ITBudget: Data Input Requirements, Explain Text and Definitions

This document provides an overview of all questions and definitions used in the Gartner ITBudget tool, as defined by the Gartner Benchmark Analytics consensus model.

Overview

Use this document to prepare your organization’s IT key metrics data for comparison, using actual spending and budgets, or best estimates where detail is unavailable.

Once prepared, go to http://www.gartner.com/explore/tools/it-budget to input data and generate your Gartner IT Key Metrics Data comparison report. Delegates, please refer to the session link included in your delegate invitation.

Upon submission, IT Key Metrics Data comparison reports are immediately available for download from the ITBudget “My Assessments” page.

Comparison reports can be quickly and easily updated with the “Copy” feature on the ITBudget “My Assessments” page. E.g., to update estimates, or to choose alternative comparison groups.

Gartner analysts are available through inquiry services to clarify models and definitions as well as to review results and discuss next step opportunities for increasing value and optimizing IT.

Read our privacy policy.

Introduction

- All questions are required to be answered to generate a comparison report.
- Budget figures should be entered in actual figures. Do not use decimals or comma as the thousand separator. (E.g., “25560000”)
- Users can save and return to a data collection session through “My Assessments.”
- Detailed definitions are available within the user interface as well as within the appendix.
- Users can delegate IT financial data alignment and entry exercises to a colleague to complete on their behalf. Delegates do not need Gartner.com member access.
- Users can upgrade a previous year’s comparison to the latest version from “My Assessments.”
- Multiple IT Key Metrics Data comparison reports can be created.
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ITBudget Data Input Requirements

Industry Standard, Off-the-Shelf, IT metrics Self-Assessment Tool

- **Gartner Benchmark Analytics industry standard** consensus models and definitions for IT financial management
- **Assess** IT budget and enterprise IT key metrics against Gartner IT Key Metrics Data industry measures from like organizations
- **Determine** if current/planned expenditures are aligned to business goals — *i.e.*, run, grow, transform — and adjust if appropriate
- **Identify** cost optimization opportunities and establish IT supply-side goals and targets
- **Measure** progress to support recurring budgeting and planning workshops/exercises
- **Map the IT budget** into a business services-based view of spending to support business needs

To start a new assessment and generate an IT metrics comparison report versus your industry, from gartner.com, select "Explore," "Metrics & Tools," and under "ITBudget," select "Start Assessment."

**Figure 1. ITBudget Tool Location**

Source: Gartner

Once you have completed an assessment, the following Gartner research highlight next steps to support IT business value discussions through IT financial transparency and cost optimization initiatives.

- "IT Key Metrics Data 2018: Resources to Review Your ITBudget Comparison Report"
- "Toolkit: Use Gartner's 2017 IT Key Metrics Data to Optimize IT Costs"
Q. Who are you as an organization?

- These questions define your assessment scope and outline your organization’s relative size in terms of top line financial results and or estimates as well as with regards to the employee workforce who supports operations. It is important to maintain the same scope throughout the entire assessment. If IT only supports a regional division, or business unit rather than the entire enterprise, ensure that the demographics section is of the same scope, otherwise report figures for the entire enterprise. Many organizations create ITBudget assessments for each division, as well as for the entire enterprise in aggregate to support planning and communication exercises.

- Comparative metrics which require these data inputs include: IT Spending as a percentage of Revenue, IT Spending as a percentage of Operating Expense, and IT Spending per Employee, as well as Revenue per Employee.

- Click Here to Review Detailed Explain Text and Definitions for the “Demographics.”
Q. Which industry do you want to compare against?

You can compare your organization's IT metrics to any one of 21 vertical industries or a cross-industry view as your primary industry comparison group. You can also "copy" your assessments and generate additional comparison reports against various vertical industries to offer more than 1 perspective. Industries available to compare against are as follows:

- Cross-Industry (All Industries)
- Banking and Financial Services
- Chemicals
- Construction, Materials and Natural Resources
- Consumer Products
- Education
- Energy
- Food and Beverage Processing
- Government — National and International
- Government — State and Local
- Healthcare Providers
- Industrial Electronic and Electrical Equipment
- Industrial Manufacturing
- Insurance
- Media and Entertainment
- Pharmaceuticals, Life Sciences and Medical Products
- Professional Services
- Retail and Wholesale
- Software Publishing and Internet Services
- Telecommunications
- Transportation
- Utilities

Detailed definitions for each of the 21 industries are outlined in the following document:

IT Key Metrics Data 2018: Definition of Industries, RN# G00341726

Q. Choose a secondary comparison group.

In addition to a primary industry comparison group, the ITBudget tool allows clients to select a secondary comparison group as an addition point of reference in their ITBudget assessment reports. Secondary comparison group options include:

- Primary industry selection, by revenue/operating budget scale
• Secondary industry, from the previously noted vertical industry list
• Region specific, cross-industry averages

Q. What is your IT Budget?

<table>
<thead>
<tr>
<th>IT Budget</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>What is your IT Budget?</td>
<td></td>
</tr>
<tr>
<td>IT Capital Investment (CapEx)</td>
<td>IT Operational Expense (OpEx)</td>
</tr>
<tr>
<td>2016</td>
<td>2019 Estimate</td>
</tr>
<tr>
<td>(actual currency)</td>
<td>(actual currency)</td>
</tr>
</tbody>
</table>

• These questions are the basis for all IT spending and annual cost metrics. For IT spending metrics (cash flow view), IT capital investment + IT operational expense will be used to understand relative IT spend levels as compared to revenue, total operating expenses as well as per employee. This cash flow view will also be used to understand relative distribution of IT spending across accounting based categories (capital vs. operational spend), asset based categories (hardware, software, personnel, outsourcing), as well as strategic based investment categories (run-the-business, grow-the-business, and transform-the-business IT spending).

• IT annual cost (IT operational + depreciation and amortization expenses) is also used to understand the annual cost or expense required to support IT.

• Click Here to Review Detailed IT Budget Explain Text and Definitions

Q. What is the funding source of total IT Spend?

<table>
<thead>
<tr>
<th>IT Budget Funding Source (CapEx+OpEx)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the funding source for the total Capital and Operational IT Budget?</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>2019 Estimate</td>
</tr>
<tr>
<td>Formal IT Budget</td>
<td>Business Unit IT</td>
</tr>
<tr>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

• Click Here to Review Detailed IT Budget Explain Text and Definitions
Q. What is the asset based distribution of your IT Budget?

<table>
<thead>
<tr>
<th>Total IT Spend Distribution (CapEx+OpEx)</th>
</tr>
</thead>
<tbody>
<tr>
<td>What % of your total IT spend/budget is spent on the following IT asset categories?</td>
</tr>
<tr>
<td>Hardware %</td>
</tr>
<tr>
<td>Software %</td>
</tr>
<tr>
<td>Personnel Salaries and Benefits %</td>
</tr>
<tr>
<td>Occupancy/Facilities %</td>
</tr>
<tr>
<td>Software as a Service %</td>
</tr>
<tr>
<td>IaaS and Other Public Cloud Services %</td>
</tr>
<tr>
<td>Network Transmission %</td>
</tr>
<tr>
<td>Outsourcing (exclude, Transmission) %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th></th>
<th>2019 Estimate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
</tbody>
</table>

- Click Here to Review Detailed IT Budget Explain Text and Definitions

Q. What is the strategic based distribution of your IT Budget?

<table>
<thead>
<tr>
<th>Total IT Spend Distribution (CapEx+OpEx)</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the distribution of your total Capital and Operational IT Budget, to Run, Grow, and Transform the Business?</td>
</tr>
<tr>
<td>Run %</td>
</tr>
<tr>
<td>Grow %</td>
</tr>
<tr>
<td>Transform %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th></th>
<th>2019 Estimate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th></th>
<th>100%</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Click Here to Review Detailed Run-, Grow- and Transform-the-Business Explain Text and Definitions
Q. What is distribution of your IT Budget between the following IT functional areas?

<table>
<thead>
<tr>
<th>Total IT Spend Distribution (CapEx+OpEx)</th>
</tr>
</thead>
<tbody>
<tr>
<td>What % of your total IT spend/budget is dedicated to supporting the following IT functional areas?</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Data Center</td>
</tr>
<tr>
<td>End-User Computing</td>
</tr>
<tr>
<td>IT Service Desk</td>
</tr>
<tr>
<td>Network</td>
</tr>
<tr>
<td>Application Development</td>
</tr>
<tr>
<td>Application Support</td>
</tr>
<tr>
<td>Corporate IT Management, Finance &amp; Admin</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

- These figures will be used to outline the percentage allocation of your total annual IT spend between the various IT functional areas. This will also establish the basis for your IT business services budget.
- Click Here to Review Detailed IT Functional Area Explain Text and Definitions

Q. How many IT Personnel (Full-time Equivalents) are in your organization?

<table>
<thead>
<tr>
<th>IT Staffing</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the number of IT full-time equivalents (FTEs) in your IT organization?</td>
</tr>
<tr>
<td>What % of your Total IT FTEs are contractors?</td>
</tr>
<tr>
<td>2018</td>
</tr>
<tr>
<td>Total IT full-time equivalents</td>
</tr>
</tbody>
</table>

- These figures will be used to understand relative IT workforce scale as well as the distribution of the IT workforce between internal and external IT FTE human resources. Metrics generated with this data includes IT FTEs as a percentage of total employees, IT FTE distribution between in-house FTEs and contract FTEs, as well as will be used as the basis for your IT staffing distribution by IT functional area.
- Click Here to Review Detailed IT Full-Time Equivalent (IT FTE) Explain Text and Definitions
Q. What is the distribution of your IT staff by IT functional area?

<table>
<thead>
<tr>
<th>IT Staffing by IT Functional Area</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What is your total IT FTE count dedicated to supporting the following IT functional areas?</strong></td>
</tr>
<tr>
<td>Please ensure the sum of your IT functional area FTEs equals your total IT FTE count above.</td>
</tr>
<tr>
<td>2018</td>
</tr>
<tr>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Data Center</td>
</tr>
<tr>
<td>End-User Computing</td>
</tr>
<tr>
<td>IT Service Desk</td>
</tr>
<tr>
<td>Network</td>
</tr>
<tr>
<td>Application Development</td>
</tr>
<tr>
<td>Application Support</td>
</tr>
<tr>
<td>Corporate IT Management, Finance &amp; Administration</td>
</tr>
</tbody>
</table>

- These figures will be used to outline the percentage allocation of your total IT workforce between the various IT functional areas.
- [Click Here to Review Detailed IT Functional Area Explain Text and Definitions](#)

Next Steps

Return to the ITBudget “My Assessments” page, review and complete the IT Business Service portfolio view.

Q. Define your organization’s IT Service Portfolio

<table>
<thead>
<tr>
<th>IT Service Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Next Steps - Designate up to 15 IT Service categories and distribute your IT resources to each accordingly.</strong></td>
</tr>
</tbody>
</table>

- The next steps will enable users to add an IT Business Services Portfolio to their IT key metrics comparison report. Typically these portfolios contain no less than 3 and no more than 15 service categories.
- Common examples of service categories include, but are not limited to IT Provisioning, Workplace Support, Automated Billing, Automated Procurement, Automated Financial Reporting, Automated Sales/Customer Service, Business Process Improvement among others.
- [Click Here to Review Detailed IT Business Service Portfolio Explain Text and Definitions](#)

ITSM Fundamentals: Seven Steps to Creating an IT Service Portfolio — Group Exercise

- **Level-set the Definition of a Service.** A service is an action that delivers a benefit to a recipient. The intended recipient must be explicit, and the benefits must be in “the eye of the beholder.”
Get Off the Blank Page. Each IT leader brainstorms the list of services they think you offer. The consolidated list will likely have 40 to 150 items.

Call a Meeting/Facilitate a Workshop, Establish the Criteria for a Service. Go through the list asking, "Is it an action or a thing?"; "Is it 'what' we do or 'how' we do it?"; "Is it something the recipient would understand, appreciate, and buy?"

Cull. Eliminate any physical or tangible items. Eliminate processes and transactions.

Refine and Bundle. Classify ambiguous items, identify latent opportunities, aggregate and bundle.

Describe and Position. Keep the descriptions short and craft a business value statement for each service.

Test and Finalize. The working portfolio is ready to be tested with a focus group of senior leaders. Engaging clients too early and asking them to provide value statements greatly undermines IT credibility.

<table>
<thead>
<tr>
<th>Typical Items Masquerading as Services</th>
<th>A Market-oriented True Service List</th>
<th>A Business Value-oriented, True Service List</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>Desktop management services</td>
<td>Collaboration services</td>
</tr>
<tr>
<td>Network monitoring</td>
<td>Telecommunications services</td>
<td>Workplace services</td>
</tr>
<tr>
<td>Security</td>
<td>Facilities services</td>
<td></td>
</tr>
<tr>
<td>Videoconferencing</td>
<td>Application hosting services</td>
<td></td>
</tr>
<tr>
<td>Remote access</td>
<td>Secure access services</td>
<td></td>
</tr>
<tr>
<td>Mobile phones/PDAs</td>
<td>Mobile computing services</td>
<td></td>
</tr>
<tr>
<td>PCs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Maturity 1**

**Maturity 3**

**Maturity 5**

Q. What is the distribution of your IT annual spend to support your service portfolio categories?

These next steps will aid in mapping your IT budget from your IT functional areas (e.g., data center and IT service desk) to your IT service portfolio categories. Please work down each IT functional area column and allocate a % to support IT service portfolio categories.
## IT Bill of Materials

**IT Service:** Automated Financial Reporting  
**Unit of Measure:** Per User Per Month

### Materials:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost/Unit</th>
<th>Units</th>
<th>Extended Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Data Center</td>
<td>$1,000.00</td>
<td>0.5</td>
<td>$500.00</td>
</tr>
<tr>
<td>2. Storage</td>
<td>$10.00</td>
<td>10</td>
<td>$100.00</td>
</tr>
<tr>
<td>3. Bandwidth</td>
<td>$250.00</td>
<td>0.5</td>
<td>$125.00</td>
</tr>
<tr>
<td>4. Printing</td>
<td>$1.00</td>
<td>50</td>
<td>$50.00</td>
</tr>
</tbody>
</table>

### Labor:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost/Unit</th>
<th>Units</th>
<th>Extended Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Application Support</td>
<td>$50.00</td>
<td>0.1</td>
<td>$5.00</td>
</tr>
<tr>
<td>6. Application Development</td>
<td>$52.00</td>
<td>0.04</td>
<td>$2.08</td>
</tr>
<tr>
<td>7. Network Monitoring</td>
<td>$45.00</td>
<td>0.007</td>
<td>$0.32</td>
</tr>
<tr>
<td>8. Management Oversight</td>
<td>$70.00</td>
<td>0.003</td>
<td>$0.21</td>
</tr>
</tbody>
</table>

**Total Standard Cost**  
$782.61
Appendix — Key Data Input Requirements Explain Text and Definitions

“Demographics” Explain Text and Definitions

Revenue is defined as:

- “The enterprise revenue associated with the business units supported by the IT organization (banks should use total interest income plus noninterest income minus provision for loan losses, while insurance companies should use gross written premiums and other income).”

Business Operating Expense is defined as:

- “The total expense associated with the business units supported by the IT organization. This includes items such as selling, general and administrative expenses, cost of goods sold (or cost of revenue), research and development, depreciation, and depletion and amortization expenses. For insurance, this includes underwriting expenses, loss and loss-adjustment expenses; for banking organizations, it includes interest expenses and noninterest expenses; for government and nonprofit organizations, it is represented by the enterprise operating budget.”

Employee count is defined as:

- “The count of employees (i.e., head count, excluding enterprise contractors and consultants), regardless of whether these employees are frequent users of the technology supported by the IT organization. This includes full-time and part-time employees, or as reported in the public record.”

“IT Spending/Budget” Explain Text and Definitions

For the purpose of this research, Gartner has defined “total IT spending” as the following:

“The best estimate of total spending at the end of the 12-month budget period for IT to support the enterprise. IT spending/budget can come from anywhere in the enterprise that incurs IT costs, and it is not limited to the IT organization. It includes estimates by enterprises on decentralized IT spending and or "shadow IT." It is calculated on an annualized ‘cash flow view’ basis, and, therefore, contains capital spending and operational expenses, but not depreciation or amortization.”

What the IT Spending/Budget Includes, From a Resource or Cost Perspective

- Hardware, software, personnel (including contractors, travel, benefits and training), outsourcing (external IT services like consulting, system integration, data and voice transmission, software as a service, infrastructure as a service, other cloud services), disaster recovery and occupancy costs associated with supporting IT within the enterprise. Costs also include all taxes (except value-added tax where it is recovered or refunded to the organization).

- Note: Occupancy costs, include fully burdened costs for the facilities being used by the IT staff supporting the enterprise. Some examples include office space, furniture, electricity, maintenance, property taxes, security and office supplies. Occupancy costs for space dedicated to IT functions, such as the data center, including power/heat management and raised floor, are also included.
What the IT Spending/Budget Includes, From an IT Functional Area or Activity Perspective

- The data center (for example, mainframes, servers, storage and facilities), end-user computing devices (for example, desktops, laptops, tablets, thin clients and smartphones), voice and data networks (including, but not limited to, voice and data transmissions, fixed and mobile telephony, and internet access services), IT service desk, and applications (for example, development and maintenance).

- IT support functions, such as the office of the CIO; supervisory management; finance and administrative costs, such as purchasing; asset management; process management; and marketing of IT services.

What the IT Spending/Budget Includes, From a Business Perspective

- Dedicated data processing equipment used in operations, production and engineering environments — examples are computer-aided design/computer-aided manufacturing (CAD/CAM) and standard computing equipment used in devices for factory automation, and tablet PCs used by healthcare professionals.

- Business functionality software that runs on standard IT equipment.

- The IT assets used to create commercial software and/or digital products. While internal and outsourced personnel costs for commercial software development are specifically excluded (see below), the tools used by the software developers to perform their jobs are still included in scope. Commercial software developers are considered to be users/employees and not IT FTE.

- The IT based delivery mechanisms for commercial software are also included in scope. This may include servers hosting software to be downloaded or infrastructure that runs SaaS applications, and websites.

- Applications developed (web/mobile/other) for customer use where the primary benefit is something other than data manipulation, or digital content delivery. For example, the development of an insurance mobile application to submit claims or check rates would be included. An application delivering streamed music would not be included.

The guidance related to commercial software applies across all industry sectors and not just to organizations that consider themselves part of the software publishing and internet services sector.

What the IT Spending/Budget Does Not Include

- Costs for technology or services that are resold. Examples include salaries for developers involved in building commercially packaged software, or IT-skilled employees who provide services for the organizations’ external clients.

- Operational technology that is:
  - Equipment-built or purchased for non-data-processing purposes, but which has computerized components. Examples include robotic manufacturing machines, automated teller machines, specialized point-of-sale devices, scanners, blood pressure monitors and sensors on a supervisory control and data acquisition (SCADA) system.
Appliance-like or proprietary data processing equipment that has a single (typically industry vertical) purpose and cannot be used for other general purposes. A typical example is a computer that can only control the flow of electricity through the power grid. Since it cannot be repurposed, it is not included in our model. Note that other systems that gather data from this type of computer and can be used for other purposes would not be considered operational technology and, therefore, would be in scope of our model.

- Depreciation or amortization expenses, which could lead to double counting from an accounting perspective.
- Internal "cross charges" and corporate allocations related to large, significant and/or unusual one-time expenses, such as reductions in workforce, redundancy, relocations, retirement, human resources and chairperson's salary.
- Business data subscriptions and services (such as Bloomberg), even if they are managed by the IT organization.
- Business process outsourcing services (BPO) where organizations outsource entire business functions such as payroll or benefits management. This includes cases where the BPO vendor provides access to software, and also guarantees that the outcomes of their services will meet business requirements, such as tax and withholding regulations. Note: where a vendor provides Software as a Service and only guarantees that the software will perform as specified, then this is in scope of the IT spending/budget. Traditional outsourcing of IT functions, for example servers and email, are also still within scope.
- Personnel performing business analytics. However the hardware, analytics software, development of the tools, and staff that support these are included.

**IT operational expense is defined as:**

- "The total day-to-day operations and maintenance expenses for this fiscal year that have not been capitalized. These do not include any amortization and depreciation expenses."

**IT capital spending is defined as:**

- "The total capitalized IT spending for the fiscal year (i.e., the full value of capitalized assets acquired in the fiscal year). This includes investments in new application development and IT infrastructure."

**“IT Budget Funding Source” Explain Text and Definitions**

- **Formal IT Budget:** IT spending that the IT department is accountable for. The IT department is answerable for the provision of these IT assets and services.
- **Business Unit IT:** IT spending where profit centers or overhead departments are accountable. For this category the IT department is consulted as a subject matter expert, and there is two-way communication.
- **Shadow IT:** IT spending anywhere in the enterprise for which the IT department is not accountable. For this category the IT department is aware of spending, but may not have detailed information about it. Amounts here may need to be estimated.
“Asset based” IT Budget Explain Text and Definitions

- **Hardware Expenses:** These include all hardware expenses described in the IT spending/budget definition.

- **Software Expenses:** These include all software expenses described in the IT spending/budget definition.

- **Personnel Expenses:** These include:
  - **Salary and Benefits Expenses:** These should include salary (including overtime pay), benefits and “other” employee costs, such as travel and training for all IT FTEs. The “benefit load” should include costs for bonuses, paid holidays, vacations, medical/dental coverage, life and accident insurance, retirement plans, stock plans, disability, Social Security, unemployment compensation, dependent care, tuition reimbursements and employee assistance programs (for example, physical exams, exercise programs and similar costs).

- **Occupancy/Facilities Expenses:** These include fully burdened costs for the facilities being used by the staff that supports the enterprise. Some examples include office space, furniture, electricity, maintenance, property taxes, security and office supplies. Occupancy costs for space dedicated to IT functions, such as the data center (including power/heat management and raised floors), are also included.

- **Software as a Service (SaaS):** SaaS is the application service layer within cloud computing. The application software is owned, delivered and managed remotely by one or more providers. The provider delivers a solution based on a uniform application definition and on a sharing model at one or more layers of the application stack. SaaS is purchased on a pay-for-use basis or as a subscription based on usage metrics.
  - Customers may be able to extend the data model by using configuration tools supplied by the provider, but without altering the source code. This approach is in contrast to the traditional application hosting model in which the provider supports multiple application codes and multiple application versions or a customized data definition for each customer.
  - Purchasing is based on a subscription (for example, a per-user, per-month fee) or use basis (for example, allocating a certain number of transactions for a fixed time period or an actual pay-per-use basis). A perpetual license purchase isn't considered SaaS.

- **Infrastructure as a Service (IaaS) and Other Public Cloud Services.**
  - **Infrastructure as a service (IaaS)** is a standardized, highly automated offering in which compute resources, complemented by storage and networking capabilities, are owned and hosted by a service provider and offered to the customer on demand. The resources are multitenant, metered, and operate in near-real time. Self-service interfaces are exposed directly to the customer, such as a web-based graphical user interface and API.
  - **Other Public Cloud Services** – comprise public cloud management and security services, and platform as a service (PaaS). These services managed by a provider,
offered by subscription and in a multitenant manner, with some sharing of resources between tenants to increase overall efficiency and scalability of the operation.

- **Cloud Management and security services** include IT operations management, security services and storage management services.

- **PaaS**—includes delivery of application infrastructure capabilities—including the runtime and development-time components—as public cloud services.

**NOTE:** Private cloud implementations are not included in this category. Third party offerings involving single tenant solutions should be included in the Outsourcing category. Internally maintained infrastructure cloud solutions are included in the Hardware and Software categories.

- **Network Transmission** - Outsourced Transmission charges for mobile and fixed voice and data telecommunication services.

- **Outsourcing (excluding SaaS, IaaS, other Public Cloud Services and Network Transmission)** includes the fees for third-party or outsourcing contracts in which "outsourcing" is defined as "any situation in which the full operational responsibility for IT services is completely handed over to an external service provider (for example a service desk contract based on a per user or per contact fee). Third party private cloud implementations involving single tenancy are included in this category. This category excludes Outsourced Transmission charges for mobile and fixed voice and data telecommunication services. Please allocate these costs to "Network Transmission." SaaS, IaaS, and other Public Cloud Services should be allocated to their respective categories.

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**“Run-, Grow- and Transform-the-Business” Explain Text and Definitions**

**Run the business:**

- This is an indicator of how much of the IT resource is consumed and focused on the continuing operation of the business. It includes all nondiscretionary expenses as part of the run-the-business cost. Some businesses call this "business as usual," "keep the lights on" IT spending, or sustain investments. Run expenses do not directly increase revenue, or achieve by themselves new or enhanced goals of the enterprise.

**Grow the business:**

- This is an indicator of how much of the IT resource is consumed and focused on developing and enhancing IT systems in support of business growth (typically organic growth). Discretionary investments are more likely to be included in the grow-the-business or transform-the-business cost.
Transform the business:

- This is an indicator of how much of the IT resource is consumed and focused on implementing technology systems that enable the enterprise to enact new business models. This is very much a "venture" category and would be represented by activities such as an insurer introducing usage-based insurance products such as telematics or a supermarket combining real time analytic monitoring with in-store task management to provide automated alerts to store staff to perform preemptive tasks.

"IT Full-Time Equivalent (IT FTE)" Explain Text and Definitions

IT FTE is defined as follows:

- An IT FTE represents the logical staff to support functions performed by the physical staff, measured in calendar time. This includes all staffing levels within the organization, from managers and project leaders to daily operations personnel. This also includes insourced FTEs and contract FTEs. However, this excludes the staff of a third-party vendor (e.g., IT outsourcing), which is not operationally managed by the in-house staff, but rather is managed by the vendor.

Insourced IT FTEs are defined as:

- FTEs who are employed by the IT organization (excluding contractors and consultants). These include all full-time and part-time employees supporting the IT environment, as defined by IT budget/spending.

Contract IT FTEs are defined as:

- Contract FTEs (contractors) are supplemental to your staff and are "operationally" managed by the in-house staff. These include all full-time, part-time and temporary contractors supporting the IT environment, as defined by IT budget/spending.

IT Functional Area Annual Spending Definitions

Data Center

The scope of the Data Center function includes

- IBM (or other) mainframe systems running z/OS including subsequent or prior models operating on both general-purpose engines and specialty engines such as zAAP, zIIP and IFL.
- Linux, Unix, Windows, and other standard Server environments
- Provisioning and management of all data storage with in an enterprise
- Data Center facilities

Annual Data Center Spending

Data Center spending includes annual capital plus operational (cash out) spending for assets, maintenance, installation and taxes, as appropriate, for all hardware, software, connectivity,
disaster recovery, facilities/occupancy, as defined below in “Non-personnel Spending,” in addition to annual personnel spending as defined below in “Personnel.”

**Non-personnel Spending**: Non-personnel spending include in-house related spending as well as fees for third party and outsource contracts including IaaS.

**Hardware**

- **Processing Devices**: Includes all hardware in server platform configurations, including internal disk storage, processors, memory, cards, etc.
- **Client Devices**: This includes the equipment used by the operations staff to support the environment (e.g., desktops, laptops, tablets).
- **Storage Controllers, Storage Servers**: All dedicated storage hardware devices including controllers, servers, disk arrays, tape libraries, optical jukeboxes
- **Offline Supplies (Media)**: Portable media used to store data offline such as tapes.

**Software**

- **Spending** for software related to host and virtual OS licenses, virtualization and partitioning software, utilities, databases, middleware, content/document management search engines, messaging, communications (TCP/IP, FTP and host based), and server security.
- **Annual license spending** on software dedicated to managing the storage systems. This includes creation and setup, storage maintenance, reporting, security, monitoring, backup/restore, archival, replication, media handling and data migration/tiering.

**Connectivity**

- **Intra-Data Center Connectivity**: This typically includes: routers, switches, load balancers, controllers and appliances. Data center communication networks are dedicated networks that are segregated or isolated from the general purpose Local-Area Data Networks (LAN) or WAN. General purpose or shared network spending is excluded.
- **Inter-Data Center Connectivity**: This typically includes: transmission spending and hardware spending on the fiber, both utilized and unutilized (dark fiber) and the switches and controllers. Data center remote communication networks are dedicated networks that are segregated or isolated from the general purpose Local-Area Data Networks (LAN) or WAN. General purpose or shared network spending is excluded.

**Disaster Recovery**

- **Disaster Recovery Contracts (Compute and Communications)** for Hot Sites (Shell facilities), Dedicated Hardware, Software, and Connectivity.
- **Spending** on hardware, software, connectivity, facilities and contracts specifically dedicated to disaster recovery storage management.
Occupancy and Facilities.

- Occupancy spending should include fully burdened spending for the non-data center floor space being used by the staff supporting the enterprise computing and storage environment under analysis. Some examples include office space, furniture, electricity, maintenance, property taxes, security and office supplies.

- Facilities spending includes management of the physical data center premises, and other facilities and services associated with the premises such as furniture, power supply, heat management, climatization services, access security, floor space, office space, design and consulting.

- Building and Maintenance
  - Utilities - electricity, water and gas for all data center equipment
  - Mechanical and Electrical Systems – air conditioning (CRACS), chillers, humidifiers, fans and associated piping and ducting, power distribution units (PDUs), uninterruptible power supply (UPS), backup generators/batteries, cabling and electrical conduits, fire prevention and suppression, building management systems (BMS), data center infrastructure management (DCIM), lighting, heating and physical/logical security systems

Personnel Spending/FTEs: Personnel spending/FTEs include in-house and contract personnel (salaries and benefits) spending/full-time equivalents supporting the following IT functions:

- Operations/Maintenance, Engineering/Technical Services, Planning and Process Management, Services Administration, Management and Administration.

End-User Computing

The scope of the End-User Computing environment analysis includes the full life cycle management of desktop, laptop, tablet, thin client, handheld and peripheral assets including acquisition, deployment, maintenance, change management as well as disposal.

Annual End-User Computing Spending

End-User Computing spending includes the annual capital plus operational (cash out) spending for, assets, maintenance, installation and taxes, as appropriate, for all of hardware, software, disaster recovery, occupancy/facilities, as defined below in “Non-personnel Spending,” in addition to annual personnel spending as defined below in “Personnel.”

Non-personnel Spending: Non-personnel spending include in-house related spending as well as fees for third party and outsourc contracts.

Hardware

- Personal Computing Devices: Desktop, laptop, thin client, and tablet.
- Other Client Devices: Handheld.
  
  Transmission spending for handhelds and tablets are excluded and should be allocated to the data network.
• Peripheral hardware: Personal and shared printers as well as multifunctional printers/devices. Include costs for toner cartridges but exclude other consumables such as drum costs, ribbons, paper, and printer maintenance kits.

• IT management hardware: This encompasses hardware that primarily supports an IT process, not a business or user process. Examples are test and training devices, servers hosting network and system management (NSM) or asset management software, and devices used by the IT staff supporting the end-user computing environment. This also includes supporting a hosted virtual desktop (HVD) installation.

Software

• User client software.

• Personal productivity and database: This includes new word processors, spreadsheets, presentation packages, personal databases and other personal productivity software executing on client systems. It also includes upgrades.

• Messaging and groupware: This includes new and upgraded email, groupware and collaboration software.

• IT management software: This includes IT software that is used exclusively for IT functions including network, systems, storage and asset management, training and computer-based training (CBT) software, as well as security software (anti-virus, personal firewall, encryption, etc.) as well as mobile device management which offers software distribution, policy management, inventory management, security management and service management for smartphones and media tablets. This also includes HVD implementations comprised of dedicated server virtualization software to host desktop software (as a server workload), brokering/session management software to connect users to their desktop environments, and tools for managing the provisioning and maintenance (e.g., updates and patches) of the virtual desktop software stack.

Disaster Recovery

• Annual spending on hardware, software, connectivity, occupancy and contracts specifically dedicated to disaster recovery for end-user computing.

Occupancy

• Occupancy spending should include fully burdened spending on the facilities being used by the staff supporting the end-user computing environment. Some examples include office space, furniture, electricity, maintenance, property taxes, security and office supplies.

Personnel Spending/FTEs: Personnel spending/FTEs include in-house and contract personnel (salaries and benefits) spending/full-time equivalents supporting the following IT functions:

• Operations/Maintenance, Engineering Technical Services, Planning and Process Management, Service Administration, Management and Administration.
IT Service Desk

The scope of the IT Service Desk environment analysis includes receipt and/or placement of technical support calls or contacts to a predetermined group of Tier 0/Tier 1 support staff who support end-users of IT services.

Annual IT Service Desk Spending

IT Service Desk spending includes the annual capital plus operational (cash out) spending for assets, maintenance, installation and taxes, as appropriate, for all hardware, software, transmission, disaster recovery, occupancy, as defined below in “Non-personnel Spending,” in addition to annual personnel spending as defined below in “Personnel.”

Non-personnel Spending: Non-personnel spending include in-house related spending as well as fees for third party and outsource contracts.

Hardware

- PBX, ACD, interactive voice response, computer-telephony integration, IT service desk end-user computing devices, and IT service desk application servers.

Software

- This includes all software that is necessary to operate the service desk, such as expert knowledge tools, problem management tools, quality monitoring, self-service, workforce management software, workflow management software and service desk management portal software.

Occupancy

- Occupancy spending should include fully burdened spending for the facilities being used by the staff supporting the IT service desk environment. Some examples include office space, furniture, electricity, maintenance, property taxes, security and office supplies.

Transmission

- Includes inbound 800 service, dedicated trunking, local service, outbound long distance, Internet access (for example, IT service desk portal) and networking between IT service desks.

Disaster Recovery

- Annual spending on hardware, software, connectivity, occupancy and contracts specifically dedicated to disaster recovery for IT service desk.

Personnel Spending/FTEs: Personnel spending/FTEs include in-house and contract personnel (salaries and benefits) spending/full-time equivalents supporting the following IT functions:

- Operations/Maintenance (IT Service Desk Agents), Engineering Technical Services, Planning and Process Management, Service Administration, Management and Administration.
Network (Voice and Data)

The scope of the Network (Voice and Data) function includes:

- **Wide-Area Voice Network (WAV):** Traditional Outbound Long Distance and Inbound (Toll Free) voice services. This includes mobile voice.
- **Voice Premise Technology (VPT) —** Local voice services including voice mail and all move/add/change activity associated with local voice equipment (e.g., switches, circuits and handsets), and local (i.e., not Long Distance) calling. These assessments can encompass PBX/PABX and VoIP technologies.
- **Wide Area Network (WAN):** Connectivity and transmission of business-critical data between enterprise locations and business partners. This includes mobile data.
- **Local Area Network (LAN):** Accounts for the provisioning of communications and connectivity to critical business systems within enterprise sites and campuses. Note: Spending associated with permanent building cabling, horizontal and vertical, are excluded. Likewise, spending for any inter-building cabling (copper and/or fiber) that would be found on a campus are also excluded.
- **Internet Access Services (IAS):** Enterprise access to the global Internet, for the use of its personnel and for the use of its external customers to access enterprise websites.

**Annual Network Spending**

Voice and Data Network spending includes annual capital plus operational (cash out) spending for, assets, maintenance, installation and taxes, as appropriate, for all hardware, software, disaster recovery, occupancy, transmission, as defined below in “Non-personnel Spending,” in addition to annual personnel spending as defined below in “Personnel.”

**Non-personnel Spending:** Non-personnel spending includes in-house related spending as well as fees for third party and outsource contracts.

**Hardware**

- **Wide-area voice network hardware:** Switching and routing, as well as terminating hardware. Terminating hardware includes microwave, satellite, compression, multiplexer/channel bank, PBX network interface card and channel service unit/data service unit (CSU/DSU).
- **Voice premise:** Telephone system equipment (such as voice switch/server and peripherals, including modules and uninterruptible power supply [UPS]), premise system phones (voice only; smartphones such as BlackBerry, iPhone and Android-based devices are excluded and should be allocated to the end-user computing environment), voice mail hardware (for example, processors and storage) and message authentication control (MAC) materials.
- **Security hardware:** Dedicated data network firewall hardware/servers, intrusion/detection servers and devices, as well as encryption hardware.
• Switching, routing and wireless hardware, including switches and routers, multiplexers, satellite equipment, boundary (branch) routers, backbone routers and bridges, and wireless access points.

• Other dedicated data network hardware, including Domain Name System (DNS) and Dynamic Host Configuration Protocol (DHCP) servers, optimization equipment such as Internet load-balancing hardware, MAC hardware and MAC cable (closet to desktop).

• IT management (network operations center [NOC]): This includes hardware that is located within a client's NOC and is used to support a client's centrally managed infrastructure/network. This includes client devices (PCs on NOC desktops) as well as servers (NOC), located within the NOC or elsewhere, but used primarily by the NOC.

Software

• Switch/voice server and peripherals (e.g., automatic call distribution [ACD], voice response unit [VRU]) and voice mail software spending.

• IT management (NOC): Software used by the NOC primarily to support/manage a client's voice and data networks.

• Security software: Dedicated data network firewall software, intrusion/detection software as well as encryption software.

• IT Management (network operations center (NOC)) software: All Network Systems Management software spending related to the NOC’s support of the infrastructure/network.

Transmission

• Includes all outbound and inbound transmission spending. It also includes the annual spending on local central office lines (where applicable) as well as cellular (mobile) voice only transmission spending.

• Annual data network transmission spending, such as carrier digital services including Frame Relay access, ports and PVCs (Permanent Virtual Circuits), ATM (Asynchronous Transfer Mode) access, ports and PVCs, MPLS (Multiprotocol Label Switching) access, ports, and CARs (Committed Access Rates) which also includes specific charges for Quality of Service (QoS) commitments, sometimes referred to as traffic shaping, T3/E3, dial backup service, Synchronous Optical Network (SONET), metropolitan Ethernet, and dark fiber, as well as annual spending on circuits connected to the Internet service provider and cellular (mobile) data transmission spending.

Disaster Recovery

• Disaster recovery contracts (communications) for hot sites (shell facilities), dedicated hardware, software, and connectivity.

Occupancy

• Occupancy spending should include fully burdened spending for the facilities being used by the staff supporting the voice and data network function. Some examples would include office space, furniture, electricity, maintenance, property taxes, security and office supplies. Occupancy for hardware (for example, closet space) is specifically excluded.
Personnel Spending/FTEs: Personnel spending/FTEs include in-house and contract personnel (salaries and benefits) spending/full-time equivalents supporting the following IT functions:

- Operations/Maintenance, Engineering Technical Services, Planning and Process Management, Service Administration, Management and Administration.

Application Development

The scope of the applications environment analysis is a high-level view of the spending associated with the provisioning and management of all applications within an enterprise.

Annual Applications Spending

Applications spending includes: Personnel spending as well as annual capital plus operational (cash out) spending for, maintenance, installation and taxes, as appropriate for all non-personnel spending (i.e., hardware, development software, business functionality software, occupancy). This also includes third party or outsourced spending for application development activity.

Applications Development

New code for a new application and functional enhancements to the current code that take more than two person-weeks, or that typically add eight function points or more. A “functional enhancement” is defined as "a change made for a user that allows additional capabilities (from a business point of view) that were not there before. In some environments, major enhancements can actually be added in less than two person-weeks. If this is the case, and eight function points or more are added (about 800 lines of COBOL or 300 lines of a database language), then this is still categorized as development.

Non-personnel Spending: Non-personnel spending include in-house related spending as well as fees for third party and outsource contracts.

Hardware

- This includes only hardware (mainframes, servers, end-user computing devices) used by the application development or support staff members to do their jobs (that is, client devices as well as servers and a portion of the mainframe used for application development and testing). This excludes end-user or production hardware.

Software

- Development and support software required by the application development and support staff members to do their jobs. It may include the languages/compilers/databases, development/testing tools and IT management software tools, such as project estimators and project schedulers.
- Business functionality software: For application support, this includes the maintenance spending on of off-the-shelf vendor packages, as well the spending on the software.

Occupancy
• Fully burdened spending for the facilities used by the development or support staff and included in this analysis view. Some examples would include office space, furniture, electricity, maintenance, property taxes, security and office supplies.

**Personnel Spending/FTEs:** Personnel spending/FTEs include in-house and contract personnel (salaries and benefits) spending/full-time equivalents supporting the following IT functions:

• Development, Logical Database Analyst, Quality Assurance & Testing, IT Process Management, Project & Program Management, Services Administration, Management and Administration

Application Development staff includes those involved in developing new applications, enhancing existing applications, installing new packages and installing major functional enhancements to existing packages.

**Application Support**

The scope of the applications environment analysis is a high-level view of the spending associated with the provisioning and management of all applications within an enterprise.

**Annual Applications Spending**

Applications spending includes: Personnel spending as well as annual capital plus operational (cash out) spending for, maintenance, installation and taxes, as appropriate for all non-personnel spending (i.e., hardware, development software, business functionality software, occupancy). This also includes third party or outsourced spending for application development activity and SaaS/PaaS based solutions.

**Application Support**

• Bug fixes of any size or duration, maintenance of hard-coded data or tables (including field size changes) embedded within the programs (any size or duration), and functional enhancements to current code that take less than two person-weeks and typically add fewer than eight function points, or any project that produces no new business functionality for the user.

• A "functional enhancement" is defined as "a change made for a user that allows additional capabilities (from a business point of view) that were not there before." In some environments, major enhancements can actually be added in less than two person-weeks. If this is the case, and eight function points or more are added (about 800 lines of COBOL or 300 lines of a database language), then this is categorized as development rather than support.

**Non-personnel Spending:** Non-personnel spending include in-house related spending as well as fees for third party and outsource contracts.

**Hardware**

• This includes only hardware (mainframes, servers, end-user computing devices) used by the application development or support staff members to do their jobs (that is, client devices as well as servers and a portion of the mainframe used for application development and testing). This excludes end-user or production hardware.
Software

- Development and support software required by the application development and support staff members to do their jobs. It may include the languages/compilers/databases, development/testing tools and IT management software tools, such as project estimators and project schedulers.

- Business functionality software: For application support, this includes the maintenance spending on off-the-shelf vendor packages, as well the spending on the software.

Occupancy

- Fully burdened spending for the facilities used by the development or support staff and included in this analysis view. Some examples would include office space, furniture, electricity, maintenance, property taxes, security and office supplies.

Personnel Spending/FTEs: Personnel spending/FTEs include in-house and contract personnel (salaries and benefits) spending/full-time equivalents supporting the following IT functions:

- Development, Logical Database Analyst, Quality Assurance & Testing, IT Process Management, Project & Program Management, Services Administration, Management and Administration

Application Support staff includes those involved in supporting applications that exist within the current portfolio. It also includes personnel who are responsible for fixing programming problems uncovered when applications are running in production. It does not include any personnel who are responsible for running the production applications. If an upgrade for a packaged application primarily contains fixes for existing problems, then the efforts involved in installing such a maintenance upgrade are included in application support.

Corporate IT Management, Finance, and Administration

Only include functions that are at a level within the IT organization that, after best effort, cannot be allocated to an IT functional area.

Office of the CIO/CTO

- This includes the "C-level" IT management, including the CIO and CTO functions. Also included here are the direct reports of the CIO, who spend the majority of their time providing enterprise-wide support other than the functions outlined below (that is, special projects).

IT Human Resources

- This includes resources dedicated to human resource issues surrounding the recruiting and retention of IT staff.

IT Marketing

- This includes resources dedicated to marketing the capabilities of the IT organization to the business units.

Technology Planning and Process Management
• This includes activities related to the planning for and management of current and future technology needs, and the establishment of policies and processes relating to technology. This also includes, but is not limited to, systems research, product management, technology evaluation and purchase decision making, the establishment of processes surrounding security and virus protection, and business continuity/recovery.

Disaster Recovery
• This includes resources dedicated to planning, testing and implementing contingency procedures across all IT functions. This also includes the staff dedicated to safeguarding the enterprise's ability to continue operations of vital business functions following physical damage or other catastrophes that impact business facilities. Responsibilities include:
  • Maintaining disaster recovery documentation
  • Negotiating contingency site arrangements and serving as liaison with the vendor
  • Managing off-site data retention

Security
• This includes resources that oversee the development of standards and procedures for ensuring overall network and systems integrity.

IT Administration
• This includes direct administrative and clerical support to enterprise-level IT. Positions include secretary, receptionist and administrative assistant.

Budget and Chargeback
• This area establishes the overall IT budget, monitors actual expenses versus the budget, arranges financing for purchases and performs financial reporting to other enterprise areas. Staff members also handle the operation of the chargeback system. Positions include financial analyst and chargeback administrator.

Asset Management
• Tracking: This area provides the administrative support for tracking systems and system components. It accounts for labor and contract spending for managing depreciation records and lease contracts, performing asset inventories (physical or automatic management), asset identification and tracking, asset database management, change recording and reconciliation. It also includes the creation and maintenance of an up-to-date record of installations, moves, adds, changes, removals and final disposal of all assets (for example, hardware, software and circuits). The record contains information for locating, assessing, auditing, troubleshooting, counting and assigning assets, or performing other technical and business functions without the need to repeatedly visit the asset location or reassemble data records. It also includes the determination of an asset's useful life, including planning for the installation, upgrade, and removal/disposal of the asset and executing the plan.
• Procurement: This area solicits bids, negotiates purchasing agreements, establishes purchase orders, validates vendors' bills, coordinates with accounts payable for payments and handles contract administration.

Quality Assurance

• This includes staff responsibility for monitoring, tracking and recommending solutions for improving the content and delivery of services provided by the customer service contact center.

Training

• This refers to the primary source for the delivery of training within the IT organization and for end users in the business units. This area may also prepare the training materials, evaluate employee skills and assist in the creation of custom training programs for the organization.

“IT Business Service Portfolio” Explain Text and Definitions

• What are the categories that best define your organization's IT service portfolio. This should be no less than 3, and not more than 15 categories.

Best practices for defining and maintaining the IT business service portfolio

Use the following outline, culled from the case studies and other research, to guide development of your IT business service portfolio.

• An IT business service is a collection of actions performed by IT professionals that provides a measurable benefit to a consumer outside of the IT organization. The consumer must clearly understand and value the benefits of each IT business service and must control the level (volume) of consumption.
• Know the difference between IT technical services and IT business services. Rules for defining IT business services:
  o Do not include more than 15 IT business services at the portfolio level (ITIL 3.0). Typically 5-10.
  o Acronyms and the words "hardware" and "software" are not allowed either in the label or the 250-word (maximum) description of the IT business service.

Key Gartner research to get started includes:

• ITSM Fundamentals: How to Create an IT Service Portfolio; ID:G00210325
• Determining the Right Level of IT Operational Spending (EXP Report); ID:G00239146
• The Strategic Road Map for IT Service Optimization; ID:G00232975
• IT Resources Planning: Actual Costing vs. Standard Costing; ID:G00211617
• IT Resources Planning: Using Business Concepts to Manage IT Resources and Costs; ID:G00210877
**Suggested IT Business Services and Descriptions**

Table 1 outlines the definitions of common and suggested IT business service categories observed by Gartner.

**Table 1. Suggested IT Business Services and Descriptions**

<table>
<thead>
<tr>
<th>Suggested IT Services</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automated Billing</td>
<td>Providing all of the authorized features and functions to support the billing process in a secure and reliable manner. Specific features include ability to check credit status of prospects and customers, enter new orders for products and/or services or receive orders electronically, check the status of existing orders, transmit orders to departments that deliver them, invoice customers according to generally accepted accounting principles, process returns and credits, record accounts receivable information, age receivable information, receive and post payments. Integrate required billing information with financial accounting database and business intelligence data warehouse.</td>
</tr>
<tr>
<td>Automated Financial Reporting</td>
<td>Providing all of the authorized features and functions to support the financial reporting process in a secure and reliable manner. Specific features include recording all required journal entries from automated business process transactions, ability to accept non-recurring journal entries from financial department. Generating the Trial Balance, General Ledger, Subsidiary Ledger reports, in a standard and the extensible business reporting language according to generally accepted accounting principles.</td>
</tr>
<tr>
<td>Automated Human Capital Management</td>
<td>Providing all of the authorized features and functions to support Human Capital Management in a secure and reliable manner. Specific features include social media access for recruiting, employee tracking, benefits tracking, employee performance management and assessment tracking, payroll and incentive compensation management. Integrate required payroll information with financial accounting database and business intelligence data warehouse.</td>
</tr>
<tr>
<td>Automated Operations/Manufacturing</td>
<td>Providing all of the authorized features and functions to support the Operation/Manufacturing processes in a secure and reliable manner. Specific features include Material Requirements Planning electronically connecting raw materials, sub-assemblies, packaging materials and various labor categories to each of the products and services offered by the enterprise through a standard bill-of-material. Inventory levels of all raw materials, sub-assemblies and packaging materials is maintained and controlled by automated transaction systems that add to and deduct from these inventories. Standard costing, capacity planning, production forecasting, material requisitions and work order management is maintained under this service. Integrate required operations/manufacturing information with financial accounting database and business intelligence data warehouse.</td>
</tr>
<tr>
<td>Automated Procurement</td>
<td>Providing all of the authorized features and functions to support the procurement process in a secure and reliable manner. Specific features include ability to enter purchase orders for products and/or services, check the status of existing orders with vendors, transmit status of open purchase orders to departments that will consume them, process returns and credits according to generally accepted accounting principles, record accounts payable information, age receivable information, receive invoices from vendors electronically, perform three-way-match and post payments. Integrate required procurement information with financial accounting database and business intelligence data warehouse.</td>
</tr>
<tr>
<td>Suggested IT Services</td>
<td>Description</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Automated Product Development</td>
<td>Providing all of the authorized features and functions to support the product development process in a secure and reliable manner. Specific features include product –life-cycle management recording and controlling product development process from concept-to- production (defined as acceptance by the manufacturing department). Integrate required product development information with financial accounting database and business intelligence data warehouse.</td>
</tr>
<tr>
<td>Automated Sales/Customer Service</td>
<td>Providing all of the authorized features and functions to support the Sales and Customer Service processes in a secure and reliable manner. Specific features include sales lead tracking, sales process tracking and communication, use financial and non-financial customer information including credits and returns to provide “one-view of the customer” to both sales and customer service personnel. Integrate new non-financial customer information with business intelligence data warehouse.</td>
</tr>
<tr>
<td>Business Intelligence</td>
<td>Providing all of the authorized features and functions to support the business intelligence and business analytics needs of the enterprise in a secure and reliable manner. Specific features include managing the data from internal transactions and external sources, assuring data quality and supporting information access and analysis to the rest of the business through analytical and presentation applications.</td>
</tr>
<tr>
<td>Business Process Improvement</td>
<td>Providing the information technology and business skills to improve existing business processes with new information technology. This includes all changes to existing information technology business services and information technology enabled business initiatives. This is a consultative and project management services. Information technology program management office is part of this service.</td>
</tr>
<tr>
<td>Business Transformation</td>
<td>Providing the information technology and business skills to transform the business with new information technology. This is a higher level information technology consultative service for strategic enterprise initiatives like mergers or acquisitions, business model changes, or the creation of new business models.</td>
</tr>
<tr>
<td>Information Technology Provisioning</td>
<td>All that is required to implement the authorized information technology needs of a new employee. This varies by position, but may include assignment of unique user identification to access information technology enabled resources, personal applications like email, calendaring, word processing, spread sheeting, and graphics. Devices may also be required like desktop, laptop and/or mobile computing devices. Mobile phones are also included under this service.</td>
</tr>
<tr>
<td>Workplace Support</td>
<td>All that is required to support the authorized personal information technology needs of all employees. This would include all the resources issued under the provisioning service as well as first line support for all other IT business services.</td>
</tr>
</tbody>
</table>

Source: Gartner 2017
Considerations When Defining Services

1. **Focus on End Customers** "Who"
   - Define who the end customer is for each service.
   - Resist treating another IT organization as a "customer."
   - Services must make sense to customers

2. **Define Suites of Services** "What"
   - Establish suites of related services, such as workplace management.
   - Provide distinct options to fit different requirements.
   - Internal to IT, identify required components and dependencies to deliver the end-to-end service.
   - Aggregate similar services to simplify for IT and customers

3. **Establish SLAs** "How Well"
   - Create a value statement and clearly articulate service characteristics.
   - Describe service delivery SLAs.
   - Describe service availability SLAs.
   - Explain how SLAs will be measured and reported quantifiably.
   - Managing expectations is the single most important goal

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**Example Service Portfolio**

1. **Collaboration and Communication:**
   - Email
   - Mobile Communication
   - Instant Messaging
   - Business Conferencing
   - Enterprise Voice
   - Enterprise Collaboration and Content Management

2. **Technology and User Support:**
   - Application Hosting
   - Help Desk
   - Managed Desktop and Laptop
   - Onboarding and Technology Management
   - Print/Fax Management

3. **Business Protection:**
   - IT Disaster Planning and Recovery
   - Information Backup and Recovery
   - Information Security

4. **Connectivity:**
   - Network Connectivity
   - Remote Access
   - Teleworking

5. **Business and Application Management:**
   - Application Group — Department/Agency A
   - Application Group — Department/Agency B
   - Application Group — Department/Agency C
   - Application Group — Department/Agency D
   - Application Group — Department/Agency E

6. **Professional Services:**
   - Portfolio Management
   - Sourcing and Relationship Management
   - Technology Strategy and Planning