

Application Rationalization: Fighting Application Proliferation

Preventing application proliferation in IT environments is critical for enabling investments in IT modernization.

The adverse effects of application proliferation are often hard for organizations to quantify because they have both real and opportunity cost impacts for the organization. IT staff spend considerable time maintaining old or underused software, which limits capacity to support software investments that have the potential to transform the organization. In addition, resources would be better directed toward new technology investments needed by your organization.

Even after an organization has completed an application rationalization process, IT leaders need to develop systems and processes to continuously manage the application environment. These include creating more strategic software evaluation processes, developing ongoing software governance oversight, better resourcing support staff, and engaging end users in Agile adoption of all software investments.

In this three-part series, we have examined application rationalization from several perspectives. First, we looked at the burnout and budgetary waste from application proliferation, then we explored how to right-size application environments. In this article, we will focus on how to prevent application proliferation from recurring.

Questions to Ask Before Pursuing New Applications

Functionality

- How well does this application help meet our strategic goals?
- What existing application capability gaps need to be closed?
- Would additional training, configuration, or software add-ons meet our needs?

Data

- Could existing applications continue to meet our needs with data improvements?
- How will the data from this application be managed, accessed, and secured?
- What other applications will need to be interfaced with new systems?

Change Management

- Do we have the IT resources to implement and support it?
- Do we have capacity for retiring redundant applications?
- What will be involved in training, communications, and stakeholder engagement?



Software Evaluation Leading Practices

There are many reasons why organizations' software procurements are misaligned with their strategic business goals. Sometimes a software decision is made because of a request from an executive sponsor. Other times, it might be because a similar organization, internally or externally, uses it. Or it could be because new technology has the potential to transform your organization and users are demanding it. It is often tempting to circumvent processes to speed up decision-making and procurement. However, not establishing or following an established application strategy and governance process might result in missed service opportunities, lost competitive advantage, and insufficient resources to support applications.

While it may be ideal for organizations to have a business case for each new software acquisition, at a minimum they should ensure that there are sufficient resources to manage implementation, adoption, and customization requests. In addition, they should consider the total costs of ownership (TCO) of the application over time, not just initial expenses, as these can vary materially for SaaS solutions. These steps will help ensure that software development or purchases, along with ongoing support, are sustainable.



Enhance Your Application Selection Criteria

Acquiring new software and implementing new features or interfaces with existing applications is a continuous process. Developing an application strategy, evaluation criteria, selection processes, and adoption methodology is critical to ensuring that an organization is making strategic IT investments and realizing their intended value. In addition, IT leaders need to explore how new applications will operate in the current and proposed architecture and infrastructure environment.

In addition to obvious costs such as licensing and IT resource support, it is also important to consider factors like the costs of procurement and legal costs for contract development and future renewals when calculating an application's TCO. When assessing alternatives, consider factors like synergies from integrated software or platforms, costs and risks related to maintaining interfaces, and whether software marketplaces can reduce procurement costs and turnaround times. Decision makers can also consider whether they might be able to modify existing software to address the business needs that the new application would potentially meet. This could be accomplished through new features, employing user-defined fields, cleaning existing data, or increasing guidance and training.

It is also critical for the IT team to try out the software in a sandbox environment to understand the level of coding or configuration needed. Software might look easy to set up during a demo but result in unexpected additional resource needs if it requires more specialized or more intensive coding or configuration than initially estimated.

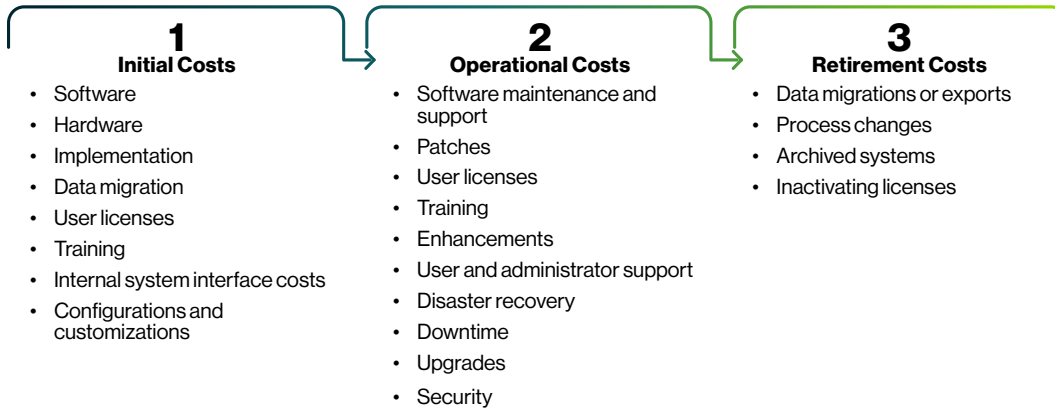


Adopt Agile and Optimize Current Applications

A key part of preventing software from being underutilized is recognizing that software implementations are not complete until there is hard evidence showing that end users are taking full advantage of the systems. There are multiple reasons that software solutions are only "partially" implemented, such as cost mitigation or that only a subset of capabilities were initially required. The IT operations team can leverage dashboards that show systems' intended performance indicators and validate that the indicators include all participants' data. Increasing utilization of current applications or adding additional capabilities can often address future user needs with incremental investments.

Increasing the value from the application portfolio can also be achieved by using Agile approaches for software management and an Agile mindset toward training. Many software products will require ongoing support and need to evolve to incorporate add-ons or feature implementations to keep up with user needs. Leveraging Agile gives the IT team increased flexibility to add new features as user needs change.

Understanding the Total Cost of Ownership



Conclusion


Application proliferation has significant effects on an organization—from direct costs, like underused software licenses and IT staff burnout, to missed opportunities to serve business customers.

Organizations that have a defined strategy to prevent application proliferation through technology planning, software acquisition, and IT management support processes will better address capacity utilization and realize more value from their software investments.

Guidehouse has significant experience helping organizations create technology strategies and mature IT management capabilities to optimize the application environment and limit proliferation. Our technology experts conduct detailed application portfolio assessments and create sustainable governance, evaluation, and selection processes focused on end-user needs. We are vendor-agnostic and evaluate solutions to ensure alignment with an organization's business goals, technology architecture, and future priorities.

About Guidehouse

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