



The Challenge of Driving Value with IT

As IT estates expand in size and scope, understanding and proving the value of IT spend becomes increasingly difficult. Data is often siloed across disparate systems, making it hard to connect IT spend to business objectives and value. Organizations struggle to move from reactive budgeting to strategic financial planning, and lack of source of costing truth to drive strategic decision-making and investments. Organizations need a way to track, manage, and optimize value from IT investments. This IT financial management (ITFM) maturity model provides a roadmap.



The ITFM Maturity Journey

ITFM maturity is a journey, not a checklist, favoring progress over perfection. Once you've identified your organizations capabilities via the dimensions of KPIs and outcomes, this five stage model charts how to evolve from manual, finance-led processes to strategic, value-centric IT financial management. Each stage builds on the last, improving transparency & automation, increasing stakeholder involvement, engagement & trust, and creating greater alignment between IT investment and business objectives & value.



Only 14% of organizations report that their ITFM practices are 'fully embedded' with continuous optimization and granular visibility into costs.



Data Sources That Enable Smarter IT Decisions

Start with the general ledger for a solid foundation. As you unify more sources, you gain a complete view of IT cost, risk, and value, empowering leaders to optimize spend, forecast accurately, and align IT with business growth.



- **Enterprise resource planning (ERP):** Foundational financial data (GL, AP, AR).
- **Customer Relationship Management (CRM):** Links IT investments to customer-facing initiatives.
- **Cloud:** Key driver of modern IT costs; requires tagging and optimization.
- **HR Systems:** Workforce cost visibility and planning.
- **IT Asset Management (ITAM):** Tracks hardware/software inventory and lifecycle; supports depreciation and compliance.
- **IT Service Management (ITSM):** Connects cost to service delivery.

Key Stakeholders

As your ITFM practice matures, strategic partnership and trust across IT, Finance, and the business becomes a catalyst for transformation. This unlocks deeper and more accurate cost transparency, smarter investment decisions, and stronger alignment between IT investments and business objectives.



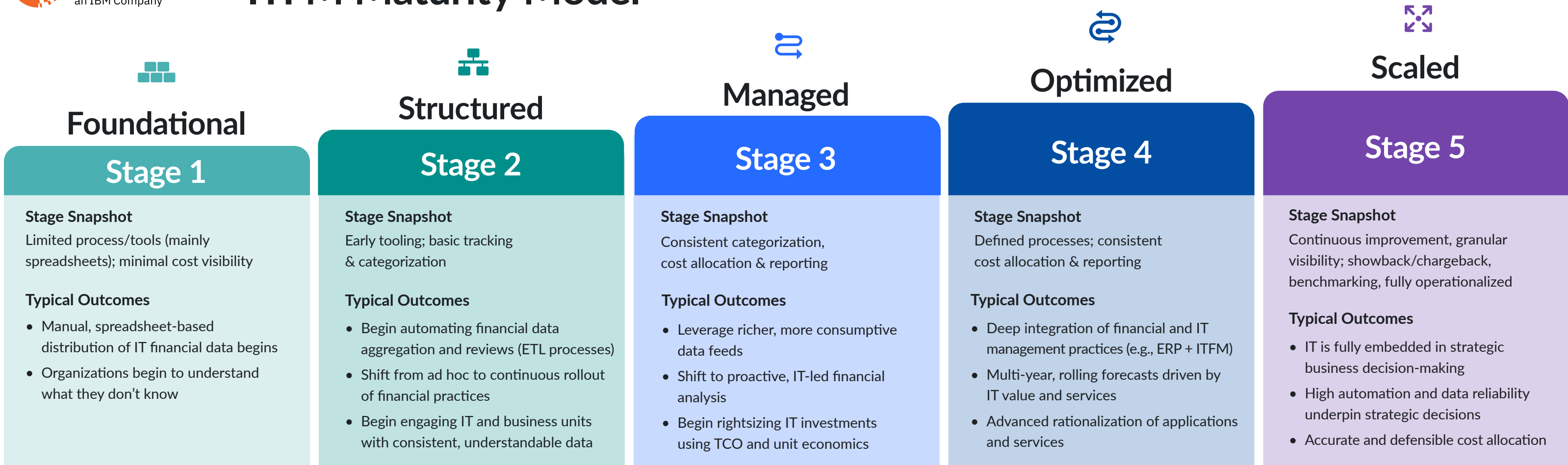
- **IT:** Needs visibility into cost drivers and consumption to optimize spend.
- **Finance:** Seeks accuracy, accountability, and alignment with corporate goals.
- **Business Units (BUs):** Want transparency into what they're consuming and why.
- **CxOs:** Require defensible, value-based insights to guide strategic decisions.
- **Procurement / Vendor Management:** Critical for optimizing and rationalizing contracts and spend.
- **ITFM Practice:** Champions maturity, governance, and cross-functional alignment.

Discover the Benefits of Maturing Your ITFM Practice

Move beyond the 14% to realize greater value from your IT investments.

- **Cost Transparency:** Understand where spend is going, who is spending it, and why it is being spent.
- **Business Value Alignment:** Link IT investments to strategic business objectives.
- **Improved Forecasting:** Reduce budget variance and build trust between IT and Finance.
- **Faster Budget Cycles:** Increase agility and responsiveness to business changes.
- **Automation & Reliability:** Reduce manual effort and errors, increase accuracy.
- **Strategic Enablement:** Position IT as a growth enabler, not just a cost center.

ITFM Maturity Model



Cross stage KPIs & thresholds

Cost Allocation Coverage 0-30%	Cost Allocation Coverage 30-60%	Cost Allocation Coverage 60-85%	Cost Allocation Coverage 85-95%	Cost Allocation Coverage ≥95%
Budget Cycle & Reforecasting Time 45-60 days / NA	Budget Cycle & Reforecasting Time 30-45 days / NA	Budget Cycle & Reforecasting Time 15-30 days / 1+ per year	Budget Cycle & Reforecasting Time 7-15 days / 2+ per year	Budget Cycle & Reforecasting Time ≤7 days (or rolling) / 4+ (quarterly)
Forecast Accuracy (MAPE %) > 20%	Forecast Accuracy (MAPE %) 10-20%	Forecast Accuracy (MAPE %) 8-12%	Forecast Accuracy (MAPE %) 5-7%	Forecast Accuracy (MAPE %) ≤5%
Data Feeds & Automation ≤10%	Data Feeds & Automation 25-40%	Data Feeds & Automation 40-70%	Data Feeds & Automation 70-90%	Data Feeds & Automation ≥95%
Consumptive Allocation ≤10%	Consumptive Allocation 25-40%	Consumptive Allocation 40-70%	Consumptive Allocation 70-80%	Consumptive Allocation ≥80%

KPI Guide



- Cost allocation coverage:** How much of your IT spend is distributed to meaningful cost objects (services, apps, BUs) instead of sitting in a lump sum. **Why it matters:** Higher coverage = better cost allocation, transparency, and accountability.
- Budget cycle & reforecasting time:** Time (days) to complete IT budget cycle & ability to reforecast. **Why it matters:** Shorter cycles for budgeting and reforecasting = increased agility and shorter response time to business changes.
- Forecast accuracy (MAPE %):** How close your IT forecasts are to actuals (Mean Absolute Percentage Error). **Why it matters:** Accurate forecasts prevent budget shocks, reduce budget waste, and improve trust between IT and finance.
- Data feeds & automation:** The percentage of key data sources (GL, HR, asset, cloud) that flow automatically into your ITFM system. **Why it matters:** Reduces manual effort, errors, and latency in reporting + increases accuracy in cost objects.
- Consumptive allocation:** The percentage of IT spend allocated based on data driven consumptive rules rather than assumptive measurements. **Why it matters:** Highly consumptive, data-driven TCO = greater accuracy and trust of allocations.