Product sheet

FinOps: Mainframe cost distribution

In order to keep costs under control it is essential to create transparency into the mainframe cost drivers, both in technical and in business terms.

This information can be used in each relevant business unit to ensure accountability and alignment of behavior.

Cost Distribution is equally relevant for outsourcers who charge their customers based on utilization, as for outsourced customers or for installations with their own mainframe, who are interested in internal show-back or charge-back.

The objective of this offering is to assist the customer in either implementing a mainframe cost distribution or in making existing cost distribution methods more transparent and more in line with the actual underlying costs. Cost distribution will help the customer get the overview of which business units are using what and for how much.

Objective
Creating transparency into mainframe cost drivers, both in technical terms and in business terms, is essential to keeping those costs under control. This information can be used towards the relevant business units to ensure accountability and alignment of behaviour. Cost Distribution is equally relevant for outsourcers, who charge their customers based on utilization, as for outsourced customers or installations with their own mainframe who are interested in internal show-back or charge-back.

Implementing cost distribution in a correct, fair and transparent can be complex and requires a solution like ITBI™.

Mainframe cost drivers are normally based on peak monthly utilization. Cost distribution approaches must therefore start with an understanding of how each business unit contributes to those peaks in order to give a correct picture. Capacity usage cannot always be directly related to a specific business unit, so it is also important to handle distributions of 'overhead' in a fair and transparent way. It is essential to provide self-service reporting, so the organisations being charged for capacity can understand for themselves what they are being charged for and what they can do to keep those costs under control without having to continually draw on the mainframe capacity staff to answer these questions.

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What we will deliver

SMT Data works with the customer to set up rules for mapping the technical terms to business terms in ITBI. This means both explicit allocation of capacity usage to the relevant business units as well as implicit distribution of any 'overhead' that cannot be explicitly assigned. Once the mapping rules are in place, SMT Data creates the required reports and dashboards, for example to assist:

- IT Finance in preparing the monthly charge-back or show-back
- The business areas who are being allocated cost to understand what they are paying for, why, and what they can do to reduce their costs
- IT operations in explaining capacity usage to the business units using the capacity.

Cost distribution is implemented in an iterative approach where the mapping and reports are continuously improved in monthly iterations based on feedback from the stakeholders.

Time frame
The time frame depends on the size and complexity of the customer's organization and cost structure. Cost distribution is normally implemented in an iterative approach, where the initial reports are available for review within the first month.

Customer requirements
This offering assumes that the customer has implemented ITBI and that the basic technical data required for cost distribution is already in place. SMT Data's consultants also require access to interview customer staff in order to understand what the customer is paying for, any cost distribution models currently in place, and any reporting requirements from the various stakeholders.

For more information
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