

HP Application Modernization Services

When your legacy applications are holding you back...
take the low-risk, high-value route to modernization.



Introduction.....	2
What's holding you back?.....	2
Understanding the risks of living with legacy applications.....	3
Understanding the risks of modernization	3
A game plan for minimizing risk.....	4
Which way to your goal?.....	4
HP Application Modernization Services.....	4
What measurable benefits can you expect?	6
Setting and following the course to success.....	6
When legacy applications are holding you back... ..	7
Make your move to break free of legacy limitations	8

Introduction

In today's unforgiving business environment, even organizations that have been striving to run lean and smart, can still feel that something is holding them back. Facing aggressive competitors, demanding customers and rapidly shifting business trends, the greatest risk is not being able to manage change. To move ahead confidently, a business needs to respond with speed and agility, to reduce costs, and to make the best use of the company's most valuable resources – its people and information.

Many businesses have traced the constraints on their business back to the limitations of their older information systems architecture, specifically to outdated applications. But while they understand the need to update them, they realize that modernizing also presents risks – both in the modernization process and the final result. The path is not clear, and return on investment (ROI) is hard to pin down.

CIOs' Technology Priorities:

#4 -Redesigning/rationalizing the IT architecture

#5 – Controlling IT costs

Source: "State of the CIO 2004" survey by CIO Magazine

The answer to this dilemma is to take a disciplined approach to application modernization that...

- Delivers the agility the business needs to achieve its goals.
- Reduces the risk of application modernization with proven methodologies planned and implemented by experienced experts.
- Maximizes the business value achieved to further enrich the risk/reward equation.
- Lowers total cost of ownership (TCO) for the long haul.
- Identifies the right combined technology solution that can help the business achieve its overall goals.

This paper explores the problems, pains and costs of living with legacy applications and systems, and the low-risk, high-value approach taken by HP Application Modernization Services that has provided important benefits to leading businesses worldwide.

What's holding you back?

To company executives, it's evident in lagging corporate performance and climbing costs. To information users, it's the daily pain of not being able to work as effectively as possible, or having systems limit your ability to respond to changing business needs. To IT professionals, it's not being able to catch up on maintenance chores, so can they add real value to the business. Those are some of the limitations of living with out-of-date business applications running on old systems. Do you recognize these constraints on your business?

- Do you find it difficult – often impossible – to gain a competitive edge, let alone to launch a breakthrough?
- Do you find that systems you thought had paid for themselves long ago are now costing more than ever to maintain and support?
- Are your information users frustrated by unreliable access to the data they need, and how they can work with the data?
- Is your IT backlog growing? Is IT too bogged down with maintenance chores to move on to projects that add real value to the business?
- You need to add new functionality to your existing applications, if possible. Or is there a better way to go?

- You know that some of your mission-critical applications should be updated or replaced, but don't know where to start to achieve the greatest return on your investment.
- Has the risk of modernizing applications paralyzed you into inaction?

These are some of the realities of living with legacy applications.

IT backlog, a growing problem.

62% of CIOs cited backlog as an issue in their organizations, up from 47% a year earlier.

Source: State of the CIO 2004 survey by CIO Magazine

Understanding the risks of living with legacy applications

Outdated applications and systems present a matrix of strategic risks to the organization. They limit business agility, so you're not able to respond quickly and confidently to change. Legacy applications are typically expensive to maintain and support (or are even unsupported), with rising IT costs just to keep them running. And they offer, at best, only limited ability to deploy new functionality. Businesses find it hard to erect effective barriers to competition when their business applications limit the ability to implement and adapt to today's must-have business solutions, such as Web-based services or mobile functionality, let alone whatever tomorrow demands.

These concerns are reflected in management's top priorities for IT as reported in the 2004 "State of the CIO" survey conducted by CIO Magazine.

1. Increasing business efficiency through IT-enabled process improvement
2. Aligning IT and business goals
3. Improving user satisfaction
4. Creating competitive advantage through IT
5. Controlling IT costs

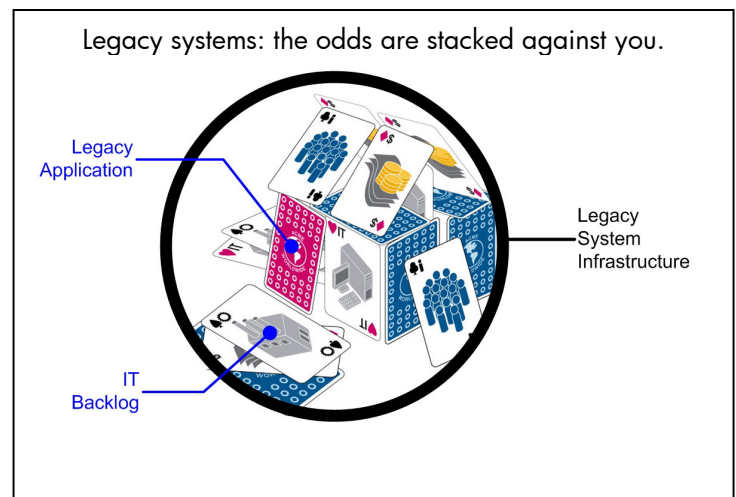
Management is looking to IT to deliver. It's a formidable assignment.

Understanding the risks of modernization

Legacy application architecture is like a house of cards, a precarious arrangement of interdependencies where any change or failure can cause multiple applications to malfunction. Building on to the infrastructure only multiplies the risk. Maintenance is difficult and expensive. As for large-scale changes...where do you start?

Zooming in on the old applications typically reveals a complicated tangle of code – patches, undocumented modifications and conflicts – that grew over the years.

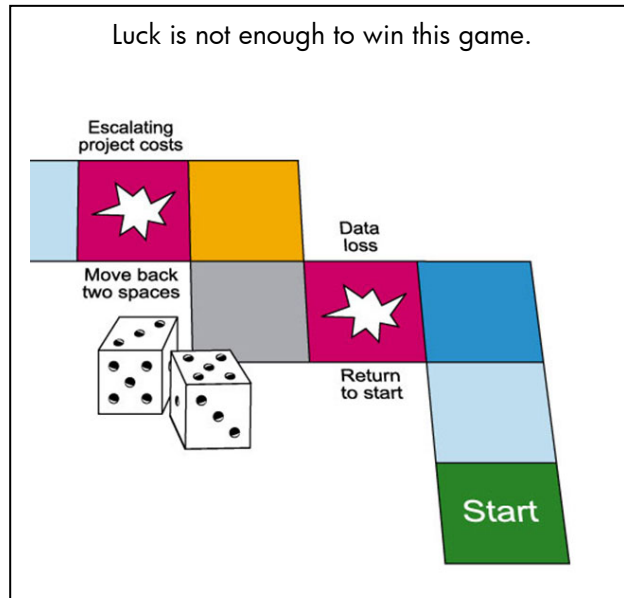
As a result, the system's reliability, availability and serviceability (RAS) fall short of today's best. IT costs continue to escalate. You may believe that if an application works, although imperfectly, the last thing you want to do is to tinker with it. But the very last thing you want is an impasse between the business risks of living with outdated applications and the formidable risks of modernization.



It doesn't have to be a no-win situation.

A game plan for reducing risk

Managers at many organizations, recognizing the crucial importance of reducing the risks inherent in legacy applications, have given high priority to modernizing their systems. They understand that their



business must become a more "adaptive enterprise," able to manage change, control costs and innovate in order to outpace the competition.

But, modernization itself is risky. That's why companies also realize they need to reduce the risk of modernizing with a provider who can guide them through the process as safely as possible. Nobody wants to be in the position that one of America's largest candy companies found itself in a few years ago. Beset with problems during an information system conversion, the company could not ship its candy to retailers in time for Halloween, the busiest sales period of the year!

It doesn't have to be that way, if you start with a clear plan and an experienced provider. Organizations worldwide have chosen HP as a trusted collaborator with the unique combination of expertise, experience, end-to-end accountability and impartiality that leads to a successful modernization with reduced exposure to risk.

Which way to your goal?

Like any big-stakes game, there are different ways to proceed. But in this game, where you establish the goals, there are multiple paths that you can take. There is no single best option that will fit all applications, company requirements and existing systems. Before you set out, it's vitally important to thoroughly analyze the current and future needs of the business against the pros and cons of all your options. This is no time to gamble.

Modernize	Streamlined, modular and more manageable
Rehost	Streamlines and ports legacy applications to newer, more cost-effective, more easily managed systems
Replace	Newer, less expensive, modular, and flexible software from leading enterprise software vendors

When you work with HP, risk management starts at the very beginning.

HP Application Modernization Services – the low-risk, high-value route to modernization

Obviously, for a modernization project to produce real business value, it must begin by aligning the IT effort with the organization's business goals and requirements. HP will match the modernization option with the business needs, and quite often leverage different options for different applications. The objective is to make your enterprise an "adaptive enterprise," able to manage change whether it

arises from outside or within. That's why the HP approach defines modernization in terms of the enterprise, not the technology:

Modernization means improving the use of up-to-date application architecture and computing power to deliver the agility and low cost an organization needs to achieve its current and future business goals and requirements.

With this foundation, the HP approach combines a set of attributes that contribute to our ability to deliver increased business value with decreased risk. HP works collaboratively with the enterprise's business and IT professionals in a team with shared objectives and definitions of success.

Complete Solutions. While centering on your goals and needs, HP takes a holistic view that encompasses every aspect of the business technology environment – data, applications, hardware and infrastructure. And, our integrated global delivery capabilities help to enable improved business performance when you need it, where you need it, at a competitive cost through rightshoring.

Business and Technology Innovation.

The HP record for innovation continues to enable businesses to gain significant benefits from new technologies and services.

Multi-Vendor Expertise. HP has expertise and deep project experience across a variety of platforms and applications to reduce your risk and speed completion of your migration.

Platform-Neutral Recommendations. We offer you choices at every level from applications to databases, middleware and messaging, operating systems and processors. We help you to combine investments in the right technology solutions to drive business value.

Lower Risk. The HP approach uses industry-standard architectures, modular components and consistent implementation of standards-based business and IT processes. By embracing standards across the IT environment, we not only reduce risk – we provide operating and management simplicity, and a high degree of flexibility to grow, add new services and features, and update as the business grows and evolves.

From the very start, every HP modernization project is designed to deliver benefits that provide both quantifiable operating value and transformative strategic value. To greatly reduce risk throughout the process, HP applies our expertise and experience through proven methodologies developed by HP and the Software Engineering Institute (SEI). The result is a much richer value equation that helps to derive meaningful benefits and lower risks.

TSYS success story – improve business processes and reduce costs

Challenge

- ◆ Increase call center productivity by overhauling an inefficient and outdated workflow management application, and integrating it with new customer systems

Solution

- ◆ Extreme Logic workflow engine and custom workflows based on the .NET Framework
- ◆ Intuitive, scripted, workflow-driven interface that enables call center employees to service customers with increased efficiency
- ◆ Native support for XML and XML Web services that can be extended to other call centers and integrated with a broad range of systems

Results

- ◆ Rapid time-to-market (6 months)
- ◆ 95% lower hardware costs
- ◆ 80% lower software costs
- ◆ 15% increase in call center productivity
- ◆ Time-to-revenue for each new client twice as fast



What measurable benefits can you expect?

The benefits of an HP Application Modernization project can appear as improvements in business agility and overall performance as well as in bottom-line profitability.

Increase agility

- More revenue from better customer satisfaction
- More revenue from better operational capability
- More revenue from newly enabled capabilities
- Reduce time-to-market for new products and services

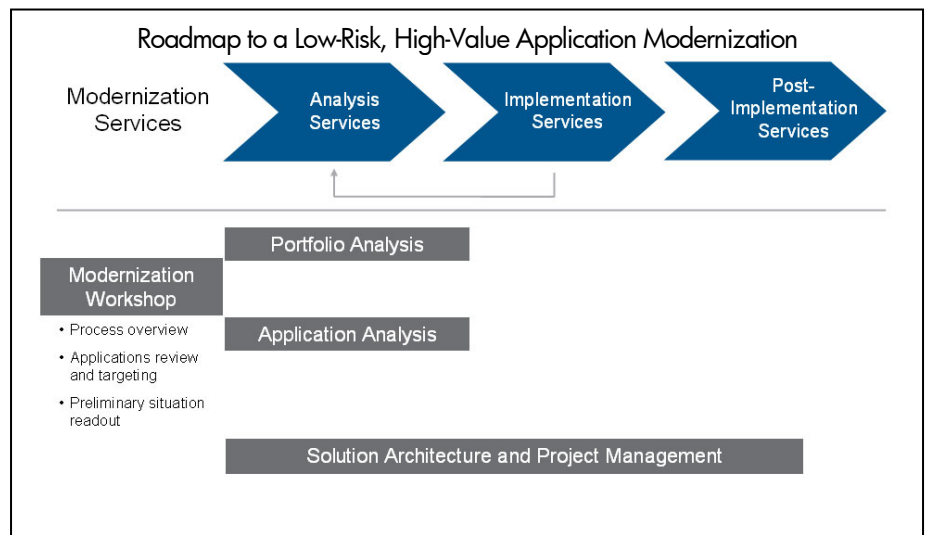
Reduce costs

- Reduce IT labor supporting legacy systems
- Reduce IT labor needed to deploy new functionality
- Reduce labor by improving work processes
- Reduce operating costs through better business processes
- Reduce or at least slow the growth of mainframe MIPS requirements

Setting and following the course to success

HP provides fully integrated application modernization solutions with end-to-end services and technologies. It's a collaborative team effort, centering on your organization's goals and needs, not our need to sell a particular platform or product. HP applies our unique combination of technical knowledge and depth of experience to achieve your objectives. Throughout the process, HP employs HP and SEI methodologies that have proven themselves worldwide in effectively managing risk while improving quality.

Before you set out on the modernization journey, you'll know the route, the possible problems we may encounter and their solutions, and a realistic schedule for reaching your goals. The HP approach establishes a disciplined, logical roadmap for modernization designed to save time and avoid dead-ends to keep moving toward a successful completion. The



first stage, Modernization Introduction and Alignment, brings the team together with a common focus on objectives for the project. We inventory possible target applications that can benefit from modernization. Portfolio Analysis evaluates the organization's applications to determine the best candidates for modernization. Targeted Application Modernization Analysis is designed to home in on specific applications and their underlying architectures, and uncovers the causes of specific problems.

Project Stage	Deliverables	Benefit/Outcome
Modernization Workshop	Align and focus business and IT team members on common objectives and measures of success. Explore characteristics of possible target applications Define modernization options Set benefit expectations	Criteria set for possible target applications Survey of possible modernization candidates Identification of where to start and why
Portfolio Analysis	Prioritize application modernization list	Effort focused on applications providing the greatest impact to the enterprise Comprehensive analysis leveraging proven methodology
Application Analysis	Refine robust modernization roadmap and business case with detailed project plans and cost estimates Create high-level application architecture diagram Target architecture design with performance and scalability attributes	Detailed application modernization plan Modeling tools providing dynamic total cost of ownership (TCO), ROI, service level, system agility and performance analysis Fact-based process for creating a reliable, secure, scalable solution

When legacy applications are holding you back... take the low-risk, high-value route to modernization with HP

Today, living with limitations imposed on your business by outdated applications on legacy IT systems places unacceptable risks on your organization:

- Constraints on business performance
- Inability to manage change
- Difficulty in establishing a competitive barrier or advantage
- Escalating expenses
- Limits on services you can offer today and in the future
- Unfulfilled potential of IT

The dilemma is that modernization also holds risks. The answer is to increase the benefits and decrease the risks by choosing an experienced modernization provider you can trust to analyze and implement a successful project based on your business goals and requirements. HP Application Modernization Services has the expertise, experience and proven methodologies that have led to success at enterprises around the world.

Ceridian success story – Improve decision making

Challenge

- ◆ Customer data was distributed across 200 databases, making it difficult for Ceridian to understand and service its customers. Six applications were used to access this information, resulting in a high level of inefficiency for the 3,000 users requiring access to the data.

Solution

- ◆ Using the Microsoft platform, ProLiant servers and HP services, Ceridian built a new solution that consolidates all customer data into one location.
- ◆ Users enjoy a single, intuitive interface that supports all customer-facing processes and roles throughout the entire account life cycle.

Results

- ◆ Savings of US\$12 million per year in mainframe-related costs, and several million dollars per year in increased employee productivity
- ◆ Greater customer satisfaction
- ◆ Elimination of 100 error-prone manual processes



Make your move to break free of legacy limitations

Contact HP Application Modernization Services at application.modernization@hp.com to discuss engaging HP for a Modernization Assessment and Alignment. It's the first step to a low-risk, high-value modernization based on your business goals and needs.

For additional information regarding HP Application Management and other HP services, please visit:

<http://h71028.www7.hp.com/enterprise/cache/77877-0-0-225-121.aspx>