IT Spending Transparency Maturity Model

Whitepaper

CIO Council's Federal Technology Investment Management Community of Practice & ACT-IAC IT Management and Modernization Community of Interest

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The CIO Council's Federal Technology Investment Management (FTIM) Community of Practice (CoP) and the ACT-IAC IT Management and Modernization (ITMM) Community of Interest (CoI) teamed up to deliver a new IT spending transparency maturity model. This model supports a milestone in action #9 of the Federal Data Strategy 2020 Action Plan, which directs agencies to improve financial management data standards[1]. This consensus-driven tool helps agencies measure the current- and future-state of their Technology Business Management (TBM)[2] implementations as one piece of their larger IT spending transparency efforts.

TBM, a value management framework, provides organizations with standards and best practices to communicate the cost, quality, and value of information technology. CIO's use TBM as part of a larger IT spending transparency effort to enable critical conversations with stakeholders and provide a solid foundation for understanding the value of significant IT investments. The U.S. Federal Government is taking concrete steps to require federal executive agencies to use widely accepted frameworks, like the TBM methodology and data standards, to measure IT costs and create a cross-agency framework for understanding IT spend.

Most federal executive agencies began their TBM journey when the Office of Management and Budget (OMB) released its IT budget guidance in 2019.[3] As the adoption of this common framework and methodology matured, agencies began to gain a more complete view of IT spend, increasing transparency with the public on how the government is spending taxpayer dollars for IT products and services.

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[1] https://strategy.data.gov/action-plan/#action-9-improve-financial-management-data-standards

[2] The open source TBM framework and taxonomy is governed by the TBM Council, a not-for-profit organization and overseen by a group of academic and commercial information technology executives. https://www.tbmcouncil.org

[3] FY 2019 IT Budget – Capital Planning Guidance (CPIC Guidance), August 2017, Office of Management & Budget

Implementing the TBM Taxonomy

Adopting the TBM Taxonomy is a journey and successful implementation involves engaging many people across an organization[4]. It begins with senior leadership, front line management, and service owners throwing their full weight of support behind the effort. Once buy-in is achieved, the next step is to collect and map data to the TBM Taxonomy, which provides a mechanism to approach various dimensions of the IT enterprise. Having meaningful data is core to creating actionable information through metrics and reporting. However, the magnitude of data changes frequently and is often difficult to manage manually. For this reason, early automation is considered a best practice to keep data up to date and reduce errors. Ultimately, a successful TBM Taxonomy implementation helps organizations make more informed decisions that produce better business outcomes.

In March 2019, The U.S. General Services Administration and the U.S. Department of Education released a TBM playbook[5] that describes both an overarching strategy and tactical approach to assist federal agencies as they start their TBM implementation. Table 1 provides an overview of the process laid out in the playbook.

Table 1: GSA's & Dept of Ed Technology Business Management Playbook

Play	Activity	Description
1	**Identify key players and stakeholders**	An effective TBM implementation consists of business stakeholders, financial analysts, and IT and acquisition professionals. Together, this team drives change through collection, analysis, reporting, and informed review of IT data.
2	**Determine current state**	To understand what your agency's TBM journey will look like for your agency, it's necessary to understand current data collection and aggregation methods, financial systems, business processes, and models your agency already has to support TBM. No matter your current state, TBM can bring value.
3	**Identify measurable desired outcome**	Identify how your agency can deliver the right IT services for the best possible price as you work with stakeholders to identify priority areas to focus your TBM efforts.
4	**Start aligning data**	Based on your agency's current state and desired near term outcomes, it's time to start working with financial data. Starting from the bottom up is recommended - aligning financial data to cost pools before moving to tower and service mapping.
5	**Look for insights**	Now that you have started mapping your data, where does that data lead you? Focus on examining the data to see how it provides insights into issues or benefits around the identified outcomes.
6	**Rollout and adoption**	Now that you have completed the first iteration of your TBM implementation, start integrating TBM principles, data, and value discussions into meetings and funding reviews.

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[4] Technology Business Management (TBM) CXO Value Conversations https://www.actiac.org/system/files/TBM_0.pdf

[5] GSA & Education TBM Playbook https://tech.gsa.gov/assets/downloads/GSA_Education_TBM_Playbook_v6.pdf

⑦	**Keep maturing the TBM implementation**	Assess your maturity and identify opportunities to maximize your TBM implementation.

TBM Maturity

People, taxonomy, process, and data are the cornerstones of a mature TBM capability. IT and business stakeholder collaboration are also essential. Without this partnership, the value of IT is near impossible to understand. The TBM taxonomy enables this collaboration by providing a common language for IT shops to use processes to collect, organize, normalize, and map data to generate metrics and reports. The information these processes produce provides greater transparency, enables data-driven decision-making, and ultimately influences behavior.
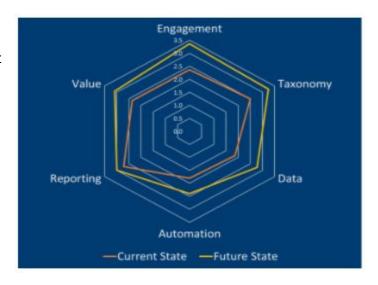

Figure 1: IT Spending Transparency Maturity Model

Agencies tend to rate higher on the defined maturity dimensions of people engagement, TBM taxonomy, data, automation, reports and metrics, and value (shown in Figure 1) as higher levels of maturity are achieved. These maturity dimensions, or evaluation criteria, cover the primary areas required for a successful TBM implementation:

Engagement - The value of TBM is realized at the onset, as CIOs engage with stakeholders, including CXO(s) and ACXO(s), to understand the value TBM brings. Therefore, it's critical to form a partnership between IT, Mission, Finance, Budget, Procurement, and HR Functions and Operations. It's through this partnership that technology leaders and their business partners work collaboratively to collect and assemble the facts they need to govern business-aligned decisions about future IT. TBM is the tie that binds IT, finance, and the business, through relationships built on transparency and trust. Utilizing the TBM Taxonomy places a significant role in achieving this desired transparency.

Taxonomy - The TBM taxonomy defines a standard, hierarchical set of cost categories and therefore is one of the essential tools of TBM. The TBM taxonomy classifies and organizes IT costs, units, and other metrics from disparate sources and provides a standard set of terms to describe them. It provides leadership with the ability to compare technologies, towers, and services to peers and third-party options.

Data - A key component of the Federal Data Strategy is to leverage data as a strategic asset. A successful TBM implementation is also reliant on good data. However, it's continually changing, which makes the process of curating it effectively resource intensive. Focusing on the data requirements, allocation rules, and metrics needed helps organizations create transparency and enables reporting. Although they may never be perfect, it's important to have processes in place to assure that data integrity, completeness, and tagging are maintained. Therefore, moving data gathering, functionality, scalability, security, data integration, and reporting to an automated process will enhance quality and efficiency.

Automation - Partner with business and technology owners to improve business processes through automation. Automation is essential to sustaining a repeatable model, integrating disparate data sets, and maturing an organization's IT Transparency process. It also reduces the potential for errors from manually updating data. The data will be the building blocks for reporting and demonstrating value.

Reporting - With proper reporting, data is transformed into actionable information that informs decision-making at both operational and strategic levels. TBM metrics allow IT leaders to manage business value and improve business outcomes. Reporting and metrics are the centerpieces of value conversations with organizational stakeholders.

Value - Conversations about value help put IT professionals and their business partners on the same side of the table when talking about value delivered, quality of service, speed of delivery, cost, constraints, and risks. Think about the value your IT team is providing to the business. Do you enable technology leaders to measure and improve efficiency and demonstrate that the services and technologies they provide align with alternatives, such as cloud options, industry peers, or other internal providers? Can IT focus its time and resources on the right services, technologies, and providers? Build these value conversations into critical interactions, such as monthly operating reviews, quarterly business reviews, annual strategy sessions, planning meetings, etc. to convey the value that IT brings to the organization.

This free IT spending transparency maturity model uses commercial and government best practices to help agencies adopt the TBM methodology and data standards - regardless of their current IT transparency maturity. More specifically, the new maturity model turns qualitative activities into quantitative metrics, helping agencies measure progress and keep teams and leadership aligned on what matters most for their mission. Most importantly, this model helps U.S. government agencies be more effective, efficient, and accountable to the taxpayers they serve through transparency and continuous improvement.

Conclusion

Generally, at lower levels of maturity, an organization is reactive, lacks metrics, and does not have comprehensive processes. As maturity improves, data improves, processes become more whole, and outcomes more repeatable. At the highest levels of maturity, you gain tightly controlled governance, integrated systems, and optimized services. Your agency can leverage the IT spending transparency maturity model to support the implementation of TBM as well as the data collection activities in the Federal Data Strategy Action Plan. The maturity model can also help agencies measure progress and enable leaders and teams to align their goals. Once in use, it will become more apparent which dimensions require the most attention and effort and which dimensions only require fine-tuning. This process doesn't happen overnight, though. It matures over time as data quality improves and the metrics that drive decisions are developed and utilized.