

IBM Podcast

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GIST: Welcome to this IBM Rational podcast, Three Ways to Simplify Your IT With Application Portfolio Management. I'm Kimberly Gist with IBM.

Here are some questions for you to ponder. How many applications do we have? What are the costs associated with these applications? What business functions and business needs do they support? Is there any risk connected to them?

Do we have duplicate applications supporting and doing the same thing; and could we rationalize and optimize our application portfolio?

These questions seem as though they should be fairly easy to answer. However, in our experience, a lot of organizations struggle at times to provide adequate responses. With us today we have Johan Hedstrom, Go-to-Market Manager for Portfolio Strategy and Management for IBM Rational's Portfolio Management Solutions.

Johan has worked previously in the field and directly with many of IBM's customers using our solutions to reduce cost, increase business agility and reduce risk as it pertains to process efficiencies, reducing the time spent collecting

reporting application data, greater transparency to identify duplicate, obsolete and redundant applications, increase innovation focusing resources on higher value activities, align strategic objectives and clear priorities on where, how to consolidate, maintain and invest in application portfolios.

Johan, welcome and thank you for joining us today. So what can you tell us about the domain of Application Portfolio Management?

HEDSTROM: Thank you very much, Kimberly, and thanks for this opportunity to provide some insight around Application Portfolio Management and some of the things that I have picked up talking to our customers using our solutions and also other [accessing] in this area.

What we have noticed is that many organizations do have duplicate applications -- meaning applications supporting the same business function maybe up in different departments and regions.

In addition, organizations also support and maintain applications that don't have a connection-driven business need. These things create [a high] and unnecessary. Organizations are sometimes spending up to 70 to 80 percent of their IT budget to maintain and operate their

applications.

This cost creates an obstacle and a barrier for organizations to drive innovation and support business value. So, the funds and resources that could have been spent on supporting the most important initiatives of the organization is instead thrown at the maintenance and operation for the applications that in the first place should not have existed or applications that don't have the business criticality to have the 24/7 support.

And in occasions when there is funds available to support true value and important initiatives, organizations face another challenge, and this is complex of aging environment that creates barriers for organizations to respond to market change or stakeholder request in a timely and effective manner.

And this takes us back to the question you started this conversation with, Kimberly: how many applications do we have, what costs are associated with these applications, and so on. And when we don't have the insight and control, it's also incredibly hard to see that the spend is ridiculously high on maintenance and support or that the complexity of the environment creates problems to be agile or effective.

In addition, risk with, for example, compliance or lack of

resources to support the business critical applications does not become transparent until it's too late. It's almost like I would say driving a car without any instruments or the possibility to check the engine room. It's not done until it's too late.

You are stopped by the police for speeding or the gearbox lights on [INAUDIBLE] behind you that you're made aware of what the problem is. And then it's normally with consequences that should have and could have been avoided.

So, in several of the discussions I've had on the topic of Application Portfolio Management, we have been elaborating on why Application Portfolio Management is important and what to do.

And in almost all of this discussion it comes down to the challenge that the organization has with control. And as we just discussed, this connected back to the spending of 70 to 80 percent of resources on maintenance and operations, organizations ending up with an inflexible environment which means that requirement from the market and the stakeholders can't be met.

I will now provide three simple tips on how to get started to simplify your IT and how to help your organization become focused on values and be more agile. The first one is

create an application inventory. Today information around application is normally spread around in different systems and spreadsheets.

But having it this way is not the best way to imagine 70 to 80 percent of our IT budgets. Instead, organizations should create one application inventory, one central repository where the information is shared, made available for collaboration.

Tip Number 2. Identify application portfolio improvement potential and make recommendations. With the inventory in place, organizations could start analyzing the portfolio of application. This defines overlap, risk, debt, et cetera. With this input at the fingertips, decisions can be made and rationalization and optimization is started.

As organizations get deeper into it, additional analysis can be made and prioritization exercises, et cetera, will probably be carried out. But with the control and the insight, organizations will quickly see avenues and opportunities to reduce cost, the more agile and effective will arise.

The third one is make it a continuous process, not a one-time thing. If it's a made as a one-time thing, it will not take many weeks until the situation is the same again.

But with a portfolio that is controlled, governed and optimize at all times, organizations will be able to keep costs down; and once again, stay agile and also mitigate any potential risk that we can see.

IBM Rational can help you do this with our tooling and expertise. It's a highly appreciated, effective and strong solution, but at the same time is both simple and flexible.

And what this means for you as an organization is that you don't need to wait months and years to get a system up and running.

Within days you can have a customized solution in place to start creating, for example, the application inventory. That insight and maturity grows, you can also at the same time rapidly secure that your solution grows in the same as you do.

This is an area of too much importance and it's an area where up to 80 percent of the IT budget is spent. It should not be handled an error-prone spreadsheet. Being able to trace back the information, having all the info in one place, being able to collaborate and see this collaboration, being able to roll back abuse is just very basic and small things that should be given handling information of this importance. To then being able to create dashboards, reports, analyzers, prioritizations, ROI calculations,

automated workflow, et cetera, that just adds to it.

So with IBM Rational Focal Point as a solution for Application Portfolio Management, organizations will receive a great foundation and platform. In addition, they can add System Architect to the mix to get an even stronger enterprise architecture angle incorporated into their Application Portfolio Management.

With support in our solutions, we have, for example, seen organizations reduce the number of applications from approximately 600 to 150 or reducing money spent on maintenance and operation from 85 to 50 percent.

Then with our support, organizations have simplified the right environment. We have seen how, for example, requirements from the line of business that earlier could take an average of 200 days to get an answer on, now it can get back within 14 days to get an estimate of timing and additionally inform the request.

In addition, we have seen how the communication and the collaboration between business and IT have improved. We have also seen how the quality and satisfaction level connected to the remaining application have gone up.

So to learn more, take a look at our [ibm.com](http://ibm.com) Application

Portfolio Management page. You will find this under [ibm.co/apmsolution](http://ibm.co/apmsolution). Or, feel free to contact me directly. As Kimberly said, my name is Johan Hedstrom, and you can reach me at [johan.hedstrom@se.ibm.com](mailto:johan.hedstrom@se.ibm.com). Kimberly, that was everything I had, and I hope this gave a good overview of the domain of Application Portfolio Management.

GIST: Well, thank you, Johan. A great overview for sure and some key simple points on the values of portfolio management and how you can simplify your IT. We sincerely appreciate you joining us to share your time and expertise today.

HEDSTROM: Thanks, Kimberly.

GIST: That was Johan Hedstrom, Go-to-Market Manager of Portfolio Strategy and Management for IBM Rational's Portfolio Management Solutions with some great insight on today's topic, Three Ways to Simplify Your IT With Application Portfolio Management.

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