

Four Tips for Making Wise App Investments to Lower TCO

By Manju Naglapur



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Never has there been a greater need to maximize efficiencies and lower the total cost of ownership (TCO) for applications. Yet, legacy apps are notorious for limiting business agility and competitive advantage while racking up significant operational overhead and maintenance costs.

Companies increasingly see the value of lift and shift, meaning lifting the current footprint—including infrastructure and applications—to a private or public cloud without making additional changes. Workload migration to a cloud is simple because it does not require application refactoring, rebuilding or architecture changes. Plus, it provides elastic infrastructure management.

But, organizations may assume the lift-and-shift approach is a remedy to lower TCO. Unfortunately, this is a misconception.

It is not lift and shift that provides return on investment. It's the balanced modernization of apps and the use of lean transformation processes—of which lift and shift is a part—that address business friction points that will help you reap the financial benefits you seek from such efforts. Let's discuss four tips to help your organization relieve friction points and boost ROI.

Tip 1: Identify Key Business Friction Points

Oftentimes, organizations do little research to identify their business' friction points. Bypassing this critical step is a mistake because app modernization that does not truly address business friction points will not provide the desired ROI and will also increase effort significantly.

Forward-looking companies realize ROI is driven by addressing business friction points. It is crucial to identify those friction points for your company and target those points with modernization. These friction points could include a lack of innovation agility, low speed to market, workforce or security issues or other factors.

It's important to note many companies seek to modernize their legacy applications first. This can be the right choice, but if you are looking for ways to realize maximum ROI, you need to shift your focus to the apps with the friction points that most negatively affect your business. Those are the apps to modernize—regardless of whether they are legacy applications. By updating actual pain points first, companies can get it right the first time.

Tip 2: Take a Balanced Approach to Modernization With Cost-Conscious Culture

Once you commit to transitioning workloads to a cloud, you may experience the common desire to modernize all your cloud-based apps to take advantage of the benefits of cloud-native services. But you will soon realize that simultaneously upgrading all your apps is prohibitively expensive.

You will want to use a balanced modernization approach by upgrading apps incrementally. Decide which apps to update first based upon which apps are the most prominent business friction points for your business.

One example of balanced modernization in action is automation to cut down on TCO, making it possible to update essential apps while engaged in the lift-and-shift process. You can achieve this by moving away from total dependence on DevOps and taking steps to implement more automation incrementally where it makes sense. You can integrate automation in many ways, including in software development (continuous integration), deployment (continuous deployment) and operations (continuous monitoring).

Tip 3: Embrace Transformation

In addition to a balanced modernization approach, there are ROI opportunities in adopting a lean business transformation model. Lean business transformation is a significant change in mindset from traditional wisdom, combining agile capability maturity model integration (CMMI) and lean principles.

By adopting the lean business transformation model, your business can use existing solutions and blueprints to cut costs and expedite modernization. This will also allow you to prioritize a data-driven and forward-looking approach (i.e., continuous testing, deployment and monitoring).

Here are a few examples of this process in action:

- Licensing costs related to legacy software can be astronomical. You can realize huge savings by using cloud-native services, such as a Microsoft SQL license, instead of continuing to pay big bucks for legacy software.
- Consider integrating existing applications in cloud service providers' marketplaces (Amazon Web Services, Microsoft Azure or Salesforce) into your environment rather than creating your apps from scratch. Many of these marketplaces offer apps that speak to the specific needs of industry verticals. Although these marketplaces still have room for growth, they already provide a significant selection of apps.
- Using existing apps from cloud service provider marketplaces will benefit you because these apps often have built-in security and compliance. Not having to worry about such concerns will free you to focus on innovation rather than building these capabilities.



Manju Naglapur

Senior Vice President and General Manager, Cloud and Infrastructure Solutions


Manju Naglapur is senior vice president and general manager, Cloud and Infrastructure Solutions, at Unisys. In this role, Manju leads a global business unit focused on cloud and platform transformation, application services, cybersecurity and data and content intelligence.

Tip 4: Consider Working With an Integrator

Many companies struggle to navigate the minutiae of app modernization. If that's you, consider working with solution integrators to help manage these steps.

Solution integrators know about existing solutions and lean transformation processes, and they specialize in leveraging and integrating these solutions. They can also help you identify existing apps that already meet your company's needs, so once the integration is complete, the resulting solution will be as easy as plug and play.

Organizations that apply the lean business transformation to modernize applications and processes that create the most friction for their businesses provide better experiences and reduce business pain points while lowering TCO. With a balanced approach between lift and shift and apps modernization, you can lower your TCO and innovate faster.



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