



# Altus

clear thinking for Financial Services

## Application Rationalisation

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In an industry shaped by years of mergers and acquisitions with complex but intangible products that depend totally on technology to support them, it is little surprise to find most Financial Services firms seriously challenged by the complexity of their IT landscape.

Many of these companies have spent a great deal of time and effort cataloguing that landscape, investing significantly in inventories that run to hundreds or even thousands of applications. Typically, these exercises highlight lots of apparent duplication spawning numerous rationalisation projects in their wake.

Unfortunately, removing the “redundant” systems rarely turns out to be straightforward. Scratch beneath the surface and the differences can soon dwarf the overlaps. Systems may fall into the same broad IT classification (CRM, Workflow, POS, etc.) but can be used for widely varying purposes by the business. Using our domain-specific business capability models, Altus can help you to understand what your applications are actually being used for by the business, rather than simply which functional headings they fall under, saving you a lot of effort and frustration.





# Application Rationalisation

## The Issue

Most large Financial Services organisations have expended considerable energy to document their complex IT landscape and manage it. IT departments typically do a lot of legwork to catalogue the myriad systems deployed across the business and to classify them into broad domains with a view to highlighting and then addressing duplication.

Despite all this work, attempts to rationalise the landscape frequently turn out to be much more complex than anticipated and often fail altogether. One significant cause in our experience is an overly IT-focused classification of systems at the very outset.

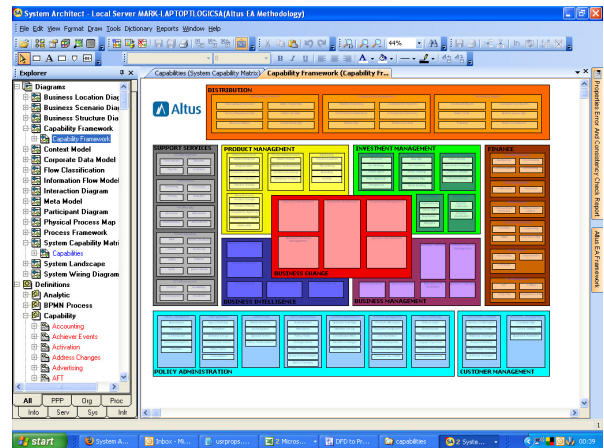
Placing systems into functional pigeon-holes such as Payments Engine, CRM or Policy Administration may well align with their primary design purpose, but it does not say much about what the business actually uses them for. We have seen Payment Engines used to calculate commission, CRM systems doing illustrations, huge variation in the scope of Policy Administration and numerous cases where a business uses just a fraction of a system's functionality. So it is not surprising that when a project tries to consolidate systems in one of these pigeon-holes, the job turns out to be rather more complex than anticipated.

## The Altus Approach: Step 1 Capability Model

At Altus we take a more business-oriented approach to understanding the application landscape.

Our starting point is to establish what the business does and we express this as a series of 'Business Capabilities'. We have developed a separate service line dedicated to this topic but, in a nutshell, our approach is focused on the way a business transforms the information that flows into and out of it. The result is a hierarchy of information flow models with corresponding capabilities, all depicted graphically and culminating in our distinctive Capability Framework.

Sample Business Capability



Producing a Capability Model for your business does not mean starting from scratch; building on our existing reference models, we walk through a complete set of diagrams, validating and extending them as we go. This may reveal some new capabilities or, more typically, cause us to adapt terminology to suit your organisation.

Once we have agreed the breakdown and terminology for capabilities, we redraw the framework to capture this information visually. Although it may seem like just a pretty picture, the layout and colouring of this framework are central to the way we visualise how a business uses its applications.

## Step 2: Application Mapping

For data capture we use a simple grid with applications on one axis and capabilities on the other. The grid is extensible along both axes to allow us to model any number of systems and to add more detailed capabilities in key areas of focus.

Filling in that grid then requires some softer skills; we speak to both business and IT experts to gather the information, taking time to explain both the Capability Framework and the business benefits of the approach.

### Step 2: Application Mapping (cont.)

As for capturing the results of these interviews, there are subtleties to consider which require more than a cross at an intersection in the grid. Altus have developed additional mechanisms both to distinguish the type of support provided (e.g. direct vs. indirect) and to highlight important additional application-capability dimensions such as products, markets or brands. All these mechanisms are incorporated in our standard data capture tool.

### Step 3: Visualisation

Once all the data is captured and validated, it can be analysed for insight. We typically import the results into an EA tool (screenshots here are from IBM/Telelogic System Architect®) where built-in reporting features can answer specific questions.

In a complex application landscape however, those questions are rarely obvious; what is needed is a way to clearly distinguish the wood from the trees in order to formulate the question in the first place. For that kind of thinking you need creative visualisation and that's something Altus specialise in.

Building on the Altus Capability Framework, we have developed a rich picture of the application landscape which visually summarises what your systems are (and are not) being used for. By lighting up only those capabilities each one supports, you can see at a glance where the gaps, overlaps and quirks are.

We can build this picture in a static form such as Visio or using a variety of EA tools. Using an EA tool provides more options for visualisation; results can be displayed at different levels of the Capability Framework, data can be filtered by the additional dimensions that have been captured (product, market, etc.), and templates can be provided to streamline the creation of additional views.

Per Application Capability X-ray



### Step 4: Rationalisation

Finally, having established a logical view of how your applications support the business, you are in an excellent position to rationalise the landscape. By concentrating on what the business does, you can demonstrate that proposed changes not only preserve the underlying capability but may even enhance it to support future plans too.

There is still plenty of technical complexity to address at this point but starting from a business perspective will place the whole rationalisation exercise on a solid foundation.

### The Benefits

In a perfect world, every cohesive set of business capabilities would be supported by a similarly small set of tightly scoped and interchangeable applications. For most organisations the reality is very different.

This Altus service provides a powerful tool to analyse your application landscape in business terms before investing in improvements. The resulting roadmap will invariably be more complex than just replacing system A with system B but it is much more likely to actually work for the business as a result.




## clear thinking for Financial Services

Altus understand Financial Services - the products, the processes, the people and the systems that make the whole thing tick. With years of experience in complex change programmes, we understand that successful solutions begin with the business.

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