Case Study

# TBM Helps Commonwealth Bank of Australia with Tech Costs

**The bank mapped costs to 2,000 applications using the TBM taxonomy**

The Commonwealth Bank of Australia (CommBank) is Australia's leading provider of integrated financial services, serving one out of every three households in the country. Founded in 1911, the company has grown to 48,000 employees and more than 15 million customers, with businesses now stretching across New Zealand, Asia, the United States, and Europe.

## The Challenge

Like most financial institutions, technology is vital at CommBank. "Technology plays a key role in our strategy," said Richard Spalding, CommBank General Manager of Program Delivery, Financial Services. "It plays a key role in our customer experiences, in how we manage risk, and in our overall profitability."

Because of its importance to the business, CommBank spends over $3 billion a year on technology across both run and change. And as the company moved forward, it became increasingly obvious that the Technology Finance group needed better transparency into how the company was spending that money to support the organization's profitability goals and to help execute its technology simplification strategy.

Commonwealth Bank of Australia

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**Website**
www.commbank.com.au

**Founding date:** 1911

**Employee count:** 48,000

**Headquarters:**
Sydney, Australia

**Revenue:** 30.16B AUD

**Industry:** Banking and Financial Services

**Customer since:** 2016

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Richard Spalding,
GM, Program Delivery,
Financial Services,
Commonwealth Bank of Australia

"To make sure we were investing and spending in the right places, we needed transparency, especially for the bank's application portfolio," Spalding said. "We needed to understand how much applications cost to build and run, the drivers of that spend, and the applications are being utilized by the business."

At the time, CommBank's financial management practices and tools did not have the capability of providing that level of cost visibility, according to Spalding, nor did they focus on allocating costs based on value or consumption. Instead, the company treated technology spend as an expense where the goal was to manage it as a department or "tower" cost and then apportion it equitably across the group.

"Everything was tied back to the source of funding," he said. "There really wasn't a focus on how that spend was actually being used to create value, either within the organization or for our customers."

## The Solution

CommBank needed to improve cost transparency and align technology spend to the technology assets and services the business consumes. As a result, the company decided to implement Technology Business Management (TBM). While the bank had implemented a customized version of Apptio's cost transparency module in 2018, it wasn't until 2020 that it decided to fully embrace TBM and Apptio's full capabilities.

"The new Apptio implementation covered 100% of our IT and operations costs," said Spalding. "Key to our success was adopting the industry-standard TBM taxonomy and re-deploying Apptio fully out of the box. This deployment was up and running within the year with a focus on adapting the organization to the solution whilst delivering value."

## The Result

### Increased Application Cost Transparency

Prior to implementing Apptio, CommBank had very limited understanding of their application costs. If the company's executives wanted to know how much a certain application cost or how much a business process cost — for example, writing a home loan — the Technology Finance team struggled to provide an answer. "In our old environment, this was not possible," said Geert Berlanger, General Manager of Transformation and Operations at CommBank. "There was no data lineage."

After implementing Apptio, CommBank now has clear visibility into the total cost of over 2,000 applications as well as the company's entire technology estate. "We now have a view of all our costs, across both run and change for all our applications," Berlanger said.

### Accelerated Progress Toward Technology Simplification

This increased transparency is helping CommBank's technology leaders make better decisions, according to Berlanger, especially involving their Technology Simplification Initiative — a three-year effort to reduce application-driven costs by $100 million per year — where they are identifying and selecting applications to retire, replace, or modernize.

For example, the delivery of fully-burdened application TCO data within four months of CommBank's Apptio rollout allowed the Technology team to rapidly identify specific applications and underlying value capture pools that informed the execution plan, enabling the company to track realized savings as it rationalizes its application portfolio.

In another example, the Technology team supporting CommBank's Institutional business used the rich application TCO data to identify and track benefits

associated with optimizing one of its applications, which resulted in $200,000 of demonstrated value months before going live.

**Better Management of Technology Resources**

Lack of cost transparency meant the Technology Finance and Performance teams operated with limited information. And this made it difficult when working with their business counterparts to find areas to save money.

"One benefit of having better visibility is demand management," said Berlanger. "With more visibility around the cost of an application, we can drill down and ask questions. This helps us explore why some environments are using so much compute or storage, for example, and find ways to simplify or reduce costs."

**Improved Linkage Between IT Costs and Business Services**

Prior to implementing Apptio, CommBank's business leaders did not have a good understanding of how their technology costs affected their business performance. And CommBank's Technology Finance group did not have the data to explain it to them.

By using customized dashboards in Apptio, the Technology Finance team has been able to use cost transparency data to link technology and operations spend to business services and capabilities. For example, the team created a Business Capability TCO dashboard to give CommBank's business leaders insight into whether the intensity of technology spending is occurring in the right areas to support CBA's competitive edge. The dashboard is indexed to support business

capabilities such as pricing, distribution, and settlements.

In another example, the team established "cost-to-serve" dashboards. These enable CommBank's business leaders to understand the technology and operations cost per trade or per commercial or home loan, which provides insight into whether technology spend is driving operating leverage for the business.

"It's about translating the language of IT cost transparency into the language of business cost transparency," said Spalding. And this has helped enhance the working relationship between CommBank's business leaders and the Technology group, all for the betterment of the organization.

**Advice to Others Just Beginning Their TBM Journey**

Like so many others, CommBank's Technology Finance leaders learned a lot during their TBM journey. And they are eager to pass along their learnings.

Spalding says he has three tips for those beginning their TBM journey. "First, be very clear on the business problem or opportunity that you're trying to solve," he said. "I wouldn't say just do it for the sake of doing it. In our case, we had a very clear business problem we wanted to solve, which was largely driven around transparency into our application portfolio. And then we anchored to that. If you do that, you'll get much stronger organizational buy-in from your executives because they will know this is going to solve a business problem. In addition, this will provide a guiding star, if you

will, during your execution of the project that will help inform the decisions you should be making along the way to make sure you're achieving that outcome."

Spalding's second tip is to set up your TBM initiative as a proper project. "Don't try to manage this as a side job," he said. "Get a project manager, get the proper technical lead, work closely with your TBM solution provider, and get some good organizational change management resources assigned as well."

Finally, Spalding's advice to organizations is to adopt a principle of keeping it as simple as possible. "Don't reinvent the wheel," he said. "And take advantage of the TBM standards and data models that already exist."

## Join 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 using 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, an online community, and the annual TBM Council Awards.

Learn more and become a member at **tbmcouncil.org/get-involved/membership**

**APPTIO**

### TBM Council Founder & Technical Advisor

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