

2022 State of **TBM** Report

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Contents

Executive Overview	03
TBM, the discipline for technology value management	05
TBM drives value conversations using data to balance speed, costs, and risks	05
Technology funding – increasing transparency and trust with Finance	07
Articulating value while embracing new technologies and ways of working	09
Conclusion and the future of TBM	11
Appendix: Research Overview	12
About the Technology Business Management (TBM) Council	14

Executive Overview

Technology Business Management (TBM) is a discipline that improves business outcomes by giving organizations a consistent way to translate technology investments to business value. TBM connects technology resources and investments to the products and services they deliver and their resulting value and impact. As a result, companies and government agencies around the world have adopted TBM.

In efforts to continue growing the TBM discipline, the TBM Council initiated an annual survey of practitioners across all industries and every global region. The inaugural, [2021 State of TBM Report](#) improves our understanding of how TBM is being used to drive business outcomes. The second annual State of TBM Survey expands this understanding and provides insight into the evolution of TBM as it serves the continuous changes occurring within business, finance, and technology departments. This year's survey focuses on these primary questions:

- How do organizations support evolving business priorities and articulate the impact and value of technology investments?
- How is the funding model for technology departments evolving?
- How does TBM support organizational adoption of modern technology capabilities and operating models?

To answer these questions, we surveyed technology practitioners across every global region, receiving 563 complete responses. In addition to the survey data, we also captured learnings from the 2022 TBM Council Awards applicants. The TBM Council Awards celebrate the accomplishments of TBM practices that excel at driving business value for their organizations. This combined data and research provided the insights into answering the questions above.

76% of the survey sample said TBM has reduced their cost-to-serve customers.

Congruent with our findings in the inaugural report, TBM continues to evolve with the changing needs of the business, technology, and finance. In uncertain economic times, organizations are challenged with making fast and informed decisions. Unsurprisingly, the top business priorities for the organizations surveyed are improving the use of data and analytics and reducing business costs and risks. The practice of TBM produces the data necessary for enhanced analytics and the insights to inform business decisions. Of the survey sample, 76% said that TBM has reduced their cost-to-serve customers. Additionally, data quality improvement is a common byproduct of TBM centers of excellence. For many organizations, TBM is the mechanism that brings data owners together and prioritizes data quality activities. More than eighty percent (84%) of technology departments surveyed agree that TBM principles and supporting software solutions provide the data they use for day-to-day operations. In economic downturns, the discipline of TBM helps organizations tighten their belt while still investing in innovation.

69% of technology departments are including agile development costs within TBM models

Over the last two years, most organizations have embarked on digital transformations and embraced agile operating models. This digital imperative is driving a broad modernization of front and back-office capabilities, which in turn is driving product-centric portfolio investment, often accompanied by cloud-first strategies. This convergence is creating forward tension on governance and finance groups to improve management support for hybrid operations that span on-prem and cloud, waterfall and agile, centralized and decentralized solutions and accountabilities.

One of our key findings was that two-thirds of technology departments (69%) include agile development costs within their TBM business models. This illuminates the shift beyond the “Core IT” services and products upon which TBM models have traditionally placed their focus. Furthermore, 52% of organizations are using products or value streams as the funding mechanism for software development. Though many within IT see the adoption of agile as a change in nomenclature, these agile transformations are reaching beyond traditional IT and reshaping finance’s support of technology. This drives a value-based convergence between finance, technology, and business like never before. As more organizations embrace product thinking, TBM practices need to provide consistent transparency across the lifecycle of product-focused investments. This transparency enables technology funding to be more agile and more connected to demand, resources, and business outcomes.

62% surveyed consider TBM important or essential for operating and evolving technologies

As new technologies are adopted, TBM classifies and positions those costs into the strategic technology framework used to support business insight and outcomes. A majority (62%) of respondents considered TBM to be important or essential to how they operate and evolve their technologies. An example of this is the adoption of public cloud. 50% of survey respondents have moved to a Public Cloud-First or Hybrid strategy. To drive accountability and manage the rapid growth of variable cloud spend, 52% of technology departments surveyed have established FinOps practices. Leveraging the FinOps discipline within the broader TBM Framework, organizations are maximizing the value of modernization while clearly articulating business impact.

TBM has evolved with the changing demands of the modern business, and the needs of supporting finance and technology teams. TBM practices will continue investing in data quality management and tailored reporting and analytics for portfolio managers and product teams. The overarching value of these focus areas serves as combatants of the most common barriers to TBM implementations: executive prioritization, funding, and resource allocation.

Our research found that a common tactic for organizations achieving success with TBM was to embed TBM principles in major and high profile business initiatives. This demonstrates TBM’s effectiveness in increasing the trust between Technology teams and their business partners, while achieving quick, relevant wins to build momentum for broader strategic efforts. Adopting these common practices has improved TBM maturity and technology value within organizations.

TBM, the discipline for technology value management

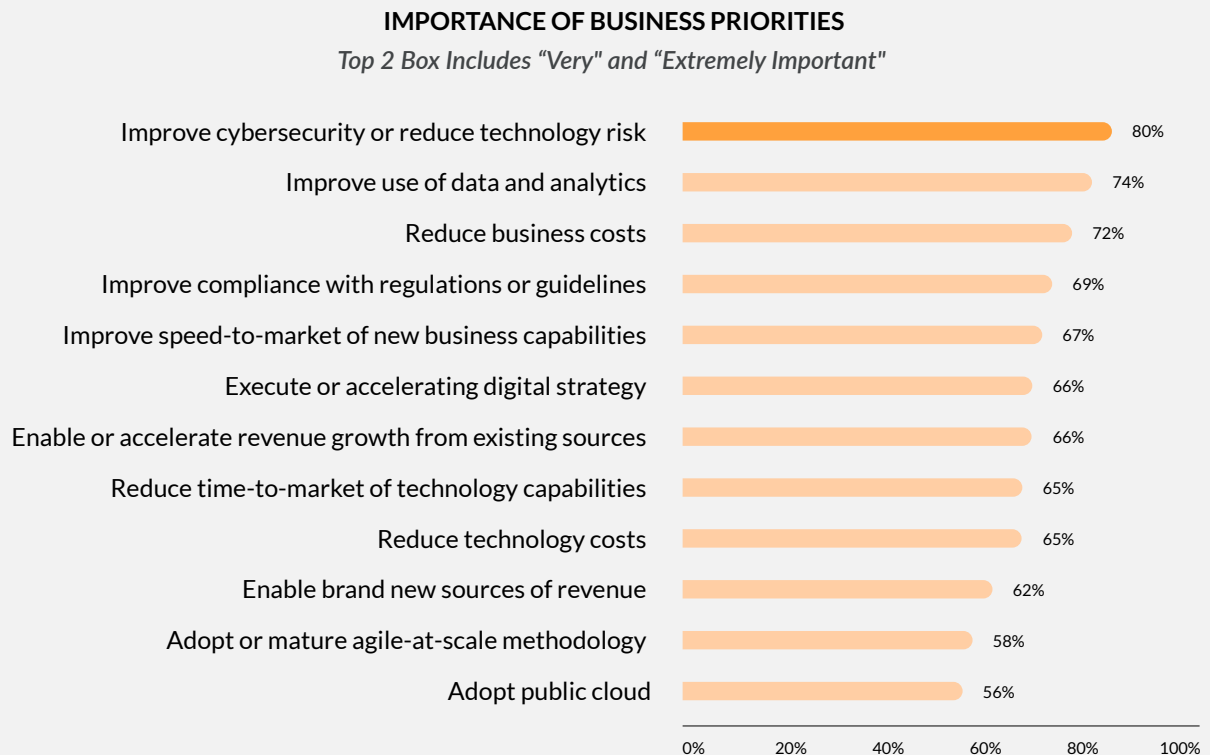
Ten years after the founding of the [TBM Council](#), a nonprofit business entity dedicated to advancing the discipline of TBM through education, standards, and collaboration, the Technology Business Management discipline does more than help organizations run IT like a business. Through broad familiarity of TBM (60% organizations are either very familiar or extremely familiar with TBM) the discipline has emerged as the foundational backbone of technology value management.

Incorporating TBM principles into the technology operating model is important or essential for 62% of organizations surveyed. The Business and its continuously evolving priorities demand technology departments be more agile, financially prudent, and business-focused than ever. Our research shows that the most mature TBM capabilities embed TBM principles throughout their organization. Furthermore, more agile organizations find their TBM practice uniquely suited to support the migration of IT Finance departments toward an agile funding and operating model. This aligns the entire organization to defined business priorities.

TBM drives value conversations using data to balance speed, costs, and risks

IMPROVING CYBERSECURITY AND REDUCING TECHNOLOGY RISK ARE THE MOST IMPORTANT BUSINESS PRIORITIES

Nearly three-quarters of organizations say improving use of data and analytics (74%) and reducing business costs (72%) are highly important business priorities.



As of this writing, macroeconomic and geo-political conditions are deteriorating due to price and wage inflation, war and supply chain issues. Amidst this growing uncertainty, organizations face the challenge of rapidly replanning their investments to continue investing in priority initiatives while reducing costs to help fund innovation in a way that will not be disruptive to the business. Simultaneously they're asked to validate or defend the expected value of those investments. Unfortunately, 42% of survey respondents believe business investment decisions are made with inconsistent transparency. The transparency provided by TBM supports these outcomes by enabling:

- Faster, more granular portfolio and operations related planning processes that link labor, assets and contract related spend and resources to prioritized strategic themes and initiatives
- More detailed insight for surgical cost reduction decisions that won't disrupt business continuity

These are critical success factors for companies that emerge stronger after economic downturns. Such companies, with the discipline and insight needed to surgically optimize while maintaining their investment war chest, routinely leapfrog competitors during downturns. The agility and transparency afforded by TBM are crucial to these outcomes.

It is impossible to discuss TBM relevance in the face of disruptive macro-environments, without also addressing the aspect of risk. Growing concerns around cybersecurity and protecting business assets sets a tone for organizations across all industries. In our survey, 80% of organizations ranked improving cybersecurity and reducing technology risk as a top business priority. Centralizing financial, technology, and non-technology data, TBM is uniquely positioned to improve value conversations regarding technology risk reduction.

Over the years, cybersecurity has become one of the preeminent technology-related risks to organizations. Headline news and warnings from technology leaders have put cybersecurity at the forefront of business leaders minds. Funding conversations for technology risk reduction can become quite technical, or lack data driven financial context or insight into risk positions of importance to business continuity. The result is that such initiatives may compete at a disadvantage, versus speed-to-market or revenue-generating initiatives. For this reason, priorities like reducing technical debt, which also reduces security risk, often fail to garner adequate prioritization and investment.

Too often, risk reduction conversations lack data driven insight to translate risk into potential business impact. Without the connection to cost or revenue-generating products, business and finance leaders often struggle to understand investment need and value. With TBM, risk can have a dollar amount or heat map associated with it and therefore has more meaning to decision makers. This better informs leaders as they seek a balance between speed, performance, cost, and risk.

The difficulty in striking this balance will grow as organizations continue to develop new software faster, adopt DevOps methodologies, and migrate from legacy infrastructures. Thankfully, TBM provides the ability to better leverage disparate data sets so that practitioners can understand the impact, cost, and options associated with this balancing act. Through infrastructure and application total cost of ownership (TCO) reporting, multi-year forecasting, and review of all application or product costs (Run and Change), tech leaders can hone the acumen of their teams and better understand the lifecycle cost and impact of what they build and maintain.

Leaders and their teams can leverage TBM to better forecast and articulate the true cost of technology risk, allowing them to make more informed decisions and recommendations to their business partners based on current priorities. As more organizations leverage demand-based funding for technology departments to run-the-business (32% of respondents), TBM provides the framework for value-based investment discussions that align with the changing priorities of their business partners.

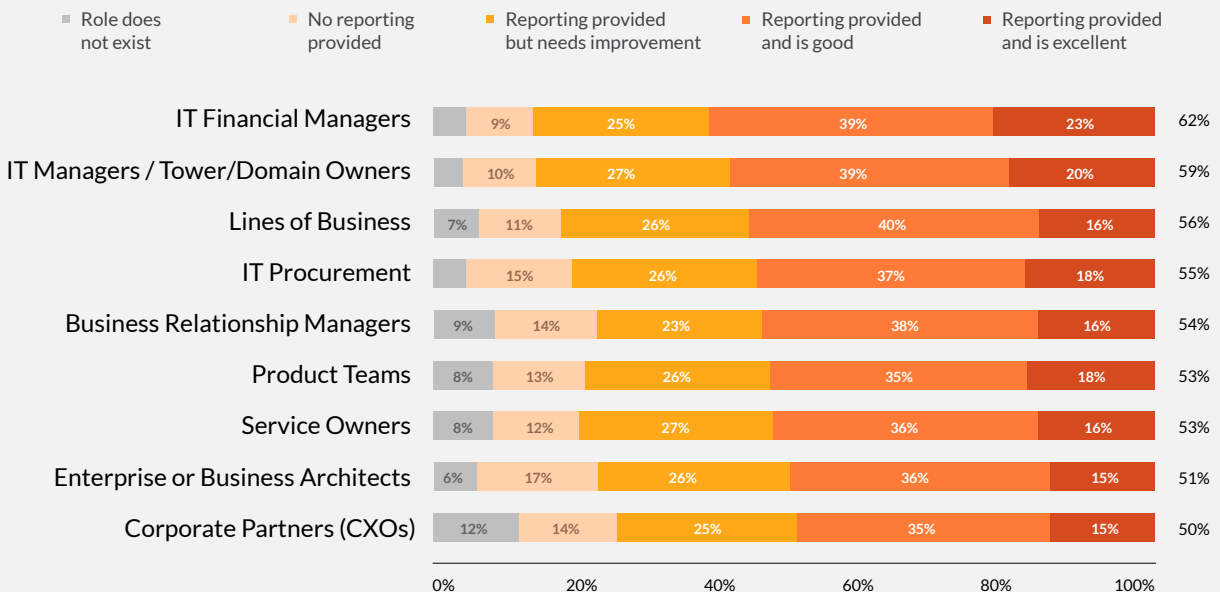
Technology funding – increasing transparency and trust with finance

Organizationally, dedicated TBM capabilities still primarily reside within the IT department (68%). Interestingly, multiple respondents from roles outside of technology departments rated TBM capabilities at their organization positively due to the transparency of reporting. This demonstrates the value the TBM discipline drives cross-functionally as a cultural change agent.

IT FINANCIAL MANAGERS RANK HIGHEST IN TRANSPARENCY (REPORTING) CAPABILITIES

More than half of organizations IT Managers/Tower/Domain Owners provide at least good transparency (59%) reporting.

RATE THE TRANSPARENCY (REPORTING) YOUR TBM CAPABILITY PROVIDES FOR THE FOLLOWING ROLES



Unsurprisingly, IT Finance Managers were the TBM stakeholders that rated transparency of reporting the highest (62%). This highlights the unique importance of the technology-finance partnership in TBM. The actionable insights provided to CIOs and CFOs ensure alignment when communicating with other business leaders around the consumption of technology resources. The improved collaboration between technology and finance departments has been a quintessential benefit of TBM.

TBM proves its value to the finance organization by supporting finance's own transformation due to new agile, cloud, and hybrid operating models. Agile funding, or an investment management approach to technology funding, increases finance organization's need for the data and transparency provided by TBM practices.

42% of survey respondents believe business investment decisions are made with inconsistent transparency

Amidst growing economic uncertainty, organizations face the challenge of continuing to invest in innovation, while validating or defending the expected value of these bets. Unfortunately, 42% of survey respondents believe business investment decisions are made with inconsistent transparency. The transparency provided by TBM reporting helps reshape value conversations. These conversations now include:

- Defined, outcome-based metrics, financial and operational, that can be baselined at the beginning of an initiative and benchmarked throughout the duration of the investment
- Automated, periodic reporting of KPIs that allow leaders to kill bad investments earlier or double-down on good investments

Twice as many respondents said that TBM has either somewhat increased or significantly increased trust that business partnerships have in technology departments

These value conversations increase trust and drive accountability across the organization. Finalists of the 2022 TBM Council Awards highlighted the importance of their TBM program's partnership with finance and the credibility TBM provides them with when presenting reports to business leaders. Twice as many survey respondents said that TBM has either somewhat increased or significantly increased the trust that business partners have with their technology teams.

Building trust and driving change are long-range benefits of TBM maturity. Cross-department collaboration between leaders and the sharing of data helps transform, or mend, relationships across organizations.

In our survey, we asked respondents to rate their TBM maturity as follows:

- **Crawling:** We are in the early stages of our TBM program or have not matured much from our starting point
- **Walking:** We have a regular cadence for a limited range of TBM processes, roles, and defined objectives similar to our starting point, and regularly deliver measurable value to our department or company
- **Running:** We have a regular cadence for many TBM processes, supported by advanced role-based reporting and improvement/scenario analytics, and are delivering significant value to our technology department and our company
- **Flying:** TBM is an integral part of how we plan, operate, and transform our company's use of technology to improve business outcomes, and create measurable value

The results emphasized that TBM is a marathon and not a sprint. Globally, 58% of technology teams described their TBM capabilities as Crawling or Walking. Across the United Kingdom and Ireland, 45% of technology departments are in the Running stage compared to 30% in North America.

TBM Capability Maturity

7%

Flying:

TBM is an integral part of how we plan, operate, and transform our company's use of technology to improve business outcomes, and create measurable value

35%

Running:

We have a regular cadence for many TBM processes, supported by advanced role-based reporting and improvement/scenario analytics, and are delivering significant value to our technology department and our company

41%

Walking:

We have a regular cadence for a limited range of TBM processes, roles, and defined objectives similar to our starting point, and regularly deliver measurable value to our department or company

17%

Crawling:

We are in the early stages of our program or have not matured much from our starting point

Organizations still Crawling, Walking, or embarking on the TBM journey should aim to overcome the top barriers facing TBM implementations: insufficient resources or budget (27%), and lack of executive commitment or prioritization (26%). Our survey underscores that a strong relationship between finance and technology can help tackle each of these barriers, and that TBM is foundational to developing this strong relationship.

Articulating value while embracing new technologies and ways of working

For years, traditional TBM use cases such as application and infrastructure total cost of ownership, have informed business cases for technology investments and, most importantly, informing and managing benefit realization. With agile operating and funding models becoming more prevalent within organizations, TBM practices must shift their sights to products, value streams, and business impact. This presents an opportunity for TBM practices to partner more with business architects to merge, or embed, the language of the business into data sources and reporting.

By aligning data, reporting, and analytics to value streams, Technology leaders can more effectively articulate performance against the metrics that matter most to the business. Our survey results show that the top four key performance indicators (KPIs) for technology departments are:

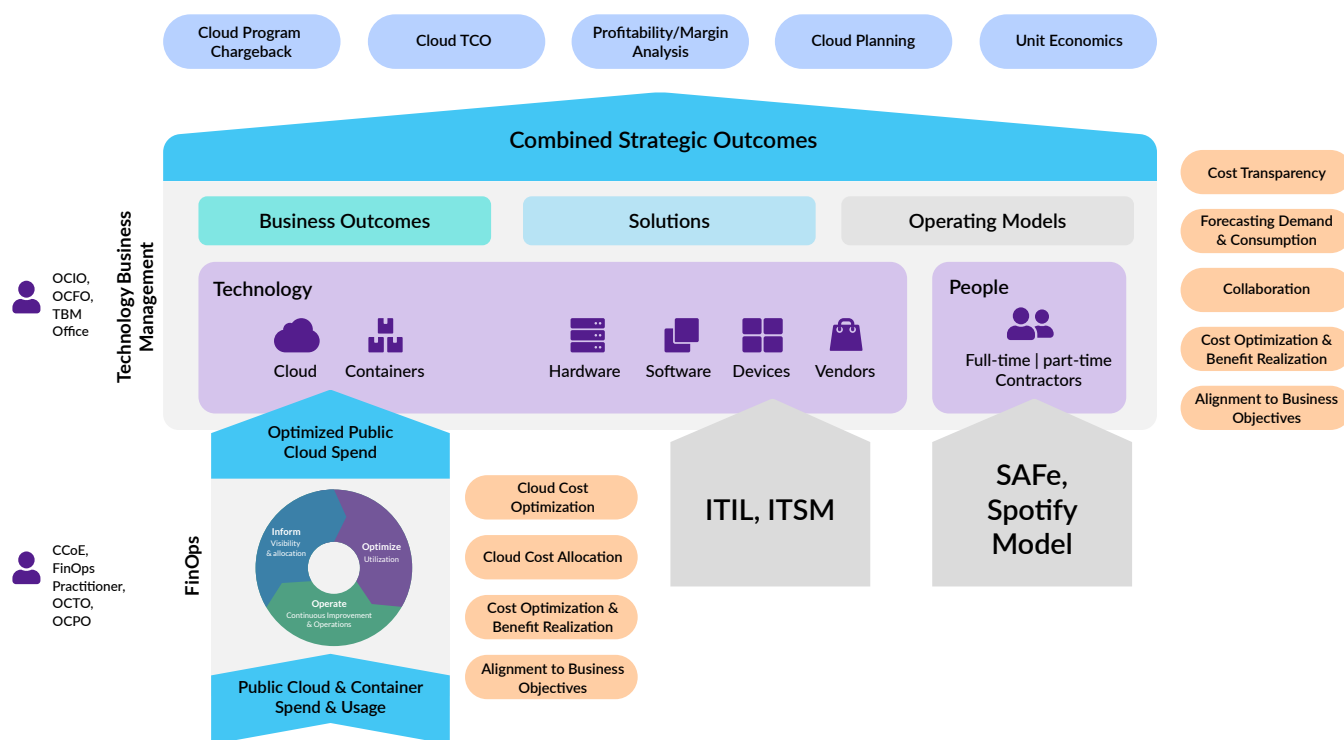
- IT Efficiency – how well technology improves the cost of delivering technology solutions
- Risk Management – how well the company benefits from investments in mitigating business risks
- Business Efficiency – how well technology deployment reduces business costs

- Internal & External Customer Satisfaction – how well the technology meets the needs of its internal users and external customers

Of the organizations we surveyed, 81% employ the Objectives & Key Results (OKR) framework. Additionally, 75% of technology departments review performance measures on a monthly or quarterly basis. This emphasizes the importance of measuring what matters and quickly producing relevant analytics and reports, shortening the feedback loop.

52% of technology departments surveyed have a cloud FinOps practice in place

As an example of the need for more frequent feedback loops, technology leaders are leveraging FinOps to manage their growing cloud spend more effectively. Our survey revealed that 28% of respondents have a Public Cloud First strategy, followed by 22% having a Public Cloud Optional strategy. FinOps, the practice of bringing financial accountability to the variable spend model of cloud, continues to emerge as the preeminent practice for cloud cost management and easily plugs into the TBM practice, showcased by the survey finding more than half of technology departments surveyed (52%) have a cloud FinOps practice in place.



Both TBM and FinOps evangelize the common principles of transparency, tradeoffs, and accountability. This presents an opportunity to interweave these principles as cultural practices and drive greater impact across Technology. While FinOps can provide the financial controls to reduce risks associated with moving to public cloud, TBM puts those costs within the strategic framework technology departments use to support the business. Furthermore, the speed to value of FinOps has been seen to provide technology departments the momentum to invest (or continue investing) in TBM.

Conclusion and the future of TBM

The future success of a TBM practice within an organization is dependent on its fusion with high priority business and technology initiatives. That synthesis should be based on critical capabilities and focused on:

- providing information and analytics on impact and value realization
- identifying new optimization opportunities
- becoming a driving force behind the increasing improvement and utility of data.

As TBM evolves to support the more mature practices that are extending the costing use case to business value chains, most TBM practices remain focused on achieving total cost of ownership for applications, products, and services. Furthermore, 34% of technology departments either do not provide consumptive cost reporting to their business partners or still utilize gross allocations of technology cost with little to no connection to consumption.

The [TBM Taxonomy](#) is a pivotal tool for connecting cost to consumption and rapid maturity in TBM. Sixty-three percent (63%) of survey respondents adopted the TBM Taxonomy to communicate technology value. As an extensible taxonomy, industries and organizations can tailor to fit their specific business needs. This is helpful in establishing regular and meaningful reviews of technology investments within their strategic, business context. Through the common classification of spend, organizations can quickly benchmark themselves against peers, or baseline their own internal unit costs, while assessing their efficiencies and unique areas of competitive advantage. Assessing TBM maturity can be done via a simple tool called the [TBM Maturity Model](#).

More than ever business is at the core of our industry. The frequency of agile, digital, cloud, and product focused transformations in organizations highlights the importance of business centric conversations. Leveraging the traditional TBM use cases, technology departments can set the foundation for more insight on business spend, consumption, options, and scenarios than ever. The future of TBM is truly informing and managing business value across the entire technology lifecycle and beyond technology itself.

Respondent Characteristics



Age (n=401)

18 to 24	8%
25 to 34	36%
35 to 44	36%
45 to 54	13%
55 to 64	5%
65+	1%



Professional Role (n=370)

Director or Manager of IT Finance	6%
CFO of Technology or VP of IT Finance	3%
IT Service Delivery Leader or Practitioner	4%
Business Relationship Management	3%
CIO / Head of IT	7%
CTO / Head of Infrastructure & Operations	3%
CPO / Head of Products	2%
Corporate (non-Tech) CFO	2%
FinOps Leader or Practitioner	1%
Agile Transformation Leader	1%
TBM Manager	2%
VP/Director/Manager of Technology Business Management	2%
VP/Director/Manager of IT Business Management	4%
Chief of Staff to the CIO/CTO/CDO	5%
VP/Director/Manager of IT Business Services	4%
Manager/Sr. Manager	33%
Director	8%
Vice President/Sr. Vice President	1%
C-Suite Executive	6%
President/CEO	5%



Total Technology Spending Included in Technology Department Budget (n=563)

Our department's budget represents less than 20% of our company's technology spend	17%
Our department's budget represents 20% to 49% of our company's technology spend	26%
Our department's budget represents about 50% to 75% of our company's technology spend	23%
Our department's budget represents 75% to 99% of our company's technology spend	16%
Our department's budget represents 100% of our company's technology spend	4%
We do not have reliable measures for this ratio	7%
Not applicable/Prefer not to respond	6%



Industry (n=563)

Accommodation and Food Services	2%
Agriculture, Forestry, Fishing and Hunting	1%
Arts, Entertainment, and Recreation	1%
Automotive	2%
Construction/Architecture	6%
Education	4%
Finance and Insurance	15%
Healthcare/Medical	8%
Information Technology	19%
Manufacturing	8%
Mining & Quarrying	2%
Professional/Technical Services Public	10%
Administration/Government/Defense	5%
Real Estate	<1%
Retail	4%
Telecommunications	3%
Transportation and Warehousing	4%
Utilities	1%
Other	3%

**TBM Council Job Role (n=175)**

TBM Office or Program Leader	21%
TBM Analyst	9%
Director or Manager of IT Finance	11%
CFO of Technology or VP of IT Finance	3%
IT Service Delivery Leader or Practitioner	6%
Business Relationship Management	6%
CIO / Head of IT	13%
CTO / Head of Infrastructure & Operations	2%
CPO / Head of Products	1%
Corporate (non-Tech) CFO	2%
FinOps Leader or Practitioner	2%
Agile Transformation Leader	4%
Other	21%

**Years of Experience (n=563)**

0 to 1 years	1%
2 to 5 years	15%
6 to 10 years	32%
11 to 15 years	20%
16 to 20 years	12%
21 years or more	20%

**Organization Size (n=563)**

1 to 999 employees	33%
1,000 to 4,999 employees	26%
5,000 to 19,999 employees	20%
20,000 to 49,999 employees	8%
50,000 or more employees	12%
I don't know/Prefer not to respond	1%

**Length Company Leveraging TBM (n=563)**

Less than 1 year	7%
1 to 2 years	27%
3 to 5 years	40%
5 or more years	17%
We are not yet leveraging TBM	9%

**Country of Company Headquarter (n=401)**

Australia	28%
Canada	18%
France	<1%
Ireland	<1%
Japan	<1%
Norway	<1%
United Kingdom	33%
United States	20%

**Primary Location of Technology Department (n=563)**

North America	42%
Central or South America	3%
United Kingdom or Ireland	20%
Western Europe	7%
Eastern Europe	1%
Northern Europe	3%
Southern Europe	1%
Middle East or Africa	1%
Australia or New Zealand	21%
ASEAN Countries	1%
India	<1%
China	<1%
Other	1%

**Department (n=401)**

Accounting	11%
Digital	2%
Engineering	7%
Finance	11%
Information Technology	41%
Maintenance/Operations	9%
Procurement/Purchasing	2%
Production	5%
Project/Product Management	8%
Strategy	3%



Company Decision Making Model (n=563)

Centralized: most technology is provided by a single central organization, that has a large degree of control over how tech resources and funding are applied across the company.	51%
Distributed: most technology is provided by the lines of business, or operating regions, and they primarily dictate funding and resource priorities.	31%
Federated: many technologies are delivered from a central organization, while many are provided by the lines of business	18%
Other	1%



Total Annual Technology Budget (n=563)

Less than \$100 million	32%
\$100 million to less than \$250 million	26%
\$250 million to less than \$500 million	20%
\$500 million to less than \$1 billion	10%
\$1 billion or more	11%

About the TBM Council

The Technology Business Management (TBM) Council is a nonprofit business entity focused on developing a definitive framework for managing the business of IT. It is governed by an independent board of business technology leaders from a diverse group of the world's most innovative companies. The TBM Council established a set of tools and best practices including organizational traits, management disciplines, a common taxonomy, and metrics. Members are encouraged to develop and contribute to their understanding of TBM through the Council's research, standards, education offerings, and community engagements. Members collaborate with their peers through an annual global conference, regional meetings, and an online community.

Learn more and become a member at

tbmcouncil.org

About Apptio

Apptio is the Founder & Technical Advisor to the TBM Council. Our SaaS solutions help organizations make smart decisions as they analyze, plan, optimize, control, and collaborate about the investments that will transform the IT operating model. Apptio was founded in 2007 to provide cloud-based business solutions to customers. Since our inception, we've gone on to become a one-stop-shop for businesses looking to optimize their IT budgeting, forecasting, and financial analyses. After going public in 2016, Apptio was acquired by Vista Equity Partners in January 2019. This partnership has allowed Apptio to buy out competitors Cloudability & Targetprocess and surpass 1,000 employees. Read more about the partnership.

Learn more at

apptio.com