

Application Portfolio Management Playbook

Getting Started

This guide provides a framework for getting started in defining your playbook’s language and tone and tying together the concepts you will find in more detail within the *Application Portfolio Management Foundations* storyboard. While this playbook will not dive deep into the execution of specific processes and practices, you will want to reference additional resources to find more context and advice.

Who Should Use This Playbook?

This playbook was primarily written for smaller IT departments unlikely to have a dedicated role for APM. This playbook should be used by any personnel responsible for maintaining the application inventory, application rationalization tool, and application portfolio roadmap. All three can be found in the *Application Portfolio Management Snapshot and Foundations Tool*.

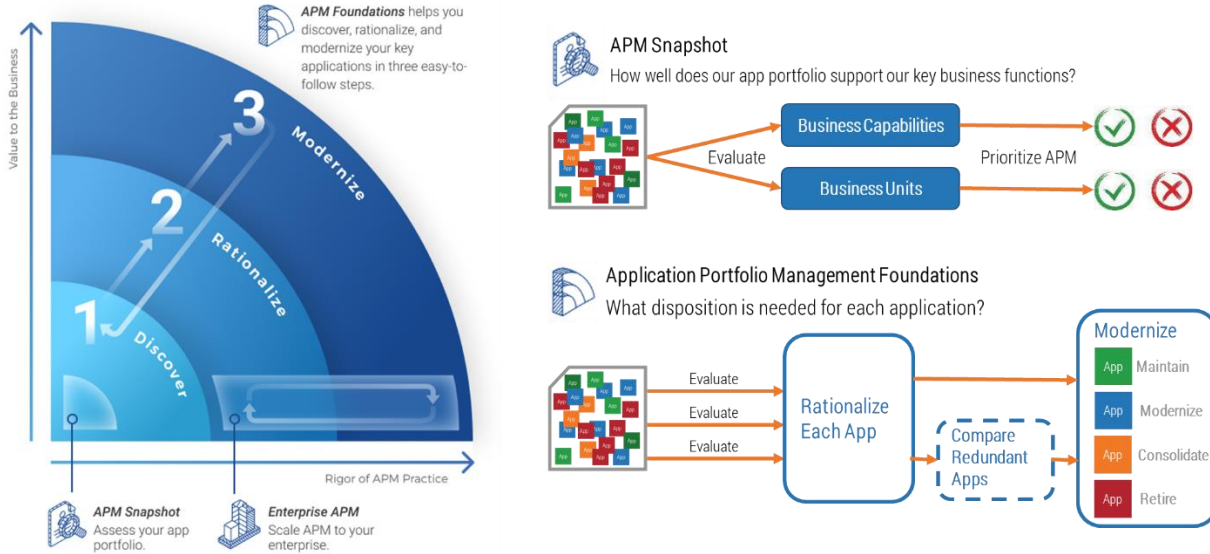
Table of Contents

APPLICATION PORTFOLIO MANAGEMENT PLAYBOOK	1
GETTING STARTED	1
WHO SHOULD USE THIS PLAYBOOK?	1
TABLE OF CONTENTS	1
INTRODUCTION	2
WHAT IS APPLICATION PORTFOLIO MANAGEMENT?	2
WHY APM?	3
INFO-TECH’S FIVE-LENS MODEL FOR APPLICATION RATIONALIZATION	4
INFO-TECH’S 6 R’S DISPOSITION MODEL	5
APM SCOPE	6
APM GOALS AND METRICS	6
APM CORE STEPS AND ROLES	7
APPLICATION INVENTORY ATTRIBUTES	8
APM DISCOVERY AND RATIONALIZATION ITERATIONS	10
APM ONGOING CADENCE	11

Introduction

What Is Application Portfolio Management?

Build your APM journey map



Application portfolio management (APM) is an ongoing governance process that ensures applications across the organization continue to deliver value, limits risk, and justify their cost. This process also includes:

- Providing information and visibility into applications across the organization.
- Recommending application initiatives (enhancements, corrections, retirement) to decision-makers.
- Aligning delivery teams on how to prioritize applications and their support needs or enhancement.
- Showcasing the strategic direction of applications to various stakeholders.

APM Activities and Artifacts



Application Inventory

The artifact that documents and informs the business of your application portfolio.



Application Rationalization

The process of collecting information and assessing your applications to determine recommended dispositions.



Application Alignment

The process of revealing application information through interviewing stakeholders and aligning to business capabilities.



Application Roadmap

The artifact that showcases the strategic directions for your applications over a given timeline.

Why APM?

Common Challenges

1. Application sprawl is inevitable.
 - All organizations evolve in some way as their application needs change and grow. New applications are constantly added to the portfolio.
 - Modern applications are easier for businesses to implement and manage on their own without consulting or informing IT.
 - Technology ages and becomes obsolete or exposed to new threats or, simply, versions become out of date and present business continuity risk.
 - Most organizations acquire more applications than they need, and this is an unnecessary cost and burden small enterprises cannot afford.
2. Sprawl is rarely handled strategically.
 - The addition of new applications often lacks confirmation of overlapping functionality with current applications or if the applications fit the underlying technology strategy of the organization.
 - No centralized function documents applications.
 - Decommissioning current applications often falls by the wayside, as it is an investment many organizations struggle to align to added business value.
 - No dedicated or centralized effort to manage the application portfolio means no single source of truth is available to support informed decision-making.
3. IT departments struggle to manage sprawl or the excess of software to support needs.
 - IT teams do not always know all the organization's assets; therefore, they cannot know the extent of costs and risks.
 - Teams are overburdened by a higher support demand with low capacity.
 - Teams are unsure which requests to prioritize to maintain and enhance.
 - Teams are uncertain if problematic applications should be remediated or retired.

Resolution

Build an APM practice fit for the size that focuses on priority activities.

1. Integrate these tasks into your mixed workload.
2. Create an inventory built for better decision-making.
3. Rationalize your apps by business priorities and communicate risk in their terms.
4. Create a roadmap that improves communication between those who own, manage, and support an application.

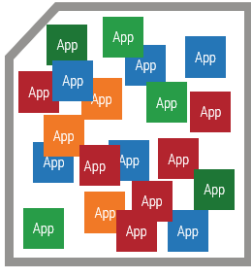
Benefits

The benefits of APM extend past ROI and are experienced by both IT and the business.

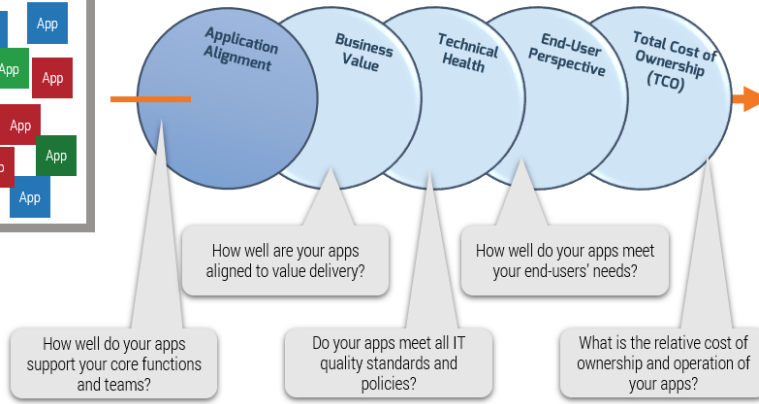
- Improve relationships by informing stakeholders about application assets and opportunities to add value to their capabilities.
- Reduce the number and operational cost of applications. Essentially, create a more efficient portfolio that delivers higher value and lowers costs.
- Reduce the risk applications present to business capabilities.
- Reduce the complexity of the portfolio and decrease the likelihood of your technology environment is a barrier to business growth.

Info-Tech's Five-Lens Model for Application Rationalization

Directionless portfolio of applications



Info-Tech's Five Lens Model



Assigned dispositions for individual apps

- **Maintain:** Keep the application but adjust its support structure.
- **Modernize:** Create a new initiative to address an inadequacy.
- **Consolidate:** Create a new initiative to reduce duplicate functionality.
- **Retire:** Phase out the application.

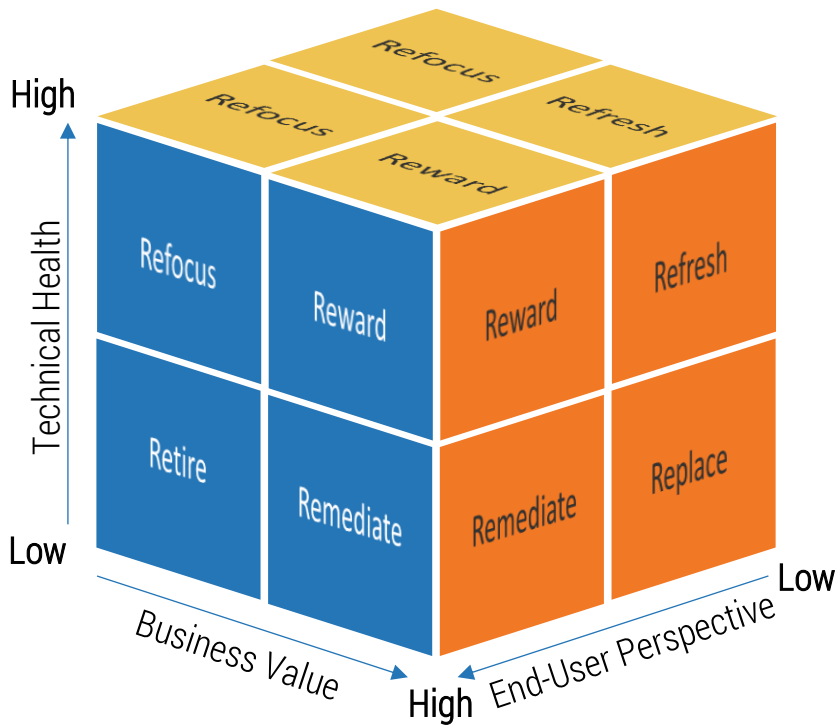
Application rationalization requires the collection of several data points that represent these perspectives and act as the criteria for determining a disposition for each of your applications.

Disposition: The intended strategic direction or implied course of action for an application.

Application rationalization, the central activity of APM, is where you assess your applications to determine their disposition, strategic direction, or a specific call to action. Application rationalization requires multiple perspectives from various stakeholders across the organization to ensure you are arriving at a holistic and well-informed decision. Each lens in the model above requires the collection of several data points that represent each perspective and act as the criteria for determining a disposition for each of your applications. Further descriptions of the rationalization factors are found in the Application Rationalization Factors section of this playbook.

Info-Tech's 6 R's Disposition Model

Many approaches to application rationalization feature a matrix, where the data points from the various rationalization factors plot an application in a quadrant or area of the matrix suggesting a recommended disposition. This particular model applies a three-dimensional matrix, where technical health, business value, and end-user perspective are the three factors that suggest a disposition. This is the primary framework for rationalization in this playbook. Further description of these dispositions is found later in the Target Dispositions section.



TCO, compared relatively to business value, helps determine the practicality of a disposition and the urgency of any call to action. Application alignment is factored in when assessing redundancies and has a separate set of dispositions.

Disposition	Description
Reward	Prioritize new features or enhancement requests and openly welcome the expansion of these applications as new requests are presented.
Refresh	Address the poor end-user satisfaction with a prioritized project. Consult with users to determine if UX issues require improvement to address satisfaction.
Refocus	Determine the root cause of the low value. Refocus, retrain, or refresh the UX to improve value. If there is no value found, aim to "keep the lights on" until the app can be decommissioned.
Replace	Replace or rebuild the application as technical and user issues are putting important business capabilities at risk. Decommission application alongside replacement.
Remediate	Address the poor technical health or risk with a prioritized project. Further consult with development and technical teams to determine if migration or refactoring is suited to address the technical issue.
Retire	Cancel any requested features and enhancements. Decommission the application and transfer end users onto an alternative system.

APM Scope

This section explains the scope of the APM process in terms of key steps, roles and their involvement, and the different types of applications that will be included in the various assessments and artifacts.

APM Goals and Metrics

The table below illustrates the goals, metrics, and targets of the APM process. The objectives of setting these goals are to:

- Align those performing the execution of the APM process with what they are driving toward.
- Determine how or if the APM process needs to be specifically modified to accomplish these goals.
- Keep stakeholders and those responsible informed about the progress and success of the APM process.
- Communicate the intention of APM and create a sense of mutual benefits to encourage buy-in and the willingness of required application subject matter experts to participate in specified activities.

Goals	Metric	Targets
Improve ability to inform the business	<ul style="list-style-type: none"> • Application inventory with all data fields completed • Applications with an assigned disposition 	<ul style="list-style-type: none"> • 80% of the portfolio
Improve ownership of applications	<ul style="list-style-type: none"> • Applications with an assigned business and technical owner 	<ul style="list-style-type: none"> • 80% of the portfolio
Reduce costs of portfolio	<ul style="list-style-type: none"> • TCO of full application portfolio • The number of recovered/avoided software licenses from retired apps 	<ul style="list-style-type: none"> • Reduce by 5% • \$50,000
Migrate platform	<ul style="list-style-type: none"> • Migrate all applications • Total value change in on-premises apps switched to SaaS 	<ul style="list-style-type: none"> • 100% of applications • Increase by 50%
Improve overall satisfaction with portfolio	<ul style="list-style-type: none"> • End-user satisfaction rating 	<ul style="list-style-type: none"> • Increase by 25%
Become more customer-centric	<ul style="list-style-type: none"> • Increased sales • Increased customer experience 	<ul style="list-style-type: none"> • Increase by 35%

APM Core Steps and Roles

An APM process spans several traditional roles, which will range depending on existing processes and process maturity. Ideally APM is integrated with other common IT processes such as project management. The table below is intended to describe the APM process and how it fits within existing processes and roles, specifically illustrating:

- The core steps of the APM process
- The necessary inputs and outputs for each step
- The roles involved with each step, in terms of who executes the step, who provides information, and who ultimately consume the outputs

Suppliers	Inputs	Process	Outputs	Customers
<ul style="list-style-type: none"> • Applications Manager • Operations Manager • Business Owners • IT Team 	<ul style="list-style-type: none"> • List of applications • Application attributes • Business Capabilities 	<ul style="list-style-type: none"> • Build Inventory • Create the full list of applications capturing all necessary attributes • Resp: Applications Manager & IT team member 	<ul style="list-style-type: none"> • Application inventory • Identified redundancies 	<ul style="list-style-type: none"> • Whole organization
<ul style="list-style-type: none"> • Applications SMEs • Business Owners • Support Owners & Team • End Users 	<ul style="list-style-type: none"> • Application inventory • Existing documentation • Additional collection methods • Knowledge of business value, cost, and performance for each application 	<ul style="list-style-type: none"> • Collect & Compile • Engage with appropriate SMEs and collect necessary data points for rationalization • Resp: IT team member 	<ul style="list-style-type: none"> • Data points of business value, cost, and performance for each application 	<ul style="list-style-type: none"> • Applications Manager
<ul style="list-style-type: none"> • Applications Manager 	<ul style="list-style-type: none"> • Defined application rationalization framework and toolset • Data points of business value, cost, and performance for each application 	<ul style="list-style-type: none"> • Assess & Recommend • Apply rationalization framework and toolset to determine dispositions • Resp: Applications Manager 	<ul style="list-style-type: none"> • Assigned disposition for each application • New projects ideas for applications 	<ul style="list-style-type: none"> • Business Owners • Steering Committee
<ul style="list-style-type: none"> • Business Owners • Steering Committee 	<ul style="list-style-type: none"> • Assigned disposition for each application • New project ideas for applications • Awareness of goals and priorities • Awareness of existing projects and resources capacity 	<ul style="list-style-type: none"> • Validate & Roadmap • Present dispositions for validation and communicate any decisions or directions for applications • Resp: Applications Manager 	<ul style="list-style-type: none"> • Application portfolio roadmap • Confirmed disposition for each application • Project request submission 	<ul style="list-style-type: none"> • Whole organization
<ul style="list-style-type: none"> • Applications Manager • Solutions Engineer • Business Owner 	<ul style="list-style-type: none"> • Project request submission • Estimated cost • Estimated value or ROI 	<ul style="list-style-type: none"> • Project Intake • Build a business case for project requests • Resp: Project Manager 	<ul style="list-style-type: none"> • Approved project 	<ul style="list-style-type: none"> • Steering Committee

Application Inventory Attributes

The table below outlines the information or data points that will need to be captured as new applications are introduced and updated regularly. This table includes a description and the intended method to collect and update the information.

Attribute	Description	Collection Method
Name	Terminology the organization uses for the application.	Auto-discovery tools will reveal the name of the applications found. However, this may not be the organizational nomenclature. You may adapt the names by leveraging pre-existing documentation and internal knowledge or by consulting business users.
ID	Unique identifiers assigned to the application (i.e., app number).	Typically, an identification system is developed by the application portfolio manager.
Description	A brief description of the application, often referencing core capabilities.	Typically completed by leveraging pre-existing documentation and internal knowledge or by consulting business users.
Business Units	A list of all business units, departments, or user groups.	Consultation, surveys, or interviews with business unit representatives. However, this does not always expose hidden applications. Application capability mapping is the most effective way to determine all the business units/user groups of an app.
Business Capabilities	A list of business capabilities the application is intended to enable.	Application capability mapping is completed through interviews with business unit representatives.
Criticality	A high-level grading of the importance of the application to the business, typically used for support prioritization purposes (i.e., critical, high, medium, low).	Typically, the criticality rating is determined by a committee representing IT and business leaders.
Ownership	The individual accountable for various aspects of the application (i.e., product owner, product manager, application support, data owner); typically includes contact information and alternatives.	If application ownership is established accountability in your organization, typically consulting appropriate business stakeholders will reveal this information. Otherwise, application capability mapping can be an effective means of identifying who that owner should be.
Application SMEs	Any relevant subject matter experts who can speak to various aspects of the application (i.e., business process owners, development managers, data architects, data stewards, application architects, enterprise architects).	Technical SMEs should be known within an IT department, but shadow IT apps may require interviews with the business unit. Application capability mapping will determine the identity of those key users/business process SMEs.
Type	An indication of whether the application was developed in-house, commercial off-the-shelf, or a hybrid option.	Consultation, surveys, or interviews with product owners or development managers.
Active Status	An indication of whether the application is currently active, out of commission, in repair, etc.	Consultation, surveys, or interviews with product owners or operation managers.
Vendor Information	Identification of the vendor from whom the software was procured. May include additional items such as the vendor's contact information.	Consultation with business SMEs, end users, or procurement teams or review vendor contracts or license agreements.

Attribute	Description	Collection Method
Links to Other Documentation	Pertinent information regarding the other relevant documentation of the application (i.e., SLA, vendor contracts, data use policies, disaster recovery plan). Typically includes links to documents.	Consultation with product owners, service providers, or SMEs or review of vendor contracts or license agreements.
Number of Users	The current number of application users. This can be based on license information but will often require some estimation. Can include additional items of quantities at different levels of access (i.e., admin, key users, power users).	Consultation, surveys, or interviews with product owners or appropriate business SMEs or review of vendor contracts or license agreements. Auto-discovery tools can reveal this information.
Software Dependencies	List of other applications or operating components required to run the application.	Consultation with application architects and any architectural tools or documentation. This information can begin to reveal itself through application capability mapping.
Hardware Dependencies	Identification of any hardware or infrastructure components required to run the application (e.g., databases, platform).	Consultation with infrastructure or enterprise architects and any architectural tools or documentation. This information can begin to reveal itself through application capability mapping.
Development Language	The coding language used for the application.	Consultation, surveys, or interviews with development managers or appropriate technical SMEs.
Platform	A framework of services that application programs rely on for standard operations.	Consultation, surveys, or interviews with infrastructure or development managers.
Lifecycle Stage	Where an application is within the birth, growth, maturity, and end-of-life lifecycle.	Consultation with business owners and technical SMEs.
Scheduled Updates	Any major or minor updates related to the application including the release date.	Consultation with business owners and vendor managers.
Planned or In-Flight Projects	Any projects related to the application including estimated project timeline.	Consultation with business owners and project managers.

APM Discovery and Rationalization Iterations

The table below outlines the grouping of applications for an iterative approach to rationalizing your applications. It also details which applications overlap with other applications in supporting a business capability and require additional analysis.

Application Subset	Estimated Applications	Priority	Estimated Start	Estimated Duration	Recommended Participants
Business Unit 1					•
Business Unit 2					•
Business Unit 3					•
Business Unit 4					•
Business Unit 5					•
Business Unit 6					•
Business Unit 7					•
Business Unit 8					•

APM Ongoing Cadence

The last section outlines the structure and consistency of the ongoing APM process. The table defines the ownership of the three primary artifacts or tools of APM, including the information and data within them, specifically illustrating:

- Who is accountable for the artifact or tool?
- How frequently should they update the artifact or tool?
- What is included in updating the artifact or tool?
- Who is the audience?
- How frequently should they present the artifact or tool to said audience?

Artifact	Owner	Update Cadence	Update Scope	Audience	Presentation Cadence
Inventory		<ul style="list-style-type: none"> • As new applications are acquired • Annual review 	<ul style="list-style-type: none"> • Add new application data points (this is added to implementation standards) • Review inventory and perform a data health check • Validate with App SME 	<ul style="list-style-type: none"> • Whole organization 	<ul style="list-style-type: none"> • Always available on the team site
Rationalization Tool		<ul style="list-style-type: none"> • Annual update 	<ul style="list-style-type: none"> • Revisit value driver weights • Survey end users • Interview support owners • Interview business owners • Update TCO based on the change in operational costs; expand thoroughness of cost estimates • Rescore applications 	<ul style="list-style-type: none"> • Business owners of applications • IT leaders 	<ul style="list-style-type: none"> • Annually alongside yearly strategy meeting
Portfolio Roadmap		<ul style="list-style-type: none"> • Monthly updates alongside project updates 	<ul style="list-style-type: none"> • Shift the timeline of the roadmap to the current day 1 • Carry over project updates and timeline changes • Validate with PMs and business owners 	<ul style="list-style-type: none"> • Steering Committee • Business owners of applications • IT leaders 	<ul style="list-style-type: none"> • Quarterly alongside Steering Committee meetings • Upon request

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