Executive Summary

JPMorgan Chase uses TBM to provide transparency into IT spend, leveraging an automated bill of IT that improves engagement with stakeholders and fosters better cross-functional decision-making about cloud and other investments. By shifting the dialogue from tech metrics like uptime, latency, and trouble tickets to application and infrastructure services, the organization is able to better link IT decisions to capabilities the business needs, effectively marrying supply with demand. Today, finance, technology, and business teams are able to see the impact of IT consumption and tie service demand to a discipline that drives real business value.

JPMorgan Chase Overview

JPMorgan Chase is one of the oldest financial institutions in the United States, with a history dating back more than 200 years. Operating in more than 100 countries, JPMorgan Chase has grown to be a global financial services firm. They serve millions of consumers, small businesses, corporate, institutional, and government clients.
Technology is the lifeblood of business at JPMorgan Chase, but the business viewed IT as an expensive enigma with little relation to business value. The problem was not the technology itself but the way IT and the business communicated about it, each side talking past one another because they lacked a common language and context.

“The businesses were frustrated with the bills they’d receive from IT,” says Suzette Unger, JPMorgan Chase’s CFO for Global Technology. “There was little translation into business terms. They had no way to understand them or act on them.”

Today Unger can show each business unit how their technology decisions—intentional and otherwise—impact the bottom line. How? With bills that show how costs are driven by the units of application and infrastructure services each business unit consumes. Not just the initial costs to build new applications or purchase SaaS licenses, but all the ongoing operational costs needed to run, support, maintain, integrate, update, and secure each business service.

“We broke that frustration cycle when we started talking less about IT’s parts and pieces and more about applications,” says Unger. “An application is something an end-user can relate to. They can tie it back to their business. So that is the first step. The next step comes when the technologists who run IT begin thinking about how they deliver technology.”

JPMorgan Chase’s IT department can now relate its own internal decisions to business value by clearly prioritizing capabilities against the business needs. Now, IT’s managers can run their operations like any other business unit: They have a P&L, they have costs, they have inventory, they have clients; all of which are managed against constantly fluctuating demand. IT’s application, service, and infrastructure owners no longer communicate in terms of tech-metrics—uptime, latency, number of trouble tickets closed, mean-time-to-repair (MTTR), etc.—but now focus on conveying the value their users receive from the services they provide. This forces IT to view its offerings from the user’s point of view, from the outside in. It is a game-changing shift.

“What TBM is allowing us to do is put discipline around pricing and costing and the way we think about our product structure,” says Unger. “And, for the first time, we are able to do that as a team with both sides at the table—understanding demand, understanding supply, and marrying the two together.”

“For me, TBM has been a real enabler,” Unger continued. “It’s a framework that allows me to have a dialogue with the business. It supports my ability to have a seat at the table, to shift the dialogue, and to show people how they can move away from what I call ‘widget accounting.’ ”

**Integrating cloud into IT’s business model**

“So the hot topic of the year is cloud,” says Suzette Unger, JPMorgan Chase’s CFO for Global Technology. “And that’s what we’re looking at. But, if we want to go deeper into the cloud, we need to understand the financial implications of how cloud will be accounted for.”

One of the big challenges of cloud is addressing the allocation of costs, often based on imprecise usage metrics like headcount or a percentage of revenues. Cloud is
not so unique that it can’t be accounted for like any other outsourcing arrangement. The problem is cloud-provider invoices are notoriously opaque.

For organizations like JPMorgan Chase that use a “Bill of IT” to show business units exactly how much technology they consume and the fully-loaded costs that go into providing it, not having visibility into cloud provider services beyond the cost per account or minutes of compute time consumed makes accounting for it very difficult.

As an IT Finance professional, this is a challenge for Unger. “How do you take the information from your cloud provider and then incorporate it into the Bill of IT that you’ve already established with your business units if it’s just bulk consumption data?” she asks.

To answer this question, Unger relies on TBM. She allocates her cloud spend to consumers of these services—infrastructure and applications for bursting or compute cycles purchased by her App/Dev teams, for example. She’s then able to use the TBM Unified Model to accurately account for those costs, just like any other technology expense.

“Having your TBM model in place gives you the power to track cloud applications from a financial point of view,” says Unger. “You can use the TBM model to put discipline around cost allocations. So once you have your model in place, you have a great way to analyze your cloud spending.”

“Cloud is just like any other outsourced relationship but you really need to be on top of the relationship, the terms and conditions, the consumption and demand,” says Unger. “It is critical that tech and finance partner to make sure the organization is ready to take on and manage these new products effectively.”

Unger now has the data-driven insights she needs to do just that. TBM helps Unger stop the endless speculation about how IT spending relates to business outcomes. She can now bring both the business and IT teams together around a common data set that shifts the conversation from the things IT’s budget represents to the business value it is creating.

“I’m really excited about the engagement level I have across the tech senior leadership community,” says Unger. “How do we drive the strategy into the cloud? How do we adapt new technologies? How do we think differently about technology delivery? Having the right financials in hand puts the finance team right alongside the technology team.”

Working with imperfect data

When it comes to adopting and implementing TBM, data quality is often cited as a reason TBM “simply won’t work.” But Unger feels this is really just an excuse not to change the status quo.

“I think data is sometimes a crutch that people use to not move forward,” says Unger. “I don’t think it’s the biggest challenge, but it’s the most pervasive reason that people use to poke holes in TBM concepts. My advice? Don’t let data quality hold you back.”

“It’s part of the process,” says Unger. “I see data quality as something you just have to accept, and you’re never going to have it perfect. But with a good Bill of IT (which serves as the foundation of TBM-inspired chargeback and showback efforts), a good engagement process, and good stakeholder relationships, you can shift the dialogue to make it about transparency, value, and services being delivered… almost anything other than the individual, atomic parts that make up IT.”

Developing these relationships with key business stakeholders is indispensable to understanding what the TBM data is telling you. This is because finance folks know finance, IT people know technology, and business leaders know business. Bringing these divergent functions together at the same table, over the same data, embeds TBM into the decision-making DNA of the company.

“You have to find someone to go into the partnership with,” says Unger. “So if you’re a tech person, you need a finance person, and if you’re a finance person, you need a tech person. If you are on the infrastructure side, you want to find an application person. Once you start putting information in front of people and providing transparency, you’ll get them hooked.”

For JPMorgan Chase, a big “aha” moment came when the business units were shown their total IT costs for the first time. “It was a revelation,” says Unger. They hadn’t realized until that moment that the cost to deliver IT’s services and the prices they were paying for those services were two different things.

“Suddenly the light bulb went off and they realized they need to manage their cost base.” says Unger. “For me, that was a rewarding moment. Because if that realization never comes, then you can never get to the business conversation and that is, ultimately, what TBM is all about.”
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