knowledge15

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Lab Guide

IT Financial Management 101:

Align Service Costs

To Business Goals

Simon Grice & Chris Fowler

Default Login / Password:

admin / Knowledge15

itil / Knowledge15

employee / Knowledge15

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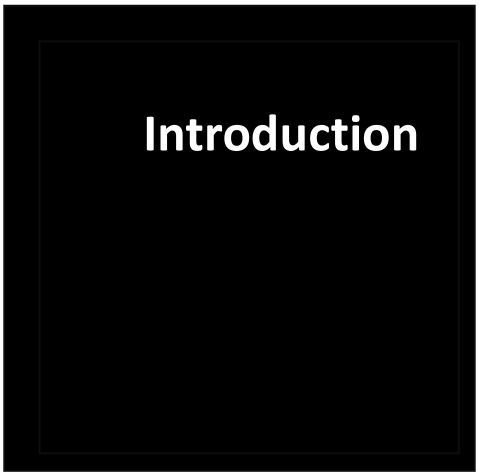
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Introduction



ServiceNow introduces IT Finance

With the IT Finance application, you can allocate, track, and report on expenses in your organization. The application provides a workbench, which is a visual tool that you can use to extract expenses from your general ledger, process the expenses, and map them to the functions used by IT. You also have access to a variety of reports to help you know exactly how your IT expenditure aligns to the business.

The IT Financial Management application is available starting with the Fuji release.

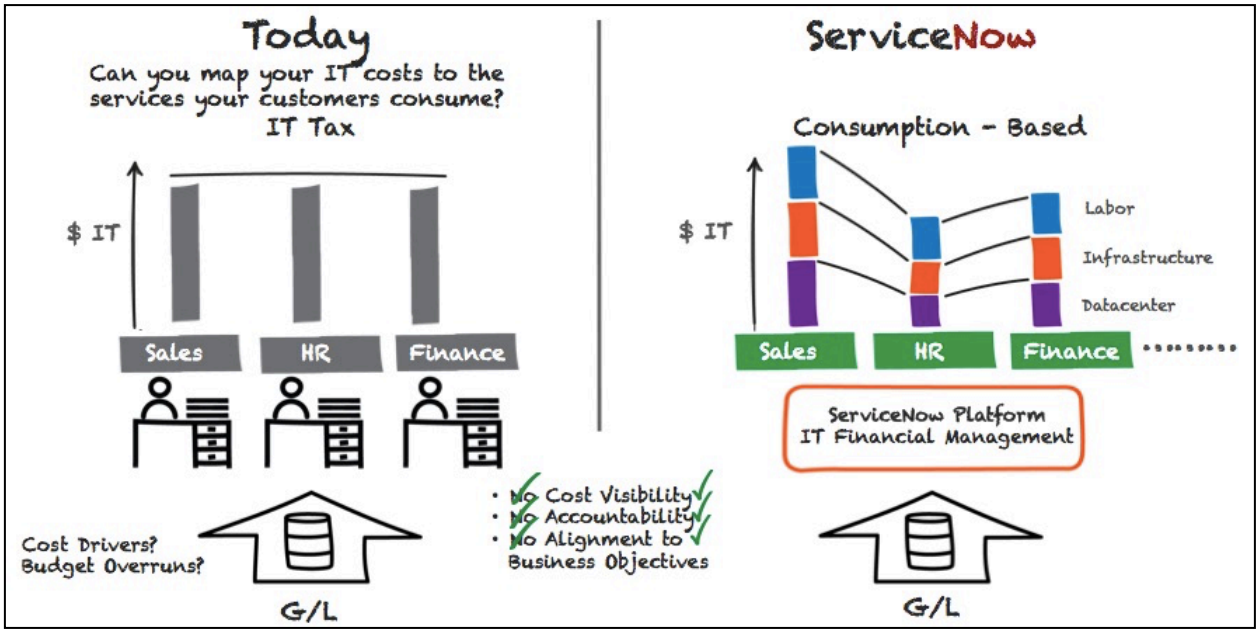
In the following tutorials, you will step through the process of understanding the desired output, setting up dimensions & metrics, using the workbench and reviewing the output.

Application's Value to the Business

With so many moving parts and disparate systems IT organizations are challenged to provide cost visibility and to align these costs with the business based on consumption. The result is a lack of accountability that prevents improved efficiencies in IT expenditure.

ServiceNow's IT Finance application addresses this use case by periodically taking the general ledger transactions that represent the complete cost of IT and with a powerful workbench, these transactions are cleansed, bucketed and allocated against your desired reporting structure. Sophisticated allocation rules can be supported using metrics that can be automatically collected by ServiceNow. A complex problem made simple and repeatable leading to greater accountability and improved efficiencies in IT expenditure.

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Log on to Your Lab Instance

1. Navigate to the instance reservation URL provided by the instructor. For example: **https://itfm101instructor1.lab.service-now.com/instance_reservation.do**
2. Enter your email address and click **Submit**.
3. Note the login credentials for the instance assigned to you. Click on the **link** to the instance.
4. Log on as **admin** using the provided password (**Knowledge15**).

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Lab 1: Understand Required Output

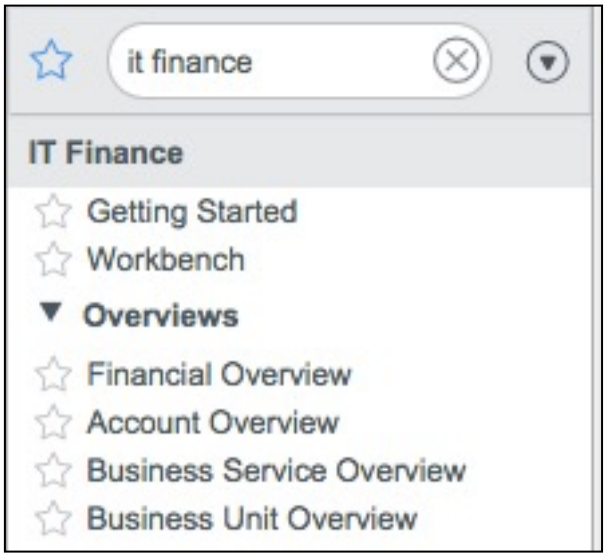
Lab 1 Understand Required Output

This lab walks you through some of the out of the box dashboards and reports available in IT Finance and explains there content so you can become familiar with the type of output that is expected. As it is likely your organization is unique, it is also likely that you would wish to add another view (dimension) on your IT expenditure. We shall do this in the following lab where we will introduce a Business Division reporting layer above Business Unit. But for now, let's get familiar with some of the great dashboards and reports available.

Financial Overview

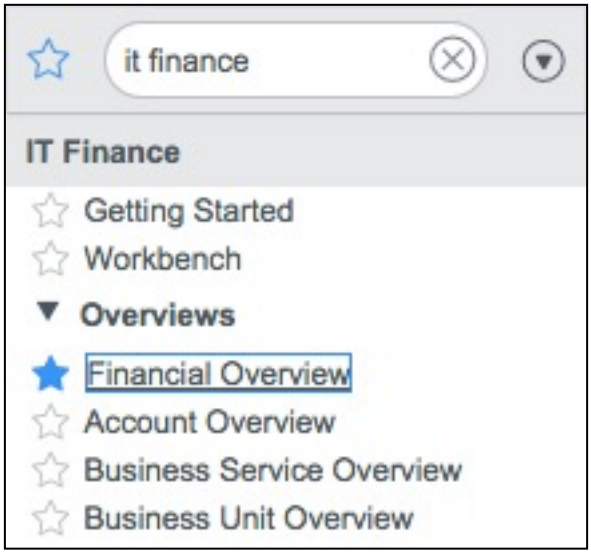
In this section, we review the Financial Overview report.

1. Navigate to **IT Finance** by typing **it finance** in the application navigator filter box.



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2. Select **Financial Overview**. The Financial Overview module shows you a variety of reports, including total allocations, allocations by segment or fiscal period, and allocations for buckets and sub-buckets.

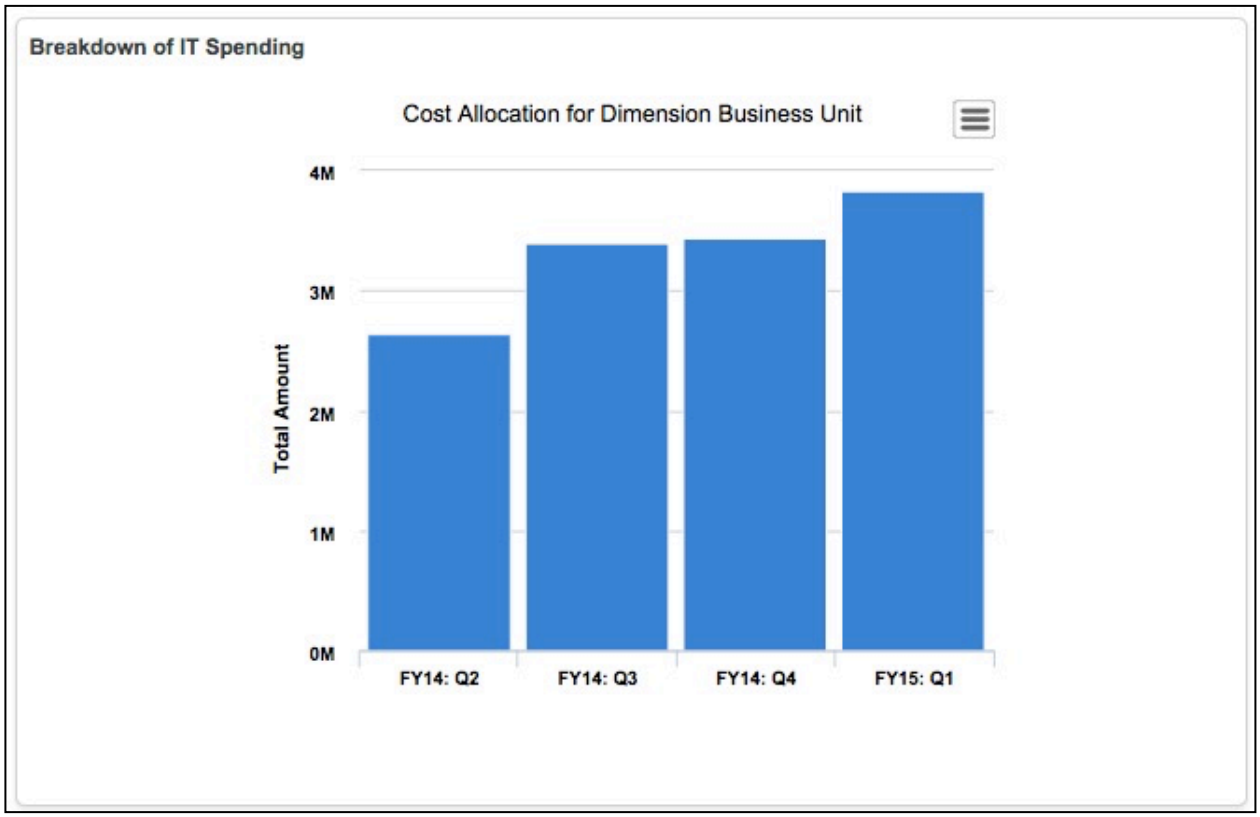


Notice the construct of the overview. The top panel enables you to enter the parameters which each of the reports displayed will use.



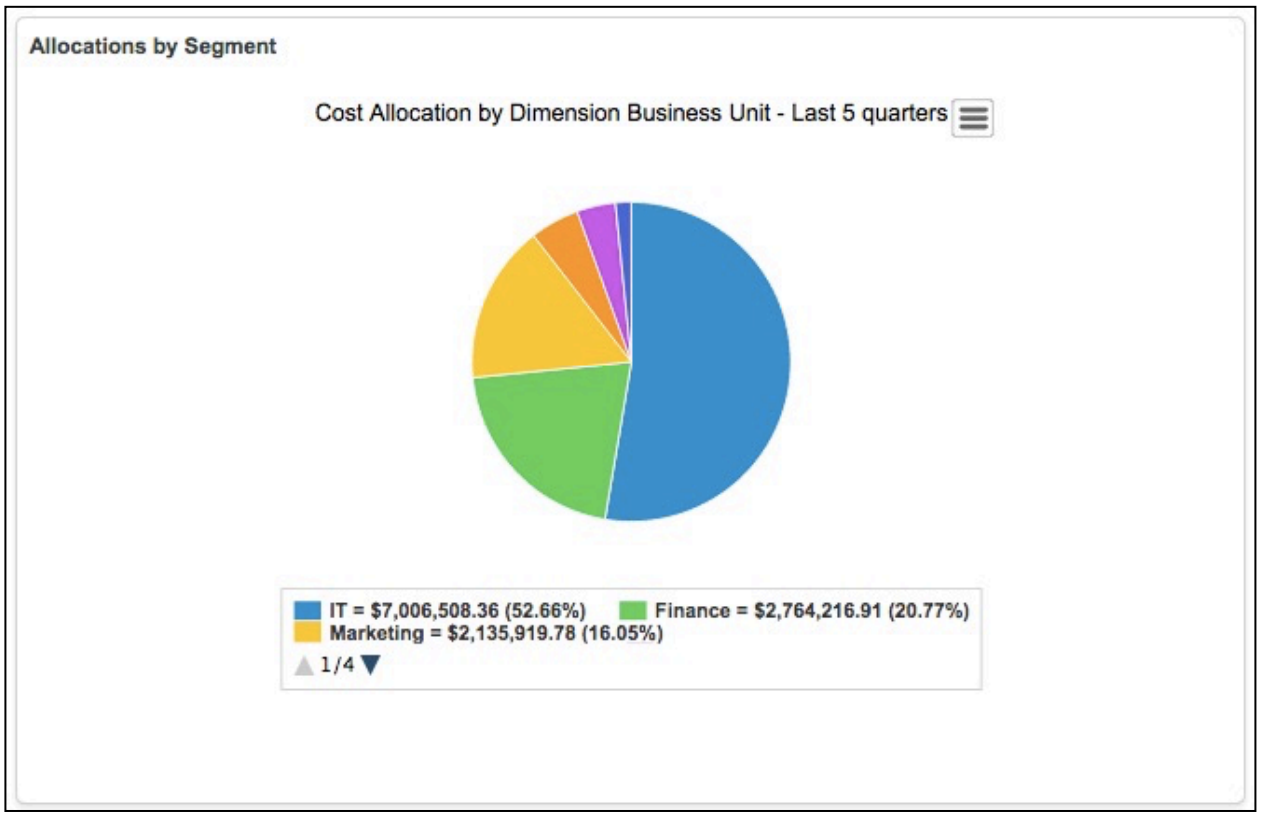
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The **Breakdown of IT Spending** report allows you to see how the expenses for a selected time interval compare from period to period for all expenses within a selected segment or for a specific account within a segment. Please note that the sum of expenses within an entire specific segment may be less than the total sum of all expenses.



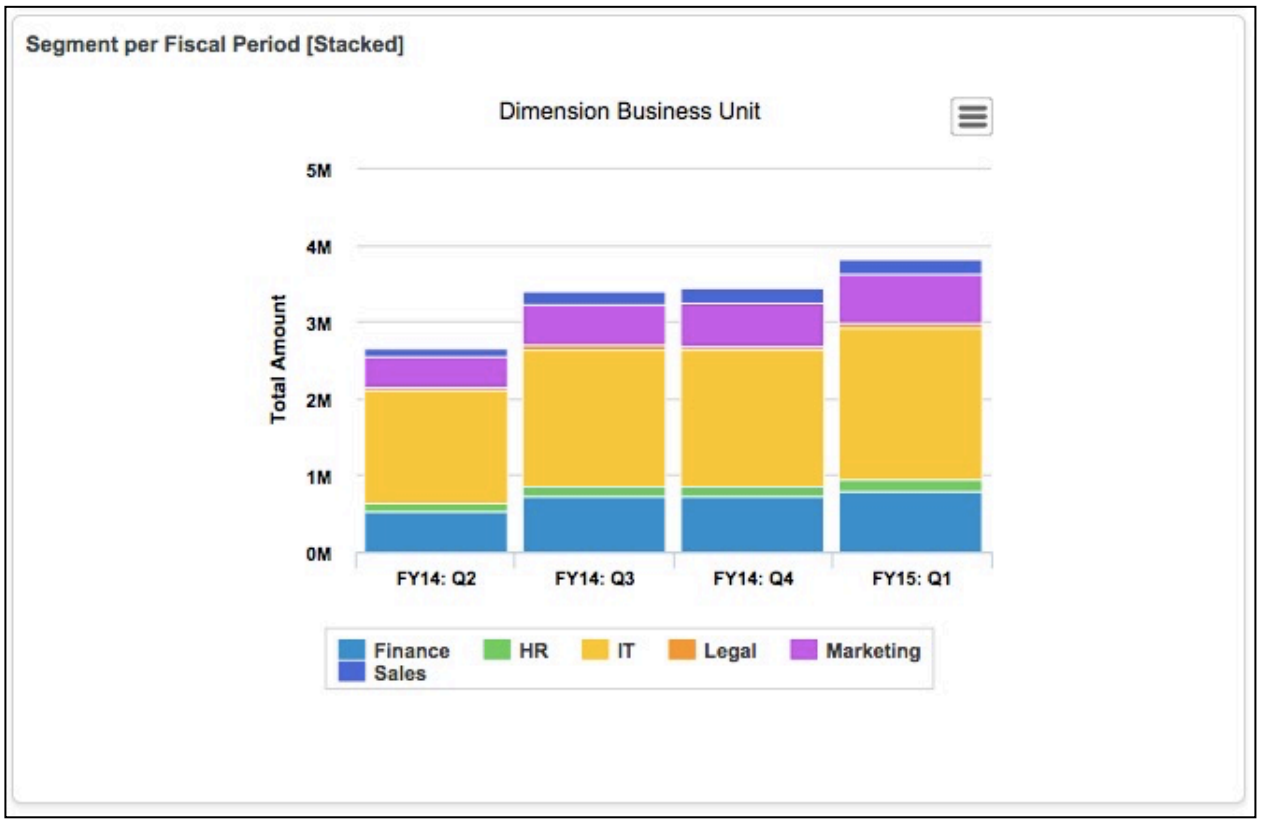
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The **Allocation by Segment** report shows how the expenses are allocated within a specific segment for a selected time interval. Please note that if a particular segment account is selected above in this overview, then this report would display a breakdown of that account's expenses by bucket.



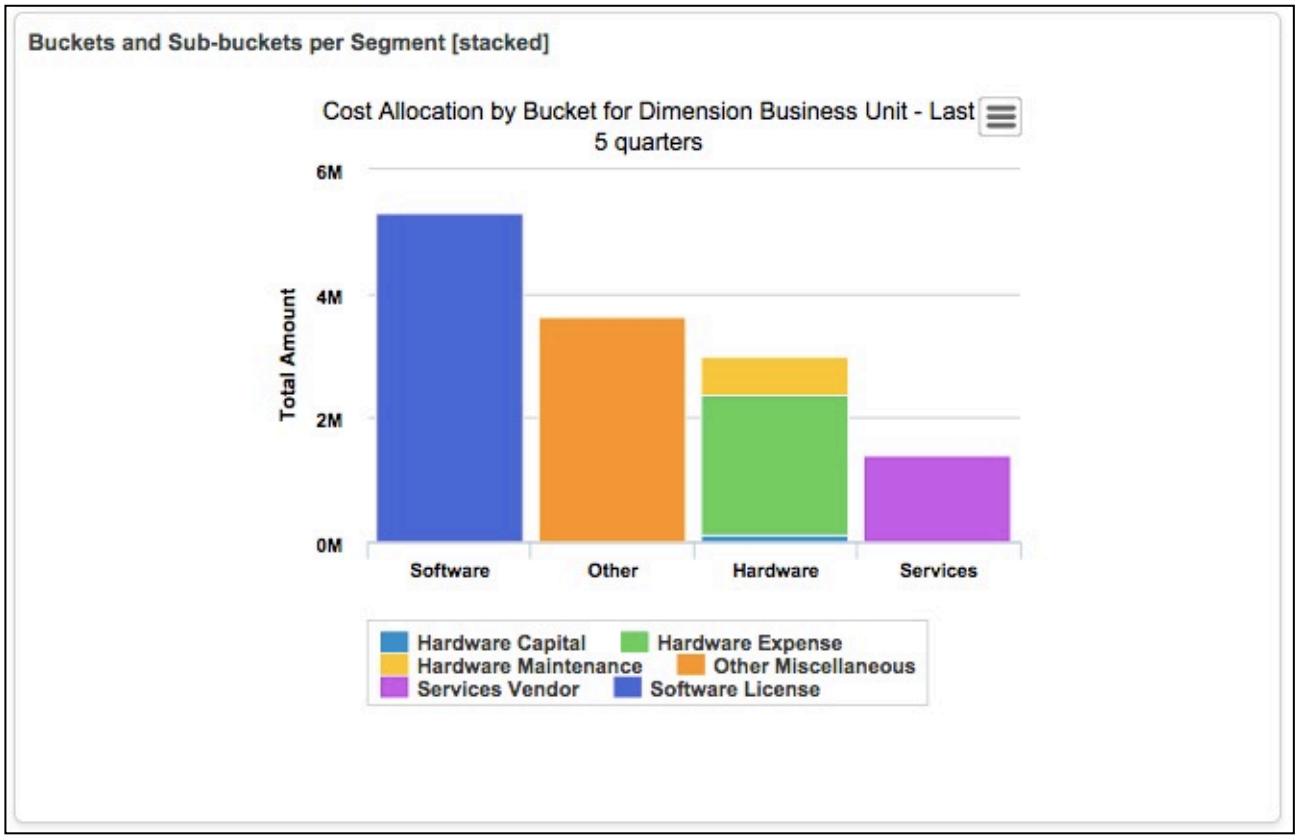
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The **Segment per Fiscal Period** report is similar to the Breakdown of IT Spending report, but with each bar being broken down by accounts within a selected segment. Please note that this report does not take into account a specific segment account selection at the top of the overview screen.

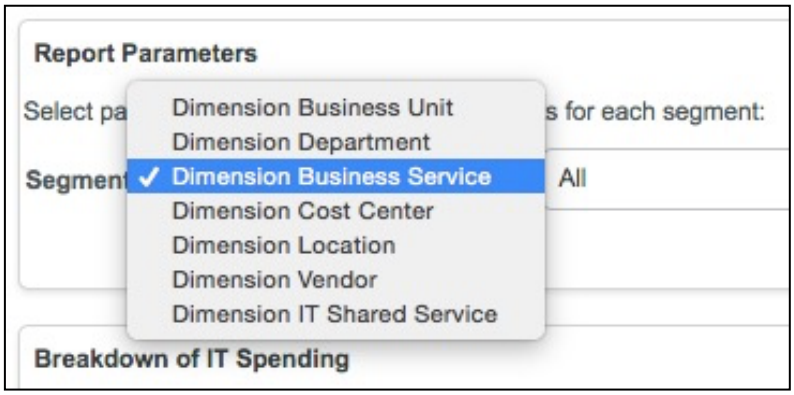


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The **Buckets and Sub-buckets per Segment** report displays which buckets and sub-buckets a selected account or a total of all segment accounts consists of.



3. Within the report parameters select segment **Dimension Business Service** and notice the reports refresh.

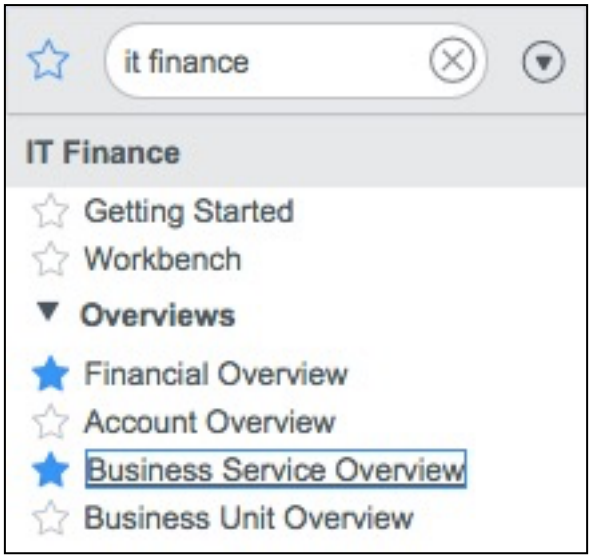


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Business Service Overview

In this section, we review the **Business Service Overview** report. The Business Service Overview module shows you reports for each business service. It also shows allocation data for buckets, business units, departments, projects, and servers that are related to the business service. Please note that this overview would only have displayable data if you use the Business Service segment for your ITFM implementation.

1. Select **Business Service Overview.**

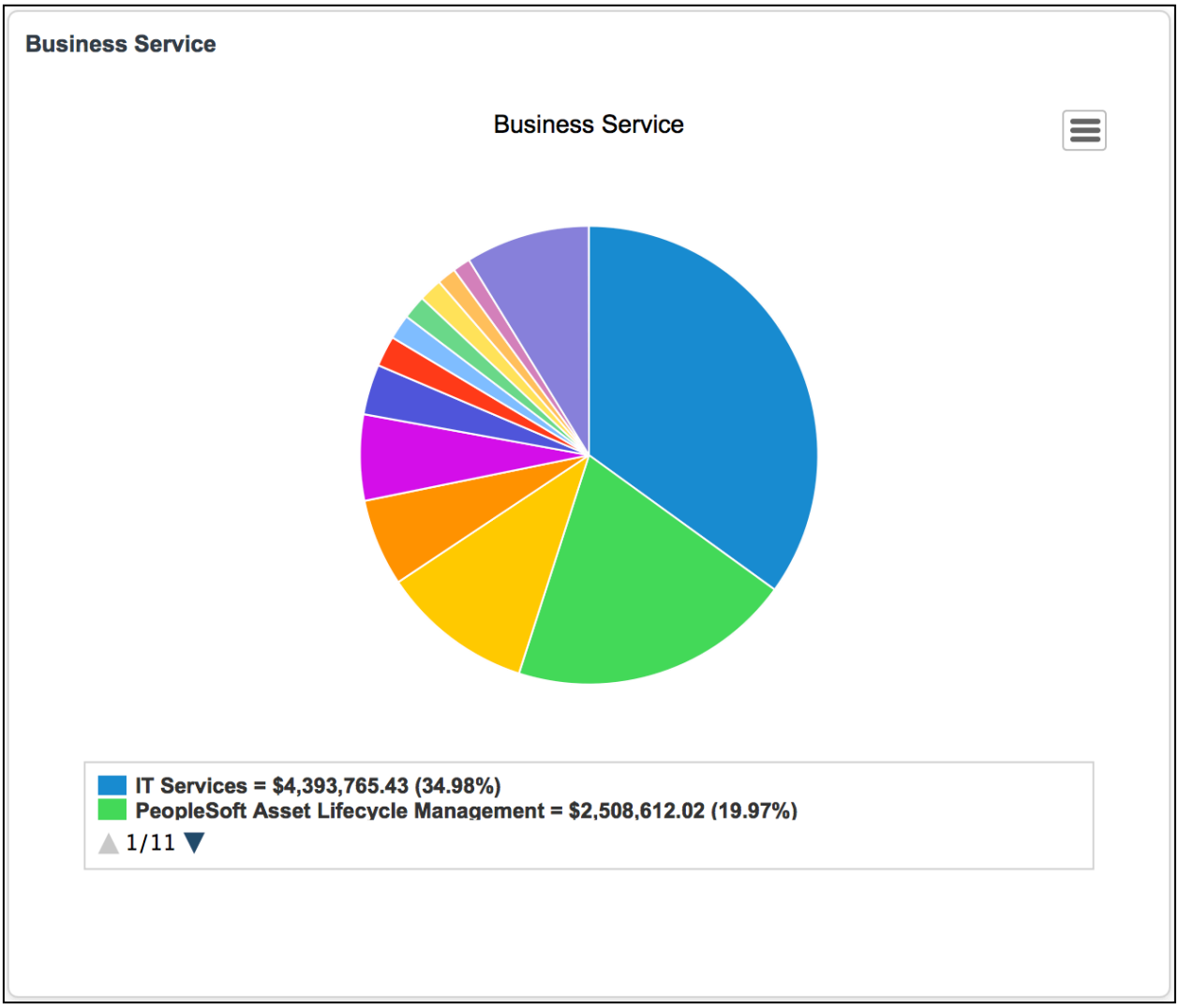


The top panel here also enables you to enter the parameters by which each of the reports displayed will use.



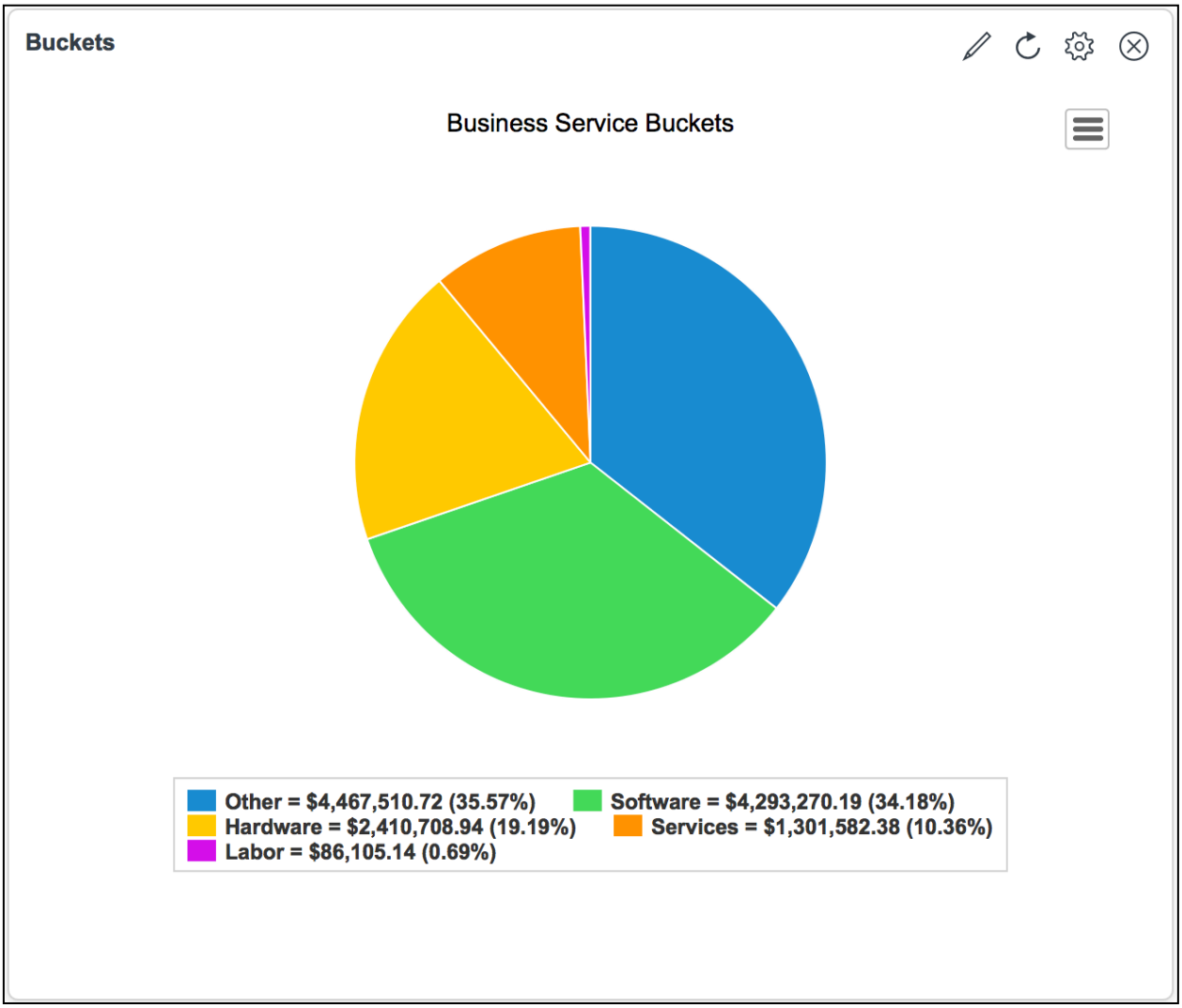
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The **Business Service** report shows the breakdown of the costs between specific business services represented by the accounts in the business service segment.



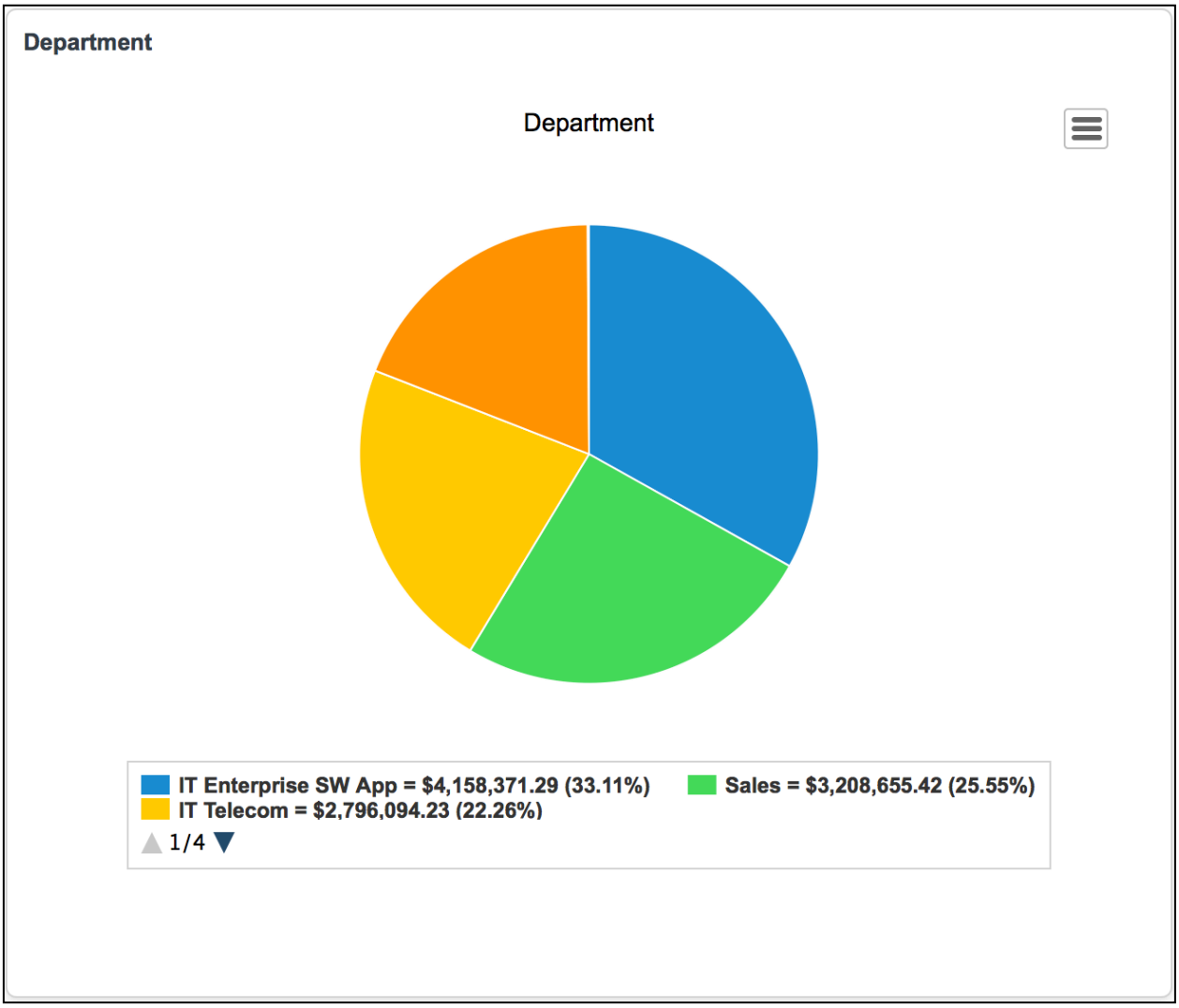
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The **Buckets** report displays which buckets a selected business service expenses or expenses for all business services consists of.



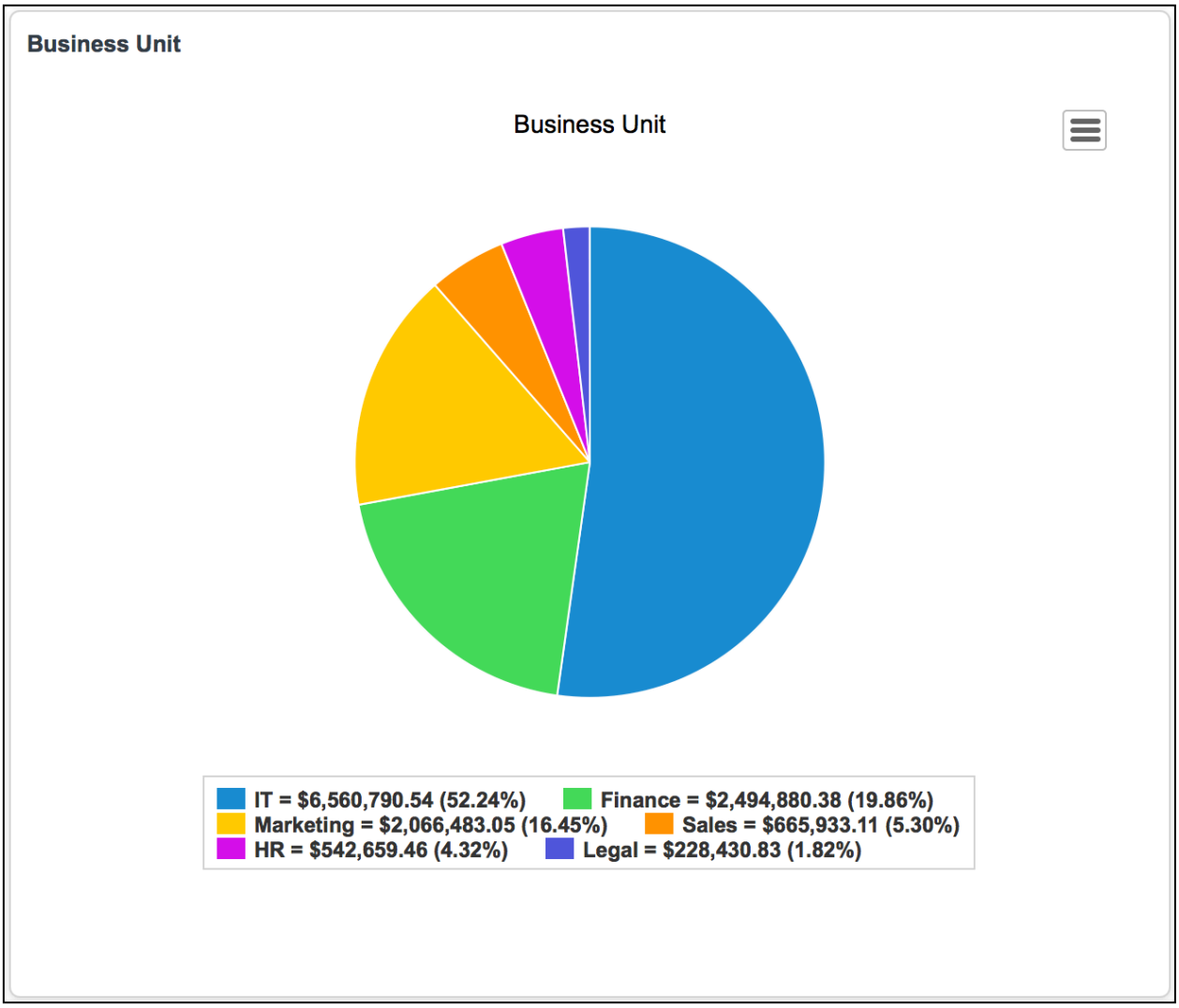
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The **Department** report shows how the expenses for a selected business service or for the entire business service segment break down between departments.



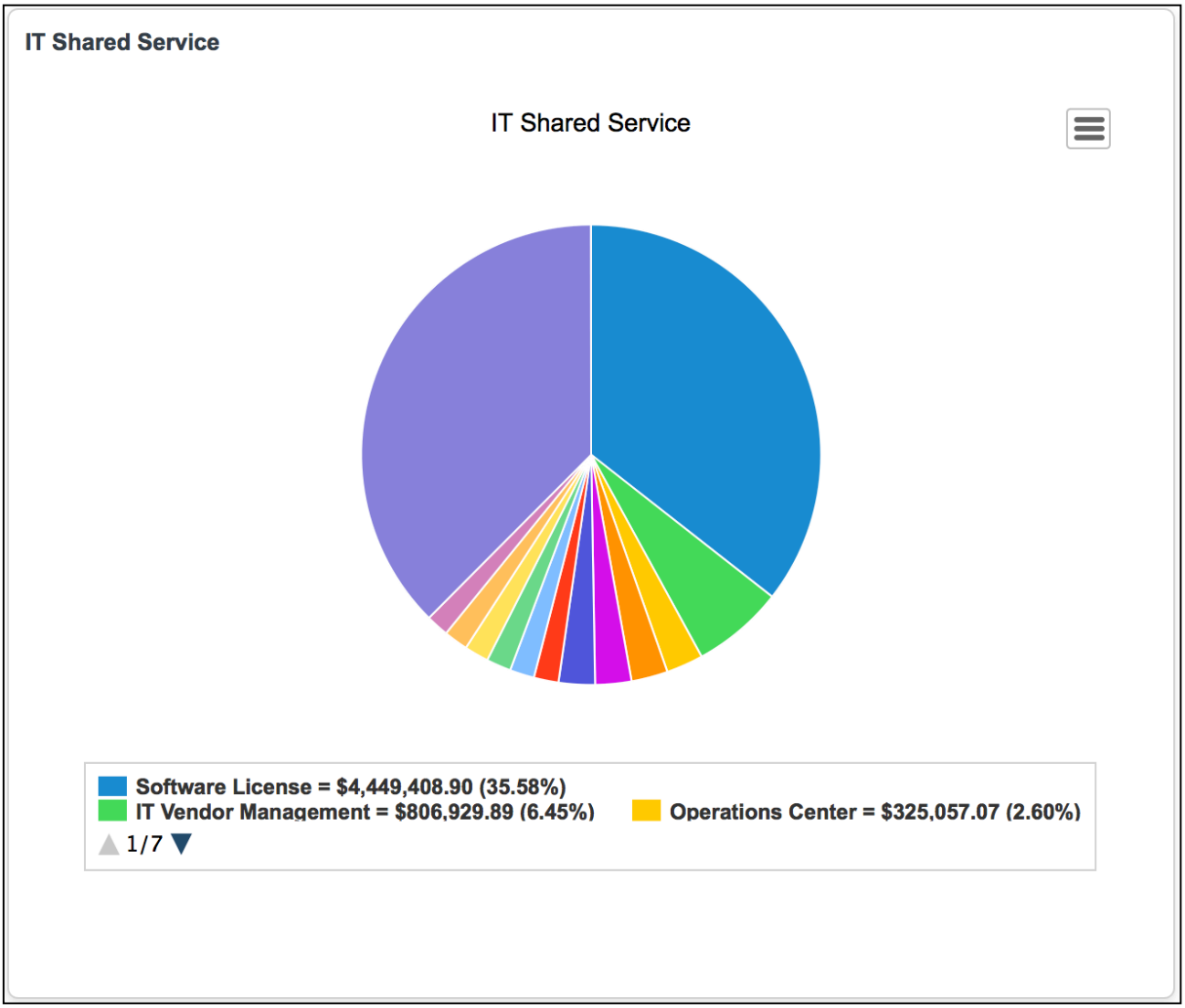
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The **Business Unit** report shows how the expenses for a selected business service or for the entire business service segment break down between business units.



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The **IT Shared Service** report shows how the expenses for a selected business service or for the entire business service segment break down between IT Shared Services.

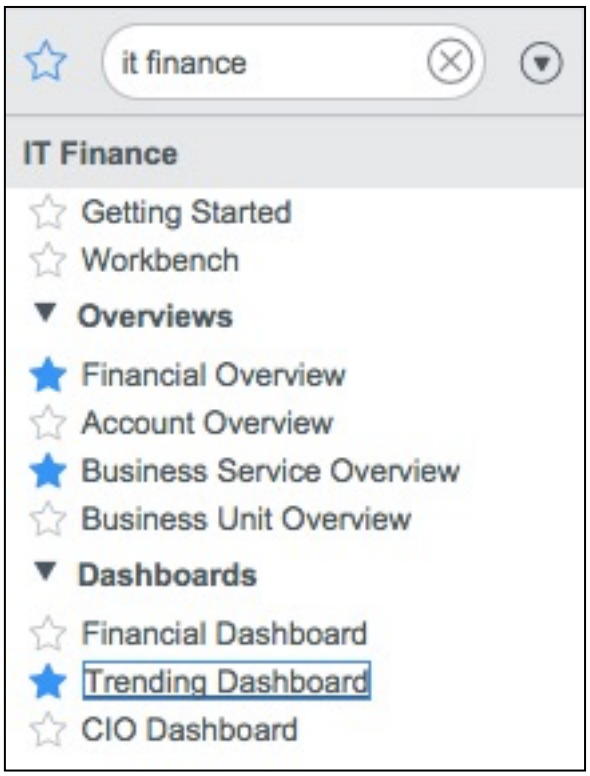


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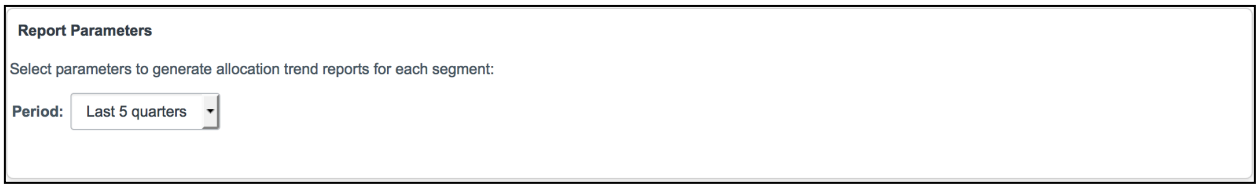
Trending Dashboard

In this section, we review the Trending Dashboard. The trending dashboard shows allocation data for each segment and total allocations for all segments over time. Use the trending dashboard to understand how your expenses have increased or decreased throughout a range of fiscal periods.

1. Select **Trending Dashboard**.

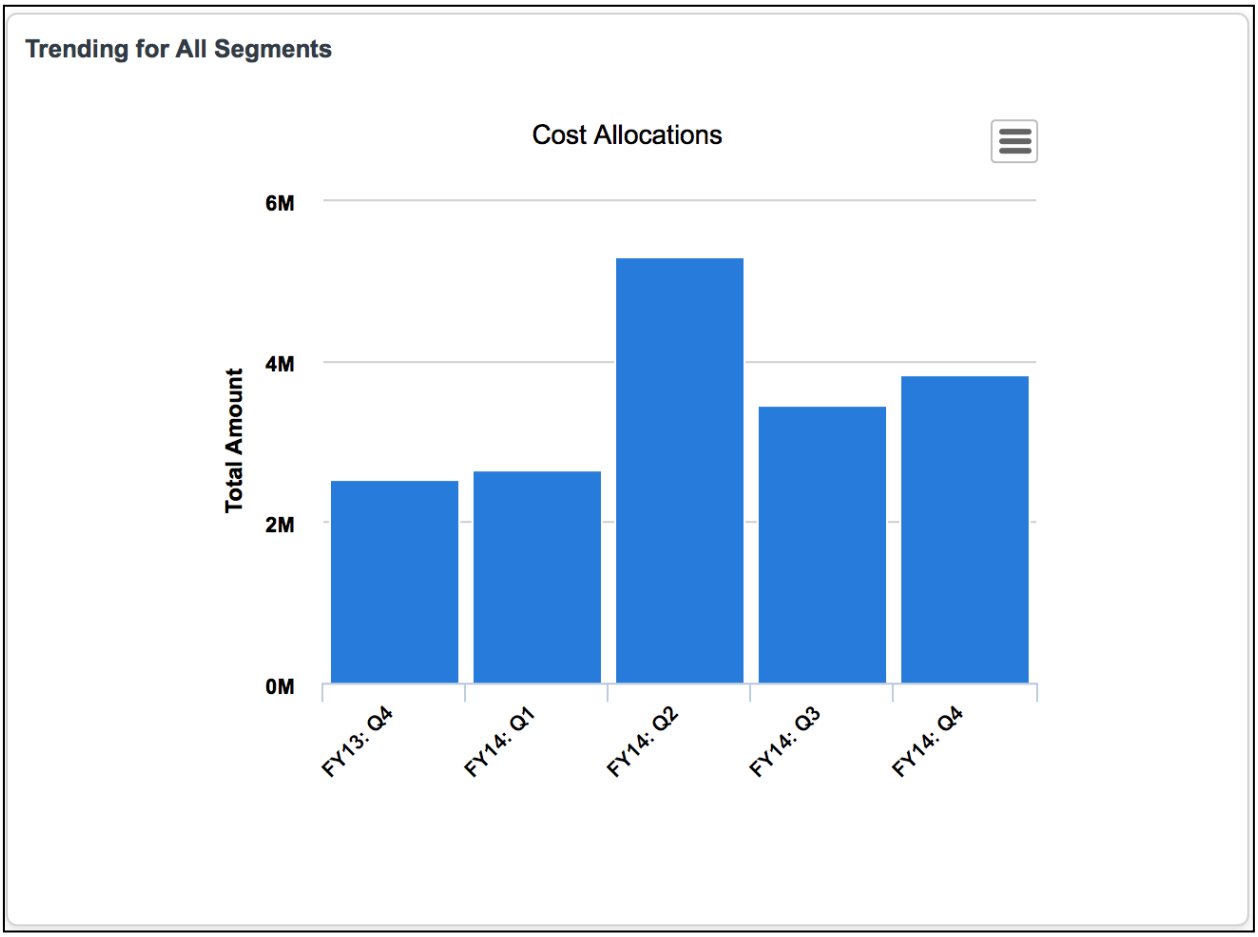


The top panel here enables you to enter the time interval parameter by which each of the reports displayed will use.



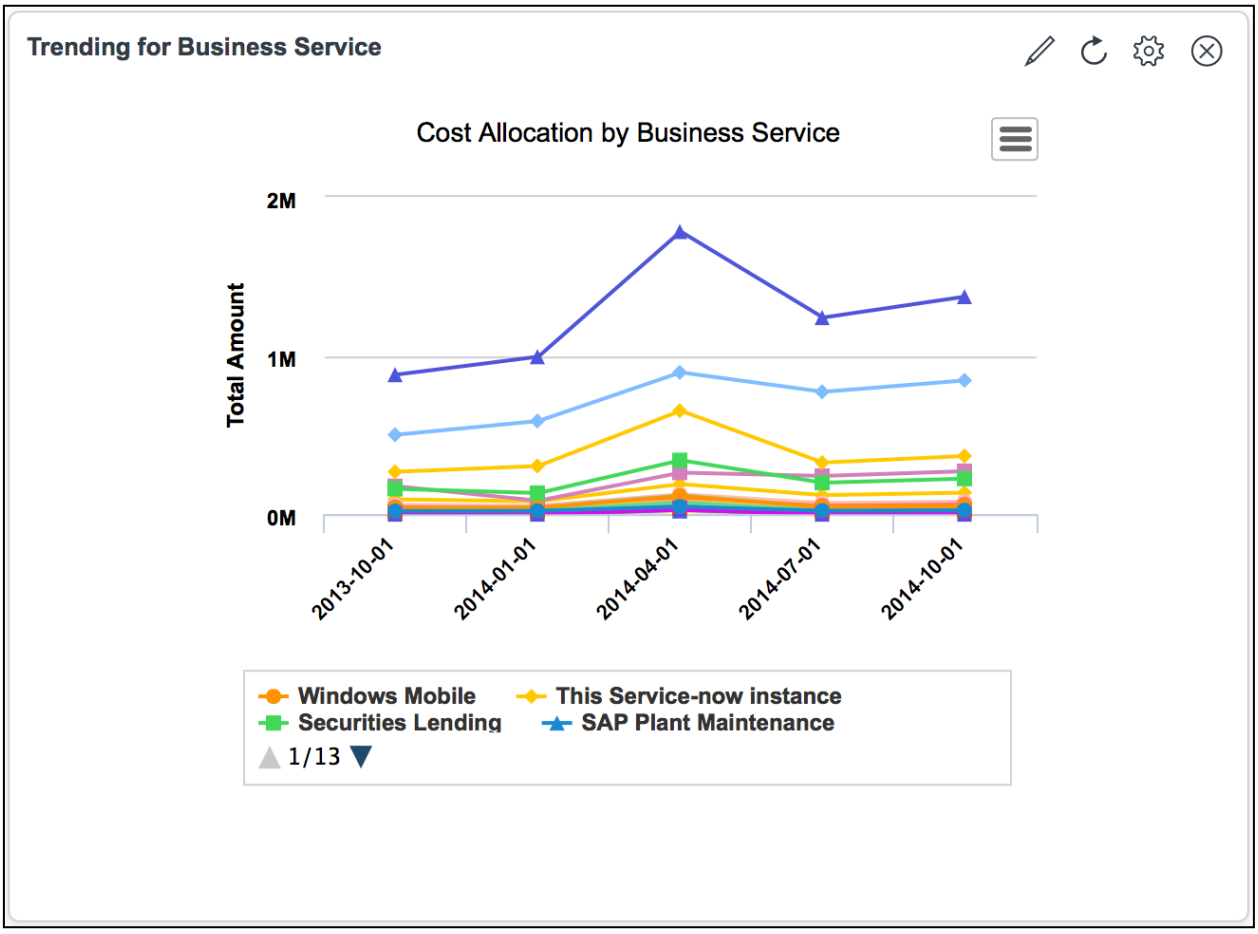
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The **Trending for All Segments** report allows you to see how the expenses for a selected time interval compare from period to period for all expenses.



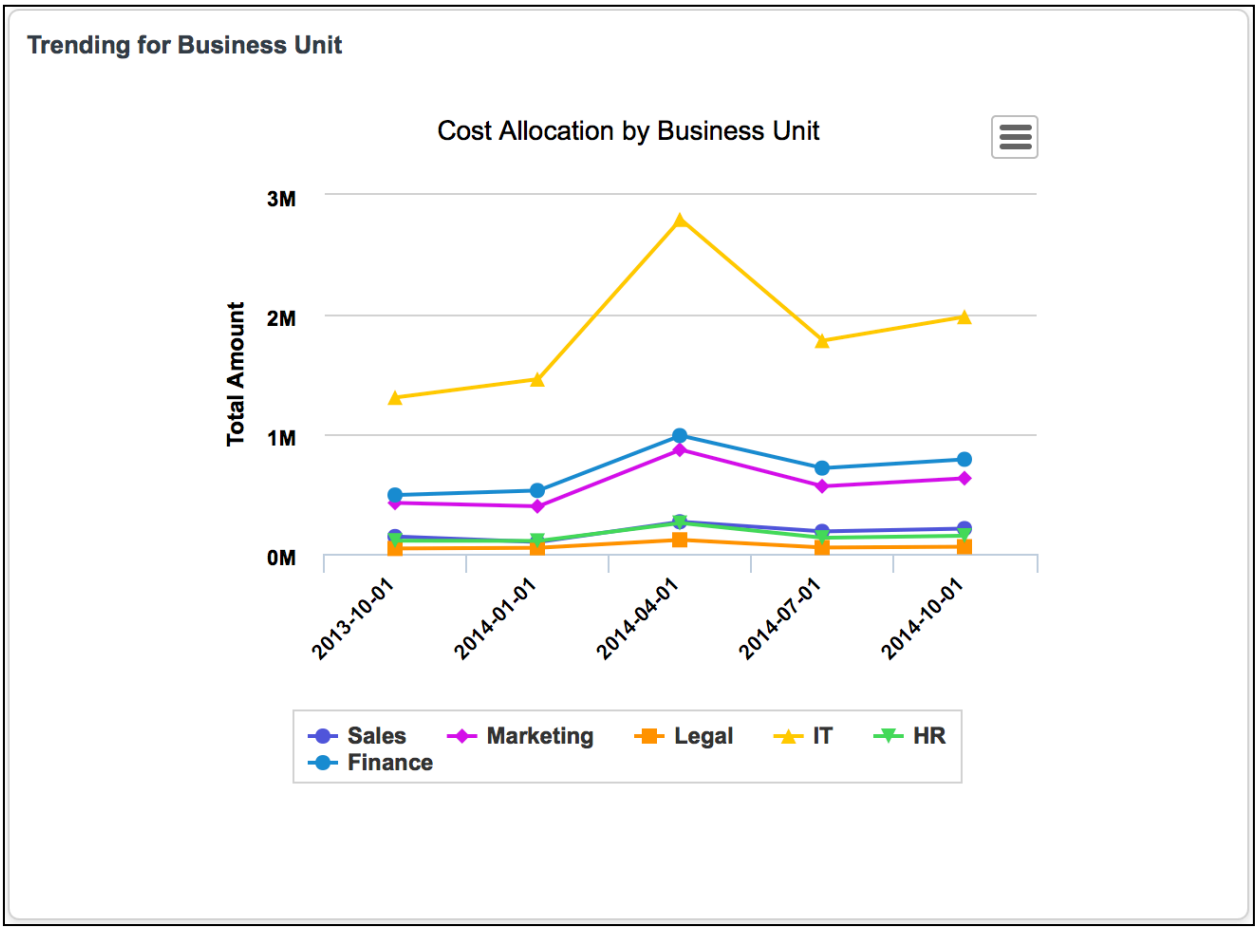
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The **Trending for Business Service** report allows you to examine the trends of individual business service expenses within the selected time interval.



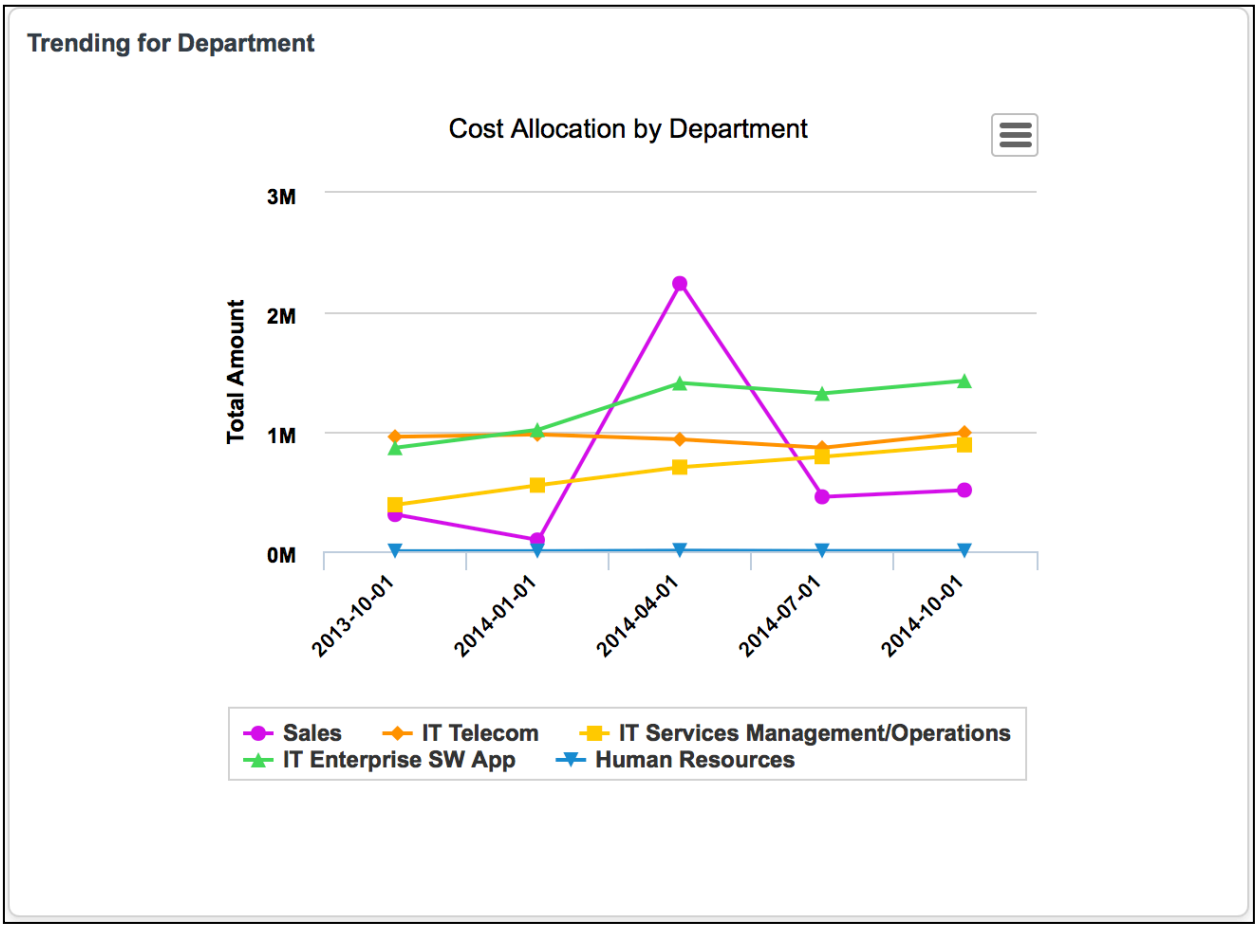
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The **Trending for Business Unit** report allows you to examine the trends of individual business unit expenses within the selected time interval.



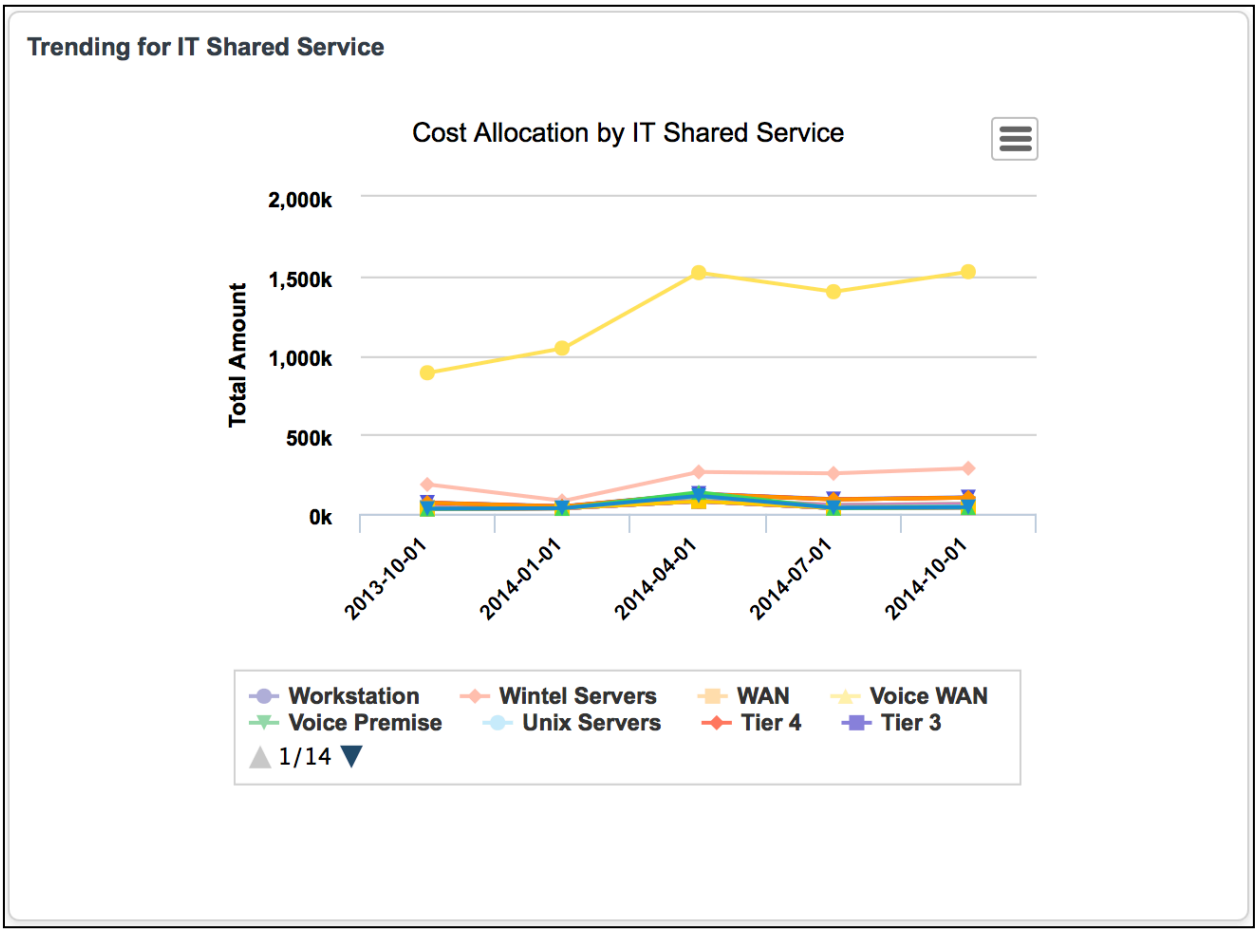
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The **Trending for Department** report allows you to examine the trends of individual department expenses within the selected time interval.



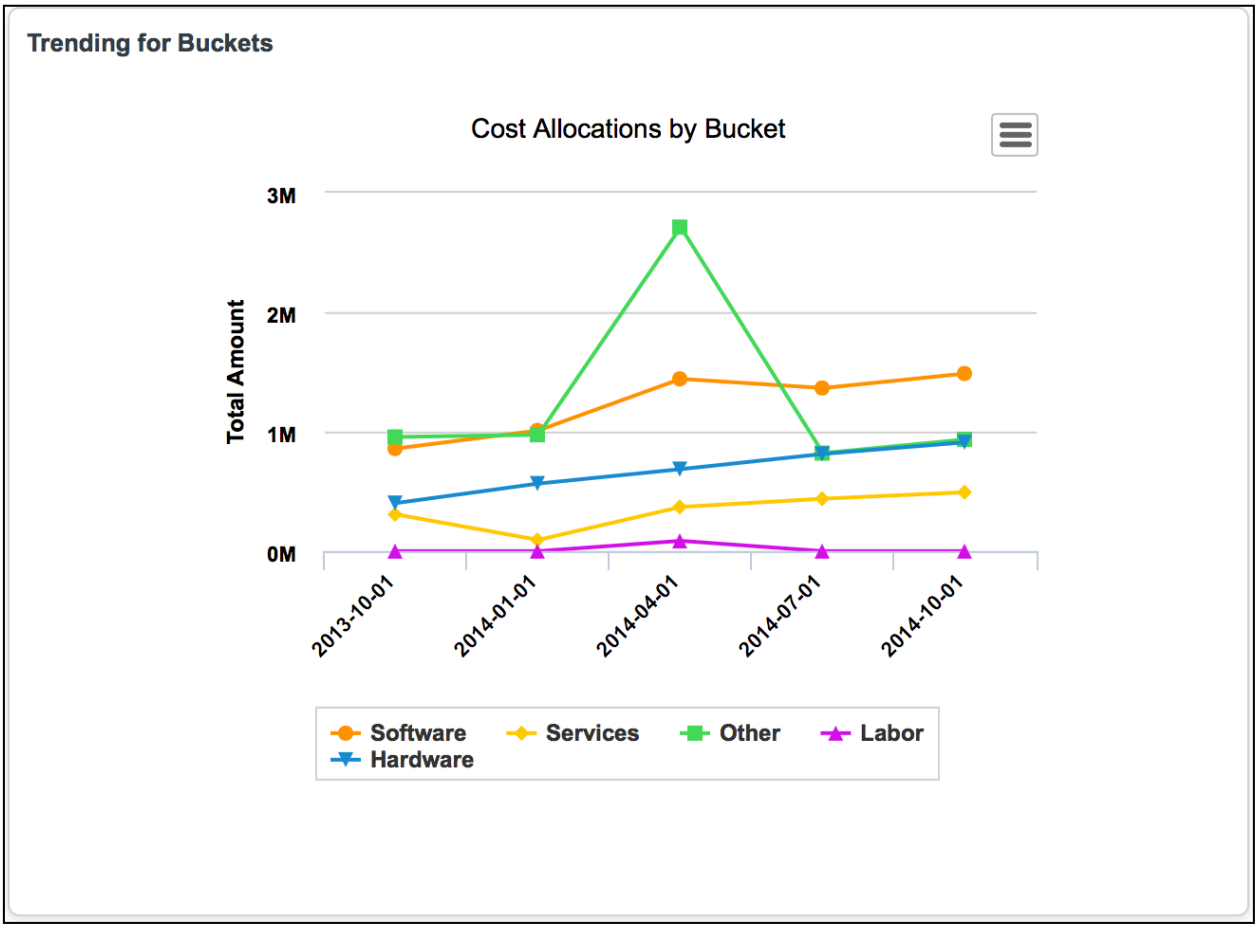
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The **Trending for IT Shared Service** report allows you to examine the trends of individual IT shared service expenses within the selected time interval.



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The **Trending for Buckets** report allows you to examine the trends of individually bucketed expenses within the selected time interval.

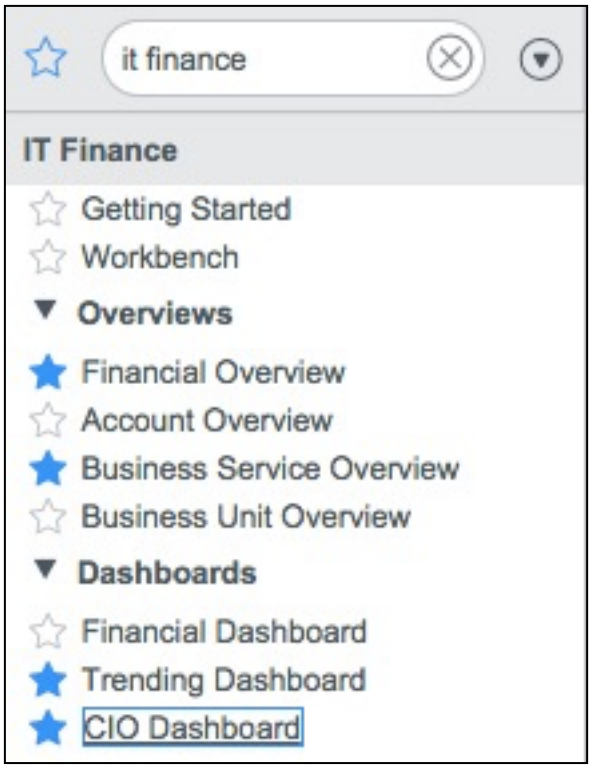


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CIO Dashboard

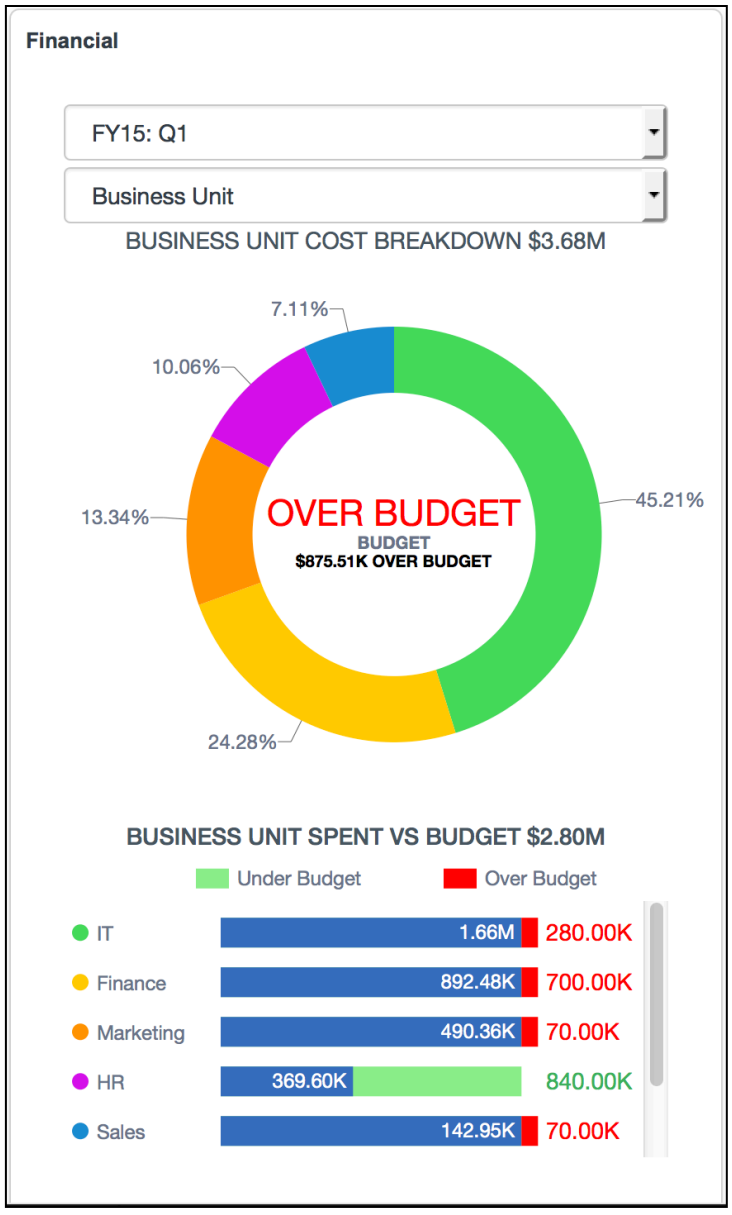
In this section, we review the CIO Dashboard. This dashboard provides you with a quick summary of IT finances, operations, and projects, significant as all can be managed using the ServiceNow platform.

1. Select **CIO Dashboard**.



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The Financial report on the CIO dashboard breakdown of expenses that are allocated to the accounts for segments in the IT chart of accounts. Here you could chose a fiscal period from the fiscal calendar and an ITCOA segment. The donut chart shows you the percentages of all expenses that are allocated to each account for the selected segment and fiscal period. The total amounts allocated are displayed in horizontal bars below the donut chart. If the budget information were available for the selected fiscal period and the selected segment, then it would be displayed here.

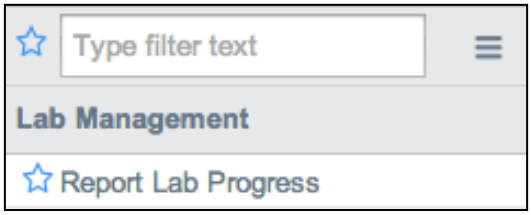


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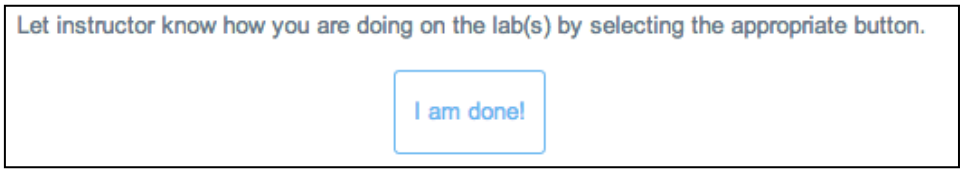
Progress Report

Let the instructor know you are done.

1. Navigate to **Lab Management > Report Lab Progress**.



2. Click **I am done!**



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Lab 2: Setup Dimensions & Metrics

This lab will help you understand how you can extend the out of the box configuration to include your own unique reporting structure (the dimensions/segments) and use your own metrics to drive the allocation rules within the reporting structure.

Lab 2
Setup
Dimensions &
Metrics

Additional information on dimensions can be found on the wiki:
http://wiki.servicenow.com/index.php?title=Administering_the_Chart_of_Accounts

Additional information on metrics can be found on the wiki:
http://wiki.servicenow.com/index.php?title=Creating_Allocation_Metrics

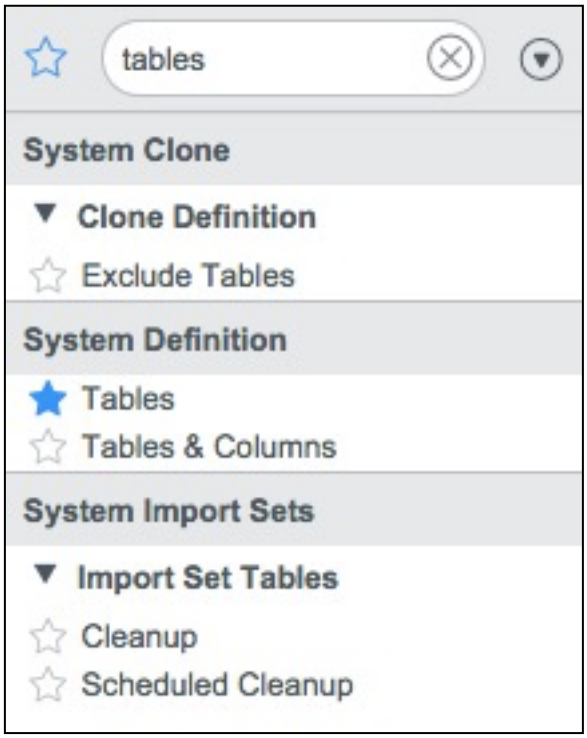
Dimensions

Context: You've reviewed the out of the box reporting segments (dimensions) in the previous lab and decided you need to include an additional level above Business Unit for Business Division.

In this section we will create a new dimension for Business Division. This will involve creating a new table to hold our business divisions before we can then set up the dimension in ITFM. On this same table we will record the Head Count of each division, as we will use this to later create a Weighted Metric for allocating costs to divisions.

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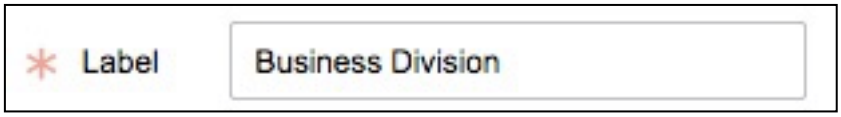
1. Navigate to **System Definition** by typing **tables** in the application navigator filter box and then select **Tables.**



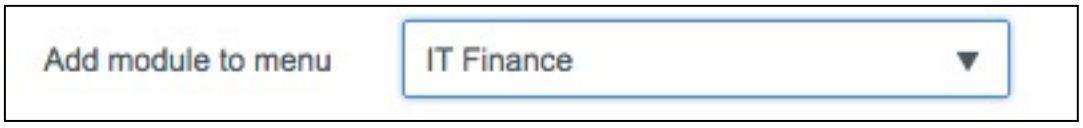
2. Select **New**



3. Enter **Business Division** in the label field

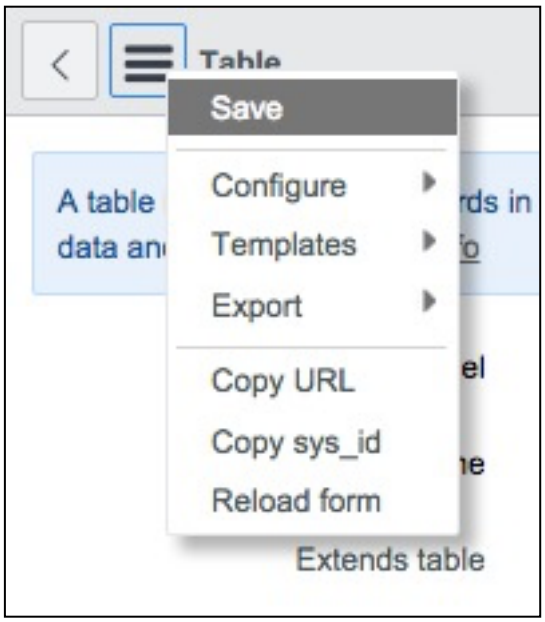


4. Under the option **Add module to menu** select the **IT Finance** module



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5. Take the option to save your new table.



6. Now we will add 2 new columns to the table. These will be the **Name** of the division and the **Head Count**. Add the first by selecting **New** from the table columns list.

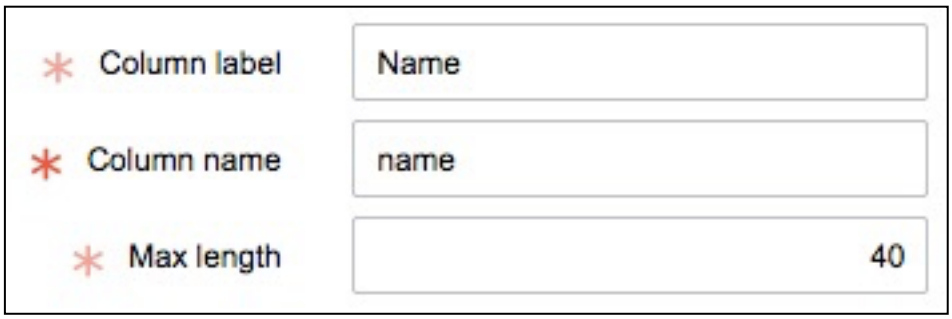


7. Enter **String** in the type field.

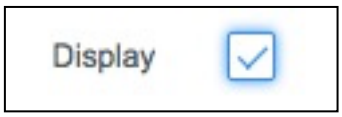


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8. Complete the following fields as shown in the below screenshot.



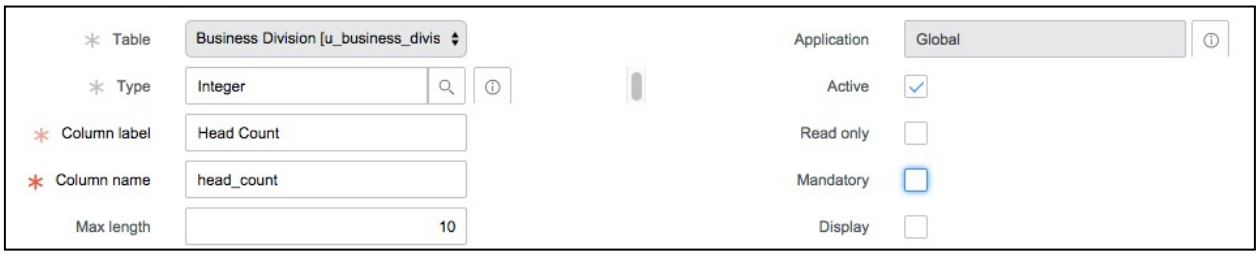
9. Check the option to display and then **Submit** the form.



10. Now add the Head Count field by again selecting **New** from the table columns list.

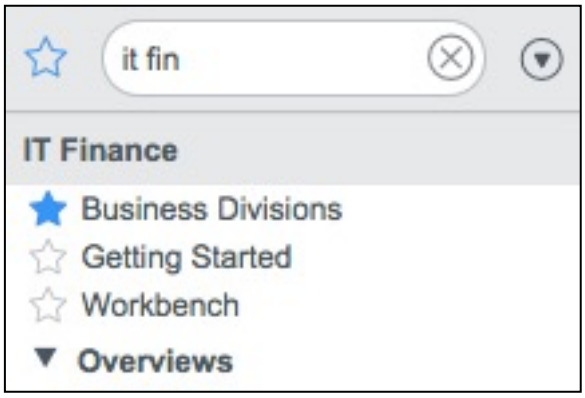


11. Complete the fields as shown below and then **Submit** the form (note you **do not** check the display option this time).



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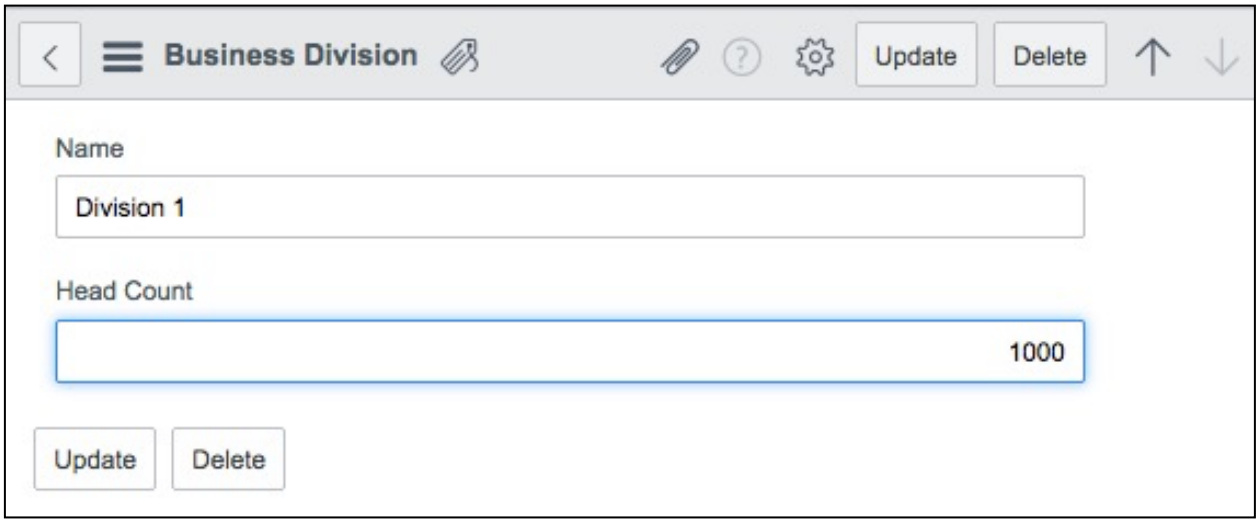
12. Navigate to **IT Finance** by typing **it fin** in the application navigator filter box and then select **Business Divisions**.



13. Select **New** from the Business Divisions list view.

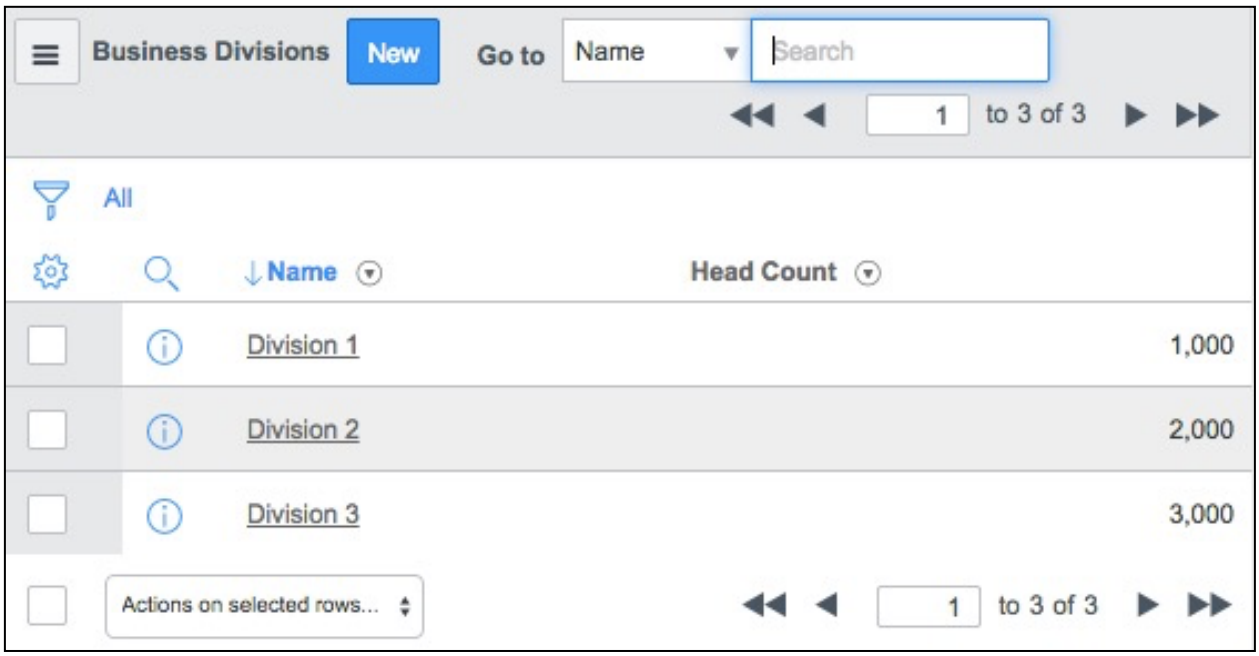


14. Enter **Division 1** in the **Name** field, **1000** in the **Head Count** field and submit.

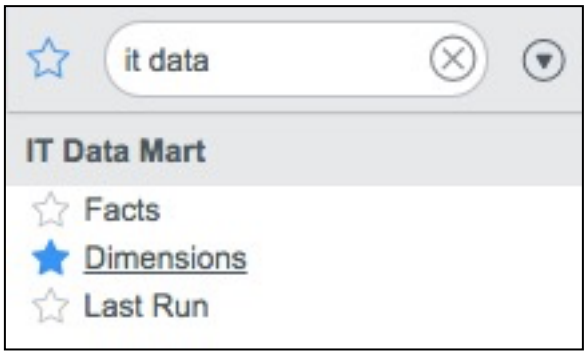


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15. Repeat the previous 2 steps to enter 2 further divisions, **Division 2** with **2000** Head Count and **Division 3** with **3000** Head Count. You have now created a new table to capture information about your divisions. In this case, just the division name and head count to keep the lab simple.



16. Navigate to **IT Data Mart** by typing **it data** in the application navigator filter box and then select **Dimensions.**

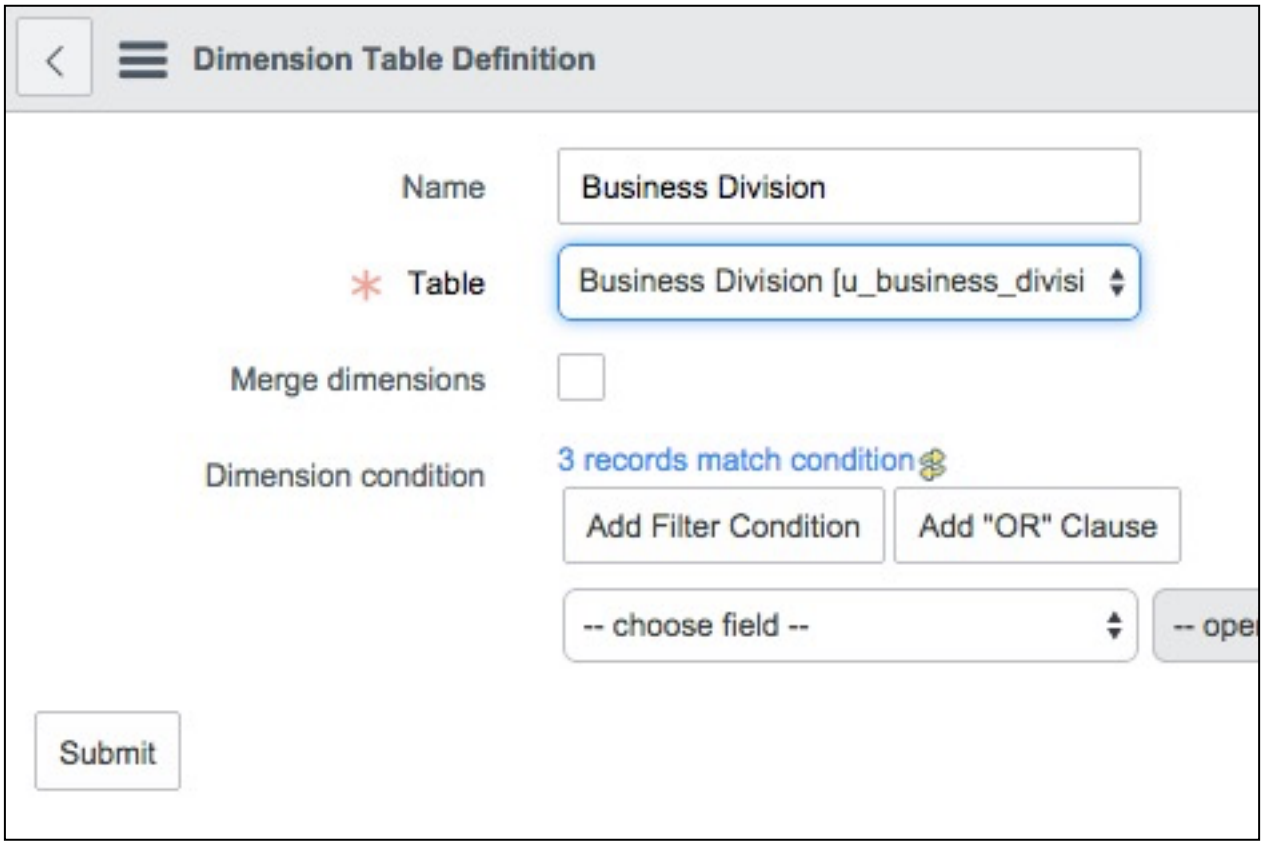


17. Select **New** from the **Dimension Table Definitions** list view.



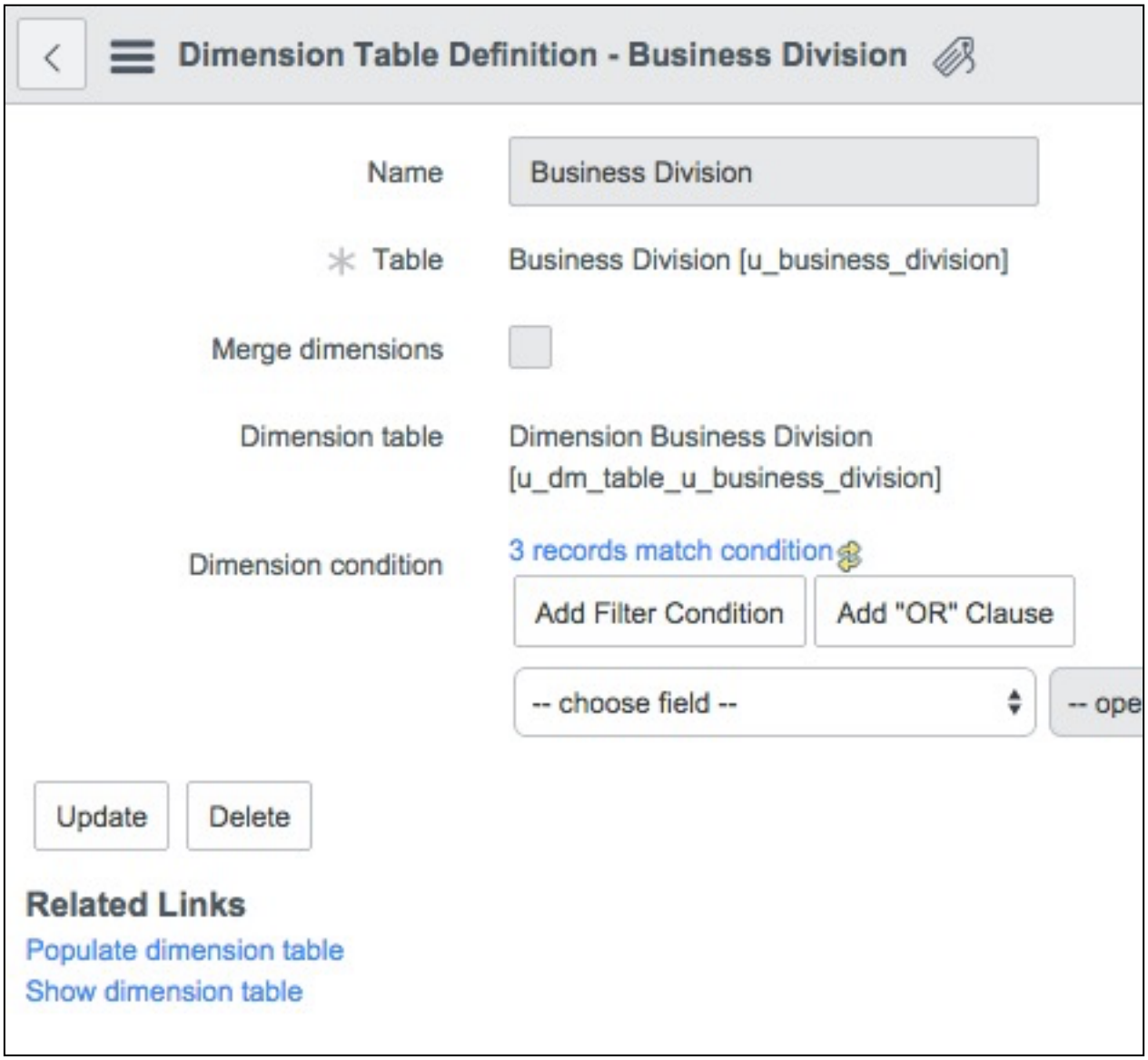
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18. Enter **Business Division** in the Name field and select the **Business Division (u_business_division)** Table as illustrated below. **Save** your new dimension.



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19. Having saved your new dimension you will have the option under related links to **Populate dimension table**, select this option.



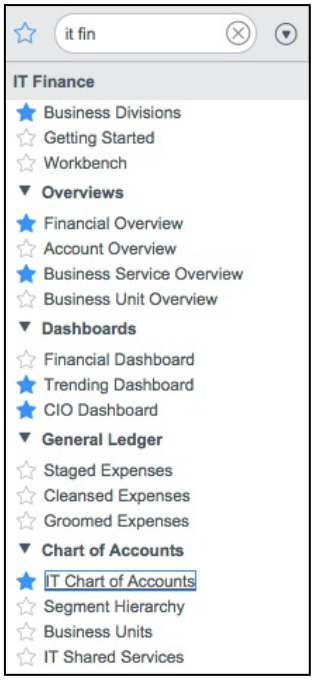
You have now created an additional Dimension.

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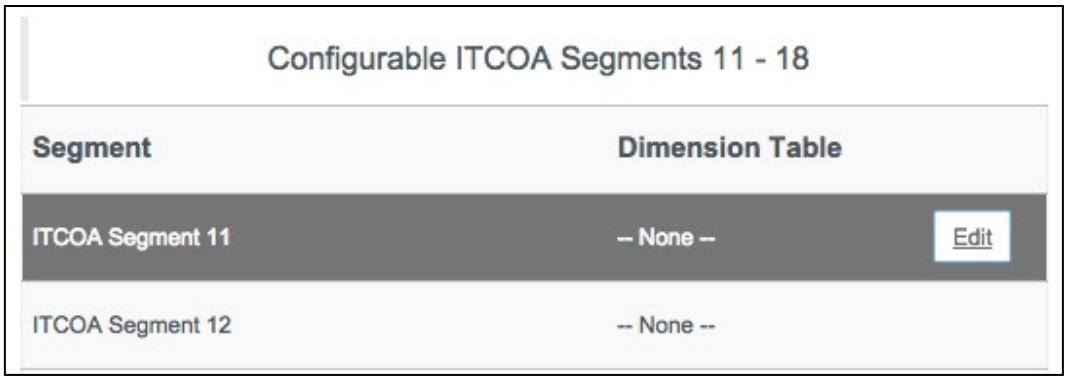
IT Chart of Accounts

Having created your new dimension we must define it in the IT Chart of Accounts in order for it to be available for us to create a weighted metric against it. For additional information on administering the IT Chart of Accounts please refer to the wiki:
http://wiki.servicenow.com/index.php?title=Administering_the_Chart_of_Accounts

1. Navigate to **IT Finance** by typing **it fin** in the application navigator filter box and then select **IT Charter of Accounts**.

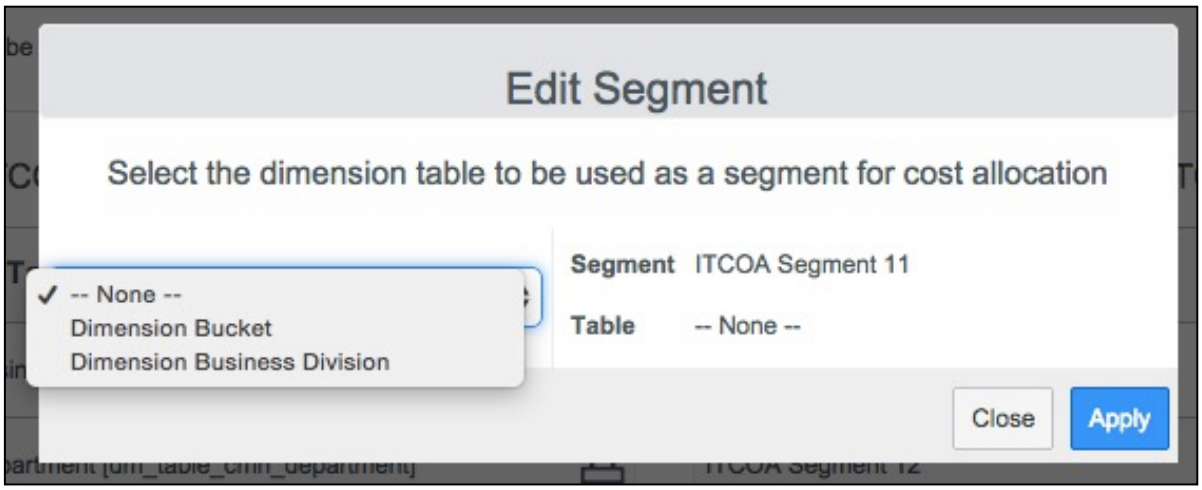


2. Select **Edit** on Segment 11.



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3. Select your new dimension, **Dimension Business Division** and **Apply.**



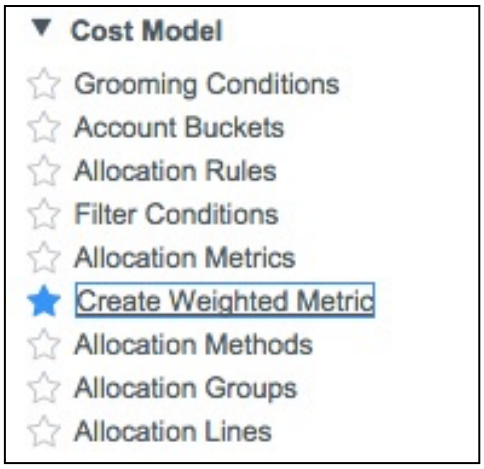
You are now ready to create your metric.

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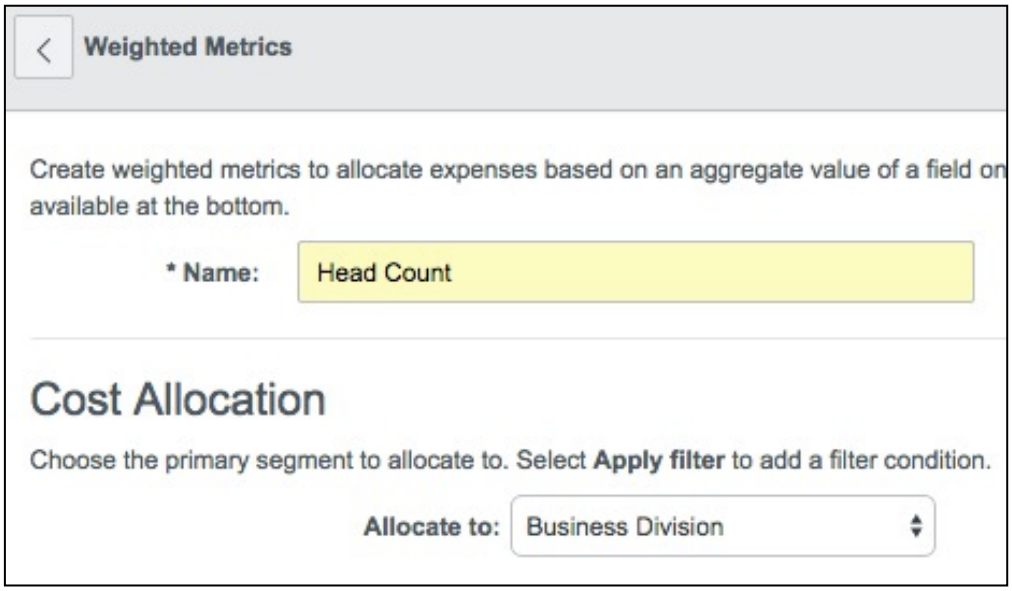
Metrics

In this section we will create a new metric that we will later use to allocate costs to the Business Divisions. The ITFM application supports Weighted, Scripted and System Metrics. In this lab we are creating a weighted metric, which will use the Head Count for each Division to allocate costs.

1. Navigate to **IT Finance** by typing **it fin** in the application navigator filter box and then select **Create Weighted Metric**.

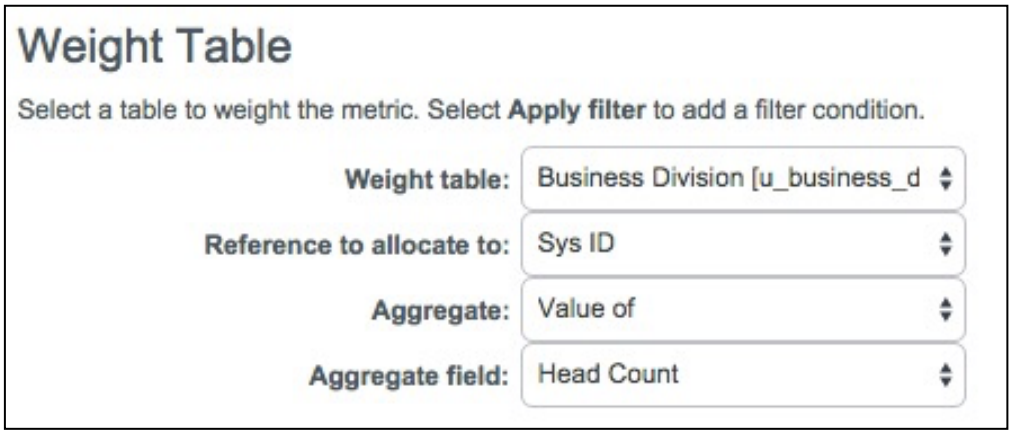


2. In the **Name** field enter **Head Count**. In **Allocate to** select **Business Division**. (Note the Allocate to field displays the list of segments that have been defined in the IT Chart of Account, which is why you had to define this before creating this metric).



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3. For the Weight table, select our new **Business Division (u_business_division)** table. You can then set **Aggregate** to **Value of** and **Aggregate field** to **Head Count** as below.



4. Submit your new metric.

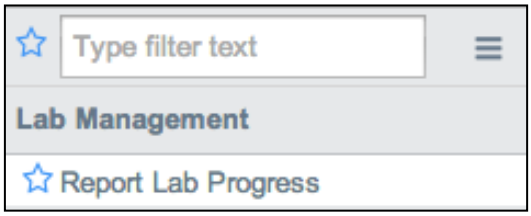


You are now ready to work with your General Ledger data in the workbench.

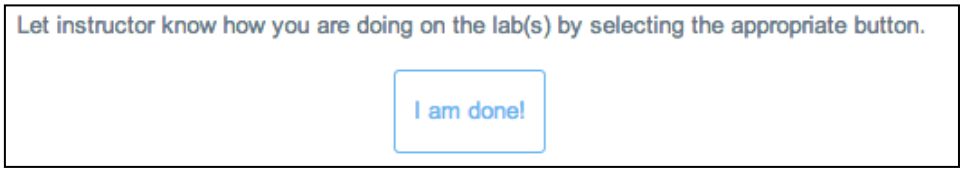
Progress Report

Let the instructor know you are done.

1. Navigate to **Lab Management > Report Lab Progress**.



2. Click **I am done**!



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Lab 3: Using the Workbench

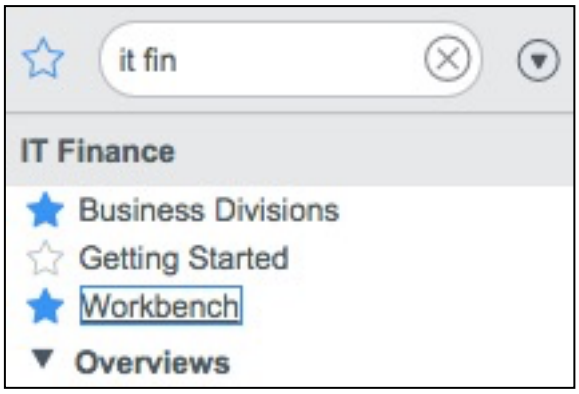
In this lab we will step through each stage of the workbench. Whilst we are simplifying the process due to the timings of this lab, the reality is that most solutions become very technical/ complicated when it comes to the person that needs to perform the tasks we are about to cover. It's important to note that the workbench has been designed with this person in mind and as such can be considered almost like a wizard to help them get their job done.

Lab 3
Using the Workbench

Data Definition

Let's start by opening the workbench.

1. Navigate to **IT Finance** by typing **it fin** in the application navigator filter box and then select **Workbench**. Note: This will open the ITFM Workbench in a new browser tab.



The Data Definition stage is like an admin or setup starting point. This is where you identify which fiscal period you would like to work with. We will be working with FY14: Q4. For additional information on Data Definition please refer to the wiki:
http://wiki.servicenow.com/index.php?title=Reviewing_the_Data_Definition

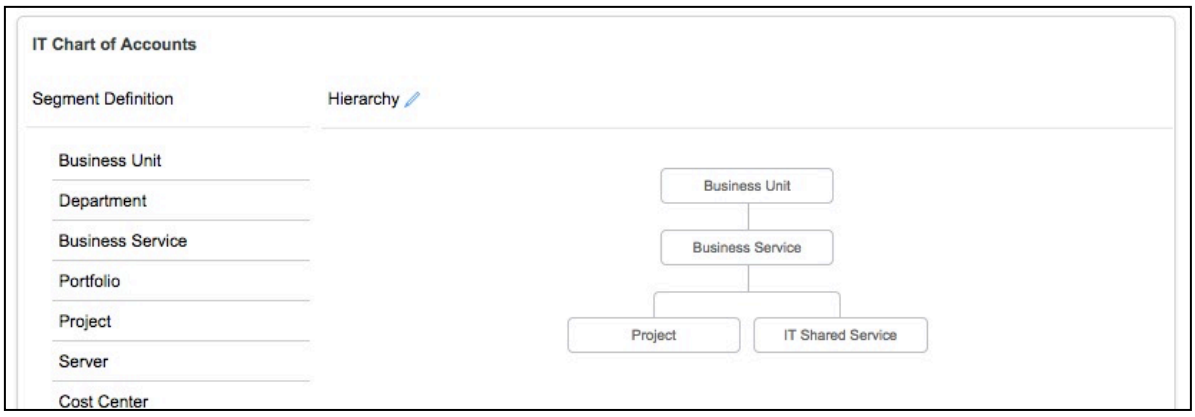
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2. Check the Fiscal Period is set to **FY14: Q4**.



The **Expense Summary** shows a completion status of fiscal periods. The **Fiscal Calendar** enables the definition of fiscal year start day and period, typically monthly or quarterly. The **Advanced Actions** allows you to delete allocation records. The **IT Chart of Accounts** allows you to define the structure for your reporting. We will now modify this structure.

1. Click on the blue pencil icon next to Hierarchy under the IT Chart of Account section.

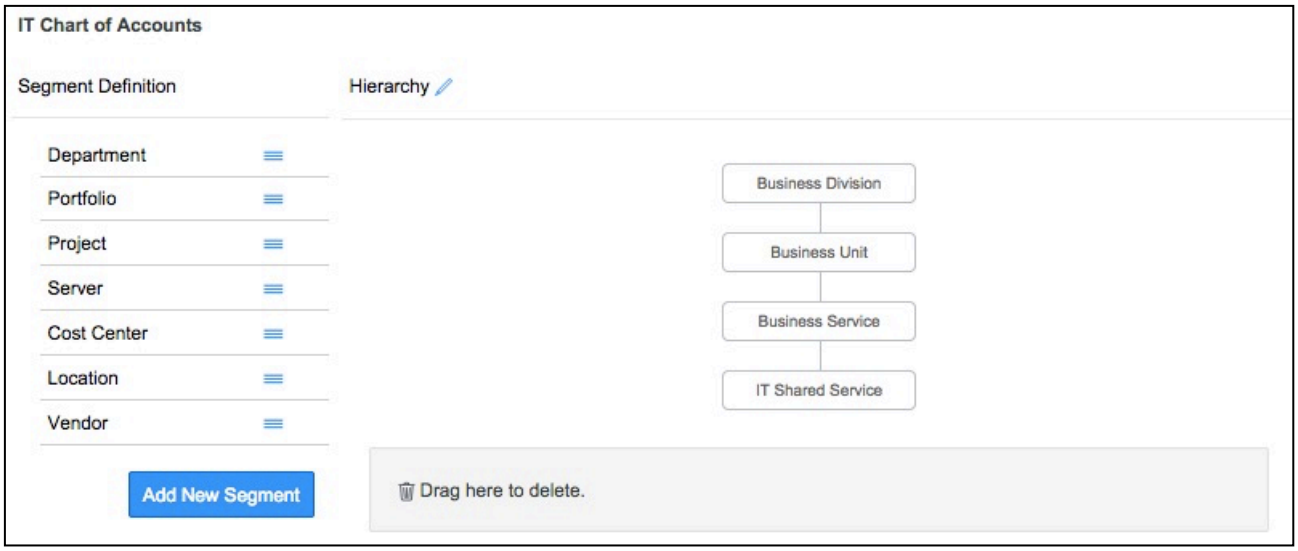


2. Select the Business Unit and drag the structure into the gray box labeled '**Drag here to delete**'.



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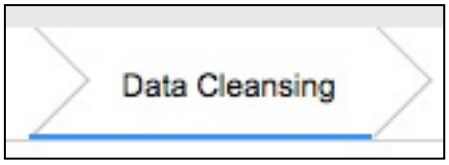
3. Now recreate your new structure starting with the Business Division by dragging each segment in turn from the left to the right. For child segments drag them onto their parent to create the relationship. The final structure should be a linear relationship Business Division – Business Unit – Business Service – IT Shared Service as seen below.



4. Save your changes once complete.



5. Under normal working you are likely only to specify the fiscal period you wish to work with before moving on. Select **Data Cleansing**.



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Data Cleansing

It is often the case when drawing data from the general ledger that multiple transactions can have slightly different text but in fact are from the same origin. This stage helps us to clean the data and consolidate these transactions. ITFM uses 4 attributes to help in this process. In this lab we will use Vendors. For additional information on Data Cleansing please refer to the wiki: http://wiki.servicenow.com/index.php?title=Cleansing_Financial_Data

1. Check Attributes **Vendors** is selected.

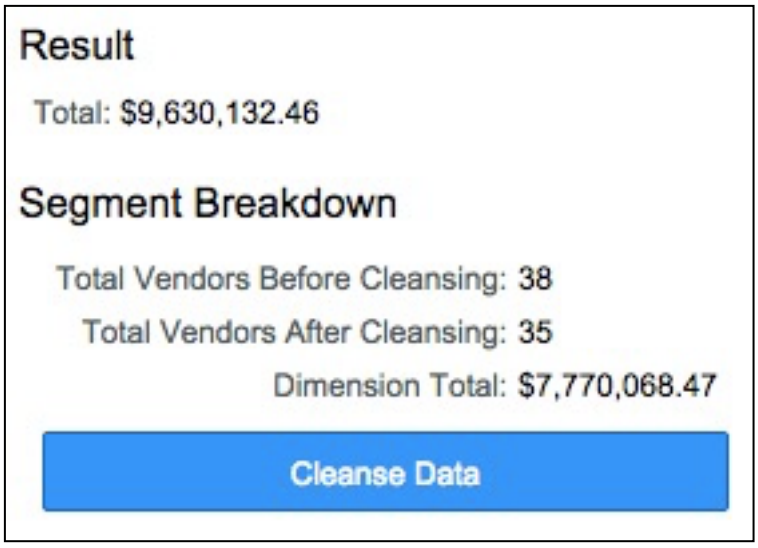


2. Notice the 2 transactions from Bramasol, Inc & “Bramasol, Inc”. We can consolidate these line items and automatically create a rule for all future transactions by simply dragging one onto the other. Click on “Bramasol, Inc” and drag it over Bramasol, Inc, releasing when you see the green plus sign. You will now see the total value of the 2 line items combined into one and under the **Merge Count** column you will see a link called **Another vendor merged**. Optionally, you can click this link to see the consolidated vendor. Note the option to remove the association and close the pop up box by clicking the X.

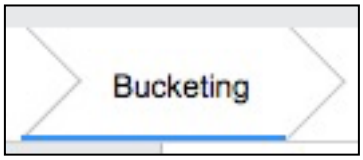
⊖	Blue Jeans	$1,871.72	None
⊖	Bramasol, Inc	$3,554,517.78	Another vendor merged
⊖	Broadcom	$52,436.03	None

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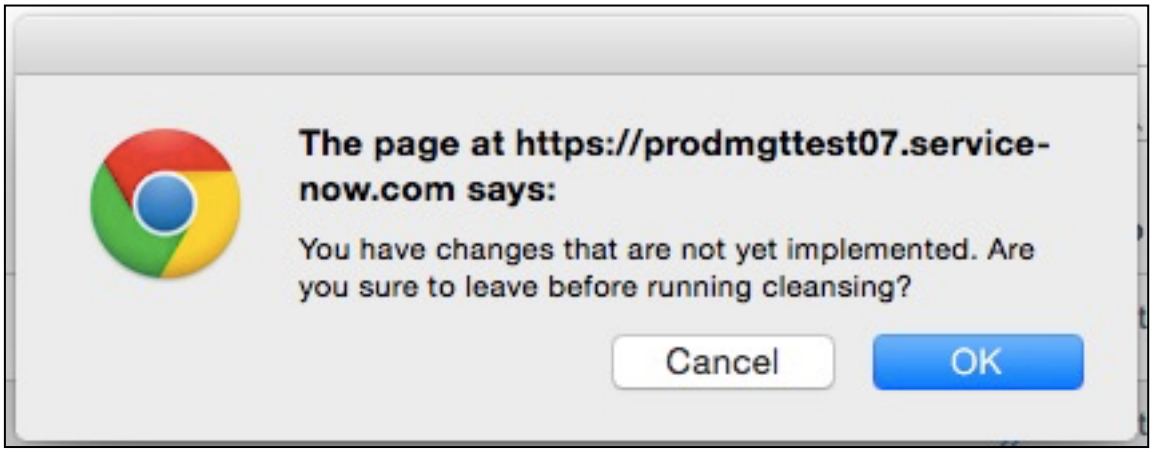
In the top right corner of the workbench you can see that we have consolidated from 38 vendors to 35. We will not take the action in this lab, but under normal working we would at this stage select the option to Cleanse Data, which then commits these new rules back to ServiceNow to be used when we repeat the process next fiscal period.



3. Select **Bucketing**.



4. A pop up warning that we have no committed our changes displays. Click **OK**



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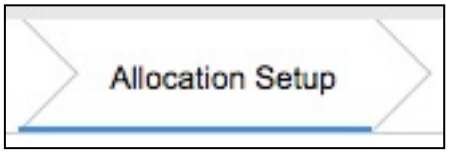
Bucketing

Bucketing can be thought of as a translation step between how Finance describes costs and how IT wishes to describe costs. The buckets of costs will be what we use to allocate to the dimensions in our reporting structure, hence from experience there is often synergies with the way a company uses cost centers.

For additional information on Bucketing please refer to the wiki:
http://wiki.servicenow.com/index.php?title=Putting_Data_into_Buckets

No action is required on this stage as the rules are already in place and all accounts have been linked to buckets. At this point in the lab the instructor will talk the class through the features and capabilities before we move on.

1. When instructed move on by selecting **Allocation Setup**.



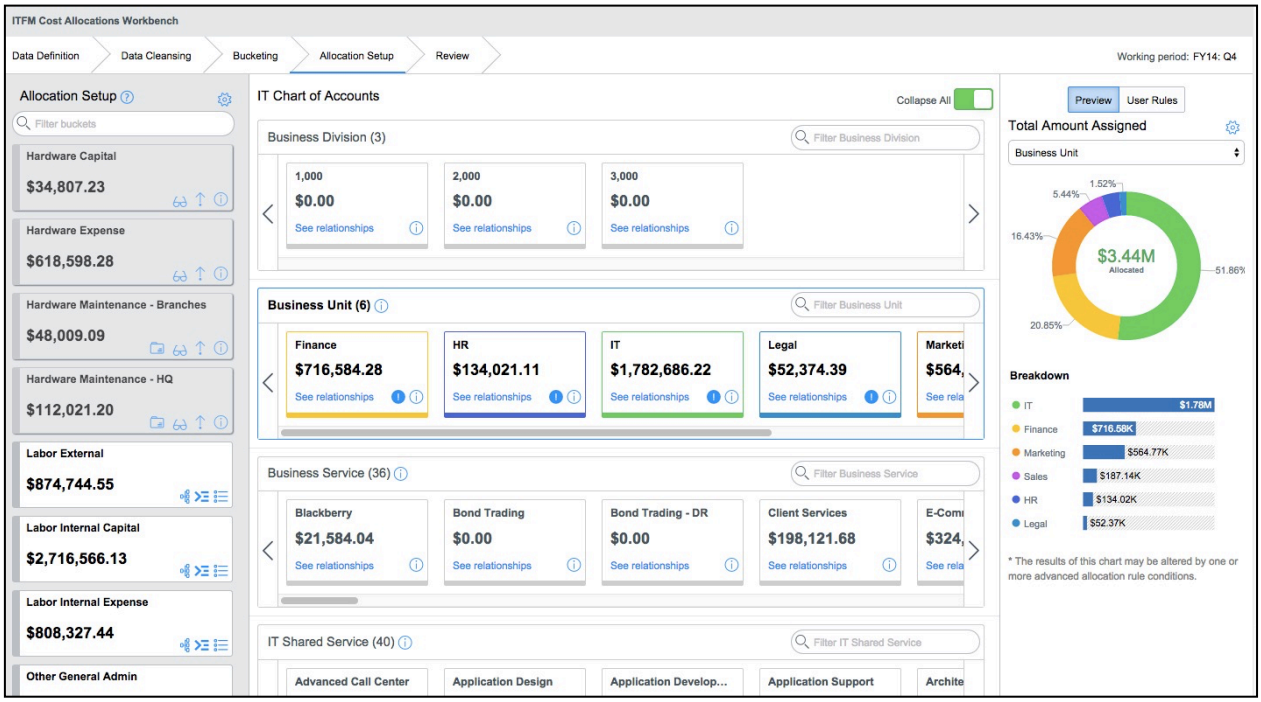
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Allocation Setup

This is where the magic happens!

On the left pane see the cost buckets (gray means they have already been allocated and white means they are still to be allocated). The reporting structure that you defined in the Data Definition stage can now be seen in the middle pane. The summary in the right pane provides a breakdown of the costs for the selected segment (i.e., selecting Business Unit shows the breakdown of costs by business unit).

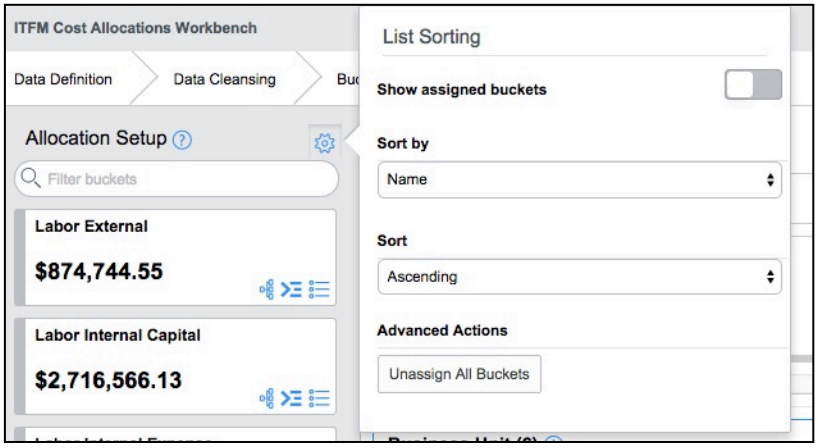
For additional information on Setting up Allocations please refer to the wiki:
http://wiki.servicenow.com/index.php?title=Setting_up_Allocations_with_the_Workbench



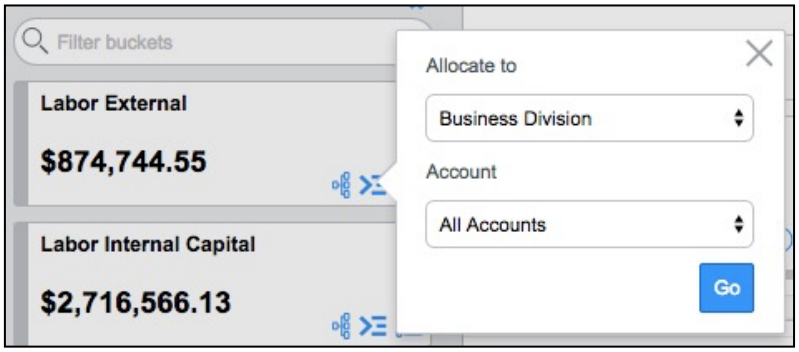
We will now take the unallocated buckets and allocate the costs to the divisions using the weighted metric that you created.

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1. Click on the **cog** icon at the top of the left pane and **turn off** the **Show assigned buckets** switch. This leaves us with just the buckets we need to allocate. Click the cog again to close the settings box.



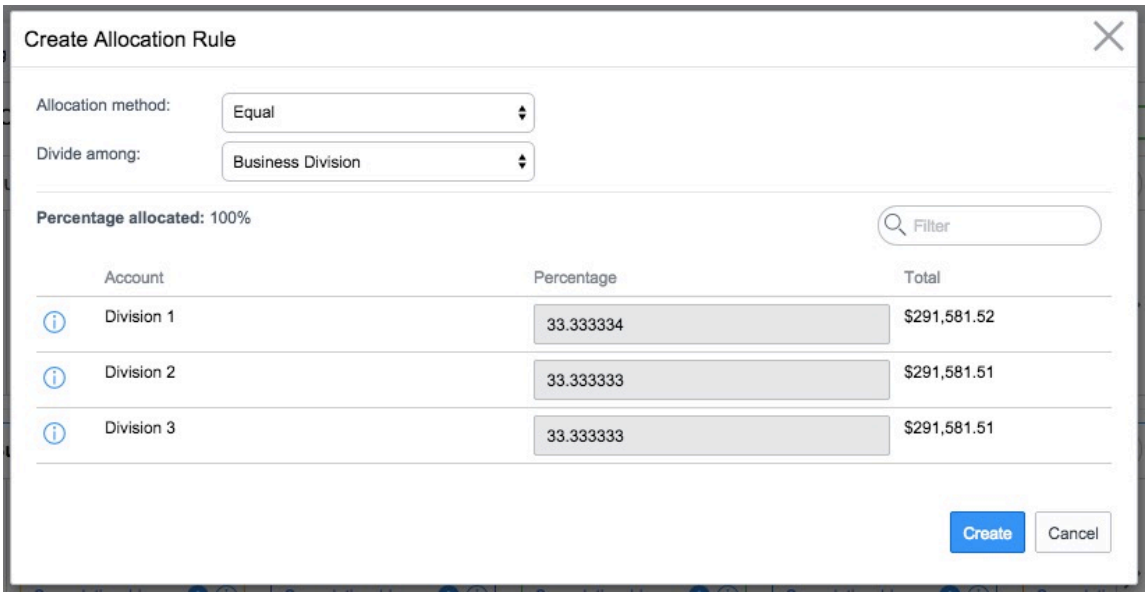
2. On the first bucket, click the middle **Assign Box** icon. Check the **Allocate to** is **Business Division** and **Account** is **All Accounts**, and then click **Go**.



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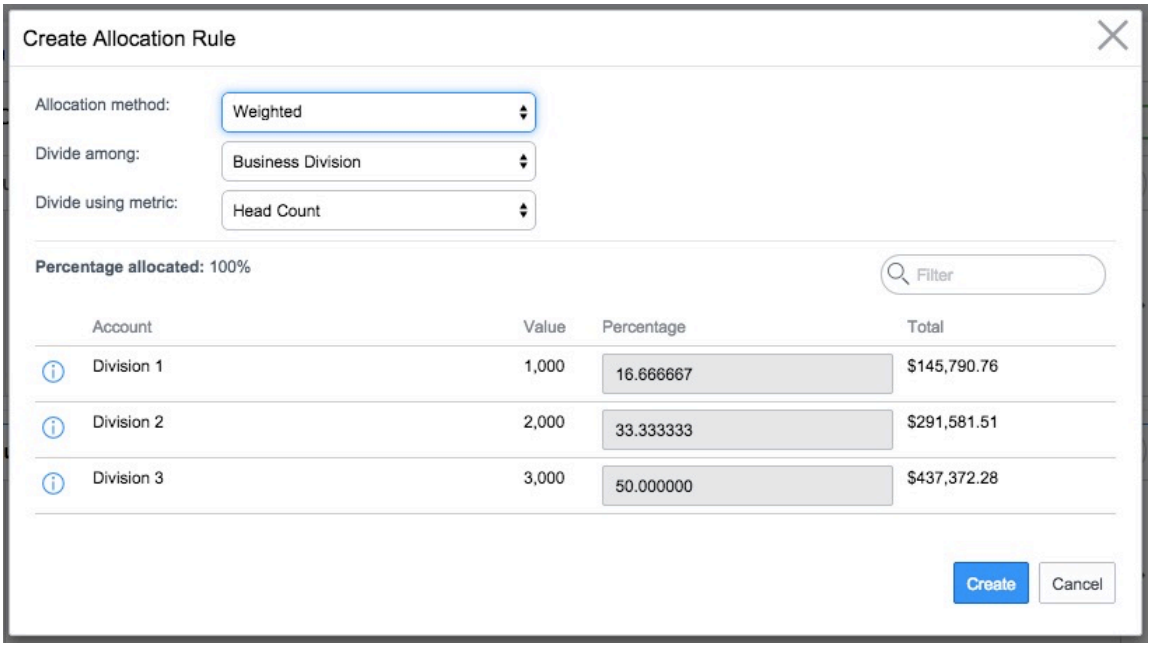
3. Check the Allocate to **Business Division** and Account to **All Accounts**. Click **Go**. A pop up window appears as below. Note the Allocation method is **Equal** and the costs are allocated in **3rds** across the Divisions.

   An alternative is to drag the bucket to the Business Division header and let go when it's highlighted.



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4. Change the Allocation method to Weighted. This defaults the Head Count metric, as it is the only one set up for Divisions. Note the allocation percentage is now driven by head count values. Data certification could be used to valid these figures on a periodical basis, or alternatively ServiceNow can use consumption data such as number of incidents or number of servers to drive these allocations (that's powerful).



5. Click **Create**.



6. Now repeat steps 13 – 17 to allocate the remaining buckets in the same way.

7. Once all buckets have been allocated select **Review**.



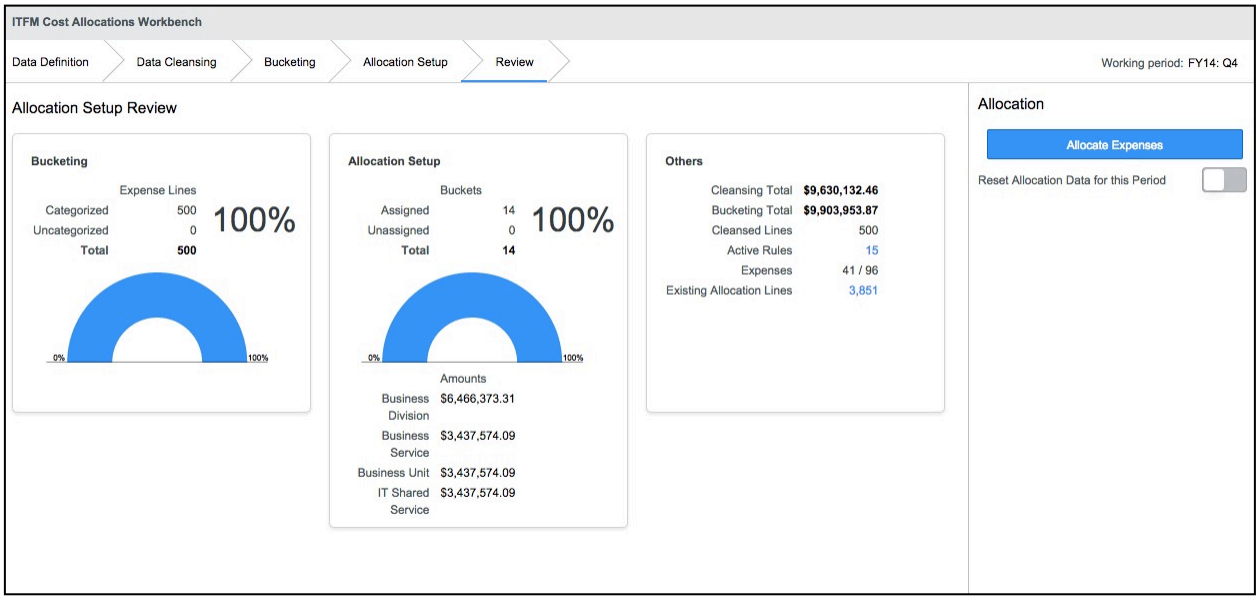
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Review

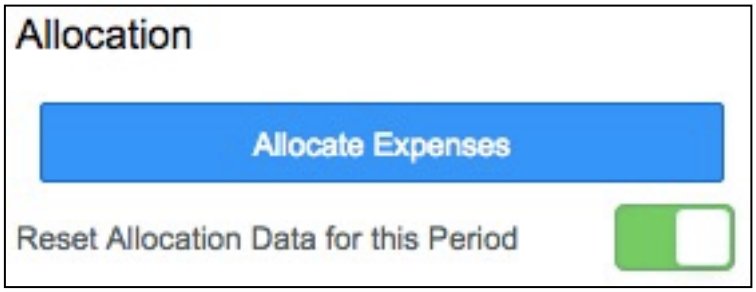
This stage allows you to confirm that all accounts have been assigned in the Bucketing stage and all buckets allocated in the Allocation Setup stage.

If you are happy with the summary you can then allocate expenses by running the allocation engine. The application then creates expense lines for the working fiscal period and your financial reports show the updated data.

For additional information on Review Stage please refer to the wiki:
http://wiki.servicenow.com/index.php?title=Allocating_Expenses_with_the_Workbench

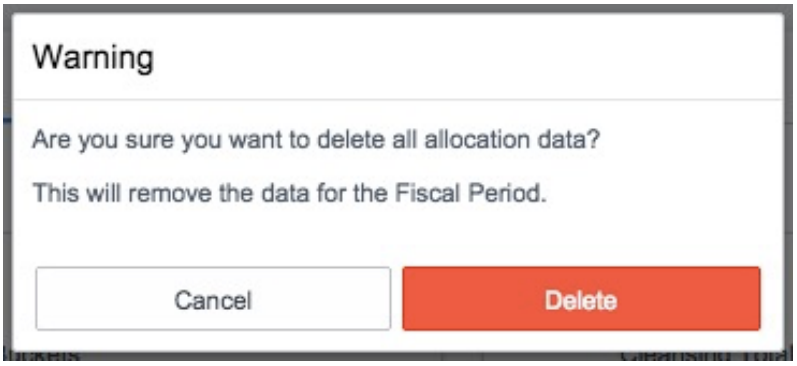


1. With Bucketing and Allocation Setup both showing 100% switch the **Reset Allocation Data for this Period** and select the option to **Allocate Expenses**.



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2. Select **Delete** on the warning pop up.

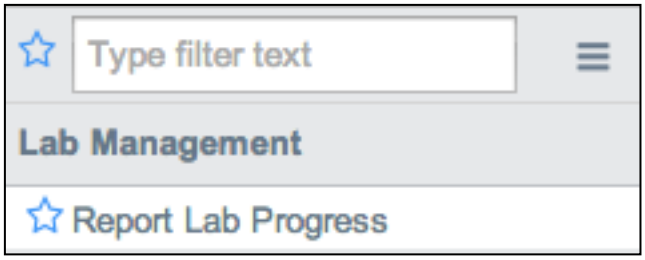


3. The allocation engine will take a short while to run. Once complete close the Workbench browser tab.

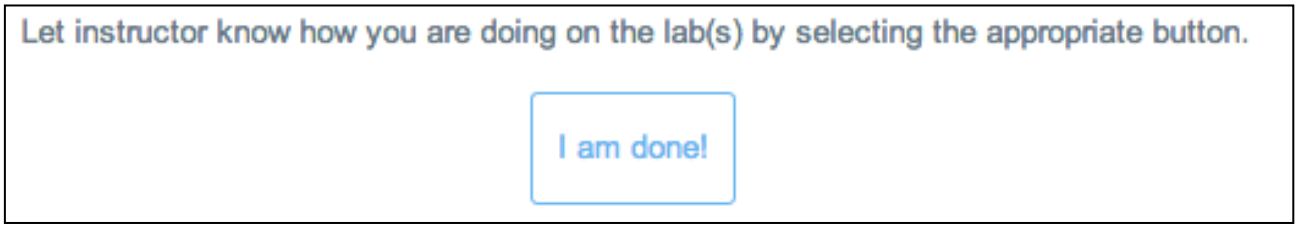
Progress Report

Let the instructor know you are done.

1. Navigate to **Lab Management > Report Lab Progress**.



2. Click **I am done!**



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Lab 4: Review the Output

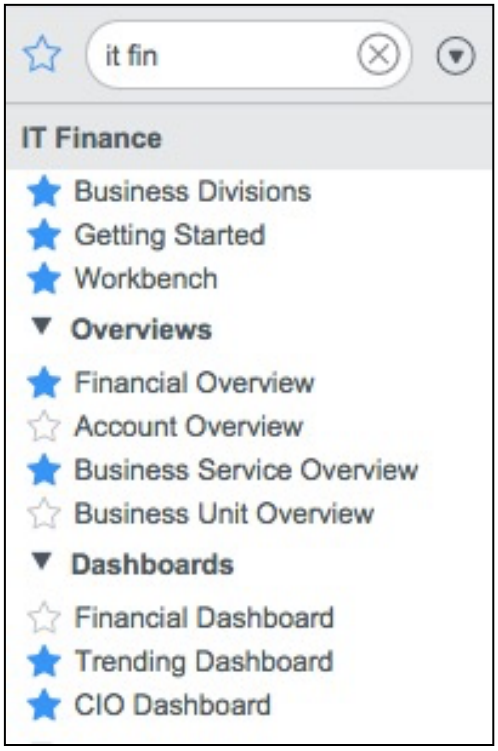
In this lab we will revisit some of the out of the box reports and dashboards to review the allocations that you have just performed.

Lab 4
Review the Output

CIO Dashboard

In this section, we review our allocations in the CIO Dashboard.

1. Navigate to **IT Finance** by typing **it fin** in the application navigator filter box and select **CIO Dashboard**.

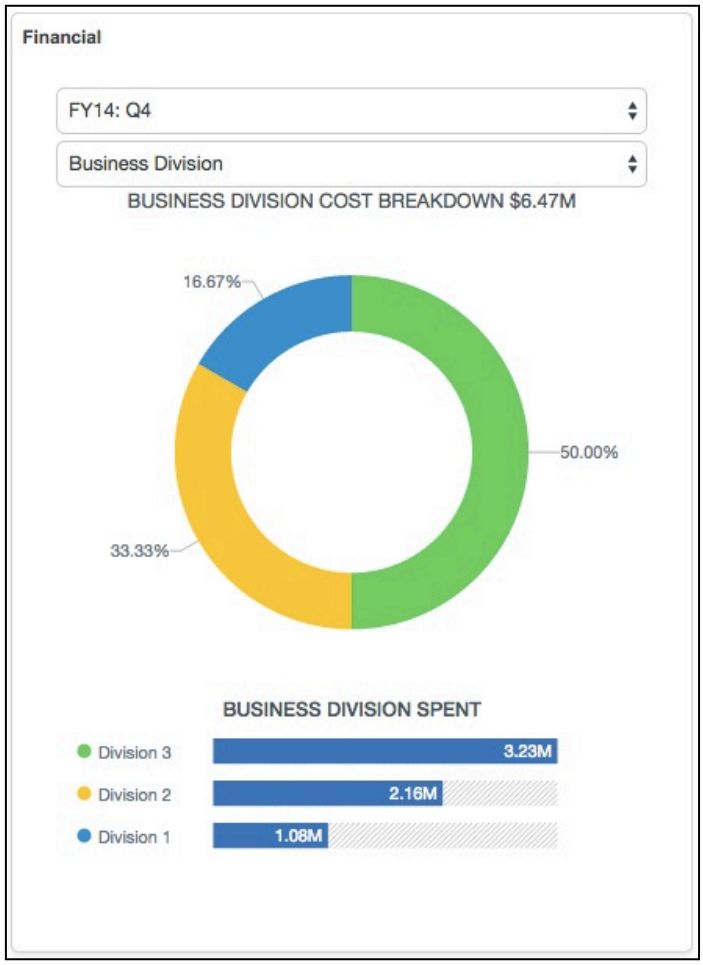


2. On the **Financial** gauge select **FY14: Q4** and **Business Division**.

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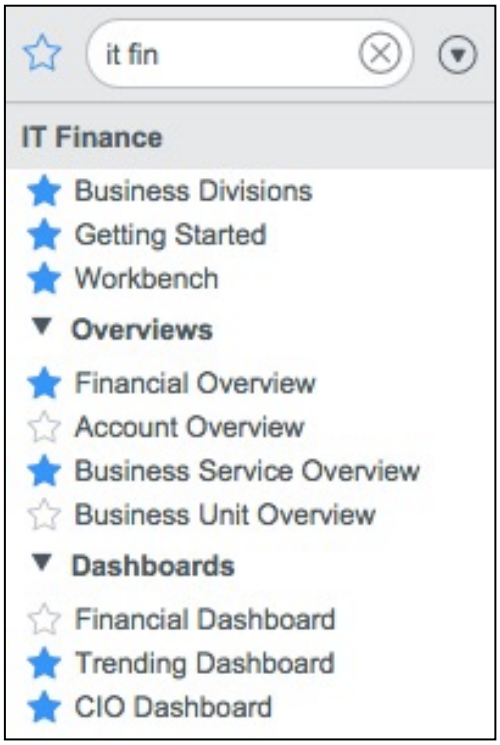
Financial Overview

In this section, we review our allocations in the Financial Overview report.



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1. Select **Financial Overview**.



2. In the **Report Parameters** select your Business Division segment and FY14: Q4 Period.



Notice your allocations are now displayed. Clearly we have used a very simple exercise to help you understand the basics of the IT Finance application, but trust you can see the power of this application.

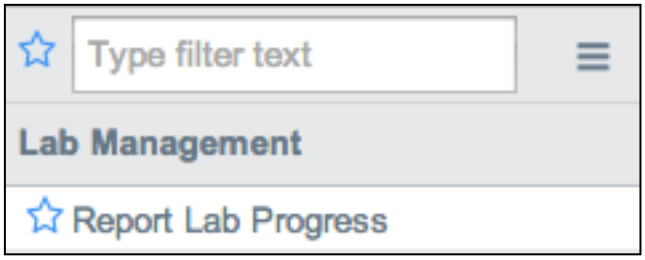
Thank you for your active participation in this lab.

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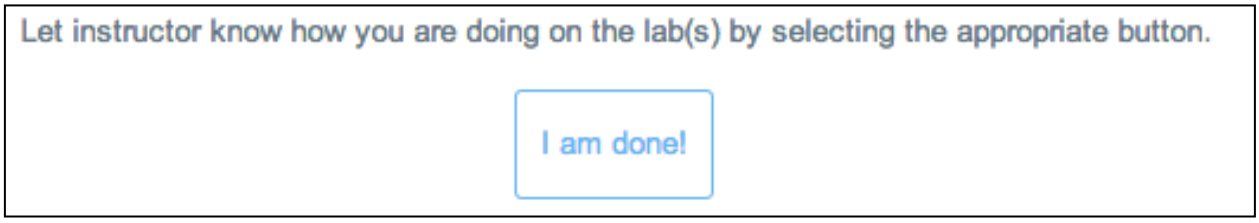
Progress Report

Let the instructor know you are done.

1. Navigate to **Lab Management > Report Lab Progress**.



2. Click **I am done**!



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