

INTERVIEW WITH PER KROLL

Eric Green: Hello and welcome to a new podcast series from IBM software that explores the challenges IT managers and business professionals are facing today. I'm Eric Green and I'll be talking with a range of experts to discover new perspectives, approaches and examples that can help meet these challenges and introduce you to the capabilities of smarter software from IBM. So let's get started.

Welcome back. So today I'm with Per Kroll, who is Chief Solution Architect for Application Portfolio Management and drives development of Rational's integrated solution for application portfolio management for IBM. Per's also authored several books on software engineering. Thanks so much for joining us today, Per.

Per Kroll: Thanks Eric. Good to be here.

Eric Green: So to start with, could you please define what business planning and alignment is?

Per Kroll: In its most simplistic form, you can say that business planning and alignment is about establishing a productive dialogue between the business and IT. And we need to make sure they have a dialogue so that they can agree on how IT strategies should best support the business and how the business should best leverage the IT strategy at hand.

Eric Green: So for our audience, what does that sort of really mean in terms of what people need to do?

Per Kroll: Three things that you need to do. First, is that you need to understand what you have right now and how it aligns with the business. So you need to understand what applications you have, what projects you have going on, what are your organizational strategies in progress with this, what is your risk exposure, and how all of those are linked. Now the second thing you need to do is to make sure that you can make effective decisions. So this is about establishing governance process for how to make those decisions in an objective and transparent fashion, and how to involve the right people from business and IT in the decision-making process and have it supported by the right analytics.

And the third key thing is you need to be able to execute on those decisions. So you need to be able to translate decisions into

something that is actionable and track the implementation of those actions so you know that you deliver results and have those results reflect future decision making so you can learn as you go along.

Eric Green: So can you help by making this a bit more concrete for our audience. So how can you actually apply this to a given or specific problem domain?

Per Kroll: So if you're looking at business planning and alignment, there are a few sub-domains, and one of them is application portfolio management or APM short. And if we take those three things and look at how they apply to APM, the first one – understand what you have. In APM what you do is you build an application inventory so you understand what applications I have, how much do they cost, what is their value, their risk, the enhancement potential of those applications.

The second area, which is make decisions, how that applies to APM is that you want to make decisions about which applications to keep, which ones to decommission, which ones to modernize, using what modernization approach, and how to best allocate funds for modernization and maintenance. And also here you need to make sure you involve the right people, have the right analytics, and the big problem in this space is that you need to have reliable data upon which to make the decisions. And the problem in most organizations is that the data is spread around in a lot of different spreadsheets and people's head and disconnected systems. So you need to fix that problem, move it to a place so that you can analyze and make decisions based on the accurate and up to date data.

And the third one is execute decisions, right? So once you've made those decisions around for example, modernizing an application, you need to translate that to something that is actionable, in this case, a project. So now you can look at product proposals and assess them relative to value, cost, risk and so on, and then execute and track the value delivered of those projects and have them to then feed back into your criteria for deciding what actions to take toward different applications.

Eric Green: Thanks for that. So our listeners definitely like sort of concrete information on how others are approaching this. I was wondering could you give some specific examples of what customers have accomplished, for instance, using Rational's integrated solution to application portfolio management.

Per Kroll: Sure. So one of our customers is a major UP and logistics company, and they used our APM solution as a part of a strategic initiative called “simplify IT”. Now one of the key problems was that they spent too much money on keeping lights on, and the even bigger problem they had was lack of business agility. So when the business made a request for enhancement, it typically took them ten months or more to even be able to give the business an answer on when that enhancement would be implemented, or whether it would be implemented at all. So they used our APM solution to radically reduce the number of applications and implemented a system that allows them now to respond within two weeks to any enhancement requests. So it takes two weeks instead of ten months, and the implementation of those enhancement requests typically take months now versus years in the past.

Now in conjunction with that, they were able to reduce the funds spent on keeping lights on from more than 85% to a more reasonable 50%. That a huge reduction that allows them to spend more on funding business innovation.

Now another customer that we’ve been working with in North America, it’s a financial institute, and they wanted to know more about what applications they own, their business value and so on. And in the first month after deploying our solution, they established an application inventory, then used that inventory to drive a more productive dialogue with the business. So this allowed them to reduce more than 50% of their applications. They also simplified a number of SLA levels, from 17 different SLA levels to four, and they also aligned which applications should be at what SLA level to avoid that a less critical application has a very high SLA level. So these changes allowed them to reduce operational costs in the double digits.

Eric Green: Well those are some great and impressive results. Is there a way to monetize the value of implementing APM?

Per Kroll: We asked Forrester Research to interview a number of our customers and see what value that they gain from our APM solution. And based on those actual customer results, they established a model of modernization that showcased a payback time of 13 months and in an order Y in excess of 100%. Also worth noting is that they called out some additional benefits they did not monetize, such as the value of reducing the number of applications, and as we heard in the two examples I just talked about, that can have a huge impact on the business. So the upside

potential for adopting APM is huge, more than is covered in those numbers, 13 months payback in excess of 100% ROI.

Eric Green: Interesting. So you've obviously been on the front lines here. I mean, do you have any advice for companies that want to adopt APM?

Per Kroll: Typically we talk about three things. The most critical is to approach APM in an incremental fashion. So in our experiences, you are much more likely to succeed if you start small and simple, deliver some quick value, and then incrementally grow in maturity. And if we look at 70% of companies doing APM today, they use spreadsheets. So typically they want to start with a solution that is simple, that allows them to get a little bit better, and then get more and more advanced as they can cull out some early wins.

The second key thing to consider is to see this as an organizational change initiative. You need to have executive buy-in, and you need to follow an organization change process. My personal favorite is John Carter's eight step process for leading change, with steps such as building a sense of urgency, establishing a guiding coalition, generating short-term wins and so on. But the key is really to approach this incrementally and adopt this as an organization change initiative.

And the third thing is to make sure you benefit from the right experience. If you have the right experience around APM internally, fantastic. If not, there are a lot of large and small system integrators with the right experience, including IBM Global Services. So make sure that you have the right skills so that you can build those early wins.

Eric Green: Excellent. So could you talk about how IBM is innovating in this space?

Per Kroll: Sure. Our solution focuses on three things. The first one is deliver a fast time to value. And we accomplish this by making sure that we have a solution that is very easy to adopt, and easy to customize. It comes with an out of the box APM information model, and it can easily be customized to the specific needs of an organization. So the goal is to get you up and running very rapidly, get some early wins.

The second is to focus on decision making and execution of those decisions. Of course APM is really about making decisions. So

we are centering our solution around a decision support tool which covers workflows, role based views, analytics, collaborative decision management capabilities that allows you to make decisions based on the right information, and then translate that information to projects that can be instantiated and then moved over to our application life cycle management solution for execution and then the result is tracked so that you can ongoing learn what works and what doesn't work so that you can make better decisions tomorrow.

And the third differentiator is to incrementally add capabilities as needed, goes with this incremental adoption approach, right? So as you start, you want to start light, but then as you become more advanced, you may want to add enterprise architecture capabilities, you can do architectural roadmapping, you may want to add application analytics capabilities, you can understand the complex code that you're dealing with and you may want to add an application life cycle management solution and modernization solution. So there are these additional capabilities you can add to a core APM solution.

Eric Green: Extremely interesting. So Per, unfortunately I think we're out of time for this podcast, but I want to thank you very much for joining the show.

Per Kroll: Thank you Eric. Great to talk to you.

Eric Green: Thanks for listening. Please do visit IBM.com/software to connect with our experts, continue the conversation, and to learn more about smarter software from IBM. Let's build a smarter planet.