



Highlights:

- Makes long-term budget projections based on multiple growth scenarios
 - Compares client portfolio cost structure with those of other companies
 - Analyses client portfolio to identify redundant or underutilised software products
 - Identifies product alternatives and their cost/benefit impact
 - Provides negotiation leverage with incumbent product vendors
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Portfolio Review & Analysis Engagement

Today's IT Challenge

Over the past decade, mainframe software costs have risen dramatically. As the unit cost of hardware continues to drop every year, software costs have skyrocketed, forcing organisations to devote increasing amounts of capital to their software budget.

Simultaneously, organisations are under tremendous operational and cost pressures. As software costs continue to escalate, they become the primary inhibitor in the IT organisation's ability to provide cost-effective processing for the corporation's lines of business. As a result, software costs now dictate hardware configurations — not processing requirements!

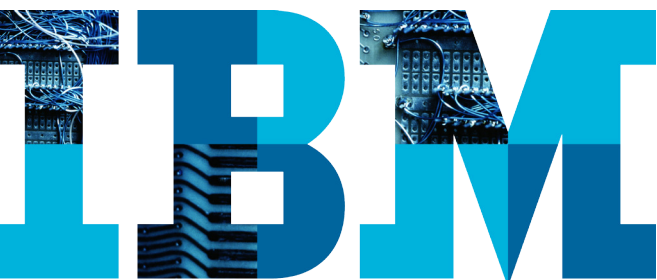
IBM's Portfolio Review & Analysis team or PRA team is dedicated to helping clients:

- Establish a long-term, strategic plan to drive down software portfolio costs
- Proactively manage their z/OS® software portfolio to maximise its value
- Understand their options and potential impact from both a business and technical perspective.
- IBM's Portfolio Review & Analysis team helps clients better manage their most costly z/OS asset — their software portfolio

Portfolio Review & Analysis Engagement

A Portfolio Review & Analysis (PRA) Engagement helps organisations accomplish the following goals:

- Understand the potential impact of processing growth on future software budgets
- Compare the success of current portfolio management practices with other organisations' efforts
- Prioritise ways to improve the cost structure of the existing software portfolio
- Identify suitable replacements for currently installed products
- Provide contract negotiation leverage with z/OS software vendors.



How a PRA Engagement Works

The objective of the Portfolio Review and Analysis Engagement is to help companies understand how their current portfolio and its cost structure will change over a 36 to 60 month period based on multiple growth scenarios. With this information at hand, an organisation can proactively manage its portfolio to drive down its cost structure.

During a PRA Engagement, an IBM® portfolio review analyst reviews an organisation's software portfolio in detail. Analysts review the client's software inventories, associated legal and contractual materials, and financial information associated with the portfolio.

Typically, during a PRA Engagement, the PRA Analyst works with a project manager selected by the client to gather information. Next, the analyst compiles and reviews the data. If additional questions arise, they are sent to the client's project manager for fulfillment. Finally, once the analysis is completed, a meeting is scheduled where a written report summarising the PRA's findings is reviewed with the client.

Service Features

A PRA Engagement consists of four primary components:

Software Budget Projections can be either a simple or complex process depending on the client's business model. However, the variable that disrupts even the best-planned budgets is growth. Most organisations build their budgets annually but very few make long-term projections on the budget impact of their software portfolio. By understanding projected costs in advance, organisations can take action to reduce them.

Cost Structure Comparisons allow one organisation to compare the success of its portfolio management practices with that of its peers. This process identifies where the client has successfully driven down costs, and helps to prioritise areas where further improvement is possible.

Portfolio Alternatives is a subject that most organisations don't have time to research due to daily operational pressures. While ongoing merger activity has led to a consolidation in the ISV marketplace, there are still product alternatives for many commonly used software products. The challenge is to identify comparable products, their potential migration costs and impact before devoting staff resources to a product evaluation.

Negotiation Preparation is a time consuming process that if done correctly can yield significant savings. A PRA Engagement provides a significant amount of information and software portfolio metrics that can be used by the client during negotiations with ISVs.

Who benefits from a PRA Engagement?

Organisations that can benefit from a Portfolio Review & Analysis Engagement are:

- Experiencing change of a corporate business model through merger, acquisition, or divestiture activity
- Suffering from exploding software costs driven by rapid growth in demand for data center services
- Planning or executing a data center consolidation strategy to lower IT processing costs
- Evaluating insourcing & outsourcing proposals for applications or entire data centers.
- In general, any organisation that is struggling to contain its z/OS software portfolio costs while providing reliable, cost effective processing to its clients can benefit from a Portfolio Review and Analysis Engagement

For more information

For more information on IBM's Portfolio Review & Analysis (PRA) Engagement, please contact IBM Consulting IT Specialist, Paul Matthews (pmatthews@au1.ibm.com) at 61 (2) 9397 8440.



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601 Pacific Highway
St. Leonards NSW 2065
Australia

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