

KPMG – Combining Leadership in Tax, Audit, and IT Advisory

The financial management savvy embedded within KPMG LLP's well-recognized tax and audit leadership, combined with our deep Information Technology (IT) know-how, uniquely positions KPMG's CIO Advisory practitioners to offer clients market-leading Technology Business Management (TBM) services.

With a bias for the pragmatic, KPMG builds on our alliance with Apptio, the leading TBM solution provider, to help clients realize value at each step of their TBM journey.

KPMG offers a wide range of services that can help Apptio's customer executives improve the value they receive from their TBM initiatives and investments. These services are built upon KPMG's long-standing experience with TBM and our extended capabilities with Apptio.

5 Key KPMG Services That Help Apptio Customers Achieve TBM Excellence

TBM Readiness Assessment

Setting the table for a successful journey is one of the highest value investments an organization can make. Experience has shown that businesses explicitly addressing specific elements in their TBM journey derive more value faster and have greater sustained success.

KPMG helps clients assess their readiness to ratchet up their TBM capabilities, against known leading practices, and identify specific actions for success that can be built into their TBM implementation plans.

TBM Optimization

Implementing a TBM solution is only part of the journey. Yet, many businesses' plans and actions fall short in addressing important elements of a successful TBM program, leaving them frustrated and questioning the value of their TBM initiatives.

KPMG helps clients prioritize their TBM program and drive actions needed to maximize business results, accelerate the time-to-value, and where needed, get a stalled program back on track.

IT Portfolio Management

Today's IT executive must effectively manage complex and often interrelated sets of projects, applications, technologies, and service providers. Successful management of these portfolios, their interdependencies, and alignment with business needs are essential for effective IT cost optimization.

KPMG's IT portfolio management service helps clients link business demand to streamlined investment governance to develop meaningful portfolio views and create a common platform to maximize business value of the IT estate.

IT Cost Takeout

A TBM solution typically offers businesses a fast path to IT financial transparency. But few businesses are satisfied with the short-term money-saving opportunities readily identified in the early days of transparency. Sustainable savings are highly desired, but often elusive.

KPMG has adapted our proprietary Sustainable Value Improvement (SVI) approach to IT. We call it SVI4IT. Initially built to help private equity firms quickly build and test hypotheses for cost optimization as part of deal planning, SVI4IT helps clients identify ways to sustainably optimize IT costs against business value using similar techniques.

IT Financial Engineering

As an accelerator to better insight and decision-making, TBM is a powerful enabler to both IT and Finance. Once transparency is achieved, the integration of TBM principles into finance, accounting, product management, and contracting is critical. Many organizations struggle to create a meaningful link between the IT and Finance functions, often overlooking considerations such as tax, regulatory, and accounting implications of IT decisions.

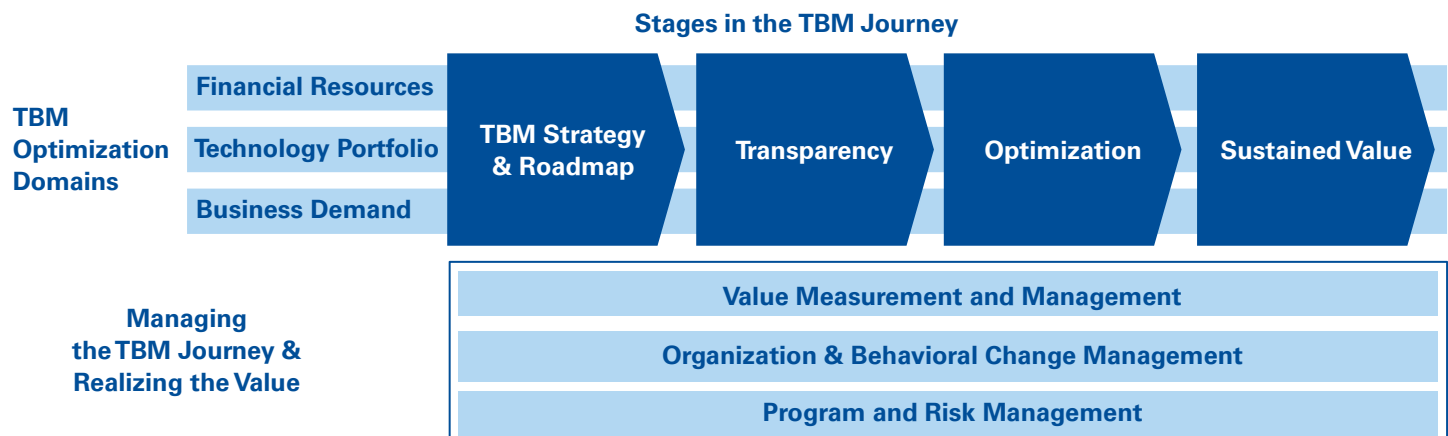
KPMG's IT financial engineering service helps client executives apply leading practices and approach IT investment holistically. We help clients factor insights into tax, product pricing, showback and recovery models, cost allocation techniques, accounting treatments, and contracting impacts while incorporating IT financial process leading practices early in the product management life cycle.

KPMG Survey: IT Value Dominates the CIO Agenda

"CIOs put IT value and their ability to better react to changing market conditions by using IT, highest on their agenda for the coming years. Eighty percent of respondents put this in the top three of the most important trends. IT value was followed by cost optimization (62 percent), portfolio management (52 percent), and risk and compliance (56 percent)... CIOs rarely mentioned any other major trends themselves."

Survey responses from 450 CIOs in "From Cost to Value, 2010 Global Survey on the CIO Agenda," KPMG 2011

TBM Journey – Pathway to IT Value Optimization



Client opportunity: A core element of running a demand-driven, dependable, and secure IT service is providing market-level unit pricing. Many organizations are seeking immediate results while establishing sustainable methods for cost avoidance, annual declines for utility computing, and transparency to variable cost levers.

Challenge: IT linkage to business demand, consumption, and an understanding of scenarios that impact the larger IT estate are frequent barriers to meaningful cost takeout efforts. Once a financial and organizational baseline has been established, business leaders are seeking insight on how to rapidly address variable costs, while managing risk and applying lessons from external comparators.

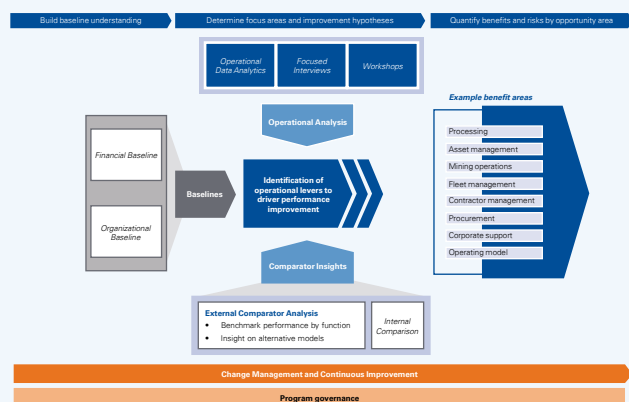
KPMG's TBM practice can help clients transform traditional cost takeout projects into a continuous improvement program focused on measures tied to EBIDTA, competitiveness, capital deployment,

and capability development. Using KPMG's Sustainable Value Improvement (SVI) method for IT, clients leverage tools built from the private equity market to quickly build and test hypothesis for cost optimization. KPMG's success with this approach is enabled by the firm's leading IT Organization Design and Outsourcing Advisory capabilities and our proprietary database of market-comparable IT cost:

- Rapidly lower cost through clear linkage to business performance
- Optimize service levels based on detailed demand scenarios, risk analysis, and market comparators
- Establish effective IT governance to drive decision-making on investment scenarios

Approach

SVI is a fact-based, data-driven method of quickly targeting cost, service level, and capital deployment issues, determining their root cause, then developing sustainable measures to drive performance



Outputs

Robust debate involving the client senior executive team focused on the validity of each individual opportunity builds ownership and accountability as the program moves forward. We seek to identify unconstrained upside opportunities that can deliver sustainable benefits

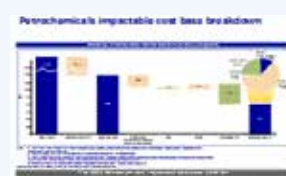
Baseline Comparators



Hypothesis Generation



Opportunity Evidence



Benefits Modeling



Related Offerings

- IT Shared Service and Outsourcing Advisory: gain insight into tailored solutions for IT shared services and sourcing strategies
- Software Asset Management: proactively manage risk, cost, and compliance by right-sizing software usage and provisioning
- IT Strategy and Operating Model: linking near and long-term business demand and imperatives to IT capability investment
- Service Catalog Design and Implementation: standardize component IT resources into consumable, market-priced business services

Representative Outcomes

- Global mining company: Implementing and embedding cost and performance improvement opportunities sustainably within the business. Impactable cost base: \$1.8B, EBITA benefit: \$129M
- Leading oil and gas company: Fast-paced cost reduction exercise to impact on current year results, focusing on the cost structure of the business. Following on the success of the initial program, KPMG rolled this program out to a total of 14 countries. Recognized benefits: \$2B
- Leading CPG company: Continuous SVI review of various business units around the world, supporting the business in both the transactions (i.e., merger and acquisitions) environment and the nontransactions environment identifying benefits in excess of \$400M

Some of the services described herein may not be permissible for KPMG audit clients and their affiliates.

Contact us:

Denis Berry
Principal | Advisory Services | KPMG
312-665-2866 | dberry@kpmg.com

Joe Davila
Director | Strategic Alliances | KPMG
206-913-4057 | jhdavila@kpmg.com