

Technology

Optimizing your applications portfolio to achieve high performance



High performance. Delivered.

This Accenture brief aims to help IT executives determine how they can measurably increase both the efficiency and effectiveness of their applications portfolio. Our experience shows that organizations can achieve savings and business results—beyond those of low-cost labor through offshoring—when they industrialize their applications development and maintenance, and then optimize their applications.

• Consulting • Technology • Outsourcing



This approach is proven to help organizations align their technology in support of their overall business objectives with reduced cost and increased performance. The end state of optimization is fewer outdated and varied languages, applications and technologies. In short, it creates a streamlined IT environment that can generate more business value. Leveraging outsourcing can accelerate the optimization process and help sustain these benefits with reduced risk.

Accelerate down the path to high performance

As organizations grow, the applications required to support the business generally become more complex. Over time, IT's effort to manage the organization's applications evolves into a Gordian knot. Still, organizations must overcome the intractable problems of cost, complexity and performance in order to continue introducing new technologies or to remove obsolete applications. And so, the knot grows, making applications maintenance and development work more expensive and more difficult with each additional software enhancement, fix or package. Consequently, organizations require a bold stroke to marshal the necessary resources and corporate will to break the knot.

For many organizations, change is difficult. Tradition and habits, many of which have led to success in the past, become engrained in the culture and workings of an enterprise. In the IT world, legacy applications epitomize

this mindset, where organizations have codified knowledge and expertise into the software and systems that support the business. According to one CIO, "Many IT departments can spend up to 85 percent of their time managing legacy environments, reacting to problems instead of managing technology to help drive the mission of the larger organization."

When it comes to the software and systems that drive your business, Accenture research indicates that for most organizations application costs have increased over the years—often the result of aging and redundant applications and an overly complex technology footprint. While many have turned to offshoring to hold the line on cost through labor arbitrage, the fundamental complexity and ineffectiveness remain. In fact, a recent independent global survey of more than 400 CIOs supports this point in finding that while organizations feel they are winning

the battle on cost efficiency (the first part of the journey) many believe they are losing the war on performance.

Continuing the journey to high performance requires addressing new questions, such as how to make sure applications and their supporting infrastructure align with the business and how to simplify an overly complex applications portfolio. Many organizations struggle to answer such questions, and simply maintaining the status quo can present significant risks in terms of cost, productivity, and, ultimately, market performance. While many business leaders understand why they need to rationalize legacy systems and optimize their applications and the supporting infrastructure, the real challenge is how.

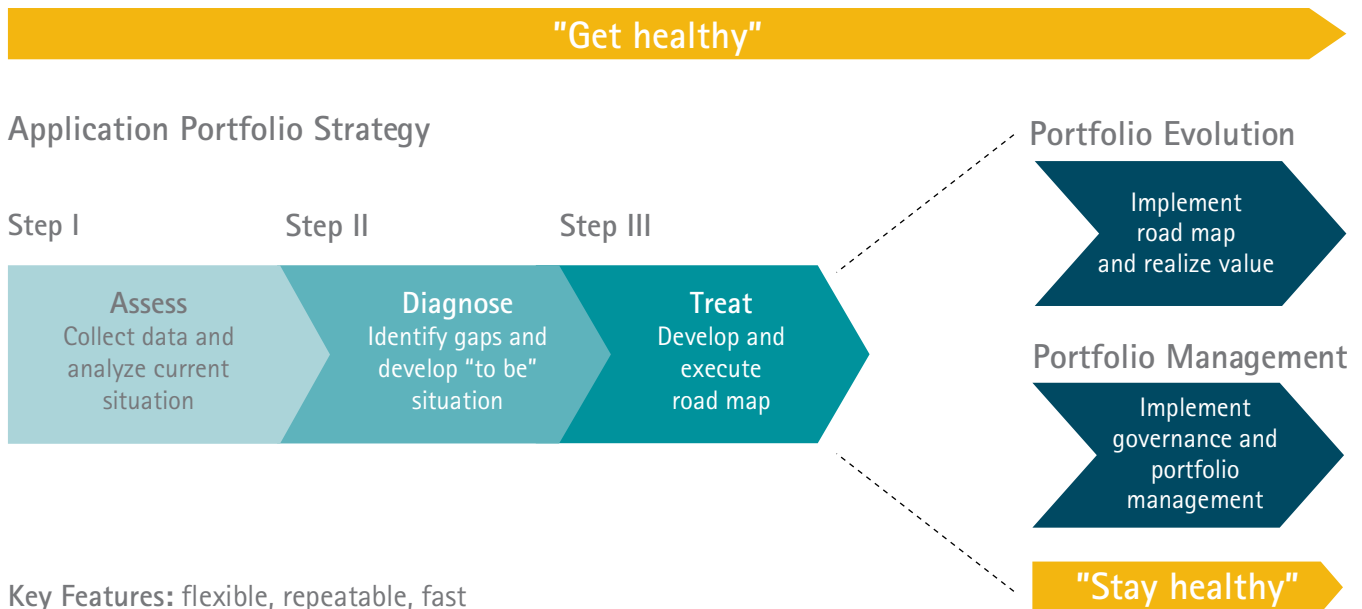
How can IT executives break the knot?

Optimization: Making the changes that matter

Our experience tells us that even when—"doing things right"—organizations cannot perform at their best unless they "do the right things" as well. Today's market place requires efficiency and effectiveness when moving information, products, and people from point A to point B. In fact, operating a highly efficient, but ineffective, legacy application and IT infrastructure only prolongs the correction that must inevitably occur. Despite external pressures from competition, customers or the market, many delay. Delay, however, invariably leads to greater expense to rationalize and sacrifices the opportunity costs of optimization—greater agility, speed and execution.

The changes required can be challenging and simply addressing the software without considering the supporting infrastructure can undermine even the best efforts. With access to the proper diagnostic and analytical tools, your organization can continually identify excess costs and under-utilized capacity, which can help improve your technology, but also help to improve your business. For example, imagine not only reducing your applications management headcount by 30 percent but also improving sales, customer service or other business processes through a team of professionals who know how to make more effective use of your business software and technology.

What does optimization look like?



When it comes to improving and innovating with your applications, Accenture has developed a solution based on an end-to-end framework, which begins with an application portfolio strategy or assessment and continues to implementation of a "to be" plan for an organization's future applications and infrastructure environment.

A successful optimization approach addresses the functional, technical and financial parameters that define your business by coordinating several key inputs: a tuned mix of IT professionals operating from a consistent mindset and service culture; a shared set of operating methods and business practices; and a global delivery network where the right people can execute at the right place and time. One begins by assessing an organization's current applications environment and collecting key data on the health, usage and cost of each application. As necessary, this can be taken a

level deeper to examine application code efficiency—software function points, dead or redundant code that identify specific problem areas, confirm earlier recommendations and enable better estimates of change efforts. All of this together helps an organization to rationalize their entire portfolio of applications, assisting them to in determining the best use for individual and integrated groups of applications—decommission, re-mediate, re-platform, replace, consolidate, enhance and sustain.

At Accenture, we have developed the Service Optimization Framework to guide our clients through this process. It includes:

The Accenture Technology Discovery Suite

The Accenture Technology Discovery Suite tracks quality and complexity, establishes a baseline for measurement and identifies opportunities for improved functionality at the application level.

The Accenture Technology Rationalization Suite

The Accenture Technology Rationalization Suite streamlines technology and management of the entire application portfolio so that you can maximize the output from the IT software and systems that support your enterprise.

We help organizations align their technology in a more efficient and effective manner in support of their overall business objectives. The end state of optimization is an IT function operating with fewer one-off business processes and applications, less outdated and varied languages and a simplified set of technologies. Most importantly, this streamlined application environment can generate more business value. And by outsourcing your application services, you can open the door to continuous review and improvement of your information technology (IT) and business processes.

Leveraging outsourcing to achieve optimization

Outsourcing offers IT and business executives a comprehensive set of skills and assets essential to the increase of both the technical and business value of their existing software and the supporting infrastructure. Optimizing through outsourcing provides a repeatable and scalable approach to assess applications in a legacy environment and to determine a cost-effective strategy to manage each application.

Organizations can then achieve greater speed, technical capability and operational savings in how they manage their entire applications portfolio by using outsourcing as a forcing function so that critical software improvements and management practices do not fall through the cracks. The added savings from outsourcing can also help clients create a self-funding model for these types of critical IT activities (and when was the last time an enterprise IT project helped pay for itself?). Once the optimized environment is in place, outsourcing often enables organizations to achieve step-change improvements that help transform their IT and business processes.

At Accenture, we believe application outsourcing services and optimization capabilities must help clients to:

Achieve and sustain improvements: Accenture helps organizations' outsourced operations get healthy and stay healthy. Across multiple industries, Accenture's outsourcing services have led to new industry standards and capabilities such as more cost-effective revenue accounting for energy companies, more automated ticketing systems among airlines and streamlined procurement for utilities. Streamlined applications and systems architecture

also provide resources at the point of need, giving you more agility and flexibility.

Reduce complexity, risk and costs: Accenture teamed with a leading aerospace company to rationalize its suite of applications and reduce the overall IT budget. The resulting benefit is an estimated 30 percent savings in long-term IT costs, with 80 percent fewer applications. In fact, optimization can help reduce IT and business risk in a number of ways. Fewer custom applications not only mean less risk and more control but also fewer risks (and costs) from having to support software at the end of its useful life. Less focus on the wrong software also liberates IT to acquire and support new software that the organization should have.

Innovate continuously: Outsourcing your applications and the supporting infrastructure to Accenture in no way constrains your IT operations—just the opposite. Our outsourcing delivery approach alone can help organizations reduce their overall IT cost by 10 to 20 percent or more, while promoting continuous performance and quality improvements. Optimization also helps to ensure that IT executives are spending their IT dollars on their highest value areas and eliminating low-value IT investments that siphon off funds and resources.

Our work with clients has shown real benefits. For example:

Large Global Telecommunications Company

Optimization has helped to reduce costs and free up key resources while increasing the effectiveness of a global telecommunications company's applications. Through our optimization solutions, Accenture re-configured the

company's applications to leverage more work from fewer assets, reducing the total number of applications from 800 to 200. This change has enabled the company to re-direct staff to other critical areas of the business and lower costs through reduced maintenance and higher productivity.

Government Agency

A government agency was challenged to increase the efficiency of its field branch processes (reduce cost) and maintain applications used by more than 20,000 employees, Accenture developed and managed a more-flexible, Web-based system that could be deployed on the organization's desktops. Accenture led the migration to a new Microsoft .NET platform with nearly 300 applications, 12 million end users and more than 8 million lines of code. In doing so, Accenture helped to reduce infrastructure costs by 90 percent and development costs for application maintenance by 40 percent.

Large Financial Services Company

A large financial services company sought to align business and systems better through a new platform that offered greater reliability and availability to support growth while lowering total cost of ownership. Accenture developed a solution that automated the migration from mainframe to pure UNIX environments to achieve a 40 percent reduction in hardware savings and a corresponding 60 percent savings in software.

Optimizing your applications to achieve high performance



Leaders in IT performance understand the simple yet crucial lesson of aligning their IT systems to the business and operating them both efficiently and effectively. To remain aligned requires disciplined approaches to measuring, monitoring, modifying and replacing these systems so that they are properly supporting the business. Progressive companies are already exploring this new territory—rationalizing technology platforms and optimizing hardware and software assets, building upon labor cost reduction achieved through offshoring. The results can be dramatic: lowered total cost of ownership across their portfolio of applications and simplified business processes which significantly impacts the overall value delivered to the organization. The benefits are obtainable—all that's required is to undo the knot.

What's next?

To learn how Accenture can help you outperform, reach us at www.accenture.com/ao

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