



**Point of View**

# **IT Modernization**

Critical to achieving a New Economics of IT that maximizes efficiency, increases agility and gives the freedom to innovate



**Executive Summary**

Enterprises are striving to achieve what Avanade calls the “New Economics of IT” to meet unprecedented business demands and tame technology disruptions. To do so, businesses must modernize the applications, infrastructure and workplace components of their IT environments, as they make the journey from legacy or conventional IT to modernized, future-ready IT. Each journey component can impact the others, and managing the complexity, timing and integration of modernization efforts is crucial. For successful companies, the result is a digital transformation that maximizes efficiency, increases agility and gives the freedom to innovate.

**It’s a perfect storm. How are you doing?**

Anyone in IT hears it all the time. Sales wants greater productivity out in the field. Marketing wants to understand customers better. Business leaders want competitive advantage.

And they’re all looking to IT leadership to provide it. As if the non-stop demands weren’t enough, technology disruption is at unprecedented levels, threatening today’s businesses and creating opportunities for tomorrow’s.

CEOs have their own demands, too. They expect 41% of revenue to be digital by 2020. But 51% of CIOs say they can’t respond to digital opportunities in a timely way.<sup>1</sup> They need to do so – and fast.

**Essential to achieving a new economics of IT**

Legacy environments were never designed to meet the demands of today’s stakeholders. They don’t capitalize on the new technologies that are disrupting the business environment. And they can’t deliver the levels of operational efficiency and innovation that the digital business requires. That means IT modernization is essential for any company that hopes to transform itself into a digital business.

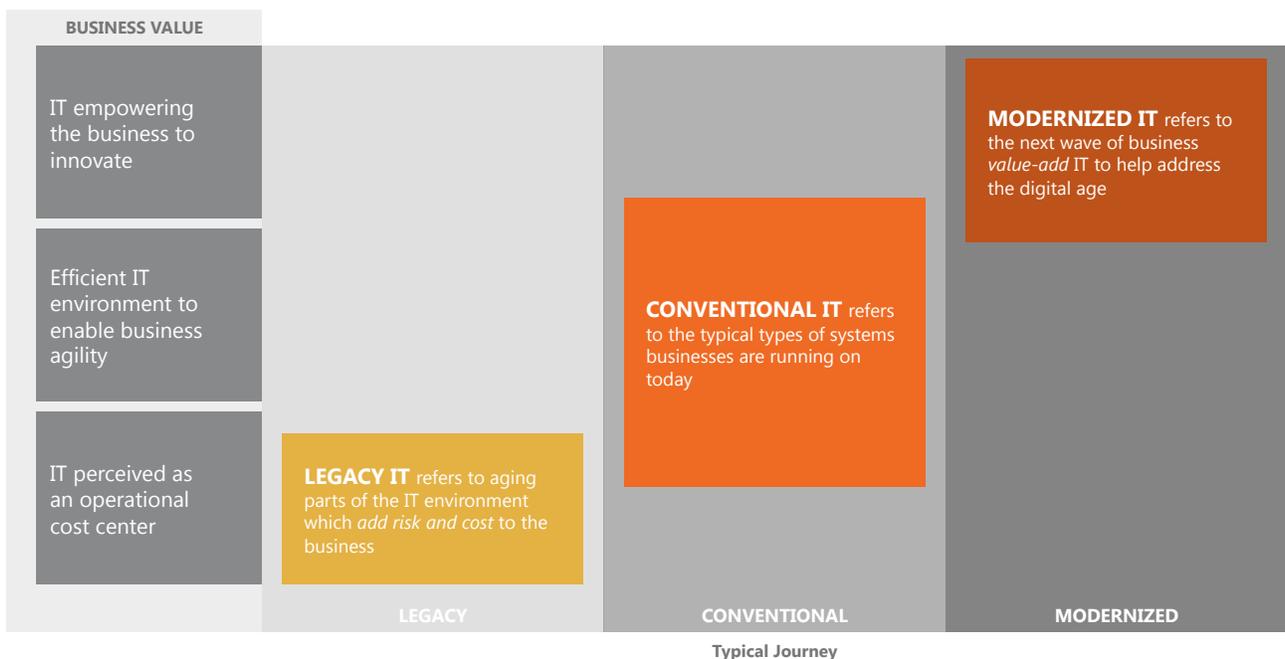
Avanade helps clients understand and implement [The New Economics of IT](#), which uses modern IT approaches to maximize efficiency, increase agility, speed innovation – and succeed with their digital transformations. Achieving a new economics of IT requires a hard look at, and thorough makeover of, the IT environment – including applications, infrastructure and workplace.

**Getting there from here**

The type of journey you take to a modernized IT environment depends on factors including what your environment looks like today and what challenges you need to confront in order to modernize.

Most companies start out from a legacy or conventional IT environment. The former refers not just to “old IT,” but specifically IT that adds risk and cost to the business – such as unsupported or non-strategic hardware or software.

**Typical stages of a modernization journey**



1. Source: “Building the Digital Platform: Insights from the 2016 Gartner CIO Agenda Report,” Gartner, 2016

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The conventional IT environment typically includes some legacy elements alongside newer, more efficient, components that enable business agility – and even some components for innovation. The modernized IT environment is the destination for the company seeking to implement a digital transformation. Its technologies, tools and approaches not only add value to the business, but also empower innovation to meet the many demands of stakeholders and to help the company thrive in an increasingly competitive and resource-challenged environment.

#### The building blocks of IT modernization

IT modernization is a holistic process that touches on every aspect of the IT environment. But that can be an enormous and intimidating prospect, so let's break it down into three manageable components that every company should consider: application, infrastructure and workplace modernization.

**Application modernization** – For your applications to perform faster, scale higher and operate with greater flexibility than before, you should consider modernizing them with a cloud-first, mobile-first approach. You want agile, micro-engineered liquid applications that are quickly assembled, delivered as-a-service, highly reliable, and easy to maintain and update.

**Infrastructure modernization** – Modernized applications typically drive the modernization of the infrastructure. Achieving the speed, scalability and reliability that you want from your applications depends on modernizing legacy infrastructure into flexible, hybrid and automated environments.

**Workplace modernization** – Your transition to a digital business will increasingly demand that you empower employees with connected collaboration tools to work smarter. Modernizing your legacy workplace environment is a first step toward attaining a truly digital workplace that makes empowerment possible. Once you update or replace the workplace tools, you can then proceed to transform the business processes that use them.



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#### Achieving application modernization

It's likely that business applications in the legacy environment were fit for purpose when adopted, but their value drops as business requirements moves to the digital age.

We've seen companies move their applications onto updated on-premises systems or lift-and-shift them to the cloud using infrastructure-as-a-service – both of which constitute more conventional IT options. This helps to the extent that the new platform is more scalable and less risky. But it's also like moving the same old car into a fancier garage – nothing essential has changed, so the gains are modest.

Platform-as-a-service can in some cases cut application delivery time-to-market in half and generate a five-year ROI of 466%<sup>2</sup>, giving IT teams even more ability to innovate, experiment, and create differentiated value and competitive advantage.

DevOps and agile are two practices that contribute to these gains. Gartner says they are proving as disruptive to IT as lean was to manufacturing in the 1980s<sup>4</sup>.

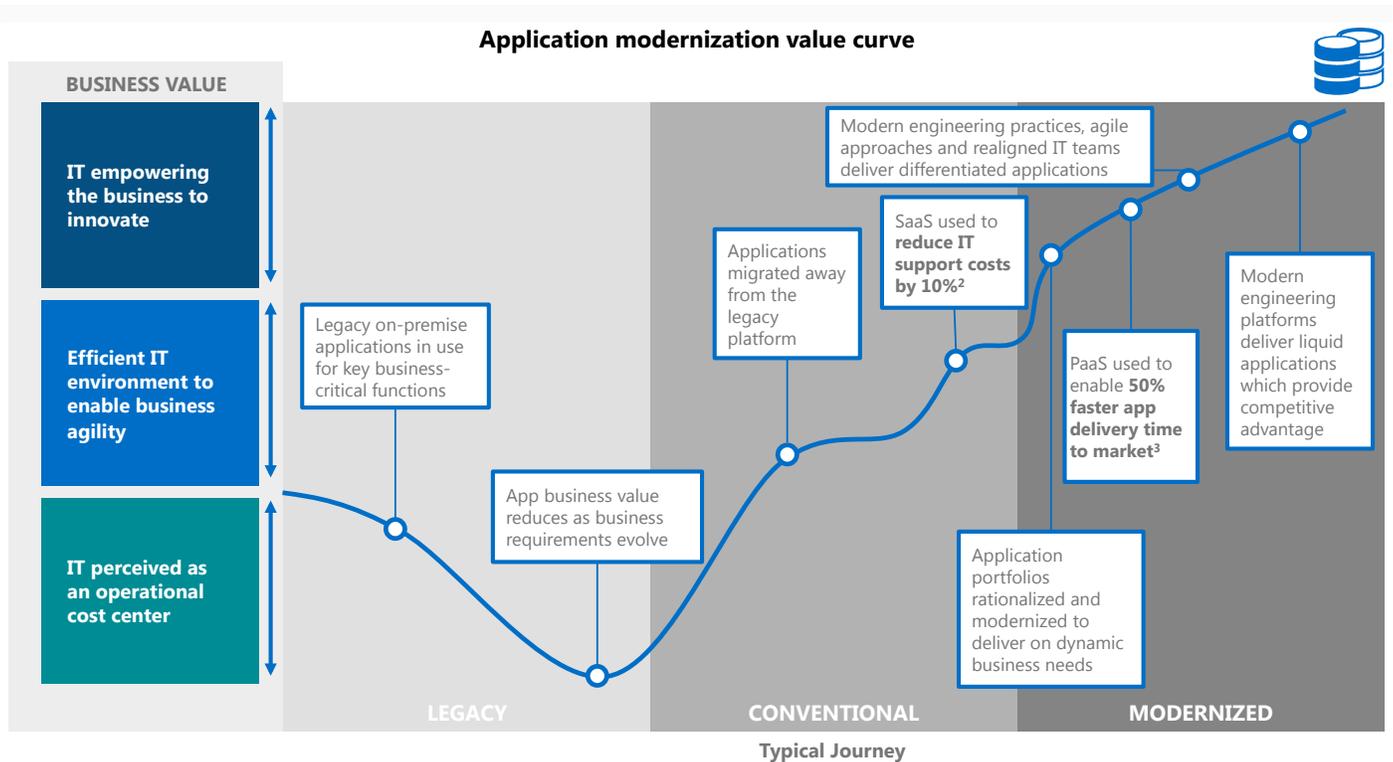
10% lower support costs with SaaS<sup>2</sup>  
50% faster app time to market with PaaS<sup>3</sup>  
466% five-year ROI with move from Azure IaaS to PaaS<sup>3</sup>

#### Application modernization case in point

**Challenge:** Global tech giant had one year to move 2,000 applications to the cloud.

**Solution:** Avanade moved the apps to Azure IaaS using our proven industrialized tools and processes within our Cloud Application Studios.

**Results:** Tight timeline met; 8,000 servers decommissioned; app rationalization begun; application modernization is underway to take advantage of PaaS for even greater benefit.



2. Source: "The Total Economic Impact™ Of Microsoft Office 365 For Commercial Users, Forrester 2016

3. Source: "The Total Economic Impact™ Of Microsoft Azure Platform-as-a-Service," Forrester, June 2016

4. Source: "Predicts 2015: Application Development," Gartner, November 19, 2014

### Achieving infrastructure modernization

Like application modernization, the journey to infrastructure modernization begins with infrastructure originally fit for purpose, which loses business value as demands on it increase. As the infrastructure is refreshed on premises with optimized hardware and virtualization, the environment evolves to what we've called conventional infrastructure.

For the enterprise that adopts the cloud, infrastructure is quickly modernized and business value quickly grows. Cloud infrastructure reduces deployment times from weeks to hours. Unified identity systems move to the cloud, enabling connected ecosystems with business partners. A seamless hybrid infrastructure emerges, aided by processes and teams that leverage DevOps to further forge a single, transparent unit. As the infrastructure is further modernized, IT teams use infrastructure as code, automated provisioning, monitoring and self-healing – sending business value soaring.

The journey to infrastructure modernization is real and happening now. About 80% of IT organizations are set to commit to hybrid cloud by 2017<sup>5</sup>. And 60% of enterprises use DevOps or plan to do so within two years<sup>6</sup>.

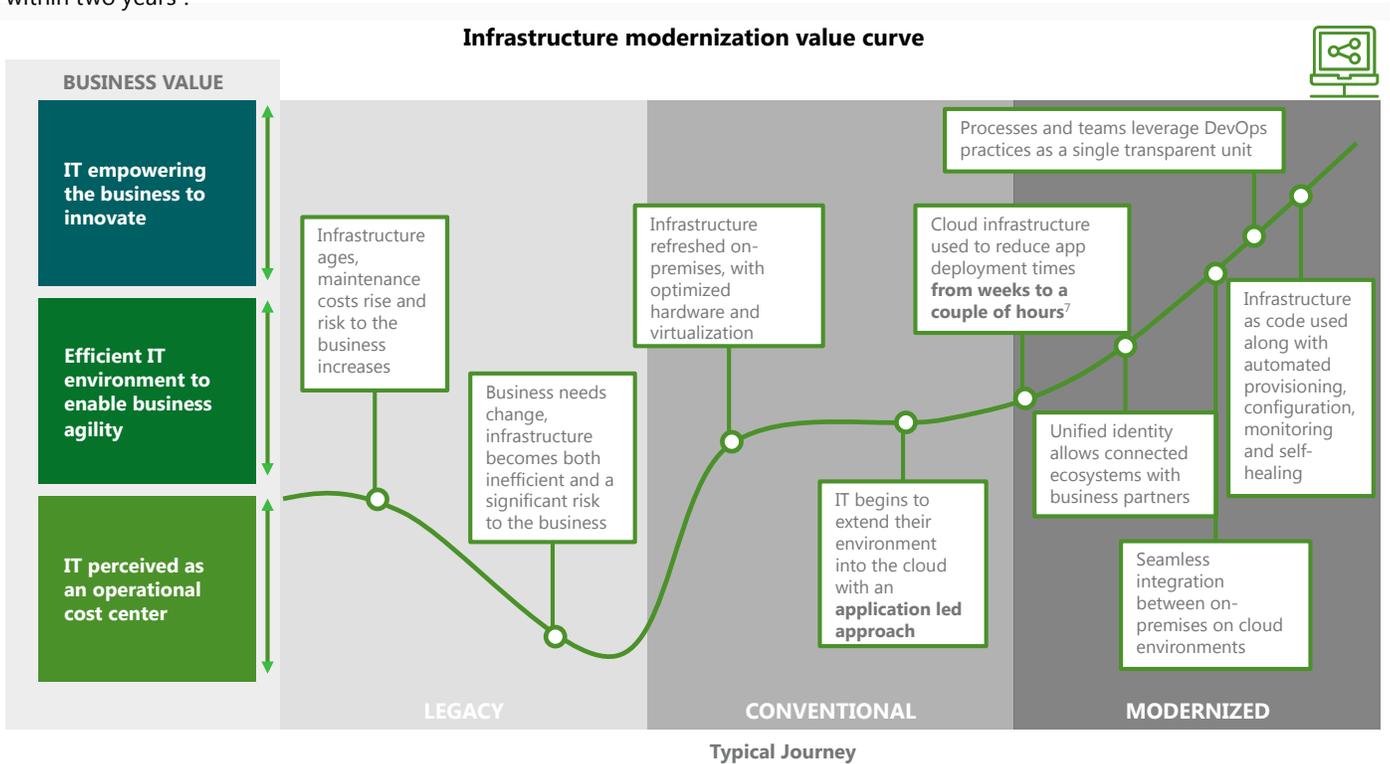
Deployment times drop from week to hours<sup>7</sup>  
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### Infrastructure modernization case in point

**Challenge:** Competitive pressure compelled media company's transformation to a digital business.

**Solution:** Avanade Cloud Infrastructure Transformation allows IT to become a "broker of services" with a consumable, flexible platform to support digital.

**Results:** Use cases are delivering performance improvements of up to four times the on-premises environment and are delivering increased agility and lower costs to the business.



5. " IDC FutureScape: Worldwide Cloud 2016 Predictions — Mastering the Raw Material of Digital Transformation, IDC 2015," Gartner, Nov. 19, 2014

6. Source: "The Gartner Scenario for Application Software Providers: Building Digital Transformation in a Bimodal World," Gartner, Jan. 6, 2016

7. Source: "The Total Economic Impact™ Of Microsoft Office 365 For Commercial Users, Forrester, 2016

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#### Achieving workplace modernization

In the legacy environment, an outdated platform or operating system limits the use of modern applications and constrains modern workstyles.

In a conventional workplace environment, typically organizations have introduced various collaboration technologies. Though, at this stage these technologies, such as real-time messaging, file share and collaboration are often disparate, and so business agility is limited.

As the workplace is further modernized, business and collaboration applications are fully integrated and are aligned with devices, with mobile versions ready and mobile workers fully enabled. Workers gain a seamless experience across platforms and applications, and self-service portals are in place for most user requirements, such as application access. The workplace environment is dynamic and immersive, and the foundations are set to take advantage of the [Digital Workplace](#).

Workplace modernization is well underway. By 2020, 60% of business users will be provisioned at least in part with office system capabilities from the cloud, according to Gartner<sup>8</sup>.

No wonder: The three-year ROI from moving to Microsoft Office 365 is 187%, according to Forrester<sup>2</sup>.

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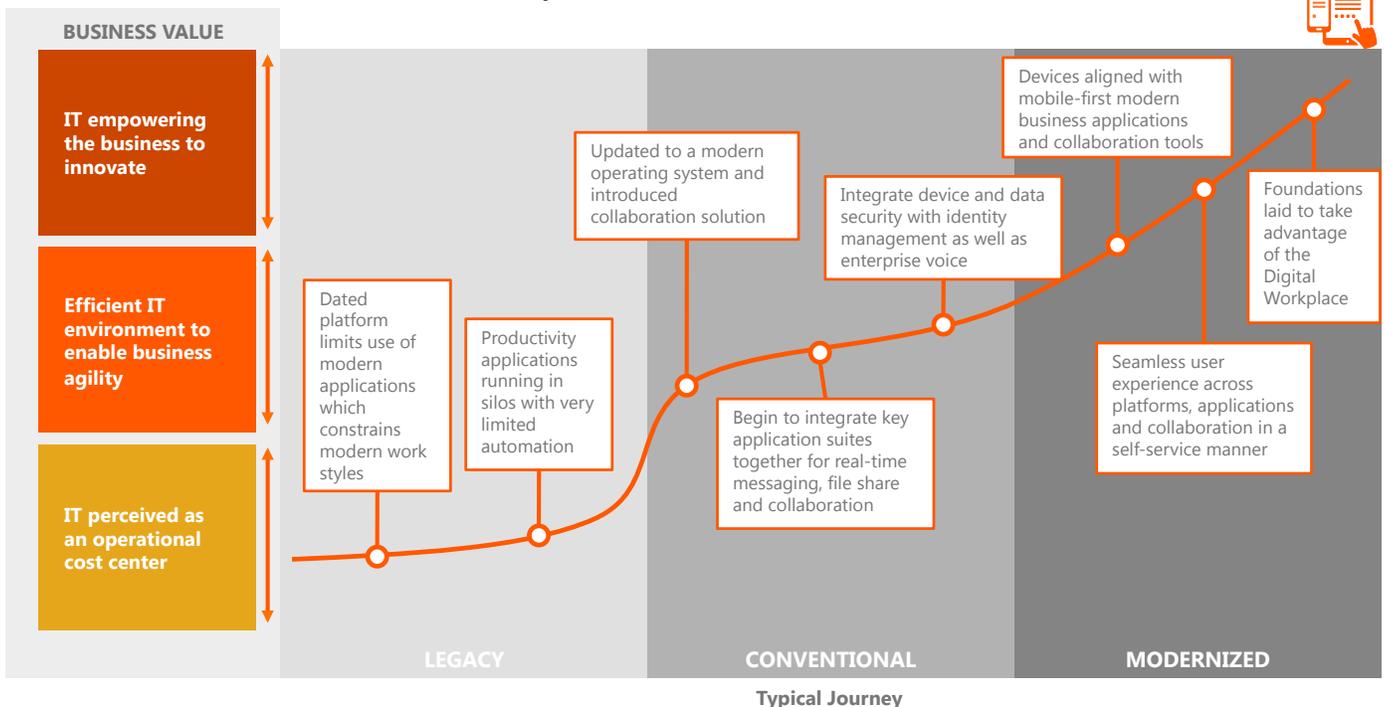
#### Workplace Modernization Case in Point

**Challenge:** UK-based insurance firm struggled with siloed legacy office systems, acquired through multiple mergers, which demoralized employees.

**Solution:** Avanade Desktop Modernization and UCC Transformation provide employees with a modern workplace environment, including Microsoft Windows 10, Office 365 and Skype for Business.

**Results:** Employees gained real-time communication with a single directory, instant messaging and presence; firm made its journey to workplace modernization quickly; employees are empowered and motivated with 21st century tools.

#### Workplace modernization value curve



8. Source: "The Gartner Scenario for Application Software Providers: Building Digital Transformation in a Bimodal World," Gartner, Jan. 6, 2016

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### The need for a holistic approach to modernization

While breaking down IT modernization into these three major areas is useful for clarity, they should be thought of holistically to multiply the effect of IT modernization. For example, a journey in which each of the three modernization components supports the others can speed the process, enabling the enterprise to jump over some intermediate steps.

The holistic approach also requires the business to think about the order in which component journeys are planned and implemented. For example, infrastructure exists to support applications, not the other way around, so the application modernization should be planned first – but implemented second.

Whether you are just starting on your modernization journey or need help to realize the full results of a modernization strategy, Avanade has the expertise and experience to help you succeed. If you are ready to learn more about how Avanade can help you with your IT modernization journey visit [The New Economics of IT](#).



#### About Avanade

Avanade is the leading provider of innovative digital and cloud-enabling services, business solutions and design-led experiences, delivered through the power of people and the Microsoft ecosystem.

Majority owned by Accenture, Avanade was founded in 2000 by Accenture LLP and Microsoft Corporation and has 30,000 professionals in 24 countries.

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