Workbook Measuring results

Is Consolidation Paying Off?

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One way to tell whether your effort to consolidate software operations is effective: Compare the change in function points, which is a measure of a software application's complexity, as well as the change in software costs and number of personnel—before and after consolidation. The example below assumes a company with an I.T. budget of about \$150 million and involves the adoption of a service-oriented architecture, along with data warehouses and a portal. Here, personnel for software maintenance drops by 92%, while resources for new development go up 60%.

INSTRUCTIONS: Fill in your organization's numbers, describing how you expect your key indicators to change from the Base Year to the Projected Year. Then follow the calculations defining the transformation indicators. You can also download an interactive version of this worksheet, including an explanation of underlying assumptions, from our Premium Tools Library at GO.BASELINEMAG.COM/MAR07.

Tool: Measuring Your Software Consolidation Strategy

	BASICS	EXAMPLE	YOUR FIRM
	BEFORE CONSOLIDATION		
	BASE YEAR	2003	
Α	Number of enterprise applications (@ 100,000 function points each)	1	
В	Number of major applications (@ 15,000 function points each)	10	
С	Number of minor applications (@ 5,000 function points each)	5	
D	Number of maintenance applications (@ 100 function points each)	25	
E	Number of databases (@ 2,000 function points each)	15	
F	Number of networks (@ 15,000 function points each)	4	
G	Total number of function points ((A x 100,000) + (B x 15,000) + (C x 5,000) + (D x 100) + (E x 2,000) + (F x 15,000))	367,500	
н	% of function points for software development (@ \$1,500 per function point)	5%	
L	% of functions points for maintenance (@ \$150 per function point)	95%	
J	Total software cost ((G x H x 1,500) + (G x I x 150))	\$79,931,250	
к	Number of full-time equivalents for development; assumes fully loaded salary of \$125,000 ((G x H x 1,500) ÷ 125,000)	221	
L	Number of full-time equivalents for maintenance; assumes fully loaded salary of \$75,000 ((G x I x 150) ÷ 75,000)	698	
	AFTER CONSOLIDATION		
	PROJECTED YEAR	2010	
М	Number of major applications (@ 15,000 function points)	5	
Ν	Number of minor applications (@ 5,000 function points)	2	
0	Number of maintenance applications (@ 100 function points)	5	
Р	Number of portal-driven applications (@ 5 function points)	50	
Q	Number of data warehouses (@ 75,000 function points)	1	
R	Number of networks (@ 75,000 function points)	1	
S	Total number of function points ((M x 15,000) + (N x 5,000) + (O x 100)	235 750	
T.	$+ (r \times 3) + (Q \times 73,000) + (K \times 73,000))$	200,700	
-	% of function points for development (@ \$750 per function point)	253,750	
U	% of function points for development (@ \$750 per function point) % of functions points for maintenance (@ \$25 per function point)	255,750 25% 75%	
U V	% of function points for development (@ \$750 per function point) % of functions points for maintenance (@ \$25 per function point) Total software cost ((S x T x 750) + (S x U x 25))	25% 25% 75% \$48,623,438	
u v w	% of function points for development (@ \$750 per function point) % of functions points for maintenance (@ \$25 per function point) Total software cost ((S x T x 750) + (S x U x 25)) Number of full-time equivalents for development; assumes fully loaded salary of \$125,000 ((S x T x 750) ÷ 125,000)	25% 25% 75% \$48,623,438 354	
u v w x	% of function points for development (@ \$750 per function point) % of functions points for maintenance (@ \$25 per function point) Total software cost ((S x T x 750) + (S x U x 25)) Number of full-time equivalents for development; assumes fully loaded salary of \$125,000 ((S x T x 750) ÷ 125,000) Number of full-time equivalents for maintenance; assumes fully loaded salary of \$75,000 ((S x U x 25) ÷ 75,000)	253,730 25% 75% \$48,623,438 354 59	
u v w x	% of function points for development (@ \$750 per function point) % of functions points for maintenance (@ \$25 per function point) Total software cost ((S x T x 750) + (S x U x 25)) Number of full-time equivalents for development; assumes fully loaded salary of \$125,000 ((S x T x 750) ÷ 125,000) Number of full-time equivalents for maintenance; assumes fully loaded salary of \$75,000 ((S x U x 25) ÷ 75,000) CHANGES RESULTING FROM CONSOLIDATION	253,730 25% 75% \$48,623,438 354 59	
u v w x Y_	% of function points for development (@ \$750 per function point) % of functions points for maintenance (@ \$25 per function point) Total software cost ((S x T x 750) + (S x U x 25)) Number of full-time equivalents for development; assumes fully loaded salary of \$125,000 ((S x T x 750) ÷ 125,000) Number of full-time equivalents for maintenance; assumes fully loaded salary of \$75,000 ((S x U x 25) ÷ 75,000) CHANGES RESULTING FROM CONSOLIDATION Difference in number of function points -((G - S) ÷ G)	253,730 25% 75% \$48,623,438 354 59 -36%	
U V W X Y Z	% of function points for development (@ \$750 per function point) % of functions points for maintenance (@ \$25 per function point) Total software cost ((S x T x 750) + (S x U x 25)) Number of full-time equivalents for development; assumes fully loaded salary of \$125,000 ((S x T x 750) ÷ 125,000) Number of full-time equivalents for maintenance; assumes fully loaded salary of \$75,000 ((S x U x 25) ÷ 75,000) CHANGES RESULTING FROM CONSOLIDATION Difference in number of function points -((G - S) ÷ G) Difference in total software cost -((J - V) ÷ J)	253,730 25% 75% \$48,623,438 354 59 -36% -39%	
U V W X Y Z AA_	% of function points for development (@ \$750 per function point) % of functions points for maintenance (@ \$25 per function point) % of functions points for maintenance (@ \$25 per function point) Total software cost ((S x T x 750) + (S x U x 25)) Number of full-time equivalents for development; assumes fully loaded salary of \$125,000 ((S x T x 750) ÷ 125,000) Number of full-time equivalents for maintenance; assumes fully loaded salary of \$75,000 ((S x U x 25) ÷ 75,000) CHANGES RESULTING FROM CONSOLIDATION Difference in number of function points -((G - S) ÷ G) Difference in personnel devoted to software development -((K - W) ÷ K)	233,730 25% 75% \$48,623,438 354 59 -36% -39% 60%	