

# Cost Mapping Overview

## Challenges

We know from speaking with CIOs that *controlling* IT costs and making the consumption of IT services *easily understood* by business executives are ongoing challenges. While this may appear to be obvious, what is less apparent is *what* some successful CIOs are actually doing to address these challenges. Consider the following:

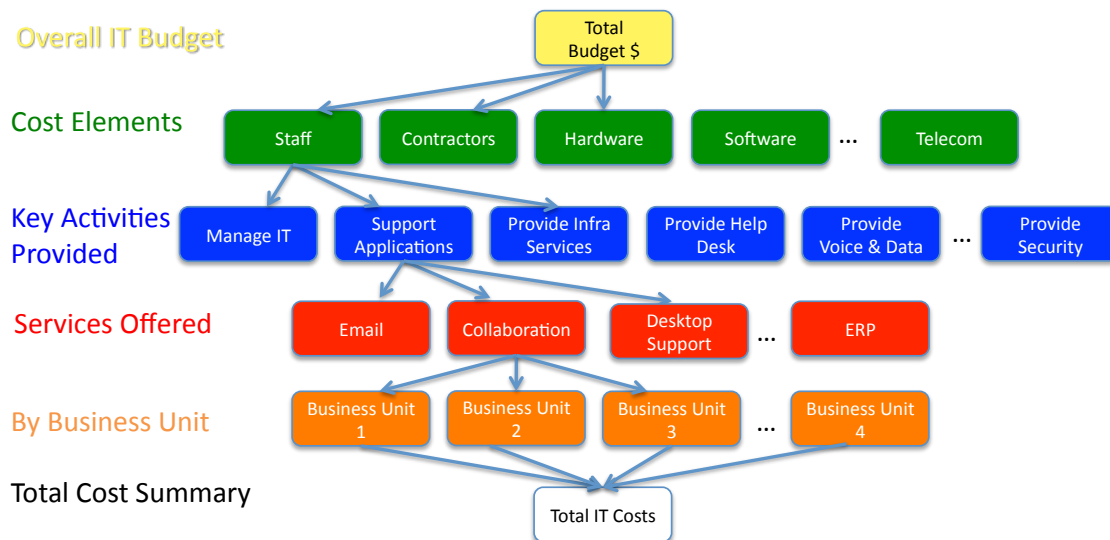
- Are you able to *translate* your IT costs into relevant, understandable services?
- Can you *quickly* and *accurately* model the IT cost impact of a major business initiative?
- Do you regularly *communicate* to executives about the impact of their decisions on IT costs?
- Do you feel *confident* and *well prepared* for your upcoming annual budgeting process?
- Do you have a *detailed baseline* of your IT costs to evaluate sourcing decisions?

“The Cost Map has been adopted as an authoritative source of cost information for the TransCanada IS department. The Cost Map is frequently used in discussions with executives of client departments and has resulted in increased credibility of IS costs.”  
 Director IS - TransCanada

## Solution

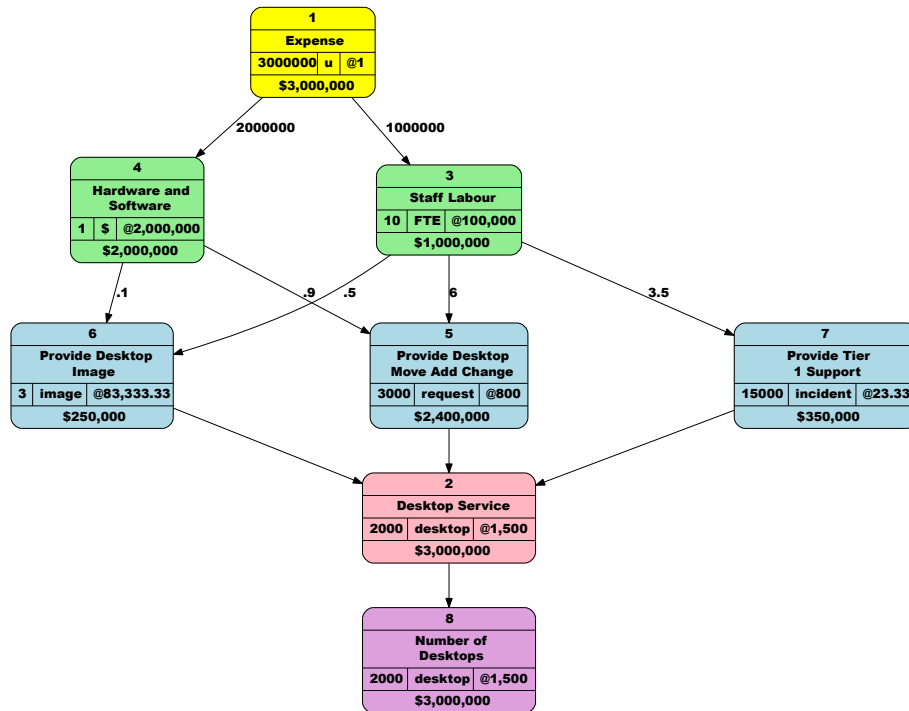
For seven years, Metamorphosis has helped CIOs at leading organizations take an innovative approach to address these challenges. Using our innovative stand-alone activity-based *Cost Mapping* solution, we help our clients quickly develop over a few months a detailed model and understanding of their IT service costs. A *Cost Map* allows for IT costs to be modeled and viewed at levels that are relevant and meaningful to IT managers or business executives, as shown below in this conceptual model.

### Cost Map Conceptual Model



Visually displaying this information as a map of cost flows, as shown in the Sample Cost Map, allows IT managers and business executives to quickly see and understand what things cost and why.

**Sample Cost Map (simplified for illustration)**



The sample simplified *Cost Map* above for Desktop Support shows a total spend of \$3,000,000 (yellow box), made up of hardware, software and labour consumed (green boxes), and based on actual volumes input into the model, automatically calculates the unit and total costs of each IT activity (blue boxes). Activity costs are allocated to “Desktop Service” (pink box) and based on the number of desktops, a unit cost of \$1,500 is calculated. *Cost Maps* can be used to model IT budgets of all sizes and complexities- from \$25M to over \$100Ms - for the full suite IT services provided across multiple operating locations.

**Results**

Taking a *Cost Mapping* approach helps CIOs and their teams achieve the following business outcomes:

- Gain greater trust and confidence in the value of IT services delivered
- Enable better understanding of IT costs and consumption
- Better alignment between business needs and IT costs
- Easily show the costs of IT services by business line

“The initial creation of the Cost Map added a great deal of value to our organization. After using it for two years we found that it established efficiencies that didn't exist before, and the conversations that occur as a result of the model are more constructive and strategic.”  
 CIO - TransAlta

**About Metamorphosis**

Metamorphosis provides innovative high value consulting, coaching and facilitation services to help executives and their teams have new, more effective conversations about significant business challenges that result in plans, actions and breakthrough results for individuals, teams and organizations. Contact Ben Smith at 403-708-6907 or Mark Richards at 403-836-0545 or Dave Hawkins at 403-708-2749 for more information.