State IT Agency Simplifies Cost Allocation to Gain Visibility and Trust

CUSTOMER PROFILE:

$60M+
ANNUAL IT BUDGET

39
SEPARATE CONSUMING AGENCIES

Overview

A state technology agency struggled to rapidly analyze, justify, and communicate IT service costs and the capabilities they enable. While they had plenty of data, manual, ad hoc analysis conducted with a combination of spreadsheets and a stand-alone allocation tool was a constant bottleneck to answering questions and providing insight to stakeholders.

The agency is also required to meet rigorous, government mandated reporting and allocation requirements (double step-down) for all spend under its purview – adding more complexity to its $60+ million budget across 39 consumers.

The agency's leadership set out to replace its legacy systems with a new purpose-built platform to accomplish three core goals: reduce low-value manual effort, engage more effectively with stakeholders, and gain the time and capability to perform deeper, more impactful analysis. This case study details their results.

Key Challenges

- **Manual, error-prone cost modeling workflow** – The agency's cost model was problematic for three reasons: 1) it took considerable time and effort to build and run, 2) it was built in Excel and lacked automation, which introduced the possibility of human error in multiple steps of the process, and 3) its outputs took huge amounts of manual analysis to decipher, creating a serious bottleneck to gaining insight from the data.

- **Difficulty engaging with stakeholders** – Since the agency's cost model outputs took so long to interpret, stakeholders often waited days to get answers to fundamental questions. Furthermore, deeper insights to guide decision-making were challenging to refine and deliver in a meaningful way.

- **Inadequate traceability of spend** – Due to public sector reporting rules, the agency must be able to trace all funding from its original source to where it was finally spent. But with the agency's existing tools, this kind of information was only available on an ad-hoc basis, which stifled both visibility and efficiency.

RESULTS

- Created new trust and confidence in service cost allocations

- Increased the impact and frequency of new insights delivered by IT Finance

- Improved accuracy and reliability by removing manual error risk

- Enabled faster, more actionable responses to stakeholder inquiries

- Simplified execution of government mandated reporting and allocation procedures

The Solution: Implementing Nicus for Public Sector IT
After a thorough RFP process, the agency chose Nicus IT Cost Transparency to replace its legacy cost modeling system.

Once the solution was fully implemented, the agency experienced significant improvement in respect to each of its three biggest challenges – streamlined cost modeling workflow, better engagement with stakeholders, and enhanced traceability of spend.

Faster, Simpler, and More Accurate Allocations
Despite the agency running its cost model just a handful of times each year, excessive effort and susceptibility to human error were both still major obstacles – and understandably so, considering the agency manages a $60+ million annual budget (across 39 separate consumers) and must adhere to a complex, mandated double step-down allocation procedure. After transitioning to Nicus, the agency elevated its entire cost modeling workflow to achieve a new standard of accuracy, while requiring far less time and effort.

The agency's Cost Recovery Manager commented, "My personal favorite is the time savings and consistency on my cost model. In the old system, I was typing in hundreds of data statistics, scrolling up and down in dozens of small windows, almost like an old DOS setup. It was extremely time consuming and susceptible to error, but now it's a simple template. It's just fantastic. The time savings on my cost modeling workflow is night and day."

Rapid & Insightful Stakeholder Responses
Another frustration of the agency's previous cost modeling system was the manual analysis needed to interpret its outputs and answer stakeholder questions.

"It was very archaic," the agency's Cost Recovery Manager added. "It was only designed to do one thing, and that was deliver an annualized service cost. It did a fantastic job, but it was excruciatingly manual – especially for back-end reporting. Data would go in, and the model gave us this massive report 600 pages long."

" **Not only does Nicus let me answer questions faster, it lets me answer them more thoroughly.**

That 600-page report was the crux of the agency's problem. To respond to any question, staff would spend days digging through the numbers and translating an answer that consumers could understand.

But now, agency staff have detailed answers to consumer questions right at their fingertips.

"A question that might've taken me a day or two before can now be addressed in hours," the agency's Cost Recovery Manager reported. "And I'm able to provide so much more insight to management. Before, I never had time to extract this level of data and turn it into something people could access and understand. Not only does Nicus let me answer questions faster, it lets me answer them more thoroughly."

New Visibility Simplifies Reporting & Builds Trust
The agency must produce a variety of reports for its various stakeholder groups – both to comply with Federal chargeback reporting rules and to inform customers on their IT costs and

usage. In both cases, detail and traceability are essential. But with the agency's previous system, achieving maximum traceability and granularity always felt out of reach.

"It's crucial to be able to trace costs and give full visibility," the agency's Cost Recovery Manager explained. "Consumers want to know how they got there, where they came from, consumption and utilization rates, cost drivers... they're looking for details. But providing that level of detail using our old tools was always a challenge. Everything was an ad-hoc analytical exercise, so it was easy to get lost in the weeds trying to deliver information when and where it was needed."

However, working inside Nicus today, the agency is now achieving traceability and visibility that felt impossible before.

"The functionality and reporting capabilities of Nicus on the backend are a hundred-fold improvement," the agency's Cost Recovery Manager says. "The tracking of allocations in the Nicus cost model is unbelievable. We can track every dollar
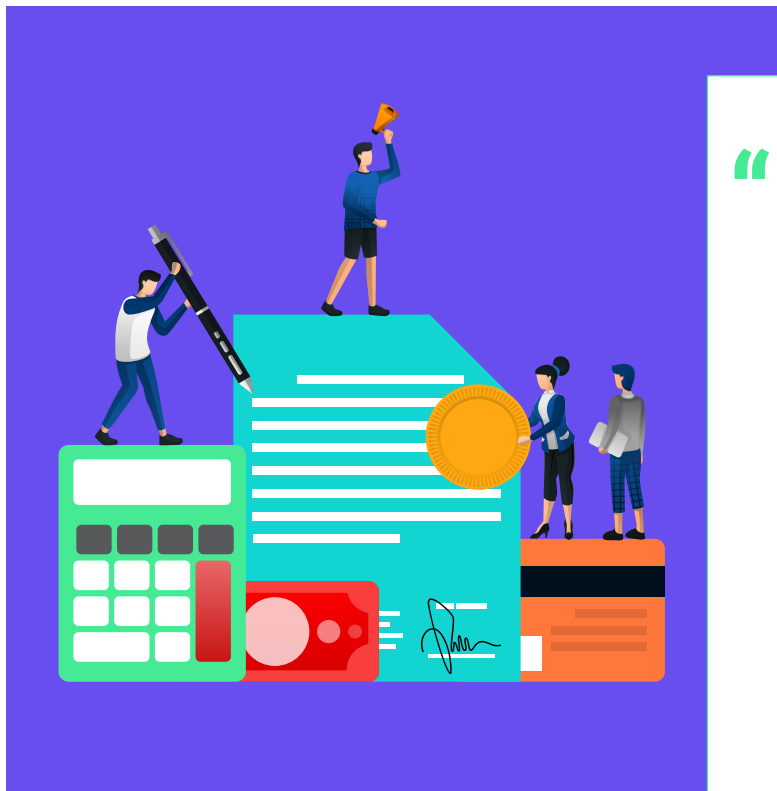
> **" The functionality and reporting capabilities of Nicus on the backend are a hundred-fold improvement"**

through the system – all the way through, every level along the way. And we have the data and capability to get a level of visibility that just wasn't viable in the past."

Aside from its practical utility, the biggest benefit of this new visibility is stronger trust and confidence in IT. By offering self-service, role-based reports, consumers can now explore and understand the data on their own – meaning there's far less questioning and skepticism.

"Having this transparency and offering people direct access to their data – already translated into terms they understand – gives confidence that wasn't there before," the agency's Cost Recovery Manager said. "Before, they had to just trust our work, or wait for us to pull the numbers and explain. Now they see it themselves, and they trust it more. It's tangible."

Building a Long-term Partnership
Like most organizations in search of an ITFM solution, the agency had concerns about the possibility of buying a product, getting it deployed, and being left to figure out the rest on their own. There were also worries about translating core logic from the agency's legacy system to a new solution.

But from start to finish, the Nicus implementation team worked to instill confidence and guide the agency through a smooth transition.

"Nicus consistently demonstrated they could deliver what we needed. [Nicus's] out-of-the-box functionality was already head and shoulders above the rest, and they had no trouble proving the solution could be configured to fit our specific needs. It was clear Nicus would work in a public sector context, specifically with our complex, double step-down allocation procedure."

"I've lived inside spreadsheets forever. Despite all the headaches, that's where I felt comfortable. I was nervous to wean myself off and start trusting the solution, but Rob and the team made the transition totally painless."

"The way we worked together and how they taught me throughout the process was absolutely crucial," the agency's Cost Recovery Manager says. "Here's this experienced team coming in, talking everything out, breaking down the language barrier for me – always with a smile saying 'we can do that,' 'we can help you with this,' or 'don't worry about that.' It was just comforting for somebody like me who'd never been through it."

"Nicus delivered far more than we expected. We're better equipped than ever to understand and leverage our data. I can't imagine doing what we do today without Nicus."

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