



Understanding the Value and Impact of AI Investments with ITFM

A background image showing two women in a professional setting, possibly a meeting or collaborative work environment. One woman is in the foreground, looking towards the other woman who is slightly out of focus in the background.

Rob Mischianti
Chief Evangelist
Nicus Software

Abstract

- In today's world, AI is revolutionizing business operations, yet managing the associated costs and understanding their value can be challenging. Everyone wants to invest in AI, but do they really understand how to accurately track the ROI of these investments? This session will dive into the intersection of AI and ITFM as we explore strategies for tying AI spend back to tangible organization goals. With greater visibility into AI costs and the impact to the organization, you can foster a culture of accountability and informed decision-making. You will gain actionable knowledge on leveraging ITFM tools to enhance transparency and drive strategic alignment in your AI investments. Join us for this insightful session to empower your organization to maximize the benefits of AI while maintaining financial discipline and clarity.



Agenda

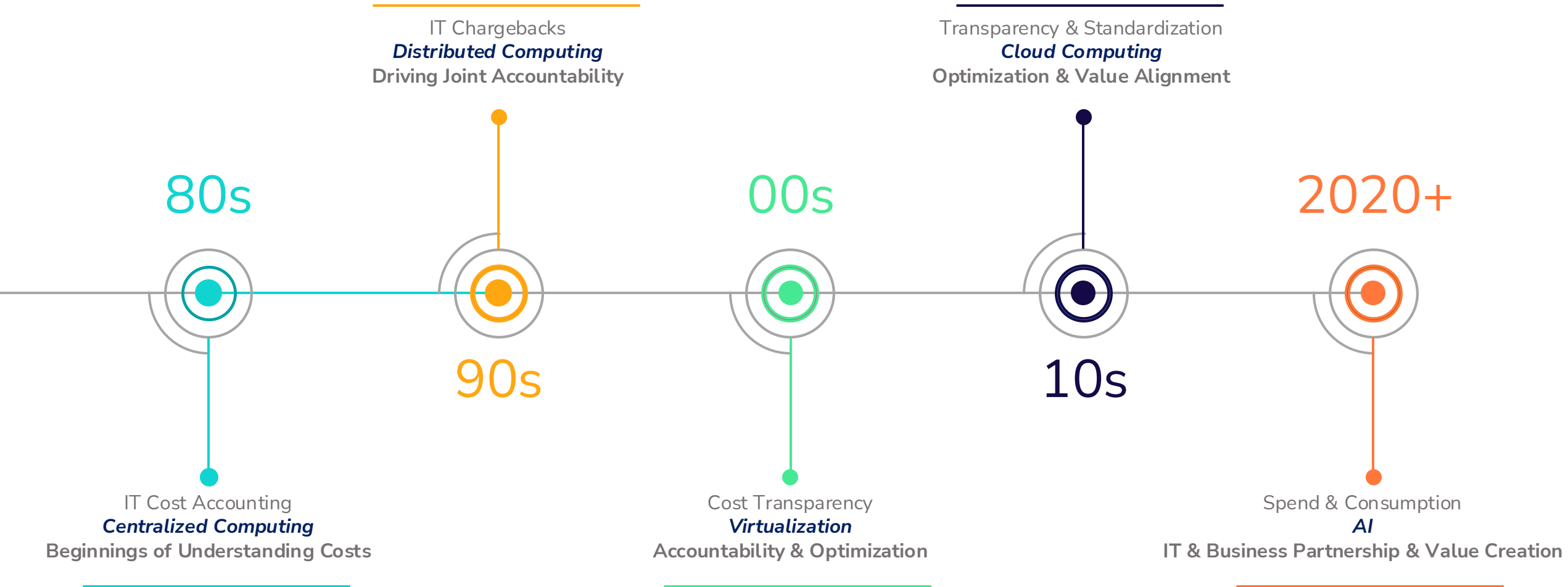
- A history lesson?
- Making fact-based AI investment decisions
- How are organizations using AI today?
- What insights and analytics do our ITFM, TBM, and FinOps programs need to provide?
- Defining new AI service offerings (from IT to your customers)
- Conclusions



A History Lesson?



A History Lesson?

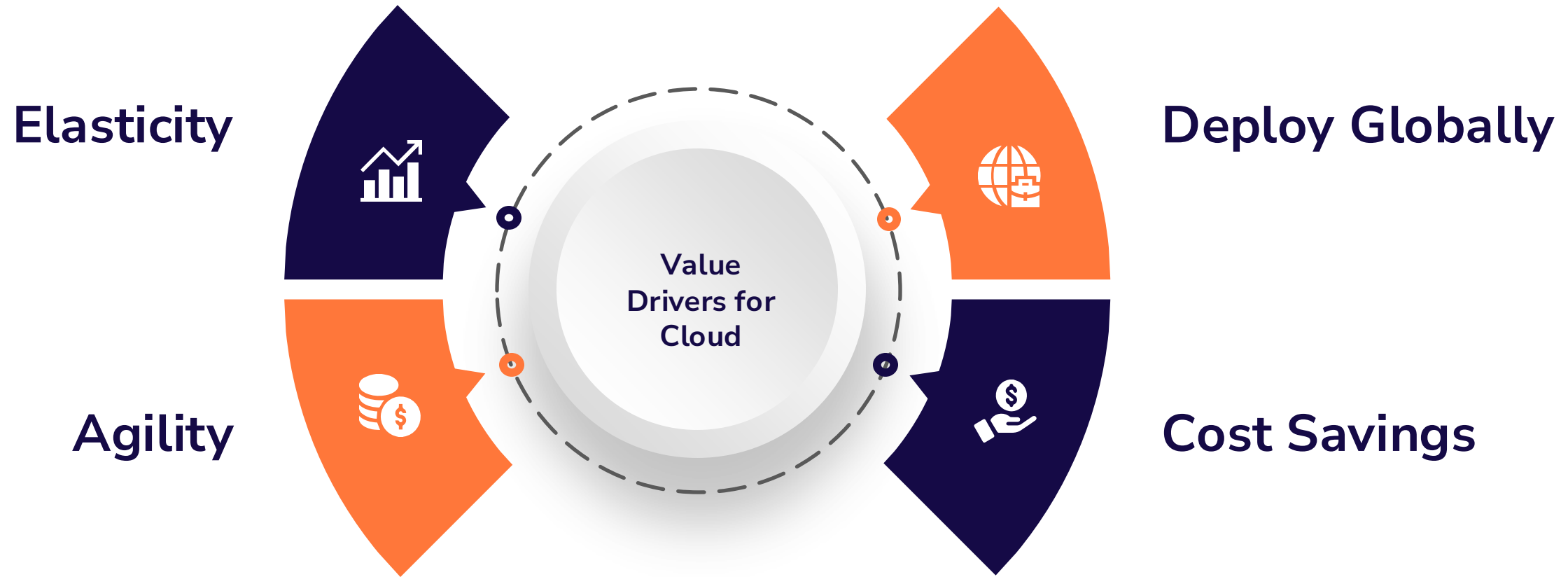


Cloud Lessons Learned...

- Clear Strategy & Planning: **Connect to Value**
- Agile Approach and Communication
- Optimization and Continuous Improvement
- Cost and Security Considerations
- Leverage Resource Planning and Expertise
- Early Misunderstanding: **Cloud will reduce costs...**

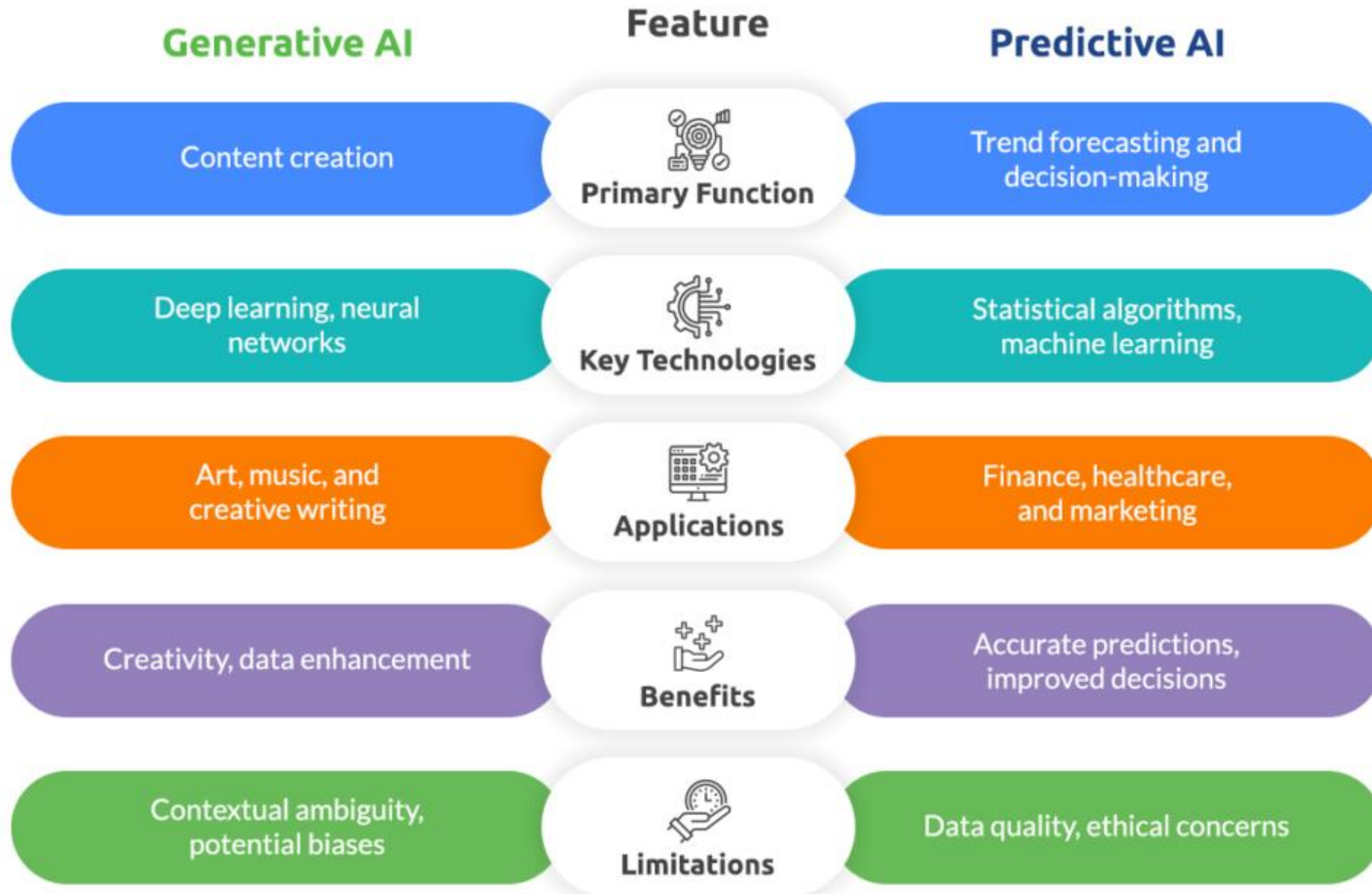


Cloud Lessons Learned...



How are organizations
using **AI** today?





A Generative AI Use Case

Source: Gartner, How CIOs Can Calculate Business Value and Cost for Generative AI Use Cases



How CIOs Can Calculate Business Value and Cost for Generative AI Use Cases

ON-DEMAND | 1 hour

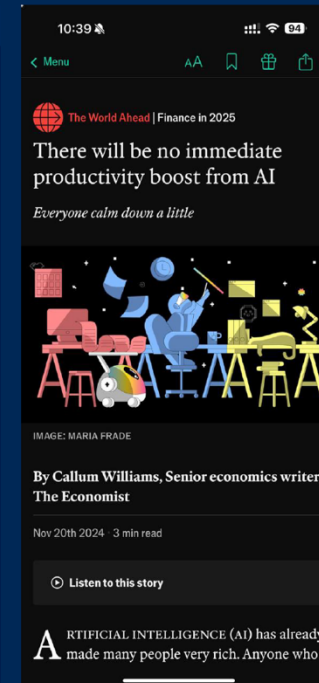
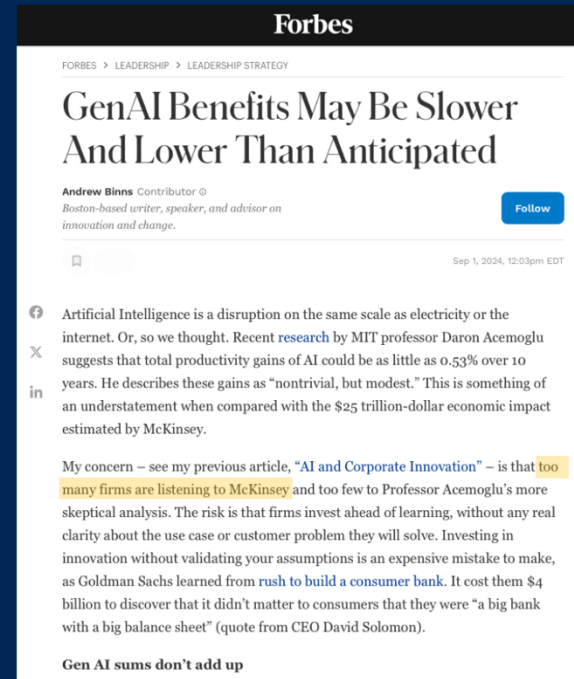
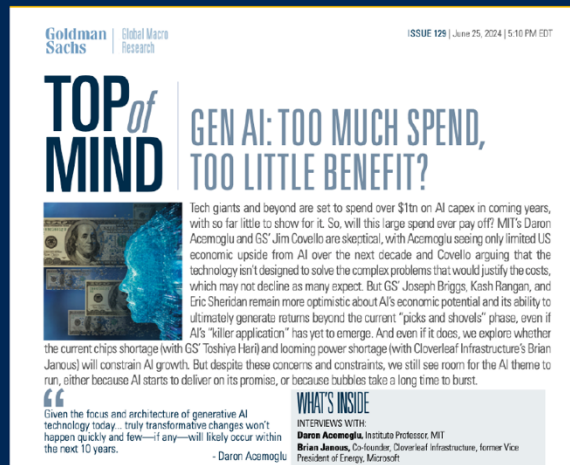
CIOs and technology leaders are the key strategic advisors and players in developing and executing on their organization's GenAI strategy. In partnership with other business leaders, they play a major role in realizing unprecedented productivity improvements, competitive differentiation and business transformation. A large majority of executives who are implementing or actively planning to implement GenAI have anticipated or realized benefits from their implementations, according to the Gartner Generative AI 2024 Planning survey. To meet growing demand CIOs and technology leaders must now assess the potential benefits and cost of new generative AI investments. Join this complimentary Gartner CIO webinar as a Gartner expert provides a decision framework for assessing cost and realizing value from enterprise generative AI initiatives. You will walk away from this session with answers to your vital questions, a copy of the research slides and recommended actions to help you achieve your goals.



**Despite expectations,
GenAI productivity initiatives
have not been widely successful
for near-term cost cuts**



Echoed recently in the popular press



**The focus is on GenAI productivity
for cost optimization.**

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**The focus is on GenAI productivity
for cost optimization.**

**Gartner believes over 75%
of these initiatives will fail.**

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Productivity $\neq$ Value

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Productivity Leakage

Working day



Productivity leakage

Working day

New time



Productivity leakage



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Productivity Leakage

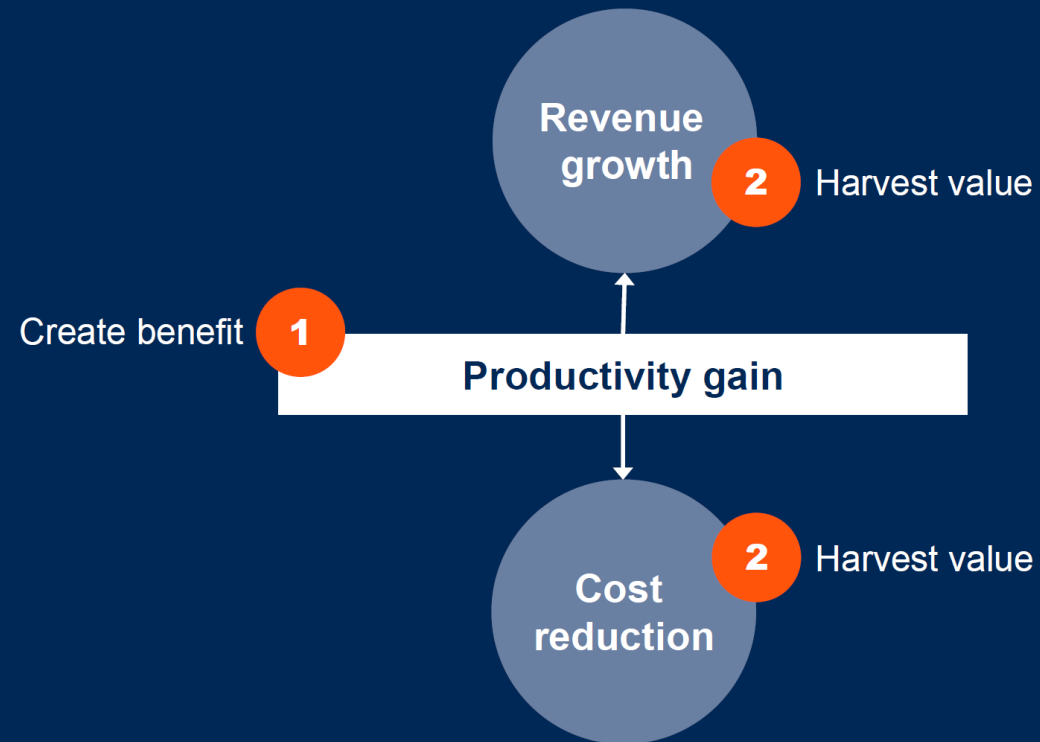


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Productivity Must Be Harvested



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The Productivity Value Equation



Developer example			
25% time savings	20 to 80% leak	30 to 70% not harvested	1 to 14% actual gain

Copilot example			
3% time savings*	20 to 80% leak	30 to 70% not harvested	0 to 1.5% actual gain
	1 to 2% time savings	0 to 1.5% productivity	

*Source: [What Can Copilot's Earliest Users Teach Us About Generative AI at Work?](#), Microsoft Copilot Early Adopter Study, Microsoft WorkLab.

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Pathways to take cost out with GenAI

People

Eliminate work

- Cut internal headcount
- Cancel contractors

Demand share of efficiencies

- Haircut on outsourcing contracts
- Move to cheaper MSP

Redistribution of work

- Incremental increase of internal work
- Less expensive staff with same experience

Projects

Eliminate assets

- Cancel software or hardware subscriptions
- Kill projects

Risk

Reduce cost of risk

- Reduce cash reserves to mitigate risk
- Reduce insurance



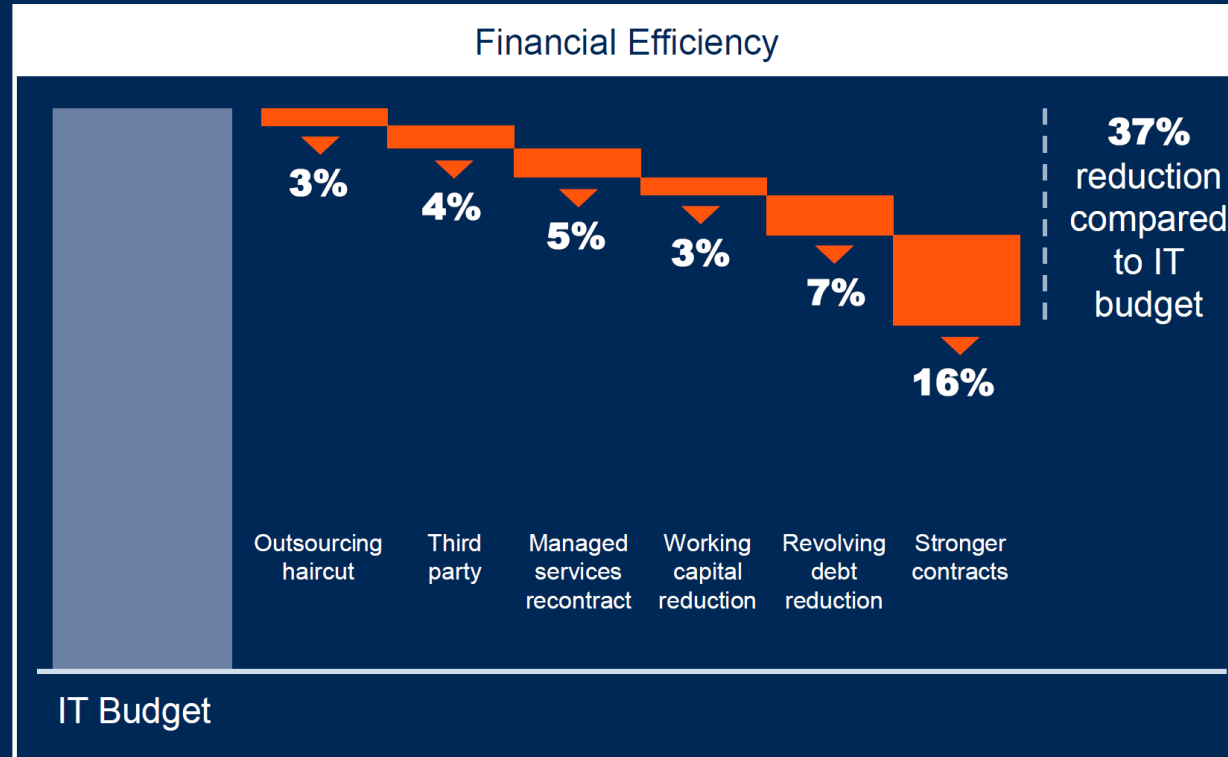
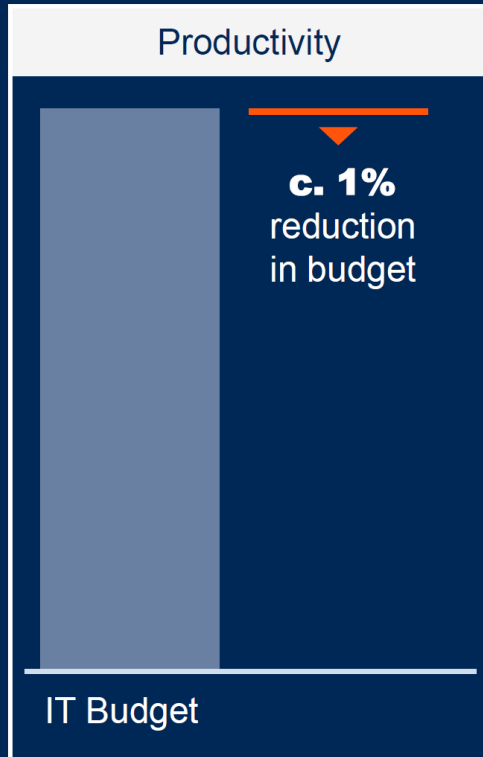
**Most productivity efforts
will not reduce costs.**

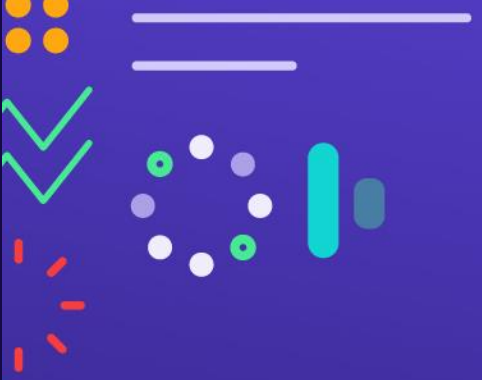
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What's Your Strategy for Cost Optimization?





ITFM & TBM

Insights for AI



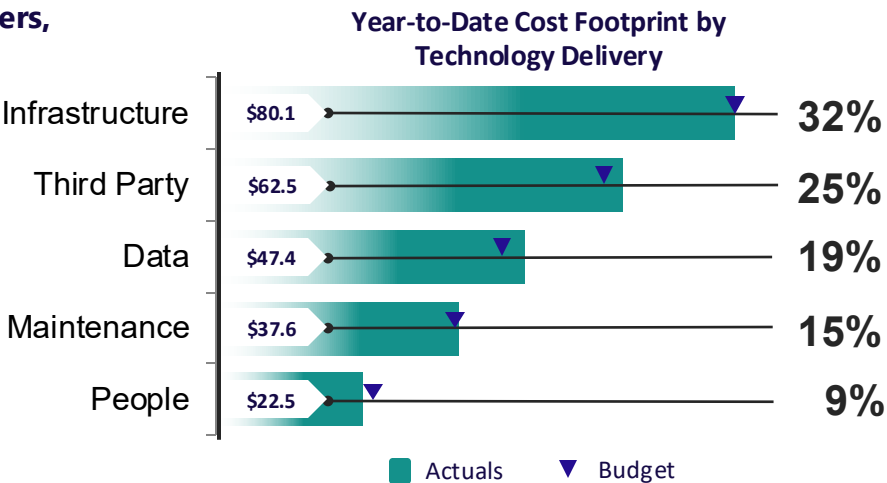
AI – TCO Cost Footprint

Tracking your AI cost footprint is complex and requires accuracy combined with responsive modeling to ensure you make data driven decisions and remove the false levers typically seen in the industry.

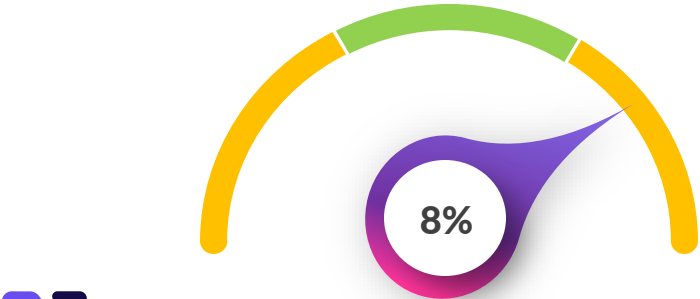
Leadership can see a status of their investment and run costs today, understand the drivers, with results that align with the Office of the CFO.

Financial Status	YTD	Full Year	
Capital	\$177M	\$350M	+1.5%
Operational	\$126M	\$255M	+2.0%

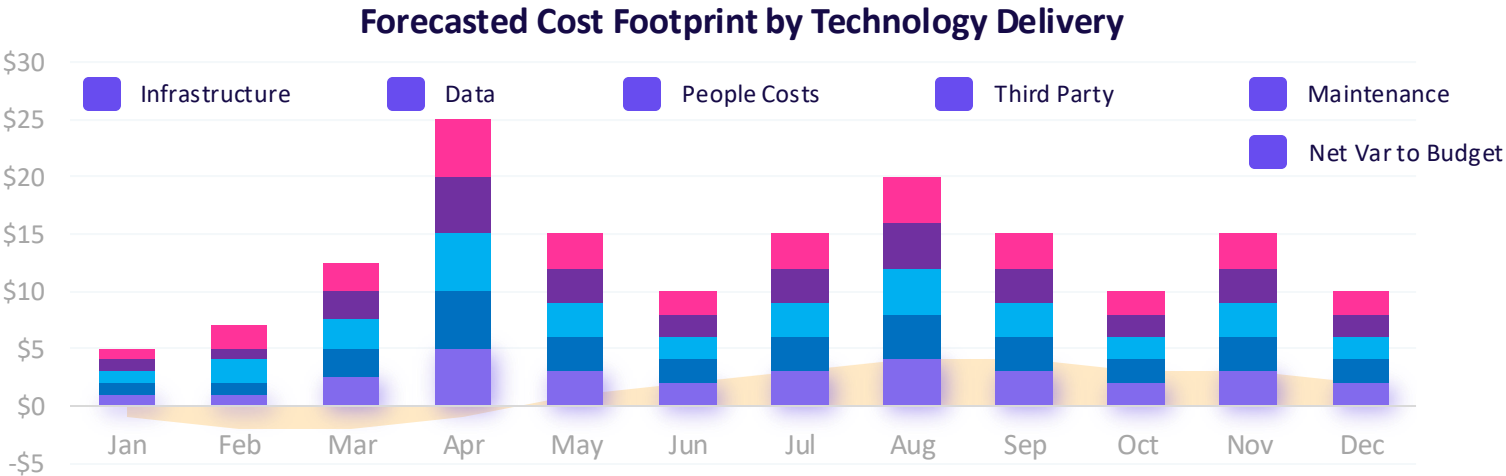
Spending on delivering the AI capability across the Enterprise is higher than planned but is anticipated [+8%] to be within variance tolerance at 2% over plan by year end.



Increased cost for Third Party and Data services are driving a higher than planned spend for the current year.



Year-to-Date +/-



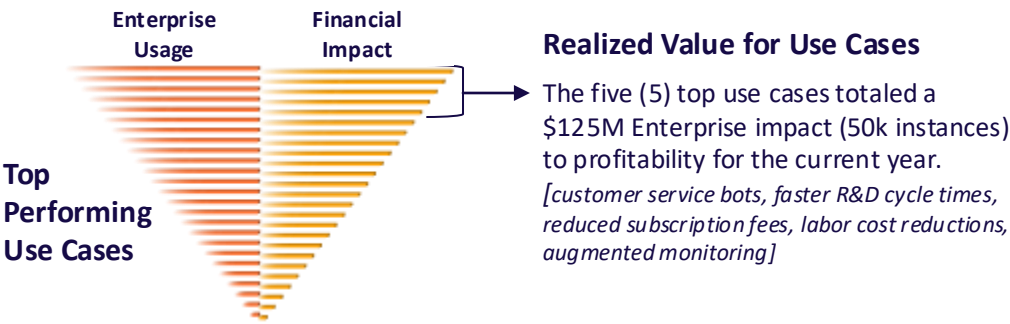
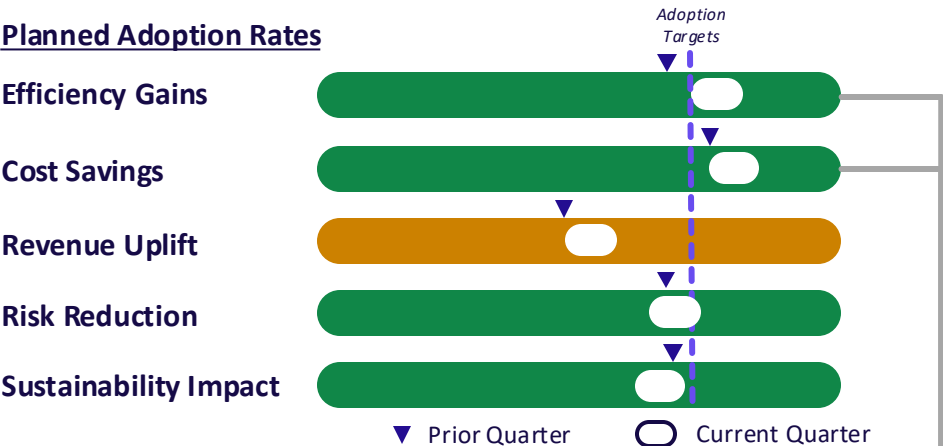
AI – Value Delivery

Value deployed across the Enterprise by your AI capability can be multifaceted and requires you to monitor usage consistent with the organization’s strategies the desired business outcomes.

Track the progress and value of your AI capability consistent with the Enterprise strategy and align it with user adoption and insights into the impacts across the Enterprise.

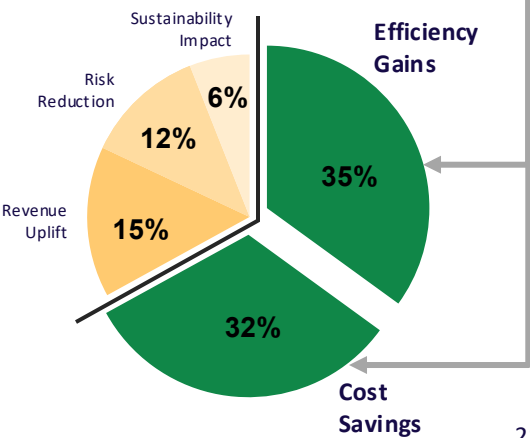
Value Status	YTD	Full Year	
Efficiencies	\$X.xM	\$X.xM	+x.x%
Cost Savings	\$X.xM	\$X.xM	+x.x%
Revenue Uplift	\$X.xM	\$X.xM	+x.x%
Risk Reduction	\$X.xM	\$X.xM	+x.x%
Sustainability	\$X.xM	\$X.xM	+x.x%

Planned Adoption Rates



Strategic Priorities

Primary adoption of AI capabilities is effectively being driven for the two primary priorities of Efficiency Gains and Cost Savings totaling 67% of total adoption.



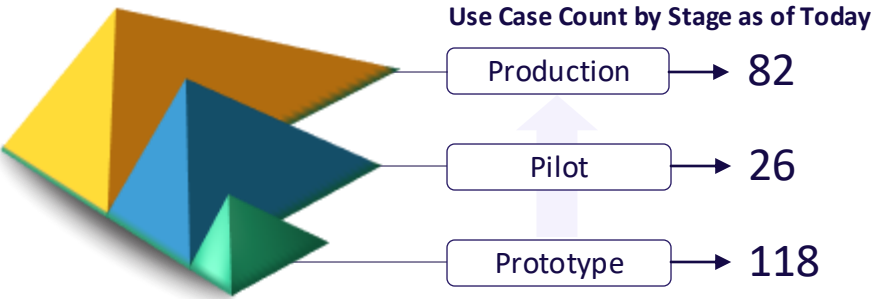
AI – ROI Enablement

AI ROI leverages our accurate TCO of investments and operations and combines it with Enterprise value delivered to communicate results to senior leadership consistent with your organizational mission and strategic pillars.

- The Highest ROIs are being delivered in the prioritized strategic pillar
- The technology org is driving use cases consistent with our corporate priorities
- Overall ROI is above benchmark and will grow with new uses cases being developed

Use Cases by Maturity Stage

Current use cases in production are already driving positive results. More use cases are progressing through the pipeline.



X.x%
AI ROI YTD

\$X.xM

ENTERPRISE MISSION

To empower every customer, employee, and community we serve to thrive in a digital, inclusive, and sustainable world through innovation, operational excellence, and responsible leadership.

Customer-Centric Innovation

Continuously develop products and services that solve real customer challenges using data, design, and emerging technologies.

Operational Excellence & Scalability

Drive efficiency, agility, and resilience across global operations through process optimization, automation, and supply changing modernization.

Digital Transformation & Technology Leadership

Invest in advanced digital capabilities (cloud, data analytics) to improve decision-making, deliver new value streams, and stay ahead of industry disruption.

Sustainability & Social Impact

Integrate ESG (Environmental, Social, Governance) into core operations and product strategies to drive long-term value creation and positive societal impact.

Talent Development & Inclusive Culture

Attract, retain, and develop diverse talent by fostering a purpose-driven, inclusive, and high-performance workplace culture.

YTD Results

\$X.xM

\$X.xM

\$X.xM

\$X.xM

\$X.xM

Efficiencies

X.xM

X.xM

X.xM

X.xM

X.xM

Cost Savings

X.xM

X.xM

X.xM

X.xM

X.xM

Revenue Uplift

X.xM

X.xM

X.xM

X.xM

X.xM

Cost Savings

X.xM

X.xM

X.xM

X.xM

X.xM

Revenue Uplift

X.xM

X.xM

X.xM

X.xM

X.xM



“

I have no idea...

”

Anonymous CIO



Question #1

- What is your CIO's AI strategy?
 - Is the business aligned with the CIO?
 - Is spend aligned with the defined strategy?



“

In some IT organizations, spending on **AI** is as much as **500-1,000%** over budget...

”

Gartner



Question #2

- Who is buying AI in your organization (IT, business, or both)?
 - How are the purchases approved?
 - How are variable costs being controlled?



Question #3

- **Who is using AI in your organization?**
 - How is the usage being measured and governed?
 - Is it providing the expected results (ROI) and outcomes?



Question #4

- How does IT lead leveraging AI for the company?
 - What evaluation and governance practices are in place?
 - How is IT incorporating AI in the delivery of services to customers?



Question #5

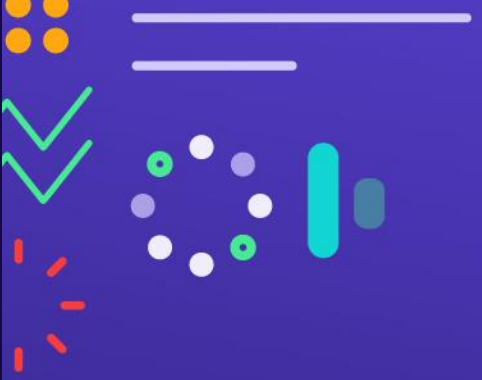
- How do we track the ROI of our AI investments?
 - Are we surveying and/or assessing (case-by-case) how our individual AI investments are providing return?
 - Are we leveraging cost transparency programs to provide insights into AI costs, so the business can assess the value?



Question #6

- Do we need to protect our IP for our own AI developments?





Defining AI Services



Decision Based

Business Capabilities

Business Applications				Workplace (Devices)	IT Security		IT for IT		Business Enablement
LOB A App 1	LOB A App n	LOB B App 1	LOB B App n	Client Computing	Identify	Respond	CIO Leadership	Service Mgmt	Emerging
LOB C App 1	LOB C App n	CORP App 1	CORP App n	Communication & Collaboration	Protect	Recover	EA	ITFM	Projects
				Connectivity	Detect		PMO		

Delivery Services							Platform Services			
Strategy & Planning		Development	Support	Security & Compliance		Operations		Data Services	Application Services	
Technology Business Management	Program, Product & Project Management	Design & Development	Service Desk	Identity & Access Management	Data Privacy & Security	IT Service Management	Deployment & Administration	Database	Application Hosting/SaaS	Content Management
Innovation & Ideation	Business Solution Consulting	System Integration	Application Support	Security Awareness	Governance, Risk & Compliance	Event Management		Distributed Cache	Foundation Platform/PaaS	Search
Enterprise Architecture	IT Vendor Management	Testing	IT Training	Cyber Security & Incident Response	Business Continuity & Disaster Recovery	Scheduling	Capacity Management	Data Management	Streaming	Decision Intelligence & Automation
			Central Print	Threat & Vulnerability Mgmt				Data Warehouse	Message Bus & Integration/SOA	AI & Virtual Assistance
								Data Analytics & Visualizations		

Infrastructure Services

Data Center	Network		Compute		Storage	
Enterprise Data Center	Data Network	Virtual Private Network*	Physical Compute	Mainframe	Networked Storage	Distributed Storage (CDN)
Other Data Center	Voice Network*	Domain Services	Virtual Compute & Containers		File & Object Storage	
	Internet Connectivity	Load Balancing	Compute on Demand*		Backup & Archive	

1 Capability Parent

2 Capability

3 Service Name

4 Service Offering

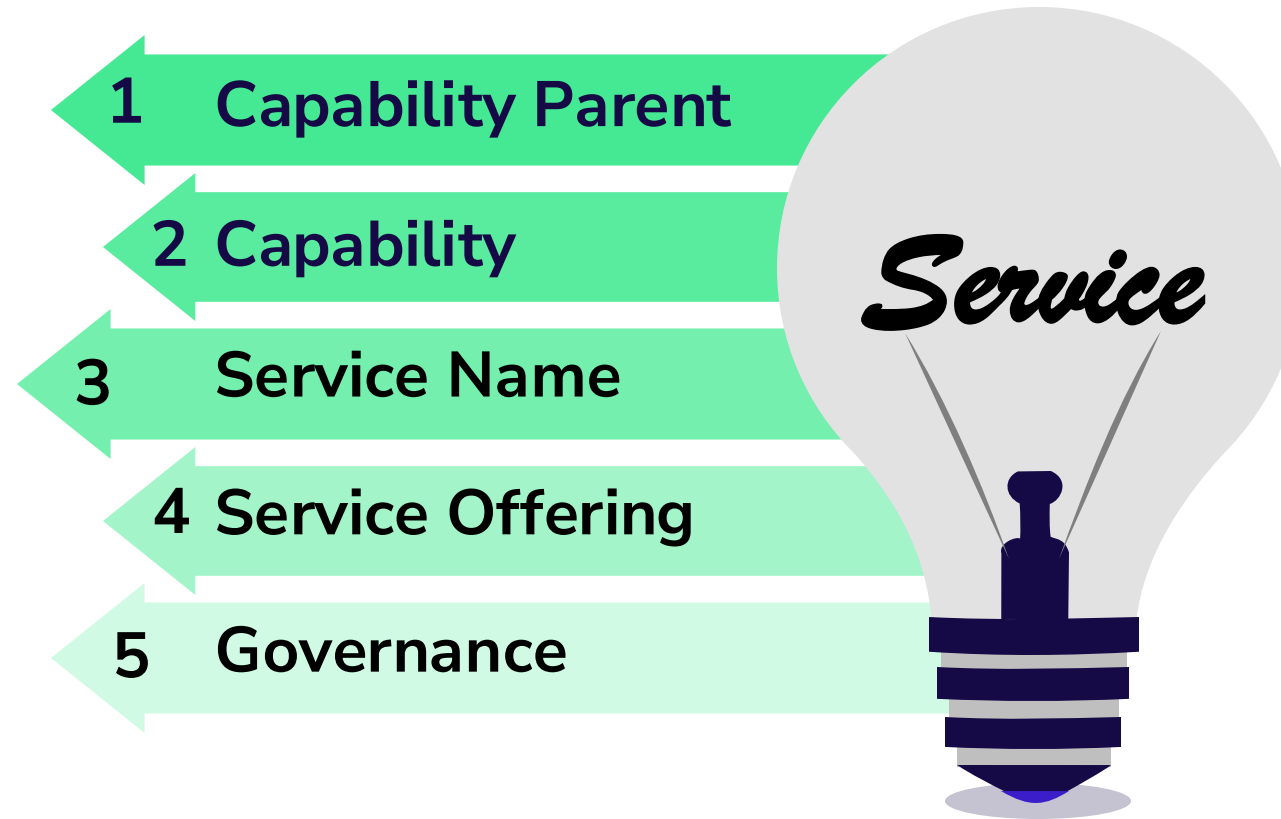
5 Governance

Service

IT Towers										
Data Center	Compute	Storage	Network	Platform	Output	End User	Application	Delivery	Security & Compliance	IT Management

Enterprise Single Source of Financial Truth										
Labor				Non-Labor						
Internal		External		Hardware	Software		Other			

Framework on Identifying a Service



SD – 1 Virtual Compute and Containers



Parent Capability

Infrastructure Services

Capability Group

Compute

Compute Services encompass both physical and virtual computing solutions that facilitate the operation of business applications, software tools, and system services. These services can be dedicated or on-demand and are available either on-premises or through external managed services or public cloud offerings.

Service Name

Virtual Compute

Virtual Compute services provide a range of compute configurations through the virtualization of physical resources. This may include on-demand provisioning and de-provisioning based on user interaction or application performance. Virtual instances typically run Windows or Linux OS with predefined configurations of virtually allocated memory, CPU, and storage. Standard operational support includes security hardening, backup, updates, patches, and centralized monitoring.

Typical Service Offerings	Service Owner	Labor	Non-Labor	Consumption
Windows Linux AIX Solaris  ESX	Oprah Winfrey Dwayne Johnson George Washington Tom Brady Mia Hamm	Internal External Consulting Artifacts Time Tracking Proximity Rule	Software Hardware Artifacts ELA Fixed Assets	Consumer Allocation Driver *Unit Inventory Service Offering

Virtual Compute Consumption



Inventory *Defined Service Offering

How much do I have?

Powerful in managing and measuring a unit cost. Some great data points to facilitate this value are:

OS Instances

Other data point options are:

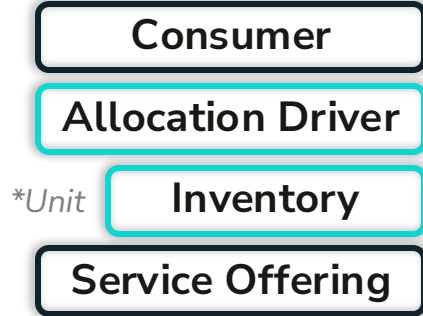
OS Availability and Uptime

Server Capacity Utilization

Server Patching and Maintenance Timelines



Think ahead! What Analysis and Decision Levers do you want to provide



Allocation Driver to Consumer

When Source System Data is present and mature.....

Compute serves Applications and Services; an effective alignment should be with the Business Consumer in mind. IT Specific Applications maybe better served to be define as a Service, which typically allows for a more thoughtful alignment to a Business Application or a Business Service that faces off with the Business. Compute might be better aligned to a Database Service, then to a Business Application and/or Business Service



When Source System Data is not present or not mature.....

Leverage a Proximity Rule

- ✓ Ensure something Thoughtful is Used
- ✓ Ensure you review and update these Quarterly
- ✓ If meaningful, then Prioritize Source System Capabilities on a Roadmap
- ✓ **Remember Failure is only when you don't make an attempt!**

Run IT as a Business



Leadership



Service Owner



SD – 1 Compute Devices



Parent Capability

Workplace Services

Capability Group

Client Computing

Provide physical and virtual devices and associated software and connectivity that enable users to interact with the enterprise's technology systems and third-party systems.

Service Name

Compute Devices

A selection of IT-provided computers, workstations, laptop, tablet, smartphone or BYOD configurations. Each type may be ordered with additional memory and storage. Standard corporate image will be loaded on each device. Requestor may order optional software through the Productivity services. Includes network and remote network access. Standard support package including security, back-up, antivirus, updates and patches, remote access, centralized service desk

Typical Service Offerings

PC
VDI
Smartphone
BYOD

Service Owner

Oprah Winfrey
Dwayne Johnson
George Washington
Tom Brady

Labor

Internal
External
Consulting
Artifacts
Time Tracking
Proximity Rule

Non-Labor

Software
Hardware
Artifacts
ELA
Fixed Assets

Consumption

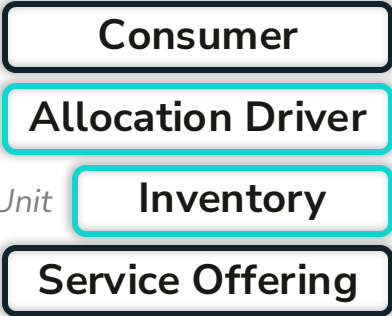


Consumer
Allocation Driver
Inventory
Service Offering

*Unit



Compute Devices Consumption



Inventory *Defined Service Offering

How much do I have?

Powerful in managing and measuring a unit cost. Some great data points to facilitate this value are:
Device Count.

Other data point options are:
Memory & Storage Upgrades
Software Licenses Issued
Network Access Instances
Support Incidents

Security Updates
Backup Operations
Device Lifecycle
Remote Access Utilization



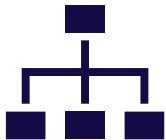
Think ahead! What Analysis and Decision Levers do you want to provide



Allocation Driver to Consumer

When Source System Data is present and mature.....
For Compute Devices management and provisioning, defining units of consumption can help in measuring the use and cost of IT resources provided to users. By tracking these units, IT departments can gain insights into the efficiency and effectiveness of their device management processes, optimize resource allocation, and ensure that users have the necessary tools to perform their roles effectively.

Value



When Source System Data is not present or not mature.....

Leverage a Proximity Rule

- ✓ Ensure something Thoughtful is Used
- ✓ Ensure you review and update these Quarterly
- ✓ If meaningful, then Prioritize Source System Capabilities on a Roadmap
- ✓ Remember Failure is only when you don't make an attempt!

Run IT as a Business



Leadership



Service Owner



SD – 1 Artificial Intelligence & Virtual Assistance



Parent Capability

Capability Group

Service Name

Application Services

Application Services include a wide-range of application-based services that run on top of the compute platform and enable other business applications. Application Services include application hosting, message bus and system integration, audio/video streaming, content management, search and a variety of artificial intelligence and machine learning services.

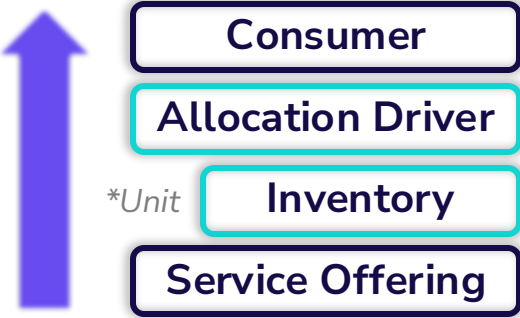
Artificial Intelligence & Virtual Assistance

Is the field of computer science focused on creating systems or machines that can perform tasks that typically require human intelligence. These tasks include learning, reasoning, problem-solving, perception, language understanding, and decision-making. The value is time savings, reduced manual efforts, increased self service and consistency.

Typical Service Offerings	Service Owner	Labor	Non-Labor	Consumption
ChatGPT Copilot Claude Replika Pi (Personal Intelligence)	Oprah Winfrey Dwayne Johnson George Washington Tom Brady Mia Hamm	Internal External Consulting Artifacts Time Tracking Proximity Rule	Software Hardware Artifacts ELA Fixed Assets	Consumer Allocation Driver Inventory Service Offering



Artificial Intelligence & Virtual Assistance



Inventory *Defined Service Offering

How much do I have?

Powerful in managing and measuring a unit cost. Some great data points to facilitate this value are:
Prompt Complexity Score.

Other data point options are:
Response Token Volume
Task Completion Rate
Response Time
Knowledge Source Hits

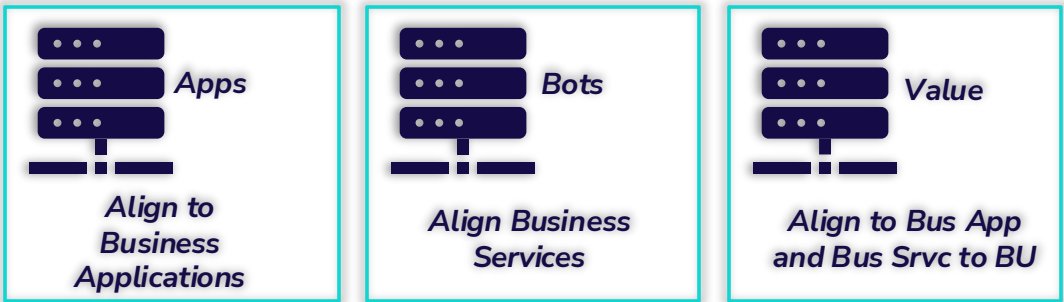
Retraining Frequency
Use Case Category
Token Count
Tasks Completed

★ **Think ahead! What Analysis and Decision Levers do you want to provide**

Allocation Driver to Consumer

When Source System Data is present and mature.....

These metrics reflect not only the volume of activity but also the complexity and cognitive effort offloaded from human users. Consumption units enable organizations to monitor AI adoption, drive cost transparency, and measure return on investment in a meaningful and equitable way across business consumers.



When Source System Data is not present or not mature.....

Leverage a Proximity Rule

- ✓ Ensure something Thoughtful is Used
- ✓ Ensure you review and update these Quarterly
- ✓ If meaningful, then Prioritize Source System Capabilities on a Roadmap
- ✓ Remember Failure is only when you don't make an attempt!

Run IT as a Business



Leadership



Service Owner



Conclusions



Conclusions

- Let's lead the AI journey...
- Connect our investments to value
- Educate leadership & decision makers
- Mature our ITFM, TBM, and FinOps programs for AI



Thank You

