How Expense Management Drives the Larger IT Management Ecosystem

Driving value with the source data for ITSM, ITFM, ITAM and beyond

CALERO
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Summary
IT leaders are racing to enable a wide variety of technology-enabled services to support their businesses at massive scale, fueling increased investments in IT Finance Management (ITFM), IT Asset Management (ITAM) and IT Service Management (ITSM) solutions. As the tech stack continues to grow, it’s become increasingly complex to connect the dots between the various solutions and achieve the right level of granularity required to support the business. This is where expense management solutions come into play. They serve an important and integral role by acting as the connective tissue that bonds the stack.

This white paper will explore the integration points between the various ITxM solutions, and illustrate how the visibility and control expense management provides, enables enterprises to track usage, products, features, and spend details that align contracts, invoices, inventory, and service orders into a fully integrated IT management lifecycle.
Integrating IT Management in an Era of Change

To bring together the big picture view of IT Finance Management (ITFM), IT Asset Management (ITAM) and IT Service Management (ITSM) with the functional detail created by IT Expense Management (ITEM) to effectively track telecom, cloud, Internet of Things (IoT), and Software-as-a-Service (SaaS), enterprises must create the right workflows and connections to manage the interactions and relationships between these IT management categories. (Note: ITEM is commonly referred to as Telecom Expense Management (TEM). For the purposes of this paper, we will use ITEM, which is a more accurate depiction of the solution's capabilities in this context.)

Without proper integration of these management processes, IT and Finance teams will be disadvantaged in their ability to fully support technology environments.

**Impact to the IT team:** IT departments will find themselves in the frustrating situation of having to navigate back and forth between multiple systems in order to effectively manage their IT environments across physical, digital, financial, and service-based perspectives. This challenge is exacerbated because these systems often do not use the same source data or offer adequate granularity or detail required to optimize IT service performance, usage, cost, and governance.

**Impact to the finance team:** From a financial perspective, controllers and financial managers will lack data visibility to conduct root-cause analysis associated with significant IT cost changes or seasonal variability. These problems are especially true for the complex spend categories of usage-based network spend, enterprise mobility, and cloud computing, where pricing complexity is increasing to mirror customized enterprise contracts and business model requests.
Impact to the procurement team: Procurement teams lacking this visibility risk providing substandard services because they may either be unable to negotiate adequate Service Level Agreements (SLAs) and other relevant contractual guarantees or they may not be able to enforce the best practices and market benchmarked SLAs that are already in place. In addition, a lack of integration leads to reduced understanding of the cost savings that optimized procurement and sourcing strategies may provide, as the systems of interaction and analysis are detached from the systems of financial and operational record.

With a holistic strategy, organizations can minimize potential headaches down the road and gain greater efficiencies in terms of costs, time savings and better control over IT spend.

Impact of Decentralized Technology Spend
- Creates duplication of IT administrative activities
- Insufficiently documented spend across the organization
- Lack of clear ownership and accountability between IT and the business unit
- Inconsistent monitoring and measurement of usage data
- Inability to create holistic consumption-based transparency into costs
- Difficult to negotiate favorable agreements based on aggregated usage and subscriptions
- Challenge of calculating the impact of tech on business
- Potential for duplicate functionality and vendors that can be mutually incompatible

What Does IT Expense Management Really Add to the Equation?

At the highest level, an ITEM solution helps enterprises properly gain unified visibility across their entire cloud portfolio, communications services and digital/physical assets, with the common goal of cutting
costs, increasing productivity, improving the quality of the technology portfolio, and creating a more finely tuned set of workflows and processes to manage existing IT infrastructures. Think of ITEM as an engine that does all the calculations and data normalization required to understand the variances between contracts and costs based on actual usage within the organization. In addition, as part of a full lifecycle management approach, ITEM is leveraged for making adjustments across the entire IT landscape in the form of service moves, adds, changes and disconnects (MACDs), as well as cost allocation based on actual usage.

**What Integration Helps an Enterprise Achieve**

To develop an effective integration strategy, it’s important to understand the roles each solution plays, and how a more granular view into usage and cost detail strengthens the overall program.

**Aligning ITSM and ITEM**

IT Service Management (ITSM) is a strategic approach for designing, delivering, managing and improving the way IT is used and delivered within an organization. ITSM solutions are largely focused on how IT offers services to their internal customers. Leading ITSM providers have positioned
themselves as platforms, rather than applications, in recent years with a focus on being the “UI and workflow glue” that both orchestrates service/help desk requests and then federates multiple systems while delegating granular tasks, user and inventory breakouts, and cost breakdowns to other applications.

Where ITSM and ITEM (or TEM) Connect
The connection of ITSM and ITEM brings financial visibility and operational service workflows together. Organizations creating this connection are interested in a simple and proven solution that spans across all IT functions, allowing for a singular view into all related IT service activity. A seamless, bi-lateral integration between systems, workflow and processes can help streamline service tickets and help desk support. This integration also provides the ability to trigger and manage procurement, provisioning and other service orders in the ITEM platform directly from within the ITSM solution. From a financial perspective, this joint solution provides the ITSM solution with more granularity into costs since ITEM data is pulled from invoices, contracts and other sources, as opposed to only pulling from the general ledger. With improved internal chargeback processes, financial results related to labor and other charges can be automatically incorporated into an IT Bill of Services.

Common automation capabilities include:

- Auto-population of service tickets in the ITSM solution based on user authentication.
- Ticket coordination across all relevant stakeholders and departments.
- Automatic asset and ownership information update upon closure of ticket.
- Adding dynamic cost data to static ITSM-based IT cost reports and GL for an accurate and timely business management cost view.
- Easy access of domain specific, pre-designed MACD workflows (within their ITEM solution) to ITSM solution users.
- Invoice and expense information pulled directly into their ITSM solution.
Aligning ITAM and ITEM

IT Asset Management (ITAM), as defined by the International Association of IT Asset Managers is a set of business practices that incorporates IT assets across the business units within the organization. IT Asset Management joins the financial, inventory and contractual responsibilities to manage the overall lifecycle including tactical and strategic decision making.

Where ITAM and ITEM (or TEM) Connect

IT teams face mounting pressure to drive business value creation. The end-to-end visibility created when ITAM and ITEM are accurate and in sync across all forms of assets can help organizations cut unnecessary waste and maximize the value of existing inventory. Building out ITAM functionality as part of an ITEM program provides greater transparency and a better understanding of how technologies and the business intersect. It also presents companies with a clear idea of what to expect from their cloud services and communications assets as they work to enhance value creation.
When organizations do not create a centralized inventory database of their assets as part of ITEM, it becomes nearly impossible to optimize the business usage of technology in any meaningful way.

The top goal of business technologies is to increase productivity. When technology is managed in a haphazard and unpredictable fashion, companies will struggle to optimize the value of technology.

**Aligning ITFM and ITEM**

IT Financial Management (ITFM) tools enable organizations to increase cost transparency, improve budgeting and forecasting, and compare IT business value and costs across the entire IT portfolio.

**Where ITFM and ITEM (or TEM) Connect**

ITFM solutions often provide the bookends of a solution portfolio where one end helps organizations with their budget planning and the other end benchmarks actual costs to forecast and chargeback to business units. Pure play ITFM vendors will typically pull their data from a variety of sources including the ERP system’s General Ledger, spreadsheets and feeds from other various IT usage log systems.  IT Expense Management vendors are key sources for that data and typically provide granular cost detail that other ITFM data sources lack. Essentially, an ITFM solution pulls high level cost data calculated by ITEM vendors into the ITFM solution.

ITEM solutions have the ability to go much deeper into financial data details because it serves as a source system that tracks specific IT assets down to product, feature and usage detail. An ITEM solution will cover telecom, mobility, unified communications, and cloud services (including both Infrastructure-as-a-Service, or IaaS, and SaaS). When properly implemented, ITEM providers create transparency into granular details of these specific services, which are difficult, if not impossible, for a pure-play ITFM vendor to provide without ITEM integration. By connecting the ITFM solution with the granular details of an ITEM solution, enterprises can greatly enhance the granularity of cost visibility and potential for cost optimization across the most complex aspects of their IT portfolio.
Connecting the Dots – How Calero Integrates with ITSM, ITAM, and ITFM and the Broader Enterprise Solution IT Stack

Many leading ITEM solutions have the ability to integrate with different applications. Calero’s solutions, in particular, offer definitive connection points and value-ads for the three types of enterprise solutions this white paper addresses (ITSM, ITAM, ITFM) and others. To contextualize the value and usage of communication services, enterprises can use carrier integration, Human Resources Information Systems (HRIS), Mobile Device Management (MDM) and PBX connections to assist in enhancing Expense Management outputs. The diagram below provides a good visual of the types of integration services that can help organizations maximize their investment with their Calero IT Expense Management solution.

Calero can serve as a complimentary function by managing the lifecycle of cloud and communication technology services from procurement through provisioning and payments. Calero provides the backend integration with ITSM solutions and electronically-bonding (eBonding) service requests to carriers and can fully track/manage the inventory across your digital services portfolio.
This helps an organization:

- Gain real-time insight into usage transactions generated from PBX devices, unified communications or UCaaS (Unified Communications-as-a-Service) platforms. This allows for better policy and security enforcement.
- MDM integration helps alleviate manual intervention required to gather configuration information, automate inventory builds, along with changes and disconnects associated with service request transactions that are processed within Calero.
- Enables real-time usage feeds and streamlined order management with carriers.
- Automate the exchange of information with other enterprise systems such as Accounts Payable (AP) and Human Resources Information Systems (HRIS).
- Provides an intuitive means to analyze and interact with data - organizes, aggregates and presents information in a unified manner across all of your digital service providers.
- Enriches cryptic vendor invoice data and can provide feeds to ITFM systems to help with budgeting, financial benchmarking and chargeback activities.

These integration points facilitate the exchange of information and streamline processes for cohesive end-to-end management within the broader IT ecosystem. With an integrated and strategic approach to managing communications services, enterprises will gain greater accuracy, timely access to information, and more visibility and control over communications spend.
Summary

The nature of IT inventory, spend, and service is fundamentally changing as transactions become increasingly detailed, nuanced, subscription-based, user-based and usage-based. To keep up, IT departments must take an integrated approach to managing their next generation of enterprise technology. Otherwise, they risk having poor visibility and control over their IT spend. The proper integration of a technology asset, expense and service management strategy can provide noteworthy benefits, including increased visibility into usage-based costs, the ability to tie costs to consumption and identify opportunities for optimization.

Rather than reinventing the wheel or starting from scratch, IT has the benefit of being able to leverage the in-depth expertise and best practices that ITEM vendors have already established for managing complex user billing from their historic roots in telecom expense management and optimization. Those same principles can be built upon and applied accordingly. Enterprise IT departments truly focused on being trusted stewards for the next generation of IT must effectively integrate ITEM into existing management investments to maximize strategic and tactical visibility into their IT portfolios.
ABOUT CALERO
Calero Software is a leading provider of Communications Lifecycle Management solutions with a deep commitment to innovation and customer service. Calero’s CLM Suite supports the full communications lifecycle (from procurement to payment) including software/services that aid Telecom Expense Management (TEM), Managed Mobility Services (MMS) and Usage Management. Calero has thousands of customers in the United States and more than 40 countries worldwide, including Fortune 1000 corporations, universities and government agencies. For more information, visit us at www.calero.com or www.call-accounting-solutions.com, or call 585.381.6000.