

How to Allocate IT Costs to Recoup Funds & Drive Business Value



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Through 2025, CIOs who successfully communicate their IT organizations' value will maintain **60% higher funding levels than their peers.** However, most fail to quantify IT's business impact.



Accurate Analysis

45% of organizations have no formal way of measuring IT value



Fair Allocations

38% of IT spend will be managed, defined, and controlled outside of IT



Measuring Value

7% of organizations are successful at demonstrating the business value of IT



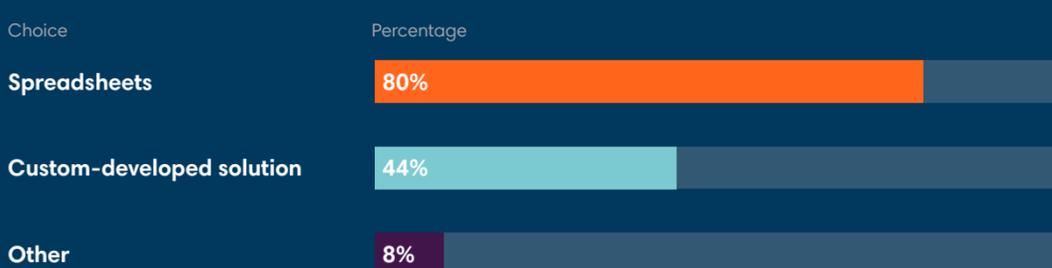
Recovering Costs

30% of chargeback-related questions are to help the business understand the value IT

Using spreadsheets to manage this complicated process is inefficient and ineffective.

It's surprising to see many organizations are still using unwieldy tools to communicate and recover costs, instead of a tool which is purpose-built for IT.

If you were running a chargeback or showback process prior to using Apptio, which solutions(s) did you use?



Spreadsheets' limitations create challenges:



Business consumers do not understand what's driving IT costs



Error-prone and manual spreadsheets waste resources and erode IT credibility



Limited visibility into the levers that impact consumption and drive behavior change



Business partners consume IT services like they are free

Where do you start when recouping IT costs?

Going beyond general awareness of IT costs ("How much?") to focus on its value ("What am I getting?") or drive change ("Where can I impact?") requires advanced cost recovery strategies. Leading organizations leveraging more sophisticated showback and chargeback processes to improve awareness and accountability, while shaping consumption and demand.



	Allocation (Simple spread)	Showback (Cost-based)	Chargeback (Cost-based)	Chargeback (Rate-setting)
Easy to implement	●	◐	◐	○
Fair & defensible	◐	●	●	●
BU understands IT costs	○	●	●	●
Provides BU with choice	○	◐	●	●
Incentivizes BU cooperation	○	◐	●	●
Accelerates adoption/retirement	○	◐	◐	●
Recovery completeness	●	○ / ●	●	●

Organizations using Apptio instead of manual spreadsheets help empower business partners to be better consumers

88%

reported increased transparency into what makes up the cost of delivering IT services

88%

cited better business conversations with the business about IT costs

60%

estimated a 6%-10% cost savings associated with empowering business partners

67%

report a reduction in time spent answering questions about IT charges of 1 day or less

Before

- Confusing, error-prone IT billing
- Time spent generating reports
- 7 - 14+ days to answer cost questions
- IT is consumed like it's free



After

- Consistent, defensible IT billing
- More time spent conducting analysis
- Immediate answers
- IT is run like a business and partner

See the Apptio Difference



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