

Cruise Ship Line Deploys Digital Fuel to Optimize \$250M IT Budget

Overview

To provide transparency into IT functions and benchmark IT costs, a major cruise ship company implemented Digital Fuel. It can now manage all of the financial data relating to its \$250 million IT budget on a single platform and allocate IT service costs both to the parent company and its separate cruise lines. With greater visibility, the company plans to institute a clear chargeback mechanism to give each division a clear sense of their costs in a "bill of IT."

Customer Profile

A US flagged multi-billion dollar cruise ship company with tens of thousands of employees. The company is spread across separate brands with each division acting as a separate organization with its own marketing, sales, legal, and HR functions.

Customer Challenges

A simple request from the CEO for a comprehensive report on IT spending led to the realization that the cruise ship company lacked needed transparency into IT costs. The team was unable to provide adequate information to support future investment decisions and neither IT nor the separate divisions had any insight into how many IT services were being consumed by each of the various divisions.

A major stumbling block to achieving financial transparency was the company's IT infrastructure and software. Originally installed in the 1990s – it was highly outdated and it was difficult, if not impossible, to extract appropriate data for their needs. It was even difficult to differentiate variable from fixed costs and discretionary expenses from necessary ones.

In response, the IT department set multiple long-term goals:

- To provide transparency on IT spending via chargeback
- To empower the divisions to make more informed decisions about the services they consumed based on better cost estimates
- To benchmark IT costs
- To provide divisions with a bill of IT – a list of clear, specific charges – that were sustainable and defensible

Key Highlights

Industry

Hospitality, Tourism, Travel

Location

United States

Key Challenges

- A lack of transparency into all IT costs
- Lack of cost-modeling capabilities
- Lack of ability to differentiate fixed, variable, and discretionary costs

Solution

With Digital Fuel, including the IT Financial Management capability, the firm established basic reporting mechanisms to deliver transparency into IT costs for both its separate divisions and corporate headquarters.

Business Benefits

- Consolidation of IT financial data into a single platform
- The ability to allocate IT service costs to each division, each individual cruise ship, and to the enterprise as a whole
- Ability of departmental users to access data showing linkage between IT functions and costs

The Solution

The cruise ship company's Director of IT Finance, acting as executive sponsor, considered two tools and ultimately selected Digital Fuel, based on its overall lower total cost of ownership and flexibility in accommodating growth. Given its limited experience, the company contracted with Digital Fuel's Professional Services Organization (PSO) to help with the implementation.

The SaaS-based implementation of Digital Fuel, including the IT Financial Management capability, started with the basics: educating the IT department on IT Financial Management best practices and providing recommendations for cost modeling and allocation methodologies. This was to help it build credibility among the wider organization.

The IT department first established a shared services environment and conducted cost allocations for all IT services. In the first three months, the company, with the help of the PSO team, built customized cost models, automated select data sources, and built multiple recommended reports and dashboards.

Using Digital Fuel internally, the IT department was able to leverage its export capabilities to extract data from various sources to analyze and understand how to best integrate with the cost models. Subsequently, the IT department plans on refining the current model to integrate more consumption data (not currently available) and ultimately shift its accounting from percentage-based allocations to specific amounts. It also wants to integrate all costs incurred shipboard and allocate them accordingly (if each cruise line is a division, then each ship is a separate department with its own \$25 million data center).

Business Benefits

With strong support from the executive sponsor, the IT department achieved its short-term goal of gaining transparency. It consolidated all of its IT financial data into a single platform and being able to allocate IT service costs at the enterprise level as well as the individual cruise ship level in a matter of months. Users are now able to drill down and see which business applications can drive cost.

Looking Ahead

The IT department plans to move forward to the optimization/alignment phase, in which it will be able to budget and implement full chargeback processes in a bill of IT for each business unit.

Learn More

To learn more about how Digital Fuel products can help your business manage the cost and value of IT, visit

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