

A global conglomerate cuts IT maintenance costs by 35 percent

IBM Rational software simplifies IT with an application portfolio management solution

Overview

The need

This company's increasing IT complexity caused rising maintenance costs and blocked development of new, innovative applications.

The solution

Working with an IBM Business Partner, the company used IBM Rational® Focal Point software to gather, store, analyze and manage all of its application data.

The benefit

In 18 months the company reduced the number of applications it was supporting by 45 percent and went from spending 85 percent of its IT budget on maintenance to just 50 percent.

This enterprise is an international conglomerate with operations across the globe. Over the years, the company has grown tremendously and so have its IT systems, with many of them in use for decades. The company has also made numerous acquisitions, resulting in further infrastructure growth.

Growing IT complexity

The conglomerate reached a tipping point in terms of growing infrastructure complexity in 2007 after several larger acquisitions required it to merge the IT systems of the acquired entities into its own. IT maintenance costs skyrocketed, and the increased complexity began to cause a number of issues. There were so many point-to-point integrations that development often resulted in broken systems and connections. Plus, the environment was so complex that it could take years for developers to deliver new features to production. The company spent the majority of its IT budget on maintenance, rather than on developing new features and applications to drive innovation.

The global enterprise realized that continuing to add resources to address IT challenges would not solve the problem and launched an initiative to simplify its environment. The chief information officer (CIO) was tasked with simplifying the IT environment by reducing the number of



Real, tangible benefits

The solution quickly delivered several significant benefits:

- Within 18 months, the company reduced the number of applications it was supporting by 45 percent.
 - The company cut the percentage of the IT budget spent on maintenance from 85 percent to 50 percent, allowing a considerable shift of funds to support business innovation.
 - Trust and collaboration between the LOB and IT grew.
 - The time required for estimating how long a new request will take to implement dropped from an average of 200 days to 14 days.
 - The image of IT changed from being perceived primarily as a cost center to being viewed as an enabler of innovation.
 - The CIO acquired a dashboard that monitors the status of the overall simplification and rationalization effort and application owners received access to dashboards that show how many applications they are responsible for.
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applications and integrations. The company looked for a solution to help it quickly decrease complexity, provide greater insight into its application portfolio and support a more effective application portfolio management process over the long term.

Gaining visibility into the problem

The global conglomerate chose IBM Rational Focal Point software to help gain the visibility it needed to tame IT complexity. Working with an IBM Business Partner, the company took only one month to install the software, configure it and begin generating value. The enterprise began the process by using Rational Focal Point to gather all of its application data. It performed an analysis to determine how many applications it had, who exercised responsibility for each application's development and maintenance, and what function each application fulfilled. The company then looked at whether each application was used and supported globally from the company's headquarters or from a regional office.

With the application information centralized in the Rational Focal Point application, the company examined each application, asking a series of questions such as:

- Must we keep this application, or is its functionality duplicated elsewhere?
- How much does running this application cost?
- What percentage of this cost is spent on maintenance, and what percentage is spent developing innovative new features?
- Which applications might be centralized?
- Which applications must remain in the regions?

Solution components

Software

- IBM Rational® Focal Point
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Before the initiative, the conglomerate estimated that it spent 85 percent of the IT budget on maintenance. Now, it estimates this number is closer to 50 percent, allowing a considerable shift of funds to support business innovation.

Quickly realizing significant benefits

Armed with the information in the Rational Focal Point software, the company created a list of potential applications to decommission, based on defined criteria. The Business Partner then helped configure the Rational Focal Point software to distribute appropriate responsibilities to the application owners. Once the company decided to decommission an application, the application owner was directed to a template where he or she populated it with information required for the decommissioning, such as the schedule, funding needed, the new systems being used and the user training required for new systems.

In addition to retiring many applications, the company centralized several applications, placing them under the management of its central IT organization. Within 18 months, the enterprise had reduced the number of applications it was supporting by 45 percent. It redirected the IT staff in regional offices, thereby reducing IT staffing costs. And although the company shifted responsibility for many applications to its central IT organization, it did not increase its central IT staff. Before the initiative, the conglomerate estimated that it spent 85 percent of the IT budget on maintenance. Now, it estimates this number is closer to 50 percent, allowing a considerable shift of funds to support business innovation.

Drastically simplifying the company's IT environment enabled IT to improve its efficiency, which helped improve trust and collaboration between the lines of business (LOB) and IT. In the past, when an LOB requested a new feature, it could take an average of 200 days for IT to provide an estimate of how long it would take to deliver on the request. Now, IT determines within 14 days how long it needs to deliver the

required functionality, what impact the new feature will have and what applications it will affect. In fact, since implementing the new solution, the relationship between the LOB and IT has evolved from somewhat strained to more collaborative and trusting. Within the company, IT is now viewed as an enabler of innovation rather than as a cost center.

A path of continuous improvement

Although the global enterprise achieved many benefits during the first two years of using the Rational Focal Point application, it views IT simplification as an ongoing process rather than a project with a definite beginning and end. Therefore, it has implemented systems to help ensure that it continues to monitor the status and growth of its technology environment. Before undertaking any development or acquiring new applications, departments must prove that no existing application can deliver the desired functionality. The company has also introduced a spending qualification process that requires requesters to justify the business impact of any IT expenditure before funds are allocated. The company also plans to build on the success of its consolidation project and begin to modernize some older applications.

Rational Focal Point software, which serves as the backbone of the company's new processes, provides dashboards that give the company the insight it needs to help align its actions with its goals. The CIO has a dashboard that enables him to monitor the status of the overall simplification and rationalization effort, while application owners can access dashboards that show how many applications they're responsible for. The Rational Focal Point application provides role-based access so that users

gain access only to appropriate and relevant information. The Rational application also contains a workflow tool that helps ensure information is kept up to date. Application owners must sign in once per quarter to confirm data accuracy. Because Rational Focal Point software is web-based, employees can easily access it from almost anywhere.

For more information

To learn more about IBM Rational solutions for application portfolio management and IBM Rational Focal Point software, contact your IBM sales representative or IBM Business Partner, or visit:

ibm.com/software/awdtools/focalpoint

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