

BUSINESSOBJECTS IT SERVICES COSTING XI RELEASE 2

REAL-TIME FORECASTING

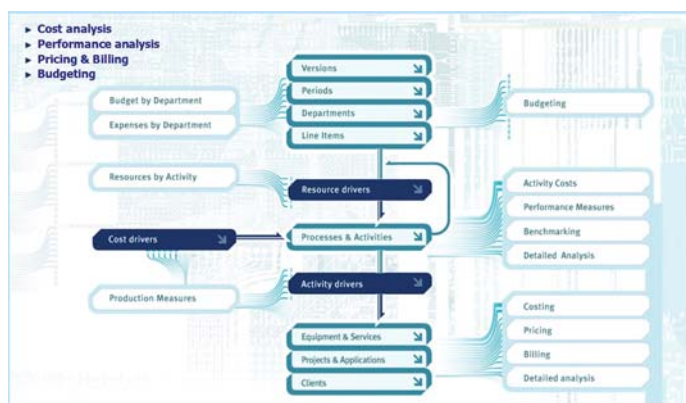
The focus on improving operational efficiency and reducing direct business costs has run its course, and organizations are now turning attention to other areas of the business to find new efficiencies and opportunities for cost reduction. In spite of endeavors to achieve economies of scale by establishing shared services departments, the rising cost of IT concerns many organizations.

While overall IT costs are more easily identified, the ability to cost individual services and cross charge them back to business units is limited by an understanding of how these costs build up in the first place—and how business unit use affects them.

BusinessObjects™ IT Services Costing XI Release 2 is a solution for costing and cross charging IT services. IT Services Costing provides an efficient and effective environment for organizations to manage and control accurate cross charging of shared services costs, while at the same time predicting and planning for changes in the rate of business unit demand.

MANAGEMENT AND CONTROL

When considering a need for a management and control environment for IT shared-services costs, you'll need to address a number of business issues. In terms of how they are charged for IT services, business unit managers want clarity and accuracy in the costs, and an understanding of how costs build up. CEOs want business units to understand how IT consumption affects business costs. IT departments want to understand how business unit service consumption changes over time so they can plan and align services with business needs. To address these pressing issues, you need to look beyond better costing. Frequent realignment of resources and capacity of shared-services functions with demand is also implicitly required.



You can customize the end-user interface for ease of use and to reflect IT's needs.

Optimized IT Shared Services

Enterprise performance management (EPM) solutions from Business Objects provide specific functionality for costing and cross charging IT services. This includes best-of-breed activity-based costing (ABC) and driver-based budgeting (DBB) methodologies to help your

organization more closely align resources with demand and optimize cross charging of IT shared-services costs.

Accurate Costing of IT Services

Leading business analysts have suggested that by 2008, 50% of chargeback initiatives will be seen as failures. To counter this threat they advise ABC techniques be used for shared-services elements of IT expenses. This provides a firm basis for cross-charging, giving internal customers a deep understanding of how consumption of services impacts charges.

The ABC methodologies within EPM deliver the insight to IT costs your organization needs. These methodologies comprise functionality specific to the needs of IT services—allowing you to fully understand IT function costs and how these may be allocated to the business units in line with the way in which they are consumed.

Transparent Cross-Charging

Once your IT costs are fully modeled and understood, EPM can then automatically cross charge these to business units. You can base your charge outs on usage or capacity adding a fixed or variable margin, or override calculated rates with fixed rates—the choice is yours. But you are always in control and able to reconcile the full recovery of your total expenses.

Our functionality enables you to:

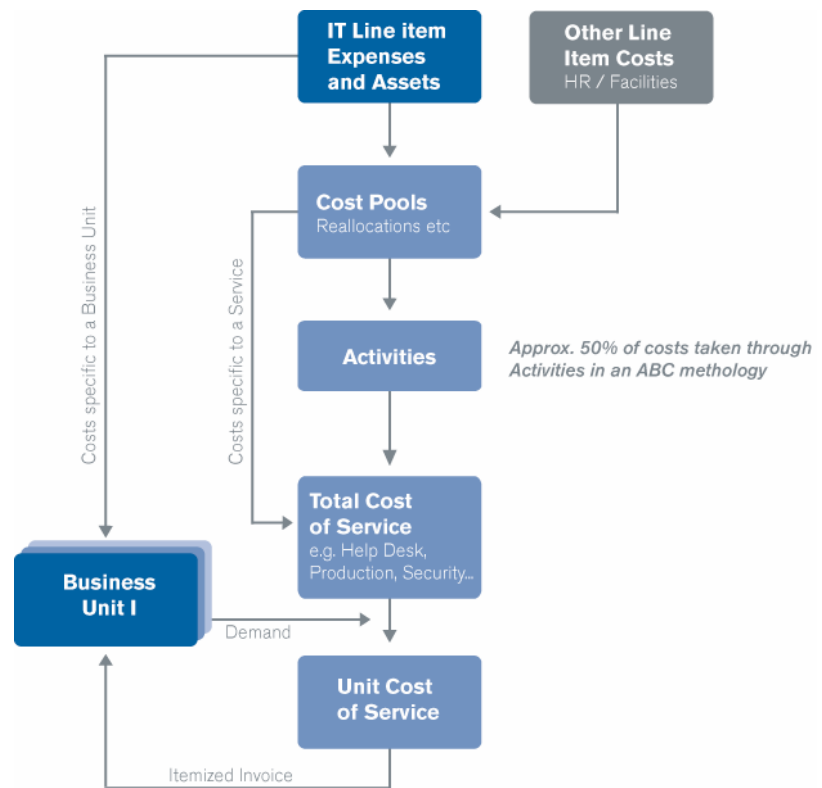
- **Choose the appropriate methodology** for costing and charging each service, including best-of-breed ABC
- **Capture and incorporate expenses and other data** from the general ledger, asset management, and other IT measurement systems
- **Reflect the reiterative nature of shared-service costs**—for example, where IT provides a service to HR and by return HR provides a service to IT
- **Report to IT Infrastructure Library (ITIL)** and other standard IT services protocols

Our multidimensional costing methodology enables you to assign costs to services, internal customers, projects, and applications quickly and easily while giving the ability to trace costs back to source.

Benefits of ABC-Based Cross-Charging

There are many benefits to the accuracy and automation of cross charging IT shared-services costs:

- You can produce detailed invoices showing a business unit's use of a service, unit price, and total cost. With full trace-back, this ensures IT costs are fully accountable and transparent to business unit managers who now understand just what they consume and what they pay for.



- Collaboration between IT and business unit managers is encouraged, owing to the better understanding of how costs are incurred. Unit managers can work closely together to identify areas for potential cost reduction—removing non-value added activities, adjusting service levels, etc. This has the potential to significantly reduce the consumption rates—and the costs—of IT.
- The take-all-you-want buffet mentality use of IT by business unit managers is discouraged.

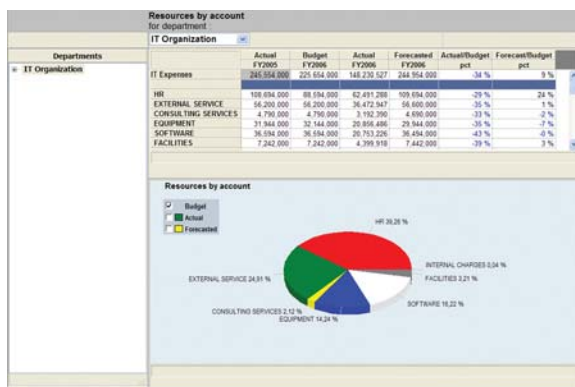
		Budget	Actual	Actual	Budget	Actual
		Quantity	Quantity	USD	USD	USD
Data Storage	Gigabytes of storage	110.00	79.08	\$500.00	\$394.00	\$357.54
Calculated subtot						
		110.00	79.08	\$500.00	\$394.00	\$357.54
Maintenance	MFP's (Maintenance)	1,363.00	1,363.00	\$210.00	\$830.34	\$830.23
AS400	Custom Processing	1,267.00	1,267.00	\$230.00	\$811.81	\$811.81
Unix	Transactions per	872.00	872.00	\$300.00	\$815.58	\$813.82
Windows/Linux	Number of Servers	85.00	85.00	\$2,750.00	\$816.48	\$823.88
Server Maintenance	Workstations	3,707.00	3,707.00	\$308.88	\$81,006.41	\$81,148.88
Standard Workstn	Hrs of workstations	158.00	158.00	\$0.00	\$80.00	\$80.00
Level 1 Workstn	Hrs of workstations	88.00	88.00	\$0.00	\$80.00	\$80.00
Level 2 Workstn	Hrs of workstations	88.00	88.00	\$0.00	\$80.00	\$80.00
Desktop Workstn	Hrs of workstations	20.00	20.00	\$0.00	\$80.00	\$80.00
Workstations		302.00	302.00	\$0.00	\$80.00	\$80.00
Internet	Number of network	1,114.00	1,114.00	\$117.08	\$8378.52	\$8330.40
Email	Number of network	1,114.00	1,114.00	\$80.48	\$8278.31	\$830.88
Network/Network		2,228.00	2,228.00	\$88.77	\$8656.83	\$833.08
Printer and other p	Hrs of printers	1,808.00	104.40	\$0.00	\$80.00	\$80.00
IT Equipment		7,842.00	6,418.48	\$218.18	\$82,468.32	\$81,408.25
Analysis Day	Number of Analyst	288.50	1,363.87	\$802.87	\$8116.48	\$81,222.48

Shared-services invoice showing full cost breakdown.

ALIGN RESOURCES WITH DEMAND

The management and control of IT shared services is not just about the benefits of costing and cross-charging—it's also about being able to frequently reforecast and realign resources and capacity of shared service with the needs of your organization. The planning and budgeting capabilities of our EPM suite provides functionality to help you:

- Regularly reforecast the demand for IT shared services
- Plan for and align IT shared-services resources with expected changes in demand
- Help IT make more informed investment decisions based on future consumption rates



Sample report detailing IT shared-services expenses by department.

When working in combination with ABC, any changes in consumption are immediately reflected in updated and accurate cross-charges to the business units concerned.

CORPORATE EFFICIENCY AND PERFORMANCE

The two aspects of superior control and management of IT shared services—better costing and better realignment of resources with needs—can have a potentially significant effect on overall organizational costs and efficiency.

ABC brings a fine granular level of detail and understanding of how costs are built up, plus the ability to cross charge efficiently. The impact of regular reforecasting and realignment of IT resources with demand has the potential to give your organization the ultimate flexibility when it comes to managing and improving operational performance and efficient use of IT shared services. Owing to greater understanding and collaboration between IT and the rest of the company, your organization will operate more smoothly than ever before.

And—even better—your CEO and executive team will understand exactly why IT costs so much, where cost savings are possible, and the value your IT function brings to the organization as a whole.

ENTERPRISE PERFORMANCE MANAGEMENT

BusinessObjects IT Services Costing is an enterprise performance management (EPM) solution from Business Objects. EPM enables you to align people, processes, and technologies around common plans to execute and optimize business strategy.

Business Objects delivers an integrated framework for companies to plan their business, measure performance, take action based on trusted data, and reward people based on their performance. To find out more about Business Objects EPM solutions, visit www.businessobjects.com.

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