More and more businesses are recognising that they need to win back control of their application landscapes if costs are to be reduced and performance improved. Application environments have grown consistently over the last few years, while transparency has kept declining and the cost of management has risen in terms of both people and money. Benchmarks offer a cast-iron way of demonstrating that efficiently-run application environments are something well worth achieving.

An optimised infrastructure can only realise its full potential if the improvement is within the overall context of supporting the business-critical IT applications. These must themselves be controlled in order to enable operational IT excellence. Lasting success can only be achieved by organisations that measure themselves in both disciplines.

Analysis of the TCO of a company’s application environment through a Maturity benchmark offers significant benefits for clients.

Business benefits

The first step to success is to identify where savings can be made. If the IT infrastructure has already been optimised, double-digit percentage savings are possible. A business will need to give its IT function meaningful and comprehensible key ratios for their applications, so they can manage effectively and improve transparency. In this context, rising maintenance costs can be absorbed even if the overall budget stays the same without increasing the risk through dangerous savings measures elsewhere.

IT organisations have two ways of optimising their applications through a benchmark project: a horizontal or a vertical analysis of the environment.

- **Horizontally**, companies can analyse the costs and performance of the various layers of their application environment. The analysis may, for instance, relate to the operation or support of all applications. The specific advantage of this benchmark approach is that it gives heads of departments extensive key ratios on the financial viability of their particular areas of responsibility.

- **Vertically**, companies can focus the analysis on their key business-critical applications. This is particularly the case, for example, for a core SAP application or an accounting system. The advantage of this benchmark approach is that it allows the value that an application contributes to the business to be evaluated easily relative to the total costs.
Maturity consultants have come across applications that cost between 500 and 60,000 euros a month. Given this massive bandwidth, it is vital to be able to rate the performance of each application precisely using a fair model. This is done in benchmark projects by means of a defined number of meaningful key ratios that are supplied bottom-up from base data produced in a detailed analysis. For the purposes of internal and external comparisons, various Top Level Indicators (TLIs) and Key Performance Indicators (KPIs) can be applied (see graphic above).

If the key ratios are set against the figures for comparable organisations, it can be seen at a glance which segments have shortcomings in application management and where the applications are run better than among the comparable organisations, it can be seen at a glance which segments have shortcomings.

### COMPARISON WITH PEER ORGANISATIONS

#### Case example: A business intelligence application compared among three IT organisations.

The monthly costs deviate significantly. This is because Peer 3 has an extensive, distributed data landscape which results in much greater costs in the ETL (Extract, Transform, Load) process. This is exacerbated by unusually detailed reporting requirements from the business units to which Peer companies 1 and 2 are not exposed to such a great extent.