

Application Portfolio Management

Improved governance via Business Intelligence from your application portfolio

Business Challenge

Application portfolios control your most central business processes. However, over time, they tend to become more complex, less manageable, and less aligned with your enterprise. In fact, many core operations can't be efficiently adapted to support real-world requirements because of their rising complexity and inability of management to control them.

How can CIOs identify business priorities that they should focus development resources on? How can application managers be sure that development teams are adhering to service-level agreements? How can developers determine whether the code they produce is in-line with corporate standards?

If they are unavailable, inflexible, costly to manage, insecure, or ignored applications can have repercussions on your profitability. This paper explores an approach that changes IT decisions into business decisions.

How Does APM Help?

APM solutions allow organizations to identify, prioritize, and act on initiatives that realign the application portfolio with business goals. They do so by trending technical and business metrics regarding enterprise applications' value, cost, and risk. This business intelligence is then presented back to the right level within your organization to facilitate decision-making and implementation. This information is derived from three key sources.

Sources of Business Intelligence

Technical Metrics

The Modernization Workbench platform automates the collection of technical metrics regarding the quality of enterprise applications. To ensure that information is always current, your APM solution should include a facility to refresh these metrics on a rapid, ongoing basis. It should also assess a diverse range of application environments. After all, the typical application portfolio contains everything from COBOL and Assembler to Visual Basic and Java.

These technical metrics should include standard measures like lines of code, essential complexity, cyclomatic complexity, and function points. But these measures should always be customizable to suit the unique needs of your business. That is, you must be able to combine metrics together to reflect the key performance indicators by which your organization is measured.

Stakeholder Metrics

It is important to understand how well the application portfolio supports overarching business priorities. This data can be sourced by surveying stakeholders to measure where risks and value exist. For instance, surveys could be geared to determine systems that are underused because of a lack of alignment with business requirements.

Your APM solution should include a surveying mechanism that allows users to readily adapt and deploy questionnaires specific to your organization in order to quickly consolidate information from stakeholders. Generally, a browser-based solution to collecting this data is most logical. This is especially useful for organizations or partners that have their own defined methodologies for data collection and questionnaire use. Users can customize questionnaires to include their intellectual property to enhance application understanding.

Home APM Dashboards Application Profiles Administration Help Workspace: Provider

Configure Surveys

Name: Business Initiatives Survey

Add Question/Category: (choose question)

Cancel Save

Survey Preview

(Actions)

- Business Value
 - What is the total business value of this target?
- Risk
 - How complex is the proposed activity?
 - How many functional areas does this initiative impact?
- TCO
 - What is the budget for this target?
 - What is the estimation for the maximum cost for this target?
 - What is the estimation for the minimum cost for this target?
- Technical
 - What is the architectural quality of this target? (Formula: Cyc Complexity, MI, Change Freq)
- General
 - What is the total risk for this target?

Formulas

Clear Highlights

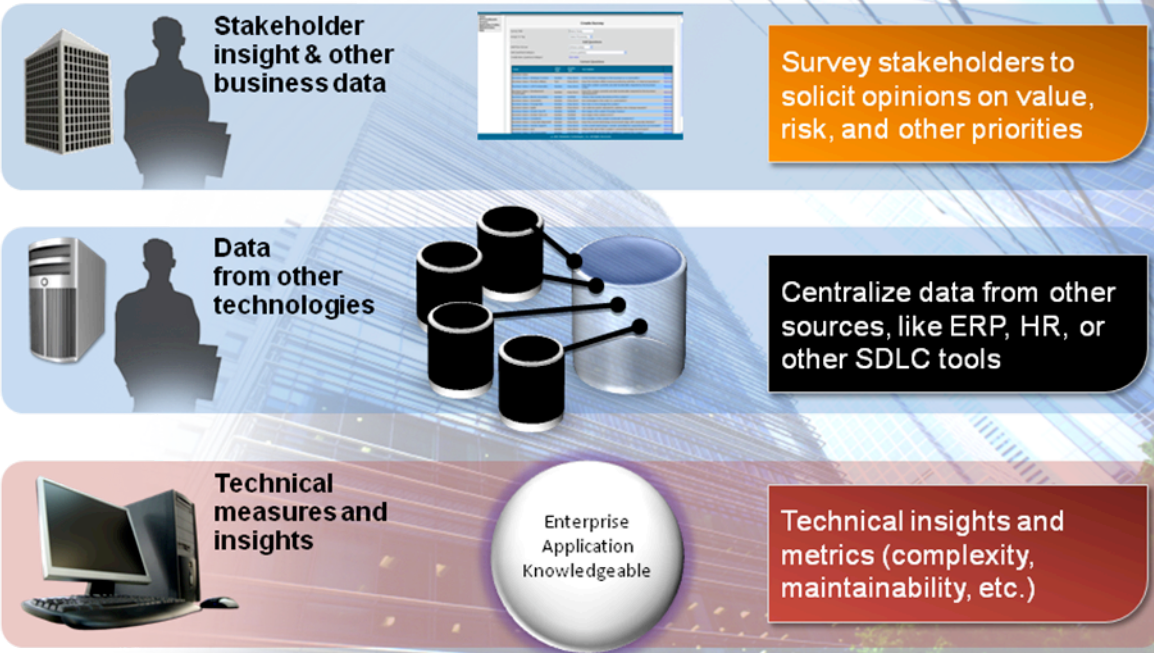
Customize surveys to reflect internal best practices for data collection.

Data from Other Sources

Data from other systems can be a key indicator of where misalignments exist. For instance, users may wish to pull change frequency data from source code management systems to determine which systems are most prone to breakdown. Or, perhaps costing data can be used to determine where efficiency gains would be most pronounced. Or, application up-time from a business service management tool can identify performance issues.

By collecting and combining data from multiple sources, users gain a richer perspective about where to focus their efforts.

Information Sources for Understanding Applications

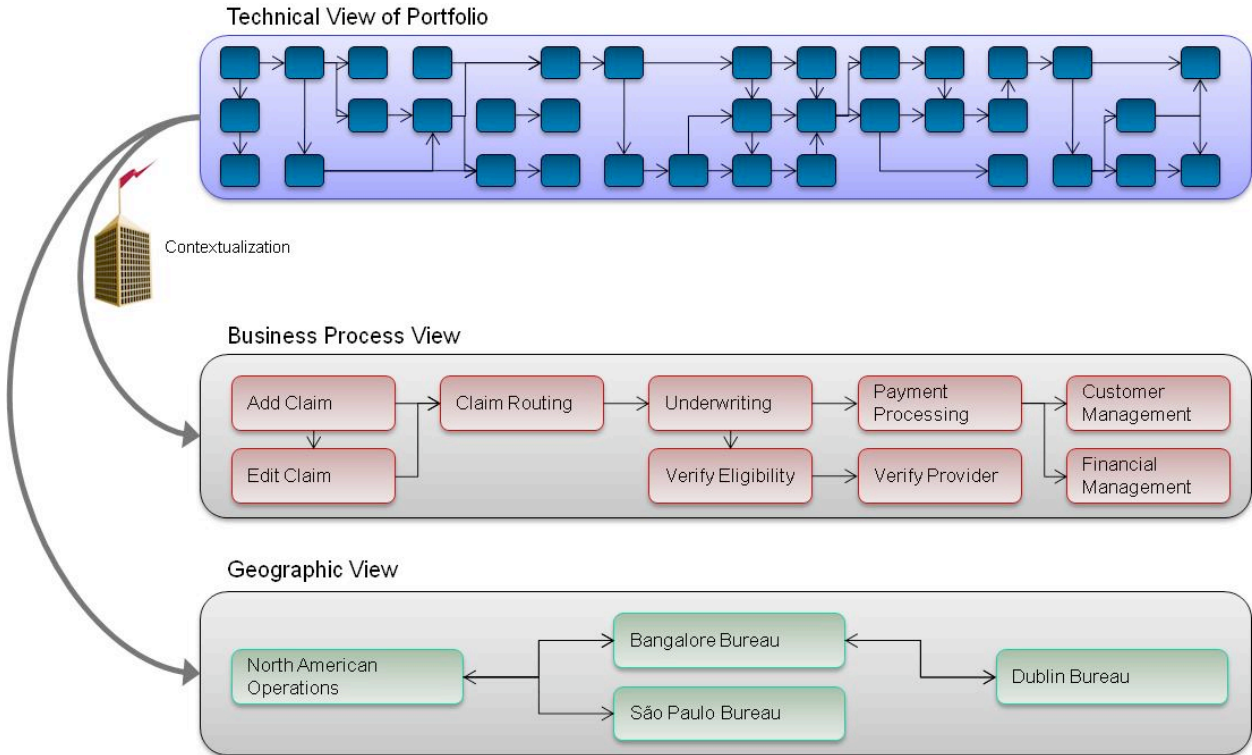


Information can be consolidated from numerous sources into a single, centralized knowledgebase.

Placing Intelligence into the Right Business Context

Your business must be managed from multiple perspectives. Business users want to understand the adaptability and efficiency of their business processes. Security chiefs want to ensure that security threats are understood and confronted. Outsourcing managers need to ensure that provider companies adhere to service level agreements.

As a result, APM means different things to different users. Users should be able to overlay business contexts onto their software assets. Metrics can then be grouped by overarching business processes, geographies, or other useful business contexts. As a result, meaningful metrics and insights about the application portfolio can be 'rolled-up' into business terms that make sense to business users.



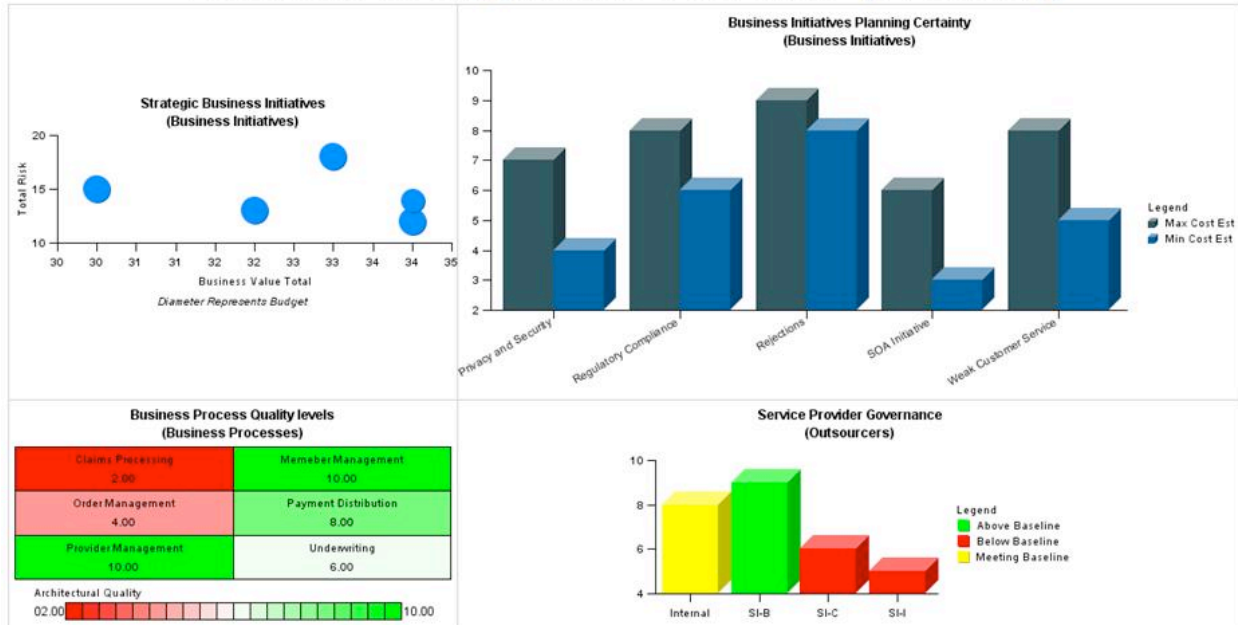
Users can move beyond rich technical views to see applications from business perspectives that are meaningful to the organization.

Getting Information to the Right Decision Maker

Successful APM solutions then focus on presenting the right level of information back to the right user in the organization. Trended metrics in dashboard form allow each level in the organization to identify and prioritize modernization activities. By centralizing technical and business insights into your processes and applications, your organization can make better decisions about where to invest scarce IT resources -- the goal of which is to reduce investments in non-core, high-risk, high-cost or low-value applications so that resources can be devoted to activities that deliver real business value.

Each level, from CIO through to development professional, should be able to drill down to the appropriate level of detail in order to identify, prioritize and act on their decisions. APM is not a one-off process. Rather, it is an ongoing process of continually improving your portfolio by directing application lifecycle management (ALM) activities to what matters most to business. ALM without APM-enabled decisions is less likely to be directed toward the goals of the organization.

Business IT Alignment Overview (Provider)

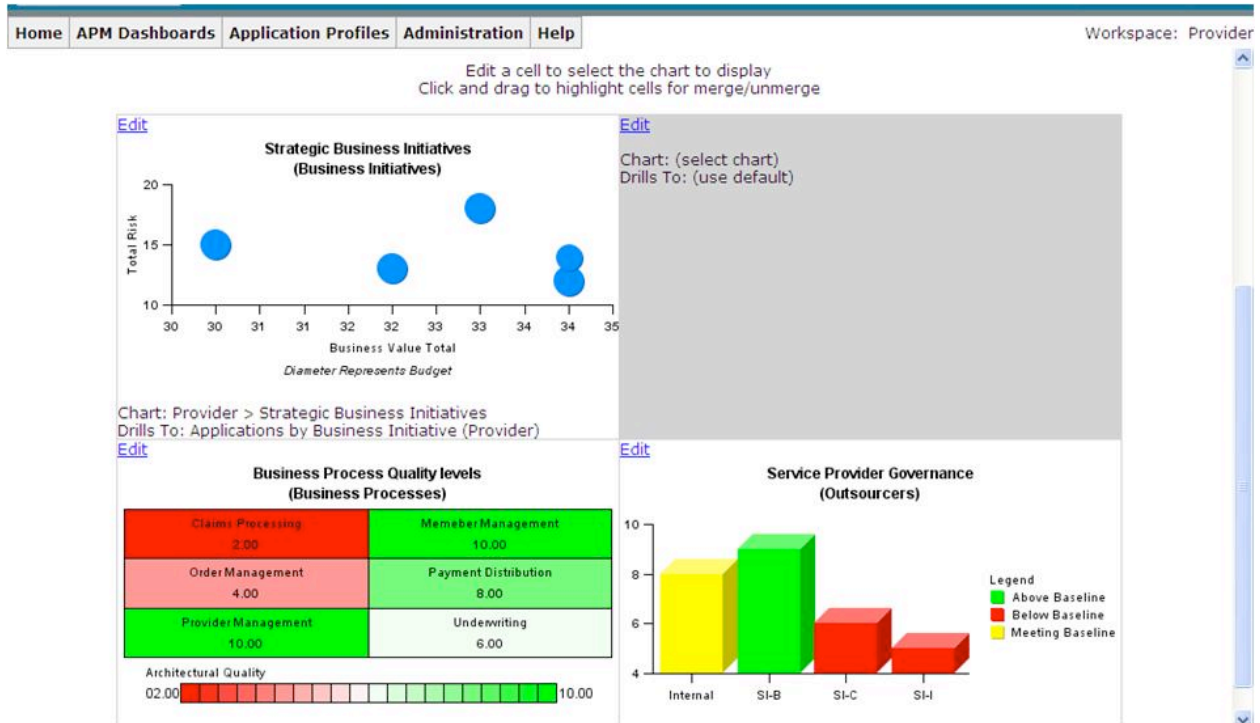


Adaptability

Your organization's business priorities shift over time as market pressures and opportunities arise. This has a natural impact on where the focus of IT will be placed. For instance, cost reduction may start as your principal goal. Organizations should investigate APM solutions that provide answers quickly, allowing CIOs to build a track record of savings through rationalization and modernization activities. This success can then be built on, customizing the information that is collected in order to refine your decision-making.

As a result, you will want an APM solution that can adapt to support these shifts. This is achieved in part by adjusting data feeds, or sources of business intelligence about the application portfolio. For instance, you may want to integrate your APM approach with data from HR systems in order to identify costly, labor-intensive processes. This integration with your APM solution should be straightforward to ensure that the focus is on making and acting on better decisions, and not simply trying to build the best mousetrap.

Additionally, you may wish to adapt the weightings given to certain measurements. For instance, you may decide that measurements of the risk associated with an application may be important due to emerging regulatory compliance issues like Basel II. Your APM solution should be flexible enough to allow for these ongoing customizations as needed.



Act on Decisions

Identifying and prioritizing activities that can yield savings or flexibility is without any real value unless you act on the results. That means if you decide to outsource applications that are not core to your business, then you can quickly act on that decision. Or, if you uncover tactical inefficiencies in your applications that you can quickly act to eliminate these problems. Or, you act to service-enable highly valuable and in-flux portions of your portfolio.

The challenge, however, is that each of these activities requires detailed insights into the application code itself. To outsource an application requires understanding its boundaries to avoid unintended impacts. To service-enable a process requires isolating it and determining if there are architectural hurdles that could impact its usefulness.

The ideal solution should be a central warehouse of both APM-level information as well as 'actionable' details about the structure and behavior of the application portfolio. This allows development organizations to proceed from business decision to development action. In a truly collaborative environment, this would be visible as work orders being defined based on APM data and then assigned to the appropriate development staff. As a result, your preferred solution for APM should collect and present both high-level and detailed insights into your application portfolio. The Modernization Workbench offers this single, centralized repository approach.

Conclusions

Application Portfolio Management impacts more than just the IT organization. It affects the ability of your organization to respond to pressing business requirements. But this requires that you can collect business intelligence about your application portfolio, and present it to the right decision makers in a meaningful format. Further, the decisions that result from the APM process are ongoing and should be integrated into your application lifecycle management process in order to yield lasting and ongoing benefits.