I believe the ability of organizations to systemically rationalize and simplify application portfolios will become a core competitive differentiator. Rationalization will provide clear line-of-sight into the linkage between technology portfolio changes and business goals.


**CHALLENGE**

Application sprawl can be one of the biggest obstacles to improving IT’s business value and accelerating innovation. Even companies running lean, highly utilized infrastructure may spend 70-80% of their IT budgets keeping the lights on. How? By filling lean infrastructure with application “fat”: under-used, redundant, unsupported, commoditized or misaligned with current business mission. Beyond I&O, application teams and, ultimately, business lines suffer as developers spend time building, enhancing and fixing unneeded applications rather than delivering new value-driving functionality at a faster pace.

Application rationalization (retiring, consolidating and migrating applications for better value alignment) is a clear answer, but most of these efforts fail due to a lack of engagement with business partners. IT often lacks a credible way to understand and demonstrate application cost and value because manual approaches to application costing are daunting. Deep and broad cost analysis can be too slow and expensive to cover enough of the portfolio, while faster but over-simple analysis falls short of creating the trust and understanding needed for engagement and decisions.

Now more than ever, IT needs a repeatable approach to application rationalization to keep pace with faster software development approaches, growth in SaaS offerings, and desire by business users to acquire applications at a consumer pace. To achieve decision agility, IT organizations need a scalable way to make business sense out of disconnected financial, operational and project data about their application portfolio.

**Apptio TBM Approach & Advantages**

Apptio TBM supports a repeatable approach to application rationalization by automating the monthly process of transforming raw financial and IT data into analysis of application total cost, usage, and more. Unique advantages of the Apptio TBM approach include:

- Business and IT partner around defensible data about often hidden financial and opportunity costs of running and maintaining applications
- Alignment is driven across Application, PMO, I&O, IT Finance and Business partners with fact-based conversations based on the same shared data, unified from their respective sources of truth
- Total cost is correlated with factors needed for decision context including usage and business purpose
- Costs are more defensible and trusted as stakeholders explore different dimensions with self-service analytics
- Decision-makers can quickly answer many of their own questions with interactive dashboards
- Analysts can quickly answer unanticipated questions, and publish new interactive reports themselves, with point-and-click pivots (without requiring database administrators to restructure data and write SQL queries)
- Demonstrate potential and realized financial gains from app rationalization to justify additional funding for other projects
Benefits of Application Rationalization

By driving fact-based conversations and decisions to consolidate, migrate and retire applications, you can:

- Fund more innovation by shifting RTB spend from unneeded applications to CTB
- Reduce and avoid I&O costs by repurposing, resizing and retiring infrastructure from decommissioned apps
- Free development resources to deliver more app projects faster
- Control future portfolio sprawl by operationalizing application TCO and portfolio reporting
- Align strategic and financial planning to business goals

Real-World Examples

- After years of saying no to any application retirement, the service lines of a regional healthcare provider quickly agreed to retire 25 out of 600 applications after seeing the approximate ongoing operational expenses to keep each application.
- A real estate services firm demonstrated application TCO to application owners who agreed to retire 120 applications. In addition to reducing complexity, the company avoided $1.4M in annual server and storage expenses by repurposing assets instead of buying new ones.

A telecommunications and internet service provider was encountering business resistance to finishing a Siebel-to-Saleforce.com migration: a single sales team was still using the last instance for a single report. Sales leadership agreed to retire it once IT demonstrated that the report was costing the company $1 million a year.

Supported Analyses

Apptio provides analysts and stakeholders with self-service analytics to explore application cost, usage and value information from different angles. Powered by in-memory calculation and query technology, users can pivot, slice and filter to see not only new selections of data but also dynamically calculated costs and metrics for the parameters they select. Beyond the time and cost saved on creating static reports is a more important result: better trust and understanding to drive fact-based conversations and decisions. Analysis breadth and depth can be configured to fit your data and goals and evolves as your data improves and your process maturity and goals progress. Examples include:

- **Total Costs**
  - Software cost drivers (e.g. maintenance, support, licensing, depreciated project labor)
  - Each application’s share of infrastructure costs per class and usage, e.g. #GB allocated Tier 1 Storage broken down by Tier 1 Storage support labor, depreciation, management software
  - Different dimensions of costs including OpEx & CapEx, Variable & Fixed, Direct & Indirect

- **Application Usage of Resource**, including quantity and IDs of infrastructure assets, developer time
**Application Rationalization**

Accelerate better decisions for cost reduction, agility & innovation

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- **Business Usage of Applications**
  - Cost per user and per license
  - Cost per login, transactions (where available)
  - Cost per business unit

- **Service Quality**
  - Number, severity and duration of support tickets (incident, problem and change activity)

- **Portfolio Attributes**
  - Business purpose and criticality to better align spend to business value
  - Investment status to align portfolio to investment plan
  - Function to identify cost of potential overlap

- **What-If Scenario Analysis** to see potential savings and cost avoidance for different consolidation, migration and retirement scenarios

- **Data quality** including correlation gaps between servers and applications and impact on unallocated costs

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<thead>
<tr>
<th>Good Data</th>
<th>Better Data</th>
<th>Best Data</th>
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<tr>
<td>• List of applications</td>
<td>• Server &amp; storage app mappings</td>
<td>• Application attributes</td>
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<td>• GL expenses</td>
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<td>• Licenses</td>
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<td>• Project hours</td>
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**What Data Do We Need?**

Unlike traditional calculation and reporting approaches that expect perfect data for hardwired data models, Apptio TBM works with raw, imperfect data from any existing financial and IT management systems. With adaptive data management techniques that include integrated data transformation and intelligent data correlation, you can quickly gain insight from the data you have today while also pinpointing the data improvements needed to drive new insights and increase confidence tomorrow.

Perform what-if analysis to simulate the financial impact of application rationalization decisions.

Prioritize source data and model improvements by seeing the breakage impact on unallocated costs.

Application Rationalization is just one of many ways you can turn raw data into actionable insight with Apptio TBM. In fact, the financial and management data used for Application Rationalization can be used to drive many other actions and outcomes.

To learn more, please visit [www.apptio.com/get-started](http://www.apptio.com/get-started)
About Apptio TBM
Apptio Technology Business Management (TBM) is a software as a service (SaaS) solution that provides real-time analytics to accelerate technology business decisions – like those needed for application rationalization. Only Apptio TBM combines data management, visual cost and metric modeling, and self-service analytics in a single platform. Together with best-practice analytic applications, proven methodology, and expert technical and consulting services from Apptio and its partners, Apptio TBM efficiently and repeatedly delivers the breadth and depth of technology business analysis needed to drive trust, understanding, decisions and action.