

Smarter Computing with Application Portfolio Management



Reduce Cost and Improve Business Agility

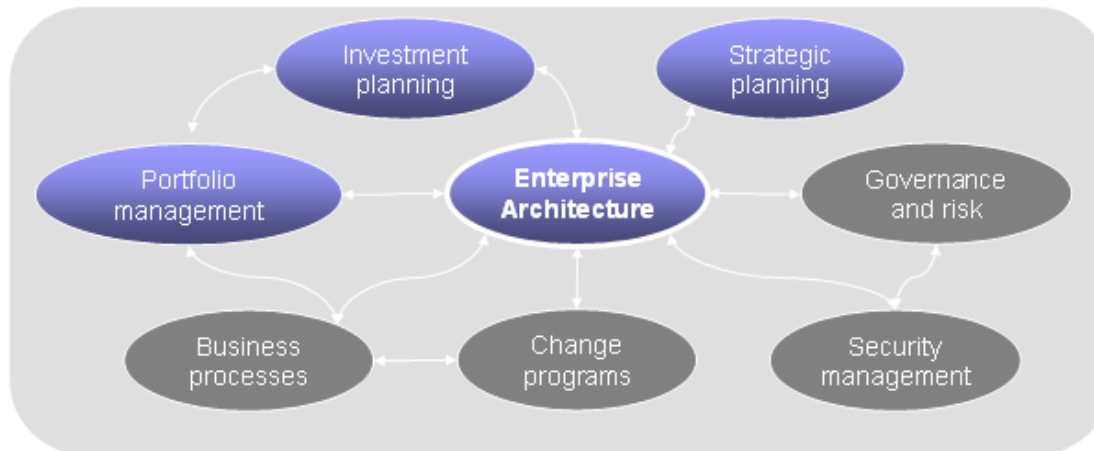


An Emerging Trend: Making EA Relevant to the Business

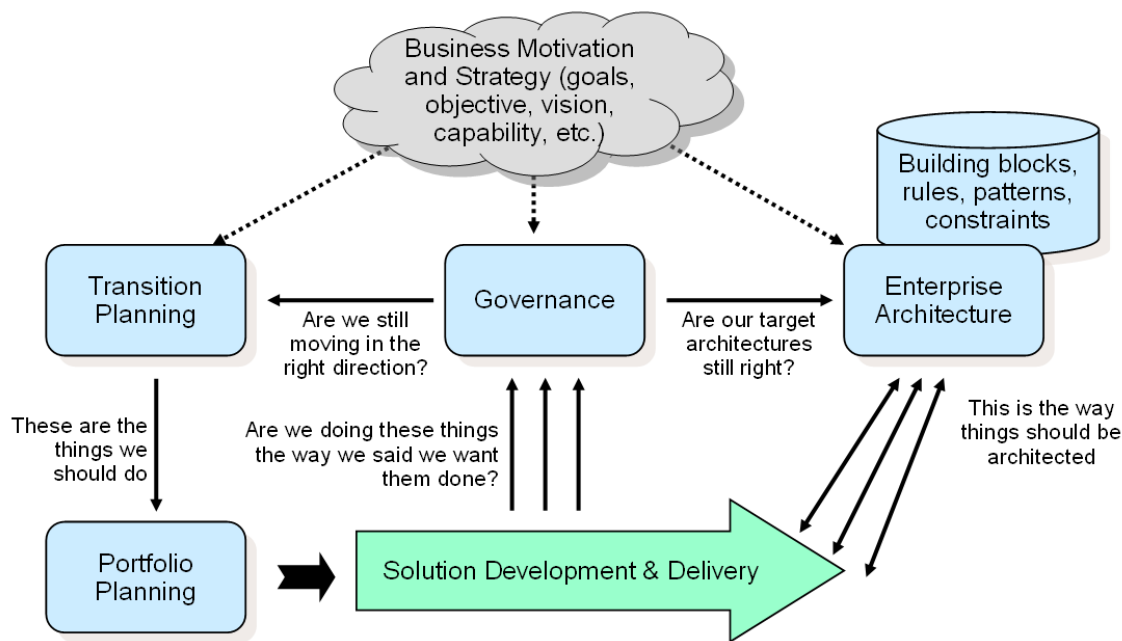
- “Traditional” Enterprise Architecture focus
 - Architectural frameworks: TOGAF, MODAF, DODAF, ...
 - Comprehensive features: Impact analysis, architectural roadmaps, ...
- Business concerns with ‘traditional’ EA programs
 - Do we get enough value out of EA?
 - Ivory tower? Is it sufficiently linked into how we make business decisions?
- We see an emerging theme in our discussions with customers
 - A realization that EA is critical, but EA programs needs to be wrapped into broader strategies and solutions for addressing the core problems that organizations are facing
 - This presentation will focus on solutions developed in response to those discussions, and the success customers have seen when adopting those solutions

Wrap Enterprise Architecture into broader business-oriented solution that can address root causes to critical business problems

What Aspects of EA Will We Discuss?



Source: Ovum



Agenda

CIO Challenges

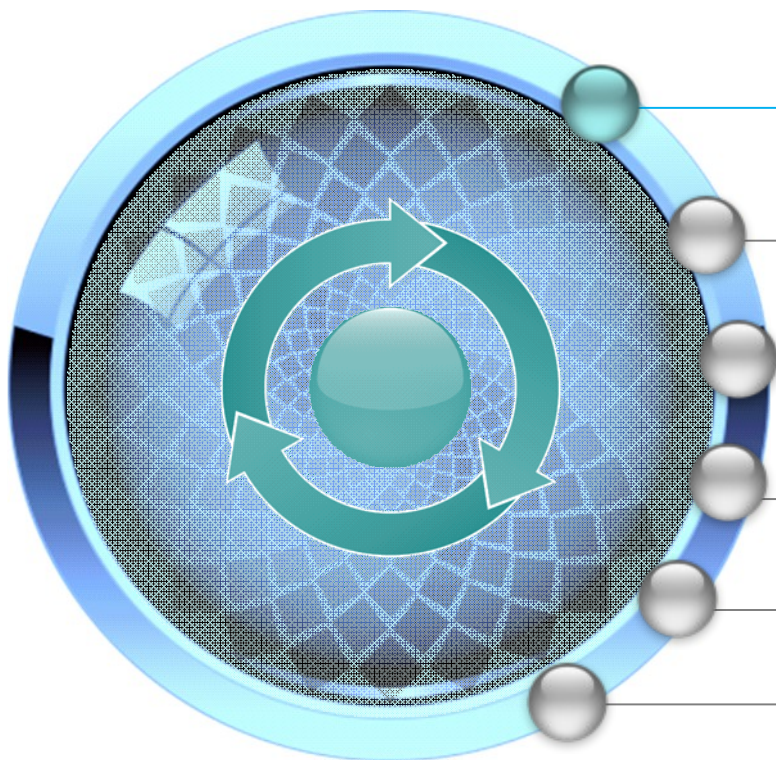
What is Smarter Computing?

What is APM?

How are customers adopting it?

APM in action

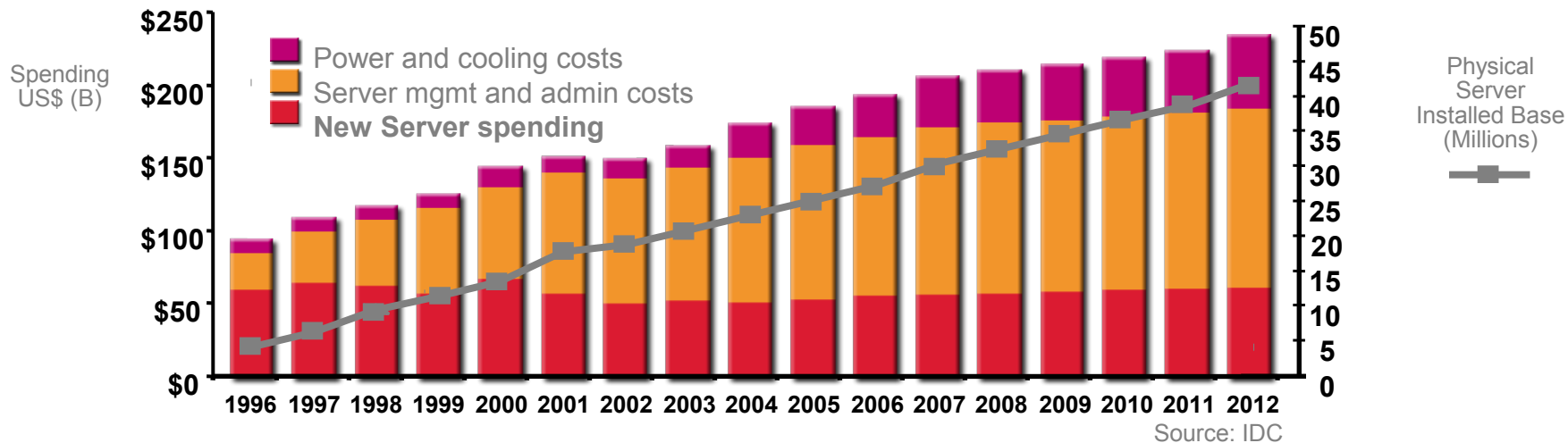
What drives results?



IT spending is not driving Innovation

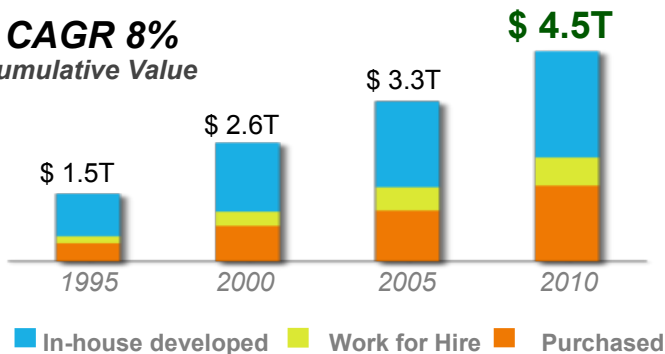
“our hands are tied” with maintaining existing infrastructure

Worldwide IT Spending on Servers, Power, Cooling and Management Administration



Investment

CAGR 8%
Cumulative Value



Challenges

- 70% budget locked in maintenance
- 80% of Mainframers are 50+ years old!
- 50% IT projects rolled back
- 85% of distributed computing capacity is idle

Smarter Computing is realized through an optimized IT infrastructure

Smarter Computing **The IT Infrastructure that Enables a Smarter Planet**

Designed for data
Harness all available information - **89% of CEOs** want better insight via Business Intelligence and analytics



Managed in the Cloud
Reinvent IT - **60% of CIOs** plan to use cloud technologies and **55% of business executives** believe cloud enables business transformation

Tuned to the task
Drive greater performance and improve IT economics - **total cost per workload can be reduced up to 55%** with optimized systems

How can we build an optimized IT infrastructure ?

“We can’t solve problems by using the same kind of thinking we used when we created them.”

– Albert Einstein

Addressing the problem requires an **asset (application) portfolio approach** to complement the traditional project portfolio approach

Project Portfolio Management

- Commonly used in mature companies
- Provides executives (only)
 - Control over 20% of this year’s budget
 - Ability to affect this year’s project proposals



Application Portfolio Management

- Used effectively by only a few leaders
- Provides executives
 - Multi-year control over 80% of the budget
 - Ability to generate new project proposals such as structural changes to address problems

Many companies have the 80/20 rule wrong...

Adopt an Application Portfolio Management Practice



Application portfolio management (APM) is a repeating process using information and analytics that produces objective and transparent decisions around investing, consolidating, modernizing, or replacing applications.

Benefits:

- Align the application portfolio with business strategies
- Reduce costs and optimize value
- Increase speed-to-deployment and speed-to-market
- Reduce risk associated with technology or resources
- Implement shared services

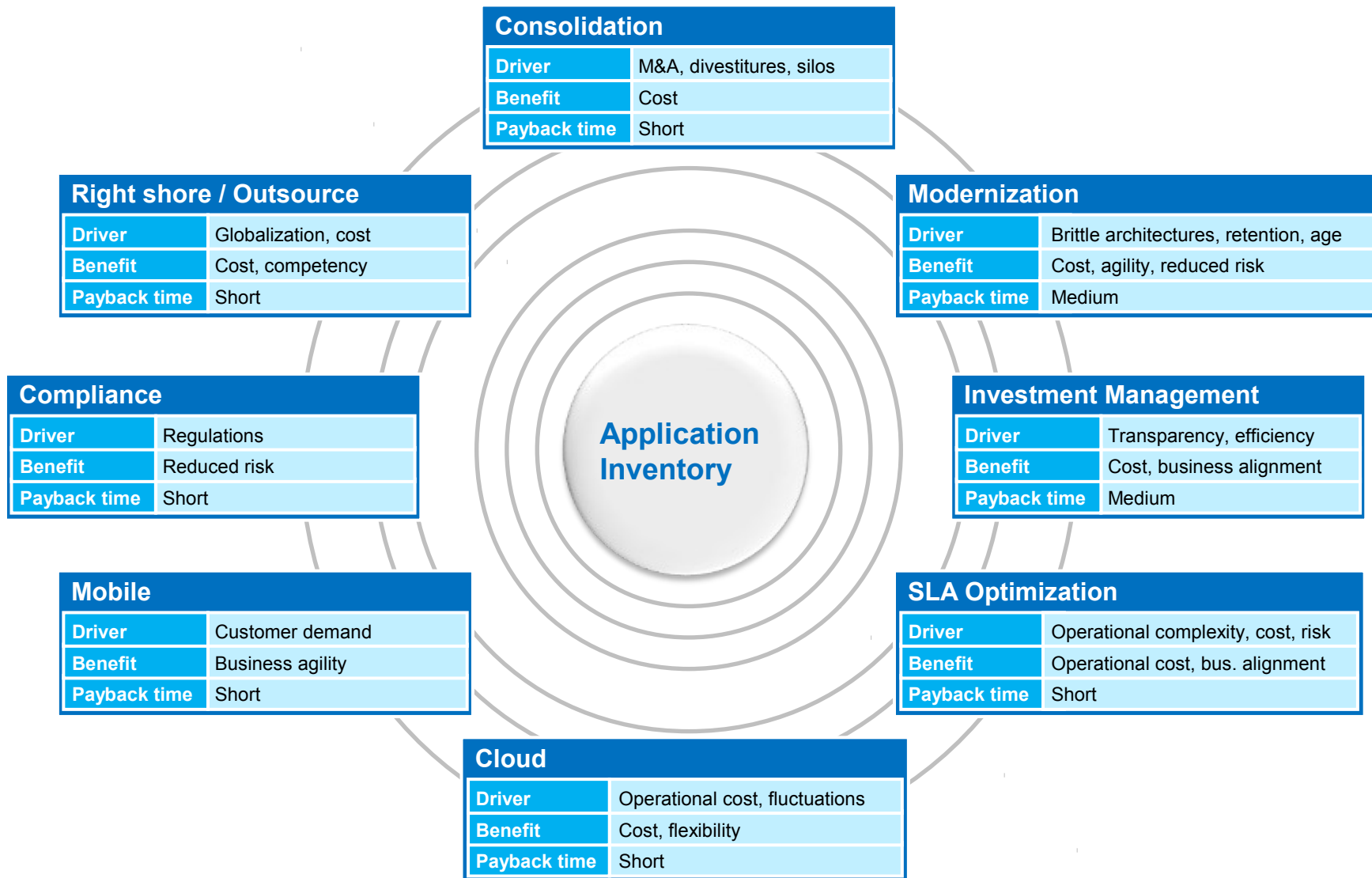
Application Portfolio Management needs to be informed by Enterprise Architecture to enable good decision making

Problem: Information needed is not accessible at time of decision
Determining the right action requires analysis of information across information areas

	Areas of Concerns	Typical Actions Rationalization
Architecture and Technology	<ul style="list-style-type: none"> ▪ Risk exposure? ▪ Application dependencies? 	<ul style="list-style-type: none"> ▪ Re-vitalize
Financial Performance	<ul style="list-style-type: none"> ▪ Where does my IT budget go? ▪ Which apps increase operations costs? 	<ul style="list-style-type: none"> ▪ Optimize funding
Organization	<ul style="list-style-type: none"> ▪ Skills risk exposure due to retirements? 	<ul style="list-style-type: none"> ▪ Proactive technology or personnel decisions ▪ Sourcing options
Business Alignment	<ul style="list-style-type: none"> ▪ Which applications are business critical? 	<ul style="list-style-type: none"> ▪ Re-vitalize or replace
Technical Debt	<ul style="list-style-type: none"> ▪ Are my systems compliant? ▪ Which systems hinder business agility? 	<ul style="list-style-type: none"> ▪ Re-factor

Smarter Computing business outcomes

APM-driven scenarios



Case Study: Simplify IT to improve business agility

A global conglomerate

Challenge

Cost

- Too much money spent on maintenance and operation



Solution

- Established application inventory in first month
- Assessed business value versus cost and risk
- Reduced number of local and non-strategic applications

Results

- ✓ Reduced number of applications by 45% in 18 months
- ✓ Reduced money spent on keeping lights on from 85% to 50%

Challenge

Business agility

- IT not reactive to business needs
- Business had low confidence in IT's ability to add value



Solution

- Established demand management process
- Used tools for improved business and IT collaboration
- Re-invested savings from keeping lights on into innovation

Results

- ✓ Reduced response time to business change request from 200 to 14 days
- ✓ Improved trust between Business and IT
- ✓ IT is now viewed as an enabler of innovation, rather than as a cost center

▶ [Read the full case study](#)

Case Study: Rationalize and optimize to align with the business *Financial institution in North America*

Challenge **Complexity**

- Unclear what applications exist and their value



Solution

- Built application inventory in two months, replacing previously scattered information
- Enabled portfolio management and EA teams to collaborate

Results

- ✓ Reduced number of applications by 75% in 18 months

Challenge **Business alignment**

- SLA's and application support costs not driven by business justification and priorities



Solution

- Assigned appropriate SLA level based on needs
- Streamlined organization to align with simplified SLA levels and smaller application portfolio

Results

- ✓ Reduced number of SLA levels from 17 to 4
- ✓ Double digit reduction in operations cost

▶ [Read the full case study](#)

Case Study: Prioritize spend on maintenance and rationalization

Financial institution in Europe

Phase 1



Application Architect

- Assess application health in consistent manner
- Submit architectural needs



Architecture Boards

- Prioritize architectural needs across the organization

Phase 2



Line of Businesses

- Submit business requests

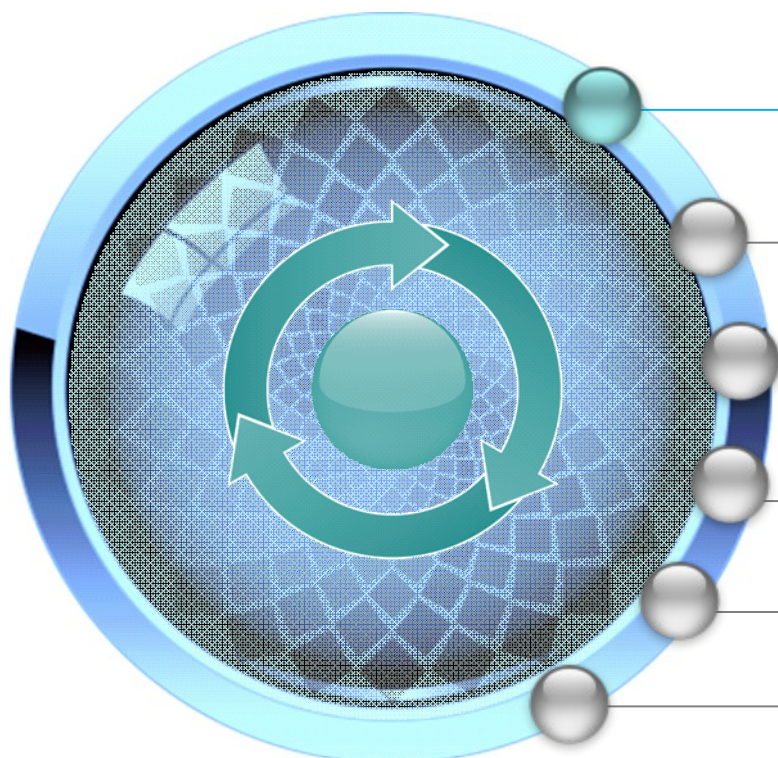


Investment Boards (Business and IT)

- Prioritize funds for maintenance and rationalization based on architectural needs
- Prioritize business requests based on business priorities

Phased rollout of governance processes

Agenda



CIO Challenges

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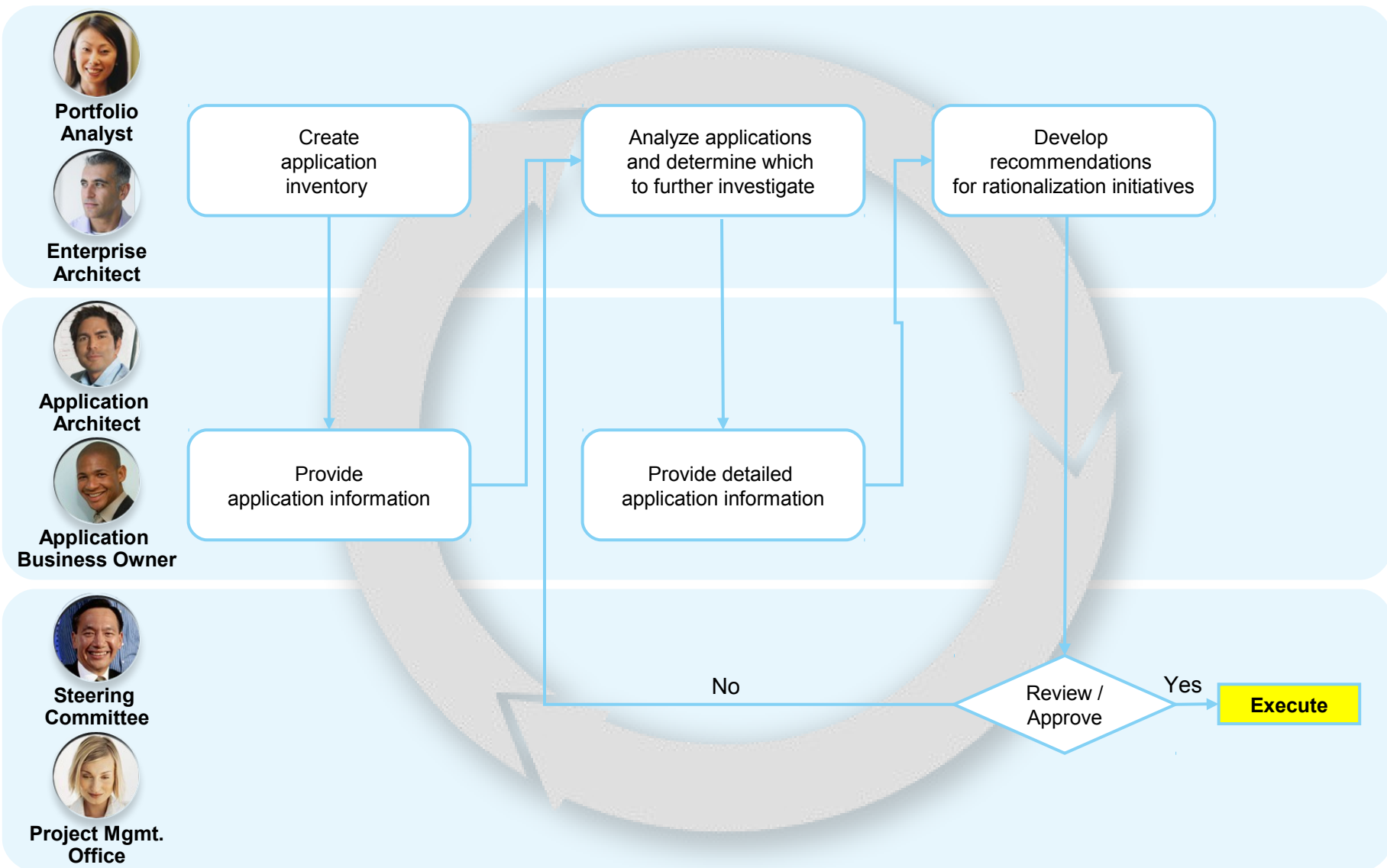
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APM in action

What drives results?

Application Portfolio Assessment: *Simplified workflow*



Delivering value: From decisions to execution

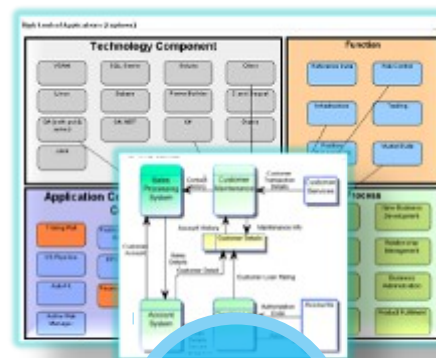


Analysis, decisions, governance, execution roadmaps

Collaborative Decision Making

IBM Rational Focal Point

Architectural Context



Architectural Deep Dives

Impact analysis, architectural roadmaps, future visioning

IBM Rational System Architect

Execution status / *Execution roadmap*

Integrated Application Lifecycle Management Solutions

Project execution in collaborative team environment

Execution Tracked

Enterprise Modernization Solutions

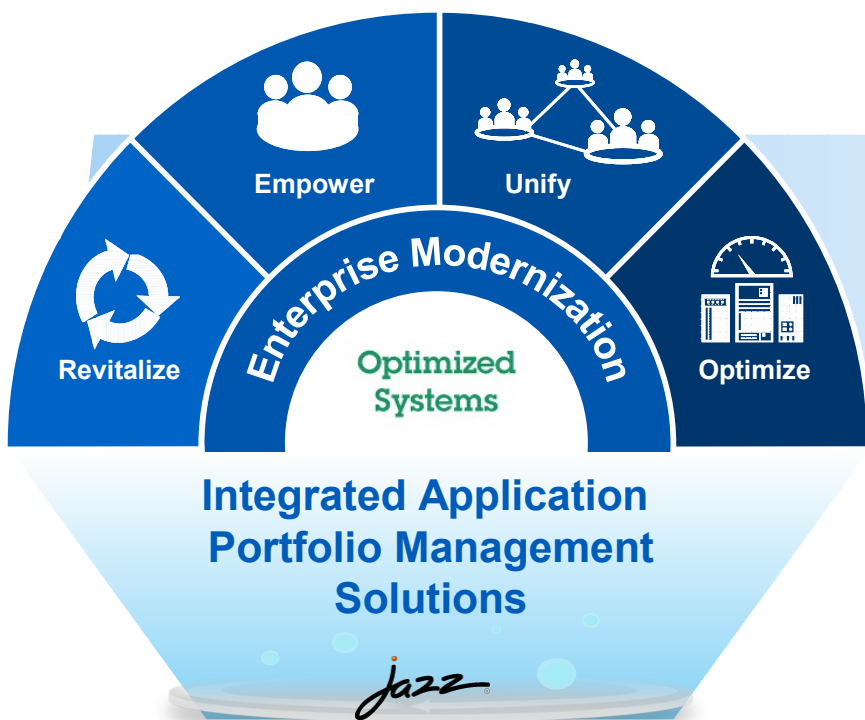
Application flexibility, individual and team productivity, and system utilization



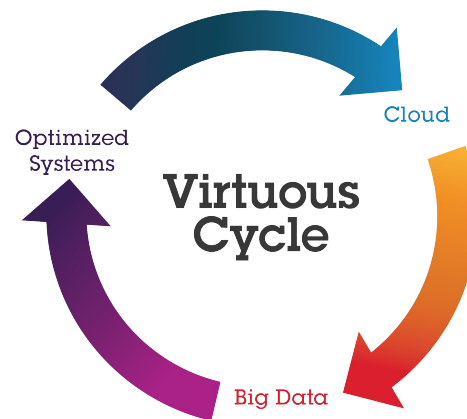
APM decisions and plans are executed and tracked in solutions for Application Lifecycle Management and Enterprise Modernization

Smarter Computing with Application Portfolio Management

An incremental and continuous approach to achieving greater value and performance from your IT investments

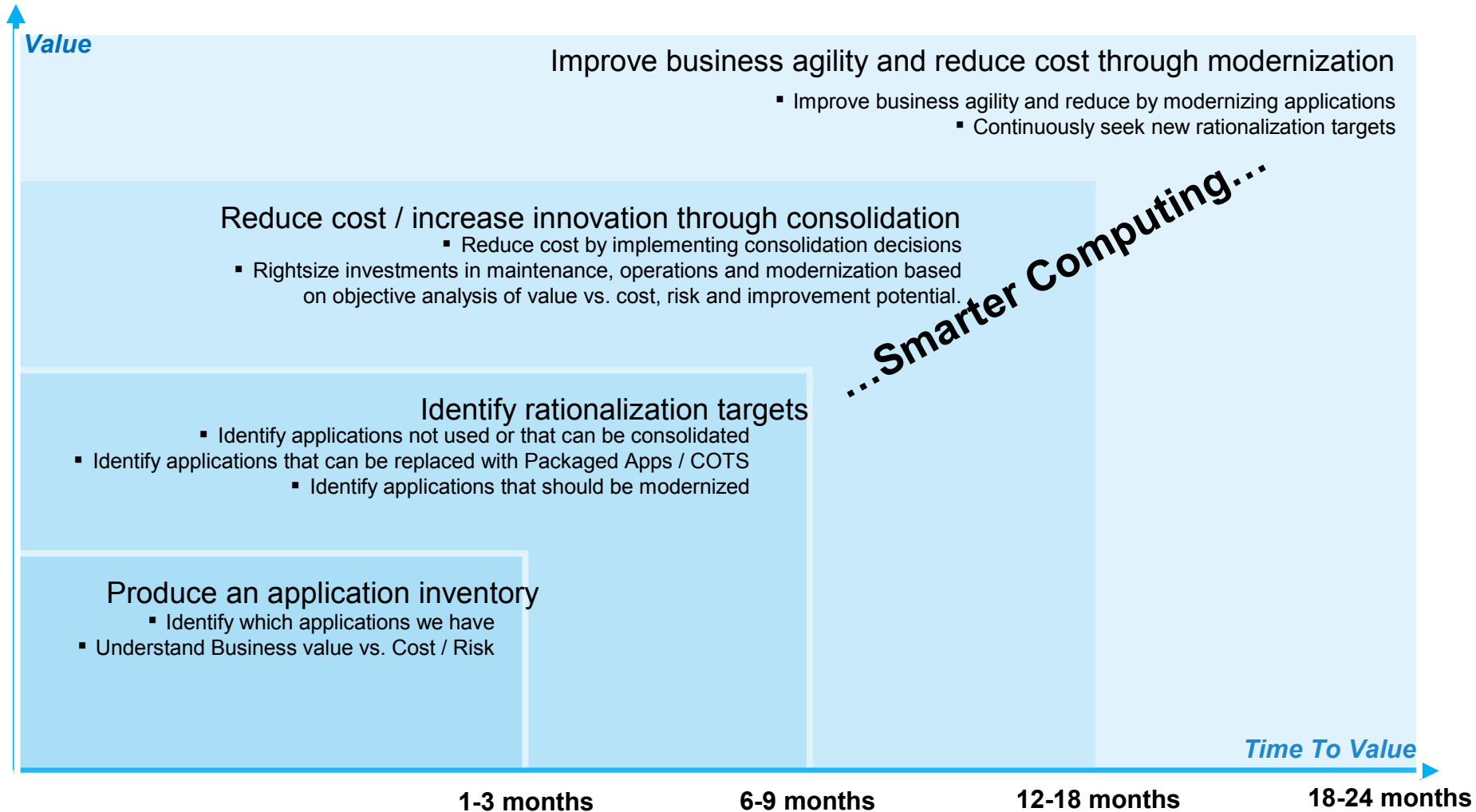


Smarter Computing



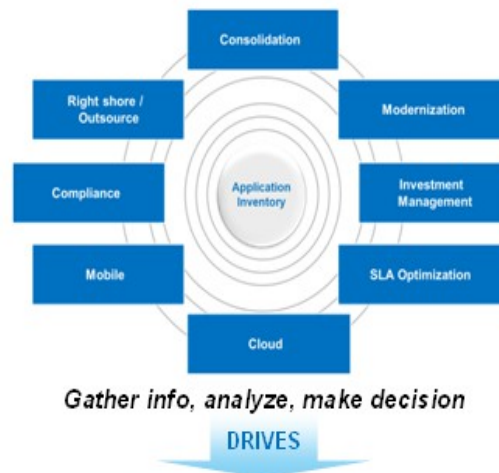
Adopting APM: Shortest Route to Value for Smarter Computing

Incremental adoption with incremental value delivery



What are driving success

- The approach to EA
 - Start with the decisions to make
 - Who needs to be involved in the decision making?
 - What is the minimum set of information needed to make the decisions?

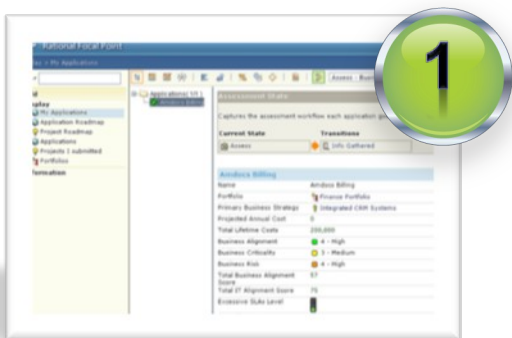


- Executive sponsorship
- Establish a single source of truth
- Business – IT collaboration
- Incremental adoption



Strengthened business and IT collaboration

Call to action

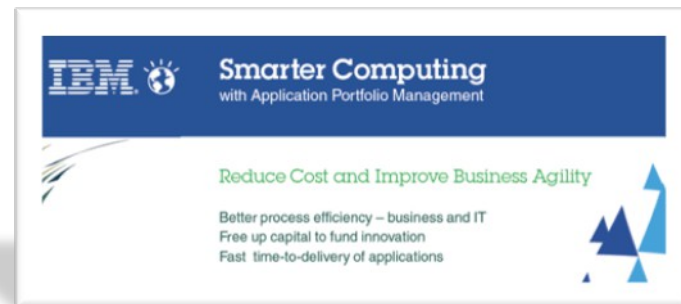


See APM in Action!

Attend the Demo in the IBM Application Lab from 2:00 – 2:45



Stop by the IBM Pedestal Interact with our zEnterprise and APM experts



Visit www.ibm.com/software/uk/system-z/ Get latest news on Mainframe Software for System z and zEnterprise

Resources

- Smarter Computing
 - [Software for System z and zEnterprise](#)

- IBM Software Capabilities
 - Business Planning and Alignment
 - Enterprise Modernization

- APM content on [ibm.com](#)
 - whitepapers, demo, podcast, video etc.

- APM reference stories: North American Bank , Global Conglomerate

- APM Forrester Research report on monetized value that IBM Rational customers experienced
 - Provided on request

- APM whitepaper: Empowering the CIO

- APM Content on [developerWorks](#)
 - demos, presentations, User Guides, etc.

QUESTIONS

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