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IT Cost Management

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Agenda

Introduction

IT Cost Management overview

Automating Costs and Allocations

Hands On – Costs, Allocations and Budgets

Q&A and Adjourn

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IT Cost Management Overview

Tracking the cost of doing business

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What is IT Cost Management

- The Company's General Ledger? No

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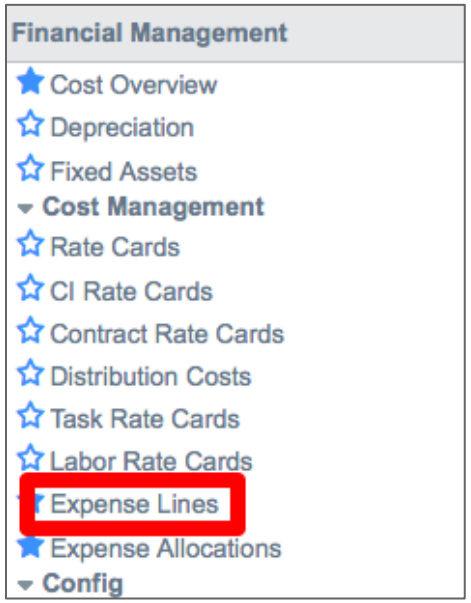
What is IT Cost Management

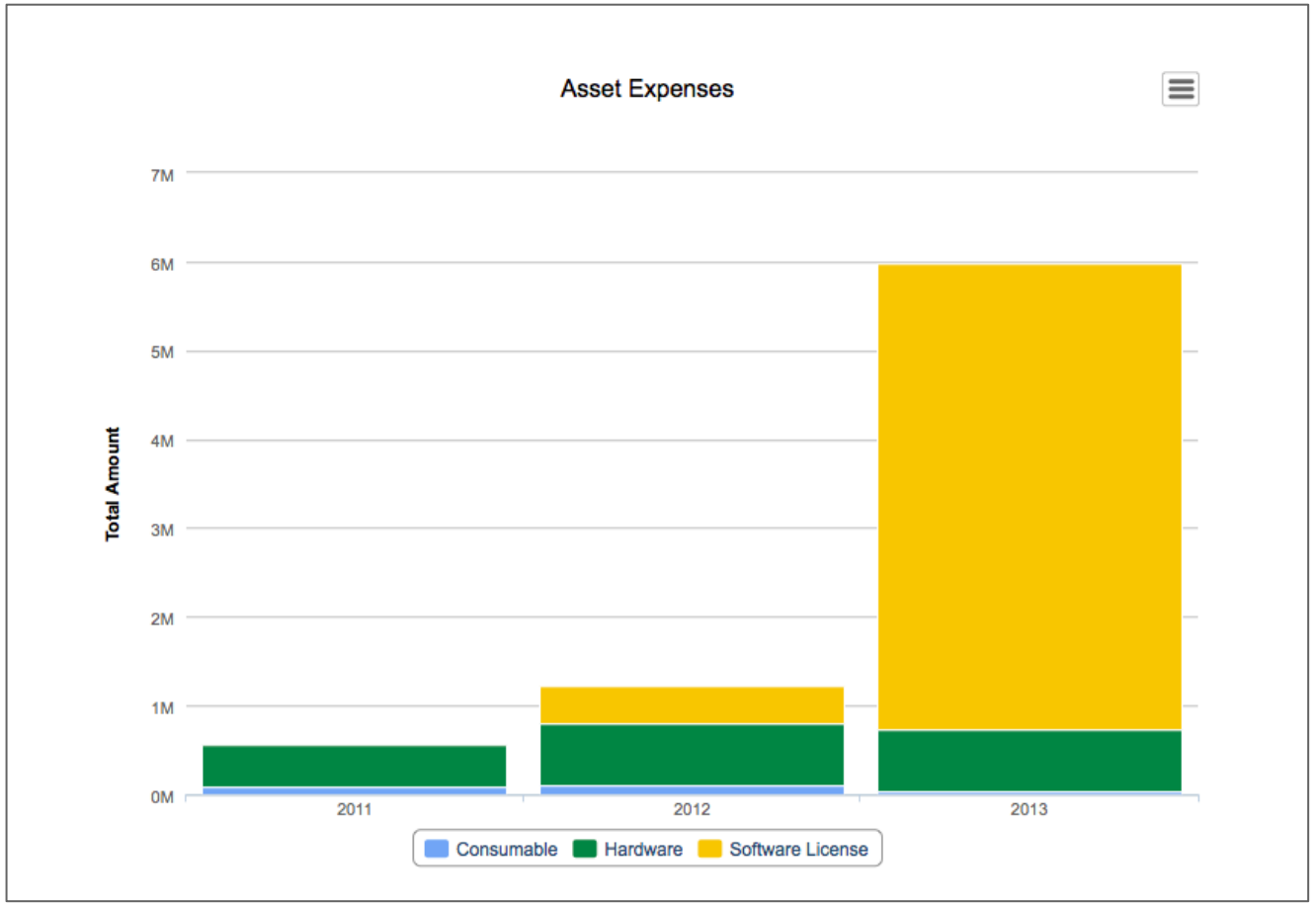
- A source of information for the General Ledger – Yes!
- Tools to budget, track, allocate, *export* and report on expenses
- Tools to track, *export* and report on asset cost and depreciation

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What is IT Cost Management

Tracking the *expenses* associated with specific assets …

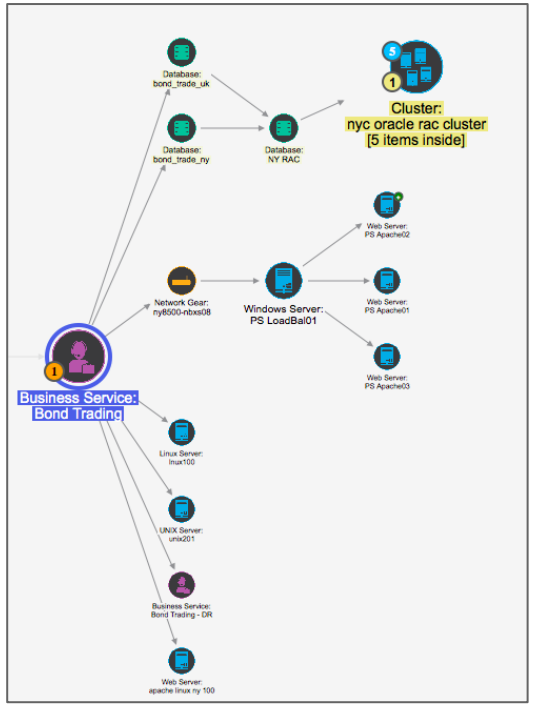


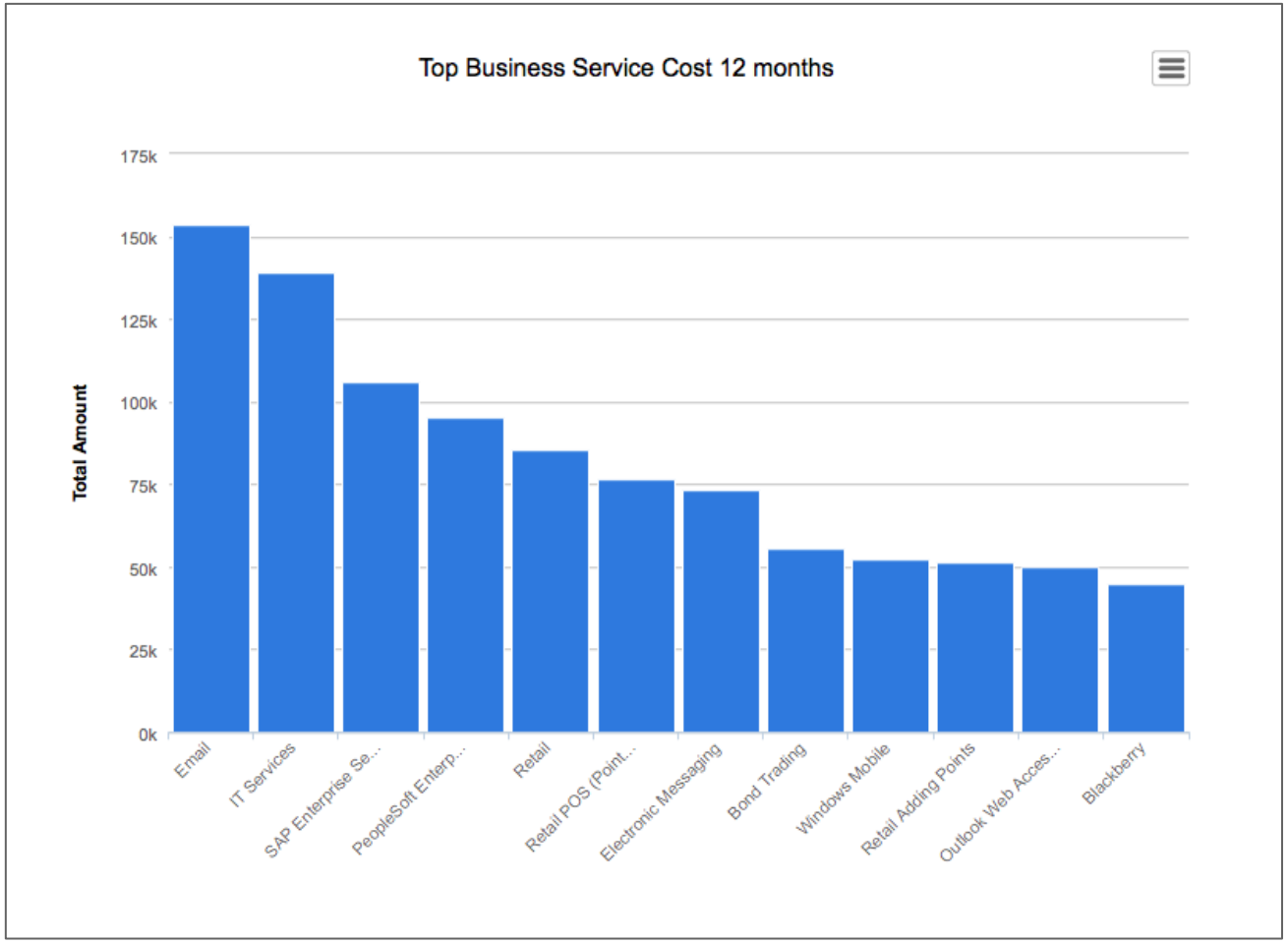


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What is IT Cost Management

Tracking the *roll-up expenses* associated with business services …

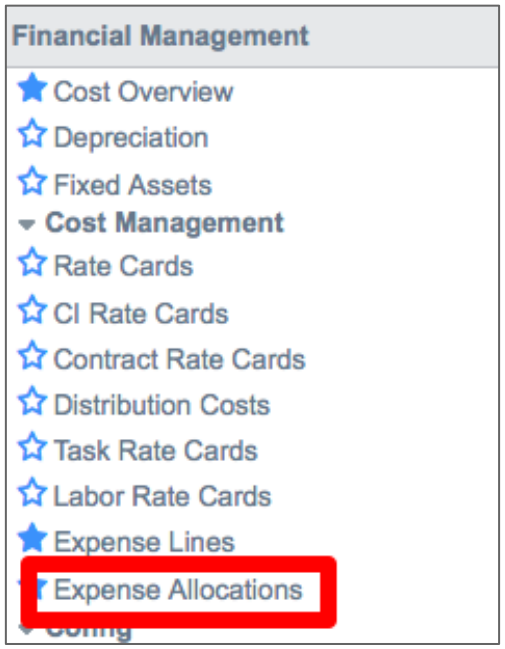


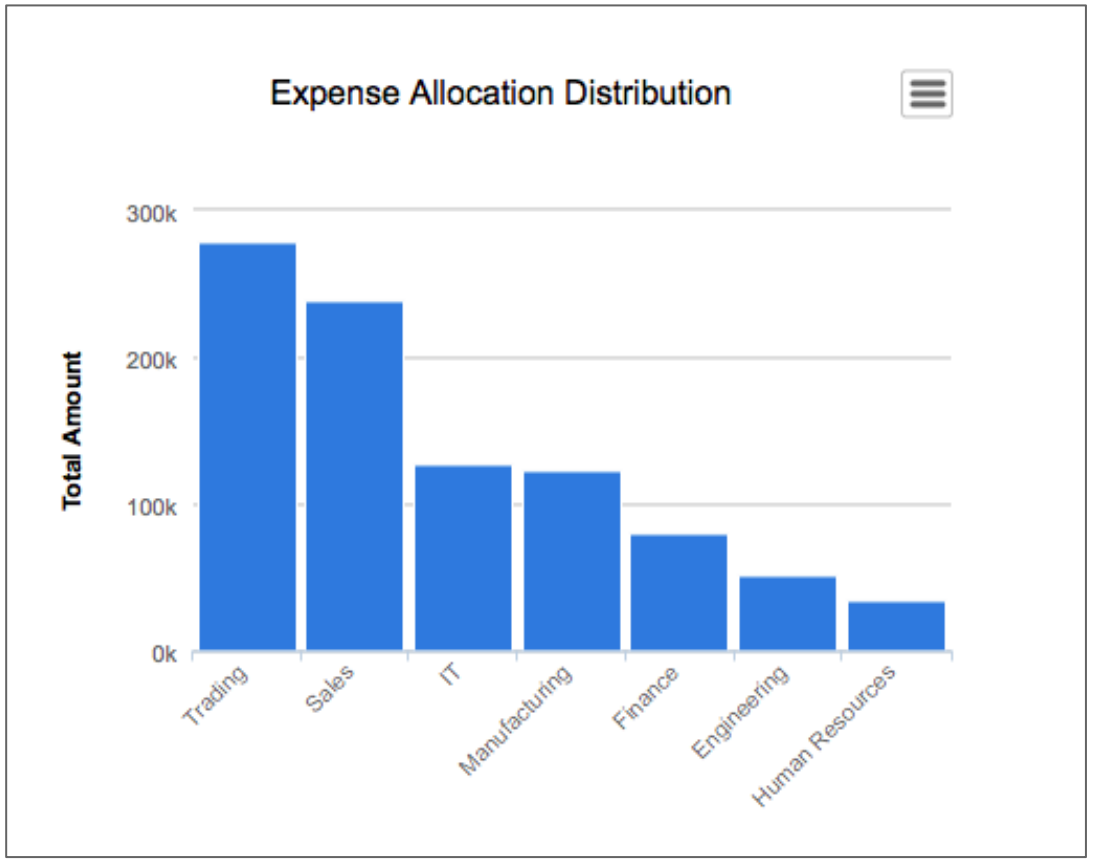


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What is IT Cost Management

Tracking expense *allocations* to cost centers…

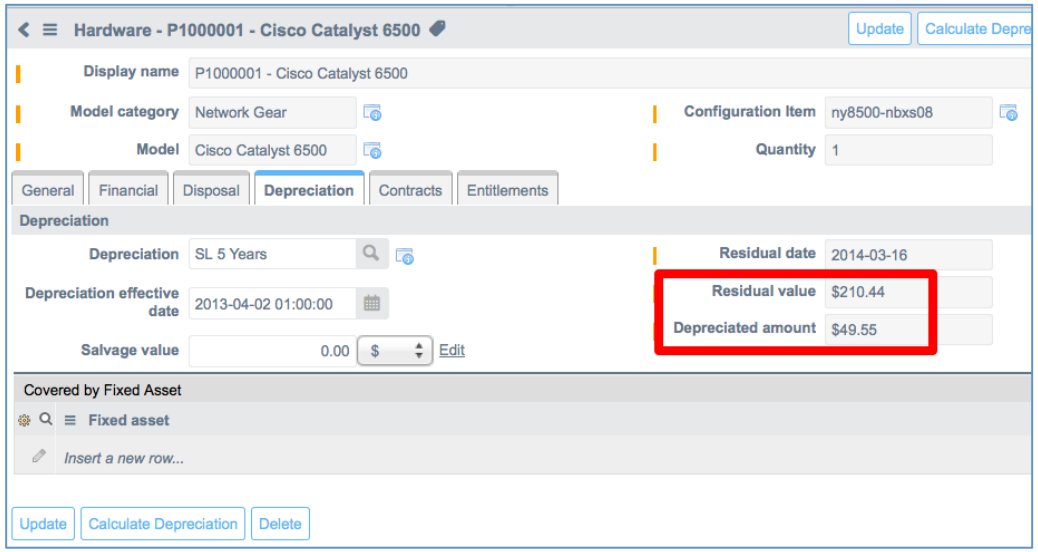


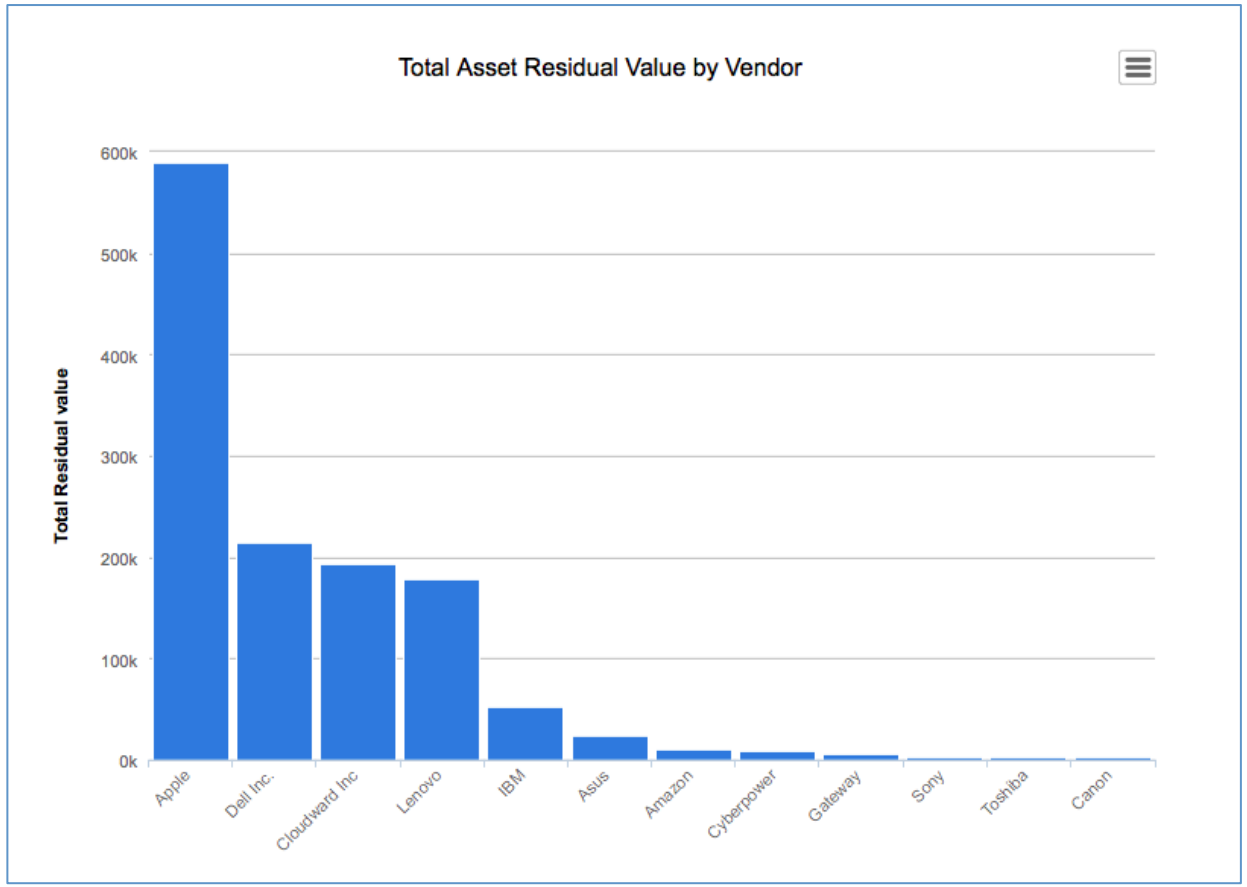


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What is IT Cost Management

Tracking total asset *residual value* by vendor …

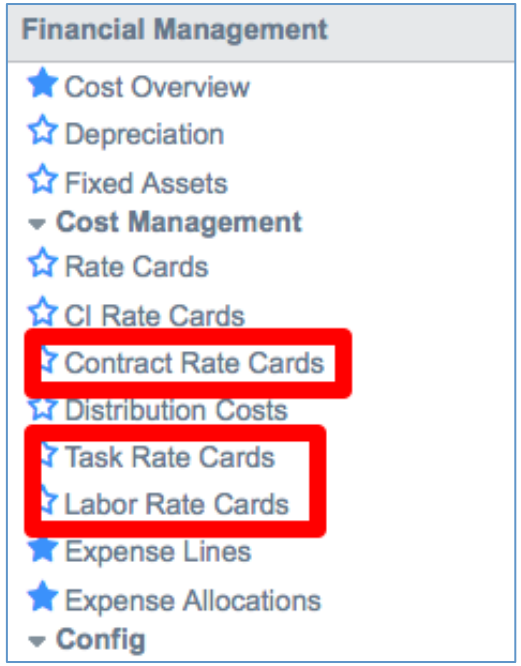


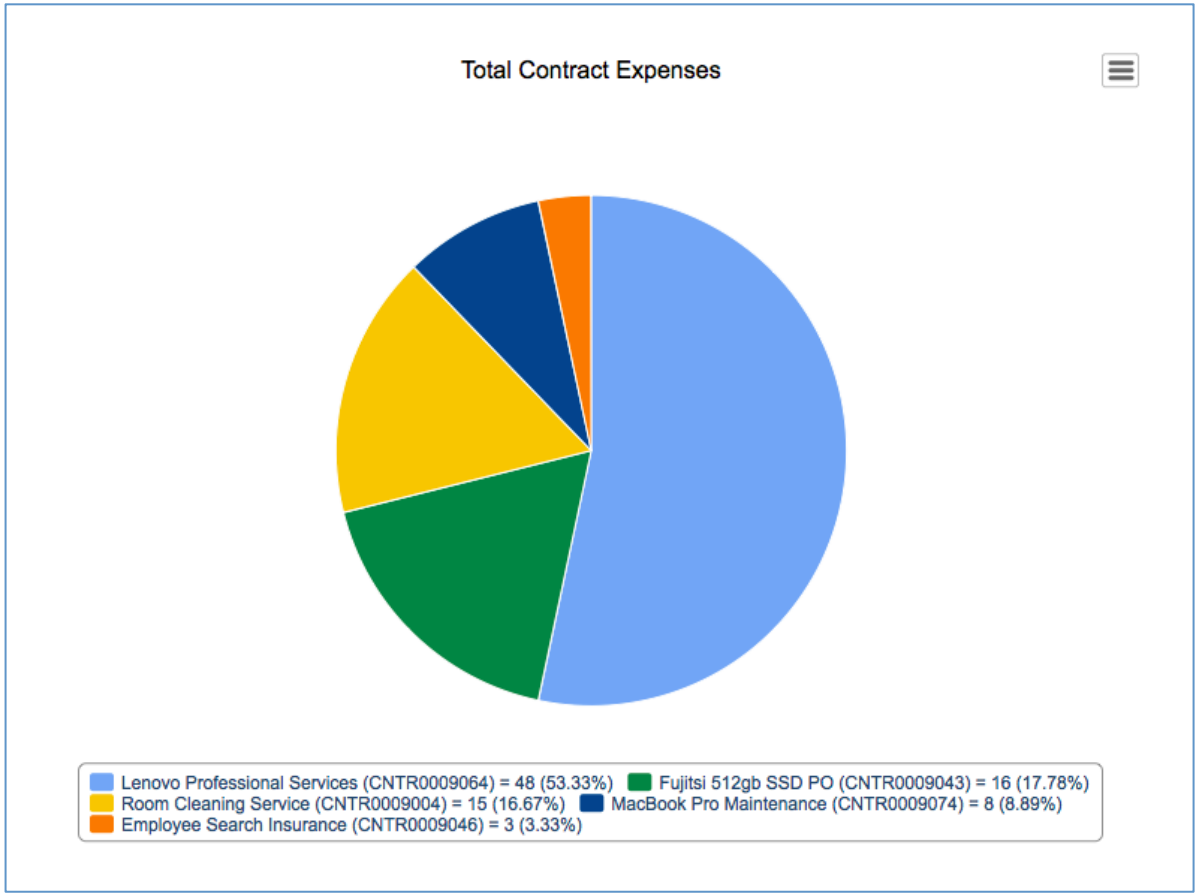


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What is IT Cost Management

Tracking *labor* and *contract expenses* by vendor …





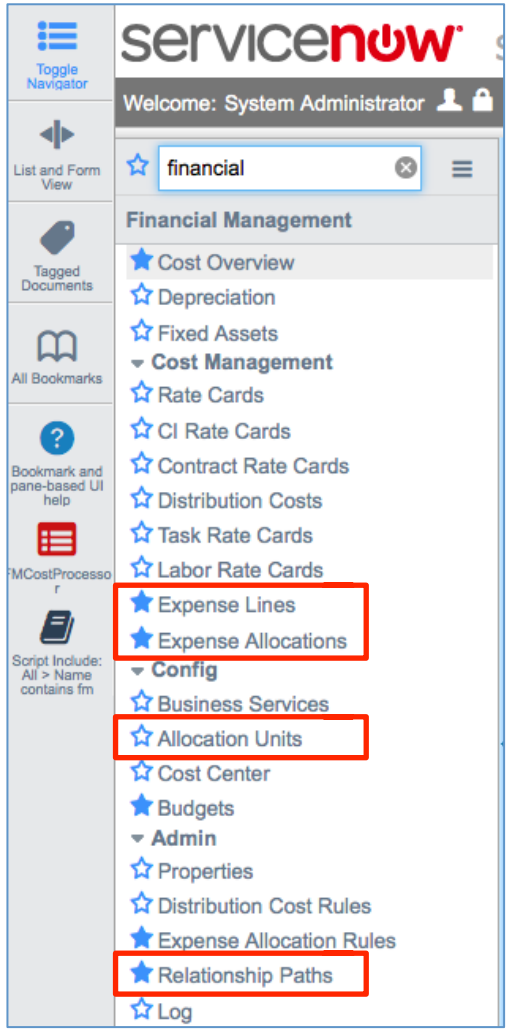
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Navigating IT Cost Management

The Financial Management & Asset Management applications

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Navigating IT Cost Management

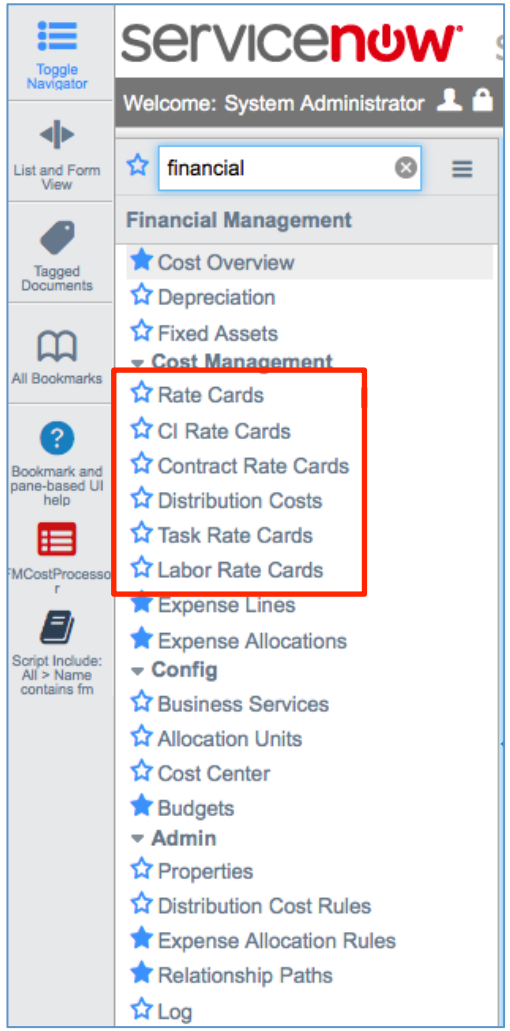


The heart of the system: Expense Lines and Expense Allocations

- **Expense Lines** record all 'item' expenses (CIs/Assets/Tasks)
  - Expense Lines will propagate to 'parent' CIs from 'child' CIs as defined by the Business Service Map (BSM), and the associated **Relationship Paths** definitions
  - Expense Lines will propagate directly to the Project for all Project Tasks.
- **Expense Allocations** record the distribution of expenses against the 'entities' responsible (Costs Centers/Departments/Groups/…)
  - Allocation proportions for Cost Centers can be defined with **Allocation Units**

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Navigating IT Cost Management

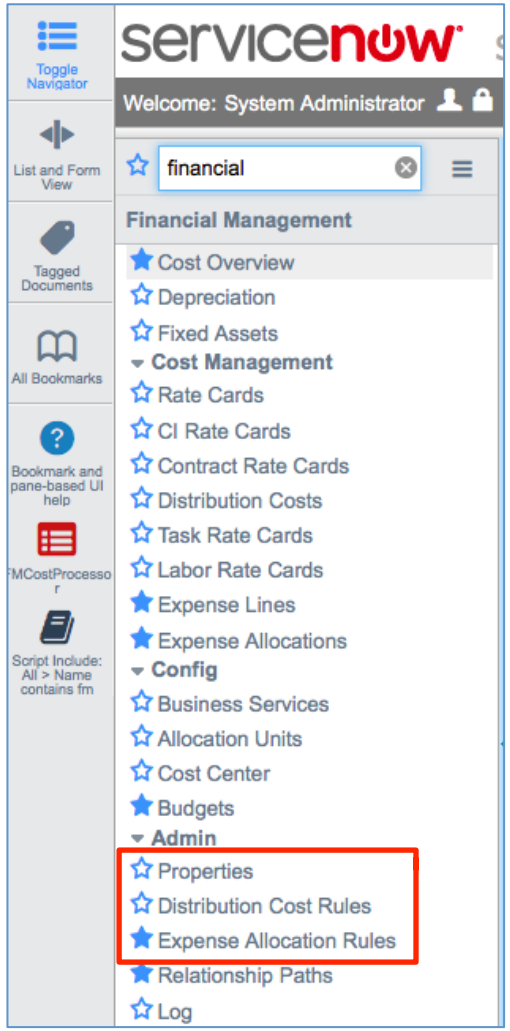


Rate Cards enable tracking automation

- **CI and Distribution** rate cards create expense lines *on a schedule* against CIs
- **Contract** rate cards create expense lines *on a schedule* against contracts, the users support by a contract, or the assets support by a contract.
  - The distribution of cost to assets can be even, or based on the 'value' of the asset (total, or residual)
- **Task and Labor** rate cards create expense lines *on demand* against tasks, the groups or users that supported a task, and optionally CIs affected by a task.

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Navigating IT Cost Management

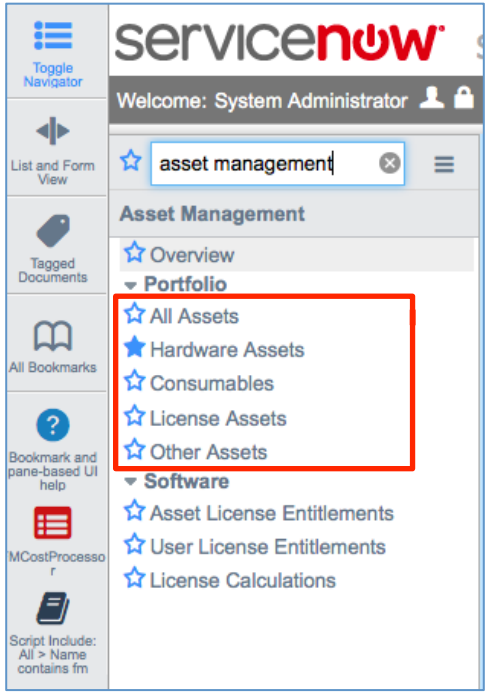


Expense Allocation and Distribution

- **Expense Allocation Rules** define how expenses will be distributed to entities responsible in the form of Expense Allocation records
  - Typically Business Service and Project expenses are allocated by these rules after cost *rollup*, however an type of expense, and any level, can be allocated
- **Distribution Cost Rules** define how shared expenses are distributed to other items or entities in the form of proportionately smaller Expense Lines
  - Used exclusively by Distribution Costs rate cards
- **Properties** enable a variety of functional options

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Navigating IT Cost Management



Asset Cost and Depreciation

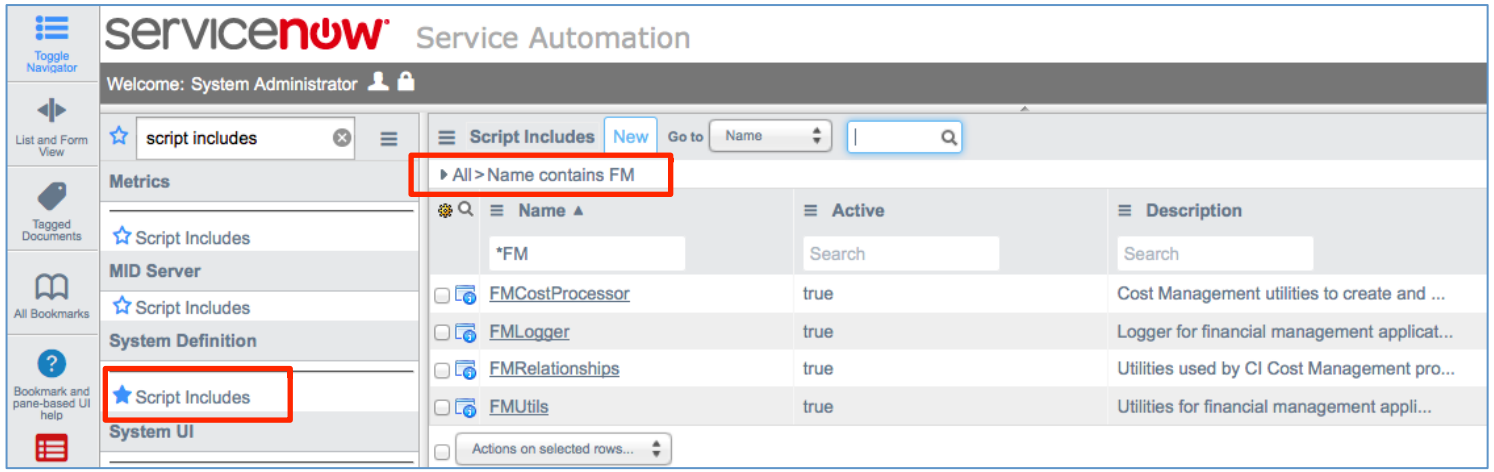
- **The Asset Management** application is home to all asset specific cost information
  - Total cost and depreciation information is tracked in each asset
  - Expense Lines are also in asset related lists

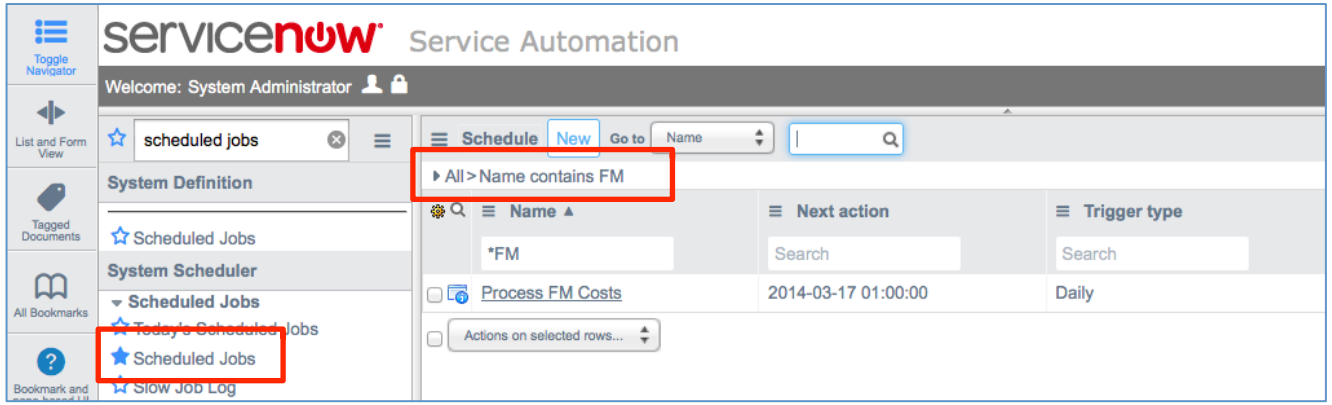
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Navigating IT Cost Management

The Engine

- **'FM' Script Includes**
- **'FM' Scheduled Job**
- *Requires JavaScript knowledge





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Let’s try some out!

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Scenario 1

Rollup costs to a service

- In this lab, we will create an automatic charge back to a user's department for mobile assets requested through the Service Catalog
  - Modify the workflow associated with mobile assets to create an expense line
  - Create a new expense allocation rule to direct that expense to the user's department
  - Build a new report to see those charge backs.

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Scenario 2

Allocate asset costs to cost center

- In this lab, we will create a new Cost Center for the Knowledge event management team, and allocate to them 500 email accounts
- After setting up the email business service's "allocation units" for this new Cost Center (the 500 email accounts), you will simulate an expense created by a monthly CI rate card on a server that supports the email business service
- Expense line will propagate from the email server, to the email business service
- After arriving at the business service, a portion of the expense, as defined by the assigned allocation units, will be allocated out to the Knowledge event management Cost Center
- The Cost Center cost allocation reports will be updated automatically

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Scenario 3

Budgets

- Create a budget for the new Knowledge Events Cost Center
- Tack actual expenses against the budget
- Predict target budget use and indicate (using styles) when the current actuals are over the budget target for the current point in time

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Top Takeaways

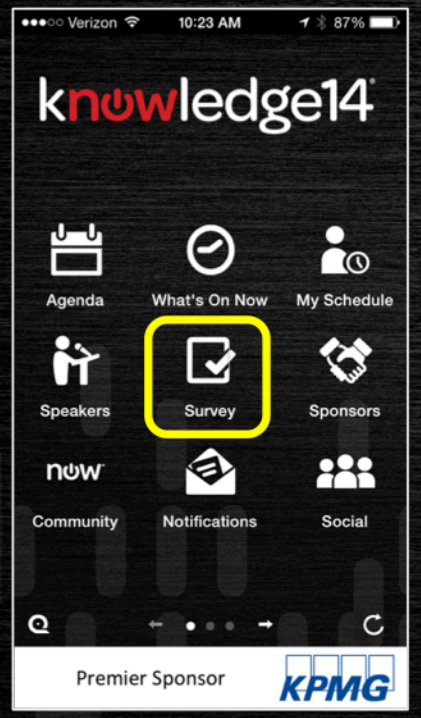
1. IT Cost Management can be used to track and allocate any type of cost or expense

2. Functionality is extensible

3. You don’t have to boil the ocean to get started

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