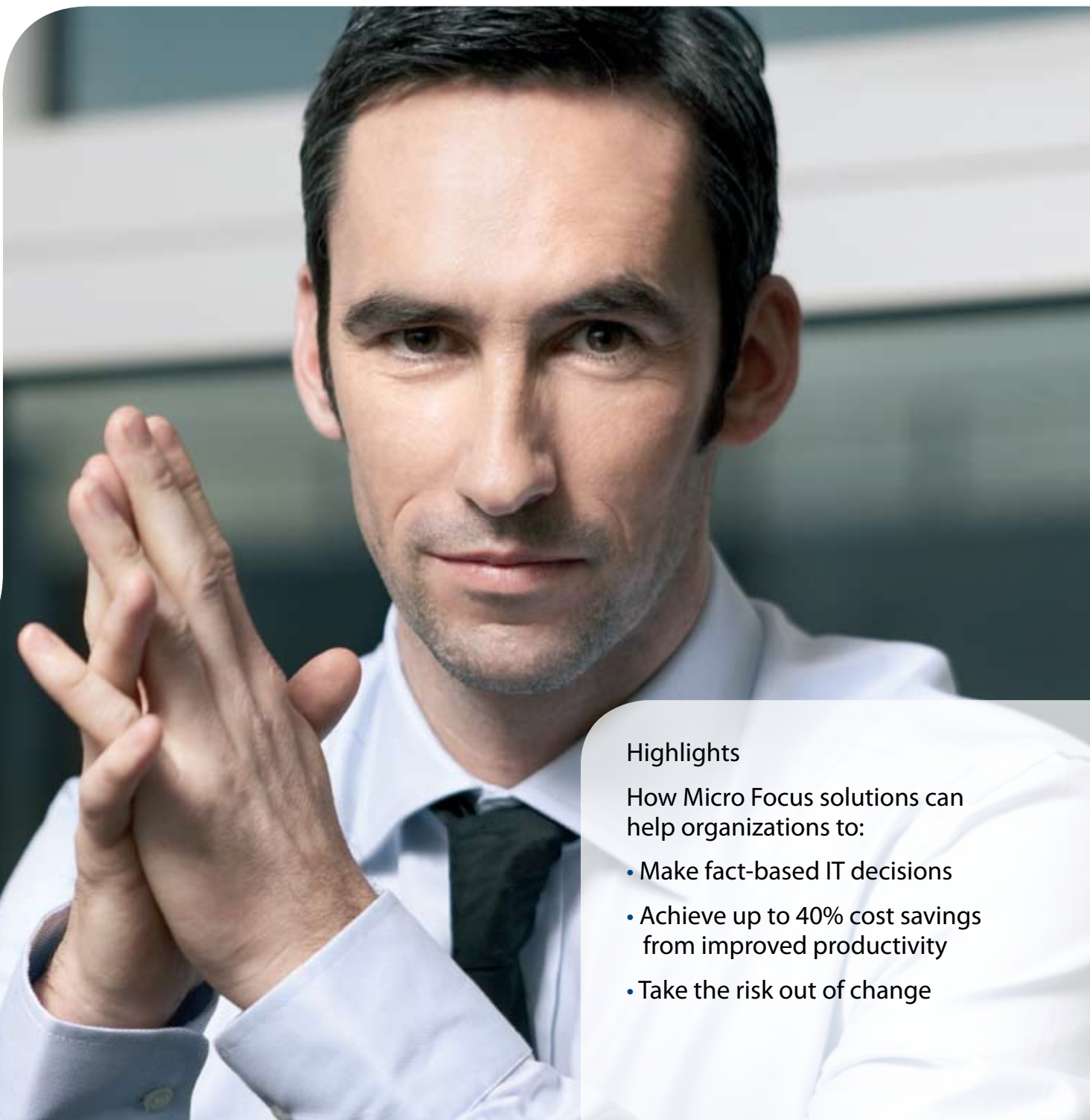




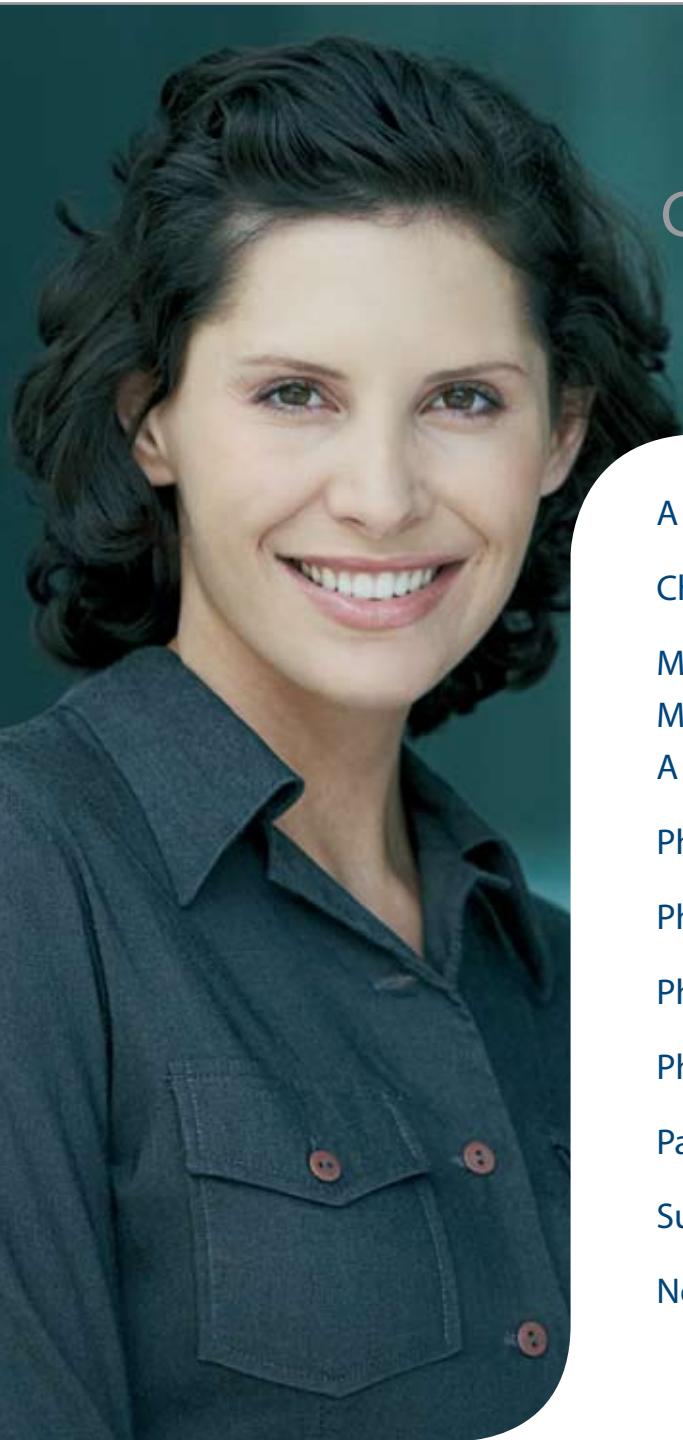
# Application Modernization and Management



### Highlights

How Micro Focus solutions can help organizations to:

- Make fact-based IT decisions
- Achieve up to 40% cost savings from improved productivity
- Take the risk out of change



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“There are \$2 trillion worth of mainframe applications in corporations that house approximately 70% of all critical data and logic.”

Aberdeen Group

“We estimate our overall cost savings from improved productivity to be 40%.”

Jay White,  
Director, CSC Financial Services Group, Life Sciences Division

The expectations on IT have never been higher. CEOs are no longer content with IT systems that just reduce costs and increase productivity. Faced with increasingly crowded market places, they want IT to create new strategic capabilities that drive the business forward and deliver competitive advantage.

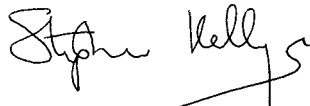
IT leaders face a very real problem. The enterprise applications that are at the heart of the business are soaking up human and monetary resources. Simply maintaining the intimidating array of old and new technology at most companies eats up as much as 70% of the IT spend. That leaves precious little for spending on the innovation and change that CEOs desperately want.

At Micro Focus we recognize the problems facing IT. We know that the goal of IT organizations must be agility and flexibility in order to dynamically respond to changing business requirements. We understand that change is essential yet challenging. It's why we've changed ourselves.

As you know Micro Focus has extensive experience with enterprise technologies. We have also developed a comprehensive set of tools, based on the latest development platforms, for modernizing enterprise applications. But the key to helping IT organizations respond rapidly to market change is our new Enterprise Application Modernization and Management portfolio of solutions.

Enterprise Application Modernization and Management is our vision for driving IT evolution. It's a four phase process that enables rational decision making based on accurate and timely information, supported by powerful software tools for assessing and developing your portfolio. The result is the ability to effectively manage, monitor, measure and modernize your application portfolio and introduce new strategic capabilities that deliver innovation and competitive advantage.

Let us show you how Enterprise Application Modernization and Management can help you and your organization.



Stephen Kelly  
CEO, Micro Focus



Stephen Kelly

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# Challenges for the CIO

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## IT is now clearly recognized as a strategic enabler for business growth.

According to a recent Gartner report, 'Creating Enterprise Leverage: The 2007 CIO Agenda':  
"...executives expect the CIO to play a significant role in improving current business processes, controlling enterprise costs and raising workforce performance. These are the near-term business expectations. Longer-term expectations for IT call for building new strategic capabilities that will use information to attract and retain customers."

The problem for many CIOs is that the long term just got shorter. According to the Gartner survey, the top three CIO priorities are:

- Delivering projects that enable business growth
- Linking business and IT strategies and plans
- Improving the quality of IS service delivery.

The challenge facing CIOs is where to start in delivering these priorities. The answer lies within the organization's portfolio of applications.

Rationalizing and modernizing the application portfolio  
Enterprise applications are at the heart of every organization – they run the business and represent an enormous investment. According to Aberdeen Group: "There are \$2 trillion worth of mainframe applications in corporations that house approximately 70% of all critical data and logic."

By rationalizing and modernizing these applications there is a tremendous opportunity to reduce total cost of ownership and improve the ability to dynamically respond to the needs of the business. But there are some major hurdles to be overcome.

The impact of history  
Business evolution over long periods of time has generated fragmentation and a proliferation of disparate systems. This results in high maintenance costs and a lack of agility and responsiveness. In addition, skills and tools for legacy software can be hard to find.

Knowledge is essential  
One of the greatest challenges facing IT in planning and delivering effective change is a lack of detailed, accurate and up-to-date information about the many applications that are running the business. Indeed many companies simply do not possess an inventory of how many applications they have and what they are being used for.

Every situation is unique  
A whole variety of techniques can be applied to moving applications forward, ranging from integration with new technologies to re-implementation or replacement. The right approach depends on a sound understanding of the options available and an analysis of costs and benefits based on solid data.

Management in a changing world  
The process of change is always difficult to manage. Service quality has to be maintained and costs must be controlled. The effects of change must be measured and the intended results and improvements verified. The option of outsourcing can add further complications.



“This solution gives us a view across our whole portfolio so we can analyze those areas that are using a lot of resource, and focus on reducing that cost.”

Andy Givens,  
Head of IT, Mainland Europe, HSBC

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# Micro Focus Enterprise Application Modernization and Management - A Four Phase Approach

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“Micro Focus’ modernization expertise is not only helping us maintain the momentum behind this strategic IT project, but is also playing a key role in the development of our United States presence. This project will help us meet our goal of opening our first store in 2007.”

Colin Cobain,  
Group IT Director, Tesco

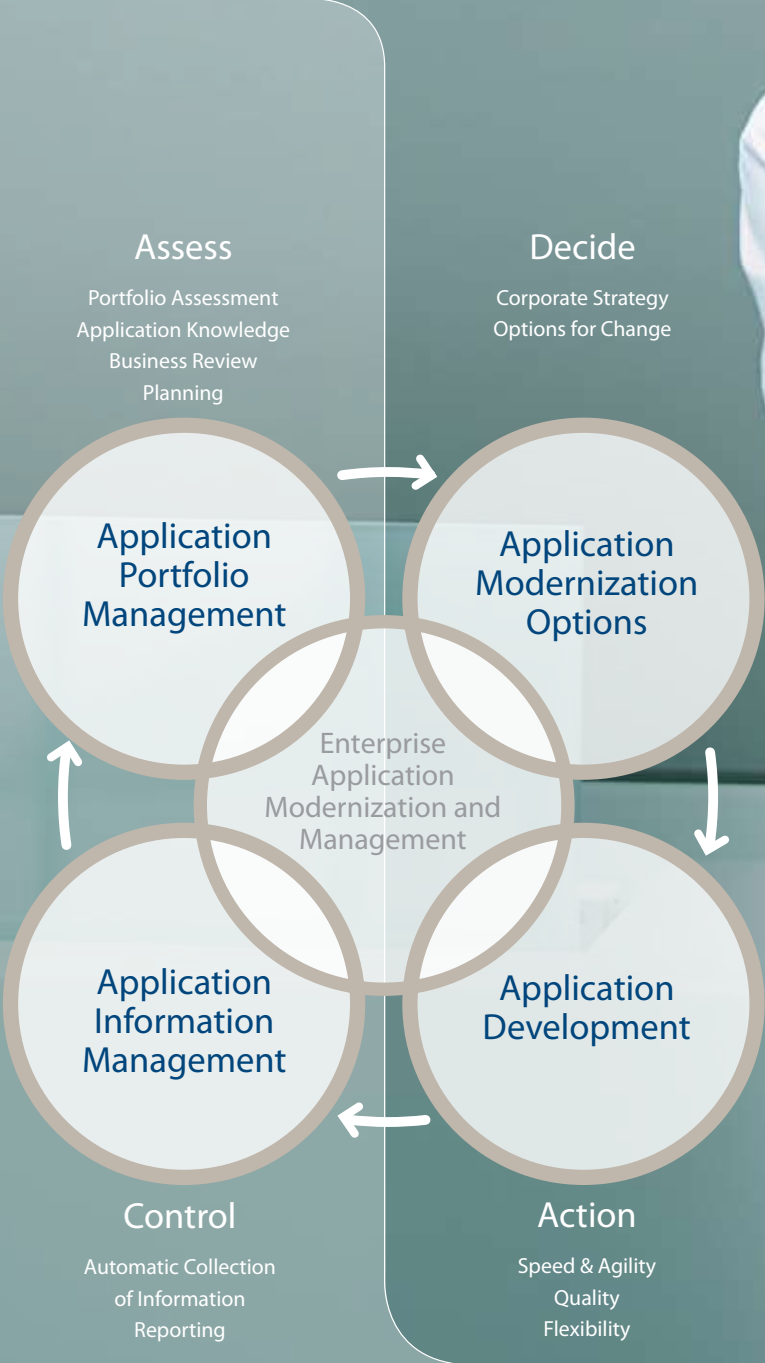
## Micro Focus Enterprise Application Modernization and Management overcomes these challenges.

Developed from Micro Focus’ extensive experience of working with thousands of customers worldwide and supported by powerful software tools, its four phase approach enables organizations to manage, monitor, measure and modernize their application portfolio and, as a result:

- Dramatically improve the business value of enterprise applications
- Respond rapidly to market changes
- Embrace modern architectures
- Reduce risk.

The four interdependent phases of Micro Focus Enterprise Application Modernization and Management are as follows:

- Application Portfolio Management
- Application Modernization
- Application Development
- Application Information Management.





“The driving force behind APM is that we can’t manage what we cannot see or measure.”

Phil Murphy,  
Forrester, Building the Business Case  
for APM

# Phase 1: Application Portfolio Management

Only when an organization possesses a full understanding of the costs associated with its entire IT portfolio and is able to see where value to the business is really coming from can the guesswork be removed from critical decisions about IT strategy and a solid foundation built for business growth.

The information needed ranges from deep technical detail required by technical staff to higher-level views and the business-related data about cost and value needed by senior management. Organizations must identify the applications upon which their business processes are built, their complexity and dependencies and the value they are bringing to the business. Combined with knowledge of the languages used, the platforms used, changes made and the rates of change, a more complete picture emerges of the entire IT landscape and the importance to the business of each component.

The Micro Focus APM solution  
Micro Focus APM enables organizations to gain this deep insight into their applications. It provides the coverage, tools, processes and reporting capabilities that are essential for supporting the strategic business decisions needed to successfully manage IT.

The cornerstone of the Micro Focus APM solution is a knowledge base created by an automated discovery and analysis process that delivers broad and detailed views of all software. All the costs and resources associated with owning, operating and maintaining systems are also included. This data is then augmented by configuration management and change control systems information, ensuring the continued accuracy of the knowledge base.

The Micro Focus APM solution extends across the entire systems landscape, from mainframes and Unix systems to PCs, and covering a broad range of languages, databases and operating systems. Powerful role-based dashboards are provided for all the major players involved with IT governance and strategy, such as the business owners, architects, developers, project managers and outsourcers – ensuring relevant information is communicated to each and every stakeholder in a way they can understand and act upon.

The benefits

The enterprise-wide application knowledge base and powerful role-based and customizable user interfaces deliver the factual intelligence needed to meet the demands on IT generated by business challenges. The resulting benefits are:

- A full understanding of application cost and value at multiple levels across the enterprise and related to the business
- A framework for proof of compliance, with external regulations or internal standards
- A fact-based input for outsource management, SLA determination and on-going performance-based management
- Strategic input to enterprise application modernization initiatives
- Decision support for data center consolidation and hardware rationalization
- Accelerated portfolio understanding, reducing dependency on scarce technical skills.

The Micro Focus APM solution takes the risk out of change, accelerating business understanding and promoting strategic action.

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## Phase 2: Application Modernization

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Armed with the information from APM, organizations can make more informed and fact-based decisions about the most appropriate strategy for key applications within their enterprise application portfolio. Where application functionality is essential to the organization, but issues exist in terms of responding faster to new business requirements, there are typically just three potential strategies to be considered:

- **Application Re-write:** frequently attempted in the past but less so now, due to high rates of failure, is the strategy to re-write applications in a different language
- **Application Replacement:** more appropriate for commodity functionality but still considered as a viable strategy for enhancing core business capabilities is the strategy to replace existing working systems with new packages which can then be tailored to provide unique competitive value. This strategy is still very common even though there have been many widely publicized, high profile, packaged product implementation failures
- **Application Modernization:** based upon re-using as much of existing systems as possible, this is a much more pragmatic, low risk, high return strategy to deal with the issue of responsiveness.

As with all IT systems, legacy enterprise applications have to move with the times and respond to business change. There are, of course, the obligatory maintenance and compliance issues to be dealt with just to continue conducting business. Secondly, there is the need to reduce cost to ensure that all business transactions can be conducted for a competitive price per transaction. But, this is seldom enough, as the business continues to require new capabilities that add value and provide competitive advantage by servicing existing customers better or reaching new customers.

However, experience shows that rewriting or replacing such applications is typically neither practical nor cost effective, so application modernization often becomes the only realistic option.

### The Micro Focus Application Modernization solution

With appropriate information, IT leaders can quickly see what strategies make sense on an application by application basis and, in many cases, the most rational approach is to build on the strengths of existing applications while addressing the issues that are truly preventing IT from delivering projects that add value to the business.

Micro Focus offers a number of modernization options to address these key issues:

**z/OS Application Modernization:** for organizations that have a strategic commitment to the mainframe but who are struggling to open up existing applications and extend them to meet the needs of the business. Whether these require improved user interfaces, easier access to data or improved integration via SOA, Micro Focus' contemporary modernization technology can address these needs considerably faster than utilizing traditional z/OS tooling.



**Application Migration and Modernization:** for companies that have identified that the costs, risks or inflexibility of running an application on an existing mainframe or mid-range platform are key obstacles to IT being able to respond rapidly to new business demands. Regardless of the platform, Micro Focus offers the lowest risk, highest return approach to migrating applications to Linux, Unix or Windows servers where delivery cycles can be dramatically accelerated.

**Open Systems Application Modernization:** for organizations that have developed applications on (or migrated applications to) Linux, Unix or Windows and must update them faster to meet new business challenges. Micro Focus has the leading environment to enable existing systems to take advantage of contemporary technologies like .NET, J2EE, Web services or SOA. This enables IT to deliver new value add business capabilities in weeks or months, not years.

**Software Platform Rationalization:** to simplify IT infrastructures on existing hardware platforms by removing the need for proprietary 4GLs, OLTP environments or databases.

**Application Consolidation and Modernization:** to help consolidate servers and systems by migrating applications from proprietary mid-range or mainframe platforms to IBM z/OS.

#### The benefits

The benefits of using Micro Focus tools that are tailored specifically to modernizing existing applications are:

- Enables existing staff to deliver up to 40% faster, utilizing today's contemporary development environments
- Frees up resources to deliver on new high impact projects
- Reduces costs by moving development, testing or even production workloads to lower cost platforms
- Reduces risks through re-use of tried and tested applications together with support for open systems standards and removal of the dependency on proprietary technologies
- Increases agility by accelerating time-to-market through the use of SOAs
- Simplifies IT infrastructure through rationalization of hardware platforms, languages or databases.

Micro Focus' solutions allow COBOL programmers to quickly and easily extend legacy systems using SOA architectures into J2EE, .NET or Web services, without changing the original code.

"Thanks to the Micro Focus solution it is possible to re-use, modernize and extend our existing COBOL code to evolve with the most recent technologies. We are also saving on additional training costs for our IT staff since we are able to maintain COBOL as our core platform..."

Francis Dries,  
Director of HR Application Development, Ministry of Finance



“In the banking industry it’s vitally important that mission-critical systems are robust and highly available. Over the last half a century COBOL has proven its reliability and stability for such core transactional and business systems. Now with tools from Micro Focus, COBOL is able to embrace, and integrate fully with modern frameworks such as .NET. This allows organizations to ‘do more with less’ and harness their solid investments in legacy systems while also moving forward into current and evolving architectures.”

Dean Mathieson  
Product Development Manager  
Financial Network Services (FNS)

“On May 4th 2007, Micro Focus agreed to purchase Acucorp, Inc., a well known player in the COBOL solutions space. Micro Focus purchased Acucorp to strengthen its delivery of technologies within the Application Development market. Among other things, the acquisition will better enable Micro Focus to serve the needs of Independent Software Vendors (ISVs) with additional software tools that specifically address the needs of this customer segment.”

# Phase 3: Application Development

When new code is added to enterprise applications and existing code is maintained or extended, Application Development will be required. For this Micro Focus offers a comprehensive family of integrated development environments, bringing the latest methodologies and technologies to bear on the best programming languages for business.

With major modernization projects under way and new code being produced daily, the need for state-of-the-art COBOL development environments is paramount.

The Micro Focus Application Development solution Application Development combines the benefits of speed of development with the capability to deliver both predictable and quantifiable results and agility for future extension.

Sophisticated software development environments are, however, not easy to produce, and software applications businesses have been slow to deliver new products that meet the needs of developers today. The results are delayed and cumbersome software delivery processes, which impact time-to-market, and high maintenance costs through poor programmer productivity.

Micro Focus has remained completely focused on software design and implementation and, for COBOL development, re-use or modernization, it offers the most cost effective, robust and functionally rich environment on the market.

The Micro Focus suite of COBOL tools encompasses advanced cross-platform and workstation based development environments for the major operating systems plus high performance run-time systems.

Micro Focus application development solutions allow the maintenance, development, testing and extension of critical business applications for deployment to Windows, .NET, Unix, Linux and z/OS. Combined with this enterprise-wide development footprint is the fast, scalable and proven deployment environment available for executing these mission-critical applications.

Micro Focus' deployment capabilities draw on 30 years experience of supporting Global 2000 clients to provide an optimized and fully functional deployment platform for COBOL applications on Windows, Unix, Linux and z/Linux.

The benefits  
Modern graphical development environments for enterprise application development:

- Reduce cost by optimizing the edit-compile-debug cycle that is the heart of developer productivity
- Reduce risk by supporting the creation of high quality applications through debugging, testing and profiler tools
- Develop skills by providing development environments that are easy to learn and motivating to use
- Enable choice by building applications tailored for their deployment platform
- Deliver agility by providing a platform for the modernization of enterprise applications.

These tools provide a complete environment for quickly building and deploying COBOL enterprise components and business applications.

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# Phase 4: Application Information Management

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When the CIO and his team have assessed and understood the application portfolio using the Micro Focus APM solution, the decision and development execution process begins. Projects are initiated, setting in motion both the evolution and creation of enterprise applications. The accuracy and effectiveness with which this is done depends heavily on the control and management processes in place, and the underlying technology available to support this.

Without a view of the resources employed in implementing any IT strategy on an ongoing basis, and the progress being achieved, costs, quality and timescales can all too easily spiral out of control. Management needs to understand both the cost of making changes to applications and the subsequent effect on their business operations.

Effective governance of development projects, outsourcing initiatives and day-to-day operations depends on the availability of accurate, real time information presented in an easily understood manner.

## The Micro Focus AIM solution

The Micro Focus AIM solution builds on the foundation of APM and takes the dashboard concept still further, presenting a broader and more far-reaching view across the entire enterprise application lifecycle – delivering the ultimate performance dashboard for the CIO and giving an immediate visual indication of application and development performance.

Starting from the APM knowledge base itself, the solution collects information from an even wider variety of sources, including project portfolio management tools, real time system monitors, change management systems and defect tracking systems. This mix of real time metrics, quantitative data points and qualitative assessment can then be presented in a series of role-based views appropriate to all levels of the IT organization.

## The benefits

The benefits of Micro Focus AIM can be summarized as follows:

- Improved governance of software development projects, encompassing new project work, enabling tighter control of costs and improving time-to-market
- Performance-based management of internal and external providers, improving contract negotiation and on-going management of SLAs
- Reduced outsourcing costs, for both provision and daily operation
- The ability to communicate specific metrics to suppliers, users, project managers and developers on project and system performance.

This transparent application information management also has cascading benefits to the wider business, feeding strategic planning and business management.

A man in a dark blue suit and light-colored shirt stands in a modern office, looking back over his shoulder towards the camera. He is positioned in front of a large window that offers a view of a cityscape. The lighting is bright and natural, coming from the window. The overall tone is professional and confident.

“The Micro Focus AIM solution builds on the foundation of APM and takes the dashboard concept still further, presenting a broader and more far-reaching view across the entire enterprise application lifecycle.”

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# Partnerships

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No company can provide a complete solution for every customer on its own. To meet our customers' needs more fully, Micro Focus therefore works in a complementary way with a selection of partners across the globe, each with its own particular skills and area of specialization. By working together in this way, we are able to serve our customers' needs more comprehensively and effectively.

Micro Focus values these partner relationships highly, and recognizes more than ever that its success is inextricably linked with the success of its partners. The breadth, depth and quality of these relationships is key, and Micro Focus is committed to developing its business partnerships through a series of programs to support, develop and expand its global partner network.

Micro Focus partners currently cover a range of business areas, including:

Application Providers who market and distribute business applications developed and supported with Micro Focus tools.

Systems Integrators (consulting firms and service providers) who recommend and use Micro Focus tools to deliver a project or solution, and then provide the Micro Focus products required to support and run the completed project.

Hardware OEMs who manufacture computer hardware, and also distribute Micro Focus products for their platforms.

Alliance Partners who offer products and services that complement or extend the Micro Focus technology.

Distributors are agents with specialist local knowledge, who are authorized to distribute Micro Focus products throughout the world.

Migration and Transformation Consortium (MTC) is a global coalition of companies who specialize in migration and transformation using a combination of specialist technology and recognized expertise.

“Micro Focus is committed to developing its business partnerships through a series of programs to support, develop and expand its global partner network.”



# Summary

Enabled by Micro Focus technology, Enterprise Application Modernization and Management is a continuous process for modernizing and managing the entire enterprise application portfolio.

Using it organizations can identify the value of the applications that run the business, increase the value of IT and communicate change more effectively.

In summary, Micro Focus' mission is to provide innovative software that enables organizations to dramatically improve the business value of enterprise applications and respond rapidly to market changes.

“The solution guarantees a systematic measurement of our portfolio...”

Banca Intesa



## Next Steps

Find out more about how Micro Focus solutions can take the risk out of change and help your organization make fact-based IT decisions, save on its maintenance budgets and grow its innovation capacity.

### Value assessment

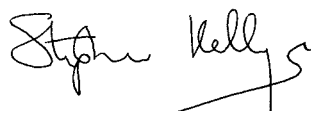
Why not schedule a 45-minute review session with your Account Manager to discuss your critical business issues and learn more about how our Application Modernization and Management solutions can help?

PLUS – at the end of the session, we will leave you with a free report covering:

- Legacy Renewal Strategies – Ovum.

Let us help you improve time-to-market at reduced risk and cost. One of my colleagues will contact you within the next few days to see whether you would like to benefit from this free offer.

Kind regards

A handwritten signature in black ink that reads "Stephen Kelly". The signature is written in a cursive style with a long horizontal stroke at the end.

Stephen Kelly  
CEO, Micro Focus

[www.microfocus.com](http://www.microfocus.com)

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### About Micro Focus

Micro Focus provides innovative software that allows companies to dramatically improve the business value of their enterprise applications. Micro Focus Enterprise Application Modernization and Management software enables customers' business applications to respond rapidly to market changes and embrace modern architectures with reduced cost and risk.

For additional information please visit:

[www.microfocus.com](http://www.microfocus.com)