City/County of San Francisco (CCSF)

IT Budget Scorecard

IT Budget Scorecard Findings

Revised Final Results

21 May 2012

Engagement: 330001104

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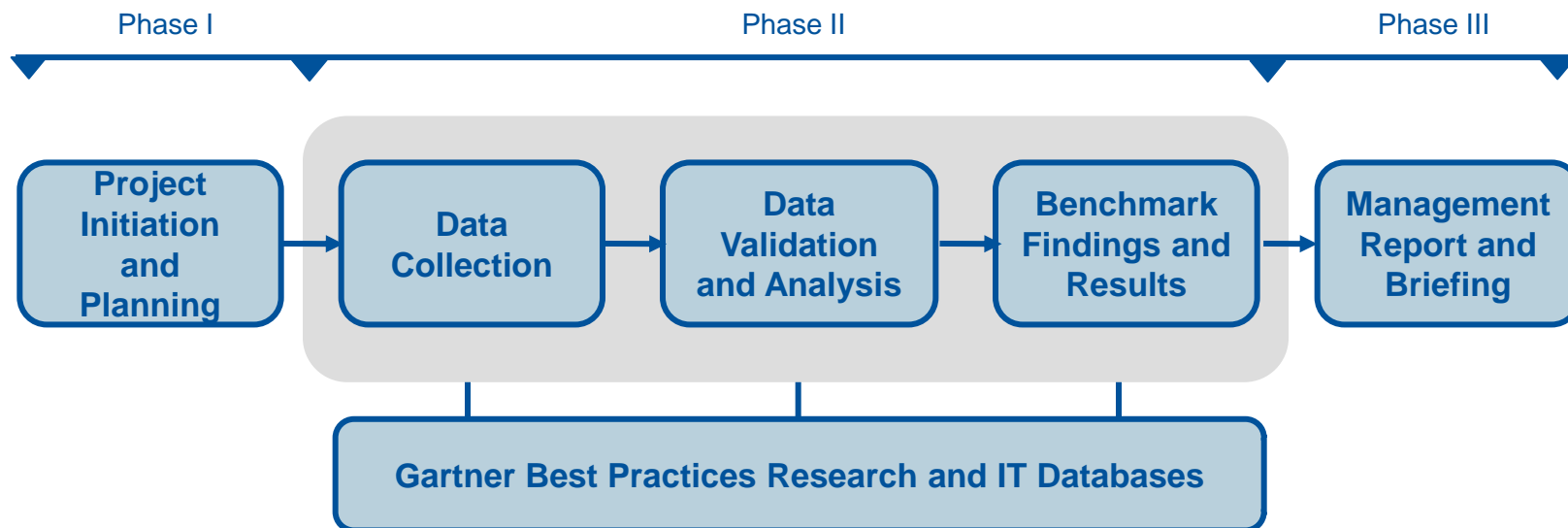**Gartner.**

Background and Scope

- **Background**
  - San Francisco has engaged in an IT Budget Scorecard as a means to measure its spending and staffing levels against other Public Administration organizations.

- **Scope**
  - The organizational scope of this analysis is enterprise-wide and covers the fiscal year 2011.
  - The scorecard's focus is on CCSF's total IT budget for information technology to support the enterprise.
  - This analysis includes all hardware, software, personnel, training, disaster recovery, facilities, and any other costs associated with supporting the IT environment, which includes Data Center, Desktop, Voice & Data Network, Help Desk, Application Development & Maintenance, and Finance & Administration.
  - It does not include:
    - Operational technology that is equipment built or purchased for non data processing purposes but which has computerized components – Examples of this include robotic manufacturing machines, Automated Teller Machines, specialized point of sale devices, scanners, blood pressure monitors etc.
    - Internal "cross charges" and corporate allocations related to expenses such as: early retirement, incentive bonuses, human resources, and chairperson's salary, etc.

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Methodology and Timeline

■ The following approach was utilized:

Phase I   Phase II   Phase III

| Project Initiation and Planning | → | Data Collection | → | Data Validation and Analysis | → | Benchmark Findings and Results | → | Management Report and Briefing |

Gartner Best Practices Research and IT Databases

■ San Francisco's results are displayed in comparison with the following reference points:

– Peer—Average: representing the average for the comparative group.

– Peer—Middle quartile range: representing the range between the 25th and 75th percentiles for the comparative group.

– Peer—Range: representing the high to low range of results for the comparative group.

Observations

- CCSF is closely aligned with its peer group in several key metrics:
    - IT Spend as a Percent of Operational Expense: 3.01% versus the peer average of 2.89%.
    - Spending distribution for Growing and Transforming the "business": 16% versus the peer average of 15%.
    - IT Spend per Employee: $7,571 versus the peer average of $7,253.

- Staffing as a Percent of Total Employees is 37% higher than the peer average at 3.7% versus 2.7%.
    - Personnel spending is at 58% of the total spend compared to the peer at 47%.

- In terms of distribution of spending and staffing two areas stand out:
    - Combined Applications Development and Support show a low spending profile, while staffing is higher than the peer averages. *It was noted by CCSF that these areas are typically higher than this study period reflects.*
    - Corporate IT Management spending distribution is more than three times that of the peer, while staffing distribution is 29% lower than the peer average.

- Software spending distribution is lower than the peer at 7% versus 16% for the peer.

- Hardware spending distribution is also lower than the peer at 12% versus 21%.

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Opportunities

- CCSF should review its staffing levels to verify that they are appropriate to the current and future requirements of the City and County.

- Higher staffing combined with low Software spending often indicates under-spending in software tools for development, support and system management and monitoring.

  - CCSF should ensure that it has the necessary tools in place to efficiently manage the IT environment and to potentially provide opportunities for staffing adjustments.

- In the current economic environment, more so than in normal circumstances, low Hardware spending can indicate a potential for unplanned spending when systems become obsolete or are inadequate for new requirements.

  - If it has not done so, CCSF should put in place plans and forecasts for meeting new or replacement system requirements.

- The disparity between Corporate IT Management spending and staffing should be evaluated.

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City/County of San Francisco

IT Budget
Demographics

- **City and County of San Francisco Profile**
  - Operational budget: $6.6B
  - Organization employees: 26,108
  - IT FTEs: 968
  - IT Spend: $189.0M

- **Peer Profile**
  - Peer group consists of 10 organizations
    - 3 City/County, 7 State agencies
  - Average operational expense: $6.1B
  - Average Organization employees: 25,942
  - Average IT FTEs: 655
  - Average IT Spend: $159.8M
  - The peer group members are included in the following list of Gartner database members:

City of Philadelphia	Government of Manitoba	City of Ottawa
City of Houston	Riverside County	City of San Diego
Broward County Government	New York City	City of Boston
Commonwealth of Kentucky	CA Dept of Public Health	County of Los Angeles
County of San Diego	Government of Newfoundland	Broward County
Fairfax County	State of Michigan	Los Angeles County
State of Hawaii	City of Phoenix	City of Jacksonville
City of Portland Oregon	City of Virginia Beach	City & County of Honolulu

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IT Budget
IT Spending as % of Operational Expense

IT Spending as % of Operational Expense

Peer – 2.89
CCSF – 2.88

Cylinder denotes the median 50% of responses

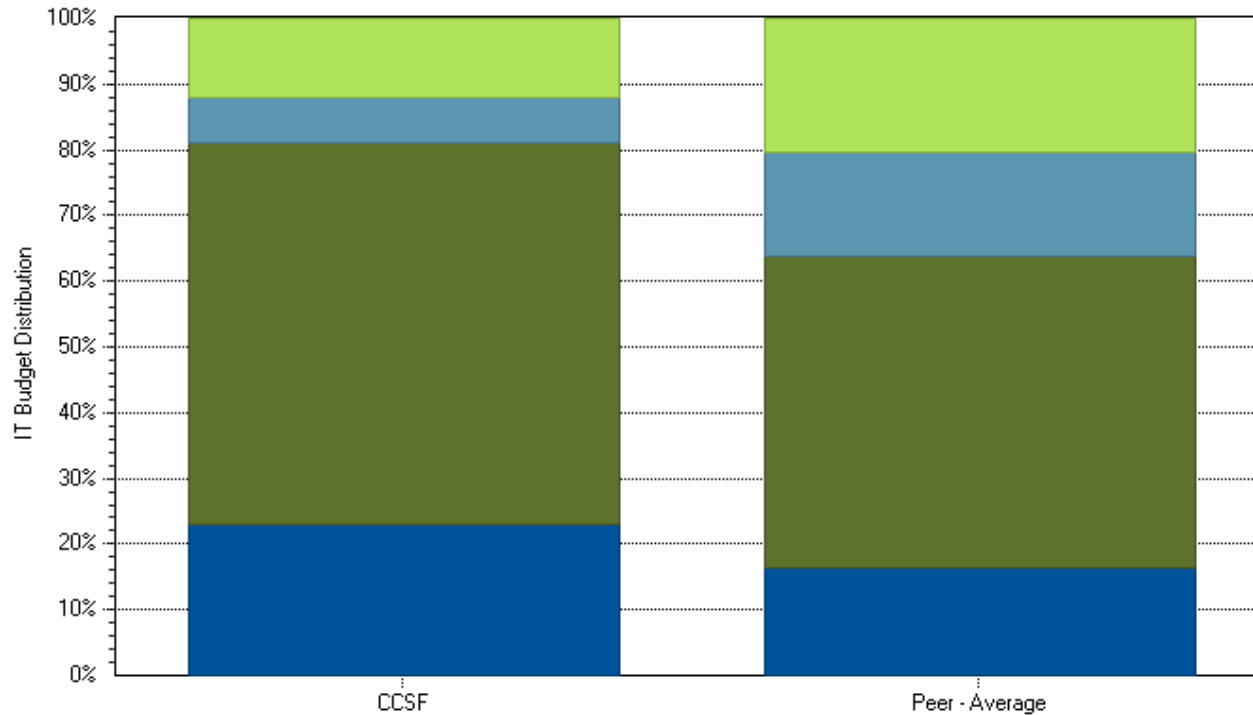| = Peer Range | = Peer Middle Quartiles |
| = Peer Average | = CCSF |
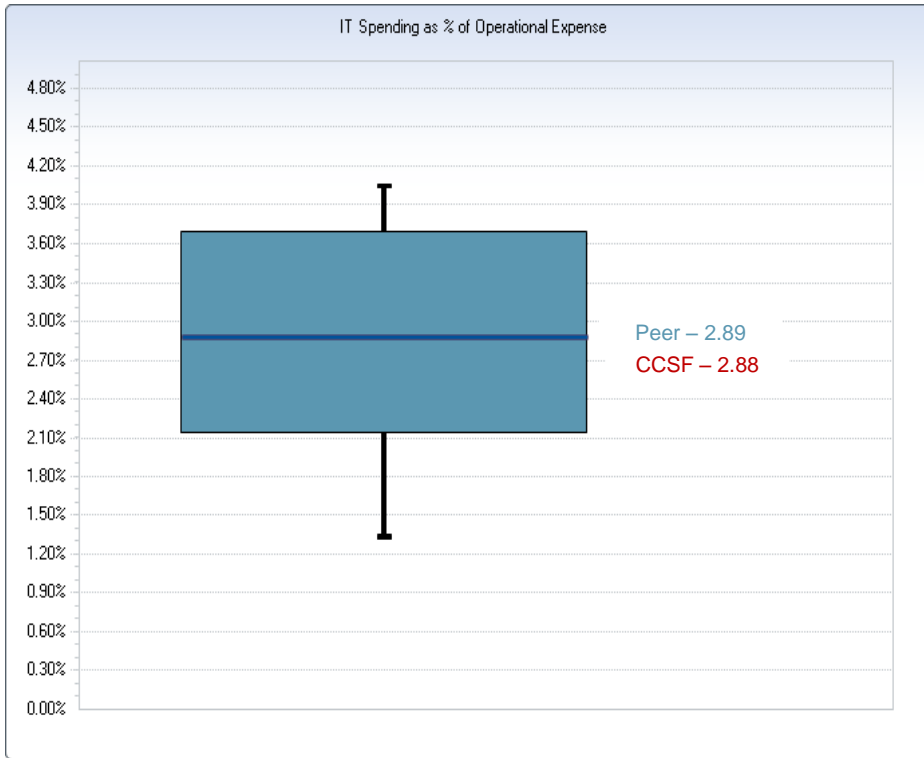
- IT spend as a percentage of operational expenses provides a view of the role IT plays in business spending patterns. The greater the amount of operating expenses is dedicated to IT, the greater the business will require visibility into IT investments.

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IT Budget
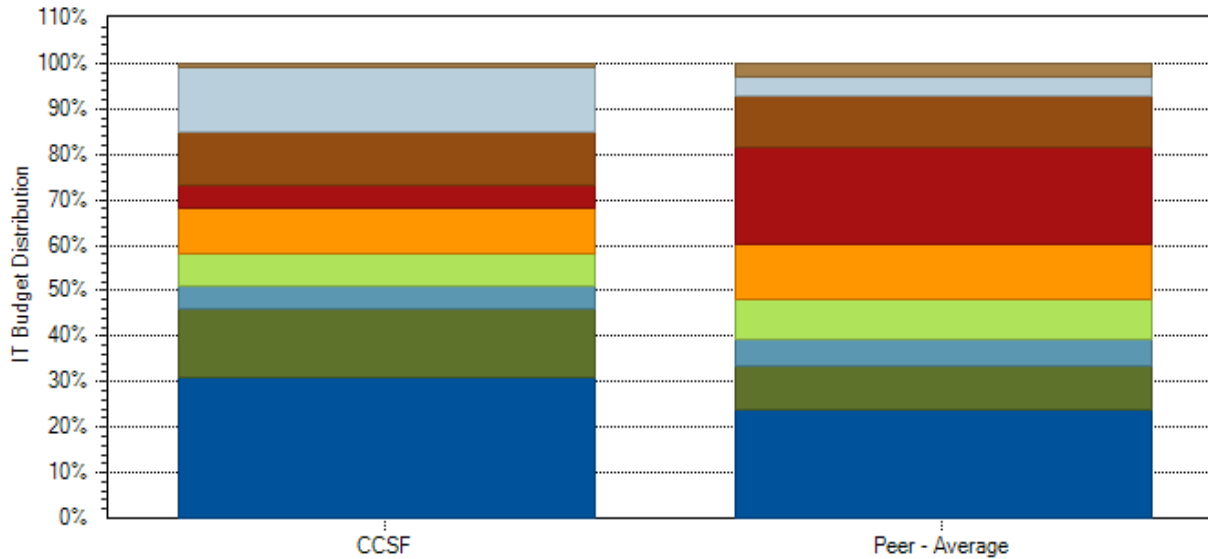## Spending Distribution by Cost Category

- Distribution of spending between hardware, software, personnel and outsourcing can show the dynamics of business investments in IT.

	CCSF	Peer - Average
Outsourcing	23%	17%
Personnel	58%	47%
Software	7%	16%
Hardware	12%	21%

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IT Budget
Spending Distribution by Technology Domain

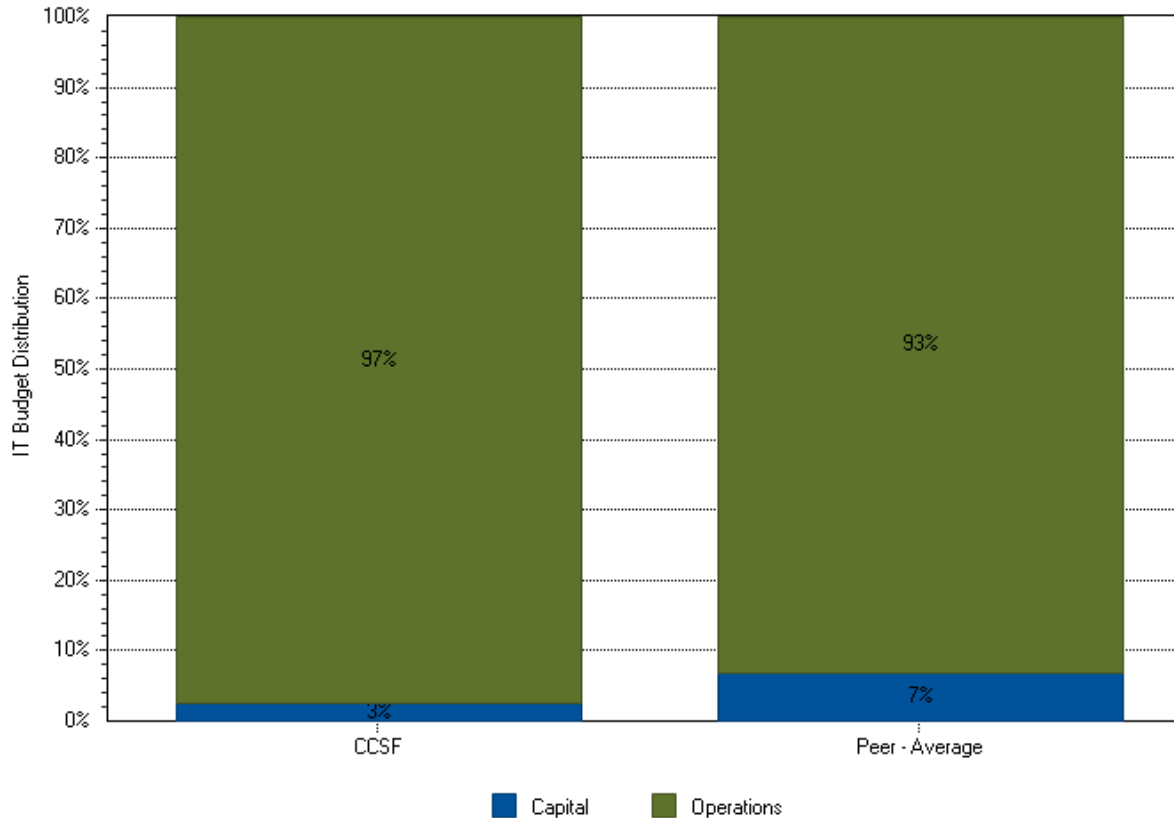|	CCSF	Peer - Average
Enterprise Computing & Storage	31%	24%
Client & Peripherals	15%	10%
IT Service Desk	5%	6%
Voice Services	7%	9%
Data Network	10%	12%
Application Development	5%	21%
Application Support	12%	11%
Corporate IT Management	14%	4%
Finance & Administration	1%	3%

- The distribution of spending by technology domain provides a view of key IT resource consumption. This distribution represents an "expense view" of IT spend which includes current-year operational expense as well as current-year lease, maintenance, depreciation and amortization expense.
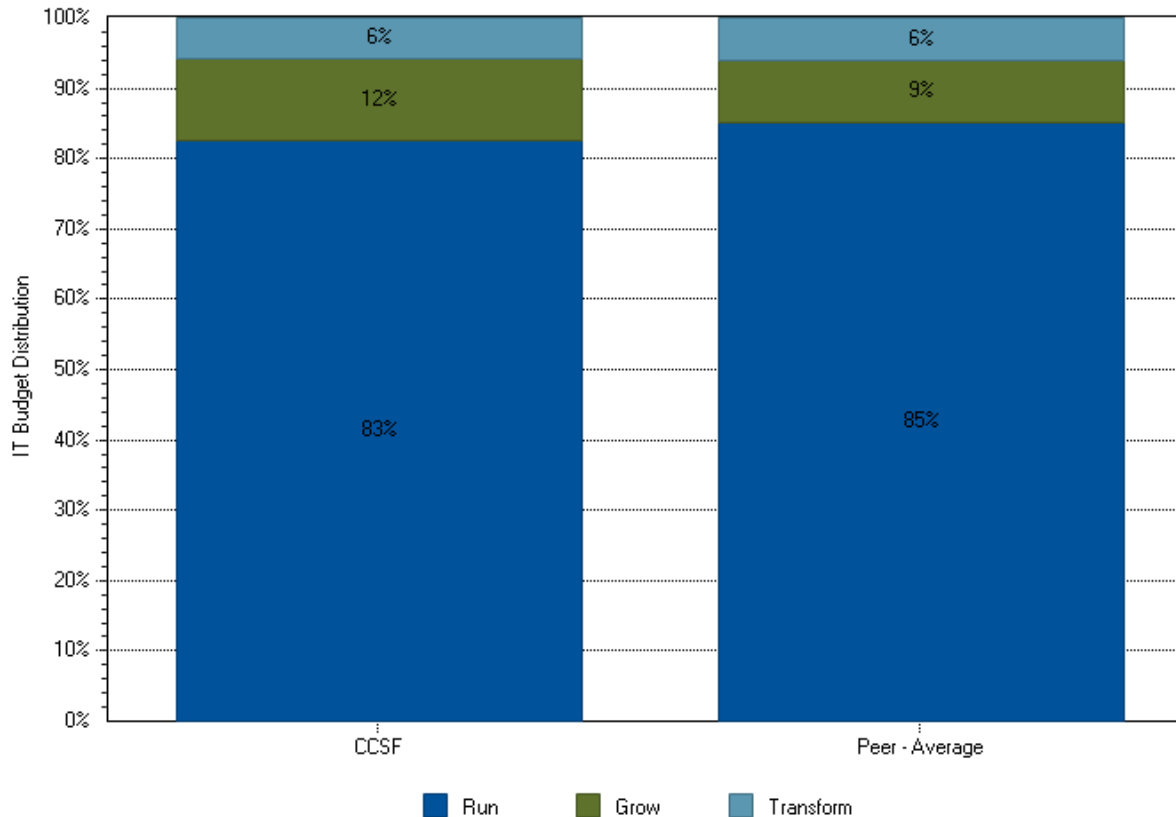
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IT Budget
Spending Distribution – Capital and Operational Spend

- IT capital expenses vs. operational expenses helps to portray the investment profile for an organization in a given year.
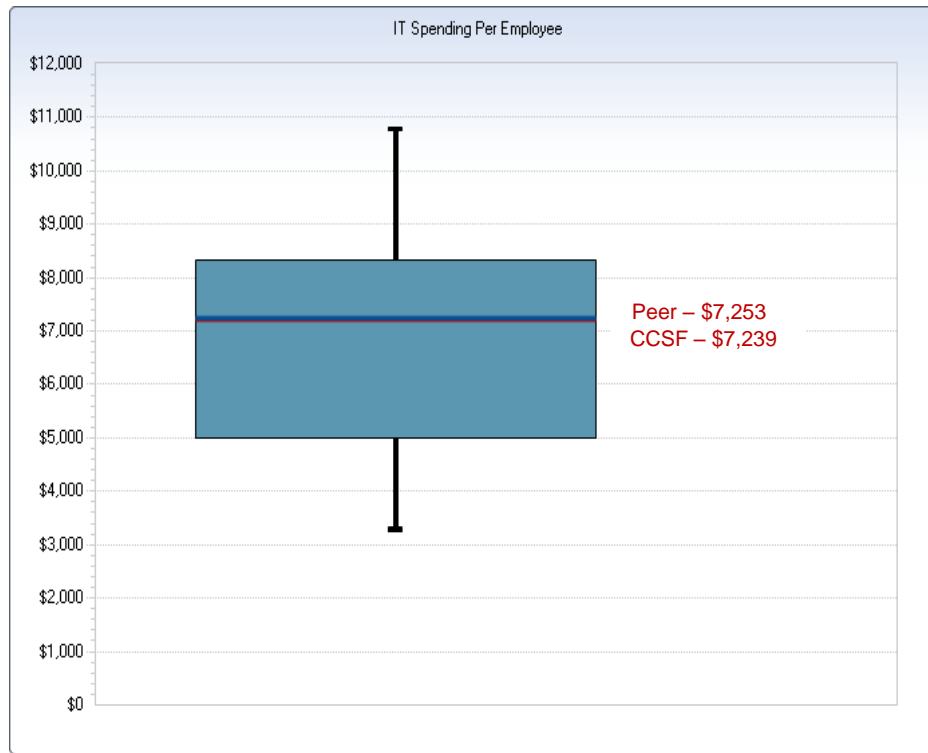
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IT Budget
Spending Distribution – Run, Grow, Transform

- The distribution of IT spending to "run", "grow" and "transform" the business provides a view of the investment profile in business terms. In some industries, it is not uncommon to see high "run" focus—typically because organizations in the industry are not planning strong changes in business model or high organic growth—so this often translates into a more "cost center" role of IT in the industry.

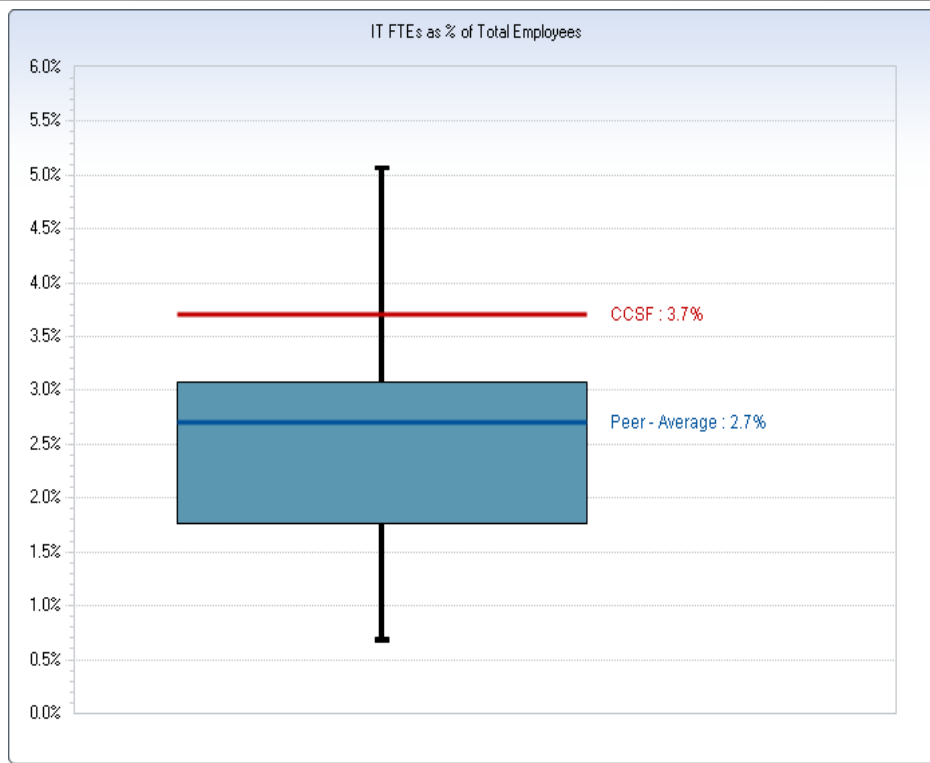**Gartner**®

IT Budget
IT Spending Per Employee

IT Spending Per Employee

Peer – $7,253
CCSF – $7,239

Cylinder denotes the median 50% of responses

| = Peer Range | = Peer Middle Quartiles |
| = Peer Average | = CCSF |

- IT spend per employee provides insight into the amount of technology support an organization's workforce receives.

- High spending can imply higher levels of automation and/or higher investment in IT in general. Low spending levels can be related to higher overall staffing levels and/or lower IT investment than peers.

- Large variations within industry groups can represent different business models for service or product delivery.

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IT Budget
IT FTEs as % of Total Employees

IT FTEs as % of Total Employees

CCSF : 3.7%

Peer - Average : 2.7%

Cylinder denotes the median 50% of responses

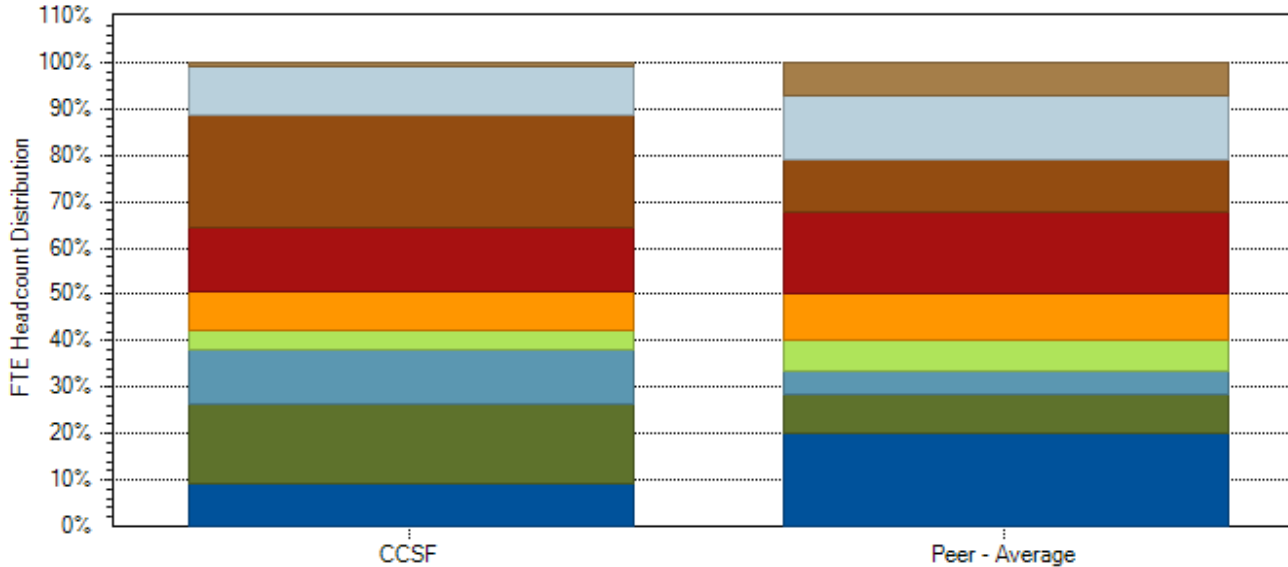| = Peer Range | = Peer Middle Quartiles |
| = Peer Average | = CCSF |

■ The percentage of IT employees in the organization compared to the total number of employees indicates the role IT support provides to the business. This measure can be heavily influenced, however, by the level of outsourcing an organization may have.
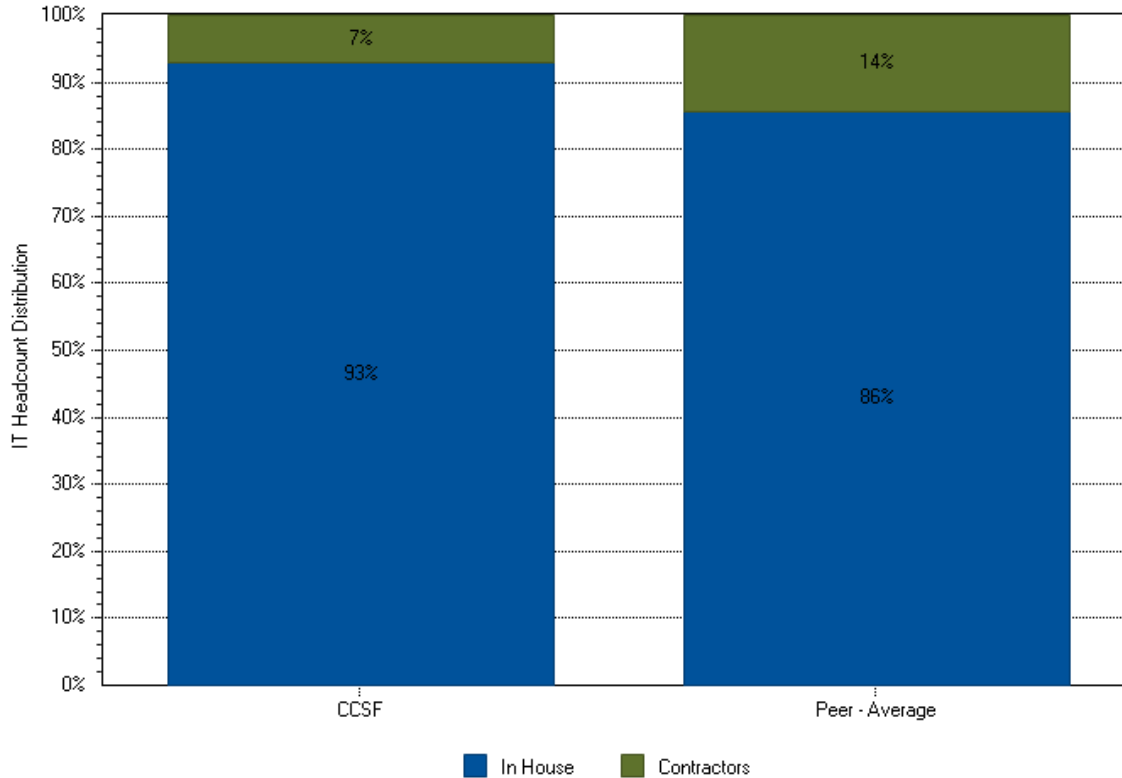
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IT Budget
Staffing Distribution

The distribution of support by technology domain provides a view of key IT resources for each domain area.

	CCSF	Peer - Average
■ Enterprise Computing & Storage	9%	20%
■ Client & Peripherals	17%	9%
■ IT Service Desk	12%	5%
■ Voice Services	4%	7%
■ Data Network	9%	10%
■ Application Development	14%	18%
■ Application Support	24%	12%
■ Corporate IT Management	10%	14%
■ Finance & Administration	1%	7%

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IT Budget
IT Contractor Usage

- In-house vs. contract employee ratio can help provide a view of the IT staffing strategy.

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