Seven Model for Gartner IT Charge Back strategy

1. **No chargeback.**
   In this model, the IT budget is a separate function approved as part of the organizations planning process. To be effective, the organization must have a centralized prioritization and approval process to control IT spending. A is is a low-cost alternative, which also provides a centralized approach to funding for the good of the enterprise. Disadvantages include no accountability for demand and users do not necessarily understand the cost of the IT resources they are consuming.

2. **Non-IT-based chargeback.**
   In this model, IT costs are allocated to business units based on a non-IT allocation metric (e.g., percentage of revenue). Again, this is a simple, low-cost approach to allocating IT costs but does require a centralized prioritization and approval process to effectively manage IT costs. A e disadvantages with this approach are that cost allocations do not necessarily correlate to the cost of the service and consumption/demand cannot be allocated to the business unit using the service.

3. **IT-based chargeback.**
   Is approach uses IT measurements to allocate costs to user groups. Is model does align consumption with costs; however, IT measurements (e.g., operating system instances) are difficult and costly to implement. In addition, IT measurements can be difficult for users to understand and relate to business activities.

4. **Direct chargeback.**
   is approach allocates specific costs for an entire service to a business unit. Unfortunately, this approach is not conducive to shared environments that can reduce costs for an organization.

5. **Fee-based chargeback.**
   A is approach charges are based on the level of service or a negotiated fixed fee for a specified level of demand/service. A is model can work well with a homogenous service such as a charge per PC. A is model gets more complicated when users have nonstandard services, hardware, or software. A tiered rate can be offered to address levels of service (e.g., desktop, laptop, executive), but this increases the complexity of usage tracking and splitting costs between multiple services.

6. **Business-based chargeback.**
   A is model allocates costs based on a business transaction. Business transactions could include number of business transactions and customer accounts. Although this approach is easy to understand from a business perspective, it is difficult to correlate IT costs with business transactions as there are usually many types of business transactions making this approach extremely complex and costly.

7. **Profit-oriented pricing.**
   A is model charges a fee for service similar to an external service provider. A is model may provide short-term benefits as IT must compete with external providers, but in the long term may result in suboptimal decision making, as organizations may not invest internally to ensure long-term effectiveness. Depending on the organization and tax rules, profit can be added to standard pricing to fund internal IT projects. It is difficult for IT to compete with business projects for infrastructure projects, as the business case for IT projects are usually less attractive and the requirement to do the project usually involves long-term visibility, security, and cost control rather than revenue growth.