7 STEPS

to get started with

Application Portfolio Management

What is APM?

Application Portfolio Management (APM) is the process of evaluating applications and creating a framework to measure and optimize application alignment with strategic goals.

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Why Do I Need APM?

Over time, organizations amass a large number of applications, many of which are redundant, no longer provide business value, and are costly to maintain. By better understanding and optimizing your portfolio of applications, your IT organization is able to modernize legacy systems, eliminate redundancies, and reduce maintenance costs.

An effective APM strategy will create a partnership with business stakeholders and will optimize resources to focus on tools and systems that best help support business goals and needs and allow innovation and differentiation.

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How Do I Get Started?

In this guide, we will explore the seven steps you can take toward getting started with your APM initiative:

1. Inventory Applications
2. Determine Owners & Sponsors
3. Assess IT Quality
4. Rate Business Value
5. Evaluate Application Portfolio
6. Develop Application Strategy
7. Re-evaluate Regularly

1 Inventory Applications

Developing an inventory is often the most time-consuming step when beginning your APM initiative. Aside from the vast number of applications managed by IT, many organization find rogue applications that have been purchased or created by business units and are now essential to their departments.

When creating your inventory, make sure to:
- Identify the applications your team currently supports. A good way to start is by looking at what tickets are coming in to your support system.
- Catalog the new applications you are requested to develop.
- Include details on your applications environment such as the number of servers, database locations, and failsafes.

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2 Determine Owners & Sponsors

While you are inventorying your applications, determine and document the primary business owners and sponsors as well as who is responsible for supporting the application.

Some questions to consider:
- Who are the subject matter experts for the applications you support?
- Who approves decisions on application changes?
- What are the primary groups that use the application and report support incidents?
- Who is requesting new applications?

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3 Assess IT Quality

For each application, assess the technical integrity of the application and its impact to the technical burden of the organization.

Focus your evaluation on the following factors:
- Support
- Data accuracy
- Source code availability and quality
- Reliability / Security
- Response time / Ease of Change
- Technology

4 Rate Business Value

It is critical to evaluate how important the application is to achieving the goals of a business team or your organization.

Evaluation of business value should focus on the following factors:
- Solves a business need
- Provides operational efficiencies
- Provides critical function
- Utilization
- User Experience
- Revenue Generation / Cost Savings

5

Evaluate Your Application Portfolio

Once you have measured your applications quality and value, use a tool such as Gartner's TIME model for a visual evaluation of where you should invest your efforts. TIME is an acronym for Tolerate, Invest, Migrate, Eliminate. As you will see on the next page, the model plots the business value of an application against its overall quality.

This exercise will enable you to change the level of dialog with the business to a collaborative effort versus a combative one by focusing on business value and the use of finite resources.
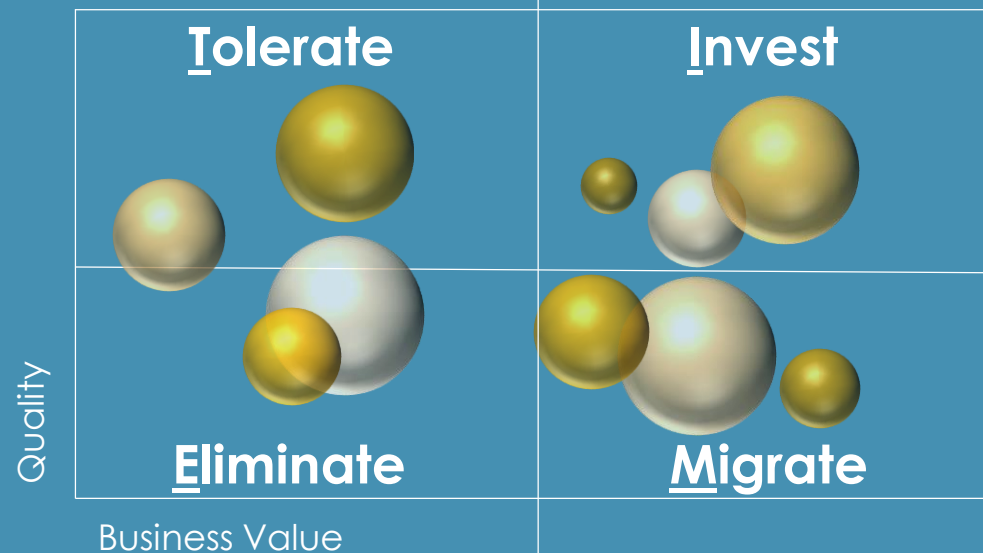
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Application TIME Analysis

Tolerate: *High quality application but low business value.* You don't invest a lot of time or money to support this application because of its quality and it is providing a certain amount of value therefore it should be tolerated. You shouldn't increase your level of investment but at the same time, you shouldn't waste resources to eliminate it.

Invest: *High quality application and high business value.* The application is stable, it doesn't require a lot of support, it is architected well, and you have the source code. Even better, there is an attributable and recognizable value to the business. These are the applications worth investing in further to get increased value or promote innovation.

Tolerate

Invest

Eliminate

Migrate

Quality

Business Value

Eliminate: *Low quality application and low business value.* Sometime the applications to eliminate can be very obvious - the application is down a lot, it takes a long time to fix, there might be only one person that actually uses it. The biggest challenge is when this person is someone like your CEO or CFO. This can be incredibly difficult and where you must force yourself to have tough conversations. You will need to articulate the value of sun-setting the application and freeing up your resources to focus on more business critical efforts.

Migrate: *Low quality application but high business value.* The business is using the application and can articulate its value, but there is a high cost of support, lack of knowledge, lack of source code, or a variety of other factors that make it an expensive application to maintain. Therefore, rather than continue the expense, you should look to end-of-life those applications and migrate to a technology where you can achieve 80% or more of the functionality. Establish a migration path to a technology that is more similar to what you already have in the environment.
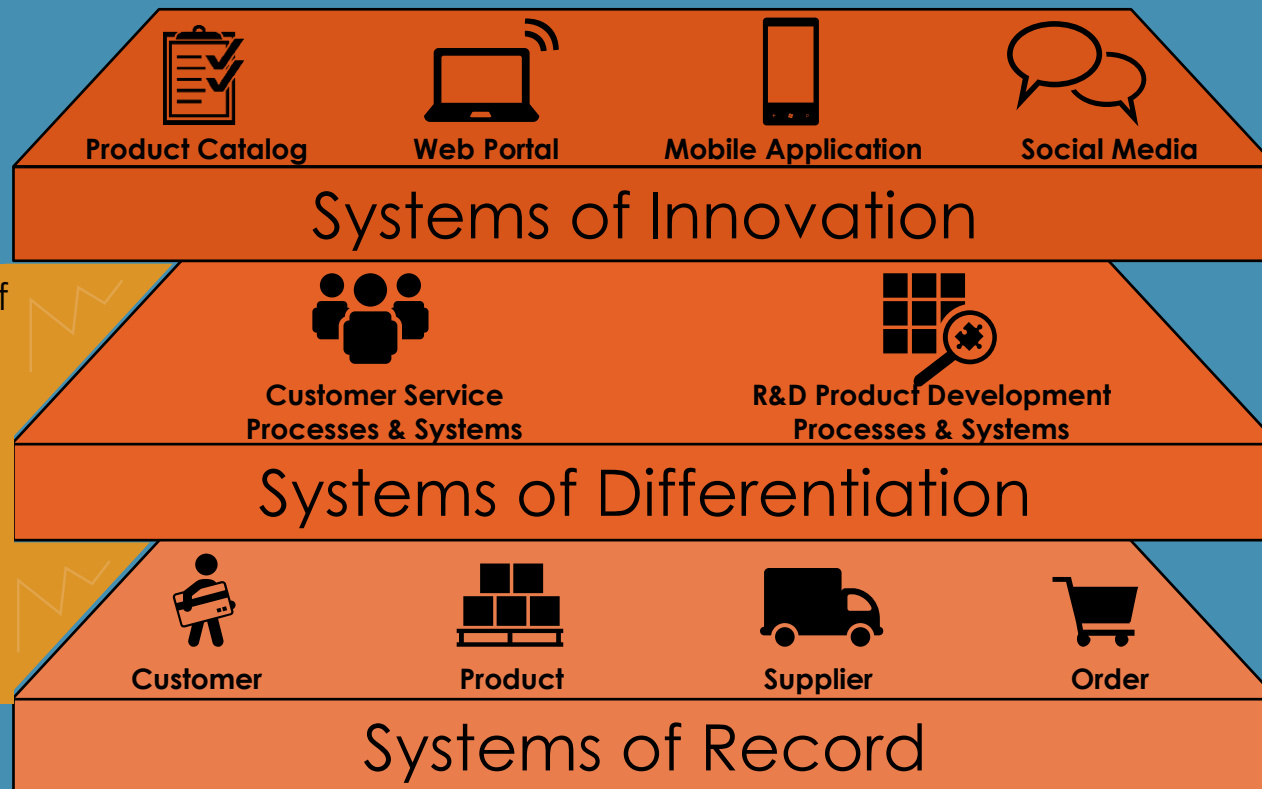
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6 Develop Your Application Strategy

It is important to build your strategy around the way your business uses technology to maintain a cost-effective environment, drive differentiation against its competitors, and create innovative new processes.

Gartner's Pace-Layered Application Strategy provides a methodology for categorizing, selecting, managing and governing applications to support business change, differentiation and innovation.

Segmenting your applications into each of the layers outlined next will provide a framework to support innovation as well as justify and drive investment in your differentiating and core systems.
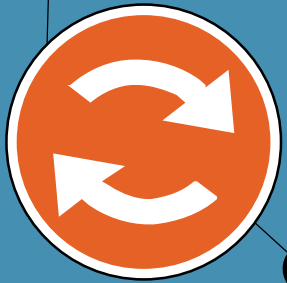
Pace-Layered Strategy

Product Catalog   **Web Portal**   **Mobile Application**   **Social Media**

Systems of Innovation

New Ideas
Early-stage concepts

Common Elements of "Connective Tissue"
- Master Data Management
- Process and Data Integration
- Business Service Repository
- Integrated Composition Technology
- Common Security Architecture
- Integrated Monitoring & Management

Customer Service Processes & Systems   **R&D Product Development Processes & Systems**

Systems of Differentiation

Better Ideas
Ideas and approaches to separate from the competition

Customer   **Product**   **Supplier**   **Order**

Systems of Record

Common Ideas
Commonly accepted ways to operate with slow to no changes

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7 Reevaluate Regularly

APM is not a "one and done" project. Successful management requires periodic reviews and evaluations whether it be annually, semi-annually, or quarterly.

Including an APM review in your annual budgeting process can help to ensure it gets addressed at least once a year. APM reviews on a quarterly basis are a best practice to keep stakeholders and your team engaged with how your application strategy aligns with your organization's overall goals.

Need Some Advice?

Contact Intellinet Today for a
Free Application Portfolio Management Consultation

During our free 30-minute application portfolio management (APM) consultation, an Intellinet advisor will meet with you to discuss:

- Your goals and objectives
- High-level barriers to success
- Key steps to start evaluating your application portfolio
- Key steps to developing an application portfolio management strategy

Give us a call at 877.362.4530 or
click here to schedule your free consultation.

SCHEDULE FREE CONSULTATION

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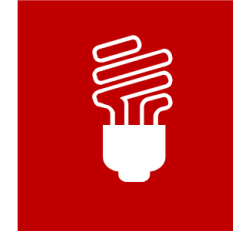**Strategic,**   **Technology Enabled**   **Business Solutions.**   **Integrated.**   **Innovative.**

To learn how we can help you with **customized solutions for your business**, contact:

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