APPLICATION PORTFOLIO ASSESSMENT
A strategic path for Decision Making
**ABSTRACT**

Critical decisions about IT and application systems are a high priority for today’s executives. Maximizing value to customers and the enterprise, streamlining operations and reducing costs are paramount to the success of the business. And doing this requires clear visibility across enterprise business processes, as well as the technical and cost dimensions of IT and application systems. This paper discusses the needs and importance of Application Portfolio Assessment in today’s corporate system.

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EXECUTIVE SUMMARY

In today’s fast-paced technology world, CIOs are faced with the challenge of transforming their IT organization to be more agile and flexible while aligning IT with the business directions of the enterprise. This process begins by understanding current IT from an infrastructure and application portfolio perspectives. It is often an overwhelming task when IT still supports legacy architectures such as Mainframes and must embrace new technologies such as cloud computing and mobile technology. Delivering competitive products and service in order to stay ahead of the competition is one of many drivers for IT transformation. Where do you start? This is why an Application Portfolio Assessment (APA) is required.

Business is changing and evolving rapidly. The need to improve agility and operational excellence has never been greater:

- **Pace of business** – Technology has strongly influenced the pace of business. Customer and partner demands for getting the right information to the right people at the right time is ever increasing.
- **Globalization** – Companies need the ability to conduct business with any customer, supplier or partner (anywhere in the world). Technology and globalization has also resulted in an influx of niche players into the marketplace, increasing competition.
- **Innovation** – The pace of business and globalization drives the need for innovation. Companies need the ability to quickly adapt their business practices to suit changing market conditions, and launch new products and services faster.
- **Reduced Costs** – In today’s economic climate “doing more with less” has become the mantra of many organizations. Improving efficiency, reducing complexity and lowering Total Cost of Ownership (TCO) has moved to the top of everyone’s “to-do” list.

Companies need to do all these things in a secure, cost-effective manner without being constrained by the time and cost of reflecting these changes in the supporting IT environment.

With over 15 years of experience in IT from both the infrastructure and application levels, We have been able to assist customers, through a structured approach, to build an application portfolio strategy that aligns with the overall direction of the organization both immediate and long term. IT’s considerations for existing and new technologies cannot be isolated activities. These considerations need to be in sync with the overall application portfolio strategy.

TODAY CHALLENGES

Is your application portfolio affecting your business? Very likely you are facing a patchwork of legacy applications comprising a variety of systems, applications and web technologies. Add to this the numerous incremental enhancements that have accumulated over the years and the result is a daunting array of misaligned technologies. Many of these applications provide essential services to your
enterprise. But at the same time, some applications may be presenting a level of business risk which continues to escalate over time. Such risks include:

- High maintenance costs
- Misalignment of technology to business strategies and processes
- Access to skilled resources for legacy technologies
- Increased timeframes for deployment, such as competitive product launches

**Benefits of Application Portfolio Assessment**

Globally, enterprises are aligning business strategy with existing and future technologies. The pressure is on to increase the cost effectiveness of IT organization and their ability to meet the rapid escalating needs of the enterprise.

Application Portfolio Assessment benefits are clear:

- Provide a multi-dimensional view and true insight into your application portfolio
- Enable you to accurately prioritize your application and resources
- Create a strong rationalization of your application portfolio and enables the creation of a strategic roadmap for each application to:
  - Improves the portfolio and align it with business strategy
  - Develop strategies for selective application restructuring, redesigning, retiring and redevelopment
  - Maximize the value of your current portfolio through application consolidation or extension to a broader range of users
  - Eliminate regional and redundant applications
  - Prioritize resources toward core business issues. Identify applications that can be delivered by vendor or outsourcing strategies, reducing costs and freeing up key IT resources.

- Align application with larger strategic and operational goals, and reduce the cycle time for long-term decision making
- Enable more informed decisions through an in-depth knowledge and understanding of the strengths and weaknesses of current application investments
- Allow cost reduction for application maintenance through alternative and lower cost sourcing options

**Application Portfolio Assessment**

Transvive has created an approach to Application Portfolio Assessment Services that enables IT to methodically evaluate their application portfolio and ultimately allocate them in one of four quadrants:

- Tolerate
- Invest
- Migrate
Eliminate

The exercise will allow the CIOs to confidently plan a roadmap for their IT applications with supporting data to make the right decisions.

With Transvive’s two phase process of Current Portfolio Assessment (CPA) followed by Core Application Mapping (CAM), APA is a tangible and executable plan that aligns all the stakeholders in your organization.

Transvive Application Portfolio Assessment service enables enterprises to gain a multi-dimensional view of their application portfolios – resulting in the ability to develop technology strategies that take application investment to the next level.

CURRENT PORTFOLIO ASSESSMENT (CPA)

The goal of CPA is to identify the key metrics that must be used for assessing the viability of the application portfolio elements. This process will highlight the strengths and weaknesses of the current applications and will enable you to map your applications through the following CAM phase.

CPA encompasses four critical components of IT: technology, risk, business value, and finally, application lifecycle and roadmap. Each component is a mini-assessment and requires interviews with key stakeholders in the organization and access to information that may not be readily available.

Technology Assessment

Technology Assessment creates an IT inventory of assets that includes a review of all applications and supporting platform decisions. Transvive’s approach encompasses the following:

- A qualitative analysis and understanding to how the application supports the current business model and any planned changes in the next 3-5 years.
- A quantitative analysis will follow to provide a technology map of the applications and its quality and maintainability indexes. IT will have a very good idea of what the assets are and their value to IT without the associated cost.
- A financial justification to the application portfolio and to assess the viability of supporting the application for the long term. Transvive trends application utilization and factors in the cost of the hardware, software, plus associated maintenance/support, and personnel to the overall cost of the application.
- Ghost or rogue applications are finally accounted for. These applications are often unsupported and deemed as “homegrown” such as application/spreadsheets to manipulate data and extend value of applications. IT often has no inventory or documented value of these applications but they are critical to the business operations. Transvive will account for ghost applications as well.
After the technology assessment is completed, all applications and technologies will be identified and categorized. Transvive will proceed to review the risk associated to each asset.

Risk Analysis

The Risk Analysis enables IT to layer a risk value associated to all current technologies and applications. Transvive’s approach encompasses the following:

- An assessment of the long term roadmap and supplier support of the current technology. This will provide IT with an end of life date and final vendor support dates for the technology stack.
- A review of application vendor support that accounts for vendor’s plan to support the current applications for the next few years and any migration paths for newer versions of the technology.
- A Skills assessment map for the current technologies. Transvive will identify any risk in terms of hiring new staff to support, maintain the current applications.
- A business impact analysis to assess whether the current technology stack provides required agility to support new business model or whether the current stack is not flexible to do so.

Identifying the risk to IT in terms of applications, technology, support and expertise is an important element for renewal and decommission plans, and people transition.

Business Assessments

Business Assessment will often require stakeholders who are not necessarily in IT. Transvive’s goal is to map overall business direction in the next 5 years to the current application and technology portfolio. The process involves the following:

- An understanding of the true cost of the applications and correlating it to current and future revenue for such applications is the first step. True cost calculation involves the hardware, software, personnel and any additional cost –internal and external- required to run the applications.
- An assessment of what additional key technology components would be required for the launch of new products and/or services.

A comprehensive business assessment will provide IT a true understanding of how to align IT applications and related technology to the goals of the company.

Application Lifecycle and Road Map Assessment

Core applications may have a life cycle for over 20 years. The adoption, flexibility and agility of the applications will often determine the applications’ lifecycle. The process involves:

- An assessment of the overall key pieces of the application portfolio and how they fit with the organization’s strategy. Can the portfolio support today and tomorrow’s business models?
A review of IT’s strategy of long term adoption of new technologies such as cloud based computing and mobile technology.

Application lifecycle and Road Map helps organizations to know when applications should be extended, transformed or ended.

CPA defines the current state of IT and gives the CIO a point in time review of all assets and their values. Often IT organizations have all the information required but is not readily available. Transvive provides a proven, repeatable method to extract, map and present the information through the CAM process in a very short time.

**CORE APPLICATION MAPPING (CAM)**

While there are many sophisticated tools in the market today that can provide a global portfolio analysis and assessment, Transvive have found one methodology that is simple but very effective – the Gartner’s TIME triage framework (Tolerate, Invest, Migrate and Eliminate). With CAM, any application can fit into one of the four TIME categories based on measuring only two values for each application, the business value and technical integrity.

**Business Value**

Explains the business importance of an application to meet the organization’s business goals. The goals of IT and business must be aligned in order to be seen as valuable for the organization, even if they cost a lot of money to produce or a lot of time to maintain. Business value is a key attribute of any application and is suggested as one of the factors that determine how much will be invested in an application and how often it will be used.

**Technical Integrity**

Measures several characteristics such as data accuracy and reliability, source code quality, output quality and response time. All these factors will influence maintenance work and use of resources. If these are poor, the technical integrity of the application will decrease.

Determining both the business value and the technical integrity of an application involves qualitative and quantitative data inputs about the application. While the quantitative data is derived out of automated tools, the qualitative data is gathered by interviewing key stakeholders on both the business and technology sides.
With the completion of CPA, we will be able to use the information to build a CAM framework for your application portfolio. The Applications are the placed on the TIME diagram. The placement of applications will determine the strategy and next steps for these applications.

**Tolerate**

While applications in this category have low business value to the organization, they have high technical integrity score and IT organization can afford to keep the application as is for the time being. Such as the case of a low utilization inventory system that is written in modern language with adequate user interface.

**Invest**

IT should focus on the applications with the highest business/application scores. This group indicates very important applications that are on solid technology platform that has affinity to the company’s future technical plans. You should plan to maximize investments in this area. An example is a modern mobile based user interface for a core business function.

**Migrate**

These applications have high business value, but not in-line with the organization’s technology architecture. Applications that provide strategic advantage should be repaired, re-hosted or rewritten, while commodity applications should be replaced with packaged applications. The low technical scores may indicate that an obsolete piece of technology is holding it back from being Web-enabled or that IT scores it low because the support of such applications proved to be challenging. This group requires some attention, and the base functionality and business value warrant the investment. An example can be an insurance claims system written in a legacy language or utilizing legacy infrastructure that might be out of support over the next 5 to 10 years.

**Eliminate**

Applications with low business value and poor technical integrity should be eliminated if possible, if not, the most cost effective solution should be implemented for applications that fall in this category. Consider software as a service (SaaS) replacement or a replacement with a newer technology that increases the technical integrity of the application. An example would be a business application that has very low user volume with a insignificant revenue to the organization while running on a technology that has very limited support/very expensive to maintain.

**What if we do nothing?**

The economic climate over the last few years has brought the concept of “doing more with less” back under the spotlight. Organizations –being governments, public and private- are facing pressure to find ways to cut the cost of running its day to day business.
With estimated 80% of IT budgets being spent on “keeping the lights on”, any decrease in IT budgets will affect funds allocated for investing in newer technologies and business applications. Organizations might face the risk of having no new funds allocated for innovation down the road.

An application portfolio assessment does not have to be a lengthy project. we have worked with many organizations who have achieved great results in a matter of weeks where a high level road map have been created and areas of improvements were easily identified.

Through our experience, organizations who have went through this exercise have gained significant insights to the assets makeup, created a plan to start looking at how to get the most out of current environment and also resulted in the elimination of redundant and non-utilized assets that were perceived to be a part of the day to day business work flow.

WHERE TO START

It is our recommendation to focus on major applications as a starting point and to involve key stakeholders on both technology and business sides during the APA exercise. You get a better success rate when an APA is done as a business initiative where key business and technology leaders create an enterprise wide vision and set the plans to execute it.

Executive support and buy-in from technology and business sides are one of the key enablers for a successful application portfolio assessment. Selecting the right key team players for the assessment plays a significant role in making it a success. In our experience, the application portfolio assessment lead needs to have an entrepreneurial mindset that can drive this initiative to achieve its goal of increasing the IT organization’s agility.

WHEN TO START

It is never too late to start an application portfolio assessment, now is the time, being ahead of the curve, ready for budget season, new major implementation, etc.. The sooner the better, you don’t only get a picture of what you have today, you engage in an intellectual exercise that generates new ideas to achieve more agility and….. Save some money.
**Transform + Revive = Transvive**

**Transform:** We assist organizations to preserve their investment in Legacy resources with low-cost, low-risk and high-return alternatives to application rewrites and package purchases. We are able to re-allocate the Legacy IT spend to other projects – often millions of dollars are freed up for other projects.

**Revive:** Companies who continue their investment in Legacy systems know how expensive it is to IT. How do you maximize efficiencies, while reducing cost? Our team leverages industry best practices, leading automated tools and our own software from Transvive Labs to effectively tune the applications and its performance on Legacy systems. Over 20% cost reduction is our goal.

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