Application Portfolio Rationalization
Declutter your application landscape

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Application Portfolio Rationalization (APR)

High IT complexity slows down business by limiting flexible reaction to changed client expectations and requirements

A long history of “good reasons”…

“Good reasons” include…

- Managing IT in “silos”
- Incomplete M&A integrations
- Lack of architecture governance
- Rushed implementation

…has led to high IT complexity…

High IT complexity means…

- Applications & technologies
  – Many
  – Disparate
  – Outdated
  – Redundant
- Misalignment between business need and IT capabilities

…which is negatively impacting the business.

Negative impacts include…

- Business growth limited through IT limitations – time to market too slow
- Inconsistent user and client experience
- Media breaches, inefficient operations
- High and increasing IT cost
- Need to retain legacy know how
- Inappropriate CTB/RTB ratio
- Lack of coherent data
- High IT and business risk
- Decreasing quality of IT application support, unacceptable service levels
- Need to maintain legacy know how
APR Placement

Rationalization is often embedded into comprehensive strategy or efficiency initiatives.

- New CIO / COO
- Reorganization of Business / IT
- New Business or IT Strategy
- M&A Divestiture
- Cost Cutting Initiative
- Evolved standard software
APR Focus and Roadmap

The strategic context determines the focus of APR and the journey to achieve its objectives

APR Focus

• Enable adoption of emerging technologies and service delivery concepts
• Increase flexibility, agility, and risk adversity
• Meet / align with business needs
• Meet strategic IT objectives
• Make room for innovation
• Increase flexibility, agility, and risk adversity

APR Roadmap

short-term
Retire low value applications
Centralize scattered functionality

medium-term
Standardize to common platforms and versions
Modernize high value but aging applications

long-term
Transform towards SOA
APR Approach 1/2

Deloitte applies a 4-step approach based on a quantitative method to evaluate application value.

1. As-Is Analysis
   - Application Inventory
   - Calculation of current TCO

2. Evaluation
   - Application Score Card
   - Retirement Business Case

3. Solution Design
   - Cluster applications (4R Framework)
   - Cost Benefit Analysis

4. Target Picture
   - Develop Target Architecture
   - Calculate future TCO
APR Approach 2/2

Based on their Business and IT fitness, the applications are mapped to the 4R-Framework.