Does the nexus of market forces and new technologies converging on enterprise IT represent an opportunity or a threat?

The correct answer is: opportunity. Social, mobile, cloud, and big data technologies unquestioningly present enterprise IT with a new array of powerful options to engage with customers, partners and employees to spur growth; to empower workers for higher productivity; to speed application development while reducing application lifecycle costs; and to make data-driven decisions that boost market share and performance.

Unfortunately, the correct answer is also: threat. These forces are inherently and highly disruptive. They raise the expectations of business users while cash-strapped enterprise IT often struggles to maintain legacy portfolios. They facilitate the rise of shadow IT in business units, typically leading to disjointed and unmanageable environments, inconsistent solutions that can’t interoperate across the enterprise, and a lack of visibility into the quality of infrastructure and performance across services.

Enterprises, understandably, want the gain without the pain. But is this realistic, or even possible?
What IT Needs and What IT Lacks

To take maximum advantage of the opportunity afforded by the nexus of forces, while minimizing the impact of its threats, enterprise IT needs a new and comprehensive set of resources, skills and tools with which to respond rapidly to rising business expectations. But because applications are now developed, hosted, managed, and retired in ways, and according to criteria, that didn’t exist just a few years ago, few IT organizations can meet these needs on their own.

Avanade research confirms that these are areas in which IT can fall short. In Avanade’s survey of enterprise IT leaders:

• 94% say they need to accelerate the time they take to bring new applications to market.

• Only 29% say their application development processes are agile enough to meet business demands.

• Only 23% use the latest application development and management technologies.

• More than 25% of the rest say they lack the capital to do so.

These gaps aren’t confined to matters of application development or of ongoing application management. They include both, as well as issues of application lifecycle management and application portfolio management.

And these disciplines are linked. The lack of efficiency in one can inhibit performance in the others. For example, maintenance costs may soar because the portfolio is not actively managed. Application development may be delayed because upgrades take priority. Project teams may be tough to mobilize because personnel spend excessive time to support aging applications. And so on.

IT doesn’t have the luxury of tackling just one of these disciplines, or of tackling the set sequentially. To master that nexus of market forces and reduce cost, increase agility and drive growth, IT organizations must do the seemingly impossible, and address all of these disciplines concurrently.

The Rise of the Managed Services Provider

Most IT organizations can’t do that on their own, and they know it. So they (79%, according to Avanade research) are turning to managed services providers in the next 12 months to develop their application development and management strategy.

Most enterprises today run mostly on Microsoft technologies, so those technologies become an essential consideration in strategies toward managed services. A majority (62%) of IT leaders say that Microsoft technologies can play a significant role in overcoming the challenges associated with application development and management. Significantly, 75% of IT leaders feel it is important that a contracted managed services provider has a relationship with Microsoft.

• 32% expect their provider to have direct access to Microsoft early adopter programs.

• 28% expect their provider to have competency in the specific Microsoft technology area related to the service it provides.

• 23% expect the provider to be a Global Microsoft Partner with Gold competencies.

IT leaders have set such standards for managed services providers because their expectations of those providers have soared in recent years. The primary, if not sole, selling point in favor of managed services used to be their ability to drive down costs. Today, the business value of managed services is much broader. IT leaders still expect managed services to reduce costs, but now they also expect those services to help them increase their agility to respond to fast-changing business needs, and support innovation that spurs business growth.

1 “Unlocking the business value of social, mobile, cloud and big data”, June 2013, and “Rethink application possibilities and align to desired business outcomes”, December 2013
Avanade's Approach to Application Managed Services
Avanade believes that these expectations can be met by a managed services provider that offers the comprehensive range of application development and managed services, and that has the expertise to unlock the full value of an enterprise's mostly Microsoft-based infrastructure and application portfolio, thereby transforming the economics of enterprise IT.

Avanade also believes that IT's expectations—for lower cost, increased agility, and support for innovation and growth—are realized not all at once, but along a continuum, with the enterprise deriving greater value from application managed services over time. (See graphic, previous page.)

Avanade Resources for Custom Application Managed Services
As a Microsoft application managed services specialist, Avanade uses Microsoft technologies across the spectrum of application, development, management, lifecycle management, and portfolio management. That gives Avanade distinctive strengths to design, build, enhance, and run solutions that draw on the full breadth of the nexus of market forces—social, mobility, cloud, and big data.

No two enterprises are exactly alike, so Avanade doesn’t propose a one-size-fits-all application managed services offering. Instead, Avanade Custom Application Managed Services offers a buffet of offerings. Avanade and the enterprise work jointly to determine the optimal mix of services for the enterprise’s specific circumstances. Those offerings are shown in the graphic, below.

Flexibility Extends to SLAs, Pricing & Platforms
In the Avanade Custom Application Managed Services model, flexibility extends beyond the offering components to also include a variety of service level agreements, pricing options, and platforms. Traditional uptime and response/resolution SLAs are available—but so are decidedly untraditional SLAs, such as those pegged to business outcomes.

Similarly, enterprises are no longer limited in their choice of platforms to on-premise or off-premise. Today, they have the broadest range of platform options for application hosting. The Avanade model embraces true platform independence, with the goal of adopting the optimal platform for any given application or application portfolio. Options include on-premise, mobile, public cloud, private cloud, and hybrid.

Customer Successes
Enterprises across industry lines and across the globe already take advantage of Avanade Custom Application Managed Services, and prove the value of the Avanade model. Examples include:

Chicago Federal Home Loan Bank
The Bank's key line-of-business application provides back-end services for mortgage origination. Because the application is key to the Bank's operations and strategy, the Bank wanted to enhance the application to provide new features and increase its capacity to handle future growth. Over three years, Avanade managed the on-going design, development, and support of the application. Avanade worked closely with the Bank's key business managers to determine new functionality to meet their business needs. Avanade helped the bank to take advantage of their growth opportunity by assuming responsibility for applications and expanding the capacity of the system.

GroupM
In today's intricate IT environment, Avanade worked with GroupM to provide a solution that would address their application development, infrastructure and talent resource demands. With 39 Avanade software engineers on-site, GroupM is now enabled to better develop and update the in-house applications which support multiple markets using the new process and solution.

drugstore.com
In preparation for executing key growth strategies, drugstore.com engaged Avanade to help modernize its e-commerce infrastructure. Avanade helped to re-architect the web store platform to run on the latest Microsoft web commerce technologies. Avanade entered into a multiyear, strategic partnership, making Avanade their strategic IT partner and trusted advisor.
The First Step

What should your application strategy look like to align with your business goals? Avanade doesn’t know—but it knows how to find out.

A good first step is to address your enterprise’s specific business priorities and their impact on applications across the four framework areas (application management, application development, application lifecycle management, and application portfolio management).

Working with you, Avanade brings its best subject matter experts to do just that. The goal: to facilitate a discussion in which Avanade can apply in-depth insight and realworld examples to inspire creative thinking that’s fully grounded in deployable solutions.

The deliverable can be an application strategy document that establishes the alignment of your enterprise’s applications strategy with its business strategy, and that identifies an application roadmap with next steps to implement that strategy.

If you want an application strategy that unlocks the value in your application portfolio for your enterprise, www.avanade.com/adam-about.