

Understand & Manage the Value of IT



Creating IT Value

In many large organizations, annual IT spending has escalated into millions of dollars - billions for the largest organizations. With such a large portion of budget allocation, CFOs and CIOs want to ensure that IT organizations are managed in the most cost-effective manner. So, companies are changing their strategy - running IT as a business within a business. Now, IT organizations must put IT services in terms that are bought and consumed - in other words, they must create IT value.

The goal for most IT organizations is to build a price-to-value relationship for IT services, forming a cornerstone for running IT as a business within a business. Some organizations have adopted an IT cost control strategy, focusing on improved efficiency and capacity utilization. Other organizations are using the chargeback method which assigns a price to IT services and bills internal customers for what they consume. Whichever method is selected, businesses need a solid understanding of their IT operating costs and a way to strategically shape this information into consumer terms, to successfully manage and control IT costs.

IT Business Management – Financial Accountability & Performance

As organizations launch the initiative to run IT like a business, it is critical to establish accountability. Service levels, ITIL standards, responsiveness, and financial performance are just a few of the important areas for businesses to address. Focusing on financial performance, Executives, Business Unit Managers, and the IT organization require insight - accurate spending and cost transparency - to deliver optimal performance.



Multiple dashboards offer several views into products and services - for example, Client & Provider views. This Provider dashboard shows a breakdown of costs by service; details of service costs; and costs per employee.

- IT Organizations must track business unit consumption, determine a fair system of chargeback, and provide detailed invoices. They want to understand and plan for future business service needs.
- Managers are being held accountable for their IT spending. They want cost transparency, so they can see consumption, eliminate wasteful IT spending, and control their IT costs.
- Executives want to understand how various business units make use of IT and how IT consumption affects business costs. As a result, they can set internal cost control and accountability measures.

Understanding Costs & Managing Chargeback

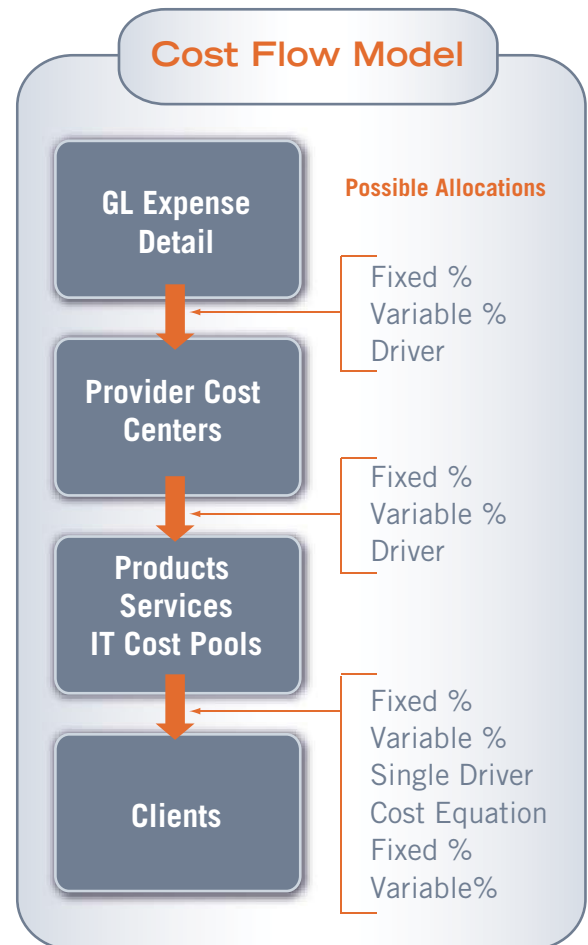
Acorn Systems' Cost Analyzer delivers the IT cost insight that your organization needs. First, Administrators define their IT products or services. Cost Analyzer captures expenses and other data from the general ledger, the asset management database, and multiple other data sources. Cost Analyzer systematically assigns costs to the defined products and services, within an automated, secure system. This gives you complete visibility into the costs of different IT functions, automatically without costly manual processing and FTEs.

Organizations can use this cost transparency for improved control and management. If your goal is to allocate costs or chargeback, all standard methods are supported. You can create cost centers, define flexible rate plans, and import records by employee activity, by location or by region, based on your business needs.

IT Financial Optimization

With an established system for IT chargeback, you can take advantage of the more sophisticated business analysis tools that Cost Analyzer offers. You have the ability to analyze multiple aspects of business performance, such as breakdown of business unit costs or usage trends. Or, you can create sophisticated models for different capacity/resource utilization scenarios. The Microsoft platform offers numerous, flexible reporting options, customizable to suit your needs.

Cost Analyzer enables you to plan and forecast, align IT resources with demand, identify wasteful spending and gain a better understanding of IT consumption. Through this capability, Information Technology can impact business operational decisions, drive greater accuracy in budgeting and forecasting, and truly contribute value to the organization.

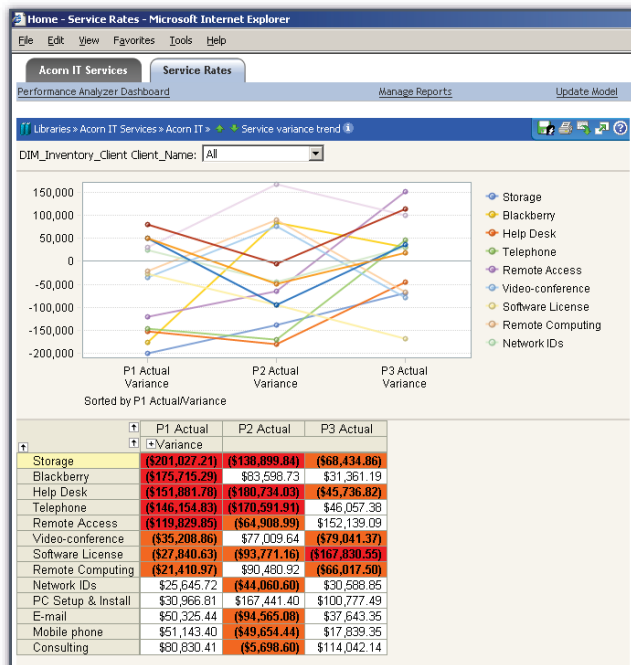


As costs flow through the cost allocation engine, they can be allocated at each step according to your business needs – by cost drivers, percentages, fixed dollar amounts, rates, or other methods of your choice. With this system, you can easily track costs from the Provider's cost center all the way back to the Client.

Cost Analyzer and IT Value Management

Acorn Systems' Cost Analyzer provides IT organizations with a highly scalable, robust solution for managing and controlling IT costs. It gathers detailed information on assets, expenses, and service usage into one central system for determining the cost of IT products and services. The cost allocation engine categorizes the data and calculates costs based on your business needs. For example, products and services such as servers, mainframe usage, security, and data network may fall into one category. Direct demand products such as PC's, printers, and PDA's may be placed into another. These categories funnel costs into customized rate plans that systematically determine an amount owed. You can use this information for billing/chargeback or for tracking costs and consumption. All costs can be followed from the IT general ledger back to the client for total cost transparency.

Using Cost Analyzer's powerful reporting features, you can generate multiple customized reports and dashboards. Reports provide visibility into specific business units or cost centers; show cost consumption over multiple periods; track trends; illustrate specific product or service consumption; and give you total control over IT cost management.



Variances show instances where it costs more to provide a service than IT is charging for that service. Organizations can quickly see where they need to adjust rates and pricing.

Features:

- Easy-to-use tool for managing & controlling IT costs
- Automated and systematic
- One central access point for data & reporting
- Secure
- Trackable – can follow costs from GL back to client
- Customizable dashboards
- Multiple views – both IT providers and business consumers can view reports/info
- Scalable
- Powerful reporting & analytics
- Usage-based cost allocation and chargeback
- Accurate costing of IT services (activity based costing)
- Flexible rate plans & billing
- Creation of cost centers
- Data input from multiple sources
- Sophisticated resource utilization & capacity modeling

Benefits:

- Greater IT efficiency & performance
- More cost-efficient consumption of IT
- Better understanding and control of IT resources
- Identify wasteful IT spending
- Business unit breakdown of usage and costs
- Forecasting & planning
- Align resources with demand
- IT financial optimization

Contact Acorn Systems to learn more about improving your company's profitability.

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