KPMG

# Technology Business Management (TBM)

## A Framework for Strategic IT Spend Management and Value Delivery

January 2026

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# Introduction

Modern organizations face a paradox: technology is essential for business success, yet many still struggle to justify IT spending or demonstrate its strategic value. Finance teams question where large IT budgets are going, business leaders feel blindsided by unexplained charges, and IT leaders often lack the financial credibility needed to champion transformative investments. This reflects not just communication gaps, but a deeper challenge in how organizations manage the business of IT.

Technology Business Management (TBM) emerged to close this gap. Unlike traditional IT financial management, which is often focused only on cost-cutting, TBM provides a comprehensive framework that explains IT spend in business terms, aligns investments with strategic goals, and supports more informed trade-offs. By creating a shared language across Finance, IT, and the Business, TBM shifts decision-making from reactive cost reduction to proactive value creation.

The need for TBM is growing as organizations grapple with hybrid cloud environments, AI adoption, cybersecurity pressures, and increasing expectations from boards and regulators to justify technology spend. Without a structured approach like TBM, organizations tend to overspend on maintenance and underinvest in innovation, making digital transformation difficult to sustain.

# 1 What Is TBM?

Technology Business Management is a management discipline that helps senior technology and finance leaders align technology spend with business goals, improve cost transparency, and maximize business value. It treats IT as a business within the business, requiring financial discipline, accountability, and strategic alignment.

TBM organizes technology costs into four key layers:

**1 Cost Pools**
Labour, software, hardware and external services

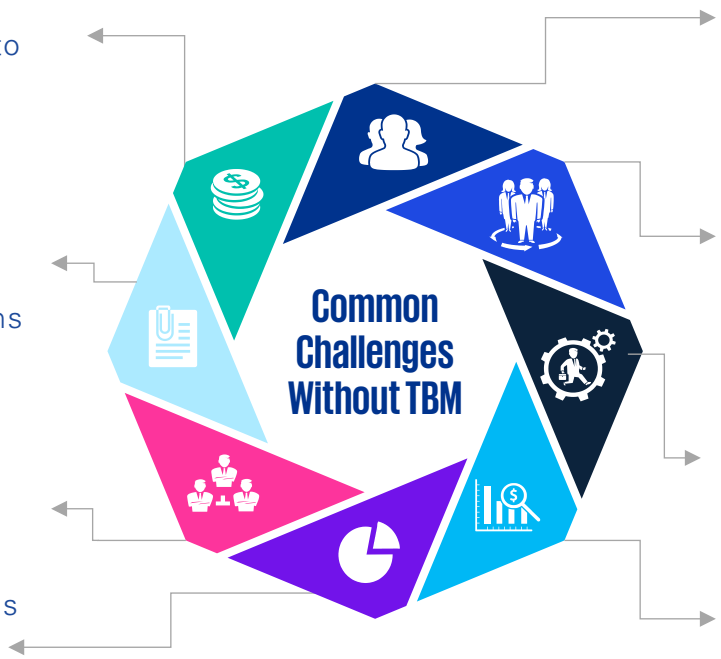
**2 Resource Towers**
Compute, Storage, Network, End-user Services and Applications

**3 IT Services**
Email, Core Banking, ERP, Cybersecurity, Data Platforms & Integration Services

**4 Business Units**
Retail Banking, Operations, HR or Commercial Divisions

By structuring costs this way, organizations can trace technology spend from its source to the business functions that consume services. The TBM Model allocates financials and consumption metrics to services and applications, enabling leaders to see the total cost of ownership, consumption patterns and cost drivers. Overall, TBM provides the transparency and alignment needed to manage technology as an investment rather than an overhead.

Without a TBM approach, organizations typically experience:




- Limited visibility into true IT spend
- Budget overruns and weak ownership of consumption
- Difficulty justifying technology investments in business-value terms
- Uncontrolled cloud and SaaS costs
- Misalignment between IT demand, capacity and business priorities
- Arbitrary cost allocation or cross-subsidization across units
- A persistent perception that IT is expensive without clarity on why
- Slow and contentious budget cycles

# 2 Why TBM Matters for Enterprises

Digital transformation across Africa is accelerating, with organisations investing heavily in cloud services, cybersecurity, core modernisation, digital channels, and automation. However, many leadership teams still lack the financial transparency and operational insight required to manage this growing technology estate effectively. TBM provides a structured approach to link IT spend with business outcomes, making it easier for organisations in Nigeria and across the continent to optimise costs, meet regulatory expectations, and ensure technology investments deliver measurable value.

Several trends make TBM especially relevant for African enterprises today.

Executives require a clear understanding of cost structures, cost drivers, and consumption patterns. TBM brings transparency to traditionally complex areas such as cloud billing, data center operations, vendor contracts, and application portfolios.

In an inflationary economic environment with FX pressures, TBM enables targeted cost optimization such as removing wastage, reducing duplication, and redirecting spend to value-adding initiatives.


It shifts the dialogue from "IT as a cost center" to "IT as a strategic enabler," helping executives collaboratively plan, fund, and measure technology initiatives.

TBM clarifies roles, responsibilities, and ownership of technology costs, ensuring that business units understand what they consume and why

With TBM, organizations can evaluate investment trade-offs, forecast technology needs, and prioritize digital initiatives based on business value.

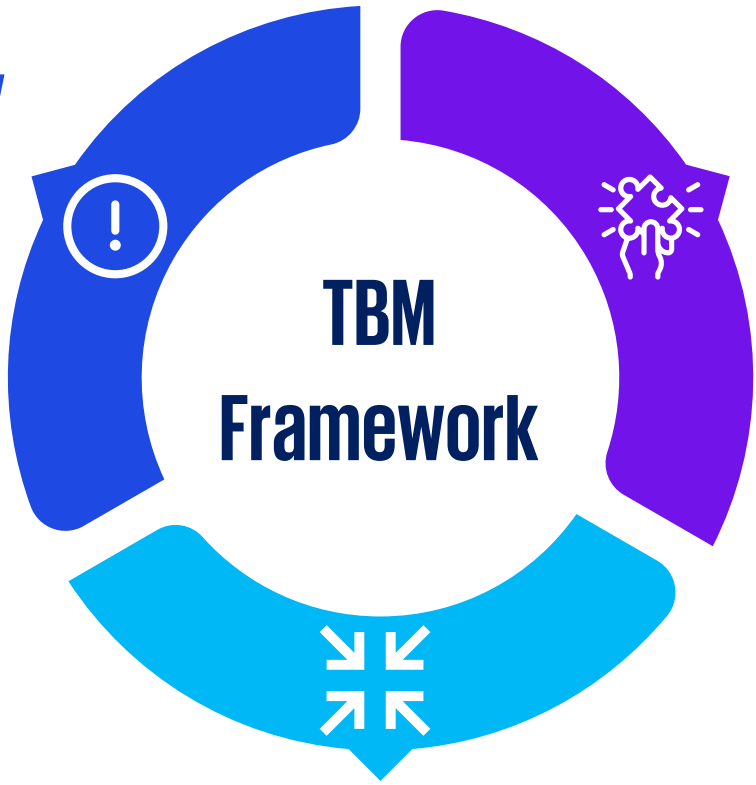
# 3 The TBM Framework and How It Works

As organizations adopt more digital platforms, cloud services and complex technology operating models, they require a structured way to link financial data, operational metrics and service consumption. The TBM Framework provides this structure. It simplifies how technology costs are organized, allocated and communicated, enabling leadership teams to understand where money is going, what services drive cost, and how technology supports business strategy.

The TBM Framework consists of three integrated layers:

## TBM Taxonomy

A standard classification of all technology costs that ensures transparency and comparability across services, applications and business units.




## TBM Model

A cost-allocation engine that maps financials and operational data to services and business consumers. It produces insights such as total cost of ownership, cost of applications, cost per user, consumption trends and cost drivers.

## TBM Operating Model

Governance structures, defined roles, reporting cadences and processes that embed TBM into planning, forecasting, procurement, cloud governance and service management.

A mature TBM practice supports cost transparency, better forecasting, improved demand management, benchmarking against industry peers and stronger alignment between technology spend and business strategy. It also integrates easily with cloud cost optimization (FinOps), IT financial management, product management, cybersecurity governance, IT Service Management and ESG reporting.

# 4 Why TBM Adoption Has Become Critical

## Increasing Demands for Accountability and Value

Boards, shareholders, and investors now expect clear justification of technology investments. They want measurable value, efficient capital deployment, and alignment with strategic business outcomes.

Digital transformation also heightens IT's strategic role, creating dual pressure: deliver innovation while controlling costs. TBM helps reconcile this by distinguishing between run spend (to be optimized) and growth spend (to be strategically prioritized).

## Business-Driven Transformation

Business and technology strategies are now inseparable. Effective transformation in areas such as digitalization, AI, or sustainability requires tight alignment between business objectives and technology investments. TBM provides the shared language and financial clarity needed for this collaboration.

## Optimizing Run Versus Change Spending

Aging technology portfolios and rising technical debt make it difficult to allocate funds effectively. TBM enables organizations to assess which run costs deliver real value and which legacy systems should be modernized or retired, supporting data-driven resource reallocation.

## Cloud, SaaS, and Hybrid IT Complexity

Hybrid environments combining on-prem, private cloud, public cloud, and SaaS create unprecedented financial complexity. Usage-based billing and variable costs require real-time visibility—something traditional IT financial management cannot provide. TBM helps prevent cloud waste and aligns consumption with business value.

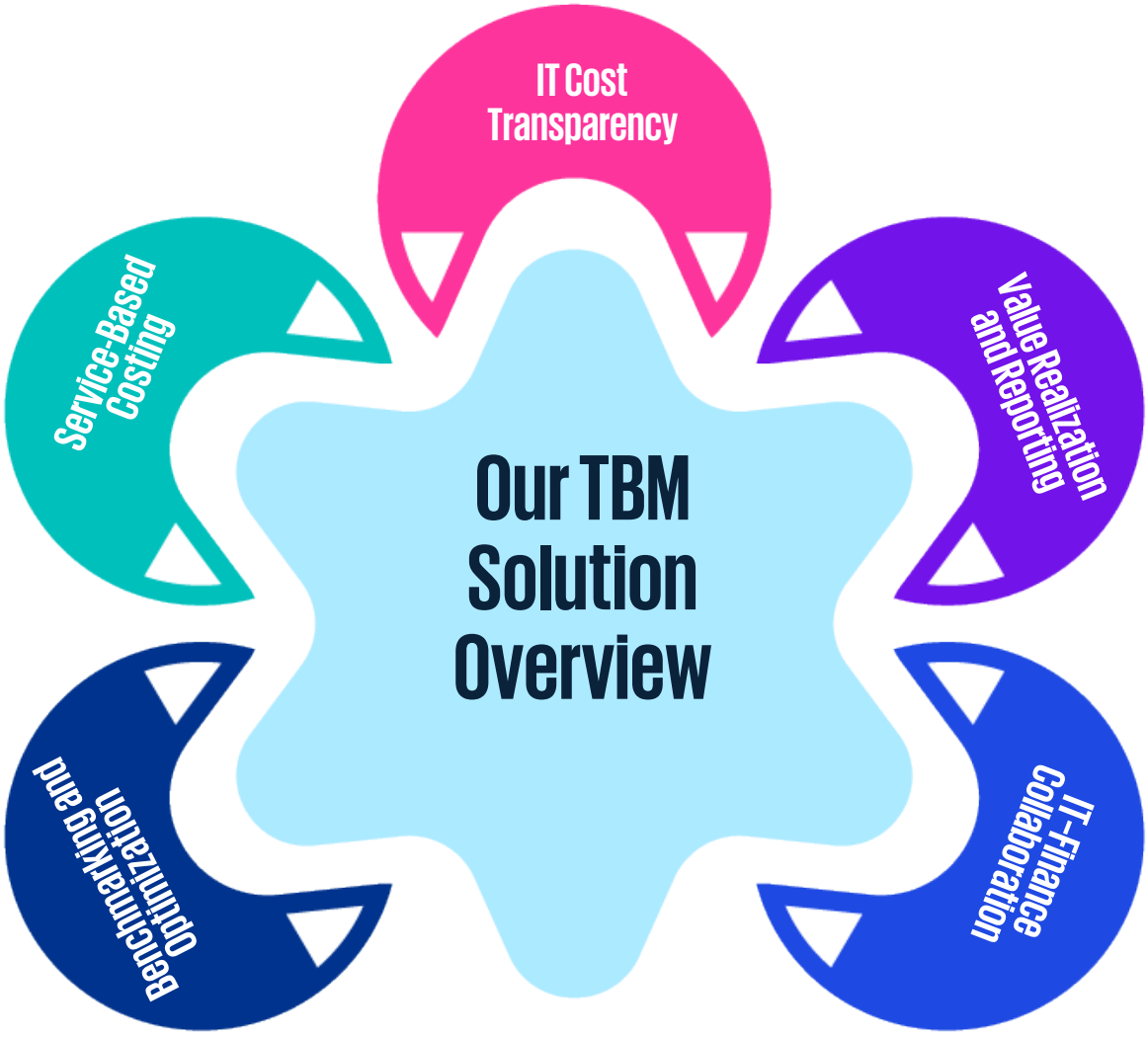
## Regulatory and Governance Oversight

Regulators and auditors increasingly scrutinize IT financials, expecting proper controls and board visibility. Poor IT financial management now presents compliance and reporting risks. TBM supports governance by improving transparency, traceability, and audit readiness.

# 5 Transforming ITFM at KPMG

IT Financial Management (ITFM) provides the foundation for managing, budgeting, and tracking technology costs within an organization. While ITFM focuses on financial accuracy and cost control, Technology Business Management (TBM) extends this discipline by linking IT spend to business value, enabling more strategic decision-making across Finance, IT, and the Business. TBM builds on ITFM but goes further by introducing transparency, benchmarking, accountability, and value-based planning

Our TBM solution integrates five core capabilities that transform how organizations plan, consume, and realize value from IT




KPMG has supported hundreds of organizations globally in designing and optimizing TBM frameworks. Our approach is rooted in pragmatic implementation, delivering immediate impact while building long-term maturity. We recognize that TBM is not a one-size-fits-all model; organizations differ in their maturity, cost structures, and strategic objectives, so our methodology is always tailored.

# 5 Transforming ITFM at KPMG

## IT Cost Transparency: From Black Box to Crystal Clear

Effective IT management starts with knowing where money is spent. KPMG delivers cost transparency by mapping all IT expenses, including labor, software, infrastructure, cloud, telecom, and indirect charges, using TBM Council aligned taxonomies. Multidimensional cost models span cost pools, technology towers, solutions, and business units, revealing insights beyond reporting. Discovery uncovers 10 to 20 percent hidden spend, creating value quickly.

## Service-Based Costing: Translating Costs into Business Value

After establishing transparency, costs are linked to the business services IT provides. For services such as email or collaboration, all contributing costs are mapped to show true service cost. This enables informed decisions on new features, cloud versus on-prem options, and supports service portfolio optimization through consolidation or retirement.

## IT–Finance Collaboration: Building Mutual Understanding

Sustained TBM success requires close collaboration between IT and Finance. Structured workshops align teams on service definitions, allocation models, and chargeback or showback policies, creating shared ownership. Governance structures are established to enable joint reviews of spending, budget variances, and emerging issues through proactive management.

## Benchmarking and Optimization: Understanding Your Competitive Position

Internal cost visibility is critical, but external benchmarking offers essential context. KPMG compares client spending against TBM Council datasets and industry benchmarks to identify outliers.

Benchmarking highlights areas of over- or under-investment - such as high infrastructure costs or insufficient security spending - guiding targeted optimization. It also supports make-versus-buy decisions and identifies savings opportunities like license optimization, shadow IT reduction, and infrastructure rightsizing.

## Value Realization and Reporting: From Data to Decision

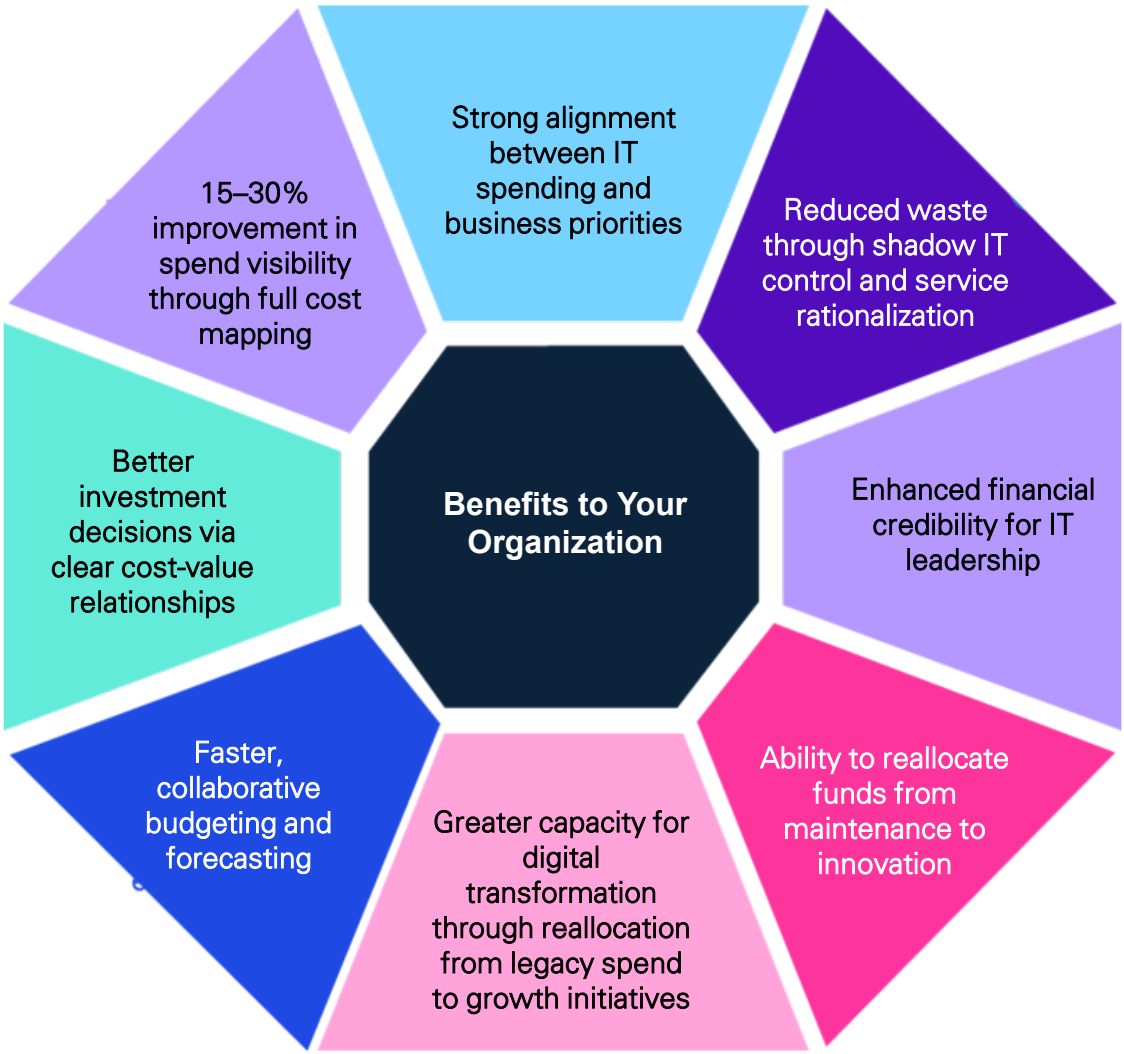
TBM culminates in robust reporting and analytics that translate cost data into actionable insights. We develop dashboards for C-suite leaders, CIOs, IT managers, and business units, tailoring KPIs such as:

- For CFOs: cost variance, IT spend vs. revenue, cost-per-business metric
- For CIOs: cost per service user, uptime, incident performance
- For Business Leaders: consumption cost, service quality, value delivered

This drives data-backed quarterly reviews focused on trade-offs and business value rather than defensiveness.

# 6 Benefits to Your Organization

Nigerian and African organizations operate in environments marked by rising technology costs, fragmented vendor ecosystems, fluctuating FX rates and increasing pressure to deliver digital services efficiently. The TBM framework offers a structured approach for navigating these realities. By bringing financial transparency to IT operations, TBM enables leaders to make data driven decisions, optimize spend and strengthen the value narrative between technology and the business.




Ultimately, TBM equips African enterprises with the clarity and discipline needed to modernize their technology environments without losing sight of efficiency and value. As competition intensifies and digital expectations grow, organizations that adopt TBM will be better positioned to manage costs, justify investments and deliver sustainable business outcomes.

# 7 IT Cost Allocation as the Engine of TBM

Effective cost allocation sits at the heart of Technology Business Management because it determines how fairly and transparently IT costs are distributed across services and consuming business units. Without a robust allocation model, even the best TBM taxonomy will fail to gain credibility with business stakeholders, and IT will continue to be perceived as a black-box cost centre rather than a value-creating business partner.
TBM cost allocation models the flow of cost from sources (servers, storage, licences, support staff) into IT services, and from there into business units that consume those services. The outcome is a fully burdened total cost of ownership that can be surfaced in a transparent "bill of IT" that business leaders understand and trust.

### Cost Attribution

Cost attribution applies when spending is directly assignable to a single service or consumer. For example, a SaaS platform used exclusively by one business unit can be attributed directly.

### Cost Allocation

Cost allocation addresses the common case where shared resources (data centres, help desks, networks, storage) support multiple services and consumers simultaneously. Here, allocation rules must be fair, transparent, and designed to shape behaviour toward better cost control..

## Six Core Allocation Strategies

Organisations typically use different strategies concurrently, matched to data availability, cost materiality, and culture:

**Even Spread**
Divide costs equally across entities. Fast to implement but often unfair; better for internal IT analysis than business unit billing.

**Manually Assigned Percentage**
Expert judgement allocates percentages (e.g., 50% digital channels, 30% internal, 20% branches). More nuanced than even spread but dependent on estimator expertise.

**Manually Weighted**
Use operational counts (servers, devices, users, transactions) as weights. Intuitive and shifts responsibility to consumers based on their actual scale.

**Direct Spend Weighting**
Use a department's direct IT spend as a proxy to allocate shared overhead. Requires no new data; works well when 70–80% of spend is already attributed.

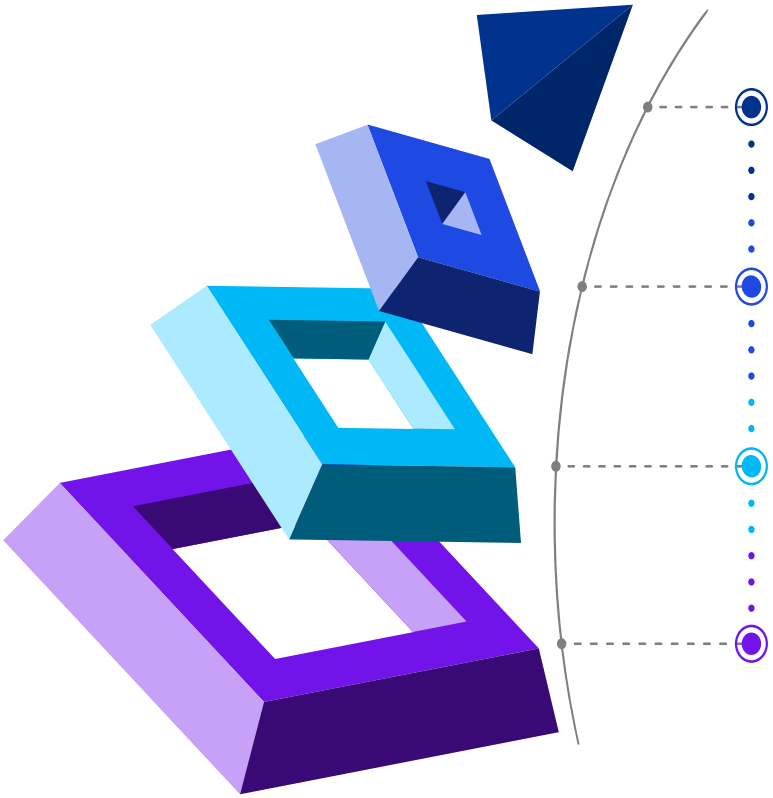
**Consumption-Based**
Allocate shared costs based on actual usage (ticket volume, storage consumed, CPU utilisation). Most fair and behaviour-shaping, but requires robust data collection and tolerates budget volatility.

**Multi-Dimensional**
Combine two or more drivers (e.g., logins × incident frequency) for refined allocation. Powerful for incentivising outcomes like stability, but risks opacity without strong governance.

# 7 IT Cost Allocation as the Engine of TBM

## Choosing the Right Strategy

The right allocation strategy depends on four critical factors:



### Data Maturity

Begin with simpler methods; evolve to consumption-based or multi-dimensional as data improves

### Materiality

High-value cost pools justify sophisticated allocation; smaller pools can use simpler approaches

### Budget predictability

If stability matters more than precision, use published service prices while tracking over/under-recoveries separately.

### Transparency

Choose strategies business leaders understand and accept, even if slightly less precise.

## Allocation as Behaviour Design

Allocation strategies influence behaviour. Charging help desk costs by ticket volume pushes units to improve training and processes. Charging storage by actual usage encourages better data management. Drivers that mix utilisation and incident volumes reward stability, not just consumption.

KPMG recommends designing allocation rules to drive desired behaviours, such as reducing shadow IT, consolidating applications, moving off legacy platforms and promoting responsible cloud use. Strong allocation models also separate service prices from underlying costs, protecting business units from volatility while giving IT and Finance the transparency needed for continuous optimisation.

When allocation is treated as a living component of the TBM operating model, rather than a one-off modelling task, organisations build enduring trust in IT financials, create shared accountability for technology spend, and unlock the full potential of TBM as a framework for strategic IT spend management and value delivery.

# 8 Case Study: Nigerian Bank

A leading Nigerian bank with West African operations had invested heavily in digital channels, core banking upgrades, and cybersecurity, pushing IT spend above 15 percent of operating costs and above peers. Yet the bank still struggled to link IT spending to financial performance, and internal reviews showed an IT productivity paradox, where higher IT budgets did not deliver matching improvements in return on equity or net profit margin.

The bank faced three specific challenges:

- Limited transparency into how IT costs (infrastructure, software, and cloud services) flowed to products, channels, and business units, making it difficult for executives to assess profitability by segment.
- Rapid growth of cloud and SaaS usage across digital banking, data analytics, and collaboration platforms, with cloud bills rising more than 25% year-on-year and frequent budget overruns.
- Emergence of shadow IT in business units deploying niche SaaS tools for marketing, analytics, and workflow, resulting in duplicated licenses and inconsistent security and vendor management practices.

## TBM-Led Intervention

The bank engaged KPMG to design and implement a TBM-inspired ITFM framework integrated with existing finance systems and cloud cost management practices. The joint team delivered the following within 12 months:

### 1 IT Cost Transparency and Taxonomy

- Developed a TBM-aligned taxonomy tailored to the bank's environment, mapping spend across labor, software and SaaS, infrastructure, network and telecoms, and cloud services.
- Integrated general ledger, HR, procurement, and cloud billing data into one IT cost model, revealing true run versus change spend across infrastructure, applications, enterprise services, and data and analytics.

### 2 Service-Based Costing for Banking Services

- Defined a business-oriented service catalog covering retail digital banking, corporate online channels, card issuing and acquiring, trade finance platforms, and data and analytics services
- Allocated IT costs to these services based on drivers such as transaction volumes, active users, storage consumption, and API calls, enabling product owners to see full economic cost per channel and per transaction.

### 3 Cloud and FinOps Integration

- Introduced FinOps practices for public cloud, including tagging standards, rightsizing rules, and reserved-instance planning, linked back into the TBM model
- Implemented dashboards for technology, finance, and product teams, showing cloud cost per customer, per journey (e.g., account opening, loan application), and per business unit.

### 4 Governance and CIO–CFO Alignment

- Established a joint CIO–CFO technology investment committee using TBM reports as the basis for budget decisions and quarterly portfolio reviews.
- Introduced showback reports to business units, making their consumption of IT services visible without immediately enforcing chargeback, to build trust and change behavior.

# 8 Case Study: Nigerian Bank

## Outcomes Within 18–24 Months

Within two budget cycles, the bank recorded measurable improvements consistent with outcomes seen in global TBM implementations, but calibrated to the Nigerian context:

1. IT spend visibility increased from an estimated 45 percent to over 85 percent, with clear mapping of costs to services and business units, significantly improving board-level discussions on digital investment.
2. Cloud spend was reduced by approximately 22 percent through rightsizing, commitment discounts, and decommissioning of under-utilized environments, while maintaining performance and resilience.
3. Shadow IT spend dropped by 15–18 percent as duplicative SaaS tools were identified and rationalized, and business units were migrated to enterprise-approved platforms.
4. Budget variance on IT dropped from roughly 20–25 percent to below 7 percent, due to improved forecasting, cost allocation, and quarterly portfolio reviews.
5. Profitability insight improved, with product and channel profitability models now incorporating fully loaded IT costs, enabling the bank to adjust pricing, incentives, and investment priorities in retail and SME segments.

Beyond hard numbers, the bank's CIO gained greater credibility with the CFO and board, as investment requests for cyber, core modernization, and cloud data platforms could be framed in terms of service cost, business value, and risk reduction instead of generic technology justification. The TBM framework is now being extended to support sustainability and ESG reporting by tagging IT investments that enable paperless processes, energy-efficient infrastructure, and digital financial inclusion initiatives.

# Conclusion

Technology Business Management is now essential for organizations seeking to ensure their technology investments deliver measurable business value. TBM provides the visibility, accountability, and shared language needed to shift IT from a cost center to a strategic enabler.

KPMG's extensive experience across industries positions us to deliver TBM implementations that generate immediate value and build enterprise-wide maturity. With rising demands for IT accountability, growing hybrid IT complexity, and increasing pressure to balance run and growth spending, TBM has become a strategic imperative for organizations aiming to compete in a technology-driven world.

# How KPMG Can Help

KPMG supports organizations seeking to improve technology spend transparency, strengthen financial governance, and ensure that technology investments deliver measurable business value. Our Technology Risk team combines global TBM experience with a strong understanding of local operational challenges, regulatory requirements, and industry realities. We help clients design, implement, and sustain TBM in a way that strengthens accountability, improves decision-making, and enhances value realization across the enterprise.

**KPMG TBM-Aligned Cost Allocation Design:** KPMG helps organisations design practical, transparent IT cost allocation models that align with TBM principles and business realities. We work with CIO, CFO, and business stakeholders to define cost pools, select appropriate allocation drivers, and balance fairness, data availability, and budget stability so that IT charges are understood, trusted, and actionable.

**TBM Readiness Assessment and Diagnostic Review:** KPMG conducts a focused assessment of your current IT financial governance, cost structures, data quality, and service catalogues to understand maturity levels. The assessment highlights capability gaps, strengths, and opportunities for quick wins, providing executives with a clear roadmap for adopting TBM effectively.

**TBM Framework and Operating Model Design:** We help organizations develop a practical TBM taxonomy, define cost pools and towers, and establish clear cost-to-service models. KPMG also supports the design of governance routines and decision-making forums that align IT, Finance, and Business Units and promote accountability across the organization.

**Technology Cost Transparency and Spend Analysis:** KPMG supports clients in building visibility into technology spend by analysing financial data, IT operational data, cloud billing, and vendor contracts. This helps identify cost drivers, consumption patterns, and areas of inefficiency, enabling leaders to improve budgeting, vendor negotiations, cloud adoption, and resource planning.

**Integration with Governance, Risk, and Control Structures:** We embed TBM principles into governance processes by aligning them with IT policies, financial controls, and internal audit requirements. KPMG helps define cost ownership, strengthen data accuracy controls, and support financial discipline across technology operations.

**Cloud and Technology Spend Optimization:** KPMG works with organizations to identify cost-saving opportunities across cloud and on-premise environments. We review usage, licensing, and vendor agreements, and support the adoption of cloud financial governance practices to reduce wastage and improve service performance.

**Implementation Support and Tool Enablement:** We provide hands-on support for TBM implementation by helping build cost models, integrate data sources, define dashboards, and train IT and Finance teams. Whether using manual methods or TBM tools like Apptio or ServiceNow, KPMG ensures smooth adoption and sustainable operations.

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