APPTIO
an IBM Company

KPMG

Public Sector Network Webinar

Proving AI ROI in the Public Sector

Why TBM and FinOps Are Critical for AI-driven Business Transformation

Meet your facilitators

Bilal Yousuf

Director, Business Intelligence & Data Analytics, Queensland Building and Construction Commission

Craig Wishart

Chief Information Officer, KPMG Australia

Michael Coates

Senior Solutions Consultant, Apptio

The AI Imperative: Why TBM and FinOps Are Critical for Business Transformation - Connects TBM and FinOps directly to AI-driven transformation.

Artificial Intelligence is reshaping business models, but success depends on disciplined financial and operational governance. **Technology Business Management (TBM)** and **FinOps** provide the frameworks to ensure AI investments deliver measurable value. AI is a strategic driver of business transformation, but scaling it responsibly requires financial and operational discipline. By combining TBM for transparency and FinOps for cloud cost optimization, organizations create a unified governance model that ensures AI investments deliver measurable value, agility, and ethical deployment.

We stand at the threshold of the Intelligence Age, a period defined by an unprecedented pace of innovation and profound uncertainty, where technology is no longer just a tool, but a force reshaping the very fabric of business and society. Artificial Intelligence (AI) is rewriting the rules of competition, quantum breakthroughs loom on the horizon, and geopolitical uncertainty adds another layer of complexity.

FinOps is the practice of bringing financial accountability and unit economics to the variable spend model of cloud, enabling distributed teams to make business trade-offs between speed, cost, and quality.

- The TBM Council describes **FinOps** as a *financial operations discipline* focused specifically on **managing the variable spend of cloud environments**, achieved through collaboration across finance, technology, and engineering teams. It emphasizes **real-time cost visibility**, **cloud spend allocation**, and **engineering accountability**

- **FinOps Embeds Efficiency as a First-Class Engineering Constraint**

- FinOps teaches engineering teams to manage the **variable, consumption-based nature of cloud economics**.

The FinOps Foundation highlights that FinOps is not about saving money but *"maximizing value and enabling faster delivery while maintaining financial control"*—a core engineering constraint. Gartner echoes this mindset by describing FinOps as a model that applies **DevOps agility to financial governance**, driving continuous optimization.

Artificial Intelligence is no longer an experimental technology — it is now a core driver of business transformation.

AI continues to reshape business models, operating rhythms, cost structures, and the pace at which organizations innovate. However, **AI is introducing new cost models and new cost language (tokens, GPUs, LLMs)**

AI introduces new challenges:

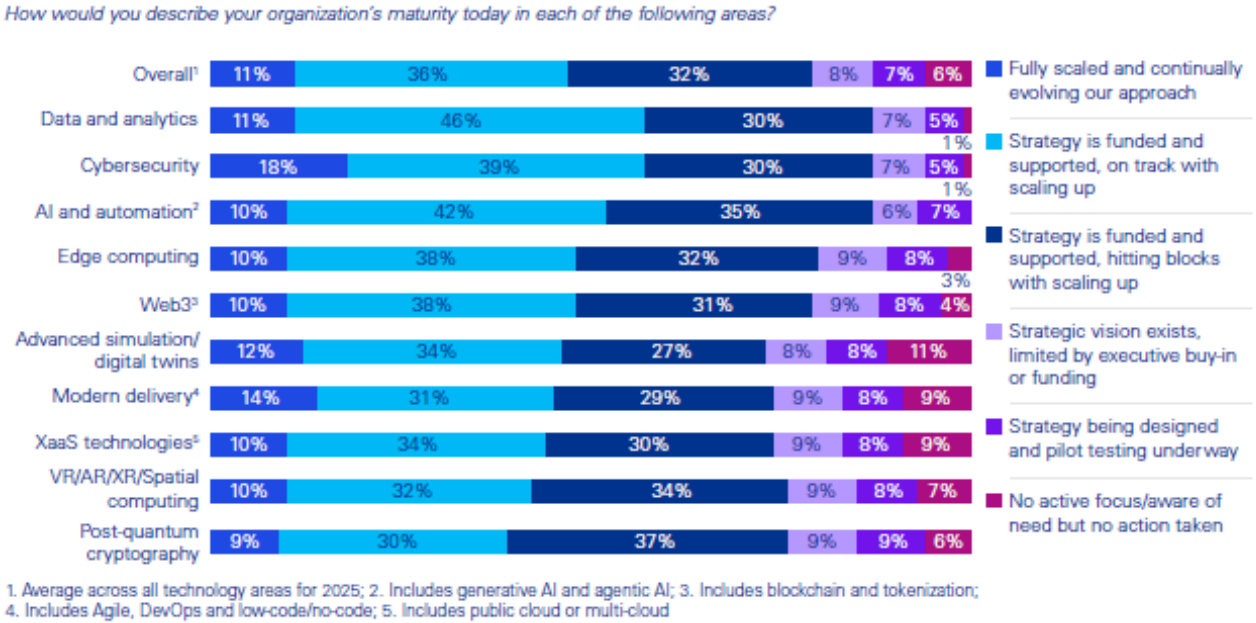
- Increasing cloud compute consumption (GPU, TPU, training jobs)
- New usage patterns and consumption costs
- New deployment practices and Rapid experimentation cycles
- New SecOps, DevOps methods requiring ongoing tuning, monitoring, and retraining
- Ethical and regulatory scrutiny
- New vendors, partners, service providers
- Keeping up with the 'news' and pace of change

AI introduces new language:

- Foundation Model (FM)
- LLMOps (Large Language Model Operations)
- Halucination
- FMOps (Foundation Model Operations)
- PromptOps
- Evaluation-as-a-Service (EaaS)
- Inference Optimization
- Fine-Tuning Pipelines
- AI Architecture & Engineering
- Vector Databases / Vector Search
- Retrieval-Augmented Generation (RAG)
- RAG 2.0 / Modular RAG
- Function Calling / Tool Use (LLM-directed)
- Memory-Augmented Models
- Context Window Expansion
- Multimodal Reasoning

To make AI sustainable and trustworthy, organizations need **clarity, accountability, and financial discipline** the exact strengths of TBM and FinOps.

The KPMG Global Technology Report surveyed 2500 technology executives from 27 countries. The tech executives are representatives from **eight industries:** automotive, consumer and retail, energy, financial services, government, healthcare and life sciences, industrial manufacturing, and tech and telecom.



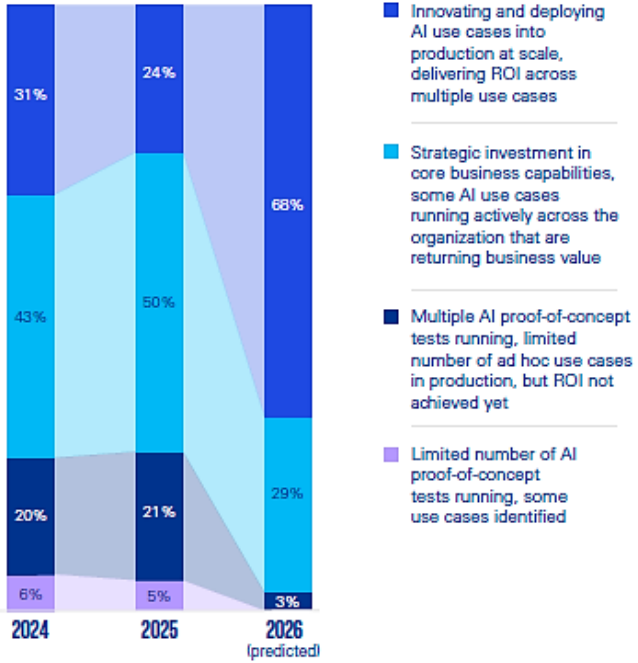
As tech leaders navigate the Intelligence Age, a key challenge is reaching and maintaining tech maturity in an ever-changing landscape.

AI adoption was primarily focused on enabling experimentation with generic tools. Now, the challenge is scaling it.

Figure 4 shows, there has been a 7-percentage-point decline compared to our previous survey in the share of organizations successfully deploying AI use cases into production at scale and realizing ROI across multiple use cases. Despite this setback, many tech executives continue to forecast exponential gains in AI maturity: Sixty-eight percent expect to reach the highest level of AI adoption by the end of 2026.

Figure 4: Organizations expect their AI adoption maturity to rapidly advance in 2026

Which of the following best describes your current level of AI adoption, and where do you expect it to be in 12 months' time?



Findings indicate significant optimism on AI

In our survey,

69%

of early adopters and

65%

of slow followers expect to scale AI into production and achieve ROI across multiple use cases by 2026.

KPMG Global Technology Report

- **AI is moving from pilots to scale—but ROI proof is uneven and slipping.** While **74%** say AI use cases provide business value, only **24%** report ROI across multiple use cases—**down 7 points** versus the prior survey—highlighting a rising execution and measurement gap. **55%** of tech leaders struggle to communicate AI value.
- **Cost discipline and tech-debt management separate leaders.** High performers avoid "speed-for-cost" trade-offs (30% vs. 71% for others) and are far less constrained by tech debt costs (8% vs. 45%), enabling better ROI scaling.
- **Centralized decision-making curbs AI sprawl and improves value realization. 32%** report too many disconnected AI projects; among high performers this drops to **2%**, supported by centralized or federated IT investment planning. **Forecasting and data foundations are priority pain points. 67%** say ineffective forecasting impairs response to shocks/tech shifts; prioritization rises for **data analysis/insights** and **data-powered forecasting** to make investment decisions more evidence-based.
- **AI governance must evolve for agents, ecosystems, and emerging risks. 88%** are investing in agentic AI; **36%** plan to enhance data-sovereignty audits; security/IP concerns are top collaboration barriers; model evaluation rigor (e.g., HELM) is urged.

Key Points on AI + Cost Management

AI ROI reality check

74% say AI use cases are delivering business value, yet only **24%** achieve ROI **across multiple use cases**, down **7pp** from the prior survey—underscoring that scaling value (not just pilots) remains hard. **55%** struggle to demonstrate and communicate AI value to leadership.

Cost discipline and tech debt

69% admit earlier trade-offs (security, scalability, data standards) to move fast/keep costs down; **63%** say the **cost of fixing tech debt** is holding back new initiatives; **51%** say legacy processes contribute to poor ROI.

Investment portfolio mix

Average budgets split roughly **35% maintenance / 36% growth / 29% transformation**; **high performers** tilt more to **growth (42%)**, reflecting healthier debt management and more value-accretive spend.

Adaptive planning, not static budgeting

56% say plans become obsolete quickly; high performers report far less obsolescence (**16%**), which the report links to adaptive strategies and stronger governance of investments

Cross Impacts and key AI Governance

1.Centrally guided decisions reduce AI fragmentation

- **32%** report too many disconnected AI projects with limited coordination/governance; for high performers this drops to **2%**—and **91%** centralize investment prioritization (centrally within IT or federated under IT).

2. Data governance & forecasting

- Priorities for the next 12 months include **data analysis/insights**, **data accessibility**, **data-powered forecasting**, and **data security**—all preconditions for governed AI at scale
- **67%** cite weak forecasting as a barrier to responding to market/tech shifts, strengthening the case for better governance over planning data and models.

3. Ecosystem governance & IP/data protection

- Security and **IP/data protection** rank among the **top five barriers** to collaboration on emerging tech; **36%** plan to **enhance data-sovereignty audits** across partner ecosystems.

4.Model/agent evaluation rigor

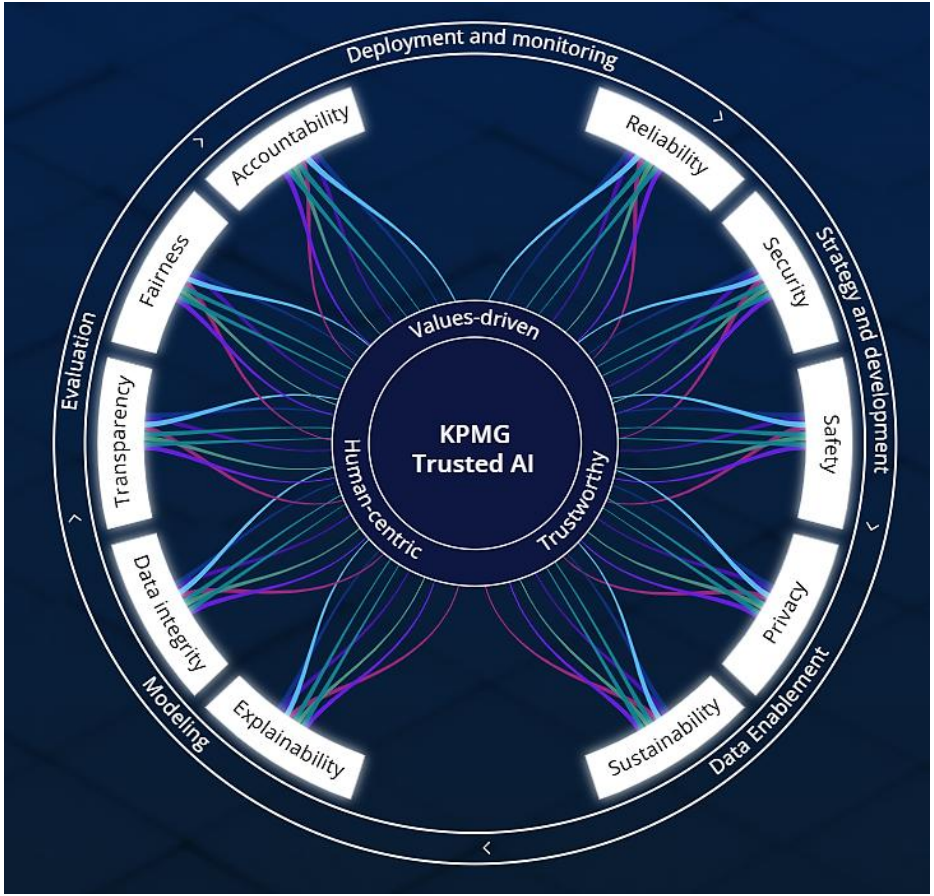
- The report calls out **HELM** (Holistic Evaluation of Language Models) as an example of **evaluation frameworks** to assess quality, safety, and bias; organizations are encouraged to **adopt disciplined model selection/testing** across the lifecycle.

5.Emerging risk (quantum)

- **41%** worry they're behind on post-quantum cryptography; leaders should inventory encryption and **plan PQC transitions**, tying this into AI systems' data protection posture.
- **"Trust-by-design" recommendation**

HELM is a **comprehensive testing framework** that evaluates language models across **many real-world scenarios** and **multiple performance dimensions**, rather than just accuracy.
It was created because traditional benchmarks were too narrow — they tested LLMs on a few academic tasks and didn't measure **fairness, robustness, safety, bias, toxicity, or efficiency**

KPMG Trusted AI Framework



Summary

1. Values-Driven AI

AI is guided by KPMG's core Values, ensuring ethical, inclusive, and high-integrity behavior across the organization.

2. Human-Centric Design

AI is deployed to augment people — enhancing creativity, productivity, and positive human impact, rather than replacing human judgment.

3. Trustworthy & Compliant Lifecycle Governance

AI must remain trustworthy throughout its lifecycle, with strong controls for privacy, data protection, confidentiality, and evolving regulatory expectations.

4. Ethical Pillars (Fairness, Transparency, Security, Reliability)

The framework embeds ethical guardrails to reduce bias, increase clarity, secure systems against threats, and ensure reliable model performance.

5. Continuous Improvement & Adaptation

As AI advances and legal/ethical standards evolve, governance, oversight, and assurance processes must adapt continuously.

Challenges for Leaders

1. **Forecasting & Budgeting (FinOps "Planning & Estimating / Forecasting")**
   The report highlights **ineffective forecasting** (67%) as a blocker and prioritizes **data-powered forecasting**—a direct FinOps capability for **predictable spend** and **scenario planning**.
2. **Policy & Governance Guardrails (FinOps "Policy & Governance")**
   Centralized planning/guardrails reduce fragmented AI projects and drive coherent investment choices—matching FinOps guidance to centralize standards while federating execution.
3. **Value Measurement & Unit Economics (FinOps "Quantify Business Value")**
   The **AI ROI shortfall** (24% at scale) and the call for **AI-specific KPIs** echo FinOps' push to quantify value beyond raw spend (e.g., productivity, risk mitigation, time-to-value), and to **report consistently to leadership**.
4. **Optimization & Tech-Debt Discipline (FinOps "Optimize Usage & Cost")**
   Leaders **avoid trade-offs** in security/scalability and **invest to retire tech debt**, freeing capacity for **higher-ROI growth**—a hallmark of ongoing optimization loops in FinOps maturity.
5. **Ecosystem & Data Governance (FinOps "Intersecting Disciplines")**
   The focus on **data security, sovereignty audits, and model evaluation** ties FinOps to risk/compliance and vendor governance—a recurring challenge as AI spend shifts across providers.

Challenges the report says organizations will face governing AI systems

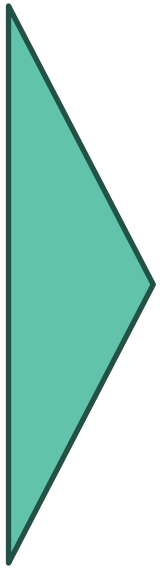
1. **Proving and communicating AI value at scale** (24% report multi-use-case ROI; 55% struggle to articulate value). Requires new KPI frameworks and robust value narratives.
2. **AI fragmentation and duplicated efforts** (32% disconnected projects) without **central governance**, leading to waste and conflicting standards.
3. **Tech debt dragging down AI ROI**, with **63%** saying remediation costs block new programs; **51%** citing legacy processes degrading ROI.
4. **Weak forecasting & planning**, impeding responsiveness to shocks and shifting tech (67%), and limiting predictable AI scaling.
5. **Data, IP, and security governance across partner ecosystems**, with planned **data-sovereignty audits** (36%) but persistent concerns that can slow collaboration.
6. **Agentic AI oversight**, as **88%** invest in agents; organizations need **agent registries, owners, KPIs, pre-deployment tests, shadow runs, and drift monitoring** (outlined in the report's luminary guidance).
7. **Quantum-related risks** (41% worried about falling behind on PQC), requiring coordinated, multi-year crypto-agility programs.
8. **Culture and skills**—the shift to **AI-native operating models** demands intentional enablement; the report advises centers of excellence and continuous upskilling

TBM and FinOps working together

TBM answers the question:
“Where is AI money going, and what value is it producing?”

TBM enables organizations to:

- Understand *true* cost-to-value of AI workloads
- Allocate AI spend to products, business lines, and outcomes
- Compare AI investments against traditional IT
- Provide executives with clear, fact-based financial insights
- Build business cases for AI responsibly



FinOps answers the question:
“How can we use AI cloud resources efficiently without sacrificing speed?”

FinOps ensures:

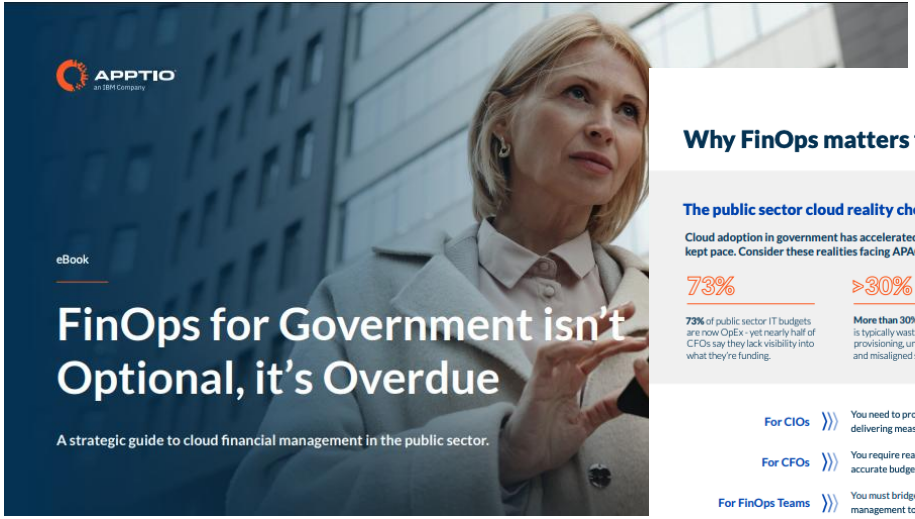
- Real-time cost visibility across training, inference, and experimentation
- Guardrails for GPU and compute usage
- Optimization of cloud architectures (rightsizing, scaling, reservations)
- Shared accountability across engineering, data science, and finance
- Cost forecasting for dynamic workloads

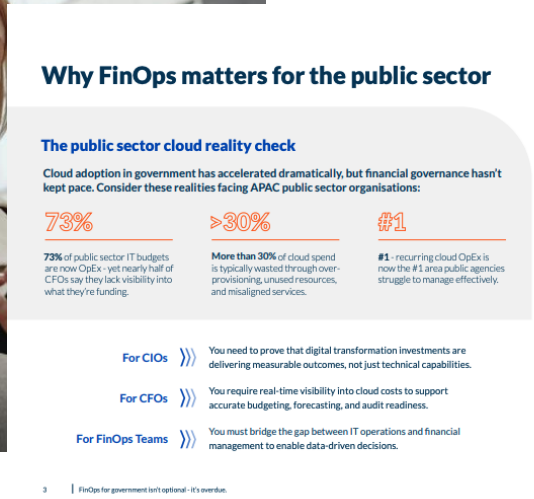
Panel Discussion

Questions

Get in Touch

https://explore.apptio.com/ab-public-sector-pf1338





IBM Cloudability is the FinOps platform of choice for leading public sector agencies — recognised by Gartner and Forrester and validated by results.

