

The role of the Accenture Application Portfolio Optimization Solution in achieving high performance



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Business challenge

Accenture's research shows that high-performance businesses proactively manage their application portfolio, helping to increase business effectiveness while also helping to reduce costs. However, our research also indicates that for most organizations, application costs have crept steadily higher and higher over the years—often the result of a highly complex, aging environment, redundant applications, very diverse technical footprint and a large number of point-to-point application interfaces. Faced with the constraints of today's highly competitive marketplace, many organizations have awakened to the realization of being caught in the austerity trap, which is characterized by a limited amount of resources and funds available for IT, ever larger slices of the budget dedicated to the maintenance and support of the current application portfolio, a growing inability to provide new value, and increasingly inflexible systems—all of which lead to prolonged implementation times and a very frustrated business community.

The legacy application portfolio and corresponding maintenance challenges handcuff the chief information officer (CIO) and enterprise architects as they strive to support business requirements

on the horizon. Service-oriented architecture (SOA) planning is among the potential solutions, however once the decision to adopt a service-oriented architecture has been made, reusable services must be identified. These can be services that already exist in the application landscape that can be identified through a thorough analysis of the existing application assets. Application portfolio optimization is a necessary prerequisite to service-oriented architecture planning since it helps organizations to understand the current application landscape and the root cause of any dysfunction it may contain. The organization will then be poised to prioritize application transformation plans and define an overall service-oriented architecture approach, including the road map and business case.

Accenture has developed the Application Portfolio Optimization Solution to help overcome these challenges.

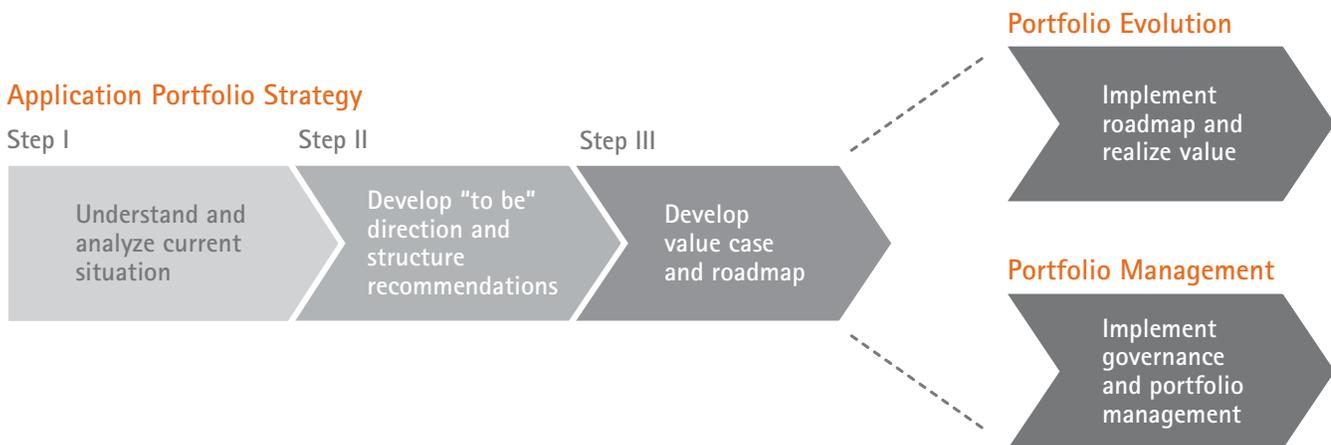
The Accenture approach

Accenture's demonstrated Application Portfolio Optimization methodology helps organizations increase business value and decrease overall costs of each application by assessing the economic, functional and technical

viability of each critical application. By evaluating applications on a standard basis for overlapping, redundant and missing functionality, and on technical and economic viability, Accenture can help your business define a road map for achieving high performance through proactive portfolio evolution and management. The result is a segmented, logical, affordable and achievable plan that specifies application disposition—to decommission, remediate, re-platform, consolidate or enhance applications (see the list of terms below for more details). The Accenture Application Portfolio Optimization process goes beyond application evaluation—we recognize that sustaining high performance is dependent on a well run process that establishes a rigorous governance and portfolio management discipline.

Application Portfolio Optimization is a two-phased approach: portfolio strategy and portfolio evolution/management. Portfolio strategy comprises three high-level steps, while portfolio evolution and management typically occur in parallel. These steps are illustrated in the figure below.

The portfolio strategy approach can be customized to meet a specific goal or level of assessment. It can be executed serially or in an iterative manner to



drive value through the application portfolio. This phase includes the following activities:

- Documentation of the organization's business context, direction and imperatives.
- Assessment of the current environment.
- Creation of business capability blueprint mapped to applications.
- Determining required organizational and process modifications.
- Determining application dispositions.
- Evaluation of sourcing options.
- Development of a road map, that contains actionable implementation plans.
- Finalization of the "Value Case".

During the portfolio evolution phase, Accenture will implement the steps defined on the road map to improve each critical application. This will result in a portfolio that is optimized to meet your specific timetable and objectives. Options for each application are shown in the list below.

Accenture at work

At a large aerospace company, the Accenture Application Portfolio Optimization team assisted the client to rationalize its application portfolio

and to reduce IT costs. At the onset, more than 70 percent of IT costs were allocated to application maintenance. The intervention involved an assessment of the portfolio (more than 2,500 applications), the development of high-level application architecture blueprints, definition of a new governance process and the creation of an overall architecture framework. Once the initial phase was completed, the team created a "transformation engine" to validate the blueprints with the business stakeholders and disposition each application.

The project will assist the client to achieve an estimated 30 percent savings in long-term IT labor costs and an 80 percent planned reduction in application inventory. In addition, the new governance process will reduce yearly information systems spend by an estimated 10 to 15 percent.

Accenture's resources and delivery capabilities

Accenture's Enterprise Architecture practice is part of a global, cross-industry architecture and core technology group with highly specialized architects. Accenture has more than 5,500 architects worldwide, distributed throughout every major enterprise architecture marketplace

worldwide. These professionals include both enterprise architects and specialized technologists in the areas of information architecture, custom/ packaged application architecture, service-oriented architecture and infrastructure. Our methods result in actionable, pragmatic plans and processes that are built into clients' core IT capabilities and enable high performance.

Accenture is organized in a matrix structure, allowing the Enterprise Architecture practice to leverage industry strategy and business architects from disciplines such as customer relationship management, supply chain management, human performance and finance. Multi-disciplinary enterprise architecture teams can therefore meet both technical and business challenges.

While the benefits of enterprise architecture application portfolio optimization usually accrue over a three- to five-year period, the gross returns far exceed the costs of building this capability, making enterprise architecture investments very attractive propositions. They can result in direct information technology cost reductions of up to 30 percent. Indirect benefits driven by cost avoidance and risk reduction opportunities can amount to between 10 and 50 percent.

Optimization approach	Accenture established solution
Decommission	To retire (sunset) an application. Decommission a framework.
Remediate	To improve code quality, developer productivity and overall reliability of applications. Application Remediation Tool.
Re-Platform	To port an application from one technical platform to another. Application Renewal Tool.
Replace	To change the existing application by decommissioning it and replacing it with either a package or custom built system. Replace also encompasses package upgrades.
Consolidate	To integrate applications and/or data. Application Integration Framework.
Enhance	To provide the system with a new interface (at the presentation, application or data tier) or to expand the functionality of the application to result in cost savings. Application Renewal Tool.

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Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills and technologies to help clients improve their performance. With more than 152,000 people in 49 countries, the company generated net revenues of US\$16.65 billion for the fiscal year ended Aug. 31, 2006. Its home page is www.accenture.com.

Contact

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