

How do you get the most out of your applications portfolio?

Reducing cost, improving service and delivering value to the business through your applications portfolio is a constant challenge. Our experience suggests that approximately 20-25% of the applications budget is spent on ageing legacy applications and 60-70% on maintenance and support leaving little to respond to the challenges of the business.

There are, however, opportunities to free up money and resources through decommissioning, consolidation and replacement so your applications portfolio can support business change.

At Fujitsu our approach to optimising application portfolios – using a combination of Application Value Assessment (AVA) and Application Management and Outsourcing (AM and AO) services – has highlighted the potential for savings in a number of specific areas:

Achieving this involves identifying and delivering specific projects that reduce cost and free up resources for supporting the business. In some cases, this may lead to a structured review of your sourcing strategy including outsourcing for specific parts of the portfolio. We aim to reduce costs through outsourcing by up to 50% over a three year period.

| Area targeted for cost reduction | Potential savings in number of applications |
|---|---|
| Removal of duplicate applications | 15-40% |
| Removal of unsustainable applications in specific business areas | Up to 50% |
| Reduced investment in non-viable applications | 10-15% |
| Replacement of expensive technology base in specific business areas | 20-40% |
| Licensing rationalisation | 5-15% of licences |

How does Application Value Assessment work?

AVA is designed to assess the value and impact of your applications portfolio and its contribution to business objectives. In our experience AVA tends to work best for companies with the following challenges:

- Too much complexity in the applications portfolio
- Application support costs are too high
- Significant cost reduction is required in a short space of time
- Applications overlap or duplications following Mergers & Acquisitions (M&A) activity
- Many (100+) complex business applications in the portfolio
- Low end user satisfaction
- The need to simplify the applications estate prior to outsourcing

From recent research¹ we have found that:

- Only 41% of large organisations audit their applications estate
- Regarding M&A activity, over half (56%) stated that they found it hard to obtain data about the merged estate, with only 12% claiming to fully understand the post-M&A applications landscape.
- Only 15% remove redundant applications immediately; 20-25% rarely/never act on the audit recommendations by removing these applications

AVA helps you to answer the following questions:

- How do I reduce application support costs without impacting business performance?
- Is the application support budget being properly focused on high value, strategic applications?
- Are there opportunities to reduce costs by changing the way applications are supported (e.g. via outsourcing)?
- Does the applications portfolio adequately align with the business strategy?

Specifically, our AVA – Applications Insight service addresses two areas of concern:

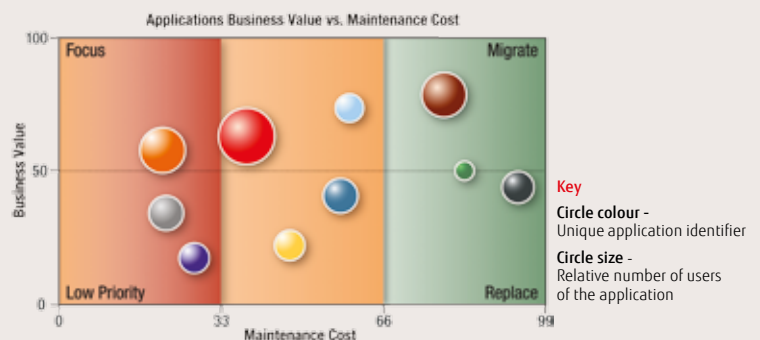
- The business value of the application versus its support costs
- The demand for applications resources versus the availability of skills within the applications team

Using a combination of AVA, AM and AO services we create a roadmap to optimise the portfolio, including sourcing strategy options that include outsourcing. Fujitsu is able to adopt a flexible approach ranging from supporting clients with specific application projects through to managing specific parts of the portfolio up to a full outsourcing arrangement.

Applications Business Value versus Maintenance Cost

Mapping of your applications into one of four categories:

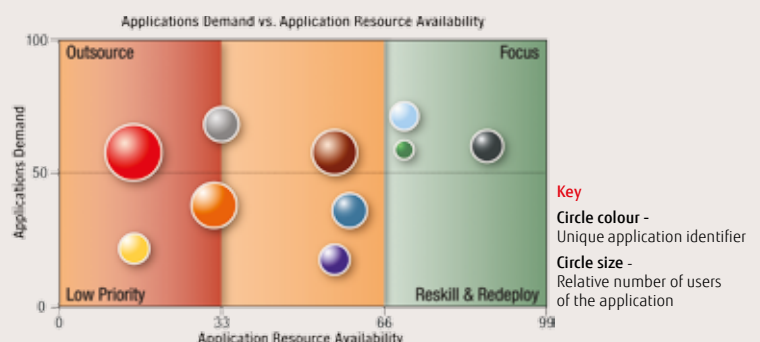
- **Focus:** invest to improve or maintain an application's value to the business
- **Make Low Priority:** due to low business value balanced with low costs
- **Migrate:** due to high costs
- **Replace:** due to low business value and high costs



Applications Demand versus Application Resource Availability

Mapping of your applications into one of four categories:

- **Outsource:** where application skills are in high demand but there is low availability in house
- **Make Low Priority:** due to low demand in application skills
- **Focus:** ensure the right balance of skills to deliver application enhancements
- **Reskill & Redeploy:** where there is a surfeit of application skills



¹ Vanson Bourne, October 2010 commissioned by Fujitsu

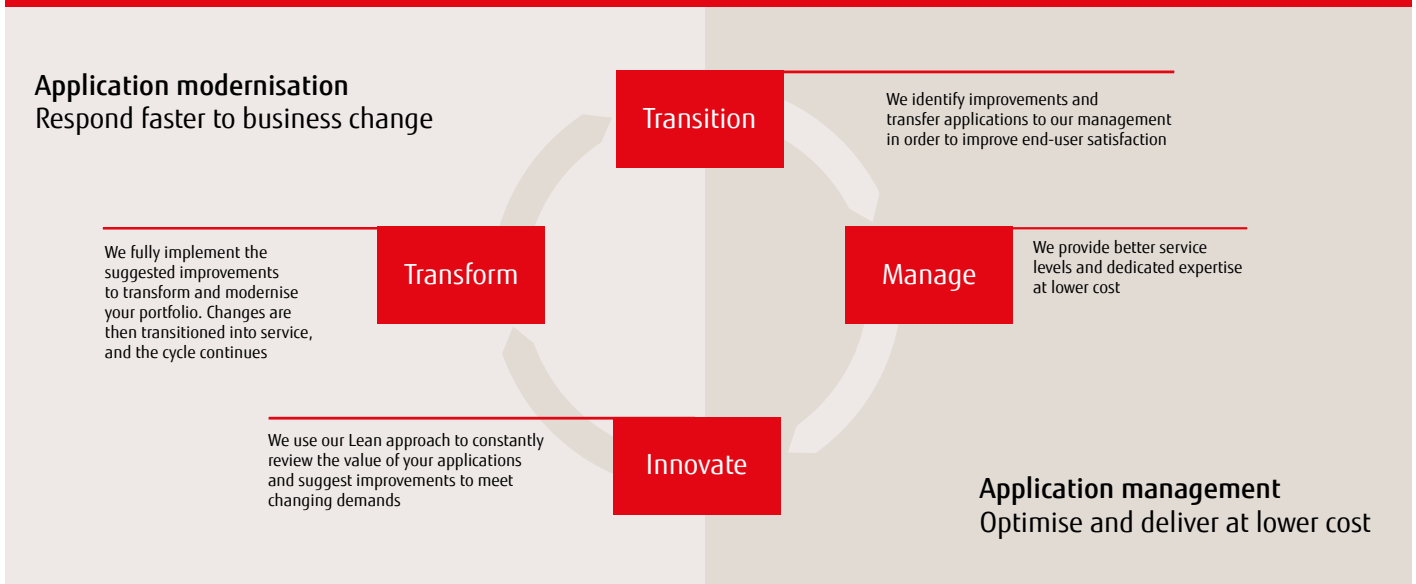
Application Outsourcing: Realising the Benefits

Using our cyclical approach to modernisation and management, we can offer ongoing cost reduction as well as continuous improvement. Fujitsu's application outsourcing approach manages the complete application lifecycle.

Outsourcing with Fujitsu can help you to:

- **Deliver new levels of efficiency and satisfaction:** through the use of our Lean approach – a part of Fujitsu's outsourcing cycle – we have a strong track record in delivering operational improvements that improve customer satisfaction.
- **Adapt more quickly to business change:** by relieving your overburdened IT staff of maintenance tasks, and supporting a more rapid deployment or upgrading of applications, Fujitsu can enable your business to react more quickly to new business opportunities.
- **Prepare your business for cloud computing:** outsourcing the management of applications to a services partner is an important step towards moving applications to a cloud model. Cloud is increasingly recognised as a major driver for cost reduction and business agility.

A cyclical model for application improvement



Why Fujitsu?

In the UK alone Fujitsu has 2,000 specialists working in areas including application management and outsourcing, applications development, enterprise applications, legacy modernisation, information exploitation and SaaS (with partners such as Salesforce.com, for example). Our clients range from major UK government departments to international private sector organisations. Applications managed by Fujitsu are used by millions of citizens. Whether they are registering for a birth certificate, filling in a tax return, or collecting a pension, we touch 99% of people's lives every day.

Examples of our applications expertise include:

Association of Train Operating Companies (ATOC)

Fujitsu developed and manages ATOC's Rail Journey Information Service (RJIS). RJIS has two distinct functions. Firstly it enables the nation's Train Operating Companies and other retailers of train tickets to access consolidated timetable and fares information covering all train services for use in ticket issuing and information systems, and secondly it enables 40 million passengers every year to collect their ticket on departure through the provision of a central validation database.

Centrica

A Fujitsu service desk running the latest SaaS software delivers the necessary technical help for Centrica to support 16 million households and 925,000 businesses across the UK.

Fujitsu: a trusted advisor and expert partner

Although well known as a world leader in infrastructure services, Fujitsu's 40 years experience in the delivery of application services is of equal importance to our customers. In both the public and private sector we are relied upon to manage and transform massive application environments on a local and global basis.

It helps in this respect that we are one of the three largest providers of IT services in the world, employing over 186,000 people in over 70 countries worldwide – we can, and do, use this scale to add value to every phase of our outsourcing service.

Our flexible and collaborative approach to partnerships, and our long-term commitment to application outsourcing, is also backed by the following strengths:

Software as a Service (SaaS) leader

Fujitsu is pioneering the deployment of large-scale cloud-based services, combining the flexibility and cost benefits of cloud with the security and resilience required for the most demanding customer requirements.

We have proven credentials in SaaS, and a focus on delivering all of the advantages of the latest web software technology for our customers. Fujitsu is rated as a Tier 1 provider of SaaS, and we have completed more SaaS projects than any other global Systems Integrator.

Service efficiencies

Our blended delivery model draws on the right combination of on-site, on-shore, off-shore, and near-shore resources to provide cost savings through economies of scale, the latest application technologies and a global pool of talent.

Process efficiencies

Our Application Lifecycle Management (ALM) framework is a new standard for delivering application services. With its best practice methods, proven ways of working, leading tools and solution patterns, we can deliver a genuinely Lean approach that avoids waste.

Collaborative Governance

Fujitsu works within a strong framework of governance which is collaboratively based, and focuses on the strategic, outcome-based needs of our partnerships. Through this approach we build long-term client relationships and form global partnerships with industry leading partners, including Microsoft, Oracle and SAP.

Act now to deliver cost savings and business value

Join our clients by making your applications portfolio a driver of business value. Talk to Fujitsu now about arranging an Applications Value Assessment which will identify significant savings for your business and help you transform your applications estate.

Call **+44 (0) 870 242 7998**
email **askfujitsu@uk.fujitsu.com**
or visit **uk.fujitsu.com/application-outsourcing**

Contact us on:

Tel: +44 (0) 870 242 7998

Email: askfujitsu@uk.fujitsu.com

Web: uk.fujitsu.com