

Building a Business Case for Migrating Apps to the Cloud



BACKGROUND

One of our clients, a large U.S. bank, sought to realize the financial and productivity benefits offered by cloud computing such as the ability to:



Reduce costs



Process large data sets faster



Respond more quickly to changing conditions

Our client was not utilizing the full capacity of its on-premise data center which was costing a significant amount of resources to maintain and manage. With the need to set priorities among over 1,600 applications, the client approached us to develop a business case to strategically guide its migration decision.

OUR SOLUTION

To determine the best approach for migrating the client's applications to the cloud, Candid Partners developed a targeted, comprehensive business case with the client. The process began with identifying and assessing the client's applications already in use and determining which are ready to move to the cloud. This stage was accomplished by using the client's application inventory systems to catalog and filter out applications that were not cloud candidates such as vendor hosted, ready-to-retire, tools, desktop and legacy mainframe applications. This analysis reduced the number of cloud-candidate applications by over 50 percent.

With this initial assessment completed, the next step was to put a detailed application-level business plan into action. To accomplish this build-out, we created a team composed of our consultants and key stakeholders from the client's IT, business and finance departments to identify and calculate the applications' current costs.

The team was instrumental in identifying constraints, managing risks, and serving as the day-to-day proxy for the client's leadership team.

Current application-level costs were gathered and analyzed to understand how the total infrastructure cost was compiled and reported. This detailed information enabled the team to identify the application infrastructure that would be retained on-premise after the cloud migration was complete. The team observed that a small percentage of applications accounted for 80 percent of the total infrastructure expense. For these, we decided to build a deep-dive application-level business case and extrapolate the results across the remaining cloud-ready applications.

DETAILED APPLICATION LEVEL CLOUD BUSINESS CASE

To create the business template, our team used Candid Partners' Volker Cloud Automation Platform, which seamlessly delivered the information needed to support cloud adoption. Our team administered the Volker questionnaire to determine each application's business value, complexity, infrastructure, optimization patterns, transaction loads and disaster recovery. We then used the Volker questionnaire results to develop the application-level migration plans.

The template gathered the data and calculated the applications' current costs, on-premise retained costs, one-time migration costs, cloud environment ongoing costs and cost avoidance. The template also captured the critical financial measurements used to make decisions among alternative choices, such as net profit/ (loss), free cash flow, net present value and payback period.

The final five-year business case template, divided into quarters, efficiently calculated the costs for separate business cases for each cloud-ready application and aggregated the results into categories—by division, segment and departments—for ease of making critical cloud migration decisions.

VALUABLE OUTCOME

With the aid of Volker and the cross-functional team, we delivered actionable insights that enabled the client to determine the best course of action for each cloud-ready application. The information was backed by detailed financial data and analysis. With representation from the relevant stakeholders, the team also provided goal alignment and leadership support, not only for the initial analysis but also for the path forward.



Contact Candid Partners to find out how we can put advice into action for you.

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