

EMC implements Digital Fuel and IT Benchmarking to increase financial transparency and deliver a true Bill of IT

EMC is a global leader in enabling businesses and service providers' IT departments to accelerate their journey to cloud computing.

EMC Corporation is the world's leading provider of data storage systems and storage hardware solutions. They facilitate movement to the cloud by enabling businesses and service providers to transform their operations and deliver information technology as a service (ITaaS). In addition, EMC provides consulting, technology deployment and integration, customer support, training and certification, and managed services.

Customer Challenges

EMC has been on a journey for the past four years to transform IT and to run IT as a business. The complete story of their transformation journey can be found in this whitepaper. When EMC started their transformation journey they billed back about 54 percent of all IT costs. The methodology used to bill back these services was primarily an allocation approach, augmented by cost center alignment to business units when specific developer and business relationship personnel could be directly tied to those business units. This approach didn't foster the kind of transparency they felt was necessary to better align IT with the businesses they served. They were seeking an approach that looked at all the services IT delivered and tied them in a very direct way to the true consumption of IT by their business partners.

As part of their financial transparency program, EMC IT engaged with EMC Consulting to better understand their IT service costs and to refine their approach to offering services to their end users through a service catalog. Today EMC bills back 89 percent of their IT costs and the vast majority of all bill back activity is based on the actual consumption of services by the business units. EMC's unrelenting focus on driving financial transparency has helped their efforts to increase the percentage of IT investments focused on growth and innovation from 23 percent to 42 percent. Increased transparency has also been the key to shifting their spending on enterprise-wide projects (versus single function or business unit) from 42 percent to 76 percent.

Key Highlights

Industry
Technology

Location
400 offices in 86 countries Global HQ:
Hopkinton, MA

Key Challenges

- Connect business unit consumption with actual IT spend
- Create true Bill of IT that is directly linked to the General Ledger
- Comprehensive and integrated service costing from components through business services

Solution

With Digital Fuel and IT Benchmarking, EMC has increased visibility into costs and achieved a comprehensive Bill of IT.

Business Benefits

- Better business-IT alignment
- Increased IT investment in innovation and growth
- Sustainable solution to automate IT Financial Management processes

The Solution

At the end of 2010, EMC was eager to implement a technology solution to automate and sustain the process improvements they were pursuing to support increased financial transparency. They started with a homegrown solution, but this didn't fully address their needs, and the burden of expanding and maintaining this solution didn't seem practical. Next, they implemented a third-party solution on a limited basis to address chargeback for infrastructure services only. Unfortunately, the solution featured a complex, hard to understand modeling structure with complicated logic that made fully realizing their vision difficult to achieve.

In 2013, the continuing evolution of EMC's approach to service costing necessitated the creation of a new cost model that more accurately aligned with their service definitions and expectations for creating a true Bill of IT. When EMC realized that it needed to redesign their cost model, they also decided to assess whether they had the right platform to meet their current and future needs.

EMC chose Digital Fuel that introduced new benchmarking and forecasting capabilities. It also helped address gaps in GL expense allocation and consumption data by creating automated business rules and having configurable mapping and assumptions that could be more easily managed in a highly dynamic business. With the Digital Fuel solution, EMC was now able to expand the previous chargeback efforts beyond infrastructure, and move to a complete Bill of IT that can be easily consumed by their line of business partners.

With the Digital Fuel offering, EMC was able to completely replace their previous solution and move away from a complex, hard to understand modeling structure with complicated configuration logic and hard to understand business rules to a self-documenting, more simple logic contained within the solution. The previous solution also required the collection of multiple files and a manual and time-consuming data load process.

One of EMC's goals was to have specific and granular information that increases business intelligence. To accomplish this, they needed a comprehensive service costing solution that supported the need to look at the full IT services stack and to create an easily consumable Bill of IT that accounts for all costs in the IT Budget in a meaningful way. Having a fine grained view of the IT services stack – from component to full service - allows the EMC IT team to ask better questions and to work more effectively with their line of business partners in order to make joint decisions as to where and how to invest precious IT resources. Neil Thibodeau, Senior Director for IT Business Management at EMC put it this way: "We want to be able to make great decisions and deliver superior results and Digital Fuel helps us do that."

Next Steps

Looking ahead, EMC plans to fully implement and refine the Bill of IT, then utilize Digital Fuel to identify areas for continuous improvement.

"We want to be able to make great decisions and deliver superior results and a strong ITBM solution helps us do that."

Neil Thibodeau
Senior Director for IT Business
Management, EMC

Learn More

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

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