§sas
THE POWER TO KNOW®

How can IT control costs, align resources with operations and strategy, and justify IT chargebacks to business users?

■ Business Impact

"Our real-life experience with SAS has proven its value. We already see a significant difference in the attitude of business units toward IT costs. We receive much more precise questions like: 'Why were our software application costs much higher than the previous month?'"

IT executive
Large European bank

■ Challenges

- **Calculating the costs of IT services**. If you can't determine where costs come from, it's difficult for both business users and the IT organization to gauge the effects of structural or operational IT changes.

- **Inability to prove how IT assets and resources support the business.** Many organizations lack the comprehensive view they need of hardware, applications, personnel, networks, external costs and telecommunications to pinpoint over- and under-utilization, true capacity and idle resources.

- **Lack of transparency**. To explain costs and demonstrate the business value of IT, you must be able to see the costs of servicing each separate business and show how this ties to service level agreements.

THE ISSUE

Analysts agree that ineffective IT and business alignment is the foremost challenge CIOs face when it comes to optimizing IT resources. Dealing effectively and efficiently with IT chargebacks through an IT resource management solution addresses part of the problem, because it manages resources, collects cost and usage information, and creates chargeback invoices. But if CIOs had additional insight into costs, they could manage them more proactively and clearly communicate to business users what they are being changed for and why.

Too often, IT is considered a cost center whose budget needs to be minimized. To overcome this bias, CIOs must be able to demonstrate the full business value of the IT function and describe precisely what IT does to contribute to operations and strategy.

OUR APPROACH

CIOs and business unit managers need to have meaningful conversations about how to best reduce and control costs while still providing the service levels required to keep the business running and growing. SAS approaches this problem by providing software and services to help you:

- **Justify specific IT services costs and chargebacks.** Based on facts and business rules applied to costs and IT resources, users and processes, CIOs can show business users exactly how much it costs to service them – and why.

- **Align IT resources and costs to support the business strategy.** Beyond cost, CIOs need to show how IT supports revenue generation and profitability.

- **Create a bridge between IT and business users.** If business users see IT's contributions, they can provide more meaningful, useful feedback.

- **Track and monitor people as well as physical and virtual infrastructure.** With a cost mapping exercise, IT can better understand how its applications, services and human resources are being used by the business, so it will know where to improve.

With SAS, CIOs can strengthen the relationship between IT and the business units by explaining how much each service costs and why – so business users will become more aware and, ultimately, accountable for what they use.

THE SAS® DIFFERENCE: Align IT with business goals

SAS tangibly demonstrates the business value of IT by linking costs with specific IT resources and business requirements.

- **Identify, analyze and manage key cost factors.** SAS uses a costing and profitability calculation engine to reveal how customer, product, service and business processes affect the bottom line as you conduct what-if analyses for resource planning or perform activity-based budgeting.

- **Choose the best costing and management methods for your business.** There are hundreds of costing and management methods, models and theories – with SAS, you won't be tied to one method or limited to a predetermined subset.

- **Deliver intelligence on cost and profitability to support better decisions.** With SAS, you get comprehensive cost reporting, ad hoc analysis and self-service reporting through the Web. You can create profit and loss reports at the department, region, process, system, product or any other cost category and level – based on data derived from the costing system.

Our activity-based costing and management solution helps you align the appropriate resources, processes and funds to support your organization's critical directives.

CASE STUDY: A large European bank

■ Situation

When two large European banks merged, including IT assets and departments, they needed more detail and transparency into IT usage and costs per business unit than lump-sum cost allocations could provide. Yet the bank still wanted to give its business users straightforward, simple, fair and understandable information.

■ Solution

The SAS solution made it more efficient and cost-effective for the bank to manage its combined mainframes, hundreds of midtier servers, and thousands of desktop and laptop PCs. The solution calculates and communicates resource usage by business unit and individual user, including the phone system and the data center.

■ Result

The solution collects data about CPU usage, storage, printing and more. SAS processes this information, then provides reports for the IT department and the input that finance and control departments use to generate invoices. The monthly invoice shows information for 15 "products/services/cost objects" (such as CPU usage on the mainframe). These details show the bank exactly where each cost originated, making it easier to detect cost-saving opportunities.

■ What if you could …

Pinpoint cost factors
What if you could understand which IT resources are triggered by user requests and changes versus volume, and see which IT resources are driving up costs to users versus which are underutilized?

Make improvements that will most affect the bottom line
What if you could target for improvement the IT resources that have the biggest impact on cost savings?

Turn IT into an advocate for the business
What if you could clearly and easily explain to business users the factors behind their IT budgets and cost allocations so they would become accountable for every request?

■ You can. SAS gives you The Power to Know®

SAS FACTS

- SAS has the largest installed base of activity-based costing solutions in the market.

- SAS is consistently recognized as a leader and visionary by analysts in the performance management space.

- SAS is an ongoing member and contributor to the industry organizations seeking to improve activity-based costing methodologies.

Learn more about SAS software and services for activity-based management:
sas.com/solutions/abm

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