Manage your apps, or be managed.

How leaders can use Application Portfolio Management to successfully transform their business digitally and embrace enterprise agility.
Every organization has its rogues. Outliers that refuse to comply with the standards. They hide in plain sight and no one really knows why they’re there. But they’ve been around forever, so no one really questions their presence (even though no one sees them do anything useful.)

I’m talking, of course, about software. Those applications that exist beyond the reach of IT management. They may be the result of a merger, or from shadow IT acquisitions, or forgotten legacy applications. They always seem to be out there, just waiting to disrupt the plans of organizations to become more effective and efficient.

If businesses are going to succeed in the modern world, they need to successfully transform digitally and embrace the concepts of enterprise agility. To do that, they need to identify, understand and bring these applications under the control of the central IT function. But how does that happen? That’s where the concept of Application Portfolio management (APM) comes in.
The APM concept

APM is the integrated management of all digital solutions and services that support an organization and its business. By managing these strategic assets as a portfolio, organizations can optimize business performance and proactively manage the lifecycle of each asset to maintain a balance between new and existing investments. At the same time, unnecessary redundancy is eliminated and costs are reduced.

APM starts by developing a comprehensive inventory of all the digital assets of the organization. Not just the ones IT already manages, but the ones hidden on servers under desks, the ones licensed by department heads outside of the IT infrastructure, and those downloaded by users without any explicit approval. Once that inventory is in place, it is ready for full analysis to identify the areas of concern. That may be duplicates, outdated or dangerous applications or simply assets that don’t align with business priorities.

The analysis in turn drives planning and execution to address these outliers and risks. More importantly, it allows development of an integrated roadmap to proactively manage the application portfolio. That’s essential for today’s world. If a business can’t effectively and efficiently manage all its digital assets through their entire lifecycle, it can’t optimize its performance.
APM and strategy

Once a business has a single, integrated view of all of its digital assets, it can understand where the best support for its capabilities is in place – and where it isn’t. Which areas of the business that have the best alignment between digital assets and business needs? And which areas that have the worst? That in turn will inform strategic and investment planning by ensuring that dollars are committed to the areas of business that are not only short on capability, but also align most closely with the strategic priorities.

For example, businesses can look into the future to understand which applications are approaching end of life and can develop effective strategies to replace or extend those assets. They can focus on rationalization and modernization, where needed, consolidating assets if appropriate or eliminating those that no longer align with the strategic drivers of the business. Only when this is complete can the business be sure it is optimizing its ability to deliver value, and doing so without compromising security, privacy or compliance.

Effective management of an application portfolio is also a necessary prerequisite for digital transformation. The organization must fully understand not just the distribution of, and relationship between, its digital assets, but also the way those assets support business operations. Only then will it be able to effectively deliver a new operating model that leverages those digital assets to improve the relationship with all stakeholders. Digital transformation is an evolution of how businesses think and work through better utilization of technology. The technology must support that transformation, not drive it, and that requires a detailed and comprehensive understanding of the digital portfolio and its integration with business processes.
APM drives the future

According to the Harvey Nash / KPMG CIO Survey 2019, 97% of businesses expected their primary business activity to transform at least somewhat within three years, with 44% expecting major or radical changes. And that was before COVID-19 hit, the numbers will not have decreased since! That same survey showed just how effective digital leaders are at delivering everything from time to market (56% better than average) to the employee experience (40% above the average). The ability to understand, control and leverage the digital portfolio is a differentiator that is already driving business performance – and it will only become more important over the next few years.

With a well-managed application portfolio, organizations can provide complete transparency into the portfolio for all technical capabilities and all business functions. Every stakeholder can view and understand the digital assets in a context that is relevant to them, and that will allow technology and business decisions to become more tightly integrated. In a business that has successfully transformed digitally, business decisions and technology decisions will effectively be the same thing because technology is part of how business gets done, it can no longer be separated.

This will require all enterprise platforms are tightly integrated, leveraging a shared data landscape that is accurate, complete and current. Optimal efficiency and effectiveness come ‘for free’ because of the way digital assets are managed, and that frees the business up to focus on innovative growth – the only sustainable strategy for consistent success in the future, and something that takes us back to the 97% of companies the Harvey Nash / KPMG survey identified as expecting business transformation.
Delivering on the promise

All of this raises one obvious question. If APM is so powerful, why aren’t more organizations doing it? There’s no one answer, but the biggest challenge for many is being able to put themselves in a position to start the process. There’s no ability to build the inventory of digital assets because ownership of a significant portion of those assets is distributed across many areas of the organization. And in some cases, ownership isn’t even clear – legacy applications are out there with no owner and no clear understanding of their purpose.

This is where IT departments have to start, they must begin to understand all of their technology assets, not just the core that fall under their mandate. Only then can they begin to develop the inventory that will set them on the path to effective APM. And only then can they start to prepare their organization for a successful digital transformation, and the innovation driven, technology enabled world that lies beyond that transformation.

In our partner white paper titled, “The journey to effective Application Portfolio Management” we look in more detail at the path to successfully implementing APM.
Interested in learning more
Learn more about application portfolio management for effective management of your digital assets:

**Optimize your application portfolio** for better business performance as effective operations depend on strategically managed assets.

**Learn about ServiceNow Application Portfolio Management** because business applications are the link between critical capabilities of the business and the underlying technologies.

**Visit the Application Portfolio Management web page** to learn more about the benefits of APM.

**Hear how Enterprise Agility and APM together** can help your organization succeed in today’s changing world in our podcast series.

**Read about the Application Portfolio Management IT fitness journey** helping you understand where to begin your own APM journey.

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