NESTAN

Actionable
Adaptable
Architecture

Nestan Pty Ltd, Australia

Application Portfolio Analysis Methodology

An Introduction

June 2010

- **Top down analysis of enterprise applications**
  - Evaluate application's business value and technical condition and determine whether the application should be evolved/maintained, modernised, retired/consolidated or repositioned
  - Manage IT asset life cycle and align IT spending with business needs
- **Based on 4 dimensions**
  - **Business Value**
    - Measures of the application's value to the business
  - **Application Risk**
    - View of the vulnerabilities of the application across multiple risk categories
  - **Operational Costs**
    - Annual costs to support the application
  - **Technical Condition**
    - Assessment of the technical condition and system quality of the application
- **Survey forms completed by**
  - **Business Units**
  - **IT Teams**

Business Value Dimension

- **Business Criticality**
  - The extent to which the loss of this application would affect the organisation's capability to conduct core business processes

- **Competitive Advantage**
  - The extent to which the application enables a capability that results in greater revenue, lower cost or differentiate the organisation in the marketplace

- **Current Effectiveness**
  - The level to which the application effectively supports the business operations

- **Breadth of Usage**
  - The extent of which the application is being used. Is it being used locally by a small group of users?

Application Risk Dimension

- **Regulatory Compliance**
  - Federal and state regulations, privacy legislation
- **Data Sensitivity**
  - Sensitivity level of managed data ranges from low (public info), to medium (info available to most staff), to high (private/proprietary info)
- **Security**
  - Security policy compliance, threat levels, auditing requirements
- **Urgency of action**
  - Urgency of corrective action required to improve the business value or effectiveness
- **Capacity Constraints**
  - Capacity constraints (e.g. CPU, memory, network) preventing expansion of use
- **Vendor Viability**
  - Software vendor, support, End-of-Life, vendors of required underlying products
- **IT Skills**
  - Continued availability of knowledgeable IT staff
- **Historical Failure Rate**
  - Track record of failure

Operational Cost Dimension

- **Application Development Staff Cost**
- **Licensing Cost**
- **Infrastructure Cost**

Technical Condition Dimension

Accessibility	Is the application available where you require it?
Scalability	How will it respond if the number of users or business volume double?
Availability	Is it available when you require it?
Data Accuracy	Is data consistent and standard?
Performance	Does it respond in time? Does it complete processing in time?
Recoverability	After an unplanned outage, is it up and functioning in time?
Usability	Relative to the complexity of the task, is it intuitive to use without extensive training?
Extendibility	Can it easily provide new or extended functionality without changes to many (unrelated) parts of the application?
System Isolation	How much are other systems isolated from changes in this application?
Reusability	How easy is it to reuse existing functions or components to support new requirements, and to expose services or components to be resused by other applications?
Product Alignment	What is the level of alignment with product standards?
Architecture Alignment	What is the level of alignment with enterprise architecture?
Alignment Roadblock	What is the impact of roadblocks in preventing the future alignment with product standards and architecture?

How to interpret the results

Application Portfolio Analysis