

Responsible Rationalization

A Prescriptive Guide for Reducing the Cost of IT Operations

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Table of Contents

- Understanding Rationalization 1
 - IT is Expensive 1
 - Rationalize to Minimize Cost and Increase Performance 1
 - Positive Impact on Business 2
 - Reducing Mainframe Sprawl 2
- Prescriptive Guide to Enabling Rationalization 2
 - Initiation 2
 - Planning 3
 - Execution 3
 - Closure 3
- Partnering With a Primary Vendor 4
- EMA Perspective 5
- About ASG Technologies 5



Responsible Rationalization: A Prescriptive Guide for Reducing the Cost of IT Operations

Understanding Rationalization

IT is Expensive

While not a popular topic of discussion, in truth, all organizations feel the burn—enterprise IT deployments *are* stunningly expensive. Even though technology is at the heart of nearly every modern-day business model, the costs of provisioning and maintaining an IT infrastructure can grossly erode operational budgets and marginalize business successes and profitability.

Faced with this reality, most organizations are pressured to reduce IT-related costs without diminishing service availability or performance. While this seems a bit like having the proverbial cake and eating it too, a careful review of most enterprise IT environments reveals a wealth of opportunities for responsible cost reductions. For instance, businesses typically purchase and maintain far more applications and licenses than they actually use or need. This is particularly true following mergers and acquisitions when a significant amount of software is redundant.

Maintenance costs for provisioning, patching, updating, storing, and servicing unused software exponentially increase management expenses beyond just the wasted purchase costs. Some software vendors promote all-inclusive software packages with a price incentive. While these may be attractive financially, they also result in software redundancy and/or paying maintenance for software that has limited value to an IT organization.

Similarly, organizations that adopt solutions from multiple vendors are paying an unnecessary price in terms of diminished service quality and reduced value in their IT investments. Anyone who has been in the unenviable position of having to resolve an incident that involves multiple vendors understands the pain of the inevitable “finger pointing” that needs to be resolved before anyone actually looks at the problem.

Rationalize to Minimize Cost and Increase Performance

The brass ring for optimizing enterprise IT management is enabling high-performance and reliability while minimizing operational costs. IT rationalization encompasses the processes for making informed decisions on the purchase and utilization of hardware and software in order to maximize their effectiveness and efficiency.

The focus of these best practices is to reduce the size of the software and hardware footprint in order to simplify management and accelerate returns on investment. This is accomplished by consolidating software services onto a fewer number of application platforms all offered from a single vendor. Capital expenditures are immediately reduced following rationalization, as organizations have fewer licenses to purchase and are able to better take advantage of volume discount programs.

Additionally, procurement and contract administrators have fewer paperwork and vendors to manage, further reducing operational costs, and the decreased application footprint frees up system resources and budgets that can be repurposed to support new or expanding business services. The simplified environment also reduces operational costs as administrators are able to utilize a common set of tools and practices with greater effectiveness. Not only does this result in less time spent on mundane administration tasks, it also reduces mean time to discovery (MTTD) and mean time to resolution (MTTR) of problems and performance issues.

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Responsible Rationalization: A Prescriptive Guide for Reducing the Cost of IT Operations

Positive Impact on Business

Streamlining IT environments through rationalization can also have a significant impact on improving overall business performance. Standardizing business activities on a few key applications enables management processes that are predictable, minimizing administration errors and helping to ensure the high-performance, availability, and reliability of key business IT services.

The consistent availability of high-performing software services directly empowers the workforce with more effective tools to enhance their productivity and drive innovation. In this way, IT can be strategically aligned with business objectives to create, enhance, and support business opportunities rather than being a burden on limited business resources.

Reducing Mainframe Sprawl

Mainframe environments are particularly augmented by rationalization processes due to their exceptional size and power. In a typical mainframe environment, applications are slowly adopted over long periods of time in order to support business requirements as they arise, rather than all at once as often occurs with standalone servers. As applications from multiple vendors accumulate, a complex ecosystem of independent but essential software components is established that is costly to maintain and difficult to manage.

The high capacity of mainframes eventually results in substantial application sprawl that is uniquely susceptible to the improvements offered by rationalization practices. However, rationalization solutions can also have a profound effect on other large system environments, such as grid or cloud computing environments.

Prescriptive Guide to Enabling Rationalization

While quantifiable value can be rapidly achieved from a rationalization initiative, processes must be performed responsibly to ensure businesses will not be placed at risk during and after the transition. IT performance and business productivity must be maintained through every phase of the restructuring. The Information Technology Infrastructure Library (ITIL) set of best practices for IT management offers guidance on optimal methods for introducing new services in a way that minimizes risks. A key precept of the recommendations is that services should be introduced systematically rather than all at once. For each transition activity, sufficient time should be provided to ensure services successfully “settle in” and any unexpected problems are resolved before moving to additional activities. To that end, ITIL recommends the use of a service improvement plan (SIP) that breaks down transition activities into four distinct phases—initiation, planning, execution, and closure—which, collectively, are essential for ensuring a smooth transition for process and environment improvements. Therefore, one or more SIPs will be necessary to effectively facilitate a rationalization project. Outlined below are the key elements to include for each phase of a rationalization SIP.

Initiation

In the initial phase, the scope and goals of the rationalization project are defined and management commitment is obtained for its implementation. Holistic visibility should be enabled across the existing IT infrastructure by collecting data on all applicable hardware and software assets, configurations, performance, and usage. Collected data should be centrally stored and will help identify opportunities for resource consolidation. Identify any redundant, duplicate, or unnecessary software deployments

Responsible Rationalization: A Prescriptive Guide for Reducing the Cost of IT Operations

that can be eliminated or repurposed. Evaluate solution providers that offer software functionality that matches most or all of the application requirements actively in use in the organization. Select and commit to a single vendor that offers the most comprehensive solutions, support, and cost-effectiveness applicable to your organization's unique requirements.

Planning

The data collected during the initiation phase is carefully analyzed to identify rationalization goals and an optimal approach to their implementation. The use of analytics is essential during the data analysis to help identify cost saving opportunities that would be difficult or impossible to discover through purely manual processes. Analytics can also be used to identify the root cause of any performance degradations or cost overruns so remediation of the problems can be incorporated into the project plan. From the analysis results, consolidation targets should be identified. In particular, look for opportunities to replace legacy third-party software with functionally similar software offered by the primary vendor. Requirements should be established for any newly adopted software services; for instance, by determining expected performance goals and/or setting capacity thresholds.

Opportunities should also be considered during the planning phase for rationalization across multiple systems. While rationalization initiatives typically focus on a single large service environment (such as a mainframe), the project plan can easily be widened to incorporate the consolidation of software from a number of systems. For instance, applications from several standalone servers can be consolidated onto a mainframe, further reducing management complexity and costs while freeing up servers that can be retired or repurposed. The final project plan should be carefully documented and should identify specific roles and support steps for business stake holders, IT operations, and the primary vendor.

Execution

The primary vendor will be an essential partner during the execution phase and the level of support it provides will have a significant effect on how smoothly the implementation is performed. Remember that each step in the plan should be initiated systematically and sufficient time should be provided between steps to ensure success before progressing forward. Automate the migration and installation of software platforms as much as possible. Automation creates consistent and predictable deployments that are easy to maintain and problem solve. Every step in the plan, whether automated or manual, should be monitored and recorded to ensure implementation results are processing as expected, identify any unforeseen problems, and provide accountability for anyone involved in the project execution. Following the installation or migration of software, any affected users should be trained on its proper use and processes should be put in place for the ongoing support of the environment.

Closure

Typically, the most overlooked phase in a SIP is the confirmation of the project completion. However, these tasks are critical to ensuring the long-term viability and value of a rationalization deployment. All software installations and migrations should be validated through rigorous testing to ensure they completed successfully and are functioning as expected. Ongoing software audits should be performed to ensure all elements of the environment are continuously available and perform with the parameters established during the planning phase. System and software capacities should be proactively monitored to ensure sufficient resources are always available to support existing and planned business requirements. Finally, recognizing that environments and business requirements are always changing, organizations should continue looking for new rationalization opportunities that will initiate new SIPs and further enhance IT effectiveness and value.

Responsible Rationalization: A Prescriptive Guide for Reducing the Cost of IT Operations

Partnering With a Primary Vendor

Success or failure with a rationalization project will undoubtedly be dependent on the level of support provided by the selected primary vendor. The vendor must provide applications and other software solutions that cover the breadth of organizational requirements. Additionally, the vendor must have the experience, stability, and service capabilities to ensure a smooth implementation and long-term support of the environment. As an example, ASG Technologies has a proven record for successfully achieving enterprise rationalization goals. The vendor offers a wide portfolio of integrated solution suites for application management, operations management, and performance management. To assist organizations with the initiation and planning phases. Additionally, the ASG [Enterprise Data Intelligence](#) Solution's Application Discovery and Understanding feature provides a systematic approach to assess the impact of changes to control risks. ASG's team of experienced IT professionals assist organizations at every phase of the implementation process, from the initial assessment of existing inefficiencies through the identification and deployment of optimal solutions. ASG also has flexible terms and offerings. For example, products can be selected ala carte rather than by a predetermined bundle that includes solutions you may not need or want. To help organizations manage budgets and start project implementations, ASG allows customers to defer payments until current vendor contracts expire, reducing the risk of a contract renewal date impacting rationalization plans.

Case Study: Primerica, Inc.

An adopter of ASG solutions enabling rationalization, Primerica indicated they were completely satisfied with the adopted solution and had achieved quantifiable cost reductions while enabling superior software services. Training and installation support provided by ASG helped increase the company's confidence and overall satisfaction with the product set.

"The transition from the replaced monitoring products to the ASG-TMON products was easy and seamless. ASG has a strong technical support team who are fully trained in all TMON products. Their support allowed for a successful transition."

Bill Raser

Senior Vice-President
Primerica, Inc.

Responsible Rationalization: A Prescriptive Guide for Reducing the Cost of IT Operations

EMA Perspective

While implementation of a rationalization initiative requires some up-front investment in cost and effort, environment improvements in cost-efficiencies and effectiveness can be rapidly achieved. Typically organizations that successfully implement a rationalization project realize quantifiable cost savings within just one year. The results are a one-two punch in operational improvements. Ongoing costs for software and maintenance are substantially reduced and the simplified application ecosystem is much easier to maintain, support, and enhance. Over time, a rationalization solution will exponentially increase business performance. Military experts refer to this as a “force multiplier”—that is, a solution that dramatically increases the effectiveness of an army (or a workforce, in this case). The more productive employees are at utilizing business applications, the more effective they will be at achieving their job requirements. This, in turn, translates into greater business success, dynamic innovation, and improved profitability. The keys to success through rationalization are developing a strategic and responsible process and partnering with a primary vendor that has the software capabilities and technical knowhow to streamline IT services in order to meet the organization’s unique business requirements and goals.

About ASG Technologies

ASG Technologies Group, Inc. provides solutions for information access, management, and control. These solutions empower businesses to enhance workforce productivity, gain an accurate and timely understanding of the information that underpins business decisions, and address compliance needs with improved visibility of cross-platform data from legacy to leading-edge environments. ASG Technologies is a global provider of technology solutions, with more than 1,000 people supporting more than 4,000 midmarket and enterprise customers around the world. For more information, visit www.asg.com.

About Enterprise Management Associates, Inc.

Founded in 1996, Enterprise Management Associates (EMA) is a leading industry analyst firm that provides deep insight across the full spectrum of IT and data management technologies. EMA analysts leverage a unique combination of practical experience, insight into industry best practices, and in-depth knowledge of current and planned vendor solutions to help EMA's clients achieve their goals. Learn more about EMA research, analysis, and consulting services for enterprise line of business users, IT professionals and IT vendors at www.enterprisemanagement.com or blog.enterprisemanagement.com. You can also follow EMA on [Twitter](#), [Facebook](#) or [LinkedIn](#).

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Corporate Headquarters:

1995 North 57th Court, Suite 120

Boulder, CO 80301

Phone: +1 303.543.9500

Fax: +1 303.543.7687

www.enterprisemanagement.com

3467.070218

