

Setting a Strategy for Successful Technology Modernization

How to approach the sunsetting of technology and replacement of legacy systems in a way that will future-proof your organization.

Sunsetting technology and replacing legacy systems that are nearing end of life are common but often problematic processes in today's complex digital business landscape. In highly regulated industries with cumbersome, aging back-end systems, it can be difficult to know where to begin the task of replacement. Particularly for federal government organizations and organizations in industries such as healthcare and utilities, this is a challenge that urgently needs to be solved. The requirement for speed and agility in information technology (IT), alongside the vast amounts of data that organizations are now dealing with, has turned technology modernization into an ever-growing priority. Not implementing a plan to replace aging systems effectively and securely can introduce significant risks to an organization.

Understanding the Problem: Why Do You Need Technology Modernization?

Outdated systems leave an organization extremely vulnerable. A potential failure of those systems could compromise your entire business.



One of the main issues holding many business leaders back from replacing existing systems with more modern, more capable solutions is the perception of cost. It may seem expensive and inconvenient to undergo such a complex project, but it is important to understand that the organization will likely incur higher costs and greater liabilities by avoiding or delaying IT system modernization. It is also important to factor into cost considerations the long-term financial benefits of more advanced IT capabilities. Common challenges that arise from allowing aging, insufficient legacy systems to remain in place for too long include:

- Increasing difficulty supporting ongoing operations and maintenance—and fewer people with the skills to operate and fix these old systems. Resources (and time spent) maintaining old, inefficient systems instead of working with current technologies and applications that provide competitive advantages to the organization.
- High maintenance costs, especially when things go wrong.
- Other connected systems running at sub-optimal levels.
- Security vulnerabilities and threats.
- Potential long-term loss and other risks due to limited business continuity in the event of system failure.

These challenges and risks make it clear that sunseting technology is not just an issue for the IT department. Neglecting to modernize outdated legacy systems is a corporate concern that can impact employees, suppliers, and customers, and possibly even your brand image.

How to Approach Legacy System Sunseting and IT Modernization

Organizations should shift their perspective to view technology sunseting and legacy system replacement as a companywide issue. Many organizations make the mistake of approaching this vital task as just another IT project, and that's where failures are likely to occur.

Replacing legacy technology to modernize IT infrastructure is not just a case of swapping one system out for another. Effective technology modernization requires a strategy with a long-term view, and organizations need to work with relevant stakeholders to

reduce unnecessary disruption to business operations. Any successful IT modernization strategy will account for the business, people, processes, and technology. The following five steps will ensure your organization's digital transformation takes these diverse factors into account.

Step 1: Set a Companywide Strategy

To stand the best chance of success in an IT transformation initiative, your technology modernization strategy must align with your organization's mission and goals—and all IT transformation decisions should support those goals.

A common mistake is pursuing the approach that appears to deliver the most rapid results or the most cost-effective or feature-rich replacements. A better approach is to carefully consider the technology choices that will best support the critical needs of the business.

The pace of technological advancement must also play a crucial role in this decision. It is often wise to select the simplest solution that will allow the organization to remain agile and adaptable. Inflexible solutions can put the organization back in the same situation in five years or so when the technology has moved on again.

The intention should be to carefully assess what technology will adapt and transform your organization as time goes on, and build new systems around that. This step involves creating a technology modernization roadmap and presenting it to relevant stakeholders.

Step 2: Educate Senior Leadership to Gain Buy-In and Support

The endorsement and support of the senior leadership team is a key factor in the success of your initiative. Gaining this support requires educating the C-suite on the issues and risks and demonstrating the urgent nature of the problem. Senior leaders should be presented with a clear strategy, outlined in logical steps toward the desired outcome of a modernized, future-proof organization.

Not only is C-suite stakeholder buy-in essential for obtaining the necessary funding to replace your legacy systems, but it will also provide valuable help in streamlining the companywide transformation.

Step 3: Make Long-Term Decisions

An effective IT modernization strategy must address immediate problems with solutions that will hold up over the long term. It's important to not just focus on short-term issues, such as the upfront costs of your new systems, but also think ahead about the best options for adapting, optimizing, upgrading, and integrating new emerging technologies over the coming years.

For example, shifting from an on-premise IT infrastructure to the cloud will present efficiencies as well as new challenges. Cloud-based systems and software-as-a-service models may require frequent updates to maintain performance and security. If your platform's fundamental design is difficult to update, those solutions may not work for you, which could leave you frozen in a fixed state of technology.

Your decisions and investments need to be made with these kinds of permutations in mind. Your overarching technology modernization strategy must account for the fact that whatever path you take, there will be some impinging related decisions further down the line.

Step 4: Prepare for Change Management and Companywide Education

True IT modernization will inevitably bring with it a great deal of change, and organizations need to closely examine how the transformation will affect every member of the workforce. It is important to understand as early as possible that some employees will be resistant to this change, while others won't yet be equipped with the skills to handle it.

This is why senior leadership buy-in on a companywide approach to the technology modernization initiative is vital. The strategy to replace legacy systems with more advanced, agile solutions needs to include appropriate training, education, and transition planning for operational changes to address how the modernization will affect anyone who may interact with the technology.

While a transformation initiative has the potential to deliver tremendous benefits, the impact it can have on the entire workplace cannot be underestimated. Organizations cannot afford to make the mistake of assuming everyone in the organization will recognize



potential benefits and willingly accept the change. It is one thing to bring the technology powering your organization forward, but it is an entirely different, more nuanced challenge to bring your workforce forward with a technology transformation seamlessly.

To manage this challenge, begin educating the workforce as early as possible on the reasons behind the change. Be sure to demonstrate the value the IT modernization initiative will deliver for each employee at an individual level. Next, conduct a skills assessment of the workforce and identify gaps. This will help create a transition plan for training and upskilling and may potentially identify the need for new hiring efforts in some areas.

Your specific technology modernization initiative should be based on your own unique mission, goals.

Step 5: To Truly Future-Proof the Organization, Be Adaptable

The pace at which technology now evolves is difficult to keep up with. A primary goal is to future-proof your organization with technology solutions that are adaptable over the long term.

Replacing your existing systems is almost pointless if the replacement technology you choose is unable to integrate with newer tools and technologies in the coming years.

As part of your strategy, it's important to closely consider both current and forthcoming trends before deciding the direction you will take. Doing so will enable you to create informed, comprehensive plans for continuing to evolve and adapt on an ongoing basis. This may require the support of an experienced specialist partner or consultant to help identify trends that are too far ahead for your organization to recognize on its own.

While the approach outlined here will help minimize risk and set your initiative up for success, it's important to note that it is just an overview. Your specific technology modernization initiative should be based on your own unique mission, goals, requirements, workforce, and various other factors.

A successful legacy system sunsetting strategy ensures you're making the best possible decisions for your specific organization, not just for now but for the future as well.

Contacts



Brian Reynolds, Partner
Digital Solutions
breynolds@guidehouse.com

Jim Jennings, Director
Enterprise Solutions
jjennings@guidehouse.com

About Guidehouse

Guidehouse is a leading global provider of consulting services to the public sector and commercial markets, with broad capabilities in management, technology, and risk consulting. By combining our public and private sector expertise, we help clients address their most complex challenges and navigate significant regulatory pressures focusing on transformational change, business resiliency, and technology-driven innovation. Across a range of advisory, consulting, outsourcing, and digital services, we create scalable, innovative solutions that help our clients outwit complexity and position them for future growth and success. The company has more than 17,000 professionals in over 55 locations globally. Guidehouse is led by seasoned professionals with proven and diverse expertise in traditional and emerging technologies, markets, and agenda-setting issues driving national and global economies. For more information, please visit guidehouse.com.

 guidehouse.com/services/technology-modernization

 [@GHtechsolutions](https://twitter.com/GHtechsolutions)  linkedin.com/showcase/guidehouse-technology-solutions/