓘ	INC0000005	Alejandro Mascall	CPU load high for over 10 minutes	Hardware	1 - Critical	Closed	Hardware	Bud Richman
ⓘ	INC0000002		Unable to get to network file shares	Network	1 - Critical	Awaiting Problem	Network	Howard Johnson
ⓘ	INC0000001		Can't read email	Network	1 - Critical	Closed	Service Desk	Charlie Whitherspoon

Server Incident Tickets by Priority



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Top Takeaways

1. ServiceNow gives you a way to understand the costs to build, deliver, and manage your services.

2. The costs are pulled from General Ledger actuals or your financial System of Record.

3. The more you use ServiceNow, the more data you can use to model the costs of IT.

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Take the Survey

Please take a moment to complete a session survey in the Knowledge16 app.

Thank You

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