APPTIO

Apptio and ServiceNow

A Joint Approach to Managing the Work and Business of IT

Executive summary

Every competitive organization on the planet must grow revenue, increase profitability, and improve customer experience to survive. To do these things, most look to technology either to gain a competitive advantage or to improve their market leadership. Today, technology supports more than business operations; it creates and protects value. This is why organizations are shifting their IT operating model from one that positions IT as a service provider to the business into one that acts as a strategic partner to the business. This change leverages the power of cloud services for massive scale and elasticity and agile development for continuous delivery, which collectively improves both operational and financial efficiency and empowers technology leaders and their teams to drive more innovation.

As market conditions and customer preferences shift, survival often depends on how organizations respond to that change. During the onset of the COVID-19 epidemic, many firms grappled with almost overnight stoppages of revenue sources paired with a dramatic rise in other demands, resources, and costs. But organizations can't simply close their doors; they must continue to serve their customers and constituents, while radically changing the way they operate and fund business-critical initiatives.

> "The business case for any new IT service assumes a cost, and when we design the service and its supporting infrastructure we can estimate the cost, but almost as soon as it goes live its cost can start to change. ServiceNow enables us to keep track of changes to an application and its infrastructure in close to real time, and Apptio enables us to show how these changes impact cost over time. Together these tools enable informed conversations about the value of IT services as they evolve to meet the changing needs of our organization."

Brad Newton, VP of IT Administration, Wellstar Health System

Apptio.com

Others dealt with dramatic declines in overall demand and revenue, with little to no offsetting increases in other parts of their business. These firms needed to reduce costs while still providing minimal necessary services. For many, this shift required a different type of innovation and investment.

Shutting doors, moving services online or to the cloud at speed, and protecting the health and safety of customers and employees can be costly maneuvers.

To manage significant disruptions and take advantage of fleeting opportunities, an organization's fitness level matters, whereby CIOs, CTOs, and CFOs drive alignment across the organization, anticipate and search for situations that require changes, and act on and adapt to the continuous shifting of business priorities. Fit organizations can quickly and confidently change their technology-powered businesses on demand, knowing the impact of those changes on people, assets, and the bottom line. This new operating model for IT is tightly coupled with the business operating model. Savvy CIOs and CTOs understand this new model, and today's CEOs and CFOs are demanding it. These leaders know that mitigating risk, prioritizing investments, and planning for growth requires an understanding of the digital landscape and ability to anticipate potential shifts.

Realizing this new IT operating model, however, requires an evolution of both strategies and supporting technologies in IT Service Management and IT Financial Management disciplines, respectively. Apptio and ServiceNow have deepened their integration to deliver on this new approach to the business of IT. Our combined technologies provide an unprecedented level of fidelity into the landscape and cost structure of your IT environment.

This unlocks specific use cases and critical capabilities that enable IT and Finance leaders to evolve their IT service operations and financial management practices. The adoption of this model connects technology resources to the business outcomes that will empower organizations to navigate disruption and take advantage of opportunities.

"Apptio and ServiceNow together, give the CIO the opportunity to be strategic by understanding what truly runs the business of IT. It is this understanding that helps leaders know their enterprise. Apptio and Service, gave me the foundation to transform IT into a strategic operation for the business, which enabled us to become an industry leader."

Les Ottolenghi,
Former-CIO,
Caesars Entertainment

Evolving IT Service Management and IT Financial Management

In pursuit of efficient, predictable service delivery, CIOs have looked to best practice frameworks such as the Information Technology Infrastructure Library (ITIL) to integrate responsibilities across technology teams with common processes, collaboration, and the reinforcement related to the selection, planning, and maintenance of IT services within the business. This scope goes beyond basic ticketing and request management; it extends to a broader set of IT operations and financial management processes focused on improving visibility, performance, capacity, and security of infrastructure and applications across the business while ensuring optimal value and leverage of the services IT delivers to the business and their customers and maximizing workforce productivity. Extending service management outside of IT has allowed leading CIOs and their teams to formalize the organization's catalog of services and workflows, speed up workflow automation through PaaS development, and extend and broaden their IT Service Management (ITSM) platform integration and capabilities.

Along with predictable delivery, CIOs have needed to maintain an accurate understanding of their IT landscape along with the associated costs of these investments. This fidelity of the cost structure includes not only which infrastructure, applications, and services exist, but also how they interact with each other. Without this view, technology leaders are left with a cost model relying on industry assumptions that may be only directionally correct. This limits their decision-making ability and potentially lowers the trust with business units especially for organizations engaging in cost recovery through a chargeback motion.

To truly understand scope and interconnected nature of their IT topology, organizations leverage ServiceNow, the industry- leading solution for ITSM and IT Operations Management (ITOM). ServiceNow provides technology managers with platform intelligence, workflow management, and single source of action that enables them to streamline and manage the work of IT.

When it comes to creating and using an industry-leading cost model, CIOs and their teams have looked to Technology Business Management (TBM)—a validated best practice framework that defines the tools, processes, and data required to manage the business of technology—to communicate the cost, quality, and value of IT investments to their business partners. TBM's scope goes beyond spreadsheet and email-driven cost modeling and budgeting to encompass a broader set of IT Financial Management (ITFM) processes that enable technology leaders to apportion costs, analyze unified financial and operational data, plan future investments, and share clear, relevant information with stakeholders to inform or to recover costs. Extending financial management outside of IT has allowed these leading CIOs and their teams to better understand the cost and consumption of shared services and business capabilities, leading to more insight into the contribution of technology to product profitability and supported business outcomes.

To accomplish this, many organizations leverage Apptio, the industry-leading solution for ITFM and TBM automation. Apptio provides a purpose-built platform for IT that seamlessly unites data, people, and processes across technology, finance, and business in a way that is intuitive, intelligent, and impactful to streamline and manage the business of IT.

Fifty-five percent of Fortune 100 organizations integrate ServiceNow and Apptio to bring together financial, labor, asset, vendor, projects, and consumption data to drive collaboration decision making around their application and service portfolios, supporting cloud and hybrid infrastructures, and their development methodologies. Together, Apptio and ServiceNow solutions optimize workflows so employees across departments can get the information they need when they need it to make data-driven decisions about their technology investments.

Apptio and ServiceNow integration empowers Business, IT, Finance leaders and their teams to:

Map peer-to-peer and hierarchal relationships of IT services and properly allocate costs to applications and services, based on actual consumption rather than assumptions, to drive a consumption-based chargeback model.

Provide self-service analytics across IT, finance, and business users' accurate cost, consumption, performance, and capacity insights to accelerate continuous cost optimization and legacy modernization initiatives.

Enable service tracking capabilities that give the CIO and CFO the ability to reorganize and restructure legacy technologies to deliver new digital platforms that could transform the business.

Drive alignment with the CFO and COO through a common language and shared understanding and consistently communicate the quality and cost of applications, services, and business capabilities to make informed trade-offs on resources and investments.

Identify important revenue and performance indicators that the CIO and CFO can leverage for value creation in the post-COVID world.

The holistic value of Apptio and ServiceNow solutions is greater than the sum of its parts. In this paper:

Organizations leveraging ServiceNow should learn the value of TBM automation through Apptio including the power of leveraging both the CSDM and ATUM frameworks to understand their actual IT cost structure in near real time.
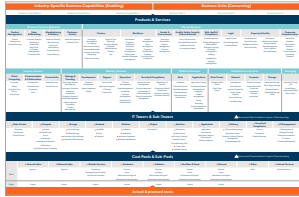
Organizations leveraging Apptio for TBM automation should learn the value of ServiceNow integration to bring actual relationships and consumption across infrastructure, apps and services to create an unprecedented level of fidelity in their cost model.

Organizations leveraging legacy solutions for IT service management and spreadsheet or homegrown approaches for IT financial management should evaluate the merits of phased approaches to implement modern, automated solutions to address both service and financial management and accelerate technology decision-making with confidence.

Complementary Frameworks: ATUM and CSDM

For most companies today, IT is one of the largest line items in their budget. Despite rising spend and complexity, however, many organizations lack the ability to identify where spending goes, to correlate that spend with specific services, or to determine its potential business value. Apptio and ServiceNow provide complementary frameworks that enable technology leaders to address those challenges.

ATUM

The Apptio TBM Unified Model® (ATUM) is designed to provide adaptable best practices for standardizing the modeling of IT costs and allocations. With standardized costs, leaders can compare costs and manage IT more effectively. When modeling IT costs, transformed data is brought into the model and automatically mapped to ATUM's Master Data Sets. These standardized cost pools are the foundation from which all future allocations are built. In Apptio, this process begins with TBM Studio. Apptio uses ingress connectors built specifically for ServiceNow along with ETL (extract, transform, load) tools to ingest data from those systems and and egress connector to return the fully-modeled application TCO information from Apptio back into ServiceNow.

The TBM Studio application identifies business-critical, customer data from a variety of sources—costs entered in a general ledger, utilization statistics of applications and infrastructure, organizational details held in HR systems, hardware and software asset associations in the CMDB, and more—and aggregates the data into a single, unified view. In analyzing IT costs, ATUM allocates costs, aligning them with individual IT resource towers. As data is ingested, structured, and mapped, it is "wired to" the appropriate cost pool and resource towers, "lighting up" specific cost allocations automatically. These associations allow users to create detailed reports based on their relationship to various cost pools, towers, applications, services, and business units.
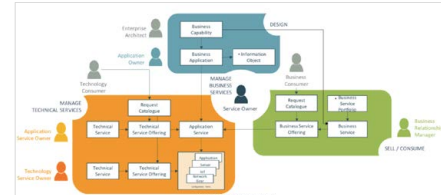
CSDM

ServiceNow is standardizing its use of data from the CMDB. The Common Services Data Model (CSDM) represents a set of service-related definitions that supports service-level reporting and guides CMDB modeling across the ServiceNow platform. That standard is the CSDM which identifies where to place service and application data within the CMDB. A service is a method of delivering value to customers by facilitating the outcomes customers want to achieve without cost or risk ownership.

Services typically have three aspects: the interaction, the offering, and the service system. The CSDM leverages a CMDB framework to enable, configure, and manage various service strategies. ServiceNow provides business, technical, and application service types that align with the service types common among an organization. There are multiple scenarios for applying CMDB data into a company's operations. Common scenarios include views related to service portfolio management and IT service management for incident, change, and product management. When combined, the CSDM and Now Platform create a blueprint for automating and integrating IT services. With streamlined supporting activities and value streams fully integrated on the Now Platform, organizations can realize full-value-chain alignment, while improving service quality and transparency.

ATUM + CSDM

Together, ATUM and CSDM provide a comprehensive view of the applications, services, and supporting resources that run organizations. Regular auto-discovery of assets and relationships through ServiceNow creates a service-aware CMDB that can significantly improve allocations in your TBM cost model for improved decision making. Similarly, requests triggered in ServiceNow move through a pre-defined, role-based workflow supported by the CSDM framework. ATUM ingests this service management data from ServiceNow combining it with the costing, infrastructure, and business capability details for those applications and services. Apptio analytics and insights provide technology decision makers with the appropriate application and service-level details to uncover potential savings in discretionary spend or apply Gartner's TIME (Tolerate, Invest, Migrate, or Eliminate) analysis to their portfolio. Once published in ServiceNow, this information further supports Application Portfolio Management and provides enhanced capability to rationalize and manage the portfolio of business applications, technologies, information, and business.

Underpinned by Discovery Tools
Populating interoperable, market defining standards, connected through native integration services

Building an Integrated Realtime IT Cost Model
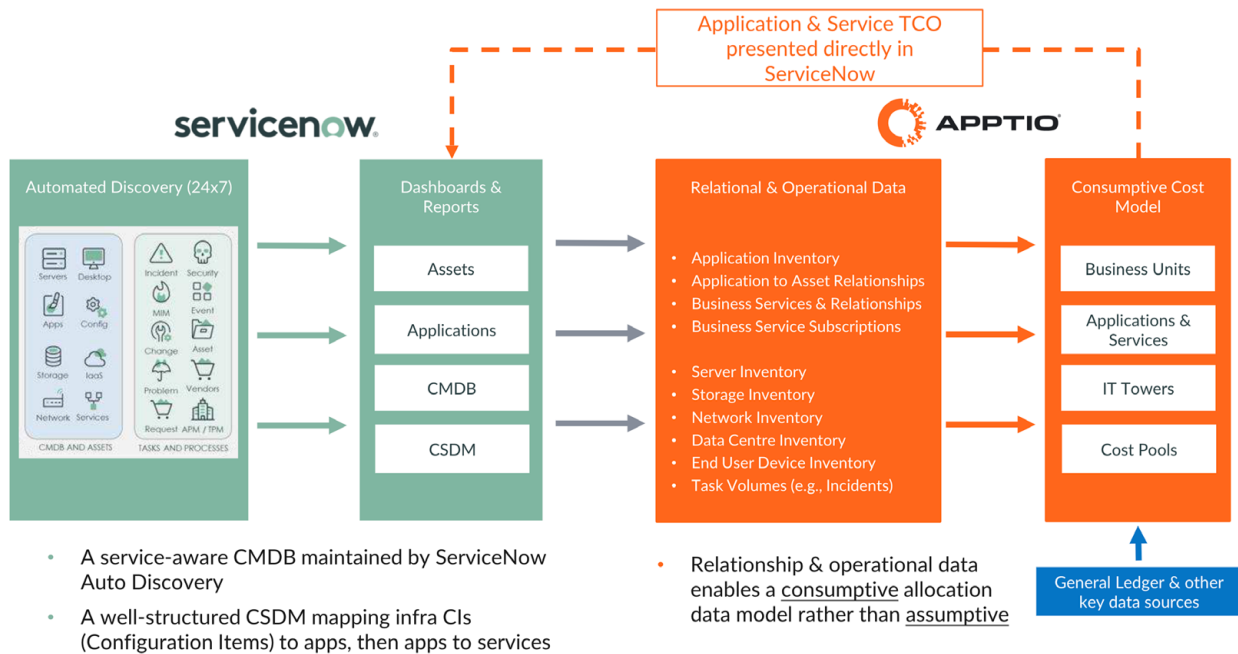
Bi-Directional Connections for Better Analytics & Insights

Apptio's Datalink service with ServiceNow-specific connectors are at the center of the integration. The ingress connectors are designed to work with specific ServiceNow datasets and map that information directly into the appropriate tables within ApptioOne (formerly Apptio Cost Transparency). It proactively identifies the valuable (field level) information in these datasets and mirrors the inter relationships between infrastructure, applications, and services, as discovered by ServiceNow. This interconnectedness allows the costs to be modeled based on consumptive, data-driven relationships thereby creating a more trustworthy, timely, and defensible total cost of ownership.

The egress connector pushes financial costing data from Apptio back into ServiceNow. It closes the loop by using the operational data source by the ingress connectors to create a very detailed cost model with continuous updates. The information is then used to inform a fully burdened cost structure of the top applications that is relayed back and presented natively in ServiceNow dashboards.

Unified cost, consumption, and operational data surfaces insights that support a multitude of CIO initiatives:

1 Operational and Financial Excellence

A healthy service-aware CMDB with auto-discovered assets and apps/services provides a contextual view of the infrastructure and operations required to run a business. Associating cost and consumption with applications and services help infrastructure and operations professionals prioritize work, plan budgets, and understand the business critically of each configuration item, which provides insight into the cost drivers of support, measuring labor cost per incident, or the total support cost of applications. This accelerates their efforts towards improving service availability and performance.

Most organizations today have thoroughly scrutinized and re-planned their fiscal budgets to cut, delay or renegotiate every possible line item to create operational efficiencies and identify potential savings. As COVID continues to disrupt traditional operations and impact revenue streams, contextual portfolio and operation views are allowing organizations to continue to shift resources that drive business-critical activities, while offsetting revenue losses. These views enable adaptable scenario planning that help business model for multiple growth and revenue models that keep things running and maintain continuity.

2 Application Rationalization

Prioritizing application areas based on business-fitness, known problems, and costs splits application rationalization efforts into manageable pieces. By mapping business capabilities, ATUM provides an initial, simplified portfolio surface area where capabilities can be ranked against annual support costs. This information informs the fully-burdened TCO created by Apptio for applications that can now be viewed directly in ServiceNow dashboards or in Apptio for deeper levels of detail. This business-value view of the portfolio empowers application owners to make informed lifecycle management decisions, measuring fitness through effectiveness, cost, and risk using a common language and shared understanding.

Compelled to fund business-critical initiatives and bolster growth, leaders today are searching beyond their general ledgers for additional opportunities to shift spend and cut costs. With applications comprising between 30 – 35% of all IT spend, the application portfolio is an obvious target. But knowing where and when to cut relative to function, business impact and return on investment is key. Without purpose-built tools to identify, optimize, and manage application rationalization these initiatives often fail or result in serious downstream implications for an organization.

3 Modernization and Cloud Migration

To meet new demands for applications while supporting and delivering applications in the existing portfolio, application leaders must look to modernization approaches, taking into consideration factors such as purpose, cost, risk, and impact to the business. Determining whether to re-host, re-platform, re- factor, re-architect, rebuild, or replace applications requires an understanding of total cost of ownership and risk.

Digital transformation is accelerating across organizations. Continued cost pressures have most reassessing their cloud migration strategies. With rightsizing, cost and data considerations, determining the right place for the right workflow at the right cost is not always easy and leaving most organizations making agility verses cost trade-offs. While moving to the cloud allows organizations to move faster it is not necessarily cheaper. As with on-prem applications, understanding the true cost of operating in the cloud enables leader to make informed modernization and migration decisions around their applications and infrastructure.

4 Cost Recovery and Value Demonstration

Organizations can never stop hunting for ways to create efficiencies that free up costs to fund innovation or reduce expenses. IT Finance can influence consumption with price times quantity (P x Q) budget entries. This basic cost recovery method, however, often yields only minimal results. To really tap into cost savings, organizations need more sophisticated cost recovery strategies that utilize showback and chargeback processes to communicate trade-offs. By building a cost model based on actual assets and their relationships and tying this to actual consumption of specific IT services by distinct business units, IT can more easily demonstrate the value of technology investments and deepen their partnership with the business.

Today's business units are faced with continuous pressure to optimize assets, reduce expenses, and demonstrate value. It is no longer acceptable to consume IT like it is free. Connecting CMDB and service-related data to corresponding costs can provide an organization with an accurate picture of consumption. Understanding what is being consumed, who is consuming it, and how that consumption aligns with business priorities allows the business to recover costs or curb demand through strategic pricing strategies. Ultimately, this ensures that business units are consuming IT in a more predictable fashion and revenue for that consumption is returned to the business to reduce expense, balance the budget, or fund business-critical initiatives.

Conclusion

The business world has never been more demanding or competitive than it is today. Technology and business success are so tightly bound together that they are inextricable. The IT operating model has changed— optimizing IT operations and making strategic, data-driven technology investments are more than just high priorities for organization. They are essential for ongoing business growth and stemming disruption.

Together, Apptio and ServiceNow deliver an unprecedented level of fidelity into an organization's IT cost structure. This allows new depths of financial insight, business context, and workflow management CIOs and CFOs need to accelerate decision-making, optimize IT operations and service management, and drive better business outcomes.

Get Started

Apptio's products empower business leaders to drive optimal financial performance across their organizations. More than 60 percent of Fortune 100 enterprises trust Apptio to manage spend across the entire IT portfolio and beyond, so that they can focus on delivering innovation. Apptio automatically ingests and intelligently structures vast amounts of enterprise and technology specific spend and operational data and enables users across disciplines to report, analyze, plan, and govern their investments collaboratively, efficiently and with confidence.

For more information, please visit **ServiceNow partner page**

About Apptio

Apptio is the leading provider of cloud-based Technology Business Management (TBM) software that helps CIOs manage the business of IT. Apptio's suite of applications uses business analytics to provide facts and insights about technology cost, value, and quality so IT leaders can make faster data-driven decisions and align technology spend to business outcomes. Hundreds of customers choose Apptio as their business system of record for IT. For more information, visit the Apptio website at www.apptio.com

About ServiceNow

ServiceNow is the industry leading provider of digital workflows, helping unlock productivity for employees and enterprises alike. ServiceNow's cloud platform delivers a faster, smarter and more automated experience. ServiceNow allows employees to work they way they want to, not how software dictates they have to. For more information, visit the ServiceNow website at www.servicenow.com