

White Paper:

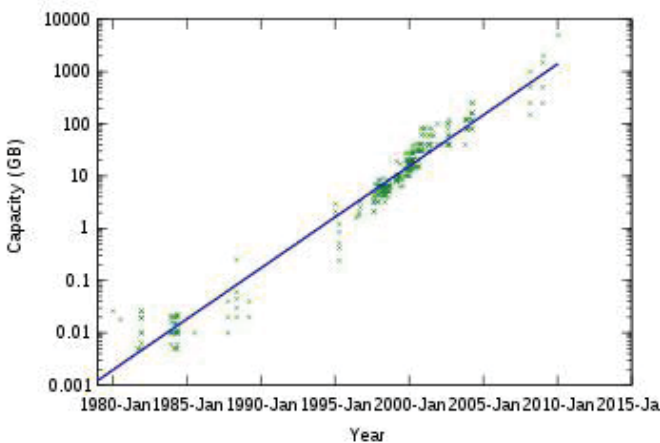
Application Sunsetting: Implementation Considerations



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An integrated application, data and organizational support strategy for Application Sunsetting can help your organization decrease the total cost of ownership of your organization's application portfolio and simplify your IT infrastructure to garner significant savings.

Fortune 1000 corporations rely on a myriad of Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), and custom and packaged applications to collect and manage the critical business information that drives their daily operations. Sophisticated businesses continuously evolve as the result of mergers, acquisitions, divestitures and competitively-driven business process changes. As a result, in order to achieve the business case benefits of newly-deployed ERP, CRM and other packaged applications, companies need to **sunset** legacy applications and their associated Service Desk and Application Maintenance support organizations, refresh older technologies, and simplify the supporting IT infrastructure thereby eliminating redundancy and variety. The business benefit is lowering the operating cost of keeping the business running.



Personal Computer hard disk capacity (in GB). The plot is logarithmic, so the fitted line corresponds to exponential growth.

The "Moore's Law" effect of technology performance improving every 18 months, while costs remain constant or decline, is driving companies to refresh their IT infrastructures while focusing on how to upgrade their ERP, CRM and legacy applications. Such upgrades require proper data, application and organizational management strategies. In order to ensure compliance with regulatory mandates, enterprises need to address both data retention and data integrity requirements.

"Through 2009, IT leaders and information architects must develop a vision for their future information architecture for technologies related to data management."

— Gartner Research, "The Gartner Data Management and Integration Vendor Guide, 2009"; Regina Casonato, Mark A. Beyer, Ted Friedman - April 24, 2009

Gartner reported most organizations could save a substantial amount of money by implementing an effective application retirement plan. Gartner also reported, on average, organizations could sunset 10% of their current application inventory without affecting the business at all.¹

Application Sunsetting is a methodology for defining and managing the process of retiring an application, its Service Desk and Application Maintenance organizations while saving the data so that it remains accessible to meet long-term business and compliance requirements. Best practice Sunsetting approaches archive data from legacy systems while leveraging enterprise reporting tools for access.

Mature IT organizations evaluate their application portfolios regularly (e.g., annually) to determine whether their Application Maintenance and Enhancement investments are delivering maximum potential business value. These organizations identify retirement candidates, reconfirm their operating costs (both hidden and visible) and work within their project prioritization process to define "Sunset projects" and business cases to retire them.

The Sunsetting review, evaluation and decision process can lead to significant hardware, software and support cost savings, as well as improved operational efficiencies. For example, in cases where critical business data is scattered among several application instances, Sunsetting offers advantages in promoting consistency and improving efficiency. In cases where organizations have redundant or older technology that is no longer delivering business value, Sunsetting offers advantages in removing applications, retiring support organizations, databases and/or hardware platforms from service, or eliminating some combination of these resources, to lower infrastructure costs. However, in both of these scenarios, the question remains as to how to ensure access to historical business data that must be retained.

By incorporating database archiving as part of an overall integrated Sunsetting strategy organizations can mitigate the risk of Sunsetting projects and ensure business goals are reached. Database archiving enables IT executives to safely remove historical data from the application being Sunset, while keeping the data accessible.

“Build-and-forget approaches to applications are giving way to the desire for full-portfolio views of strategic application information. Increasingly, corporate management is tapping information to help distinguish the applications that should be kept and modernized from those that must be replaced and retired.”

— “Develop Metrics Thoughtfully to Streamline Application Portfolios Successfully,” Forrester Research, Inc., July 23, 2008

Application Sunsetting is a necessary step for organizations that want to maintain an agile operating environment and continually control costs. According to Forrester Research, “... portfolio disciplines are changing the way CIOs think about applications under maintenance and all work done in IT. Build-and-forget approaches to applications are giving way to the desire for full-portfolio views of strategic application information. Increasingly, corporate management is tapping information to help distinguish the applications that should be kept and modernized from those that must be replaced and retired.”²

Forrester Research states, “The business only sees the tip of the iceberg in terms of IT work, but feels 100% of the spend. The least visible aspects of the IT budget—ongoing operations and maintenance—consume 67% of the IT budget. IT organizations need to streamline the portfolio, reduce waste and free resources for business innovation.”³

Sunsetting and Consolidation projects often complement each other. Sunsetting and Consolidation projects make good business sense when an organization wants to:

- Consolidate one or more home-grown applications into a purchased ERP application
- Sunset unsupported versions of applications or databases
- Migrate an application from a high-cost operating platform to a lower-cost platform
- Eliminate obsolete systems from the enterprise infrastructure

Organizations hesitate to Sunset applications because they fear the risk of losing access to the underlying application data needed to run the business, market to customers and support decision making to meet revenue goals. In addition, organizations must continue to manage historical data to comply with governance and regulatory data retention requirements. When considering candidates for Sunsetting projects, it is important to note that most, if not all, of the historical reference data managed in application production databases is rarely accessed. With some Sunsetting projects, it may not be cost-effective to move all historical data to the new application or platform. Moving all the historical data can consume costly storage capacity and can degrade application performance.

Sunsetting projects define database archiving solutions with capabilities that support data retention compliance and provide appropriate access to information for audit and legal discovery purposes, without requiring access to the original application. Data retention regulations, such as the Sarbanes-Oxley Act, Basel II and HIPAA, require companies to retain data in its original business context for specified periods of time. The minimum records retention requirements regulations vary by state and by type. Broadly speaking, state and federal regulation require data preservation of:

- *Contracts*: 7 years to permanent
- *Business records*: 7 years to permanent
- *Payroll records*: 3 to 7 years
- *Employee records*: 3 years

To preserve the integrity of the historical data, businesses also need capabilities that allow them to:

- Preserve the business context of the archived data
- Provide access capabilities that support retrieval for research and reporting, as well as audits and legal discovery requests
- Implement appropriate storage strategies, based on business value and access requirements, to lower costs throughout retention periods

Some tools provide the capability to capture and remove subsets of related data that make up a logical “business object”, such as an insurance policy and its payment history. Typically, these objects are associated with other reference details through database relationships or by means of the relationships defined in the application’s business logic. Conceptually, a complete object represents a historical “point-in-time” snapshot of a business transaction.

By definition, archived historical data from Sunset applications is accessed less frequently than current application data, until its retention period expires. By implementing database archiving and storage strategies that meet accessibility requirements, organizations can reduce the cost of storing data, while supporting compliance initiatives.

Before initiating a project, IT organizations following best practices obtain input and consensus from all business departments involved. Each department will have different requirements. For example:

- Business users may anticipate heavy access requirements and want to ensure that data is easy to retrieve or restore for additional processing
- Audit and compliance officers want to ensure security, access and appropriate disposal to support corporate compliance initiatives
- IT executives want the best solution that minimizes costs, infrastructure complexity and operational risks

Mature IT organizations manage a company’s application portfolio in a way that addresses the critical needs of each business group.

At the start of a project, the IT organizations consider the:

- Business value of the application, database, platform or system
- Ways in which the data will be used
- Degree of interoperability and redundancy
- Costs and risks associated with continued operation
- Costs and risks associated with migrating, consolidating or decommissioning an application, database, platform or system

IT organizations following highly-developed Application Sunsetting practices provide their businesses a value proposition that significantly lowers their total cost of ownership by optimizing their company’s investment in mission-critical applications and databases. The organizations can help to:

- Deploy an enterprise archive solution to solve the problem of database growth across all applications in the enterprise

“By implementing database archiving and storage strategies that meet accessibility requirements, organizations can reduce the cost of storing data while supporting compliance initiatives.”

- Maintain application service levels by minimizing production database searches and improving response time
- Reduce database maintenance time, reduce the downtime for application upgrades, and shorten batch process windows to increase application availability
- Defer capacity upgrades and the associated hardware and software license fees
- Store archived data on a variety of storage media and retain access to archived data no matter where it is stored
- Speed disaster recovery time by keeping only business-critical data in production databases

Conclusion

CDI IT Solutions provides comprehensive project planning, staffing, data management tool selection, consulting and outsourcing support, enabling clients to Sunset redundant or obsolete applications using proven database archiving capabilities.

Footnotes:

¹“Application Leaders: Stop Eating Profits and Capital with Unnecessary Operational Expenses”,
www.gartner.com/displaydocument?doc_cd=147079

Gartner Research Services

²“Develop Metrics Thoughtfully to Streamline Application Portfolios Successfully”,
23 July 2008

Forrester Research, Inc.

³“Use Action-Oriented Categories to Guide Application Life Cycle Investment Decisions”,
17 October 2008

Forrester Research, Inc.

To learn more visit: www.cdi-its.com