



IAITAM ACE

May 7-9, 2024 The M Resort  Las Vegas, NV

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SoftwareOne

IT Financial Optimization: ITAM in the financials of the business



Finding your IAITAM Oasis



Francisco San Martin Garrido

- Information Technology BSE and Quality Management Systems MS with 21 years of professional extensive experience in the fields of IT Business Management, IT Asset Management and IT Financials. FinOps Certified Practitioner and Certified Software Asset Manager (CSAM).
- During his career, he has been an advisor to the largest companies in the banking, financial, retail, and telecommunications sectors in Latin America, successfully establishing best practices in IT asset management and IT financial management.
- Currently, leads the IT Financial Optimization Services Business Line for Latin America within SoftwareONE



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Contents

01

Context and
Industry
Facts

02

IT Financial
Optimization

03

T2B –
Technology
To Business

04

T2B –
Strategies

05

Summary &
Quiz Time

06

Q&A



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IT Spending Forecast 2023 - 2024

Table 1. Worldwide IT Spending Forecast (Millions of U.S. Dollars)

	2023 Spending	2023 Growth (%)	2024 Spending	2024 Growth (%)
Data Center Systems	243,063	7.1	261,332	7.5
Devices	699,791	-8.7	732,287	4.6
Software	913,334	12.4	1,029,421	12.7
IT Services	1,381,832	5.8	1,501,365	8.7
Communications Services	1,440,827	1.5	1,473,314	2.3
Overall IT	4,678,847	3.3	4,997,718	6.8

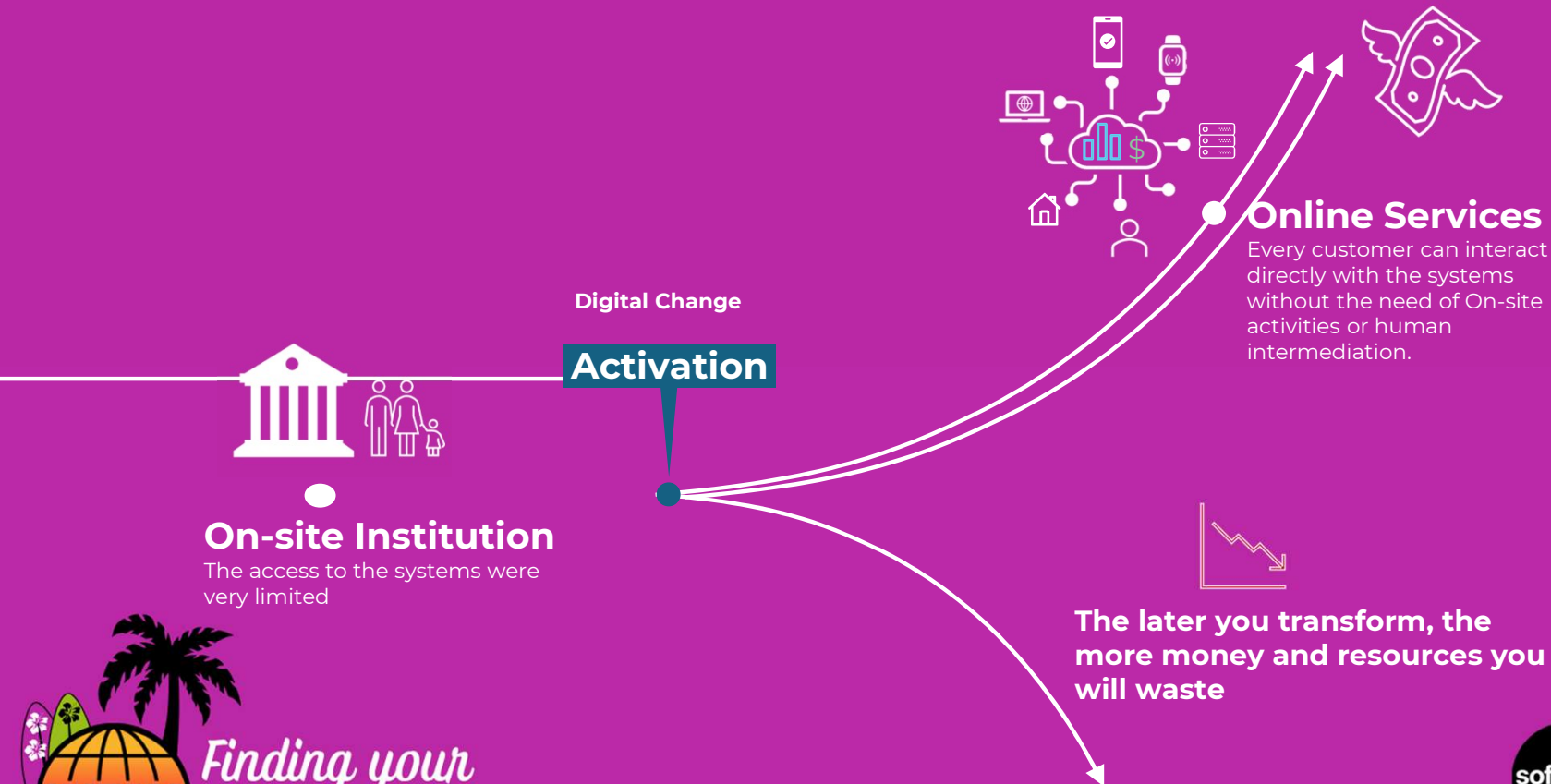
Source: Gartner (January 2024)



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The Financial Challenge Behind Digital Transformation Journey

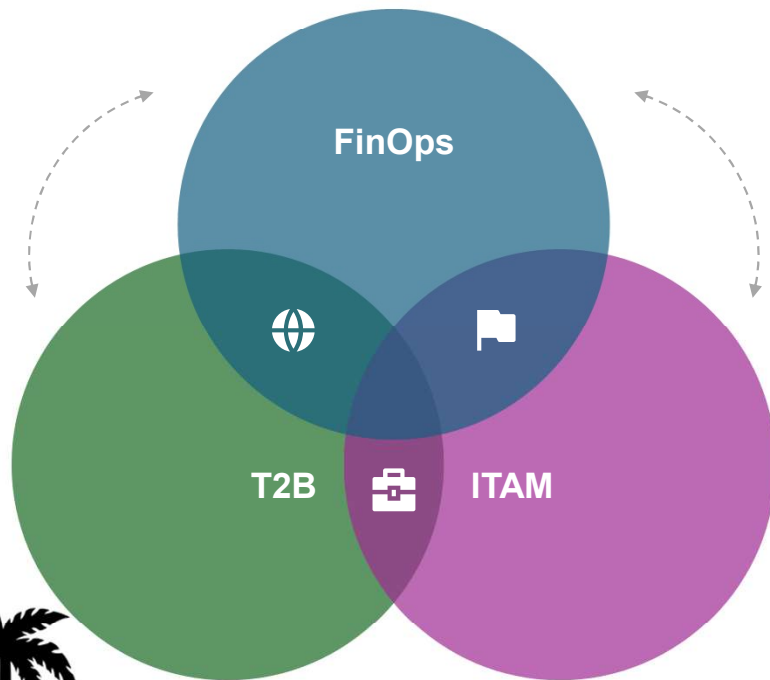


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IT Financial Optimization

The primary goal of IT Financial Optimization is to improve the efficiency and profitability of IT investments. This entails intelligent budget management, cost control, identifying cost-saving opportunities, optimizing resource utilization, and maximizing the value of IT investments. IT Financial Optimization applies to **software assets, as well as cloud services and resources.**



FinOps

FinOps practices enables organizations to achieve financial control and optimization in their cloud environments. It helps them understand the costs associated with running workloads in the cloud, optimize resource usage, allocate costs accurately, and make data-driven decisions to maximize the return on investment (ROI) from their cloud investments.

ITAM

IT Asset Management enables organizations to optimize IT asset usage, control costs, ensure compliance, mitigate risks, enhance security, and make informed decisions about technology investments, ultimately contributing to improved operational efficiency and better alignment between IT and business goals.

T2B

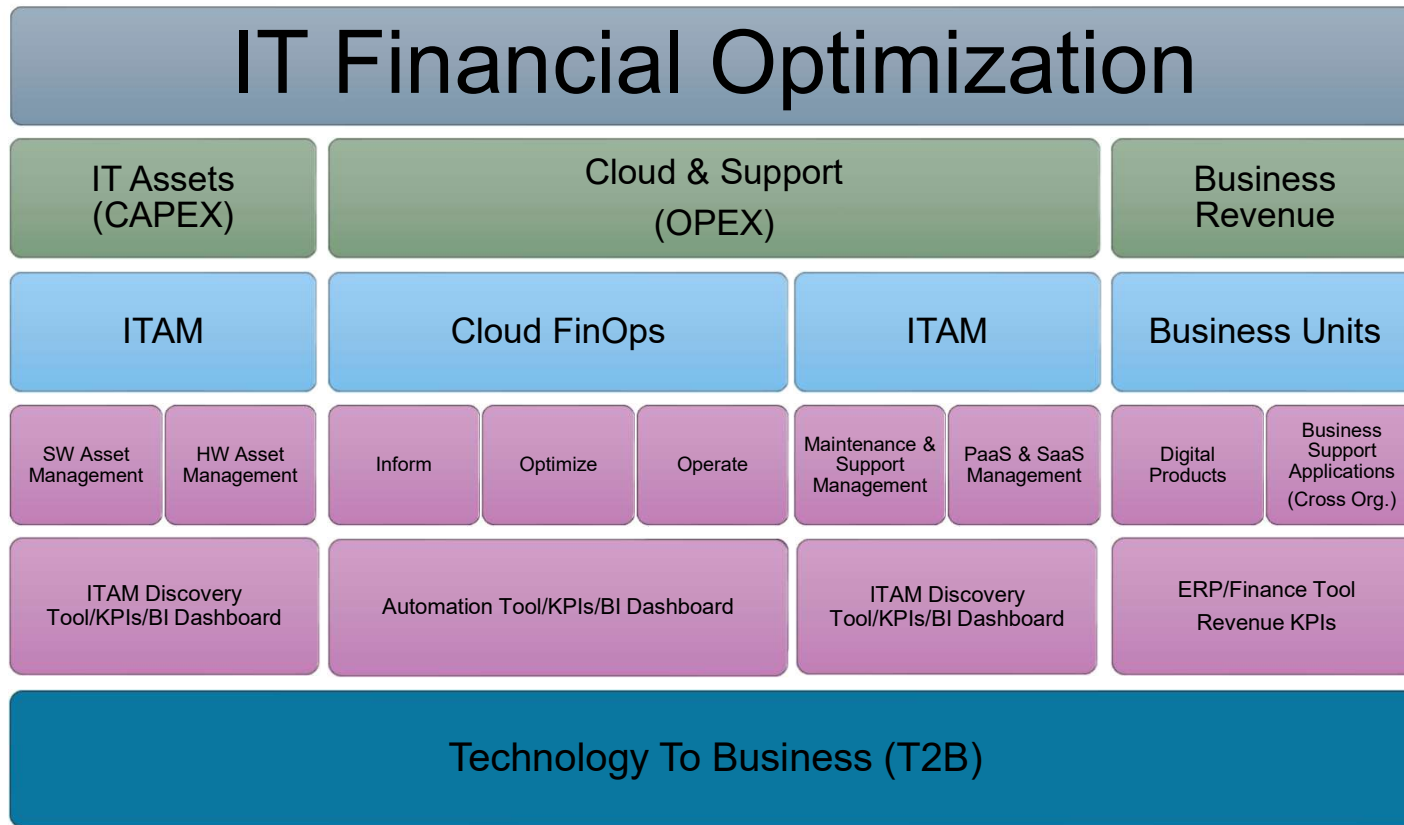
Technology To Business (T2B) model emphasizes the direct correlation between technology initiatives and their impact on business outcomes. T2B establishes a clear link between IT investments and the value they bring to the organization, fostering a holistic understanding of technology's role in achieving business objectives.



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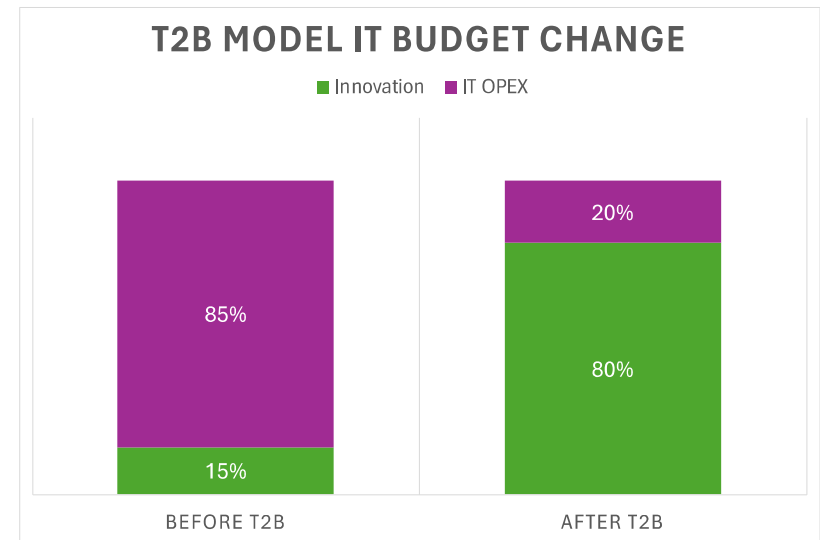
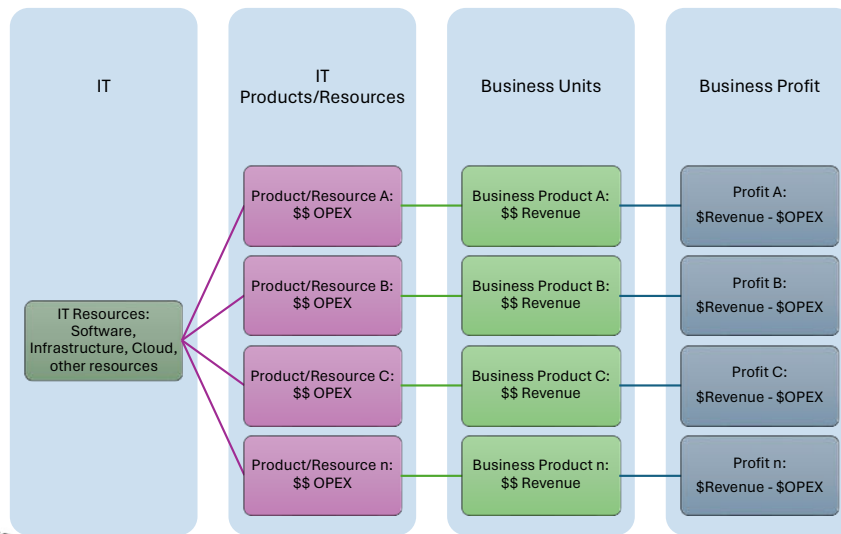
IT Financial Optimization Framework



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Technology To Business (T2B)

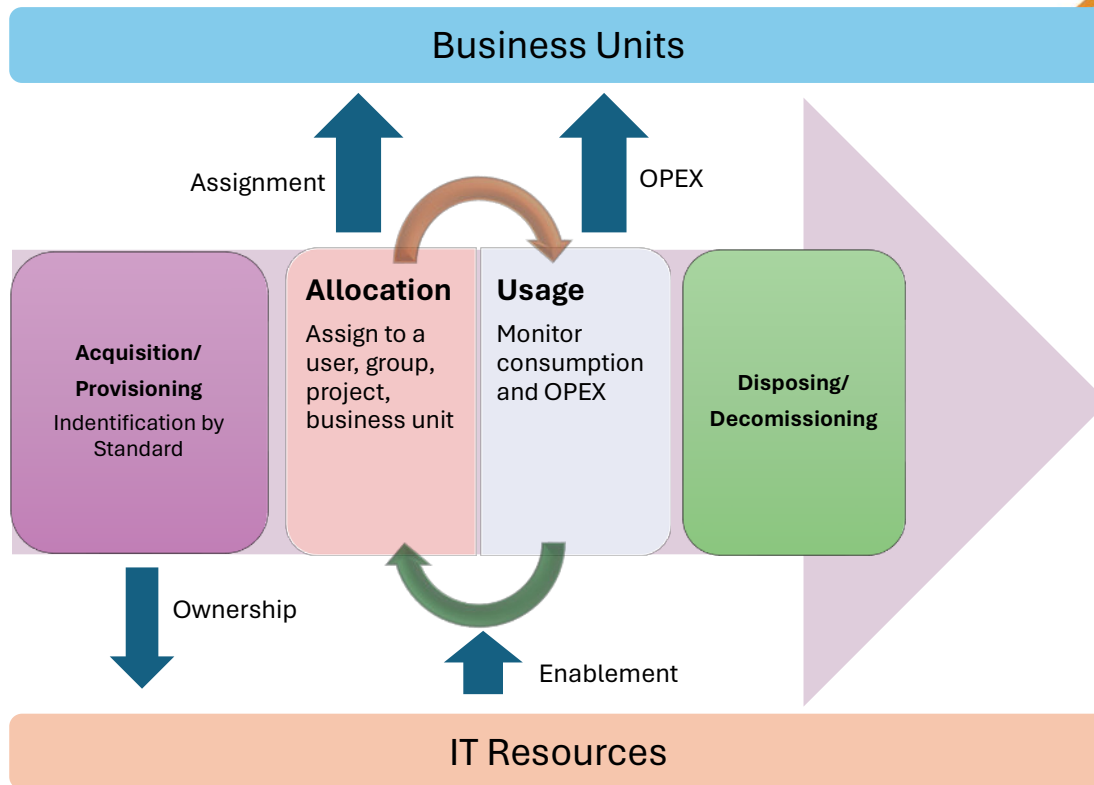
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Resources Lifecycle – T2B

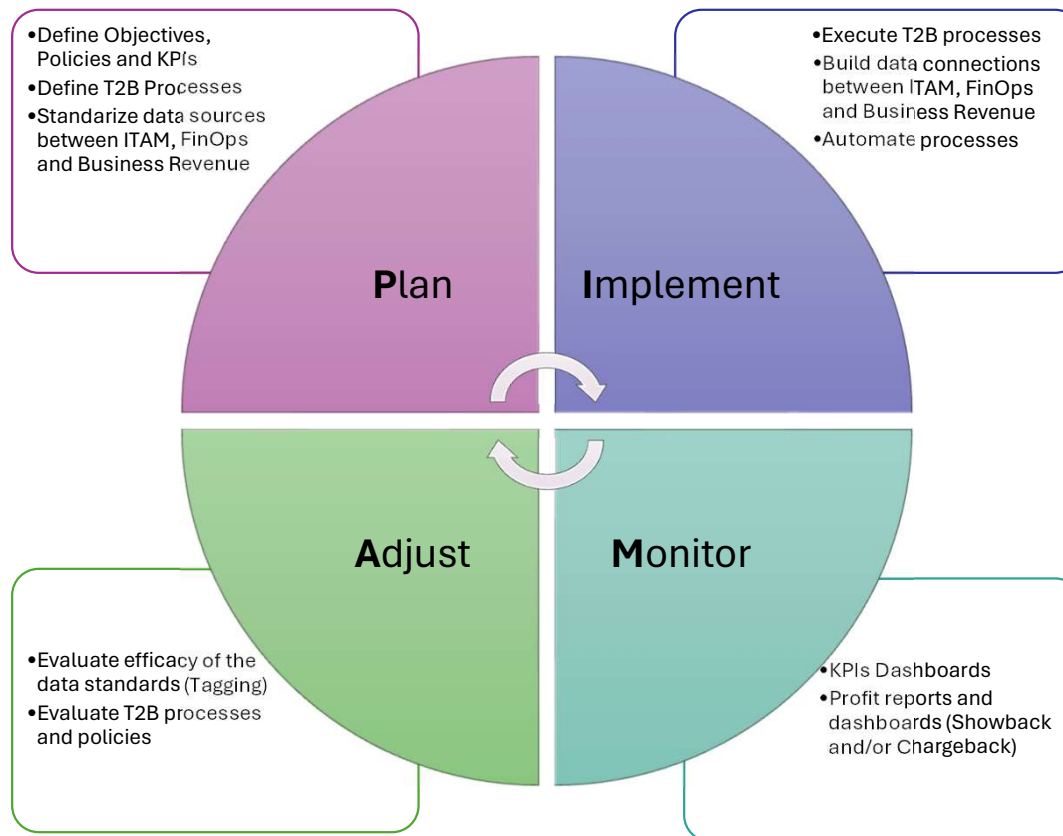


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Technology To Business (T2B) – PIMA Cycle



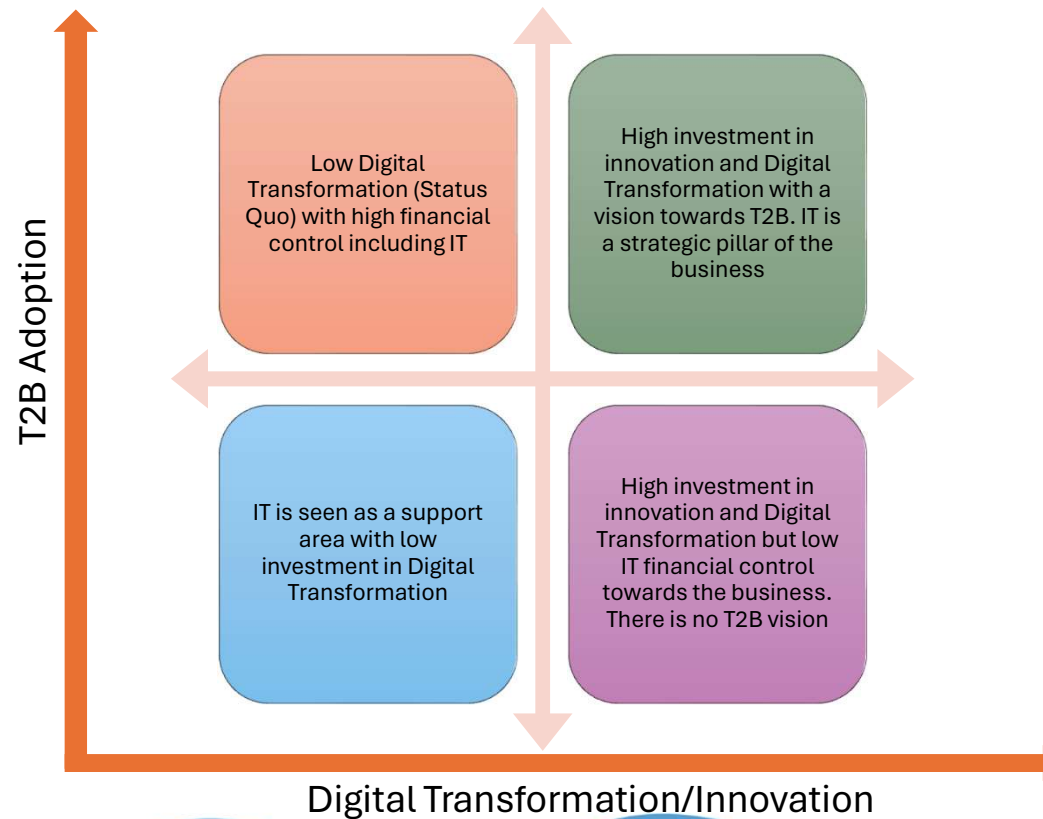
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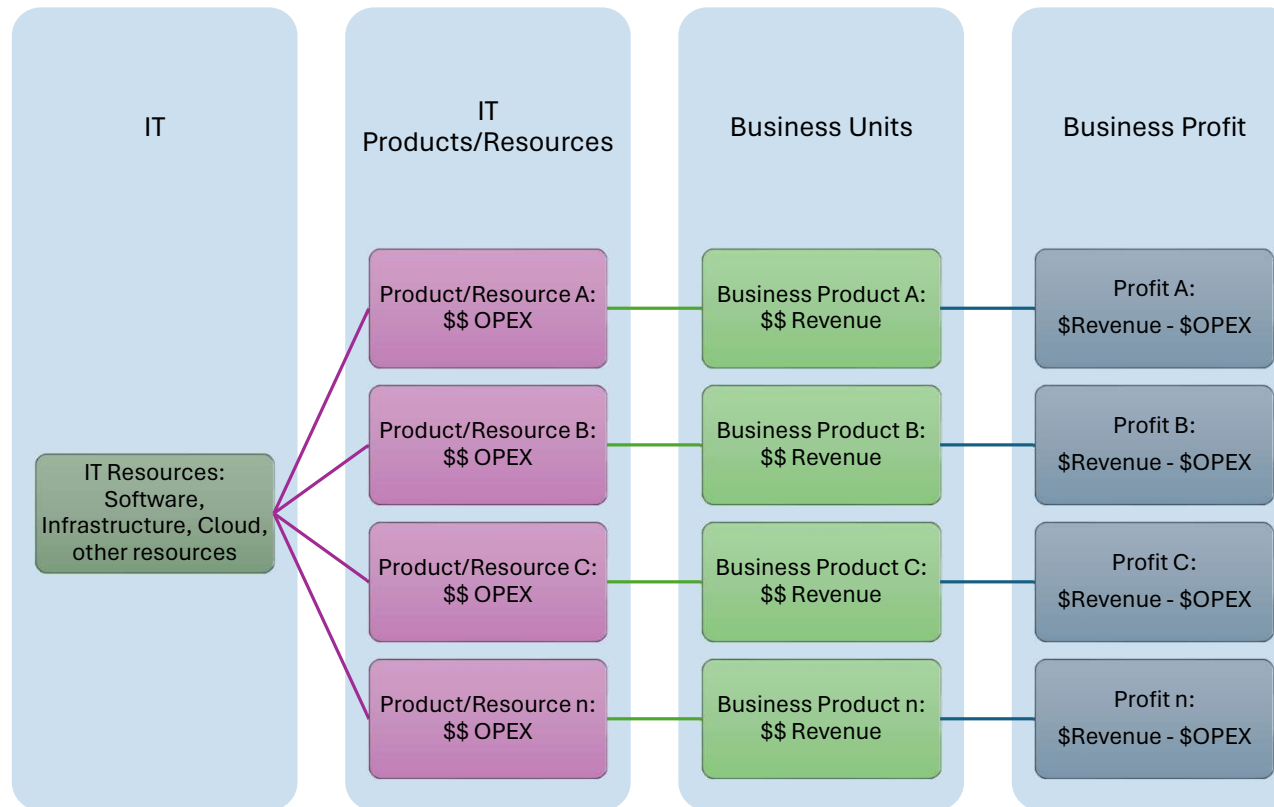
Technology To Business (T2B) – Maturity Stages



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Technology To Business (T2B) – Digital Products



Examples:

- Mobile Apps
- E-Commerce Portals
- Electronic Wallets
- AI Customer Solutions
- Payment Portals



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T2B P&L for Digital Products Examples

Business Unit:	A
Digital Product:	XYZ
Revenue	
Sales	\$ 5.500
Total Revenue	\$ 5.500
Cost of Goods Sold	\$ 1.500
Gross Profit	\$ 4.000
Operating expenses	
SW support	\$ 200
HW support	\$ 100
cloud-hosted services	\$ 300
SW subscriptions	\$ 100
IT Depreciation & Amortization	\$ 200
Total Operating Expenses	\$ 900
EBIT	\$ 3.100

Business Unit:	B
Digital Product:	ABC
Revenue	
Sales	\$ 7.500
Total Revenue	\$ 7.500
Cost of Goods Sold	\$ 3.000
Gross Profit	\$ 4.500
Operating expenses	
SW support	\$ 1.500
HW support	\$ 200
cloud-hosted services	\$ 3.000
SW subscriptions	\$ 500
IT Depreciation & Amortization	\$ 200
Total Operating Expenses	\$ 5.400
EBIT	-\$ 900

Business Unit:	C
Digital Product:	DEF
Revenue	
Sales	\$ 8.300
Total Revenue	\$ 8.300
Cost of Goods Sold	
SW support	\$ 1.000
HW support	\$ 500
cloud-hosted services	\$ 2.800
SW subscriptions	\$ 1.300
Total COGS	\$ 5.600
Gross Profit	\$ 2.700
Operating expenses	
IT Depreciation & Amortization	\$ 200
Other Expenses	\$ 500
Total Operating Expenses	\$ 700
EBIT	\$ 2.000



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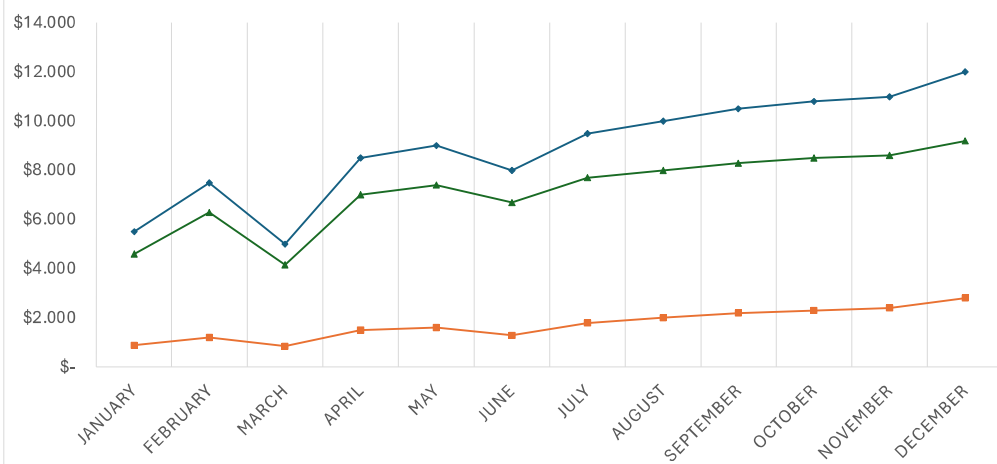
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T2B P&L for Digital Products Examples

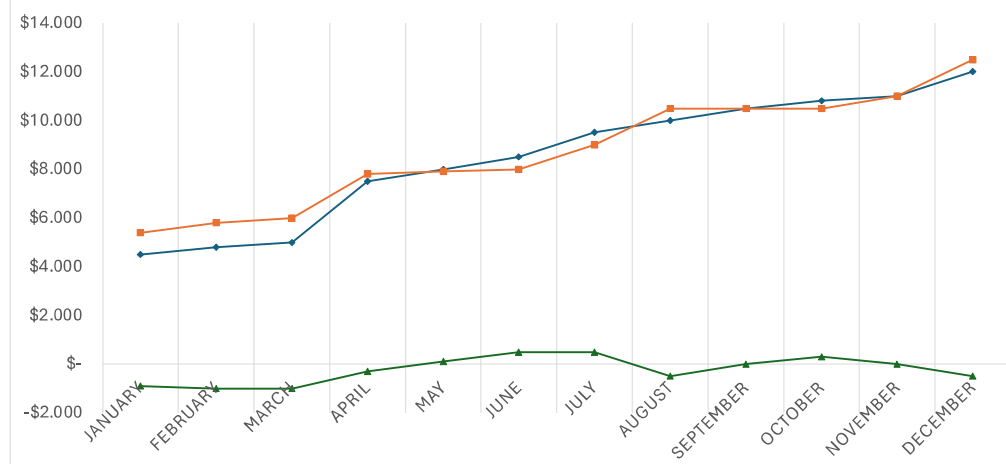
DP XYZ GP VS IT OPEX

— Gross Profit — IT OPEX — EBIT



DP ABC GP VS IT OPEX

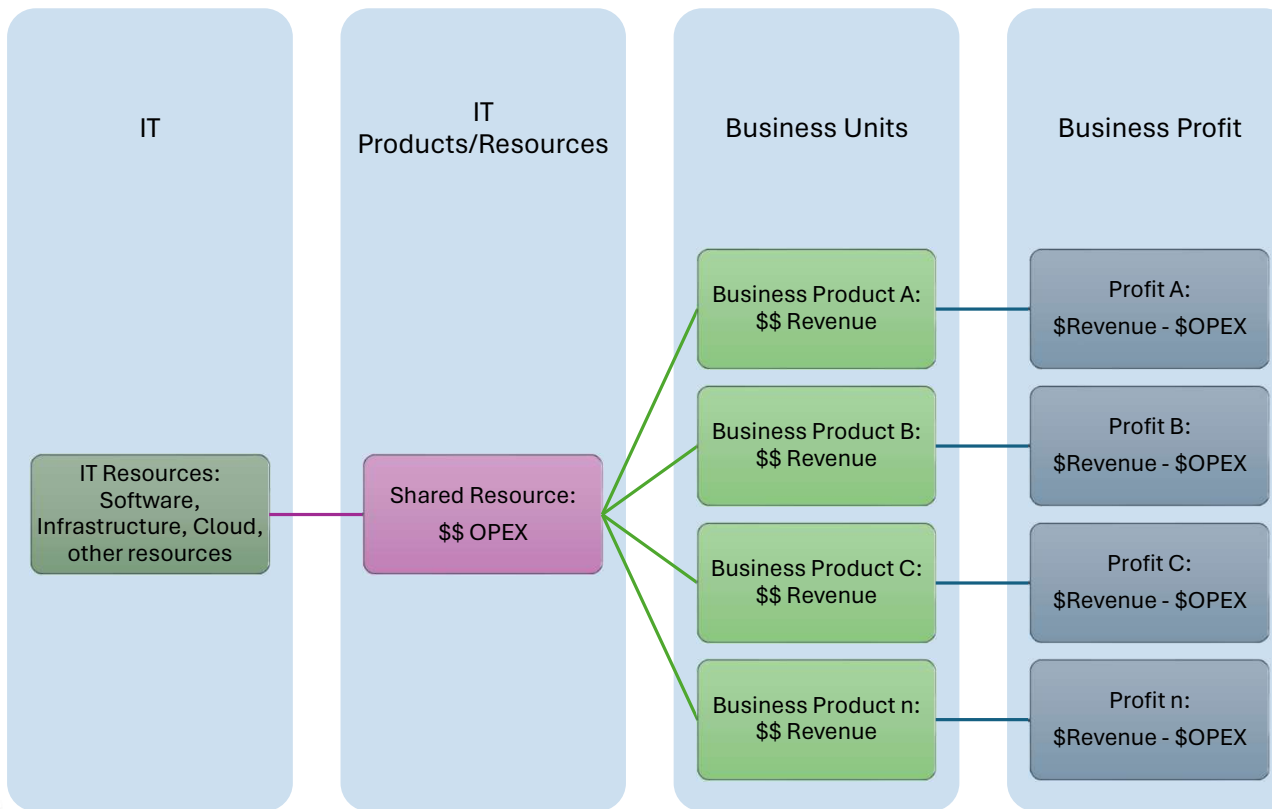
— Gross Profit — IT OPEX — EBIT



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Technology To Business (T2B) – Shared Products/Services



Examples:

- ERP Solutions
- Productivity Solutions
- Security Solutions
- Communications
- Shared Storage



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Shared Products/Services T2B Strategies

The applications that are not directly related to digital products but are needed to support the business have a different behavior and require a different strategy to manage them within a T2B model. The following are some strategies that can be used to include these shared products/services in a T2B model:

- **By Transaction:** Define a value \$\$ for each transaction.

Business Unit A:

Shared Product OPEX = Qty of Transactions X \$\$ Value per Transaction

- **By Volume:** Define a value \$\$ for each unit assigned

Business Unit B:

Shared Product OPEX = Qty of Users X \$\$ Value per User

- **Fixed %:** Define a fixed % per each business unit

Business Unit C:

Shared Product OPEX = Fixed % X \$\$ Shared Product Value



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Summary

- **IT Financial Optimization:** Financial optimization of IT is key to improving efficiency and profitability of IT investments.
- **IT Financial Optimization** is driven by the best practices in the industry such as ITAM and FinOps working together to enable organizations to achieve financial control and optimization in their cloud environments and IT assets.
- **T2B Model:** The Technology to Business (T2B) model establishes a direct correlation between technology and their impact on business outcomes, helping organizations to transform IT budgets from a operations-oriented to a innovation-oriented perspective.
- **PIMA Cycle:** The PIMA cycle helps to establish a T2B practice within the organization. Throughout the cycle (Plan, Implement, Monitor and Adjust) the organization can define processes, data and tag standards, interactions between ITAM and FinOps, KPIs, Showback/Chargeback, and continuously improve it.



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ITAK Article: IT Financial Optimization

Unveiling the Synergy: IT Financial Optimization through ITAM, FinOps, and the Technology To Business (T2B) Model



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Any Questions?



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