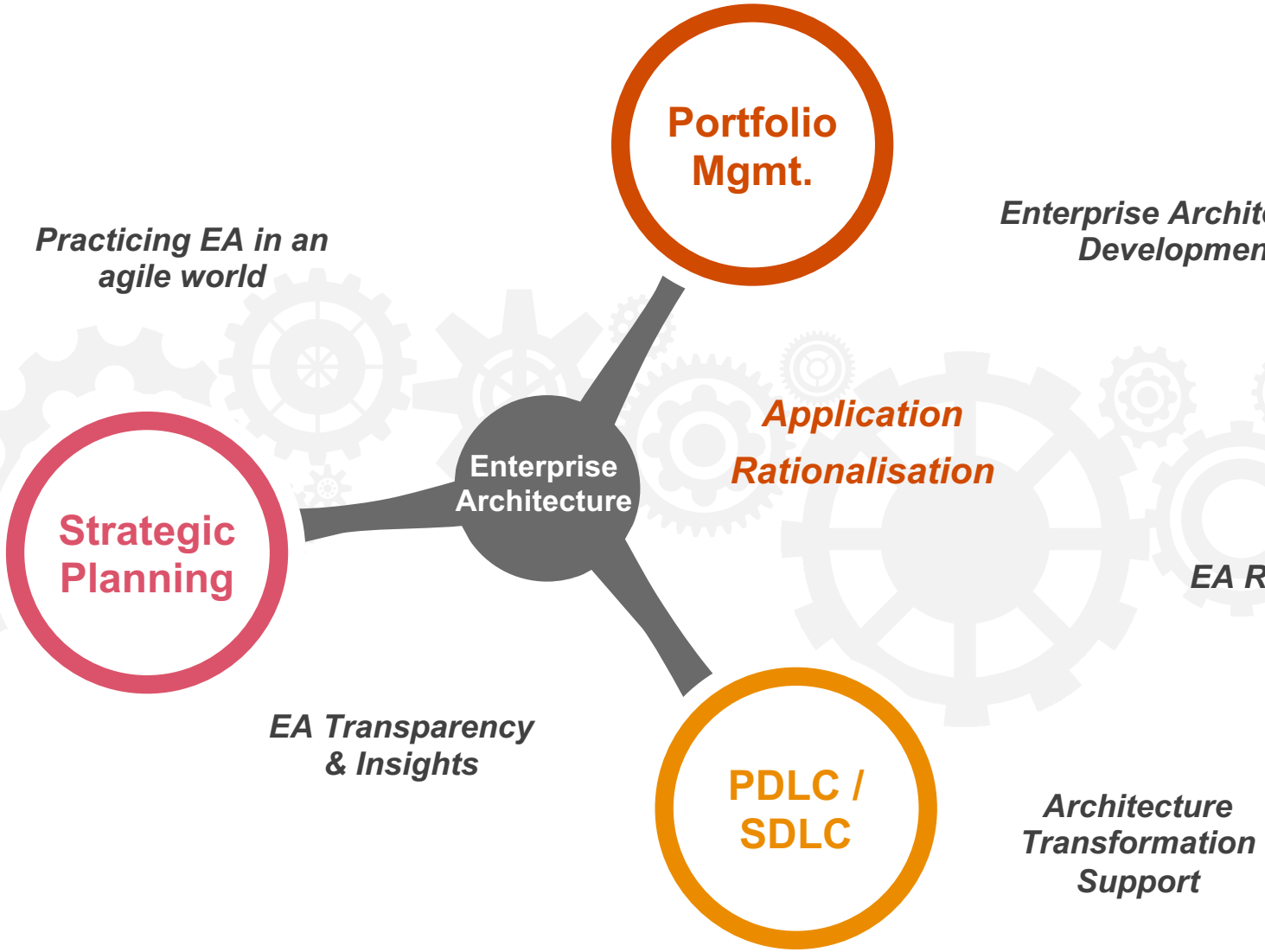
Application Rationalization with LeanIX

presented by Rolf B. Blankenmayer

pwc

Enterprise Architecture is the lynchpin in our strategy-through-execution philosophy



Increasingly urgent and diverse demands on organizations are resulting in complex and costly application portfolios

Application portfolios have to meet several demands ...

Complexity

...*"We want to move away from the monolithic ERP to a more **flexible architecture**."*

Functionality

..."*After the recent merger, we have too many **systems doing the same thing**."*

Cost

..."*Our legacy applications **constantly fail** and **require excessive resource** and cost to support."*

Both the business and technology organizations can expect to see benefits from Application Rationalization

REDUCE COSTS

HARMONISE PROCESSES

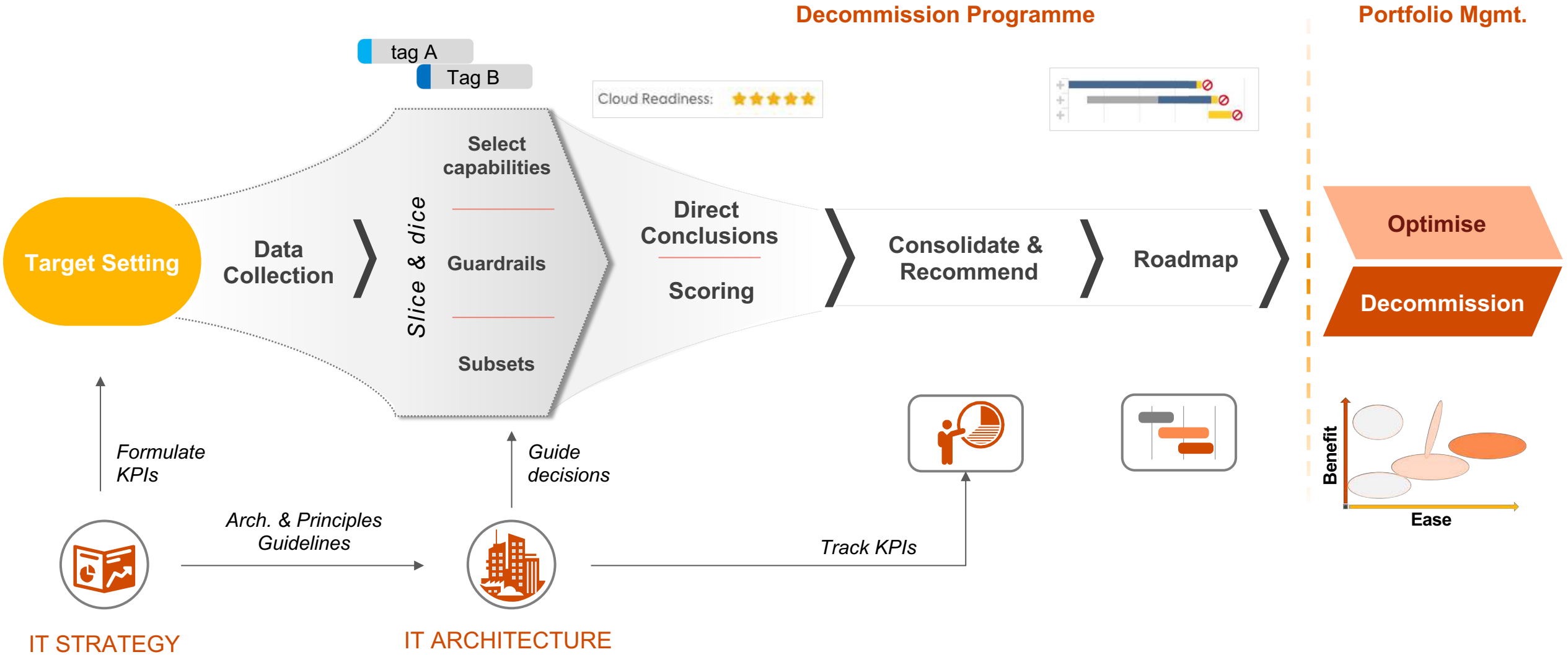
REDUCE TECHNICAL DEBT

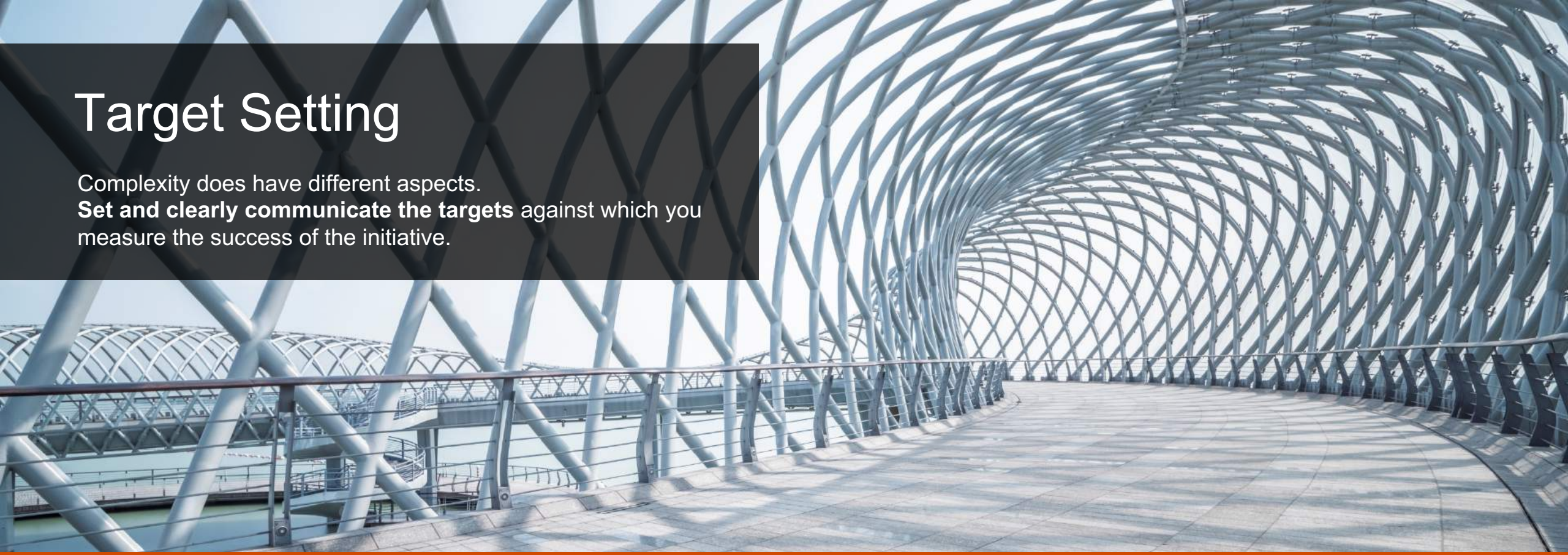
FOCUS TECHNOLOGY AND SKILLS

INCREASE AGILITY

SIMPLIFY DATA MODELS & INTEGRATION

Application Rationalisation Process with LeanIX





Target Setting

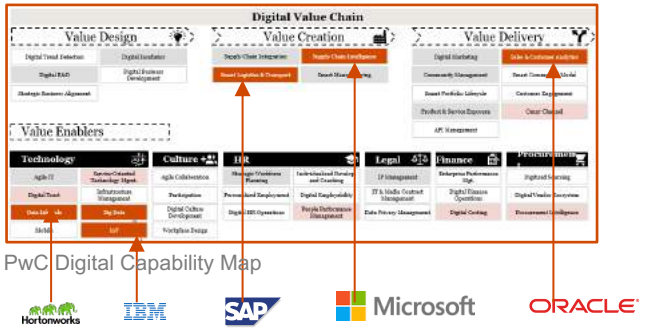
Complexity does have different aspects.
Set and clearly communicate the targets against which you measure the success of the initiative.

# of Applications	Run costs	# of vendors	COTS vs. Custom
Average application usage duration	Business satisfaction	# of different release versions	Adherence to architecture principles

Capability Maps can accelerate the process of application rationalization

1. Identify Capabilities and map to applications

(illustrative)



PwC Digital Capability Map

Hortonworks IBM SAP Microsoft ORACLE

2. Distributed data collection

LeanIX

Application Attributes, e.g.

- licenses
- run costs
- user groups
- users / logins
- # of incidents
- technical stack
- data flow
- data objects

3. Categorize capabilities

(illustrative)

Marketing / Social Media Marketing

Business Capability | Strategic Support | Edit tags

Marketing / Corporate Communications

Business Capability | Essential | Edit tags

Customer Relationship / After Sales Service

Business Capability | Advantage | Edit tags

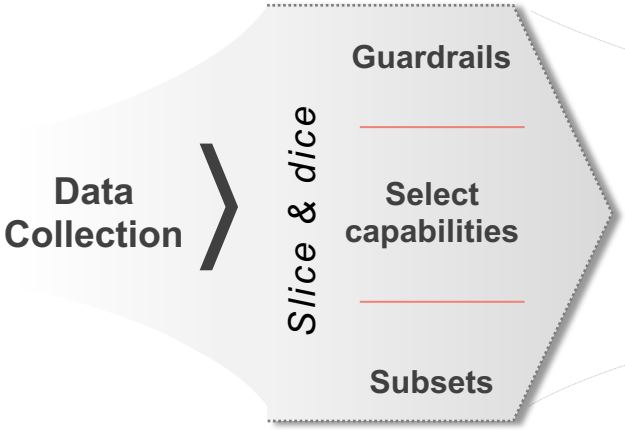
Reduce Complexity

Typical application landscapes comprise hundreds to thousands of applications.

As application retirement comes along with numerous subsequent tasks and high resistance, the assessment should be made as efficient as possible.

We have to economize the approach to show results quickly …

We reduce the amount of applications which require detailed and time consuming scoring



Direct Conclusions

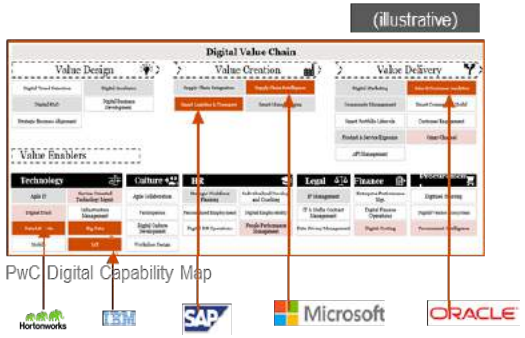
Scoring

Guardrails as decision shortcuts

"No local CRM systems"

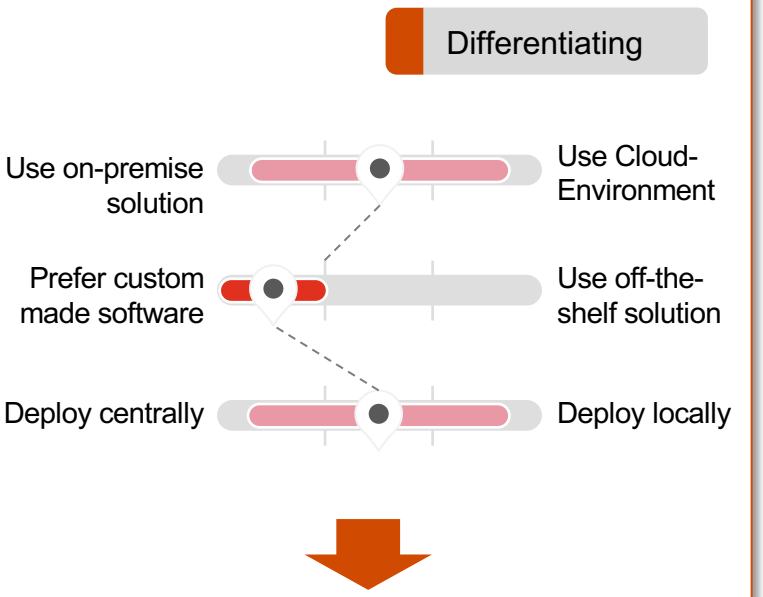
Business needs to ask for exceptions

Select capabilities



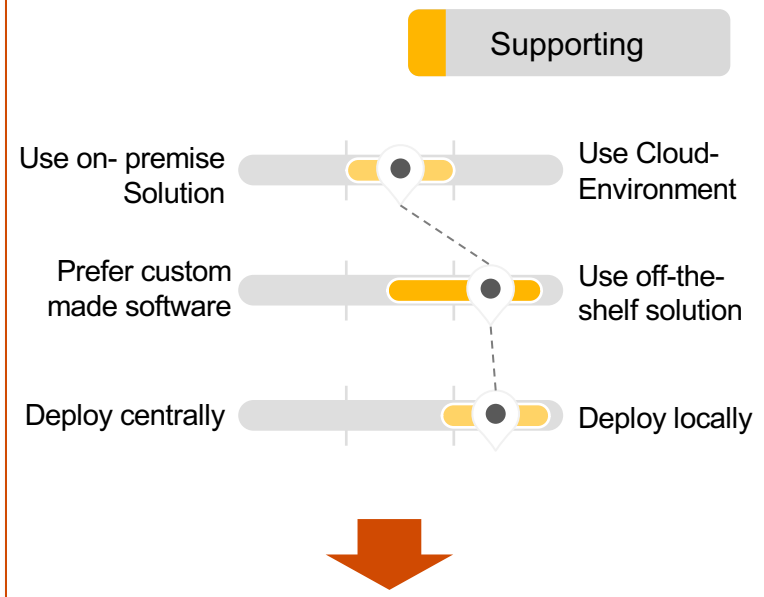
Application subsets

Different guardrails apply to different types of capabilities



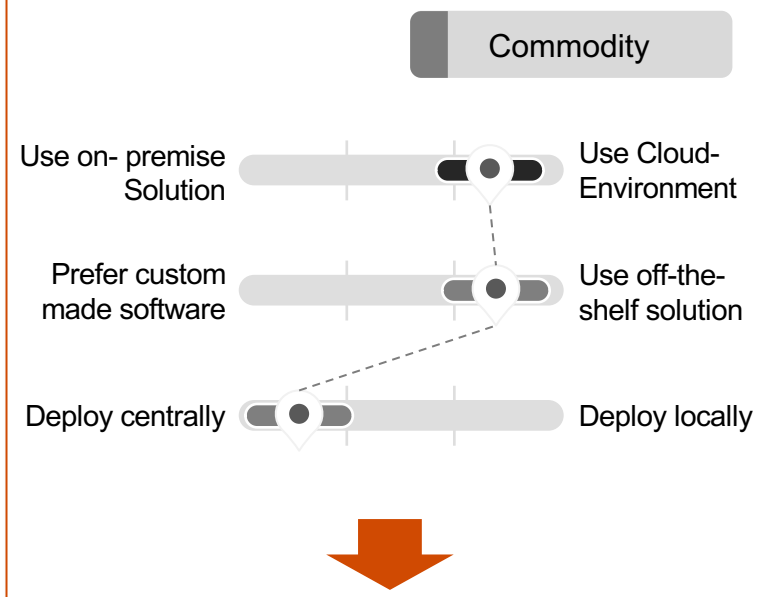
For Applications that enable **„Differentiating“** Capabilities:

- Prefer custom made software
- Select cloud or on-premise according to best-fit



For Applications that enable **„Supporting“** Capabilities:

- optimize value for money



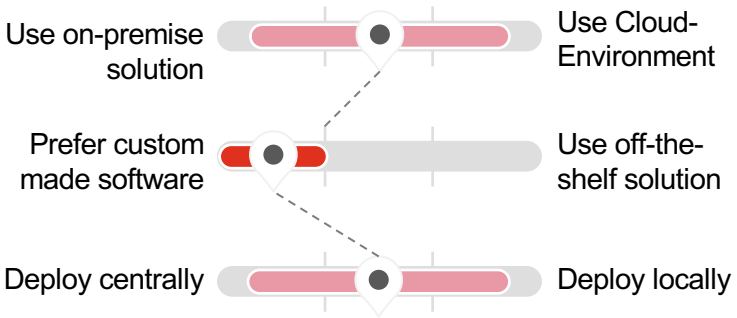
For Applications that enable **„Commodity“** Capabilities:

- Harmonize applications
- Use cloud-environments
- Use off-the-shelf solutions

Different guardrails apply to different types of capabilities

E-Commerce

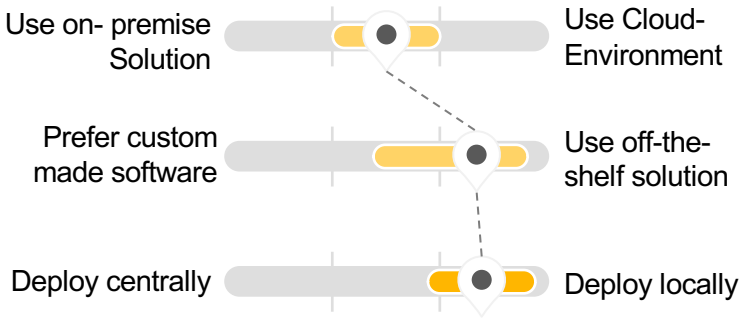
Differentiating



Prefer E-Commerce solutions of the buying company. *(In case of M&A)*

Payroll

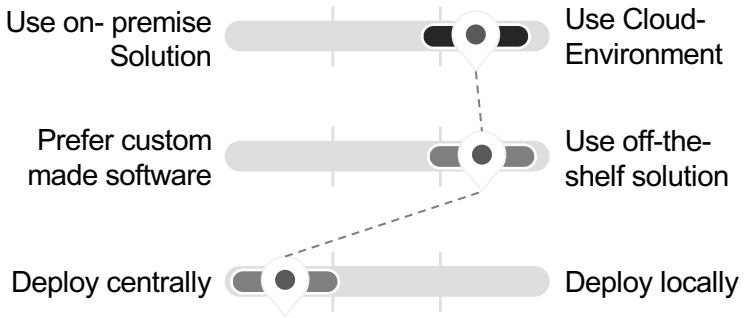
Supporting



Use local payroll applications.

[general]

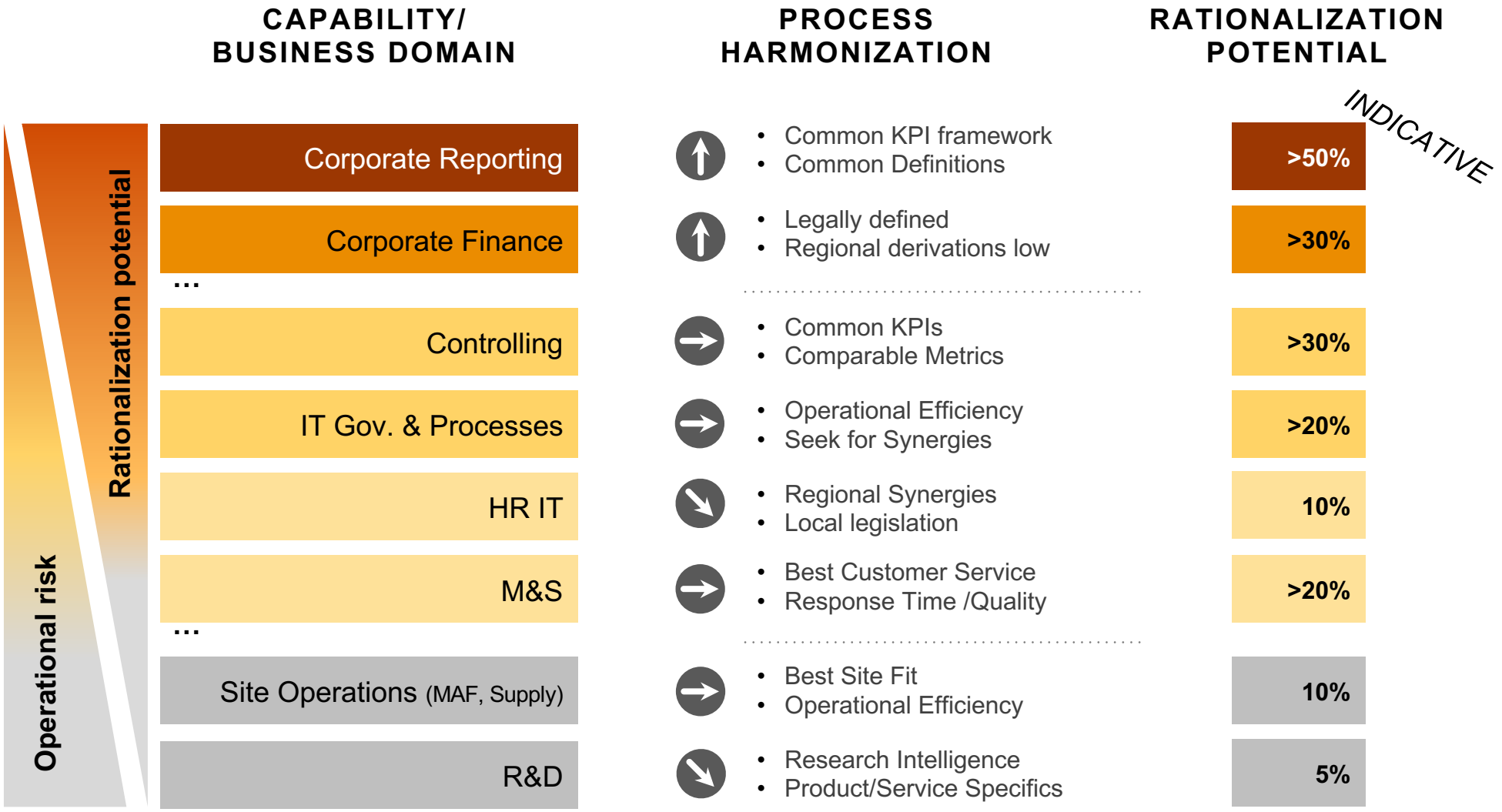
Commodity



Prefer commodity applications which are cloud native.

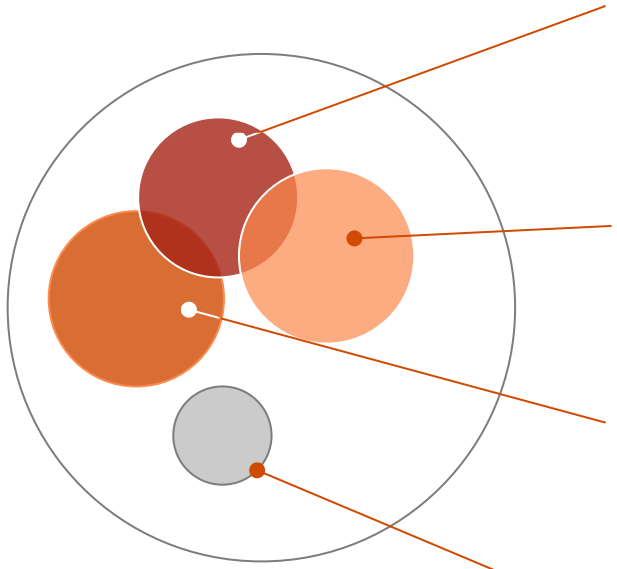
Remove systems which are custom built and belong to commodity capabilities.

Select process areas with highest rationalisation potential



Application Subsets

Further reduce the amount of to be assessed applications by building subsets where you see high potential for rationalization:



Local applications in capabilities where we would expect low degree of localisation

Applications with run costs >250k / year

Type of applications where we would expect low diversification (e.g. LMS, Middleware, MDM)

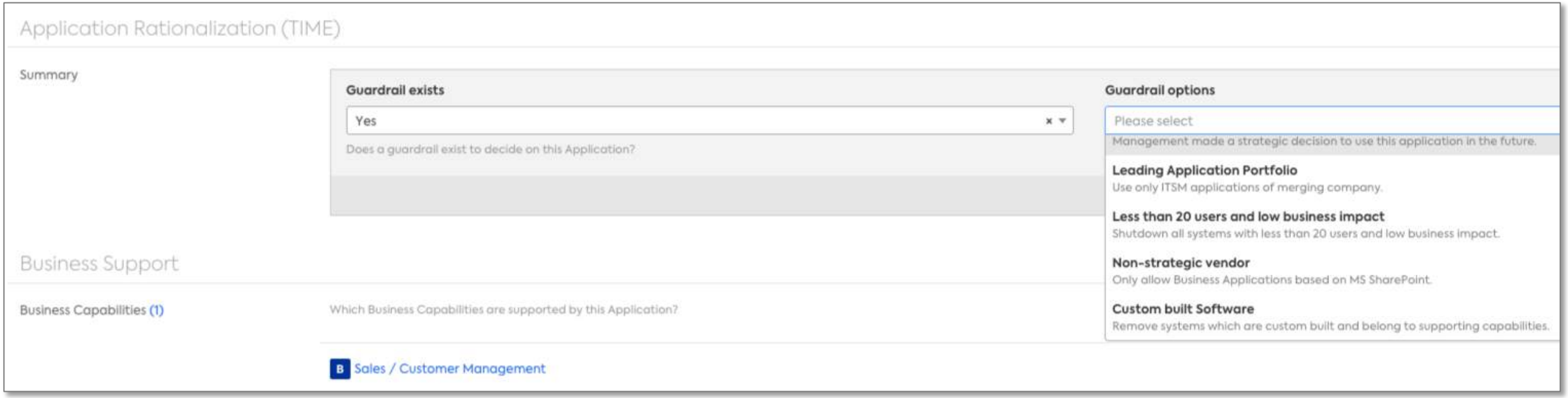
Applications with less than *x* users

...

IT Operational Budget Spending on applications doubled from 2007 to 2017.

- *Computer Economics – Long Term Trends in IT Spending*

Scoring is conducted if no Guardrail applies

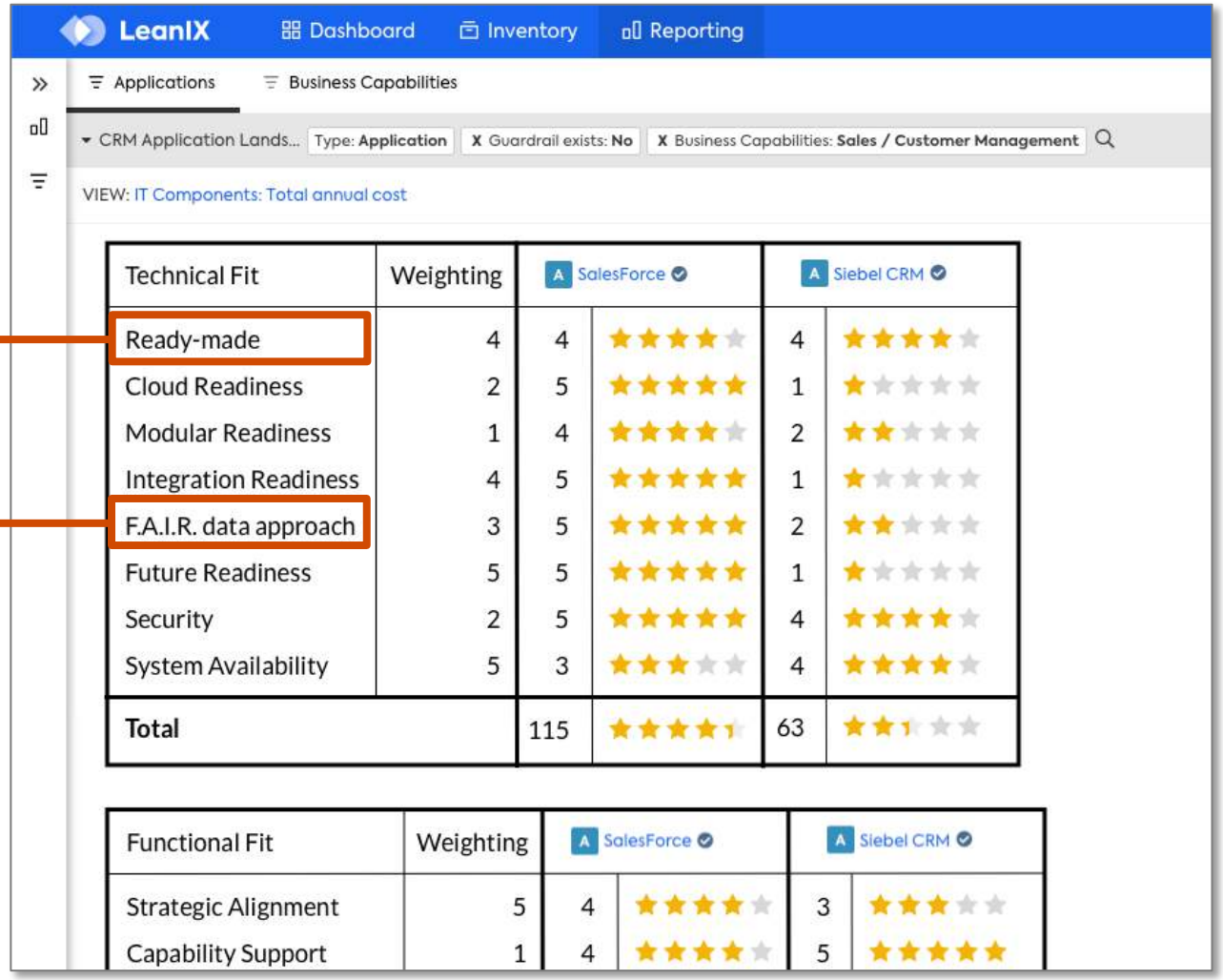


We derive suitable scoring questions from the IT Strategy and rationalisation targets

EA Principles, e.g.

"Strive for standard software where possible"

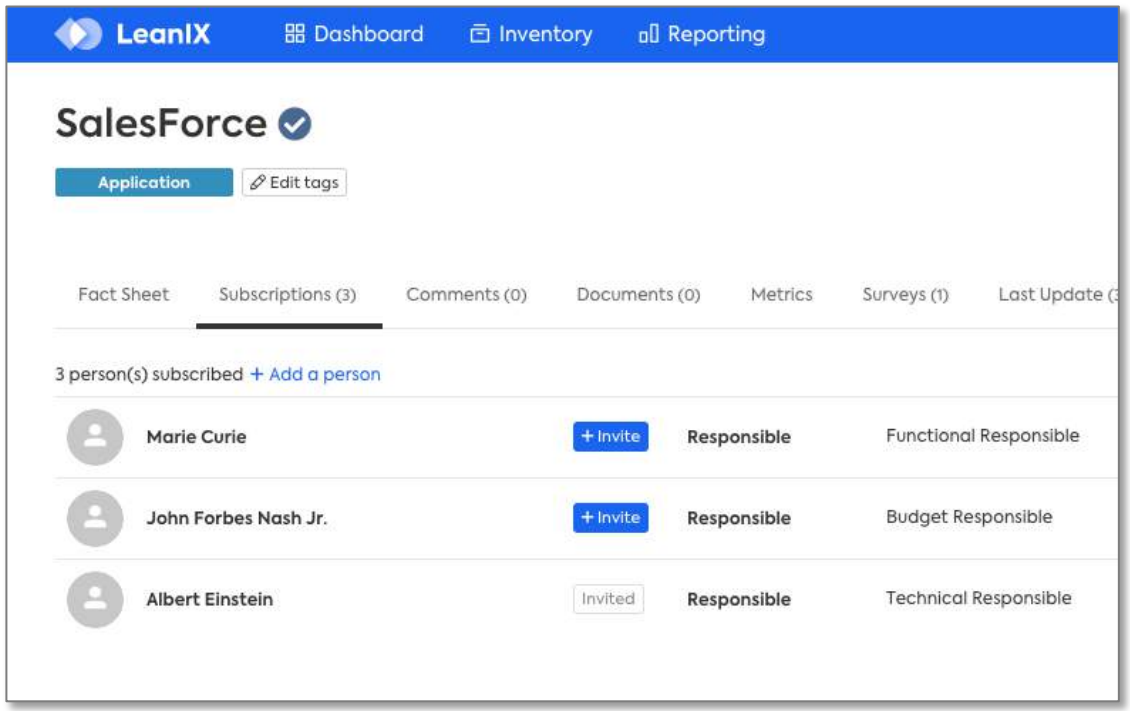
"Treat data as an asset"

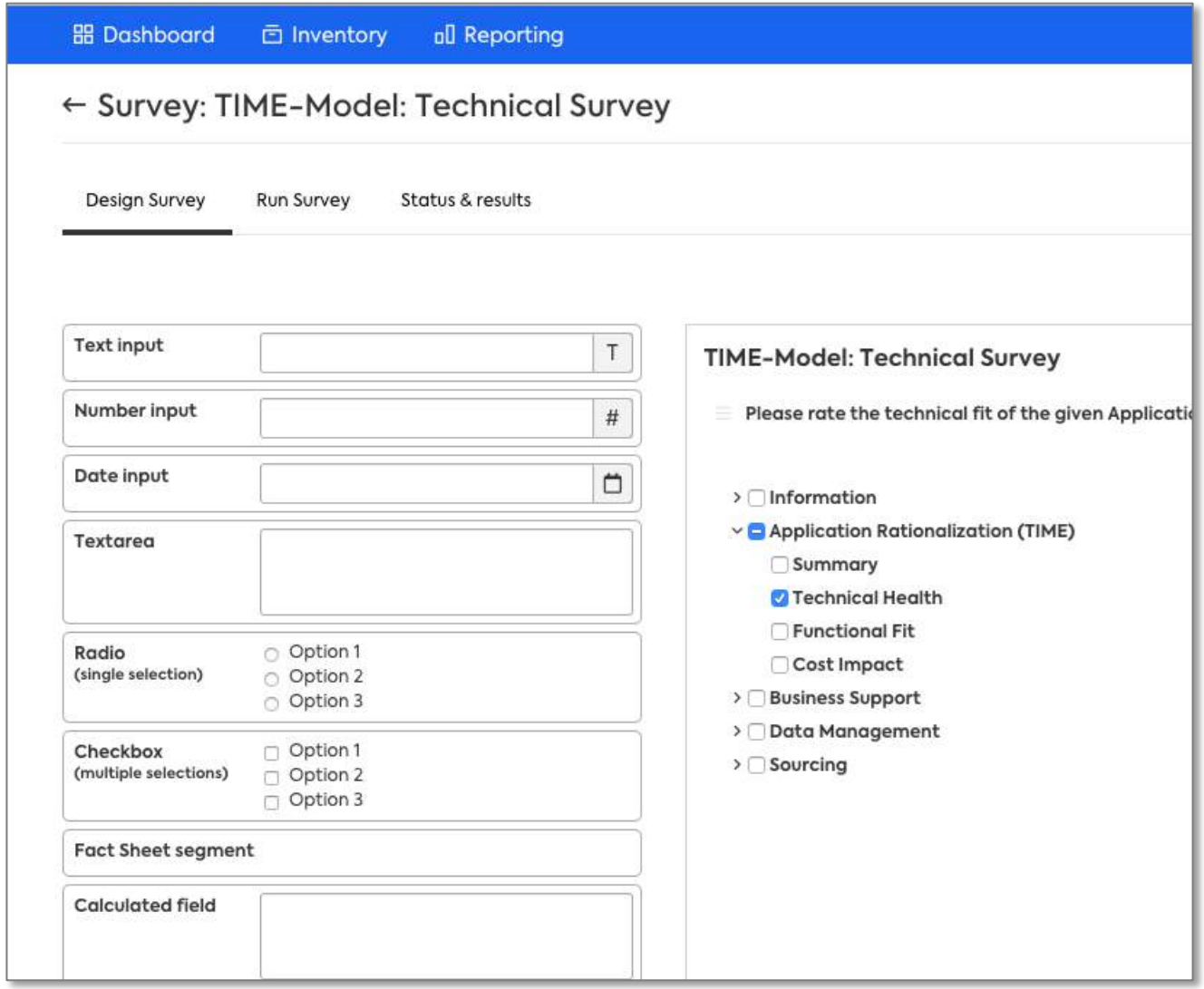


Technical Fit	Weighting	SalesForce		Siebel CRM	
Ready-made	4	4	★★★★☆	4	★★★★☆
Cloud Readiness	2	5	★★★★★	1	★☆☆☆☆
Modular Readiness	1	4	★★★★☆	2	★★☆☆☆
Integration Readiness	4	5	★★★★★	1	★☆☆☆☆
F.A.I.R. data approach	3	5	★★★★★	2	★★☆☆☆
Future Readiness	5	5	★★★★★	1	★☆☆☆☆
Security	2	5	★★★★★	4	★★★★☆
System Availability	5	3	★★★☆☆	4	★★★★☆
Total		115	★★★★½	63	★★½☆☆

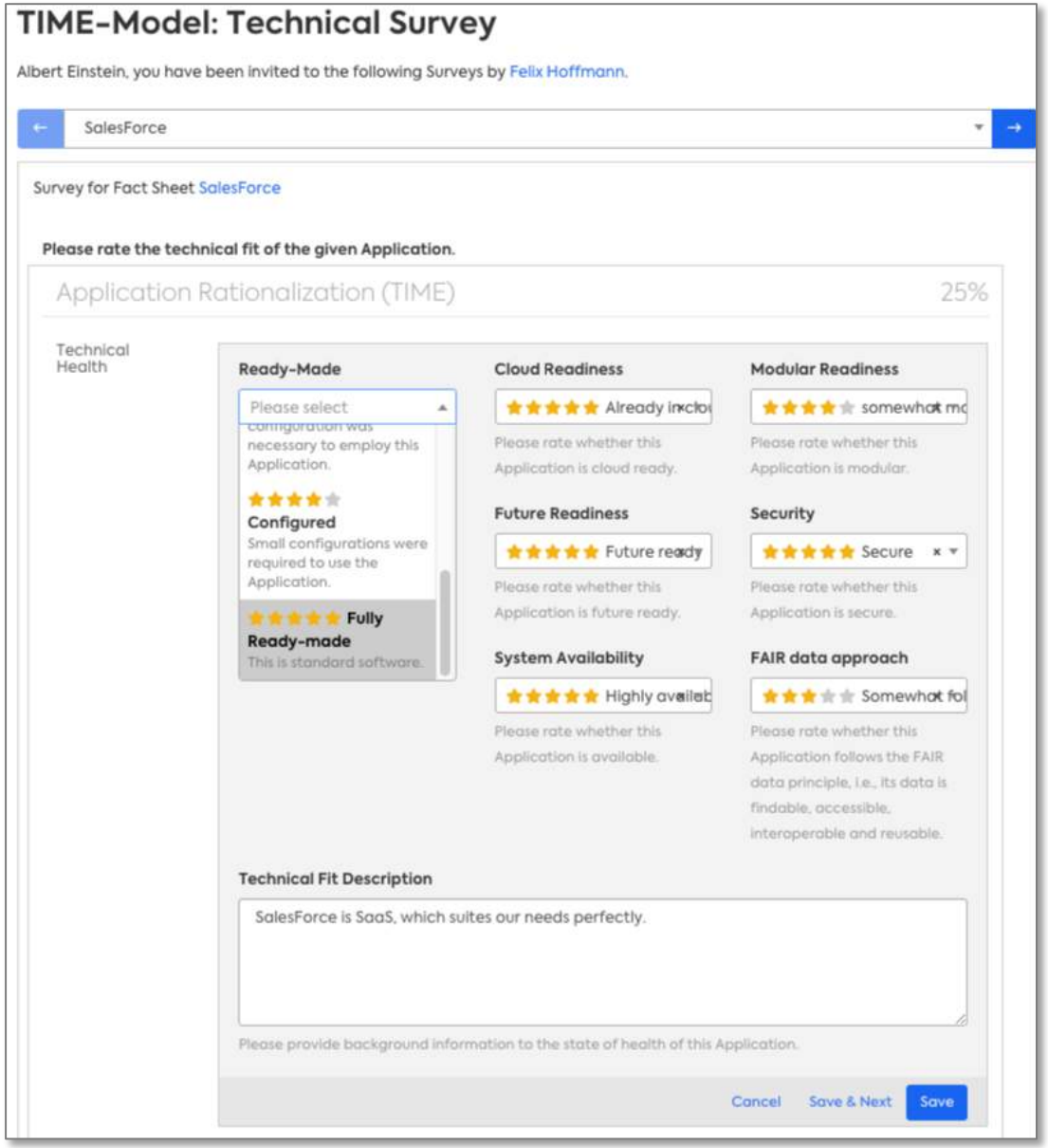
Functional Fit	Weighting	SalesForce		Siebel CRM	
Strategic Alignment	5	4	★★★★☆	3	★★★☆☆
Capability Support	1	4	★★★★☆	5	★★★★★

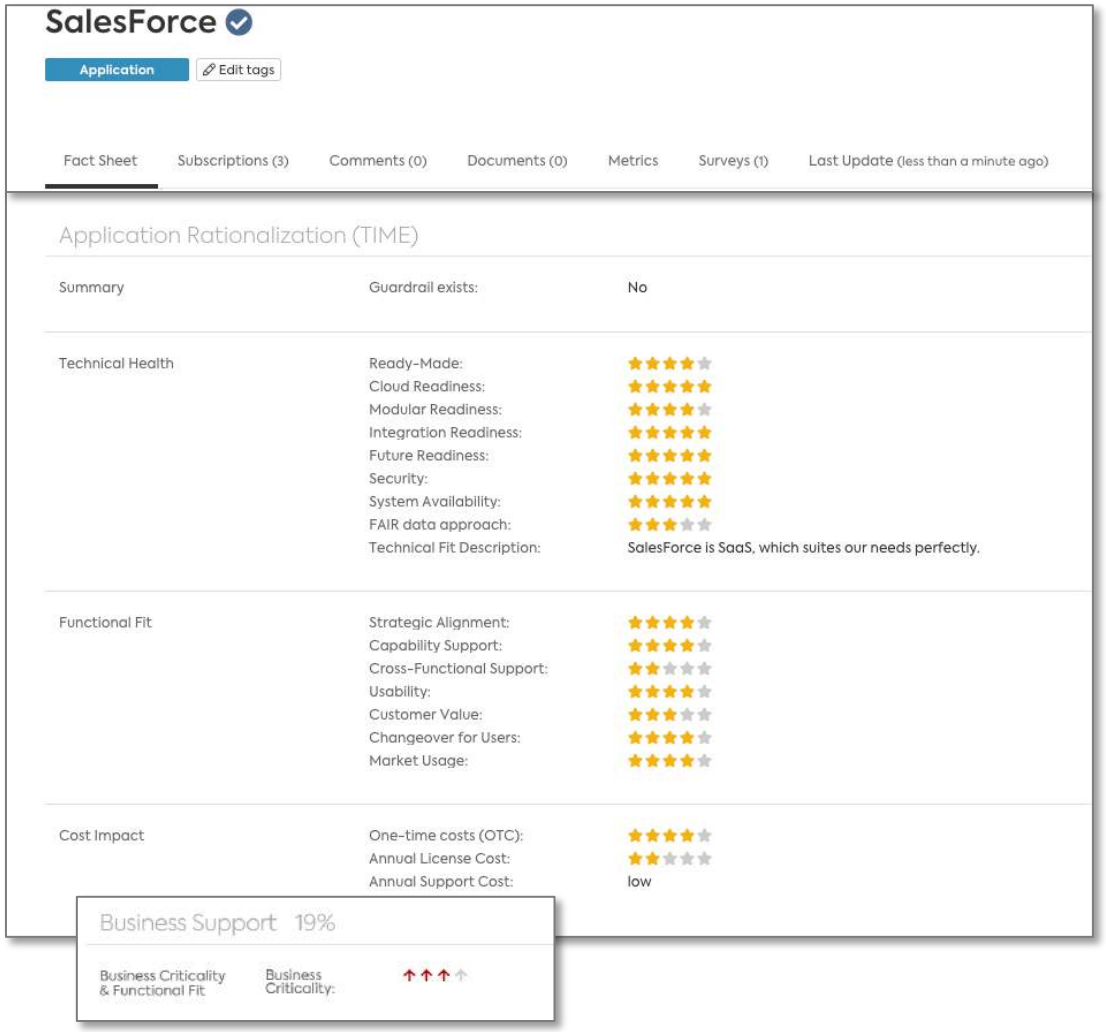
The Survey is prepared, to send functional and technical questions to respective addressees





Scoring results are immediately visible on the Factsheet





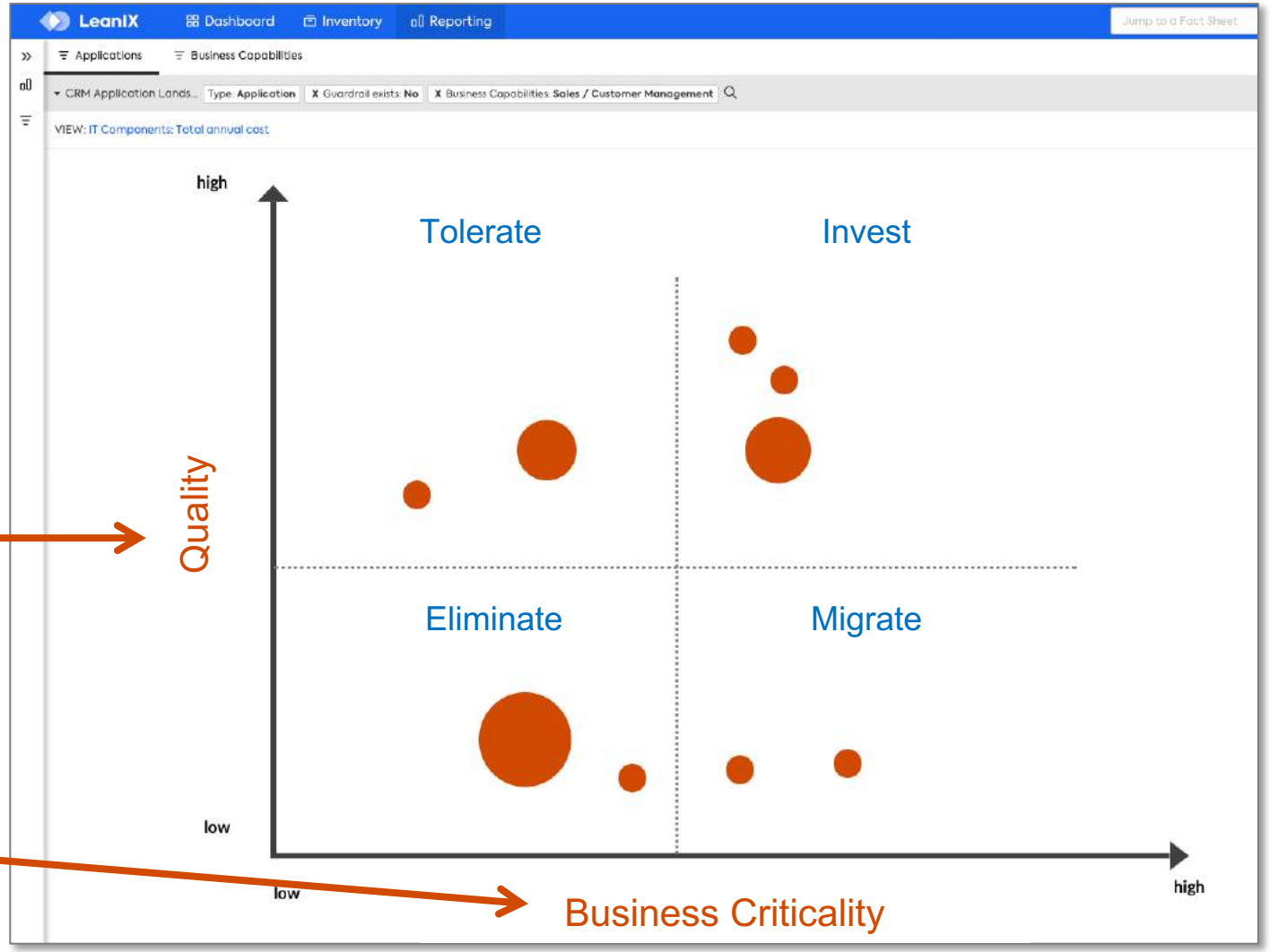
Scoring results are visualized in the Time Quadrant

The scoring results will be calculated using the upcoming feature “Computed Fields”.

Technical Health +

Functional Fit

Business Criticality



To finalise the rationalisation portfolio, both the results of the guardrails and the scoring need to be consolidated

Select capabilities

Patterns

Guardrails

Direct Conclusions

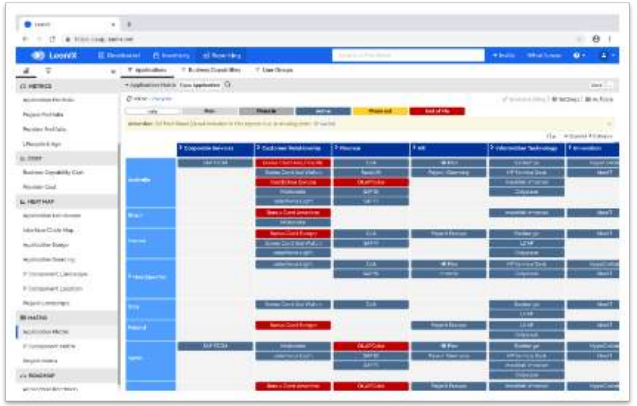
Scoring

Consolidate & Recommend

Conduct Workshops

Discuss & decide “Soft Guardrails”

Discuss & finalise the Scoring



Ultimately, decisions are made Top-Down

Experience has shown that there is no getting around a top-down approach. A selected senior board provides guidance, experience and is bound towards standards and objectiveness.

- Independent teams act with little guidance
- Assessment conducted by users and maintainers of the applications who are by nature likely to have a fond opinion
- Limited use of retirement checklists and questionnaires

Benefits and the *ease of realisation* help to plan and prioritise the initiatives

Consolidate & Recommend → Roadmap → Optimise → Decommission

Benefits

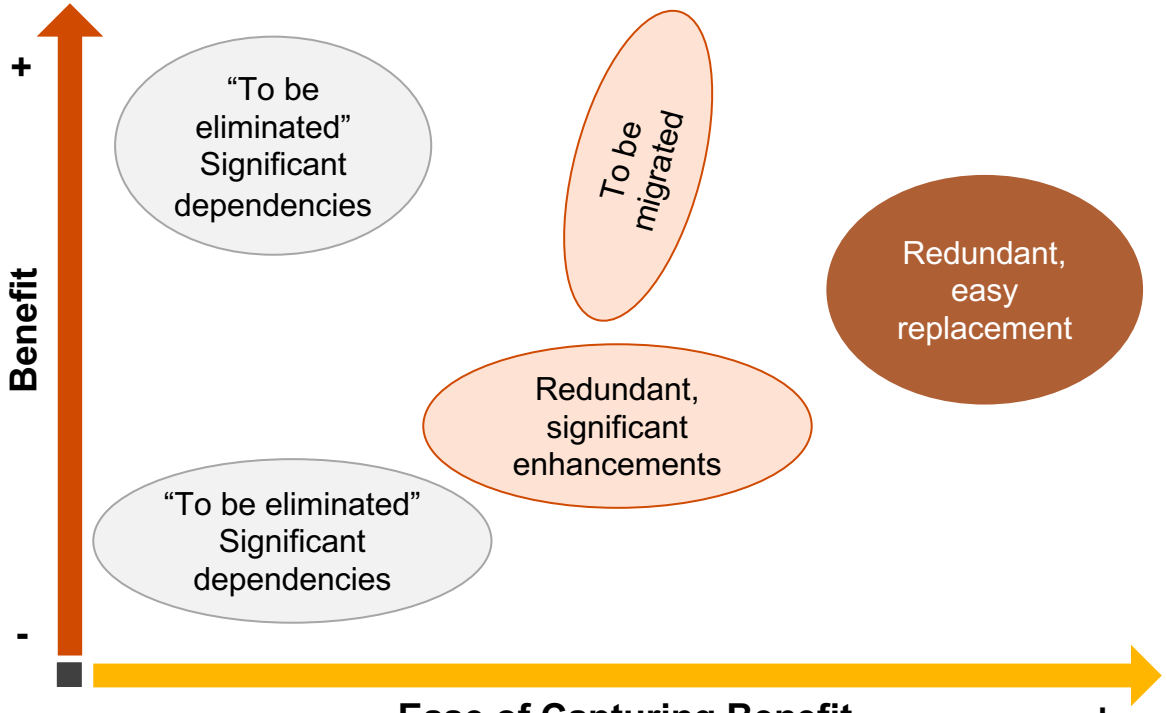
- Quantitative: Savings

Run costs − Archiving costs − Implement. Cost = Savings

- Qualitative: Strategic value add

Ease of Capturing Benefit

- Internal / External Dependencies



Long term *Mid term* *Short term*

Verdict

Define clear objectives and KPIs.

Get the right people to make unpopular decisions.

Transparently link decisions to objectives.

pwc

Rolf B. Blankenmayer • +49 151 426 849 86 • rolf.blankenmayer@pwc.com