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WHITEPAPER

Modern TBM

What It Is and Why You Need It

Introduction

This white paper introduces Modern TBM—the next evolution of Technology Business Management (TBM), built to deliver measurable business impact and value in today's fast-changing, AI-driven enterprise. It preserves the principles of TBM but modernizes how they are delivered: AI-powered with greater speed, agility, and real strategic outcomes. Our goal is not to criticize TBM—it's to unlock its full potential, turning insights into action.

When TBM was first introduced over a decade ago, it promised to bring greater transparency, accountability, and strategic alignment to technology investments. By correlating data from finance, IT operations, and the lines of business, TBM aimed to provide clarity around the cost, consumption, and quality of technology services. Its core objectives[1] were clear:

- Enable better prioritization of IT investments
- Optimize the cost of running the business and free capital for innovation
- Accelerate decision-making through facts and analytics
- Foster balanced discussions around cost, performance, risk, and value

This vision resonated. Thousands of organizations joined the TBM Council in pursuit of these goals. But like many ambitious frameworks, TBM has sometimes fallen short in execution. Despite years of investment in programs and tooling, many organizations still struggle to demonstrate tangible business outcomes. Practitioners often think they are executing TBM when they are simply automating processes that make their jobs easier, missing the strategic elements of TBM. While the promise of TBM is real, too often it goes unfulfilled—especially in the c-suite, where measuring and demonstrating value remains elusive.

At the same time, the world around TBM has changed dramatically. Technology disruption is relentless with emerging technologies such as such edge and quantum computing, AI, smart robotics, and extended and mixed reality. As a result, technology spend has and will continue to soar in real-terms and as a percentage of overall organizational investments. Business expectations are evolving too. New frameworks and operating models are emerging—ones that reshape how technology is structured, managed, and financially governed across the enterprise.

To its credit, the TBM Council has acknowledged this shift and has been actively working to modernize the discipline with a new framework and taxonomy. But the reality is clear: traditional TBM approaches—while foundational—are not sufficient to meet today's demands and rate of change. If TBM is to fulfill its original vision, it must evolve to address a faster, more complex, and more outcome-driven environment.

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Market Forces Reshaping TBM

Exploring the tech, business, and organizational trends driving the need for a new approach.

Despite its imperfections and the frustrations some organizations have faced, TBM's core value proposition remains more relevant than ever. In a world where technology is both a source of competitive advantage and a rising cost center, the need for transparency, value accountability, and rigorous decision-making is not going away. In fact, these needs are intensifying.

Executive Mandate: Proving the Business Impact of Technology

The consequences of poor technology governance are growing. Boards and c-suite executives are increasingly pressuring technology leaders to deliver hard evidence of technology's impact on business value. According to Gartner[2], CEOs now demand increased accountability and transparency from CIOs, expecting them to quantify and communicate IT investments in clear financial and business outcome terms, rather than relying on traditional operational reporting. Deloitte's 2024 Global Technology Leadership Study[3] further highlights that c-suite and board members are requiring CIOs to demonstrate direct, measurable links between technology spend and business performance, efficiency, or growth. Similarly, MIT's Center for Information Systems Research finds that technology leaders are being asked to tie digital investments to specific, measurable business outcomes—whether that's revenue growth, margin improvement, or risk reduction—and to engage in new governance conversations around metrics and value delivery[5]. In this environment, providing credible, actionable evidence of technology value is no longer optional—it's a core expectation at the highest levels of organizational leadership.

This demand for hard evidence of technology value does not apply to CIOs and technology leaders alone. Where CFOs once focused primarily on traditional capital investments like facilities and infrastructure, the shift to digital as the primary driver of business value has elevated their role in shaping, governing, and measuring technology investments. CFOs are stepping out

More than 80% of CFOs are now directly involved in the approval, governance, and performance measurement of digital initiatives.

of their traditional roles and becoming active, strategic partners in digital transformation. Today's CFOs are not just signing off on technology budgets—they are shaping digital priorities, scrutinizing business cases, and embedding themselves in technology projects from inception to value realization.

Technology today is akin to labor—it touches every function, every product, and every outcome across the enterprise.

Recent surveys and analyst research confirm this trend. Gartner[8] reports that more than 80% of CFOs are now directly involved in the approval, governance, and performance measurement of digital initiatives, reflecting a new level of accountability for technology business outcomes[6]. EY's 2024 "DNA of the CFO" survey[7] found that 83% of CFOs see themselves as co-leaders in digital strategy, and nearly three-quarters are actively measuring and reporting on value realization from technology investments—a significant jump in just two years[7]. Similarly, Deloitte[3] and KPMG[4] studies show that the vast majority of CFOs now participate in every major phase of technology decision-making and view themselves as stewards of digital value, not just financial capital. In this environment, CFOs expect real, actionable evidence of technology value throughout its lifecycle—not just technical milestones or spend reports.

Technology investments now permeate every aspect of the business

Technology today is akin to labor—it touches every function, every product, and every outcome across the enterprise. Just as no one would classify labor costs as relevant only to a single department, it's increasingly untenable to think of technology as a back-office concern or the exclusive domain of IT. Digital products and technology-enabled offerings are now co-developed and co-owned by business and IT teams alike. And with the rise of AI, technology is not just powering the workforce—it's beginning to augment and, in some cases, replace it. As a result, technology spend is more strategic, distributed, and outcome-linked than ever before.

The Open Group's white paper on Digital Product Portfolio Management explains that treating IT as a separate cost center is increasingly obsolete. Instead, it argues for a product mindset that creates "a much more transparent and meaningful approach for defining and measuring value outcomes," where IT investments are encapsulated within product portfolios and managed with full P&L accountability—just like other parts of the business.

This perspective aligns with the growing need to treat technology as an integrated driver of value rather than an isolated function. It reinforces the role of Modern TBM in supporting this shift—providing the structures, insights, and governance required to manage digital product portfolios, track unit economics, and ensure technology spend remains continuously aligned with measurable business outcomes.

Technology Proliferation and the AI Effect: Accelerating Spend, Complexity, and Scrutiny

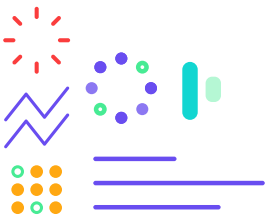
The scale and complexity of enterprise technology environments have exploded in recent years. What was once limited to core IT systems and infrastructure now encompasses a vast ecosystem of cloud platforms, SaaS, operational technologies, and, increasingly, artificial intelligence (AI) capabilities embedded across the business. This proliferation is fundamentally changing both the cost structure and the strategic management of technology.

AI is a major catalyst for this change—reshaping not just technology budgets, but business models and competitive dynamics. As organizations race to deploy AI and machine learning, they are investing heavily in new data platforms, high-performance compute infrastructure, specialized software, and advanced talent. According to IDC, global AI spending will more than double by 2028 to reach $632 billion[9]. This surge is fueled by rapid enterprise adoption of generative AI and automation, alongside the need to modernize legacy systems, strengthen data foundations, and embed governance and security into AI-enabled processes.

AI-driven technology spend is fundamentally different from traditional IT investment:

- Higher volatility and ongoing experimentation: AI investments are inherently iterative, frequently involving pilots, proofs of concept, and rapid incremental scaling across the enterprise. But unlike past waves of technology adoption, the pace of AI advancement means that capabilities can shift materially even during the course of a pilot. This dynamic forces organizations into a continuous cycle of experimentation, validation, and adjustment—driving new patterns of spend that are less predictable and more distributed. At the same time, expectations for return on investment are shrinking—from years to months or even weeks—putting further pressure on financial oversight and agility.
- Rapid scaling of operational costs: Training and running large AI models is compute- and energy-intensive. For many organizations, cloud and hardware costs associated with AI workloads can rival or exceed traditional IT budgets—especially as AI adoption shifts from isolated use cases to broad enterprise integration[3].

According to IDC, global AI spending will more than double by 2028 to reach $632 billion[9]



Pricing will continue to evolve and mature. We're currently in the phase where vendors are as much focused on covering their risk exposure through token consumption charging models as they are on ensuring a balance of cost and value delivered.

- Broader business ownership: AI initiatives are not just the purview of IT—they are now business-led, involving product teams, marketing, operations, HR, and the boardroom. This blurs lines of budget ownership and requires new approaches with shared value attribution and accountability.

The impact? Technology spend is no longer a fixed overhead, but a dynamic, strategic lever—one subject to heightened board and c-suite oversight.

Boards and executives are keenly aware that AI's transformative potential is matched by significant cost, risk, and complexity. They are demanding not only rapid innovation, but robust financial controls, transparent reporting, and credible business cases for AI investments on a weekly basis. According to EY's "DNA of the CFO, 2024 Edition," 89% of CFOs expect to increase direct oversight of AI-related expenditures in the next 24 months, and 74% say they are developing new frameworks to measure the value and ROI of AI initiatives.

Convergence Is Here: ITFM, TBM, and FinOps Are Colliding

For years, **ITFM**, **TBM**, and **FinOps** have been distinct but overlapping disciplines. ITFM provided the financial foundation—enabling organizations to manage, model, and govern technology spend with rigor, accountability, and increasing focus on business value. TBM sought to extend those principles further by incorporating strategic portfolio management, FinOps practices, and expanding beyond traditional IT into enterprise-wide technology spend. FinOps introduced real-time optimization, born in the cloud, with a focus on engineering-led accountability, taking a bottoms-up approach to cloud-only spend where TBM focused on top-down.

Today, the boundaries between them are rapidly dissolving. All three are converging around the same core challenge:

"How can we continuously optimize the value of technology investments—with financial accountability, business alignment, and real-time decision support?"

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Convergence of ITFM, TBM, and FinOps has become more visible. The TBM Council—founded by Apptio and historically supported by it—has articulated goals for greater independence and broader, vendor-neutral participation. From our vantage point as an independent vendor, participation policies appear to be evolving; we hope to see continued progress accelerate toward a more inclusive community.

More recently—and of at least equal significance—the FinOps Foundation has expanded its mandate beyond cloud, now covering SaaS, on-prem, AI, and importantly, labor. While still early, there is a sense that FinOps is aspiring to manage and optimize all technology spend or at a minimum being pushed in that direction. This trend is also leading to organizations with successful FinOps teams establishing parallel, integrated ITFM teams alongside FinOps or even moving existing ITFM teams into FinOps.

Even the guiding mantras are converging of these functions:

- ITFM: *Run IT like a business*
- TBM: *Manage the business of technology*
- FinOps: *Maximize the business value of cloud and technology*

While this may appear to be competing models. They are evolving perspectives on a shared objective. As you'll discover, **Modern TBM** brings them together—combining financial discipline, strategic alignment, and operational agility in one unified approach.

External Market Dynamics – and Implications for TBM

Market Uncertainty and Volatility: AI is redrawing competitive boundaries: new entrants can appear overnight, value chains are being rewired, and entire product categories may be commoditized or redesigned out of the market. Additionally, global trading relationships remain fluid, and pricing power and unit economics can change in weeks rather than years. As a result, long-range plans age fast and margins compress.

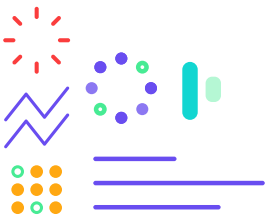
Implications for TBM: Needs to support rolling forecasts and scenario modeling, enable rapid reallocation of spend, and increase decision velocity so funding can follow proven impact—not annual cycles.

Rising Regulatory Pressure: Requirements around privacy, financial transparency, resilience, and ESG keep expanding and changing. Compliance is now a continuous capability, not a periodic activity.

Implications for TBM: Need to maintain audit-ready cost lineage, embed policy-driven controls, and pivot reporting across taxonomies (e.g., CSDM, ITFM practices) without rework.

Escalating Cybersecurity Risk: Threats continue to grow in scale and sophistication, and regulators are raising the bar on operational resilience. Cyber risk is now a boardroom issue—affecting reputation, regulatory compliance, and financial stability—making it a critical consideration for Modern TBM strategies.

Implications for TBM: Must link service configuration to financials to attribute security and resilience costs to products/services, transparently fund risk-mitigation, and automate response workflows where appropriate.



TBM, ITFM or FinOps – What's the Difference

It's easy to get confused as to the difference between Technology Business Management (TBM), IT Financial Management (ITFM) and FinOps because the answer to the question of what they are varies with who you ask. They are often conflated, and this confusion is only likely to increase in the immediate future. Some analyst groups place ITFM at the center and see TBM building on ITFM with FinOps being adjacent to both. The TBM Council in their New TBM Framework view ITFM as one of the "Connected Standards" that TBM encompasses. This can understate the importance of ITFM. It is arguably the largest and most critical of the connected standards because the financial data and insights ITFM delivers often underpin many TBM capabilities and value drivers in ways the other standards do not. FinOps is another "Connected Standard" in the new TBM Framework. Up until recently, the FinOps Foundation considered TBM and FinOps to be distinctly different disciplines and even authored content on how the two standards co-exist. However, it's becoming obvious that FinOps is encroaching rapidly on TBM and ITFM. Where in the past FinOps would separate itself by saying that "Total IT Spend including CapEx, OpEx, and labor" were the domain of TBM, it is starting to incorporate a broader array of technology spend into FinOps, including labor.

Regardless of how you see these 3 disciplines and how this evolves, what's clear is that measuring and optimizing technology costs and value delivered is coming into sharper focus, especially as AI spend explodes.

Where Traditional TBM Falls Short

A candid look at the real-world frustrations with traditional TBM tools and models

Traditional TBM brought financial discipline to IT—but for many organizations, that's where the progress stalled. Despite years of investment, traditional TBM initiatives often struggle to deliver business outcomes. What was promised as a system for decision-making has become a static reporting function. Leaders get data—but not direction or recommended actions to drive outcomes.

At the heart of the problem is the generalized cost model. Traditional TBM can guide organizations towards rigid taxonomies that may not always reflect how their business works or the decisions they need to make. The result is what practitioners call the "peanut butter spread": costs distributed evenly across services or departments, regardless of actual usage or value delivered. Accountability gets blurred. Financial signals get distorted. And cost levers stop behaving the way decision-makers expect.

Shut down an application? Some run costs may drop, but the shared overhead doesn't—it just gets reallocated, so the remaining applications end up carrying a bigger "CIO" burden. Add a server? You don't suddenly need more CIO, but the model charges you as if you do. Counter-intuitive—but not uncommon.

Meanwhile, access and usability remain major barriers. TBM insights often live in finance-centric tools and are presented in a one-size-fits-all way that collapses distinct decision rights. An application owner needs insight into rationalization and retirement choices; a service owner needs signals on virtualization, right-sizing, or hardware refresh; executives need portfolio-level trade-offs across initiatives. For TBM to be useful, each stakeholder requires a lens on the same underlying facts that reflects their sphere of control—clear levers, expected impacts, and a model that visibly updates when they act.

Even when insights exist, they're rarely connected to systems of action. There's no workflow, no automation, no immediate next step—so decisions stall. And when "optimization" does happen, it isn't continuous improvement; it's annual planning triage: teams cut to make the plan fit the budget, typically in silos and without a connected view of interdependencies. The result is blunt, value-eroding reductions rather than targeted, systemic improvements. Structurally, earlier TBM

> Traditional TBM guides organizations towards rigid taxonomies that rarely reflect how their business actually works or the decisions they need to make.

data models were not originally built for operational workflows, automation, AI agents, or real-time optimization; they reflect an era of annual budgets, not continuous decisioning.

Organizations celebrate the "high-five moment" of cost transparency. But that moment fades fast when they realize nothing actually changes. The dashboards light up, but the business doesn't move. Insight without action is inertia. TBM's focus on tracking cost, rather than value or strategic impact, leaves a critical gap. There's often no clear connection between financial data and business outcomes—no way to know whether technology investments are aligned to the priorities that matter most.

No one drives their car solely using the rear-view mirror, but traditional TBM often emphasizes where money went more than where it needs to go. It lacks the strategic context to inform future planning, the operational detail to drive optimization, and the agility to redirect investments in real-time. And without real-time integration, dynamic optimization capabilities or predictive planning, TBM efforts become point-in-time exercises—valuable for budgeting, but ineffective for managing continuous change or improving decisions over time. It's not built for the pace or complexity of today's environment.

And while TBM was designed for IT, it rarely extends beyond it. TBM remains confined to back-office processes, disconnected from the broader business it's meant to serve. It ends up as a tool for IT finance practitioners who inadvertently become gatekeepers to insights that should be driving the business.

Traditional TBM got us part of the way. But for organizations that need to move faster, adapt smarter, and drive continuous value—it's no longer enough. In short, traditional TBM has become a rigid, finance-first reporting layer—disconnected from strategy, insulated from action, and too slow to support continuous transformation. What's needed now is a modern model: open, integrated, and agile enough to turn transparency into strategic outcomes across the business and beyond a committed but small group of IT finance professionals.

No one drives their car solely using the rear-view mirror, but traditional TBM operates this way—focused on where the money went, not where it needs to go.

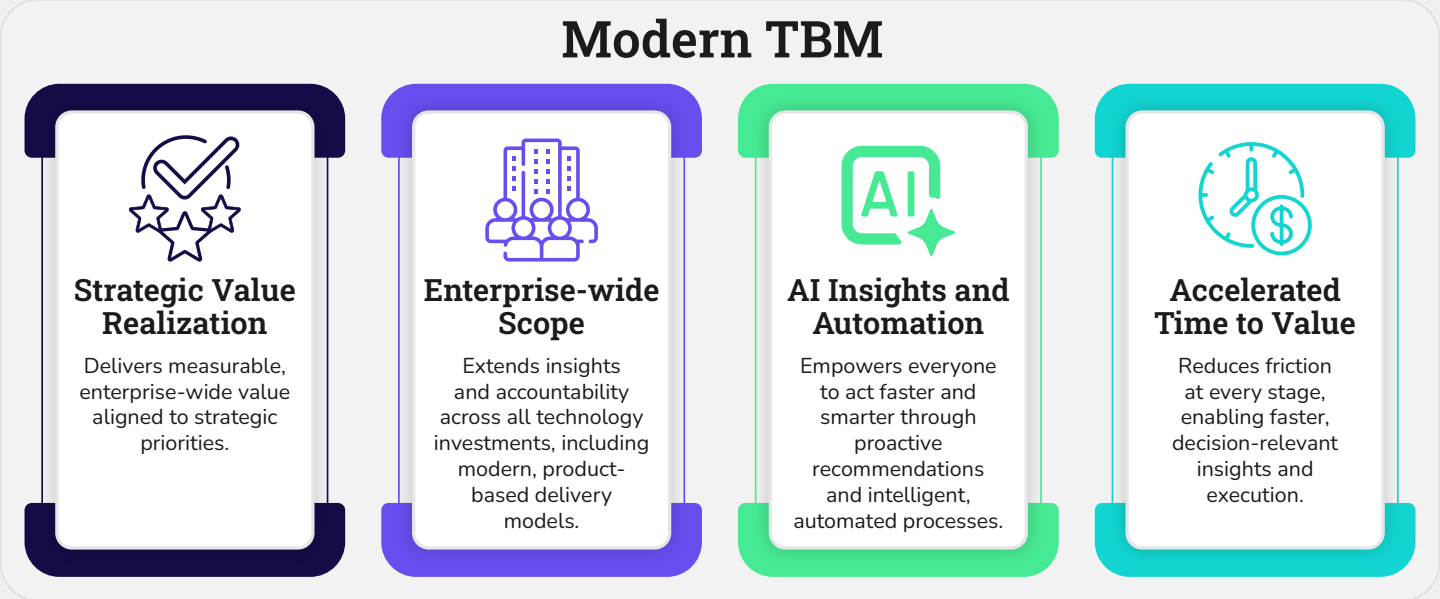
Defining Modern TBM

Modern Technology Business Management (TBM) represents a significant evolution of traditional TBM practices, adapting foundational principles to address the dynamic realities of today's enterprise technology landscape. To fully understand what differentiates Modern TBM, we will explore its four strategic pillars—Strategic Value Realization, Enterprise-Wide Scope, AI Insights and Automation, and Accelerated Time to Value —as well as the seven key enablers necessary to support these pillars.

Definition

Modern TBM* is a management discipline that delivers financial transparency, accountability, and value management for all technology investments — aligning every dollar to business outcomes, enabling and driving smarter decisions.

The Four Pillars of Modern TBM



No affiliation. "Modern TBM" refers to Nicus' approach to applying TBM principles on ServiceNow and is not affiliated with or endorsed by the TBM Council or Apptio.

The Four Pillars of Modern TBM

Strategic Value Realization

Delivers measurable, enterprise-wide value aligned to strategic priorities.

Strategic Value Realization

Modern TBM emphasizes delivering measurable, enterprise-wide value aligned with strategic priorities of the organization. True strategic alignment requires the ability to demonstrate value at every level of the organization: at the departmental level to guide operational decisions, at the business unit or product level to assess contribution to profitability, and at the enterprise level to evaluate alignment with overarching business goals. Leaders must connect technology investments to value delivered in ways that cascade upward to the c-suite—supporting informed, forward-looking investment decisions that reflect and reinforce the organization's strategic direction.

This goes beyond traditional cost visibility. Modern TBM moves technology from a cost center to a value center, with insights that directly inform decision-making. For example, measuring technology's impact on cost per insurance claim or cost per customer acquisition empowers business managers to act with greater precision. At a higher level, business unit leaders and product owners can assess how technology enables competitive advantage, margin expansion, or operational scale. And at the strategic level, executives gain the visibility needed to evaluate whether technology investments are accelerating transformation, enabling innovation, or delivering against shareholder and mission-driven objectives.

Taken together, aligning value across the organization means Modern TBM strengthens cross-departmental trust and collaboration, uniting teams around shared goals and a common understanding of how technology drives success.

Enterprise-wide Scope

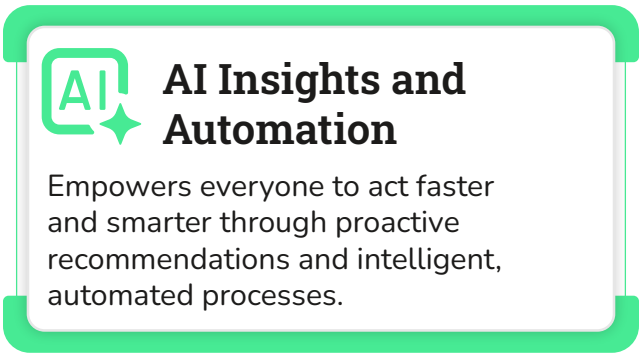
Extends insights and accountability across all technology investments, including modern, product-based delivery models.

Enterprise-Wide Scope

Traditional TBM has typically been limited to IT departments. Modern TBM expands this scope, extending insights and accountability across all technology investments—including digital products, embedded technologies, SaaS applications, cloud services, and operational technologies (OT). This comprehensive approach ensures that organizations can manage and optimize technology spend and value realization holistically, addressing the increasingly integrated role of technology within business operations and strategy.

But Modern TBM doesn't have to stop at technology. As organizations strive for holistic business optimization, the same principles can be applied to other domains of enterprise spend and assets. Take physical real estate: companies with large, distributed portfolios—offices, retail locations, plants, and warehouses—often struggle to understand the true cost and value of each site. For example, a CIO might use Modern TBM to understand the true technology costs tied to each location. However, Modern TBM can also help leaders evaluate locations as integrated assets— factoring in building costs, equipment, utilities, embedded technology, and labor—

to inform decisions on consolidation, efficiency improvements, or the cost of expanding into new markets. Similarly, unit economics can be applied to virtually any area of the business to align cost and value with strategic outcomes. In HR, for example, organizations could evaluate the cost per employee onboarded or retained, correlating workforce investments to business outcomes like productivity or revenue per employee. In sales, they might measure cost per deal closed or cost per lead converted to assess the effectiveness of investments in CRM tools, training, and go-to-market strategies. Modern TBM provides the insights to optimize investments across the entire enterprise—not just IT.



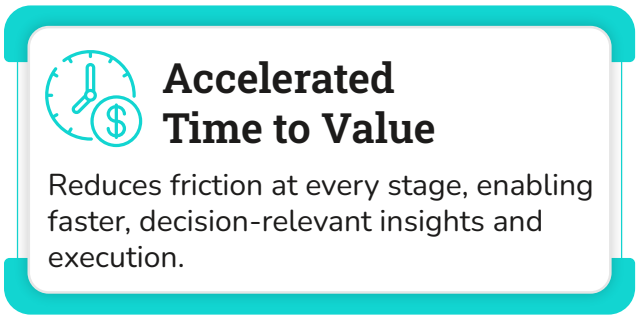
AI Insights and Automation

Artificial Intelligence (AI) transforms TBM from a reactive, manually-driven discipline into a proactive, intelligence-led practice. It does this in two ways: AI-driven insights and AI-powered automation.

Modern TBM leverages AI-driven insights to enhance decision velocity and democratize access to critical information, drawing on data from across the enterprise rather than only IT, so leaders can see a truly integrated picture of cost and value. For example, AI can proactively surface emerging cost trends that signal a business unit's rapid growth, helping leaders anticipate budget adjustments before pressures materialize.

At the same time, AI powers intelligent automation to keep TBM programs running effectively with minimal human intervention. AI can manage the complexities of importing and normalizing consumption data from diverse systems, ensuring data accuracy and consistency without manual effort. It can dynamically generate and maintain persona-specific dashboards, tailoring information delivery for executives, finance teams, and service owners. AI-enabled anomaly detection flags irregularities in financial or operational data, while automated workflows resolve common issues and notify impacted stakeholders or systems—keeping the program resilient, accurate, and continuously aligned with the pace of business.

Together, these capabilities drive ongoing value optimization and enable informed, agile decision-making throughout the organization.



Accelerated Time to Value

Time is a crucial competitive advantage. Organizations that learn and change faster are more likely to thrive. Modern TBM accelerates both the realization of value from TBM investments (program and platform) and the cycle from insight to decision to action, driving tangible business outcomes.

Unlike traditional approaches that often require long implementation cycles and heavy customization, Modern TBM is designed to reduce complexity and streamline adoption. By embedding best practices and proven frameworks into the discipline itself, Modern TBM reduces the upfront effort required to deliver meaningful insights and outcomes. This allows organizations to achieve early wins, sustain momentum, and avoid the drawn-out ramp-up periods that can undermine confidence in large transformation initiatives. As a reality check, this is also an area where more advances are expected, as both vendors and customers continue to refine how TBM can deliver value faster.

At the same time, Modern TBM supports decision velocity—empowering leaders to translate insights into strategic actions quickly and align teams around shared priorities. This dual acceleration—realizing value from TBM investments faster and enabling agile, data-driven decision-making—ensures organizations can respond rapidly to evolving business needs and unlock the full potential of their technology portfolios.

The Seven Enablers of Modern TBM

The Four Strategic Pillars of Modern TBM define the outcomes organizations can deliver by adopting a modernized approach to TBM. The Seven Enablers describe how those outcomes are made possible. They represent the essential capabilities, practices, and foundations required to bring Modern TBM to life—turning vision into action and ensuring it delivers real, measurable impact. Together, the pillars and enablers provide a blueprint to unlock the full potential of technology investments and embed Modern TBM as a core business discipline.

The Seven Enablers of Modern TBM

1 Flexible, Decision-Driven Cost Model

Modern TBM requires more than a standard cost allocation framework—it demands a flexible, decision-driven cost model that directly links every technology dollar to strategic value streams and business objectives. Unlike traditional approaches, which rely on fixed cost centers, general ledger accounts or simplistic "peanut butter" spreading of expenses, this model ensures that costs dynamically reflect the impact of decisions, such as retiring applications, adjusting service capacity, or scaling investments in innovation. This immediate alignment of cost signals with operational actions provides the credibility stakeholders need to trust the data and act with confidence.

A decision-driven cost model focuses on aligning financial visibility with business priorities. It enables stakeholders to see not only where money is spent, but why it is spent and how those decisions influence business outcomes. Costs respond in real time to operational changes, ensuring that cost savings and reallocations are tangible and defensible, backed up by full traceability to the supporting finance data. At the same time, the model avoids drowning stakeholders in unnecessary complexity, focusing instead on the right insights and level of granularity and accuracy to support meaningful decisions within that stakeholder's area of influence.

The TBM Taxonomy remains a valuable starting point, providing common language, benchmarking consistency, and guardrails for structuring IT financial data. However, its rigidity can become a constraint when organizations attempt to reflect their unique strategic objectives or align with modern operational models such as product-based delivery.

Modern TBM builds on the strengths of common taxonomies but adds greater flexibility. Costs can be dynamically mapped to value streams, business units, digital products, or strategic initiatives—whatever structure best supports decision-making. This allows organizations to maintain external comparability while still aligning financial data to internal strategies and actions.

Experience shows that a decision-based cost model does more than track spend—it exposes the realities behind costs and reveals where action can deliver the greatest impact. Examples include highlighting hidden risk, such as when a relatively low-cost asset (like a $10,000 switch) underpins critical services and, if it fails, could cause millions in losses. By tying infrastructure costs directly to the business value and outcomes they support, the decision-based model makes this disproportionate risk visible and

A decision-driven cost model focuses on aligning financial visibility with business priorities. It enables stakeholders to see not only where money is spent, but why it is spent and how those decisions influence business outcomes.

helps leaders justify investments in redundancy rather than short-sighted cuts. It also uncovers redundant applications or underutilized assets that can be eliminated to free funds for innovation, and reveals operational complexity in environments like cloud hosting where labor and tooling need to be aligned with business enablement. These are only a few examples; a decision-driven model is designed to surface whatever insights matter most, whether they relate to risk, optimization, or strategic alignment.

By adopting a flexible, decision-driven cost model, organizations move beyond static cost tracking to create a living financial model that evolves as business priorities change. This approach transforms cost management from a backward-looking exercise into a forward-looking lever for strategy, empowering leadership to continuously optimize investments and maximize the value technology delivers.

2 AI-Powered Actionable Insights

Modern TBM leverages AI not merely to process data faster, but to fundamentally change how insights are delivered and acted upon—moving organizations from reactive to proactive decision-making.

At the **reactive level**, AI "humanizes" how stakeholders interact with data, removing barriers for non-technical users. Instead of relying on static dashboards locked within IT Finance, conversational AI allows users across the business to ask natural-language questions like:

- "What was my total spend in November?" (factual)
- "Why was my spend higher in January?" (analytical)
- "How could I cut $1M from the budget?" (recommendations)

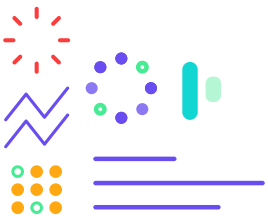
This democratizes access to insights, enabling stakeholders to engage directly without requiring deep expertise in financial models or tools. But while this conversational capability makes data more accessible, it still requires users to know what questions to ask—an inherently reactive approach.

The proactive level of AI goes further. Here, AI-driven agents autonomously monitor data, detect anomalies, and proactively surface insights and recommendations tailored to each stakeholder's role. For example:

- Automatically creates role-specific reports with KPIs, commentary, and forward-looking analysis.
- Highlighting cost spikes, pinpointing likely causes, and recommending corrective actions.
- Identifying redundant applications or underutilized resources and suggesting possible consolidations and optimizations.

By embedding contextual insights and recommended actions directly into workflows, proactive AI transforms data into a continuous feedback loop for smarter, faster, and more accountable decision-making. In effect, it brings TBM to the edge of the enterprise—empowering every role with timely, actionable insights in the flow of work.

Ultimately, AI-powered actionable insights bridge the gap between technology and business teams, ensuring that information flows to the right people at the right time—and is delivered in a way that drives action, not just awareness.

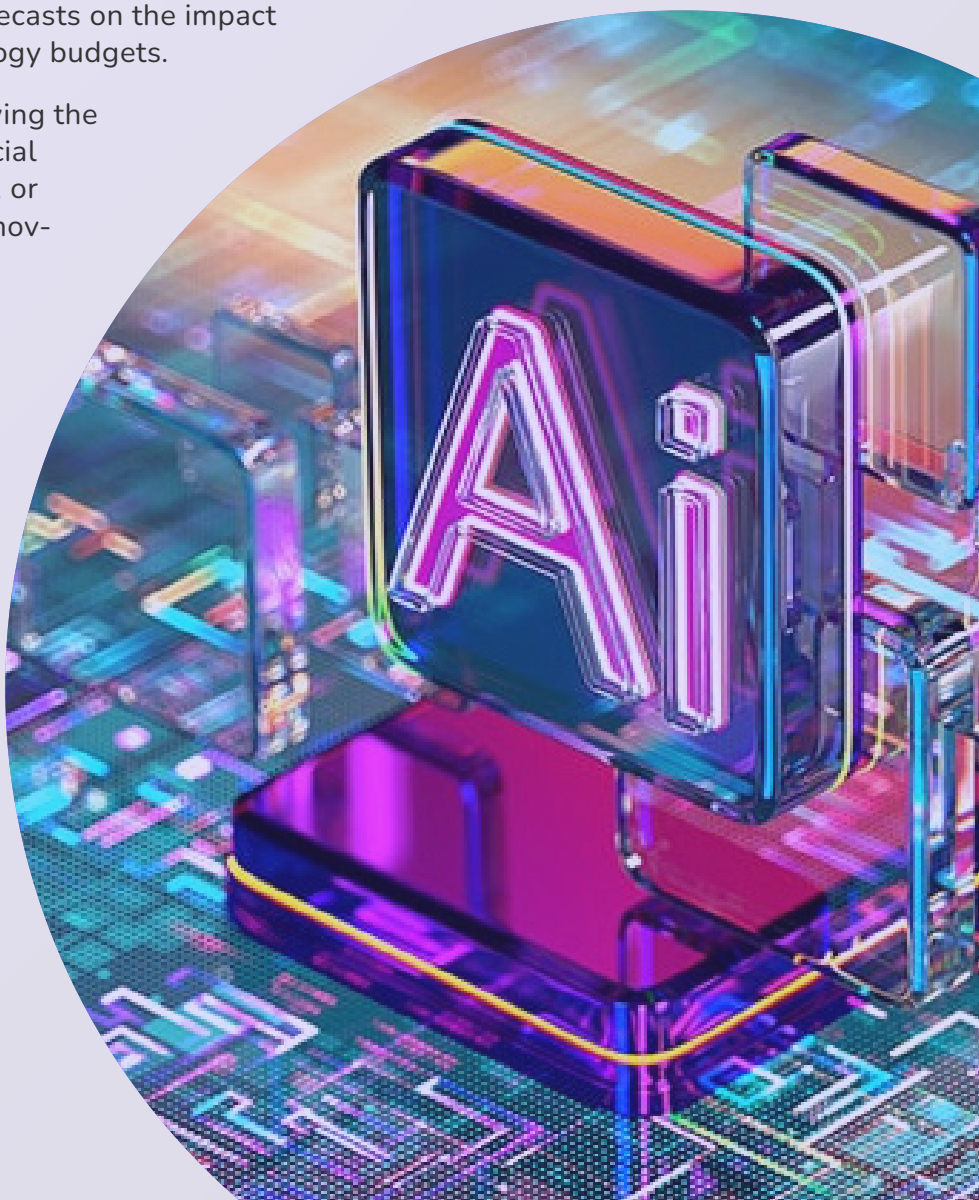


The TBM Mandate in the Age of AI

This proliferation of AI and advanced digital technologies places new demands on Technology Business Management. Modern TBM must enable organizations to:

- Track, benchmark, and optimize AI-related spend across business units, cloud providers, and technology partners.
- Attribute costs and value to AI-powered products and processes—not just infrastructure or licenses.
- Deliver real-time insights and forecasts on the impact of AI adoption on overall technology budgets.
- Support scenario modeling, allowing the business to understand the financial implications of scaling, retraining, or redeploying AI models in a fast-moving market.

In this new environment, the role of TBM is not simply to report on what has been spent, but to enable agile, data-driven decision-making around technology investments that are increasingly dynamic, distributed, and consequential to enterprise strategy.



3 Scalable Maturity (Crawl, Walk, Run, Fly)

Recognizing that every organization's TBM journey starts from a different place, Modern TBM provides a scalable maturity framework to guide progress. TBM is a discipline, not a project: it must grow and mature over time, continuously delivering value rather than serving as a one-time cost-cutting exercise.

One progression path focuses on capability maturity, where organizations evolve from foundational practices like cost transparency and chargeback, to advanced capabilities such as scenario planning, continuous optimization, and strategic value realization. Another dimension of maturity involves organizational adoption, starting within a single department or business unit and expanding to encompass enterprise-wide technology investments, aligning IT, product, and business leaders around shared financial goals.

A third lens views maturity through outcomes:

- At the **Efficiency** stage, organizations target cost control and operational streamlining.
- The **Optimization** stage emphasizes reinvestment and improved allocation of resources for greater business impact.
- Finally, at the **Value Realization** stage, organizations align technology decisions directly with strategic priorities, ensuring measurable contribution to revenue growth, innovation, and competitive advantage.

Modern TBM also introduces a layered maturity framework—from Foundations (establishing accurate data and governance), through Communication (developing shared language and insights across teams), to Decisioning (enabling agile, data-driven decisions).

Unlike traditional maturity models that delay impact until advanced stages, Modern TBM delivers early wins and scales iteratively, ensuring tangible results at each step.

This adaptable approach reduces implementation risk, accelerates time to value, and keeps organizations moving steadily toward enterprise-wide TBM maturity—no matter where they begin.

4 Unified & Integrated Data Model (CSDM) for Connected, Real-Time Insights

Modern TBM demands more than clean data—it requires connected, contextual, and continuously updated information that reflects the operational state of the business. That foundation is delivered by ServiceNow's Common Service Data Model (CSDM), which provides a standardized yet flexible structure for modeling services, applications, assets, and their relationships to business outcomes. When financial and operational data are aligned to this unified model, TBM becomes a dynamic system of action—supporting agile, accurate, and enterprise-relevant decision-making.

Rather than treating the CMDB as just a passive catalog, CSDM makes it structural and strategic. It ensures that any change—such as retiring a service, introducing a new cloud platform, or shifting ownership—flows automatically into financial models, without waiting on manual reconciliation. This real-time responsiveness means TBM can finally keep pace with the business.

Mark Bodman, often referred to as the "founding father" of CSDM, emphasized on a recent Modern TBM webinar that:

"CSDM enables you to model services in a systematic way—defining their purpose, ownership, relationships, and outcomes. That structure is what lets organizations connect operations to strategy, and spend to value."

This tight coupling of configuration and financial data transforms TBM from backward-looking cost tracking into a forward-facing decision platform. CSDM enables consistent reporting, reduces errors, and ensures finance, IT, and business teams operate from a shared understanding of services and their value.

Ultimately, CSDM is more than a technical framework—it's the critical enabler that connects technology realities to business strategy, ensuring TBM is accurate, trusted, and ready for action.

5 Continuous Optimization and Automation

Modern TBM is more than a system of insight—it's a system of action. Rather than relying on static dashboards or annual planning cycles, it enables continuous, real-time optimization through embedded automation and intelligent, proactive decision support. Signals such as cost anomalies, utilization inefficiencies, or contract mismatches are automatically detected and routed into decision workflows. These insights don't just sit in reports—they trigger action: assigning tasks, prompting approvals, or recommending changes without the need for manual analysis or interpretation.

This ability to act automatically and intelligently in real time transforms the role of TBM from reactive cost accounting to proactive value management. Instead of uncovering inefficiencies long after the fact, organizations can identify and resolve issues as they happen—ensuring faster course correction, reduced financial risk, and sustained momentum toward strategic goals. This closed-loop model of insight-to-action enables TBM to operate as a continuous discipline, rather than a point-in-time exercise.

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At the executive level, this shift aligns directly with an emerging mandate from CIOs and CFOs alike. According to Gartner[10], cost optimization is no longer viewed as a one-time initiative or a crisis response—it's now a business-focused, continuous discipline that must be embedded into technology and financial operations. The c-suite increasingly demands real-time alignment of spend with strategy, operational agility, and demonstrable ROI. Modern TBM answers this call by making financial governance part of the operational fabric—intelligent, automated, and ongoing.

By embedding automation and optimization into everyday workflows, Modern TBM ensures decisions are made quickly, governed consistently, and aligned across stakeholders. It replaces delays and disconnected spreadsheets with smart, structured, and auditable actions—accelerating performance and unlocking the full potential of technology investments.

As organizations mature, decision-making shifts closer to where actions have the most impact—empowering stakeholders to make decisions at the edges.

6 Integrated Cross-Functional Collaboration

Modern TBM is built to break down silos, enabling seamless collaboration across IT, Finance, Procurement, Product, and Business teams. Collaboration is not a byproduct of Modern TBM—it is a core capability that actively enables real-time impact. By aligning diverse stakeholders around shared objectives and measurable outcomes, Modern TBM creates an environment where decision-making is both faster and more effective. A lack of cross-functional engagement is usually a sign that TBM will not have the desired business impact.

At the heart of this collaboration is shared ownership and alignment. Rather than operating in isolation, teams work toward common business goals, supported by governance structures that ensure joint accountability for spend and outcomes. This shared ownership is reinforced by a common financial language, embedding financial thinking into the daily decisions of non-financial stakeholders. Culture plays a critical role: when teams move beyond compliance-driven interactions to co-ownership of outcomes, collaboration becomes an engine for business success. As Gartner[11] notes, many cross-functional initiatives fail due to unclear accountability. Modern TBM addresses this by embedding governance into collaborative workflows, ensuring financial oversight, risk management, and operational accountability scale as decisions cross functional boundaries.

This shared ownership translates directly into decision velocity. Collaboration in Modern TBM is not about more meetings; it's about reducing the friction that slows decisions down. Clear roles, consistent insights, and embedded governance allow decisions to be made confidently and quickly. As organizations mature, decision-making shifts closer to where actions have the most impact—empowering stakeholders to make decisions at the edges. This approach accelerates time to action while keeping every decision aligned with enterprise strategy. The result is faster reaction to market shifts, more productive planning cycles, and greater confidence in investment tradeoffs.

Modern TBM also addresses the human element of collaboration—building trust by making decisions transparent and aligning them with clear business outcomes. When stakeholders understand each other's perspectives and work from the same playbook, trust grows and cross-functional teams can operate as one cohesive unit.

By fostering seamless collaboration, shared ownership, and decision velocity, Modern TBM unites cross-functional teams around a common purpose—accelerating decisions, improving outcomes, and ensuring every investment drives measurable business value.

7 Future-Ready TBM Framework

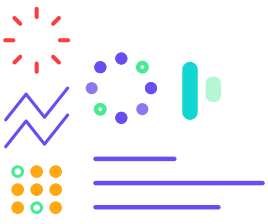
Modern TBM must be more than a static financial framework; it must be engineered for adaptability. Business priorities shift, new technologies emerge, and governance models evolve. A future-ready TBM approach flexes with these changes, helping organizations remain strategically resilient in an unpredictable environment.

The TBM Council Framework 2.0 provides a powerful structure and a significant advancement over the original framework. **Modern TBM is highly complementary to this 2.0 model**, helping organizations put its principles into practice by operationalizing connected standards such as CSDM and FinOps within a unified operating model. Gartner's latest research[12] highlights how integrating ITAM and FinOps is essential to optimizing SaaS, cloud, and AI costs—a level of convergence only possible on a flexible framework capable of managing multiple cost domains without creating new silos.

Modern TBM enhances this vision through a flexible approach to the taxonomy layer. By supporting layered taxonomies—including the TBM Taxonomy—organizations can classify and view costs and value delivered through multiple perspectives. This adaptability allows rapid alignment with internal decision-making needs, strategic priorities, external benchmarking models, and evolving compliance requirements. The importance of taxonomy layer enhancement cannot be overstated (see Flexible, Decision-Driven Cost Model).

A future-ready TBM approach also looks forward. Whether embedding AI governance, measuring ESG performance, or adopting new business models, it ensures financial and operational foundations evolve without rework. This adaptability enables organizations to confidently embrace innovation while maintaining control and alignment.

By complementing the TBM Council Framework 2.0 and enabling organizations to apply it dynamically, Modern TBM delivers the strategic resilience needed to thrive amid continuous technological and market change—ensuring it remains relevant as new connected standards and capabilities emerge.



Democratization of Information—The Next Leap with AI

The democratization of information has historically reshaped societies and empowered decision-making at unprecedented scales. First, the invention of the printing press in the 15th century dramatically expanded access to knowledge, enabling individuals beyond the elite to read, interpret, and independently act upon information previously restricted to a privileged few.

Centuries later, the advent of the internet created a second monumental shift. It not only exponentially increased information availability but also significantly accelerated the speed at which information could be accessed and disseminated. Decision-making became more rapid, informed, and inclusive, fundamentally altering the global landscape of business, governance, and personal empowerment.

Today, Artificial Intelligence (AI) represents a third significant leap in information democratization. AI goes beyond simple information access by providing actionable insights, predictive analysis, and strategic recommendations to every stakeholder—regardless of technical or financial expertise. In Modern TBM, AI-driven insights enable proactive, informed decision-making across organizations, democratizing not just data, but critical strategic knowledge and enabling quicker transitions from insights to impactful actions and outcomes.

Why Do I Need Modern TBM?

Organizations must continuously justify every dollar spent. Budgets are tightening, and scrutiny on technology investments is at an all-time high. At the same time, making the right proactive technology bets can unlock transformative growth—reshaping business models, enhancing or even replacing labor, and serving as the new capital investment that drives enterprise transformation. Modern TBM delivers a strong business and financial rationale—grounded in measurable impact, waste reduction, and strategic return. When implemented effectively, TBM pays for itself quickly through ongoing savings—while the significant strategic value it delivers is pure upside.

Quantifying the Problem

Strategic value from TBM is highly measurable—AI ROI, departmental accountability, forecast accuracy, and burn-down tracking are just a few examples—but the metrics differ by organization. Cost savings, however, are universal and easy to quantify. Industry studies show the scale of waste clearly, for example:

- Experts estimate that 10–30% of cloud infrastructure spend is wasted—due to underutilization, idle resources, or overprovisioning (often reaching 21% waste, equating to $44.5 billion in lost cloud spend in 2025 alone[13]).
- Various research firms cite at least 10–20% of waste and inefficiencies across all technology spend—highlighting the need for continuous optimization and governance.

Making the Case

If technology costs represent 15–20% of overall IT spend, even modest efficiency gains translate into material savings—capital that can be redirected toward innovation, AI, or transformation.

Five Strategic Reasons You Need Modern TBM

1. **Recover Hidden Technology Spend**

   By automating detection of idle, underutilized, or redundant resources, Modern TBM could help eliminate up to 30% of technology waste—delivering immediate cost savings.

2. **Optimize Massive AI and Cloud Budgets**

   With AI investments projected to surge, organizations need financial models that can flex and forecast these volatile costs accurately and connect spend to AI value delivered. Modern TBM enables real-time tracking, forecasting, and governance of AI spend, ensuring ROI remains visible as scale increases.

3. **Unify ITFM, TBM & FinOps**

   The convergence of these disciplines demands a single platform capable of managing all tech spend—cloud, AI, on-prem, labor—without fragmentation or duplicate tools and inconsistent measurement.

4. **Drive Accountability & ROI**

   Modern TBM ties technology investment directly to business metrics and unit economics that matter—empowering leadership across functions to measure ROI continuously with insights and recommendations that can easily be turned into actions.

5. **Accelerate Program Value & Momentum**

   Instead of long, cumbersome rollouts that delay ROI, Modern TBM minimizes implementation friction. Organizations can realize early wins from TBM investments and build momentum across teams faster—avoiding the disillusionment that plagues many legacy programs.

Talk Numbers, Drive Decisions

Imagine recovering 20% of waste in a $200 million technology budget—that's $40 million freed for innovation. Or saving just 5% on a $1B IT budget—that's $50 million available for reinvestment or direct bottom-line impact. Too often, organizations pursue savings first and only pivot to value later; in reality, both must be targeted from the start. Forecasting AI spend with precision, quantifying technology's contribution at the business-unit level, and automating cost mitigation go hand-in-hand with savings, delivering not only efficiency but also financial discipline and strategic clarity.

Modern TBM is no longer a "nice to have." With CFO teams under pressure, rapidly evolving AI spend, and converging cost disciplines, it's now an essential business capability. It helps executives drive smarter investments, reduce risk, and free funds for innovation—all in real time.

Modern TBM is no longer a "nice to have."

Nicus and ServiceNow – The Modern TBM Platform

Modern TBM isn't just a concept—it requires the right platform to deliver on its promise. Together, Nicus and ServiceNow provide what we believe is a complete and future-ready Modern TBM platform available today, uniquely combining ITFM and TBM capabilities with ServiceNow's powerful workflow, AI, and enterprise platform strengths. To our knowledge, this combination uniquely brings the TBM Framework 2.0 elements onto a single, integrated platform that can turn insights into action.

This joint platform goes beyond cost transparency to enable continuous optimization. By unifying financial, operational, and service data natively on ServiceNow—and enriching it with Nicus' FMDB, the financial equivalent to a CMDB—organizations have a single source for high-value financial information. This integration eliminates the friction, cost, and risk associated with disconnected tools, ensuring stakeholders have actionable intelligence where they need it, when they need it.

The platform's AI-readiness further differentiates it. Native AI and GenAI capabilities don't just analyze—they act. They proactively detect anomalies, recommend cost optimizations, and trigger automated workflows to continuously improve outcomes. This is particularly critical as enterprises prepare for unprecedented AI investments over the next five years. Modern TBM on ServiceNow ensures these investments are tracked, governed, and optimized to deliver measurable business value.

Equally important, this solution supports the convergence of ITFM, TBM, FinOps, and ITAM—disciplines essential for controlling and optimizing SaaS, cloud, and AI costs. The platform enables organizations to integrate these practices seamlessly while also supporting ITFM best practices for financial governance and value measurement. While the TBM Taxonomy is supported, Nicus' Decision-Based Cost Model offers a more adaptable, business-aligned structure—allowing cost data to be pivoted easily for internal decision-making, benchmarking, and compliance.

By aligning with the TBM Council's 2.0 Framework and operationalizing its principles through both ServiceNow's platform strengths and Nicus' purpose-built capabilities, this combination creates a flexible, future-ready foundation. It supports connected standards like CSDM, FinOps, and ITFM best practices, while enabling organizations to evolve their financial models as business strategies change.

Together, Nicus and ServiceNow deliver more than a platform—they deliver a system of action that continuously optimizes technology investments, accelerates decision-making, and ensures every dollar drives measurable business outcomes.

Nicus on ServiceNow is positioned as the Modern TBM Platform:

	Modern TBM Enabler	How Nicus and ServiceNow Make It a Reality
1	Flexible, Decision-Driven Cost Model	Combines Nicus' Decision-Based Cost Model with ServiceNow's CSDM to deliver dynamic cost allocation tied to business value streams. Supports multiple taxonomies and benchmarking models without rework, enabling rapid alignment to changing business strategies.
2	AI-Powered Actionable Insights	Leverages ServiceNow's native AI and GenAI together with Nicus' embedded financial intelligence to deliver role-specific, proactive insights and recommendations. Automates optimization decisions and initiates workflows, transforming TBM from insight to immediate action.
3	Scalable Maturity (Crawl, Walk, Run, Fly)	Supports multiple maturity paths—capability, organizational, and outcomes-based. Nicus' FMDB accelerates early wins by delivering financial insights quickly, while the combined platform scales seamlessly to ITFM and enterprise-wide TBM maturity.
4	Unified & Integrated CMDB	Aligns financial and operational data natively through the ServiceNow CMDB and the Nicus FMDB to bring financial intelligence to ServiceNow. Ensures real-time synchronization, eliminating manual reconciliation and enabling trustworthy, connected insights across the enterprise.
5	Continuous Optimization & Automation	Automates detection, recommendations, and execution of cost optimizations. ServiceNow workflows and Nicus' financial context turn optimization into a continuous, governed process, reducing waste and freeing capital for innovation.
6	Integrated Cross-Functional Collaboration	Breaks down silos by providing shared data and workflows for IT, finance, and business units within a single system of record.
7	Future-Ready TBM Framework	Complements the TBM Council Framework 2.0 by operationalizing its connected standards (CSDM, FinOps, ITFM, ITSM/ITAM, SPM) within a single platform. Supports future innovation—including AI governance, ESG tracking, and evolving business models—without disrupting existing processes.

Conclusion

The journey to Modern TBM is not about discarding the past—it's about finally fulfilling its promise. Built on the pioneering efforts of the TBM community and the TBM Council, and enhanced by transformative technologies like AI and intelligent automation, Modern TBM provides the clarity, agility, and enterprise-wide alignment organizations need to thrive in today's digital-first world.

But the stakes have never been higher. Technology spend is rising sharply, AI investments are accelerating at an unprecedented pace, and market pressures demand faster, smarter decisions. Organizations can no longer afford to rely on fragmented tools, Excel spreadsheets, static reporting, or reactive cost management. Without Modern TBM, they risk wasted investment, slower response times, and missed opportunities to create value.

For many organizations, Modern TBM is becoming an operational imperative. It empowers leaders to unify operational and financial perspectives, embed decision-making into daily workflows, and ensure every technology dollar is optimized for measurable impact.

Those who adopt Modern TBM now will not only control costs more effectively—they will seize the opportunity to turn technology into a powerful catalyst for growth, innovation, and competitive advantage. Those who delay risk being left behind.

Take the next step:

Explore Modern TBM and connect with the Nicus team at nicus.com/modernTBM

Appendix

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Variability. Results and benefits vary by deployment context, including data quality, model design choices, configuration, integrations, organizational change management, and related commercial or accounting factors.

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Financial Intelligence for Smarter Tech Decisions

Nicus delivers clarity, control, and confidence in every technology investment, helping leaders maximize the value of technology spend across the enterprise. Our IT Financial Management (ITFM) and Modern Technology Business Management (Modern TBM) solutions are delivered natively on the ServiceNow platform, enabling organizations to transform complexity into actionable insight. Trusted by Fortune 2000 companies, Nicus empowers IT, finance, and business leaders to make smarter decisions, optimize spend, and drive better business outcomes.

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