

# Why technology business management does more than FinOps



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The delivery of any application requires an assortment of technologies and skills. A simple website requires data center infrastructure, server hardware, operating system and middleware licenses, as well as employees to manage each of these layers of the stack.

In the cloud, the practice of FinOps (short for financial operations) is gaining traction as a means of tracking and managing costs. For a broader view of all IT costs, however, many larger enterprises are adopting technology business management (TBM) frameworks, practices and software.

Optimizing costs at scale can lead to budgetary savings, making the investment in TBM worthwhile. At a November 2024 event in San Diego, California, hosted by the TBM Council — a non-profit organization that provides frameworks and guidance on deploying TBM — a major bank reported a 33% saving on IT costs by simply “implementing the basics.” While the results of TBM implementation vary, other attendees reported a return on their TBM investments within a year. Such benefits are only likely to be realized where IT estates are large and complex.

## What is technology business management?

TBM is a framework that provides companies with a standardized way of tracking and managing IT costs, performance and value. These insights are used to:

- Keep business units accountable for their expenditure — for example, a business unit pays for IT resources out of its budget rather than from a centralized IT budget.
- Identify areas for cost reduction or cost optimization — for example, combining software license discounts can result in a larger saving than if licenses are purchased separately.
- Assess the value of IT — for example, if an e-commerce website costs more to operate than the revenue it creates, it might not be viable.

The accuracy of TBM outputs depends entirely on the quality of the inputs. Identifying and quantifying the costs associated with IT is a complex job that typically requires a specialist team, often called a TBM practice or Cloud Center of Excellence. This team works across

different business units to ensure collaboration and standardize reporting. The TBM frameworks describe ways to determine these costs and allocate them to business units and applications.

This team needs to consider the business units that support the IT, the costs of the technology, the users and consumers of this IT, and the performance metrics that track success. They also need to make assumptions for cost data that is difficult to find or allocate accurately. Performing this initial step may take months. After deployment, new costs will need to be added as new developments, applications and technologies are introduced.

TBM teams need to be tenacious, as they continuously seek granular data from disjointed and potentially uncooperative teams. Implementing TBM may put pressure on teams to justify their expenses more regularly, which may cause tension and resistance to change. Additionally, the direct cost of maintaining a specialist team and the required tools can be high. As a result, TBM is generally restricted to larger companies that have many applications and IT resources.

This large enterprise focus is represented in the TBM Council membership. The TBM Council was set up by Apptio, a TBM software vendor founded in 2007 and acquired by IBM in 2023. Most council members are TBM practitioners rather than ecosystem vendors, and there are more than 18,000 members from over 4,000 companies, including 70 organizations in the Fortune 100. Board representatives include FedEx, Mastercard, Equifax and Wells Fargo. TBM Council partners include Accenture and Deloitte — both companies are focused on large enterprises that aim to help implement TBM practices and software.

## How does TBM differ from FinOps?

FinOps is a framework that combines financial management with cloud operational efficiency. It helps organizations manage and optimize cloud spending while promoting collaboration between the engineering, finance and business teams (see [FinOps gives hope to those struggling with cloud costs](#)). FinOps focuses specifically on cloud costs, whereas TBM considers all IT costs and aims to track expenses against other business metrics, such as profitability.

FinOps practices can be easier to implement than TBM ones. This is because FinOps relies on data from limited sources, namely the cloud provider's application programming interfaces (APIs), which offer standardized data formats for each cloud provider. This is not the case with TBM, which manages hundreds of data sources, spanning data center infrastructure, hardware, software and labor — each in different ways.

The inherent nature of cloud computing means that cloud providers' pricing often encapsulates many of these various line items in their unit pricing. As such, TBM is often implemented with the support of a third-party consultancy. Conversely, FinOps software is typically available "off the shelf" or accessed via a pay-as-you-go software as a service (SaaS) platform with minimal configuration.

FinOps software is often used to collect cloud data, while TBM software can make use of that data. In this manner, TBM software can report costs across public and on-premises locations and

then allocate these expenditures to business units. IBM acquired Cloudability in 2023 and Kubecost in September 2024 to integrate cloud data with Apptio. Other TBM vendors may offer integrations with cloud management platforms.

However, there are signs that FinOps practitioners are being urged to expand their practices beyond the public cloud. Around 35% of practitioners have been asked to track data center costs within their practices, according to the FinOps Foundation's annual survey, announced at the FinOps X conference in Barcelona, Spain, in November 2024. For SaaS, this figure rises to 72%.

The breadth and detail of these new requirements are currently unclear. The FinOps Foundation's Technical Advisory Council is developing a framework to include so-called scopes, which are segments of technology-related spending to which practitioners apply FinOps concepts. The foundation and its working groups are developing the FinOps frameworks to include data center and non-cloud cost scopes — currently, these developments are at an early stage. Time will tell how they affect TBM, the relationship between FinOps and TBM, and the partnerships and alliances formed across these disciplines.

## **What is the best way to implement TBM?**

Implementing TBM does not necessarily require specialist software or tools. However, managing large amounts of cost data is only practical at scale with dedicated software. Once these numerous data sources are identified, TBM software is set up with connections to the data sources, rules for processing the data, and assumptions for where granular data might not be obtainable.

The TBM frameworks outline the methods for determining these costs; the TBM software then automates the process of collecting, allocating, optimizing and presenting this cost information.

Those working in digital infrastructure may already be familiar with companies, such as ServiceNow, BMC Software, Datadog, VMWare and others, that offer aspects of TBM in their broader service management or infrastructure management portfolios.

Apptio is less widely known due to its position as a standalone TBM vendor; notably, it is also the only one that is a TBM Council partner. At the TBM Council event, Apptio boss Ajay Patel stated competitors were welcome to join the council, though he added the caveat that they would need to demonstrate value to its members. While TBM is a practice that does not necessarily require software, Apptio benefits from a captive market through its involvement in the TBM Council.

TBM software typically:

- Pulls cost data from multiple sources.
- Allocates the cost data to teams, budgets, applications or other cost centers.
- Provides a dashboard to track resource spending against key performance indicators, such as profitability.
- Suggests optimizations to reduce costs.

- Enables scenario simulations to track potential changes in expenditure for financial planning.

Different TBM software varies by how configurable it is, what data it can easily collect (via integrations), and the granularity and depth of its optimizations, reporting and predictions.

One crucial inclusion in cost analysis is data center power. Uptime Intelligence has previously discussed the platforms that can track data center power for potential inclusion in software as a cost data source (see [Pulling IT power data with software](#)).

## What costs should be considered in TBM?

Determining the cost of an application is challenging. It involves capital costs for purchasing hardware and software, as well as operating expenses for power, space, networking and software support. Furthermore, there are costs associated with the specialized skills required to install and maintain the application's layers — such as electricians for the data center, IT support for the operating systems and developers for the code.

Management structures can also stymie cost determination. The teams managing each application layer are usually siloed. For example, the data center team does not typically work closely with the software development team — normally they have different budgets, expenditures and priorities. Larger organizations may have several infrastructure and software development teams.

Shared resources present another challenge. A data center may host numerous servers running multiple applications. How are the costs of the data center estates, servers and power distributed across the applications they drive?

Data center and facilities staff are likely to be highly involved in the gathering and reporting of TBM data, having visibility into the cost of data center infrastructure, power, cooling, servers and labor, all of which are major cost contributors to IT spend. These staff also have visibility into changing business demands that drive these costs, such as investments in AI infrastructures.

## The Uptime Intelligence View

TBM can provide valuable insights into overall IT use for monitoring, optimization and accounting purposes. However, its implementation requires rigorous and ongoing management. As such, it is particularly valuable for large companies with extensive IT estates that span multiple data centers, where the potential optimizations and more informed decision-making offset the cost of implementation and management. In these organizations, data center professionals are likely to be heavily involved in collecting and reporting cost metrics.



## ABOUT THE AUTHOR

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Dr. Owen Rogers is Uptime Institute's Sr. Research Director of Cloud Computing. Dr. Rogers has been analyzing the economics of cloud for over a decade as a product manager, a PhD candidate and an industry analyst. Rogers covers all areas of cloud, including economics, sustainability, hybrid infrastructure, quantum computing and edge.

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With its data center Tier Standard & Certifications, Management & Operations reviews, broad range of related risk and performance assessments, and accredited educational curriculum completed by over 10,000 data center professionals, Uptime Institute has helped thousands of companies, in over 100 countries to optimize critical IT assets while managing costs, resources, and efficiency.