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Measuring the Return on Investment that comes from analysing your application portfolio

Understanding your application portfolio is a necessity. Through using our Application Analyser you can develop the knowledge and necessary documentation around your portfolio that will ensure you can work effectively with your IT estate, now and in the future.

Application portfolio analysis guarantees the provision of comprehensive insight into an organisation's application portfolio. This insight is captured in the internal knowledge base, which offers help across the broad spectrum of day-to-day development and support tasks. Analysis allows these tasks to be performed faster, and with more accuracy than before.

A productivity solution

When incorporated into existing work patterns and practices, application portfolio analysis contributes to faster turnaround, and increased accuracy and precision for many tasks that are faced by the average IT worker.

Given that analysis is fundamentally a productivity solution, most CIOs will insist on a strong business case before comitting to any spending. As net new funding is rarely available for such acquisitions, a complete return of the investment within one or two budget cycles must be demonstrated.

When application portfolio analysis is fully implemented, with its results rolled out to IT staff, management should see significant savings in their application support budget. It can be difficult to predict exactly how much will be saved, particularly in the area of productivity as this is less easily quantifiable.

As the benefits of investing in a productivity solution can be both tangible and intangible, a good ROI calculation focuses on the tangible benefits, the ones that can be measured.

A simple approach to measuring productivity savings

A simple approach to measuring productivity savings involves maintenance spending for a given (set of) application(s) before and after the development of an application portfolio analysis tool such as our Application Analyser. At best, this approach provides once a cursory measure as it is difficult to ascertain how much of the realised savings can be attributed to the introduction of analysis.

A simple approach to measuring productivity savings

A more accurate approach to measure productivity savings is to use task cycle time before the analysis as the basis for assessing any changes.

Task cycle time refers to the typical tasks that take place in an application maintenance environment, that are routine and repetitive. Therefore, an accurate time for how long the task takes is known, this is the task cycle time. For example, a change request that necessitates the expansion of a database table requires the same type of impact assessment every time it happens. An analyst that has performed this task numerous times will have a well defined process that is repeated for similar tasks.

A practical ROI framework

During the implementation of our Application Analyser an Activity Tracker Form is used to assess productivity savings. It is particularly effective in a large, complex legacy environment.

The first step is to categorise typical tasks that IT staff perform. This enables similar tasks to be treated the same within the framework, and there is clear distinction between different tasks, allowing comparisons to take place.

It is possible to analyse productivity within joint roles or functions. This requires the categorisation of staff roles as well. Once the task and role categories are established, multiple Activity Tracker Forms must then be completed.

The best way to start this process, is to select a representative group of IT staff, and ask each person to track their day-to-day activities for a week. 20 to 25 participants, each with 15 to 20 entries, are required to produce enough data. With very little intrusion, 3 to 500 data points within a week can be collected.

The total productivity gain in the table then represents the overall average producutivity gain for the group surveyed and the activities that they tracked. It is the same scope for the corresponding monetary savings. This is not a complete picture for the whole organisation as other tasks and staff roles are not representated in the survey. Therefore, these limited-scope results must be extrapolated to the complete development lifecycle to include all tasks and staff roles.

There are two steps that must be taken to normalise these results. Each participating group must dertermine precisely what scope the survey covered from task distribution, and to what extent the typical tasks were tracked. Then, the normalised productivity gain is calculated for each phase and each staff group.

Conclusion

The productivity gain that is calculated with the above method, assessing the reduced task cycle time, represents the direct impact of investing in appllication portfolio analysis. It provides a valid basis in determining the return on investment. The gain calculated is the minimum improvement that can be expected. Investing in application portfolio analysis, offers a productivity solution that, although difficult to calculate in terms of tangible vs intangible benefits, will prove to be a valuable tool to CIOs looking to increased turnaround times and accuracy in their IT departments.

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