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# Application Portfolio Management (APM) | Business Value

Your Guides: Jen Scarlato and Mike Mosquito

# Introductions

- Take 5 Minutes
- Turn to a Person Near You
- Introduce Yourself
- Business Cards



# Agenda

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- Introduction
- What is APM
- APM Overview
- Business Value
- Key Recommendations
- Questions

# Part I: Introduction

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Let Rego be your guide.

# Introduction to Application Portfolio Management

- The concept of application portfolio management (APM) first emerged in the early 1990s, but its benefits really became apparent during the Y2K buildup. After discovering all of the applications in the enterprise, they often discovered:
  - They had accumulated a large number of applications that were redundant.
  - Some applications were costly to maintain
  - Some applications provided little real business value.
- Their applications were not cataloged in any logical, searchable fashion. As companies began to review their application portfolios, the benefits of having an ongoing process of doing so became apparent.

# Application Portfolio Management



**Application redundancy.** Eliminate multiple applications throughout your organization that are used for similar functions.



**Wasted costs.** The more applications you have, the more costs there are to own and maintain the technologies. APM helps identify costs and find multiple ways to reduce them so you can put the organization's resources where they'll really count.



**Insufficient functionality.** Business needs evolve over time—and sometimes your software doesn't keep up, or it goes in a different direction. APM maps your applications to your current business functions so you can get the right apps to the people who need them.



**Technology disruptions.** Suppose your hardware doesn't support an application's next release. Or maybe there's a software upgrade scheduled in the middle of your organization's big product launch. The results can be devastating, especially if you didn't see them coming. APM can help anticipate and reduce your risks of technology disruptions.



**Inadequate performance.** A business unit may have an application they know and love, but that's simply outdated and inadequate for what they need to do. Similarly, people working with an old application version may be short-changing themselves by inadvertently not using improved and available features. APM helps ensure your organization is getting the best bang for its buck from each application.

# Why APM?

What value does Application Portfolio Management bring to the organization?

Who is currently practicing Application Portfolio Management?

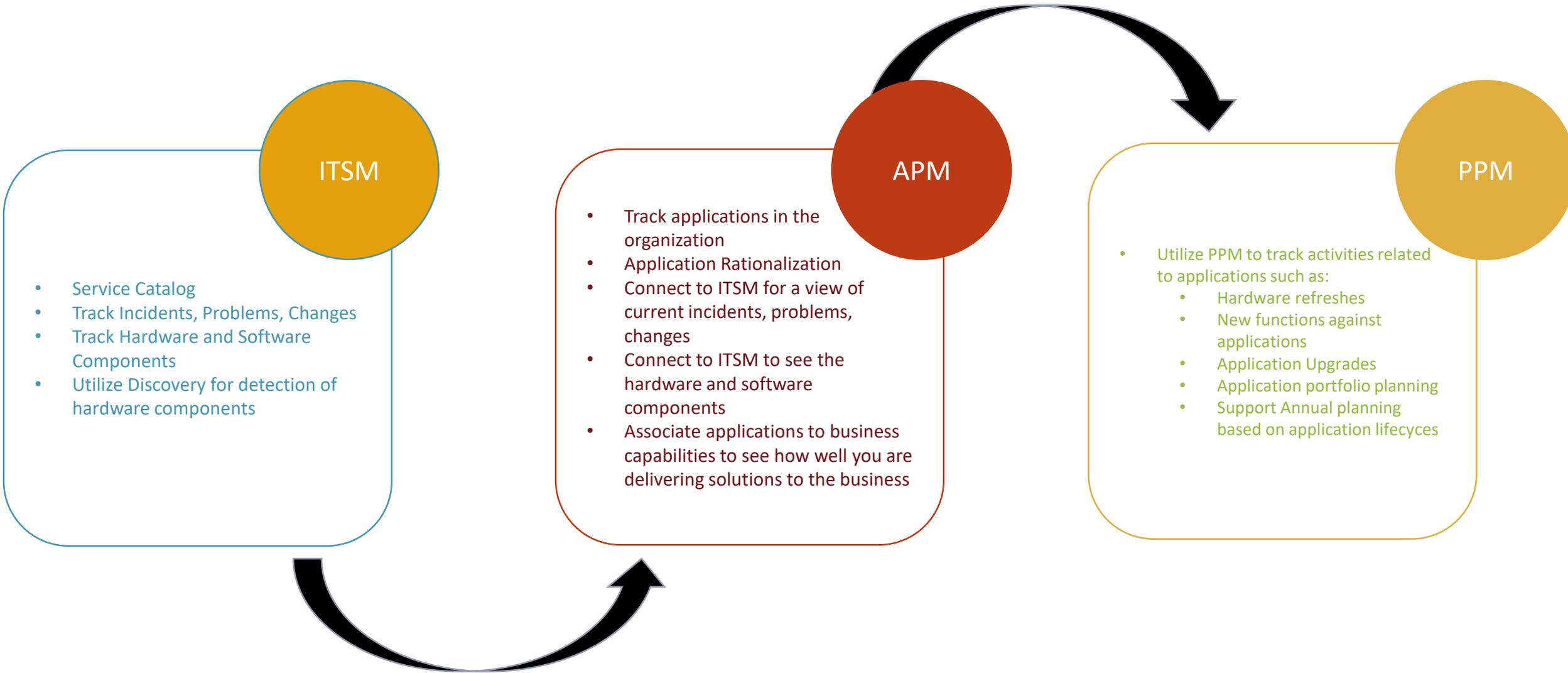
For those not implementing, do you have a centralized list of applications within the organization?

# The Pressure To Understand Applications

The benefits of APM are becoming apparent as many companies are coming under pressure to:

- Merge systems
- Modernize legacy applications
- Stabilize software maintenance costs.
- Prevent redundant solutions from being purchased
- Understand where applications fit after acquisition
- Determine if IT is delivering applications that are aligned with the organizations business capabilities

# Where APM Fits



## ITSM

- Service Catalog
- Track Incidents, Problems, Changes
- Track Hardware and Software Components
- Utilize Discovery for detection of hardware components

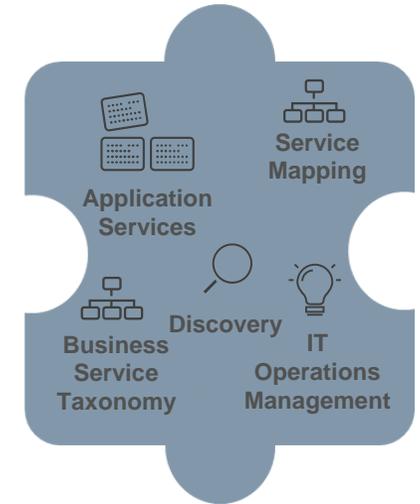
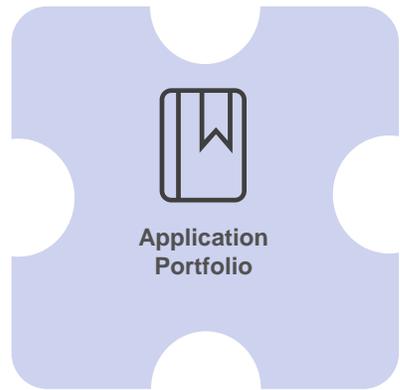
## APM

- Track applications in the organization
- Application Rationalization
- Connect to ITSM for a view of current incidents, problems, changes
- Connect to ITSM to see the hardware and software components
- Associate applications to business capabilities to see how well you are delivering solutions to the business

## PPM

- Utilize PPM to track activities related to applications such as:
  - Hardware refreshes
  - New functions against applications
  - Application Upgrades
  - Application portfolio planning
  - Support Annual planning based on application lifecycles

# Connecting APM across the Platform



- Single inventory of applications
- Ability to classify applications and see redundancy across business capabilities and processes
- Track application lifecycles
- Score Applications
- Dashboards available to provide an overview of the application landscape
- Track what business units are using what applications

- Include applications in portfolios
- Track ideas, demands and projects related to applications
- Track application TCO and financial metrics against applications
- Track resource needs for project and operational maintenance

- Track application SLAs against applications
- Track incidents, problems, and changes at the application level for full view of how the application is performing
- Track application outages
- Utilize ITSM for calculating application health

- Manage software lifecycles with Software Asset Management
- Tie contracts and license agreements to Applications
- Track vendors and associate them to applications

- Connect applications to services
- Connect hardware and software components discovered against the applications that depend on them
- Map relationships between IT components and associate those components to applications

# Stakeholders - Who is involved in APM and what do they need from APM?



The CIO needs a holistic view of the current application space, including the IT roadmap to manage financial investments.



The IT Director wants a single, accurate view of applications driving benefits versus those leaching dollars.



The Application Owner needs to manage the application lifecycle without draining resources, including day-to-day admin and maintenance and developing and/or implementing improvements.



The Enterprise Architect wants to maintain business capability standards and quickly identify redundant or risky applications.



The Support Organization provides input in the costs to support the application and participates in the Application Lifecycle



End-customer want to us the capabilities delivered by the applications to perform business functions

# Application Portfolio Management Overview

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# Faster Deployment of Systems

- APM provides the current inventory of applications, and includes how well those applications are performing.
- When an application is requested, it is easier to determine if a solution already exists, or if a new application is required
- If the application exists, but requires changes based on the request, we can look at the application to determine what the time/cost is for enhancing the system, and if it makes sense to invest.
- We can see, for existing applications, the implications on licensing



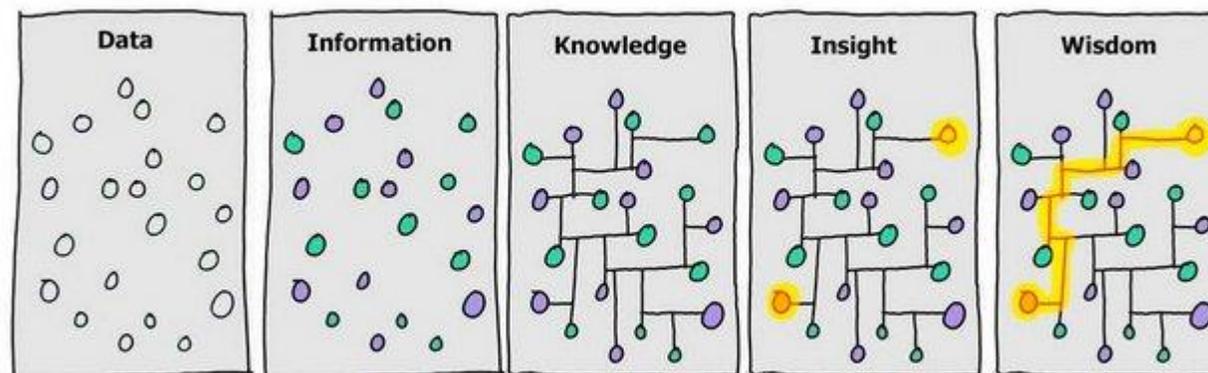
# Increased ROI on Future Development

- APM allows us to see the cost of applications, including the cost of maintenance, infrastructure, and resources.
- We can see if an application is performing positively and if it is worth the investment
- We can determine if the requested functions are already supported by other applications within the organization
- We avoid investing in applications with low user adoption, or poor technical scores



# Informed IT Investment and Budget Decisions

- Should we invest in an application? APM allows us to make an informed decision based on the cost of the application as well as the application risk.
- We can determine what applications are sitting on older software versions/software models, and require upgrade actions
- APM allows us to take action on applications that can be replaced due to a variety of reasons (i.e. low user rate/high cost of licenses)



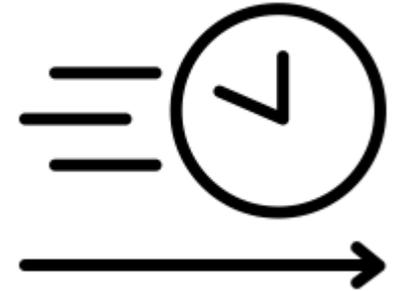
# Reduced Software Maintenance Costs



- APM allows us to identify duplicate applications, and eliminate those that are no longer performing
- We can track the number of incidents an application has, and identify if there is opportunity to invest in the application to reduce the support costs

# Expedition of Organizational - Wide Changes

- Consider examples where there are:
  - Regulatory changes mandated
  - Security changes
  - Shift in corporate objectives
- APM provides a means to easily find the applications that will be impacted by these changes



# Reduce Risk In Operating



- Risk assessments can be utilized to determine
  - Functional Fit
  - Customer Satisfaction
  - Technology Risk
- Visibility into an application's risk scores allow us to determine where to focus resources and dollars
- Identify risk in critical applications, where down time can be extremely costly

# Utilize Resources More Effectively



- APM provides a holistic view of our application landscape and can be used to show what applications are requiring more resources in
  - Support
  - Enhancements
  - Break/Fix
- With visibility, we can direct resource utilization towards the applications that will get the most benefit
- Helps to ensure we have the right resources working on the right things



# Ensure Business Capability Value

- Capability Value is a way to determine how well IT is delivering solutions to the business
- APM provides a mechanism to relate applications to the business capabilities that have been defined and score them against:
  - People
  - Process
  - Technology
- With this mapping, we are able to see what solutions are providing specific capabilities, as well as where we may have a gap
- Knowing how well we are delivering services to the organization allows us to focus on specific areas and deliver optimized solutions



# Business Value

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# Quantify An Applications Value

- Quantify an applications value based on stability, quality, and maintainability
- Track key metrics that provide a scoring mechanism for applications.
- Some metrics may include:
  - Number of Problems, Incidents
  - Maintenance cost
  - Cost per user
  - Technical debt
  - Architectural fit

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# Questions?



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# Key Recommendations

APPENDIX

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# Implement a Governance Structure

- Collecting application data and creating a centralized list is only one step
- Keeping the application data up to date and establishing processes around the governance is key to Application Portfolio Management success
- Identify where APM intersects with other areas of the organization
  - PPM
  - Vendor Management
  - Asset Management
  - Service Management
  - Financial Management

# Clearly Define Applications

- Identifying applications within your organization requires that you define what is considered an application.
  - Composite Applications
    - Identify supporting technologies, databases, user interfaces, to determine the full application definition
  - Simple Applications
  - A individual with a spreadsheet
    - It is important to recognize when critical information is dependent on an individual who manages multiple data points and spreadsheets to develop the report that helps leadership to make decisions.

# Be Granular When Defining Application Groups

- It is important to define how applications will be grouped.
- Applications will have more than one grouping, which should be flexible enough so that if the business structure changes, the application groupings do not need to be reworked.
- Application groupings can include:
  - Business Capabilities
  - Business Categories
  - Business Functions
  - Technology Stack
  - Markets Used In
  - Platform
  - Manufacturer
  - Business Criticality
  - Application Type
  - Locations

# Getting On The APM Roadmap

- There may be different areas in your organization that implement APM at different times.
- If you are a large organization, you may choose to focus on specific application areas first, such as financial applications, or BI solutions
- APM may target applications that became assets of the organization through acquisition
- It is expected that different areas of the application landscape will join the APM roadmap at different times
- You can start simple and build your APM capability to the level needed for your organization

# APM Success

- The key to success is implementing a governance process that ensures the APM solution will be maintained as an organization changes and develops its applications.
- An effective APM process, implemented across an enterprise, allows IT organizations to align with their business partners and provides the ability to quickly assess the impact of new development on existing applications.
- APM tools provide CIOs with a clear view of their products, the value of their products, and the intricate relationships between their products and the business strategies--both current and future.