

# Focal Point<sup>®</sup>

## APM Workspace User Guide

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# 1 Application portfolio management workspace

When workspace administrators set up the application portfolio management workspace for their organizations, they can use this guide to customize the workspace. This guide contains instructions for the actions that are required after creating or importing a workspace. The guide also provides an overview of modules, roles, views, home pages, and the implementation of scorecards.

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## About this publication

This user guide explains how to use the application portfolio management template to manage an application portfolio, make decisions about investment levels, manage application assessments, and manage transformation projects.

The application portfolio management template is a preconfigured template that you can use in Focal Point.

The examples and screen captures in this user guide demonstrate how to use the template and are based on application portfolio management in the financial sector, such as a bank.

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## Objectives

After reading this user guide, you should be able to understand these concepts:

- The predefined roles in the workspace and how they collaborate in the tool
- The process to determine application dispositions
- The process to determine investment levels
- The process to manage transformation projects

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## Intended audience

This user guide is intended for people who have basic knowledge of Focal Point and who have one or more of the roles that are shown in the following table.

<b>Role</b>	<b>Description</b>
Application business owner	This role has the business responsibility for one or more applications. The application business owner understands the business context of an application and is responsible for business information for the application. This role relies on an application architect for the technical information for the application.
Application architect	The application architect understands the technical context of an application and is responsible for technical information for the application.
Enterprise architect	This role is responsible for the technical solution and technology standards that are used across a set of applications. The applications might be within one or more portfolios. The enterprise architect is the technical counterpart to the portfolio analyst.
Portfolio analyst	This role owns the overall application portfolio management process and ensures that the right people are involved and are working properly throughout the process. The portfolio analyst represents the execution arm of the steering committee.
Project management office (PMO)	People with this role manage project proposals for the steering committee to consider. In the application portfolio management workspace, the PMO role has more limited responsibilities than it does in the IT portfolio management workspace. The IT portfolio management workspace provides more use cases that are related to projects, including integration with the Rational solution for Collaborative Lifecycle Management.
Steering committee	This role can make approval decisions about the application portfolio. The steering committee approves the scope of application portfolio analysis, investment levels, applications to be investigated, proposed application dispositions, and project proposals that are related to application portfolio management. The steering committee also monitors the portfolio health and reviews the strategic alignment of applications and projects.

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## **Section 1 – Application portfolio management process**

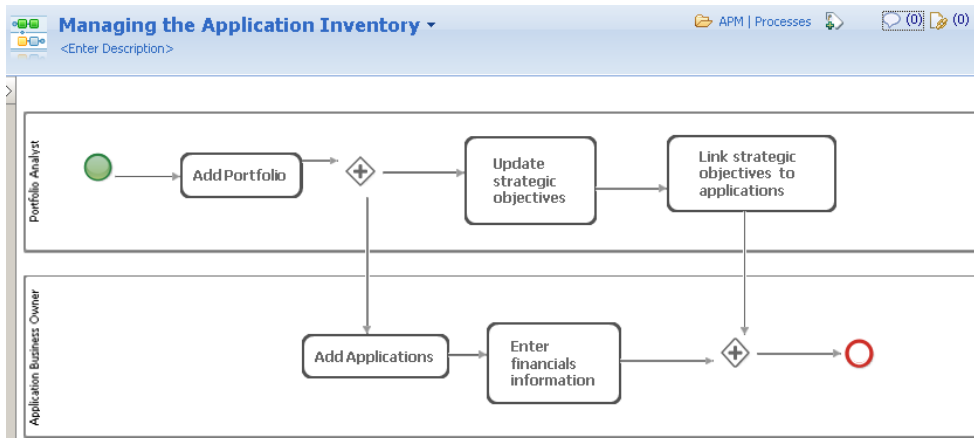
The application management process includes these workflows:

- Manage the application inventory
- Assess applications and determine application dispositions
- Manage the investment model
- Manage investments in the application portfolio

- Manage the transformation

## Manage the application inventory

Before you start managing the application portfolio by using the application portfolio management template, application information must be collected into the inventory. A sample workflow for managing the application inventory process is shown in the following screenshot:



Each of the following activities corresponds to a use case in *'Section 2 – Manage the application inventory'* on page 15:

**Add a portfolio:** The portfolio analyst adds the portfolios to the workspace repository. For more information, see *'Use case: Add a portfolio'* on page 15.

**Add applications:** The portfolio analyst, application business owner, or application architect adds applications and captures information about the applications. In many cases, the organization already has a list of applications. You can also add a bulk load of application by importing a spreadsheet. For more information, see *'Use case: Add applications'* on page 16 and *'Use case: Add applications by using bulk loading'* on page 18.

**Add and update strategic objectives:** The application portfolio management workspace template provides examples of strategic objectives to use as a starting point. The portfolio analyst adds and updates the strategic objectives to align them with the needs of the organization. For more information, see *'Use case: Add strategic objective criteria'* on page 16 and *'Use case: Update strategic objective criteria'* on page 16.

**Link strategic objectives to an application:** The portfolio analyst or application business owner links the associated strategic objectives to an application. For more information, see *'Use case: Link strategic objectives to an application'* on page 17.

**Update financials information:** The application business owner enters planned financials information and actual financials information for the applications. The actual financials information must be updated at least quarterly. For more information, see *'Use case: Update financials information'* on page 18.

Although this workflow is depicted as a one-off workflow, the maintenance of the application inventory is a continuous process. You must apply these use cases on an ongoing basis. For example, you might start by adding only applications for certain geographical regions that cost more than \$100,000 per year, and then add applications as you broaden the scope of your application portfolio management effort.

Organizations that have large volumes of applications can use the SOAP and REST interfaces to programmatically keep the application inventory in Focal Point synchronized with other systems, such as IBM Tivoli® Change and Configuration Management Database (CCDMB) or financial systems. Before you use the SOAP and REST interfaces, complete an initial implementation of the application portfolio management process. By implementing the application portfolio management process first, your organization can identify the information it needs before it invests in automation.

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## Assess applications and determine application dispositions

Most organizations assess their application portfolio at regular intervals, such as once or twice a year, to determine how to better align the portfolio with corporate objectives and strategies. This assessment might include determining the following information:

- Which applications can be consolidated to reduce cost
- Which applications must be modernized to reduce cost, increase business agility, or reduce regulatory, skill, or technical risks
- What changes to service level agreement (SLA) levels can be done to reduce operational cost and better align investments in operations with business needs
- Which applications must be moved to a cloud environment to increase business flexibility while reducing cost
- Which applications must be moved closer to the business, moved to a different country, or be outsourced, with the goal of improving business agility while reducing cost
- Which applications are compliant with industry or regulatory standards, and therefore reduce risk exposure

The application portfolio management template is useful for determining the first two items in the previous list. With minor modifications, the template can be used to address all of the items in the list.

An application disposition is the final arrangement of the application. The assessment has four phases, and the activities in each phase correspond to one or more use cases in *'Section 3 – Assess applications and determine application dispositions' on page 18*:

- 1 Prepare for the assessment.



- **Monitor the application portfolio:** The steering committee continuously monitors the performance of the application portfolio. By continuously monitoring the portfolio, the steering committee can determine which portfolios and applications to target for next assessment when the focus of an assessment must be limited to a subset of applications and portfolios. For more information, see *'Use case: Monitor the application portfolio' on page 18.*
- **Define the scope of an assessment:** Based on guidance from the steering committee, the portfolio analyst updates the assessment state of the applications. For applications that are targeted for the next assessment, the assessment state is set to Assess. For applications that are not targeted for the next assessment, the assessment state is set to Not Assessed. For more information, see *'Use case: Define the scope of an assessment' on page 18.*

## 2 Do a high-level assessment.

- **Perform a business assessment of an application:** The application business owner monitors which applications are in the Assess state and performs a business assessment of those applications. For more information, see *'Use case: Perform a business assessment of an application' on page 19.*
- **Perform a technical assessment of an application:** The application architect monitors the applications that are in the Assess state and performs a technical assessment of those applications. For more information, see *'Use case: Perform a technical assessment of an application' on page 19.*
- **Make first-level recommendations:** After the business and technical assessments are completed, the application business owner and application architect determine first-level recommendations. For a high-level assessment, the recommendation is usually to either keep the application as-is or complete a deeper investigation. Other recommendations are made as needed.

After the application business owner and application architect make their recommendations, they mark the application assessment as being complete by setting the assessment state to Info Gathered. When the application is in the Info Gathered state, the application is ready for validation by the portfolio analyst.

After the first-level recommendations are made, the steering committee performs a “Decide which applications warrant in-depth investigation” to decide which applications must undergo deep investigation.

For more information, see *'Use case: Make first-level recommendations' on page 19.*

## 3 Do an in-depth investigation.

The steering committee targets certain applications for an in-depth investigation. For more information, see the “Decide the dispositions and recommendations” section. The applications that are chosen for in-depth investigation follow the following use cases:

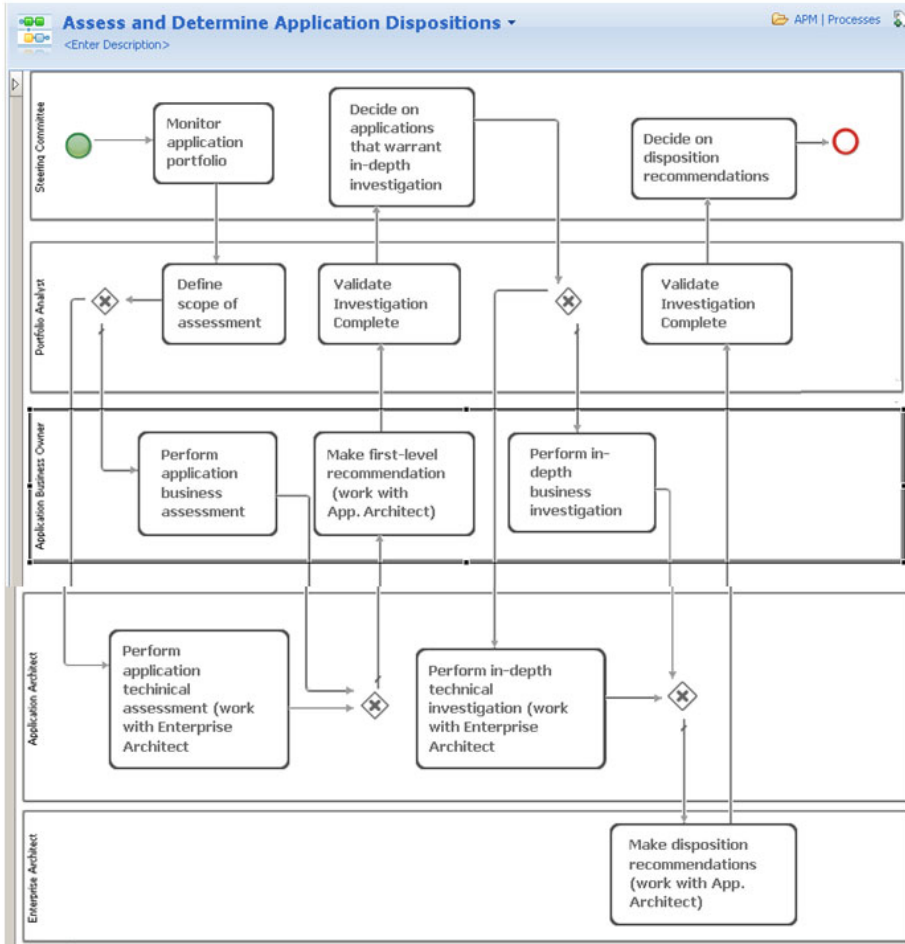
- **Perform an in-depth business investigation:** The application business owner monitors which applications are in the Investigate state and performs an in-depth business investigation of those applications. For more information, see *'Use case: Perform an in-depth business investigation' on page 20*.
- **Perform an in-depth technical investigation:** The application architect monitors the applications that are in the Investigate state and performs an in-depth technical investigation of those applications. The application architect collects key data and recommendations in Focal Point, but might complete part of the investigation in an enterprise architecture tool. For more information, see *'Use case: Perform an in-depth technical investigation' on page 21*
- **Recommend dispositions:** The application architect, enterprise architect, and application business owner recommend one or more dispositions. After the business and technical assessments are completed, the application business owner marks the in-depth application investigation as being complete by setting the assessment state to Investigation done. When the application is in the Investigation done state, the application is ready for validation by the portfolio analyst. For more information, see *'Use case: Recommend dispositions' on page 22*.

The recommendation might include a project proposal for discontinuing, consolidating, or modernizing applications according to the proposed dispositions. These use cases are described in *'Section 6 – Manage the transformation' on page 30*.

#### 4 Decide the dispositions and recommendations.

- **Validate the assessment and complete the investigation:** After the recommendations are made and all of the information is captured in the workspace, the portfolio analyst validates the assessment data and marks the applications as ready. Then, the steering committee can review the recommendations. If the high-level assessment is complete, the assessment state is set to Ready for Review (assess). If the in-depth investigation is complete, the state is set to Ready for Review (investigate). For more information, see *'Use case: Validate that the investigation is complete' on page 23*.
- **Review the disposition recommendations and make decisions:** The steering committee reviews the recommended dispositions. The committee might make several rounds of decisions. For example, the first round of decisions might be to determine which applications warrant an in-depth investigation. Then, in one or more rounds of decisions, dispositions are determined. If the steering committee approves the recommendations, the assessment state is set to Analysis Complete. If more work is needed, the assessment state is set to either Assess or Investigate. For more information, see *'Use case: Review the disposition recommendations and make a decision' on page 23*.

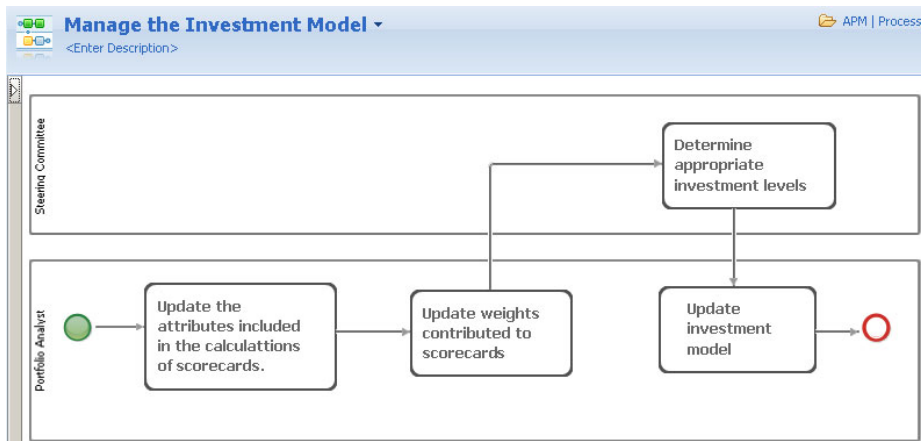
A sample workflow for assessing applications and determining application dispositions is shown in the following screenshot.



## Manage the investment model

Organizations must have a transparent process to manage investments and clearly defined guidelines to prioritize investments. Each company must determine the best guidelines for itself.

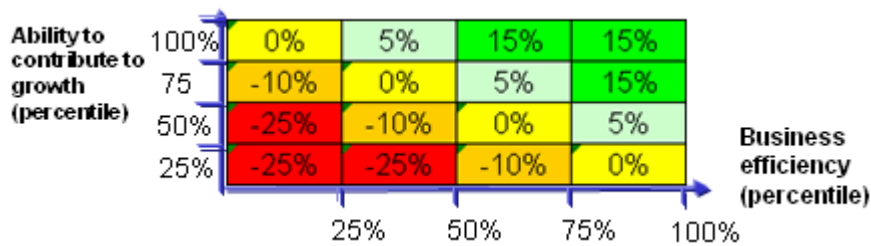
The application portfolio management workspace provides a generic approach to manage investments. The approach includes three key customization points that organizations can use to change the investment management model to meet their needs. The following screenshot shows the workflow to manage the investment model.



Two scorecards are used to determine investment levels:

- The business efficiency score indicates the current value of an application. For more information, see the “Business efficiency score” section in the *APM Workspace for Focal Point Deployment Guide*.
- The ability for growth score indicates the potential that this application has for business. For more information, see the “Ability for growth score” section in the *APM Workspace for Focal Point Deployment Guide*.

By using the scorecards, you can define the target investment level based on how each application scores on each axis. For example, the following image shows the proposed changes to the investment level in percentages for the next budget cycle.



An organization can calculate proposed changes in investment levels by entering information about the application.

**Note** The changes are only proposed, and are to be used as a starting point for a discussion. For more information, see *Section 5 – Manage investments in the application portfolio* on page 26.

The investment model includes three customization points:

- 1 The attributes can be modified to calculate the two main scorecards. For more information, see the “Scorecards for investment management” section in the *APM Workspace for Focal Point Deployment Guide*.
- 2 The weights of each attribute can be modified as scores for the two main scorecards. For more information, see *Use case: Update weights that contribute to business efficiency and growth* on page 24.
- 3 The target investment level can be modified based on the score for each of the scorecards. For more information, see *Use case: Determine the appropriate investment levels* on page 25.

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## Manage investments in the application portfolio

To use this workflow, an organization must establish analytics for proposing changes to future investment levels, as described in the “Workflow: Manage the investment model” section.

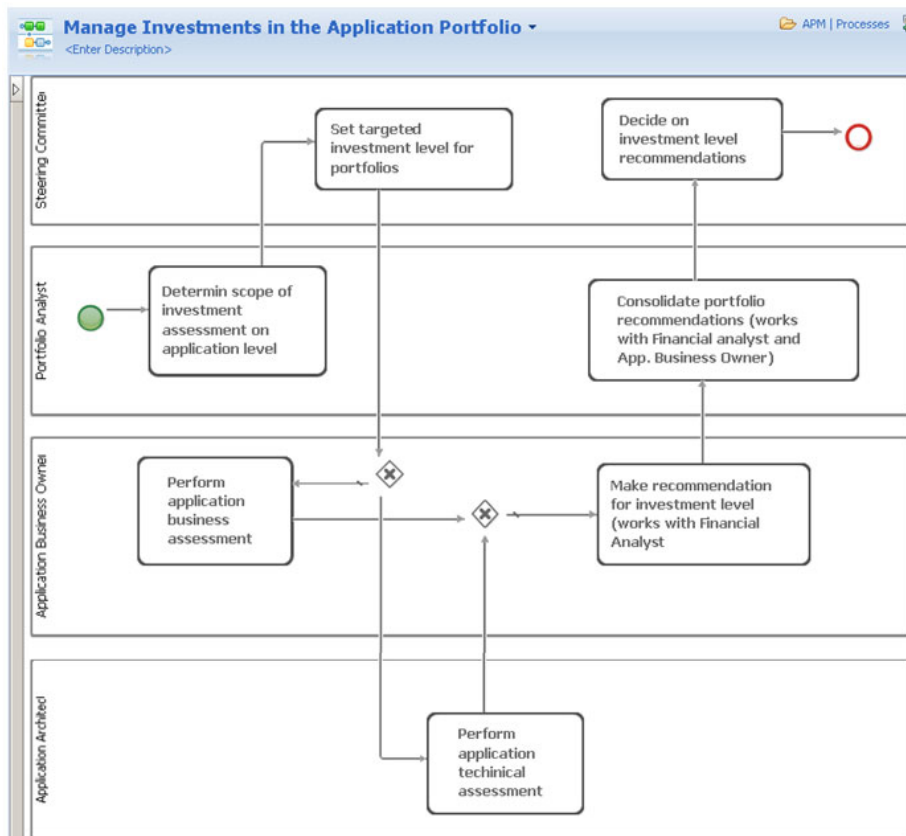
Organizations apply the following assessment lifecycle to manage investments in the application portfolio. If a more elaborate workflow is required, organizations might produce a specialized workflow for the investment management lifecycle.

- 1 Prepare for the assessment.

- **Determine the scope of the investment assessment on the application level:** Based on guidance from the steering committee, the portfolio analyst updates the assessment state of applications. Applications in the portfolio that are targeted for the assessment are placed in the Assess state. Applications in portfolios that are not targeted are placed in the Not Assessed state. For example, the committee might decide that the investment of 3 out of 5 portfolios needs to be cut for next year. For more information, see *'Use case: Determine the scope of an investment on the application level' on page 26.*
  - **Set targeted investment levels for portfolios:** Based on the investment model in the “Workflow: Manage the investment model” section, the steering committee, portfolio analyst, and financial analyst set the targeted investment change for each portfolio that is within scope of the assessment. For more information, see *'Use case: Set targeted investment levels for portfolios' on page 26.*
- 2 Do the assessment.
- **Perform a business assessment of an application:** When applications are in the Assess state, the application business owner performs a number of activities, see *'Use case: Perform a business assessment of an application' on page 19*
  - **Perform a technical assessment of an application:** When applications are in the Assess state, the application architect performs a number of activities, see *'Use case: Perform a technical assessment of an application' on page 19.*
  - **Recommend investment levels:** After the business and technical assessments are completed, the Calculated Investment Change (%) attribute can be propagated. Then, the application business owner and the application architect make a recommendation for investment change. If necessary, they can use the Comments attribute to add an explanation about why the proposed value differs from the calculated value. After the recommendation is made, the application business owner marks the investment assessment as being complete by setting the assessment state to Info Gathered. At this point, the assessment results are ready for validation and consolidation by the portfolio analyst. For more information, see *'Use case: Recommend investment levels' on page 27.*
  - **Consolidate portfolio recommendations:** After the recommendations for investment level are made at the application level, the portfolio analyst and the financial analyst consolidate the recommendations and adjust the proposed investment changes to align with the portfolio financial targets. The portfolio analyst and financial analyst might need to work with the application business owners to revise the proposed investment level so that the portfolio level targets can be reached. If necessary, the Comments attribute can be used to add an explanation about why the proposed value is adjusted from the initial recommendation. When the consolidation is complete, the assessment state is set to Ready for Review (assess). For more information, see *'Use case: Consolidate portfolio recommendations' on page 28.*

- 3 Review the investment level recommendations and make a decision: The steering committee reviews information, such as projected annual cost, targeted investment changes, and proposed investment changes, and then makes the decision about future funding. If the steering committee agrees with the recommendations, the committee moves the applications to the Analysis Complete state. Otherwise, the committee can request a new investment proposal and send the impacted applications to the Assess state. For more information, see *'Use case: Review the investment level recommendations and make a decision'* on page 29.

The following screenshot shows the workflow to manage investments in the application portfolio.

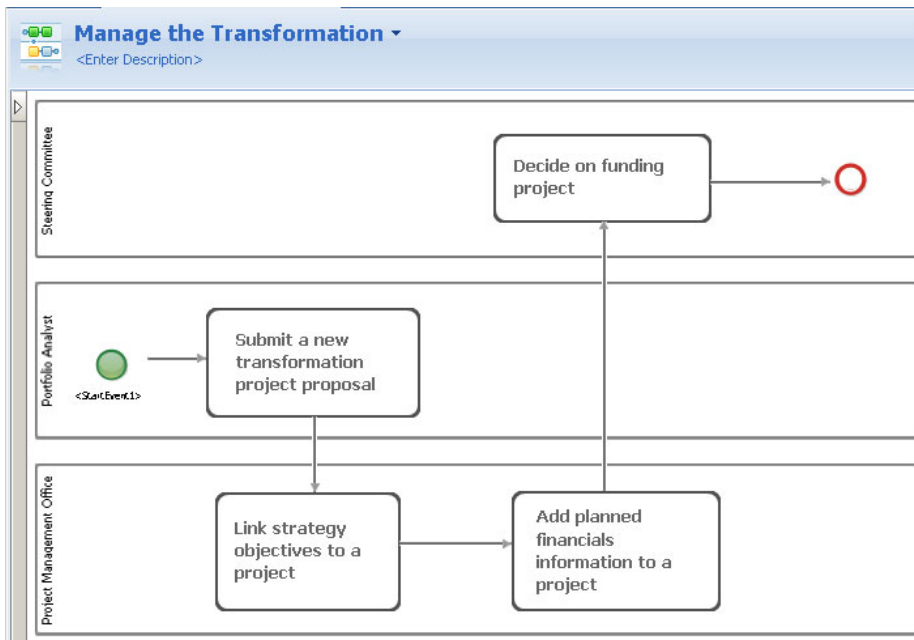


## Manage the transformation

An application portfolio assessment supports the decisions that are made about application dispositions. Most of these dispositions require projects to be funded and implemented. To ensure that decisions are based on realistic information about implementing dispositions, you can integrate this workflow with the “Assess applications and determine application dispositions” workflow.

The “Manage the transformation” workflow is a project portfolio management process, which is also referred to as an IT portfolio management process. To apply a more advanced workflow for project portfolio management, you can use the IT Portfolio Management workspace template.

A sample workflow for managing the application inventory process is shown in the following screenshot.



Each of the following actions to manage the process corresponds to one or several use cases in the “Manage the application inventory” section:

- 1 **Propose new transformation projects:** The portfolio analyst works with the project management office to submit the project proposal of the disposition, such as a project to convert or migrate an application. The applications in the project proposal are identified and are linked to the transformation project. The project is also linked to the business strategies it supports so that the organization can link transformational spending to business strategies.
- 2 **Add planned financials information to a project:** The project management office provides planned financials information about a project and makes the proposal available for assessment.
- 3 **Decide whether to fund a project:** The steering committee reviews the project proposal and the financials information on the home page and in the project reports to make the investment decision. The project that is accepted can start the implementation.

A larger set of use cases can be enabled by using the IT portfolio management workspace. The use cases include resource capacity planning and integration with IBM Rational Team Concert™ for project execution and project portfolio monitoring.

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## Section 2 – Manage the application inventory

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### Use case: Add a portfolio

This use case describes the following tasks:

- Adding portfolios to workspace
- Updating portfolio information

Only a portfolio analyst can add portfolios to a workspace. After the portfolio analyst adds a portfolio, the analyst can enter information in these fields:

- **Title:** A word or phrase that concisely describes the portfolio
- **Description:** A summary of the portfolio
- **Responsible:** The owner of portfolio. Typically, the current user is assigned as the owner.

In the My Portfolios view, the portfolio analysis section shows the financials, risks, and historical data of portfolio. You can customize the view by selecting the attribute, type of graph, and period of time to display.

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## Use case: Update strategic objective criteria

The application portfolio management workspace template provides example of strategic objectives to use as a starting point. The portfolio analyst must update the strategic objectives to align with the strategies of the organization.

The following information can be updated:

- **Title:** A word or phrase that concisely describes the strategic objective
- **Description:** A summary of the strategic objective
- **Weight:** The level of importance assigned based on the priority of the strategic objective
- **Objective:** Identifies whether the goal of the strategic objective is to maximize or minimize the criteria

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## Use case: Add strategic objective criteria

The portfolio analyst works with steering committee to identify and add the strategic objectives. The strategic objectives indicate the business requirements of the organization.

For each strategic objective, the following information is required:

- **Title:** A word or phrase that concisely describes the strategic objective
- **Description:** A summary of the strategic objective
- **Weight:** The level of importance assigned based on the priority of the strategic objective
- **Objective:** Identifies whether the goal of the strategic objective is to maximize or minimize the criteria

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## Use case: Add applications

This use case describes the following tasks:

- Adding applications to a workspace



- Entering the required information, such as strategic objectives or financials information for future analysis

When you adding applications, enter the following information:

- **Name:** A word or phrase that concisely describes the application
- **Description:** A summary of the application
- **Portfolio:** Associates the application with a portfolio. To associate the application with a portfolio, click **Click to Add Link**.
- **Owner:** An application business owner. To assign an owner, click **Click to Add Link**.
- **Application Architect:** The application architect who is responsible for this application. To assign an application architect, click **Click to Add Link**.

When you add an application, make sure that the application state is Active (Maintain) or another active state, if the application is in operations. To manage applications in the Proposed, Planned, or Develop states, use the IT Portfolio Management workspace.

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## Use case: Link strategic objectives to an application

To understand how applications support business strategies, a portfolio analyst can link the strategic objectives of an organization to an application. Then, the steering committee can see the alignment of their portfolio to the business strategies.

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## Use case: Add financials information

Financials information, including planned costs, planned benefits, actual costs, and actual benefits, are required so that the steering committee can determine the condition of their portfolios.

For each application, consider the following costs:

- Software licenses
- Hardware licenses, including MIPS
- Operations, including resources such as the administrator costs to run and maintain the daily usage of applications
- Development, including all of the development resources for an application
- Maintenance
- Quality assurance
- Other costs, if any

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## Use case: Update financials information

The application business owner must frequently update financials information to keep that information up-to-date. Update the financials information at least quarterly. Your organization might automate this use case by uploading financial information for all applications. To automate this use case, you can either import information from a spreadsheet or access information through integrating with the Web services and SOAP interfaces.

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## Use case: Add applications by using bulk loading

If your organization already has a list of applications in a spreadsheet, you can bulk load a set of applications by importing the spreadsheet.

Before you import the applications, information must be specified in these fields:

- **Select work sheet:** Identify the worksheet that contains the application information.
- **Excel Structure:** Select options to organize the application information:
  - Each row contains the attributes of one element
  - Each column contains the attributes of one element

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# Section 3 – Assess applications and determine application dispositions

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## Use case: Monitor the application portfolio

The home page of steering committee contains dashboards to manage application portfolios, such as the portfolio summary report, the financial trends report, the application failing SLAs report, and the business objectives alignment report.

The portfolio summary report shows the status of portfolios as traffic lights. The financial trends report compares aggregated planned costs to actual costs. The steering committee can use these reports, which are in the upper-left section of the home page, to continuously monitor the performance of their application portfolio and determine the portfolios and applications to assess.

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## Use case: Define the scope of an assessment

After the steering committee targets the applications to assess, the portfolio analyst sets those applications to the Assess state.

The My Portfolios view displays only applications that are in portfolios where the current user is an owner. To filter applications that are in other states, use the predefined filters in the upper-right menu.

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## Use case: Perform a business assessment of an application

In the My Applications view, the application business owner can see the applications targeted for assessment and select the **Assess – Business** filter. The application business owner performs a business assessment and provides the assessment scores for the following attributes:

- **Business Alignment:** Defines how well an application aligns with business strategies
- **Business Criticality:** Scores how critical an application is to the business
- **Business Risk:** Identifies how much risk the application adds to the business

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## Use case: Perform a technical assessment of an application

In the My Applications view, the application architect can see the applications that are targeted for assessment and select the **Assess - Technical** filter. The application architect performs a technical assessment and provides the assessment scores for the following attributes:

- **IT Alignment:** Shows how well the application aligns with IT requirements and guidelines.
- **IT Risk:** Defines how much risk the application adds to IT success.

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## Use case: Make first-level recommendations

The application business owner works with the application architect to make the first-level recommendation. Typically, the first-level recommendation is to determine the following decisions:

- Which applications should undergo deep investigation
- Which applications to keep as-is
- Recommended dispositions. In some cases, the dispositions are obvious and in-depth investigation is unnecessary.

After the first-level recommendation is made, the assessment state of application is set to Info Gathered.

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## Use case: Validate that the assessment is complete

After the application business owner and application architect assess their application, the portfolio analyst validates the assessment results. The portfolio analyst ensures that all of the assessment information is captured before the steering committee reviews the assessment scores. The portfolio analyst might add additional recommendations, required actions, and rationale for recommendations in the following fields:

- Action required
- Rationale
- Recommendation

In the transition area, the portfolio analyst selects the transition to set the assessment state:

- To set the assessment state to Ready for review (assets) and inform the steering committee that the application is ready for review, select **Info validated**.
- To roll back the assessment state to Assess and inform the application business owner and application architect that more assessment is required, select **More info needed**.

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## Use case: Decide which applications warrant in-depth investigation

Some applications might need in-depth investigation to determine the appropriate transformation strategy. The steering committee can use the visualize report in the workspace to make decisions. Applications that warrant in-depth investigation often have these characteristics:

- High business value
- Low IT score, which indicates opportunity for improvement
- High cost. Unless other drivers that are alternative selections for bubble size exist, such as lack of business agility or high risk, investigate applications that are costly.

After the steering committee targets the application for in-depth investigation, the assessment status of those applications is set to Investigate.

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## Use case: Perform an in-depth business investigation

In the My Applications view, the application business owner can select the **Investigate - Business** filter to view applications that are targeted for in-depth investigation. Then, the application business owner can perform in-depth business investigations and record investigation results in the business assessment attributes.

- **Business Alignment:** Indicates how well an application aligns with business strategies.
- **Business Criticality:** Indicates how critical an application is to the business.
- **User Base:** Identifies the number of active users of the application. Select one of the following choices:
  - 1, if the number of active users is fewer than 10
  - 2, if the number of active users is between 10 and 49
  - 3, if the number of active users is between 50 and 99
  - 4, if the number of active users is between 100 and 999

- 5, if the number of active users is more than 1,000
- 0, if the number is unknown.
- **Availability:** Defines the requirement of the application to be available. Select one of the following choices:
  - 1 for an availability of 8 hours during working days (8 x 5)
  - 2 for an availability of 9 hours during working days (9 x 5)
  - 3 for an availability of 12 hours during working days (12 x 5)
  - 4 for an availability of 12 hours everyday (12 x 7)
  - 5 for an availability of 24 hours everyday (24 x 7)
- **Impact on Outage:** Defines the impact that an outage might have on the business.
- **Revenue Generation:** Defines the level of direct revenue that the application generates.
- **Revenue Growth Potential:** Defines the potential for the application to increase the revenue of the business.
- **Customer Facing:** Defines whether this application is customer facing.
- **Flexibility Importance:** Shows how important it is for this application to be accessed flexibly. Also shows the importance of flexibly updating the application to meet business needs.
- **Business Risk:** Indicates how much risk this application adds to the business.

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## Use case: Perform an in-depth technical investigation

Like the application business owner, the application architect can use the My Applications view to view the applications that are targeted for in-depth investigation. To view the applications for in-depth technical investigation, the application architect selects the **Investigate - Technical** filter. Then, the application architect performs in-depth technical investigations and records the investigation results in the technical assessment attributes.

- **IT Alignment:** Indicates how well the application aligns with IT requirements and guidelines.
- **IT Risk:** Indicates how much risk the application adds to IT success.
- **Staffing Profile:** Indicates the number of developers, testers, and operations staff.
- **Size:** Identifies the size of the application in either Lines of Code or Function Points.
- **Defect Rate:** Shows how many defects an application has.
- **Defect Density:** Indicates the number of defects divided by the application size. This attribute is automatically generated.
- **Dependency Factor:** Defines the level of upstream dependencies. If this application is removed or has issues, the Dependency Factor indicates how many applications are directly impacted and how serious the impact is.

- **Meet SLAs:** Indicates how well this application meets the required SLAs level.
- **Skill Risk:** Defines the magnitude of the risk that is associated with skills and resources. A high risk indicates that critical skills are lacking or likely to be lost soon.
- **Code Complexity:** Defines complexity, such as Halstead complexity. Typically, this value is produced by an application analytics tool.
- **Maintainability Score:** Subjectively identifies how easy it is to maintain the application. A score of 1 means that the application is difficult to maintain. A score of 4 means that the application is easy to maintain.
- **Transferability Score:** Subjectively identifies how easy it is to transfer the application to another team. A score of 1 means that it is difficult to transfer the application to another team. A score of 4 means that it is easy to transfer the application.
- **Changeability Score:** Subjectively identifies how rapidly an application can be changed. A score of 1 means that it takes long time to change the application. A score of 4 means that it takes short time to change.
- **Robustness Score:** Subjectively identifies how easy it is to change the application. A score of 1 means that making a change is not likely to result in unexpected defects. A score of 4 means that change is likely to result in unexpected defects.

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## Use case: Recommend dispositions

The application architect works with the enterprise architect to recommend dispositions. The possible recommendations are classified in three categories:

- Retaining:
  - **As-is:** Do not change the application.
  - **Retool:** Modernize the tool environment. For example, retooling might involve moving from green screen development tools to a collaborative application lifecycle management environment.
  - **Consolidate:** Consolidate multiple applications that might have duplicate functionalities in order to reduce maintenance and the cost of operations.
  - **Upgrade:** Upgrade the application to a newer version of enabling technology, such as middleware.
  - **Rehost:** Move applications to the platform that best addresses business drivers, such as low licensing cost, flexibility in capacity, or skills alignment.
  - **Wrap:** Create a wrapper around the application in order to preserve the original source for core business logic and data while providing flexibility to access that logic and data.
  - **Convert:** Convert or migrate the application to an implementation language that might reduce licensing costs, improve business agility, and better align with available skills.

- **Refactor:** Restructure or rearchitect an application to improve its maintainability or reusability.
- **Offshore:** Offshore development to reduce costs, including maintenance costs.
- Replacement:
  - **Rewrite:** Reimplement the application with modern languages and tools such as Java and EGL, while preserving the integrity and quality of service that the business requires.
  - **Purchase:** Replace the application with packaged software that is purchased.
  - **Lease:** Replace the application with packaged software that is leased.
- Retirement:
  - **Discontinue:** Retire an application or bring it to end of life.

After the application architect and enterprise architect make recommendations, the assessment state of those applications is set to the Investigation Done state. At that point, the portfolio analyst can review the investigation results.

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## Use case: Validate that the investigation is complete

The portfolio analyst is responsible for validating the investigation results after the investigation is completed.

If the investigation results are completed, the portfolio analyst sets the assessment state of an application to the Ready for Review (investigate) state.

If the investigation results are not completed, the portfolio analyst rolls back the assessment state of an application to the Investigate state so that the application business owner and application architect can perform further investigation.

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## Use case: Review the disposition recommendations and make a decision

After the enterprise architect, application architect, and application business owner recommend dispositions, the steering committee reviews the recommendations and makes a decision. The steering committee can use the various reports in the application portfolio management workspace to help make the decisions.

- **# of Applications by proposed disposition:** This report is on the Home page. The report shows the number of applications for each disposition method and an overview of the distribution of applications in each disposition.
- **Application Deep Investigation:** This report is in the **Visualize** menu in the left navigation bar. The report shows the results of deep investigations, and displays only the applications where the assessment state is Investigation done. This report has multiple views. To change the type of chart to display, use the menu in the upper-right corner. View the report in the XY chart and specify these settings:

- Set **X-axis** to **Deep IT Score (Estimate)**.
- Set **Y-axis** to **Deep Business Value Score (Estimate)**.
- Set **Bubble** to **Total Annual Cost (Estimate)**.

After the steering committee decides about the transformation, the assessment state of an application is set to the Analysis Complete state.

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## Section 4 – Manage the investment model

Consider modifying which attributes are used in the score cards for business efficiency and ability for growth. Typically, a workspace administrator modifies attributes by editing attribute definitions. For more information, see the “Customizing calculated scorecards” section in the *APM Workspace for Focal Point Deployment Guide*.

---

### Use case: Update weights that contribute to business efficiency and growth

Based on the investment levels that the steering committee determines, the portfolio analyst updates the weight that contributes to business efficiency and ability to growth in order to bring the financial information of an application up to date.

These business efficiency weights can be adjusted:

- **BE-Buscrit:** Weight for the Business Criticality attribute for the business efficiency score.
- **BE-UserBase:** Weight for the User Base attribute for the business efficiency score.
- **BE-RevGen:** Weight for the Revenue Generation attribute for the business efficiency score.
- **BE-CustFacing:** Weight for Customer Facing attribute for the business efficiency score.
- **BE-SLA:** Weight for SLA Compliance attribute for the business efficiency score.

For more information about how the score is calculated, see the “Business efficiency score” section of the *APM Workspace for Focal Point Deployment Guide*.

These ability for growth weights can be adjusted:

- **GRO-BusAlign:** Weight for the Business Alignment attribute for the ability for growth score.
- **GRO-RevGrowth:** Weight for the Revenue Growth Potential attribute for the ability for growth score.
- **GRO-BusRisk:** Weight for the Business Risk attribute for the ability for growth score.
- **GRO-ITAlign:** Weight for the IT Alignment attribute for the ability for growth score.
- **GRO-Maintainability:** Weight for the Maintainability Score attribute for the ability for growth score.



- **GRO-SkillRisk:** Weight for the Skills Risk attribute for the ability for growth score.

For more information about how the score is calculated, see the “Ability for growth score” section in the *APM Workspace for Focal Point Deployment Guide*.

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## Use case: Determine the appropriate investment levels

When the steering committee updates the investment model for the current year, they use the previous year investment model as a starting point. The investment model for the previous year can be found in the Invest/Divest Strategy report.

The MANAGE-THE-ASSESSMENT-PROCESS section contains reports that show the target change in investment relative to the budget. The change in investment is based on the ability for growth and business efficiency scores, the number of applications for which budgets changed, the level of change to those budgets, and the changes to the funding levels of each portfolio.

The MANAGE-THE-PORTFOLIO section contains information about the current performance of the portfolios. The steering committee might use this section to answer these questions:

- What are the actual costs of portfolios compared to planned costs?
- Do we have constant cost overrun for some portfolios?
- Are there portfolios with many applications that are failing to meet SLAs?
- Are some applications or portfolios under-represented in the strategy?
- Are applications well aligned with strategic objectives?

To make decisions about the percentage of investment changes, use the Investment Assessment report in the **Visualize** menu. Set the **X Axis** as **Business Efficiency Score**, and set **Y Axis** as **Ability for Growth Score**. You can change the attribute for **Bubble** to all available attributes for comparison.

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## Use case: Update the investment model

The Investment Quartile Image showcases the proposed changes in investment levels based on which quartile an application is in. After the steering committee makes decisions about the investment model, the portfolio analyst updates the image to reflect the changes and uploads the image to the workspace.

Then, the portfolio analyst updates the weights of investment management attributes to reflect the changes. When the values of investment management attributes are updated, the percent investment change for each cell in the investment quartile can be updated and populated to all applications.

The following image shows the name of each associated attribute on the investment quartile.

D1	D2	D3	D4
C1	C2	C3	C4
B1	B2	B3	B4
A1	A2	A3	A4

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## Section 5 – Manage investments in the application portfolio

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### Use case: Determine the scope of an investment on the application level

Typically, the steering committee provides high-level guidance about future funding. For example, the guidance might be that costs must be cut from 3 out of 5 portfolios. The portfolio analyst uses this guidance to determine the scope of the investment assessment. To determine the scope, the portfolio analyst identifies the portfolios that are targeted for investment review and selects applications in those portfolios to perform investment assessment on.

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### Use case: Set targeted investment levels for portfolios

For portfolios that are targeted for investment review, the steering committee must set the targeted percent investment change. This value is used as guidance for the portfolio analyst and application business owner when they propose the percent investment change at the application level.

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### Use case: Perform a business assessment of an application

The application business owner can see the applications that are targeted for investment assessment in the My Applications view by selecting the Investment review - Business filter. The Investment review – Business filter displays the attributes for business assessment in applications that have the status of Assess. The application business owner performs business assessments and provides assessment scores for the following attributes:

- **Business Alignment:** Indicates how well an application aligns with business strategies.
- **Business Criticality:** Indicates how critical an application is to running the business.
- **User Base:** Indicates the number of active users of an application. Select one of the following choices:
  - 1, if the number of active users is fewer than 10

- 2, if the number of active users is between 10 and 49
  - 3, if the number of active users is between 50 and 99
  - 4, if the number of active users is between 100 and 999
  - 5, if the number of active users is more than 1,000
  - 0, if the number is unknown
- **Revenue Generation:** Defines the level of direct revenue that the application generates.
  - **Revenue Growth Potential:** Defines the potential for the application to increase the revenue of the business.
  - **Customer Facing:** Defines whether the application is customer facing.
  - **Business Risk:** Indicates how much risk the application adds to the business.

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## Use case: Perform a technical assessment of an application

The application architect can see the applications that are targeted for assessment in the My Applications view by selecting the Investment review - Technical filter. The Investment review - Technical filter displays the attributes for technical assessment in applications that have the status of Assess. The application architect performs technical assessments and provides assessment scores for the following attributes:

- **IT Alignment:** Indicates how well the application aligns with IT requirements and guidelines.
- **Skill Risk:** Defines the magnitude of risk that is associated with skills and resources. High risk means that critical skills are lacking or likely to be lost soon.
- **Maintainability Score:** Indicates how easy it is to maintain the application.

---

## Use case: Recommend investment levels

After the business assessment and technical assessment are completed, the application business owner works with the financial analyst to propose the percent investment change. These attributes are helpful for making decisions about investment levels:

- **Projected Annual Cost:** The expected cost for the current calendar year. The value is calculated from application costs for the current calendar year.
- **Calculated Investment Change (%):** The suggested percent investment change, calculated from the 16 areas of investment quartile that an application is in.
- **Calculated Annual Cost:** The suggested annual cost, based on the calculated percent investment change.

After the proposed percent investment change is entered, the proposed annual cost is propagated.

If the proposed value differs from the calculated value, the reasons for the proposed investment changes must be documented in the Comments attribute. The portfolio analyst or steering committee can use that explanation when they making their decisions. When the recommendation for investment level is made, the assessment state of application is set to Info Gathered.

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## Use case: Consolidate portfolio recommendations

After the application-level investment recommendations are proposed, the portfolio analyst works with the financial analyst to review the consolidated proposal for the portfolio and make adjustments if needed. The analysts review these attributes:

- **Projected Annual Cost:** The total expected costs for all of the applications in the portfolio for the current calendar year.
- **Targeted Investment Change (%):** The percent of targeted investment changes in the portfolio for next year.
- **Targeted Next Year Funding:** The estimated funding for the portfolio for next year. This value is calculated from the projected annual cost and targeted investment change (%) attributes.
- **Total Sum of Calculated Funding Changes:** The suggested annual cost of the entire portfolio for next year. This value is calculated from the sum of the calculated annual cost for all applications.
- **Total Sum of Proposed Funding Changes:** The proposed annual cost of the entire portfolio for next year. This value is calculated from the sum of the proposed annual cost for all of the applications.
- **Budget Changes by Application:** This attribute shows the information about investment changes for each application in the portfolio. The following information is displayed:
  - Application name
  - Calculated Investment Change (%)
  - Calculated Annual Cost
  - Proposed Investment Change (%)
  - Proposed Annual Cost
- **Variance per Application:** This attribute shows the information about current costs variance for each application in the portfolio. The following information is displayed:
  - Application name
  - Cost Variance
  - Planned Cost up til Now
  - Total Actual Costs to Now

– Current Variance

After reviewing the proposed investment change for each application, the portfolio analyst might not agree with the application business owner recommendations. In that case, the portfolio analyst must work with the application business owner to adjust the proposed investment changes. The rationale to explain the reasons for the investment changes can be documented in the Comments attribute.

When the application is ready for the steering committee to review, the assessment state is set to Ready for Review (assess). If an application needs further assessment, the assessment state is set to **Assess**.

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## Use case: Review the investment level recommendations and make a decision

After the investment recommendations are made, the steering committee reviews the recommendations to make the final decision about future funding. In the MANAGE-THE-ASSESSMENT-PROCESS section, the steering committee can view these reports to guide their decision:

- **Invest / Divest Strategy report:** This report shows the target change in investment relative to the budget for the current year for an application. The target change in investment is based on the ability for growth and business efficiency scores of an application.
- **# Applications per Investment Category:** This report shows the number of applications for each investment category based on the current investment model.
- **Investment Distribution by Portfolio:** This report shows the investment changes information for each portfolio. The steering committee uses this report to compare the targeted funding for next year with the projected annual cost for the current year, the total calculated funding for next year, and the total proposed funding for next year.
- **Investment Rating:** This report shows the number of applications sorted by rating stars. Rating stars are assigned based on the contribution of applications to business strategies and ability for growth.

The steering committee might require another round of investment review for applications. In that case, the steering committee sets the assessment state of those applications to Assess.

When the steering committee agrees on the investment level for an application, the committee sets the assessment state of the application to Analysis Complete.

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## Section 6 – Manage the transformation

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### Use case: Submit a new transformation project

The proposal of a transformation project is submitted by the project management office. The proposal can be submitted before or after the steering committee makes the decisions about application dispositions. When the proposal is submitted before the application dispositions are made, the steering committee can use the information in the proposal to support the decision. The following information is required to submit a project proposal:

- **Name:** A word or phrase that concisely describes the project
- **Description:** A summary of the project.
- **Owner:** The owner of the project. The owner must be a member of the project management office.
- **Primary Business Objective:** The main business objective to which the project contributes.
- **Related Applications:** The applications that are impacted by the project.

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### Use case: Add planned financials information to a project

Financials information can be added in two ways:

- On the financial trends line, click the related cell to draw a line that represents the cost data.
- On the grid table, double-click the cell to enter the cost data.

To capture the range of estimation uncertainty estimate the cost, which is likely number. Then, estimate the upper-bound costs, which are high estimates, and the lower bound costs, which are low estimates.

These three estimates represent a triangular distribution with 10%, 50%, and 90% confidence intervals of your estimates. Based on the uncertainty value, you simulate the project return by using the NPV worksheet in the Investment Analysis feature of Focal Point.

For information about investment analysis, in the Focal Point help system, see the investment analysis topics in the “Managing products and portfolios” section.

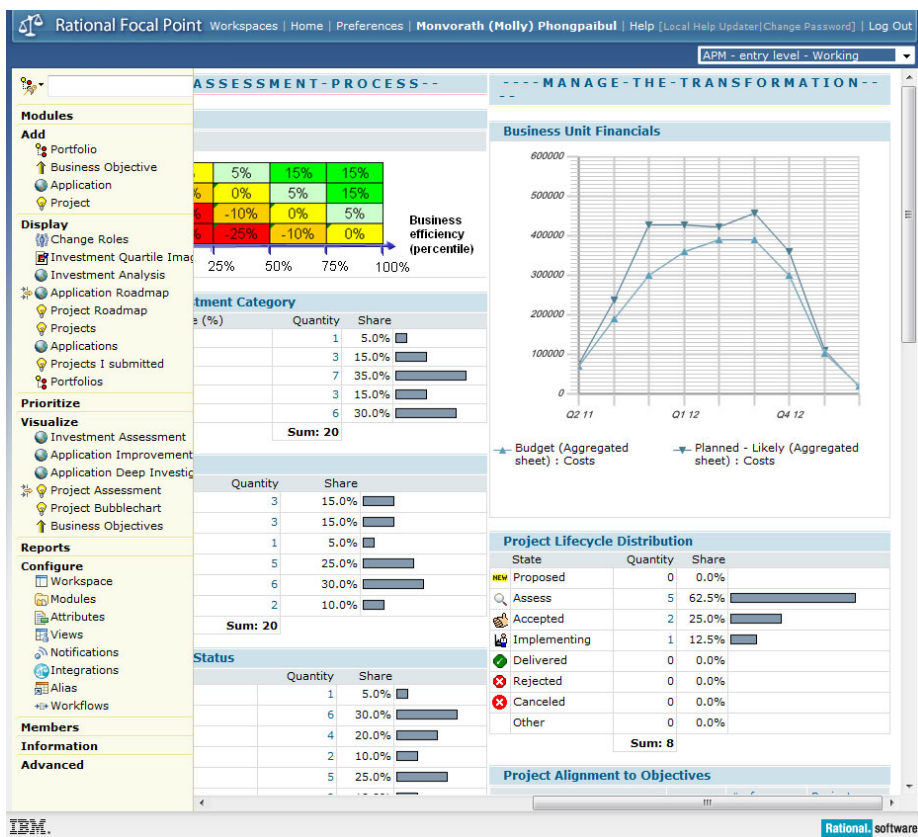
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### Use case: Decide whether to fund projects

The application portfolio management workspace provides reports that the steering committee uses to make decisions about funding projects.

- Reports in MANAGE-THE-TRANSFORMATION section on the home page:

- **Business Unit Financials:** Shows the financials of originally budgeted money versus the amount that is needed based on current plan of record. The steering committee can use this report to understand the overall investments of the organization.
- **Project Lifecycle Distribution:** Shows the number of projects in each lifecycle stage. The steering committee can use this report to understand the overall status of transformation projects. For example, the committee might use this report to decide whether they can commit to more projects.
- **Project Alignment to Objectives:** Shows the alignment of all of the active projects to the business strategies. For example, the following screenshot shows a report that indicates the potential under or over investment for projects relative to the importance of each business strategy.



- **Project Assessment:** In the **Visualize** menu, the Project Assessment report displays the project information such as business risks, IT risks, costs, strategic alignment, business value, and benefits. To show only the new projects that are being proposed, select a filter from the upper-right menu.
- **Project Bubblechart:** In the **Visualize** menu, the Project Bubblechart report shows where the projects are between the total business score and the total risk score. The steering committee can use this report to compare the business score and risk score. The projects that offer high NPV (biggest bubble), high business scores, and low risk scores are candidates for funding. You can change the X axis, Y axis, and bubble to display other information, such as business value, business risk scores, and IT risk scores.

For approved projects, change the lifecycle stage to **Accept**.



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