The journey to effective Application Portfolio Management (APM)
The path to truly understand your ITBM technology assets

In a recent eBook titled, “Manage your APM, or be managed” we explored the concept of Application Portfolio Management or APM. It’s the concept of managing all technology assets as part of an integrated portfolio to allow for the elimination of unnecessary redundancy, to develop and execute strategies for dealing with non-aligned assets and the integrated management of all technologies throughout their complete lifecycles.

APM is a necessary precursor to effective digital transformation, but how do you achieve it? That’s what we want to consider here.

Building an inventory

Start your APM journey by identifying and understanding all of the technology assets that a business has. That’s not as easy as it sounds. Over time, islands of abandoned technologies are created as outdated applications are replaced without being properly retired. Business areas purchase their own applications and services through the concept commonly known as shadow IT, leaving the IT department unaware of their existence (let alone of the management requirements.) Specialized applications used by just one or two individuals also make their way into the mix through multiple routes.

All of these assets must be identified and understood if APM is going to be successful. The process will inevitably begin manually, through conversations and discussions combined with the sharing and updating of spreadsheets. Anticipate challenges identifying who owns certain assets, how they are used or even why they exist. This early inventory is dangerous – it will drive decision making, but because it is incomplete, inaccurate and out-of-date those decisions may be incorrect. Organizations must improve the quality of this inventory as quickly as possible.

That requires the use of a central repository that can be integrated with the enterprise technology infrastructure. That immediately automates some data management, but still leaves elements of the data in the realm of manual maintenance, especially for peripheral applications. However, the central repository increases visibility and understanding, which in turn allows for the development of more complete and accurate information and the discovery of the remaining hidden assets.
Analyzing the assets

Organizations must continue to invest in the automation of inventory maintenance, and on the integration of the asset inventory with the enterprise infrastructure. To move to true APM, however, there must be more than just data. There must be understanding of how various assets support the business. That’s where analysis becomes critical. Digital assets must be mapped to business capabilities to develop an enterprise-wide understanding of how business gets done and which applications support those capabilities.

This is where the information in the asset inventory is given context. With that context, IT leaders can begin to actively manage the portfolio of digital assets, making decisions that support and improve the business. Not only can they identify and begin to plan to address current gaps in support, they also can bring an extremely valuable contribution to improve planning for future investments. In addition, IT now understands how to improve the portfolio of assets with additional data and tracking to provide even greater insight into how technology is supporting the business.

Some organizations have reached this point today and consider themselves successful in achieving a strong understanding of how technology and business integrate to deliver value. However, this is nowhere near the end of the APM journey, in fact it’s only just beginning.

Rationalizing and actively managing the portfolio

Understanding the current assets is important. Knowing which applications are most integral to business success adds another layer and guides future investment. But optimized performance requires technology assets are aggressively managed, rationalizing those assets that are not delivering, and managing those that are, to ensure their contributions are always where they need to be.

IT must develop a roadmap that addresses all of these elements, ensuring that:

- All outdated, duplicate, and unnecessary applications are eliminated as quickly and efficiently as possible with a priority given to those assets which expose the business to risk.
- All peripheral and non-core assets are reviewed with the intention of consolidating, merging services into other applications or otherwise rationalizing them to simplify the overall application portfolio.
- All core, critical assets are actively managed, including a plan for their lifecycle and future replacement if necessary.

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In addition, the roadmap must consider the new and emerging business needs which will require technology support. Organizational strategy will drive the need for numerous new and expanded digital assets which must be integrated with the current portfolio with minimal disruption and maximum value.

Initially the management of this roadmap will take the form of investment planning and prioritization that aligns with business needs while works to eliminate outliers. The roadmap will guide IT investment planning and drive their strategic investments to ensure that technology is being run for the benefit of the business. However, that’s not enough for today’s business to optimize performance, and IT must leverage APM to go one stage further.

**Technology and business integration**

With APM in place, businesses can focus on how best to leverage it. One of the most immediate areas enabled by APM is Digital Product Management (DPM.), the idea that software products become the new unit of management and delivery. This is achieved by replacing the concept of temporary projects with permanent product teams that are invested in and deliver value continuously. Those digital products combine to create the products and services offered to clients and internal functions and drive faster and more consistent value delivery.

APM also provides a route to effective digital transformation. To successfully deliver digital transformation, technology must enable new ways of thinking as well as new way of working. As The Agile Elephant puts it, digital transformation is “the process of shifting your organization from a legacy approach to new ways of working and thinking using digital, social, mobile and emerging technologies. It involves a change in leadership, different thinking, the encouragement of innovation and new business models, incorporating digitization of assets and an increased use of technology to improve the experience of your organization’s employees, customers, suppliers, partners and stakeholders”.

Achieving that requires technology and business be extensions of each other. Technology is not delivered for the business; it is delivered as part of the business. APM becomes a tool not just for technology leaders, but also for business leaders to see how digital assets support their operations and initiatives with complete transparency and in a context that is relevant to them.

At this level, APM becomes part of the overall picture of how a business operates and a tool that supports business and technology leaders as they collaborate to define, plan and execute on strategy. This requires total integration of all enterprise applications with complete automation of management based on a single data platform. It also requires ruthless management of the portfolio to ensure only those applications that align with business strategies and needs are retained and actively managed. Finally, it requires a commitment to continuous evolution of the portfolio to leverage emerging technological opportunities and to support the drive for innovation that is a hallmark of a digitally transformed business.

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Conclusion

Technology leaders are facing challenges on multiple fronts in today’s world. A survey by IDG Research found that digital transformation was the highest priority for CIOs, even in a post COVID-19 world.

At the same time, that same survey reported that 45% of CIOs believe their top priority for the next 12 months will be cost control and expense management. When you are looking to enable transformation and cut costs at the same time you have to have the most robust and strategic approach possible.

That’s what APM can deliver, but it’s not where most businesses are today. The time to begin leveraging APM is now, which means those organizations are already behind schedule in developing their digital asset inventories.

Interested in more?

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- [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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