



FEDERAL IT COST COMMISSION

What is the IT COST Commission?

The Federal Commission on IT Cost, Opportunity, Strategy, and Transparency (IT COST), also known as the Federal IT COST Commission was established by the Technology Business Management (TBM) Council to provide Federal IT leaders with a set of recommendations for managing their IT spend in a way that eliminates redundancy and inefficiency while generating the most value for the American people. The Commission is made up of agency CIOs, representatives from the Office of Management and Budget (OMB), the TBM Council, and industry-leading advisory firms and solution partners including Aptio, Capgemini, Cask, Deloitte, ISG, and Tanium. The Commission met regularly from June 2015 to April 2016 to discuss and draft the recommendations for implementing TBM within the federal government. They released their findings in a report on July 21, 2016. Learn more at <http://tbmcouncil.org/get-involved/it-cost-commission.html>

Why was the IT COST Commission formed?

The IT COST Commission was formed to develop TBM best practices for the U.S. federal sector based on global private and public sector experiences. The goals were to help agency CIOs:

- Simultaneously reduce waste and increase the efficiency and efficacy of public-sector IT spending
- Use data-driven tools to demonstrate the cost, quality, and value of federal IT spending
- Accelerate the implementation of the Federal IT Acquisition Reform Act (FITARA)

When did the IT COST Commission form and meet?

The Commission was formed in May 2015 and conducted meetings between June 2015 and April 2016 to devise recommendations for the implementation of TBM best practices by the federal government. On July 21, 2016, Commission leaders released the report and gathered at a final meeting to discuss the recommendations for improving transparency, reducing waste and increasing efficiency and value from IT spending while accelerating the implementation of the Federal IT Acquisition Reform Act (FITARA).

Who led the IT COST Commission?

The Commission was initiated by the TBM Council with the support of:

Federal CIO commissioners: Frank Baitman, Former CIO, Department of Health and Human Services; Richard McKinney, CIO, Department of Transportation; Sylvia Burns, CIO, Department of Interior; Steve Cooper, CIO, Department of Commerce; and Joyce Hunter, Acting CIO, Department of Agriculture

Members of the TBM Council board of directors: Larry Godec, CIO, First American; Rebecca Jacoby, COO, Cisco; Tom Murphy, CIO, University of Pennsylvania; Ralph Loura, CTO, Rodan + Fields; Phuong Tram, CIO, DuPont; Mike Benson, CIO, DIRECTV; Don Duet, Co-Head of Technology, Goldman Sachs; and George Westerman, Research Scientist, MIT

Private sector partners: Sunny Gupta, CEO, Apptio; Doug Lane, CEO, Capgemini Government Solutions; Todd Lavieri, President, Americas, Information Services Group (ISG); and Ralph Kahn, Vice President of Federal, Tanium

Since it was initiated, Mitchell Bostelman of Deloitte and Paul Schmidt of ISG were added as partners and contributors. Furthermore, more than 70 federal IT professionals and advisors participated in the Commission, many of whom can be found listed in the report.

What are the deliverables?

The Commission was created to define a set of best practices and standards for CIOs to measure and communicate the cost of infrastructure, applications, projects, and IT services which are delivered in the report released in July 2016. The report includes **21 recommendations** spanning the following areas:

TBM Taxonomy and Metrics — a standardized language for describing what IT delivers and at what cost, along with consumption and composition for meaningful analysis, benchmarking, and planning

Financial Accounting and Reporting — minor adjustments to the way federal agencies account for IT spending

Governance and Standards — policies and other steps to ensure Technology Business Management programs mature and deliver improved decision-making capabilities

Organizational Capabilities — roles, responsibilities, and other human considerations for improved transparency and decision making

Functional Capabilities — tools, cost modeling, and other requirements needed for effective and sustainable transparency

The full report can be found online at <http://tbmcouncil.org/get-involved/it-cost-commission.html>.

What is Technology Business Management?

Technology Business Management, or TBM, provides a set of disciplines based on real-world implementations and experiences at some of the largest and most complex enterprises and governments around the globe. These disciplines begin with transparency and extend to benchmarking, shaping business demand, and both planning and governing IT spending over time.

What is the TBM Council?

Founded in 2012 the Technology Business Management (TBM) Council is a nonprofit organization governed by an [independent board of business technology leaders](#) from a diverse group of the world's most innovative companies like AIG, Aon, Cisco Systems, DuPont, ExxonMobil, First American, Microsoft, Nike, and more. The Council is focused on developing a definitive framework for managing the business of IT by establishing standards and providing ongoing collaboration and education opportunities. Learn more and become a member at <http://tbmcouncil.org>.

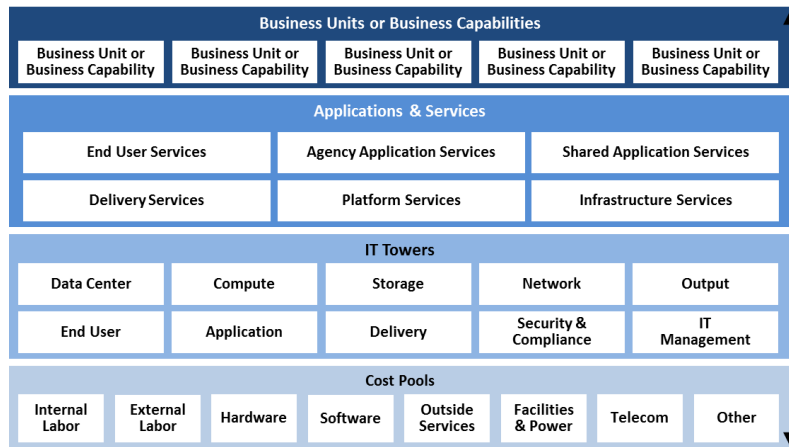


How were the partners involved in the Commission?

The partners were chosen to participate based on their ability to contribute knowledge, expertise and funding (sponsorship) for the Commission’s work. Four partners ([Capgemini Government Solutions](#), [Cask](#), [Deloitte](#) and [ISG](#)) each led semi-independent work streams of the Commission in order to accelerate overall progress and completion of the report.

What is the TBM Taxonomy?

To gain alignment between IT, Finance, and Agency leaders, TBM provides a standard taxonomy (depicted here) to describe cost sources, technologies and IT resources (IT towers), applications and services. The TBM taxonomy provides the ability to compare technologies, towers, and services to peers and third-party options (e.g., the public cloud). Just as businesses rely on generally accepted accounting principles (or GAAP) to drive standard practices for financial reporting — and thus comparability between financial statements — the TBM taxonomy provides a generally accepted way of reporting IT costs and other metrics.



How does TBM help with FITARA?

FITARA grants agency CIOs greater authority over IT resources employed by their agencies, not just those managed directly by their IT departments. Experience in the private sector, where CIOs have had broad authority for the acquisition, development and operation of IT systems, shows that authority is not enough. Agency CIOs must be able to manage and demonstrate value for the money spent on the systems they deliver to their agencies – in short, to have better transparency into the cost, quality, and value of IT spend.

How will this affect federal IT policy?

The Commission advises that agency CIOs employ the reported recommendations to help them take advantage of the opportunity FITARA provides. The Commission’s leadership, and the leadership of the TBM Council (including the TBM Council board of directors), stand ready to help and advise agency CIOs as they embark on their TBM journeys.

Furthermore, our hope is that the OMB will adopt reporting standards within upcoming budget guidance and implementation guidelines based on the principles of TBM in order to encourage adoption.

Have other public sector entities adopted TBM?

Many public sector entities have adopted TBM across the globe. One notable stand-out and winner of the 2014 TBM Champion Award is the State of Washington. There, TBM has been



mandated for many state agencies by legislature. See <https://ocio.wa.gov/tbm> for an overview of the State's TBM program, or see https://youtu.be/W_3Rampj3UY.

- Other public sector entities that have adopted or are adopting TBM include:
- United States General Services Administration
- Canada Ministry of Community and Social Services (Ontario)
- Australia Departments of Education and Employment (Shared Services Centre)
- State of Iowa
- University of Pennsylvania
- University of Washington
- University of California — Los Angeles
- University of Florida
- University of Alabama at Birmingham
- California Public Employees' Retirement System (CalPERS)
- County of Santa Clara (California)
- City of Indianapolis & Marion County

Will the IT COST Commission continue to meet now that the report has been issued?

Now that the Commission has met its stated goals, the TBM Council is calling the Commission to a close. However, the TBM Council will start in the fall of 2016 a Federal TBM special interest group to continue to explore how to implement and employ the recommended tools, practices and disciplines from the report.

Who can I connect with if I have more questions?

Email us at itcost@tbmcouncil.org.