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## **Capgemini research report shows that the combination of best practices in application management can lead to IT savings of up to 37% to enable digital investment**

Paris, 9 November 2015 - [Capgemini](#), one of the world's foremost providers of consulting, technology and outsourcing services, today released the "Best Practices for Mastering IT performance" research report. According to the research findings, best practices have significant cost optimization benefits in the areas of Demand Management (15%), Application Portfolio Management (4%) and Operating Models for delivering IT (18%). In the in-depth report which was conducted over five years, Capgemini analyzed 67,000 applications over 100 portfolios across multi-national companies in 13 industries resulting in more than 1 million data points derived. This data was analyzed using advanced analytics and big data techniques to identify segmentation, data correlations, and best practices and the key factors behind best-in-class organizations.

The research involved the use of IT maturity model<sup>1</sup> which assessed organizations in terms of the extent to which IT achieves cost effectiveness and how much value IT brings to the overall business. We have considered organizations that have succeeded on both fronts to be the best in class. Three key areas were identified as the major parameters to achieving a best-in-class status:-

- Demand Management – Demand Management is the most crucial area as it is this activity which defines which applications find their way into the portfolio.
- Application Portfolio Management – This area measures the steps best-in-class organizations take to manage their application portfolios actively and effectively.
- Operating Model – This is the organizational structure that is put in place to manage activities related to application portfolio. Best-in-class organizations differ from the rest in aspects of operating model like use of offshore resources, the geographic distribution of delivery, SMAC<sup>2</sup> adoption and agility.

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<sup>1</sup> IT Maturity Model – This is a model of evaluating an organization's current maturity in order to understand the starting point and compare it with the market benchmarks.

<sup>2</sup> SMAC stands for Social, Mobility, Analytics and Cloud – essential ingredients of an organization's digital transformation

Key findings of the report show:

- Adopting best-in-class practices in demand quality could save up to 5% of organization's global run costs and quality of solutioning could reduce costs by up to 10%.
- For best-in-class organizations, 76% benefit from good demand quality compared to 50% for rest of the organizations. 80% of best-in-class organizations' critical applications benefit from good demand quality whereas for other organizations it is only 48%. It means that in these organizations, critical applications are more suited to their business needs, easier and more cost effective to run and maintain.
- The main benefit in the area of application portfolio management relates to risk mitigation and has a 4% average savings expected on total cost of ownership and managing the “long tail” of small applications.
- The operating model combines all the levers related to IT team organization. Within best-in-class organizations, industrialization is a core element where expected savings from best practice are 18% on average.

Olivier Sevillia, CEO, <sup>3</sup>Application Services Two and Member of the Group Management Board of Capgemini said: *“In today’s complex environment, IT is becoming a key enabler for driving digital transformation of businesses across industries. The report explores challenges that CIOs are facing with respect to managing legacy systems, achieving innovation and cost savings and demonstrates the benefits of a strong industrialized model to foster the adoption of innovative technologies and generate significant business value for organizations.”*

By building on these findings, Capgemini has been able to develop a fast, fact based assessment approach and tool to help IT organizations benchmark themselves and build a pragmatic transformation plan to address their challenges. Economic Application Portfolio Management (eAPM), as our solution is called, combines our expertise and a cloud-based tool for advanced data analysis and unique visualization capabilities. It addresses both the application portfolio and the operating model to identify clear actions for optimization and quantify the resultant, achievable savings associated.

### **Research Methodology**

After five years of in-depth research into IT performance, Capgemini has developed a unique knowledge base that reflects the way IT teams manage their application portfolios. It contains more than a million data points, gathered from more than a hundred portfolios across all industries. This data assembles objective facts derived from Capgemini's delivery experience with its clients. This rich information resource has been exploited through the use of analytics and big data techniques to identify segmentation, data correlations, and best practices. The data gathered were from diverse sectors with major representations from Manufacturing, Automotive, Aerospace, Utilities and Telecom organizations.

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<sup>3</sup> Applications Two covers France, Benelux, the Nordics, Germany and Central Europe, and Southern Europe

Report summary and infographic - <https://www.capgemini.com/resources/best-practices-for-mastering-it-performance>

### **About Capgemini**

With 180,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2014 global revenues of EUR 10.573 billion. Together with its clients, Capgemini creates and delivers business, technology and digital solutions that fit their needs, enabling them to achieve innovation and competitiveness. A deeply multicultural organization, Capgemini has developed its own way of working, [the Collaborative Business Experience™](#), and draws on [Rightshore®](#), its worldwide delivery model. Learn more about us at [www.capgemini.com](http://www.capgemini.com).

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