

APPLICATION  
PORTFOLIO  
MANAGEMENT

# BUSINESS AGILITY

BUT NOT AS YOU KNOW IT

CSC





# THE TROUBLE WITH APPLICATIONS

**Without knowing anything specific about your organization we can say, with a high degree of certainty, that you've got too many applications and you're spending too much—as much as 80% of your IT budget—just keeping the lights on.**

We can say this because, when it comes to applications management everybody's in the same boat. Everybody's spending far too much time and money struggling to make legacy applications work seamlessly with new ones; peacekeeping between the drive to innovate and the need to avoid disruption; brokering between business units and geographies using different solutions for the same problem.

How do you stop fighting application-management fires and start actively supporting the business with an application strategy that helps it achieve its objectives? Vendors promise magical solutions but, while these solutions may successfully improve things in a specific area, every change has unforeseen consequences and knock-on effects. So what do you do?

There is an answer. There's an approach that takes into account the realities of where you are, but helps you get to where you want to be. It's application portfolio management, but not as you know it...



# BUSINESS AGILITY BUT NOT AS YOU KNOW IT

Applications are the interface through which everyone experiences IT. Yet few CIOs can demonstrate to their organization that their applications portfolio is delivering business value: that investments in the portfolio are driving business results, creating efficiencies, or underpinning innovation. Why?

## THE NEW NORMAL

As we emerge from the recession we do so into a changed world in which organizations are looking to do things differently. There may be a sense of getting back to business as usual; but things will never be quite the same again.

More than any other recession, this one has highlighted the importance of liquidity. As a result, many organizations have become more wary of tying up their cash in capital expenditure.

When it comes to IT, the desire to switch from CAPEX to OPEX is driving an explosion of new 'on-demand' services. The models vary and so does the terminology used to describe them, but at their heart they share the same principle: enabling you to buy IT services as and when you need them and only pay for what you use.

It's hardly surprising that business leaders want to exploit these developments—and not just because of their pay-per-use characteristics. Survival today depends more than ever on speed and agility, and these new approaches promise a flexibility and speed of response that IT has never been able to deliver before. Business leaders see an opportunity for IT to become the kind of enabler that their company needs, rather than a constraint on how quickly they can adapt to new conditions or exploit new opportunities.

With budgets even tighter after the recession than before, IT is also being called on to do more with less. Outsourcing enables you to do so by exploiting the scale and expertise of dedicated service providers. The right service provider is much better placed than most in-house IT functions to industrialize and automate IT services; apply best practices consistently; exploit cloud-based models of service delivery where appropriate; and adopt new technologies or methodologies as they develop.

## APPLICATION STRATEGY IN THE NEW WORLD

When your business looks to IT to help it be more agile, efficient and competitive, the state of your applications portfolio—from email to ERP, billing to business intelligence—is key. But few organizations have an applications management strategy that can deliver the flexibility, value and innovation required; many have no applications portfolio strategy to speak of at all.

Can you work out which applications are suited to cloud-based delivery and which aren't? Where to cut costs and where to invest more? Or how to implement change without disrupting your business? Few organizations have the sophisticated approach to application portfolio management needed to answer 'yes' on all counts. For IT to step up to new business demands, this has to change.

### CLOUD ON THE GROUND

How do large organizations take advantage of new IT service delivery models? If you're the City of Los Angeles you ask CSC to help.

We're working with Google to migrate city employees to Google's suite of on-demand web-based email and productivity tools, Google Apps.

The city is the first of California's public agencies to take advantage of our Cloud Orchestration Services to realize significant benefits in innovation, productivity and cost avoidance without the need for a lengthy and complex procurement cycle.



## ROYAL MAIL GROUP MIGRATES TO THE CLOUD

Since 2003 we've been helping Royal Mail Group maintain its desktop computers and manage and develop its servers, mainframes and IT processes. As part of this remit we're helping the group with its drive to invest in new technology to improve efficiency and customer service.

We're working with Microsoft to give Royal Mail Group's 30,000 employees access to Microsoft's Business Productivity Online Suite (BPOS), which includes Microsoft Exchange Online, Microsoft SharePoint Online, Microsoft Office Communications Online and Microsoft Office Live Meeting.

For Carol Olney, Royal Mail Group's head of technology service delivery, the service will give employees "the tools they need to do their jobs more effectively, enabling our business units to collaborate with each other, partners and other external organisations more freely, easily and securely while securing cost savings."

Ron Markezich, corporate vice president at Microsoft, notes that "Public and private sector organisations, such as Royal Mail Group, are moving their critical applications to Microsoft Online Services in increasing numbers. Partners like CSC are important in helping our customers take full advantage of the enterprise-grade capabilities and flexibility Microsoft's cloud applications deliver."

## VIRGIN RACING EMBRACES NEW WAYS OF DOING BUSINESS

Formula 1 is renowned for its glamour, its technology and its expense. The costs had grown out of control, making it hard for existing teams to find enough sponsorship and extremely difficult for new teams to enter and be competitive. To secure the future of the sport, the governing body changed the rules to reduce the costs and encourage the entry of new teams.

Virgin Racing has taken advantage of these new rules to enter the sport. To compete at a more sustainable budget level it's doing things differently: creating a virtual team and experimenting with a purely computer-based method of design.

The team's car is designed and developed by Wirth Research, a digital engineering group, who use computer models to develop and test the aerodynamic behaviour of the car, rather than the traditional use of physical models and wind tunnels. Cosworth provides the engine. Manor Motorsport, the most successful Formula Renault team in Europe, runs the team's operations centre. CSC provides IT services both at the trackside during Grands Prix and at the operations centre.

The result? Virgin Racing is performing on a par with previous new entrants, including manufacturer-backed teams with budgets larger by ten times or more. Proof that embracing new ways of doing business can make possible what previously would have seemed impossible.



# CSC APPLICATION PORTFOLIO MANAGEMENT: NEW APPROACH FOR A NEW REALITY

Very few organizations have more than a basic approach to application portfolio management, with the average organization sitting very low on the application portfolio management maturity curve.

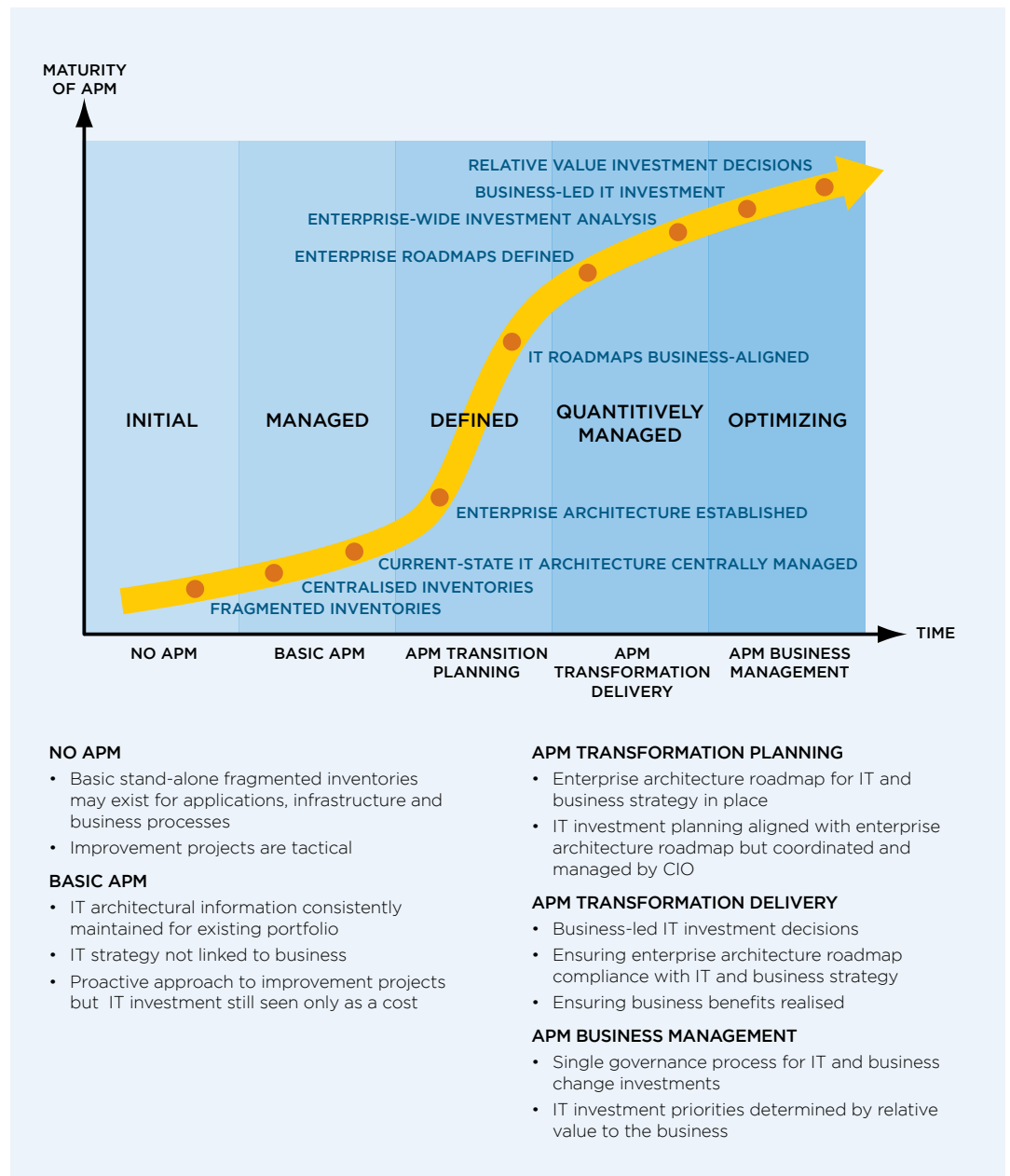
## APPLICATION PORTFOLIO MANAGEMENT MATURITY

As we've seen, organizations have become more demanding of IT as they adjust to the new realities of business. But instead of being able to respond to these new demands, CIOs find themselves spending most of their time and money dealing with the complexities of their existing application environment. This is time and money that IT should be investing in strategic initiatives to help the business succeed.

If we plot a curve of application portfolio management maturity, with business expectations of IT at the 'high' end of the curve, we find that the majority of organizations sit very low on it.

The low end of the curve is characterized by ad-hoc, technology-led approaches to application portfolio management that usually make it difficult for IT to respond to business change quickly or cost-effectively; whereas a business-led, strategic approach to application portfolio management usually means that the business can harness applications to deliver the value it needs.

How does your organization move up the application portfolio management maturity curve? How do you take control of your complex, heterogeneous and intricately interconnected portfolio of applications and get to the point where you can make application investment and management decisions that drive the business forward?



## AN APPROACH THAT CHANGES AS YOU CHANGE

Despite having application management challenges in common, every organization is different. An organization in a heavily regulated industry will have very different constraints from one in a relatively free market. Some companies will strive for cost leadership, optimizing their processes for maximum efficiency and the lowest possible costs to outflank their adversaries. Others will adopt a differentiation strategy, doing something that makes them stand out, even if it's more expensive and appears less efficient.

Our approach recognizes these differences by starting with a strategy alignment engagement that asks how well your applications, systems and processes support your business goals. We assess the current state of your portfolio and help you define where you want to be. The gap between your current state and desired future state provides a very good overall measure of how much value your application portfolio is delivering and how well (or badly) it meets the needs of your organization.

Next we help you define a roadmap for your journey and identify the areas you need to focus on. From this we can begin a schedule of reviews into specific areas of importance and identify defined improvement projects. Unlike long, monolithic application portfolio transformation projects, these projects will deliver measurable results quickly. And unlike uncoordinated tactical projects, you'll know that each step is a step in the right direction.

Finally, our approach incorporates a governance framework to provide oversight and to accommodate the changes to your business needs over time. When your environment or strategy changes, we don't have to start again with a whole new application transformation strategy; we can simply reassess your destination based on the new criteria and agree new focus areas and review programs.

## CSC APPLICATION PORTFOLIO MANAGEMENT

Our approach to application management replaces ad-hoc decisions made on the basis of technology with a business-led portfolio management strategy. This connects IT investment planning to the strategic direction of your business. It enables you to explicitly link your applications to the business value they deliver; and your IT investments to your business objectives. It enables you to measure and respond to the business value, cost, performance and risk of your portfolio of IT application assets.

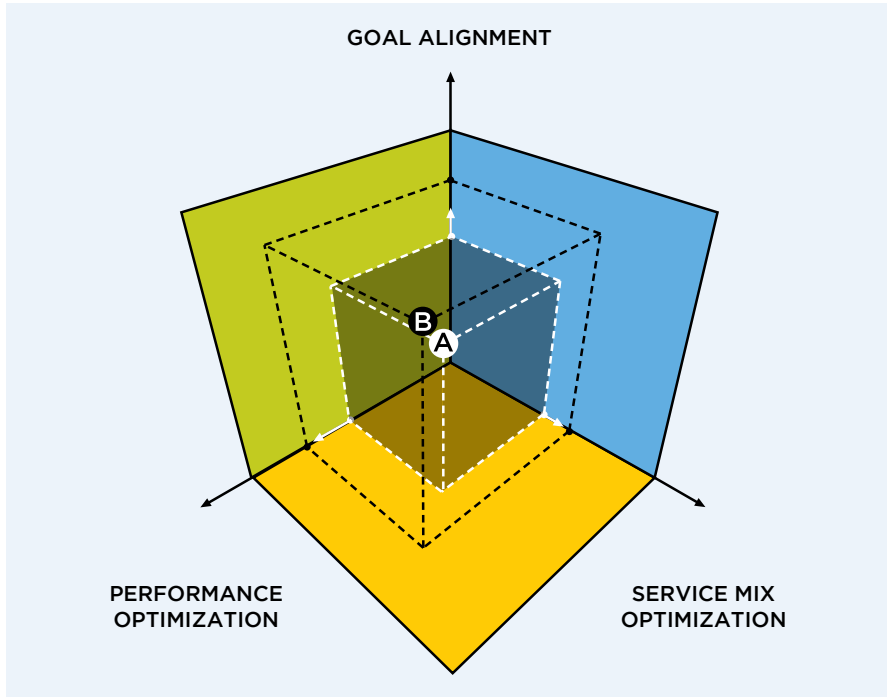
Our approach stands out in three key ways:

- **Realistic:** we recognize that moving up the maturity curve is not a trivial task. Our Application Portfolio Management service helps you to make the journey in manageable steps, delivering value at each stage. It embeds application portfolio governance into your organization, ensuring that your application investments are aligned with your business goals not just for a quarter or two after the initial report, but for the long term.
- **Rapid:** our approach enables us to create a top-level application portfolio strategy within weeks.
- **Multi-dimensional:** our methodology recognizes the importance of demonstrating alignment with business goals as well as improving application performance and minimizing management costs.

## BENEFITS OF CSC APPLICATION PORTFOLIO MANAGEMENT

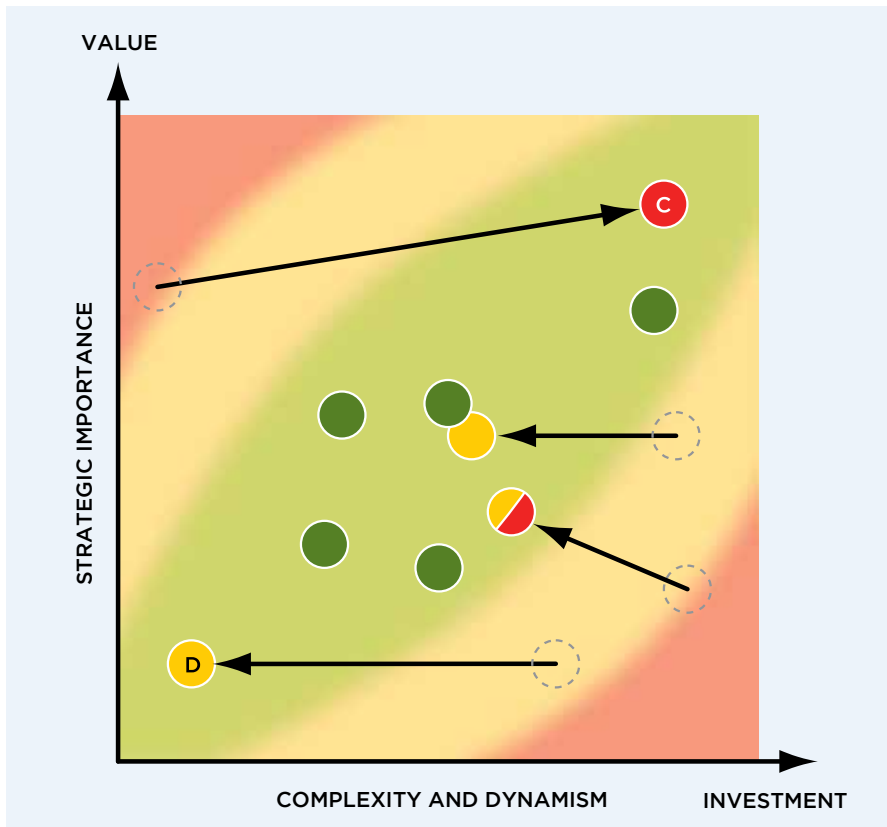
- Align IT capability with strategic business goals:
  - Optimize your IT spend based on value delivered
  - Plan for the future with a cross-enterprise roadmap
  - Prioritize your investments wisely
  - Manage organizational risk effectively
- Increase the performance and value of your portfolio:
  - Reduce the total number of applications
  - Eliminate complexity and improve flexibility
  - Cut costs
- Improve your ability to cope with change:
  - Transform IT in manageable steps
  - Take control of applications throughout their lifecycle
  - Leverage new technologies and service delivery models
  - Improve your products and services

# CSC APPLICATION PORTFOLIO MANAGEMENT: STRATEGY ALIGNMENT



Through the Strategy Alignment engagement we look at your application portfolio in terms of the business value it delivers. We measure its suitability along three axes or dimensions and identify the gap between where you are (A in the diagram) and where you want to be (B in the diagram). The three dimensions of Strategy Alignment are:

- **Goal alignment.** How well are your IT processes and systems aligned with your business goals? Are your investments effectively targeted to help you do the things you've identified as critical to your organization's success?
- **Performance optimization.** Are your applications reliable, robust and performing well without costing too much to maintain?
- **Service mix optimization.** Are you exploiting the available service delivery models to maximize your competitive advantage, improve your responsiveness and align costs to usage?



## 1ST DIMENSION: GOAL ALIGNMENT

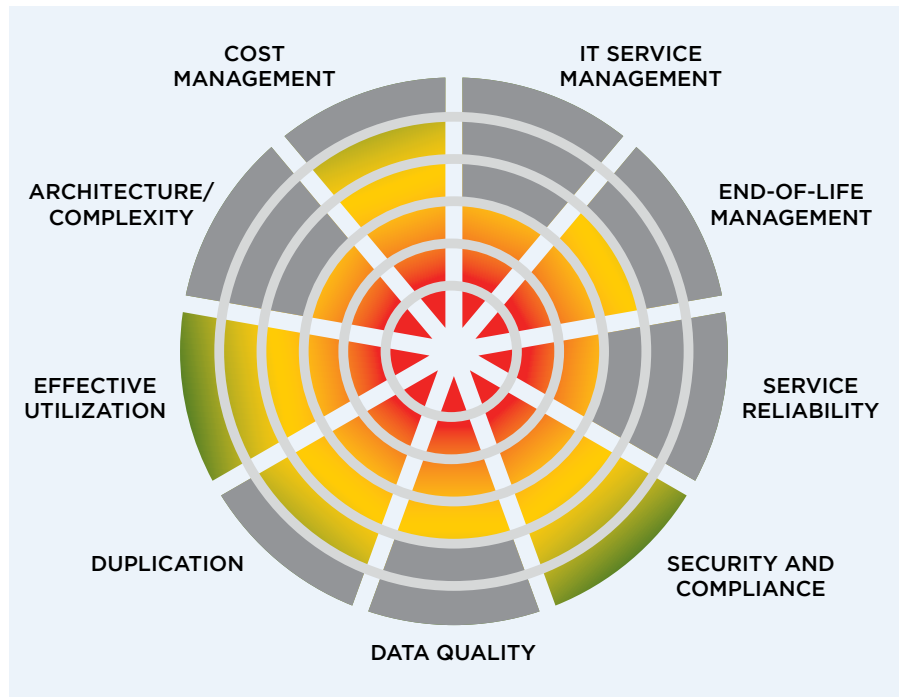
The goal alignment dimension is about assessing whether your investment in any given application or set of applications is in line with its value in supporting your business processes and driving improvements.

We work with you to define your high-level business processes and analyze them for their strategic importance, their complexity and their dynamism. We link certain identified processes to the IT systems that support them. Some processes (C in the diagram) could provide a strategic advantage given some investment. Some (D in the diagram) could benefit from cost-cutting without affecting the organization's performance or effectiveness.

In analyzing your processes and determining how well your application portfolio is positioned to support your business as it changes, we consider numerous common scenarios such as growth, acquisition, divestiture, entry into new markets, development of new products or services, and downsizing.

## 2ND DIMENSION: PERFORMANCE OPTIMIZATION

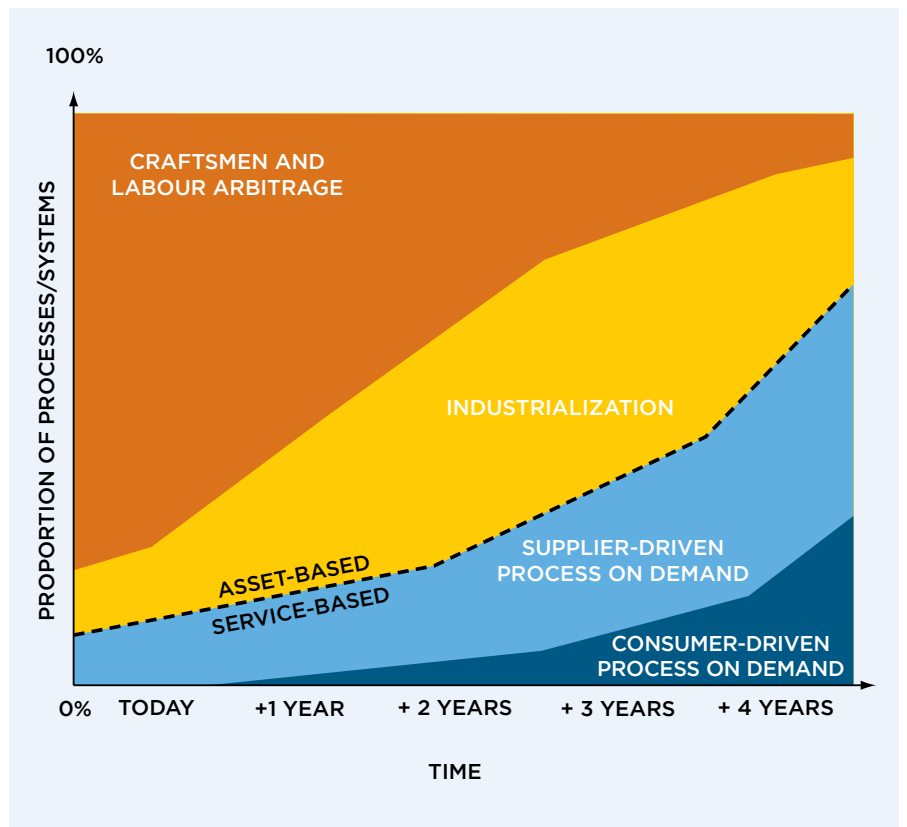
Traditionally the focus of application management is on performance. This dimension reflects the efficiency of your application environment and your ability to lower the cost of maintaining and managing it. We identify how well you're doing by thoroughly assessing your portfolio, looking in detail at nine criteria as illustrated in the diagram.



## 3RD DIMENSION: SERVICE MIX OPTIMIZATION

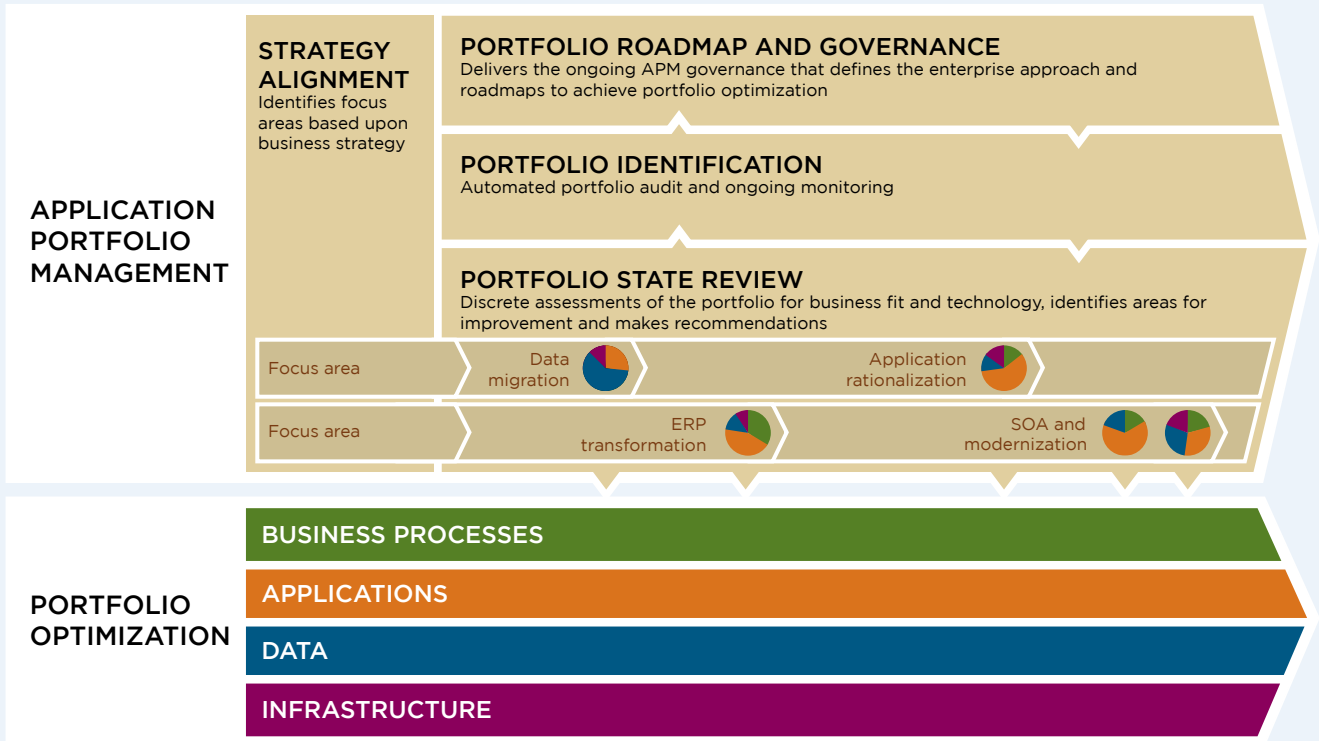
The service mix dimension is about giving your business the most appropriate mix of value, agility and control by identifying and exploiting the ideal delivery method. We consider the extent to which, over time, you can improve the value of your portfolio by 'industrializing' appropriate systems and processes, or by switching from traditional asset-ownership models to a service-based IT delivery model. Over time we expect service-based models to become much more pervasive because of the flexibility and efficiencies they offer (see diagram).

By understanding the strategic importance of your systems and processes we can recommend how best to map your IT estate to an optimum mix of service delivery methods, whether traditional ('customized'), industrialized, or on-demand ('cloud') solutions and services. This approach addresses the inefficiencies that come with a highly customized portfolio of applications or specialist service contracts. As a general rule, the more differentiating a business system or process is, the more intellectual property it represents and the more likely it is to justify the investment required to develop, run and maintain customized applications; whereas non-differentiating systems or processes (typically 90% of your operations) can be delivered just as effectively and at much lower cost by using standard packages, industrialized support processes and/or software-as-a-service solutions from the cloud.



# CSC APPLICATION PORTFOLIO MANAGEMENT: DEMONSTRABLE RESULTS QUICKLY

## CSC PORTFOLIO MANAGEMENT SERVICES



The four elements of CSC Application Portfolio Management work together to deliver recommendations for specific portfolio optimization projects in chosen focus areas. Within each focus area projects will start and stop at different points in time or may occur in parallel (eg, an ERP transformation project may be followed by an SOA project and a modernization project occurring in parallel). A given project may have a process, software, data or infrastructure focus, or some combination (indicated by the colored pie charts).

CSC Application Portfolio Management is a managed service that starts with Strategy Alignment and then helps you make the changes that will move you up the application portfolio management maturity curve. It breaks your journey down into manageable stages, each of which gets you measurably closer to your ultimate destination. The service consists of four service elements:

- Strategy Alignment
- Portfolio Roadmap and Governance
- Portfolio Identification
- Portfolio State Review

## STRATEGY ALIGNMENT

The Strategy Alignment phase of the service is an up-front four-week consulting engagement, starting with workshops and meetings with our consultants and culminating in a results workshop and a business direction report summarizing our findings and recommendations:

- Your application portfolio management value score: current and target
- Where you fit on the application portfolio management maturity curve, where you want to get to and when you want to get there
- Recommendations for the top few areas on which you should focus in order to realize the most dramatic benefits
- The financial case for action

We use the workshops to gather the inputs we need for the value assessment, a financial calculation based on the principles of applied information economics developed by Douglas W Hubbard. This methodology gives us a powerful tool for converting the values we measure into financial terms. It enables us to give you a current-state application portfolio management value score and estimate the financial benefits of moving towards your target value along the three measured dimensions. And it lets us do this quickly, in just one month.

## PORTFOLIO ROADMAP AND GOVERNANCE

Taking the outcomes of Strategy Alignment as our starting point and working within your existing IT governance structures, we'll set up a mechanism for ongoing application portfolio management that will deliver the return you expect.

Portfolio Roadmap and Governance informs your decisions about when and where to perform deeper portfolio reviews and is in turn informed by the outcomes of those detailed investigations. Your application portfolio roadmap is a living document that orients you in the changing application environment and helps you adapt your strategy to cope with changes in your business needs and the technology available.

## PORTFOLIO IDENTIFICATION

This is an automated background data-collection service that provides input to Portfolio Roadmap and Governance decisions. It enables us to audit your application infrastructure and map platforms, servers and applications to processes to get a complete picture of your existing portfolio. The solution remains in place, allowing us to monitor and adapt to any changes.

## PORTFOLIO STATE REVIEW

A Portfolio State Review is carried out when the Portfolio Roadmap and Governance identifies a particular focus area in need of attention:

- A business process or function; for example, customer relationship management or billing
- A technology area; for example, database use or your e-commerce platform
- A business program; for example, modernization or compliance

The review is a defined 'deep-dive' assessment at a clearly scoped level of detail. Its discoveries feed back into the Portfolio Roadmap and Governance process. This enables us to make the business case for specific portfolio optimization projects to improve the area reviewed, within the context of your entire portfolio, your roadmap and your business goals.

## MOVING ON: PORTFOLIO OPTIMIZATION

Our Application Portfolio Management service helps you develop an application portfolio management strategy and roadmap; and identify specific projects that will help you improve your application portfolio to achieve your business objectives. It doesn't go as far as helping you carry out those projects, but we do have a full suite of follow-on services if you want the benefit of our expertise in portfolio optimization.

A given project may have a process, software, data or infrastructure focus (or some combination): from data migration to software-oriented architecture, from ERP transformation to desktop virtualization, from custom application validation to business process outsourcing, we do it all. Many of the organizations that come to us for help with application portfolio management find it beneficial to have us manage their implementation projects too.

### WHY CSC?

- No other approach gives you a more thorough understanding of how well your application portfolio meets the strategic needs of your organization
- No other service gives you results as quickly, or is as good at adapting to changing needs
- Our services are backed by 90,000 people worldwide, including more than 25,000 application professionals
- We offer a full portfolio of optimization services to complement Application Portfolio Management
- Our services comply with industry standards such as The Open Group Architecture Forum (TOGAF) and ITIL
- We have 50+ years of experience providing IT services and a 20-year history of application management for some of the world's largest and most innovative companies, including DuPont, Raytheon and BAE Systems

### FOR MORE INFORMATION

To find out more about CSC Application Portfolio Management, speak to your account manager, visit our website or contact us:

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## About CSC

*The mission of CSC is to be a global leader in providing technology-enabled business solutions and services.*

*With the broadest range of capabilities, CSC offers clients the solutions they need to manage complexity, focus on core businesses, collaborate with partners and clients and improve operations.*

*CSC makes a special point of understanding its clients and provides experts with real-world experience to work with them. CSC is vendor independent, delivering solutions that best meet each client's unique requirements.*

*For 50 years, clients in industries and governments worldwide have trusted CSC with their business process and information systems outsourcing, systems integration and consulting needs.*

*The company trades on the New York Stock Exchange under the symbol "CSC".*

