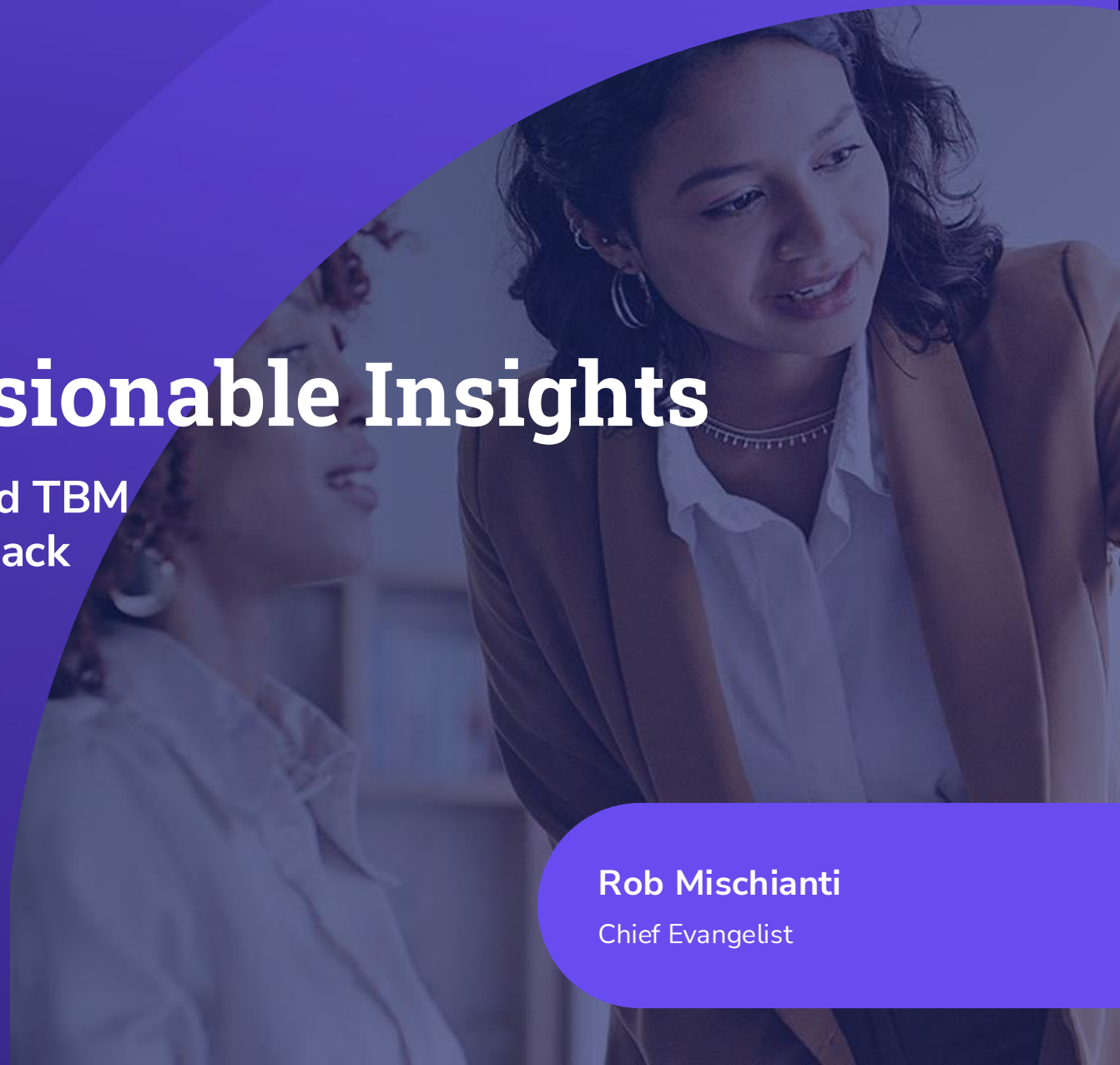
ITFM Use Case: Decisionable Insights

How Arizona Pivoted to a More Modernized TBM Approach to Drive a More Mature Chargeback



NICUS SOFTWARE

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Agenda

- The Problem Statement
- Goals for Arizona IT
- Billing Maturity
- Service & Rate Development Maturity
- Q&A

Use Case: Problem Statement

Problem Statement

Billing:

- ✓ **3+** months behind in billing
- ✓ **17%** of budget not collected/behind (inaccuracies & missing data)

Rates:

- ✓ Lack of transparency hinders changes to services and rates
- ✓ Lack of speed limits volume of change

What They Had Been Doing

- ✓ Manually managing data, sometimes inconsistently and inaccurately
- ✓ Struggling to communicate transparency and get rates approved

What They Needed

To centralize and automate data collection and validation and realign their efforts to focus on evolving their billing to align with new innovative technologies that are being introduced to the state.

Arizona's Goals for Modernization

Desired Goals & Outcomes for Arizona for Cost Modeling & Rate Design

- **Empower Service Owners and IT Leadership** to adopt, manage, and predict financial and operational footprints for technology
- **What-if Modeling & Analytics** to project the impact of expense pressures and/or volume changes both internal to ASET and to the Agencies
- **Enable Predictive Models** in support of new technology adoption and services regardless of whether they are new to Arizona or already exist
- **Drive Maturity** for the State of Arizona's IT Cost Modeling, Rate Design, and Billing toward best-in-class capabilities on par with those in the commercial industries
- **Monthly Reporting for Services** to support analytics and communication of IT Optimization and Value to the Agencies

Our Mission: Goal State

What is our desired Goal State?

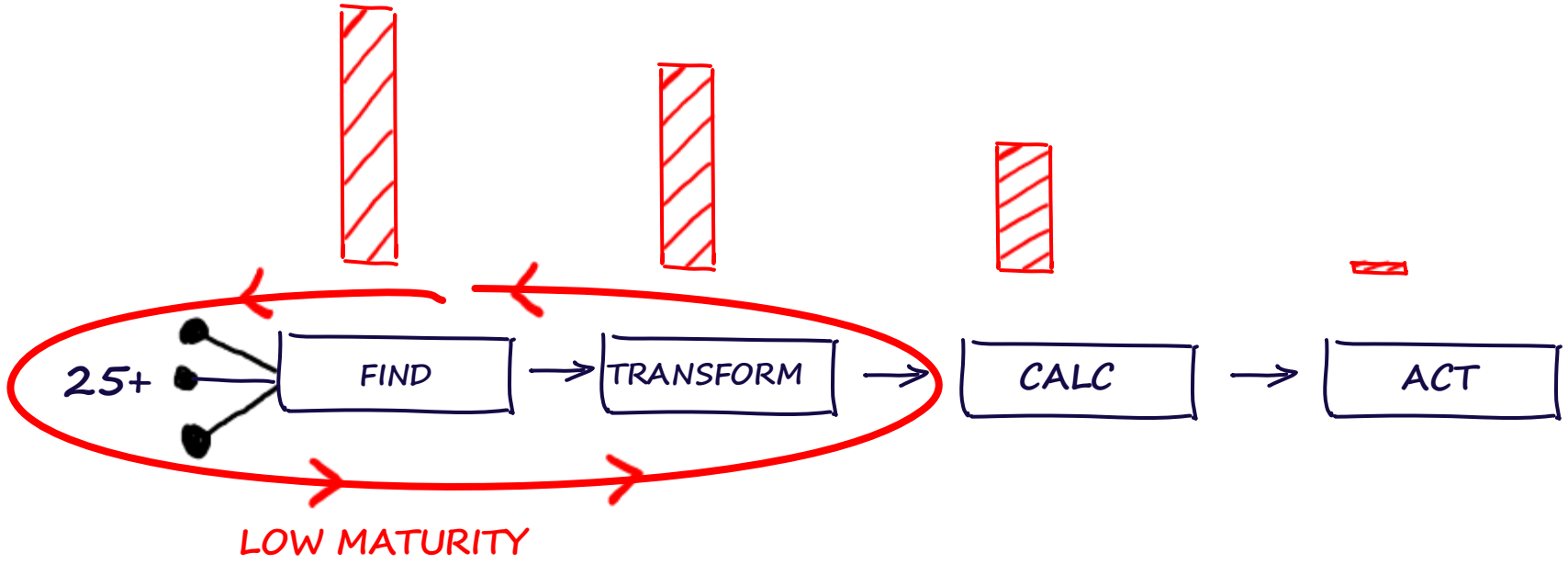
We want to **Reduce the Time Effort** required from our service owners and **Drive Maturity** by enabling them to manage their service delivery like a business by **Automating Data Entry** and leveraging the native functionality to enable **Multi-Year Projections**, **Monthly YTD/Trending Reporting**, and **What-If Analytics** through automated processing and dashboards for IT and the Agencies.

We Want to Drive

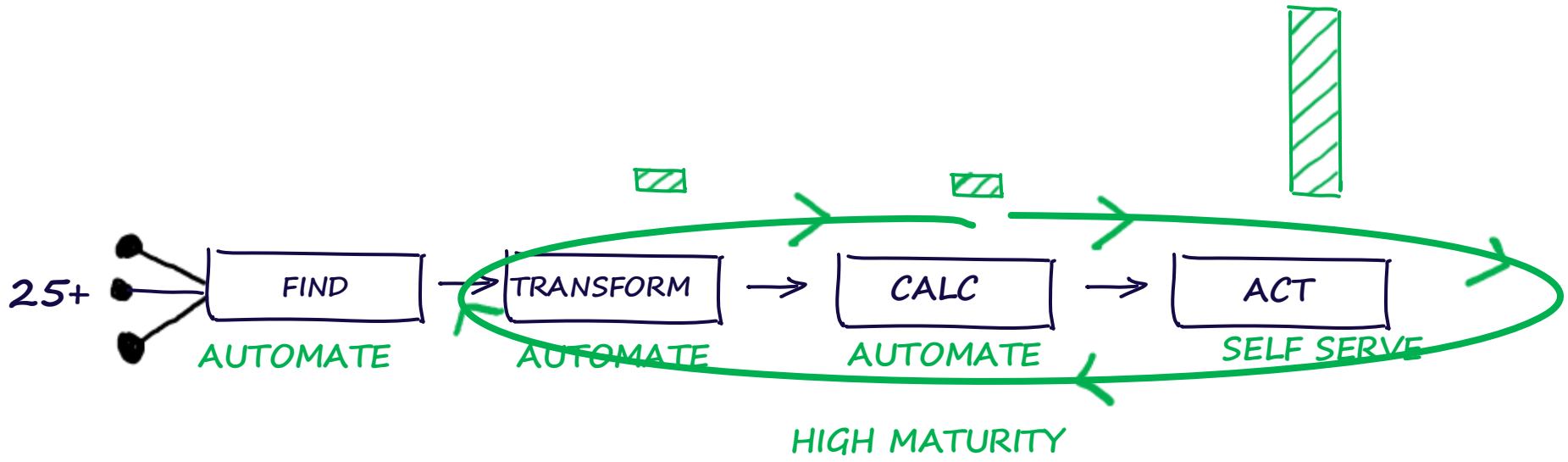
- ✓ Time Savings for Service Owners
- ✓ What-If Scenario Analytics
- ✓ Service Owner Accountability
- ✓ Multi-Year Projections
- ✓ Enhanced Vendor Management
- ✓ Rate Based Analytics
- ✓ Increased Financial Maturity
- ✓ Automating Data Feeds
- ✓ Reporting on IT Optimization
- ✓ Greater Transparency for Agencies
- ✓ Greater Transparency for Executives

IT Chargeback Maturity

IT Chargeback: Low Maturity



IT Chargeback: High Maturity



Monthly Processing

Day 1 to 15:

- Gathering & collecting data
- Producing results (data & invoices)

Day 16 to End of Month:

- Responding to questions about the results (data and invoices)
- Disputes & error corrections

Day 1 to 5:

- Automated data collection
- Automated invoice production
- Automated system integrations
- Human validation

Day 6 to End of Month:

- Automated invoice distribution
- Customer self-service Q&A with dashboards

Capabilities with Maturity Level

Category	Capability	Maturity Level		
		Low	Medium	High
Data & Calcuations	Automated Data Integrations (Bi-directional)		☑	☑
	Advanced Tranformation & Validation Rules		☑	☑
	Control Reporting		☑	☑
	Automated Adjustments			☑
	Broad Calculation Capabilities (Methods)		☑	☑
Customer Content	Invoices	☑	☑	☑
	Invoices with Line Item Detail	☑	☑	☑
	Dashboards for Self-Service			☑
	Insights with Service Charges (Units * Rate)	☑	☑	☑
	Advanded Insights (Application & Business Service)			☑
	Automated Dispute Process			☑
Advanced Capabilities	Integrated Planning & Budget			☑
	Demand Management Capabilities			☑
	Cost Modeling (Rate Setting & What-if Scenarios)			☑

Cost Modeling & Rate Setting

Financial Life Cycle

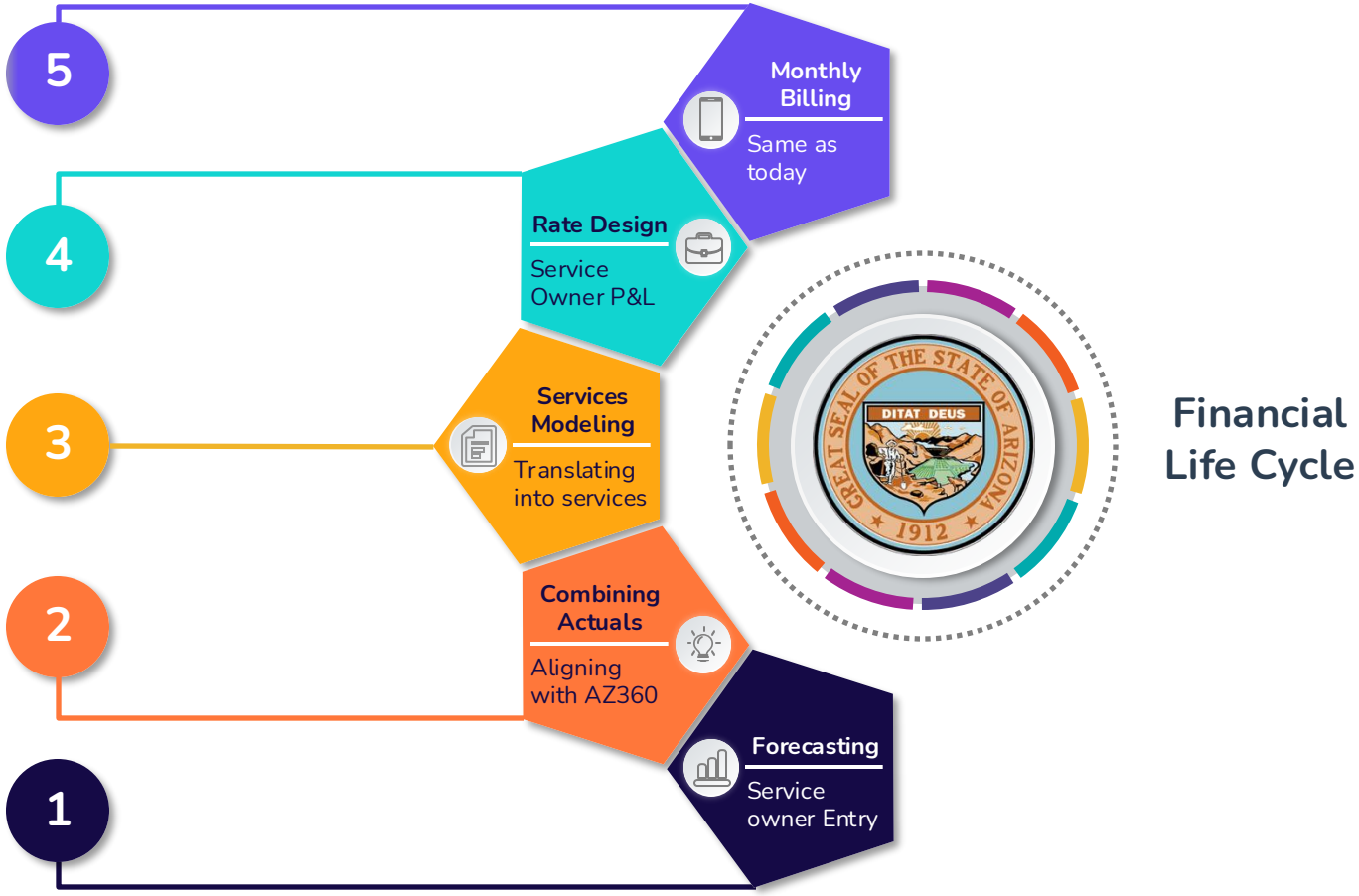
Today's billing process remains consistent and accurate.

Service owners manage their delivery like a business

Stand up new, and retire old, services as delivery transforms

Automating actuals into the rate process

Forecasts submitted in real-time



Financial Life Cycle

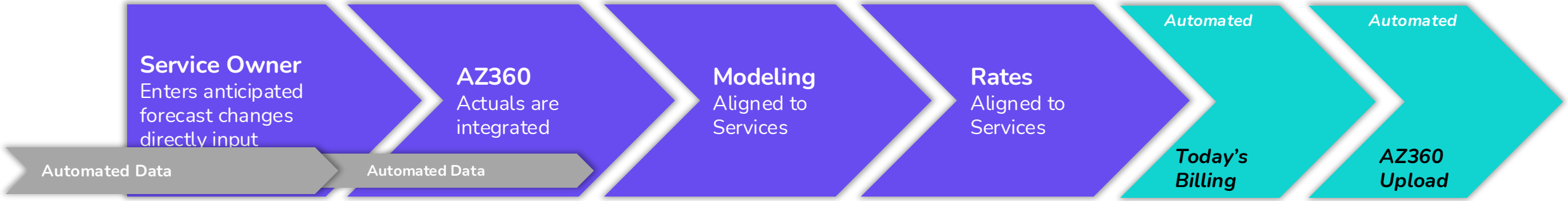
Financial Life Cycle

*Leaders can see **forward looking projections** and understand the multi-year impacts of decisions.*

*Leaders can see **year-to-date**, historical, and forward-looking positions compared to those previously approved.*

*Leaders can see and manage results **aligned to services** and the rate model to show value and over/under.*

***Rates are formalized** and available for analysis against updated projections to manage the ASET P&L.*



Examples
- ✓ *HR System*
- ✓ *ServiceNow*
- ✓ *Salesforce*

Dashboards

What-If Analytics

The prior forecast continues to be present without only minor changes to the forecast needed.

A multiyear forecast is automatically generated based upon contract details, labor raises, etc.

Actuals are automated from AFIS and aligned to individual forecast line items for tracking.

Auto-mapping minimizes the effort required to align actuals with the forecast.

Rate model analytics and insights are now available monthly for trending and reporting in dashboards.

Impacts of new or retiring services (and other key decisions) can be seen real time by stakeholders.

Components of each rate can be monitored for optimization opportunities to drive rates lower.

Operational footprints for rates can be shared with agencies to drive transparency [i.e. new services/technology].

Roadmap Recommendations

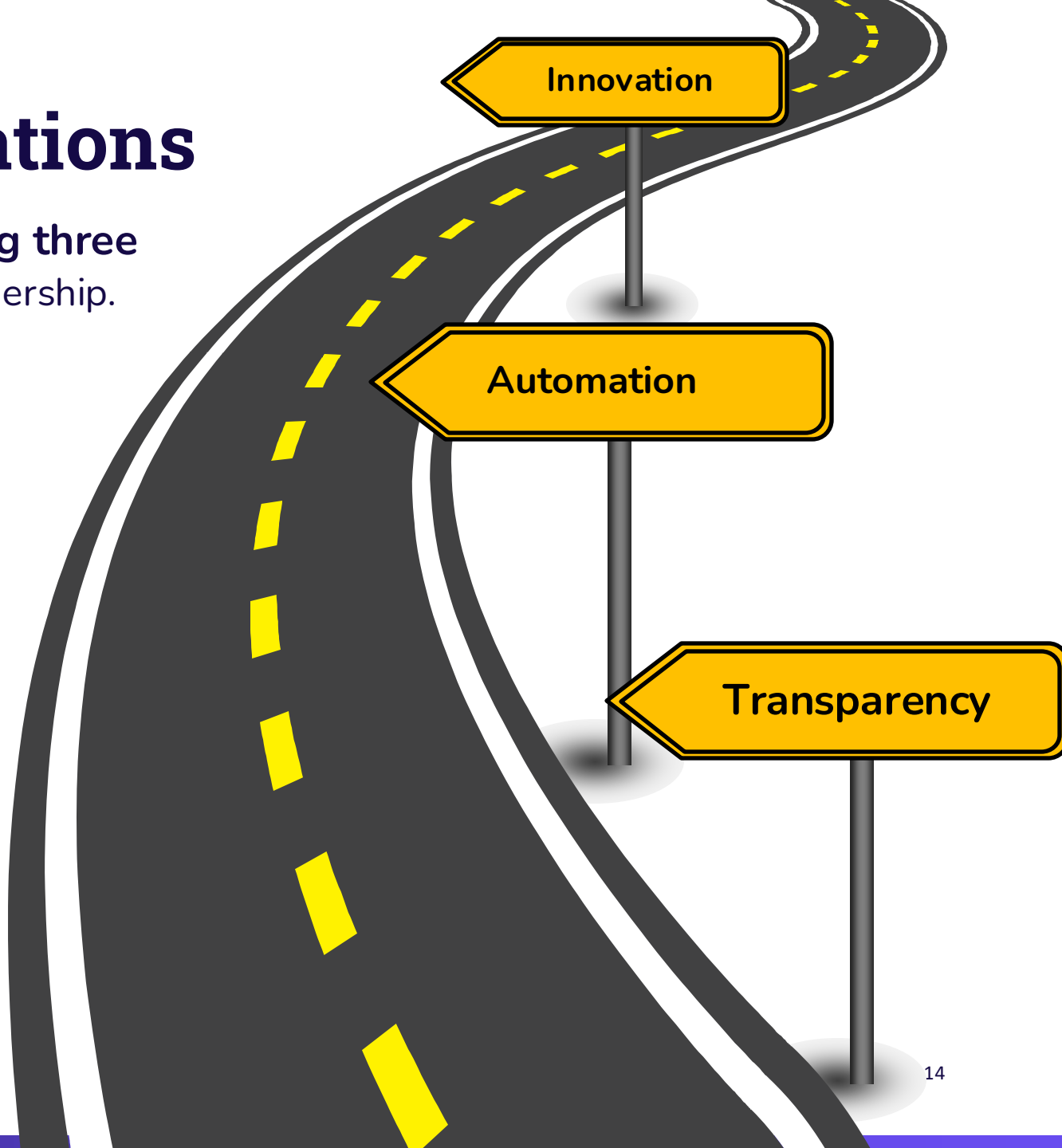
This ITFM roadmap and is **focused on delivering three major capability enhancements** for State leadership.

Aligning transparency through rate design, cost modeling, and billing will reduce effort for Service Owners and drive accountability across leadership.

Focus #1: Unlocking Transparency and Accountability
Enable the State to drive reporting and analytics through automated dashboards that show monthly results by service. Results will be consistent with how the book of record billing is presented for agencies.

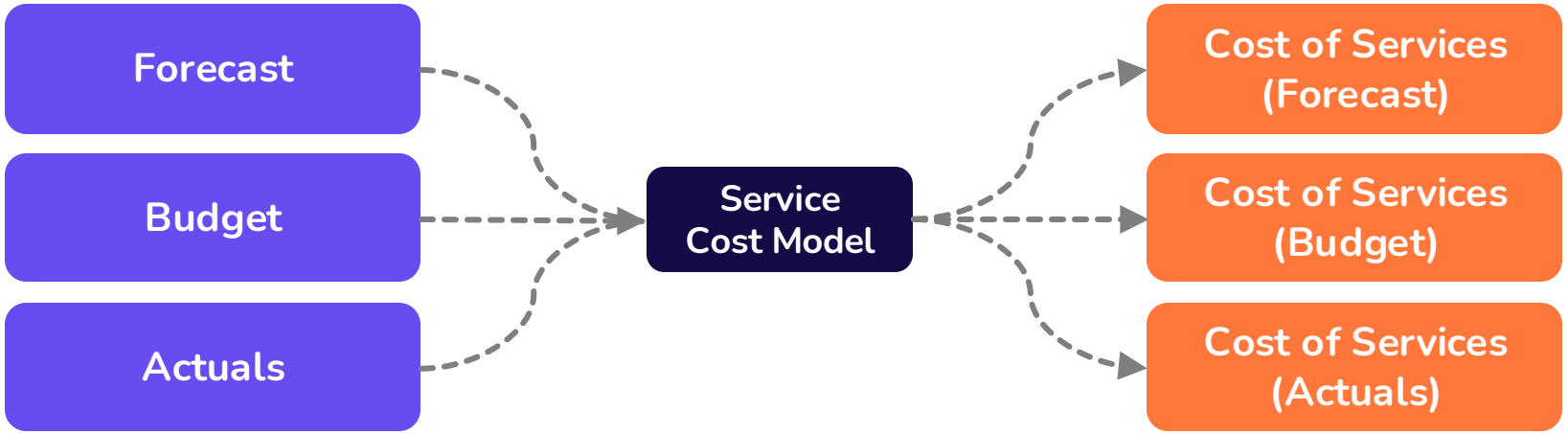
Focus #2: Automate & Reduce Service Owner Effort
Establish integrations with source systems to remove the need for continuous heavy lifts by Service Owners to manually gather details for cost modeling and automate calculations to further remove effort.

Focus #3: Mature Modeling & Rates to AZ Innovation
Leverage the consistent transparency of cost modeling, rates, and billing to reflect the innovative ASET services that are being provided for the State by relevantly adjusting the catalog.



Rates

- Insights for Rate Approval
- Rate Tracking



Before & After

Before	After
• Slow cash payments due to billing errors • Billing inefficiencies – high manual effort to collect data and produce bills – manual approach increases error rates • Low customer confidence in IT • IT services are commoditized widgets	• Timely collection of cash • Deep visibility into cost components for rates & delivered services, which results in faster decisions and change • Higher confidence in IT delivery • IT services are aligned with customer value & innovation

Conclusions & Final Thoughts

- Stop the Pain Train & Modernize
- Relatively Low Risk
- Improve Billing & Rate Setting/Analysis
- Customer Friendly Services

Q&A