Application Sprawl Major Issue for European Organisations, HP Research Reveals

LONDON, U.K., November 2010 – HP today unveiled research data that shows application sprawl is a major issue for European organisations, tying up resources for maintenance that could be used for innovation. However one in two European CIOs agreed that they are being prevented from implementing their application modernisation initiatives by businesses who are concerned about the risk of making the changes. CIOs across all countries and business sectors confirmed that they consider effective management of the applications portfolio to be critical to business success with 97 per cent agreeing.

Application portfolios are constantly growing, which continually increases complexity and risk, and fuels the rising maintenance cost. The research conducted by Coleman Parkes Research[1], on behalf of HP, showed that 74 per cent of the surveyed CIOs consider application sprawl – the number of applications being used - to be a major issue in their organisation. French organisations seem to be suffering the most with 83 per cent of CIOs agreeing that application sprawl is a problem, as compared to 58 per cent in the UK. Across the surveyed industry sectors, utilities and telecoms seem to be experiencing application sprawl more than any other sector.

Additionally, CIOs responded that almost 15 per cent of applications in use across the business are underutilised and not providing real business benefit. A third of all respondents suggested that the proportion of underutilised applications was in excess of 20 per cent in their organization. Servicing and supporting these applications that deliver little or no value to the business leads to higher and unnecessary maintenance costs.

As a result, 5.8 per cent of total annual technology budgets are being wasted on supporting underutilised software applications, according to the survey results. Based on average enterprise IT spend in Western Europe[2], this spend equates to over $16 billion of waste. This represents a huge potential cost cutting opportunity for CFOs and CEOs under pressure to improve bottom line performance.

"All applications are not born equal, so they should be managed differently based on the business value associated with them," said Stuart Bladen, vice president, Application Services, Europe, Middle East and Africa region, HP Enterprise Services. "HP can help enterprises gain control over aging applications and inflexible processes that may restrict the pace of change to better enable growth, agility and innovation."

HP has a number of tools and services to help clients address the growing application portfolios and move ahead more aggressively with their application modernisation plans. These can be used to identify and retire applications that are not delivering business value and free up valuable resources that can be used to drive business growth. Using HP's Applications Value Ratio (AVR), businesses can start to get a

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clearer view into the application landscape, gauge the business value and costs of each application and make informed technology investment decisions.

The AVR framework is part of HP's comprehensive suite of applications management and modernisation services. HP's application services help organisations optimise and modernise their application portfolios to break the innovation gridlock and create an Instant-On Enterprise. Through HP Application Transformation solutions, the company transforms applications and processes designed for another era. HP offers best practices that increase visibility into application portfolios by assessing the value and cost of each application and helps clients build the plan for applications transformation.

About HP
HP creates new possibilities for technology to have a meaningful impact on people, businesses, governments and society. The world's largest technology company, HP brings together a portfolio that spans printing, personal computing, software, services and IT infrastructure to solve customer problems. More information about HP (NYSE: HPQ) is available at http://www.hp.com.

1 "HP 2010 Application Management Survey," Coleman Parkes Research Ltd., October 2010. 500 CIOs or IT Directors in companies with more than 1,000 employees were polled in July 2010 by Coleman Parkes Research Limited, the independent market research firm. Companies in the UK (100); France (100); Italy (100); The Nordics (100) and Germany (100) took part with the following industry groups being polled: Financial Services, Manufacturing, Utilities/Telecommunications, Public Sector

2 Based on IDC Worldwide Enterprise Blackbook, Q2 2010 published July 2010 the total enterprise IT spend for large and small businesses in 2010 is estimated to be $288,212 million in Western Europe.