

STRATEGIC MODERNIZATION



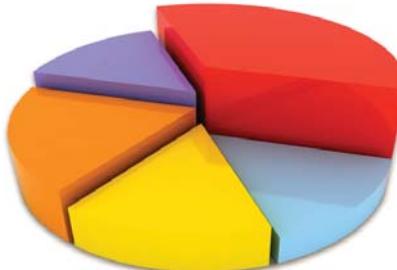
Overcoming technology debt and stalled innovation through business-centric IT modernization

With the abundance of issues that reliance on obsolete services creates, it should be no surprise that many organizations strategically modernize their IT infrastructure and services. But where do you start?

Today, all IT organizations serve two masters, splitting their focus and budget between the maintenance of existing and legacy services and bringing to bear new capabilities that will lead to business growth and competitiveness. The end result of this prioritization trade-off is that, all too often, decisions are made at a tactical level ("fire fighting legacy apps"), ultimately stifling innovation, increasing costs and reducing competitiveness.

In this trade-off, the lion's share of budget goes toward maintenance. Research from Gartner suggests that approximately **75 per cent of IT budgets focus on maintenance of existing capabilities that bring no new benefit to organizations**. When first deployed, legacy technologies brought business benefits that justified their cost, but do they still? Often countless time and dollars are spent maintaining them without evaluating the cost against current benefits.

What's more, when a budget crunch inevitably comes, the innovation slice of the pie is the first cut, since it's seen as a discretionary cost, whereas existing services are untouchable and needed to keep the lights on. When CIOs are asked to cut costs, as often occurs, where do those cuts take place? Stretched thin by supporting an array of existing legacy applications – often misaligned with business objectives, or worse, unused – IT becomes further slammed with the task of fire fighting every time a new application is brought on board and overhead is added.



As the larger piece of the budget pie, the greatest savings can obviously be found from cutting maintenance of legacy applications. However, past shortfall in innovation investment has, for many organizations, created a dangerous downward spiral. With less and less budget applied to new services, organizations become less competitive and maintenance costs increase, until budgets are squeezed so tight that there is nothing left with which to fund innovation.

This reactive approach has created a significant gap between existing IT capabilities and where organizations need to be in order to leverage business-enhancing technology trends such as mobility, big data, cloud and social media. Years of compounded tactical decisions have caused many organizations to fall behind and lose sight of the business value their services bring, or as in too many cases, do not.

The solution is to implement a strategic, business-centric framework for modernization. Only through such an approach to modernization can organizations reduce the technology debt holding them back.

LEGACY IT CHALLENGES

End-of-life support: Maintaining unsupported technologies harbours business continuity risks. Mission critical applications sitting on retired platforms can lead to catastrophic failures, without vendor support to help with recovery.

Platform and browser support: Out-of-date applications become unusable as customers and employees are forced to upgrade browsers. The catch 22 is that organizations are afraid to upgrade their standard supported browser, as legacy applications will not work on modern browsers.

Inadequate performance: With the pace of IT, out-of-date systems may not support current usage, causing outages and bottlenecks and creating Service Level Agreement (SLA) compliance issues as they strain under the weight of today's requirements and expectations.

Higher maintenance needs: Organizations are faced with disparate solutions running simultaneously, often with overlapping functionality. This increases operational and maintenance costs, and obfuscates them. Redundant solutions are the definition of waste, and if left unchecked a large organization can soon find itself with 120 separate departmental Salesforce.com subscriptions. Ask yourself: Is this not the definition of waste? And worse, what inefficiencies does it mask?

Security and risk: Legacy applications aren't prepared for the demands of today's employees and customers. The modern security landscape has become sophisticated on a level that the developers of past applications and solutions could not imagine. Is that 10-year-old application able to confidently resist the highly-targeted advanced hacking attacks that make up the bulk of modern threats? If not, the legacy applications create a risk to business continuity, data loss and customer privacy.

Customer loss: At the same time, quality issues due to inadequate performance or security concerns related to legacy software and hardware can result in customer dissatisfaction and ultimately result in churn.

BUILDING A MODERNIZATION STRATEGY



First, be clear: there are funds for IT modernization. In fact, today, technology expenditures are often occurring all over the enterprise.

Laura McLellan, research vice-president at Gartner, last year noted that by 2017, CMOs will be spending more on IT than their counterpart CIOs.

That reinforces that the funds are there, but they must be aligned with business value—they must be justified by answering strategic business needs.

The Gartner research also demonstrates that, in many organizations, IT is not being responsive enough—or agile

enough—to meet those needs. The bane to that agility is the chaos created by a piecemeal collection of legacy solutions that can have IT perceived as a disabler of efficiencies rather than the enabler, and often results in business circumventing IT for other solutions, such as Software-as-a-Service.

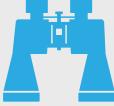
Ask yourself: Are you ahead of business's needs? Is your IT thought leadership able to respond in the agile manner that the current marketplace demands?

STEPS TO MODERNIZATION

PLOT A PATH

 Map the organizational goals through to business benefits and business processes through to IT services and platform enablers to understand the value chain (or lack thereof). Here, the justification for modernization appears as IT services and platforms align with business value. Stay focused on what the business cares about: increased revenue, reduced costs and shareholder value. This will maintain IT's seat at the budget table.

LOOK AT THE BUSINESS

 Are IT investments aligned with business objectives? Are they part of the business core or DNA? If not, can commodity IT services be outsourced, freeing up personnel and financial resources to focus on modernization, and ultimately on innovation that will drive advantage.

DO IT!

Brave words, since the hardest part of strategic modernization is breaking the dependency on existing systems. It might seem unfathomable to become disentangled from the legacy applications the business seems so dependent on today. It can be done, but it may require help from outside. This is where Navantis comes to the aid of our customers, and the reason we have developed a practiced approach to strategic modernization.



TAKE STOCK

Any modernization strategy must begin with a complete inventory and assessment of where you are on the journey and what legacy applications and platforms you are dealing with. This must be a big-picture evaluation, as no single layer (software, hardware, applications or platforms) exists in a vacuum.



SHIFT FOCUS

It might seem small, but it's a significant challenge for many IT organizations to shift in focus to proactive change management from reactive maintenance. It takes a significant initial time investment, but is one that pays off dividends. Focus must always be on solutions that pay down the technology debt created by legacy applications, never a Band-Aid that simply solves a one-off problem—that's still reactive, transactional thinking.

THE NAVANTIS APPROACH

To help our customers, Navantis builds a modernization strategy and visionary roadmap that prepares them for the future, based on their current state and business goals. It begins with our comprehensive framework that holistically incorporates all aspects of IT value: data centre, architecture, application, lifecycle management, governance and business alignment.

By ensuring that applications and platforms are aligned with governance and business needs, Navantis develops a strategy to move to the new platforms or upgrades that introduce new capabilities—improved agility, manageability, increased automation and workflows, enhanced security, redundancy and better performance—to meet business goals without disruption.

The modernization strategies developed by Navantis for our customers reduce IT complexity by: rationalizing applications (consolidating, decommissioning and replacing as needed); reducing infrastructure to minimize processes and the variety of skills needed; developing effective, simplified governance that can be more agile; eliminating shadow IT deployed by business units.



The outcome is a roadmap that can be used to rationalize, consolidate, rebuild and retire existing solutions to prepare the business to embrace today's (and tomorrow's) game-changing technologies, such as mobile platforms, big data-based business intelligence, and public and private cloud.

CONCLUSION

Strategic IT modernization drives business value. Only when IT regularly modernizes its infrastructure can it act as a strategic asset that facilitates operational and business excellence. Still, years of reactive, transaction focused IT investments have created a legacy technology debt that must be overcome before IT can help business achieve its goals.

There is a political war being fought in many organizations today between business and IT. Naturally, business units hold the purse-strings, so IT must get out in front of business to show how it can support the changes the market brings and create a competitive advantage.

For some, IT is no longer being seen as a strategic asset, but that can be changed with better business alignment and modernization of IT services. Modernization creates a win for both, giving business the tools they need to compete, and ensuring IT remains relevant in the years to come.

Without a strategy in place, many key resources may be afraid to move away from legacy applications. Efficiencies are not gained by doing things the same way they were done 10 or 15 years ago. If you are spending money just maintaining, and not moving ahead, that is money lost.