FY14 ITD
New Customer Billing Model

January 2014

Agenda

❑ ITD Customer Billing – Balancing Act

❑ Current Billing Model Vs New Billing Model

❑ New Customer Billing Model
  ➢ Goals & Principles

❑ Deliverables for the Customer
  ➢ ITD Products and Services Catalog

❑ Next Steps

➢ All Costs in ITD have to be recouped with a Customer Billing model

➢ Customer Billing is like a balloon
  ❑ Size of the balloon changes yearly
  ❑ Squeeze on one end – pops out the other

➢ Customer Billing is a balancing act
  ❑ Balance of Transparency, Control and Time spent on Customer Billing

Customer Billing Current Model Vs New Model

Current Model

- **Pooled Costs - 92%**

- **Bill contains 9 line items**

- Lack of transparency

- No insight into costs

- Not much control over tech costs

- Spread by PCs & a few drivers

New Model

- **Pooled Costs down to 20%**

- **Bill with 60+ Line items & Pie Charts**

- Catalog of ITD products and Services

- Insight into usage and costs

- Strong control over variable costs

- Multiple Billing Drivers

- Holistic Costs for Enterprise Systems

- Allows benchmarking with Industry

Goals for the New Customer Billing Model

➢ TRANSPARENCY
  ❑ Customers will know the products and services they get from IT
  ❑ Provides Insight into <u>holistic</u> costs of IT's products and services
  ❑ Identifies total cost of systems to ensure that we are using the most cost-efficient solution
  ❑ Allows benchmarking with the industry

➢ CONTROL
  ❑ Not every IT cost is controllable (see definition of Variable and non-Variable costs)
  ❑ Additional cost drivers allows customers to right size technology inventory
  ❑ Encourages customers to maintain up to date technology inventory
  ❑ Examples: Phone lines, data circuits, wifi access points, network ports, email boxes, badges

➢ BILLING FAIRNESS
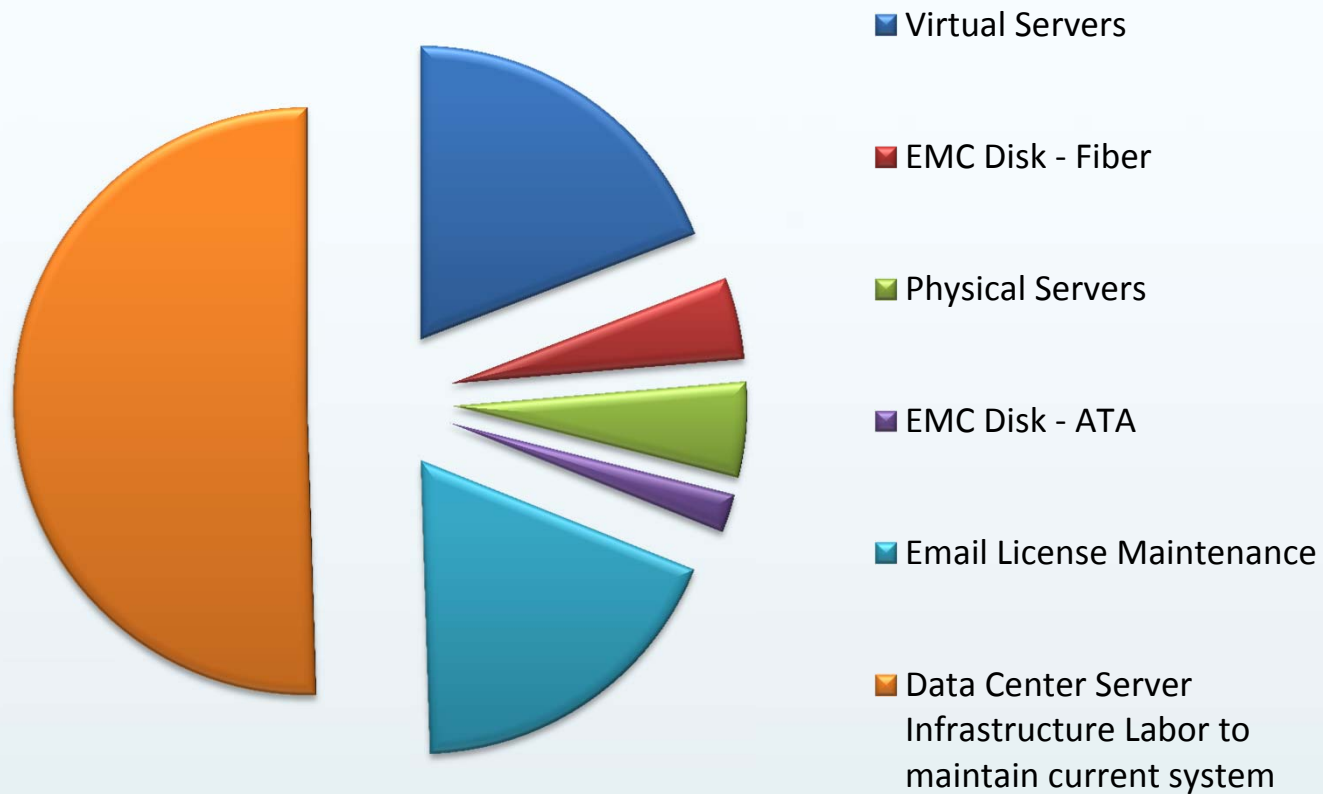 ❑ Customers benefiting from a product/service pay for their share of it

➢ OPTIMIZE TAXPAYER $$
  ❑ Implement & use Enterprise Applications & Infrastructure Services to optimize Taxpayer resources
  ❑ More players, less cost, Economies of Scale
  ❑ Examples: Email, Active Directory, Enterprise Asset Management, ERP etc

5

Hardware, Software, Network, Security, 24 hour monitoring, Datacenter, Labor

- Virtual Servers
- EMC Disk - Fiber
- Physical Servers
- EMC Disk - ATA
- Email License Maintenance
- Data Center Server Infrastructure Labor to maintain current system

Variable versus Non-Variable costs

Variable Costs

- ❖ If the customer uses an item, IT pays for it and if a customer stops using the item, IT's costs drop immediately
- ❖ Can vary month to month
- ❖ Examples: Cell Phones. Data circuits, Centrex/Phone lines
- ❑ 50 - 5 = Savings

Non-Variable Costs (System Maintenance, Enterprise Apps etc)

- ❖ Adds and changes to a system or item do not change IT's costs during the year
- ❖ Can vary from year to year
- ❖ Examples: Email, ERP (Oracle HRMS, FAMIS, JaxPro), Internet, Wifi, Badge access
- ❑ 50 email boxes – 5 email boxes = No Savings

Next Steps

➢ First year with new model

❑ Parallel billing in FY2014 to gather feedback and improve model each year moving forward

➢ Implement in production in FY15