

VISIBILITY TO VALUE

University of Melbourne Gains Full Financial Transparency and Improved Accountability.

THE CLIENT



INDUSTRY:
University

ANNUAL IT BUDGET:
\$100M (Central services & faculties)

STUDENTS:
52,000+

STAFF:
8,983

CAMPUSES:
8

The University of Melbourne is located in Melbourne, Australia. Founded in 1853, it is Australia's second oldest university and the oldest in Victoria. Information Systems Division (ISD) provides core IT services to 52,000 students and 9,000 staff members, spread over eight campuses across Melbourne and regional Victoria. These services include ID administration, Microsoft Office 365, access to enterprise applications that support admin, teaching and research.

THE CHALLENGE

The University needed to baseline IT spend occurring in all administrative and faculty groups.

The Melbourne University IT strategy called for improved utilisation of IT resources spread across the University. It was generally accepted that the majority of IT spend was occurring outside of the immediate ISD budget, however, ISD needed to quantify that to inform the agreed strategy.

A baseline was required that profiled IT spend and the Services delivered from that spend, from every Administrative and Faculty group in the University. This would allow for efficient review and financially sound decision-making on the best way to improve the cost-effectiveness of the IT investment.

The University was experiencing three pressures: one was understanding what they spent on IT and making sure that money was invested wisely. The second was ensuring that all parties had a clear understanding of how the IT spend was driven by demand for Services from each Faculty and Administrative group. The final and the largest driver was customer satisfaction in having IT needs met through the most responsive and cost-effective means possible. They needed to provide accurate, understandable and transparent allocations to all Faculties.

ClearCost conducted analysis of the IT Spend and associated Services delivered by all Administrative and Faculty groups in the University in order to inform and quantify the cost of duplication of commodity type services in operation.

THE CHALLENGE

The study was conducted by a bipartisan working group armed with the ClearCost systems and methodology for Service costing and cost driver analysis. The basics of the method focused on a standard Activity and Service profile, including Academic Services, Research, Legal, Risk, Procurement, Business Intelligence, Student Recruitment, Facilities and Space Management as well as the traditional IT, HR, and Finance.

The result indicated total University IT spend was almost 3 times that of the recognised central IT group's budget.

THE SOLUTION

Only one company provided unprecedented visibility across IT and Shared Services costs.

After the initial review, ClearCost was implemented across Melbourne University's entire Shared Services group and has led to year on year improvements for the University Services Division.

ClearCost software and professional services have led to:

- Accurate cross-charging within the Shared Services Group gained through ClearCost's unique cascade functionality. The true and total cost (including that of other Shared Services providers) of all services provided externally is now reflected in the recharge.
- Informed strategic and structural decision-making, as a result of being equipped with clear and transparent information on the organisation's operating and service costs.
- Transparency in chargeback has led to an improved relationship between the service providers and their business customers, the academic faculties and divisions. Furthermore, this transparency has improved behaviours among the customer base.
- Reduced overall costs as a result of eliminating dysfunctional charging methodologies in order to meet the objective of driving the right behaviours for all services.
- Ability to compare actual spend with the budget has resulted in further development of the service catalogue and continuous improvement across methodologies and cost drivers.
- Commensurate improvement in service delivery as a result of consolidating a number of commodity services.
- Financial profiling provided the evidence of improved efficiencies and enabled directing of funds to better uses.

“ClearCost has helped University Services build an activity-based cost model for the whole of our organisation. This cost model is now used to calculate service costs and allocate usage-based charges of \$430M for all customers of University Services.”

John Cain,

Strategy & Planning Consultant
University Services at The University
of Melbourne

THE RESULTS

Gained University-wide clarity and control over IT spend.

Because of ClearCost, University Services now have an embedded commercial approach to service financial management delivering a fully costed service budget along with a true scenario of the current IT spend, what drives it and who benefits from it.

The University has a flexible system to more accurately cost the “distributed” IT services for purposes of centralisation, along with a re-usable process to ensure the method becomes part of standard management procedures and understanding.

The right strategy is now in place to allocate costs, based on the specific University needs, giving the University visibility into the fully loaded cost and quality of IT services and the ability to communicate the value of IT. Costs can be reduced without lowering quality and thereby align with priorities through a collaborative budgeting and planning process.



“Through my eight years of working with ClearCost, I have appreciated not only their tool and methodology, but even more so their people and their understanding of our business. The people at ClearCost are not just consultants; they are partners whose expertise adds value for the University.”

John Cain, Strategy & Planning Consultant, University Services at The University of Melbourne

About ClearCost

ClearCost is a leading provider of purpose-built Information Technology Financial Management (ITFM) solutions for medium-to-large enterprise, enabling seamless management of the business of IT. As world-wide pioneers of the ITFM industry, ClearCost enables IT business to draw insights about their technology costs to reduce expenditure and align IT with their organisations priorities'. ClearCost is used by a wide range of industries spanning government, healthcare, utilities, education, financial services, transportation and more. ClearCost is part of the Digital Lifecycle Group (DLG), who as trusted transformational change agents, support companies in executing their shared services strategies.

Gartner Recognised by Gartner as one of the founding pioneers of IT Financial Management.

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