

### **Application Portfolio Management**

Unlike PPM that deals with future projects, APM focuses on existing applications, trying to balance expense against value (Caruso 2007). These applications may be assessed for their contribution to corporate profitability, and also on nonfinancial criteria such as stability, usability, and technical obsolescence. McKeen and Smith (2010) provide strategies for effectively implementing an APM initiative. The existing portfolio of applications (sometimes referred to as the asset portfolio) must be continually maintained in order to support the organization effectively. This need for continual maintenance creates demand for IT resources. Allowed to grow in response to the needs of separate lines of business, a legacy environment soon becomes highly complex, difficult to change, and expensive to maintain.

In one organization, it was not until they had instituted an APM initiative that they discovered that they had significant overlap and duplication across applications (e.g., 70 management information systems, 51 order management applications, and 27 regulatory reporting systems). The costs of maintaining this environment were driven up substantially and needlessly. Furthermore, their ability to deliver new applications was jeopardized due to the inherent complexities within the application portfolio itself.

With an effective APM initiative now in place, this same organization has reduced its technology-related operating costs and realized significant business value through reduced staff and maintenance requirements, reduced cycle times for process execution, a thorough rationalization of their application portfolio with a 40 to 50 percent reduction in size, and realized technology cost improvements through application retirement. Furthermore, the organization was able to re-orient their technology cost profile to value creating activities and away from maintenance. Most significantly, resultant savings were applied to new initiatives without increasing the overall IT budget. This example demonstrates how APM can be effective at reducing overall demand as well as reshaping it.

### **Enterprise Architecture**

According to Wikipedia (2014b), enterprise architects (EA) “work with stakeholders, both leadership and subject matter experts, to build a holistic view of the organization’s strategy, processes, information, and information technology assets. The enterprise architect links the business mission, strategy, and processes of an organization to its IT strategy, and documents this using multiple architectural models or views that show how the current and future needs of an organization will be met in an efficient, sustainable, agile, and adaptable manner. Enterprise architects operate across organizational and computing silos to drive common approaches and expose information assets and processes across the enterprise. Their goal is to deliver an architecture that supports the most efficient and secure IT environment meeting a company’s business needs.”

In this role, an EA is strategically placed to bridge the two worlds of business and technology. According to McKeen and Smith (2008), EAs are “able to take a view across business change programs, assessing their combined business and technical risk, overlap/dependencies and business impact on the staff and customers of an organization.” Over the years, the role of enterprise architecture has become even more business focused and this has drawn EAs into increasingly senior management discussions. The